

Minutes from External Grant Committee Meeting on 13 May 2014

Present:

- External Members: Helle Munk Ravnborg, Senior Researcher, Danish Institute for International Studies
Henrik Secher Marcussen, Professor, Roskilde University
Alison Evans, Independent Development and Evaluation Expert
Christian Balslev-Olesen, Regional Representative, DanChurchAid
- Internal Members: Martin Bille Hermann, State Secretary for Development Policy (Chair)
Morten Jespersen, Under-Secretary for Global Development and Cooperation
Michael Starbæk Christensen, Under-Secretary for Global Politics and Security
- MFA: Tove Degnbol, Head of Department for Technical Advisory Services (observer)
Nathalia Feinberg, Head of Department for Development Policy and Global Cooperation (observer)
Mette Brink Madsen, Department for Quality Assurance of Development Cooperation (note taker)
- Agenda item no. 2: Ambassador Hanne Fugl Eskjær, Head of Cooperation Mogens Strunge Larsen, Senior Programme Officer Arifur Rahman Siddiqui and Programme Officer Tasmim Zahid Anwar.
- Agenda item no. 3 and 4 Head of Representation Winnie Estrup Petersen, Programme Coordinator Henrik Westerby and Programme Officer Boubacar Gamatie
- Agenda item no. 5 Head of Department Kaare Baarslev and Head of Section Maria Ulf-Møller
- Agenda item no. 6, 7 and 8 Head of Department Morten Elkjær, Special Adviser Jakob Rogild Jakobsen, Special Adviser Christoffer Berthelsen and Head of Section Anders Rømer Skøtt
- Ministry of Climate, Energy and Building: Head of Department Rasmus Abildgaard Kristensen and Head of Section Caroline Kronberg Jensen
- Danish Energy Agency: Special Adviser Ulla Blatt Bentsen and Head of Section Assar Qureshi

Agenda item no. 1: Announcements from the Chair

There were no announcements from the Chair.

General recommendations regarding agenda items 2, 5, 6, 7 and 8

Recognising that the international climate architecture is still unfolding and the need to test different mechanisms and approaches, the Committee recommended that the concerned Ministries take steps to prepare a strategy/strategic framework which could guide the use of the Climate Envelope, including guidance on e.g. focus, modalities, etc.

Agenda item no. 2: Bangladesh - Climate Change Adaptation and Mitigation Programme

50.0 million DKK
(Embassy Dhaka)

Summary:

Bangladesh is extremely vulnerable to climate change and the Intergovernmental Panel on Climate Change's impact assessment from 2001 identified Bangladesh as one of the most susceptible countries to climate change. The Climate Change Adaptation and Mitigation Programme has been designed based upon lesson learned from the Climate Change Adaptation Pilot Project 2013-14 and as part of the preparation for Denmark's planned support to a Green Growth Programme from 2016-2012. The Programme is focused on climate change adaptation as well as on mitigation issues. The adaptation part is focused on construction of climate resilient rural infrastructure in the Southern part of Bangladesh. The mitigation part will promote waste-to-energy from poultry manure and raise awareness on energy efficiency, to stimulate the market for energy efficiency in industries. A key strategic consideration for this project is to gain experience with new partners and sectorial actors, to pilot innovative approaches and to initiate policy dialogue.

The External Grant Committee recommended the grant proposal for approval by the minister.

The Committee recognised that it was a pilot programme and underlined the importance of differentiating between adaptation measures and mitigation measures. Given the piloting nature, it was furthermore important to clearly define the programme activities and to document thoroughly the outcome with a view to possible adjustments.

The Committee emphasised the importance of reflecting achievable outputs and outcomes in a realistic risk matrix as well as of establishing a clear understanding of the underlying theory of change.

The Committee enquired about the contribution from the Climate Change and Adaptation Project to climate proofing. The rural roads and other infrastructure which will be climate proofed by poor women workers were all strategically located in areas which are extremely

vulnerable to climatic hazards and climate change. The improvements will make it possible for the vulnerable population to reach cyclone shelters also in times of flooding.

Regarding the justification for the selection of implementing partners it was noted that the ongoing partnership with Local Government Engineering Department (LGED) had been successful. With the current focus on climate change the continued partnership was innovative and highly relevant for the country programme. As regards the mitigation engagements, IFC had been selected as partner based upon its concrete experience in the biogas sector and expertise in facilitating private sector development.

Questions were raised concerning the choice of Nordic Chamber of Commerce and Industries (NCCI) as key partner. The Committee expressed its concern about the lack of alignment in the Energy Efficiency Engagement and underlined the importance of exploring linkages between the NCCI and relevant institutions of the Government of Bangladesh.

The Committee concluded by emphasising that when piloting it was particularly important that lessons were drawn and documented as early as possible as well as continuously. Finally, the Committee asked to revisit this programme within a year's time not least to have a presentation of lessons learned.

Agenda item no. 3: Niger - Employment Generation and Green Growth in the Agricultural Sector

195.0 million DKK

(Repr. Niamey)

Summary:

Building on the experience and results of the current phase of the agricultural sector programme and the strategic directions of Nigerien and Danish development policies, the proposed programme promotes improved private sector led sustainable economic growth and job creation, based on agricultural value chains. The programme consists of two engagements. Within value chains of production systems in the regions of Zinder and Diffa, the first engagement aims to increase agricultural production and link this to markets by: 1) promoting support services for farmers; 2) promoting green technologies; 3) developing the growth and competitiveness potential of specific areas; and 4) supporting sector coordination. This engagement will be delegated to the Swiss Cooperation. The second engagement aims to increase the development of agro-food business in certain value chains by: 1) promoting support services for enterprises; and 2) promoting green technologies. In addition, this engagement will help improve the business climate overall as well as specifically for the value chains. This engagement will be delegated to the World Bank (Competitiveness and Growth Support Project).

<p>The External Grant Committee recommended the proposal for approval by the minister, noting that programming and planning had been done under difficult circumstances given the fact that Denmark is about to close its representation in Niger.</p>

The Committee acknowledged the continued importance of Danish engagement in Niger and noted the strong case for investment in employment generation in agriculture and agro-

processing, which were underdeveloped sectors. The dual focus on support to producers and other actors at the local level and support to policy development and capacity building of national level institutions was appreciated, while the growth potential in the agricultural sector and the rationale behind the choice of specific value chains to be supported were discussed. It was confirmed that the Danish programme supported agricultural value chains only and would not engage in extractive industries/uranium. The sustainability of the programme was questioned, but there was agreement that the integrated value chain approach per se and the anchoring of activities in existing and well-established national partner institutions would support sustainability. It was noted that the programme had a rather modest focus on “green growth” with only one output focusing on this issue.

The Committee expressed its concern over the difficulties foreseen in terms of effective programme management and maintaining close policy dialogue with the Nigerien authorities as a consequence of the decision to transfer the management of the programme to the Danish embassy in Ouagadougou from August 2014. On this basis, the Committee found the delegation of responsibility for the management of the Danish programme to respectively the World Bank and Swiss Agency for Development Cooperation justified, while noting that there were few like-minded and more obvious donors in Niger, to whom responsibility could be delegated.

The Committee further recognised that the delegated partnerships to be established required considerable flexibility. However, it was underlined that key Danish principles and priorities should still be upheld in the context of the partnerships. The Human Rights Based Approach was mentioned as a specific example, where delegation to the World Bank offered opportunities for Denmark to influence the modalities.

Regarding the results framework, its realism, internal coherence and usefulness as a tool for reporting was discussed. It was concluded that the indicator matrix should be reviewed during inception with a view to a possible reduction in the number of indicators, which would facilitate reporting and enable focussed discussion. Also, targets should be reviewed to make sure that they were realistic, while the key assumptions and risks linking investments to results could be made more explicit.

Agenda item no. 4: Niger - Support to Stability and Democracy

50.0 million DKK

(Repr. Niamey)

Summary:

In Niger the confidence crisis between state and society is growing, religious awakening undermine democratic values, and the human rights of particularly women are under strong pressure. In 2013, Denmark initiated a regional programme for stabilisation in the Sahel covering Mali, Burkina Faso and Niger. The present programme complements the regional programme by focussing on the roles of parliament and media in consolidating democracy, and by supporting the empowerment of women and youth as well as the defence of their human rights, especially as they relate to health and population issues.

The External Grant Committee recommended the proposal for approval by the minister.

The Committee took note of the explanation on the geopolitical situation in sub-Saharan west-Africa and recognised the importance of a programme focussing on stabilisation and anti-radicalisation in Niger. The contributions of the individual engagements (support to parliament, media, gender and women's human rights and civil society) towards these ends were discussed and found pertinent, notably as regards the focus on religious issues. Also, the linkages and complementarities with the Danish regional programme for stabilisation in the Sahel were outlined and discussed.

The Committee questioned whether the applied definition of stabilisation by the programme corresponded to conventional definitions and found that the programme title did not adequately reflect the content of the programme, particularly as regards the extensive focus on gender issues. Consequently, it was recommended to reconsider the title of the programme.

The Committee noted that the programme based on the decision to close the Niamey representation had undergone important design changes in order to make it manageable for the embassy in Ouagadougou. Consequently, some of the internal coherence and synergies between relevant activities in the development engagements of the programme had been weakened. The Committee found that though the programme presented itself as a package of projects this was acceptable given the circumstances.

Agenda item no. 5: Global Green Growth Institute

90.0 million DKK
(3GF Secretariat)

Summary:

The Global Green Growth Institute (GGGI) is an international organisation dedicated to global transformation to "green growth". Denmark has supported GGGI since 2011. The grant of DKK 90 million (2014-16) will allow Denmark a seat in GGGI's Council. In the development and implementation of GGGI's future Strategic Plan (2015-2020), Denmark's priorities will be: 1) Development of a focused and realistic strategic plan with a concrete results framework; 2) Poverty orientation; 3) Inclusiveness; 4) Consolidation of GGGI's activities; 5) Integration of GGGI's three work streams; 6) An organisational structure that is fit for its purpose; 7) Implementation of financial and administrative policies, rules and procedures of international standards; 8) Influence at the global level.

Given the political decision to support GGGI with a 3-year grant of DKK 90 million, the External Grant Committee recommended the grant proposal for approval by the minister, while stressing the need for clear benchmarks, a close assessment of progress and the new strategic plan once it has been finalised. Concern was expressed over the financing of the grant from the poverty frame of the Climate Envelope, and it was emphasised that Denmark should work to implement all the recommendations from the appraisal. The Committee asked to get an opportunity to assess the progress and the new strategic plan of GGGI in the first half of

2015 prior to the payment of the second Danish instalment.

The Committee appreciated the solid and honest documentation providing a sound basis for the Committee's assessment and review of the new appropriation to GGGI. The Committee agreed that the appraisal constituted a solid and thorough basis on which to base Denmark's further engagement in GGGI.

The Committee appreciated the Danish priority areas for the cooperation as described in the grant proposal, but was doubtful as to whether all these priorities could be achieved. It was noted that compromises would have to be made since not all donors and Council members agreed on the different aspects of GGGI's strategic direction. Doubts were raised about the provision of a three-year grant, and the Committee proposed to consider a one-year grant until the new strategic plan had been finalised. It was underlined that a three-year grant required clear benchmarks and red lines that should be set as a prerequisite for each annual disbursement.

GGGI had been established by South Korea to promote the Korean definition of green growth, focusing on Economy and Climate – leaving out the social and poverty aspects. Poverty orientation was important from a Danish perspective, although attempts should not be made to turn GGGI into something it was not. Given the lack of poverty orientation by GGGI, concern was expressed regarding the decision to fund 50 pct. of the grant over the poverty frame (of the Climate Envelope).

The Committee recognised that GGGI had come a long way over the past couple of years, but stressed that the Global Green Growth Institute was not a *unique* actor in the international architecture, and it was argued that GGGI's main *comparative advantage* was its role as a trusted advisor to governments at high level, its governance structure and its South Korean base. The Committee saw a general need for a mapping exercise on Denmark's strategic intent regarding the Climate Envelope, and where GGGI and other international and regional partner organisations fitted in. As a general rule, new institutions should not be established if existing institutions could perform the same tasks. Furthermore, the Committee stressed that it was key that all recommendations from the appraisal were implemented. The Committee appreciated the proposal to second a strategy advisor with a focus on operationalisation of the poverty orientation of GGGI's work.

In conclusion, it was decided to evaluate the progress of the organisation before the second instalment (in 2015), focusing on the strategic plan and implementation of appraisal recommendations as well as on whether further poverty reduction had been included.

Agenda item no. 6: Support to UNEP Risoe Centre's Energy and Climate Collaboration (URC) and the Sustainable Energy for All (SE4ALL) Energy Efficiency Hub

85.0 million DKK

(Department for Green Growth)

Summary:

This grant consists of a core contribution to UNEP Risoe Centre's Energy and Climate Collaboration and support to the Sustainable Energy for All (SE4ALL) Energy Efficiency Hub located in the UN-City in Copenhagen. The two interventions are key contributions to UNEP's Medium Term Strategy, 2014-17 and Programme of Work, addressing Climate Change and a priority to leverage the best science for the transformation towards renewable energy, energy efficiency and emission reductions. UNEP Risoe Centre and the Energy Efficiency Hub will at the global level help enable ambitious global sustainable development goals on energy as part of the post 2015 agenda as well as the closing of a global climate deal in Paris in 2015 under the auspices of the UN Framework Convention on Climate Change (UNFCCC), and at a local level bring workable solutions to climate and energy challenges in developing countries.

The External Grant Committee recommended the grant proposal for approval by the minister, and recommended that possibilities to evaluate the work of and support to UNEP Risoe should be explored.

The Committee recognised the important work carried out by UNEP Risoe Centre for Energy and Climate. Furthermore, it recognised its legitimacy due to its setting in the UN family. The move to the UN-City in Copenhagen was found useful with a view to increase the collaboration with other partners.

It was explained that the core funding provided to the Centre was supplemented with external financial contributions up to a total yearly budget for the Centre of approximately USD 10 million. Furthermore, the Committee was informed that efforts to secure additional external financial resources for the SE4ALL Energy Efficiency Hub were proceeding well with promising signals from at least two additional potential donors. The Committee acknowledged the potential key role of the SE4ALL Energy Efficiency Hub in the context of the monitoring of progress of the coming global post-2015 agenda, not only in terms of general energy efficiency improvements but also in terms of energy nexus issues including energy use in other sectors such as agriculture and industry.

The Committee underlined the need to avoid duplication of efforts, in particular in relation to the Low Carbon Transition Unit established in the Danish Energy Agency. The Committee noted as a concern that the UNEP Risoe Centre had not yet been able to establish an appropriate model to measure results and outcomes. It was explained that baselines would be established during the coming months to be able to better document the outcomes. The Committee recommended that an external evaluation of UNEP Risoe Centre should be undertaken.

Finally, it was noted that it was the intention to include future core contributions to UNEP Risoe Centre in the general contributions to UNEP.

Agenda item no. 7: Global Climate Partnership Fund

25.0 million DKK

(Department for Green Growth)

Summary:

At the UN Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Copenhagen in 2009 (COP15), the developed countries committed to mobilise USD 100 billion a year by 2020 to address the needs of the developing countries in the context of meaningful mitigation actions and transparency on implementation. Private capital will be pivotal in this regard and there is an international demand for new and innovative mechanisms that can mobilise private capital. As a part of the Danish endeavours to mobilise the needed climate finance and investments, a new contribution to the Global Climate Partnership Fund (GCPF) of DKK 25 million is proposed within the framework of the Danish Climate Envelope 2014. GCPF is a German initiative that aims to mobilise private investment capital for climate financing which is considered an integral part of the international efforts to keep the average rise in global temperature below 2 degrees compared to pre-industrial levels.

Noting the experimental nature of the grant and the institution, the External Grant Committee recommended the grant proposal for approval by the minister.

The Committee recognised the importance of climate finance and the efforts of the Global Climate Partnership Fund (GCPF) in mobilising private and public capital into climate financing as a means to enabling meaningful mitigation actions.

The Committee questioned the added value of a reacquisition of shares in the Fund and whether it could provide an ample learning opportunity for Denmark. Especially the innovative framework for the Fund that generates low-risk yields for private and institutional investors which can prove useful for future climate finance endeavours was mentioned. The reacquisition of shares could also mobilise private capital that could be channelled via partner lending institutions and used for building capacity and learning at the local and country level.

Although satisfied with the outlined general indicators, the Committee stressed that further detail at project/country level could prove crucial to future evaluations of impact and efficiency. The Committee also raised concerns with respect to the level of transparency and the choice of Luxembourg as location for the GCPF. Regarding location it was explained that the construction with three different categories of shares in the GCPF Luxembourg offered the necessary legislation. Given the complexities of a possible exit from GCPF (transfer of Danish C-shares), Danish involvement in GCPF should contribute to pursuing objectives such as transparency and the importance of applying international standards like the United Nations Guiding Principles on Business and Human Rights that can increase the global reach of GCPF was stressed.

In conclusion, it was stressed that Denmark should actively engage in the GCPF and work to ensure the transparency, application of international guidelines and to work constructively towards the formulation of lessons learned from the engagement in GCPF.

Agenda item no. 8: Support to the Danish Energy Agency's Low Carbon Transition Unit and China-Cooperation 2014-2016

22.76 million DKK

(Department for Green Growth)

Summary:

The objective of the allocation to the Danish Energy Agency (DEA) is to assist developing countries with transition to low carbon economies and preparing to enter into a new global climate agreement. The outcome of the allocation to DEA's LCTU and China-cooperation is defined as: Emerging economies (with focus on China, Mexico, RSA and Vietnam) are further enabled in reaching ambitious climate and energy goals through knowledge sharing and support within planning, regulation and implementation of energy efficiency and renewable energy policy in an Agency-to-Agency cooperation between Ministry of Climate, Energy and Building (MCEB)/DEA and corresponding climate and energy authorities.

The External Grant Committee emphasised the critical need to ensure that efforts were demand-driven, and recommended the grant proposal for approval by the minister on the condition that improvements were done on a number of points.

The Committee recognised that DEA – as a Government agency – possessed special and valuable knowledge and competences with respect to the formulation and implementation of e.g. energy policy regulation, but concerns were raised as to the comparative advantage of the services provided by the LCTU (as described in the documentation).

The Committee called for further elaboration of the Theory of Change as it was not possible to clearly understand the thinking behind the programme. Furthermore, information on lessons learned from the previous phase and an elaboration of the budget including further details were called for.

The Committee underlined the fundamental need to ensure that activities are demand driven and highlighted that this was not sufficiently documented in the proposal. The Committee emphasised that while it recognised that building relations with counterpart agencies was a gradual process, country ownership was central and activities would only be successful if underpinned and driven by political will in partner countries. The Committee stressed the importance of maintaining flexibility to meet demand and to shift activities if needed. The Committee recommended that the LCTU during programme implementation should clearly describe the modalities used in order to ensure the demand driven nature of the activities – and work concertedly to avoid a supply-driven TA-approach.

The Committee added a number of specific remarks regarding the indicators, which did not sufficiently describe or measure the added value of the LCTU. The Committee found that the indicators needed further elaboration focusing more on output and outcome than merely on input. It was strongly recommended that the technical assistance should be as tangible as possible.

Agenda item no. 9. AOB.

No points were raised.