

Danish Support to New Climate Economy (NCE) 2020-2022

Key results:

- Denmark has engaged active climate diplomacy and concrete action in seven strategic countries on three continents to raise climate ambition by promoting a socially just green transition with particular attention to inclusion of vulnerable groups and youth
- Concretely, Denmark has promoted an inclusive green economic transition and green recovery in four key countries in Africa with economic and regional clout (three green frontrunner missions - Ethiopia, South Africa, Kenya – and Nigeria)
- and built momentum for inclusive sustainable growth and climate action in Vietnam (green frontrunner mission)
- and encouraged progress on climate action in Colombia and Brazil (the latter also green frontrunner mission)

Justification for support:

- Directly addresses the combined climate and SDG agenda through NCEs mission and strategic objectives of climate ambition and transformation of countries to inclusive, low-carbon and resilient economic models
- Promotes Danish policy priorities for inclusive, climate resilient societies that integrate a green post covid-19 recovery, as expressed in “The World 2030” as well as in the government’s long term strategy for global climate action, by supporting NCEs green growth mission based on inclusion, poverty, gender and youth responsiveness
- Directly responds to country-level needs and priorities linked to green transition, based on NCEs country-level economic modelling and analytical work in partnership with governments
- Delivers on the Danish Government’s commitment for strengthened support to countries in Africa, especially in energy, democracy and employment, by reinforcing NCEs activities in Africa and synergies with other Danish green-growth relevant activities in African countries
- Underscores Danish SDG7 leadership through cross-economy work and specific energy sector analysis focused on enhanced and reliable access to renewable energy, shift away from coal and fossil fuels and linking to existing Danish country energy work.
- Supports strengthened Danish climate diplomacy through NCE analytical products and by enhancing coherence, synergies and dialogue between NCE and Danish engagements in green frontrunner mission countries, as well as with climate partner institutions like GGGI, NDC-P and WRI.

File No.	2020-35929					
Country	Regional					
Responsible Unit	Department for Green Diplomacy (GDI)					
Sector	Climate and green growth					
Partner	New Climate Economy					
	DKK mill.	2020	2021	2022		Tot.
Commitment	15	-	-	-		15
Projected ann. disb.	10	-	5			15
Duration	3 years					
Previous grants	DKK 5 million in 2019-2020; DKK 5 million in 2018-2019.					
Finance Act code	06.38.02.12					
Head of unit	Rasmus Abildgaard Kristensen					
Desk officer	Tine Anbæk					
Reviewed by CFO	YES: Christina Hedegaard Hyttel					

Relevant SDGs [Maximum 5 – highlight with grey]

 No Poverty	 No Hunger	 Good Health, Wellbeing	 Quality Education	 Gender Equality	 Clean Water, Sanitation
 Affordable Clean Energy	 Decent Jobs, Econ. Growth	 Industry, Innovation, Infrastructure	 Reduced Inequalities	 Sustainable Cities, Communities	 Responsible Consumption & Production
 Climate Action	 Life below Water	 Life on Land	 Peace & Justice, strong Inst.	 Partnerships for Goals	

Strategic objectives:

- Overall objective: Contribute to driving climate ambition and building low-carbon, inclusive, climate resilient societies based on models of transformative and inclusive green growth in key developing countries and emerging economies.

Justification for choice of partner:

NCE is among the organizations that work at country-level where its particular niche is i) capacity to build capacity in partner governments and deliver cross-economy rigorous economic modelling and analysis with a distinct focus on the nexus of climate, economic growth and development with integration of poverty and social inclusion for identification of win-win opportunities for climate action and inclusive growth and job creation, and ii) capacity to interact and sensitize at highest level of government and other national stakeholders through network of partners, Commissioners and champions.

Summary:

Denmark’s financial contribution of DKK 15 million in 2020-2022 is earmarked to making the case for climate action as a driver of green, stronger and more inclusive growth and job creation in selected key countries in Africa, Latin America and Asia with a particular focus on providing compelling socio-economic rationale for green and inclusive covid-19 recovery. The focus countries have been selected based on three main filters: i) important regional strategic actor, ii) existing Danish engagement in climate agenda, iii) NCE capacity to deliver added value to country policy and planning process.

Budget:

Output 1: Promoting an inclusive green economic transition in four strategic countries in Africa	7,050,000 DKK
Output 2: Building momentum for sustainable growth and climate action in Vietnam	1,600,000 DKK
Output 3: Encouraging Progress on Climate Action in Latin America	5,000,000 DKK
General & Administrative expenses including annual audits	1,050,000 DKK
Monitoring and reviews	300,000 DKK
Total	15,000,000 DKK

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Acronyms

AfDB	African Development Bank
AU	African Union
DKK	Danish Kroner
CTCN	Climate Technology Network Center
ESMAP	Energy Sector Management Assistance Program
GCEC	Global Commission on the Economy and Climate
GDP	Gross Domestic Product
GGGI	Global Green Growth Institute
GHG	Green House Gasses
IEA	International Energy Agency
IFU	Investment Fund for Developing Countries
IPPC	The Intergovernmental Panel on Climate Change
IRENA	The International Renewable Energy Agency
IUCN	International Union for Conservation of Nature
NCE	New Climate Economy
NDC-P	National Determined Commitments-Partnership
P4G	Partnering for Green Growth
PD	Project Document
SDG	Sustainable Development Goals
UNEP	United Nations Environment Programme
USD	United States Dollars
WRI	World Resources Institute

1. Introduction

This Project Document (PD) outlines the Danish engagement with the New Climate Economy (NCE) for 2020-2022. The overall objective of the engagement is to contribute to driving a just green transition and building low-carbon, inclusive, climate resilient societies based on models of transformative and inclusive green growth in key developing countries and emerging economies.

Denmark's financial contribution of DKK 15 million in 2020-2022 is earmarked to making the case for climate action as a driver of green, stronger and more inclusive growth and job creation in selected key countries in Africa, Latin America and Asia with a particular focus on providing compelling socio-economic rationale for green and inclusive covid-19 recovery. The focus countries have been selected based on three main filters: i) important regional strategic actor, ii) existing Danish engagement in climate agenda, iii) NCE capacity to deliver added value to country policy and planning process.

Selected key countries

Danish Green Frontline Mission countries

Ethiopia, Kenya, South Africa
Vietnam, Brazil

Other countries with regional strategic importance

Nigeria
Colombia

Established in 2013, NCE is a flagship project of the Global Commission on the Economy and Climate (GCEC). The Commission is the key driving force behind NCE, setting the strategic direction and providing high-level guidance on the work program. NCE is focused on driving climate ambition and inclusive economic growth at country level. In collaboration with key national and international actors, NCE builds solid evidence through rigorous modeling and analysis that identifies green economic growth paths that are stronger, more equitable and provide more jobs than conventional growth strategies.

The preparation of the present project was based on extensive (video) discussions with NCE to jointly identify relevant areas for Danish support and assess prior results, existing and foreseen NCE engagement in the selected countries and sectors as well as existing or foreseen funding for same countries. Further, an overall assessment was done of NCEs overall results, general strategic and financial situation as well as the organizational and management set-up. Relevant Danish embassies and the Danish Energy Agency very closely involved in the preparation process and took part in country specific planning meeting with NCE. This was supplemented by consultations with relevant key donors, in particular Germany, Norway and Sweden.

2. Key issues – green transition needs and challenges

Given the climate change challenge it is crucial to promote ambition not only in major economies but also to seize opportunities for ambition in key emerging economies and developing countries with strategic influence in global coalitions and at regional or sub-regional level.

A pathway to ambition among large emitters as well as in countries that are not in this group but are suffering the impacts of climate change is to make the case for climate action as a driver of green, stronger

and more inclusive growth and job creation. In fact, climate change is one of the biggest threats to sustainable development and its impacts disproportionately affect the poorest and most vulnerable. Therefore, action to halt climate change and address its impact is a must for delivering the SDGs. The covid-19 crisis has further underpinned this correlation and the importance of building resilience.

Ambitious policy reforms and green and inclusive covid-19 recovery

Governments around the world have accelerated green policy reforms, especially since the Paris Agreement in 2015, but the pace is highly uneven – and governments in developing countries and emerging economies often face multiple challenges in implementing such reforms. Green transition reforms tend to be technically demanding, require major institutional change, and management of complex multi-actor implementation processes. At the same time, in the context of covid-19 it is becoming increasingly clear that solutions responding to multiple challenges must be prioritised and that short-term solutions should not exacerbate long-term problems.

The nature of the economic stimulus programs may determine whether countries lock into a polluting, inefficient fossil fuel economy for decades to come, or move decisively towards cleaner, healthier and more resilient societies. Identifying the strongest and most equitable green growth paths that can deliver jobs is challenging and necessitates rigorous modeling and analysis. However, many developing countries and emerging economies are limited by weak institutional capacity and are in addition confronted with a multitude of conflicting interests. This underlines the pertinence and timeliness of making NCEs robust analytical capacity available for countries and governments with an interest in green policy reform to help identify green and inclusive growth paths.

Promoting inclusive green growth in Indonesia

NCE modelling to the Low Carbon Development Initiative in Indonesia identified more ambitious pathways than the current Indonesian NDC that would deliver stronger GDP growth (from its first year of implementation), more jobs, faster poverty reduction, and gender and health benefits.

Local **politics, power and interests** play exceptional roles in “green transition”-reforms, this is also the case in developing countries and emerging economies, and tackling such factors are key to move reforms forward. Redistribution of resources and jobs between groups of society and can be considerable under “green reforms” and politicians may not have the power base to carry through unpopular measures, like removing subsidies, adopting new taxes or suspending jobs in high emission industries. This underscores NCEs emphasis on working directly with ministers of finance and/or planning to help integrate climate action directly into national economic and development plans as well as into financial reforms as these have significant impact on climate action.

Poverty reduction and inclusion

The covid-19 crisis has shown how deep inequalities make society as a whole more vulnerable. Climate change affects women and men differently and **gender** needs direct attention in green policy reforms and initiatives. Women rely more on natural resources for livelihoods and are hardest hit by climatic change, their mortality from climate-disasters is higher, and their burdens like firewood and water collection increase radically with climate change.

Youth is the majority population in Africa as well as in many emerging economies in Asia. They will carry the main burden and solution to climate change and will bear the main loss in resilience, incomes, and jobs from reduced biodiversity, agriculture degradation, and other effects. They also constitute most

of the growing urban poor suffering the rising air pollution, lack of access to water, sanitation, waste management, and energy. This requires integrating youth as part of climate action and to shape the green transition, in Africa and elsewhere, to generate sustainable jobs for the youth. Climate change is predicted to force **migration** of over 140 million people by 2050¹, most of them young, with major risks of conflict. It underscores the need to support climate adaptation and jobs for youth in high-risk areas, also as part of alleviating migration.

NCE work has a strong focus on the potential for enhanced climate action to deliver poverty alleviation and, where relevant, the potential to generate jobs and income for disadvantaged groups, including women and youth.

3. The key institutions - and NCEs positioning

Working collectively to address the above green and inclusive-transition needs involves a vast system of international environment and development organizations, multilateral actors, and partnerships. Box 1 lists a few key ones, including some, which Denmark partners with. Each actor has a distinct role and entry-point. Some operate at the global framework level to agree and set norms and monitor progress. Some engage in financing and investment of green growth and climate infrastructure. And some engage at country level with support to governments to develop capacity, reform of institutions and policies, or community-level projects.

The climate- and biodiversity conservation system – main actors

Overarching normative and monitoring frameworks

- United Nations Framework Convention on Climate Change (UNFCCC) and its Secretariat
- United Nations Convention on Biological Diversity (UN CBD) and its Secretariat
- The Intergovernmental Panel on Climate Change (IPPC)
- United Nations Environment Programme (UNEP) (*)
- World Meteorological Organization (WMO)

Global climate funding and investment instruments

- Green Climate Fund (GCF) (*)
- Climate Investment Funds (CIF)
- Multilateral Development Banks (MDB) (*)
- Investment Fund for Developing Countries (IFU) (*)

Global collaboration and country level policy and institutional development

- International Union for Conservation of Nature (IUCN) (*)
- NDC Partnership (*)
- Global Commission on the Economy and Climate (*)
- Global Commission on Adaptation (*)
- World Resources Institute (WRI)(*)
- Climate Technology Network Center (CTNC) (*)
- The International Renewable Energy Agency (IRENA) (*)
- International Energy Agency (IEA)(*)
- Energy Sector Management Assistance Program (ESMAP) (*)
- International Solar Alliance (ISA)
- World Business Council for Sustainable Development

(*)Partnerships with Denmark

¹ Groundswell. Preparing for Internal Migration, World Bank, 2018.

The actors supplement each other with linkages and synergies between their activities. For instance, NCE, GGGI, NDC-Partnership and WRI collaborate on enhancing ambition at national level. NCE and GGGI often collaborate at country level where GGGI's permanent presence helps ensure the continued integration of NCEs long-term economic modelling of inclusive climate action in the development of national policy and strategies. In addition, NCE collaborates with a number of platforms and initiatives to build robust and comprehensive analysis that address the opportunities and concerns of NCE focus countries. The interconnectedness and synergies facilitate addressing the crisis facing the climate, biodiversity and people in a systematic and inclusive way. At the same time, continued collaboration and focus on value addition is critical to avoid overlaps and inefficient use of limited resources.

NCE is among the organizations that work at country-level where its particular niche is:

- Capacity to deliver cross-economy rigorous economic modelling and analysis with a distinct focus on the nexus of climate, economic growth and development with integration of poverty and social inclusion for identification of win-win opportunities for climate action and inclusive growth and job creation
- Engage in active partnership with national governments and research institutes providing technical tools, policy and economic analysis on how to incorporate climate action into economic and national development policy and narratives and building the national capacity to pursue the analytical work
- Ability to respond to government demand within short timespans due to institutional agility and close collaboration with research institutes and highly specialized actors on the ground
- Capacity to interact and sensitize at highest level of government and other national stakeholders through network of Commissioners and champions, building engagement across different decision-making ministries and ensure the mainstreaming of climate plans and goals into traditional development functions.

The present support to NCE is designed with a view to stimulating coherence between Danish aid instruments by supporting collaboration across actors and engagements for enhanced impact (see 5.2 below). In particular, this is foreseen through closer coordination of the Danish engagement with NCE and actors such as NDC-Partnership, IRENA, CTNC and WRI. To enhance impact, NCE work at country level will feed into and be closely coordinated with ongoing Danish climate diplomacy dialogue as well as bilateral engagements such as relevant strategic sector cooperation, Danish Energy Agency expertise², and bilateral “green growth” programmes.

4. NCE Approach and Work Program 2020-2022

NCE was established in 2013 at the initiative of the Global Commission on the Economy and Climate to provide independent and authoritative evidence on the relationship between actions which can strengthen economic performance and enhance development and those, which reduce the risk of dangerous climate change. Through rigorous modeling and analysis, NCE has illustrated why climate-smart development should be the growth story of the 21st century – and how countries that delay climate action risk missing opportunities for economic growth and development gains. Building on this work, NCE is focused on translating this compelling global narrative and analysis into specific, actionable plans

² In particular in Ethiopia, South Africa and Vietnam.

for key emerging and developing countries. To further leverage opportunities, NCE engages with influential local and international champions, to shape the development of the work and messages in a way that will land with impact and ensure wide buy-in to the final results at country level.

The NCE project team of 21 staff is hosted by WRI (in Washington DC), with members located in partner institutes in Addis Ababa, Sao Paulo, Jakarta, London, and Paris. Further, NCE collaborates with a team of economists and policy and business analysts drawn from, and supported by, a partnership of leading global economic and policy institutions as well as relevant local institutions in each country in which NCE is engaged³.

Approach

NCEs approach is **demand-driven**, working to develop tailored engagement plans and research programs to address the local priorities and realities of inclusive economic growth and climate actions with a strong focus on equity, poverty, and achievability. NCEs work is focused on identifying and seizing win-win opportunities to support development targets, economic growth, and climate action. To this end, NCE works closely with government, business leaders and civil society to identify barriers, priorities, and key moments for action, harnessing impactful windows of opportunities such as development planning processes, the NDC-enhancement and implementation processes.

For sustainable impact, capacity building in partner countries is an essential element of NCEs approach. This takes two forms - building capacity within civil society and building capacity directly in governments. At government level, NCE seeks to work with the economic model and modelling teams used by the Finance/Planning Ministry in country, upgrading the modelling approach to better reflect the costs of resource depletion, air pollution, etc. and the benefits of action – capacity that stays with the modelling team and in the model after NCE work is finished. The NCE does not provide funding directly to partner governments but do, when applicable, embed expertise within typically planning ministries.

When developing programs at country level, NCE looks to partner with both leading international experts and in-country organizations with rich local expertise and access. Typically, this is accomplished through a combination of sub-grants, which are made to non-state actors (NGOs, research institutes, universities, etc), and research contracts with expert firms. Partners are selected based on relevant experience and capacity to deliver on NCE approach and methods, with a preference for those who can provide relevant economic analysis and who have good connections to government or other key decisionmakers. Preference is given, where possible, to in-country partners in order to building

Building capacity in Ethiopia

NCE works with the Ethiopian Planning and Development Commission to integrate climate mitigation and adaptation into the national ten year economic development plan.

Beyond having economists embedded within the relevant ministry, the NCE works with Addis University to train a cohort of students in the short term, and to establish a center providing ongoing training to the next generation of economic experts. These efforts help ensure that there is a sustainable shift to understanding the linkages between climate and development, and that Ethiopia has the capacity to integrate climate change into ongoing and future planning processes beyond their engagement with NCE.

³ These include, for example: Climate Policy Institute, Global Green Growth Institute, London School of Economics and Political Science, Overseas Development Institute, Ethiopian Development Research Institute, Indian Council for Research on International Economic Relations, Tsinghua University.

opportunities for long-term capacity building. When procuring research partners, NCE follows relevant procurement policies to ensure value for money and high-quality delivery of the work program⁴.

At country level, NCE coordinates with local and international partner institutions to ensure an effective and harmonized approach, strengthen support and draw on the latest data and evidence for enhanced impact. In order to facilitate the analysis and findings into action, NCE works closely with financing partners - including the multilateral development banks - through the development of the work, both for their guidance to inform the work and to ensure that there will be support for policies and proposed investments following the initial research. NCE further underpins impact through collaboration with actors such as WRI, NDC-Partnership, GGGI, etc. In the selected target countries, NCE will coordinate closely with Danish and other relevant embassies in order to leverage Denmark's bilateral engagement and vast diplomatic and political networks (see examples in 5.1 below).

The NCE also partners with national media in key countries and globally, including by drafting and placing op-eds on key topics from relevant and influential champions, drafting blog posts to disseminate findings from analytical work in compelling, non-technical language, and by pursuing media interview opportunities around major moments and reports. NCE works with local partners, including through close coordination with relevant civil society and business partners, to ensure strong focus of outreach efforts and opportunities to amplify work through a broad and diverse group of spokespeople.

Work Plan 2020-2022

The overarching strategic goal of NCE is to support higher global climate ambition by helping countries increase the ambition of their NDCs and by setting Long-Term Strategies (LTSs) with a view toward driving emissions to net-zero by mid-century, and the successful delivery of these enhanced commitments and the broader 2030 Agenda for Sustainable Development.

The Work Plan 2020-2022 continues the **enforcement of NCE country level work** with an increased focus on Africa. To catalyse further progress, NCE will focus on strategically important countries and also facilitate South-South dialogues to exchange knowledge and experience between countries, highlighting the leadership of those that are stepping-up action to inspire others. Concretely, NCE anticipates engaging with at least 14 countries, including Ethiopia, South Africa, Nigeria, Kenya, Ghana, Indonesia, China, India, Vietnam, Brazil, Colombia, Mexico, Saint Lucia and the United States. In collaboration with country stakeholders and partners, NCE will tailor engagement, research, and policy analysis to align with each country's capacity to assess and implement policies. There will be a particular focus on identifying economic growth paths coming out of the covid-19 crisis that are stronger and more equitable, provide more jobs, gender and regional benefits, and that will also deliver ambitious climate action. To this end, NCE will explore how best to undertake more detailed microeconomic or distributive analyses including a special focus on challenges and opportunities facing young people, women, and vulnerable populations.

The **estimated budget** of the Work Plan 2020-2022 is USD 16.9 million of which USD 10 million is secured, corresponding to approximately 60% of the total (see Work Plan budget in Annex 3). Main

⁴ Hosted by WRI, NCE applies WRI procurement policies. See 9 below for further information.

bilateral partners are Norway, Sweden, Germany, United Kingdom and Denmark. The Danish contribution is expected to represent roughly 10-20% overall planned 2020-2022 Work Plan budget.

5. Strategic considerations and justification

Since its creation in 2013, NCE has focused on building the evidence base - through rigorous modeling and analysis - to demonstrate that climate action is not only complementary to, but essential for, economic development⁵. NCE is a privileged partner of the NDC Partnership and possesses the expertise to make timely robust analytical capacity available for countries and governments with an interest in green policy reform to help identify and justify green and inclusive growth paths.

Results and lessons

Denmark first engaged with NCE in 2017 and has provided two annual grants of DKK 5 million each, respectively in 2018/2019 and 2019/2020 (finalized in June 2020). Danish funding has contributed to further developing NCEs approach to working at country level. It has allowed NCE to kick-start work programs and build partnerships with government and champions while securing longer-term funding.

At country level, NCE has contributed to laying the groundwork for accelerated climate action in several developing countries and emerging economies. Often in close partnership with national ministries of finance and/or planning and drawing on in-country research institutes in collaboration with business partners and bi- and multilateral actors. Further, the NCE Global Commissioners, through their networks and access to decisionmakers, have allowed NCE analysis to reach the highest levels of government at key moments, contributing to enhancing momentum (see full list of Commissioners in Annex 4).

NCE has been building on and refining the approach to work in countries to ensure efficiency and impact. A key element that has proven essential is the efforts to **mainstream the NCE approach in government planning, policies and decisions**. By framing the offer to countries around economic growth and development opportunities, NCE can directly support Ministries of Finance and Planning, where many of the climate-relevant decisions are taken, rather than only working with Ministries of Environment who rarely benefit from the same weight in government decisions.

The below country cases illustrate results of NCE work at country level and how various lessons have shaped the approach.

⁵ The 2018 release of the global report, “Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action in Urgent Times” was an important milestone with main messages – climate action at country level contributes to major economic benefits, large low carbon job creation and life-saving health benefits.

Country cases illustrating NCE results

Enhancing green growth in Uganda

Partnering with the Ministry of Finance and Uganda's Economic Policy Research Center, NCE has contributed to developing inclusive green economic modeling and analytical capacity that has shaped Uganda's Green Growth Strategy and the Climate Change Act.

NCE worked closely with UK DFID and the World Bank throughout the research process. Their support and buy-in to the efforts led them to suggest at the end that they would channel their country financing to Uganda in support of the specific interventions identified that could help drive climate ambition within the government and also deliver the jobs and development prospects the country needed.

Following NCE analysis and launch in country, NCE worked to hand over the program to the NDC Partnership and to GGGI Uganda, both well-placed to connect the dots on the ground and ensure implementation and the development and realization of investment pipelines.

Low carbon-development approach in Indonesia

NCE-led analysis found that in Indonesia, a sustainable, inclusive, long-term growth path can deliver higher annual GDP-growth rate and result in lower emissions than business-as-usual pathway while unlocking an array of social and environmental benefits. The initial results were launched in a report by the Ministry of Planning (Bappenas) in March 2019. Ensuring full ownership by the key ministries was a large part of the success. Elements of the approach have been integrated into the 5-year economic development plan for Indonesia (2020-2024), making it the first low-carbon development plan. Reduction of GHG emissions will now be one of the key macro indicators used for measuring progress, along with GDP growth, unemployment and poverty reduction.

Currently, by invitation from the Ministry of Planning, NCE is working with the ministerial team to update the scenarios to reflect the new economic reality of covid-19, in order for results to be fed into Indonesia's economic recovery plans, as well as supporting three provinces and various Ministries to integrate the work into their own policies and plans.

Another key lesson is that in order to ensure impact outlasting NCEs direct engagement, it is crucial to **build capacity** in target countries. This was the case in Indonesia, where NCE worked directly with the modelling team of the Ministry of Planning to enhance the models, the government uses for their overall projections to reflect resource scarcity and pollution costs. As a result, the models run by the Indonesian government are now inclusive of climate concerns, which will ensure that they are taken into account moving forward (see box above on the Indonesia case). Based on this experience, NCEs current engagement in Ethiopia is anchored within the Ethiopian Planning and Development Commission, and supplemented with close collaboration with Addis University to train students and establish a center dedicated to providing ongoing training to the next generation of economic experts (see also box page 8 on Ethiopia case).

Further, NCE has learned that **work does not end with the successful launch of a major report** identifying the opportunities for growth-enhancing climate action. Continued engagement by NCE team and champions is important to encourage and engage government leaders in the early stages of translating opportunities into plans, investments and policies to maintain momentum. In addition, country work has reinforced the understanding of the role of **NCE champions as an essential part of achieving results**, underpinning the importance of selecting the right champions for a given country and political moment.

5.2 Danish interest, strengths, and opportunities

The overriding Danish **interest** guiding the engagement is that developing countries and emerging economies act to move their societies towards low-carbon, inclusive and climate resilient development in line with Denmark's larger interests for a global order that is fair, green, and responsible. Earmarked Danish support to NCE engagement in the selected countries can contribute to promoting planning of green transition action based on green economic growth paths that are stronger, more equitable and provide more jobs, including for youth.

More widely, the support will strengthen Danish climate diplomacy and green development policy engagement with seven strategic regional players of which four are in Africa, two in Latin America and one in Asia. This is underpinned by the fact that Denmark has established Green Frontline Missions in five of the selected countries. Further, the support indirectly promotes Danish commercial interests in markets managed by green policy and institutional frameworks, which favor the type of green solutions that represent Danish private sector strongholds.

The Danish **strengths** that will be used and motivate the support are:

- Green Frontline Missions established in five of seven selected countries, and embassies in the remaining two, enable green diplomacy dialogue, direct follow-up, and lessons for achieving green inclusive policy results on the ground.
- Coherence, synergies and value addition between NCE engagement and Danish bilateral relations and engagement including Strategic Sector Cooperation, Danish Energy Partnership (DEPP), Danida Sustainable Infrastructure Finance, green growth-activities under bilateral programmes and city engagements
- Coherence and synergies with Danish-supported international/multilateral instruments and partners, in particular actors such as NDC Partnership, IRENA, GGGI, CTNC, C40, GCF and CIF.

In sum, the **opportunities** for tackling the key green transformation issues, when considering NCEs niche and capacity together with Denmark's strengths and interest to guide this engagement, are:

- *A chance to solidify and further strengthen country-level results.* To this end, relations between NCE and Danish Embassies in the seven selected key countries will be further forged, and mutually reinforcing collaboration established around Danish bilateral engagement and NCEs activities and efforts to develop research and deliver green transformation-results on the ground;
- *Contribute to deliver on Denmark's priority for a stronger engagement in Africa:* This resides in the focus on four countries in Africa with Danish bilateral engagement;
- *Strengthen coherence and synergies horizontally between NCE and other Danish partners with key roles in the system of international climate institution,* such as NDC-Partnership, IRENA, GGGI, CNTC, ESMAP. This will rest on the combined NCE and Danish efforts to promote synergies through dialogue, actual collaboration and lesson sharing.
- *Contribute to deliver on Danish SDG7 leadership building on shared priorities:* The immediate opportunity is opportunities to scale up renewable energy to deliver greater energy access through a green transition.

5.3 Synergies to humanitarian, security, and fragility issues

The climate and biodiversity crisis has well-established humanitarian and security effects. Ecosystem degradation and losses as well as climate change-related natural disaster cause droughts, floods, destruction of infrastructure and transport lines, which in turn can lead to situations of hunger, disease, and conflict, as climate refugees move into lands occupied by others and struggle for resources, like water, land, etc. NCEs engagement to cross-economy rigorous economic modelling and analysis with a distinct focus on the nexus of climate, economic growth and development with integration of poverty and social inclusion promotes the identification of win-win opportunities for climate action and inclusive growth and job creation. This also includes climate impact related to biodiversity, agriculture and food and the risks of degeneration into humanitarian and security crisis.

5.4 Aid effectiveness considerations

NCE operates in a clear niche with the capacity to build capacity and deliver rigorous economic modelling and analysis with a distinct focus on the nexus of climate, economic growth and development with integration of poverty and social inclusion. NCEs delivery strategy has a focus on building national ownership through close collaboration with key ministries, in particular ministries of finance and planning. Another key feature is close collaboration with local and international partner institutions in countries to ensure an effective and harmonized approach. The close collaboration with bi- and multilateral partners ensures that NCEs work draws on existing data and analysis and facilitates availability of support for policies and proposed investments following the initial research.

5.5 Relevance and justification

The support is directly **relevant** for addressing the **climate agenda**, through NCEs mission and strategic objectives of transformation of countries to low-carbon and resilient economic models. NCEs integration of poverty reduction, social inclusion, and gender respond to the central role these concerns play for the green economic transformation to improve equality and address needs of the poor.

NCEs considerable engagement at country level, partnering directly with national partners and influential local champions, ensures relevancy to country level priorities and needs. NCEs clear attention on inclusion, poverty, and gender responsiveness, aligns directly with **Danish policy priorities** for building carbon-neutral, inclusive, climate resilient societies integrating a fair and green post covid-19 recovery in developing countries. Such as reflected in Denmark's Strategy for Development Cooperation and Humanitarian Action, 'The World 2030', and the government's new long term strategy for global climate action "A Green and Sustainable World".

Danish support to NCE will contribute to **poverty reduction and gender equality** through NCEs economic modelling and analytic work identifying poverty reduction benefits, and opportunities for jobs and income for vulnerable groups such as women and youth. This will include further development of distributive and micro-economic analyses in key countries where relevant.

The engagement helps deliver on the Danish Government's commitment for a strengthened support to countries in **Africa** by reinforcing NCEs activities in Africa and boosting impact through a country-level focus and synergies with relevant Danish bilateral green-growth activities.

Danish support to NCE is expected to be **effective** since it directly supports NCEs implementation of its Work Plan in countries of particular interest with clear windows of opportunity created through NCE and champions continued work to generate the political interest and understanding leading to demand. This will be further enhanced through NCEs close coordination with Danish Green Frontline Missions in five countries and other relevant embassies leveraging Denmark's vast diplomatic and political networks in selected countries.

The support is expected to be **efficient**, due to NCEs light structure and explicit strategy and capacity to engage with pertinent high-performing partners on the ground, spanning from international and national institutes, bi- and multilateral partners, as well as international organisations and platforms.

NCE has a continued focus on **sustainability and impact** notably by mainstreaming the NCE approach in government planning, policies and decisions and by building capacity in national structures in target countries. The close collaboration with donor partners and multilateral development banks facilitates availability of support for policies and proposed investments following NCEs initial research work

6. Theory of change and key assumptions

The ToC is designed to achieve the objective of the support - namely to contribute to making the case for climate action as a driver of green, stronger and more inclusive growth and job creation in seven key countries of regional strategic importance – Ethiopia, Kenya, South Africa, Nigeria, Vietnam, Brazil and Colombia.

The Project ToC is a simplification of NCEs own ToC (summarized below), where Denmark's support is earmarked to countries of particular importance and where Denmark already has a strategic engagement.

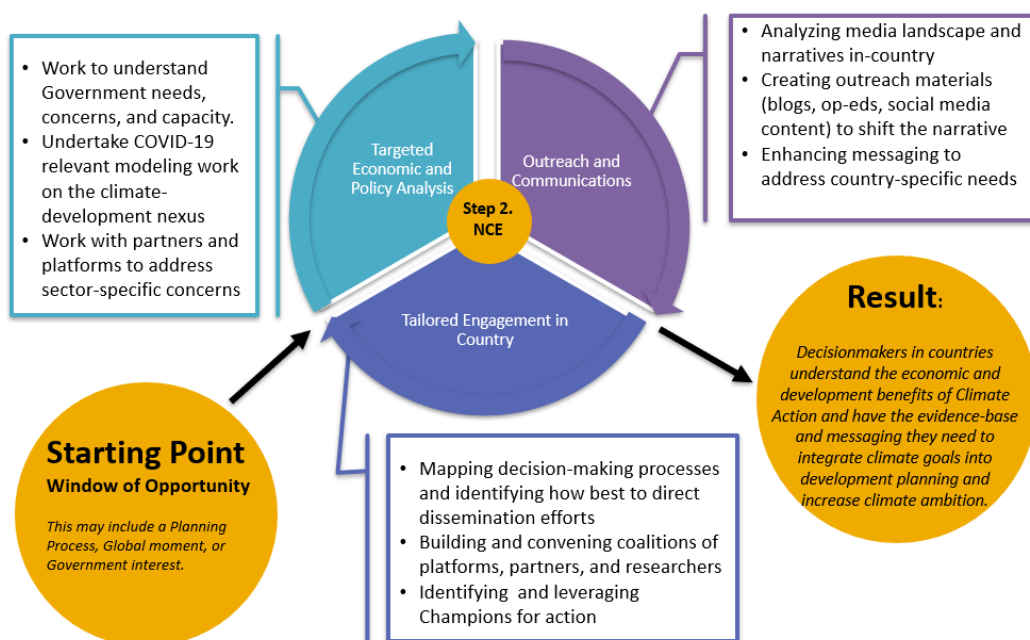
In sum, the main preliminary pathways will be:

- *If* Denmark contributes with earmarked seed funding for initiating NCE engagement in Kenya, Nigeria and Colombia,
- *If* Denmark contributes with additional earmarked funding to enhance NCE activities in Ethiopia, South Africa, Vietnam and Brazil,
- *Then*,
 - in the three countries with no preliminary NCE engagement, NCE will partner with national governments and non-state actors to engage in preliminary cross-economy analysis to define inclusive green growth paths and areas for future rigorous economic modeling action for green transition
 - and, in the four countries with an existing engagement, NCE will provide analysis and capacity building that will lead to green inclusive transition planning and action that is more equitable and provide more jobs, including for young people.

Assumptions

- Countries possess sufficient information and modeling capacity to engage with NCE
- The window of opportunity identified is timely, appropriate and demand-driven
- There is the potential to generate sufficient political will within governments, the private sector, and civil society to support the transition to an inclusive green economy.
- Target countries have - and maintain after regular elections - stable, functioning governments that can serve as partners.
- Development partners and academic advisors in target countries are open to collaboration on potential for just green transition and green recovery.

NCE overall Theory of Change



7. Objectives, engagement outline with summary results framework

The **overall objective** of the Danish funding is:

- Contribute to driving climate ambition and building low-carbon, inclusive, climate resilient societies based on models of transformative and inclusive green growth in key developing countries and emerging economies.

Within this objective, **the focus** will be:

- Contribute to making the case for climate action as a driver of green, stronger and more inclusive growth and job creation in Ethiopia, Kenya, South Africa, Nigeria, Vietnam, Brazil and Colombia.

To achieve this, Denmark's engagement with NCE has been designed to best deliver on the outcomes as outlined below. The results framework attached in Annex 1 further specifies the NCE deliverables in each country during the project period. Further, for each of the seven countries a more comprehensive context and intervention description is attached in Annex 2.

Engagement outline and outcomes

Objective 1	Promoting an inclusive green economic transition in key countries in Africa Ethiopia, South Africa, Kenya, Nigeria
Outcome: NCE analysis has informed national or subnational policy planning processes to support commitments or plans to take actions toward an inclusive green economy in 4 countries in Africa with a special focus on poverty alleviation, job creation, gender equity, and opportunities to protect vulnerable populations.	
Objective 2	Building momentum for sustainable growth and climate action in Vietnam
Outcome: NCE Analysis has informed Vietnam in pursuing or committing to pursue more ambitious pathways for attaining sustainable and inclusive growth while meeting or exceeding NDC climate commitments and understanding the impacts on poverty, youth, and vulnerable populations.	
Objective 3	Encouraging Progress on Climate Action in Latin America Brazil, Colombia
Outcome: Using NCE analysis Brazil and Colombia enhance ambition on climate action, implement climate commitments, and integrate or state their intent to integrate climate in their policies or planning to support the transition to an inclusive green economy.	

8. Budget

The estimated total budget of NCEs Work Plan 2020-2022 is USD 16.9 million⁶. The Danish earmarked contribution is DKK 15 million as outlined below.

⁶ See NCE Work Plan budget detail in Annex 3.

Making the Case for Driving Economic Growth and Climate Action in Key Countries	
Full Project Budget by output	Budget in DKK
Objective 1 Promoting an inclusive green economic transition in strategic countries in Africa	
Output 1.1 Ethiopia	1,175,000
Output 1.2 South Africa	2,275,000
Output 1.3 Kenya	2,000,000
Output 1.4 Nigeria	1,600,000
Subtotal Objective 1	7,050,000
Objective 2 Building momentum for sustainable growth and climate action in Vietnam	
Output 2.1 Vietnam	1,600,000
Sub-total Objective 2	1,600,000
Objective 3 Encouraging Progress on Climate Action in Latin America	
Output 3.1. Brazil	2,350,000
Output 3.2. Colombia	2,650,000
Sub-total Objective 3	5,000,000
Subtotal Objective 1, 2, and 3	13,650,000
General & Administrative Expenses including annual audit exercises	1,050,000
Total	14,700,000
Reviews and monitoring	300,000
Total Grant	15,000,000

9. NCE governance structure

The Global Commission on the Economy and Climate (GCEC) is the key driving force behind NCE, setting the strategic direction and providing high-level guidance on the work program. The Commission is comprised of former heads government and finance ministers, leaders in the fields of economics, business, finance, and key champions for specific regions (see full list of Commissioners in Annex 4).

The work of NCE is overseen by an Advisory Group normally convening 2 times per year, and through engagements with the three Co-Chairs of the GCEC in between. The Advisory Group provides guidance on the long-term strategic direction, work planning, and fundraising strategy, and reviews progress against the agreed program and budget. The Advisory Group is the forum through which the Global Commission (as represented through the three Co-Chairs⁷), related initiatives (e.g. representatives of P4G, Coalition for Urban Transitions), and NCE funders work with the NCE to agree on strategic priorities for the full program and address any challenges as they arise. The Advisory Group is

⁷ The three Co-Chairs are Paul Polman, Ngozi Okonjo-Iweala, and Nicholas Stern.

coordinated by the NCE Secretariat, which provides inputs and proposed plans for feedback and implements the suggestions and strategies agreed by the Advisory Group.

Table 2: NCE approval process

Item	Approved by	Reviewed by	Shared with
Annual budget and workplan	NCE Advisory Group	Research partners, Special Initiative Leadership	Global Commission, Donors
Overall Strategy and Direction	Global Commission	NCE Advisory Group	Donors, key partners
Major Global Commission Reports	Global Commission	Research partners, experts	NCE Advisory Group, general public
Working Paper	Program or Initiative Director	Peer reviewers and key partners	NCE Advisory Group, Global Commission, Donors, General Public (where appropriate)

NCE is hosted by the World Resources Institute (WRI). As managing partner, WRI has a fiduciary responsibility to ensure that the NCE is meeting all targets and delivering on agreed work programs. This fiduciary responsibility extends to the WRI Board, who receives information on finances and progress as part of their oversight of WRI work. This responsibility flows down to all organizations receiving funding through the NCE. A planned joint review of the implementation of WRI's Strategic Plan 2018-2022 will further add insights on the coherence among WRI and hosted actors, their strategies and activities⁸.

At the country level, NCE develops efficient and fit-for-purpose management structures to ensure impactful workplans and progress against key milestones. For NCE work in Indonesia, a formal Steering Committee for the program brings together NCE Leadership, Government representatives, key funders, and high-level champions for the work to advise on key challenges and monitor impact throughout the program. In Brazil, a selected group of high-level champions provide regular guidance and input on concept notes, workplans, and reports to ensure that the work is well-targeted to current opportunities and on track to deliver. In Ethiopia, regular funder reporting and high-level meetings with the Minister of the Planning Commission are designed to address concerns as they arise and provide a venue for monitoring progress. For those countries where work is more limited on a specific opportunity, these oversight bodies are less formal, focused on specific project activities and deliverables. This includes efforts in Vietnam and South Africa. The NCE will look to establish structures and oversight processes for in-country governance as part of scoping activities in Kenya, Nigeria, and Colombia during the project period.

⁸ Review under preparation with expected start Q1 2021.

10. Management arrangement, planning and reporting

The parties have agreed to the following management arrangement with the aim to ensure adequate dialogue and timely decisions about this project.

NCE is overall responsible for the delivery of the outcomes and outputs agreed under the present project with the established oversight of the NCE Advisory Group (cf. above). At country level, NCE will engage with relevant Danish embassies on a regular basis and discuss areas and of intervention (including progress, opportunities and challenges), alignment and collaboration with relevant partners and stakeholders in the country, timing of events and communication in the country and at regional level, etc.

The **monitoring of the grant** will happen through quarterly strategic monitoring dialogue meetings between NCE and the Department for Green Diplomacy & Climate (with the participation of relevant embassies, as required). The meetings offer a privileged occasion to exchange on progress related to the grant as well as on the larger climate ambition agenda including how Denmark and NCE best collaborate for enhanced global ambition on the combined Paris and SDG agendas.

The foundation of the meetings will be quarterly progress reports, of which the fourth will be an annual report, all supplied by NCE. The report will include a progress status of the project with detail on each specific output, associated with an overview of budget spending. Should NCE see the need for changes in the scope of outputs and/or modification of budget lines included in the present grant, NCE will present this beforehand in the quarterly report. Outcomes can only be altered under exceptional circumstances.

In addition to the grant specific reporting, NCE will share its overall annual report with GDI/MFA.

In coordination with NCE, Denmark will undertake external monitoring of the project or selected activities benefitting from Danish earmarked funding. The exact scope will be defined in collaboration with relevant Danish embassies and NCE. Further, Denmark will consider participating in an external review of NCEs performance.

11. Financial Management

The NCE is the flagship project of the Global Commission on the Economy and Climate that functions as a discrete body of work. The NCE is hosted by WRI, which practices project based accounting. It is WRI's policy, and one NCE must follow, that all of WRI's substantive work is carried out through projects. All expenses directly incurred for a specific project and all restricted revenues applied to a project must be uniquely identified and tracked to the project. While NCE benefits from efficiency of shared core resources like Accounting and HR teams, which is funded strictly through general and administrative budget, all NCE funds are cordoned into NCE-managed project codes, with a funder ID unique to each NCE donor, and managed through the life of the grant by an NCE project manager and NCE project support staff. This is actively managed as part of every grant initiation, and established as normal procedure even in proposal budgeting and concept note stages.

The Danish contribution will be managed in accordance with these NCE arrangements with WRI as managing partner. NCE follows WRI's policies for administrative and programmatic oversight. These

policies include stringent requirements on financial reporting and management for grantees, competitive procurement requirements for contractors, and careful monitoring of efficient program spending⁹. WRI maintains a four-star rating on Charity Navigator.

While WRI does not create unique bank accounts for each grant, the internal tracking via project code and funder ID of all received funds is universally applied, even on institutionally flexible or internally re-allocated grants. All financial reporting is based exclusively on charges directly applied to project codes, or across multiple project codes where grants are split into subprojects or require reporting of cost-share activities. All finances reported to donor are reviewed internally, and must trace every cost to a specific project code and grant, up to the expected requirements of an auditor. The Danish earmarked contribution will be subject to an annual external audit with reports submitted to GDC/MFA.

The responsible MFA unit shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the programme. After the termination of the engagement, the Danish Ministry of Foreign Affairs reserves the right to carry out evaluation in accordance with this article.

Staff - ethical conduct and time registration

All WRI and NCE staff submit bi-monthly timesheets which identify hours charged to specific projects per day. These projects are strictly coded and there is regular programmatic review of submitted timesheets to correct any errant or unwarranted charges. NCE staff primarily charge to NCE codes, with occasional variances only when called upon to support other, non-NCE projects. WRI staff charge to WRI codes, with some exceptions – primarily where NCE needs only a small, temporary, or specialized capacity more efficiently provided across the Institute than by hiring or contracting such capacity. In no instance are hours charged to NCE projects also charged to other WRI projects, codes or funders - as the timesheet mechanism ensures every work hour is uniquely coded to one specific project and grant. NCE staff could submit timesheets with hours charged to both NCE and non-NCE codes, in which case NCE grants would only fund the cost of hours charged to NCE codes, and non-NCE grants the cost of non-NCE hours. There is no manner in the system whereby the net charged hours could exceed the staff's total work hours or cost.

NCE staff, as WRI employees, are required to follow the code of conduct. WRI expects all members of the Board of Directors, staff and contractors in global offices, officers and non-officers to meet the highest standards of professional integrity and ethical conduct in all aspects of fulfilling their mission and duties. WRI has (1) a Code of Conduct; (2) an Anti-corruption, Bribery, and Conflict of Interest Policy; (3) a Whistleblower Policy; (4) an anonymous Fraud Reporting Hotline; and (5) a Travel and Credit Card Policy. Staff trainings are used to reinforce these policies. Employees are required to sign acknowledgement of certain policies annually. WRI has an open-door policy that encourages staff to speak to their supervisors or any member of management about ethical concerns they may have. For those employees who are uncomfortable speaking with management, WRI maintains a whistleblower hotline managed by a third party vendor to which employees can anonymously report concerns.

⁹ Travel activities covered by Danish grant must always be subject to international competition.

12. Risk Management

The backbone for managing the risks will be NCEs own risk management system, which consists of a Risk Management Framework and risk registry and mitigation measures and monitoring framework for risks management. NCE maintains a risk register for each focus country and reviews risks and mitigation measures on a quarterly basis. Any changes in assessed risks or mitigation measures are raised to relevant funders and NCE governance as needed.

The main risks identified from the perspective of the Danish support are:

- The risk that program analysis and recommendations are not adopted and integrated into national / regional / sectoral planning by key country decision-makers
 - The work program has been designed to respond to explicit government requests and opportunities. Additionally, many key champions for this work are outside of the climate community, helping to ensure broad-based support in countries.
- Political and reputational risk: Perception that this funding is not being leveraged to address the most immediate problems facing governments in light of the covid-19 pandemic.
 - The work program and engagement efforts have been tailored to address the most urgent impacts of the covid-19 pandemic, and analysis as well as program messaging will explicitly tie climate efforts to a people-centered response to the pandemic.
- Economic and political instability in key countries leads to regime change and shifts the landscape for engagement efforts.
 - NCE global engagement experts will work closely with local experts to conduct influence mapping and engagement exercises to identify key players on an ongoing basis, and will tailor engagement plans accordingly.

The detailed risk management framework for the present project is presented in Annex 5.

Annex 1: Results Framework

Thematic Programme		Making the Case for Driving Economic Growth and Climate Action in Key Developing Countries and Emerging Economies	
Thematic Programme Objective		Key strategic countries identify green economic growth paths that are stronger, more equitable and provide more jobs, including for young people.	
Impact Indicator		Number of strategic countries that are discussing, planning, or taking inclusive green transition action based on contributions delivered through the NCE work programme.	
Baseline	Year	2020	0
Target	Year	2022	Informed by NCE Interventions, at least 5 Countries across three regions, Africa, Asia, and Latin America, are, taking steps toward an inclusive green economy.
Objective 1		Promoting an inclusive green economic transition in key countries in Africa – Ethiopia, South Africa, Kenya, Nigeria	
Outcome		NCE analysis has informed national or subnational policy planning processes to support commitments or plans to take actions toward an inclusive green economy in 4 countries in Africa with a special focus on poverty alleviation, job creation, gender equity, and opportunities to protect vulnerable populations.	
Outcome indicator		Number of countries using NCE Analysis to inform national or subnational policy planning processes to support commitments or statement of intent to transition to an inclusive green economy.	
Baseline	Year	2020	0
Target	Year	2022	4 countries in Africa
Output 1.1 Ethiopia		In order to support cross-economy efforts to address climate change, the NCE has supported the Ethiopian Government in mainstreaming climate concerns into its economic development planning process with a focus on aligning relevant data and findings from Danish-Ethiopian energy sector work into the planning and modelling process.	
Output Indicator 1.1.1		Number of notes summarizing the process of integrating data and findings from the bilateral Danish-Ethiopian energy cooperation and other data into the national modeling framework.	
Baseline	Year	2020	0
Target	Year	2022	1 note
Output Indicator 1.1.2		Number of modeling frameworks produced in collaboration with the Planning Commission that integrate Danish-Ethiopian modelling efforts, findings, and relevant data and analysis on energy into the NCE supported Green Economy and Computable General Equilibrium models and , findings.	
Baseline	Year	2020	0
Target	Year	2022	1 modelling framework.
Output 1.2 South Africa		The NCE has provided technical assistance and analysis summarizing international experiences on subnational and national approaches to just transitions in energy and 1-2 other sectors to inform the Government's efforts to develop a common national framework on just transition & pursue a just transition strategy as an integral part of their initiative to transition to a low-carbon future and facilitate opportunities for investment in South Africa.	

Output Indicator 1.2.1		Number of policy briefs or working papers focused on Just Transitions in Energy and 1-2 other sectors, accompanied by information on dissemination and political engagement efforts.	
Baseline	Year	2020	0
Target	Year	2022	2 policy briefs or working papers on Just Transitions in Energy and 1-2 other sectors.
Output Indicator 1.2.2		Number of notes delivered as an input to the government process on developing a Just Transitions Framework.	
Baseline	Year	2020	0
Target	Year	2022	1
Output 1.3 Targeted Analysis for Kenya		Initial targeted economic analysis conducted to identify inclusive green recovery and transition opportunities in Kenya and develop targeted political engagement and communications plans for analysis and future engagement, including with key local and international partners.	
Output indicator 1.3.1		Number of cross-economy analyses conducted focusing on an inclusive green transition and opportunity to integrate climate action into economic recovery with anticipated focus areas potentially including renewable energy and a circular economy, building resilience in water management, impacts on jobs and incomes, opportunities for women and youth, rethinking food systems and assessing the need for strengthening of subnational capacity.	
Baseline	Year	2020	0
Target	Year	2022	1 cross economy analysis
Output indicator 1.3.2		Number of concept notes elaborated for further work, including with information on proposed sectors of focus and partnerships	
Baseline	Year	2020	0
Target	Year	2022	1 concept note
Output indicator 1.3.3		Number of political/stakeholder analysis and engagement exercises conducted assessing and tiering government demand, key champions, subnational actors and effective partners for potential future sectoral efforts in Kenya.	
Baseline	Year	2020	0
Target	Year	2022	1
Output 1.3 Targeted Analysis for Nigeria		Initial targeted economic analysis conducted to identify inclusive green recovery and transition opportunities in Nigeria and identifying potential for future engagement including key local and international partners.	
Output indicator 1.3.1		Cross-economy analyses conducted, focusing primarily on the cleaner (and in particular renewable) energy and agriculture sector to identify inclusive green transition opportunities, and initial analysis conducted of potential for integrating climate action into economic recovery and economic planning in Nigeria.	
Baseline	Year	2020	0
Target	Year	2022	1 cross-economy analysis including cleaner (and in particular renewable) energy and agriculture sectors
Output indicator 1.3.2		Number of concept notes elaborated for further work, including details on key sectors of focus and proposed partners.	
Baseline	Year	2020	0
Target	Year	2022	1 concept note

Output indicator 1.3.3		Number of political/stakeholder analysis and engagement exercises conducted assessing and tiering government demand, key champions, and effective partners for potential future sectoral efforts in Nigeria.	
Baseline	Year	2020	0
Target	Year	2022	1 political / stakeholder analysis
Objective 2		Building momentum for inclusive sustainable growth and climate action in Vietnam	
Outcome		NCE Analysis has informed Vietnam in pursuing or committing to pursue more ambitious pathways for attaining sustainable and inclusive growth while meeting or exceeding NDC climate commitments and understanding the impacts on poverty, youth, and vulnerable populations.	
Outcome indicator		Vietnam used NCE analysis to inform national or subnational policy discussions or planning processes to support an inclusive green transition, or a statement of intent to do so.	
Baseline	Year	2020	No relevant analysis available to inform national policy and planning processes in support of an inclusive green transition
Target	Year	2022	National or subnational planning processes support and inclusive green transition in Vietnam
Output 2.1		The NCE has scaled the Green Economy Model to the national level to assess the socioeconomic and emissions impacts of key policies, with a focus on jobs, incomes, and equity, has undertaken a distributional impact analysis at the regional level, and has built capacity with local partners to use this model moving forward, including an understanding of how to align cross-economy models with sector-specific models and projections.	
Output indicator 2.1.1		Number of provincial reports that incorporate impact distribution analysis.	
Baseline	Year	2020	0
Target	Year	2022	1 provincial report
Output indicator 2.1.2		Number of technical notes on the Green Economy Model and policy scenarios for Vietnam with a focus on jobs, incomes, and equity at the national level.	
Baseline	Year	2020	0
Target	Year	2022	1 technical note
Output indicator 2.1.3		Number of policy notes focused on the impacts of specific policy scenarios in Vietnam at the national level with a focus on the findings of the bilateral Denmark / Vietnam cooperation on energy.	
Baseline	Year	2020	0
Target	Year	2022	1 policy note (10-20 pages) focused on the impacts of specific policy scenarios.
Objective 3		Promoting progress on climate action in Brazil and Colombia	
Outcome		Using NCE analysis, key countries in Latin America enhance ambition on climate action, implement climate commitments, and integrate or state their intent to integrate climate in their policies or planning to support the transition to an inclusive green economy.	
Outcome indicator		Number of countries using NCE Analysis to inform national or subnational policy discussions, planning processes, or climate commitments, or a statement of intent to do so.	
Baseline	Year	2020	0
Target	Year	2022	2 countries

Output 3.1 Brazil		The NCE delivered Covid-responsive cross-economy analysis which identified the economic and social benefits (jobs, income, equity) of a more rapid transition to a low-carbon economy (aligned with net zero by 2050). A key target audience will be the private sector, and mobilization will happen at the subnational level.	
Output indicator 3.1.1		Number of technical note exploring policy options and socio-economic analysis to identify inclusive green recovery and transition opportunities in specific geographies or sectors.	
Baseline	Year	2020	0
Target	Year	2022	1 Technical note
Output indicator 3.1.2		Number of events (high-level meetings, webinars, and briefings) for key stakeholders in the private, financial, and public sectors, accompanied by meeting read-outs and materials informed by NCE Analysis at the national and subnational level.	
Baseline	Year	2020	0
Target	Year	2022	4 events
Output 3.1.3		Number of Briefings and support materials for the Danish embassy in Brazil ahead of key moments and as requested, accompanied by narrative reports of topics discussed and materials shared.	
Baseline	Year	2020	0
Target	Year	2022	4 Briefings or sets of supporting materials
Output 3.2 Colombia		The NCE conducted analysis to support a pathway to net zero by 2050 in Colombia, and to step up the NDC for 2030. A cross-economy analysis took into consideration the Covid-19 economic situation, GDP benefits, job gains and losses, and income impacts to inform a just transition with a special focus on the energy sector. The analysis elaborated other key obstacles for the transition, such as the risk of stranded assets through high-carbon development, including the potential expansion of coal power use in Colombia.	
Output indicator 3.2.1		Number of research products (technical notes or reports) on the potential for a just transition to a low-carbon, inclusive green economy in Colombia, avoiding the risk of stranded assets, with at least one paper focused on the energy sector.	
Baseline	Year	2020	0
Target	Year	2022	2 technical notes or reports with a summary of political engagement and dissemination efforts
Output indicator 3.2.2		Number of events (high-level meetings, webinars, and briefings) for key stakeholders in the private, financial, and public sectors, accompanied by meeting read-outs and materials")	
Baseline	Year	2020	0
Target	Year	2022	3 events
Output indicator 3.2.3		Number of Briefings and support materials for the Danish embassy in Colombia ahead of key moments and as requested, accompanied by narrative reports of topics discussed and materials shared.	
Baseline	Year	2020	0
Target	Year	2022	4 Briefings or sets of supporting materials

Annex 2: County context and intervention description

Ethiopia

Current economic development planning in Ethiopia does not take into full consideration either the risks of climate change, or the environmental, economic and social opportunities of ambitious climate action (both mitigation and adaptation). The NCE has a window of opportunity to advance this agenda, based on a specific request from the Planning Minister who is seeking evidence on the benefits of and approaches for mainstreaming climate considerations (i.e. as found in Climate Resilient Green Economy plan [CRGE]) into future development planning, including the 10-year economic development plan and its implementation. The NCE team will respond to this request with support from the Norwegian and German governments by building technical capacity within Planning and Development Commission (PDC) for tailored economic modelling and policy analysis, and by providing clear and compelling economic evidence for the benefits of climate action at the whole-of-economy level and in key sectors, including in agriculture, forestry, land use, and energy (with Danish support for energy). As a critical component of this project, NCE has hired a qualified Senior Economist who is sitting within PDC to answer key questions, provide guidance on quantitative economic assessment, and to help build technical and institutional capacity.

To ensure that this planning is part of a continuous long-term mainstreaming effort, the Planning Minister must convince and closely collaborate with the Prime Minister, Minister of Agriculture (MoA) and Environment, Forest, and Climate Change Commission, among other ministries. The NCE work helps identify opportunities for climate action that will also help achieve the agendas of these Ministries, and the NCE team partners closely with champions and other coalitions through a tailored outreach strategy to reach these other ministries. This engagement work also includes NCE's Global Commissioners and high-level champions (Ngozi Okonjo-Iweala, Carlos Lopes, Vera Songwe, Agnes Kalibata, etc.) who have strong connections with the Prime Minister's office, relevant Ministers, as well as outreach to NCE's partners (FOLU, World Bank, WRI, GGGI, etc.) and their local and international partners who are already working closely with the Ministry of Agriculture (MoA), Environment, Forestry, Climate Change Commission (EFCCC), Ministry of Water, Irrigation, and Energy (MoWIE), Ministry of Finance (CRGE Facility) and other relevant ministries on climate and development policy and planning.

To ensure local ownership and long-term capacity building through the project, NCE will partner with local partners beyond the Government throughout the process – such as Addis Ababa University (AAU) – to develop a 'Systems Thinking Research Hub'. This will include working with a local University to develop a curriculum and other academic materials focused on systems thinking. In particular, this activity will aim at kickstarting at least two Master's level (or above) courses at AAU on topics to enhance the foundation of knowledge on climate change, environmental sustainability and empirical tools for economic analysis of climate and other green policies.

Danish funding will support the integration of the bilateral Danish-Ethiopian cooperation efforts to develop an Ethiopian Energy Outlook into the ongoing modeling efforts of the NCE program, helping to leverage existing Danish-Ethiopian data and analysis into coherent cross-economy and sector planning while maintaining rigorous standards for independence in NCE work. This will not only improve the quality and depth of NCE modeling on Computable General Equilibrium and Green Economic Modeling work with respect to treatment of the Energy Sector, but will also strengthen the capacity of the modelling unit of the Planning and Development Commission of Ethiopia. In turn, this improved modelling capacity will strengthen the evidence base for national and regional planning and policy making processes.

South Africa

South Africa is at a critical moment. Faced with the daunting task of planning an economic recovery from the Covid-19 pandemic and a rare opening for movement on the energy transition, the country must now decide how best to prioritize its policy efforts to grow the economy and take action on climate. Recent signals are encouraging. In October 2020, President Ramaphosa announced South Africa's longer-term economic recovery plan, outlining a vision for a greener recovery, including significant investment in renewable energy and sustainable infrastructure to create new jobs and drive economic growth. Much of the economic recovery plan is aligned with recommendations that the NCE provided to South Africa's Presidential Economic Advisory Council via the NCE co-chair, Ngozi Okonjo-Iweala. It is also clear that climate action remains a priority in South Africa even despite the pandemic. In September 2020, South Africa communicated a long-term strategy to the UNFCCC, stating that the country was "beginning a journey towards net-zero emissions by 2050," with achieving a just transition an essential part of meeting that mid-century objective. And in that same month, President Ramaphosa formally established a presidential commission to oversee a just transition, highlighting the importance he places on this work.

For this project, the NCE is responding to an explicit request from the Department of Environment, Forestry, and Fisheries (DEFF). While the NCE typically focuses on partnerships with Finance and Planning Departments, DEFF has recently been tasked by President Ramaphosa with developing a framework on just transitions in South Africa and coordinating its implementation across all other Departments. This creates a unique, high-impact opportunity to provide support that will shape the overall success of South Africa's transition to an inclusive low-carbon economy, demonstrating clearly how this can be achieved while also ensuring a stronger, more inclusive economy where no one is left behind.

With NCE support, the DEFF will be well-placed to establish and utilize a clear, consistent Just Transitions Framework that will lay out the approach and methodology for assessing proposed policies to determine whether or not they are in line with the goal of a just transition. The NCE will focus on helping the Department to assess options for developing such a framework, drawing from international experience and opportunities in South Africa. By cooperating with Denmark on this effort, the NCE can help to build alignment between the Department of Environment and other key departments, CSOs, and Agencies to ensure consistency in understanding how to define and measure a Just Transition and what it means for resource planning.

The NCE and WRI are currently in discussions with key counterparts in South Africa to better understand the specific needs and focus areas for the work. The government has already indicated a demand for work focused on energy which would guide the issue at the national and subnational level (including, for example, interactions with revenue raising efforts in key regions). There is also demand to explore work in other key sectors. We will also explore possible government demand for work on water and sustainable urban development. The deliverables for this work will include 1) a guidance document provided as input to the government, created in partnership with a local partner, that will outline the key principles and strategies to guide the development of high-level framework on Just Transitions across all sectors (including and beyond energy), providing tailored guidance on establishing and implementing a framework that can be consistently applied to assess the impacts of proposed policies; and 2) 1-2 policy briefs that summarize international experience and recommendations from other countries' experiences in key sectors, including energy, and highlighting the economic and social case for ambitious climate action combined with a just transition. Political engagement and dissemination efforts will focus on aligning strategies and approaches across government Departments to support a just transition, highlighting the benefits of doing so, and facilitating discussion to support investments in South Africa.

To execute this work, the NCE will work to assess and engage leading local partners to provide inputs into the Just Transitions Framework and relevant working papers focused on key sectors. Potential partners may include University of Cape Town, The National Business Initiative (NBI), Council for Scientific and Industrial Research (CSIR), the South African National Biodiversity Institute (SANBI), the South African Wind Energy Association, the South African National Energy Development Institute. Further, the NCE will engage in dialogue with relevant donor partners and IFIs in order to ensure, that the NCE work builds on pertinent existing research and engagements in South Africa avoiding duplication and ensuring efficiency of the engagement.

Kenya

While the Kenyan government has announced several measures related to healthcare, social protection and food security to support the recovery of economic activities, it has not incorporated green recovery measures into its pandemic response. In fact, some policies have actively undermined climate efforts: the government's Finance Bill 2020, part of the recovery effort, foresees the introduction of taxes on clean cooking and solar energy products. This would significantly temper the gains towards access to modern energy for all. Kenya's current policies are not yet consistent with the Paris Agreement and there is potential for Kenya to strengthen its conditional target as well as adopt an unconditional one. Indeed there is significant scope to build back better: the Kenyan Government adopted the Climate Change Act (2016), which provides a framework for the promotion of climate-resilient low-carbon economic development and mandates the government to develop a National Climate Change Action Plan (NCCAP) and update it every five years. The second and most recent NCCAP covers the period between 2018-2022 and its main objective is to guide climate action during that time and support the implementation of Kenya's NDC.

Further, in 2018, Africa's largest wind project and the single largest private investment in Kenya's history, the Lake Turkana Wind Farm, came online while the planned Lamu coal power plant continues to face headwinds from the continued exit of financial sector players. This is all taking place against the backdrop of planned elections in 2022. In this context, there is a real opportunity to deliver compelling analysis that can help to center climate action and the recovery in the national debate around Kenya's future and the elections. Danish support is focused on scoping and producing that initial compelling analysis, while also providing the basis for more in-depth research on key topics, potentially including renewable energy and circular economy, building resilience in water management and rethinking food systems. This would be the first step in developing a full NCE Country Programme in Kenya aimed at integrating climate in national policy and planning for enhanced climate action and impact.

This work is being designed in response to an explicit interest from the Senior Policy Advisor for Climate Finance at the National Treasury in Kenya, in discussions with Wanjira Mathai (WRI Africa Director) in October 2020. At his request, the NCE proposes to undertake initial work to identify some of the opportunities for enhanced climate action, both mitigation and adaptation, to contribute to a stronger and more inclusive recovery (jobs, growth, poverty reduction). Building on existing knowledge and research, NCE will update the mapping of political and stakeholder expectations and opportunities to design a tailored, multi-year work program to support the transition to an inclusive, green economy. The work will also include a focus on developing public discussion around these issues ahead of the 2022 elections. Danish funding will support the development of a cross-economy scan to identify the areas for greatest opportunity, carried out with input and guidance from in-country partners and NCE Champions and commissioners. Anticipated focus areas potentially include assessing the potential impact of climate impacts on jobs and incomes, strengthening subnational capacity, exploring opportunities for renewable energy, assessing the potential of a circular economy, building resilience in water management, rethinking food systems, industrialization, opportunities for youth and women, building resilience and rural prosperity, and increasing ambition on climate. Working with Denmark's Climate Front Post in Nairobi,

the NCE will identify opportunities to support this technical work with high-level economic analysis and engagements, including with youth leaders, to create a stronger narrative around the opportunities of climate action.

In the initial phase, the NCE will engage directly with the National Treasury and with other key decisionmakers via NCE Commissioners Carlos Lopes and/or Agnes Kalibata who have high level connections in country. These actors have expressed interest in NCE support to assess options for enhancing climate action while building towards a stronger and more inclusive economy. In partnership with WRI Africa, the NCE will coordinate closely with the World Bank, African Development Bank, GGGI, and the EU to ensure that efforts are distinct in their activities yet well-aligned for impact. The NCE intends to use the Danish funding as seed money for a scoping exercise to assess local expertise and build strong partnership with leading institutions. These partnerships will be essential to ensure that the research is building on existing knowledge, meeting local needs, responding to the shifting priorities in country, and well-placed to be taken up by relevant decisionmakers. Key partners in Government, Civil Society, NCE Leadership, WRI Africa, and the Global Commission will cooperate to define the criteria for success and monitor progress.

Nigeria

In the context of the historic low oil prices, the development and implementation of economic recovery plans from the Covid-19 crisis, and projected increases in population over the coming decades, it will be essential for Nigeria to build a more diversified, resilient, and green economy. There is an opportunity to identify a compelling growth model that is more diversified and less reliant on fossil fuels, better prepared to efficiently feed a growing nation, more resilient, and capable of securing food and providing energy access and infrastructure for everyone. These efforts must all come together if Nigeria is to “build back better” after Covid-19.

Building on WRI and NDCCP relationships with the Ministry of Finance and the Minister of Environment, the NCE will use Danish funding to kick-start a work program in Nigeria that will map out key opportunities to encourage transition to an inclusive green economy. This initial work will build from existing efforts to inform the preparation and implementation of an enhanced NDC, as well as bring together estimates of the costs and benefits of a green recovery. It will particularly focus on the nexus of Energy and Agriculture (e.g. cleaner (and in particular renewable) energy for farming), helping to pave the way for a greater role for Climate-Smart Agriculture in the national economy and just transition to the use of cleaner renewable energy and a more diversified economy. The work will also identify opportunities for private sector engagement and commitments to science-based targets at the national and subnational levels and will assess specifically opportunities for at least one agricultural state preferably in the north of Nigeria to take further action or pilot key policies or measures. In doing so, it will look into the impacts of COVID on existing and potential ambitious climate measures and implications in term of equity and gender.

The proposed analysis will be supported by a targeted political engagement strategy that will focus on mapping key public and private sector stakeholders including CSOs at the national and -state levels, testing relevant messaging and analysis to ensure that it is well-received by decisionmakers, and highlighting opportunities for youth engagement and the potential benefits of these approaches for young people, women, and vulnerable communities.

In the initial phase, the NCE will engage with the Minister for Environment and the NDC lead for Nigeria (based in the Ministry of Finance) who have expressed interest in NCE support in designing policies to strengthen Nigeria’s economic growth, implement and enhance NDCs, support long-term

strategy, and better align the Covid-19 recovery with the Paris agreement. Current interest areas include energy, agriculture, engagement and commitments opportunities with the private sector and piloting at state level. Further, NCE will engage with UN Economic Commission for Africa, the African Development Bank, the World Bank, and others at the global and regional level. Beyond these groups, the NCE will look to partner with leading CSOs and experts in Nigeria based on guidance from our Global Commissioners and research partners, and with key representatives from governments that play a leading role in driving ambition on climate, including Denmark, Sweden, Germany, Norway, and others. The NCE will partner with WRI Africa, Alex Ekwueme Federal University Ndufu-Alike, and other local and African experts to carry out analysis, ensuring that the work is building on existing research, focused and aligned with local needs, responsive to government concerns and political realities, and oriented towards action.

Vietnam

In the context of Covid-19, Vietnam's economy is on a relatively robust footing and is likely to be so for the next two years. The implementation of the National Green Growth Strategy (2012-2020) will conclude soon, and the country is contemplating its long-term development pathway through a new national Green Growth Strategy. In parallel, the government submitted an updated Nationally Determined Contribution (NDC) in September 2020. In 2021, provinces in Vietnam need to issue five-year plans to further the country's vision, aligning the development and climate agenda while linking short-term actions with long-term goals. For sound policymaking, it is critical to understand the economic, social, and environmental impacts of relevant policies and how they are distributed among the various socioeconomic status groups (e.g., income and gender).

With funding from BMZ, NCE is supporting the Ministry of Planning and Investment and the Ministry of Natural Resources and Environment by developing a methodological framework for an integrated assessment of socioeconomic and environmental impacts resulting from the implementation of a set of mitigation policies in 3 provinces of Vietnam (Quang Ninh, Ben Tre, and Lam Dong). This will result in a policy report summarizing the framework, model structure, data issues, baseline calibration, and climate and green policies and results. Climate action scenarios will incorporate alternative policies on energy transition towards renewable energy and away from coal, reducing industrial emissions, land use, energy efficiency, domestic, and industrial waste. This will be supported by extensive consultations with local stakeholders and focused on meeting key targets in GHG emissions reduction, employment generation, and poverty and inequality reduction. Among other things, NCE will help the government of Vietnam in the process of updating its Marginal Abatement Cost Curves for the ranking of low carbon interventions in selected provinces, and also to contribute developing knowledge regarding principles and methods for integrated appraisal of low carbon policies and their expected co-benefits.

With the proposed Danish funding, the NCE will be able to take on key additional elements to ensure success in Vietnam. Danish funding will support welfare and distributional impact analysis for the three provinces, as such analysis is beyond the scope of the BMZ funded project. This piece of work will help understand policy levers for a just transition to environmentally sustainable, low carbon systems, by appraising differential impacts of interventions across different groups of population, including by level of income of the households, gender of household head, sectors of economic activity, and other categories. NCE will also work with the Ministry of Planning and Investment at the national level to ensure that the Green Economy Model is well-understood by local actors and owned by key partners that can use the model to assess potential policies and priorities on an ongoing basis. The NCE will also integrate ongoing efforts by the Danish Energy Agency and Ministry of industry and trade to catalogue, model, and include energy scenarios, in the overarching Green Economy Modeling (GEM) framework. GEM is designed to integrate sectoral data and inputs to assess policy impacts on economic growth and socioeconomic measures. It allows the NCE team to incorporate not only model structures but also

policies, investments and interventions, including those identified by the Danish Energy Agency, so that it may be possible to estimate aggregate co-benefits of individual actions or packages of interventions. Those co-benefits include (but are not restricted to) value addition, income, employment, health, and a number of environmental indicators. All of this will build on an understanding of existing or ongoing work of relevance already in place in the country, supported by a desk-study of the work already completed by the Danish-Vietnamese Energy Programme and careful review of the Vietnam Energy Outlook Reports (EORs). Beyond this, the NCE will provide national-level modeling (beyond currently-planned regional efforts) that outlines the anticipated co-benefits in health, jobs, and income levels and undertake expanded distributional impact analysis in the key regions of focus to better understand the equity impacts of key policies at the local level. This will be closely coordinated with the Danish bilateral energy engagement to ensure that modeling efforts are streamlined and work is not duplicated, especially in regards to the EOR21 exploring complementarities and creating synergies across modeling exercises. Key partners for this work will include the Clean Energy Investment Accelerator, Vietnam's Ecology and Environment Institute (EEI) which has a longstanding reputation in the country supporting climate and green policy, and other international groups (ie.GGGI, the World Bank, GIZ, the Asian Development Bank, and others

NCE is also paying close attention to the upcoming May 23rd, 2021 Election. Given Vietnam's political situation, it is unlikely that there will be a significant shift in government orientation towards climate related issues following the election. Still, the NCE has identified a series of protective measures to ensure that the project will be successful regardless of election outcomes:

- **Vertical engagement** in the Ministry of Planning and Investment, and the Ministry of Natural Resources and Environment. NCE is working to cultivate relationships at both the high-level and working level within both ministries. Working level contacts will provide consistency in government transition and support in understanding the impacts of high-level election outcomes within each ministry.
- Developing a broad **advisory group** to support implementation of this work. In addition to project implementation partners Ecology and Environment Institute (EEI), Knowledge SRL, and SNV, the NCE is building an advisory group that will be comprised of respected academics (including some referred to the NCE by the Vietnamese government stakeholders and by NGO partners), multilateral development banks that are actively engaged in Vietnam including representatives from Asian Development Bank (already committed to participating in the advisory Group), and others. Additionally, The NCE will continue to engage with Vietnam's key bilateral development partners and their in-country embassies.
- NCE analysis is designed to be impartial and present **compelling narratives** for taking action on Climate that would appeal to a variety of stakeholders. Depending on the outcomes of the election, the NCE team would look to analyze the political landscape in country and design appropriate messaging to align with the priorities of the incoming administration. The NCE will work closely with the advisory group to understand the broader political contacts, with working-level partners in ministries to evaluate how best to proceed with key stakeholders, and our project partners to assess how best to move forward.

Brazil

The NCE and WRI Brazil have partnered to develop the New Economy for Brazil Initiative (NEB). The NEB works with key Brazilian institutions, and academics such as the research and engineering (COPPE) team at the University of Rio de Janeiro, to develop research to better understand the costs and benefits and investment needs of current opportunities to accelerate Brazil's transition to a low carbon

economy and how it helps to meet Brazil's economic priorities, including job creation, economic growth, increased competitiveness, and enhanced efficiency of key sectors.

This analysis is paired with engagement efforts to help ensure broad support for the agenda, and to mobilize domestic and international resources to finance investments needed for a transition to a low-carbon economy. The NEB launched its first report, [A New Economy For a New Era: Elements for Building a More Efficient and Resilient Economy in Brazil](#), in August 2020. The study shows that by opting for a low-carbon recovery, Brazil can address critical constraints to its long-term growth and social development — such as adequate social and economic infrastructure and logistics, productivity and competitiveness, and the innovation drive needed for long-term development of its industries.

Thanks to a diverse consortium of supporters, partners, and champions, the NEB is uniquely placed as a trusted convener and partner for the public, private, and financing sectors. As a result, our team has access to decisionmakers across key sectors and an innovative modeling approach that has already produced compelling and relevant analysis that addresses the key concerns of our stakeholders—economic growth and prosperity in line with sustainability. Key partners for this work include: UFRJ, PUC-RJ/CPI, IPEA, Febraban, BNDES, The Ministry of Science and Technology, Ministry of Economy, CEBDS and the Coalition for Climate, Forest and Agriculture.

NCE and WRI Brazil are now planning for the next phase of this work for the period of 2021-2022. There is currently no funding in hand for the NCE team to support these efforts in 2021 and beyond, though the team is in process of securing funding from the German Government, CIFF, and the Oak Foundation totaling at least USD 1 million. Funding from those three entities would support the “**New Economy for the Amazon.**” At the request of the Governors of the Amazon Consortium, NEB is exploring opportunities to pursue low carbon practices and protect biodiversity, including assessments on sustainable infrastructure and regional integration. This funding would also support the development of a policy brief that will build on existing analysis and the work of a group of experts in multilateral institutions (e.g., IDB), specialized think tanks (CBI, GIZ, CPI), and Brazilian experts working in different institutions (IPEA, FEBRABAN, CVM, BNDES) to develop an evidence-based, policy-oriented framework on **"how finance can help the Amazon transition to a low-carbon, deforestation-free, inclusive economy."**

The NCE will use Danish funding to complement this work and translate national and subnational findings into engagement opportunities for the private and public sectors. Danish support will focus on updating and refining modeling efforts to incorporate impacts of Covid-19 on social, economic, and environmental outcomes, as well as to appraise expected consequences of alternative, associated policy responses, promoting the understanding of the benefits that an economic system driven by a low carbon, sustainable utilization of environmental goods and services can deliver for Brazil compared to traditional approaches based on an extensive exploitation of natural resources. With 85% of the Brazilian population living in urban areas, this national work will be relevant to cities. Issues on welfare and distributional outcomes across different cohorts (by income level, gender, sectors, etc) will also be appraised with a goal to shed light on avenues for just transitions. Danish funding will also support high-level engagement around the potential for an inclusive green transition and relevant financing opportunities, engaging with government, private sector leaders, finance institutions and civil society partners. This will help to build consensus and ambition to drive the financing needed for an inclusive green transition. The NCE team will support its champions' roles in promoting high-level meetings around this narrative with Brazil's financial sector leaderships. This will include a strong focus on private sector and subnational leaders.

Beyond these activities, the NCE will also provide ongoing guidance to the Danish government and other stakeholders in assessing opportunities for enhanced ambition in Brazil and facilitating conversations with key partners to build support for an inclusive green transition. This is anticipated to include regular meetings and briefings with the Danish embassy in Brazil and with colleagues in the Danish Ministry of Foreign Affairs.

Colombia

Colombia has historically been a leader on climate action: it was one of the first Latin American countries to submit its NDC to the Paris Agreement. It implemented a carbon price in 2017. And, most recently, President Duque has taken international leadership on the management of Amazonia, having pushed for the Leticia Pact to curb deforestation in the Amazon, bringing the focus to regional cooperation around preservation. The country reaffirmed its global leadership by announcing an ambitious updated NDC of 51% reduced emissions in 2030 compared to BAU and is designing a long-term strategy for decarbonization ahead of COP26. In a region that has been plagued by a lack of ambition and where the risk of slippage from climate commitments grows increasingly strong, Colombia's leadership has become critical.

While this latest announcement is more than welcome, Colombia will continue to face challenges in the near future and will require the right technical support and messaging to continue on a sustainable path. There is a real risk that Colombia may be under pressure to opt for what may be portrayed as “easier paths” given lower ambition and increasing challenges. For instance, as of December 2020, 1.8 million Venezuelan migrants have arrived in Colombia, which still faces gaps in infrastructure, low labor productivity and other economic issues. In addition the deep recession from the Covid-19 pandemic may cause a loss of almost 7.2% of GDP in 2020.¹ These pressures can push governments to fall back to “proven” sources of development, in Colombia's case, coal production and new domestic consumption for electricity generation. Thus, there is a need to work closely with government, private, and civil society partners to keep Colombia on a green path in its recovery and future development.

Current NCE work in Colombia is supported by the German Government and executed in close cooperation with the NDC Partnership. German funding supports several key economic advisors and consultants embedded into key Finance and Planning Ministries in Colombia, providing consistent and targeted economic support that is in line with the NCE Approach. German funding also supports NCE engagement with the Planning and Environment Ministries to build an initial Green Economy Model to better assess the baseline and policy scenarios for the country's updated NDC and options to meet President Duque's Commitment of net-zero emissions by 2050 and to build resilience. This work will form the basis of the developing NCE Colombia country program.

Danish funding will be targeted to support work focused on the energy sector in Colombia, with a special focus on the risk of stranded assets in the energy sector, as demand for Colombian coal exports fall and the government considers shifting to domestic use of coal, as well as targeted analysis of the distributional impacts of selected policies that can support a Just Transition for coal communities to ensure continued growth and equity. NCE is working in partnership with Director and Technical-level officials in the Department of National Planning (DNP) and the Ministry of Environment, and is also engaging with the ministries of Energy and Finance. Further, NCE is engaging at the highest levels with President Duque through NCE champions. Local partners include Universidad de los Andes and Universidad del Rosario. Work on Stranded Assets will be developed to complement and support efforts by Colombia's Central Bank and DNP to understand the transitional risks associated with Colombia and its commercial partners shifting to a more ambitious low-carbon economy.

The NCE will also continue to provide analysis relevant to enhancing ambition in Colombia's NDC and will use high-level champions to engage around these opportunities to further enhance climate commitments in country. This will include providing timely analysis and information to the Danish Embassy and other partners in country to help drive ambition.

Annex 3: NCE Work Plan budget 2020-2022

	Total budget (DKK)	Denmark Funding**	Secured from other partners		Secured in total	Solicited from other partners
Africa	32,055,578	7,150,000	Norwegian Government	12,624,020	23,438,988	8,616,590
			German Government	3,115,823		Prospects include: the German Government, ClIFF Foundation, The UK Government (FCDO), and the Swedish Government (SIDA)
			Swedish Government	549,145		
			16,288,988			
Subtotal obj	32,055,578	7,150,000	16,288,988		23,438,988	8,616,590
Asia	33,560,602	2,800,000	German Government	5,131,664	13,964,683	19,595,918
			UK Government	756,179		Prospects include: the French Government (AfD), the UK Government (BEIS), the MacArthur Foundation, and the Wellspring Fund
			ClimateWorks Foundation	5,276,840		
			11,164,683			
Subtotal obj	33,560,602	2,800,000	11,164,683		13,964,683	19,595,918
Latin America	41,259,410	4,750,000	German Government	21,343,121	26,093,121	15,166,288
						Prospects include: the UK Govenrment (BEIS), the German Government, Climate and Land Use Alliance (CLUA), Institute for Climate and Society (ICS), Good Energies, Moore and Oak Foundations, Tankersley Trust
			21,343,121			
Subtotal obj	41,259,410	4,750,000	21,343,121		26,093,121	15,166,288
Other & Misc.	300,000	300,000	-		300,000	-
Grand total	107,175,589	15,000,000	48,796,792		63,796,792	43,378,797

Annex 4: Members of the Global Commissioners on the Economy and Climate 2020

- **President Felipe Calderón Hinojosa**, Honorary Chair; Former President of Mexico
- **Ms. Ngozi Okonjo-Iweala**, Co-chair; Former Finance Minister of Nigeria
- **Mr. Paul Polman**, Co-chair; Former CEO of Unilever
- **Lord Nicholas Stern**, Co-Chair; IG Patel Professor of Economics and Government at the London School of Economics; President of the Royal Economic Society
- **Ms. Sharan Burrow**, General Secretary, International Trade Union Confederation (ITUC)
- **President Suma Chakrabarti**, Former President, European Bank for Reconstruction and Development (EBRD)
- **Ms. Helen Clark**, Former Administrator, UN Development Programme (UNDP); Former Prime Minister of New Zealand
- **Ms. Kristalina Georgieva**, Managing Director, International Monetary Fund (IMF)
- **Mr. Jamshyd Godrej**, Chairman and Managing Director, Godrej & Boyce Mfg Co. Ltd.
- **Lord Stephen Green**, Baron Green of Hurstpierpoint; Chairman, Asia House UK
- **Mr. Angel Gurría**, Secretary-General, Organisation for Economic Co-operation and Development (OECD)
- **Mr. Chad O. Holliday**, Chairman, Royal Dutch Shell plc
- **Minister Sri Mulyani Indrawati**, Finance Minister, Republic of Indonesia
- **Dr. Agnes Kalibata**, President, Alliance for a Green Revolution in Africa (AGRA)
- **Ms. Naina Lal Kidwai**, Chairman, Max Financial Services, India, and Past President, Federation of Indian Chambers of Commerce & Industry
- **Mr. Caio Koch-Weser**, Chair, European Climate Foundation
- **President Ricardo Lagos**, Former President of Chile; Professor at Large, Watson Institute for International Studies, Brown University
- **Ms. Frannie Leautier**, Former Senior Vice President, African Development Bank
- **Mayor Patricia de Lille**, Mayor of Cape Town, South Africa
- **Mr. Carlos Lopes**, Professor, University of Cape Town; Visiting Professor, Sciences Po, Paris
- **Mr. Masatsugu Asakawa**, President, Asian Development Bank
- **Mr. Noel Quinn**, Group Chief Executive, HSBC Holdings plc
- **Mr. Christian Rynning-Tønnesen**, President and CEO, Statkraft
- **Ms. Kristin Skogen Lund**, CEO, Schibsted ASA
- **Mr. Jean-Pascal Tricoire**, CEO and Chairman, Schneider Electric
- **Ms. Maria van der Hoeven**, Former Executive Director, International Energy Agency (IEA)
- **Mr. Chen Yuan**, Former Vice Chairman, National Committee of the Chinese People's Political Consultative Conference; Former Chairman of the China Development Bank (CDB)

Annex 5: Risk matrix

NCE maintains country-specific risk registers for those countries where NCE is engaged in a full work program (currently Brazil, Ethiopia, Indonesia). NCE is in the process of developing risk registers to align with funded programmatic work in Colombia and will develop risk registers as scoping continues in Kenya and Nigeria. Risk registers are typically reviewed with funders as part of the regular reporting cycle, assessing mitigation strategies and identifying any new or changing risks to program delivery.

Contextual Risk by Country

ETHIOPIA					
Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
<p>The ongoing covid-19 pandemic leads the Ethiopian Government to de-prioritize climate action and suspend engagement with our program.</p> <p>The ongoing covid-19 pandemic and related lockdown measures inhibit the NCE's ability to carry out program and meet key deadlines.</p>	Medium	High	<p>The NCE will work diligently to ensure that efforts are aligned with government priorities. An NCE economist is embedded in the Planning Commission and has been supporting directly on discussions related to the covid-19 recovery and priorities. NCE also rely on key champions in Ethiopia, including the Minister of Planning, to reinforce the message that countries can build back better by addressing the economic and health crises in a way that also mitigates climate change vulnerabilities.</p> <p>The NCE will also respond accordingly and adapt project implementation to adhere to COVID-19-related health measures, such as a lockdown. For example, to adapt to work-from-home measures, the NCE has held virtual training workshops, providing key partners with external devices so they can</p>	<p>Medium</p> <p>While Climate will likely not be the primary focus for the government during this project period, we are well-positioned to ensure that the benefits of an inclusive green transition on economic recovery are clear, and to provide support for decisions on policy solutions that can address climate change vulnerabilities while helping people, economies, and governments recover from the pandemic.</p> <p>Low</p> <p>The NCE has taken appropriate steps to adapt</p>	<p>The NCE is working with a wide range of partners to build the narrative demonstrating that countries can build back better by designing economic recovery plans that address health, economic, and climate vulnerabilities together. NCE staff are already plugged in to the conversations happening in Ethiopia, helping to ensure that this analysis is reaching decisionmakers and that Climate remains a focus of the recovery efforts.</p> <p>NCE staff are in regular contact with Ethiopian stakeholders to assess and anticipate responses to how new COVID-19-related health measures may impact program delivery.</p>

			access internet from home and continue the project. These meetings have successfully kept the project on track.	to COVID-19-related health measures to keep the program on track. We are well-positioned to respond quickly and effectively should further lockdown measures be put in place.	
Heightened political tensions, specifically between the Ethiopian Government and the Tigray People's Liberation Front (TPLF), and subsequent armed conflict leads the Ethiopian Government to de-prioritize climate action and suspend engagement with our program; political instability and growing protests leads to a long-term country-wide internet shutdown and inhibits delivery of our program.	High	High	<p>The NCE is working diligently to monitor the political situation in Ethiopia to ensure that we can respond quickly should the Government become predominantly focused on addressing political tensions, including armed conflict.</p> <p>The NCE Ethiopia project is designing redundancy into its program to ensure that competence and capacity exists both within and outside of government to refine and use a systems dynamic modelling framework to assess policy options to green the Ethiopian economy. In the event that armed conflict expands and/or continues into 2021, and the government is disrupted, redundant capacity in the non-governmental arena will serve its purpose to ensure that local NCE modelling capacity endures and can be brought back into government as it is appropriate and when it is appropriate to do so.</p>	<p>Medium Should conflict seriously delay planning processes led by the government, the NCE team is working with the team on the ground to adapt the program and to remain effective to achieve agreed deliverables.</p> <p>Low Should government administrative and civil society functions be severely weakened in Ethiopia, the WRI Africa office remains a knowledge hub and a source of useful redundancy for NCE Ethiopia work, and can serve as a resource for the Government during and after the conflict subsides.</p>	NCE staff are in regular contact with Ethiopian stakeholders to assess and anticipate responses to how the conflict in-country could affect our program.
Ethiopian Presidential and Parliamentary elections, now delayed to 2021 due	High	High	The NCE is carefully tracking the election process in Ethiopia, and devising timelines that accommodate planned delays as a result of the election cycle. Engagement experts will also	Low While elections may create delays, this will be incorporated into the NCE Ethiopia workplan.	The NCE has experience implementing impactful programs in countries with governments that prioritise climate action (e.g. Colombia) and those that are more skeptical of climate change and international guidance (e.g.

to the COVID-19 crisis, lead to delays in program implementation and / or limit the NCE's ability to operate in governments where there is changeover.			continuously track key Ethiopian stakeholders and how an election will impact their role and influence, and devise strategies for building diverse coalitions of champions that can support the work through a change of government. The NCE will ensure local ownership of climate-economy modelling tools and expertise by working with and building the capacity of a diverse range of research partners, including technical experts within the government and at local research / academic institutions. Doing so will ensure low-carbon development remains a priority even in the event that there is turnover in key governmental ministries.	The NCE will also be ready to review and shift specific messaging and focus areas in consultation with Denmark, but this should not impact the NCE's ability to support on an inclusive green transition. The NCE will also rely on key national and regional champions, including Commissioners, to reinforce the message that climate action will benefit Ethiopia's economy and social well-being.	Brazil). While the messaging may shift to accommodate these changes, NCE analysis is designed to make a compelling economic case for an inclusive green transition, separate from personal beliefs about climate change.
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SOUTH AFRICA					
Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
The ongoing COVID-19 Pandemic leads South Africa to de-prioritize climate action and suspend engagement with our program.	Medium	High	The NCE team has worked with the NCE co-chair, Ngozi Okonjo-Iweala to provide recommendations to South Africa's Presidential Economic Advisory Council (PEAC) on opportunities to build back better. In October 2020, President Ramaphosa announced South Africa's longer-term economic recovery plan, with many NCE recommendations incorporated. South Africa is envisioning a greener and more sustainable recovery, focused on increased renewable energy deployment and sustainable infrastructure.	Medium The NCE co-chair will remain engaged with South Africa's PEAC and will continue to provide support and advice to guide South Africa's recovery.	The recommendations provided to the PEAC via the NCE co-chair included (1) the recovery be anchored in the 2030 national development plan, (2) an accelerated implementation of the Integrated Resource Plan including bringing more renewables on board, (3) investment in sustainable infrastructure, (4) the provision of housing for low-income households, (5) support for public transport, and (6) an accelerated implementation of the "Working for Ecosystems" Program.
The NCE analysis is not converted into action due to	Medium	Medium	While South Africa's Department of Environment, Forestry and Fisheries (DEFF) has been one of the least	Low President Ramaphosa has made a Just Transition a	The NCE will support DEFF in developing a just transition strategy, per government request. The strategy will build on previous

department standing within the government of South Africa.			influential government departments in South Africa. DEFF is now responsible for implementing a just transition strategy at the direct request of President Ramaphosa.	clear priority for his administration, establishing a presidential commission focused on it in September 2020. A just transition is also a crucial element of South Africa's long-term strategy, submitted to the UNFCCC in September 2020. NCE will work to support the development a Just Transitions Framework and coordinate the approach across government departments, ensuring impact beyond DEFF.	work done in South Africa on just transitions and will engage NCE champions in the region.
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NIGERIA					
Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
The ongoing COVID-19 Pandemic leads Nigeria to de-prioritize climate action and suspend engagement with our program.	Medium	High	The NCE will look to key champions to reinforce the message that we can build back better by addressing the economic and health crises in a way that also mitigates climate change vulnerabilities.	Low Economic diversification (moving away from oil), cleaner and more accessible energy (via gas and renewable energy), are becoming a priority agenda for the government. We have commissioned some analysis for sectoral policy solutions that can support the acceleration of climate action and reduction of vulnerabilities. We need to	NCE is working with a wide range of partners to build the narrative demonstrating that countries can build back better by designing economic recovery plans that address health, economic, and climate vulnerabilities together. In some key countries, WRI and NCE staff are already engaged in high-level discussions around recovery plans for target countries. We will be leveraging and customizing activities and resources in the Nigerian context in collaboration with our partner the Climate and Development Centre, Alex Ekwueme Federal, University, Ndufu-Alike Ikwo, Nigeria.

				leverage this further by exploring ways these actions will help people, economies, and governments recover from the pandemic.	
Political instability in Nigeria leads to regime change and shifts the landscape for engagement efforts. Youth recently staged the country's biggest anti-government uprising in a generation, due to relentless police brutality.	High	Medium-High	NCE Global Engagement experts will work closely with local experts to conduct influence mapping and engagement exercises to identify key players on an ongoing basis, and will tailor engagement plans accordingly.	Low The current youth protest is unlikely to affect the program of work.	The team has experience in carrying out projects across changing governments and will draw on WRI and NCE engagement experts and a wide range of Champions to ensure that key messages are still reaching decisionmakers.
Though the next Presidential will not occur during the grant period, local elections lead to delays in program implementation and / or limit the NCE's ability to operate in governments where there is changeover.	Medium-Low	Medium Low	The NCE will track local elections processes we intend to run our pilots at the state level Our partners and engagement experts will also track key stakeholders and how elections will impact their role and influence, and devise strategies for building diverse coalitions of champions that can support the work through a change of government at the local level.	Very Low While national elections may create delays, this is not expected before 2023. The NCE will be ready to review and shift specific messaging and focus areas in consultation with Denmark, but this should not impact the NCE's ability to support on an inclusive green transition.	The NCE has experience implementing impactful programs in countries with governments that prioritise climate action (e.g. Colombia) and those that are more skeptical of climate change and international guidance (e.g. Brazil). While the messaging may shift to accommodate these changes, NCE analysis is designed to make a compelling economic case for an inclusive green transition, separate from personal beliefs about climate change.

KENYA					
Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment

The ongoing COVID-19 Pandemic leads countries to de-prioritize climate action and suspend engagement with our program.	High	High	The NCE will look to key champions to reinforce the message that we can build back better by addressing the economic and health crises in a way that also mitigates climate change vulnerabilities.	Medium While Climate will likely not be an explicit focus for many governments in the coming year, we are working hard to develop guidance and analysis for policy solutions that can address climate change vulnerabilities while helping people, economies, and governments recover from the pandemic.	WRI and NCE are working with a wide range of partners to build the narrative demonstrating that countries can build back better by designing economic recovery plans that address health, economic, and climate vulnerabilities together. In some key countries, WRI and NCE staff are already engaged in high-level discussions around recovery plans for target countries.
Economic and political instability in key countries leads to regime change and shifts the landscape for engagement efforts.	Medium	High	NCE Global Engagement experts will work closely with local experts to conduct influence mapping and engagement exercises to identify key players on an ongoing basis, and will tailor engagement plans accordingly.	Low While regime changes may well occur, they should not impact overall program delivery (though they may influence timelines and interrupt current development and economic planning processes).	the team has experience in carrying out projects across changing governments and will draw on WRI and NCE engagement experts and a wide range of Champions to ensure that key messages are still reaching decisionmakers.
Early campaigning for the August 2022 presidential elections shifts Kenya's policy priorities further away from Climate and leads to delays in program implementation and / or limits the NCE's ability to operate. The political power struggle between the	High	High	Engagement experts will continuously track key stakeholders and how an election and campaign will impact their role and influence, and devise strategies for building diverse coalitions of champions that can support the work through a change of government. Engagement experts will also carefully track the situation between the NMS and county government and devise strategies to coordinate and ensure program delivery.	Low While the campaign and unique challenges in Nairobi may create delays and suboptimal coordination, these considerations will be incorporated into Kenya's workplan. The program will be designed to start quickly to accommodate any further delays. The NCE will also be ready to review and	The NCE will continue to explore which areas have the most potential for unlocking the economic benefits of climate action in Kenya while building a compelling narrative to help shift public discussion and understanding of the climate-development nexus ahead of the 2022 election. The team will leverage its experience implementing impactful programs in countries with governments that prioritise climate action (e.g. Colombia) and those that are more skeptical of climate change and international guidance (e.g. Brazil). While the messaging may shift to accommodate these changes, NCE analysis is designed to make a

Nairobi Metropolitan Service (NMS) and current county government results in mistrust between parties, limiting NCE's ability to implement work program in a coordinated way.				shift specific messaging and focus areas in consultation with Denmark, but this should not impact the NCE's ability to support on an inclusive green transition.	compelling economic case for an inclusive green transition, separate from personal beliefs about climate change.
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VIETNAM					
Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
The ongoing COVID-19 Pandemic leads Vietnam to de-prioritize climate action and suspend engagement with our program.	Medium	Medium	The NCE is developing an integrated assessment of socioeconomic and environmental impacts resulting from the implementation of a set of mitigation policies which government decision makers can use to inform their recovery policies. Core to our work in Vietnam is 'capacity transfer' and we will work with the Danish climate front post, our advisory group, NCE champions, and others, to make the case for building back better by addressing the economic and health crises in a way that also mitigates climate change vulnerabilities.	Medium The new Vietnamese administration will want to demonstrate decisive action after the election, and the most convenient and familiar position to take is the status-quo position. We are working hard to ensure the case for inclusive green growth is made to the Vietnamese leadership, making the transformative position that benefits the economy, people, and the planet more enticing.	This assessment was based on WRI and NCE's background building the narrative that countries can build back better by designing economic recovery plans that address health, economic, and climate vulnerabilities together, information from our project team. Our response to this risk moving forward will be informed by additional information from partners like the Ecology and Environment Institute (EEI), KnowlEdge SRL, our emerging advisory committee which will include academics, development partners (e.g. ADB), and other key stakeholders, and consultations with the Ministry of Planning and Investment.
Economic and political instability in Vietnam leads to	Low	High	NCE is reviewing likely outcomes of the upcoming election being reported in the media (e.g. Prime Minister Phuc elected	Low Vietnam is regarded as one of the most	This assessment was based on the NCE team's has experience in carrying out projects across changing governments. Their experience was

regime change and shifts the landscape for engagement efforts.			as Secretary General and/or President) and assessing the relevant political positions of the incoming political leadership. With our project partners Ecology and Environment Institute (EEI), KnowlEdge SRL, our advisory committee of respected experts, and collaborating with the Danish climate front post, we will re-calibrate our engagement with key government officials if required.	politically stable countries in Southeast Asia and has shown itself to be a leader on climate-related issues by submitting an enhanced NDC ahead of schedule. For those reasons and because Vietnam is a single-party system, we do not expect an abrupt change in their position towards climate and green growth issues.	used to inform this brief assessment of how the project is prepared to respond to political instability and/or regime change in Vietnam. Moving forward we will continue to draw on WRI and NCE engagement experts, Ecology and Environment Institute (EEI), KnowlEdge SRL, our advisory committee, and consultations with existing staff in key ministries like the Ministry of Planning and Investment.
Elections lead to delays in program development and implementation, and reduced attention from state ministries on our work during any transition.	High	Low	The NCE will establish a diverse advisory group of nationally respected experts outside of government, and collaborate closely with the Danish climate front post in Vietnam to mitigate the slowdown in government functions ahead of and through the 2021 election.	Low The NCE work in Vietnam requires economic and country experts, and benefits from government consultation to ensure it is relevant and implemented. By continuing to work in consultation with the government and the Danish climate front post in the lead-up to the election, and with an advisory group of respected experts outside of government for the duration of the project, we expect election delays to have minimal impact on our final work product. Further, the final output of our work is expected several	This assessment was based on the NCE team's experience working on projects that require government buy-in and consultation, and which may be affected by an upcoming election. Moving forward, this team will work closely with our advisory committee and project partners to ensure we have government input well-ahead of the election, and are well positioned to engage at a high-level with new staff in ministries to ensure the final product is relevant to the new leadership.

				months after the election scheduled for May 23 rd , 2021.	
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COLOMBIA					
Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
The ongoing COVID-19 Pandemic leads Colombia to de-prioritize climate action and suspend engagement with our program. For example, parts of the Colombian government have been pushing domestic coal use as a method to help with the recovery.	High	High	The NCE will look to key champions to reinforce the message that we can build back better by addressing the economic and health crises in a way that also mitigates climate change vulnerabilities. Using the coal example, NCE worked with partners to communicate concerns over the downsides of expanded coal to the Colombian government, as well as climate friendly alternatives that would provide better economic benefits.	Medium While Climate will likely not be an explicit focus for many governments in the coming year, we are working hard to develop guidance and analysis for policy solutions that can address climate change vulnerabilities while helping people, economies, and governments recover from the pandemic.	In Colombia, NCE is well connected through multiple channels to both the technical and high-level members of key government ministries. NCE also works with International Organizations such as NDCP, World Bank, as well as local partners such as Transforma to bolster the narrative of building back better from the pandemic, and is helping to respond to specific moves, such as those on coal, that the government might make that would lock in carbon intensive pathways.
Economic and political instability in Colombia could lead to regime change and shifts in the landscape for engagement efforts. Colombia is especially vulnerable due to the recent end of the 50-year civil war, and continued resistance in some areas.	Medium	High	The political situation will be continually monitored by NCE Global Engagement experts, and programs adjusted based on any regional violence or unrest. In terms of regime change, NCE has high level champions that could appeal to most of the political spectrum.	Low While regime changes may well occur, they should not impact overall program delivery (though they may influence timelines and interrupt current development and economic planning processes).	In General, NCE should not be deeply impacted by political unrest, as macroeconomic and political engagement streams are fairly high level and focused in major cities which are not as at risk of disruption.
Colombia's elections are in May 2022, with	High	High	The NCE will carefully track the election process in Colombia, with the help of the	Low	While a less climate friendly regime is always possible in Colombia, the NCE messages of

the current President restricted to one term. One risk is that the next president will not be as ambitious on climate, while another is that they will not have the same close relationship that NCE shares with President Duque.			newly established local office, , and will devise timelines that accommodate planned delays as a result of the election cycle. Engagement experts will also continuously track key stakeholders and how an election will impact their role and influence, and devise strategies for building diverse coalitions of champions that can support the work through a change of government.	While elections may create delays, this will be incorporated into specific country workplans. The NCE will also be ready to review and shift specific messaging and focus areas in consultation with Denmark, but this should not impact the NCE's ability to support on an inclusive green transition. Further, we have embedded several key economic advisors and consultants into key Finance and Planning Ministries in Colombia, building capacity and providing consistent and targeted economic support that is in line with the NCE Approach.	economic growth and social development should still hold wide appeal. NCE can also draw from its experience in Brazil and working with other governments that are less ambitious on climate.
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BRAZIL					
Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
The ongoing COVID-19 Pandemic leads Brazil to de-prioritize climate action and suspend engagement with our program. Already deforestation in the Amazon has increased, as the focus is on economic	High	High	The NCE narrative that shows that climate action and environmental protection are the best pathways for economic growth and recovery should help to minimize this risk.	Medium While Climate will likely not be an explicit focus for many governments in the coming year, we are working hard to develop guidance and analysis for policy solutions that can address climate change vulnerabilities while helping people,	WRI and NCE staff are already engaged in high-level discussions around recovery plans for the country, and have presented new modeling that shows more robust recovery from the Covid-19 pandemic through sustainable policies. This modeling has been well received by the Ministry of Economy.

recovery and the health crisis; environment could be even further deprioritized in Brazil.				economies, and governments recover from the pandemic.	
Economic and political instability in key countries leads to regime change and shifts the landscape for engagement efforts. Protests have increased across the country and it is a highly polarized environment.	Medium	High	NCE Global Engagement experts will work closely with local experts to conduct influence mapping and engagement exercises to identify key players on an ongoing basis, and will tailor engagement plans accordingly. As with elections, the NCE remains politically neutral and therefore should not be seen as tied to one regime or another.	Low While regime changes may well occur, they should not impact overall program delivery (though they may influence timelines and interrupt current development and economic planning processes).	the team has experience in carrying out projects across changing governments and will draw on WRI and NCE engagement experts and a wide range of Champions to ensure that key messages are still reaching decisionmakers. The Friends of the New Economy for Brazil will help to provide guidance through any turbulent periods.
General elections are scheduled to be held in Brazil in October 2022 to elect the President, Vice President, and the National Congress. This will be a key moment of risk as the Bolsonaro government is either reelected or replaced.	High	High	If reelected, the current administration may take even stronger stances against climate action, while, on the other hand, a much more climate friendly administration may be elected which would increase the impact of NCE work. In either case, NCE plans to have a diverse and non-polarizing coalition of voices to position itself to work with either side and their priorities (for example: job growth, GHG emissions reductions, etc.)	Low While elections may create delays, this will be incorporated into specific country workplans. The NCE will also be ready to review and shift specific messaging and focus areas in consultation with Denmark, but this should not impact the NCE's ability to support on an inclusive green transition.	.In Brazil, NCE has made sure that while it works with the current government, it also actively engages the NGO community, private sector, and other actors who may be critical of those who are too close to the current administration. In this way, we ensure that our research, engagement, and communications are not contrary to any climate goals. This should also help provide resilience in any change from an election cycle.

PROGRAMMATIC RISK					
Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
The ongoing COVID-19 Pandemic limits opportunities for	High	Medium	The NCE will roll out adapted engagement plans that leverage virtual meetings and alternate forms of engagement with key stakeholders.	Medium	Working with local experts, the NCE has been able to maintain close contacts with governments even as traditional engagement avenues (in-person conferences and meetings,

engaging with key government officials.					major events and dialogues) have been cancelled.
Risk of non-delivery of research outputs or delivery of poor-quality outputs by NCE or partners in the consortium	Medium	High	The NCE will develop clear work plans that detail named responsible individuals to ensure high-quality and timely delivery. Achievement of key milestones will be monitored through regular check-ins and more thorough, substantive reporting and review meetings	Low	<p>When engaging partners, the NCE seeks out tried and trusted organizations and individuals who we know to deliver quality outputs and excellent value for money. Where unknown partners are engaged, a robust procurement process will have been followed and terms and conditions included in the subgrant agreement to meet the level of assessed delivery risk.</p> <p>The NCE also follows a stringent peer review process to ensure high-quality work.</p>
Stakeholder consultations and engagement and analysis takes longer than planned and leads to delivery delays	High	Medium	Should this occur, the NCE will first identify potential changes in resourcing or planning to make up for lost time. If timelines must shift, the NCE will develop a revised timeframe for Denmark's approval.	Medium	There is a high level of uncertainty in Governments as they look to address a public health crisis and develop economic recovery plans. The NCE will continue to be responsive and sensitive to the needs of each target country.
Risk that program analysis and recommendations are not adopted and integrated into national / regional / sectoral planning by key country decision-makers	Medium	High	The work program has been designed to respond to explicit government requests and opportunities. Additionally, many key champions for this work are outside of the Climate community, helping to ensure broad-based support in countries.	Medium	The NCE work program is focused on making the economic and development case for climate action, which will avoid the most common obstacle to taking action on climate: a false perception that that climate action is incompatible with economic recovery and growth. By identifying options to support the growth and climate agendas, we are able to better-ensure uptake despite differing priorities in different factions of the government.
Risk that this project has a negative impact on Human Rights, Women's Rights and	Low	Medium	NCE works to identify economic growth paths that are stronger and more equitable, provide more jobs, gender and regional benefits, and that will also deliver	Low	The goal of this overall work program is high-quality, resilient, and inclusive growth through the climate-smart transformation of the global economy. The inclusion of marginalized

Gender Equality, Climate Change and The Environment, or Anti-Corruption Activities			ambitious climate action. The program explores how best to undertake more detailed microeconomic or distributive analyses including a special focus on challenges and opportunities facing young people, women, and vulnerable populations.		people and protection of human rights is essential to this work, as is addressing gender equity issues and women's rights.
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INSTITUTIONAL RISK

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
The ongoing COVID-19 Pandemic leads countries to de-prioritize climate action and suspend engagement with our program.	High	High	The NCE will look to key champions to reinforce the message that we can build back better by addressing the economic and health crises in a way that also mitigates climate change vulnerabilities.	Medium While Climate will likely not be an explicit focus for many governments in the coming year, we are working hard to develop guidance and analysis for policy solutions that can address climate change vulnerabilities while helping people, economies, and governments recover from the pandemic.	WRI and NCE are working with a wide range of partners to build the narrative demonstrating that countries can build back better by designing economic recovery plans that address health, economic, and climate vulnerabilities together. In some key countries, WRI and NCE staff are already engaged in high-level discussions around recovery plans for target countries.
Economic and political instability in key countries leads to regime change and shifts the landscape for engagement efforts.	Medium	High	NCE Global Engagement experts will work closely with local experts to conduct influence mapping and engagement exercises to identify key players on an ongoing basis, and will tailor engagement plans accordingly.	Low While regime changes may will occur, they should not impact overall program delivery (though they may influence timelines and interrupt current development and economic planning processes).	the team has experience in carrying out projects across changing governments and will draw on WRI and NCE engagement experts and a wide range of Champions to ensure that key messages are still reaching decisionmakers.

Annex 6: Plan for communication of results

The Communications opportunities will be identified on an ongoing basis with advanced planning on a quarterly basis. Below overview is thus indicative and subject to specific agreement on each item.

What? (the message)	When? (the timing)	How? (the mechanism)	Audience(s)	Responsible
Results and impact stories in the seven focus countries.	During implementation as soon as available	MFA SoMe & webpage Relevant Embassy SoMe & webpages MFA public diplomacy Denmark Daily newsletters, MFA SDGs Magazine, etc. NCE website and social media platforms	The Danish resource base and taxpayers and international partners in Danish development cooperation Green leadership incl. think tanks and mayors, and population in target countries.	MFA/GDI and Public Diplomacy Team MFA NCE HQ NCE HQ & country level with input from DK embassies
Larger results and impact stories related to global climate ambition	Leading up to COP26 and SDG7 ministerial conference	Same channels as above but adding relevant international media platform/s.	Same as above but adding relevant international audiences	MFA/GDI and Public Diplomacy Team MFA NCE HQ

Below are given links to social media platforms with news communication from NCE

NCE SoMe "signature"	Links to NCE on key social media: <ul style="list-style-type: none"> - Internet: https://newclimateeconomy.net/ - Twitter: @NewClimateEcon
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Annex 7: Process Action Plan

Action/product	Dates/Deadlines 2020	Responsible unit
First draft project document to MFA	August	NCE
Various supplementary documents for formulation of project document	September	NCE
Call NCE / MFA/DK	8 October	MFA/NCE
Revision of draft project document	12 – 16 October	MFA/Tine
Call MFA/NCE on results management framework	13 October	NCE/MFA-Tine-Jan
Call MFA/NCE on reporting and audit requirements	14 October	NCE/MFA-Tine-CFO-Jan
Additional call if necessary	15 October	NCE/MFA-Tine
Overall approval by Green Diplomacy management	19 October	MFA/Tine
Draft project document submitted for appraisal - draft submitted for NCE comments - consultation with relevant embassies	19 October	MFA/Tine NCE MFA/Tine
Early Appraisal – MFA Quality Assurance Appraisal call MFA/NCE	19 – 23 October 21 October	MFA/Jan NCE/MFA-Jan-Tine
Country level intervention calls with Danish embassies and Danish Energy Agency	Second half October - November	NCE/MFA Embassies Danish Energy Agency
Final revisions of project document (based on appraisal recommendations) - final clarification call with NCE	November – early December	MFA/Tine MFA/NCE
Revised project document submitted to Head of Department Green Diplomacy and NCE	9 December	MFA/Tine
Project document submitted to Under-Secretary of Development Policy	11 December	MFA/Tine
Draft agreement text to NCE	15 December	MFA/Tine
Additional calls in case of comments from Under-Secretary	14-18 December	MFA/NCE
Approval by Under-Secretary	Before 20 December	MFA
Signing of Agreement NCE/MFA	Before 24 December	MFA/NCE
MFA disbursement of 1 st tranche of funding to NCE	Before 31 December	MFA/NCE confirmation
Kick off meetings with Embassies – by region	January/February	NCE/MFA
Quarterly Strategic monitoring dialogue based on NCE quarterly progress reporting (with participation of embassies as relevant)	February 2021 May 2021 August 2021 November 2021	NCE/MFA
Periodic Review. Jointly with other NCE funders if possible.	January / February 2022	MFA/NCE/++
NCE submission of 2020/2021 annual report and 2021/2022 activity plan	November 2021	NCE
NCE submission of audited accounts 2020/2021 to MFA	March 2022	NCE
Disbursement 2 nd tranche upon request from NCE	April 2022 (upon receipt of Year 1 audit)	MFA
Quarterly Strategic monitoring dialogue 2022	Same as above	NCE/MFA
Submission of project completion report by NCE	March 2023	NCE
Submission of audited accounts full project period	June 2023	NCE

Annex 8: Signed Quality Assurance Checklist and follow up actions

Title of Project	Danish Support to New Climate Economy 2020-2022
File number/F2 reference	2020-35929
Appraisal report date	November 25, 2020
Council for Development Policy meeting date	N.A.
Summary of possible recommendations not followed <p>All recommendations followed with the exception of #12, which is no longer deemed pertinent.</p> <p>For the four countries for which NCE benefits from funding from other donors, clarity has been established in the extensive consultation process after the appraisal. For the remaining three countries, there is currently no other funding. Further, NCE has committed to ensuring that potential new funding from other donors is allocated to complementary activities in countries benefitting from Danish earmarked funding and to including funding information and allocation in quarterly status reports to the Ministry of Foreign Affairs of Denmark. With the exception of Ethiopia, the requested Danish funding is seed money aimed at allowing NCE to start exploring potential for engagement and conduct initial analysis as part thereof. Concerning Ethiopia, the Danish funding is restricted to energy sector work, which is not included in funding from other donors. Further, NCE has committed to ensuring that potential new funding from other donors is allocated to complementary activities in countries benefitting from the Danish grant and to including funding information and allocation in quarterly status reports to the Ministry of Foreign Affairs of Denmark.</p>	

Overall conclusion of the appraisal: This appraisal was carried out partly in process and was guided by the OECD-DAC evaluation criteria and by the AMG. Key-issues identified have been discussed in a continuous process with the GDI desk officer and the New Climate Economy (NCE) team in Washington. During these in process discussions, the project approach evolved from un-earmarked funding to an increasing degree of earmarking at country and regional level. The appraisal report is based on these process discussions and a draft project document received from the desk officer on October 19th 2020. The changes in approach had not yet been reflected in a revised document at the time of appraisal. Some of the recommendations below are thus known to NCE and GDI and may have been addressed in the still ongoing programming process.

The appraisal is positive, but with reservations in the sense that the project documentation must be updated and specified in a number of areas. General observations are:

- **Support to NCE is relevant.** The support will underline Denmark's profile as a leading country in combating climate change and will contribute to support the efforts to raise the ambitions relating to reduction of GHG emissions, inclusive green transition and resilience in the selected developing countries and emerging economies. The work of NCE targets directly the implementation of the Paris Declaration and more ambitious NDC's and contributes indirectly to delivering on the SGD agenda through holistic analysis and recommendations for inclusive low-carbon pathways providing maximum additional value in terms of economic growth, job creation and balanced socioeconomic development. Close cooperation between Danish Embassies and NCE is also expected to strengthen the Danish climate diplomacy by improving access to key decision makers.
- **Support to NCE seems well justified.** NCE is well positioned to influence plans and policies on climate mitigation through the combination of technical knowledge on economic modelling of the effects of different low-carbon pathways and the close affiliation with the Global Commission on Economy and Climate (GCEC) providing additional quality analysis, high profile political advocacy and access to key decision makers.
- **All NCE engagements are in principle demand driven and linked to key national government entities such as Ministries of Finance and/or Planning,** but (apart from Ethiopia), the draft project document contains limited information on the type and level of demand in several of the countries. This probably reflects an initial intention to use Danish funding as seed money to enter into cooperation in new countries, where firm demand and partnerships have not yet been fully developed. This should be more directly described in the project document and objectives and outputs be revised to reflect clearer objectives and outputs for what could be seen as an inception phase in these countries.
- **NCE may adhere to the development effectiveness agenda** and meets the OECD-DAC evaluation criteria, but this is not easy to assess due to the current lack of detail in objectives and outputs and not least due to the difficulty in assessing effectiveness and efficiency in influencing political priorities at country level. Reviews of UK supported initiatives in Indonesia do however support that NCE is both effective and efficient and delivers relevant quality outputs according to budgets and timelines.
- **The choice of partners at both international and national level is difficult to assess due to limited information on partner choice in several of the countries.**
- **Quality of the concept of NCE interventions is adequate but needs to be further unfolded in the draft project document to meet the AMG requirements for earmarked project support.**

- **The theory of change (ToC) has been formulated at a global level only. To live up to the AMG criteria for a ToC, the 7 guiding questions should be answered and a section on assumptions should be added (including country specific country level considerations where relevant).**
- **The risk management matrix of the draft project document is insufficient and too broad and unspecific** to meet the requirements of the AMG. There is a particular need to specify some of the contextual risks at country level.
- **Overall governance and management of NCE is probably adequate and well-established** and NCE/WRI capacity to manage and operate the program is sufficient. NCE refers an advisory board including representatives from the Global Commission on the Economy and Climate (GCEC), but apparently also to the board of WRI and for strategic issues to the Global Commission. The exact accountability structure is not quite clear and the governance/management structure should be described in more detail. Furthermore, information about management at country level would be useful – i.e. are local steering committees established to ensure structured dialogue with key partners?
- **Cross cutting issues are addressed** and integrated into the program as principles, but it is difficult to assess to which extent these issues are actually reflected in the economic modelling analyses.

Based on the draft project document and subsequent dialogue with NCE, the project is **recommended for approval providing that substantial adjustments are made as reflected in the recommendations on the following pages.**

Recommendations by the appraisal team	Follow up by the responsible unit
<i>Coice of partners, their capacity and feasibility of CNE</i>	
<p>Recommendation 1:</p> <p>A broader external review of NCE should be conducted before the end of the project – preferably jointly with other donors to NCE. The review should include an expert assessment of the economic modelling approach of NCE as well as analysis of NCE’s relation to WRI and the complicated structure of external partnerships and alliances linked to NCE and supported through other Danish grants. This could be done as a separate review or included in the planned review of WRI.</p>	<p>WRI relation to various platforms and initiatives, e.g. NCE, NDC-P, P4G, is included in planned joint external review of WRI.</p> <p>Based on the recommendations of the WRI review, GDI will, in dialogue with NCE and other key donors, define which further aspects to include in external review of NCE at the time of the drafting of Terms of Reference for the latter.</p>
<p>Recommendation 2:</p> <p>Choice of national partners should be further described and justified in the project documentation. In countries where partners and a firm demand has not yet been identified the document should describe the process, criteria and intentions in relation to partner engagement.</p>	<p>Further clarification through dialogue with NCE, Danish embassies and the Danish Energy Agency in specific countries. Has been reflected in revised project document.</p>
<p>Recommendation 3:</p> <p>A section describing the general approach and methodology of NCE should be included with descriptions of how NCE works with WRI, external knowledge partners, research institutions and coalitions. This should also describe the approach to sustainability in terms of capacity development of local partners.</p>	<p>Has been included in revised version of the project document.</p>
<i>Context analysis and engagement strategy</i>	

<p>Recommendation 4:</p> <p>The document should be supplemented with brief context descriptions at country level outlining the status in relation to climate policies, key challenges and previous NCE engagement in country, key “windows of opportunity” identified and outline of already existing or expected full country program (in main document or as an annex).</p>	<p>Country level context and engagement descriptions have been included in revised project document.</p>
<p>Recommendation 5:</p> <p>Given the importance of political processes to drive climate ambition, the document should describe how NCE engages with national media and civil society partners outside of government to create broader political momentum.</p>	<p>Has been included in revised project document.</p>
<p>Recommendation 6:</p> <p>Proposed regional initiatives should be further outlined in relation to purpose, key partners and foreseen “windows of opportunity” for impact at regional level.</p>	<p>No regional initiatives maintained.</p>
<p><i>Theory of change and results framework</i></p>	
<p>Recommendation 7:</p> <p>The theory of change must be updated and specified in order to adequately respond to the 7 guiding questions of AMG – including assumptions.</p>	<p>ToC has been updated and specified in revised project document.</p>
<p>Recommendation 8:</p> <p>The results framework is inadequate and should be revised particularly in relation to outcome at country level as well as more detail on the expected outputs – particularly in countries, where DK funding is mainly seed money.</p>	<p>Results Framework has been revised and detailed based on discussions with NCE, relevant embassies and the Danish Energy Agency.</p>
<p><i>Monitoring and reporting</i></p>	

<p>Recommendation 9:</p> <p>Monitoring and reporting structure should be specified to ensure close dialogue with Danish Representations with country level updates and regular meetings at country level. Where full NCE country programs are operational, reporting at program level should be considered rather than separate reporting on the Danish funded elements.</p>	<p>Monitoring and reporting structure has been further specified in revised project document.</p>
<p><i>Assumptions and Risk Management</i></p>	
<p>Recommendation 10:</p> <p>The current risk management is too general to be operational as a dialogue instrument during implementation. Amend the risk management matrix with focus on contextual risks (including more detail at country level), including e.g. political instability and upcoming elections. More detailed country level risk matrixes (risk registers) should be shared as soon as possible and be revisited as part of monitoring process.</p>	<p>Risk Management Matrix has been further detailed, including country context level.</p>
<p><i>Governance and management</i></p>	
<p>Recommendation 11</p> <p>The document should include a more precise description of governance and management structures (including composition of and ToR for advisory group at both global level and in relation to country programmes. Furthermore the role of the board of WRI should be described</p>	<p>To be updated based on input from NCE</p>

<p>Recommendation 12</p> <p>The appraisal recommends that clear procedures and milestones for consolidated work programs and budgets at country level are put in place to ensure full transparency on the relation between Danish funding and funding from other donors in the selected countries.</p>	<p>This is not deemed relevant. For the four countries for which NCE benefits from funding from other donors, clarity has been established in the extensive consultation process after the appraisal. For the remaining three countries, there is currently no other funding. Further, NCE has committed to ensuring that potential new funding from other donors is allocated to complementary activities in countries benefitting from Danish earmarked funding and to including funding information and allocation in quarterly status reports to the Ministry of Foreign Affairs of Denmark.</p>
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I hereby confirm that the above-mentioned issues have been addressed properly as part of the appraisal and that the appraisal team has provided the recommendations stated above.

Signed in Copenhagen on 11 December 2020

Jan Riemer, Appraisal Team leader

I hereby confirm that the responsible unit has undertaken the follow-up activities stated above. In cases where recommendations have not been accepted, reasons for this are given either in the table or in the notes enclosed.

Signed in Copenhagen on 11 December 2020

Rasmus Abildgaard Kristensen, Head of GDI
