Evaluation of Denmark’s Climate Change Funding to Developing Countries (Annexes)

July 2015
Annex 1: List of Sampled interventions

The table below shows the interventions included in the sampled portfolio and the sub-evaluations under which they were examined.

Note that the policy sub-evaluation does not link to specific interventions, so is not included in the table.

CF = Climate Finance; EE = Energy Efficiency; RE = Renewable energy; AOSIS = Alliance of Small Island States

<table>
<thead>
<tr>
<th>No.</th>
<th>Grant title</th>
<th>Current status</th>
<th>Value - million DKK</th>
<th>Location</th>
<th>Sub-evaluations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pro-poor REDD</td>
<td>active</td>
<td>25.0</td>
<td>Global</td>
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<td>2</td>
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<tr>
<td>3</td>
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<td>5</td>
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<td>6</td>
<td>COP15 negotiations–Bali Action Plan</td>
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<tr>
<td>7</td>
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<tr>
<td>8</td>
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<td>Kenya</td>
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<td>9</td>
<td>UN-REDD fund</td>
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<tr>
<td>10</td>
<td>Strategic Climate Fund–Forest Investment Programme</td>
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<tr>
<td>11</td>
<td>Strategic Climate Fund–Scaling-up Renewable Energy</td>
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<tr>
<td>12</td>
<td>Strategic Climate Fund–Pilot Programme for Climate Resilience</td>
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<tr>
<td>13</td>
<td>Danish 92 Group–Southern voices capacity building programme</td>
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<td>14</td>
<td>Kenya FSCCP 2010 - KickStart International</td>
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<tr>
<td>15</td>
<td>Maldives FSCCP 2010-Disaster management/CC adaptation</td>
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<td>16</td>
<td>Pilot activities 2010 Green Facility–LDC access to CDM markets</td>
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<td>17</td>
<td>LDCF and SCCF</td>
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<td>18</td>
<td>Facilitating Implementation and Readiness for Mitigation (FIRM)</td>
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<td>19</td>
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<td>21</td>
<td>Global Climate Partnership Fund (GCPF)</td>
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<tr>
<td>No.</td>
<td>Grant title</td>
<td>Current status</td>
<td>Value - million DKK</td>
<td>Location</td>
<td>Sub-evaluations</td>
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<td>22</td>
<td>Maldives FSCCP–Climate resilient development Maldives</td>
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<td>23</td>
<td>Kenya FSCCP 2011 Energy Efficiency–CEEC</td>
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<td>24</td>
<td>Kenya FSCCP 2011–AE CF/REACT (part of BSPS II)</td>
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<td>25</td>
<td>Kenya FSCCP 2011–CEF/CDTF (part of NRMP)</td>
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<td>26</td>
<td>IWGIA: CC Indigenous peoples partnership South, SE Asia</td>
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<tr>
<td>27</td>
<td>Danish Climate Investment Fund (DCIF/IFU)</td>
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<td>28</td>
<td>FSCCF 2012: Knowledge-based CC adaptation in West Africa</td>
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<tr>
<td>29</td>
<td>Regional water and climate project in sub-Saharan Africa</td>
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<td>30</td>
<td>Mangroves for the Future (MFF), Asia</td>
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<td>31</td>
<td>Kenya FSCCP 2012–Energy Efficiency–CEEC/KAM</td>
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<td>32</td>
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<td>34</td>
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<td>Southern Voices Capacity Building Programme Civil Society</td>
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<td>36</td>
<td>World Bank Strategic Climate Fund–CIF/PPCR</td>
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<td>37</td>
<td>World Bank–Partnership for Market Readiness</td>
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<td>38</td>
<td>CCAP: Mitigation Action Implementation Network (MAIN)</td>
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<td>39</td>
<td>Chile Mitigation Action Plans &amp; Scenarios (MAPS)</td>
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<td>40</td>
<td>Low Carbon Transition Unit (LCTU), DEA</td>
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<tr>
<td>41</td>
<td>Low carbon transition in the energy efficiency sector</td>
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<td>42</td>
<td>Climate Pool 2012 FSF - South Africa Energy Sector Programme</td>
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<tr>
<td>43</td>
<td>Wind Atlas Eastern Cape, KwaZulu-Natal, Free State</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
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<td><strong>1,154</strong></td>
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## Annex 2: Evaluation Matrix

<table>
<thead>
<tr>
<th>OECD Category</th>
<th>PORTFOLIO ANALYSIS QUESTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance</td>
<td></td>
</tr>
<tr>
<td>1. Internal Alignment</td>
<td>1a. How well does the project fit within Denmark’s climate change portfolio objectives (as set out in the intervention logic)?</td>
</tr>
<tr>
<td></td>
<td>1b. Is there a project log frame, intervention logic or other intervention logic that explicitly links project outputs to wider Danish climate objectives?</td>
</tr>
<tr>
<td></td>
<td>1c. Does the project support the delivery of wider Danish development objectives?</td>
</tr>
<tr>
<td>2. External Alignment</td>
<td>2a. Did the project respond to a specific demand or need identified by recipient countries or partners?</td>
</tr>
<tr>
<td></td>
<td>2b. What is the evidence of consultation with partners and/or end beneficiaries in the design and funding of the project?</td>
</tr>
<tr>
<td></td>
<td>2c. How does the project respond to the international agenda on climate change (mitigation/adaptation), including funds being new and additional?</td>
</tr>
<tr>
<td>Efficiency</td>
<td></td>
</tr>
<tr>
<td>3. Reducing Costs</td>
<td>3a. What was the financial or economic rationale for choosing management structures and implementation modalities? What other options were considered?</td>
</tr>
<tr>
<td></td>
<td>3b. Have envisaged project resources (financial, technical) been made available during implementation and deployed according to plan, and if not why?</td>
</tr>
<tr>
<td></td>
<td>3c. Is there evidence of Value for Money (VFM) assessment in programme design and implementation? If so, summarize the results.</td>
</tr>
<tr>
<td>4. Maximizing synergies:</td>
<td>4a. Is project administration and delivery integrated and aligned with other Danish development finance (e.g. country programmes, Poverty Frame/Poverty Frame to share costs or avoid duplication?</td>
</tr>
<tr>
<td></td>
<td>4b. Has the project maximized delivery opportunities by aligning with other non-Danish programmes or institutions?</td>
</tr>
<tr>
<td></td>
<td>4c. What benefits has alignment brought in terms of efficiency and cost control?</td>
</tr>
<tr>
<td>Effectiveness</td>
<td></td>
</tr>
<tr>
<td>5. Delivering Results:</td>
<td>5a. Does the project have an effective monitoring and evaluation system that can identify and report results over time?</td>
</tr>
<tr>
<td></td>
<td>5b. How effective has project been in achieving its expected outputs and outcomes? Provide examples of results where possible.</td>
</tr>
<tr>
<td></td>
<td>5c. What have been the key success factors and barriers to achieving envisaged outputs and outcomes? Have there been any external factors (both positive and negative)?</td>
</tr>
<tr>
<td>6. Mobilising resources:</td>
<td>6a. To what extent has the project sought to mobilise additional public or private sector finance (both national and international)? Has it been successful?</td>
</tr>
<tr>
<td></td>
<td>6b. Has the project engaged with the Danish public or private sector (in terms of leveraging expertise, technology or partnerships)? With what success?</td>
</tr>
<tr>
<td></td>
<td>6c. To what extent has the project sought to mobilise 3rd party expertise or technology outside of Denmark (e.g. south-south)? If so, has it been successful?</td>
</tr>
<tr>
<td>Impacts</td>
<td>7a. Does the project have systems for effective ex-post monitoring and reporting</td>
</tr>
</tbody>
</table>
of project impacts?

7b. Can the project demonstrate that the planned impacts have been or are likely to be achieved within the expected timeframe? Provide examples.

7c. What are the key (potential) barriers to achieving the desired impacts (e.g. institutional, policy, political, economic)?

<table>
<thead>
<tr>
<th>8. Attribution/Influence:</th>
</tr>
</thead>
<tbody>
<tr>
<td>8a. How significant has been the Danish role in mobilising the project and helping it to achieve the expected results (e.g. sole funder, project initiator, partnership facilitator)?</td>
</tr>
<tr>
<td>8b. Where other partners have been involved, can the Danish contribution to the project be considered greater (e.g. as a cornerstone investor, design influencer, active partner) or smaller (passive donor) than its pro-rata share of resources contributed?</td>
</tr>
<tr>
<td>8c. Have there been any significant external/non-project factors that might contribute to achieving the project impacts (e.g. changes in policy or finance). Summarize.</td>
</tr>
<tr>
<td>8d. How influential has Danish climate change funding been in norm setting and in guiding policy development?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. External</td>
</tr>
<tr>
<td>9a. What evidence exists that the project outcomes and impacts will be sustained beyond the supported period?</td>
</tr>
<tr>
<td>9b. How effectively has the project been able to create systemic and transformative change for the longer term (e.g. policies, finance, and markets)? Provide examples.</td>
</tr>
<tr>
<td>9c. In addition to direct project beneficiaries, are a wider set of stakeholders likely to benefit from the project outcomes once completed? If so, who and how?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10. Internal</th>
</tr>
</thead>
<tbody>
<tr>
<td>10a. How effectively has the project been able to capture lessons learned to inform course correction and future programme design? How effectively have the project outputs influenced institutional capacity? Provide examples.</td>
</tr>
<tr>
<td>10b. Has the project used a knowledge management/communication strategy to transfer project lessons and best practices to the wider Danish climate community, including mainstreaming into development cooperation?</td>
</tr>
<tr>
<td>10c. What potential lessons and opportunities have arisen from the project, which might be considered for future climate change funding from 2014 onwards?</td>
</tr>
</tbody>
</table>
Annex 3: References


Annex 4: Policy Sub-Evaluation

A4: 1 Introduction

A4: 1.1 Objective of the evaluation

This sub-evaluation provides a high-level review of the policy and institutional context that has shaped programming under the Danish climate envelope. It explores political drivers and contextual issues that have played a role in how projects are designed, selected, and implemented. It examines events prior to the ‘fast-track’ period, from 2005 onwards. The findings have also been used to validate the proposed theory of change set out elsewhere in the evaluation.

A4: 1.2 Scope of the evaluation

The sub-evaluation assesses how the Danish climate policy and institutional landscape has impacted upon the coherence and effectiveness of the climate envelope portfolio design and implementation. This sub-evaluation does not relate to a specific group of climate envelope projects. However, those projects analysed as part of the portfolio evaluation that have a direct policy or influencing component (e.g. transferring Danish policy expertise to a developing country) have been used to inform the findings. Key questions to be addressed in this sub-evaluation are as follows:

Relevance

- What is the context (both domestic and international) in which Danish climate policies, strategies and institutions have evolved since 2005?
- What are the key policy objectives that Denmark has sought to promote internationally among its partners (countries, international financial institutions, donors)?

Efficiency

- How efficient has the Danish institutional framework been in supporting a coherent approach to strategy/portfolio development?
- What is the comparative advantage and complementarity of Danish climate change funding compared to other similar multilateral/bilateral interventions?
- How effectively has Denmark used results frameworks, indicators, targets, and other approaches to ensure policy and strategic alignment?

Effectiveness

- To what extent has the institutional structure of the climate envelope supported the effectiveness of programming and implementation?
- How successful has Danish climate change funding been in mainstreaming climate policy considerations into wider Danish development assistance?
• How successful has Denmark been in leveraging domestic climate expertise, technology, and know-how, and with what benefits?
• To what extent has the climate portfolio been used to advance Danish political objectives (particularly non-climate related), and with what consequences?

Impact

• To what extent have international partners and funding agencies adopted Danish policy objectives as part of their strategic and operational plans and with what results?
• To what extent have Danish policy objectives been adopted by partner countries in their national policy frameworks and with what results?

Sustainability

• How effectively are outcomes from climate development assistance used to shape Danish international policy priorities and strategies for the future?
• What is the possible scope for further expansion to support climate change policy objectives beyond 2015?

A4: 1.2 Methodology

Unlike other evaluations this policy sub-evaluation does not focus on the achievements and challenges of individual projects financed by the climate envelope. It is, rather, based on a review of relevant Danish policy documentation and interviews with stakeholders involved with the climate envelope process. Approximately 15 interviews were conducted with senior management and policy figures in order to gather their perspectives on the structure and functioning of the climate envelope. These were all individuals with direct experience of the planning and approval process. Discussions were undertaken on a non-attributable basis. Government institutions consulted include:

• Ministry of Foreign Affairs (MFA);
• MCEB (Ministry for Climate, Energy and Buildings) – including the Danish Energy Agency (DEA)/Low Carbon Transition Unit (LCTU);
• Ministry of Finance;
• Prime minister’s office.

In addition, a series of group discussions were held with the following external constituencies to understand their experiences of working with the climate envelope:

• Danish NGO and civil society groups;
• Danish academics and researchers;
• Danish private sector representatives.

A4: 2 Context
This chapter sets out the political context in which the climate envelope developed, its institutional evolution, and the policy frameworks that have shaped its programming.

**International political context**

Political negotiations have been underway in relation to climate change since 1990, with the United Nations Framework Convention on Climate Change (UNFCCC) process established in 1994. The negotiations have been both protracted and challenging, recognising the cross-cutting nature of the topic, and the wide-ranging implications for international competitiveness and social equity. The negotiations seek to deliver global solutions across a broad range of issues. These include agreeing global and national targets for greenhouse gas emissions, scaling-up finance to support developing countries in their mitigation and adaptation efforts, technology transfer from developed to developing countries, and establishing robust monitoring reporting and verification (MRV) frameworks. The negotiations are managed through a series of annual UNFCCC meetings, known as the Conferences of the Parties (COP). Each year, the COP is hosted by a different nation. Denmark hosted COP 15 in Copenhagen in 2009, at which it was hoped that a final political deal would be reached.

Two Danish ministries were engaged in the international political process on climate change at the time of COP 15. The Ministry of Climate Change and Energy, created in 2007, provided Denmark’s negotiating team in the UNFCCC negotiations. At the same time, the Danish Ministry of Foreign Affairs managed Denmark’s overseas development assistance programme and Danish contributions to climate finance. Both saw their role as central to achieving a positive outcome at the COP 15 summit and both were involved in the development and management of the event.

Despite best efforts, the Copenhagen summit failed to deliver the expected global agreement on climate change. However, the outcome – the Copenhagen Accord – included a number of underlying frameworks that have since acted as the basis for the ongoing negotiations, now expected to be concluded at COP 21 in Paris in December 2015. One of the achievements was the commitment by developed countries to provide USD 30 billion of climate finance for the period 2010-2012, known as Fast Start Finance. These funds would serve as start-up funding to support developing countries in climate adaptation, greenhouse gas mitigation, capacity building, technology development, and forests. The aim was that this would cover the interim period while further progress was made on political and financial arrangements under the UNFCCC.

**Development of related Danish policy frameworks**

Danish policy priorities on international climate change finance have been set out in a number of strategy frameworks which have evolved over the last decade, alongside developments in international negotiations and Danish/EU climate policy. From 2005 to 2012, the key international policy framework was the Climate and Development Action Programme (2005), which promoted climate mainstreaming in Danish development assistance. In 2012 the new Danida Development Assistance Strategy *The Right to a Better Life* set out green growth as one of four core thematic areas for Danish development assistance. This was further developed in the *Greener World for All* strategy (2013), which provided a more detailed framework for natural
A number of other policy frameworks also refer to climate change and Danish development assistance modalities (such as Denmark’s multilateralism). The key policy frameworks are set out below:

<table>
<thead>
<tr>
<th>Policy framework</th>
<th>Relevance to climate envelope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Danida Green Growth Guidance (2014)</td>
<td>Provides guidance to Danida staff on mainstreaming green growth into strategy and programme design.</td>
</tr>
<tr>
<td>Danish Climate Policy Plan (2013)</td>
<td>National strategy on low carbon development, setting out key policy objectives and sector reduction targets.</td>
</tr>
<tr>
<td>The Right to a Better Life (2012)</td>
<td>Strategy for Danida development cooperation setting out green growth as a core pillar. Sets out focus on sustainable management of natural resources, improved energy, and water and resource efficiency. Also promotes pro-poor considerations, multilateralism and protection of vulnerable groups.</td>
</tr>
<tr>
<td>Our Future Energy (2011)</td>
<td>National energy policy setting out Danish priorities (renewables, energy efficiency, electrification, and R&amp;D). Sets out commitments to the UN climate negotiations. Support for engaging Danish strengths in energy in the international arena through cooperation programmes.</td>
</tr>
<tr>
<td>Strategic Framework for Priority Area Growth and Employment 2011 -2015</td>
<td>International economic development strategy promoting sustainable development, identifying energy and water technologies as a key area for commercial development, and committing Denmark to promoting Green Growth and minimising the impacts of climate change.</td>
</tr>
<tr>
<td>Climate and Development Action Programme (2005)</td>
<td>Stipulates that the profile of climate change should be raised in multilateral and bilateral development cooperation, adaptation and mitigation mainstreamed into development cooperation programmes, and capacity built in development cooperation and national programmes.</td>
</tr>
</tbody>
</table>

Development of the climate envelope funding and institutional arrangements
The climate envelope emerged from a set of early interventions on climate change by the Danish Government. From 2002 onwards, the Danish Government had made contributions related to climate change, such as to the Least Developed Country Fund (LDCF) managed by the Global Environment Facility. From 2005-08, on the basis of the Climate and Development Action Programme, there was a series of activities undertaking climate screening of Danish bilateral programmes and a new template developed for climate screening all Danida development assistance. Denmark also supported capacity building around the Clean Development mechanism in a number of emerging economies (South Africa, Thailand, Malaysia, and Indonesia).

Having been awarded the hosting of COP 15, Denmark began to allocate funds in support of the UNFCCC political processes. This included direct support to the negotiations, funds for the Bali Package (2007), support to civil society organisations (CSOs) to engage in the political process (92 Group), and Danida climate change diplomacy around the negotiations themselves. The climate envelope was established in 2008 as a mechanism for supporting these activities in the run up to the Copenhagen COP 15 summit, with additional funds also allocated from ‘other environmental contributions’.

The climate envelope later evolved to become Denmark’s contribution to the Fast Start Period commitment agreed at Copenhagen. Denmark committed DKK 1.2 billion over the period 2010-12, with annual contributions increasing over the period. In 2010 Denmark committed DKK 300 million, rising to DKK 400 million in 2011 and DKK 500 million in 2012. Since 2012 Denmark has continued to provide funding at the same nominal levels (DKK 500 million per annum).

The climate envelope is administered as an integral part of the Danish Overseas Development Assistance (ODA) in the Ministry of Foreign Affairs. The Ministry of Finance and the Prime Minister’s Office approve the list of activities proposed through an endorsement by the Government’s Coordination Committee. The climate envelope is also subject to approval by an external grant committee.

In 2012 responsibility for programming under the climate envelope was split as a means of streamlining the programme development and approval process. Funds were split evenly between a Poverty Frame and a Global Frame. The Poverty Frame finances initiatives in low-income countries, as stipulated by Danida guidelines and projects, are prepared by the Ministry of Foreign Affairs. The Global Frame finances activities primarily targeting greenhouse gas mitigation, mainly in fast-growing, emerging economies (although still on the OECD/DAC list) as the marginal returns in terms of CO₂ reductions in these countries are higher. Projects under the Global Frame are proposed by the Ministry of Climate, Energy and Building (MCEB), although still formally administered by the Ministry of Foreign Affairs.

In addition, there are significant levels of climate-relevant finance that are provided outside of the climate envelope, and which are reported by the Danish Government to the OECD/DAC on the basis of the Rio Markers. These flows include both those provided through the climate envelope as well as wider development assistance that have a ‘principal’ or ‘significant’ climate
mitigation or adaptation benefit. The volume of total climate-relevant Danish ODA is approximately 4–5 times that reported for the climate envelope alone.

**A4: 3 Results/findings**

**A4: 3.1 Relevance**

**Finding 1: The evolving policy context has had a formative influence on the choice of projects during the evaluation period**

From a policy perspective, for most of the period of focus for this evaluation (pre-2012), Danish international climate policy was formally responding to the Danish Climate and Development Action Programme (2005) which had set out approaches for mainstreaming mitigation and adaptation in Danish development assistance. It was not until towards the end of the Fast-start Finance period in mid-2012 that the Danida development assistance strategy – ‘The Right to a Better Life’ – was published, formally setting out green growth as a priority thematic area. The more detailed Strategic Framework for Natural Resources, Energy and Climate Change was only published in late-2013, followed by the Danida Green Growth Guidance Note in mid-2014. While noting that strategic policy frameworks relevant to the climate envelope have evolved and become more detailed over time, the evaluation finds that the initial lack of strategic frameworks during the fast start period may have contributed to a lack of clarity around programming priorities pre-2012.

**Finding 2: The absence of a clear strategy for the climate envelope created early challenges in agreeing priorities, which exacerbated a difficult working relationship between the Ministry of Foreign Affairs and the Ministry of Climate Change and Energy**

All Danish Government stakeholders (MFA, and the Ministry of Climate, Energy and Buildings (MCEB), Ministry of Finance, Prime Minister’s Office) report challenges in relation to agreeing programming priorities under the climate envelope during the period 2009-2012. The evaluation finds that this was in part due to the lack of a clear over-arching strategy for the climate envelope itself. MFA staff were primarily concerned that climate envelope activities should be consistent with ODA rules and help deliver Danish Development priorities (resilience; gender; poverty; fragile states). The MCEB staff, on the other hand, were keen to achieve the most cost efficient greenhouse gas emission reductions (primarily available from middle-income countries). The lack of a clear strategy and allocation framework for the climate envelope created space for disagreement and wrangling over programme selection. This was exacerbated by political sensitivity within the MFA that the MCEB was extending its influence into an area (international development assistance) that was the core competence of Danida and where MFA retained official administrative responsibility. MFA staff expressed concern that the MCEB might lack the necessary experience and diplomacy skills for managing successful long-term technical assistance programmes in developing countries. There was also concern that MCEB staff were not sufficiently aware of Denmark’s wider development assistance objectives and administrative processes. Similarly, the MCEB staff felt that the MFA did not fully accept that greenhouse gas
mitigation would require a different approach to development, both geographically (middle-income rather than least developed countries) and in the type of benefits accruing (GHG emission reduction, rather than poverty or social outcomes). These issues were to some extent acknowledged by the formal split of the climate envelope into the Poverty and Global Frames, which recognised two different mandates. While the Ministry of Finance indicated that it was only providing a quality assurance, compliance, and process approval role only in relation to the climate envelope, a small number of respondents indicated that they felt that the Ministry of Finance had proactively oriented the scope of programming away from some thematic areas, particular community-based and CSO-led adaptation approaches, and more towards larger mitigation-oriented projects. The evaluation does not have any evidence to support this however.

Finding 3: Even following the creation of the Global and Poverty Frames, the lack of strategy makes it challenging to assess the relevance and contribution of individual programmes

Despite its separation into the Poverty and Global Frames in 2012, the climate envelope continued to operate without a clearly defined strategy, both within each frame and for the envelope as a whole. There was no consolidated results framework, no indicator set or targets associated with the funds provided. Neither frame had a detailed prioritisation strategy for how funds would be allocated at a more granular level. For both frames, it was sufficient to reference high-level objectives (mitigation, adaptation), and as they emerged, Danish Government policy frameworks as justification for programme selection (Right to a Better Life (2012), A Greener World for All (2013)). In both frames, all ‘climate relevant’ activities (as defined in the OECD Rio Markers definition) could in theory be financed, although some level of guidance on the type of initiatives to be pursued is provided in the 2013 strategic framework for natural resources, energy, and climate strategy under the ‘tools and approaches’ sections.

This approach was too broad, and allowed too much flexibility in programme orientation. It has also made it challenging for both the External Grant Committee and the current evaluation to assess whether the climate envelope is relevant due to a lack of more specific guidance or a prioritisation framework. While this evaluation has constructed a retrospective Theory of Change to help assess relevance, this is by necessity particularly broad. It should be noted that the MCEB did develop a more detailed strategy in relation to Global Frame objectives in 2014, but this does not apply to the climate envelope itself. The overall result has been a lack of strategic focus, and the tendency towards funding a larger number of (often overlapping) initiatives than the Danish Government could comfortably manage, either from a design or oversight perspective. The trend to reduce the number of projects in each round of climate envelope funding, and to provide follow on funding for a larger number is testament to the administrative pressure faced by those agencies involved in the envelope.

Finding 4: The policy framework that Denmark has sought to promote has developed over time, with an increasing focus on commercial opportunities and mitigation

Although the climate envelope seeks to promote a balanced 50–50 split between mitigation and adaptation, recent Danish policy frameworks (The Right to a Better Life (2012), A Greener World for All (2013), Danida Green Growth Guidance Note (2014)), appear to place slightly more emphasis on
mitigation and in particular sustainable energy activities, and less emphasis on adaptation and pro-poor considerations. Integral to the promotion of the green growth concept is a recognition that Denmark should maximise the benefits of its domestic competencies in resource efficiency and sustainable energy. For example, *The Right to A Better Life* strategy indicates that ‘Green growth should catalyse investments, innovation and job creation – both in Denmark and in recipient countries – which not only sustain continued growth, but also give rise to new economic opportunities’.

From a planning perspective, while the Global Frame is allocated almost entirely to mitigation activities, the Poverty Frame tends to be split between adaptation and mitigation activities in poorer countries (both within country programmes and multilateral activities). This has the effect of tilting the balance of funds within the climate envelope towards mitigation and away from adaptation. The move towards committing a significant proportion of climate envelope funds to the Green Climate Fund from 2014 onwards also means that Denmark is dependent on the Green Climate Fund (GCF) maintaining its stated balance between adaptation and mitigation. However, it should be noted that Danida also makes significant climate relevant commitments through its mainstream development assistance funds (as reported in the OECD/DAC climate change markers (Rio Markers), and that these are more likely to be pro-poor and adaptation-oriented (agriculture, water, and disaster risk management) than mitigation-focused.

**A4: 3.2 Efficiency**

*Finding 5:* The institutional framework for the climate envelope has been relatively poor at ensuring efficient programming, but is improving steadily over time

Denmark has been generally efficient in its disbursement of funds once programmes have been approved, and the portfolio review finds no evidence of issues in delivering on financial commitments made to partners. However, the process of programming and approval for climate envelope activities during the period of evaluation (2009-2012) was generally subject to delays, with the programme being agreed only late in each given year. This was particularly true in the early years of the climate envelope where the MFA and the MCEB, like other donors, were under pressure to develop a project pipeline to meet Fast Start Finance commitments. It should be noted that efforts have been made by both the MFA and MCEB to improve the efficiency of the process over time, with the 2015 climate envelope expected to be approved by May 2015.

Respondents identified a number of reasons for the slow approval processes. These include difficulties in the institutional relationship between MCEB and the MFA, a lack of common understanding over what should and should not be financed, a short-term single year budgeting process, and the inclusion of large numbers of projects within the envelope demanding a high level of administrative inputs. Other reasons cited include the need to respond to demands arising from political commitments made in advance of and at the COPs, personality clashes, staff rotation, and a shortage of administrative capacity resulting from a 2% annual reduction in public operating expenditure across all ministries. Often, delays were outside of Danish Government control, with recipient institutions inexperienced in dealing with donor requirements and requiring support to develop suitable project documentation. In general, project development timelines were longer than the available timetable. Respondents also report
that delays in the programming process had had some impact upon the effectiveness of the portfolio (see following chapter).

**Finding 6: The MFA does not generally monitor the efficiency of financial disbursement by recipients of climate envelope funding in a consistent and structured way.**

Denmark disburses climate envelope funds in a timely manner, and partners appreciate the reliability with which Denmark makes firm its commitments. This helps to support the continuity of project work and avoids stop-start cycles of activity that can dramatically reduce efficiency in project implementation. However, Denmark does not monitor disbursement of climate envelope funds by partners in a consistent and structured way. Information on the amounts disbursed by partners does not appear to be collated or consolidated at the level of the climate envelope itself. Where implementation is slower than expected, this can lead to the build-up of funds in some institutions (for example, the Climate Investment Funds (CIF) trust funds although it should be noted that Denmark has been proactive in raising the issue of slow disbursement and has regularly lobbied the CIF secretariat on the matter). The issue is partly explained by Denmark favouring aid approaches that support the Paris Declaration on Aid Effectiveness, making general contributions to multi-donor platforms, and avoiding ring-fencing of contributions where possible. As a result, Danish contributions are often not reported on separately by recipients of intermediaries. This creates challenges in relation to value for money (VFM) analysis in both programme appraisal and monitoring. At present, Denmark continues to struggle with demonstrating VFM at project appraisal, with little emphasis placed on benchmarking costs or efficiencies when appraising projects, and only limited use of economic appraisal to justify decision making.

**Finding 7: The adequacy of funding arrangements for the MFA administration of the climate envelope is opaque, and the support for the MCEB not transparent.**

Many MFA respondents indicated that they felt the institution was under increasing resource pressure in terms of head count and staff time with which to manage projects under the climate envelope, and that this was in turn impacting upon the efficiency with which duties could be undertaken. It has not proven possible for the evaluation to identify whether the 5% administration fee received by the MFA is a fair reflection of resources spent on the climate envelope as these funds are not hypothecated specifically for climate envelope overheads. Nor are funds spent on administering the climate envelope tracked in MFA accounting systems. The true costs may be higher or lower.

The MCEB respondents highlighted the lack of administration budget provided to manage the Global Frame, on the basis that Danida continues to be responsible for the overall administrative approval processes. With the de facto separation of the climate envelope between the ministries, the MCEB has implicitly taken on a significant proportion of administrative responsibility for programme oversight, monitoring, and reporting. The current lack of resources has resulted in the Low Carbon Transition Unit in the Danish Energy Agency becoming an implicit administrative resource to support the Global Frame programmes alongside its core programmatic function under climate envelope funding.
A4: 3.3 Effectiveness

Finding 8: The effectiveness of the climate portfolio has been impacted on by the institutional arrangements, with both positive and negative consequences arising from the structure.

The lack of synergies and structure of the climate envelope has had a direct impact on the effectiveness of the climate portfolio. From a positive perspective, the introduction of the Global and Poverty Frame structure has improved the institutional relationship between MCEB and the MFA (by effectively separating responsibilities and providing a level of autonomy to MCEB in programming choices). While the creation of the two frames was a political decision under the Danish Finance Act, the establishment of the Global Frame reflects an implicit decision by MFA to devolve authority in the interests of efficiency and timing, while remaining responsible for ensuring that all programmes meet Danida requirements. This split was partly in response to the historic difficulties in agreeing the annual portfolio (due to both timing and political pressures), which in turn may have resulted in sub-optimal design and selection of projects (e.g. Global Green Growth Institute (GGGI), Small Island Developing States SIDS DOCK, and some DEA bilateral energy programmes). Despite the split, there continue to be examples of common funding between the two frames where it is felt that a programme meets the requirements of both (e.g. contributions to the Green Climate Fund). The structure has also facilitated the climate envelope in engaging direct sector expertise from MCEB and its agencies (in particular the DEA), and thereby ensuring a higher level of alignment between the Danish development assistance and Danish climate change and energy competencies. This capacity is being built directly into the country programmes managed by the Global Frame (South Africa, Mexico, Vietnam, and China).

From a negative perspective, the split into two frames has also created some structural challenges that remain to be addressed. These include barriers in relation to developing a coherent strategy for the climate envelope itself, reduced opportunity for cooperation, knowledge sharing and communication, the need for a broader audience across the MCEB and the DEA to understand MFA project preparation and approval processes, and the increased difficulties of planning a balanced portfolio. The effective operation of the current system relies on political goodwill and personalities. Challenges also include the inclusion of adaptation and development opportunities into the Global Frame, but also ensuring that the MCEB and the DEA insights can continue to inform greenhouse gas (GHG) mitigation activities within the Poverty Frame. It should be recognised that despite the lack of an overarching strategy, respondents report increasing cooperation between the two frames, including co-financing of the Green Climate Fund among others.

Finding 9: The Danish Government had early success in mainstreaming climate considerations into wider Danish Development assistance but as it is not the mandate of the Climate Envelope, it has not supported this since its development.

In response to a 2004 EU action plan, from 2005 onwards, the Danish Climate and Development Action programme promoted the mainstreaming of climate adaptation and mitigation into Danish development assistance, in particular through the integration of climate
change into bilateral programmes, and the screening of existing sector programmes. A climate-screening template was also developed for overseas development assistance (ODA) commitments above DKK 35 million, requiring a separate climate-change screening note to be prepared where a programme is considered relevant. In addition, Danida prepared climate change screening reports for 17 partner countries. These reports reviewed country- and sector-level vulnerability to climate change, assessed opportunities for greenhouse gas reductions and reviewed the policy frameworks. They also undertook climate risk screening of Denmark’s development assistance programmes, and while finding that the risks were limited, recommended that new programmes be screened and, where necessary, climate-proofed. Recommendations were made about the need for simple screening tools and good communication with national governments and other stakeholders in relation to the potential risks. A sum of DKK 5 million was provided to support implementation of the recommendations of the report. The funding helped seed a new range of climate-relevant projects. Since 2008 the climate envelope has been used primarily to finance climate-relevant country programmes or climate specific interventions. It was never intended that it would support mainstreaming of climate change into wider development assistance, and there is little evidence that mainstreaming has been a core focus since its establishment.

Indeed, it could be argued that the structural separation of the climate envelope from mainstream development assistance (and the separation of the poverty and global frames) has created barriers to engaging further on mainstreaming, nor is it the objective of the Climate Envelope. Denmark continues to provide significant volumes of climate-relevant development assistance outside the climate envelope, including substantial sums from the environment sector. For example, the OECD/DAC reported that Denmark climate-related ODA totalled USD 386 million in 2013, of which the climate envelope represented approximately 22%. However, the MFA respondents indicated that the wider climate-related ODA was development assistance in climate-sensitive sectors and geographies, rather than fully mainstreamed climate finance. Furthermore, the existence of the climate envelope, while meeting the call for additionality in climate finance, might also act as a barrier to further mainstreaming across the development budget, as it redirects resources and attention into a discrete and ring-fenced set of activities. There is also evidence that climate envelope funds are often blended with other development assistance budgets (country programmes, other environmental contributions, Rio+20 funds), and that these funds are to some extent fungible. Examples of blended contributions can be found across a range of projects, e.g. Danish Climate Investment Fund (DCIF), Energy Sector Management Assistance Programme (ESMAP), and SE4ALL Energy Efficiency Hub. Some stakeholders questioned the need to supplement country programmes with funds from the climate envelope and that embassy programmes should be financed from the existing country budget allocations, with the climate envelope used for more innovative purposes.

**Finding 10:** There are good examples of the use of Danish expertise, technology, and know-how, but these have tended to be the exception rather than the norm and such an approach is challenging given Denmark’s approach to development assistance.

Denmark’s approach to development assistance is grounded in the Paris Declaration on Aid Effectiveness, which seeks to align donor support with national development strategies,
institutions, and procedures, with mutual accountability for results. This approach creates tensions with promoting the use of Danish technology and expertise within national development assistance, and more specifically as part of the climate envelope.

There is only limited evidence that Danish-based research, civil society, and commercial capacity are used strategically in either the formulation or the delivery of the climate envelope portfolio. There are some exceptions. The DEA/Low Carbon Transition Unit (LCTU) is taking an innovative approach to transferring Danish public sector expertise in the energy sector through bilateral programmes and the Danish Government is reviewing this as a potential model for other forms of bilateral cooperation. The Danish Climate Investment Fund (DCIF) has made an explicit commitment to support projects where there is Danish commercial participation, and has attracted a number of Danish institutional investors.

Elsewhere, despite having supported a small number of projects on civil society advocacy, the Danish NGO community feels increasingly separated from the work of the climate envelope, due to the introduction of the new separate Civil Society in Development (CISU) climate funding mechanism for Danish NGOs, the emphasis on large-scale energy and green growth programmes, and the decentralisation of programming and budgets to Danish Embassies. This has both reduced the opportunity for direct access with the MFA and made it more difficult to support developing country CSOs to access finance and other forms of support. This was the view both of CARE Danmark and the wider 92 Group.

Likewise, the Danish research community report only sporadic contact with activities under the climate envelope despite some funds flowing to Danish based structures (e.g. SE4ALL hub). Cooperation with the Danish commercial community is also opportunistic, with some involvement of Danish technology and consultancy support particularly in the bilateral energy programmes. However, large Danish companies tend to manage their own commercial political diplomacy operations, or engage directly with the MFA and Danish embassies where support is required. There is little evidence that the climate envelope has delivered commercial opportunities to Danish companies at scale.

Finding 11: Projects within the climate envelope portfolio have generally had a strong thematic rationale, with political considerations also playing a role in project selection.

There was an explicit understanding when the climate envelope was developed that its purpose would be in part political (e.g. in support of the Copenhagen COP). From a climate diplomacy perspective, the MCEB is perhaps more attuned to the political value of climate funds, with an annual set-aside within the Global Frame to support the climate negotiations, and pressure to announce new high profile commitments at the COPs as part of Denmark’s commitment to the UNFCCC process. The MFA, likewise, understands the implicit value of climate funding in its broader institutional relationships with key multilateral partners (e.g. the World Bank), and as part of its country level diplomacy efforts.

In general, the governance structures, approval processes, and transparency around the climate envelope funding decisions have tended to minimise the potential for political influence over the use of funds, and all projects have been subject to proper procedure and scrutiny. Nonetheless,
some initiatives have been more heavily underpinned by domestic political consideration than others. For example, the support provided to the Global Green Growth Institute, although aligned with Danish strategies, had strong political backing from its inception. Funding for the SE4ALL energy efficiency hub, which created a centre of expertise and employment in Denmark, was also mentioned as a funding decision with significant political support. The choice of middle-income countries within the LCTU-managed bilateral energy programmes not only recognises the potential for emissions reductions, but more recently has emerged as an area of focus for Danish trade and investment opportunities.

A4: 3.4 Impacts

Finding 12: Denmark has had moderate success in promoting its policy agenda to international partners, but this has tended to be with regard to mainstreaming development considerations (gender; indigenous peoples) into climate change programming, rather than positions on specific climate-related thematics.

The Danish Government has been moderately successful in influencing the policy objectives of its multilateral partners and institutions. One example of success is Denmark’s work with the Energy Sector Management Assistance Programme (ESMAP) to develop their agenda on sustainable energy and fossil fuel reform. Having identified the programme as a strategic focus in A Greener World for All, Denmark has provided significant resources and staff time to engage with the ESMAP programme. It is one of the two largest donors and has used Copenhagen as a base for ESMAP knowledge events. Thematic influence has been particularly successful where Denmark has been able to draw upon substantial expertise and resources within the MFA or MCEB (such as the sustainable energy capacity within the DEA, or in the forest sector where two members of staff have been seconded at different times to work for the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD)). Another area of focus is an ongoing commitment to promote knowledge generation and lessons learning among its partners. This includes the transfer of knowledge between multilateral institutions (such as from Climate Investment Funds and the Global Environment Facility (GEF) to the Green Climate Fund).

However, with some exceptions, Danish international climate policy has not been sufficiently nuanced to provide added value or thought leadership to international partners and other donors. Multilateral partners and other donors generally describe Denmark as a reliable supporter in terms of finance and governance, but only moderately engaged on technical aspects. Denmark has been a ready adopter and supporter of the multilateral agenda on climate change, and has typically trusted its chosen partners to deliver on the agenda. This may also reflect Denmark’s role as a relatively small and modestly resourced donor in relation to many of the institutions alongside which it operates. As such, its influencing strategy may be considered to be moderately successful, with some evidence that it yields influence greater than its funding share, through, for example, seats on governance and steering committees. One area where Denmark has achieved particular success is in the mainstreaming of Danida core-development objectives (gender; indigenous peoples; fragile states) into the climate programming (e.g. into the Least Developed Countries Fund). Denmark was an early supporter of ensuring indigenous voices were heard in the UNFCCC negotiations (e.g. its work with the International Work Group for
Indigenous Affairs (IWGIA) in the run up to the Copenhagen COP), and has since continued to support through the Southern Voices programme.

**Finding 13:** Denmark has worked effectively with national governments to promote climate policy on areas of specific Danish interest through LCTU programmes, but country programmes are less focussed on making these linkages.

Within the Climate Envelope, as with multilateral partners, Denmark’s ability to work directly with developing country governments to promote its policy objectives was initially constrained by the lack of a detailed strategy in relation to what should be achieved. This has improved as more strategic frameworks have emerged during the period 2012-14 (particularly around green growth and sustainable energy). With this increase in focus, Denmark has demonstrated a more strategic approach through the work of the LCTU and the development of targeted bilateral cooperation on renewable energy and resource efficiency. These programmes aim to transfer Danish best practice and expertise directly to developing country governments. Priorities include (1) methodological assistance to reduction plans (emissions baselines, market mechanisms, and systematic nationally appropriate mitigation actions (NAMA) support); (2) analysis of energy systems and reduction potentials, preparation of national reduction strategies; (3) design of energy policy and measures (called ‘policy tool kits’, with a focus on energy); (4) investment planning, including the use of Public Private Partnerships (PPPs); and (5) finance leveraging and other instruments that can help to minimise investment risk on issues such as energy efficiency standards and integration of renewables into the grid. Working through multilateral platforms, Denmark is content to devolve national policy support to its partner institutions (e.g. Country Investment Plans under the climate investment funds) and policy activities here are reflective of the international consensus on low-carbon climate-resilient development, rather than specific Danish policy objectives or competencies. For country programmes, guidance provided to country offices is relatively limited, with embassies able to develop programmes in line with local priorities. While this is important from a demand and local buy-in perspective, it can result in a more opportunistic and less strategic approach. While country programmes have engaged on policy issues, there is only limited evidence that such activity has resulted in concrete changes (e.g. industrial energy efficiency standards in the Kenya programme or greenhouse gas monitoring reporting and verification (MRV) frameworks in Vietnam). It should be noted that MFA has worked with a broader range of governments (e.g. Uganda, Mozambique, Nepal, Mauritius, and Tanzania) on climate policy as part of its wider development assistance strategy.

**A4: 3.5 Sustainability**

**Finding 14:** While Denmark makes good use of appraisals and evaluations, there is little evidence that the lessons from the climate envelope are captured in a systematic way to shape Danish international policy priorities and strategies for the future.

The Danish Government makes good regular use of reviews and evaluations, and the quality of appraisal work undertaken by the Technical Advisory Services in relation to the climate envelope is generally strong. Many of the projects financed under the climate envelope also produce
informative knowledge products as part of their programme structures. Denmark is also known for the encouragement it provides to its partners to improve their knowledge capture and dissemination practices. Denmark does have a knowledge platform within the MFA. However, there is little evidence of a structured approach to capturing the knowledge produced around key thematic areas in order to inform future programming and policy. The MFA appears to lack resources and structures to pursue such efforts in a systematic way, despite the presence of the technical advisory service. Individuals within the MFA and MCEB provide strong reservoirs of knowledge on given topics, but may be poorly connected with those in other ministries or particularly in country programmes engaged in similar topics. The lack of consistent reporting frameworks and indicator sets also make the measurement of impact across the climate envelope more challenging. As a result, the potential exists for new programming that does not incorporate best practice, opportunities for corrective action in ongoing projects are missed, and the benefits of climate development cooperation are not shared either internally or with external audiences.

A4: 4 Conclusions

The evaluation draws the following conclusions:

**Conclusion 1:** The climate envelope has operated without a clear overarching strategy or framework to guide the prioritisation of funds. High-level objectives (e.g. adaptation/mitigation) and wider policy frameworks have guided and justified the selection of projects. There has been no guidance on the balance between different themes, modalities, or geographies. This has resulted in an opportunistic approach to project origination, creating challenges for both external grant committee members and the evaluation team when making an assessment of the relevance of activities funded.

**Conclusion 2:** A range of institutional challenges, together with the short-term annual planning arrangement around the climate envelope, have reduced the efficiency of the process under which programme funds have been agreed. This has resulted in delays for approval and resulted in rushed, last-minute assessments. Although efforts are being made to improve this process, it has historically impacted on the effectiveness of the portfolio, with reduced time for detailed project design and appraisal.

**Conclusion 3:** While the split of the climate envelope into the Global and Poverty Frames removed some of the institutional challenges that were experienced during 2009-11, it has also created some structural issues, making it more difficult to develop an integrated strategy across the two implementing ministries, decreasing the potential for synergies, and reducing the opportunities for mainstreaming and maximising mitigation, adaptation and development co-benefits across the portfolio. Given the prevailing government policy for engaging multiple ministries in the delivery of development assistance where they have appropriate skills and expertise, effective cross-agency communication is a high priority.
Conclusion 4: From an influencing perspective, the impact of the climate envelope over the period 2009-2012 has been hampered by the lack of a clear strategy for the climate envelope – and to climate change more generally. Denmark’s policy objectives broadly mirrored the international agenda as embodied by multilateral institutions. Denmark is most recognised by multilateral partners for its mainstreaming of development considerations (gender; indigenous peoples; fragile states) into climate programming. Since 2012, with the development of more explicit strategic frameworks, Denmark’s focus has become more targeted, with a noticeable orientation towards promoting sustainable energy and resource efficiency policy (e.g. through the NAMA facility). It has been broadly successful in influencing policy, both with multilaterals (e.g. through close partnerships with ESMAP) and in bilateral cooperation (e.g. through the LCTU country programmes with emerging economies).

Conclusion 5: Lesson learning and the integration of findings from the climate envelope into new programming is somewhat ad-hoc, with no annual reporting on results achieved by the envelope, nor a formal way of linking findings to the development of climate programming, whether in the climate envelope or in broader development assistance (e.g. bilateral programmes).

A4: 5 Indicative recommendations

Recommendation 1: Denmark should consider developing a more coherent strategic framework for the climate envelope that sets not only the scope of what is permissible, but which, rather, makes explicit which areas within mitigation, adaptation, and forestry are priorities, how the balance between bilateral and multilateral modalities or financing instruments will be managed, and how innovation will be pursued. The theory of change presented as part of this evaluation should be taken as a starting point to help frame priorities and allocation, but should be further developed to set out the potential choices and trade-offs in allocation of funds.

Recommendation 2: The MFA and MCEB should continue to try to improve the efficiency of programming under the climate envelope. More formalised communication and information exchange channels, together with a harmonised results-based planning and reporting framework, would be useful. It is recommended to move to a multi-year budgeting and planning cycle, which would provide more adequate timescales to identify and develop projects.

Recommendation 3: Denmark should address the structural challenges in the climate envelope which prevent maximising its full effectiveness. This will require more formal attempts to mainstream mitigation, adaptation, and development co-benefits across the portfolio, and addressing the climate envelope both as a coherent whole, rather than two separate programmes. Efforts should also be made to link and integrate the strategic frameworks around the climate envelope to broader climate relevant development assistance.

Recommendation 4: With a more strategic framework, Denmark can be more explicit in relation to how it expects to proactively influence the international and national policy agenda. While this is happening in relation to sustainable energy (e.g. ESMAP, LCTU), and in more recent board memberships of the GCF and nationally appropriate mitigation actions (NAMA)
facility, other areas are not as clearly framed and influencing strategies are generally poorly elaborated. The role of Danida country programmes should be explored to make targeted policy engagement a more focused component.

**Recommendation 5:** Denmark should seek to strengthen the reporting and knowledge management systems around the climate envelope and climate change development assistance more broadly. This might take the form of developing communities of practice around a small set of key thematic areas (e.g. climate finance, community based adaption, and sustainable energy) as agreed with the strategy and theory of change and bringing together those engaged, both internally (the MFA; MCEB; embassies) and externally (NGOs; researchers) in the MFA bilateral programmes. It is noted that this will be resource intensive and require buy-in from all stakeholders to be successful.
### A4: Annex 1: Interviews held

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<tr>
<th>Name</th>
<th>Responsibility/position</th>
<th>Organisation</th>
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<tbody>
<tr>
<td>Lisbeth Moller</td>
<td>Programme Director</td>
<td>CARE Danmark</td>
</tr>
<tr>
<td>Peter With</td>
<td>Programme Coordinator, Southern Voices</td>
<td>CARE Danmark</td>
</tr>
<tr>
<td>Rolf Herno</td>
<td>Programme Coordinator, ALP</td>
<td>CARE Danmark</td>
</tr>
<tr>
<td>Mattias Söderberg</td>
<td>Advisor</td>
<td>DanChurchAid</td>
</tr>
<tr>
<td>Hans Peter Slente</td>
<td>Chief Consultant</td>
<td>Danske Industrie</td>
</tr>
<tr>
<td>Heidi Jørgensen</td>
<td>Consultant</td>
<td>Danske Industrie</td>
</tr>
<tr>
<td>Henrik Jepsen</td>
<td>Special Advisor</td>
<td>DEA</td>
</tr>
<tr>
<td>Marianne Ramlau</td>
<td>Advisor, Centre for Global Cooperation</td>
<td>DEA</td>
</tr>
<tr>
<td>Peter Aarup Iversen</td>
<td>Senior Advisor, Centre for Global Cooperation</td>
<td>DEA</td>
</tr>
<tr>
<td>Ulla Blatt Bendtsen</td>
<td>Acting head of LCTU/Senior Advisor</td>
<td>DEA</td>
</tr>
<tr>
<td>Ben Green</td>
<td>Climate and Environment Department</td>
<td>DFID</td>
</tr>
<tr>
<td>Esbern Friis-Hansen</td>
<td>Senior Researcher, Natural Resources and Development</td>
<td>Dansk Institute for International Studies (DIIS)</td>
</tr>
<tr>
<td>Mikkel Funder</td>
<td>Senior Researcher, Natural Resources and Development</td>
<td>DIIS</td>
</tr>
<tr>
<td>Roland Sundstrom</td>
<td>Climate Change Specialist</td>
<td>GEF</td>
</tr>
<tr>
<td>Morten Blomqvist</td>
<td>Senior Policy Advisor, Policy and advocacy</td>
<td>IBIS</td>
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<tr>
<td>Kathrin Wessendorf</td>
<td>Coordinator, Environment and Climate Change Programme</td>
<td>IWGIA</td>
</tr>
<tr>
<td>Michael Linddal</td>
<td>MFA Consultant</td>
<td>Linndal Consulting Aps.</td>
</tr>
<tr>
<td>Caroline Kronberg</td>
<td>Advisor, International Department</td>
<td>MCEB</td>
</tr>
<tr>
<td>Hans Jakob Eriksen</td>
<td>Special Advisor</td>
<td>MCEB</td>
</tr>
<tr>
<td>Nina Egebjærg Clausen</td>
<td>Advisor, International Department</td>
<td>MCEB</td>
</tr>
<tr>
<td>Rasmus Kristensen</td>
<td>Head of International Department</td>
<td>MCEB</td>
</tr>
<tr>
<td>Anne Meldgaard</td>
<td>Minister Counsellor, Department for Environment, Energy and Climate Change</td>
<td>MFA</td>
</tr>
<tr>
<td>Christoffer Bertelsen</td>
<td>Minister Counsellor (retired), Green Growth</td>
<td>MFA</td>
</tr>
<tr>
<td>Elsebeth Tarp</td>
<td>Senior Advisor, Technical Advisory Services (TAS)</td>
<td>MFA</td>
</tr>
<tr>
<td>Flemming Winther Olsen</td>
<td>Senior Advisor, Natural resources and agriculture</td>
<td>MFA</td>
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<tr>
<td>Hans Hessel-Andersen</td>
<td>Senior Technical Advisor, TAS</td>
<td>MFA</td>
</tr>
<tr>
<td>Henning Nohr</td>
<td>Chief Technical Advisor, Evaluation Department</td>
<td>MFA</td>
</tr>
<tr>
<td>Jakob Roglid Jakobsen</td>
<td>Chief Advisor, Green Growth</td>
<td>MFA</td>
</tr>
<tr>
<td>Jens Lorentzen</td>
<td>Senior Technical Advisor, Technical Advisory Service (TAS)</td>
<td>MFA</td>
</tr>
<tr>
<td>Merete Villum Pedersen</td>
<td>Chief Technical Advisor, TAS</td>
<td>MFA</td>
</tr>
<tr>
<td>Morten Elkjaer</td>
<td>Head of Department, Green Growth</td>
<td>MFA</td>
</tr>
<tr>
<td>Morten Holm-Hemmingsen</td>
<td>Head of Section</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>Katrine From Hoyer</td>
<td>Special Advisor</td>
<td>Prime Minister’s Office</td>
</tr>
<tr>
<td>John M Christensen</td>
<td>Director</td>
<td>UNEP-DTU Partnership</td>
</tr>
<tr>
<td>Kjeld Rasmussen</td>
<td>Associate Professor, Department of Geosciences and Natural Resource Management</td>
<td>University of Copenhagen</td>
</tr>
<tr>
<td>Ole Mertz</td>
<td>Professor, Department of Geosciences and Natural Resource Management</td>
<td>University of Copenhagen</td>
</tr>
<tr>
<td>Mike Speirs</td>
<td>Senior Advisor</td>
<td>UN-REDD Programme Secretariat</td>
</tr>
<tr>
<td>Gunnar Boye Olesen</td>
<td>Political Coordinator</td>
<td>VedvarendeEnergi</td>
</tr>
<tr>
<td>Andrea Kutter</td>
<td>Sr. Operations Officer, Global Practice Environment and Natural Resources</td>
<td>World Bank</td>
</tr>
<tr>
<td>Mafalda Duarte</td>
<td>Manager, CIF</td>
<td>World Bank</td>
</tr>
<tr>
<td>Trine Glue Doan</td>
<td>Senior Advisor Climate, Energy, CSOs and Mekong</td>
<td>WWF</td>
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Annex 5: Country (Vietnam) Sub-Evaluation

Executive Summary

The objective of this Vietnam country study was to assess how the Danish climate change envelope funding has generated results, or contributed to the achievement of results, relating to climate change adaptation and mitigation in Vietnam.

Eight climate change projects covering the 2010-2012 period (and extending into 2013) were included in this evaluation. Two of these included the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation (UN-REDD) and CARE Southern Voices, and included two support phases; so 10 projects in total. The largest bilateral programme in the climate envelope portfolio (DKK 65 million support to low carbon transition and energy efficiency in two sector ministries) is included in the Vietnam portfolio. This country study also assesses activities supported prior to 2012, the Ministry of Foreign Affairs (MFA, Danida) project financed by the Climate Change Adaptation and Mitigation Programme, and the small climate change grants, only to the extent that these activities had an influence on the design and implementation of 2010-2012 climate change envelope projects.

The country study has identified the following findings, conclusions and recommendations:

Findings

Finding 1: The Vietnam climate change envelope support is well aligned with high-level Danish climate assistance policies and strategies. It is, however, strongly biased towards reductions in greenhouse gas (GHG) emissions (mitigation), with a much lower priority on building climate resilience (adaptation).

Finding 2: The climate change envelope support responds to expressed demands by Vietnamese partners, both government and non-government, and there is good evidence of consultation and involvement of partners in the support design. Projects almost unanimously build on the successful results of previous phases of support, either Danish or from other partners.

Finding 3: The lack of information for many of the projects on specific reasons for selecting management and administrative structures makes it difficult to assess cost efficiency; and there were no value for money (VFM) studies that could have provided additional information on cost efficiency.

Finding 4: Synergy does exist between climate change envelope project activities and development finance, but could be increased to maximise benefits.

Finding 5: There has generally been very good synergy between Danish-funded climate change envelope projects in Vietnam and similar initiatives funded by other development partners.
Finding 6: The climate change envelope project monitoring and evaluation (M&E) systems are generally weak, and much of the reporting is activity-based and descriptive, with little or no key performance indicator (KPI) reporting. The main issue is not the absence of M&E frameworks for measuring results, including outcome indicators, which do exist in most cases, but in the poor implementation of these M&E systems. While lip service is paid to M&E in most of the project documents, this is not operationalised effectively.

Finding 7: There has generally been good progress towards achieving planned project outputs, with a few exceptions. It is more difficult to assess outcome achievement, partially due to inadequate reporting, but also because projects are ongoing.

Finding 8: There is some evidence that new and additional finance, either public or private, has been leveraged so far in relation to the climate change envelope financing in Vietnam.

Finding 9: While there is a lot of rhetoric on increased private sector involvement, participation by the private sector has been low, and clear strategies to increase participation are not evident, with some exceptions.

Finding 10: Evidence of longer-term impacts is not yet evident in most cases, and given weaknesses in project monitoring (see previous discussions) it may be difficult, in the short-term and over time, to accurately determine whether the projects’ stated impacts can be achieved.

Finding 11: There is some evidence that the MFA has contributed beyond its pro-rata share of funds on co-financed projects.

Finding 12: There is, as yet, little evidence of sustained, systemic, and transformative changes, or wider benefits to the communities beyond the direct project beneficiaries. As with impacts, it is still ‘early days’. But there is some evidence that if the tools, instruments, and mechanisms currently being supported and developed are successful, there is good potential for transformative change.

Finding 13: Most projects incorporate some ‘course correction’ mechanisms, and there is evidence that both project/programme managers and implementing partners are good at adopting corrective measures. The climate change envelope projects have provided a broad range of lessons learned, but it is the impression of the authors of the evaluation that more could be done to ensure that these lessons are broadly disseminated and used to inform Danish climate change and development policy.

Summary of conclusions and recommendations

Vietnam has a well-developed policy and legal climate change adaptation and mitigation response framework, and a strong commitment to tackling climate change, thereby providing a solid foundation for the Danish climate change envelope support. The level of partner involvement in climate change envelope project design has been high, and this has resulted in strong partner commitment to achieving project outputs and outcomes.
In relation to the total funding, the Vietnam climate change envelope projects display a strong emphasis on the mitigation objective. The total Danish climate change support, viewed from the combined context of both the development assistance and climate change envelope financing, is more balanced, reflecting Vietnamese priorities, which have a strong adaptation focus.

The current Vietnam–Danish climate change envelope support is not provided within the framework of a clear strategy defining specifically where and how it will generate change (an overall theory of change). It is the collection of relatively incoherent activities, which collectively seek to support different aspects of the Vietnamese climate change agenda, and supporting a range of thematic areas. Although this is done quite well on an individual project or programme basis, the impact of this collective effort is difficult to determine.

There is evidence that synergies at the technical, administrative, and managerial levels are contributing to the achievement of results in a more efficient manner; this is noted in particular between the climate change envelope and development assistance financing for the two large programmes: the Low Carbon Transition in the Energy Efficiency Sector (LCEE) and the Climate Change Adaptation and Mitigation Programme (CCAM). Overall synergy could, however, be improved, particularly if all climate change projects were designed within a more coherent framework of support.

**Indicative Recommendation 1:** Future climate change envelope support could benefit from having a more clearly articulated framework at country level, with longer-term explicit outcomes to which all sources of funding could contribute. Ideally, the strategy would be guided by a higher-level Danish climate change strategy that would provide the overall strategic guidance for project selection. In the case of Vietnam, this would include a discussion on the desired balance of that support between the adaptation and the mitigation objectives. Such a strategy or framework would also facilitate project synergies.

This evaluation notes a weakness in the justification for selection of administrative and management structures and a lack of budget detail in much of the project reporting. The absence of results-based budgets, and a dearth of value for money studies, makes informed conclusions on project cost efficiency difficult.

**Indicative Recommendation 2:** More attention to the documenting of cost efficiency, from the project onset, is strongly recommended. This includes results-based budgets and reporting that permits an assessment of cost per output achieved, stronger economic justifications for selected implementation modalities, and clearer assessments in project reporting, and on the strengths and weaknesses of selected modalities.

Progress towards achieving expected results, particularly at the outcome level and most particularly with respect to greenhouse gas emissions reductions, the focus of the major part of the finance, is difficult to assess, since project M&E systems are either in development but not yet functional, or exist but are not operationalised. This makes an objective assessment of outcome progress impossible, at least for some of the outcomes.
Indicative Recommendation 3: A much stronger focus on effective outcome monitoring from the onset, with a clear strategy on how project outcomes will be measured, should be a minimum requirement for future climate change envelope financing.

Despite the challenge of visualising and documenting outcomes due to the M&E constraints, a more in-depth analysis suggests that many positive results are being generated with the Danish funding at the output level. These are individually contributing to Vietnamese climate change objectives, both in mitigation and adaptation. The relatively small amounts of funding that have gone to civil society activities appear to have generated very significant results.

Private sector participation in the climate change envelope activities is limited. Only the Low Carbon Transition in the Energy Efficiency (LCEE) sector in Vietnam is pursuing an active and relatively clearly defined strategy for their involvement. Others have tried and failed, and/or are adapting and developing strategies for better success. The involvement (or lack thereof) of the private sector is complex, and dependent on factors and variables that are well beyond the control of small projects.

Indicative Recommendation 4: Realism and pragmatism with respect to private sector participation objectives are recommended in the future. If private sector involvement is needed or wanted, it should be accompanied by a well-developed and realistic strategy to ensure it will occur. The innovative approach adopted by the Mangroves for the Future (MFF) Programme of testing strategies and tools for better private sector involvement could be one model to consider more broadly.

Impacts are not yet broadly evident, since the majority of projects are still ongoing. Some interesting impacts have been generated on terminated projects, and the potential for impacts is quite good on the other existing projects. Many of the projects rely on piloting/demonstration activities to test models, highlight successes, and encourage replication, but specific strategies on how to ensure scale-up are frequently lacking. Incentive mechanisms, financial in particular, are under development and not yet tested or proven.

Indicative Recommendation 5: Future project impacts are, in many cases, highly dependent on the success of piloting and/or demonstration activities, and in particular on the willingness of others to adopt and implement the successful models. Consistent and reliable cost-benefit assessment of proposed solutions is crucial to increasing instances of uptake and to ensure that expected benefits will be accrued as intended. Similarly, demonstration activities intended to influence policy need to be designed, from the onset, to achieve this, including a clear strategy on how the proposed activity will play a role in policy development.

The array of knowledge management tools and information, and highly professional websites with easily accessible project information is impressive. Equally, the quality and utility of some of the studies of lessons learned are high. However, the extent to which these lessons are effectively being translated upwards for use in Danish development and climate change policy is less evident.
Indicative Recommendation 6: A more concerted strategy on how to compile, assess, and apply the lessons generated from the experiences of the climate change envelope funding implementation would be a very good idea.

A5: 1 Introduction

A5: 1.1 Objective of the evaluation

The objective of this country review is to assess how the Danish climate envelope funding has generated results, or contributed to the achievement of results, relating to climate change adaptation and mitigation in Vietnam. The assessment includes the climate change funding responsiveness to country priorities, the extent to which the funding at country level has been coordinated, from both a programmatic and administrative perspective, with other Danish/non-Danish programmes, and the combined contributions of climate change and other MFA support at country level to achieving expected climate change outcomes.

The Vietnam case study, collected and assessed information on each of the 31 questions listed in the evaluation methodology and focused on the following key evaluation questions:

Relevance

- Are the projects aligned with Denmark’s climate change and development policies and strategies? *(Questions 1a, b, and c in evaluation matrix, Annex 2 main report)*
- Does the Danish climate change portfolio in Vietnam respond to specific partner needs, and is there evidence of consultation with partners and/or end beneficiaries in the design and funding? *(Question 2a and 2b in evaluation matrix, Annex 2 main report)*

Efficiency

- Is there evidence of value for money (VFM) assessment in the programme design and implementation? *(Question 3c in evaluation matrix, Annex 2 main report)*
- How successfully has the climate portfolio exploited synergies with other Danish or third-party programmes during implementation *(e.g. development cooperation)*? *(Questions 4a and 4b in evaluation matrix, Annex 2 main report)*

Effectiveness

- Does the country-level climate portfolio have an effective monitoring and evaluation system that can identify and report results over time, and is it linked to national monitoring systems? *(Question 5a in evaluation matrix, Annex 2 main report)*
- How effective have climate portfolio activities at the country level been in achieving expected outputs and outcomes? *(Question 5b in evaluation matrix, Annex 2 main report)*
Has the project successfully mobilised external finance, technology and expertise (both Danish and non-Danish) to support results achievement? (*Question 6b and 6c in evaluation matrix, Annex 2 main report*)

**Impact**

- Is there evidence that the planned impacts have been or are likely to be achieved within the expected timeframe? (*Question 7b in evaluation matrix, Annex 2 main report*)
- Is there evidence that Denmark’s contribution to the projects is considered to be greater or smaller than its pro-rata share of resources contributed? (*Question 8b in evaluation matrix, Annex 2 main report*)

**Sustainability**

- To what extent has the climate portfolio been able to create systemic and transformative change (i.e. policies, finance, and markets) for the longer term? (*Question 9b in evaluation matrix, Annex 2 main report*)
- Has the programme used a knowledge management/communication strategy to transfer lessons/positive experiences to the national and Danish climate change and development community, and to inform future programme design? (*Question 10b in evaluation matrix, Annex 2 main report*)

**A5: 1.2 Scope of the evaluation**

This Vietnam case study covers projects financed by Danish climate change envelope funding from the period 2010 to 2012, and extending into 2013, consisting of eight projects. Two of these, the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation (UN–REDD) and Southern Voices Capacity Building Programme, have two phases, therefore there are 10 projects in total, as described below. One additional project, the World Bank Partnership for Market Readiness (PMR), is included for information purposes only – the Vietnamese PMR proposal (approximately USD 3 million) was only approved in 2014. The study also assesses activities supported prior to 2012, including the Ministry of Foreign Affairs (MFA, Danida), the bilaterally financed Climate Change Adaptation and Mitigation (CCAM) Programme, and small climate change grants, but only to the extent that those activities had an influence on the design and implementation of climate change envelope projects.

The total budget for the period assessed is DKK 257 million. This refers to the total climate change envelope allocation – for global and multi-country programmes, only a portion of the budget is allocated to Vietnam. The ‘real’ budget for Vietnam is estimated at approximately DKK 93.3 million.

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1The Vietnam UN-REDD budget is calculated as a percentage of the Danish contribution to Multi-donor Trust Fund (about 4.7% in 2009 and 15.5% in 2010) pro-rated for the Vietnam UN-REDD programme. The Southern Voices contribution to

The UN-REDD programme aims “to assist developing countries to build capacity to reduce emissions and to participate in a future REDD+ mechanism” (UN-REDD, 2012), and is implemented through a collaborative framework established between the Food and Agricultural Organisation (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) with a focus on “national actions delivered through Joint Programmes reinforced by supporting measures at regional and global levels”. The Vietnam National Programme (2009-2012) objective was “to strengthen institutional and technical capacity of relevant organisations at central and local levels to ensure that by the end of 2012, Vietnam is REDD+ is ready and able to contribute to reducing emissions from deforestation and forest degradation (UN–REDD, 2012).

The programme had three components: (1) improving institutional and technical capacity for national coordination to manage REDD+ activities; (2) improving capacity to manage REDD+ and provide other payment for ecological services at district level through sustainable development planning and implementation; and (3) establishing cooperation on information and experience sharing on REDD+ implementation in the Lower Mekong Basin. In 2013, the second phase of REDD+ support was initiated with six outcomes including capacity building for operationalising the national REDD+ programme, implementing concrete REDD+ actions in the pilot provinces, further monitoring, reporting and verification (MRV), development, social and environmental safeguard mechanisms, and increased regional cooperation.


The Southern Voices Programme has the aim of strengthening climate change policy networks – the primary target groups are national, regional, and thematic climate networks of civil society organisations, grass roots, and indigenous peoples’ organisations. The programme is meant to provide added value through the implementation of advocacy, lobbying, and public awareness-raising activities, capacity building, and facilitation of increased know how and thematic expertise. Prioritised themes include adaptation, REDD and forestry, and renewable energy and energy efficiency (low carbon development). In Vietnam, the programme supported the Climate Change Working Group. The Vietnam share of the total programme budget is roughly estimated as 1/15th of the total programme budget.

Vietnam is estimated based on total budget divided by the number of countries supported. The IWGIA budget is based on total budget divided by the number of networks supports. The International Union for Conservation of Nature–Mangroves for the Future (IUCN–MFF) budget is one third of the total Danida component budget. The LCTU budget is based on a rough estimate of the percentage of the total LCTU budget of relevance to Vietnam. The GCPF budget is 2.5% of funds allocated to VietinBank (USD 25 million).
Facilitation Implementation and Readiness for Mitigation (FIRM): 104.G.12-29-8 (2010, DKK 40 million)

The Facilitation Implementation and Readiness (FIRM) project, implemented by the United Nations Environment Programme – Danish Technical University (UNEP–DTU), aims to “strengthen national capacities to formulate low carbon development strategies and identify mitigation opportunities within the context of national sustainable development priorities and the evolving concept of nationally appropriate mitigation actions (NAMAs)” (UNEP, no date). The Vietnam FIRM project has three components: Component A is focused on low carbon development and supports the alternative scenario development for increasing the share of renewable energy in national total commercial primary energy (to 5% by 2020); Component B supports the nationally appropriate mitigation action (NAMA) developments, promoting the use of wind energy (wind NAMA) and facilitating biogas capture for energy use (pig-waste NAMA); while Component C is focused on sharing the experiences and lessons learned. The FIRM project works with the Department of Meteorology, Hydrology and Climate Change (DMHCC), which is under the Ministry of Natural Resources and Environment (MONRE).

The Global Climate Partnership Fund: 104.G.13-3 (2011, DKK 40 million)

The Global Climate Partnership Fund (GCPF), established in 2010 by Kreditanstalt für Wiederaufbau (KfW) and the German Ministry of Environment (GME) contributes to a reduction of greenhouse gas (GHG) emissions by providing financing on commercially viable terms to small-scale energy efficiency and renewable energy investments for small and medium-sized enterprises (SMEs) and private households in the target countries, with a focus on middle-income emerging economies. It does this primarily through loans via financial intermediaries, although direct investments are also possible. It offers shares to eligible investors (both public and private), and an investment manager manages funds.

VietinBank is a pioneer in green financing in the country and since 2008 the bank has significantly expanded its green financing activities – it receives a USD 25 million loan from Global Climate Partnership Fund (GCPF) to catalyse its strategic development in green lending and to allow a full-scale deployment into the SME segment, led by a specialised team within the SME department. This team acts as the liaison for all energy efficiency and renewable energy projects within the bank and as the centre of competence for the branch officers. Financing activities mainly revolve around the manufacturing and processing sectors, both large contributors to Vietnam’s energy-intensive industries. The GCPF activities in Vietnam were not assessed in detail, due to limited information: the evaluator was unable to establish contact with the responsible persons in VietinBank. The more detailed assessment of the GCPF is presented in the Climate Finance sub-evaluation.

Climate Change Partnership with Indigenous Peoples: 104.G.13-10 (2011, DKK 6 million)

This is a joint International Working Group for Indigenous Affairs (IWGIA) and Asian Indigenous Peoples Pact (AIPP) project (a Climate Change Partnership), co-financed by the
MFA (Danida) and Norad as a direct response to the REDD programme and building on the concern that indigenous peoples and forest-dependent communities would be excluded from the REDD-related policy and planning processes. In Vietnam, the Climate Change Partnership supported the Centre for Sustainable Development in Mountainous Areas (CSDM) in four areas: (1) awareness-raising and capacity building on REDD+ for indigenous communities (referred to as ethnic minorities in Vietnam) and their leaders; (2) advocacy for a rights-based, equitable, and pro-poor approach in national REDD strategies; (3) capacity building for community-based forest management and REDD+; and (4) promotion of collaborative forest conservation and the community-based REDD approach among government agencies.


Mangroves for the Future (MFF), implemented by the International Union for the Conservation of Nature (IUCN) and local partners, is a regional initiative established after the 2004 tsunami in Asia as a strategic and long-term response to coastal ecosystem degradation in the Indian Ocean region. In its first phase (2007–2010) MFF adopted mangroves as the flagship ecosystem to address coastal degradation, recognising their importance in the provision of environmental services to surrounding communities including coastal protection. The programme seeks to promote healthy mangroves through a partnership-based, people-focused, policy-relevant, and investment-oriented approach (IUCN, 2012). The second MFF phase (2010-2013) introduced a stronger focus on climate change adaptation, and in 2012 Denmark provided funding to MFF via the climate change envelope, aimed at specifically targeting ecological rehabilitation, promoting environmentally sustainable livelihoods, and improving community resilience to natural disasters and climate. The MFA (Danida) component was called the Mangroves and Climate Change (MCC) component. The Danish support component is co-financed with Norway and Sweden. A second support phase was recently approved.


The Low Carbon Transition Unit (LCTU) in the Danish Energy Agency (DEA) of the Ministry of Climate, Energy and Buildings (MCEB) was established in connection with the 2012 decision to divide the Danish climate change envelope into ‘poverty’ and ‘global’ framework funding. The LCTU is meant to provide technical assistance to those countries receiving global climate change envelope support (China, Mexico, South Africa, and Vietnam) as well to a number of other multilateral initiatives. The technical assistance focuses on: (1) methodological assistance to reduction plans (emissions baselines, market mechanisms, and systematic NAMA support); (2) analysis of energy systems and reduction potentials, preparation of national reduction strategies; (3) design of energy policy and measures (called ‘policy tool kits’, with a focus on energy); (4) investment planning, including the use of public-private partnerships (PPPs) and; (5) finance leverage mechanisms and other instruments that can help to minimise investment risk (MCEB, 2012). The technical assistance emphasises areas where Danish competencies are best aligned with demand, and this includes the development, deployment and integration of renewable
energy solutions (such as replacement of coal with biomass energy), integration of renewable energy, and the development of ‘demand response’ co-generation, energy efficiency and savings.


The Low Carbon Transition in the Energy Efficiency Sector in Vietnam (LCEE) project provides support to reduce GHG emissions by contributing to the VNEEP through the promotion of energy efficiency in small and medium-sized enterprises (SMEs) with a focus on three sectors (brick, ceramics, and seafood processing) (Component 1, MOIT) and implementing the energy efficiency building code (Component 2, Ministry of Construction – MOC) with a focus on demonstration projects and practitioner training. The LCEE builds ongoing bilateral support under the Climate Change Adaptation and Mitigation programme (CCAM). The Danish embassy and the implementing partners manage the programme implementation, and the LCTU provides the needed technical assistance, including a technical advisor to MOIT (this is a global framework project).

**Climate Change Adaptation and Mitigation Programme 2009-2013 (extended to December 2015; financed through bilateral development assistance)**

The Climate Change Adaptation and Mitigation Programme (CCAM) commenced in 2009, and includes two components supporting two important national target programmes. The climate change adaptation (CCA) component supports the implementation of the National Target Programme to Respond to Climate Change under MONRE with a focus at both central level and two vulnerable provinces, Ben Tre and Quang Nam. Activities include capacity development and pilot investment ‘adaptation’ projects. The climate change mitigation (CCM) component provides support to the VNEEP (MOIT) to reduce GHG emissions. This includes budget support (recurrent costs and investments) as well as national and international technical assistance. The Danish embassy is responsible for the overall management of the programme on behalf of the MFA.

**A5: 1.3 Methodology**

This county sub-evaluation was based on a review of available documentation (project documents, appraisals, mid-term reviews, and evaluations). A field mission to Hanoi took place from 9th to the 22nd November 2014, and the evaluator had meetings with all implementing partners except for the VietinBank, the implementing partner for the Global Climate Partnership Fund (GCPF), as well as a number of stakeholders not directly involved in the climate change envelope implementation. Annex 1 lists persons interviewed during the course of this evaluation. Annex 2 lists the documents consulted.

**A5: 1.4 Limitations of the evaluation**

The limited time available for the evaluator in Vietnam means that for most projects there was only time to meet one or two key persons. While interviewees were extremely open and willing
to share their time and information, and the interviews were very informative, there was limited
time for follow-up meetings and further triangulation of findings, which would have been
beneficial in the few occurrences where the written evidence and stakeholder consultation led to
inconclusive or unclear findings.

A5: 2  Context

Climate change in Vietnam and the national response framework

Vietnam is extremely vulnerable to climate variability and change. Recent Government of
Vietnam (GoV) climate change and sea level scenarios predict a 2–3°C mean temperature rise
and 57–73 cm sea level rise by 2100. With a 3,200 km coastline and high population densities in
the large river deltas – the Mekong, and to a lesser extent, the Red River delta – the effects of sea
level rise and increased frequency of natural disasters are already taking their toll in economic
and human costs (World Bank, 2013). According to government sources, estimated losses from
natural disasters alone accounted for up to 1.5% of gross domestic product per year (for the
period from 2001 to 2010). Given its extreme susceptibility to the impacts of climate change –
impacts which will inevitably hit the poorest and most vulnerable hardest – the government has
understandably focused its initial climate change response efforts on adaptation. Greenhouse
Gas (GHG) emissions are, however, growing. Total national GHG emissions and per capita
emissions have almost tripled in the last ten years, and carbon intensity of GDP increased by
48% (World Bank, 2014). This trend will continue. Under the business-as-usual scenario, the
country’s GHG emissions are expected to triple between 2010 and 2030, with a significant
increase in the share of coal in the power generation mix (Vietnam’s second national
communication to the United Nations Framework Convention on Climate Change [UNFCCC]).

Recognising the urgency to respond and adapt to impacts and mitigate its increasing role as a
GHG emitter, GoV has made significant in-roads in the development of a comprehensive
policy, strategy, and legal climate change adaptation and mitigation framework (a national
response framework). Initial efforts included the 2008 National Target Programme to Respond
to Climate Change (NTP–RCC, Decision 158/2008/QD–TTg) under the responsibility of the
Ministry of Natural Resources and the Environment (MONRE) with an overall objective of
“enhancing Vietnam’s capacity and efficiency in responding to climate change” (Ministry of
Foreign Affairs and the Ministry of Industry and Trade of Vietnam, 2008). Although the NTP–
RCC covers adaptation, mitigation and cross-cutting issues such as monitoring, financial
mechanisms, awareness raising, capacity building, and human resources development (Asian
Management and Development Institute, 2011), the early policy focus was primarily on
adaptation. Other key adaptation strategies and plans are the 2007 National Strategy for Natural
Disaster Prevention, Response and Mitigation to 2020; the 2005 National Strategy for
Environmental Protection until 2020 (supported by legal decrees and sector regulations, and
establishing the basis for implementing adaptation actions); and the 2011 to 2015 Socio-
Economic Development Plan (SEDP) under the Ministry of Planning and Investment, with a strong focus on response to sea level rise and vulnerability in low-lying regions, but also addressing issues such as forest coverage and water supply. An Action Plan Framework for Adaptation to Climate Change in the Agriculture and Rural Development Sector 2008-2020 was also developed.

Vietnam’s early mitigation response had a strong focus on energy efficiency. The 2006 Vietnam National Energy Efficiency Programme (VNEEP, Decision No. 79/2006/QD–TTg) sets out the areas of interventions and specific priority projects, establishing the role of the Ministry of Industry and Trade (MOIT) in energy efficiency matters, along with the creation of the Energy Efficiency and Conservation Office within MOIT. A number of recent political decisions highlight the increasing relevance of energy efficiency efforts in Vietnam in particular focused on the industrial and building sectors (see Annex 2 for details of these).

Vietnam participates actively in the (United Nations Framework Convention on Climate Change) UNFCCC negotiation process. The country’s initial communication to the UNFCCC was made in 2003 based on a 1994 inventory, while the second communication (2010) used updated data (2000 GHG inventory).

When Reduced Emissions from Deforestation and Forest Degradation (REDD) became an issue at the Bali Conference of Parties (COP) in 2007, Vietnam was one of the first countries to express an interest due to a concern about the steady decline in area and condition of natural forests, and became one of the original nine partner countries. A 2010 National Payment for Environmental Services Decree (Decree 99/2010/ND–CP) establishes a system for collection of payments from forest ecosystem services users and disburses the funds to forest managers to support sustainable resource management and livelihoods. Vietnam is working on operationalising required national structures for REDD under the Warsaw Framework.  

The country’s climate change adaptation and mitigation policy framework has evolved significantly since the National Target Programme was first established in 2008. The National Strategy on Climate Change (2011) now provides the basis for consolidating the legal framework for implementing climate change adaptation and mitigation actions, requiring all sectors and local governments to prepare and implement Climate Change Action Plans. In 2012 the NTP–RCC entered a second phase of implementation (2012-2015) accompanied by a National Action Plan...
on Climate Change for the period 2012-2020 (NAP–CC, approved in 2012). At the same time, Vietnam adopted the 2012 National Green Growth Strategy that sets goals for sustainable development based on three pillars: (1) GHG emissions reductions; (2) greening production; and (3) greening lifestyles and consumption. Energy efficiency is seen as key to lowering GHG emissions. A National Action Plan on Green Growth was approved in 2014 (Decision 403/QD–TTg). The nationally appropriate mitigation action (NAMA) process is closely linked to the Green Growth Strategy. In 2013, the Communist Party of Vietnam issued a Resolution on Responding to Climate Change and Protection of Natural Resources (Resolution No. 24 – NQ/TW) outlining the Party’s latest evaluation on the state of the country’s response to climate change and natural resources protection, and presented guiding policies on these themes.

**Donor support and the role of NGOs and the private sector**

There are many donors involved in climate change in Vietnam, and there are established mechanisms for stakeholder and development partner coordination (the Vietnam Development Partnership Forum). A number of donors have harmonised support via the Support Programme to Respond to Climate Change. Initially established in 2009 to support the National Target Programme to Respond to Climate Change, this programme has evolved into a “national policy and institutional reform programme” (World Bank, 2014) to support implementation of the National Climate Change Action Plan.

There is significant interest in and involvement of both international and Vietnamese non-government organisations (NGOs) in climate change issues – traditionally focussed on community-related adaptation issues, but increasingly on energy issues, including the promotion of energy efficiency, renewable energy, and fuel subsidies. While the environment for NGOs has improved in recent years, they are still regarded with high levels of suspicion, and activities perceived to be of a political nature are frowned upon. Climate change awareness, although also increasing, has yet to become a high priority in the private sector.

Coordination and capacity building in the NGO community (both international and local) is facilitated by the Vietnam Union of Friendship Organisation – Non-governmental Organisation (VUFO-NGO) Resource Centre. The Resource Centre hosts sectoral working groups, including the Climate Change Working Group in Vietnam (CCWG), established in early 2008, bringing together International NGOs, Vietnamese NGOs, development agencies and other professionals who contribute to reducing the vulnerability of poor people to the impacts of climate change through NGO coordination, advocacy, and capacity building. The CCWG members meet regularly to exchange ideas and to discuss lessons learned on how to improve their capacity in climate change response. The CCWG maintains three thematic groups: Climate Change Adaptation, Climate Change Awareness and Behaviour Change, and Climate Change Mitigation. The current chair of CCWG is CARE International in Vietnam (VUFO–NGO website: ngocentre.org.vn).
Danish support to climate change in Vietnam: the 2005-2009 pre-climate change envelope period

Danish support to climate change adaptation and mitigation in Vietnam commenced in 2005 under the auspices of the 2005 Climate Change and Development Action Programme (CCDAP), a Danida programme aimed at contributing to ongoing efforts to “mainstream climate change within the broader sustainable development agenda”, distinguishing between bilateral country and sector programmes and multilateral development cooperation (Review of 2005 Climate Change and Development Action Programme, Final Draft Report 2008). As part of the CCDAP, 17 country climate screening studies were carried out from December 2005 to June 2008. The Vietnam Climate Check (which was the Vietnam climate screening study) focused on “key areas and actors related to climate change vulnerability and adaptation and their linkages to socio-economic development as well as identifying gaps and potential areas for tangible activities in the future, where Danida would be able to assist Vietnam” (UNEP-Risoe, 2005). The climate check identified several options for integrating development and climate change vulnerability issues and objectives, and the recommended approach focussed on undertaking pilot studies in a few selected areas that would then be used to test and refine the approach. The climate check also recommended support to build needed capacity.

The full list of climate change activities financed by the MFA (excluding climate change envelope funding) during the period 2006-2009 is presented in Annex 3. A few of these small activities were instrumental in moving the climate change policy agenda forward. One example cited by the Danish embassy in Hanoi is the support for developing the capacity of the National Climate Focal Point (small grant project #4, Capacity Development for the National Climate Change Focal Point in Vietnam, DKK 3 million, 2009). Interviews with a number of external stakeholders confirmed that Denmark, despite its relatively low funding, played a very central role in the early years of climate change policy in the country. The Vietnam CCAM (2009-2013, extended to 2015) programme (DKK 200 million) was the largest intervention supported as part of the CCDAP (MFA, 2008) building on some of these smaller initiatives.

From 2010 onwards, support to climate change adaptation and mitigation initiatives in Vietnam was channelled primarily through Danish climate change envelope commitments – with the exception of the CCAM and a number of other smaller activities (some small climate grants, research grants, small embassy grants, and the Danish Business Partnerships Programme; see Annex 4). These are the projects that form the basis for this evaluation study.

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3 Funding sources for these activities varied, and included small climate change grants, Danida research grants, small grants from the Embassy of Denmark in Ha Noi, and bilateral development assistance (the CCAM programme).
A5: 3 Results / findings

Table A5:1 illustrates the scores for each evaluation question, based on percentage of total budget allocations receiving each score.\(^4\) Table A5:2 illustrates the Vietnam portfolio focus with respect to the evaluation theory of change.\(^5\) These tables highlight general trends, and are useful in supplementing the individual project analyses undertaken.

Table A5:1 Pooled evaluation matrix scores (OECD criteria questions) for Vietnam projects

<table>
<thead>
<tr>
<th>OECD criteria</th>
<th>Evaluation question</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>Not possible to determine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance</td>
<td>The project is aligned with Denmark’s climate change and development policies and strategies</td>
<td>79.7%</td>
<td>19.6%</td>
<td>0.7%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0% 100.0%</td>
</tr>
<tr>
<td></td>
<td>The Danish CC portfolio in Viet Nam responds to specific partner needs and there is evidence of consultation with partners and/or beneficiaries in design and funding</td>
<td>72.5%</td>
<td>27.6%</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0% 100.0%</td>
</tr>
<tr>
<td>Efficiency</td>
<td>The project has been structured and managed in such a way as to maximise efficiency and deliver value for money</td>
<td>4.3%</td>
<td>-45.9%</td>
<td>19.0%</td>
<td>6.9%</td>
<td>0.0%</td>
<td>4% 100.0%</td>
</tr>
<tr>
<td></td>
<td>The project has successfully exploited synergies with other Danish (eg: development cooperation) or 3rd party programmes during implementation</td>
<td>2.0%</td>
<td>52.7%</td>
<td>32.1%</td>
<td>9.3%</td>
<td>0.0%</td>
<td>4% 100.0%</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>The project has been effective in achieving its outputs and reaching its desired outcomes within the project timeframes and has a functioning M&amp;E system able to report on results</td>
<td>1.6%</td>
<td>35.7%</td>
<td>10.4%</td>
<td>15.1%</td>
<td>0.0%</td>
<td>8% 100.0%</td>
</tr>
<tr>
<td></td>
<td>The project has successfully mobilised external finance, technology and expertise (both Danish and non-Danish) to support the achievement of results</td>
<td>4.5%</td>
<td>55.5%</td>
<td>23.1%</td>
<td>3.3%</td>
<td>2.5%</td>
<td>11% 100.0%</td>
</tr>
<tr>
<td>Impacts</td>
<td>There is evidence that the overall impacts of the project has, or is likely to be achieved within a realistic timeframe</td>
<td>0.2%</td>
<td>-40.2%</td>
<td>41.6%</td>
<td>9.1%</td>
<td>0.0%</td>
<td>9% 100.0%</td>
</tr>
<tr>
<td></td>
<td>There is evidence that Denmark’s contribution and influence is greater than its pro-rata share of funds committed</td>
<td>2.3%</td>
<td>26.7%</td>
<td>48.1%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>23% 100.0%</td>
</tr>
<tr>
<td>Sustainability</td>
<td>The project has delivered sustainable results that are likely to have a transformative effect (e.g. finance, policy, market) on project completion</td>
<td>5.6%</td>
<td>-46.2%</td>
<td>32.4%</td>
<td>3.1%</td>
<td>3.5%</td>
<td>9% 100.0%</td>
</tr>
<tr>
<td></td>
<td>The project has used a knowledge management /communication strategy to transfer project lessons/best practices to the wider Danish community, including mainstreaming into development cooperation</td>
<td>2.9%</td>
<td>-40.1%</td>
<td>33.0%</td>
<td>3.3%</td>
<td>2.5%</td>
<td>18% 100.0%</td>
</tr>
</tbody>
</table>

5 – The evaluator strongly agreed with this statement
4 – The evaluator moderately agreed with this statement
3 – The evaluator neither agreed nor disagreed with this statement
2 – The evaluator disagreed with this statement
1 – The evaluator strongly disagreed with this statement

\(^4\) To arrive at these figures, each individual project in the Vietnam portfolio was scored based on a rating of 1 (the evaluator strongly disagreed with this statement) to 5 (the evaluator strongly agreed with this statement) for each key evaluation question. The percentage of the budget assigned for each score was added, to arrive at the final figures based on a score by budget percentage.

\(^5\) To arrive at these figures, each project was assigned a value based on the relative importance of the two main theory-of-change impacts and the four outcomes for the project — values used were 3 (primary focus), 2 (secondary focus), 1 (minor focus) and 0 (no focus or not relevant at all). The percentage of the total budget assigned to each focus value was then collated and presented in a summary table (Table 5).
Table A5:2 Vietnam portfolio focus with respect to evaluation theory of change

<table>
<thead>
<tr>
<th>Impact</th>
<th>Impacts and outcomes</th>
<th>Primary focus</th>
<th>Secondary focus</th>
<th>Minor focus</th>
<th>Not relevant/no focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact 1</td>
<td>Greenhouse gas emissions are reduced to ensure global warming is kept below 2°C</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Impact 2</td>
<td>Increased climate resilience for at risk communities, particularly vulnerable and marginalized groups</td>
<td>89%</td>
<td>11%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Outcome 1</td>
<td>Strengthened national and subnational climate change policy and institutional framework</td>
<td>26%</td>
<td>70%</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>Outcome 2</td>
<td>Development, deployment and scale up of climate relevant technologies and infrastructure</td>
<td>83%</td>
<td>9%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Outcome 3</td>
<td>More socially inclusive approaches to climate change adopted</td>
<td>17%</td>
<td>0%</td>
<td>0%</td>
<td>83%</td>
</tr>
<tr>
<td>Outcome 4</td>
<td>More robust international political and financial architecture</td>
<td>6%</td>
<td>6%</td>
<td>88%</td>
<td>0%</td>
</tr>
<tr>
<td>Total budget</td>
<td></td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

A5: 3.1 Relevance

Finding 1: The Vietnam climate change envelope support is well aligned with high-level Danish climate assistance policies and strategies. It is, however, strongly focussed on GHG emissions reductions (mitigation) with a much lower priority on building climate resilience (adaptation).

A quick assessment of the climate change envelope projects in Vietnam (Table 4) indicates that all activities are well aligned; development objectives and proposed outcomes coincide, if not explicitly, then implicitly, with Danish development and climate change policies and strategies. The largest portion of the total budget (89%, six out of the eleven projects) has a primary focus on GHG emissions reductions (mitigation) – with the balance of 11% (four projects) focused on climate resilience (adaptation). Although some of the projects focussing primarily on GHG reductions also exhibit a secondary focus on climate resilience, the UN-REDD programme being one important example, the others did not. Those projects with a primary focus on adaptation (examples include the two phases of Southern Voices, the International Working Group for Indigenous Affairs (IWGIA) support to Centre for Sustainable Development in Mountainous Areas (CSDM), and the Mangroves for the Future (MFF) project) were the projects with the lowest budgets, hence the strong mitigation emphasis. Six projects, all the NGO activities and UN-REDD, focussed on the adoption of more socially inclusive approaches to climate change.

For those projects with a mitigation focus, the main emphasis is on outcomes related to development, deployment, and scale-up of climate relevant technologies (83% of financing) with...
a significant secondary focus on policy and institutional frameworks (the latter was also a priority for ‘adaptation’ focused projects).

The emphasis of Vietnam climate change envelope on mitigation and energy is not surprising – the climate envelope financing, and in particular the LCEE, were developed during the ‘transition’ period of the Denmark–Vietnam relationship from a bilateral ‘development partner’ relationship towards a more strategic partnership, particularly in the areas of climate change, energy, and green growth. The 2012 Danish Growth Strategy for Vietnam aims at enhancing bilateral trade and commercial operations and in 2013 the two countries agreed to intensify policy dialogue and promote specific activities in the areas of climate, energy, and green growth. Both LCTU and LCEE activities are well aligned to this agenda, strongly emphasising the provision of technical and economic guidance to help emerging economies to reduce GHG emissions and facilitate a low carbon transition in the energy sector. The LCEE focusses directly on implementing the Vietnamese National Energy Efficiency Programme (VNEEP).

The initial Vietnamese response to climate change, as reflected in the earlier policies and strategies, did (and continues to) have a strong adaptation emphasis, given the country’s susceptibility to climate change impacts. The earlier (pre-climate change envelope) Danish support reflected this priority well, with a substantial portion of the Climate Change Adaptation and Mitigation (CCAM) DKK 200 million financing (almost 50%) allocated to adaptation efforts, and only 25% focussed on mitigation. As such, the overall Danish climate change support, viewed from the combined context of the development assistance (CCAM) and the climate change envelope assistance, is relatively balanced.

Once the CCAM support, with its priority emphasis on adaptation, terminates at the end of 2015 (the envisioned end date) it will be important for both the MFA/EDK (embassy of Denmark in Hanoi) and their Vietnamese development partners to carefully consider what the new priorities will be with respect to climate change support, and whether and how to address the imbalance between mitigation and adaptation efforts in that support. A ‘country strategy’ for climate change support, outlining more specifically what the Danish climate change support would like to achieve could be considered.

Finding 2: The climate change envelope support responds to expressed demands by Vietnamese partners, both government and non-government, and there is good evidence of consultation and involvement of partners in the support design. Projects almost unanimously build on the successful results of previous phases of support, either Danish or other partners.

Table 4 illustrates that all the Vietnam portfolio projects responded well to partner demands and priorities (100%). In the case of UN-REDD, it was the Vietnamese government that sought involvement in the early stages of the UN-REDD process. During the initial scoping exercise to prepare the Vietnamese National Programme, extensive consultations with potential stakeholders on the various programme elements was undertaken (this was confirmed during interviews with partners).
Some of the climate envelope financing was the result of existing partnerships established through phases of previous funding. This is true for the UNEP–DTU, which builds on a long-standing relationship between the Ministry of Natural Resources and Environment (MONRE) and the then UNEP–Risoe Centre (URC, now DTU). The Department of Meteorology, Hydrology and Climate Change and the Ministry of Natural Resources and Environment (DMHCC–MONRE) started to collaborate with the UNEP–Risoe Centre in 2001/2002 on the Carbon Development Mechanism (CDM) capacity development, and MONRE was the focal point for the CDM for many years. Following the CDM project, they were involved in the Technical Needs Assessment (TNA) project, also with UNEP–DTU. The TNA project identified two priority sectors, wind and biogas, and these results formed the basis for the focus of the present FIRM project. The Southern Voices support in Vietnam evolved from an earlier phase of support, and the needs identified by the Climate Change Working Group (CCWG), which included policy analysis on climate financing and overall climate change policy advocacy. The Centre for Sustainable Development in Mountainous Areas (CSDM) was a member of the Asian Indigenous People’s Pact (AIPP) since 2001 and they have had a long connection with IWGIA; the activities supported by the Climate Change Partnership in Vietnam are strongly aligned to the existing CSDM mission statement and objectives.

With Mangroves for the Future (MFF) Denmark was seeking to channel its support to countries with existing bilateral programmes, if possible. When the Danida MFF component was designed, IUCN had extensive consultations in countries where they were already active, seeking to identify priorities from the members of the MFF National Coordinating Body (NCB), and this included Vietnam. Interviews with partners during the MFF review process in June 2014, as well as during the evaluation, concur with this statement.

The LCEE programme builds on the Climate Change Adaptation and Mitigation (CCAM) programme support to the Energy Efficiency sector, as well as on other donor support such as UNDP (Promoting Energy Conservation in Small and Medium Enterprises), the International Finance Corporation (IFC), the United States Agency for International Development (USAID) (in demonstration buildings), and the Swiss State Secretariat for Economic Affairs (in particular related to financial mechanisms). The VNEEP itself was set up as a platform for multi-institutional cooperation in energy efficiency with broad stakeholder participation, obviously with strong government involvement as it is a national programme. During initial LCEE fact-finding, the design team noted that the government was preparing to develop energy standards for the building sector –seen as an ideal opportunity as this was considered a very efficient way of addressing energy efficiency in that sector and it was an expressed government priority.

**A5: 3.2 Efficiency**

**Finding 3:** The lack of information on specific reasons for selecting management and administrative structures make it difficult to assess cost efficiency, and there were no Value for Money studies that could have provided additional information on cost efficiency.
Only a very small percentage (8%) was structured to maximise efficiency (at least in theory) with 92% receiving a lower score of 3. One of the issues encountered was that project documents provide scant information on reasons for management and administrative structure selection. Selected structures seem to be based on one of two (or both) rationales: (1) they functioned well in the past (under previous phases or similar support) and were therefore continued; (2) they are defined by the nature of the implementation partner organisation (particularly for the multilateral projects which work in multiple countries with the same project ‘model’). This can be applied to Southern Voices, the UNEP–DTU Facilitation Implementation and Mitigation Readiness, and the IWGIA and MFF projects.

The UN-REDD programme document provides strong arguments for justifying the tripartite implementation arrangements between the three UN organisations, arguing that UNDP, UNEP and Food and Agriculture Organisation can “provide critical assurances to establish a REDD regime”. They claim that the UN organisations’ in-country presence represents a crucial support structure for countries, and that the organisations’ governing bodies, expert networks, and convening capacity provide invaluable mechanisms for information exchange, for access to technical and scientific expertise, and for capacity strengthening. According to the UN-REDD framework document, building on existing modalities for Joint Programmes will enable rapid initiation of programme implementation and channelling of funds for REDD efforts. It will also encourage coordinated and collaborative UN support to countries, thus maximising efficiencies and effectiveness of the organisations’ collective input. (June 2008)

The Vietnamese lessons learned study on the UN-REDD programme, however, concludes that the UN-REDD programme did not really benefit from such an arrangement. The document points out that “multi agency programmes are not new to Vietnam... but these (other) programmes shared a number of common characteristics that were absent from the UN-REDD programme”, including, among others, “a uniform platform for reporting systems and working methodologies, resulting in slow progress and unnecessary delays” (June 2008). Despite clear intentions to deliver as one, the three UN partners continue to rely on distinct planning, implementation, and accounting requirements that tend to increase transaction costs and reduce delivery effectiveness. The recent UN-REDD external evaluation (Frechette et al, 2014) supports this statement.

The LCEE is aligned to government systems, at least for a portion of the budget, so parts of the activities are subject to government administrative and management structures. The LCEE programme document and component inception reports indicate that the Danish embassy administers and manages the programme for the Danish side, and that the Danish Energy Agency (DEA) will provide technical backup for ensuring quality assurance (QA), including supervision visits. In the case of component 2, an international company is also involved. Comments received during interviews stated that the management and administration arrangements were ‘new’ and ‘untried’ and required some learning. The rationale for the
particular set-up chosen is not clear, and it is difficult to comment on its efficiency, other than to note that LCEE is the notable exception in terms of timely disbursement of resources.

There were no Value For Money (VFM) studies implemented for any of the projects. A number of the project budgets were also not results based, which means that implementing VFM would be quite challenging.

**Finding 4: Synergy does exist between climate change envelope project activities and development finance, but could be increased to maximise benefits.**

Ninety-four per cent of the budget was moderately successful at exploiting synergies. Unlike some countries (Kenya being one example) the Danish climate change envelope activities in Vietnam are not and never were a coherent ‘programme’; they are quite independent, and implemented by a broad array of partners and agencies. Synergies do, however, exist between them. Good synergy is evident between the CCAM and the LCEE; the latter was strongly guided by the former, the same programme officer in the Danish embassy manages the two programmes, and there are plans to employ a joint monitoring and evaluation (M&E) officer for both programmes.

Other examples of synergy include the complementary support provided by the UN-REDD programme and the IWGIA (CSDM) project; with CSDM providing the capacity and advocacy needed to increase ethnic minority participation in the REDD+ process, and the UN-REDD programme supporting the framework for the operationalisation of the REDD+ process itself. There is synergy, at least informally, between the LCEE and some of the actors involved in the Southern Voices project via the CCWG. There are examples where one would have expected to see more synergy and none was evident. This was the case with the ‘Climate Resilient Shrimp Production’ under the National Target Programme to Respond to Climate Change (CCAM supported) and the mangrove-shrimp poly culture supported by MFF.

There was a surprisingly low level of awareness on the part of many in-country partners on the UNEP-DTU activities. One concrete example is a recent call for proposals under the Adaptation Mitigation Readiness-ADMIRE (104.G.16-17) project. This 2014 project aims at developing tools and mechanisms to help support mitigation and adaptation, and provides financing based on a call for proposals in the countries where it operates, including Vietnam. None of the partners in Vietnam interviewed during the evaluation, all of whom work closely on both adaptation and mitigation, were aware of the project; this is a lost opportunity.

**Finding 5: There has generally been very good synergy between Danish-funded climate change envelope projects in Vietnam and similar initiatives funded by other development partners.**

In almost all cases, the evaluation noted a high level of synergy between Danish-funded CC envelope activities and non-Danish partners working on similar activities. Concrete examples include the UN-REDD programme (with many non-Danish partners), Southern Voices, IWGIA (co-financing with non-Danish partners), MFF (working with Oxfam, among others), close
collaboration between LCEE activities and the International Finance Corporation (IFC) (on the implementation of the energy efficiency building code, LCEE and the Swiss UNDP (building on results of previous UNDP support to the sector), and with USAID.

A5: 3.3 Effectiveness

Finding 6: The climate change envelope project M&E systems are generally weak, and much of the reporting is activity-based and descriptive, with little or no key performance indicator (KPI) reporting. The main issue is not the absence of M&E frameworks for measuring results, including outcome indicators; these do exist in most cases, but in the poor implementation of these M & E systems. While ‘lip service’ is given to M&E in most of the project documents, this is not operationalised effectively.

Every project examined under the Vietnam climate change portfolio (except for LCTU in its first phase) had a reasonably well-developed results framework that defined expected outcomes, associated outputs, and, occasionally, impacts. In most cases these ‘results’ were associated with indicators that would be measured and reported on during project implementation. Only in very few cases did this actually occur. Contribution of the climate change envelope activities to overall GHG emission reduction targets, where the largest part of the funding is focused, will be difficult (or impossible?) to measure unless this issue is urgently addressed.

The civil society projects — Southern Voices and Climate Change Partnership support — provided detailed descriptive assessments of progress towards achieving outcomes in their final reporting. These assessments were extremely useful for evaluating progress, and provided a good impression of results achieved. In the case of MFF, although the Danida-financed component has a LFA and ‘objectively verifiable indicators’, these are not reported on. The recent (IUCN, 2014) review noted: “Current progress reporting does not facilitate consistent documentation towards achieving objectives.”

The UN-REDD programme in Vietnam reports in detail on progress, and also at outcome level. The Revised Standard Joint Programme Document (no date) for Vietnam includes indicators at the goal and outcome level, and the Joint Programme Monitoring Framework includes indicators at output and activity level. The final programme report (UN-REDD, 2012) reports on the outcome indicators, outlining clearly the progress towards targets for each of the key outcomes, as well as providing progress on output level indicators.

A number of projects, the FIRM project, and the LCEE project, are linked, at least partially, to government monitoring systems, since both are aligned to the VNEEP targets. At the country level, the Vietnam FIRM project Low Carbon Development Strategy (LCDS) component (Component A) aims to increase the share of renewable energy in national total commercial primary energy to 5% by 2020, and the project also supports two Nationally Appropriate Mitigation Actions (NAMAs) and corresponding monitoring reporting and verification frameworks, so effective monitoring of GHG emissions reductions is included and will eventually be reported on. Currently, the FIRM reporting is activity based.
The LCEE (with LCTU technical support) is making efforts to ensure that an effective M&E system is in place for measuring GHG emissions reductions; this is currently not the case. One strategy being used is to provide support to improve the GoV M&E systems the project depends on. Simultaneously, MCEB (LCTU) has been developing indicator sets for all programmes including in Vietnam (the draft indicator system includes four impact indicators, four outcome indicators with associated outputs under C1, and two outcome indicators with associated outputs under C2), and the challenge is to now adapt these at country level into a set of realistic, measurable and useful indicators able to provide good information on project progress (which is not currently happening). The LCEE Programme Management Unit (PMU) is reviewing the VNEEP M&E system and comparing it to the proposed MCEB indicators; the idea is to design an M&E system that can be used by the LCEE programme that would provide information that meets both VNEEP and MCEB monitoring requirements. This evaluation has used the government progress reports to estimate progress, and while these provided details on activities, there was no reporting at the indicator level.

**Finding 7:** There has generally been good progress towards achieving planned project outputs, with a few exceptions. It is more difficult to assess outcome achievement, partially due to inadequate reporting, but also because projects are ongoing.

The overall rating for effectiveness is 3 (92% of total budget, five projects) with three projects (7.3%) considered to be highly effective. This average score is largely due to a lack of clarity on outcome achievements. Many good results, however, have been generated at the output level with Danish climate envelope funding in Vietnam, and these are supporting progress on the country’s climate change agenda at many levels. Some of the key results (mainly outputs) are presented below.

The UN-REDD programme is considered to be relatively successful, with certain programme elements being highlighted as success stories internationally (see www.un-redd.org for details of all the Vietnam policy studies and publications). It is one of the few countries to progress from ‘getting ready for REDD’ to implementation, with the launching of the Phase 2 programme in 2013. At outcome level, the first phase made significant progress towards establishing the needed REDD+ architecture, including REDD+ Action Plan and MRV framework. It also tested and piloted integration of REDD+ into the Socio Economic Development Plans (SEDPs) and Forest Protection and Development Plans (FPDs). They were less successful with developing a roadmap for reducing regional displacement of emissions; the lessons learned report cited ‘sensitivity’ surrounding this issue as a contributing factor, compounded by a lack of delivery on needed technical expertise from the global programme. The 2014 external UN-REDD evaluation, while generally assessing the Vietnam programme quite positively, supported this observation, indicating progress in addressing regional emissions displacement and regional synergy as ‘unsatisfactory’. Strong interest in and the success of GoV in the REDD process from the onset is considered to be a very important constituting factor in the programme’s success.
The relatively small amounts of funding allocated to civil society have also generated interesting results. The Climate Change Working Group (CCWG-Southern Voices) had made important inroads in its ability to network, advocate, and influence. Notable outputs (there are many, and only a few are highlighted) include the development of a joint advocacy strategy with the disaster management working group, which also works on climate change adaptation issues), successful pilot activities on integrating climate change and disaster risk reduction concerns into selected provincial Socio-Economic Development Plans. CCWG is now considered to be an active multi-stakeholder working group on climate change in the country: an important outcome. A memorandum of agreement with the government (DMHCC-MONRE) is an important milestone, marking in its ability to influence government policy, and CCWG partners have been involved in policy debates and have contributed technically to a number of policies (the Disaster Risk Management Law, the Prime Minister’s Decree on Forest Co-Management and Coastal Forest Management, among others).

The Centre for Sustainable Development in Mountainous Areas (CSDM) (Climate Change Partnership support) is now a member of the executive board for the national REDD+ programme, a significant development, given the sensitivity surrounding Indigenous Peoples (Ethnic Minorities) in Vietnam. Although the Vietnam REDD+ Action Plan (not a detailed strategy) does not specifically mention IPs, it refers explicitly to the need to fully utilise “traditional experience and indigenous knowledge” in REDD+ implementation and acknowledges the need for safeguards. The FPIC principle is also being piloted, and although this is not directly related to Danish support (except through the UN-REDD programme) it does indicate progress in integrating these issues in the Vietnamese context. The Climate Change Partnership support has also enabled CSDM to push ahead with piloting of a plan to assess, negotiate and prepare for REDD+ partnerships on the ground in community forests.

NGO partners have pointed out that the low-level of awareness of the Vietnamese media to climate change, although it is increasing, continues to be a barrier when advocating on climate change issues, highlighting the significance of journalism training provided under the Climate Change Partnership.

The Mangroves for the Future Vietnam programme has made significant progress in implementing its small grants projects, although the 2014 programme review pointed out that there was a “large range of project types, without integrated objectives” and that “the problem of definition for grants was not climate focused, lacked strategic understanding of the link between some of the grant objectives and CC issues and link to policy” (IUCN, 2014). This is not so surprising; the grants are provided in poor areas where there are high development needs and climate resilience is not the highest priority. The challenge will be to ensure that the grants do contribute to climate resilience, and find ways to measure whether this is happening. The MFF team is aware of this challenge and finding ways to address it. The MFF Vietnam project is also supporting the development of co-management models and undertaking some economic valuation studies, although no outcomes are yet evident. Significant barriers or challenges to success include the difficulty of finding accurate and usable data for such valuation studies.
Another challenge is the difficulty of developing common understanding of complex terms such as ‘ecosystem-based adaptation’ and ‘climate resilience’; and finally, scaling up the very small pilot activities financed via the grant mechanism, to the scale required to actually generate impacts, will be very difficult as well.

Good progress is noted on the two NAMAs supported by the FIRM project; there is a plan in place to achieve the target of 5% renewable energy share in the total national commercial primary energy mix, the MRV frameworks for the two NAMAs are developed, and MONRE is identifying possible sources of funding for subsequent implementation; a number of options have already been identified. An outstanding barrier to success that will need to be addressed is the legal framework for selling the biogas produced to the grid.

Progress is also noted on the LCEE programme, although this has been slower than expected, the project has already been extended to 2017. Under Component 1, staff changes in Ministry of Industry and Trade (MOIT) and a delay in fund disbursements affected the achievement of results, but the most recent draft progress report (Jespersen, 2015) outlines progress on key outputs. A policy review has recently been completed, highlighting key policy and legal challenges to implementing energy efficiency measures (part of the Energy Conservation Law) in SMEs; a preliminary SME survey was completed; sector studies are under way, with the preparation of technology ‘fact sheets’; training materials are being updated / prepared, and the financial mechanism, which is key to financing investments in the SMEs, has been approved and its set up is on-going. Three demonstration projects have also been identified (in ceramic and brick production, and in seafood processing plants). Under Component 2, considerable efforts have gone into the development of training materials, but there has been little progress on the selection of a demonstration-building site for pilot implementation of energy efficiency measures and further delays could have a negative impact on the final programme outcome.

Finding 8: There is some evidence that new and additional finance, either public or private, has been leveraged so far in relation to the climate change envelope financing in Vietnam.

The overall score for the mobilisation of external finance, technology and expertise is moderately high (84.3% of total budget, five projects received a score of 4) although this value is somewhat distorted by the large LCEE budget, the LCEE was scored highly as it has a clear strategy for involving the private sector. Generally, while some projects have managed to obtain minor additional funds for specific activities, significant funding for scaling up activities or expanding objectives has not occurred. The UN-REDD Joint National Programme did attract some additional co-financing (Gesellschaft für Internationale Zusammenarbeit (GIZ) US 33,000, UNDP US 10,000, and some other minor funds), while the FIRM project, under the financial component, has some incentives to encourage the involvement of local banks to become involved in providing credit lines to parties interested in implementing NAMAs. The Swiss Development Cooperation (SDC) provided additional financing to the Climate Change Partnership, enabling Cambodia and Myanmar to be integrated into the partnership.
Finding 9: While there is a lot of rhetoric on increased private sector involvement, participation by private sector has been low and clear strategies to increase participation are not evident, with some exceptions.

Most of the Vietnam climate change portfolio projects make reference to the private sector and the need to involve them during project implementation. The approach or modalities mentioned vary significantly. For example, the UN-REDD lessons learned report indicates that the programme needs a comprehensive strategy for private sector engagement; and that the private sector is eager and interested to be more involved, but wants to be able to charge for their services. Their perspective on the private sector is as a future implementation partner paid to deliver services, and they anticipate lots of opportunities for private sector involvement during planned demonstration activities in the current programme phase.

The Mangroves for the Future (MFF) efforts to build and nurture private sector partnerships have met with mixed success to date. The MFF vision for private sector involvement was that, as studies and activities on the ground increasingly demonstrated the “high economic and social returns from investing in coastal ecosystems”, there would be increased scope for growth of the MFF initiative through public and private sector partnerships. At the same time, MFF would “promote environmentally sustainable business practices in coastal areas by harnessing the interest and resources of companies through multi-stakeholder partnerships”. Five sectors were targeted, with the intention of helping them to adopt “greener, more ecosystem-friendly strategies”.

While there have been some good initiatives (the Minh Phu organic shrimp certification in Vietnam is one example) the efforts to engage the private sector “remains a weakness in most countries”. The activities that have been successful, such as the organic shrimp, would require substantial additional resources to realise their potential for replication. In 2012 MFF engaged Corporate Social Responsibility (CSR) Asia to help develop a Private Sector Engagement Strategy for the programme. This strategy forms the basis for the approach proposed in the Phase 3 proposal, which emphasises the 'testing' of strategies and tools for engaging the private sector, with an overall strategic goal of improving the sustainability of business practices in the coastal zone (i.e. moving beyond CSR investments) and adopting two key forms of engagement: (1) changing the context through policy influence, education, and awareness; and (2) direct engagement with sectors of high relevance for MFF.

The LCEE (and LCTU) has very specific objectives with respect to both the use of public sector Danish expertise as well as private sector engagement. The provision of Danish expertise is one of the key objectives of the LCTU, including to Vietnam. The 2013 LCTU review report, however, pointed out that even though this is a key objective, administrative structures within DEA made it difficult to attract the relevant expertise from within the Ministry (but outside of LCTU). The LCEE also has a specific objective of developing a partnership between MCEB and the Vietnamese ministries, but it is not clear how such partnerships would be maintained over time once programme activities end. The recent LCEE review noted little progress in the
existing MOC-MCEB partnership and limited progress in developing the MOIT-MCEB memorandum of understanding\(^6\).

The LCEE programme also has a specific objective of establishing at least two commercial partnerships, and efforts are under way to do this. Working with Vietnamese partners, two types of potential partnerships have been identified: (1) knowledge transfer on maintenance checks; (2) knowledge and technology transfer as part of investment projects (road maps developed for both) (this is in the seafood processing sector). Efforts also continue to seek partnerships in the brick production sector, so far unsuccessfully. Since these partnerships are still ‘works in progress’, their success is not yet evident. There do not seem to be any efforts under way to involve the Danish private sector with the FIRM NAMAs, although both are in sectors with a high level of Danish expertise (wind and pig waste).

There are numerous examples of engagement with non-Danish third party regional and international expertise; MFF has established partnerships with Economy and Environment Programme for Southeast Asia and the South Asian Network for Development and Environmental Economics, while the civil society support is based, to a large extent, on the principle of regional networking.

### A5: 3.4 Impacts

**Finding 10: Evidence of longer-term impacts is not yet evident in most cases, and given weaknesses in project monitoring (see previous discussions) it may be difficult, even over time, to accurately determine whether the projects’ stated impacts can be achieved.**

A significant portion of the overall budget (87.5%) was scored at 3, indicating less than moderate success (little evidence) of impact achievement. Of the nine projects (including the double phases) assessed as part of this country evaluation, only three (five) were completed (31% of total funding); it is therefore difficult to provide informed comments on impacts. For those projects that were completed, however, there has been notable progress. This applies to the UN-REDD programme, the Southern Voices support to the CCWG, and the IWGIA-AIPP Climate Change Partnership initiative.

The UN-REDD first phase objective was for Vietnam to be REDD ready by 2012, and Vietnam has made significant progress in this regard, although some outstanding issues remain before it becomes fully 'REDD ready'. Once Vietnam begins to implement REDD+, however, it is expected to generate significant impacts, at many levels. The programme’s lessons learned report does highlight some concerns with respect to longer-term impacts; there is a lack of ‘sustained’

\(^6\)Comments from MCEB to the draft evaluation report indicate that there have been some initiatives under the MOIT-MCEB partnership even without an MOU, including assistance to evaluation of the VNEEP program and to the FIRM NAMA development, and support to the development of a power sector planning framework improving the planning for RE integration.
capacity at government level (in forestry) and this may affect the ability to achieve anticipated programme impacts in the second phase. NGOs have not yet benefited from capacity building on REDD+ (at least not from the programme) and since they are key players in future REDD+ implementing this can affect impacts too. But the UN-REDD funding has been important in norm-setting and policy advocacy / development – the national REDD coordination mechanism, the framework national programme strategy, and the MRV systems are some examples of this – in Vietnam, and by contributing to the programme, Denmark has played a role, however small, in this regard.

The Climate Change Working Group (CCWG) support has achieved some “very encouraging results” although “the impact of these results is not yet clear” (CARE International, 2012). The evaluation, however, notes that by the end of Phase 2, there appears to be many concrete policy-related products which, over time, may lead to increased mainstreaming of vulnerable group concerns into climate change policy (primarily focused on adaptation). During interviews, it was pointed out that it is very difficult to influence policy in Vietnam due to lack of coordination between central government and provincial level governance, as well as between national level ministries; and the fact that policies largely focus on large-scale infrastructure. In addition, it is difficult to convince the government to take up policy issues that may be of concern to civil society, further emphasising the importance of effective advocacy. So the achievements to date, although relatively small, are positive. And the longer-term influence on norm setting and policy could be significant if the tools and instruments developed are used effectively in the future. Since Vietnam is currently receiving some additional Southern Voices funding, this is likely to happen.

The Climate Change Partnership (CCP) support is the only project where some form of impact evaluation was undertaken, in this case by the Swiss for their portion of the funding. There was no other evidence of ex-post monitoring. The Swiss impact evaluation, although it focused on other Mekong countries and not on Vietnam, concluded that while it is difficult to fully understand the longer-term impacts of these types of initiatives, the programme provides “a singular example of dedicated efforts for capacity building of indigenous peoples at the grassroots level for their meaningful participation in REDD+. Other REDD+ programmes are more generic in their programme focus and do not confront the issues of promotion of rights for Indigenous Peoples (IPs) in the REDD+ directly” (as quoted in IWGIA-AIPP, 2013). The project has contributed to ensuring the visibility of Indigenous Peoples in REDD+ and “although full political support is not forthcoming in all countries, it is a very important initial step”. Even though the programme was co-financed, with a much larger contribution from the Norwegians, Danida played a dominant role in its implementation (Danida undertook the 2012 programme review, for example).

The FIRM project has the potential to generate very important impacts, if the measures that it is supporting (low carbon sector plans, MRV systems, the wind and pig waste NAMAs) are fully taken up and effectively implemented. But energy policy needs to be amenable to further integration of renewable energy for benefits to be fully realised; this is complicated and
potentially very challenging, and Vietnamese energy policy will play a crucial role in determining the extent to which there will be interest and incentives to implement the NAMAs (and other energy initiatives).

The MFF programme is not yet able to demonstrate impacts. A great challenge that it faces, and this is true for other projects / programmes advocating for scale-up based on the pilot and demonstration principle, is to convince decision makers that the models being proposed are useful and effective and worthwhile replicating. There is a need for much more consistent and reliable economic information on benefits and costs and whether the models are worth investing in. To achieve the objective of policy influence through the demonstration principle, it is important, a priori, to have a very clear understanding of exactly how your small project can influence policy; this needs to be planned carefully beforehand and not as an afterthought (IUCN, 2014).

An important additional question, not clearly reflected in the OECD criteria, is the extent to which Danish climate change funding has been catalytic or influential in a more general sense in Vietnam. Has it or will it have a significant impact on the higher level on going CC policy and strategy dialogue? As already indicated, the current Danish climate change support to Vietnam is not provided within the framework of a clear strategy defining specifically where and how it will generate change (i.e. an overall theory of change); it is a collection of relatively incoherent activities which collectively seek to support different aspects of the Vietnamese climate change agenda, and this is done quite well. But since it is done individually on a project / programme basis, the impact of this collective effort is very difficult to determine. In the longer term, providing all climate change climate change support within a more clearly articulated framework would be quite beneficial for both partners, allowing for a common definition of desired overall outcomes from Danish climate change support to Vietnam.

Finding 11: There is some evidence that MFA has contributed beyond its pro rata share of funds on co-financed projects.

This statement requires clarification: of the five co-financed projects, there was evidence on two of these that MFA had played a role in influencing beyond its share of financing; the two examples are the IUCN-Mangroves for the Future project and the IWGIA-AIPP activities. In the former, the MFA-financed component of the programme has had a significant impact on the overall design for the new programme phase, with climate resilience now being integrated as a 'programme of work' in the broader MFF programme; and in the latter, MFA implemented reviews and made concrete recommendations to programme implementation on its own and other partners chose not to participate.
A5: 3.5 Sustainability

Finding 12: There is, as yet, little evidence of sustained, systemic and transformative changes, or wider benefits to the communities beyond the direct project beneficiaries. As with impacts, it is still ‘early days’. But there is some evidence that if the tools, instruments and mechanisms currently being supported and developed are successful, there is the potential for transformative change.

The UN-REDD programme has, according to the Phase 1 lessons learned report, “progressed further with its UN-REDD programme than any other partner country. Over this period, the programme has had a significant impact on the domestic forestry sector, in terms of policy and practice”. Examples include mainstreaming of REDD principles into district land use planning process (in Lam Dong province), as well as into the Forest Development Plans, and the preparations for REDD+ allocations into the Socio-Economic Development Planning process. The report, however, also highlights many areas where further efforts / changes are needed to ensure effective longer-term implementation of the REDD+ process in Vietnam. Sustained government capacity in the sector will be crucial to ensuring impact sustainability.

The Centre for Sustainable Development in Mountainous Areas (CSDM) believes that the sustainability of awareness raising and capacity building for indigenous communities and leaders is high, since new knowledge acquired and skills strengthened are now a part of the communities’ social capital. Sustainability of advocacy for rights-based, equitable and pro-poor approaches in the national REDD strategies has been very successful, with a range of results, and the inclusion of Indigenous People’s concerns into the various policies, strategies and plans are hopefully there to stay. These policies will of course have to be effectively implemented.

Sustainability of the efforts in community-based forest management and co-management (REDD+, CSDM, and MFF) will depend on the ability to demonstrate real impacts to both communities and government; this needs to be documented very well, and further efforts are needed to achieve this.

For all activities, the broad dissemination and effective utilisation of the knowledge products developed will be crucial to the process of sustained and transformative change. Continued advocacy where it has effectively commenced will be important. The Climate Change Working Group (CCWG) is currently undergoing a strategic planning exercise and ‘professionalisation’ of its advocacy work, which should help to ensure that this happens.

In the case of both LCEE and the UNEP-DTU FIRM project, longer-term impacts will be highly dependent on the success of the financial mechanisms currently being developed as incentives to investment in RE and EE technologies. Under LCEE, the financial mechanism will be offered to SMEs via local banks to support and encourage investments in EE solutions (it includes a 50% loan guarantee to cover potential losses and a potential 30% loan reduction linked to effectiveness of implemented EE solution. A joint decision note is finalised and
approved, and the financial mechanism\(^7\), to be called the Green Investment Facility, is being set up. Much remains to be done, however, before it becomes fully operational. Under FIRM, the idea is to involve local banks to provide lines of credit on a concessional basis (very similar to the LCEE) although details and status of the FM are unclear.

**Finding 13:** Most projects incorporate some ‘course correction’ mechanisms, and there is evidence that both project / programme managers and implementing partners are good at adopting corrective measures. There is a good range of lessons learned coming out of the climate change envelope projects, but it is the impression of the authors of this evaluation that more could be done to ensure that these lessons are broadly disseminated and used to inform Danish climate change and development policy.

Most of the projects have impressive websites presenting a broad range of useful ‘tool kits’, guidelines, studies, success stories, and other interesting and potentially valuable material for implementing partners. Many also integrate well-designed communication strategies into their results frameworks. It is less evident to what extent this material gets used, that of course depends on a much more complex and targeted strategy of capacity building, awareness raising and follow-up.

All the Vietnam portfolio projects included some form of review process (often carried out by MFA) and the recommendations made are generally adopted and implemented; two examples include the CARE Southern Voices and the IWGIA reviews; in both cases review recommendations were apparently incorporated into subsequent work plans and addressed (according to interview respondents). Two of the three completed projects (UN-REDD programme and the Climate Change Partnership) had prepared lessons learned; the UN-REDD programme in a very detailed stand-alone document that proved very useful to this evaluation, allowing a better understanding of processes, outputs, impacts and issues. The Southern Voices network has an informative website where partner experiences are shared; they adopt an approach of regional knowledge-sharing events, which ensure that the networks learn from each other and benefit from mutual experiences.

While UNEP-DTU has lots of knowledge tools and information on the website, it is not clear to what extent this is ‘translated’ down to country level (see website for further information). In Vietnam, there is a component focused on knowledge products as well, but again, the extent to which these are used was unclear. (The URC review indicated that the UNEP-DTU communication strategy ‘lacks innovation, and is limited to documents, website, and face to face events” (MFA, 2013).

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\(^7\)There are of course many other aspects to sustainability in the case of the LCEE, and the financial mechanism is just one of these; other important elements include effective policy development and implementation, a demand / supply market for energy services, and developed capacity.
The Climate Change Partnership final report included a lengthy expose on important lessons learned, and it is very important to ensure that these valuable lessons can be translated / used in climate change and development policy. Some mechanism is needed to ensure this can happen, of course. The Danish Energy Agency has implemented a number of important events aimed at sharing lessons; examples include the Green Growth seminar (September 2013) with another planned for November 2015.

A:5 4 Conclusions and lessons learnt

Vietnam has a well-developed policy and legal climate change adaptation and mitigation response framework, and has demonstrated a strong commitment to tackling climate change. This provides a solid foundation for the Danish climate change envelope support. The level of partner involvement in the climate change envelope project design has generally been high, and this has resulted in strong partner commitment to achieving project outputs and outcomes.

The current Danish climate change support to Vietnam, however, is not provided within the framework of a clear strategy, defining specifically where and how it will generate change (an overall theory of change); it is a collection of relatively incoherent activities which collectively seek to support different aspects of the Vietnamese climate change agenda, supporting a range of thematic areas. Although this is done quite well on an individual project or programme basis, the impact of this collective effort is difficult to determine. This means that assessing the climate change envelope influence at the strategic level is challenging.

The Vietnam climate change envelope projects display a strong focus, in terms of total funding, towards the mitigation objective. The total Danish climate change support, however, viewed from the combined context of both the development assistance and climate change envelope financing, is more balanced, and better reflects Vietnamese priorities, which have a strong adaptation focus.

There is evidence that synergies at the technical, administrative and managerial levels are contributing to the achievement of results in a more efficient manner; this is noted in particular between the climate change envelope and development assistance financing for the two large programmes; the LCEE and the CCAM. Overall climate change envelope project synergy could be improved if projects were designed within a more coherent framework of support.

The justification for selection of administrative and management structures is often not evident, and the lack of budget detail in much of the reporting, the absence of results-based budgets, and a dearth of VFM studies, makes informed conclusions on project cost efficiency difficult.

Progress towards achieving expected results, particularly at the outcome level and most particularly with respect to GHG emissions reductions (the focus of the major part of the finance) is difficult to assess, since project M&E systems are either in development but not yet
functional, or exist but are not operationalised. While some of the projects claim linkages to existing government monitoring systems, these systems are also not fully operational and/or not yet systematically reported on. This makes an objective assessment of outcome progress impossible at least for some of the outcomes.

Despite the challenge of visualising and documenting outcomes due to the M&E constraints, many positive results are being generated with the Danish funding at the output level. These are contributing to Vietnamese climate change objectives, both in mitigation and adaptation. The relatively small amounts of funding that have gone to the civil society activities appear to have generated very significant results.

Private sector participation in the climate change envelope activities is limited. Only LCEE is pursuing an active and relatively clearly defined strategy for their involvement. Others have tried and failed, and/or are adapting and developing strategies for better success. The involvement (or lack thereof) of the private sector is clearly complex, and dependent on factors and variables that are well beyond the control of small projects.

Impacts are not yet broadly evident, since the majority of projects are still ongoing. Some interesting impacts have been generated on terminated projects, and the potential for impacts is quite good on the others. Many of the projects rely on piloting / demonstration activities to test models, highlight successes, and encourage replication, but specific strategies on how to ensure scale-up are frequently lacking. Incentive mechanisms, financial in particular, are under development but also not yet tested or proven.

The array of knowledge management tools and information, and highly professional websites with easily accessible project information, is impressive. Equally, the quality and utility of some of the lessons learned studies generated are admirable. The extent to which these lessons are effectively being translated upwards for use in Danish development and climate change policy is less evident.

A:5  5  Indicative Recommendations

Indicative Recommendation 1

Future climate change envelope support could benefit from having a more clearly articulated framework at country level, with longer-term explicit outcomes to which all sources of funding could contribute. Ideally, the strategy would be guided by a higher level Danish climate change strategy that would provide the overall strategic guidance for project selection. In the case of Vietnam, this would include a discussion on the desired balance of that support between the adaptation and the mitigation objectives. Such a strategy or framework would also facilitate project synergies.
Indicative Recommendation 2

More attention to documenting of cost efficiency, from the project onset, is strongly recommended. This includes results-based budgets and reporting that permits an assessment of cost per output achieved, stronger economic justifications for selected implementation modalities, and clearer assessments, both in project reporting and on the strengths and weaknesses of selected modalities.

Indicative Recommendation 3

A much stronger focus on effective outcome monitoring from the onset, with a clear strategy on how project outcomes will be measured, should be a minimum requirement for future climate change envelope financing.

Indicative Recommendation 4

Realism and pragmatism with respect to private sector participation objectives is recommended in the future. If private sector involvement is needed or wanted, it should be accompanied by a well-developed and realistic strategy to ensure it will occur. The innovative approach adopted by MFF of testing strategies and tools for better private sector involvement could be one model to consider more broadly.

Indicative Recommendation 5

Future project impacts are, in many cases, highly dependent on the success of piloting and/or demonstration activities, and in particular on the willingness of others to adopt and implement the successful models. Consistent and reliable cost-benefit assessment of proposed solutions is crucial to increasing chances of uptake. Similarly, demonstration activities that intend to influence policy need to be designed, from the onset, to do so; this should include a clear strategy on how the proposed activity will play a role in policy development.

Indicative Recommendation 6

A more concerted strategy on how to compile, assess and apply the lessons generated from the experiences of the climate change envelope funding implementation would be a very good idea.
## A5: Annex 1: Persons interviewed

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<thead>
<tr>
<th>Name</th>
<th>Responsibility/position</th>
<th>Organisation</th>
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<tbody>
<tr>
<td>Bo Mønsted</td>
<td>Danish Business Partnership Advisor</td>
<td>Embassy of Denmark, Hanoi</td>
</tr>
<tr>
<td>Cu Huy Quang</td>
<td>Energy Efficiency expert</td>
<td>Science, Technology and Energy Efficiency Department, MOIT</td>
</tr>
<tr>
<td>Dr. Nguyen Phu Hung,</td>
<td>Director, Sciences, Technology and International Cooperation Department</td>
<td>Ministry of Forestry, Vietnam</td>
</tr>
<tr>
<td>Elsebeth Tarp</td>
<td>UFT Advisor</td>
<td>MFA (Danida), Denmark</td>
</tr>
<tr>
<td>Jacob Jespersen</td>
<td>Senior Advisor, LCEE</td>
<td>Danish Energy Agency (LCTU), MCEB</td>
</tr>
<tr>
<td>Jake Brunner</td>
<td>Vietnam Country Coordinator</td>
<td>IUCN – Mangroves for the Future</td>
</tr>
<tr>
<td>Jens Lorentzen</td>
<td>UFT Advisor</td>
<td>MFA (Danida), Denmark</td>
</tr>
<tr>
<td>Jesper Dietlefsen</td>
<td>Advisor, LCEE programme</td>
<td>Danish Energy Agency (LCTU), MCEB</td>
</tr>
<tr>
<td>Jørgen Fenham</td>
<td>Senior Economist</td>
<td>UNEP – DTU</td>
</tr>
<tr>
<td>Jørgen Hvid</td>
<td>Advisor, LCEE programme</td>
<td>Danish Energy Agency (LCTU), MCEB</td>
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<tr>
<td>Kathrin Wessendorf</td>
<td>Coordinator, Environment and Climate Change</td>
<td>IWGIA, Denmark</td>
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<tr>
<td>Koos Neefjes</td>
<td>Senior Policy Advisor, Climate and Energy</td>
<td>UNDP, Vietnam</td>
</tr>
<tr>
<td>Luong Quang Huy</td>
<td>Focal Point, PMR</td>
<td>Office of the National Climate Change Committee, DMHCC-MONRE</td>
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<tr>
<td>Luong Thi Truong</td>
<td>Director</td>
<td>CSDM, Vietnam</td>
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<tr>
<td>Mai Van Trinh, PhD</td>
<td>Director General</td>
<td>Institute for Environmental Modelling and Climate Change, MARD, Vietnam</td>
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<tr>
<td>Mike Speirs</td>
<td>Senior Advisor</td>
<td>UN-REDD Programme, Geneva</td>
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<td>Name</td>
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<tr>
<td>Nguy Thi Khanh,</td>
<td>Executive Director</td>
<td>Green Innovation and Development Centre, Hanoi</td>
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<tr>
<td>Nguyen Khac Hieu</td>
<td>Deputy Director General, Vice Chairman, Manager of FIRM</td>
<td>DMHCC-MONRE</td>
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<td>Nguyen Thi Hai</td>
<td>Administration / financial officer</td>
<td>MOIT</td>
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<tr>
<td>Nguyen Thi Yen</td>
<td>Climate Change and Disaster Risk Reduction Team Leader</td>
<td>CARE International in Vietnam</td>
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<td>Administrative officer</td>
<td>CARE International in Vietnam</td>
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<tr>
<td>Nguyen Vu Anh Thuy</td>
<td>Senior Programme Manager, Danish Business Partnerships</td>
<td>Embassy of Denmark, Hanoi</td>
</tr>
<tr>
<td>Riyong Kim Bakkegaard</td>
<td>Climate Resilient Development Specialist</td>
<td>UNEP-DTU</td>
</tr>
<tr>
<td>Soren Lütken</td>
<td>Senior Economist</td>
<td>UNEP-DTU</td>
</tr>
<tr>
<td>Sudhir Sharma</td>
<td>Senior Climate Change Expert</td>
<td>UNEP-DTU</td>
</tr>
<tr>
<td>Tran Ha Ninh</td>
<td>Official, Division of GHG Emission Monitoring and Low Carbon Economy</td>
<td>DMHCC-MONRE</td>
</tr>
<tr>
<td>Trine Glue Doan</td>
<td>Senior advisor Climate, Energy, CSOs and Mekong</td>
<td>WWF Denmark</td>
</tr>
<tr>
<td>Trinh Quoc Vu</td>
<td>Director</td>
<td>Science, Technology and EE Department, MOIT</td>
</tr>
<tr>
<td>Truong Duc Tri</td>
<td>Deputy Director General</td>
<td>DMHCC-MONRE</td>
</tr>
<tr>
<td>Ulla Blatt Bendtsen</td>
<td>Senior Advisor, Global Cooperation</td>
<td>Danish Energy Agency (LCTU), MCEB</td>
</tr>
<tr>
<td>Viet Tran Hong</td>
<td>Programme Manager, CCAM / LCEE</td>
<td>Embassy of Denmark, Hanoi</td>
</tr>
<tr>
<td>Yannik Millet</td>
<td>Energy Efficiency Advisor, LCEE</td>
<td>Danish Energy Management</td>
</tr>
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A5: Annex 2: References


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- Circular 02/2014/TT-BCT on EE measures in industry
- Circular 2614/TTLT/BCT-BTC on budget for industrial promotion
- Decision 403/QD-TTg on green growth action plan 2014-2020
- Decision 1469/QD-TTg on master plan for building materials 2014-2020
- Decision 1403/QD-BCT on CC action plan of MOIT
- Decision 1403/QD-BCT on the Climate Change Action Plan of the Ministry of Industry and Trade (MOIT)
## A5: Annex 3: Climate Change activities supported from 2006 to 2009

<table>
<thead>
<tr>
<th>No</th>
<th>Activity/project title</th>
<th>Main objectives</th>
<th>Expected outputs/outcomes</th>
<th>Budget (DKK)</th>
<th>Implementing agencies</th>
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</thead>
</table>
| 1  | Climate change impacts on water resources in Vietnam (2008-2010)  
  *(small grant project)* | To strengthen the capacity of the sector, organisations and Vietnamese people to adapt and respond to climate change impacts on water | Climate change impact assessment and proposed measures for water resource management developed for 7 main river basins in Vietnam | 4.5m         | Vietnam Institute of Meteorology, Hydrology and Environment                             |
| 2  | Sea-level rise scenarios and possible disaster risk reduction (2008-2010)  
  *(small grant project)* | To mitigate the impacts of the SLR due to climate change in Vietnam through proposed adaptation measures | Report on Sea level rise scenarios and possible disaster risk reduction in Vietnam | 4.4m         | Vietnam Institute of Meteorology, Hydrology and Environment                             |
| 3  | Mangrove Management Information System as a tool for mitigating the effects of forecast climate changes along the coast of northern Vietnam (2007-2009)  
  *(small grant project)* | Adaptation to climate change causing rising sea level and more frequent storms through improved management of mangroves along the coast of northern Vietnam to improve livelihood of people living in the coastal areas | Mangrove Management Information System established for the Northern coast of Vietnam | 3.1m         | Ministry of Agriculture and Rural Development (MARD)                                   |
| 4  | Capacity Development for National Climate Change  
<p>| To strengthen the National Climate Change Focal Point | Vietnamese decision makers were provided with information about | 3.0m         | Ministry of Natural Resources and Environment                                           |</p>
<table>
<thead>
<tr>
<th>No</th>
<th>Activity/project title</th>
<th>Main objectives</th>
<th>Expected outputs/outcomes</th>
<th>Budget (DKK)</th>
<th>Implementing agencies</th>
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<tbody>
<tr>
<td></td>
<td>Focal Point in Vietnam (2006-2009) (small grant)</td>
<td>(NCCFP) at MONRE for a better co-ordination and integration of national climate policies with sustainable development policies</td>
<td>climate change trend and its adverse effect to better integrate in decision-making process</td>
<td></td>
<td>MONRE</td>
</tr>
<tr>
<td>5</td>
<td>Benefits on Climate Change adaptation from Small and medium scale hydropower plants (2008-2009)</td>
<td>To explore the scope for small and medium scale hydropower to generate win-win-win benefits, i.e. both rural development and climate change adaptation and mitigation benefits</td>
<td>A report on the hydropower potential of Lao Cai province and an EIA report, integrating CC adaptation options for a small hydropower project</td>
<td>2.9 m</td>
<td>Vietnam Institute of Meteorology, Hydrology and Environment</td>
</tr>
<tr>
<td>6</td>
<td>Study on CDM application in cement industry in Vietnam (2008-2009)</td>
<td>To increase the general awareness of CDM in the cement industry in Vietnam and to identify and quantify potential CDM projects and CER (Certified Emission Reduction)</td>
<td>Five potential CDM projects and CER identified and Project Designed Document developed for three projects</td>
<td>0.7 m</td>
<td>RCEE Energy and Environment Joint Stock Company</td>
</tr>
<tr>
<td>7</td>
<td>Development of the CDM market in Vietnam (2007-2009)</td>
<td>To contribute to facilitate the development and mature of the CDM market in Vietnam</td>
<td>Seven Project Designed Documents developed and agreement between CER buyers and project owners signed for five projects</td>
<td>2.0 m</td>
<td>Energy and Environment Consultancy Joint Stock Company</td>
</tr>
<tr>
<td>No</td>
<td>Activity/project title</td>
<td>Main objectives</td>
<td>Expected outputs/outcomes</td>
<td>Budget (DKK)</td>
<td>Implementing agencies</td>
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<tr>
<td>8</td>
<td>A study on adaptation strategies detailing findings and recommendations for further work, including appropriate methodologies for analysis (2010)</td>
<td>To help decision makers in Vietnam to better understand and assess the risks posed by climate change and to better design strategies to adapt to climate change</td>
<td>One research paper on adaptation strategies detailing findings and recommendations for further work, including appropriate methodologies for analysis</td>
<td>35,000</td>
<td>CIEM, DoE</td>
</tr>
<tr>
<td>9</td>
<td>Research cooperation between DoE and CIEM will focus on the assessment of vulnerability of Vietnam to climate change at both the micro and macro level. (2010-2011)</td>
<td>Review of existing literature and modelling efforts in Vietnam on the implications of climate change for Vietnam</td>
<td>A CGE model of economy-wide impact of climate change in Vietnam, using as inputs the results from various climate models; A paper detailing results from model on a variety of policy relevant scenarios, and giving policy recommendations.</td>
<td>80,000</td>
<td>CIEM, DoE</td>
</tr>
<tr>
<td>10</td>
<td>Assist MoC to compose the Draft Handbook on Urban Planning and Design with reference to climate change mitigation and adaptation considerations (2010-2011)</td>
<td>Improve MOC capacity of integrating CC adaptation and mitigation to policy making and urban planning, under the Sustainable Development of Urban Areas (SDU) component</td>
<td>The Handbook is completed and appreciated of consultants, management agencies and implementers</td>
<td>438,304 VND 494 m</td>
<td>MOC</td>
</tr>
<tr>
<td>11</td>
<td>Conduct research and study on Climate Change</td>
<td>Support MOC in policy making and management in the area of</td>
<td>Research report by Centre of Environment Protection and</td>
<td>706,000</td>
<td>MOC</td>
</tr>
<tr>
<td>No</td>
<td>Activity/project title</td>
<td>Main objectives</td>
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<tr>
<td>12</td>
<td>Impacts on technical infrastructure and urban issues (2010)</td>
<td>urban technical infrastructure, Under SDU component</td>
<td>Sustainable Development Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Conduct training courses on Urban Planning and Urban Design that reflect Climate Change mitigation and adaptation considerations (2010)</td>
<td>Capacity building for central and local officials</td>
<td>Central and local officials are trained on Climate Change mitigation and adaptation</td>
<td>202,000</td>
<td>MOC</td>
</tr>
</tbody>
</table>
|    | Climate change adaptation and mitigation programme (2009-2015) <small>(small grant)</small> | Contribute to Vietnam’s sustainability in economic and social development and poverty alleviation by strengthening the capacity of the country to adapt to climate changes while improving its mitigation efforts | Support the implementation of NTP-RCC and the VNEEP:  
- provincial Action plans to respond to CC;  
- adaptation measures in Ben Tre and Quang Nam;  
- energy certification system;  
- training of 3000 energy managers and 500 energy auditors;  
- energy savings measures implemented in enterprises. | 200m  
130m(adaptation)  
62m(mitigation)  
8m (programme management) | MONRE, MOIT, Ben Tre, Quang Nam provinces |
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<tr>
<th>No</th>
<th>Activity/project title</th>
<th>Main objectives</th>
<th>Expected outputs/outcomes</th>
<th>Budget (DKK)</th>
<th>Implementing agencies</th>
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</thead>
<tbody>
<tr>
<td>14</td>
<td>Assessing effects of and responses to climate change on environment and socio-economic development in mid-Central Vietnam (2008-2011)</td>
<td>Identify and evaluate the relationship between climate change and the change in natural disasters and catastrophes</td>
<td>Database presenting the relationship between climate changes and the changes of natural hazards, ecological characteristics, the loss in socio-economic activities, anthropic factors</td>
<td>4.4m</td>
<td>Institute of Geography (VAST) (University of Copenhagen)</td>
</tr>
<tr>
<td>15</td>
<td>Climate change and estuarine system (2008-2011)</td>
<td>To form the baseline for an assessment of the effects of climate change in the estuaries</td>
<td>Two-year data sampling programme where the variation of relevant climate change parameters are measured in time and space. These data will form the foundation for the ecological model. This model is the tool for the decision-makers and managers in relation to climate change issues.</td>
<td>5.5m</td>
<td>Institute of Oceanography (VAST) and Aarhus University</td>
</tr>
<tr>
<td>16</td>
<td>Improving rice tolerance of submergence and salinity to cope with climate change in coastal areas of Vietnamese</td>
<td>To develop adapted, submergence- and salt-tolerant rice varieties, using modern breeding tools that integrate molecular and genomic</td>
<td>Two popular Vietnamese varieties incorporating genes for tolerance of submergence during vegetative stage (Sub 1) and salt stress (Saltol), validated</td>
<td>5m</td>
<td>Agricultural Genetics Institute (also with support from the International Rice Research Institute,</td>
</tr>
<tr>
<td>No</td>
<td>Activity/project title</td>
<td>Main objectives</td>
<td>Expected outputs/outcomes</td>
<td>Budget (DKK)</td>
<td>Implementing agencies</td>
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<tr>
<td></td>
<td>Deltas (2009-2012)</td>
<td>approaches.</td>
<td>for adaptation at target sites in Vietnam, with accredited lines entered into commercial seed production and distribution to farmers</td>
<td></td>
<td>Philippines)</td>
</tr>
<tr>
<td>17</td>
<td>Impacts of Climate Change on Land Use Change in the Red River Delta and its Community Livelihood Change (2009-2012)</td>
<td>To provide policy recommendations for formulation of policies aimed a climate change adaptation in the RRD</td>
<td>Methodology adapted for spatial modelling of bio-physic and socio-economic data in land use change patterns analysis and in relation to climate change</td>
<td>5m</td>
<td>Hanoi University of Science and Aarhus University</td>
</tr>
</tbody>
</table>
## A5: Annex 4: Climate Change activities supported from

<table>
<thead>
<tr>
<th>No</th>
<th>Activity/project title</th>
<th>Main objectives</th>
<th>Expected outputs/outcomes</th>
<th>Budget (DKK)</th>
<th>Implementing agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Support to the Voice of Vietnam in Producing and Broadcasting a Radio Serial Drama for Behaviour Change to Address Climate Change (2010-2013) (small grant)</td>
<td>To contribute to increasing awareness of climate change adaptation and mitigation among the Vietnamese people, especially people living in areas that are particularly vulnerable to climate change</td>
<td>A 100-episode serial drama is broadcasted on the Voice of Vietnam weekly</td>
<td>2.5m</td>
<td>The Voice of Vietnam</td>
</tr>
<tr>
<td>2</td>
<td>Impacts of climate change and adapting bio-security measures for Northern Vietnam's aquaculture Deltas (2010-2013)</td>
<td>Assess the impacts of climate change to aquaculture in Northern Vietnam, and propose adapting measures for sustaining aquaculture development and improving biosecurity</td>
<td>Set of GIS maps and models show different impacted level of climate change to different aquaculture areas in the north of Vietnam. Review of potential impacts from a changing climate on food safety of aquaculture products.</td>
<td>4.8m</td>
<td>Centre for Environment and Disease Monitoring in Aquaculture</td>
</tr>
<tr>
<td>3</td>
<td>Investigation on adaptation technology of water treatment (2010-2013)</td>
<td>To carry out research on water cleaning methods which can be used to treat polluted water rendering it available for human consumption</td>
<td>A water treatment pilot system which is robust, fast, and flexible, and with low use of energy, able to produce clean water for drinking during and flooding disasters to mitigate the impact of climate change on the lives of people in</td>
<td>5m</td>
<td>Institute of Chemistry, VAST</td>
</tr>
<tr>
<td>No</td>
<td>Activity/project title</td>
<td>Main objectives</td>
<td>Expected outputs/outcomes</td>
<td>Budget (DKK)</td>
<td>Implementing agencies</td>
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</table>
| 4  | Research cooperation between DoE and CIEM will focus on the assessment of vulnerability of Vietnam to climate change at both the micro and macro level (2010-2011) | Review of existing literature and modelling efforts in Vietnam on the implications of climate change for Vietnam.  
Various models of bio-physical and economic impact of climate change in Vietnam.  
One report detailing results from model on a variety of policy relevant scenarios, and giving policy recommendations. |                                                                                                                                                                                                                           | 40,000       | CIEM, DoE                                                                                                 |
| 5  | Energy mapping (2011)                                                                    | Mapping of energy sector and identification of focus sub-sector for support  
Energy mapping report  
Identification of initiatives |                                                                                                                                                                                                                           | 350,000       | Danish Energy Management A/S and Vietnam Energy Institute                                               |
| 6  | Pilot test "Urban Planning and Design for Phu Ly Town with reference to climate change mitigation and adaptation considerations (2010-2011) | Improve MOC capacity of integrating CC adaptation and mitigation to policy making and urban planning  
MOC received practical handbook  
Master plan of Phu Ly town, zoning planning (1/2000) and detail planning (1/500) |                                                                                                                                                                                                                           | 2.1m          | National consultancy organisation – Vietnam Institute of Architect and Planning, MoC – closely worked with DoC, DoNRE, DARM, and related agencies of Ha Nam |
<table>
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<tr>
<th>No</th>
<th>Activity/project title</th>
<th>Main objectives</th>
<th>Expected outputs/outcomes</th>
<th>Budget (DKK)</th>
<th>Implementing agencies</th>
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<tbody>
<tr>
<td>7</td>
<td>Demonstration project “Urban coastal planning of Nghe An province to respond to and adapt with climate change”. (2010-2011)</td>
<td>Improve MOC capacity of integrating CC adaptation and mitigation to policy making and urban planning (demonstration works)</td>
<td>A model demonstrated</td>
<td>1.48m</td>
<td>DoC, coastal urban authorities.</td>
</tr>
<tr>
<td>8</td>
<td>Climate Change-Induced Water Disaster and Participatory Information System for Vulnerability Reduction in North Central Vietnam (2011-2014)</td>
<td>Reduce vulnerability to climate change for local development</td>
<td>Information system (knowledge base and data base) for vulnerability reduction and resilience enhancement</td>
<td>5.0m (estimated)</td>
<td>Hanoi University of Science</td>
</tr>
<tr>
<td>9</td>
<td>Better use of nutrition resources for sustaining aquaculture production in Central Vietnam under climate change condition (2011-2014)</td>
<td>To contribute to the sustainable development of coastal aquaculture in Central region through better use of the nutrition resources</td>
<td>Formulations of cost-effective grow-out pellet feeds for the selected commercial fish species as case studies.</td>
<td>5.0m (estimated)</td>
<td>Aquaculture Research Sub-Institute for North Central (ARSINC)</td>
</tr>
<tr>
<td>No</td>
<td>Activity/project title</td>
<td>Main objectives</td>
<td>Expected outputs/outcomes</td>
<td>Budget (DKK)</td>
<td>Implementing agencies</td>
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<tr>
<td>10</td>
<td>Research program (2011-2013)</td>
<td>To continue to support the research cooperation between VN and DK</td>
<td></td>
<td>35m for three years 2011, 2012, 2013.</td>
<td>Not yet defined</td>
</tr>
<tr>
<td>11</td>
<td>Danida Business Partnerships Programme (2010, 2011, 2012)</td>
<td>The DBP programme contributes to “increase employment” and “positively effect the local society” by financing partnerships between Danish and Vietnamese companies within the Green Growth and Clean Tech sectors</td>
<td>2010: 4 projects prepared 2011: 4 projects implemented 2012: 3 projects implemented</td>
<td>40m</td>
<td>Joint Venture between Danish and Vietnamese companies or institutions/organisation</td>
</tr>
<tr>
<td>12</td>
<td>DANIDA Business Finance (former mixed credit)</td>
<td>Increases access to long-term financing through involvement of commercial actors for investments in economic growth. Also aiming at minor industrial projects with direct job-creating potential, which cannot be</td>
<td>TBD, however this program targets key infrastructure sectors, in particular for the private sector. In all areas, climate-friendly and cleaner technology is a top priority.</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>No</td>
<td>Activity/project title</td>
<td>Main objectives</td>
<td>Expected outputs/outcomes</td>
<td>Budget (DKK)</td>
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<td>financed on normal market conditions.</td>
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Source: Adapted from a document downloaded from the embassy of Denmark in Ha Noi website.
Annex 6: Country (Kenya) Sub-Evaluation
Executive Summary

The analysis of the Kenya climate envelope (2010-2014) showed that the ‘fast-start’ climate envelope largely succeeded in providing quick financing to civil society and private sector projects in order to demonstrate adaptation and mitigation results over three years. The foundation laid by the Danish financing is tangible and can be built on by other programmes with additional funding from bilateral and/or multilateral partners. In general, Danish funding has had a catalytic effect on partners with the partners leveraging more climate financing. Furthermore, their knowledge on climate change mitigation and adaptation is being enhanced, and their skills in climate change technologies and socially inclusive approaches – amongst others – are being built upon.

The projects assessed were found to be highly relevant to Danish development and climate change-related policies and strategies. The portfolio was also relevant to and well aligned with Kenya’s National Climate Change Response Strategy (NCCRS) and the National Climate Change Action Plan (NCCAP) priorities, and some of the grants were additional to existing financing from Denmark or other funders. Most of the partners had logframes or results frameworks, however, linkages to overall Danish climate change objectives by the partners were not clearly articulated in the grant agreements or monitoring reports.

With respect to alignment with external partner priorities, the evaluation found that the Fast Start financing envelope was aligned with the Department for International Development’s climate resilience programme, the World Bank’s Climate Technology Programme, and the European Union’s Community Development Programme.

Most civil society partners had conducted needs assessments of the beneficiaries and therefore aligned their proposals for fast start financing, which enhanced the relevance of the fast start funds. The private sector partners’ sub-grants were demand driven.

Overall efficiency of the portfolio showed mixed results. Efficiency on funds disbursement from the embassy was generally considered good by all partners. Some partners had better benefit–cost ratios than others. Efficiency levels of other partners was quite low e.g. Community Development Trust Fund (CDTF) and African Enterprise Challenge Fund-Renewable Energy and Adaptation to Climate Technologies (AECF-REACT) due to slow sub-granting processes.

Synergies amongst FSCCP partners could have been more fully realised, which would have resulted in greater efficiency across the entire Kenyan portfolio, e.g. between the Kenya Climate Innovation Centre (KCIC) and AECF-REACT. Using Value for money (VFM) as a criteria for selecting partners also proved to be useful as this enhanced the chances of successful projects. However, the overall VFM of certain projects is unclear, e.g. AECF-REACT, because the
breakeven points and maturity lifespan of the contracted companies lie beyond the funding period.

With respect to effectiveness, the Kenyan portfolio shows mixed results. Outputs of five of the projects reviewed had been achieved or were likely to be achieved by the end of the programme, with good documentation. However AECF-REACT, Kenya Association of Manufacturers (KAM), CDTF, CARE and the Northern Rangelands Trust (NRT) had slow start-up phases and required no-cost extensions. The overall outputs of AECF-REACT in particular are not encouraging as a number of contracts have already been terminated. Early outcomes from the 2011 climate envelope were also evident however with patchy documentation.

Early impacts of the FSCCP envelope are documented poorly by most partners due to weak M&E systems. Adaptation and mitigation benefits have long time scales and are not typically realised within a pilot project framework. Generally implementing partners focused on outputs, rather than outcome and impact reporting. The FSCCP envelope itself (2010-2013) did not have an overall M&E framework which could aggregate outcomes and impacts from the projects in the portfolio. In addition, the M&E systems being used by partners are typical development project M&E systems, yet measuring climate change adaptation and mitigation benefits requires slightly different types of approach.

The potential for sustainability is mixed. There is good evidence that some FSCCP sub-grants under CARE, Kickstart, CDTF, AECF-REACT, KAM and IWGIA will result in transformational change and have sustainable impact on beneficiaries. However there is also strong evidence to suggest that a number of projects under AECF-REACT many not be sustainable and CDTF’s future as an institution is not guaranteed. Lesson learning within most partners is patchy, non-formalised and rarely documented due to inadequate systems for documentation.

A summary of the scores per project is shown in Annex one.

With respect to the findings above the evaluation makes the following indicative recommendations:

**Recommendation 1:** For future climate financing (e.g. green economy country programme), the evaluation recommends that the embassy develops an overarching results-based management and reporting M&E framework with clear common outputs, outcomes, and impacts against which implementing partners can report. The evaluation noted that the new climate change programme in Kenya has already embarked on this.

The proposals from partners also need to articulate how their project will contribute to the common outputs, outcomes, and impacts of the Danish programme. The system should also be able to capture and report against adaptation and mitigation benefits. This does not necessarily mean that the partners should mirror the Danish framework, but they should be encouraged to
show linkages to the higher-level objectives of the Danish programme from the project design stage to the implementation and completion stages.

It should be noted that measuring the benefits of adaptation and mitigation interventions requires slightly different M&E systems as meaningful benefits take a long time to be generated and are unlikely to happen within a three-year project period. Thus, in future climate financing envelopes, Denmark should invest in building the capacities of their partners in monitoring adaptation and mitigation benefits so that they are able to show how Danish financing is contributing to global climate change targets. This can also enhance the partner’s eligibility to access other climate financing, especially not that the Green Climate Fund is operational.

**Recommendation 2:** The embassy may need to develop a systematic VFM process that assesses proposed and accomplished outcomes resulting from grantee interventions. This could possibly reduce the risk of non-performing partners in the cases of AECF-REACT, where a majority of the companies contracted had low implementation and monitoring and evaluation capacities. This will also enhance documentation of outcome and also allow for comparative analysis between outcomes over time. The embassy could use this data to better understand which projects generate higher returns on investment in the long-term, particularly important for adaptation benefits that are not visible within a project cycle. The packaging and dissemination of this information could be used to justify fundraising efforts from the Danish public.

Furthermore, as the breakeven point of some private sector projects is beyond the funding cycle, the embassy is not be able to assess outcomes unless impact assessments are conducted a few years after the end of the programme. Alternatively, if this is not possible, the embassy can decline to fund projects unless it commits to a long-term engagement with the partner to ensure tangible outcomes.

**Recommendation 3:** Further to recommendations one and two, future Danish programmes need to develop a learning strategy to involve various lesson-learning forums with the involvement of implementing partners and also between Danish programmes that may be financing the same partners. This will enhance learning, synergies, and opportunities for partnerships amongst partners and embassy staff members. In addition, the partners may be inspired to develop their own internal learning processes as a result.

**Recommendation 4:** The FSCCP financing was for pilots. If adaptation and mitigation benefits are to be realised, long-term financing for partners is required for the country to build resilience against climatic shocks. This can be done through trusted partners who have produced sound results. Some projects already under the FSCCP can be considered for long-term financing through a phased approach. It is only in this way that Danish funding will truly be able to enhance adaptation and mitigation benefits, as without long-term financing for climate change projects end up as ordinary development projects and the benefits of additional climate finance for climate-proofing are lost.
A6: 1 Introduction

The aim of this sub-evaluation of Denmark’s Climate Change Funding to Developing Countries is to conduct an evidence-based, ex-post evaluation of the contribution that has been generated by Danish funding to results that further Denmark’s objectives of supporting climate change adaptation and mitigation in developing countries. The sub-evaluation focuses on the identification, design, and implementation of projects in Kenya as a means of identifying both evidence of the contribution and areas where processes need to be adapted and/or improved.

The aim of this document is to provide the key findings of the Kenya country sub-evaluation. Initial findings are reported against the five OECD/DAC evaluation criteria of relevance, efficiency, effectiveness, impact, and sustainability. Lessons learned and recommendations have also been included to guide the next cycle of Danish climate financing for Kenya.

A6: 1.2 Objective of the country sub-evaluation

The objective is to assess the evidence of impacts and outcomes, effectiveness, and lessons learned from the bilateral climate assistance by Denmark, with emphasis on synergies and added value to national processes including climate change policy, action plans, and implementation.

A6: 1.3 Scope of the sub-evaluation

This was an ex-post evaluation of the Fast Start Climate Change (FSCC) commitments made by Denmark until the end of 2013. For some projects implementation is still ongoing. The sub-evaluation looked at 11 grants. Of the 11 grants, five were from the 2010-2011 financing envelope and six were from the 2012-2014 financing envelope. Three implementing partners, namely the Kenya Association of Manufacturers (KAM), Kickstart International (KI), and the Community Development Trust Fund (CDTF) received two grants each. The grants assessed are summarised in Annex Two.

A6: 1.4 Methodology

The methodology entailed an inception meeting of partners organised by the Danish embassy, literature review, key informant interviews, and focus group discussions. This review took place from October 2014 to February 2015 and was conducted by Irene Karani.

The inception meeting was held on 11th November 2014 at the Danish embassy and was attended by the embassy team under the Natural Resource Management Programme (NRMP). The Fast Start Climate Change Programme (FSCCP) was managed under the embassy’s NRMP. Five partners, namely the Kenya Association of Manufacturers (KAM), CARE, KickStart International (KI), African Enterprise Challenge Fund-Renewable Energy and Adaptation to Climate Technologies (AECF-REACT), and the Community Development Trust Fund (CDTF) also attended the meeting. The aim of this meeting was to introduce the evaluation objectives,
the approach that was to be used, and receive feedback on any issues that the partners needed clarification on. The meeting was also used to confirm grantee focal points and make arrangements for formal meetings thereafter.

Literature reviews were conducted for all the partners. The embassy, Ministry of Foreign Affairs (MFA) Copenhagen and partners provided relevant documentation, including partner proposals and agreements, progress reports, evaluation/impact assessments, value for money studies, lessons learned reports, review reports and publications. The full literature list is in Annex three.

Key informant interviews were conducted with some partners whilst others opted for focus group discussions. The list of interviewees is in Annex four.

There were three key questions that the sub-evaluation sought to answer, namely:

- What are the impacts of Danish climate change funding on mitigation of, and adaptation to, the consequences of climate change in developing countries?
- What are the transformations and contributions of Danish climate change funding to climate change policies and financing globally?
- What are the lessons from the additional support to national climate change policies, priorities, financing, and implementation in the target countries?

In order to answer the above questions an evaluation template and scoring card were designed for the evaluation. These tools were used during the interviews and focus group discussions. Discussions involved asking the questions in the evaluation matrix and also asking the interviewee or focus group to conduct a self-assessment scoring using the scorecard. It should be noted that some partners declined to score themselves and asked the evaluator to do it for them.

The evaluation triangulated data and information collected via interviews in the various reports especially the impacts assessment, lessons learnt, external reviews or external evaluation reports that had details about the partners’ projects. These reports included interviews with project grantee beneficiaries, and thus this evaluation did not conduct a similar exercise.

Review reports were from DFID for the CARE Adaptation Learning Programme (ALP) and Klynveld Peat Marwick Goerdeler (KPMG) for AECF-REACT and the embassy’s Business Sector Programme Support (BSPS II) programme. Other reports included institutional capacity assessment reports from PricewaterhouseCoopers (PWC).

Two mid-term evaluations conducted by external evaluators were reviewed for the Community Development Trust Fund and CARE ALP. These evaluations were conducted by external evaluators who had interviewed end beneficiaries. The evaluator also attended the validation workshop of the CDTF evaluation report to verify and triangulate information. An external impact assessment had also been conducted for the KAM. Information from these reports was reviewed and incorporated into the findings of this report.
Two lessons learnt reports were reviewed by the evaluation, for Phase 1 and 2 of the fast start funds. These reports included details of each grant and the missions, where beneficiaries had been interviewed. Their findings have also been incorporated into this report.

After the verification and triangulation of information from the interviews, the progress, review, evaluation, lessons learnt and impact reports, the scores on the different OECD criteria were adjusted accordingly as shown in Annex one.

A6: 2 Context

After the December 2009 United Nations Framework Convention on Climate Change Conference of Parties (UNFCCC, COP 15) meeting held in Copenhagen, Denmark committed Danish Kroner (DKK 1.2 billion) towards the fast-start finance initiative negotiated at the conference. As part of this climate change package, Kenya became the first African country to receive funding as bilateral support from Denmark. Denmark has since supported Kenya with climate finance through different funding streams as seen in Annex Four. However, the focus of this evaluation is the FSCCP 2010-2014.

The focus of the FSCCP was engaging the private sector, non-governmental organisations and community-based organisations in the national climate change agenda. It aimed at catalysing private sector innovation and business opportunities in water and other natural resource management areas for the reduction of the risk of climate change (climate change adaptation), and for the development of energy efficiency and renewable energy options, thereby contributing to a low carbon development path (climate change mitigation).

In late 2010, the Government of Denmark approved the ‘Fast Start’ Kenya climate projects with grant support of DKK 10.0 million (KES 150 million) for five one-year projects until December 2011. In 2011 a ‘Fast Start’ Climate Change Programme was designed with an additional funding grant amounting to DKK 50.0 million (KES 740 million) from May 2011, for two years until December 2013. In 2012, a third phase of the FSCCP with another additional DKK 50.0 million (KES 740 million) was approved by the Danish International Development Aid (Danida) Board.

The selection criteria for the FSCCP projects took into account the development objectives of Danish Overseas Development Assistance (ODA) and the more specific aim and conditions of the ‘Fast Start’ Climate Change Programme. The guidance provided by the Ministry of Foreign Affairs (MFA) for the selection of FSCCP grants included:

- development impacts on poverty, including social and economic development as for Overseas Development Assistance (ODA);
- emphasis on private sector and community-based development;
- practical applications of approaches to address climate change adaptation and mitigation;
- limited number of new interventions (preferably two to three);
- development outputs that are linked to the existing country programme;
• simplification of the implementation structures in order to avoid adding further workload to the embassy;
• projects were expected to stand alone after the one-year grant support ended.

The Danish embassy used five questions to vet proposals against the above guidelines. They were:

• Will the projects directly benefit people in terms of climate resilience?
• Do the projects provide value for money (VFM) in terms of direct cost benefit for the people?
• Can the projects bring new approaches and innovation to the climate change agenda in Kenya?
• Are the projects self-sustaining with a focus on financial sustainability?

A total of nine institutions benefitted from the Kenyan FSCCP envelope. The 2010 financing envelope funded five projects, namely:

*Fuel efficient cook stoves project – Ministry of Education and World Food Programme*

The FSCCP financing (KES 62 million) supported schools in acquiring stoves without upfront costs but through a micro-financing cost-sharing scheme. The cost-sharing scheme was built into the project to optimise available resources, build community ownership, and ensure that there was a true need for every supported stove. The project aimed at registering the generated carbon offset and selling it through the voluntary carbon market. In addition, the project piloted a large-scale tree-planting project in three selected schools.

*Deep Lift pumps Project – KickStart International*

The Deep Lift Pump (DLP) is an irrigation pump that had been in development at KickStart International (KI) for a few years. It was meant to allow farmers to pump water from greater depths than are possible with existing pumps for small-scale irrigation. The technology would allow KickStart to expand both its sales and impact by selling to an entirely new group of customers. The FSCCP financing (KES 14 million) went into conducting the pump’s technical feasibility, identify market demand, and accelerate product development.

*Mobile layaway – KickStart International*

The mobile layaway was a safe, secure system for small-scale farmers to pay in instalments towards the full price of an irrigation foot pump. In addition, the project was to create and conduct an awareness campaign on the ‘mobile layaway’ platform as an attractive method of instalment payment for average-income farmers who could not afford to pay for a foot pump all at once. The FSCCP financing (KES 14 million) went into the development and establishment of the platform.
Holistic Management (HRM) is a process through which community members are presented with the means to improve their livelihoods. An important component of HRM is the use of Holistic Planned Grazing (HPG). HPG uses livestock as a tool to improve rangeland health leading to increases in stocking rates, improved livestock quality, and enhanced environmental stewardship. The FSCCP financing (KES 18 million) went into empowering the community in taking steps to improve the environment working closely with ICRAF. These improvements were measured through scientific assessment of improving soil carbon stocks.

Lifelink solar pumps and Smart payment system – Grundfos

The Grundfos Lifelink water solution provides communities with reliable access to safe drinking water sustainably. The Lifelink system seeks to overcome some of the challenges of water management, resource management, and climatic impact on rural water projects. The FSCCP financing (KES 51 million) supported the proven pump technology using renewable energy and an innovative service platform, with unique solutions for revenue management and remote monitoring.

Out of these five, the two KickStart projects were included in this evaluation.

In 2012 an additional four components were added to the climate envelope, namely:

Africa Enterprise Challenge Fund-Renewable Energy and Adaptation to Climate Technologies (AECF-REACT)

Support to AECF-REACT was already developed as a component of the Business Sector Programme Support II (BSPSII) in 2009. The BSPSII budget for REACT was DKK 50.0 million. The FSCCP grant was initially DKK 15.0 million in 2011 for projects, with an additional DKK 5.0 million allocated in 2012 for M&E, including Donor Committee for Enterprise Development compliance. The support aimed at further catalysing private sector investment and innovation in low cost, clean energy, and climate change technologies by bringing innovative climate change products and services to rural people in Kenya, Tanzania, and Uganda. The financing went into supporting both the supply side of provision of energy services (mitigation), but also access to the financing and reduction of climate change risks (adaptation). A total of 17 companies received FSCCP funding. All companies awarded contracts had products focused on mitigation, rather than a balance between mitigation and adaptation. This was brought to the attention of AECF-REACT through different reviews.

Centre for Energy Efficiency and Conservation (CEEC) in the Kenya Association of Manufacturers (KAM)

The support to CEEC (DKK 15 million in 2011 and DKK 25 million in 2012) was to expand the number of energy audits and increase investments in energy efficiency in the manufacturing sector in Kenya. This would address a demand-side measure to reduce energy consumption and
contribute to lower emissions compared to business-as-usual. The CEEC would develop the demand for energy audits through promotion campaigns. The education of energy auditors would ensure the capacity to meet the demand for energy audits. More than 100 companies have benefitted from the audits.

*Community Environment Facility (CEF)/Community Development Trust Fund (CDTF)*

The support to the CEF/CDTF was to develop community-based support on renewable energy and other climate change mitigation approaches, to support community projects addressing adaptation to climate change risks, and to mainstream climate change in the CEF portfolio. In addition to funding concrete community-based projects, the support was also enhance overall capacity, skills, and networking of the CDTF/CEF to address climate change adaptation and mitigation. They received two grants, DKK 15 million in 2011 and a similar amount in 2012. Twenty-nine sub-grants have benefitted from this funding (14 for 2011 and 15 for 2012).

*Northern Rangeland Trust (NRT)*

The FSCCP support was to build resilient communities in 11 conservancies that are better able to cope with an uncertain future of droughts, economic shocks, and political change by strengthening governance and social development, diversifying economies, improving management of water, rangelands, and wildlife, and building peace and security. The FSCCP financing was DKK 7.5 million in 2012. The components of the programme are:

- land use planning and natural resource governance,
- habitat restoration and rehabilitation,
- holistic planned grazing efforts (grazing management)
- livestock production,
- research and monitoring

All six grants listed above were part of this evaluation.

There were three other institutions that implemented FSCCP grants in Kenya through funding from Danish partners.

*Adaptation Learning Programme – CARE Danmark*

The Adaptation Learning Programme was implemented by the CARE regional office in Kenya. It seeks to increase the capacity of vulnerable households in sub-Saharan Africa to adapt to climate variability and change with a particular focus on gender equality and diversity. It aims to pioneer deepen practical understanding of, and document, community-based adaptation (CBA) over five years from 2010, with a particular emphasis on understanding and addressing the differential vulnerability of poor rural women. The Fast Start Climate Change Programme
(FSCCP) financing was part of the CARE Danmark funds of DKK 15 million. The project was implemented in Garissa County.

Women and climate change – Soroptimist International

The project aimed at enhancing climate change adaptation and mitigation among women and small- and medium-scale industries (textiles, horticultural, hospitality, and food processing industries) whose majority of employees are women. The activities implemented included water harvesting, reforestation and agro-forestry, renewable energy, and energy conservation. Industries were also trained and had demonstration projects to implement cleaner production practices within their premises. The FSCCP funding was DKK 2.1 million in 2009. The funding was implemented by 10 Soroptimist clubs across the country.

Climate change partnership with indigenous peoples in South and Southeast Asia

This project was implemented by the Indigenous Work Group for Indigenous Affairs (IWGIA). In Kenya their partners were the Manyoito Pastoralist Integrated Development Organisation (MPIDO). The purpose of this project component was to increase awareness among indigenous peoples on climate change, on reducing emissions from degradation and deforestation (REDD) and on national forest conservation policies and laws. Furthermore, the project supported capacity building for effective policy advocacy and negotiations as well as for active participation in the development of national REDD strategies. The FSCCP financing was part of the IWGIA funding of DKK 6 million. The project was implemented in Narok and Kajiado counties.

It should be noted that the embassy did not have a direct supervisory role over the above projects, whose financing was not part of the Kenyan FSCCP envelope. These three projects listed above also formed part of this evaluation.

Thus a total of 11 grants from the FSCCP climate envelope were the focus of this sub-evaluation, eight from the Kenya FSCCP envelope, and three from the MFA Copenhagen envelope. The criteria used to choose these grants are detailed in the main evaluation report.

A6: 3 Results/findings

A6: 3.1 Relevance

The projects assessed were found to be highly relevant to Danish development and climate change-related policies and strategies. The portfolio was also relevant to, and well aligned with, Kenya’s National Climate Change Response Strategy (NCCRS) and Climate Change Action Plan (NCCAP) priorities, and some of the grants were additional to existing financing from Denmark or other funders. Most of the partners had logframes or results frameworks, however, linkages to
overall Danish climate change objectives by the partners were not clearly articulated in the grant agreements or monitoring reports.

**Finding 1:** There is good evidence that projects financed through the climate envelope contribute to high-level Danish national development and climate change policies and strategies.

The Kenya FSCCP portfolio contributes to the objectives of the MFA strategic framework for growth and employment (2011-2015), to green growth as articulated in the MFA’s ‘Right to a Better Life Strategy’ and the MFA ‘Greener World for All’ strategic framework for natural resources, energy and climate change (2013). It is also contributes to the overall Denmark country programme.

Projects from CDTF, Soroptimist International Union of Kenya (SIK), KickStart International (KI), Northern Rangelands Trust (NRT), and the Kenya Association of Manufacturers (KAM) all fit into these strategies. Projects from CARE and IWGIA also fit into the Danish strategy for humanitarian action (2010-2015), which addresses disaster risk reduction (DRR) and the Danish climate and development action programme (2005). However linkages with Danish strategies and objectives are not articulated in the partners’ proposals or monitoring reports to MFA.

Some projects were highly relevant, such as the CARE ALP programme. The final evaluation of May 2015 stated that ‘the timeliness of ALP was highly relevant to the global discourse on adaptation and was well positioned to be a pioneer contributor in the area of Community Based Adaptation (CBA)’. The evaluation also found that there was strong evidence that the objectives of ALP were still highly valid. The evidence was from both the external environment – the continuously growing number of national and international civil society actors engaging in CBA – and the ongoing needs of communities to continue to respond to climate shocks and hazards.

However in AECF-REACT, the relevance of the project to support beneficiaries was not clear. For example, a significant proportion of the selected companies were foreign owned subsidiaries registered in Kenya or in one case a foreign owned company registered abroad. This raised concerns in the BSPS II review. It was suggested that an assessment of the situation be undertaken, as this was not a normal approach in Danish development assistance.

**Finding 2:** Most of the FSCCP partners had logframes or results frameworks, however, the links between the partners and the MFA’s FSCCP objectives or priorities are less clear.

A review of the grantee proposals or grant agreements does not provide clear linkages between the partners’ objectives and the MFA climate change objectives. In addition, there was no specific template provided by the MFA for partners that could have captured this information. All the proposals and results frameworks are different, making it difficult to aggregate results at the FSCCP level.
The REACT log-frame was not tailor made for the FSCCP funding and various Danida reviews recommended that the logframe be updated to reflect FSCCP indicators as certain parts of the logframe were unclear and too optimistic. Additional funding from the FSCCP was allocated for new outputs, but had not yet been incorporated in the log-frame. The partner indicated that donors had yet to agree on new indicators due to the high turnover of staff in the Alliance for a Green Revolution in Africa (AGRA) - the contract holder.

Finding 3: All projects financed under the FSCCP portfolio were in line with the National Climate Change Resilience Strategy (Kenya) (NCCRS) and the National Climate Change Action Programme (Kenya) (NCCAP).

The NCCRS was launched in 2010 as Kenya’s first policy document on climate change. It prioritised eight objectives, with one being ‘robust adaptation and mitigation measures needed to minimise risks associated with climate change while maximising opportunities’. It further recommended action in Kenya’s key sectors, which include, amongst others, agriculture, livestock/pastoralism, forestry, energy, rangelands, wildlife and tourism, fisheries, and transport. The subsequent NCCAP went ahead and prioritised interventions in these major sectors, which were later incorporated into Kenya’s Medium Term Plan II. This latter initiative draws from Kenya’s blueprint development document – Kenya Vision 2030 (2007). A look at the entire FSSCP portfolio shows that all projects were aligned not only with the NCCRS priority strategies but with priority interventions in the NCCAP (see Table A6:1).

Table A6:1 Relevance to NCCRS and NCCAP

<table>
<thead>
<tr>
<th>Project</th>
<th>Priority focus</th>
<th>Main activities</th>
<th>Priority area in NCCRS and NCCAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEF/CDTF</td>
<td>Poverty alleviation whilst reducing damage to the environment</td>
<td>Diversified livelihoods, reforestation, forest rehabilitation, clean energy</td>
<td>Adaptation and mitigation</td>
</tr>
<tr>
<td>SIK</td>
<td>Poverty alleviation whilst reducing damage to the environment</td>
<td>Diversified livelihoods, reforestation, clean energy</td>
<td>Adaptation and mitigation</td>
</tr>
<tr>
<td>NRT</td>
<td>Natural resource management and community governance</td>
<td>Rangeland rehabilitation and monitoring, capacity building of community structures</td>
<td>Adaptation</td>
</tr>
<tr>
<td>AECF-REACT</td>
<td>Clean energy</td>
<td>Alternative sources of energy</td>
<td>Mitigation</td>
</tr>
<tr>
<td>KAM</td>
<td>Energy efficiency</td>
<td>Efficient technology in energy and waste management</td>
<td>Mitigation</td>
</tr>
<tr>
<td>KI</td>
<td>Irrigation</td>
<td>Development of affordable irrigation technology and financing mechanism</td>
<td>Adaptation</td>
</tr>
</tbody>
</table>
Finding 4: Projects financed under the FSCCP funding had been designed after beneficiary needs assessment. Private sector projects were demand driven.

The evaluation found that most selected projects implemented by NGOs had undertaken consultation processes with their beneficiaries (communities/consumers) prior to the award of FSCCP grants in order to understand beneficiaries’ priorities for climate change interventions. The FSCCP proposals were then formulated on the basis of these consultations.

The CARE ALP project had used their Community Vulnerability Community Assessment (CVCA) tool to determine the beneficiaries’ needs. The results of the assessment had been used to design the ALP project. The final evaluation in May 2015 confirmed that adaptation strategies and priorities were identified through participatory methods by each community as part of the CBA planning process. Adaptation strategies were refined with ALP’s support to better distinguish between short-term coping mechanisms and more sustainable, forward-looking adaptation strategies. Adaptation strategies were further refined to ensure differential vulnerabilities and gender dimensions would be sufficiently addressed by the proposed actions.

KickStart had already conducted participatory beneficiary surveys for the mobile layaway project and a six-month audience survey for the deep lift pump project to determine needs before applying for the FSCCP funding.

For CDTF, sub-grantees have to provide evidence of beneficiary consultations as one of the criteria for grant consideration.

For IWGIA the implementing partner, the MPIDO, had been working with the target beneficiaries for many years and climate change adaptation and mitigation had already been identified as a gap that required support in order to enhance the resilience of indigenous people.

Beneficiary needs assessments had been conducted by the Grey Zebra Trust and the Nature Conservancy, and this is what informed the design of the FSCCP project for the Northern Rangelands Trust (NRT). The NRT had also held consultations with specific groups such as the elders, warriors, and county governments surrounding the conservancy.

AECF-REACT and KAM used demand driven processes as they are private sector institutions. AECF-REACT advertised for applications from small, medium and large sized companies in the media. A vetting process was applied to select proposals. This open call for proposals attracted not only Kenyan companies but also partially or fully foreign-owned companies.
KAM-CEEC conducted media campaigns to alert companies to their energy audits through newspaper adverts. The CEEC also posted information on energy efficiency and energy conservation trainings and workshops on the regularly circulated KAM Executive Brief and KAM Wins. Circulars with similar information were also sent to KAM members and non-members.

There was no evidence of prior beneficiary consultation by Soroptimist International.

**Finding 5: Climate financing from Denmark is well aligned and is additional to other donor climate financing priorities in Kenya.**

The evaluation found that Danish climate funding through the Business Sector Programme Support II programme was complementing the Department for International Development’s Strengthening Adaptation and Resilience to Climate Change in Kenya plus (StARCK+) programme and the World Bank’s Climate Technology Programme through financing the Kenya Climate Change Innovation Centre. All the finances are pooled together and administered through PricewaterhouseCoopers (PWC).

The DFID Kenya Climate Change pillar contributes to the overall UK International Climate Fund (ICF) strategic objectives on low-carbon climate-resilient development. Kenya is an ICF priority country for adaptation and is identified in the ICF low carbon strategy as a ‘critical country’ for climate work in East Africa. The Kenya Climate Innovation Centre (CIC) is the first global CIC to be established, supported by DFID (Kenya) and the MFA. The DFID provided resources to partially fund the CIC business plan (GBP1.5 million in 2011-12 and GBP 0.5 million in 2012-13) and the MFA has committed the equivalent of GBP 5.5 million for the CIC in the five years between 2011 and 2016.

Danish funding from the FSCCP is complementing the European Union’s community development programme IV of KES 3.7 billion (approximately DKK 258 million). This programme is being implemented by CDTF and FSCCP financing has been additional to this funding through supporting the integration of climate change adaptation and mitigation aspects into the Community Environment Facility II programme under the Community Development Trust Fund with financing of DKK 30 million.

For CARE ALP, Danish funding was additional to the DFID’s ICF funding of (GBP5 million), Austrian funding (EUR 300,000), and Finland’s funding (GBP 2 million).

For AECF-REACT, Danish funding was in addition to the DFID’s ICF funding. Danish FSCCP funding was for round one and ring-fenced for Kenya (see Table A6:2).

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8 KAM publications.
Table A6:2 Danish funding for AECF-REACT

<table>
<thead>
<tr>
<th>REACT Donor</th>
<th>Funding Round 1-2 (m)</th>
<th>Funding Round 3 (m)</th>
<th>Funding Round 1-Round 3 (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFID Africa Regional Department</td>
<td>DKK 54.09(^9)</td>
<td>DKK 15.79</td>
<td>DKK 69.88</td>
</tr>
<tr>
<td>DFID Tanzania</td>
<td>DKK 52.62</td>
<td>DKK 34.94</td>
<td>DKK 87.56</td>
</tr>
<tr>
<td>DFID Kenya</td>
<td>DKK 10.52(^10)</td>
<td>DKK 63.15</td>
<td>DKK 73.67</td>
</tr>
<tr>
<td><strong>Total DFID East African Community (EAC)</strong></td>
<td><strong>DKK 117.24</strong></td>
<td><strong>DKK 113.87</strong></td>
<td><strong>DKK 231.11</strong></td>
</tr>
<tr>
<td>MFA Kenya</td>
<td>DKK 65.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SIDA Tanzania</td>
<td>DKK 25.67</td>
<td>DKK 33.99</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total EAC</strong></td>
<td><strong>DKK 227.01</strong></td>
<td><strong>DKK 147.87</strong></td>
<td><strong>DKK 374.87</strong></td>
</tr>
</tbody>
</table>

A6: 3.2 Efficiency

The efficiency of the overall FSCCP portfolio was found to be mixed, with some projects being more efficient than others. Funds disbursement by the MFA was generally considered timely by all partners. The maximisation of synergies amongst FSCCP partners could have been stronger resulting in greater efficiency of the entire portfolio. VFM used as a criterion for selecting partners proved to be useful however overall VFM of some partner grants was unclear.

**Finding 6:** Following approval of interventions, the disbursement of funds by the Danish embassy was found to be timely. There is also evidence that most projects have been managed moderately efficiently by partners with a few exceptions.

All partners interviewed held the view that the Danish embassy had made timely disbursements of the FSSCP finances. With respect to efficiency levels within the partner institutions the results were mixed, as outlined in the following examples:

In CARE, delivery of the project was through country offices. CARE Danmark is the lead on climate change and there was an agreement that CARE Danmark was to manage the contract and all other donors would channel their funds through them. CARE Danmark developed agreements with all four countries as it wanted to make the process as simple as possible in order that the project is implemented just like any other CARE project despite the multi-country dimension. Therefore, they had a coordination team in Nairobi (one coordinator, three advisors in community-based adaptation (CBA), M&E, learning and evidence, advocacy and climate

\(^9\) Additional GBP 140,000 was agreed by ARD for REACT for the mid-term review and project completion report.

\(^10\) The DFID Kenya's contribution was for Round 2 of REACT.
communications) to look at cross-country learning. This arrangement worked quite well and improved efficiency levels. The final evaluation in May 2015 confirmed that ‘despite some variance between planned and actual expenses and activities (including a six month no-cost extension), the programme overall was cost-efficient in its implementation. ALP’s networked structure kept administrative costs down and their use of networks granted access to inexpensive vehicles to multiply their reach’.

For the mobile layaway project, Kick Start already had a management information system in place and the new financial platform built upon the existing one. The cash system already had a two tier management that was working well and thus there was no need for duplication. This increased the efficiency of implementing the FSCCP funds.

For the deep lift pump project, KickStart already had the MoneyMaker pump and were building on its technology. The original MoneyMaker pump was not a deep lift pump and some beneficiaries could not access water beyond seven metres deep. The management and implementation modalities were the same as the MoneyMaker pump and there was no need for duplication.

An analysis of the benefit-cost ratio conducted by Orgut in 2012 of the first five FSCCP projects showed that three out of five projects (deep lift pump, mobile layaway and holistic management projects) were rated between high and very high with Grundfos Lifelink and Fuel Efficient stoves being ranked very low and low respectively.

Efficiency within CDTF was low during the 2011 FSCCP due to the call for proposals process. In 2011, the call for proposals was done manually and only 10-15 proposals could be screened per day. Before the second round of FSCCP, the embassy intervened and financed the design of an online call for proposals, which improved the sub-partner approval process by reducing the numbers of applications from over 3,000 manual applications to less than 700 electronic applications. This proved to be a success as it was possible to screen 100 proposals/day. This enhanced the efficiency of the sub-partner approval process.

Implementation of some sub-grants that required new technologies was challenging for CDTF due to the capacity of CDTF, for example in micro-hydro and horticultural technologies. As a result there was a delay in implementation of some of these sub-partner projects, which further reduced efficiency levels.

The 2014 PWC institutional assessment report of CDTF states that ‘the percentage of administrative costs as compared to programme costs is quite high (approximately 30%)’. However, it is important to note that travel expenses for monitoring visits are considered as administrative costs rather than programme costs. They suggest that CDTF formulates a more efficient method of apportioning costs to ensure that all programme related costs are charged to the respective budget lines.
The efficiency of AECF-REACT was found to be low by different reviewers. The third MFA BSPS II review report in 2013 stated ‘the implementation of the AECF-REACT grant proved to be more challenging and slower than original envisaged. The entire process of call for proposals, assessment of proposals, project approval and contract preparation took a much longer time and required more resources than originally envisaged. This process was expected to take eight months but took 14 months because the partner companies did not understand the contracts. The start-up phase was also slower than envisaged and compromised efficiency.

There were also additional complications because the selected companies were weaker than had been anticipated and envisaged, and there were clear indications that some of the companies needed more supervision during the implementation process. The slow start-up process challenged the projects’ cash flow and breakeven, and the AECF management indicated, that on an average the projects would only reach their break-even point four years into the implementation and that the expected results only will be achieved six years into the implementation’.

Furthermore the first and the second round of call for funds, which resulted in 2,250 registrations and 680 applications, only resulted in about 40 approved projects of which about 20 were to be in Kenya. This raised efficiency questions with the team that conducted the second BSPS II review.

After conducting an internal annual review of AECF-REACT in October 2012, and in its July-December semi-annual report, DFID stated that ‘the broad results of the review were negative, primarily because of the length of time taken to get companies to contract; and the difficulties of reporting against the current logframe’.

Whilst a benefit-cost ratio has not yet been done for the additional 2012 projects the MFA (2014) lessons learnt report shows that the transaction costs of AECF-REACT were relatively high (20%) for project management only. There was also limited emissions reduction and uncertainty about future reductions. The report concluded by stating that AECF-REACT was not cost-efficient if the aim was emissions reductions only.

For KAM, the MFA lessons learnt report of 2014, states that the cost per energy audit was the same as the audits subsidized by the Ministry of Environment (MoE). About two thirds of the FSCCP funding was used for subsidies. This was seen as not being efficient because if the subsidy rate was too high it would have led to a distortion of the demand for non-subsidized audits. To address this, KAM has adjusted the costs of their audits to be in line with market rates to reduce market distortion. In their new green growth programme proposal to MFA, KAM aims not to have any subsidies. The modality for this is still being developed.
Finding 7: Value for money was one criterion that was used to guide the selection of the first phase of FSCCP partners and paid off. However overall VFM concerns with some partners arose in the second phase of funding.

In Kenya, VFM assessments were applied after the implementation of phase one of the grants and were implicit during the selection of project partners. For example, the MFA conducted a VFM assessment (by Orgut) of the first five FSCCP projects (2010-2011). These projects scored between 3.7 and 5 points out of 5 – showing very good value for money.

For CARE Danmark, the United Kingdom’s Department for International Development (DFID) conducted annual VFM reviews and the Adaptation Learning Programme (ALP) had a ‘good’ overall score with respect to the DFID’s VFM criteria of economy, efficiency, and effectiveness (CARE, 2014).

For the second phase of FSCCP, MFA had not yet conducted a VFM assessment for the 2012-2014 projects by the time of this evaluation. However there are concerns by the evaluation on the VFM of some partners, namely AECF-REACT and CDTF as discussed in finding six.

Finding 8: Collaboration with other donors/partners may have enhanced efficiency in reporting to donors although this may not have been optimal for attribution of results to Danish funding.

With the AECF-REACT grant, Danish funding was pooled with funding from the DFID, the Swedish International Development Agency (SIDA), and funding from the Kingdom of the Netherlands. Hence, all funders received one technical and financial report as opposed to different reports. This enhanced efficiency within AECF-REACT management and reporting. In addition, due to synergies with the MFA’s Business Sector Programme Support II programme (BSPS II), transaction costs were minimised within AECF-REACT. The downside of this was that it was not possible to actually tell which companies in Kenya had been funded by the Fast Start financing due to the pooling of resources.

Attribution of results can only be identified as percentages of the overall funds. The BSPS II 2012 review team emphasised that ‘the AECF basket model comprising a joint fund management and administration of seven separated windows and sub-windows with different thematic and/or geographical coverage as well as different donor is challenging including financial transparency, focused M&E reporting and donor coordination’. A due diligence assessment was being undertaken to assess the governance, legal and financial issues of AECF. This report was not accessible to the evaluation.

Under CARE Danmark, Danish funding was also pooled with funding from MFA Finland, DFID and the Austrian government which resulted in harmonised reporting to all funders. In contrast to AECF-REACT, this does not seem to have caused problems of transparency of Danish funding.
Synergies were also noted between the CDTF FSCCP funding that was supported and the MFA Natural Resource Management (NRM) programme, which provides technical support to the CDTF. There were also linkages between the KAM and the BSPS II on resource audits, and between AECF-REACT and the CDTF in one project in Baringo. In this latter project, the energy-producing private company is receiving financing from AECF-REACT, and the suppliers of the raw material (biomass) are being supported by the CDTF.

However, synergies could have been enhanced between the KAM, AECF-REACT, and the Kenya Climate Innovation Centre (KCIC) with respect to the development of energy efficiency technologies. The small and medium enterprises (SMEs) under the KCIC, for example, would have benefitted from better linkages with the KAM to improve their understanding of relevant energy-efficiency technology designs from the outset.

It should be noted that at embassy level, there were efforts to enhance mainstreaming of climate change in order to enhance the efficiency of programme management.

**A6: 3.3 Effectiveness**

Outputs from most partners from the FSCCP envelope were reported as likely to be achieved by the end of the programme, with good documentation. Some partners’ outputs had been affected by efficiency as discussed in finding 6. Early outcomes from the 2011 climate envelope were also evident however with patchy documentation. The use of Danish commercial expertise was extremely limited but Danish funding has had a catalytic effect on partners with some partners leveraging finances from other bilateral partners.

**Finding 9: Projects financed by the FSCCP (2010-2011) were effective in delivering outputs, and some outcomes are evident. However, comprehensive documentation of these outcomes by partners is weak. Projects financed under the second phase of the FSCCP are still under implementation, hence, delivery of outputs is still ongoing.**

The majority of outputs specified in grantee proposals reviewed in this sub-evaluation have been achieved. There were differences between the levels of output achievements of different partners. Some outcomes that resulted from achieved outputs were recorded in various reports include:

- CARE’s ALP programme – Outcomes are well documented in CARE’s March 2014 annual report. In summary, there are preliminary outcomes; e.g. the National Drought Management Authority is emphasising the use of climate information for planning, and the Garissa County Integrated Development plan has picked up Participatory Scenario planning (PSP) as a method of forecasts and adaptation planning. In Kenya’s Medium Term Plan II, community-based adaptation activities have been included although there is no budget allocation. Garissa disaster risk-reduction plans mention community-based
adaptation (CBA) as a preferred approach. The National Environment Management Authority has also requested training in CBA.

- CDTF – Electricity consumption has reduced by 75% due to solar installation by Kisauni Polytechnic, which has resulted in over 90% savings in monthly bills, while firewood consumption has reduced by 60% in over 200 homes due to the use of improved energy-efficient cooking stoves. With respect to adaptation, the construction of sand dams has resulted in increased water harvesting in the lower eastern area, thus the crop production period has reduced from 12 months to between four to six months, meaning a farmer can harvest twice or thrice a year due to the availability of irrigation water.

- IWGIA – There is enhanced ability of people to make decisions, e.g. women’s groups destock early and bank the money to buy animals after the drought period. From the reduction in emissions from deforestation, forest degradation, and in recognising the importance of conservation, sustainable management, and enhancement of forest carbon stocks (REDD+) trainings, changes in attitude and behaviour with respect to deforestation had been noted, resulting in forest regeneration, increase in water and a reduction in conflicts in Loita. Food security has improved as people have changed to dry-season agriculture, using irrigation as opposed to relying on rain-fed agriculture.

- KickStart – The number of households that had purchased the pumps through the mobile layaway platform was 354 against a target of 200 in the project proposal. 222 households had finished paying for the pump by the end of the project. These households had realised about USD 350 in increased income in 12 months as a result of the pump. They grow higher value crops, more frequently, and have better access to markets all year round than if they were growing rain fed crops. Women are investing in alternative income generating activities and are able to educate their children. The mobile layaway platform managed to enhance the purchase of the pump even from the poorer segments of society.

- KAM – A total of 240 energy audits (136 general audits and 104 investment grade audits (IGAs) have been conducted from 2011-June 2015 against an overall target of 210 energy audits and 105 investment grade audits. See breakdown in Table 3 below.

Table A6:3 Energy Savings from audits

<table>
<thead>
<tr>
<th>Type of Audit</th>
<th>Potential Savings (Billion KES)</th>
<th>Investment required (Billion KES)</th>
<th>Simple Payback period (yrs)</th>
<th>Energy Savings (MW Equiv.)</th>
</tr>
</thead>
</table>

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11 Latest figures from the CEEC.
In addition four resource audits on water and waste water were conducted at Kenyatta National Hospital, Thika Water Company, Sarova Whitesands Hotel and Kenyatta University-Ruiru Campus. The combined potential savings are Ksh 287.2 million after investing Kshs 411 million with a simple payback period of 1.4 years. The target for general audits is progressing slower than anticipated due to a shortage of certified energy auditors. About 3,000 companies should have completed their audits by September 2015 and only about 100 have completed their audits to date. About 2,900 companies still need to comply and there are only about 30 active audits firms that are licensed. There are efforts being made by KAM to hold two training sessions in 2015 so that an additional 40 licensed auditors can be added to the pool.

NRT – According to the February 2015 Strategy document for NRT, the FSCCP support to NRT exceeded most of the expected results. About 12,000 households were reached and are benefitting from improved rangelands management, with reduced conflict and healthier cattle (the target was 3,000 households). About 1.9 million hectares of land were brought under active grazing management in 14 conservancies (the target was 400,000 ha in 11 conservancies). However verification of this achievement in only two years should be done by an external evaluator. The March 2015 MFA appraisal of their strategy also states that ‘the approach of NRT does not really explain how outside “non-conservancy” pastoralist communities are included in the dialogue and conflict over resources is a well-known feature in the arid and semi-arid lands. In fact conservancies are criticised by some experts for exclusion of outsiders. Pastoralism is in many ways a sustainability strategy as the mobility and shifting grazing locations creates the opportunity, for rangeland restoration. A sustainability strategy which requires pastoralists to become more sedentary will not necessarily succeed, neither will a strategy that does not relate to the nature of pastoralism.’

Soroptimist International – Energy efficiency had been achieved in at least three companies that had implemented energy saving technologies. For example, in Ken Knit Ltd, the steam energy supply and consumption has been maximised and firewood consumption has been reduced from 12 tons to 9.5 tons per day. For Rivatex Ltd, savings of KES 500,000 per month had been achieved through installing power factor capacitors (at a cost of KES 5 million) and optimising lighting has resulted in a further KES 100,000 per month saving.

AECF-REACT- Whilst other FSCCP partners have recorded moderate progress in all their outputs, some companies supported by AECF-REACT will not delivery any outputs and outcomes. 80% of the companies were start-ups. Out of seventeen

<table>
<thead>
<tr>
<th>General Audits:</th>
<th>0.7</th>
<th>1.6</th>
<th>2.3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>IGAs:104</td>
<td>3.9</td>
<td>3.6</td>
<td>0.9</td>
<td>22.3</td>
</tr>
<tr>
<td>Total: 240</td>
<td>4.6</td>
<td>5.2</td>
<td>3.2</td>
<td>26.3</td>
</tr>
</tbody>
</table>
companies contracted, only four ‘pay as you go’ solar systems companies are delivering outputs, benefiting 419,494 people. Contracts have been terminated for five companies and the rest are unstable. The reasons are shown in Table 4 below.

**Table A6:4 Status of AECF-REACT companies with FSCCP funding**

<table>
<thead>
<tr>
<th>Company</th>
<th>Activity</th>
<th>Status</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 La Terre</td>
<td>Energy generation from biomass waste</td>
<td>Unstable</td>
<td>Bad partnership relationship</td>
</tr>
<tr>
<td>2 Planet Guarantee</td>
<td>Crop insurance</td>
<td>Terminated</td>
<td>Company insurance difficult to obtain</td>
</tr>
<tr>
<td>3 Eco-smart energy</td>
<td>Establishment of energy micro-credit lines</td>
<td>Unstable</td>
<td>Faced product issues</td>
</tr>
<tr>
<td>4 Micro-energy credit</td>
<td>Establishment of energy micro-credit lines</td>
<td>Unstable</td>
<td>Model was for carbon credits, markets crashed now tracking loans on products</td>
</tr>
<tr>
<td>5 Teita Estate</td>
<td>Energy generation from biomass waste</td>
<td>Unstable</td>
<td>Slow start, chairman of company in coma</td>
</tr>
<tr>
<td>6 Cummins power generating companies</td>
<td>Energy generation from biomass waste</td>
<td>Unstable</td>
<td>Delay due to the tough nature of the raw material and need to reinforce generation machines</td>
</tr>
<tr>
<td>7 Sun Transfer</td>
<td>Solar products</td>
<td>Stable</td>
<td></td>
</tr>
<tr>
<td>8 Toughstuff</td>
<td>Revolving fund to remove financial blockages throughout the distribution chain which increases affordability of micro solar products from wholesalers through to consumers</td>
<td>Terminated</td>
<td>Bankruptcy and first disbursement of Ksh 800,000 recovered minus lawyers’ fees</td>
</tr>
<tr>
<td>9 M-kopa</td>
<td>Pay as you go solar technology</td>
<td>Stable</td>
<td></td>
</tr>
<tr>
<td>10 Bioenergy</td>
<td>Biofuel from castor oil and nuts</td>
<td>Terminated</td>
<td>Increased cost of raw materials and competition form the Chinese</td>
</tr>
</tbody>
</table>
A lot of the outcome evidence was gathered through the interviews. The tendency with a lot of the partners was to document outputs as the main deliverables. More emphasis by the embassy on outcome documentation could have assisted the partners’ focus on higher-level results.

**Finding 10: There is very limited use of Denmark-based research and commercial capacity in either the formulation or delivery of the FSCCP envelope.**

In Kenya, the embassy cannot insist that partners leverage expertise or synergies with Danish institutions, as Danish funding is not ‘tied aid’. The embassy did attempt to promote Danish expertise in energy but this was found to be too expensive. The partners (the KAM and AECF-REACT) sourced for cheaper expertise within the region or in India.

With respect to civil society, the IWGIA and CARE Danmark are based in Denmark and shared experiences and skills with their Kenyan partners, i.e. the MPIDO and the CARE Regional Office in Kenya respectively. The Poverty, Environment and Climate Change network is hosted by CARE Danmark and serves as a focal point for international processes such as the

<table>
<thead>
<tr>
<th></th>
<th>Project Description</th>
<th>Status</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Global supply solutions Bricket production</td>
<td>Terminated</td>
<td>Weak accounting systems</td>
</tr>
<tr>
<td>12</td>
<td>RIWIK wind energy</td>
<td>Terminated</td>
<td>Demand was for solar not wind</td>
</tr>
<tr>
<td>13</td>
<td>KGN (Indian company) Biofuel brickets</td>
<td>Unstable</td>
<td>Wrong Kenya partner, trying to buy our Kenyan partner</td>
</tr>
<tr>
<td>14</td>
<td>FuturEnergy (UK start-up company) Marketing and distribution of a new design of solar pump (concentrated solar power) for irrigation</td>
<td>Unstable</td>
<td>Solar product prices decreased, they now want to expand and seek additional funds</td>
</tr>
<tr>
<td>15</td>
<td>Freedom (Italian company) Development of an automated monitoring and verification methodology for small holder forestry projects funded by forestry voluntary emission reduction sales</td>
<td>Unstable</td>
<td>Carbon credit market crashed, still monitoring situation</td>
</tr>
<tr>
<td>16</td>
<td>BBOXX Pay as you go solar technology</td>
<td>Stable</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Azuri Pay as you go solar technology</td>
<td>Stable</td>
<td></td>
</tr>
</tbody>
</table>
development of policy papers to the UNFCCC. Thus, the CARE Regional Office in Kenya contributed to international processes through this network.

Finding 11: There is good evidence of the FSCCP climate envelope being used to leverage funding from other funders by partners.

All partners in Kenya, except the Soroptimist International Union of Kenya, managed to leverage additional funding from other donors with FSCCP financing, which served as catalytic funding. Below are examples:

- KI – leveraged over USD 300,000 in support of their mobile layaway platform from different United States of America-based organisations;
- CDTF – one of the 14 sub-projects has received private sector financing;
- NRT – has leveraged funding from the United States Agency for International Development (USAID) to support the FSCCP project;
- IWGIA–MPIDO has leveraged over USD 400,000 from the Forest Carbon Partnership Facility and the Norwegian Agency For Development Cooperation (NORAD);
- MFA collaborated with DFID and the Kingdom of Netherlands for pooled financing to AECF-REACT. Refer to finding five, Table 2.
- Denmark also collaborated with DFID, Austria and Finland in making CARE Danmark the recipient of all funds related to the ALP.
- KAM leveraged KSH 3 billion from Agence Française de Développement (AfD) to support the implementation of audit recommendations.

A6: 3.6 Impact

There is limited documentation of impacts by partners from the FSCCP. Generally, implementing partners focus on output reporting as opposed to outcome and impact reporting. The FSCCP envelope itself (2010-2014) did not have an overall M&E framework that could be used to aggregate outcomes and impacts from the various projects in the portfolio. However, there is evidence to show that the potential for long-term impacts is high due to increased capacities being built in climate change technology, skills, and socially inclusive approaches. In addition, there is evidence to show that building on existing relationships can enhance impacts in the longer term.

Finding 12: Even though the FSCCP 2012 projects are still under implementation, there is good evidence that they could achieve significant impact.

The outcomes listed under Finding 9 can translate into impacts through up scaling in the long-term, as it is rarely possible to generate and measure impacts within a two-year project. Furthermore, there are many other factors that contribute to impact, making attribution difficult. However, for the energy projects some early impacts have been documented. For example, a
number of energy projects are in the process of generating greenhouse gas (GHG) emission reductions through adoption of renewable energy technologies and energy efficiency measures. The KAM energy audits in Kenya have led to savings and potentially more profitable companies. The draft KAM Impact Assessment report states that “approximately Kshs 142,618,480 have been accrued in annual energy saving costs. Energy efficiency has resulted in a reduction of 33,000 litres of Industrial Diesel Oil, 1.8 million litres of Heavy Fuel Oil, 722 tons of biomass and 7000 kg of Liquefied Petroleum Gas”.

Outcomes addressing vulnerability reduction are already evident and will likely lead to long-term impacts. For example for CARE, the May 2015 evaluation stated that there was strong evidence to suggest that ALP has indeed contributed to building adaptive capacity, though contribution was not clear. ALP’s strategy of introducing communities to other collaborators suggested that beneficiaries are now able to access more institutions— including local CBOs and NGOs, researchers and academic institutions, and local government agencies. Furthermore community adaptation action plans provide accountability between communities and their local representatives and a transparent and documented means to advocate for their interests within local assemblies. Areas where evidence of impacts could not be fully deduced were in the CBA components of flexible and forward thinking and innovation as deeper analysis is required.

For the KickStart mobile layaway project, benefits have been spread beyond the grant period. USAID is providing real-time monitoring. The benefits for the farmer compared to the cost of the pump are high and the returns are realised in a short period of time, with the break-even after the first harvest. In addition, the dealers who sell the pumps have benefitted from more customers from new segments of society who were not originally customers, thereby increasing income. In the long-term, the farmers who purchased the pumps are expected to increase their crop productivity, and enhance their food security and income from the sale of surplus food, which, ultimately, will reduce their vulnerability to climate change.

For the Community Development Trust Fund (CDTF), examples of potential impact include the Jitunze project in Nyeri (Kieni) which is producing fingerlings and trout for local and external markets. They constructed a value addition unit for trout canning and are embarking on mulberry farming to produce flour and create employment. The irrigation projects in dryland areas have created vegetable markets that did not exist previously. In addition, the CEF/CDTF, in general and in particular, as a result of the Fast Start Climate Change Programme (FSCCP), have been able to contribute to national policies from the perspective of the communities. It includes the climate change action plan and climate change policy. It also includes issues related to renewable energy such as technology standards for solar and biogas. All CDTF/CEF projects are included in the County Integrated Development Plans (CIDP). Selected Community Environment Facility projects at county level are also used as demonstration projects to champion enterprise development and value chains.

AECF-REACT had examples of impacts with companies that were providing the ‘pay as you go’ technology. The MFA lessons learnt report of 2014 states that the ‘Pay as you go-technology
(PAYGO) is an emerging concept in solar energy companies. The technology has been around for a long time, for example in the telecom industry; however, utilizing it for applications such as energy distribution is a new and innovative approach. In the solar energy sector, the technology allows the end-user of the PAYGO to pay for the system when used, through scratch cards or mobile technology. This lowers the threshold for rural poor access to clean modern energy while also lowering the risk for the distributing companies. During 2013, six companies provided access to clean modern energy for 52,000 households in Kenya, Tanzania and Uganda, equalling roughly 260,000 people. These solar home systems consist of a small solar panel connected to a unit with a battery and control panel. A number of lights are connected to this unit and often there is a possibility to charge cell phones and connecting appliances.

The cost for accessing electricity through this system is less than the equivalent price for kerosene and provides better lighting as can support cell phone charging and radio. The benefits of these solar projects can be found in not only decreased expenditure on kerosene, candles and batteries but also in improved health, improved lighting for homework, in decreased emissions of carbon dioxide equivalents from kerosene and reduced risk of accidental fires. On top of the technology, the repayment period which varies from 12-24 months creates a continuous relationship between the customer and the provider. The reputation of the solar photovoltaic sector has previously been tarnished by cheap products and the REACT grantees are therefore investing in after-sales service and customer care to ensure full customer satisfaction.

The issue of gender disaggregated socio-economic adaptation impacts of the climate envelope can be difficult if a suitable adaptation or resilience measurement system is not in place. The CARE ALP final evaluation also identified that gender results were lagging behind because gender tools and guidance were developed late and proved to be overly complex. Furthermore there was inadequate knowledge, technical skills and lack of a comprehensive gender (or differential vulnerability) strategy from the outset. AECF-REACT were also not tracking gender disaggregated data due to the complexity of attribution.

This is corroborated by the MFA aide memoire of 2013 which states ‘whereas some sub-components have established gender sensitive indicators, others are still gender neutral or face challenges in targeting women in decision-making processes or capacity building modules. Hence, women and men should be targeted depending on their differentiated needs and responsibilities in the specific context. By strengthening a gender sensitive approach, the NRMP activities would promote the four core elements of the Danida Human Rights-Based Approach: non-discrimination, participation, transparency and accountability’.

Sustainable adaptation is also unlikely to take place within a three year period due to the uncertainty of future climate scenarios and the complex nature of building resilience. Thus long-term commitments to partners are necessary if a sound approach to tracking gender disaggregated impacts is to be developed, implemented and lessons learnt are recorded.
Finding 13: Impact was often not explicitly documented. Systems for ex-post monitoring of impact are generally weak or absent, whether at project or portfolio level.

The embassy did not have an overarching reporting and M&E framework for the entire FSCCP envelope. Consequently, it is difficult to synthesise impacts across the envelope. The project manager appointed by the MFA (Orgut) to manage the 2011-2012 envelope documented and evaluated grantee outputs, as necessary information had been collected from project commencement. This approach could have been used as a base for impact reporting, not only during the 2011-2012 phase, but also for the subsequent funding phases.

The lack of overall FSCCP-level indicators creates inconsistency in their use in projects within the portfolio, which in turn prevents aggregation or comparison across the portfolio, as well as limited information on project impacts.

The embassy tended to rely on partner organisation’s M&E systems for impact reporting. While there are instances where these were found to be adequate (e.g. CARE and KI), there are other instances where they were found to be weak or non-existent (e.g. SIK, CDTF and AECF-REACT).

CDTF’s monitoring system is weak as a review of the evaluation reports on the work plans for specific programmes showed that the indicators given were not clear and measurable thus affecting the measurement of impact and outcomes. An independent capacity assessment summarised CDTF’s challenges as:

- Lack of proper data collection tools and inconsistent data collection
- Lack of an established methodology for data analysis
- Lack of an M&E framework and understanding of M&E by staff
- There are no key M&E personnel and lack of clear organizational policy on M&E
- Lack of an established management information system (MIS)
- Poor record keeping by grantees and community groups
- Insufficient time for M&E during field visits
- Inadequate allocation of resources for M&E
- Lack of comprehensive baseline data

For AECF-REACT according to the second BSPS II reviews M&E of project implementation and impact was based on a self-assessment conducted by the companies contracted.

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13 LTS (2014). CDTF staff M&E capacity needs assessment analysis report.
AECF/REACT had prepared an M&E manual for the companies, (whose capacities in M&E was low) and trained them on using the manual before the contracts were signed. This approach was weak as it could not guarantee robust M&E data from the companies and the review team especially when the AECF-REACT logframe itself remained unfocussed. By the time of this evaluation the issue of the logframe had still not been resolved.

In addition, apart from KAM, AECF-REACT and CARE, who had conducted impact assessments of their FSCCP funding, the other partners had not conducted impact assessments nor did they have plans to do so. The CARE impact report was, however, being finalised at the time of writing this report.

It should however be noted that whilst the FSCCP did not have an overarching M&E framework, the embassy, through various funding streams, had supported the design and enhancement of various climate change M&E interventions through the Natural Resource Management (NRM) programme. For example, the design of the monitoring, reporting and verification plus (MRV+) system for the National Climate Change Action Programme (NCCAP) in Kenya, and the design and roll-out of the CDTF’s M&E system, were financed by the embassy. With respect to AECF-REACT, additional FSCCP funding of DKK 5.0 million had been allocated to address the weak M&E system. However, by the time of this evaluation, AECF-REACT were still undergoing internal structural challenges between themselves and the Alliance for Green Revolution in Africa (AGRA), the contracted partner, to the extent that the M&E system issue had not been addressed.

The evaluation also noted that where monitoring of output outcomes was being done by partners, the M&E systems being used were the same for normal development activities. Proving climate change adaptation or enhanced resilience has taken place requires the use of climate trend data against adaptation benefits. None of the partners had a system that was capturing this type of information.

**Finding 14: There is evidence to show that leveraging on existing relationships can enhance the realisation of impacts in the long-term.**

Impacts take a long time to be realised and usually not within the time frame of short-term or pilot projects. Any additional financing to ongoing projects or projects that are extensions of previous projects/programmes with existing partners increases the likelihood of achievement of visible impacts in the longer term. By building on previous relationships and using trusted partners such as CARE and IWGIA the fast start financing was seen to be contributing towards the realisation of climate financing objectives in these institutions.

The Danish financing to CDTF and KAM built on existing relationships with these institutions. Denmark has historically supported CDTF through the NRM programme. Denmark has also supported the Ministry of Environment, Water and Natural Resources who supported KAM's
energy audits. Through supporting KAM, Denmark built on their relationship with the Ministry and assisted with KAM’s objectives of influencing the government’s energy policy on energy efficiency which when implemented will lead to positive impacts in the energy sector.

Finding 15: The impact of Denmark’s contribution and influence was rated high by implementing partners.

According to implementing partners interviewed by the evaluation, the influence of Danish funding has been high. It has spurred new technologies or enhanced climate change knowledge, increased implementing capacity due to its flexibility, and contributed to the creation of new networks and partners for the FSCCP projects. For example, the funding has supported the testing of new prototypes and approaches (KI with the deep lift pump and mobile layaway financing platform, and CARE with the participatory scenario planning (PSP) approach), lifting the voices of indigenous groups to a global level (IWGIA with REDD+ amongst pastoralists), up-scaling of energy efficiency technologies with accompanying policy reform (KAM) to the piloting of innovative ways of rangeland management using geographical information systems (GIS) and remote sensing techniques. As a result, most implementing partners have leveraged more financing. Understanding this contribution and influence is not straightforward and can only be presented in qualitative terms.

A6: 3.5 Sustainability

Finding 16: Whilst it too early to assess the long-term sustainability of the FSCCP envelope, there is some evidence that there are a number of potentially transformative policy achievements and upscaling efforts that can be identified within the portfolio and a number of projects that are unlikely to achieve sustainability.

Three partners from the 2012 envelope (NRT, KAM, and CEF/CDTF) are still working towards completion of their projects. Some projects have delivered transformational change within a given sector, or have had sustainable impact upon beneficiaries (KI) from the earlier funding, as described below:

- In Kenya, the KAM has influenced the Minimum Energy Performance Standards for appliances allowed in Kenyan markets, such as motors, air conditioners, refrigerators, and lighting; these standards are now being implemented by government, which fits into transformational change for the long-term. The KAM is also involved in developing country legislation on energy and the ‘Sustainable Energy for All’ agenda in Kenya. In addition, it is represented in the task force on climate change policy and development of the associated parliamentary bill.
The IWGIA-MIPIDO project has facilitated the representation and establishment of the Indigenous People’s Steering Committee at national level. Through this platform they managed to influence the draft Climate Change bill, where the impact of climate change on indigenous people was taken into consideration. The establishment of the national committee is a sustainable structure within government.

The participatory scenario planning (PSP) process piloted by CARE under the FSCCP funding has been up-scaled to other counties with CARE, offering training through different funding. Other civil society organisations and government agencies such as the National Environment Management Authority have also requested CARE for training.

With respect to the first set of 2011 projects, the Orgut 2012 study weighed the sustainability and up-scale potential criteria of each after completion. The mobile layaway project scored the maximum points (10 points) on sustainability and scale-up, followed by the deep lift pump and Grundfos Lifelink solar project (8 points). The fuel-efficient cook-stoves project and the holistic range management project scored 7.5 and 3.5 points respectively. These high scores were attributed to the sound screening criteria used by the embassy to select partners.

The projects of two partners, AECF-REACT and CDTF may have sustainability issues:

- For AECF-REACT, the sustainability of the companies financed is questionable as noted in Finding 9 where only four companies are stable. The second review team of the BSPS II also noted that the proposals were submitted by relatively young and inexperienced companies and that the quality of some was below standard, contributing to poor impact and sustainability. A suggestion had been made that a possible cooperation with other partners such as the Kenya CIC might have been useful as they were also investing in small and medium sized enterprises (SMEs). It was also pointed out that AECF-REACT did not have capacity to closely monitor these companies effectively. However this collaboration did not materialize as expected.

- For CDTF, whilst there is good evidence to suggest that some sub-grants would lead to sustainability, the sustainability of the institution itself is in question. An institutional capacity assessment conducted by PWC showed that despite some of CDTF’s strengths in having a clear mandate, experience in mobilizing communities, lengthy experience in implementing sustainable employment of youth and women, its weaknesses were significant. These include: lack of funding diversification, weak internal audit functions, weak organizational structure, inadequate technical capacity of the finance and accounting team and specifically a delay in the finalization of the strategic plan. New information also suggests that the CDTF board has only recently approved a strategic framework which will be used to finalize the strategic plan. An appraisal of CDTF’s proposal under the embassy’s green growth programme states that in the past three years, Denmark has raised these the weaknesses with the Board but progress on addressing
recommendations has been slow and at times there are no clear plans of how to address others.

Finding 17: There were efforts by the embassy and some partners to document lessons learnt. However, the extent to which lesson learning has been utilised or disseminated to the public or other donors is unclear.

There is good evidence suggesting that a lot of the FSCCP projects will deliver transformational change and sustainable impact on beneficiaries. However, lesson learning within most partners is patchy, non-formalised and rarely documented, as shown with the following examples.

The embassy commissioned lessons-learned studies during the life of the FSCCP. One was done by Orgut (2012) and the other by Michael Linddal in 2014. Lessons from the second study guided the development of the Danish climate change programme (2015-2020).

For CARE, every progress report outlines lessons learned and their use during the next reporting period. This was evident in ALP, as the ALP final evaluation of 2015 states that CARE has become a vehicle for learning across many countries in Africa and Asia, with extensive results. For example, new CARE climate change adaptation programs are underway using CBA approaches in Mozambique, Zimbabwe, Zambia, Ethiopia, Malawi, Kenya, Niger, Mali, and Ghana and CARE programmes in southern and eastern Africa have adopted a focus on climate-smart agriculture (CSA), with ‘CSA’ largely meaning the incorporation of ALP’s CBA approaches.

The MFA 2014 lessons learnt report, states that AE CF-REACT through lessons learnt adjusted the overall REACT log frame. However the FSCCP and BSPS II logframes are yet to be adjusted.

The NRT do not document lessons learnt systematically, although some of their lessons learnt were captured in the MFA 2014 report. They have a knowledge-management system still being established which is linked to the larger NRT strategy.

KickStart periodically document lessons for sharing with other organisations. Currently, they have shared lessons with institutions such as World Vision, Caritas, Kakamega County, Busia, Tecla Lorupe Foundation, World Food Programme, Lutheran Foundation, and Eco Finder Kenya.

Soroptimist International did not document lessons within the course of the project but after project completion held an end-term workshop in which they documented lessons.

Despite the patchiness of the lessons-learnt documentation, some opportunities have arisen for the partners. For example:
For the CDTF, through the implementation of the FSCCP financing, they have found opportunities in supporting water structures as a business; e.g. agri-business, linking water, energy and agriculture opportunities; use of biogas in school labs to enhance learning; and the use of solar technologies for use in generating micro-enterprises.

It would have been useful if the FSCCP partners in Kenya had met, which could have led to greater learning opportunities, and enhanced (and possibly influenced) the impacts and sustainability of their respective interventions.

**A6: 4 Lessons learnt**

**Lesson 1:** Projects have a higher chance of succeeding and leveraging financing when in line with national climate change and development priorities, and which have comprehensive stakeholder consultations from the beginning. However long-term investments in climate change adaptation and mitigation projects after the pilot phase are necessary if the global climate change targets are to be met.

**Lesson 2:** The use of VFM approaches in screening partners and in determining the value of outcomes after project implementation is an important approach that can enhance decision-making at the portfolio level and enhance efficiency.

**Lesson 3:** Having an overall M&E and learning framework at the embassy for a climate change programme is important for aggregation of portfolio results at all levels. In addition the analysis of adaptation and mitigation benefits requires the measurements of different kinds of parameters.

**Lesson 4:** Catalytic funding can generate early impacts and enhance the potential for sustainability if the projects are selected well with experienced implementing partners.

**A6: 5 Conclusions**

The overall conclusion from the analysis of the Kenya climate envelope is that it largely succeeded in providing quick financing to civil society and private sector projects in order to demonstrate adaptation and mitigation results over three years. The foundation laid by Danish financing is tangible and can be built on through other programmes and additional funding from other bilateral and/or multilateral partners. All partners interviewed identified the important influence and institutional impact of Danish funding. It increased their implementing capacity due to its flexibility and contributed to the creation of new networks and partners.
However, whilst the FSCCP funding has had success in enhancing the climate change adaptation and mitigation agenda in Kenya, it should be noted that in order to realise sustainable adaptation and mitigation benefits long-term investments in climate change projects are required due to the uncertain nature of climate change.

The following are the main conclusions against the OECD criteria:

**Conclusion 1: Relevance** – The criteria used to select the partners ensured relevance to both Danish and Kenyan development and climate change policy objectives. The assessment on the project selection process by Orgut (2012) provides evidence for this when they state that “Clarity on the principles/criteria for selection of climate change projects provides a good analytical framework for the assessment of climate change projects during their implementation and at completion”. However, articulation of linkages with Danish objectives by partners is unclear in their proposals (Findings 1 and 2).

Stakeholder consultations with potential beneficiaries also enhanced relevancy of the projects during the design phase of a project (Finding 4).

**Conclusion 2: Efficiency** – Overall efficiency of the portfolio was found to be mixed. Some partners were better than others at delivering outputs in comparison to costs incurred through a VFM assessment. Partners with inefficient sub-granting processes jeopardised the delivery of their outputs and outcomes. Whilst funds disbursement was found to be good, the evaluation felt that maximisation of synergies between partners with Danish funding from the FSCCP or other programmes could have enhanced partner outcomes and enhanced learning (Findings, 6 and 8).

**Conclusion 3: Effectiveness** – Whilst the fulfilment of outputs and targets were well documented, this was not the case with outcomes and impacts, due to no overall FSCCP M&E and reporting framework that could aggregate higher-level results. In addition, this was compounded by implementing partners not focussing on outcome reporting either due to weak outcome reporting frameworks or weak M&E systems in general. Furthermore, M&E systems being used by partners are the normal development M&E systems, yet monitoring adaptation and mitigation benefits requires slightly different M&E systems which use climate trends for measuring adaptation and the calculations of greenhouse gas emissions (Finding 13).

**Conclusion 4: Impact and sustainability** – It is still too early to tell whether sustainable impacts of the climate envelope in Kenya will be achieved or whether up-scaling will take place. However, there are early signs in the energy and agriculture technology projects. There are also signs that transformational change will occur especially where Danish funding has influenced policy or planning approaches because of leveraging on existing relationships (Finding 12, 13 and 14).

**A6: 6 Indicative Recommendations**
**Indicative Recommendation 1:** For future climate financing (e.g. green economy country programme), the evaluation recommends that the embassy develops an overarching results based management and reporting M&E framework with clear, common outputs, outcomes and impacts against which implementing partners can report. The evaluation noted that the new climate change programme in Kenya has already embarked on this.

The proposals from partners also need to articulate how their project will contribute to the common outputs, outcomes and impacts of the Danish programme. The system should also be able to capture and report against adaptation and mitigation benefits. This does not necessarily mean that the partners should mirror the Danish framework, but they should be encouraged to show linkages to the higher level objectives of the Danish programme from the project design stage to the implementation and completion stages.

It should however be noted that measuring the benefits of adaptation and mitigation interventions requires slightly different M&E systems, as meaningful benefits take a long time to be generated and are unlikely to happen within a three year project period. Thus in future climate financing envelopes, Denmark should invest in building the capacities of their partners in monitoring adaptation and mitigation benefits so that they are able to show how Danish financing is contributing to global climate change targets. This can also enhance the partner’s eligibility to access other climate financing, especially now that the Green Climate Fund is operational.

**Indicative Recommendation 2:** The embassy may need to develop a systematic VFM process that assesses proposed and accomplished outcomes resulting from partner interventions. This could possibly reduce the risk of non-performing partners in the cases of AECF-REACT, where a majority of the companies contracted had low implementation and monitoring and evaluation capacities. This will also enhance documentation of outcome progress and also result in comparative analysis between outcomes over time. In this way the embassy will better understand which projects will give them higher returns on their investment in the long-term, which is particularly important for adaptation benefits that are not visible within a project cycle. The packaging and dissemination of this information could be used to justify fundraising efforts from the Danish public.

Furthermore, given that the breakeven point of some private sector projects is beyond the funding cycle, the embassy would not be able to assess outcomes unless they conduct impact assessments a few years after the end of the programme. Alternatively, if this is not possible, the embassy can decline to fund such projects unless it commits to a long-term engagement with the partner to ensure tangible outcomes.

**Indicative Recommendation 3:** Further to recommendations one and two, future Danish programmes need to develop a learning strategy to involve various lesson learning forums with implementing partners and between Danish programmes that may be financing the same partners. This will enhance learning, synergies and opportunities for partnerships amongst
partners and embassy staff. In addition the partners may be inspired to develop their own internal learning processes as a result.

**Indicative Recommendation 4:** The FSCCP financing was for piloting purposes. If adaptation and mitigation benefits are to be realised, long-term financing of partners may be required in order for the country to build resilience against climate shocks. This can be done through trusted partners who have produced sound results. Some projects already under the FSCCP can be considered for long-term financing through a phased approach. Examples of these projects are in findings nine and 13. It is only in this way that Danish funding will truly be able to enhance adaptation and mitigation benefits as without long-term financing for climate change, projects end up as ordinary development projects and the benefits of additional climate finance for climate proofing are lost.
## A6: Annex 1: Summary of evaluation scores

| Relevance | 1 | The project is aligned with Denmark’s climate change and development policies and strategies. | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Efficiency | 3 | The project has been structured and managed in such a way as to maximise efficiency and deliver value for money. | 1 | 1 | 3 | 4 | 3 | 4 | 4 | 3 | 1 | 3 | 4 |
| 4 | The project has successfully exploited synergies with other internal or external systems or programmes. | 3 | 4 | 4 | 5 | 4 | 5 | 4 | 4 | 4 | 4 | 5 |
The project has been effective in achieving its outputs and reaching its desired outcomes within the project timeframes.

The project has successfully mobilised external finance, technology and expertise (both Danish and non-Danish) to support the achievement of results.

There is evidence that the overall impacts of the project has, or is likely to be achieved within a realistic timeframe.

There is evidence that Denmark’s contribution and influence is greater than its pro-rata share of funds committed.
The project has delivered sustainable results that are likely to have a transformative effect (e.g. finance, policy, markets) on project completion.

Lessons and best practices from the project have been identified and shared for the benefit of the Danish climate policy makers and the wider development community.

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## A6: Annex 2: Interventions assessed in the sub-evaluation

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<td>104.G.12-24.</td>
<td>CARE Danmark</td>
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<td>Adaptation Learning Programme for Africa (ALP)</td>
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<td>Kenya FSCCP 2010 - KickStart International</td>
<td>P</td>
<td>Kenya FSCCP 2010 – Climate mitigation and adaptation in agricultural value change aiming at reducing energy consumption and improving capacity to adjust to changed production conditions: KickStart Mobile Layaway Scheme and Deep Lift Water Pump</td>
<td>2010</td>
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<td>104.G.12-26</td>
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<td>Women and climate change – Kenya</td>
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<td>104.G.13-10</td>
<td>International Work Group for Indigenous Affairs</td>
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<td>IWGIA: Climate change partnership with indigenous peoples in South and Southeast Asia</td>
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### A6: Annex 3: Literature reviewed

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<tr>
<td>DFID (2013).</td>
<td>Addendum to Business Case for Scale-up cost extension to AECF-REACT (DFID Africa Regional Department and DFID Tanzania December 2013)</td>
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<tr>
<td>AECF (2013).</td>
<td>REACT Portfolio Report</td>
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<tr>
<td>CARE (2012).</td>
<td>ALP Annual Report</td>
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<td>CARE (2012).</td>
<td>ALP Medium Term Review Report</td>
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<tr>
<td>CARE (2012).</td>
<td>Building Climate Resilience in Kenya: Key Actors, Programmes and Initiatives Report</td>
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<tr>
<td>CARE (2013).</td>
<td>ALP Annual Report</td>
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<td>CARE (2013).</td>
<td>ALP Gender Analysis Garissa, Kenya</td>
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<td>CARE (2013).</td>
<td>Management Response to ALP Medium Term Review</td>
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<td>Community Development Trust Fund (2014).</td>
<td>Mid Term Review</td>
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<td>KickStart International (No date).</td>
<td>Grant Dossier for the Deep Lift Pump.</td>
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<td>KickStart International (No date).</td>
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<td>Ministry of Foreign Affairs (No date). Fast Start Climate Change Sector Summary.</td>
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## A6: Annex 4: List of people interviewed

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<th>Name</th>
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<tr>
<td>1. Anne Ang’wenyi</td>
<td>Danish Embassy</td>
<td><a href="mailto:annean@um.dk">annean@um.dk</a></td>
</tr>
<tr>
<td>2. Elizabeth Matioli</td>
<td>Danish Embassy</td>
<td></td>
</tr>
<tr>
<td>3. Peterson Olum</td>
<td>Danish Embassy</td>
<td></td>
</tr>
<tr>
<td>4. Alan Spybey</td>
<td>KickStart International</td>
<td><a href="mailto:alan.spybey@kickstart.org">alan.spybey@kickstart.org</a></td>
</tr>
<tr>
<td>5. John Kihia</td>
<td>KickStart International</td>
<td><a href="mailto:john.kihia@kickstart.org">john.kihia@kickstart.org</a></td>
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<tr>
<td>6. Joseph Ruhui</td>
<td>Community Development Trust Fund</td>
<td><a href="mailto:Jruhiu@cdtfkenya.org">Jruhiu@cdtfkenya.org</a></td>
</tr>
<tr>
<td>7. Elijah Kaberia</td>
<td>Community Development Trust Fund</td>
<td><a href="mailto:Emujuri@cdtfkenya.org">Emujuri@cdtfkenya.org</a></td>
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<tr>
<td>8. Shadrack Kiprono</td>
<td>Community Development Trust Fund</td>
<td><a href="mailto:Skiprono@cdtfkenya.org">Skiprono@cdtfkenya.org</a></td>
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<tr>
<td>10. Nicholas Gachie</td>
<td>Kenya Association of Manufacturers</td>
<td><a href="mailto:Nicholas.gachie@kam.co.ke">Nicholas.gachie@kam.co.ke</a></td>
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<td>11. Martha Cheruto</td>
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<td>12. Anne Kariuki</td>
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<td>13. Jeff Worden</td>
<td>Northern Rangelands Trust</td>
<td><a href="mailto:jeff.worden@nrt-kenya.org">jeff.worden@nrt-kenya.org</a></td>
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<td>14. Alice Odingo</td>
<td>Soroptimist International Kenya</td>
<td><a href="mailto:aaodingo@yahoo.com">aaodingo@yahoo.com</a></td>
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<tr>
<td>15. Fiona Percy</td>
<td>CARE Regional Office</td>
<td><a href="mailto:Fiona@careclimatechange.com">Fiona@careclimatechange.com</a></td>
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<td>16. Emma Bowa</td>
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### A6: Annex 5 MFA Climate Change Financing in Kenya 2010-2014

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<td>Natural Resource Management (NRM) Programme (2010-2014)</td>
<td>Sub-component in NRM Programme on climate change policy and coordination in OPM. Support to other (sub-) components (MEMR, NEMA, CDTF, ABD and ALRMP).</td>
<td>Sub-component on climate change coordination implemented by Climate Change Coordination Unit (CCCU) in Office of the Prime Minister (OPM). Programme in OPM USD 4.0 million out of total NRM Programme of USD 70.0 million.</td>
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<td>Denmark’s ‘fast start’ finance for climate change (2011 and 2012)</td>
<td>A global contribution of DKK 1.2 billion with Kenya as one of the bilateral Programmes. Emphasis in Kenya is on private sector and non-profit organisations aiming at innovative approaches to climate change adaptation and mitigation.</td>
<td>A Programme for 2011 prepared January to March 2011. The grant to Kenya in 2011 and 2012 is expected to be DKK 100 million (USD 18 million) divided into two annual grants.</td>
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<td>Capacity Building for Renewable Energy SMEs in Africa (CABURESA) implemented by the Energy, Environment and</td>
<td>Regional Programme in East Africa including Kenya. Identifying investment opportunities for SMEs in the region in renewable energy. For</td>
<td>A follow up on activities related to the Danish Africa Commission (2009). Grant of DKK 10.0 million</td>
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121
| Development Network for Africa (AFREPREN). | example, wind and mini-hydro in Kenya with the tea sector. | to AFREPREN. |
| Support to World Bank ‘Agricultural Carbon in Kenya’ project. | Climate ‘smart’ agriculture in Kenya. | Funding from Danish Trust Fund ILWAC (Integrated Land and Water Management for Adaptation to Climate Variability and Change). Funding is USD 0.97 million of the total TF grant of USD 10.0 million. |
Annex 7: Institutional (CARE Danmark) Sub-Evaluation

A7: 1 Introduction

A7: 1.1 Objective of the evaluation

This institutional evaluation of CARE Danmark has two objectives. The first is to provide an assessment of Climate Envelope-funded programmes being implemented by CARE Danmark on the basis of the OECD evaluation criteria. The second is to undertake a more strategic assessment of the relationship between CARE Danmark and the Danish Government to explore how climate change funding is managed from an institutional perspective. This includes examining the rationale for selecting CARE Danmark as an implementing agency, understanding what the level of engagement has been during programme design and delivery, identifying the opportunities and challenges that have emerged from the ongoing relationship, and exploring how the relationship might be used more effectively from a learning and influencing perspective.

The key questions to be answered include:

1. How was the partner chosen to participate in the Climate Envelope Project?
2. Was the partner assessed or benchmarked prior to funding or cooperation being put in place?
3. What motivated Denmark to select the case study partner, and what benefits does such cooperation offer to Denmark?
4. What motivated the partner to engage with the Danish Government? Was there any incentive beyond receiving financial support?
5. What is the ongoing level of engagement between Denmark and the partner, both on a strategic and a project level?
6. What have been the benefits of cooperation for both parties in addition to the project outputs and outcomes?
7. What have been the weaknesses in the relationship, and what could have been done better to date? Are there any resource constraints that prevent good cooperation?
8. How has Denmark used the relationship to influence the work of the partner (both within the project and more broadly) and what results has this brought?
9. What mechanisms exist for learning from the partner to flow back to Denmark or elsewhere, and how effective have they been?

10. What are the barriers to more effective cooperation and communication going forward and how might these be overcome?

**A7: 1.2 Scope of the evaluation**

The evaluation takes its scope as the projects financed under the Climate Envelope during the evaluation period 2009-12. This covers two grants to the Southern Voices Programme (SVP) and one grant to the Adaptation Learning Programme (ALP). Further details on the scope of the programmes are provided below:


The Southern Voices Programme (SVP) is a Danida-funded project to increase the capacity of Southern NGO networks in carrying out advocacy and raising public awareness of climate change nationally, regionally, and internationally. In particular, the SVP aims to ensure the development of fair policies and international legal frameworks that incorporate the needs of the most vulnerable. CARE Danmark led a consortium comprising four Danish NGOs (CARE, DanChurchAid, IBIS, and Sustainable Energy) as well as two International NGOs: CAN-International and the International Institute for Environment and Development (IIED). The programme focuses on information sharing, capacity-building and advocacy activities.

CARE Danmark received DKK 18 million to implement the SVP. It was conceived as a single programme, but the funding was informally split into two separate project grants due to funding constraints in the initial Climate Envelope in 2010. Approved grants were for DKK 8 million (2010) and DKK 10 million (2012). Beginning in January 2011, the scope of the programme was extended in 2012 as part of the second grant to strengthen exchanges and learning between the SVP networks. Phase 2 has grown to support 10 national, five regional and three thematic networks.

Southern Voices emerged from an earlier programme ‘A stronger voice from the developing countries in the international climate negotiations’ (2009-10), and has been followed by a new funded programme Southern Voices on Adaptation (2014-), funded through the new climate finance mechanism established for NGOs and managed by Civil Society in Development (CISU). The civil society in development (CISU) mechanism was set up due to observations made by the Danish State Auditors identifying the need for a more competitive funding mechanism administered outside the Ministry of Foreign Affairs.

**Adaptation Learning Programme (104.G.12-24)**

CARE Danmark received DKK 15 million from the climate envelope in 2009 for the Adaptation Learning Programme (ALP). The programme seeks to help vulnerable households in sub-
Saharan Africa to have increased capacity to adapt to climate variability and climate change. Through locally anchored adaptation activities, the programme aims to increase the sustainable adaptation capacity of vulnerable communities in Ghana, Kenya, Mozambique, and Niger. The ALP seeks to gather experience from these initiatives in order to influence national and international policies for adaptation, as well as making it possible for other institutions to use the lessons learned from the programme. The programme has a particular emphasis on understanding and addressing the vulnerability of poor rural women.

A7: 1.3 Methodology

The sub-evaluation was based on a review of available documentation (project documents, ex-ante appraisals, and mid-term/ex-post evaluations). Interviews were undertaken with the relevant project managers and management within CARE Danmark, together with the responsible Danida project officers, and with wider members of the Danish NGO community (92 Group).

A7: 2 Context

Established in 1987, CARE Danmark has been focused on strengthening the capacities of poor people living in rural areas with the purpose of improving their livelihoods, as well as the recognition of and respect for their rights. CARE Danmark focuses on nine countries in Africa and Asia in which the organisation cooperates closely with civil society. CARE’s work in developing countries is carried out by nationally recruited employees, who account for 97% of all employees in CARE. This secures sustainability as well as effective and locally rooted operations.

CARE Danmark has a special focus on gender equality that is cross-cutting – and a firm stance that environmental sustainability should not be compromised in the name of development. CARE Danmark’s annual turnover is more than DKK 100 million a year, financed primarily by the Danish Government through a regular framework agreement, and by governments in other countries and the European Union (EU). Around 25% of the turnover is generated through private donations from individuals, companies, and foundations.

Currently, CARE Danmark estimates that between 10–15% of the Danida development assistance budget is implemented through or supports civil society organisations.

A7: 3 Results/findings

A7: 3.1 Relevance

Finding 1: The work financed under the climate envelope through CARE Danmark is highly relevant to Danish objectives and policies on climate change.
Both of the Climate Envelope-financed projects managed by CARE Danmark are well aligned with Danish policy objectives, such as those set out in the original Climate and Development Action Programme (2005), and the Right to a Better Life Strategy (2012). Both have well-structured and clear logframes that explain the goal, purpose, and outcomes. The Southern Voices programme aims to strengthen civil society advocacy and engagement around support of a fair and equitable international climate change agreement and in relation to inclusive climate change policies at the national level. The ALP seeks to mainstream community-based adaptation in national and regional development policy through the implementation of pilots and supporting community advocacy.

Both programmes are, therefore, well aligned with Danida objectives in the sphere of social protection, livelihoods, and disaster risk reduction. Both programmes also are well aligned with the Nairobi Principles, an internationally agreed approach to adaptation agreed in 2009, and facilitated by Denmark in the run up to the Copenhagen summit. These principles supported approaches to sustainable development, climate change resilience, governance and climate information. For example, the Southern Voices Programme was demand driven from an MFA perspective. Prior to Conferences of the Parties (COP) 14, and before the establishment of the first Southern Voices project in 2008-09, the MFA invited the Danish 92 Group to prepare a consortium of all the organisations which had approached the MFA for support to prepare Southern civil society actors in advance of COP 15.

Finding 2: The programmes respond well to external partner demand and the international context of climate change.

Both projects have been designed on the basis of strong demand from developing countries and in line with expectations of the international debate on climate change response as reflected in the United Nations Framework Convention on Climate Change (UNFCCC) negotiations. Southern Voices emerged from an existing project, ‘A stronger voice from the developing countries in the international climate negotiations’ (2009-10) which had already demonstrated the opportunity and demand for support to marginalised voices in both the international negotiations and national policymaking. ALP emerged from earlier studies undertaken by CARE Danmark on national adaptation capacity and the need for community-led approaches. ALP is a multi-donor adaptation programme, with the DFID being the largest financial contributor, and Danida the second largest.

A7: 3.2 Efficiency

Finding 3: The management of Climate Envelope programmes implemented by CARE Danmark has been efficient and low cost.

The evaluation finds that the CARE Danmark managed programmes have been managed in a cost-efficient manner, with some delays in disbursement and implementation, and the use of no-cost extensions for both programmes. Funds have now been fully disbursed, and the use of no-
cost extensions has allowed for smooth transition between project phases, and to follow on projects. The Southern Voices programme was implemented relatively efficiently, with short no-cost extensions allowing for smooth transition between funding phases and to the current CISU-funded ‘Southern Voices on Adaptation’ project. The programme has efficiently made use of a broad range of international networks, including those of four Danish NGOs (DanChurchAid, IBIS, VedvarendeEnergi, and CARE) and 18 Southern networks to provide wide geographical coverage at low cost using a small grants structure.

ALP has also made effective use of funds through using a network structure (with an expert hub in Nairobi) to cover the four countries of the programme, and this same implementation structure is being replicated for the next phase of the ALP for which CARE Danmark is currently raising funds. This structure deployed by both programmes is considered to be highly cost efficient, with central office overheads kept to a minimum, and work decentralised where possible.

**Finding 4: There is little evidence that other options were considered for implementation, or that VFM assessment was undertaken in programme design and partner selection.**

The evaluation finds that there is limited evidence that alternative options were considered by the Danish Government from a value for money perspective when deciding to finance both Southern Voices and the ALP. While both programmes were subject to proper appraisal processes, the choice of partner and project appears to have been made on the basis of strong existing relationships between Danida and CARE Danmark (and the 92 Group). No competitive tendering was undertaken, although this has now changed with the new CISU mechanism, which reflects the opinion of the Danish State Auditor that a more competitive funding mechanism was required. At the time, CARE Danmark offered Danida an attractive and relatively straightforward opportunity to engage on community-level climate change issues, support civil-society-organisation advocacy and promote the adaptation agenda in both developing countries and in the international negotiations.

While CARE Danmark and its networks may provide good value for money, this consideration has been broadly implicit in Danish project funding considerations. This is typical of funding decisions more broadly within the Climate Envelope, where the design and appraisal teams are not expected to demonstrate that a range of potential implementation modalities have been compared when considering how best to achieve a strategic outcome.

**Finding 5: There is little evidence of synergies or cooperation with other Climate Envelope activities from a delivery perspective.**

The evaluation finds that beyond CARE Danmark receiving core Danida funding, there is little evidence of alignment or cooperation with other climate envelope funded activities. Even though the two projects are managed by CARE Danmark, they have been implemented in
broadly different geographies and by separate project teams (although in the new phases of both programmes, there is greater scope for geographic overlap). Evidence of synergies with other projects where Denmark has significant climate change country programmes (e.g., Vietnam and Kenya) is weak, although opportunities for alignment have been somewhat limited by the shape of the portfolio in each country. We note that the ALP has regularly reached out to the Danish embassy in Kenya as well as to Danish representations in the other ALP countries on several occasions, and has liaised with a large number of relevant peer adaptation-related programmes and institutions regardless of their funding sources.

A7: 3.3 Effectiveness

Finding 6: CARE Danmark has made good use of results frameworks, logframes, and evaluations to measure the effectiveness of its programmes.

For both programmes, there is good evidence of the use of logframes and results frameworks in programme design and implementation. Both programmes have been subject to external evaluation by CARE Danmark. In the case of ALP, the logframe was revised in 2013, primarily at the DFID’s request, and Danida has adopted the new approach. CARE Danmark has reported against the logframe on an annual basis, and in the case of the ALP has been subject to an annual review by the DFID.

Finding 7: The programmes financed through CARE Danmark have been moderately effective in achieving their outcomes.

The evaluation finds that the programmes managed by CARE Danmark have been effective in reaching their outcomes. The mid-term evaluation of SVP found that the networks involved in the programme had increased their advocacy capacity and were in many cases engaging with their national governments on climate policy and finance issues. The programme had also effectively enabled CSOs to engage with the international negotiations process over time, and had been able to raise the profile of vulnerable communities. The most recent annual review by the DFID of the ALP gave the programme the second highest rating, noting that the programme had achieved many of its targets ahead of schedule and that it was on track to meet its target number of beneficiaries. ALP had been particularly successful in piloting community-based adaptation approaches, and had demonstrated some success in the upscaling of these models for adoption in national policy. The adoption of the Participatory Scenario Planning (PSP) models in Kenya and the integration of a community-based adaptation (CBA) into local development plans in Ghana were identified as successes. The ALP had also been able to demonstrate CBA as a cost-effective approach.

Finding 8: CARE Danmark has sought to attract additional financing and resources, and made good use of networks and in-kind contributions to deliver results.

CARE Danmark has made good use of its networks to achieve its results. The SVP is built on a network structure of four Danish NGOs, two international NGOs, and 18 geographic and
theme networks. While it has not sought to attract additional financial resources, the mid-term evaluation recognised the significant volume of activities enabled by such an approach. The ALP, in contrast, has been relatively successful in mobilising other donor funds. While the concept for the programme was developed with the MFA, the DFID became the first funder, and additional contributions were made by Finland and Austria.

A7: 3.4 Impact

Finding 9: The use of incremental project evolution and phased funding improves the likelihood of longer-term impacts and allows for better monitoring over time.

The impacts of transformational change (e.g. policy development and implementation, adoption of new adaptation paradigms at national and regional level) occur over longer timescales than any single phase of the CARE Danmark programmes. Longer-term impacts are also difficult to monitor ex-post once programme funding has completed. Nonetheless, the two programmes managed by CARE Danmark have been able to evolve over time in an incremental manner, making use of longer-term planning horizons and multiple funding streams. The origins of both programmes can be traced to 2009 and they continue through to the present day using different funding sources (e.g. CISU, other donors) and evolving formats.

Although the programmes do not have longer-term ex-post impact monitoring structures, this form of longer-term support has allowed for better outcome and impact tracing than is possible with one-off initiatives, where ex-post monitoring is not normally undertaken by the MFA. In effect, the final evaluation for an individual granting period becomes a mid-term evaluation for the wider programme allowing the possibility for course correction and improved design.

Southern Voices is now in its fourth phase (Southern Voices in Adaptation), with two of these phases financed directly from the Climate Envelope. DFID provided a two-year funding extension for the ALP in early 2015, while Austria had also previously agreed a funding extension in early 2014.

Finding 10: The evidence for larger-scale impacts is less strong than for outcomes, with greater evidence for building of capacity among CSOs, but less evidence for large-scale policy transformation.

Despite the above, the evaluation finds that for both programmes, it is more challenging to identify successful higher-level impacts than outcomes. For Southern Voices, the mid-term review recognised that while the project had been successful in building advocacy capacity, it had been less successful in influencing climate change policies so that they benefit poor and vulnerable people. This is in part due to a lack of in-country capacity where the programme has worked, together with the slow pace of the international negotiations and associated finance mechanisms that might act as an incentive to improve inclusive policymaking.

From the international perspective, while the programme has been successful in raising the visibility of vulnerable communities in the negotiations, the political process is ongoing and it is
not clear whether there will be an equitable outcome. For the ALP, the mid-term review recognises that although the ALP has been effective in building supply side capacity, it is less clear whether this will be converted into clear policy changes at a national or regional level across sub-Saharan Africa, as this is dependent on a range of other political considerations over which the programme does not have full control.

Finding 11: There is strong evidence that impacts can be attributed to Danish funding, although Danida’s focus on community-based adaptation and CSOs appears to be diminishing.

Danish funding and engagement has been central to the achievements delivered under the CARE Danmark-managed programmes. Denmark has been the sole funder of the Southern Voices programme, and played a key role in the design phase of the ALP (even through it was not the initial donor and currently only provides 30% of total programme funds). However, CARE Danmark report that engagement with the MFA on the programme has been relatively limited over time, with greater levels of engagement on its framework agreement, Corporate Social Responsibility (CSR), and value chain activities. The DFID are cited as being a much more engaged and proactive donor on the ALP, and were responsible for driving changes to the results framework and logframe in 2013.

The decline in engagement is due to a number of reasons. Firstly, the decision to exclude Danish NGOs from direct access to the Climate Envelope, replacing it with the civil society in development-managed facility, has limited the scale of grants available to civil society (up to DKK 5 million), and also limited the potential contact between CSOs and policymakers in programme design and knowledge sharing. The civil society in development (CISU) mechanism was established as a result of the Danish State Auditors review, which required a more competitive funding mechanism administered outside of the MFA. While the CISU facility is professionally managed and efficiently run, CARE indicate that CISU’s relationship with its projects is less strategic and more administrative in focus (although this may evolve as CISU engages more actively in M&E).

This was a view supported by the 92 Group, which also feels that CSOs have been marginalised from the Climate Envelope. The creation of the CISU facility has created the impression that there is less strategic interest in within the Climate Envelope to support civil society organisations (CSOs) or community-based adaptation initiatives. Nonetheless, CARE Danmark, like other Danish NGOs, continues to receive core funding from the Danish Government and maintains good links with the MFA. CARE Danmark also has the impression that Danida staff are increasingly stretched from a resourcing perspective, and that it is also increasingly difficult to get attention for individual project-level activities.

A7: 3.5 Sustainability
Finding 12: There is moderate evidence that the impacts of programmes managed by CARE Danmark are likely to be sustained after programme completion.

While there is good evidence of programme effectiveness and impacts, the evidence of the sustainability of impacts is less strong. Both programmes have achieved some level of transformational change in relation to policy. Examples include members of the SVP Network engaging the government of Zimbabwe to produce a National Climate Change Response Strategy after pressure from CSOs; in Bangladesh CSOs succeeding in having NGO projects managed under the national Bangladesh Trust Fund; and bringing the issue of social safeguards and indigenous people’s rights into the reducing emissions from degradation and deforestation (REDD+) negotiations and influencing the Cancun safeguards. At national levels, the ALP’s advocacy capacity development and information-sharing efforts have helped embed the ALP approaches into national climate change strategies and national development plans in the ALP target countries (Ghana, Kenya, and Mozambique).

A recent final evaluation of the ALP programme (draft) indicates some level of willingness at country level to sustain programmes. Evidence of sustainability includes the registration of umbrella bodies to support VSLA (Ghana); growth plans for savings and loans groups (Kenya); and the formality conferred to FFS groups as farmers associations and community-based organizations (Mozambique). ALP has been deliberate about helping formalize groups involved in testing CBA models (e.g. VSLA groups in Ghana, FFS groups in Mozambique) to boost the replicability of these models, reflecting on the need for formalising these groups and related challenges in annual reviews. Training and local advocacy efforts by the ALP in ALP target countries have resulted in the integration of climate change and, in some cases, specific community-based adaptation (CBA) provisions and ALP practices (participatory scenario planning (PSP)) in local and district development plans and planning processes.

Finding 13: The sustainability of programme impacts is to some extent dependent on ongoing funding and activities.

The evaluation finds that although capacity building has been effective, the sustainability of CSO policy advocacy activities in country will continue to be dependent on ongoing external support. For example, the draft ALP evaluation notes that:

Without further interventions (ALP or otherwise), communities’ ability to sustain livelihood benefits and gains in gender equality could be at risk, however. In some cases, assumptions about the spill over effects at the community level of knowledge gained by direct beneficiaries have not held (e.g. FFS in Mozambique). Future adoption of irrigated agriculture and other climate-smart agriculture strategies promoted in ALP pilot sites faces many challenges (Kenya). These relate to lack of investment capital, poor extension services, and difficulties getting products to market; potential conflicts between water and land uses.

In this regard, CARE Danmark seeks to extend and develop its programme portfolio in an incremental way. Examples include the Southern Voices on Adaptation project which began in
2014. This project was financed from outside the Climate Envelope through the MFA Climate and Development Fund managed by CISU. It leads a consortium of three Danish NGOs (including DanChurchAid and IBIS), and has a more thematic focus on adaptation. The project supports 12 Southern civil society networks, of which nine participated in the previous phase. Likewise, the ALP is seeking an extension from the DFID as well as raising funds for a follow on programme (ALP2). This will allow the programme to reinforce the sustainability of outcomes, as well as to add new communities in three countries and develop new CBA innovations beyond the scope of the original ALP logframe.

Finding 14. There is good evidence of lesson capture and knowledge sharing by CARE Danmark managed programmes.

The evaluation finds that both programmes have been very effective at capturing and disseminating knowledge within the programme among the project partners. For example, following recommendations from the ALP mid-term review to focus on evidence and impact, three external assessments were conducted in 2013 – an evaluative cost–benefit analysis of the impact of CBA in Niger and Kenya, the impact of the PSP and climate communications in Kenya, and the impact of the CBA in building resilient livelihoods in Ghana. These built on the ALP evaluative exercises and on two initial studies in Niger on changes to resilience and gender equality. Lessons generated from CARE Danmark programmes are actively shared with national level stakeholders through seminars and publications, across the CARE network, within the 92 Group in Denmark and with the MFA.

Finding 15. There is weak evidence that learning and knowledge generated by the programme is being integrated into Danish policymaking and programming.

Although outputs and progress reports were shared with Danida, CARE Danmark indicates that they generally receive little or no response. Danida indicates that they do receive and read the reports, but the responsible project officer does not have community-based adaptation as a core thematic area of interest. Danida representatives are invited to, and sometimes attend, programme workshops in Copenhagen (such as two MFA staff members attending a recent stakeholder workshop on Southern Voices), and seek to engage on programme implementation where appropriate. For example, CARE were invited to a 2014 seminar in Kenya organised by International Institute for Environment and Development (IIED) on community-adaptation approaches.

CARE Danmark continues to be consulted as a member of the 92 Group and participates in the committee for the current evaluation of the Climate Envelope. However, CARE Danmark indicated that the establishment of the CISU facility has not improved learning and feedback into policy making. The original expectation that there would be an ongoing dialogue between CISU, the 92 Group, and the MFA on lessons learned has not materialised. From discussions within Danida, it appeared that the respective contracts were being managed from an
administrative perspective, but with no sense of strategic opportunity in terms of how they might inform future programming.

**A7: 4 Conclusions**

The evaluation draws the following conclusions and lessons learned:

- **Conclusion 1:** The programmes funded through CARE Danmark are highly relevant to Danish climate change priorities as set out in the Right to a Better Life Strategy. The programmes seek to support climate adaptation through community-level advocacy and planning processes. They engage at both national and international level and respond clearly to country-level demand among CSOs and other advocacy organisations. Both programmes are rooted in existing programmes and/or extensive in-country consultation prior to funding. The projects are regarded by the Danish NGO community as part of a strong commitment by the Danish Government to recognise adaptation and rights-based approaches within the Climate Envelope.

- **Conclusion 2:** Both programmes have been implemented in an efficient manner by CARE Danmark and its network partners. Outputs have largely been achieved, and funds disbursed (although with the use of no-cost extensions for both programmes). CARE Danmark offers a number of benefits to the Danish Government as part of a broader international structure (CARE International), good access to community level and grassroots networks in developing countries, and has a strong track record in climate change advocacy (particularly adaptation). However, there is little evidence of formal value for money consideration during programme selection and delivery by the Danish Government. The selection of CARE Danmark as an implementation partner demonstrates a relatively informal selection process during the initial years of the Climate Envelope, where projects choice was opportunistic and oriented towards existing trusted partners. Although both CARE Danmark projects were subject to appraisal, there is no evidence that other implementation modalities or organisations were considered as a means of achieving similar strategic aims. The choice of CARE Danmark appears to have been based on an existing funding relationships, a good track record in community based adaptation and advocacy, and strong links between CARE and Danida staff at the time.

- **Conclusion 3:** CARE Danmark’s programmes have been moderately effective, but nonetheless impressive given the size of the programme budgets. There has been a strong increase in the capacity of participating networks and CSOs to engage with national governments and in international political processes. Both programmes have successfully managed to promote consideration of the most vulnerable communities in policy and planning processes, and to demonstrate the effectiveness of community-led adaption processes. CARE Danmark makes strong use of results frameworks for tracking outcomes.
• **Conclusion 4:** From an impact perspective, the ability to demonstrate progress in relation to the equity of international negotiations or to the adoption of inclusive planning processes at a pan-regional level is more difficult. In terms of attribution, it is clear that the achievements of CARE Danmark’s programmes are highly attributable to Danish Climate Envelope Funding, with the Danish Government being engaged as the sole funder (SVP) or original initiator of the programme concept (ALP). The likelihood of impacts being achieved is underpinned by the multi-phase approach adopted by CARE Danmark, with both programmes viewed as long-term and evolving initiatives with each phase building on the work of previous achievements. Both programmes are likely to continue with non-Climate Envelope funding over future years with innovation in their geographic and thematic focus.

• **Conclusion 5:** The sustainability of CARE Danmark’s programmes is to some extent dependent on continuing support to CSO organisations, and this is a process to which CARE Danmark and its partners are committed. There are concerns that the restrictions on Danish NGOs accessing the Climate Envelope, the devolution of programme budget to embassy-managed country programmes, and the introduction of a new climate funding modality for Danish NGOs not only limits the scale of funding available, but also limits the level of direct contact and learning opportunities between the Danish Government and the Danish NGO community on climate issues. Although CARE Danmark invests heavily in knowledge and learning products, there is little evidence that the Danish Government is incorporating this into policy and programming and little feedback is received from the Danish Government on progress reports or evaluations. It is felt that the CISU mechanism is not providing adequate scope for feeding back lessons learned. The cumulative impact is that CARE Danmark has the impression that Danish Government staff do not have the time to engage fully on this thematic agenda, and that adaptation/CSO advocacy is not a strong priority compared to other thematic areas within the Climate Envelope. There is no clear community of practice within the Danish Government on these issues with whom CARE Danmark can engage. Other donors (e.g. DFID) are much more heavily involved in programme assessment and improvement on an ongoing basis.

**A7: 5 Indicative recommendations**

• **Indicative Recommendation 1:** The Danish Government should ensure that adaptation and rights-based approaches to climate change receive adequate coverage within the Climate Envelope and more broadly within development assistance. The Danish Government should manage the tendency to bias towards mitigation, particularly within higher income countries, if Denmark is to maintain balance in its strategic objectives.

• **Indicative Recommendation 2:** The MFA should explore how best to maximise the benefits of valuable climate relevant expertise within the Danish CSO community,
particularly in relation to bilateral country programmes, given the scaling down of direct financial access through CISU, and the decentralisation of programming to the embassies. Consideration should be given to including a formal role for CSOs within the emerging theory of change and climate envelope strategy.

- **Indicative Recommendation 3:** The MFA should ensure that it can dedicate sufficient staff resources and time to engage with adaptation and rights-based projects from a strategic planning and learning perspective. There is eagerness within the Danish CSO community to engage in such discussions, but there is no clear community of practice within the MFA, or elsewhere, with whom they can engage, and this thematic is not a core focus for the CARE Danmark project manager. Being proactive in relation to knowledge sharing is particularly important if the CISU mechanism remains formally outside of the climate envelope.
## A7: Annex 1 Interviews

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<th>Responsibility/position</th>
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<tbody>
<tr>
<td>Lisbeth Møller</td>
<td>Programme Director</td>
<td>CARE Danmark</td>
</tr>
<tr>
<td>Peter With</td>
<td>Programme Coordinator, Southern Voices</td>
<td>CARE Danmark</td>
</tr>
<tr>
<td>Rolf Herno</td>
<td>Programme Coordinator, ALP</td>
<td>CARE Danmark</td>
</tr>
<tr>
<td>Nguyen Thi Yen</td>
<td>Climate Change and Disaster Risk Reduction Team Leader, Vietnam</td>
<td>CARE International</td>
</tr>
<tr>
<td>Fiona Percy</td>
<td>Regional Coordinator, ALP</td>
<td>CARE International</td>
</tr>
<tr>
<td>Emma Bowa</td>
<td>Programme coordinator</td>
<td>CARE Kenya</td>
</tr>
<tr>
<td>Ayub Were</td>
<td>Monitoring and Evaluation Coordinator</td>
<td>CARE Kenya</td>
</tr>
<tr>
<td>Mattias Söderberg</td>
<td>Advisor</td>
<td>DanChurchAid</td>
</tr>
<tr>
<td>Morten Blomqvist</td>
<td>Senior Policy Advisor, Policy and advocacy</td>
<td>IBIS</td>
</tr>
<tr>
<td>Kathrin Wessendorf</td>
<td>Coordinator, Environment and Climate Change Programme</td>
<td>IWGIA</td>
</tr>
<tr>
<td>Christoffer Bertelsen</td>
<td>Minister Counsellor (Retired), Green Growth</td>
<td>MFA</td>
</tr>
<tr>
<td>Elsebeth Tarp</td>
<td>Senior Advisor, Technical Advisory Service (TAS)</td>
<td>MFA</td>
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<tr>
<td>Flemming Winther Olsen</td>
<td>Senior Advisor, Natural resources and agriculture</td>
<td>MFA</td>
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<tr>
<td>Hans Hessel-Andersen</td>
<td>Senior Technical Advisor, TAS</td>
<td>MFA</td>
</tr>
<tr>
<td>Kjeld Rasmussen</td>
<td>Associate Professor, Department of Geosciences and Natural Resource Management</td>
<td>University of Copenhagen</td>
</tr>
<tr>
<td>Trine Glue Doan</td>
<td>Senior advisor Climate, Energy, CSOs and Mekong</td>
<td>WWF</td>
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Annex 8: Institutional (World Bank) Sub-Evaluation

A8: 1 Introduction

A8: 1.1 Objective of the evaluation

This institutional evaluation of Danish Climate Funding support to the World Bank (International Bank for Reconstruction and Development (IBRD)) has two objectives. The first is to provide an assessment of Climate Envelope-funded programmes being implemented by the World Bank on the basis of the Organisation for Economic Cooperation and Development (OECD) evaluation criteria. The second is to undertake a more strategic assessment of the relationship between the World Bank and the Danish Government to explore how climate change funding is managed from an institutional perspective. This includes examining the rationale for selecting the World Bank as an implementing agency for Climate Envelope programmes, understanding what the level of engagement has been during programme design and delivery, identifying the opportunities and challenges that have emerged from the on-going relationship, and exploring how the relationship might be used more effectively from a learning and influencing perspective. The key questions to be answered include:

1. How was the partner chosen to participate in the Climate Envelope Project?

2. Was the partner assessed or benchmarked prior to funding or cooperation being put in place?

3. What motivated Denmark to select the case study partner, and what benefits does such cooperation offer to Denmark?

4. What motivated the partner to engage with the Danish Government? Was there any incentive beyond receiving financial support?

5. What is the ongoing level of engagement between Denmark and the partner, both on a strategic and a project level?

6. What have been the benefits of cooperation for both parties in addition to the project outputs and outcomes?

7. What have been the weaknesses in the relationship, and what could have been done better to date? Are there any resource constraints that prevent good cooperation?
8. How has Denmark used the relationship to influence the work of the partner (both within the project and more broadly) and what results has this brought?

9. What mechanisms exist for learning from the partner to flow back to Denmark or elsewhere, and how effective has this been?

10. What are the barriers to more effective cooperation and communication going forward and how might these be overcome?

A8: 1.2 Scope of the evaluation

The evaluation takes its scope as the projects financed under the Climate Envelope during the evaluation period 2009-12 and implemented within the World Bank structures. It does not cover non-Climate Envelope support made to the International Development Association (IDA) or the International Finance Corporation (IFC), which may nonetheless have climate relevance. It does cover contributions made by the World Bank managed Energy Sector Management Assistance Programme (ESMAP) programme (which received Climate Envelope funds after the evaluation period in 2014) and the Danish Carbon Fund (which was created before the evaluation period in 2005). The following core grants form the basis of the evaluation:


The USD 1.2 billion Pilot Programme for Climate Resilience (PPCR) is a funding window of the USD 7.6 billion Climate Investment Funds (CIFs). The PPCR assists developing countries in integrating climate resilience into development planning. Currently the largest adaptation fund in the world, the PPCR focuses on a smaller number of countries and transactions to maximize impact and possibility for replication. It is active in nine pilot countries and two regional programmes, which includes nine small island nations.

Building on National Adaptation Programs of Action (NAPAs) and other existing efforts, the PPCR also offers additional funding to pilot innovative public and private sector solutions to pressing climate-related risks. The PPCR pipeline of 75 projects and programmes and expects co-financing of USD 1.7 billion from other sources. The PPCR USD 791 million (73% of the PPCR pipeline) is approved for 46 projects with expected co-financing of USD 1.6 billion. The PPCR provides grants and highly concessional financing (near-zero interest credits with a grant element of 75%) for investments supporting a wide range of adaptation activities. A sum of USD 75.4 million in concessional financing has been set aside for innovative private sector projects with a pipeline of 22 projects. Denmark made three contributions totalling DKK 125 million from 2009 to 2012.

**Forest Investment Programme, 104.G.12-17 (2009), 104.G.12-29-3 (2010)**
The USD 602 million Forest Investment Programme (FIP), a funding window of the USD 7.6 billion Climate Investment Funds (CIF), supports developing countries’ efforts to reduce emissions from deforestation and forest degradation and promote sustainable forest management and enhancement of forest carbon stocks (Reducing Emissions from Degradation and Deforestation (REDD+)). The FIP is active in eight pilot countries. The FIP pipeline of 38 projects and programmes totals USD 501 million and expects co-financing of USD 1 billion from other sources.

Within FIP, USD 267 million (53% of the FIP pipeline) has been approved for 16 projects with expected co-financing of USD 740 million. The FIP has a USD 50 million Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM), together with a private sector window financing four projects for a total of USD 31 million. The FIP seeks to support the ‘missing middle’ between REDD+ readiness activities and large-scale forestry investments using results based payments. FIP has received two grants from the Climate Envelope totalling DKK 54 million during the period 2009 to 2012.

**Scaling Up Renewable Energy in Low Income Countries Programme, 104.G.12-29-3 (2010)**

The USD 524 million Scaling-up Renewable Energy in Low Income Countries Programme (SREP) is a funding window of the Climate Investment Funds. It was established to scale up the deployment of renewable energy solutions in the world’s poorest countries to increase energy access and economic opportunities. Channelled through five multilateral development banks (MDBs), SREP financing aims to pilot and demonstrate the economic, social, and environmental viability of low carbon development pathways, building upon national policies and existing energy initiatives.

The current pipeline of projects and programs (USD 487 million) expects to support the installation of 840 MW in renewable energy capacity and improve energy access for 14 million people – equal to the population of Senegal. To date, USD 155 million (32% of the pipeline) is approved for 14 projects with expected co-financing of USD 1.1 billion. Technologies supported include solar, wind, bio-energy, geothermal, small hydropower, and cook stoves. Demand for SREP support is strong. Forty countries have expressed interest in joining the SREP. Fourteen new countries were selected in June 2014 – mostly from Africa – expanding SREP pilot countries to 27, including one regional programme. SREP has received one grant from Denmark totalling DKK 61 million in 2010.

**SIDS DOCK 104.O.14-3 (2011)**

SIDS DOCK is a small island developing state (SIDS) institutional mechanism established to facilitate the development of a sustainable energy economy. SIDS DOCK development is being jointly coordinated by the Caribbean Community Climate Change Center (5Cs) and the Secretariat of the Pacific Regional Environment Programme (SPREP), with oversight from a
Steering Committee comprised primarily of Association of Small Island States (AOSIS) Ambassadors to the United Nations and technical experts. The ultimate goal of SIDS DOCK is to increase energy efficiency by 25% (2005 baseline) and to generate a minimum of 50% of electric power from renewable sources and a 20-30% decrease in conventional transportation fuel use by 2033. It aims to facilitate access to between USD 10-20 billion by connecting to global carbon markets, and to allow SIDS to mobilise resources for adaptation. The World Bank received a grant of DKK 31.8 million in 2011 alongside a grant made to UNDP of DKK 41.6 million.

**Partnership for Market Readiness 104.G.15-10 (2012)**

The Partnership for Market Readiness (PMR) is designed to bring together developed and developing countries, by way of a platform for sharing experiences, fostering new and innovative market-based instruments (e.g. carbon markets), and build market readiness capacity for countries to scale up climate change mitigation efforts. The PMR is designed to be a country-led initiative, with the implementing countries setting forth their own activities and plan for funding and implementation. The PMR is a grant-based global partnership mechanism. The PMR provides grant funding for market readiness activities, to pilot and test new concepts for market instruments (e.g. carbon pricing, emissions trading, crediting mechanisms, and carbon taxes), to provide a platform for technical discussions, and to share best practice. Most of the major economics are participants to PMR. The PMR received one grant from the Climate Envelope of DKK 29.5 million in 2012.

**Danish Carbon Fund**

The Danish Carbon Fund (DCF) is a private-public partnership that aims to mobilise new and additional resources to address climate change and promote sustainable development. The DCF became operational in January 2005 with an initial capitalization of EUR 26.4 million contributed in equal parts by four Fund Participants – the Royal Danish Ministry of Foreign Affairs and the Ministry of Environment and two private sector companies, Elsam Kraft A/S and ENERGI E2 – as a facility to purchase greenhouse gas (GHG) emission reductions (ERs). The fund's first tranche was subsequently opened to other Danish private sector entities.

By 30 June 2005, the DCF included three other participants: Aalborg Portland A/S, Maersk Olie og Gas A/S, and Nordjysk Elhandel A/S, and three of the original participants increased their contribution. In May 2008, it was agreed to increase the capitalisation of the DCF. The full capitalisation of the DCF now stands at EUR 89.985 million. The DCF was designed to purchase credits with the Clean Development Mechanism (CDM) and joint implementation mechanism under the Kyoto protocol. A portion of the DCF capital (USD 5.125 million) was committed to the World Bank's Community Development Carbon Fund (CDCF).

**Energy Sector Management Assistance Programme (ESMAP)**
ESMAP is a global knowledge and technical assistance programme established in 1983. It provides analytical and advisory services to low- and middle-income countries to increase their know-how and institutional capacity to achieve sustainable energy solutions for poverty reduction and economic growth. ESMAP is funded by 13 bilateral donors. ESMAP received previous grants from Denmark in 2005 (DKK 45 million) and 2010 (DKK 45 million). In 2012, the Climate Envelope made a contribution of DKK 73.4 million to support the SE4ALL programme, which forms part of the ESMAP business plan. In 2013, a further grant was made of DKK 53 million from other environmental contributions to support the ESMAP business plan, alongside a grant of DKK 27 million from the climate envelope to the ESMAP Fossil Fuel Subsidy Reform (FFSR) programme. This made Denmark the largest donor to ESMAP at that time.

A8: 1.3 Methodology

The sub-evaluation was based on a review of available documentation (project documents, ex-ante appraisals, and mid-term/ex-post evaluations). Interviews were undertaken with the relevant project managers and management within the World Bank, together with the responsible Danida project officers, and with other donors who participate in the World Bank programme governance structures.

A8: 2 Context

The World Bank (IBRD) was created in 1944 to help Europe rebuild after World War II. Today, the World Bank provides loans and other assistance primarily to middle income countries. The World Bank cooperates closely with the rest of the World Bank Group (International Finance Corporation, Multilateral Investment Guarantee Agency) to help developing countries reduce poverty, promote economic growth, and build prosperity. The IBRD is owned by the governments of its 188 member countries, which are represented by a 25-member board of five appointed and 20 elected Executive Directors.

The institution provides a combination of financial resources, knowledge and technical services, and strategic advice to developing countries, including middle-income and credit-worthy lower-income countries. Specifically, the IBRD supports long-term human and social development that private creditors do not finance, preserves borrowers' financial strength by providing support in times of crisis, when poor people are most adversely affected, promotes key policy and institutional reforms (such as safety net or anti-corruption reforms), creates a favourable investment climate to catalyse the provision of private capital and facilitates access to financial markets – often at more favourable terms than members can achieve on their own.
The World Bank Group works with middle-income countries simultaneously as clients, shareholders, and global actors. As this partnership evolves, the IBRD is providing innovative financial solutions, including financial products (loans, guarantees, and risk management products) and knowledge and advisory services (including on a reimbursable basis) to governments at both the national and subnational levels. IBRD finances projects across all sectors and provides technical support and expertise at various stages of a project. The IBRD’s financial products and services help countries build resilience to shocks by facilitating access to products that mitigate the negative impact of currency, interest rate, and commodity price volatility, natural disasters, and extreme weather.

Unlike commercial lending, the IBRD’s financing not only supplies borrowing countries with financing, but also serves as a vehicle for global knowledge transfer and technical assistance. Advisory services in public debt and asset management help governments, official sector institutions, and development organisations build institutional capacity to protect and expand financial resources. The IBRD supports government efforts to strengthen not only public financial management, but to also improve the investment climate, address service delivery bottlenecks, and other policy and institutional actions.

A recent reorganisation has seen the IBRD structured across a number of global practices, of which energy, environment and natural resources are two. Climate change is now a cross-cutting solutions area. There is now greater collaboration with the International Finance Corporation, with many policy staff focussing on climate issues being combined into the new units from across the organisation. Climate is being mainstreamed across the World Bank portfolio, both in terms of pursuing low carbon development investment opportunities, and ensuring that projects meet and promote best practice with regards to climate resilience.

The IBRD raises most of its funds in the world’s financial markets. In fact, in these markets, IBRD is known simply as the World Bank. This practice has allowed IBRD to provide more than USD 500 billion in loans to alleviate poverty around the world since 1946, with its shareholder governments paying in about USD 14 billion in capital. The IBRD has maintained a triple-A rating since 1959. Its high credit rating allows it to borrow at low cost and offer middle-income developing countries access to capital on favourable terms – in larger volumes, with longer maturities, and in a more sustainable manner than world financial markets typically provide. The IBRD earns income every year from the return on its equity and from the small margin it makes on lending. This pays for the IBRD's operating expenses, goes into reserves to strengthen the balance sheet, and provides an annual transfer of funds to IDA, the fund for the poorest countries.

Of Denmark’s approximately DKK 16 billion annual outlays for development assistance, roughly 30% is provided through multilateral channels, of which the World Bank Group accounts for roughly 15% – more than almost any other multilateral organisation. Denmark holds 0.76% of the shares and voting power of the World Bank Group and it contributed DKK
412 million per year to the IDA 16 replenishment (2012-14), supporting the world’s poorest countries through concessional loans and grants. Danish companies and consultancy firms supply about DKK 150–250 million worth of goods and services each year to World Bank-financed projects.

**A8: 3 Results/findings**

**A8: 3.1 Relevance**

**Finding 1:** The World Bank has been and remains a long-term partner for delivery of Danish development assistance and its priorities are well aligned with those of Denmark on climate change and green growth.

Denmark contributes to roughly 70 World Bank Group administered trust funds. Denmark’s trust fund portfolio – like that of most donors – has mostly evolved incrementally in response to political developments or proposals from the Bank, rather than having been designed strategically to support Denmark’s priority issues. Denmark has been a long-term supporter and shareholder of the World Bank. In December 2012, the Ministry of Foreign Affairs (MFA) published its third Organisational Strategy for the World Bank Group, covering the period 2013-17. The Strategy set out how the MFA would engage with the World Bank, and indicated an expected increase in the provision of development assistance through the World Bank over the period.

Green growth has been identified by the MFA as a particular area of intersection between Denmark and World Bank priorities. The MFA Organisational Strategy commits Denmark to “support the Bank and IFC to promote innovative and inclusive green growth strategies, in terms of smarter public policies and targeted private sector investment and advisory services”. Climate change was identified as one of the three key thematic areas (alongside gender and post-conflict situations) where Denmark would contribute to (innovative) trust funds and play an active role in the governance and advisory services. A number of Danish-supported trust funds are, however, well aligned with Danish priorities. Trust funds regarded as relevant included the Danish Carbon Fund, ESMAP, and the Forest Carbon Partnership Fund. The Bank is also very much engaged in the post-2015 discussions and the development of sustainable development goals. The World Bank Organisational Strategy 2013-17 recognises that the World Bank’s stance on environmental sustainability is largely aligned to Denmark’s strategy on green growth. It highlights that the Bank is at the forefront of a range of global environmental initiatives, noting its role as the trustee for the Climate Investment Funds and the Global Environment Facility.
Danish priorities have been identified as overlapping in three main areas: of which Climate Change is one, and energy and sustainable agriculture the others. On energy, the strategy recognises the World Bank focus on rural electrification and energy access, and its participation in the UN ‘Sustainable Energy for All’ initiative which calls for a doubling in volume of renewable energy power consumed and the rate of energy efficiency improvement. The Energy Sector Management Assistance Programme (ESMAP) is identified as having been successful in preparing the way for USD 8 billion in World Bank lending and investments. On climate change, the strategy calls for an improvement in mainstreaming of climate change into country operations, and notes the important role played by the World Bank as the trustee of the Multilateral Development Banks’ Climate Investment Fund (CIF), which has attracted grant and capital contributions of USD 7.2 billion and to which Denmark has been a significant donor.

Finding 2: The work financed under the Climate Envelope through the World Bank is highly relevant to Danish objectives and policies on climate change.

The majority of the programmes financed through the Climate Envelope and managed by the World Bank are highly relevant to Danish objectives on climate change. Denmark has a commitment to be an active supporter of multilateral mechanisms and solutions to the climate change issue as set out in the Danish Multilateral Cooperation Analysis (2013). Danish international climate development policy is to a great extent reflective of this multilateral approach. As such it is not surprising that there is a strong fit with the World Bank programmes. All of the programmes are broadly in line with the ‘Right to a Better Life’ strategy.

The Climate Investment Funds address the key focus on mitigation (both through energy and forestry), and adaptation in the most vulnerable countries. The PMR seeks to improve the policy environment, support more cost effective approaches to greenhouse case mitigation, and increase investment in low carbon development. The ESMAP contributions are in line with the Danish commitment to fossil fuel subsidy reform. SIDS DOCK could be seen as an exception as it has a greater focus on energy security and fossil fuel price exposure with mitigation and adaptation benefits being more indirect, although engagement with the SIDS is important in the context of the United Nations Framework Convention on Climate Change (UNFCCC) negotiations.

Finding 3: World Bank programmes are generally country-driven, with strong consultation and stakeholder-engagement processes and respond well to the international agenda on climate change.

Although the World Bank has been criticised for its limited country consultation and lack of engagement with national coordination mechanisms, the programmes funded through the climate envelope have generally followed a strong country-led approach. The programmes under the CIF (Pilot Programme for Climate Resilience (PPCR), Forest Investment Programme (FIP), and Scaling-up Renewable Energy in Low Income Countries Programme (SREP)) are led by
country strategies that are developed between the host government and the relevant multilateral development banks (MDBs). For the CIFs, the focus on in-country engagement is regarded as a strength, but may also to some extent have slowed programme implementation. The PMR also follows a country-led strategy, with each participant receiving a grant to develop country-level proposals for financing. A survey of participant PMR countries indicated that the partnership was highly relevant to their needs.

The Climate Investment Funds (CIFs), of which the FIP, the SREP, and the PPCR are components, were developed as an interim financing structure in the absence of an international political agreement on climate change and an associated global financing mechanism. As such, they have become a core part of the international climate finance architecture, with financial commitments from a large number of donor countries. The thematics are in line with the core agenda on climate change (renewable energy and energy efficiency, forestry, and climate adaptation). The PMR is aimed at providing the major emitting countries with a technical policy forum in which they can discuss technical approaches to mitigation and finance in parallel to the mainstream UNFCCC negotiations, allowing them to become comfortable with the feasibility of making commitments through their National Offers. It also supports the move towards sectoral financing mechanisms as indicated at the Durban Conference of the Parties (COP 17). The PMR has been identified as being far more participatory in terms of its governance arrangements and procedures than other similar mechanisms.

While climate change has tended to be siloed within programmatic structures, the World Bank is also supporting the development of cross-cutting approaches to addressing climate change, such as the ESMAP work across the Bank on the agriculture-water-energy nexus, and this will be important in relation to the design and implementation of climate change programmes going forward.

A8: 3.2 Efficiency

Finding 4: The World Bank is rated highly by the MFA and others as a development assistance agency and this was a key factor in the allocation of Climate Envelope funds.

The World Bank Group has received strong evaluations from the Department for International Development (DFID)’s Multilateral Aid Review (2011) which was regularly quoted by Danish officials during the evaluation, and in the Multilateral Organisation Performance Assessment Network (MOPAN) assessment (2012), of which Denmark is a member. The MFA also undertook multilateral cooperation reviews in 2012 and 2013 which both assessed the World Bank as one of the most efficient institutions receiving Danish funding. The MFA Danida staff report that decisions to fund World Bank managed programmes from the Climate Envelope were guided to a great extent by the trust placed by Danida in the institution and its previous track record of programme management and delivery.
Finding 5: The management of Climate Envelope programmes implemented by the World Bank has been moderately efficient and with operational synergies exploited where possible.

One of the key reasons for Denmark using the World Bank as a partner is its ability to achieve economies of scale and management efficiencies, although it has in the past been criticised for its bureaucratic procedures. The CIFs remain among the largest climate funds in the world and the World Bank and the partner MDBs are able to use their country networks and infrastructure to support project implementation. The use of a shared secretariat for the PPCR, the FIP and the SREP programmes has allowed a level of cost sharing between otherwise large programmes that would normally be supported through separate administrative structures. Likewise, the transfer of the SIDS DOCK programme to management by the ESMAP team has allowed for some operational efficiencies between the management of these two programmes.

The PMR offers donors a centralised technical assistance platform allowing the sharing of costs. However, there is evidence that some World Bank managed programmes have been relatively slow to disburse. For example, by late 2014, the PPCR had only disbursed USD 60.7 million from total programme commitments of USD 1.2 billion. The FIP has also been slow to disburse, with only USD 11.6 million in disbursements as of June 2014, against commitments in excess of USD 600 million. These delays to some extent represent the complexity of the projects involved, and the high level of country-level engagement in designing and approving investment plans.

Finding 6: There is little evidence that other options were considered for implementation, or that Value for Money (VFM) assessment was undertaken in programme design and partner selection.

There is little evidence of VFM considerations in the decision by the Government of Denmark to participate in World Bank programmes. In general, the World Bank uses standardised charge rates for multi-donor trust funds and it is not usually possible for individual donors to negotiate. For example, the PMR applies a 1% administrative fee, and an 8% management and administration charge which are considered to be reasonable by donors. These rates are regularly benchmarked by the World Bank and the cost base forms part of the ongoing discussion between shareholders, donors and the executive, although some Danida staff feel that transparency around the cost base could be improved.

There is also little evidence that other programme options were considered as alternatives to contributions to World Bank programmes, although there were decisions to finance similar programmes in parallel where the effectiveness of the mechanisms was untested (e.g. in forestry with the decision to finance both UN-REDD and the FIP). In respect of the CIFs, Danida staff report the facility as offering the only realistic opportunity to follow through on Denmark’s commitment to the fast-start period and to scaling up climate finance. Likewise, the PMR and the ESMAP offered Denmark the most suitable multilateral platforms to engage on priority
thematic areas such as carbon finance and fossil fuel subsidy reform. The choice of the World Bank as a development partner for the Climate Envelope reflects its role as a preferred partner as set out in the Multilateral Development Cooperation Analysis (2013) and the World Bank Organisational Strategy (2012), and the identified overlap on climate change and energy issues.

Finding 7: There is little evidence of synergies or cooperation with other Climate Envelope activities from a delivery perspective.

There is some evidence that activities financed through the World Bank have achieved synergies with other Climate Envelope-financed programmes. One notable is the work in forestry, where the Forest Investment Programme has increasingly aligned its operations with the work of UN-REDD and the Forest Carbon Partnership Facility. These programmes are increasingly supporting country-level alignment. Another example is the linkages between the support to the ESMP and the work on energy access (Sustainable Energy for All (SE4ALL)) and fossil fuel subsidy reform (International Energy Agency (IEA), International Institute for Sustainable Development (IISD)), which have been financed as part of the same envelope. Elsewhere, the PMR maintains close links with the Danish Energy Agency Low Carbon Transition Unit (LCTU) which represents Denmark in the PMR governance structures, and information about Danish mitigation policies and measures is presented on the PMR website.

A8: 3.3 Effectiveness

Finding 8: The World Bank has made good use of results frameworks, logframes, and evaluation to measure the effectiveness of its programmes.

The World Bank makes extensive use of results frameworks and logframes for its programmes and this is true of those financed through the Climate Envelope. The results frameworks have in some cases been criticised for being too complex (e.g. CIFs), with efforts made to simplify and streamline them to improve country-level reporting during programme implementation. Other frameworks have been developed as part of programme implementation. For example, the PMR results framework was endorsed after Denmark made its financial contribution. Denmark has consistently pushed for the improved use of results frameworks and monitoring within World Bank programmes. At an institutional level, Denmark uses the World Bank Scorecard to report on progress on a number of indicators of which a small number are relevant to climate change (e.g. emission reductions per year).

Finding 9: The programmes financed through the World Bank have been relatively slow in implementation and it is too early to make a judgement on their effectiveness.

It is challenging to judge the effectiveness of the World Bank-financed programmes due to the relatively slow pace of their implementation, a strong focus on upstream preparatory work and pipeline development, and the lack of tangible downstream results to date.
That is not to say that the upstream planning and project preparation work has not been effective. For example, by late 2014, 73% of the PPCR budget had been approved by the PPCR sub-committee and 67% by the MDB investment committees. This means that a significant proportion of projects are now under implementation but have not yet achieved results. Within the PMR, all 17 Implementing Country Participants have presented frameworks outlining anticipated PMR activities and have been allocated USD 350,000 each in preparation phase funding to prepare Market Readiness Proposals (MRPs). Twelve countries – Brazil, Chile, China, Colombia, Costa Rica, Indonesia, Mexico, Morocco, Thailand, Turkey, Ukraine, and Vietnam – have finalised an MRP and received implementation phase funding to implement the activities outlined in the MRP. It is expected that all 17 implementing countries will have completed draft MRPs by mid-2015.

Finding 10: The World Bank programmes are beginning to report on outcomes, but these tend to be ‘expected’, either due to policy development or as a result of planned investments.

Although implementation has generally been slow, within some programmes expected outcomes are now being reported on the basis of country investment plans and other proposals. For example, the CIFs countries are now reporting against their expected outcomes under the new results framework. For example, under the PPCR, more than 15 million people are expected to cope better with the effects of climate change and more than 200,000 are already experiencing increased resilience as a result of programme implementation.

Results are also being reported in relation to institutional or policy development. The PPCR reports that pilot countries have strengthened or established multi-sectoral coordination units to discuss and make informed decisions on the use of financial resources in support of a climate-resilient, low-carbon development path. The PPCR reports national policy strengthening around adaptation in St Lucia, Tajikistan, and Niger. From a transformational perspective, approaches developed under the CIFs are being used elsewhere in World Bank operations. For example, the approach piloted through the PPCR using country-led multi-sectoral plans and investments for managing climate and disaster risk will be used by the International Development Association (IDA) in at least 25 additional countries.

Finding 11: The World Bank has made co-financing a core strategy, with some promising early results, but it is not clear how much might be properly classified as additional leverage.

The World Bank programmes have a strong focus on leveraging of additional funds being a key outcome indicator. For example, the PPCR reports co-finance and leverage of 1.6:1 in terms of co-finance to programme funds, with SREP reporting up to 8:1 as a ratio. In addition to pilot country governments and MDBs, major co-financing partners to the PPCR include: the Bill and Melinda Gates Foundation, the Global Facility for Disaster Risk Reduction, the Global
Agriculture and Food Security Program, the Global Environment Facility, the Global Disaster Risk Reduction Facility, and bilateral partners from Australia, Korea, Norway, and the United Kingdom.

It is apparent that the largest co-financing partner for CIF projects and programmes are the MDBs themselves. This is consistent with the mandate of the CIFs to build on existing or planned MDB operations and to use CIF resources to further enhance these operations in a way that they go above and beyond business-as-usual (principle of ‘additionality’). Most CIF operations are blended or use CIF resources to add to a MDB project in implementation. The ranges of co-finance and leverage ratios across projects within each sector vary rather greatly depending on sector and type of investment. The question of co-finance versus leverage is explored in more detail in a separate sub-evaluation, but the evaluation feels that further work is required by the CIFs and other programmes to define more clearly what might be considered leverage (i.e. the ability to attract new and additional funds for climate change purposes).

**Finding 12:** There is little evidence of Danish involvement in delivery of World Bank programmes, but strong evidence of engagement with non-Danish implementing partners and South-South engagement.

There is little evidence of Danish participation in World Bank projects financed through the Climate Envelope. No evidence was identified of large Danish technical or financial engagement, with the exception of the Danish Carbon Fund, which brought in private sector capital from a number of Danish investors (Elsam Kraft A/S, ENERGI E2 (now merged into DONG Energy A/S), Aalborg Portland A/S, Maersk Olie og Gas A/S) to purchase greenhouse gas emissions credits. All programmes are making use of strong international delivery networks (both consultancy and technical), including good use of South-South cooperation.

**Finding 13:** It is too early to assess the overall impact of World Bank projects but positive results are beginning to emerge.

World Bank-financed climate programmes are generally long-term and ambitious in scale, reflecting the organisation’s role as a global multilateral platform. It is too early to say how well impacts will be achieved and under what timescales, but indications are that impacts are likely to be positive. This is particularly true in relation to achieving policy and market level change. For example, the PMR is regarded as successfully fostering political will and enhancing local capacities in a clear, direct and innovative way that responds to country-level demand. However, the ultimate effectiveness of these programmes is strongly tied to a range of factors, both national (market, policy) and international (negotiations, finance), that are not fully within the control of the respective programmes. The World Bank does have results and monitoring frameworks (e.g. PPCR monitoring toolkit, PMR results framework), but it is not clear if monitoring will continue ex-post to assess the impact and transformational effect of World Bank
activities over time. Impacts are therefore likely to be difficult to directly attribute to World Bank programmes.

**Finding 14:** Denmark generally is seen as being more influential than the scale of its financial contributions, with a particular focus on promoting Danish Development objectives.

Denmark has generally been an early supporter of the multilateral initiatives financed through the World Bank. As such, it has some claim to have acted as a catalytic founding partner, providing confidence to other donors to provide finance and contributing to the success of the initiatives. Denmark is present in a range of governance structures. For example, Denmark shares a seat with Switzerland in the overall Strategic Climate Funds Trust Fund Committee, a seat with Spain in the FIP sub-committee, a seat with Norway on the PPCR sub-committee, and a seat with Switzerland on the SREP sub-committee.

Denmark’s contributions (e.g. to the CIF and PMR), while significant in terms of the Climate Envelope, remain relatively small from the perspective of the World Bank programmes themselves, and broadly in line with what might be expected given the relative size of the Danish economy. As such, Denmark has not tended to play a leading role in the governance of these initiatives (although there are equal voting rights irrespective of contribution). For example, Denmark was not a founding donor to the PMR and its contribution represents approximately 4% of total funding. The exceptions are SIDS DOCK, where Denmark was the founding donor, the ESMAP (where Denmark remains among one of the two largest donors), and the Danish Carbon Fund (where Denmark was the sole provider of public capital alongside Danish private investors).

An independent review undertaken as part of the third World Bank Organisational Strategy concluded that Denmark has had more influence on the Bank Group than its modest financial role would predict. Several programme managers noted that in some cases, Denmark’s relatively modest contributions had allowed significant political access over a number of years. Denmark’s influence had been particularly effective due to its supporting a few clear development themes over time and has chosen high-priority issues around which to build consensus. Gender equity, support to fragile states, environmental sustainability, private sector development, governance and transparency, and results focus are issues about which Denmark has had a demonstrable effect on the World Bank’s priorities.

Stakeholders consulted unanimously confirmed this finding, citing the consistent focus on gender, Least Developed Countries and indigenous peoples in the context of programme steering committees and governance structures. The review also noted that Denmark had made less progress on climate change and renewable energy, for example the role of the World Bank in relation to the Green Climate Fund.
Finding 15: World Bank programme staff have expressed some concern that the Danish Government is not sufficiently resourced to fully engage with the programmes it finances.

Programme managers at the World Bank report that Denmark has been a broadly reliable and supportive partner, attending the relevant governance and oversight meetings for the projects that it supports. However, inputs and responses from Denmark to ongoing implementation (for example in relation to commenting on country investment plans or other documentation sent out for consultation between governance meetings) is less common. Denmark is seen as less engaged than some other donors in this respect. While this might be expected in comparison to larger donors (United States, Germany, United Kingdom), World Bank project managers also drew the comparison with similar sized countries (e.g. Switzerland, Sweden) who were considered in some cases more engaged and vocal than Danish representatives. Some project managers also noted that Danish technical staff attendance at meetings has also been reduced over the last year, with Washington-based Danish MFA representatives being present in place of technical experts from the Green Growth department.

Finding 16: Denmark’s influence is much greater where its share of contribution is higher, and where it can have more influence over programme design and implementation.

There are some exceptions. The ESMAP provides a good case study for how Denmark can take a strategic position in relation to a World Bank-financed programme. Denmark has consistently been the first or second largest donor to the ESMAP programme over the last four years. Denmark has at the same time contributed significant staff time to cooperating with the ESMAP. As a result, Denmark has been able to influence the thematic focus of the ESMAP programme. It has also committed a higher level of internal resources to engaging with the ESMAP team on a regular basis, and has participated in the programme’s knowledge management and outreach (e.g. facilitating the ESMAP Copenhagen meeting in October 2014).

A8: 3.5 Sustainability

Finding 17: It is too early to make an assessment with regard to the long-term sustainability of World Bank programmes due to the slow nature of the implementation activities.

Given the relatively slow pace of disbursement and implementation of the various World Bank programmes, it is too early to say whether the activities implemented and investments made through the World Bank are likely to result in long-term transformational change. There is some expectation that the country planning processes and investment frameworks put in place by the CIFs will enable developing countries to better manage mitigation, adaptation, and forestry related investments going forward. The PMR is predicated on encouraging national governments
to develop policies and innovate around mitigation finance in parallel to the international negotiations. It will require more time to understand whether these activities will be achieved in a sustainable manner.

**Finding 18:** The sustainability of programme impacts is largely dependent on the World Bank being able to integrate its experience into the emerging climate fund architecture.

With the emergence of the Green Climate Fund (GCF), much of the role played by the World Bank in terms of scaling climate finance is likely to be assumed by the new body, with the World Bank becoming one of many accredited agencies for programme implementation under the Fund. For example, the Climate Investment Funds (CIFs) contain a sunset clause that will be activated once the GCF is operational and donors are comfortable that it can achieve financial flows at a scale similar or greater to that of the CIFs. As such, the long-term value of the CIFs (beyond the country-level impacts of climate investment and policy development) lies with its ability to transfer its learning to the GCF, with the aim of helping avoid some of the challenges and delays encountered by the World Bank during programme development (slow pipeline development; over complicated results frameworks). The challenge will be to ensure that this learning can be transferred in an effective way.

**Finding 19:** There is some evidence of lesson capture and knowledge sharing by World Bank-managed programmes, although this is likely to increase over time as implementation advances.

The evaluation finds that World Bank programmes have been moderately successful at capturing and disseminating knowledge within the programme among the project partners. Knowledge products have been more successful for some programmes than others. For the CIFs, implementation is still at an early phase and as a result, knowledge products have tended to focus on planning and capacity building processes (e.g. from Phase 1 of the PPCR). The PMR has already generated a number of knowledge products in relation to financing and policy mechanisms and disseminated these among its country partners and through its website.

**Finding 20:** There is weak evidence that learning and knowledge generated by the programme is being integrated into Danish policymaking and programming.

With the exception of the ESMAP programme, where there is a strong level of engagement, there is weak evidence that Denmark is capturing and incorporating lessons learned from World Bank programmes into Danish policy and programming. Knowledge capture tends to be informal around key themes.

**A8: 4 Conclusions**
The evaluation draws the following conclusions:

- **Conclusion 1:** The World Bank has offered Denmark a highly relevant platform with which to take forward national priorities on climate change. This platform has been global in scale and is multilateral in nature, with the participation of a large range of donors and international bodies. The World Bank infrastructure has been particularly useful in the absence of a negotiated UNFCCC agreement, and given the uncertainty around the establishment of the Green Climate Fund. World Bank programmes have responded well to both international priorities and national level demands with strong evidence of stakeholder engagement, even where this has slowed implementation. Denmark is regarded as a supportive donor and been particularly effective at increasing the relevance of the Bank’s portfolio by promoting its national development agenda around gender, indigenous peoples, and fragile states.

- **Conclusion 2:** The World Bank has offered an element of value for money and efficiency in relation to management of the climate envelope, using shared secretariat facilities across programmes, and being able to make use of its country network for implementation. However, there is little evidence of value for money assessment in Danida programme selection and design. The efficiency with which programmes have been implemented has also been mixed, with delays in disbursement, and slower than expected stakeholder-led processes, but it is expected that this will now accelerate with country-level investment programmes in place across the portfolio. While Denmark is regarded as engaged in the context of annual governance meetings, there are some concerns among Bank staff that the MFA is not sufficiently resourced to be able to fully engage with the ongoing programme activities (such as reviewing country investment proposals). Denmark has typically taken a position of trusting the Bank as an implementing partner and ceding oversight to larger and better-resourced donors.

- **Conclusion 3:** The scope and scale of World Bank managed programmes means that it is too early to judge the effectiveness of the World Bank Climate Envelope programmes. To date, most of the achievements have been upstream through the preparation of country investment plans or market readiness proposals, and the programmes are only now beginning to be implemented at scale. Reported outcomes relate therefore either to upstream policy development and capacity building, or the expected achievements from the approved investments plans. Results frameworks and reporting processes are robust and will capture outcome level indicators as they emerge.

- **Conclusion 4:** Given the limited outcomes, it is also too early to identify significant impacts from the World Bank portfolio. However, given the preparatory stage is now complete for both the CIFs and PMR, it can reasonably be expected that there will be significant impacts going forward given the programme goals and scale of finance mobilised. However, the ultimate results of the World Bank programmes are strongly tied to a range of factors, both national (market, policy) and international (negotiations, finance) which may not be fully within the World Bank’s control. Impacts are therefore
likely to be difficult to directly attribute to World Bank programmatic activities. In terms of overall attribution of results to Denmark, the country has generally been an early supporter of the World Bank’s climate initiatives, but its financial contributions remain small in the context of overall Bank funding. When combined with the limited level of engagement, it is difficult to make the case that results will be attributable beyond Denmark’s share of financing. The exception is the ESMAP, where Denmark has taken a much larger share of finance and pursued a more proactive agenda.

Conclusion 5: The long-term sustainability of the results delivered through the World Bank programmes remains unclear, although there is a growing evidence base of transformational change occurring at national level through improved climate policy development and investment programming. At an international level, a significant element of sustainability will lie in the capacity of the Bank to transfer lessons learned to the emerging finance architecture of the GCF. While knowledge management and lesson learning is a core focus of the Bank’s portfolio, there is little evidence that the Danish Government is capturing lessons arising from programme implementation in a systematic way in order to feed these into ongoing policy development and programming decisions.

A8: 5 Indicative recommendations

- Indicative Recommendation 1: The Danish Government should be more explicit in its strategy towards participating in large multilateral climate funds and programmes such as those managed by the World Bank. Denmark has a stated commitment to supporting the multilateral architecture. Its participation across a wide set of initiatives sends a strong political signal to others, as well as providing Denmark with a level of political capital and the opportunity to engage at scale. However, such an approach carries with it an implicit acceptance that such funds are likely to be less innovative than some bilateral initiatives, that Denmark’s influence will be less catalytic, and that attribution of results to Denmark is unlikely to be greater than its pro-rata share of finance.

- Indicative Recommendation 2: The Danish Government could nonetheless be more proactive in its engagement with the ongoing implementation of larger World Bank projects, particularly given the share of climate envelope funding that the World Bank receives. Instead, it plays a more passive governance role, preferring to outsource management to larger donors. There are clear lessons for informing Denmark’s engagement with the Green Climate Fund in this regard, with the danger that the current active level of Danish engagement declines once the Fund is operational.

- Indicative Recommendation 3: Where possible, the Danish Government should consider concentrating its resources into programmes and thematic areas where it considers it can add value. It has done this with the ESMAP, providing both a large share
of financial resources and significant staff time. The result is that Denmark has considerable influence, has driven the agenda for ESMAP and can claim a high level of attribution for results. Consideration should be given to other thematic areas where Denmark might engage with the World Bank and with similar multilateral partners in a similarly focussed and innovative manner. This will be particularly important as the Green Climate Fund begins to assume some of the climate finance aggregation role previously played by other institutions.

- **Indicative Recommendation 4:** The Danish Government should ensure that lessons emerging from World Bank programmes are captured and used in an integrated way, and that split institutional responsibilities particularly for low carbon programmes (e.g. the MFA managing the World Bank relationship on SREP, and the MCEB managing PMR) does not impede the integrity of the knowledge management approach.

**A8: Annex 1: Interviews**

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<td>Climate and Environment Department</td>
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<td>Michael Linddal</td>
<td>MFA Consultant</td>
<td>Linddal Consulting Aps.</td>
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<td>Anders Ørnemark</td>
<td>Minister Counsellor for Development, Danish Embassy Washington</td>
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<td>Christoffer Bertelsen</td>
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<td>Jakob Haugaard</td>
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<td>Jakob Roglid Jakobsen</td>
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<td>Jens Lorentzen</td>
<td>Senior Technical Advisor, Technical Advisory Services (TAS)</td>
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<td>Adrien de Bassompierre</td>
<td>Senior Carbon Finance Specialist, PMR</td>
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<td>Ani Balabanyan</td>
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<td>Bipul Singh</td>
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<td>Charles J Cormier</td>
<td>Practice Manager, Energy, MENA Region</td>
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<td>Christine Roehrer</td>
<td>Senior Monitoring &amp; Evaluation Specialist, CIF</td>
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<td>Dejan R Ostojic</td>
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<td>Miki Endo</td>
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<td>Zhihong Zhang</td>
<td>Senior Programme Coordinator, CTF and Scaling up Renewable Energy Program (SREP), CIF</td>
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Annex 9: Thematic (Climate Finance) Sub-Evaluation

A9: 1 Introduction

A9: 1.1 Objective of the evaluation

This thematic sub-evaluation on climate finance explores the coherence and effectiveness of Danish support to building the international climate finance architecture, supporting national climate finance efforts, and leveraging additional funds to help meet the USD 100 billion per annum target by 2020. The sub-evaluation seeks to answer the following questions:

Relevance

- What is Denmark’s strategy towards mobilising climate finance and how has this developed since 2005?
- How consistent and coherent are Denmark’s efforts in:
  - supporting the international climate architecture?
  - establishing climate finance capacity in developing countries?
  - leveraging third-party funds in its climate portfolio?
  - supporting innovative financing structures (for both public and private sectors)?

Efficiency

- How efficient have Danish efforts been in sourcing and developing climate finance projects?
- What have been the key operational barriers to developing a strong climate finance portfolio?

Effectiveness

- How does Denmark measure value for money of climate finance efforts (e.g. flows, leverage effects)?
- How effective have Danish efforts been in:
  - supporting the international climate architecture?
  - establishing climate-finance capacity in developing countries?
  - leveraging third-party funds in project portfolio?
  - supporting innovative financing structures (for both public and private sectors)?

Impact
• Is there evidence that climate finance outcomes have resulted in transformational impacts by:
  o encouraging the longer-term commitment and scale-up of other public funds?
  o crowding in private sector finance?
  o building sustainable climate-finance markets in a specific sector or region?
• Is there evidence that Denmark has achieved influence or results beyond the pro-rata provision of finance?

Sustainability

• How are results fed into the development of future climate-finance strategy and programme approaches?

A9: 1.2 Scope of the evaluation

A number of projects from the evaluation portfolio with specific climate finance relevance have been identified to form the core of this sub-evaluation. These include both those projects where Denmark has capitalised or supported the development of an international climate fund, as well as those where it has supported national climate-finance policy or innovation around specific instruments. A summary of the projects is set out below (in chronological order of first investment):


The Least Developed Countries Fund (LDCF) was established to address the special needs of the Least Developed Countries (LDCs) under the United Nations Framework Convention on Climate Change (UNFCCC). Specifically, the LDCF was tasked with financing the preparation and implementation of National Adaptation Programmes of Action (NAPAs). NAPAs use existing information to identify a country’s priorities for adaptation actions. Consistent with the findings of the NAPAs, the LDCF focuses on reducing the vulnerability of those sectors and resources that are central to development and livelihoods. These sectors include: water; agriculture and food security; health; disaster risk management and prevention; infrastructure; and fragile ecosystems. In addition, NAPA implementation projects under the LDCF are designed entirely in accordance with country priorities and executed by national stakeholders, and involving active participation of vulnerable communities. This grant is one of four made by Denmark to the LDCF since 2002, totalling DKK 221.4m.

Danish Carbon Fund (2005):

The Danish Carbon Fund (DCF) is a private–public partnership that aims to mobilise new and additional resources to address climate change and promote sustainable development. The DCF was designed to purchase credits with the clean development mechanism and joint implementation mechanisms under the Kyoto protocol. A portion of the DCF capital (USD
5.125 million) was committed to the World Bank's Community Development Carbon Fund (CDCF). The DCF became operational in January 2005 with an initial capitalization of EUR 26.4 million contributed in equal parts by four Fund Participants – the Royal Danish Ministry of Foreign Affairs and the Ministry of Environment and two private sector companies, Elsam Kraft A.S. and ENERGI E2. The fund was subsequently opened to other private sector entities, and closed at EUR 90 million in 2008.

**Climate Investment Funds (2009, 2010, 2012)**

The USD 7.6 billion Climate Investment Funds, managed by a secretariat in the World Bank, aim to provide a platform for scaling climate finance across a number of thematic areas (sustainable energy; adaptation; forestry). Together, the funds are providing 63 developing and middle-income countries with resources to mitigate and manage the challenges of climate change and reduce their greenhouse gas emissions. Denmark has made a total of six contributions totalling more than DKK 230 million to three of the four funds – the Pilot Programme for Climate Resilience (PPCR), the Forest Investment Programme (FIP), and the Scaling-up Renewable Energy in Low Income Countries Programme (SREP). The Climate Investment Funds have been the largest climate finance platform established to date and have offered an interim financing solution in the absence of an agreed climate finance structure.

**Global Climate Partnership Fund (2011, 2014)**

The Global Climate Partnership Fund (GCPF) contributes to a reduction of greenhouse gas (GHG) emissions by providing financing on commercially viable terms to small-scale energy efficiency and renewable energy investments in OECD/DAC countries with a focus on middle-income emerging economies. It does this primarily through loans via financial intermediaries although direct investments are also possible. The fund was established in 2010 by the KfW banking group and the German Ministry of Environment (GMoE). It offers shares to eligible investors (both public and private), and funds are managed by an investment manager.

Shares are divided into three classes, with **A-Shares** intended to be held by private and institutional investors and having first call on dividends, **B-Shares** by development finance institutions (KfW, International Finance Corporation, Austrian Development Bank), and **C-Shares** by donors (Denmark, Germany UK). C-Shares can be reported as overseas development assistance (ODA) as they do not provide a commercial dividend to the shareholder and returns support a technical assistance facility. Denmark does not have a board seat on the GCPF. The GCPF has received two grants from the Climate Envelope totalling DKK 65 million in 2011 and 2014.

**Partnership for Market Readiness 104.G.15-10 (2012)**

The Partnership for Market Readiness (PMR) is designed to bring together developed and developing countries by way of a platform for sharing experiences, to foster new and innovative
market-based instruments (e.g. carbon markets), and to build market-readiness capacity for countries to scale up climate change mitigation efforts. The PMR is designed to be a country-led initiative, with the implementing countries setting forth their own activities and plan for funding and implementation. The PMR is a grant-based global partnership mechanism. The PMR provides grant funding for market-readiness activities; to pilot and test new concepts for market instruments (e.g. carbon pricing, emissions trading, crediting mechanisms, and carbon taxes); to provide a platform for technical discussions; and to share best practice. Most of the major economies are participants. The PMR received one grant from the Climate Envelope of DKK 29.5 million in 2012.

**Danish Climate Investment Fund (2012, 2013)**

The Danish Government has established a climate investment fund to promote climate investments in developing countries and emerging markets, thereby contributing to reducing global warming and promoting transfer of Danish climate technology. The fund offers share capital to establish companies in collaboration with Danish businesses, or co-invests in major climate projects which include Danish technology and know-how. IFU, an investment fund for developing countries, is the fund manager of the Danish Climate Investment Fund (DCIF).

The fund was established as part of the Danish contribution to the international commitment to mobilising USD 100 billion annually from 2020, and in particular encouraging private sector investment. The DCIF has mobilised DKK 1.3 billion of public and private funds, of which the Danish Government and IFU have provided DKK 525 million (from both Climate Envelope and other contributions from the aid budget). Pension funds, investment funds, and foundations have provided a further DKK 775 million. The fund is expected to participate in investments with a total value of between DKK 8–10 billion.

**NAMA Facility (2014)**

The NAMA Facility established in 2013 is a UK–German partnership to finance Nationally Appropriate Mitigation Actions (NAMAs) in developing countries. The Green Climate Fund will become the main facility for financing NAMAs, but in the interim, the NAMA Facility remains one of the few options for direct support. The NAMA Facility selects its funding proposals through a competitive bidding process among countries. Technical assistance is provided, together with grants and loans for implementation. Three calls for developing country bids have been made to date, with a fourth expected in 2015-16. The UK and Germany have contributed EUR 119 million with both countries pledging additional funding for 2015/2016. Denmark joined the NAMA Facility as an additional donor providing financing amounting to DKK 73.8 million in 2014, together with the European Commission, which pledged EUR 15 million. The Climate Envelope 2015 is expected to provide further funding from the 2015 Climate Envelope which will be used towards a fourth call to be announced in 2015/2016.
Global Innovation Lab for Climate Finance (2015)

The Danish Government is proposing to support the Global Innovation Lab for Climate Finance (The Lab) and the Inter-American Development Bank (IADB) to develop and pilot test the Energy Savings Insurance (ESI) instrument that aims to overcome key financing barriers encountered by companies when investing in energy efficiency measures. The programme will develop an insurance model that underwrites minimum savings estimated for specifically defined energy efficiency measures. The project aims to overcome investor perceptions around risk and payback on energy efficiency measures. The model will be tested by IADB in Mexico, with a view to scaling up across Latin America, and through global outreach to other multilateral development banks globally.

In addition, Denmark has funded a number of other climate-related projects outside the Climate Envelope. These include a contribution to the Sustainable Energy Fund for Africa (SEFA). Danida has invested USD 55 million in the African Development Bank administered fund. This fund can make grants or equity to renewable energy projects, and has taken a position in the new African Renewable Energy Fund, which is managed as a private equity fund. Danida has also made an increased contribution to the Global Environment Facility (GEF) of USD 79.88 million for the Sixth Replenishment.

A9: 1.3 Methodology

The sub-evaluation was based on a review of available documentation (project documents, ex-ante appraisals, and mid-term/ex-post evaluations). Interviews were undertaken with the relevant project managers and management within the partner institutions, together with the responsible Danida project officers.

A9: 2 Context

Denmark has long had a commitment to support efforts to scale up climate finance. The country’s position on climate finance is set out across a number of strategic frameworks. The 2012 ‘right to a better life’ strategy discusses promoting financial solutions to energy and climate change. The 2013 ‘green growth for all’ strategy recognises Denmark’s commitment to supporting the Green Climate Fund and the GEF Sixth Replenishment. In the interim, it sets out a Danish commitment to provide support through other interim climate funds, such as the Climate Investment Funds. The strategy identifies that overseas development assistance will not be sufficient to meet financing challenges, and that it should be used as a catalyst for scaling up funds. It calls for new innovative sources of finance and incentives to support mobilising private sector funds and cites the Danish Climate Investment Fund in this regard. The strategy also calls for innovative approaches to developing at country level to scale up finance for green growth. In
terms of energy, the strategy has a particular focus on fossil fuel subsidy reform, together with investments in sustainable energy through the main climate funds.

Denmark has also been engaged in the international dialogue of climate finance. For example, in October 2013, Denmark hosted a high-level meeting on the topic with the UN Secretary General. At the summit, developed and developing countries and private sector representatives examined how governments can mobilise private climate finance through the enhancement of enabling environments and the use of financial instruments. At COP 19 of the same year, the MCEB minister chaired the High Level Dialogue on Climate Finance.

In December 2014, Denmark published its Organisational Strategy for the Green Climate Fund. The Green Climate Fund (GCF) plays a central role in Denmark’s climate finance strategy going forward, and Denmark has consistently supported the development of a global financing mechanism in the UNFCCC negotiations. Denmark shares a board seat with the Netherlands on the GCF. A team consisting of staff from the Danish Ministry of Finance, the MCEB and the MFA advises the Danish representative on the GCF Board. The GCF has thematic funding windows for mitigation and adaptation and will also have a private sector facility that will allow it to directly and indirectly finance private sector activities. The GCF will not ‘crowd out’ potential financing from other public and private sources by monitoring its concessionality, and only revenue-generating activities that are financially robust will be supported through loans. It is envisaged that the majority of funds provided will be grants.

The GCF mobilised USD 9.3 billion at its first funding conference in late 2014, and is seeking contributions from both developed and developing countries, together with private institutional investors and foundations. Denmark and the Netherlands have worked to contribute to the principles for the private sector facility, and to promote transparency and reasonable administrative policies. Denmark has committed DKK 300 million from the Climate Envelope (split evenly between the two frames, and another DKK 100 million from other environmental contributions).

A9: 3 Findings

A9: 3.1 Relevance

This chapter explores Denmark’s strategy towards climate finance in terms of its coherence and consistency over time. The evaluation has the following findings:
Finding 1: Denmark has a strong commitment to climate finance, with a broad range of initiatives, but lacks a detailed strategy in relation to using its funds in a catalytic way.

Denmark has made a clear commitment towards supporting the scaling-up of international climate finance. This reflects international commitments made in the Copenhagen Accord to scale up funding. This was further operationalised at COP 16 in Cancun by a commitment from industrialised countries to mobilise funds equivalent to USD 100 billion per year by 2020 from both public and private sources. The Climate Envelope evolved to become the vehicle to meet Denmark’s fast-start commitment. Denmark has also been an early supporter of the Green Climate Fund (also adopted in COP 16), which is intended to be the main fund for supporting global climate change finance.

Denmark’s activities in relation to climate finance can be broadly categorised as follows:

- **Supporting interim global finance mechanisms**: This involves providing funds to global climate finance (Climate Investment Funds, Least Developed Countries Fund (LDCF), NAMA Facility, small island developing states (SIDS DOCK)) as the political negotiations have progressed, and more recently to the Green Climate Fund;
- **Providing assistance to climate finance capacity in developing countries**: This has been done both through developing in-country programmes whether through multilateral (Partnership for Market Readiness) or bilateral channels (country programmes);
- **Using Danish public capital to attract and leverage third party finance**: Denmark has deployed public capital with the aim of encouraging other public and private institutional investors to make commercially viable investments (Danish Carbon Fund, Global Climate Partnership Fund, Danish Climate Investment Fund);
- **Undertaking innovation around risk sharing**: Denmark has used funds to support the design and development of new mechanisms that address clear market failures and support the sharing of risk (Global Innovation Lab for Climate Finance).

However, Denmark’s strategy in relation to climate finance – particularly within the Climate Envelope – remains poorly defined. There is a high-level commitment to support the international climate finance architecture and to mobilise finance, but little detail on how this should best be pursued, or how Denmark’s limited funds might best be used in a way to leverage third-party capital most effectively (instruments, financing vehicles etc.). It should be noted that the MCEB has produced a general financing strategy in June 2014, but that this does not specifically cover the Climate Envelope.

Finding 2: Denmark has consistently supported the international climate finance architecture from before the development of the Climate Envelope.

Denmark has been making contributions to international climate-finance mechanisms since 2002 – when it supported the LDCF. In the absence of an internationally agreed climate-finance
mechanism – during the run up to the Copenhagen COP in 2009 and in the context of the fast-start period – Denmark became an early backer of a range of multilateral instruments. It should be recognised, however, that the scale of the Danish contributions (while significant to Denmark) are relatively small in the context of the initiatives being supported. From this perspective, the importance of the Climate Envelope lies as much in its political signalling as in its financial impact. For example, the MFA staff often described the sizing of Climate Envelope contributions to specific funds as being based on Denmark’s pro-rata share of GDP or population compared with other donors. The objective was that Denmark should do just enough to fulfil its international obligations, and to be present in as broad a range of political initiatives as possible. Denmark wished to be regarded as a good global citizen, doing its share in relation to meeting the USD 100 billion per annum climate finance target.

Many of the facilities supported are multi-donor investment platforms such as the Climate Investment Funds (CIFs), where it has made six separate contributions to the sub-funds over the period 2009-2012. Denmark has supported a range of other international finance structures and has recently provided funds to the UK-German NAMA facility, which finances national mitigation plans. The breadth and regularity of Danish support for these platforms demonstrates a high level of consistency in Denmark’s support of international climate finance structures. Where Denmark has supported more than one platform in a given thematic area (e.g. forestry through UN-REDD, the Forest Investment Programme (FIP), and the Forest Carbon Partnership Facility (FCPF)), this has reflected a desire to hedge the risk of backing a single untested initiative and the desire to address different stages in the climate finance supply chain (market readiness, direct investment, and carbon market support). Going forward, some of these facilities are likely to be absorbed by the more consolidated international architecture under the Green Climate Fund, or to evolve into innovation or implementing agencies under the Green Climate Fund. Denmark is turning its focus to support the GCF (to which it has made commitments of DKK 400 million), while continuing to explore ongoing support of existing initiatives.

Finding 3: Denmark has supported the development of national-level climate finance capacity through multilateral platforms, but sometimes support at country level has been through non-climate envelope funds.

Within the Climate Envelope, Denmark’s focus on supporting climate finance capacity at a developing country level has primarily been through multilateral channels such as the Partnership for Market Readiness (PMR) and nationally appropriate mitigation actions (NAMA) facility. On the basis of the two country sub-evaluations (Kenya and Vietnam), there is limited evidence that Denmark has sought to develop climate finance structures as part of its climate envelope allocation. There were, however, contributions to a non-state financing facility (AECF-REACT) in Kenya. More broadly, in several countries Denmark has engaged on national structure for climate planning and finance outside of the climate envelope, such as the costed climate change action plans in Kenya prepared under the Natural Resource Management (NRM) programme.
The Low Carbon Transition Unit (LCTU) also has a remit to support the development of market mechanisms in those countries where there are Danish country programmes (China, Mexico, South Africa, and Vietnam). Its remit includes investment planning, including the use of public–private partnerships (PPPs), finance leveraging, and other instruments that can help to minimise investment risk. Examples developed under the global frame include the development of the Green Investment Facility (GIF) in Vietnam, and the Energy Savings Insurance mechanism in Mexico.

**Finding 4: Denmark has not developed a coherent approach in relation to expectations of co-finance and leverage on the basis of its own Climate Envelope contributions.**

While a strategy of political signalling and multilateral engagement is important, it does not actively promote consideration of the effectiveness of these funds from a co-finance, leverage, or mobilisation perspective. Given the relatively modest scale of the Climate Envelope, this might be expected to be a central consideration in Denmark’s approach. The Climate Envelope, however, lacks a clear strategy in this regard. Questions that might be considered are:

- How can the Danish contribution in mobilising additional co-finance be most catalytic?
- How can Danish funds best reduce risk perceptions of other public/private investors?
- How can the Climate Envelope best scale national climate finance efforts?
- How might the Danish Government define and measure leverage?

That is not to say that Danish contributions have not resulted in catalytic co-finance or leverage, and indeed many funding decisions have this at their core. Rather that it has been approached in an ad hoc manner, and these questions are not addressed in a systematic way during project design or appraisal.

**Finding 5: There is a clear theme of innovation that can be recognised through Danish Climate Finance Contributions.**

There is good evidence of strong innovative practice within the Climate Envelope. Both the MFA and the MCEB identified innovation as a key element of what was expected from their respective ‘frames’ within the climate envelope (global and poverty). For example, the DCIF created one of the first successful structured funds to blend public and private institutional capital at scale. The LCTU is promoting an innovative bilateral model for government-to-government cooperation on areas of Danish technical competence. In the 2015 Climate Envelope, the Global Frame is seeking to support the Climate Innovation Lab in developing innovative insurance mechanisms to address market failures in the financing of energy efficiency. While innovation is referenced in the strategic framework for natural resources, energy and climate, this concept of innovation in relation to climate finance is not explored in more detail.
A9: 3.2 Efficiency

Finding 6: Denmark has pursued a relatively efficient, if opportunistic approach to climate-finance initiatives, particularly in relation to funding vehicles.

The Danish Government has been relatively efficient in relation to developing and implementing climate finance initiatives. Both ministries continue to identify and oversee climate finance initiatives, with the Global Frame tending to support mitigation-orientated financing approaches, and the Poverty Frame supporting multilateral partnerships (e.g. World Bank-managed projects). Some initiatives have been proactive and required significant investment in terms of design (such as the DCIF). Others are third party initiatives that appear to have been identified for funding (e.g. Global Climate Partnership Fund (GCPF), nationally appropriate mitigation actions (NAMA) facility) in a more opportunistic way. Funds have been disbursed by the MFA in a timely and efficient manner.

Where the Danish Government has selected a climate-finance mechanism, it has tended to provide support over time with multiple tranches of funding. This has helped improve management efficiency in terms of avoiding additional design and oversight costs associated with new programmes. For example, this has been the case with the Pilot Program for Climate Resilience (PPCR), Forest Investment Programme (FIP), the Danish Climate Investment Fund (DCIF), and the GCPF. In some cases, Climate Envelope funds have been blended with other environmental funds (e.g. DCIF), thereby creating funding synergies.

The MFA and the MCEB are cooperating to provide joint contributions to the Green Climate Fund. This increasingly represents a significant share of the Climate Envelope. The joint contributions recognise that the GCF will meet the objectives of both Frames (with an intended balance between mitigation and adaptation). The GCF relationship is also being managed in a collaborative way, in cooperation with the Ministry of Finance.

Finding 7: There have been a number of operational barriers to developing a more efficient climate finance portfolio.

There is some evidence that the development of a coherent approach to climate finance has been hampered by the institutional arrangements around the Climate Envelope. Staff and expertise are disbursed across institutions. The separation of administrative and technical roles for Global Frame projects between the MFA and the MCEB creates additional layers of bureaucracy and may contribute to a lack of clarity in terms of oversight and governance. In one case, the MCEB and the Danish Energy Agency (DEA) seem to be leading on the governance of Poverty Frame initiatives (e.g. Partnership for Market Readiness (PMR)) with little evidence of engagement.
within the MFA. For the GCPF, which had been funded by both Poverty and Global Frames, it was not clear to the evaluation team which institution was taking the primary institutional relationship lead.

The number of climate finance initiatives funded has created a significant demand in terms of staff oversight. There is some evidence that the mismatch between the number of projects and staff resources is preventing Danish Government officers from engaging fully during programme implementation, with contact often restricted to annual governance or board meetings (e.g. CIFs). From a Global Frame perspective, the level of engagement varies, with greater engagement in those programmes where Denmark has a board seat (GCF, NAMA facility, Climate Change Adaptation Programme), than those where it does not (e.g. GCPF). The issue of coordination is not helped by regular staff rotation within both ministries, which results in institutional memory loss, particularly in relation to longer-term climate finance projects where the Danish contributions may already be 4–5 years old.

Efficiency may have become a more important consideration than effectiveness in some cases. For example, a second tranche of funding was provided to the GCPF on the basis of efficiency considerations, despite the technical advisory service (TAS) appraisal indicating that it would not have recommended providing the funds from an effectiveness perspective.

**A9: 3.3 Effectiveness**

**Finding 8:** Denmark has provided strong and consistent support to the international climate-finance architecture, and those funds supported have successfully mobilised co-finance.

The multilateral climate finance initiatives supported by Denmark have broadly been successful in attracting significant volumes of co-finance to address a range of climate issues, covering mitigation, adaptation, and forestry. For example, by the end of 2014, the Climate Investment Funds supported by Denmark had successfully mobilised more than USD 2.4 billion of donor funds for direct investment in climate-related projects and investments. The GCF remains under development and is only expected to be fully operational in late 2015. However, there are pledges in excess of USD 10 billion, of which Denmark has pledged and committed approximately USD 70 million.

**Finding 9:** The effectiveness of large climate-finance initiatives is difficult to measure due to the long timescales required for pipeline development and investment approval.

While the ability to attract funds has been relatively successful, the disbursement of funds by specific projects has been challenging in terms of timing. The reasons for this are not clear, but reasons may include the higher risk aversion of multilateral funds and intermediaries when compared to bilateral programmes and their overly optimistic target setting during design. For example, by late 2014 the Scaling-up Renewable Energy Program (SREP) had approved projects
totalling USD 136 million (17% of pledges) but had made disbursements of only USD 10 million. As such, climate outcomes in many cases remain expected rather than actual (e.g. SREP expects to deliver 524MW of clean energy capacity and 5 million people with improved access to energy). Even where disbursement rates are higher (e.g. UN-REDD), this may in part be accounted for by the fact that disbursement occurs from the main fund to the respective UN agencies, rather than at project implementation level. Elsewhere, while the DCIF had funded four projects by late 2014, most of its investments remain at pipeline stage.

Elsewhere, progress has been quicker. For example, by the end of 2014, the GCPF had disbursed USD 160 million of sub-loans that were delivering in excess of 500 million MWh of energy savings per annum and more than 100 million tCO2e in greenhouse gas emission reductions, with a “cost” of USD 12.8 per tCO2e expected lifetime savings. For example, by the end of 2014, the GCPF had disbursed USD 160 million of sub-loans delivering lifetime savings of 15.9 million MWh of energy savings and more than 5.6 million tCO2e in greenhouse gas emission reductions, with a “cost” of USD 12.8 per tCO2e expected lifetime savings. The GCPF Board assesses this to be good efficiency in the use of the public sector contributions.

Finding 10: Denmark has provided strong support to build climate finance architecture and capacity at the national level

The Climate Envelope has been relatively inactive in terms of supporting national-level climate finance initiatives through bilateral country programmes. At a multilateral level, the Climate Envelope is engaged through the Partnership for Market Readiness (PMR) in building capacity within the major emitting developing countries to develop financing mechanisms to support mitigation. These include carbon finance, emissions trading, carbon taxes, and other instruments. As with the global climate finance platforms, the PMR is a relatively slow moving process, with national strategies and plans only now being implemented.

As a result, the effects in terms of climate finance mobilisation are yet to be seen. Nonetheless, the PMR has been identified as an effective platform to build confidence among developing countries with regard to the feasibility of supporting investment in low carbon development. The nationally appropriate mitigation actions (NAMA) facility also provides support to develop national level mitigation finance mechanisms. It should be noted that the majority of national-level efforts to date have focussed on building capacity and infrastructure for financing mitigation. With the exception of the LDCF, there has been less focus on mobilising adaptation finance at the national level.

Finding 11: Many of the programmes report strong leverage and mobilisation effects, but there is no clear picture on what leverage means or how it should be measured.

Denmark had early success in mobilising private climate finance through the Danish Carbon Fund managed by the World Bank, which began in 2005 and attracted four major private sector investors alongside the Ministry of Climate and Energy. A number of the current Climate
Enveloped financed programmes report strong co-finance and leverage effects. The Climate Investment Funds report mobilisation ratios of 1.6:1 (PPCR), 3.2:1 (FIP), and (SREP) 8:1 with up to 20:1 for private sector projects. The DCIF has leveraged DKK 744 million of private institutional funds alongside DKK 525 million of public funds, and expects to take positions in projects with a value of between DKK 8–9 billion. At a country programme level, however, there is limited evidence of projects mobilising private finance, despite this being a stated, if poorly defined, objective of several of the projects funded.

Despite the impressive claims of some projects, it is often not clear to what extent funds are actually being leveraged, whether they can be considered truly additional, and what share is public versus private. For example, within the Climate Investment Funds (CIFs), leveraged funds are often provided by the multilateral development banks themselves as part of their commitment to leverage their investment pipelines, and are in this sense not truly additional. On other occasions, the intention to generate (private sector) leverage has yet to be achieved. For example, within the GCPF, the original concept was that Danish C Shares would be able to leverage private capital by a factor of up to 5:1. However, to date there has been limited investment by the private sector (only 10% of the funds as of end 2014), and Denmark’s position in the fund is covering the risk of multilateral development banks and development finance institutions (DFIs), who, it could be argued, should be covering their own risk. We understand that the MFA are initiating work to explore the leverage effects of the climate envelope portfolio.

**Finding 12: Denmark can demonstrate some track record in developing innovative climate financing structures.**

Denmark has some track record in respect of climate finance innovation. The Danish Carbon fund, established in 2005, was an early attempt to help scale climate change finance flows to support the Kyoto Protocol architecture. Denmark also established the DCIF in 2012, which has been identified as one of the first climate At the UN Climate Summit in September 2014, the Danish Government announced its support to an insurance mechanism guaranteeing the investments returns on energy savings, the so-called “Energy Savings Insurance” (ESI).

Denmark is providing funds for an ESI pilot program in Mexico and further scaling up in the Latin American and Caribbean region in collaboration with the Inter-American Development Bank (IADB). The ESI instrument was initiated by the MCEB and developed in context of the Global Innovation Lab for Climate Finance. Mostly, Denmark has bought into innovative funding facilities developed by others (e.g. the GCPF share capital structure).

**A9: 3.4 Impact**

**Finding 13: It is too early to judge the overall impact of Denmark’s climate-finance efforts, but there is some early evidence that transformational change is possible.**
Given the stage of implementation of climate-finance-oriented projects, it is too early to make a judgement with regard to the overall long-term impact of the projects financed from a development outcomes perspective. However, more can be said about the impact on the development of climate finance itself. The evaluation finds that the Danish Government’s steady contribution to the multilateral climate finance architecture has provided an important statement of support, even where the scale of Danish funds has been relatively small in relation to overall donor contributions.

Denmark has been an early investor in both UN- and World Bank-managed funds, and has similarly made early commitments to the Green Climate Fund. While not solely attributable to Danish efforts, the international climate-finance architecture has relied heavily on the commitment of like-minded donors, and the Green Climate Fund appears to be making progress towards a global consolidated financing mechanism that draws upon the experience of existing climate funds supported by Denmark. However, the timetable associated with the development of large climate funds means that their longer-term impacts are slow to emerge (as evidenced by the 2014 mid-term evaluation of the Climate Investment Funds (CIFs), which found evidence of their transformational effects to be weak).

**Finding 14: Denmark has supported a number of private sector finance and innovation mechanisms that have the potential to result in transformational change.**

Danish support to funds and instruments that are seeking to attract private sector capital have the potential to result in significant long-term impact where their operating models are proven to be effective, and where they can be adopted by other financing mechanisms. The Danish Climate Investment Fund (DCIF) is considered a leading early example of a national public sector fund that has succeeded in attracting private institutional investment. The climate envelope continues to back innovative financial instruments. For example, the Climate Innovation Lab supported in the 2014 and 2015 envelope is pioneering risk insurance mechanisms to address market failures in energy efficiency financing. It should be noted that the transformational value of this work depends on the demonstration effect, and the ability to communicate and transfer best practice.

At a national level, the PMR provides a forum and resources to support developing countries to introduce best practice and innovative approaches to climate finance mobilisation. Both of these aspects have the potential to be transformative in a national context. Such activities may also provide more comfort to developing countries to adopt a higher level of ambition in relation to their own mitigation targets. The Climate Investment Funds, while focused on project investment, have also helped countries to build capacity and develop their climate finance governance architecture in order to engage with larger-scale financing flows, but present development outcomes remain expected as investment plans are still under implementation (see World Bank sub-evaluation).
Finding 15: A lack of thematic and/or geographic focus may limit the attributable impact of climate finance initiatives.

To date, Denmark’s approach to climate finance has been relatively broad, with support provided to a number of mechanisms (adaptation; mitigation; forestry) and across a range of countries (OECD/DAC). Over recent years, Climate Envelope funds have tended to flow more heavily into energy efficiency (GCPF, Climate Innovation Lab, and DCIF) and renewable energy (Scaling up Renewable Energy Program (SREP), DCIF). Some of the mechanisms (Global Climate Partnership Fund (GCPF), Danish Climate Investment Fund (DCIF)) invest across a broad range of countries, and it is doubtful whether there has been any transformation effect from a single energy-efficiency credit line or a single resource-efficiency investment in a given country. The value of these mechanisms, therefore, is derived from their demonstration effect and their ability to attract funds at scale.

While we recognise the value of scaling climate-finance flows as an end in itself, the limited size of Danish climate contributions, and the overall scarcity of climate finance would seem to suggest that the climate envelope is used in ways that solve market failures, unlock private sector flows, and complement other funds most effectively. However, Denmark has not explicitly set out a strategy for how it should prioritise these efforts, nor has it formally identified how different instruments (debt, equity, risk instruments, and policy support), and different modalities (multilateral, bilateral) might be the most suitable to address market failures in a given sector or geographic context. Achieving greater impact will depend on pursuing a more focussed and nuanced strategy within a given sub-sector or geography, and then scaling the model to other contexts.

A9: 3.5 Sustainability

Finding 16: Many climate finance initiatives funded by Denmark are interim solutions, and the focus is now switching towards consolidating financial flows through the GCF.

Many of the international climate finance platforms supported by Denmark have been deliberate interim solutions (CIF’s, NAMA facility) in expectation that the Green Climate Fund will eventually integrate or replace the existing mechanisms in a consolidated global finance architecture. This creates a challenge in that the several years of experience and insight gained by these instruments could potentially be lost. The evaluation finds that the Danish Government is well aware of this and is encouraging the transfer of this experience to the GCF.

The Danish Government is also aware that given its significant mandate, the GCF may require a period of time to become operationally effective and, therefore, it is sensible for the Climate Envelope to continue to support other climate-finance platforms as a risk-mitigation strategy. It should also be noted that climate-finance innovation is likely to emerge from outside of the GCF.
structure, and this will provide opportunities to continue to engage with other institutions in addressing new leverage and risk-management approaches.

Finding 17. There is little evidence that lesson learning from climate finance is being captured and consolidated in a structured way in order to inform decisions about Danish policymaking and programming.

The evaluation finds that there is little consolidated effort to systematically assess the impact of the Climate Envelope from the perspective of its effectiveness in mobilising co-finance, its success in leveraging additional public and private finance, and the wider impact of funds on mobilising developing country financing flows (e.g. through policy frameworks). We understand that this is being addressed. For example, the MCEB developed an analysis of lessons learned from Danish climate-finance initiatives funded by the Climate Envelope to support the Danish GCF board member. The MFA is also considering a review of private sector leverage effects resulting from the Climate Envelope portfolio. However, while there is some good expertise and institutional capacity in Technical Advisory Services, the DEA, and the MCEB, this is not currently treated as an integrated resource; with the two-Frame structure of the Climate Envelope not helpful in this regard.

A9: 4 Conclusions

The evaluation draws the following conclusions:

- **Conclusion 1:** While the Danish Government has provided consistent support of climate-finance initiatives through the Climate Envelope, it does not have a detailed strategy for how Danish contributions might be most effectively used, beyond a commitment to supporting a global climate-finance target, multilateral climate-finance initiatives, and the scaling of private sector funds. The MCEB did produce a wider financing strategy in 2014, but not specifically in the context of the climate envelope. The Climate Envelope has provided funds for a broad portfolio of climate finance activities, including capitalising international climate-finance mechanisms, building national climate finance capacity, developing structured funds to attract additional public and private capital, and innovating around specific financial instruments. Although Danish funds are important from a political signalling perspective, Denmark remains a relatively small contributor in the multilateral context and it is therefore important that it takes a proactive view on the relative effectiveness of different climate-finance modalities.

- **Conclusion 2:** The Danish Government has originated and managed its climate finance portfolio with moderate efficiency. In terms of project origination, this appears to have been somewhat ad hoc and opportunistic at times. Both the DCIF and the GCPF were funded at the same time, without a clear rationale as to how they differed and why both
were important. Denmark does have good technical expertise within the MFA Technical Advisory Services, but it is not clear whether this is well exploited, particularly given the institutional split and the lead role now played by the MCEB on mitigation-focused finance initiatives. The MCEB has its own financing strategy, however, this does not span the Climate Envelope as a whole. Staff resource constraints have prevented full engagement with the ongoing work of the climate finance portfolio (e.g. GCPF, CIFs), and operational responsibility for the portfolio seems highly dispersed among a large number of people.

**Conclusion 3:** Whilst it is too early to judge the effectiveness of many of the climate finance initiatives in terms of the investments that they are making, more can be said about the co-finance and leverage achievements of the funds themselves. A number of funds have been able to attract a significant amount of co-finance alongside donor funds, including public funds (such as multilateral development bank (MDB) contributions in the (Climate Investment Funds) CIFs and the GCPF) and private funds (such as the institutional investors in the DCIF). CIF funds also report significant private-finance leverage ratios. However, in general there is significant lack of clarity around the differences between co-finance, leverage, and mobilisation. There are also concerns that Danish funding is being used to compensate risk for other public investors (MDBs, development finance institutions (DFIs)), rather than mobilising new and additional finance (e.g. GCPF).

**Conclusion 4:** It is possible that Danish efforts will have longer-term impacts on climate-finance scaling and instruments. Denmark has consistently supported the international architecture, although its funds have been more important as a signal of political commitment than financially. The DCIF is being held up as a potentially successful model of public–private partnership which could be adopted by other countries. However, there are some concerns that funds are too geographically disbursed in their investments to create transformational change at a country level. Denmark is supporting innovation (e.g. around the new energy-efficiency insurance mechanism), which if successful, may result in long-term transformational impact in a challenging area of market transformation. However, it remains too early to tell whether Danish funds will be catalytic in this regard.

**Conclusion 5:** The sustainability of Denmark’s efforts depends to a great extent on the ability to transfer experience from its existing climate finance portfolio (CIFs, Least Developed Countries Fund (LDCF), and NAMA facility) to the Green Climate Fund. There is a risk that much of the learning and experience will be lost if this is not done in an effective way. We understand that the MCEB has recently prepared a note for the GCF board member on this topic. There is weak evidence that Denmark captures lessons from its climate-finance initiatives in a systematic or coherent way, or that the experts residing within the different institutions engage on the issue of effectiveness (modalities; instruments; measurement) as a group.
A9: 5 Indicative recommendations

Indicative Recommendation 1: Denmark should develop an explicit guidance in relation to climate finance, both in relation to the Climate Envelope and more broadly. This strategy should provide more detail than that set out in the strategic framework for natural resources, energy, and climate (NEC) strategy. This strategy should set out clearly Denmark’s expectations around co-finance and leverage, explain how Denmark will measure the effectiveness of its climate finance efforts, and explore the varying approaches by sector and geography (instruments; modalities; risk appetite).

Indicative Recommendation 2: Denmark should encourage greater national-level engagement and capacity building on climate-finance initiatives. While this happens through multilateral platforms, country programmes should be expected to set out how their programmes will encourage co-financing, leverage additional public, and private funds, and build national capacity around climate finance or support innovation.

Indicative Recommendation 3: The Danish Government should ensure that the structure of the Climate Envelope does not create barriers to cross-ministerial cooperation on climate finance issues (which are cross-cutting), and in particular promote collaboration around the effectiveness of Danish funds from a co-finance and leverage perspective. In particular, Denmark should be more focused on how its limited resources might be best deployed to support innovation and scale-up, avoiding excessive risk coverage for other multilateral development banks or development finance institution investments.
## A9: Annex 1: Interviews

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<tr>
<td>Henrik Jepsen</td>
<td>Special Advisor</td>
<td>DEA</td>
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<tr>
<td>Marianne Ramlau</td>
<td>Advisor, Centre for Global Cooperation</td>
<td>DEA</td>
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<tr>
<td>Peter Aarup Iversen</td>
<td>Senior Advisor, Centre for Global Cooperation</td>
<td>DEA</td>
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<tr>
<td>Ulla Blatt Bendtsen</td>
<td>Acting head of LCTU/Senior Advisor</td>
<td>DEA</td>
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<tr>
<td>Ben Green</td>
<td>Climate and Environment Department</td>
<td>DFID</td>
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<tr>
<td>Roland Sundstrom</td>
<td>Climate Change Specialist</td>
<td>GEF</td>
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<td>Jacob Klingemann</td>
<td>Investment Director, DCIF</td>
<td>IFU</td>
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<td>Caroline Kronberg</td>
<td>Advisor, International Department</td>
<td>MECB</td>
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<td>Hans Jakob Erikssen</td>
<td>Special Advisor</td>
<td>MECB</td>
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<tr>
<td>Nina Egebjørg Clausen</td>
<td>Advisor, International Department</td>
<td>MECB</td>
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<tr>
<td>Rasmus Kristensen</td>
<td>Head of International Department</td>
<td>MECB</td>
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<tr>
<td>Anders Ørnemark</td>
<td>Minister Counsellor for Development, Royal Danish Embassy Washington</td>
<td>MFA</td>
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<td>Anders Rømer Skøtt</td>
<td>Head of Section, Green Growth</td>
<td>MFA</td>
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<td>Christoffer Bertelsen</td>
<td>Minister Counsellor (retired), Green Growth</td>
<td>MFA</td>
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<td>Flemming Winther Olsen</td>
<td>Senior Advisor, Natural resources and agriculture</td>
<td>MFA</td>
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<td>Hans Hessel-Andersen</td>
<td>Senior Technical Advisor, Technical Advisory Service (TAS)</td>
<td>MFA</td>
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<td>Jakob Haugaard</td>
<td>Chief Advisor</td>
<td>MFA</td>
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<td>Jakob Roglid Jakobsen</td>
<td>Chief Advisor, Green Growth</td>
<td>MFA</td>
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<td>Jens Lorentzen</td>
<td>Senior Technical Advisor, TAS</td>
<td>MFA</td>
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<td>Jørn Olesen</td>
<td>Senior Advisor, TAS</td>
<td>MFA</td>
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<td>Niels Egerup</td>
<td>Chief Advisor</td>
<td>MFA</td>
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<td>Rikke Hoyer Hughes</td>
<td>Head of Section, Green Growth</td>
<td>MFA</td>
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<td>Morten Holm-Hemmingsen</td>
<td>Head of Section</td>
<td>Ministry of Finance</td>
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<td>Katrine From Hoyer</td>
<td>Special Advisor</td>
<td>Prime Minister’s Office</td>
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<td>Mike Speirs</td>
<td>Senior Advisor</td>
<td>UN-REDD Programme Secretariat</td>
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<tr>
<td>Adrien de Bassompierre</td>
<td>Senior Carbon Finance Specialist, PMR</td>
<td>World Bank</td>
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<tr>
<td>Christine Roehrer</td>
<td>Senior Monitoring &amp; Evaluation Specialist, Climate Investment Funds (CIF)</td>
<td>World Bank</td>
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<tr>
<td>Mafalda Duarte</td>
<td>Manager, CIF</td>
<td>World Bank</td>
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<tr>
<td>Zhihong Zhang</td>
<td>Senior Programme Coordinator, CTF and Scaling up Renewable Energy Program (SREP), CIF</td>
<td>World Bank</td>
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A10: 1 Introduction

Energy and infrastructure funding constitutes as significant part of the portfolio, and the major components of the climate mitigation portfolio. A special thematic evaluation was conducted to evaluate the activities in this area.

A10: 1.1 Objective of the evaluation

The objective of this review is to identify the aspects that are specific to the activities on energy efficiency and renewable energy and of relevance for the overarching programme evaluation.

A10: 1.2 Scope of the evaluation

The scope was predefined in the inception report. Based on the project list identified in the portfolio review, the projects were screened further. The evaluation questions were answered mainly on the basis of the country programmes, including evidence from the two thematic country sub-evaluations on Vietnam and Kenya.

A10: 1.3 Methodology

The methodological approach was laid out in the inception report. It started with an evaluability assessment that assessed the project documentation provided by the client. Initially, approximately 58 projects had been identified as contributing to climate mitigation (including projects from among others, industry, energy, agriculture, water, and forest sectors). Of these, 24 included energy components and were selected as related to energy efficiency and renewable energy on the basis of the project summaries. They were then scrutinized using the criteria set out in the inception report, leading to a description of the portfolio and an inventory of documentation.

The documentation available as a result of this assessment was used to find evidence for the assessment of the evaluation questions. The inception report had developed evaluation questions based on the OECD/DAC criteria. These were adjusted as evidence became available from the portfolio for some questions but not for others.

The basis for answering the evaluation questions consists of the country studies, project documentation as well as interviews with stakeholders in Copenhagen. Intensive desk review is
the basis for the findings unless noted otherwise. It was built on documents that were available to the team from the side of the Danish agencies, either directly or through their websites.

A visit to Copenhagen to discuss some of the projects as well as the overall approach to programming with the Danish Government stakeholders was conducted by Pat Hardcastle and Christine Wörlen in January 2015 and later supplemented through selected phone calls.

A10: 1.4 Limitations of the evaluation

Apart from the consultations with the stakeholders in Copenhagen, this is mainly a desk review. Evidence is limited to documents provided by the MFA (Ministry of Foreign Affairs), the Ministry of Climate, Energy and Buildings (MCEB), the Low Carbon Transition Unit (LCTU) and United Nations Environment Programme/Danish Technical University UNEP/DTU, through Internet research, through field visits by other evaluation team members as well as from general data sources on the Internet. As no consultation with local stakeholders could be conducted, the review is prone to reporting bias. Throughout the evaluation, the evaluators have engaged in an interactive and internal process of building and testing hypotheses as part of desk reviews and initial interviews. Where the written evidence and the stakeholder consultation resulted in inconclusive finding, these findings have been triangulated with additional effort and discussed in the project team.

A10: 2 The portfolio – Findings

Finding 1: The portfolio in renewable energy and energy efficiency encompasses a wide range of different activities, and can be split into four distinct groups of modalities: climate-financing mechanisms, co-financing of multilateral projects, institutional financing, and bilateral projects.

Table 1 highlights the number of projects in the sub-portfolio by type of implementation modality. In terms of funding volume, the amounts are about evenly distributed between the three major groups: Climate Funds, Institutional Financing, and Bilateral Initiatives. The first type is composed of multilateral climate funds, which are larger climate-financing mechanisms and where the MFA is one donor. In the third group of funding modalities, institutions concerned with the implementation of programmes on climate change mitigation are supported by funding. The fourth group comprises bilateral initiatives between the Danish authorities and ministries or other authorities of partner countries. The smallest group consists of larger projects or programmes which are co-financed by the MFA – in this case the small island developing states (SIDS-DOCK) initiative of United Nations Development Programme and the World Bank.
Table A10:1 Project count by type of support

<table>
<thead>
<tr>
<th>Type of finance</th>
<th>Climate Funds</th>
<th>Co-financing</th>
<th>Institutional funding</th>
<th>Bilateral initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects</td>
<td>5</td>
<td>2</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Funding commitments</td>
<td>251,000,000</td>
<td>80,000,000</td>
<td>263,710,000</td>
<td>245,500,000</td>
</tr>
</tbody>
</table>

More detail on the four groups in the portfolio is provided in Annex A10:3.

Finding 2: The overall young age of the portfolio limits the evaluability in terms of the relative success and efficiency of the project types as well as impact and sustainability.

In 2015 many of the projects of the portfolio are still under implementation (see Table 2). In the cases of country projects, such as the Fast Start Climate Change Programme (FSCCP) for Kenya and the Maldives as well as in the cases of the Vietnam National Energy Efficiency Programme project or Energy Sector Programme for South Africa, fixed implementation periods are defined. Hence, for country projects it is clearly observable whether they still are under implementation or not. Other programmes, like the funds administered by the financing mechanisms have not been fully placed.
Overall, those projects that are embedded in existing MFA country programmes have progressed faster than projects that have been initiated on the grounds of the existence of the Climate Envelope. This is a typical of new innovations – where you have established relationships with
the stakeholders and where you can build on a local implementation structure, like in Vietnam or Kenya, projects can be implemented faster. The MCEB representatives identify the longevity of the China programme as one of the main reasons for its current success.

**A10: 2.1 Activities and themes supported**

**Finding 3:** Projects emphasise policy frameworks, capacity building, and awareness raising for sustainable energy use and generation, including grid integration of renewable energy, wind energy, building energy efficiency, and energy efficiency in manufacturing.

There are a number of typical activities supported. Projects under direct implementation (i.e. not through international organisations or financing mechanisms) mostly focus on technical assistance. A strong emphasis is put on close collaboration with policymakers, governmental institutions, and NGOs in partner countries, supporting them in their climate mitigation efforts and building their capacity on energy efficiency and renewable energy issues. In six projects, assistance is provided on energy planning and modelling. Six projects support the development and/or implementation of policy frameworks. Nine projects emphasise awareness raising and/or technical training and capacity building. Few projects provide financial assistance, and most of them are implemented by multilateral organisations. The projects in Kenya, Vietnam, and Indonesia have financing and investment components that are executed by the MFA.

Regarding the thematic focus of these projects, 18 projects deal with the energy generation by renewables and/or their integration into grid infrastructure, 19 projects also focus on the implementation of specific energy efficiency measures, e.g. in businesses or buildings. The “other” section includes projects that focus on one or more of the following themes: green growth, policy on climate change mitigation, combined heat-and-power generation (CHP), and district heating. A number of projects, for example, the Partnership for Market Readiness (PMR), the Global Green Growth Institute, and the private sector funds, pursue technology-neutral mitigation activities.

**Finding 4:** The Global Frame and the Poverty Frame both support energy efficiency and renewable energy projects, but make different strategic and operational choices, in line with their mandates and core objectives.

It was only in 2012 that the envelope was split in two frames, resulting in project management responsibility at the MCEB only for projects from that year onwards. Therefore, most of the initiatives of the analysed were funded and managed by the MFA and follow MFA modalities and form. All of the earlier projects of the portfolio, from 2010 and 2011, are supervised by the MFA.

The two ministries have different objectives. For example, while the MFA focuses its work on developing countries, for example, Kenya, Maldives, and SIDS, the MCEB provides funding for
middle-income countries such as China, Mexico, Vietnam, and South Africa. These are part of the declared intentions of the Global Frame, which seeks to capitalise on the greater greenhouse gas (GHG) mitigation potential.

Similarly, different partnership strategies can be observed between the MFA and the MCEB. In the MFA portfolio, non-governmental partners, like the Kenya Association of Manufacturers, play a strong role, whereas the MCEB relies fully on the agency-to-agency approach in its bilateral engagements. The MCEB projects most often do not include financing components. Technical facilities are included in the MCEB projects only in the form of pilot projects, for example, in China.

Box A10:1  MCEB country programmes and country programme components on renewable energy and energy efficiency

The China programme was initiated in 2009. Since 2009, the Danish supported Renewable Energy Development Program (RED) that supported the establishment of the Chinese National Renewable Energy Center (CNREC) at the Energy Research Institute (ERI) and 12 pilot projects for cooperation between Danish and Chinese companies. The CNREC, amongst others, developed the competence for modelling power sector scenarios that include renewable energy and thus supports the planning processes at National Energy Administration (NEA) China directly (Source: China Program Brochure from DEA website). A team of Danish advisors and representatives from DEA facilitate the implementation of this support. Further, a number of memoranda of understanding (MOUs) between the MCEB and five Chinese institutions were signed in 2012 and 2013: the National Development and Reform Commission (NDRC), the National Energy Conservation Centre (NECC), the National Energy Administration (NEA), the Ministry of Housing and Urban-Rural Development (MOHURD), and the Ministry of Science and Technology (MoST). In addition, An energy attaché at the Danish embassy in Beijing supports the political dialogue. Within CNREC a senior expert supports the thematic and strategic development of the centre. In addition, five technical staff of the DEA work on China issues full time, spending around 30% of their time in China. The work programmes are compiled annually in China, driven by local needs and revised semi-annually at the steering committee meetings.

The Vietnam programme focuses exclusively on energy efficiency. Specific projects on energy efficiency in enterprises and buildings build on an existing cooperation between Denmark and Vietnam in the longer-term development frame of the MFA (2008-2015), which also has a climate change adaptation and mitigation focus. This frame provides budget support among other things for the VNEEP programme of the Ministry of Industry and Trade (MOIT). Part of the USD 12 million engagements are a Green Investment Facility (USD 6 million) for small- and medium-sized enterprises, energy efficiency pilot projects with Danish technology, and an improvement of the Vietnamese building code.

The Mexico programme can also build on a longer-term engagement: “Since 2005, Denmark and Mexico have cooperated on climate and energy, and since 2011 the Danish Energy Agency (DEA) has cooperated with the Mexican Ministry of Environment and Natural Resources (SEMARNAT) on energy modelling, assessing national baselines, and potentials for reduction of carbon emissions.” In January 2014, a new cooperation on mitigation and energy
was started, for which a budget of DKK 45 million (USD 8 million) has been set aside until 2017, in cooperation with the Mexican ministries for environment and energy; SEMARNAT and SENER. The activities under this programme follow requests from the Mexican side, and cover a wide range of topics, from biomass and wind resource base assessments to a workshop on the flexible operation of conventional power plants, energy management at the national oil company, and efficient public buildings.

The South Africa country programme was initiated in 2013 and builds on a memorandum of understanding between the Governments of South Africa and Denmark signed in 2011. A sum of DKK 40 million (USD 7 million) has been set aside for three components: one is working with the Department of Energy on capacity building, energy planning and policy design; one is supporting the ministries’ research institute SANEDI on the further development of the South African wind atlas; and the third component seeks to support the South African grid operator utility ‘ESKOM’ on issues of wind integration. The set-up is similar to China: an energy attaché at the Danish embassy in Pretoria is collaborating with a project manager and an MFA-funded energy advisor in the Department of Energy as well as a technical expert in ESKOM.

These four programmes all follow a similar setup in that they draw on the support from the Low Carbon Transition Unit (LCTU) of the Danish Energy Agency. Some of the programmes have very detailed outcome management systems (e.g. Vietnam). Others, such as South Africa, are lacking clear indicator frameworks.

Finding 5. The indicator frameworks of the projects and programmes in the portfolio are not harmonised and sometimes incomplete.

Only 16 projects contain detailed indicator frameworks. Even though all of these have a climate mitigation focus, only seven of the projects consider GHG-emission reductions as an indicator for the success of the project. This might seem surprising, but calculating and reporting GHG-emission reductions is only possible with any degree of certainty for investment projects. As the focus of most projects is on technical assistance, in these cases GHG-emission reductions typically take place a long time after project implementation. In addition, attribution of GHG reductions to technical assistance activities is difficult. While some of the projects, like the China programme, have a specific project development component and it would be possible to monitor GHG reductions for this activity, using GHG alone as an indicator would not be reflective of the full breadth of activities of the project.

Project level indicators are almost exclusively formulated on the output level (e.g. "Number of technical analyses carried out and number of policy development activities undertaken. The targets are at least one technical analysis and two policy development activities" in Vietnam) or directly linked to outputs (e.g. "Analysis of reserves required for efficient integration of RE" in South Africa or “25 suitable research products published and openly accessible through peer review literature” for ESMAP).
Not all of these indicators are defined according to international best practice (e.g. the SMART-principle). In some cases, means of verifications are undefined and it is often unclear whether budgets are available for their assessment, which can be costly. There was no evidence of efforts to harmonise the indicators in this portfolio, although some efforts have been undertaken for the follow-up projects and programmes.

**A10: 2.2 Summary of portfolio characteristics**

The programme utilises a wide range of approaches that can be grouped to generate clusters of similar projects. There are two types of support to multilateral organizations, roughly divided into climate finance and budgetary support of regional and global technical assistance (TA) institutions. Unlike many other donors, the MFA also provides institutional funding from the Climate Envelope. Among the country programmes, the MFA sub-portfolio supports energy efficiency and renewable energy aspects in existing country partnerships with a focus on poverty and development while the MCEB sub-portfolio is focussing on middle-income countries with higher GHG-mitigation potential, focusing on technical assistance, e.g. on policy frameworks, regulation, planning, implementation of energy efficiency and renewable energy projects, programmes and policies.

In terms of the activities, strong emphasis is put on technical assistance projects. But this is not exclusive: overall, many interesting aspects coming out of the Copenhagen discussions are supported with funds and intellectual contributions, ranging from the Green Growth Agenda to innovative private-financing mechanisms.

Of the 24 projects, only 16 had complete indicator frameworks. A lack of indicator frameworks makes programme evaluation difficult. Even among the projects that were executed bilaterally, standards for reporting are not always fully enforced. Reports, whether progress, final, and/or evaluation in terms of achievements of outcomes and impacts, were only available for seven projects at the outset of this review. At the comments stage of this review, the MCEB asserted that all DEA programmes have indicator frameworks so some issues may have been resolved.

Most of the indicator frameworks of the projects – and in particular of the programme – are not very developed. With the lack of programme-level indicators for the Climate Envelope, it is difficult to generate aggregate results reporting for the portfolio. This hampers the assessment and demonstration of the success of the portfolio. At the time of the review, a programme-indicator framework was being discussed between the MCEB and the DEA but, according to the interviews, not yet finalised and implemented. Once this is finalised and implemented, more systematic monitoring will be possible.

**A10: 3 OECD/DAC Findings**
A10: 3.1 Relevance

In the country programmes, the projects were aligned with the areas in which Denmark demonstrates leadership ‘at home’ (e.g. building energy efficiency, grid integration of wind energy, and others). This alignment is determined in the memoranda of understanding that form the basis for the programmes. This is one part of the specific Danish contribution. The other is the ‘government-to-government’ system of complementing long-term in-country experts with long-term technical experts splitting their time between Denmark and the country.

Finding 6: The areas of priority for Danish energy assistance are clearly specified in the policy documents and remain consistent over the programming period. The MCEB projects all reflect these strengths very specifically. The MFA projects have small energy components that also work in similar areas, so that overall the match between the Danish leadership areas at home and abroad is very good.

By all standards, Denmark is one of the leading nations (if not the leading nation) in several domains of sustainable energy policy. The IEA (2011) explicitly acknowledges its role, pointing to the consistent decoupling of energy consumption and growth and the long-term consensus-based consistency and vision for a low carbon society. Denmark has grown its economy by 78% at more or less constant energy consumption while reducing CO₂ emissions (MCEB 2012a). The consistent promotion of co-generation of heat and electricity, public awareness campaigns and appliance labels, energy savings agreements with industry, and taxes on energy consumption are highlighted as part of the Danish role model in energy efficiency.

The MCEB (2012a) and the IEA (2011) attest to specific strengths in the area of building energy efficiency, where “Denmark is a world leader in energy efficiency standards and requirements” as it has one of the most stringent building codes. In addition, the leadership in fluctuating renewable energy – Denmark has the highest penetration of wind power at 39% in 2014, combined with high grid stability – is acknowledged throughout the global renewable energy community.

Apart from this role as a global leader in its commitment to a zero-GHG power sector in 2050, energy efficiency and renewable energy policies have allowed Denmark to become a major exporter of clean energy technologies with “a strong commercial advantage”. They constituted almost 10% of total Danish goods exports in 2010, “supplying about one third of the global wind turbine market”.

In the interviews, this assessment of the typical Danish strengths was confirmed and narrowed to specific topics renewable energy and energy efficiency competence:

- building energy-efficiency standards;
- wind integration in power grids;
- biomass-based energy provision, including co-combustion;
- combined heat-and-power generation (CHP);
- district heating; and
- SMART systems.

These strengths are also in line with Danish domestic strengths, as well as with policy documents like the *Greener World for All* (2013), which highlight these strengths consistently.

In particular the MCEB portfolio has an almost exclusive primary focus on the topics identified as specifically Danish in the previous section. For example, the projects in China and Vietnam were both active in the field of building energy efficiency, while the projects in China, Mexico, and South Africa all have a strong emphasis on wind deployment and the grid integration of renewable energy. This alignment is also ensured through the MOUs that are the basis for these country programmes. The MFA programmes in Vietnam, Kenya, and Indonesia focus on industrial energy efficiency and renewable energy broadly. While the Kenya projects are more focused on directly supporting energy-related investments and behavioural change, the Vietnam and Indonesia programmes are more focused on capacity building, information, and regulation. Therefore, both parts of the portfolio rely on Danish strengths.

**Finding 7: A second specific Danish aspect is the characteristic set-up of local presence in the country and technical support from Copenhagen.**

Knowledge management and demand-driven sharing is at the core of the Danish model. The technical competence is concentrated in the LCTU at the DEA, serving all country programmes from Copenhagen, while they travel to the countries on a regular basis. While the details vary for each country, generally, there are officers located in-country to provide direct expertise; for example, to the Chinese CNREC, to the South African grid operator ESKOM, or to the Mexican ministries for environment and energy. In addition, energy advisors in the Danish embassies support the policy.

**A10: 3.2 Efficiency**

**Finding 8: The agency-to-agency collaboration approach is associated with additional costs but also additional benefits. For example, building partnerships takes time; on the other hand, the direct support can be much more effective than typical aid procedures.**

This specific ‘Danish’ setup is potentially associated with some additional costs, for example, through travel costs and significant staff inputs. In addition, the in-country demand for the Danish expertise needs to be generated, and this process tends to take significant time and resources. While the Danish expertise is highly specialised, but so rich that sooner or later a topical niche can be found, the process up until this point typically takes much longer than
anticipated in the narrow programming schedule of the Climate Envelope (this is the experience from both the South Africa and the Mexico cases).

The analyses indicate that developing support infrastructure for sustainable energy in middle-income countries is a long-term process – it takes time to understand the challenges and sector set-ups in the countries, to build up relationships with the relevant stakeholders in the country, and to define the area where Danish expertise would be most useful. The most successful example, the CNREC was initiated within the Sino-Danish Renewable Energy Development (RED) program in 2008. Its business plan was approved in 2011, and in 2014, a review mission attested to considerable influence in China.

There is no reason to believe that this process can be done in half the time in other countries, particularly if taken into consideration that the RED programme itself built on the successes of the “WED” program on wind, and that the CNREC was a request from the Chinese side (a claim that is not evidenced for the Mexico or Republic of South Africa programmes). However, each of these countries will encounter issues with the technical aspects of grid integration of renewable electricity, of biomass energy, and of building energy efficiency. In these fields, and potentially some others (e.g. private capital flows for climate finance), Denmark is in a position to provide important and unique knowledge and can do so on the basis of trust-bearing relationships. It is important to acknowledge that this process is by necessity one that requires a long-term engagement.

On the upside, as mentioned, there are specific benefits to this approach, for example that it allows for credible transfer of sustainable energy practices, can avoid “reinventing the wheel”, and can provide entries for collaboration in other dimensions, for example, in policy or trade.

On the basis provided, the efficiency of this approach cannot be assessed. Also, this model is very specific, and a comparative analysis would be difficult.

**A10: 3.3 Effectiveness**

Many projects do not specify outcome indicators so that effectiveness on an outcome level is hard to measure. Projects and programmes are often one-of-a-kind, either in terms of approach or because they are closely aligned to the local context. The specific government-to-government approach has been effective but there is room for improvement in order to optimise the effectiveness, for example, by codifying lessons and facilitating cross-country learning but also by more active influence on the local agenda. Success factors include consistency, long-term partnerships and credibility; in essence, Denmark is leading by example.

**Finding 9:** the agency-to-agency model has demonstrated some promise for effective transfer of lessons and synergies between country programmes.

In fact, one of the findings of the evaluation study on the CNREC (Visti & Wennerberg 2014) is that “technical cooperation between peers is a strong driver for performance”. In this case, the
technical experts from government agencies developed a very productive relationship over the years of their cooperation. Again, the report emphasises that personal relationships and staff continuity over “a longer time period” are important.

If long-term relationships are built, Danish projects have the opportunity to effect catalytic change and can support endogenous scaling-up of energy efficiency and renewable energy activities. For many countries, renewable energy and energy efficiency can provide multiple benefits in terms of public health, energy security, and jobs, but significant capacity on research and technical levels is necessary to do this in the right way.

**Finding 10: In some cases, a more proactive forward-looking selection of topics could have supported management of some of the local challenges even more effectively.**

Danish leadership in energy-systems transformation is strong and significant experience of sustainable energy-system management is available in Denmark. This means that Danish assistance is particularly well suited for helping with the challenges of renewable energy and energy efficiency, and the model discussed above is well suited to the transfer of these lessons.

Still, in the partner countries a number of well-known challenges persist. For example, wind turbines in China suffer from a relatively high curtailment rate due to challenges with grid management. These challenges are well known in both Denmark and Germany, and there was an opportunity to anticipate these challenges earlier on the basis of the European experience. Nevertheless, the CNREC did not engage in a discussion with the national grid operator in a timely fashion. Instead, the CNREC work programme initially focused on specific details rather than systems transformation. The reasons for that are unknown – potentially the Chinese partners were not open to these topics, or potentially the Danish partners did not voice that concern. According to the evaluation report of the RED program (Visti and Wennerberg 2014), the priority-setting process within CNREC was not very explicit and has been somewhat reactive.

While country- and demand-driven interventions is positive, it would also have been in the interest of the partners if the Danish advisors had influenced the priority setting on the basis of research and the Danish experience more actively.

On the other hand, more active agenda-setting can also fail, requiring a firm basis of cooperation and trust and entails potentially high costs (in terms of time and money). In the South Africa programme, for example, the work programme for engagement with the national utility ESKOM was outlined in very broad terms in the project document of 2012. The review aide memoire of 2014 still attests to a lack of progress in terms of finding entry into that institution. Only the interview with the DEA in 2015 implied that now a more promising point of entry has been found: after some search time, the Danish-funded advisor now supports the distribution grid arm of ESKOM and technical assistance is planned on renewable energy integration at the transmission level during 2015.
The government-to-government system of the country programmes can be an effective means to keep the knowledge transmitted effectively between Denmark and the partner country. However, whether or not the opportunities for synergies through knowledge management are already fully exploited could not be fully understood during this review. Determining this is difficult for a number of reasons: firstly, there are no (publicly available) benchmarks for this model, so that neither effectiveness nor efficiency can be fully assessed at this point. Secondly, the implementation of two out of the four projects is still in too-early stages to assess this. Thirdly, these experiences do not seem to be codified. But from the discussion with LCTU officers, there seems to have been considerable thinking within the LCTU on how the experiences in Vietnam and China compare and what can be learned from this so that practical learning seems to take place within the LCTU. A workshop to that effect has taken place recently.

Finding 11: A lack of clear outcomes indicators hampers the description of successes and the analysis of potential flaws.

In many cases, the programme logic of these country programmes is by necessity indirect. For example, according to its objective statement for component 1, the South Africa project strives among other things to “facilitate the development of a less carbon intensive electricity sector by assisting the DoE (to) develop more comprehensive energy planning capabilities that encompass the efficient deployment and integration of renewable energy and energy efficiency technologies”. Even if the project succeeds in building such capabilities, the ultimate impact is not a given as many other aspects for the development of a less carbon-intensive electricity sector might remain in place.

Finding 12: Due to the long-term objectives and the high level of country-drivenness, relative effectiveness is not necessarily determined by the approach taken but depends more on the quality of the partnership.

The lack of a consistent indicator framework in most projects is an additional complication. Both the Kenya as well as the Vietnam programme evaluations have also found that the effectiveness of the portfolio is hard to assess. But qualitative factors and conditions of success can be inferred from the storylines of the projects.

For example, the agency-to-agency-cooperation approach will work well if the corresponding task in the partner country is taken on by an agency that has the flexibility to utilise the knowledge transferred from Denmark. This is not necessarily the case (see previous section or ESKOM).

The energy programmes that have achieved some level of effectiveness rely on partnerships. The centrepiece of this programme is the Chinese National Renewable Energy Centre (CNREC), a research unit embedded in the national energy research and decision-making infrastructure. The partnership with the Centre has been grown over a long period of time, and the Centre was well
placed to be the basis for impactful policy work. Over the years, it has built up a reputation, which also relied on the support from the Chinese government. While its impact is difficult to assess, it is notable in third-party-documents: for example, the World Bank’s China Renewable Energy Scale-up Programme was asked to collaborate with this programme (World Bank, 2012).

Similarly, the relationship with the Energy Sector Management Assistance Programme (ESMAP) is time-tested and characterised by an atmosphere of collaboration. The Danish influence on the respective partner institution will vary from case-to-case. Whether the support is effective or not depends to a large degree on the effectiveness of the supported institution.

Finding 13: There are other factors that enhance the effectiveness of the Danish support, which are specific to how Denmark is perceived abroad: a small country, committed to reliable high-tech and green growth, a living and functioning lab of the energy transition.

In interviews, it was speculated that some of the changes that Denmark was able to effect in China would not have been possible if Denmark were a larger economy, perceived as a major competitor on global markets. The example that Denmark provides is extremely powerful: reducing energy consumption per capita in a growing economy and a wind energy share of 39% is very powerful.

A10: 3.4 Impact

It was possible to contribute to scaling-up of sustainable energy in at least one case, i.e. the case of renewable energy in China. Here, significant changes were influenced through research efforts supported by Denmark. In other cases, the initiatives are too young or too weakly linked to impacts to prove scale-up at this point in time but the approach is suited to generate them in the future.

Finding 14: Through influencing research agendas and providing funds and tools for energy policy research and energy planning, Danish support is or has been able to influence in a catalytic and comparatively lean manner.

The role model project China National Renewable Energy Centre (CNREC) can be cited as a case. After the cooperation with Denmark, CNREC now has the capacity to conduct international quality long-term scenario modelling (according to CNREC annual report 2013). This means that it can analyse and compare renewable energy deployment paths with more conventional scenarios informing national policy. The CNREC has been able to deliver contributions to the National Development and Reform Commission’s (NDRC) work on the 12th and 13th Five-Year-Plans (e.g. in Visti and Wennerberg, 2014) and the recent changes in feed-in tariff. While, scaling up renewable energy requires a number of other factors to be in place – beyond policies or studies that have not all been influenced by the CNREC – there is certainly an interesting contribution, as in the Chinese case these policies were preconditions to the observed expansion.
Another example where the MFA was able to influence the agenda at a relatively early point in the debate is the case of support to the Energy Sector Management Assistance Programme (ESMAP) on subsidy reform. While many other actors, including the IMF but also NGOs are working on understanding the environmentally and fiscally detrimental effects of fossil fuel subsidies, the ESMAP is important, as it links it to the energy access and energy security discussions. The ESMAP audience are development professionals and energy ministries, and if these groups can be given tools to manage fossil fuel subsidy reform, there is potentially a significant impact on deployment of renewable energy and energy efficiency.

On the other hand, there are a number of very interesting initiatives that have not yet led to large-scale impact, for example the fossil fuel subsidy initiative. In this initiative, various institutions, including the ESMAP, the IEA and NGOs have conducted research on the effects of fossil fuel subsidies (e.g. detrimental lock-in effects) and potential alternatives. While this support has strengthened discussions in affected countries like Egypt, which need to take action for the sake of their own political stability, no such action has been observed so far – and if it will, the attribution to the MFA support will be difficult.

**Finding 15:** Weak outcome frameworks make it hard to provide evidence for impacts on the level of sustainable energy deployment and GHG emission reductions, but where barriers to sustainable energy could be effectively removed (like in China) it can be argued that the Danish support contributed to GHG mitigation.

As discussed above, the CNREC had influenced at least two Five-Year-Plans in China. However, it is very difficult to prove that these plans would not have included renewable energy without the Danish support. In fact, from the World Bank (2012) there are other players active in China who could have influenced China in the same direction – and it cannot be assessed whether they could also have been successful or not.

**A10: 3.5 Sustainability**

Sustainability is hard to assess as the project portfolio is comparatively young. But at least one of the initiatives is now able to attract significant funding from other sources.

**Finding 16:** At least one initiative has ‘graduated’ from Danish support into being a self-sustaining research and technical assistance institution, but this was funded already before 2010.

This year, the CNREC has graduated from direct budgetary support. For the next five-year work programme it has now been able to leverage financing from other sources, including from the UK-based Children Investment Fund Foundation; but also receives significant funds from its contract work including for the NEA and the NDRC. This is certainly an exceptional case and not all institutions are in a position to reach this type of financial sustainability. There are at least two more projects (Regional Center for Renewable Energy and Energy Efficiency, GGGI)
where the MFA provided (or still provides) institutional funding that might be able to exhibit similar success, under favourable conditions.

A10: 4 Conclusions

This initial scoping review of the energy efficiency and renewable energy portfolio identified some interesting findings on the Danish portfolio: it is a broad and ambitious portfolio of projects that balances innovation with the intention to effect change on a larger scale through the support to the negotiation process. Catalytic change has been initiated but cannot be guaranteed.

Due to the mixed nature of the portfolio (bilateral and multilateral; financial and technical assistance; long-term and short-term perspective), the standard results frameworks will not be able to capture the impacts attained through Danish climate funding. Nevertheless, this review has shown, that the Danish funding in renewable energy and energy efficiency domains have distinctive qualities – in line with the Danish domestic expertise sector. Most, if not all, interventions are systems-oriented, focussing on the integration of fluctuating renewable electricity on systems, on buildings overall energy consumption, and on industrial production processes. All projects are flexible and comprehensive enough to accommodate transition to a systems transformation. Next to the ‘technical’ systems aspects, there are also other examples for systemic approaches in the portfolio. A particularly noteworthy example of this encompassing approach is the leadership in the area of fossil fuel subsidies.

This review has identified that there is a specifically Danish approach to sharing Danish expertise on energy efficiency and renewable energy. It combines leading by example with being a competent partner and advisor to interested and relevant countries. Domestically, Denmark has developed a number of technical, regulatory, and capacity-related tools and approaches that accommodate large amounts of flexible generation on the grid and are very energy efficient. Among them are grid technologies, smart meters, strict building codes and systems planning based on well-informed scenarios. All countries with ambitions to decarbonize their power systems, and in particular emerging economies, can benefit from this example.

For bilateral projects and programmes, the approach is defined fundamentally as agency-to-agency collaboration with the LCTU at the DEA providing direct support to country representatives. It works well where partnerships can be formed which can take a lot of time and search costs. These partnerships provide the basis for targeted and effective support, as has been demonstrated in China where the CNREC is now directly influencing policy setting after 10 years of collaboration.

In addition, global influence is exerted. By identifying the major challenges and supporting research and innovation to challenges, like fossil fuel subsidies or climate finance, it can catalyse
interesting and important changes. Overall, the bi-pronged approach has the potential to support long-term achievement of decarbonised global energy systems.

The lack of an overarching results framework is impeding the analysis of the effectiveness and impact of this portfolio. The MCEB have provided a draft criteria framework in order to start a process of focusing the portfolio in the realm of climate mitigation (MCEB 2014). This framework is appropriate for projects selection, as it emphasises the high relevance of potential GHG savings, and thus leads to a prioritisation of projects in relevant sectors and geographies.

A10: 5 Indicative recommendations

This systemic approach of the portfolio might not be obvious, but it is definitely one of the more progressive and forward-looking aspects and a trait worth conserving and promoting. As energy sectors in all relevant countries transform towards sustainability, systemic changes will become more important. It is recommended to use systems transformation with Denmark as a role model more explicitly as the overarching paradigm for the energy sector work.

Indicative Recommendation 1: Develop indicator frameworks and report on impact

As discussed above, an overarching indicator framework is still under consideration.

Many international bodies use GHG indicators for monitoring climate mitigation programmes. This is not necessarily a recommended practice (see Woerlen, 2012). More than 50% of the portfolio (in terms of funding) is disbursed through various (multilateral) intermediaries so that GHG accounting would be very difficult methodologically, as the reporting standards of these intermediaries vary widely (e.g. reporting of accumulated GHG savings over assumed lifetimes of the investments; accounting for replication effects; use of inconsistent emission factors).

While accounting for GHG savings to investment-related activities (e.g. investment in renewable energy or energy efficiency purposes) is manageable after methodological harmonisation, it is very difficult to include the impact of technical assistance measures in this indicator. Challenges arise not only from attribution, but also from the time between the intervention and the GHG emission reduction. Therefore, measuring impact in GHG emission reductions would give a rather incomplete picture of the portfolio. Not using a GHG indicator is a deviation from international practice but might be a smart choice. It is not possible to adequately reflect the quality of the systemic change that is at the core of the energy portfolio.

In light of the challenges discussed above, it is doubtful that GHG emission reductions for even the country programmes can be meaningfully attributed to the Danish support. Rather, an indicator framework for this portfolio should include and emphasise indicators that measure the systemic changes that sit at the core of the projects and programmes. To reflect systemic change
in indicators is not necessarily easy but recently approaches have been developed. The basis for this needs to be a model for the systems that need to be transformed.

One such approach is provided by the ‘Theory of No Change’ (Woerlen 2011) that offers a conceptual framework for barriers that need to be removed in order to achieve systemic transformation. An interesting alternative is highlighted in the appraisal document on the GCPF document: a significant impact pathway of this fund is the de-risking of investment. De-risking investments attracts private financing and puts climate friendly alternatives at a competitive advantage over traditional investment. It should be investigated what measures can be used for the effectiveness of the MFA climate funding in the de-risking of specific investments or types of investments in a particular country.

It is highly recommended to embark on the development of systemic indicators. For example, it might be possible to develop a risk index and a transformation index as portfolio indicators. This could not be only a contribution to the evaluability of the Danish climate funding, but could set new standards for all climate finance.

**Indicative Recommendation 2:** Conduct a detailed portfolio evaluation focusing on impacts and pathways to impact to guide further planning

This review has barely been able to scratch the surface. Due to its brevity and limited database it was unable to clearly identify the pathways to impact, and the respective strengths and success factors of how these pathways can be exploited most efficiently. To analyse the mechanics and limits of the two-pronged approach of bilateral technical assistance and global agenda setting in theory and practice, it is highly recommended to embark on a formative evaluation that helps identify how outputs and impacts are related and what are the necessary conditions for success. Important expected results from this evaluation would be a formal theory of change for sustainable energy that helps identify important trigger points and relevant systems changes. It will also support the development of the indicator framework for example by distilling the most relevant indicators. Among other things this would allow the re-reduction of the current indicator sets to a manageable level that would permit portfolio-level impact descriptions.

**Indicative Recommendation 3:** Generate acceptance for the preconditions for success: a long breath, a systems approach and a broad perspective

While the portfolio was able to demonstrate significant success, for example in China and with the private sector financing mechanisms, all impacts have taken longer than scheduled and have been supported by factors outside of Danish control. It is useful to embrace this and adjust the portfolio strategies to match these truths: necessary ingredients for successful initiatives are patience, systemic approaches, and flexibility.

Still, even a systemic transformation takes place in small steps, and each step along the way can be impacted by barriers. Denmark should support transfer of lessons from its own domestic
changes. It would be wise, therefore, for Danish projects in the energy efficiency and renewable energy arena to spend significant resources on the analysis of the barriers and hurdles of systemic transformation. Staff continuity on both sides is also useful to support the process.

The third ingredient for systems transformation is time. The need for time and patience is particularly high for the agency-to-agency approach. This approach requires a deep understanding of the functioning of the agencies and the establishment of a strong relationship. Even if the counterpart agencies might be government agencies or government-owned, their set-up, responsibilities, roles, and interests might differ from their Danish counterparts. To understand other agencies’ structures and cultures and establish working relationships and trust takes time and this should be acknowledged in the programming. It is important and highly recommended that these three aspects – long-term perspective, long-term funding, and systems approach are accepted by all relevant decision makers as the necessary preconditions for this model to work.
A10: Annex 1: References (not including project documentation)


A10: Annex 2: List of Interviewees

MFA: Jakob Rogild Jakobsen, Jens Lorentzen, Michael Linddal. MCEB: Rasmus Abildgaard Kristensen, Hans Jakob Eriksen, Nina Egebjærg Clausen, Mia Sulsbrück

Danish Energy Agency: Anton Beck (by phone), Edward James-Smith (by phone), Nikolaj Lomholt Svensson, Hendrik Breum

UNEP Riso Centre/UNEP DTU Partnership: John Christensen (by phone)
A10: Annex 3 Portfolio composition and description

Among the five projects which support climate financing mechanisms is the World Bank SREP, as one of the Climate Investment Funds. The Climate Technology Fund, the largest energy-oriented Climate Investment Fund is not supported by the MFA. The funding for the only operating entity of the Financial Mechanism of the UNFCCC that was operational in 2010-2012, the Global Environment Facility, was part of the main budget and is not subject to this review. In addition to the SREP, and in line with the Mandate of the Copenhagen Accord, the MFA has co-financed a German-British Initiative, the GCPF. This is a private sector financing modality focusing on energy efficiency and renewable energy projects primarily in cooperation with local financial institutions.

All of these engagements, as well as the co-financed projects, are managed by other entities. This means the influence of the MFA is limited to providing guidelines to the fund or programme managers, while the specific activities and financing amounts are determined by a larger board without or with limited Danish influence. Even in the purely Danish climate investment fund, the government pursues a hands-off approach as the objective is to pilot private sector climate financing which is expected to constitute a significant share of the overall funding volume.

On the other hand, the appraisal note for the Danish contribution to the World Bank’s CIFs notes that the participation in the steering committees and/or subcommittees should help ensure effective operation of the SCF. In this note the MFA’s technical advisory services suggest that the MFA should “play an active role in the further development of the PPCR, ensuring that the programme builds on good resilience and adaptation practices and experiences and is consistent with the aid effectiveness agenda.” In that sense, the rationale behind supporting climate finance mechanisms is not to give up control over these funds but to make them as useful as possible for leveraging international support for a climate change agenda and the UNFCCC.

Table A10:3 Support of climate funds

<table>
<thead>
<tr>
<th>Danida File No.</th>
<th>Grant Title in Short</th>
<th>Funding Commitment (Mill DKK)</th>
<th>Funding Disbursement (Mill DKK)</th>
<th>Disbursement rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>104.G.12-29-3.</td>
<td>World Bank Strategic Climate Fund - SREP</td>
<td>61,000,000</td>
<td>61,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>104.G.13-3</td>
<td>GCPF 2011</td>
<td>40,000,000</td>
<td>40,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>104.G.17-1</td>
<td>GCPF 2014</td>
<td>25,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>104.O.14-3-1.</td>
<td>DCIF 2013</td>
<td>50,000,000</td>
<td>50,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>104.O.14-3-3.</td>
<td>DCIF 2012</td>
<td>75,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sum</td>
<td></td>
<td>251,000,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A number of global or regional technical assistance institutions receive budgetary support from the MFA. Table A10:4 lists the eight institutions that provide regional or global services to
promote green growth and sustainable energy. Most of these institutions are internationally founded and supported by other donors as well. Budgetary support is increasingly difficult to come by for these institutions, as more and more donors prefer project-based support. For some of these, for example the ESMAP and the GGGI, Danish support constitutes a very significant share. For example, for the ESMAP, the MFA has provided shares of between 15% and 39% of the total donor contributions in the financial years 2010 to 2014.

For GGGI, the MFA provided about 20% of the core funds and 16% of the total funds in 2013. With these comparatively large contributions, the MFA could have comparatively more influence over the activities of these institutions than over the financing for the multilateral climate finance mechanisms. In addition, for some of these (e.g. ESMAP), support from the climate envelope complements support from the general MFA budget. Some of these organisations, for example, the UNEP Risø-Centre have also received project-specific funding from the Climate Envelope.

A special case among these is the Low Carbon Transition Unit (LCTU), which is a unit within the Danish Energy Agency (DEA). This unit has the specific mandate to support the MCEB in project development and with the implementation of the country programmes with specialised technical competence. Within that agency it serves as the main segue to leverage Danish expertise for the Climate Envelope. Other contributors of Danish technical competence to the Climate Envelope are the Danish transmission system operator Energinet and the Meteorological Service. However, none of these receives separate funds, so the LCTU is a major competence centre for the activities of the Global Frame.

Table A10:4 Support of funding for multilateral technical assistance institutions

<table>
<thead>
<tr>
<th>Danida File No.</th>
<th>Grant Title in Short</th>
<th>Funding Commitment (Mill DKK)</th>
<th>Funding Disbursement (Mill DKK)</th>
<th>Disbursement rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>104.G.3-3-1</td>
<td>Egypt - RCREEE</td>
<td>12.750.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>104.G.17-3</td>
<td>SE4ALL Energy Efficiency Hub</td>
<td>30.000.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>104.G.3-3-3</td>
<td>ESMAP</td>
<td>53.000.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>104.G.12-29-6.</td>
<td>UNEP-Risoe - Green Facility - Pilot activities 2010</td>
<td>5.700.000</td>
<td>5.700.000</td>
<td>100%</td>
</tr>
<tr>
<td>104.G.15-15.</td>
<td>LCTU - Energy Authority</td>
<td>20.000.000</td>
<td>20.000.000</td>
<td>100%</td>
</tr>
<tr>
<td>104.G.17-2</td>
<td>LCTU and China-Cooperation 2014-2016</td>
<td>22.760.000</td>
<td>5.090.000</td>
<td>22%</td>
</tr>
<tr>
<td>104.G.13-2</td>
<td>GGGI</td>
<td>90.000.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>104.G.15-10.</td>
<td>PMR</td>
<td>29.500.000</td>
<td>29.500.000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td></td>
<td><strong>263.710.000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
More targeted support is given through two initiatives co-financing larger mechanisms, namely, the SIDS DOCK Support programme of UNDP and World Bank (Table A10:5). As these projects have readily developed and internationally standardised project documents, implementation modalities and monitoring and evaluation plans, they are in theory better harmonised and much more comparable than all the other groups.

**Table A10:5 Co-financing of projects**

<table>
<thead>
<tr>
<th>Danida File No.</th>
<th>Grant Title in Short</th>
<th>Funding Commitment (Mill DKK)</th>
<th>Funding Disbursement (Mill DKK)</th>
<th>Disbursement rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>104.G.13-1</td>
<td>SIDS DOCK Support Programme - UNDP</td>
<td>41.600.000</td>
<td>41.600.000</td>
<td>100%</td>
</tr>
<tr>
<td>104.G.13-1-1</td>
<td>SIDS DOCK Support Programme - WB</td>
<td>38.400.000</td>
<td>38.400.000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td></td>
<td><strong>80.000.000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The largest group of engagements includes eight bilateral projects (Table A10:6). With the exception of the South Africa activities, they form part of a more significant and strategic country programme. This includes broad cross-sectoral engagements in Kenya, Indonesia, and Vietnam (MFA).
### Table A10:6 Bilateral initiatives

<table>
<thead>
<tr>
<th>Danida File No.</th>
<th>Grant Title in Short</th>
<th>Funding Commitment (Mill DKK)</th>
<th>Funding Disbursement (Mill DKK)</th>
<th>Disbursement rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>104.G.15-6.</td>
<td>Indonesia - Environment, energy and climate program, Phase III 2012</td>
<td>50,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>104.G.13-5</td>
<td>Kenya - FSCCP 2011 - CEF/CDTF</td>
<td>15,000,000</td>
<td>12,636,395</td>
<td>84%</td>
</tr>
<tr>
<td>104.G.13-5</td>
<td>Kenya - FSCCP 2011 - AECF/REACT</td>
<td>20,000,000</td>
<td>15,000,000</td>
<td>75%</td>
</tr>
<tr>
<td>104.G.13-5</td>
<td>Kenya - FSCCP 2011 - CEEC/KAM</td>
<td>15,000,000</td>
<td>14,999,207</td>
<td>100%</td>
</tr>
<tr>
<td>104.G.15-5.</td>
<td>Kenya - FSCCP 2012 - CEF/CDTF</td>
<td>25,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>104.G.15-5.</td>
<td>Kenya - FSCCP 2012 - CEEC/KAM</td>
<td>15,000,000</td>
<td>4,233,331</td>
<td>8%</td>
</tr>
<tr>
<td>104.G.15-19.</td>
<td>South Africa - Energy Sector Programme</td>
<td>40,000,000</td>
<td>302,227</td>
<td>1%</td>
</tr>
<tr>
<td>104.G.15-20.</td>
<td>South Africa - Wind Atlas</td>
<td>500,000</td>
<td>500,000</td>
<td>100%</td>
</tr>
<tr>
<td>104.G.15-18</td>
<td>Vietnam - VNEEP</td>
<td>65,000,000</td>
<td>734,040</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td></td>
<td><strong>245,500,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex 11: Terms of Reference

1. Background

The Evaluation Department of Danida (EVAL) is planning an independent evaluation of the Danish climate change funding to developing countries. The evaluation shall provide evidence of the outcomes of the climate change funding for forthcoming international policy dialogue on climate change and provide evidence for design and implementation of any future Danish support to climate change finance in developing countries, including addressing climate change in future Danida supported country programmes.

The Danish climate change funding for developing countries is dominated by the Climate Envelope, which is the funding mechanism established as Denmark’s contribution to Fast Start Finance initially after the non-binding agreement at the UNFCCC COP15. The Danish Climate Envelope provides additional financing for mitigation and adaptation to climate change in developing countries. From 2008 to 2012 the Danish commitment has been about 1.5 billion DKK and a similar amount is expected to be committed from 2013 to 2015.

A number of bilateral and multilateral interventions have been supported from the Climate Envelope through various funding modalities. For example, there was support to the Climate Investment Funds (CIF) and Least Developed Countries Fund (LDCF), and to bilateral programmes, e.g. in Vietnam, Bangladesh, Indonesia and Kenya. Until 2011 the Climate Envelope was solely managed and implemented by the Ministry of Foreign Affairs (MFA). Since 2012 the annual Climate Envelope grants are divided equally into a Global Frame coordinated by the Ministry for Climate, Energy and Building (KEBMIN) and Poverty Frame coordinated by MFA, who still have the overall administrative responsibility for the Climate Envelope.

The evaluation will mainly focus at a prioritized selection of activities from the Climate Envelope portfolio, but will also include other Danish support relevant to address climate change funding in particular in bilateral programmes. For multilateral interventions it is noted that an evaluation of CIF as well as a number of other evaluations of climate change interventions are ongoing and near completion. EVAL jointly with the GEF evaluation department has previously carried out an evaluation of LDCF (2009).

2. Objective of the Consultant's assignment

The Consultant shall carry out an independent evaluation of Denmark’s climate change funding to developing countries for the Evaluation Department of Danida (EVAL). In accordance with OECD/DAC Quality Standards for Evaluation (2010) and the Danida Evaluation Guidelines (2012), the evaluation must be based on a clearly outlined methodology.

The principle of independence of the evaluation is applied. The Consultant will therefore identify what support from the Climate Envelope and other Danida climate change support will be
prioritized in the evaluation. This selection is not part of the tender but will be decided in the inception phase. Due to the planning of the evaluation and also to facilitate the tenderer’s selection of team members and approach it has been decided that the case countries are Kenya and Vietnam. The Consultant is expected also to draw on the experiences from other supported countries but in lesser detail.

The aim of the ex-post evaluation of the Danish Climate Change Funding and in particular the Danish Climate Envelope is to provide evidence of how the Danish funding to address climate change has delivered results according to the objectives of the financing for climate change adaptation and mitigation in developing countries.

The objective of the evaluation is to assess:

- The evidence of impacts and outcomes, effectiveness, efficiency and sustainability and lessons learned of the climate change financing approaches and policy advocacy by Denmark after COP15 in various global platforms and multilateral interventions.
- The evidence of impacts and outcomes, effectiveness and lessons learned of the bilateral climate assistance by Denmark with emphasis on synergies and added value to national processes including climate change policy, action plans and implementation.

The evaluation will be forward looking and should provide recommendations for a real time evaluation of the ongoing and planned Danish climate change funding to developing countries.

3. Outputs

The following outputs are expected from the first ex-post phase of the evaluation:

- The main output is an evaluation report synthesizing the findings, conclusions and recommendations from the evaluation, including mainly the fast start and climate envelope commitment period (2008-2012) but also other related support (maximum 50 pages plus annexes).
- A process manual for a real time evaluation of the Climate Envelope in a second phase of the evaluation covering commitments and results 2013 and beyond.

Further details on the evaluation outputs and the period to be covered are included in the evaluation approach paper.

4. Scope of work and activities

The evaluation approach paper is made available with these Terms of Reference for the evaluation. The evaluation approach paper outlines the purpose and scope of the evaluation as well as the evaluation questions and the prioritised climate change interventions to be evaluated.
In addition, the evaluation approach paper provides an overview of the management and process action plan of the evaluation.

The evaluation is planned to be carried out in two phases. The first phase will include an ex-post evaluation of the climate change commitments made until end 2012 and implemented until end of 2013. Several of these supported activities will be ongoing, but near completion during the evaluation. The second phase of the evaluation includes a real time evaluation that will be carried out until mid 2016, mainly covering activities committed from 2013 and beyond but also results from earlier commitments. As noted above, a format for the real time evaluation in the second phase is an output of the first phase.

5. Reporting

In addition to the reporting described for the evaluation outputs, the Evaluation Team shall prepare an Inception Report including a detailed Work Programme. The inception report shall include an elaborated methodology of the evaluation, including the design, approach, data collection strategy and methods, analytical framework and reporting outline. This will be a further elaboration of the approach and methodology already presented in the tender proposal. The inception report will also include the proposed portfolio to be included in the evaluation. The Evaluation Team will present the inception report to the Evaluation Management before the evaluation analysis is commenced.

Relevant documentation of the evaluation process and data including reports from field visits, raw data collected, survey data, progress reports, minutes of meetings, QA reports, presentation and similar shall be properly organised and included as part of the reporting (on a CD-ROM to be submitted with the evaluation report).

The evaluation outputs will all be submitted to the responsible contact person in EVAL and must comply with the EVAL guidelines for report writing and layout which can be found at www.evaluation.dk (under reference documents).

6. Organisation of the evaluation

The Evaluation Department (EVAL) in the Danish Ministry of Foreign Affairs will assume the role of Evaluation Manager. Management of the evaluation will follow the Danida Evaluation Guidelines (2012) and OECD-DAC quality standards (2010). The evaluation will be informed by an Evaluation Reference Group to be appointed by EVAL. Further details on the evaluation management are included in the evaluation approach paper.

7. Specification of the inputs by the Consultant

The evaluation is expected to be carried out by a team of four consultants, including consultants who have considerable experience with climate change issues at the international level and
consultants with working experience in the regions (East Africa and Southeast Asia) of the selected case countries.

The tender proposals prepared by the tenderer shall include:

- An initial elaboration of the proposed evaluation approach and methodology including approach for data collection and validation,
- Approach and criteria for selection of evaluation themes and priority selection of climate change funding programmes and projects (the tender proposal shall not include selected programmes and projects; these will be decided in the inception phase in dialogue with EVAL).
- An outline of an initial evaluation framework/matrix and evaluation plan (to be further elaborated in the inception report),
- A draft work plan for ex-post evaluation (Phase 1) with relevant process milestones,
- A brief initial outline of a proposed approach to the real time evaluation (Phase 2),
- Comments to the terms of reference and evaluation approach paper.

The Consultant should be able to draw on a combination of expertise with regards to evaluation planning and methodology as well as expertise in the field of climate change adaptation and mitigation and international policy related to climate change in developing countries.

The Evaluation Team is required to have:

- Proven capacity and extensive experience in management and conduct of complex evaluations,
- Strong understanding and experience in working with topics relevant to addressing climate change adaptation and mitigation,
- Strong understanding and experience in work involving partnerships and relationships with multilateral agencies, national/government agencies, civil society organisations and development organisations,
- Capacity and experience with evaluating policy dialogue and advocacy at national and international levels.

The evaluation team is expected to consist of four team members: two team members with international experience, who will be involved in all aspects of the evaluation, and two team members with substantial regional experience from South East Asia and Eastern Africa. The team leader and team members are expected to complement each other so that the specific profile of the proposed team leader should have implications for the profiles of team members (and vice-versa). All suggested profiles will be assessed with a view to the role, competences and tasks they are suggested to cover in the team.
The evaluation team must include at least one member with knowledge of relevant Danish strategies and aid modalities. At least one team member must be able to read and understand Danish. A gender balanced team is preferable.

The tenders should clearly state who of the proposed team members cover which qualification criteria. The team must contain experiences with evaluation methodologies and tools that are proposed for the evaluation.

Qualifications International Evaluation Expert (Team Leader)

The Team Leader will be responsible for the overall management of the assignment, the team’s reporting to and communication with Danida EVAL and will participate in meetings with EVAL as well as with the Reference Group and other relevant stakeholder forums, as requested by EVAL. The Team Leader is also responsible for the delivery of the outputs and thus should have experience in managing multi-disciplinary teams, producing high quality reports and working to meet demanding deadlines.

General qualifications

- Relevant higher academic degree. A profile with major emphasis on development issues, preferably with a minimum of 15 years of relevant and recent professional experience,
- Experience as team leader for multi-disciplinary teams.

Adequacy for the Assignment

- Extensive experience leading evaluations of development assistance with an extensive knowledge on and experience from evaluation approaches and application of evaluation methods, including theory based evaluations and contribution analysis (at least three substantial references as team leader for complex evaluations).
- Extensive knowledge of development policies, delivery mechanisms including support to multilateral agencies, civil society, harmonization and alignment, gender equality and types of modalities for development cooperation, including bilateral interventions.

Experience in the region and language

- Proficiency in English
- Experience from developing countries, including Danida partner countries.

Qualifications of the International Climate Change Expert

General qualifications

- Relevant higher academic degree.
• At least 10 years of relevant professional experience from development cooperation; recent experience preferred.

Adequacy for the Assignment

• Substantial experience within climate change and development policy development and climate financing (at least four substantial references), preferably covering both bilateral and multilateral interventions.
• Experience with complex evaluations or larger reviews of development cooperation (at least two references).
• Experience in the region and language
• Proficiency in English.
• Experience from developing countries, including Danida partner countries.

Qualifications of Regional Expert I (South East Asia)

General qualifications

• Relevant higher academic degree.
• At least 8 years of relevant professional experience from development cooperation; recent experience preferred.

Adequacy for the Assignment

• Specific profile on one of the following topics (at least four references for the specific topic from South East Asia) (the two regional experts should cover different profiles):
  o Gender and human/social rights inclusion in development programmes in relation to climate change
  o Development and execution of national and local climate change policies and strategies.
  o Climate change finance and investments (both mitigation and adaptation investments).
• Other relevant experience with climate change and development in South East Asia from bilateral and regional interventions (at least two references).
• Experience with independent evaluations of development cooperation or larger thematic reviews (at least two references).

Experience in the region and language

• Proficiency in English.
Regional experience from South East Asia (regional programmes and several countries). Relevant experience from Vietnam is an added value, but experience only from Vietnam is not sufficient.

Qualifications of Regional Expert II (East Africa)

General qualifications

- Relevant higher academic degree.
- 8 years of relevant professional experience from development cooperation; recent experience preferred.

Adequacy for the Assignment

- Specific profile on one of the following topics (at least four references for the specific topic from Eastern Africa) (the two regional experts should cover different profiles):
  - Gender and human/social rights inclusion in development programmes in relation to climate change
  - Development and execution of national and local climate change policies and strategies.
  - Climate change finance and investments (both mitigation and adaptation investments).
- Other relevant experience with climate change and development in Eastern Africa from bilateral and regional interventions (at least two references).
- Experience with independent evaluations of development cooperation or larger thematic reviews (at least two references).

Experience in the region and language

- Proficiency in English.
- Regional experience from Eastern Africa (regional programmes and several countries). Relevant experience from Kenya is an added value, but experience only from Kenya is not sufficient.

8. Requirements for the Consultant’s Home Office Management, technical back-up, quality assurance (QA) and Business Integrity Management

The Consultant’s home office support shall provide the following, to be covered by the Consultant’s overheads:

- General home office administration and professional back-up;
• Implementation of the business integrity management plan as described in the Consultant's application for qualification and specified in the Consultant's technical tender;

• Quality assurance (QA) of the consultancy services in accordance with the Consultant’s quality management and quality assurance system, as described in the Consultant’s application for qualification and specified in the Consultant’s technical tender.

The technical tender shall include a detailed description of the proposed QA, to demonstrate the capacity of the Consultant to implement and verify a full QA programme. The Tenderer should select a person who is not a member of the evaluation team to be responsible for QA. The CV of this person shall be included in the technical tender. All QA activities should be well documented and be provided as part of abovementioned reporting of the evaluation process.

9. Eligibility

The DAC evaluation principles of independence of the Evaluation Team will be applied. In situations where conflict of interest occurs, candidates may be excluded from participation, if their participation may question the independence and impartiality of the evaluation. It is the responsibility of the bidders to inform the tender committee about any potential issues of conflict of interest. The final decision on eligibility, however, rests with the tender committee.

Any firm or expert participating in the preparation or implementation of a project or programme directly related to the Denmark’s climate change funding may be excluded from participation in the tender, unless the involvement does not constitute unfair competition.

10. Financial inputs

The Consultant’s financial proposal shall include all cost for key personnel fee and staff related expenses as well as project related expenses in accordance with Appendix 3, and any fixed amounts, which the Consultant shall include for any special purposes for the assignment, e.g. cost of arranging seminars or study tours, funds to be administered by the Consultant, etc.

The maximum budget for the evaluation including provisional sums is 4.0 million DKK. The maximum budget for Phase 1 of the evaluation is 2.5 million DKK. The budget for the optional Phase 2 of the evaluation is 1.5 million DKK.

In the price proposal the tenderer shall include a provisional sum of 100,000 DKK for Phase 1 and 50,000 DDK for Phase 2 for workshops and other dissemination. The evaluated price proposal is the sum of the price for Phase 1 and Phase 2 less the provisional sums.

11. List of Background Documents
For the invitation to tender of the evaluation the only enclosed background document is the Evaluation Approach Paper (March 2014).

Danida EVAL has compiled background documents for the evaluation that will be made available to the selected evaluation consultant.

12. Time Schedule

A process action plan is included the Approach Paper.

The launch of the evaluation is expected to be June 1, 2014. The evaluation will begin with an inception phase with an inception report by August 1, 2014. This is followed by country visits and other information gathering and initial analysis. An interim report on progress is scheduled for October 2014 preferably to coincide with the planned IPCC meeting in Copenhagen. A draft evaluation report is expected probably in April 2015 and the final evaluation report is expected in June 2015.

Phase 1 is for 12 months and the optional Phase 2 is for an additional 12 months. A decision of the continuation with the same Consultant for the Phase 2 will be made not later than one week after the draft evaluation report has been submitted (April 2015).