Ministry of Foreign Affairs – (Department for Green Diplomacy and Climate)

Meeting in the Council for Development Policy on 22 June 2023
Agenda Item No. 5

1. Overall purpose:	*For discussion and recommendation to the Minister*
2. Title:	UN Environment Programme Copenhagen Climate Centre (UNEP-CCC) 2023-2025
3. Amount:	DKK 15 million
4. Presentation for Programme Committee:	25 May 2022
4. Previous Danish support presented to UPR:	This is the first presentation to UPR. *The programme was approved by the Minister for Development Cooperation and Climate Policy in December 2022.*

Danish Support to UNEP for the UNEP Copenhagen Climate Centre (UNEP-CCC)

Selected key results:

- *UNEP-CCC contributes to enhanced investment in, and uptake of, climate technologies in developing countries through country specific market studies and global assessments of technology transfer.*
- *Enhanced methodological guidance developed and tested improves understanding of the economics and operational practicalities of 'loss and damages' under the UNFCCC to avert, minimize, and address climate-included loss and damage.*
- *UNEP-CCC activities provide replicable urban Nature based Solution (NbS) business models for a range of climate hazards, and enhance the ability of small and medium sized cities in developing countries to move toward carbon neutrality, including through enhanced energy efficiency and cooling.*
- *UNEP-CCC scientific analysis and assessment work – including the UNEP Adaptation and Emissions Gap reports – informs the international climate community and influences UNFCCC climate change negotiations and working groups.*

Justification for support:

- *The IPCC* Sixth Assessment Report *has made it clear that climate change is widespread, is intensifying, and is impacting developing countries in particular. The UNEP-CCC works with sub-national, national, and international stakeholders in developing countries, helping maintain broad support for the Paris Agreement and multilateral approaches to addressing the climate crisis.*
- *The UNEP-CCC and its mandate under the UNEP-umbrella is well aligned with the climate ambitions outlined in the Danish Strategy for Development Corporation 'The World We Share', including a focus on leaving-no-one-behind.*
- *UNEP-CCC technical knowledge supports the Danish Global Climate Action Strategy by providing technical knowledge to specific UNFCCC working groups and strengthening climate data, reporting, and accountability.*

Major risks and challenges:

- *Covid-19 and other geopolitical uncertainty contributes to the risk of changes in planned activities. UNEP-CCC staff are closely aligned with country-based stakeholders and have developed online training models.*
- *As the UNEP-CCC is new it poses a risk if there are challenges of finalizing operational procedures, governance structure and the financial sustainability of the Centre. An inception and a financial review have been conducted in Q1 2023 and the recommendations are being implemented. This helps mitigating the risk.*

File No.	F2: 2022 - 16412					
Country	Interregional					
Responsible Unit	GDK					
Sector	Climate					
Partner	UNEP					
DKK million	**2022**	**2023**	**2024**	**2025**		**Total**
Commitment	68	15				83
Projected disbursement	34	15	20	14		83
Duration	2023-2025					
Previous grants	Bridging grant: DKK 9,995,000					
Finance Act code	06.34.01.40					
Head of unit	Karin Poulsen					
Desk officer	Christian Knudsen					
Reviewed by CFO	Rasmus Tvorup Ewald					

Relevant SDGs

Strategic objectives

The UNEP-CCC objective is to provide knowledge, scientific analysis, assessment and capacity building for enhanced climate action, supporting developing countries and emerging economies to pursue low-emission, climate-resilient pathways for sustainable development.

Environment and climate targeting - Principal objective (100%); Significant objective (50%)

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
Indicate 0%, 50% or 100%	100 %	100 %	0%	0%
Total green budget (DKK)	83 million	83 million		

Justification for choice of partner:

The UNEP-CCC builds on 30 years of experience of providing technical assistance and policy advisory services as a collaborating centre to UNEP and Danish research institutions. Denmark has been a donor from the beginning and the new centre is very well situated in the international climate architecture to provide knowledge and capacity building that supports and accelerates low-emission, climate-resilient development.

Summary:

UNEP-CCC assists in delivery of UNEP's Programme of Work and Medium Term Strategy by providing compelling science-policy advice, technical assistance, and capacity building that helps developing countries pursue low-emission and climate-resilient growth. In addition, Danish support allows UNEP-CCC to contribute to the implementation of the Paris Agreement by providing scientific analysis, assessment, and guidance that strengthens national and global climate policy and planning.

Budget:

Engagement 1 – Policy	19,898,906 DKK
Engagement 2 – Implementation	34,824,865 DKK
Engagement 3 – Transparency	8,215,430 DKK
Engagement 4 – Crosscutting Activities	13,976,687 DKK
Inception and mid-term review	700,000 DKK
Programme support cost	5,384,112 DKK
Total	**83,000,000 DKK**

Danish support to

UNEP Copenhagen Climate Centre 2023-2025

Contents

Abbreviations

ACABQ	UN Advisory Committee on Administrative and Budgetary Questions
ACTT	Advancing Climate Technology Transitions
admire	Adaptation Mitigation Readiness
AfDB	African Development Bank
AGR	Adaptation Gap Report
Article 6	Article 6 of the Paris Agreement
AREED	African Rural Energy Enterprise Development
BoA	Board of Auditors
CB	Capacity Building
CBIT	Capacity Building Initiative for Transparency
CBS	Copenhagen Business School
CCDARE	Climate Change Adaptation & Development Initiative
CCEE	The Copenhagen Centre on Energy Efficiency
CECSD	The Centre on Energy, Climate and Sustainable Development
CDM	Clean Development Mechanism
COP	Conference of the Parties (to the UNFCCC)
CTCN	Climate Technology Centre and Network
DEA	Danish Energy Agency
DENA	German Energy Agency
DIIS	Danish Institute for International Studies
DKK	Danish Kroner
DoA	Delegation of Authority
DTU	Danish Technical University
EE	Energy efficiency
E&C	Energy and Climate
EGR	Emissions Gap Report
ESCO	Energy Service Company
EU	European Union
FPIC	Free, Prior and Informed Consent
GCF	Green Climate Fund
GEF	Global Environment Facility
GHG	Greenhouse gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GPUC	Global Platform for Urban Climate Neutrality
ICAT	Initiative for Climate Action Transparency
ILO	International Labour Organization
IREK	Innovation and Renewable Electrification in Kenya
KU	Copenhagen University
L&D	Loss and Damage
LCMP	Low Carbon Mobility Plan

LDC	Least Developed Countries
LMIC	Low- and Middle-Income Countries
M&E	Monitoring and Evaluation
MFA	Ministry of Foreign Affairs of Denmark
MoU	Memorandum of Understanding
MPC	Management and Policy Committee
MTS	Medium Term Strategy (UNEP 2022-2025)
NAMA	Nationally Appropriate Mitigation Actions
NbS	Nature-based Solutions
NDA	National Designated Authority (to the GCF)
NDC	Nationally Determined Contributions
NDE	National Designated Entity (to the CTCN)
NDF	Nordic Development Fund
NZS	Net-zero strategies
NZT	Net-zero transport
OECD DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
PD	Project Document
PIMS	Programme Information and Management System
POW	Programme of Work of UNEP
PSC	Programme Support Cost
PtX	Power-to- X
RE	Renewable energy
RoI	Return on investment
RUC	Roskilde University
SC	Steering Committee
SDG	Sustainable Development Goal
SEAH	Sexual exploitation, abuse, and harassment
SEFA	Sustainable Energy for Africa
SEforALL	Sustainable Energy for All
SIDS	Small Island Developing States
SINAMECC	Sistema Nacional de Métrica de Cambio Climátic (Costa Rica)
SISET	Socially Inclusive Sustainable Energy Transitions
SWOT	Strengths, weaknesses, opportunities, and threats
TA	Technical Assistance
TAP	Technology Action Plan
TEMARIN	Technology, Markets and Investment for Low Carbon and Climate Resilient Development
TENTRANS	Tendering Sustainable Energy Transitions
TNA	Technology Needs Assessment
ToC	Theory of Change
TVET	Technical And Vocational Training

UDP	UNEP DTU Partnership
UNEA	United Nations Environment Assembly
UNEP	United Nations Environment Programme
UNEP-CCC	UNEP Copenhagen Climate Centre
UNFCCC	United Nations Framework Convention on Climate Change
UNOPS	United Nations Office for Project Services
USD	United States Dollars
VCM	Voluntary Carbon Market

Introduction

The Programme Document outlines the background, justification, and objectives for a proposed three-year Danish contribution of DKK 83.0 million to UNEP to support the newly established UNEP Copenhagen Climate Centre (UNEP-CCC) located in the UN City Copenhagen. The present Programme Document will be annexed to the signed agreement between the Ministry of Foreign Affairs and UNEP. It will provide support to the Centre's work programme for the period January 2023 to December 2025, complementing the already approved DKK 10.0 million bridging grant (cost extension) to UNEP-CCC that was approved in February 2022. The first disbursement is expected to take place in December 2022 to allow timely implementation to start from 1 January 2023.

UNEP-CCC draws on experience from more than 30 years of working with developing countries, as part of the long-lasting partnership between UNEP, Danish research institutions (notably the Risø National Laboratory and Danish Technical University (DTU)) and the MFA. UNEP-CCC was established in early 2022 to continue providing scientific and technical support to UNEP and assist in the delivery of UNEP's Programme of Work with a focus on climate change and the needs of developing countries. The aim is to further develop the capacity and unique position of the Centre in the international climate architecture, in particular the UN Framework Convention on Climate Change (UNFCCC). The new brand, UNEP-CCC, will maintain key areas of UDP's work but incorporate new areas in response to the evolution of global efforts to combat climate change and those needs of developing countries that UNEP-CCC is well positioned to meet. And it is the Centre's ambition to align closer with UNEP and the UNEP Medium Term Strategy (MTS) 2022-2025.

The Centre's focus is on providing knowledge and capacity building that enable faster, more efficient climate actions in developing countries and emerging economies, to serve both climate and sustainable development ambitions. This allows UNEP-CCC to contribute to UNEP's mandate by providing compelling science-policy advice, technical assistance and capacity building that helps developing countries move onto low carbon and climate-resilient development pathways. The core objective of the Centre remains to support UNEP's climate change and energy programmes by delivering technical assistance and analytical work to developing countries and the international climate change framework.

The Danish support to UNEP for the UNEP-CCC contributes to achieving the ambition of both the Danish Strategy for Development Corporation "The World We Share" and the Danish Global Climate Action Strategy. UNEP-CCC is well placed to provide scientific knowledge and has the country experience to support international climate negotiations under the UNFCCC and deliver concrete technical assistance that aids selected developing countries in raising the bar for climate ambitions and resulting actions. UNEP-CCC is an important partner for Danish efforts on climate change and climate diplomacy in the global setting and further complements the Danish partnership approach and cooperation through both Expanded and Targeted Partnerships.

1. Context, strategic considerations, rationale, and justification

1.1 Context of climate change and developing countries

The IPCC Sixth Assessment Report showed that the world faces unavoidable and multiple climate hazards over the next two decades even if global warming is limited to 1.5 °C. Even temporarily exceeding this warming level will result in additional severe impacts from more frequent weather extremes such as heatwaves,

droughts, and floods. Some impacts are likely to be irreversible. As is too often the case, the poorest and most vulnerable - countries, sectors, communities, women, youth - are disproportionately affected and will suffer most from any given extent of change.

Human-induced climate change is already causing severe and widespread disruption in nature and affecting the lives of billions of people around the world. Climatic disruption will expose millions more to acute food and water insecurity, especially in developing countries, and threatens to undermine hard-won progress in achieving the Sustainable Development Goals (SDG). Covid-19 provides a grim example of the likely consequences of a changing climate. For the first time in a decade, the number of people without access to energy in Africa is increasing due to the pandemic. Global climate change will also lead to natural resource and biodiversity degradation, and result in mass mortalities in species types such as trees and corals.

Climate change intersects with other interconnected socio-economic and political stressors, thereby acting as a threat multiplier, compounding existing tensions, increasing vulnerabilities, gender inequalities, and disrupting social cohesion and trust. Climate change impacts exacerbate pre-existing inequalities and human-rights related challenges such as poverty (SDG1 – *No Poverty*), wellbeing (SDG3 – *Good Health, Wellbeing*), energy poverty (SDG7 – *Affordable Clean Energy*), wealth inequality (SDG 8 – *Decent Jobs, Economic Growth* and SDG10 – *Reduced inequality*) and gender discrimination (SDG 5 – *Gender Equality*), particularly among low-income countries and communities. If not addressed, the World Bank estimates that this could push an additional 132 million people into poverty, and others into new internal displacements triggered by extreme weather events such as floods and storms. There is a need for more urgent global climate action, more partnerships, greater focus on governance arrangements and accountability, and more tailored and locally appropriate interventions.

Building climate resilience is already a challenge under the current warming levels, and the consequences if warming exceeds 1.5 °C above pre-industrial levels will be significant, making it critical to ensure that warming stays within the Paris Agreement's aspirational goal. According to the IPCC report on mitigating emissions, however, this requires immediate and deep emissions reductions across all sectors; global greenhouse gas emissions need to peak before 2025 at the latest and be cut 43 percent by 2030. It is important to support high-emission developing countries to move onto low-emission development pathways while still allowing for elevation of living standards, and eradication of poverty pockets and continue a sustainable development.

On the positive side, the costs of solar and wind energy, as well as batteries have dropped by up to 85 percent in the past decade, making low carbon energy sources increasingly attractive. New national commitments and policies have demonstrated possibilities of enhancing energy efficiency, reducing rates of deforestation, and accelerating the deployment of renewable energy technologies. Increasing political commitment is also targeting new ways of mobilizing commercial finance and accelerating the transfer of technologies to developing countries. The Danish contribution for the UNEP-CCC will allow UNEP through the Centre to continue supporting efforts that increase both international and national ambition levels via an action-oriented climate agenda that targets developing countries.

1.2 Rationale and justification for supporting UNEP-CCC

The Danish support for the UNEP-CCC is one element of the overall strategic Danish engagement with UNEP. UNEP-CCC is now further integrated in the UNEP organization and is a key delivery mechanism for achieving specific targets set out in the UNEP Medium Term Strategy (MTS) 2022-2025. For example, the UNEP-CCC is leading UNEP's work on two climate flagship reports (the emission and adaptation gaps reports), work on technology transfer (the GEF-funded Technology Needs Assessments (TNA)) and climate action transparency (CBIT). Through work conducted over the past 30 years, UNEP-CCC is well positioned and recognized in the international climate architecture. It has a broad network and many partnerships with multilateral organizations and sub-national and national stakeholders, including the private sector and civil society. The Danish support to the new organizational arrangement will consolidate the work of the UNEP DTU Partnership and presents new opportunities for a stronger international brand and expanded visibility and influence.

UNEP-CCC supports an interplay between concrete actions at the national and sub-national levels in developing countries and the international arena for climate change negotiations. At both levels, the Centre contributes with technical assessments and guidance to various stakeholders to strengthen the ambition level in the Nationally Determined Contributions (NDCs) plans for both least developed countries and emerging economies. The country-based efforts are closely linked to the Centre's global knowledge work aiming to drive forward an action-oriented global climate agenda to meet the 1.5-degree target. At the international level, UNEP-CCC is perceived as a long-term partner in several international task forces and working groups where technical inputs are provided to establish international frameworks and standards under the UNFCCC and Paris Agreement umbrellas. By this, the MFA sees that UNEP-CCC can play an important role by both bringing pilot experiences from the country levels to inform international standards but also to test new international guidelines at the national and sub-national levels.

UNEP-CCC is well-aligned with the Danish strategy for Development Cooperation "The World We Share", including a focus on leaving-no-one-behind. The Danish strategy aims to strengthen climate action in the poorest and most vulnerable countries but also support emerging economies in their green energy transition, poverty reduction, and gender equality, which is similar to UNEP-CCC's strategy (see Section 2).

The support to UNEP-CCC also contributes to fulfilling the ambitions outlined in the Danish Global Climate Action Strategy, which aims at raising the global climate ambitions for climate mitigation and adaptation. The UNEP-CCC contributes to the Danish ambition by influencing UN member states and non-state actors to commit to ambitious objectives that aim to limit global warming and establish accountable data and reporting on their climate actions. Furthermore, hosting an international UN climate centre in Denmark offers a unique opportunity to demonstrate the Danish competencies and share inspiration about the best available climate technologies and solutions. For example, UNEP-CCC hosted in June 2022 the Energy Efficiency Financing Charrette in the UN City Copenhagen, which gathered the energy efficiency and financing communities together to discuss how to scale up energy efficiency in dialogue between the UN system, the multilateral development banks, the private sector, philanthropy, and climate finance facilities.

The UNEP-CCC has developed strong partnerships by collaborating closely with many Danish institutions and is continuing to build new alliances with relevant Danish stakeholders. The Centre has, over the past 30 years,

benefitted significantly from being anchored in the Danish research environment. This includes establishing strong collaborative links with scientific institutions, such as DIIS, RUC, CBS, KU, as well as maintaining technical cooperation with DTU (particularly its Wind and Transport Units). In addition, frequent cooperation with Danish consultancies and government agencies such as DEA, Rambøll, COWI, and NIRAS underlines the strength of being embedded deeply in the Danish setting, tapping into the knowledge and experience of Danish climate and energy policies, approaches, and technological innovations. The Centre is no longer hosted by a Danish scientific institution, but the strong network and collaboration established so far will continue to be nourished and enhanced. Equally important, existing engagements with both the public and private sector in Denmark will be maintained and new opportunities explored. Closer engagement with the Danish Energy Agency, Danish embassies in countries with Expanded and Targeted Partnerships, Danish private sector stakeholders like Danfoss and Velux, as well as philanthropic foundations, civil society, and academia, will continue and be explored further. One example is the recently announced collaboration with Concito on the publication of UNEP's annual Emission Gap Report.

Poverty, gender and HRBA

UNEP-CCC follows the principles set by UNEP's Policy on Gender Equality and Environment[1] guide along with other internal guides on gender, poverty, and inclusion, promoting equality, and human rights.

On *poverty*, the Centre has a multidimensional approach (in line with the MFA's How to note on poverty) referring not only to income poverty but equitable access to resources (e.g., education, electricity, clean water), improved capabilities (being able to use these resources productively and assert agency), equitable representation and participation in decision-making processes.

On *gender,* women make up a disproportionate number of the 'poor or marginalized', and have significantly less access to resources and education, and are more exposed and vulnerable to climate impacts. The Centre strives to incorporate gender considerations into its project design and execution phases[2].

On *HRBA,* addressing climate-change challenges in developing countries inevitably involves simultaneously addressing the interlinked development and human rights issues. These aspects are particularly heightened across the Centre's portfolio of work on access to clean energy, energy efficiency skilling, safe mobility access, climate adaptation, and livelihood vulnerabilities.

Thus, UNEP-CCC has adopted a multi-pronged approach to poverty, gender inequalities, and human well-being, and it builds on the following aspects:

- Enabling access to knowledge, data, and training, through physical and virtual web-based open-access platforms, thereby building capacities and minimising information asymmetries,
- Engaging with concerned stakeholders and ensuring equitable participation and inclusive dialogue across diverse societal groups, following Free, Prior and Informed Consent (FPIC) principles,

[1] https://wedocs.unep.org/handle/20.500.11822/7642

[2] UNEP's internal guides and documents on gender and inclusion, and gender mainstreaming, describe how to incorporate gender considerations systematically. These guidelines will be followed while designing and executing the proposed Danida programme activities. For certain programmes (e.g., TNA), specific gender guidance documents have been developed to support project stakeholders and implementation in partner countries.

- Supporting gender mainstreaming through gender-responsive planning and guidance (at national, sub-national, and programme-level) across climate mitigation and adaptation initiatives.

Some notable examples from UNEP-CCC's past work are:

- promoting rural energy enterprises, and locally owned clean energy companies, triggering direct and indirect job creation opportunities (e.g., AREED in Ghana, Mali, Senegal, Tanzania, and Zambia; and TEMARIN in Kenya and Uganda),
- mapping and advocating for co-benefits of large-scale renewable energy projects, for local content requirements, and local capability formation (e.g., IREK project in Kenya, TENTRANS in South Africa),
- strengthening opportunities for men and women through upskilling for energy efficiency, through technical and vocational trainings, and greening skills (e.g., TVET project in Kenya, Sri Lanka, and Argentina),
- toolkits and guidance to improve mobility/transport, for all socio-economic groups, including safety and security of women on the roads (e.g., LCMP mobility projects in India, Zimbabwe, Ghana, etc.),
- TA support to biomass-to-energy solutions, and efficient cooking appliances/practices, with limited health consequences (particularly for women and girls) (e.g., ICAT, NDF, ADMIRE, NAMAs),
- promoting diffusion of relevant climate technologies in LDCs, SIDS – to support the most affected communities – agricultural communities, vulnerable coastal livelihoods etc. (e.g., TNAs in Liberia, Yemen, Somalia, island countries in the Pacific, Indian Ocean, and Caribbean).

Capacity building

UNEP-CCC has developed a comprehensive approach to capacity building, considering individual and institutional capacities to address countries' needs and priorities. The approach builds on three aspects:

- capacity building as the catalyst and constant fuel for a process of change
- the importance of strengthening capabilities in a range of institutions, and
- the involvement of diverse groups in society.

UNEP-CCC's capacity building approach is dynamic and constantly revised to incorporate evolving, emerging issues, new decisions at COPs (e.g., Article 6 on emissions trading), and new ways of addressing any shortcomings identified in previous interventions. One of the key issues for most countries is institutional relationships, where hierarchies, bureaucracies and networks connecting organizations and individuals are complex, process oriented, and spurred by vested interests and political priorities. Capacity building also entails accepting responsibility and willingness on the part of countries and organizations to commit to climate initiatives.

UNEP-CCC's capacity building framework is designed to operate with and be responsive to country driven processes, ensuring continuity over the life of the programmes and accommodating country needs in specific tailored programmes (e.g., training modules, guidance notes, web-based tools, and databases) through participatory processes. This approach creates ownership and empowerment of stakeholders, which is important for an effective implementation and for sustainable outcomes. Another aspect of this approach has been to forge external partnerships and collaboration to feed into the country's climate regime and interrelated activities to ensure continuity beyond the life of the programmes (Annex 13 contains additional detail on UNEP-CCC's capacity building approach).

Country selection

UNEP-CCC has a long history of working in the poorest and most fragile countries, for instance, implementing the Technological Needs Assessment (TNA), Capacity Building Initiative for Transparency (CBIT), and Nationally Appropriate Mitigation Actions (NAMA), in LDCs and SIDS such as Somalia, Uganda, Rwanda, Kenya, Tanzania, Yemen, Caribbean countries, Pacific countries, and São Tomé and Principe. Some of these countries will continue to be focus countries on UNEP-CCC country engagement together with other relevant countries for the Danish climate engagement and development assistance. To ensure systematic selection, a broad set of criteria were developed, to serve as a yardstick for all activities, and to ensure consistency across the programme.

The country selection is based on the following criteria (not prioritised order):

1. Country demand, interest, and willingness to commit (country, or city, municipality etc.).
2. Deepening existing work in UNEP-CCC's and UNEP partner countries.
3. Aligning with Danish Expanded and Targeted Partnerships and Green Frontline Missions.
4. Countries with high-emission reduction potential.
5. LDC and/or SIDS with high development impact potential.
6. Countries with specific experiences with hazards, or that have set net-zero targets, etc.

Each programme activity is linked to a possible long list of countries that meets at least three or four criteria points. The country selection is typically based on the criteria that is associated with the substance of the activities e.g., adaptation activities highly relevant for LDCs and SIDS are expressed by criterion [5]. The long list of countries, specified in Annex 10, Table 1, is further subject to changes based on the country demand and interest.

Countries can only be selected if they are on the OECD DAC List of ODA Recipients.

For a full list of indicative countries, along with the rationale for selection and additional remarks for the specific activities please find Annex 10 Table 2 – *Rationale for Country Selection*.

1.3 UNEP-CCC in the international climate architecture and lessons learned

For more than 30 years, the UNEP-CCC has, in its different forms, provided support and collaborated with governments and institutions in more than 100 countries The Centre plays an important role in assimilating and sharing lessons learned and knowledge outputs across multiple country contexts, thereby expanding its sphere of influence.

The Centre is recognised as one of the world's main providers of capacity building, technical, policy, and science-based advisory services in climate change and sustainable development. The Centre has achieved and maintained relevance in the international climate architecture because of its ability to quickly respond to the dynamic and evolving climate regime and UNFCCC mandates, starting with country assessments for mitigation sources and options, vulnerability assessments and adaptation measures and technology solutions, being the technical backstop for analysing sustainability and the link between energy and climate, and

supporting countries with reporting obligations to the UNFCCC. All this, over the years, resulting in comprehensive support by making available open-source datasets, assessments frameworks, impact assessment methodologies, and scientific assessments on key climate issues confronting developing countries. Please see Annex 11 for a description of the initiatives and programmes, UNEP-CCC has developed over the past three decades.

UNEP-CCC has achieved a clear position in the international climate architecture. It informs the UNFCCC framework with science-based knowledge and experiences from developing countries but it also pilots agreed climate framework and guidance into actions in developing countries. In this context, the Centre has established an extensive network of partnerships with both national and sub-national stakeholder and other international organisations.

The Danish MFA Review of UDP conducted in October 2020 emphasised the Centre's valuable experience and unique positioning in the international climate architecture. The review found that the Centre was highly relevant to deliver action on SDG7, SDG13, the Paris Agreement, and UNFCCC Technology Mechanism. The review also emphasised that the outreach work and active engagement with developing country partners contributes to sustainability of the outcomes and impact of the Centre's work. The review recommended that the Centre ensure the uptake and concrete application of its knowledge products and tools as this contributes to the sustainability of its results. UNEP acknowledges these observations and will continue to implement them, keeping the MFA informed of progress through periodic reports and meetings of the UNEP-CCC Steering Committee.

The Centre works across the mitigation and adaptation agenda, in line with the decisions at COP. The Centre believes that effective adaptation and building resilience are as important as mitigating emissions, particularly because the growing impacts of climate change disproportionately fall on the poorest countries. The Centre's approach has been to synergize and engage in complementary ways, addressing simultaneously climate and development challenges. Across several UNEP-CCC projects such as TNA, ICAT, NDC Action, TEMARIN, (to name a few), both mitigation and adaptation actions are integrated and addressed in parallel, in various country contexts. Over the past three decades, UNEP-CCC has led the way in developing many initiatives and programmes[3]. These include provision of capacity building for mitigation and adaptation actions, such as capacity building programmes for the Clean Development Mechanism, for the Nationally Appropriate Mitigation Actions (NAMAs) and the Nationally Determined Contributions (NDCs) of the Paris Agreement.

On *adaptation* the Centre has supported countries with country studies and vulnerability assessments, through programmes such as CC-DARE: Climate Change and Development – Adapting by Reducing Vulnerability. The Centre has also executed Technology needs Assessments (TNAs) for UNEP by offering technical advisory support to nearly 100 countries, assisting them in identifying and prioritising their climate technology needs and preparing technology action plans (TAPs), including adaptation technologies. The main characteristic of the programmes is that activities are implemented in close collaboration with local governments and partners such as ministries, research institutes, private sector experts, and civil society. The support to

country reporting obligations also includes support to more than 40 countries with technical and institutional capacity building to build national MRV and M&E systems, for the reporting under the UNFCCC, and help the implementation of the Enhanced Transparency Framework under the Paris Agreement, through two initiatives, namely, international climate transparency initiative, ICAT and the Capacity Building Initiative for Transparency, CBIT. The Centre has also informed and influenced climate negotiations through the production of the annual UNEP Emission and Adaptation Gap flagship reports.

The support of the Ministry of Foreign Affairs (MFA) will allow the Centre to strengthen partnerships and collaboration with other multilateral organizations supported by Denmark. One example is the area of energy efficiency where the Centre collaborates with other Danish-supported partner organisations such as the Nordic Development Fund, the Multilateral Development Banks, GEF and SEforALL but also a wider set of stakeholders such as the Carbon Trust, Danfoss, the Danish Energy Agency, and targeted country collaboration countries such as Kenya, Vietnam, and India.

Two country cases

UNEP-CCC has validated **Kenya's Implementation Plan for an ambitious Energy Efficiency and Conservation Strategy**. The strategy was developed by key local stakeholders and UNEP-CCC experts. The Centre provided technical support for collecting data and producing the strategy, ensuring that it meets Kenya's commitments to Paris Agreement. It was launched in September 2020, marking a preliminary culmination of a five-year agreement between UNEP-CCC and the Ministry of Energy of Kenya. The work was conducted in collaboration with the World Bank, and the strategy process informed the World bank's USD 750 Million post-pandemic Economic Transformation loans, included funding for Energy Efficiency. Developing the implementation plan included partners such as SEforALL, GIZ, and the European Union.

UNEP-CCC is a leading global partner for the **Initiative for Climate Action Transparency (ICAT)**. The Centre has led the development of methodologies and guidelines for assessing sustainable development and transformational change impacts of climate actions. Using on-the-ground experiences, the methodologies enable countries to select the best policies to achieve SDGs and fulfil reporting requirements. In Costa Rica, UNEP-CCC supported the strengthening of the National Climate Change Monitoring System (SINAMECC) by testing pilot projects and through broader engagement of national stakeholders.

2. UNEP-CCC objectives and components

The objective for the UNEP-CCC is that the *Centre provides scientific analysis, knowledge, and capacity building for developing countries that allows them to pursue low-emission, climate-resilient pathways for sustainable development and global climate action.*

This is aligned with UNEP's Medium-Term Strategy (MTS) for Climate Change, specifically i) Outcome 1A - Decision makers at all levels adopt decarbonization, dematerialization and resilience pathways; ii) Outcome 1B - Countries and stakeholders have increased capacity, finance and access to technologies to deliver on the adaptation and mitigation goals of the Paris Agreement; and iii) Outcome 1C - State and non-State actors adopt the enhanced transparency framework arrangements under the Paris Agreement.

To achieve this objective, UNEP-CCC has set out three strategy areas in its own strategy for 2022-2025: i) *policy*, ii) *implementation*, and iii) *transparency*. A fourth *cross-cutting area* has been included for the Danish support to allow the Centre flexibility to remain an adaptive, agile, and learning institution. Eleven Programme Activities are proposed in this PD, each with its own expected outcome, outputs, intervention logic, partners, assumptions, and risks (further details are in Annex 10) and fall within the three interrelated Strategy Areas. The two remaining activities a) Emerging Challenges and b) Knowledge for Climate Action, are cross-cutting activities, supporting a) new, as yet undefined, issues and challenges, and b) communication, information and outreach. Activities will not be implemented in silos but aim for collaboration across the programmes, strategy areas, and countries.

UNEP-CCC strategy areas:

Policy: *Strengthening climate policy and planning* is critical to deliver the Paris Agreement goals on mitigation and adaptation and requires identifying priority areas as well as supporting the overall transition towards low-emission, climate-resilient development pathways. Climate policy sets the agenda for transparency frameworks needed to enhance trust in and accountability for climate actions. Policy is strengthened by identifying and analysing mitigation and adaptation polices, plans and actions; mainstreaming climate into national planning and policy efforts; strengthening institutional structures and capacities; guiding countries in achieving just and equitable transitions; and leading global assessments of mitigation and adaptation actions.

Implementation: *Facilitating and scaling-up climate action* is at the heart of the Centre's mission in establishing enabling environments that combine the role of the state as a regulator with the private sector's creativity. This requires developing business concepts and tools that support actors in scaling up interventions that lower GHG emissions and reduce climate risks. This is done by identifying early-stage project opportunities; supporting the development of climate action projects; developing and piloting methodologies, tools, and institutional frameworks to facilitate and support climate action; providing tools and strategies for greening investment portfolios; and building partnerships with implementing agencies and private sector partners.

Transparency: *Supporting tracking and reporting for climate accountability.* Climate policy and implementation depend on transparency to determine implementation and effectiveness of policies, the articulation of realistic targets and goals, and assessment of implemented actions against mitigation and adaptation targets. All are critical to build trust in the multilateral regime through accountability. UNEP-CCC supports establishing

and operationalizing transparency and monitoring frameworks; improving the quality and reliability of climate-related data; and developing metrics, datasets, and tools for improved tracking and assessment of climate results.

Emerging challenges and climate partnerships: In addition to the three strategy areas, the Danish support to UNEP for the UNEP-CCC also allows for adaptive management to changes in the international environment (for example, Covid-19, energy disruptions caused by the war in Ukraine, and energy provision in refugee settlements and for persons displaced by climate-induced migration),and responding to new topics that emerge from the international climate negotiations. Possibilities to disseminate information and build partnerships to achieve common targets aligned to the Paris Agreement and SDG agenda are critical and aligned the MFA's Doing Development Differently. Budget allocations for the *Emerging Challenges* area must be approved by the MFA.

Knowledge for climate action: Levelling the knowledge field is the backbone of UNEP-CCC's work. Stakeholders and target groups in developing countries will have improved access to open-source, science-based data, tools, and best practices to meet their needs for information, knowledge, and engagement. The Centre will aid UNEP's efforts as a repository for relevant science-based data that enables climate policy development and action. Therefore, UNEP-CCC will communicate, disseminate, and partner in ways that supports UNEP's high-level goal of delivering for the planet and people.

The Danish supported programme activities will continue and deepen existing work of the Centre such as the gap reports, the climate technology work, energy efficiency in cities, and the transport sector focus. Further, new activities and topics have been added to respond to needs in the international climate negotiations and to strengthen the Centre's synergy with that of UNEP. The new areas include analytical work on long-term net-zero strategies for developing countries but also analytical and advisory work on Loss and Damage arising from climate change events, the scale-up of Nature-Based Solutions, and support for Article 6 on voluntary carbon markets. See Annex 10 for an in-depth description of the activities.

3. Theory of change and key assumptions

The Theory of Change of UNEP-CCC describes the intervention logic and how the activities within the three Strategy Areas and the cross-cutting activities will contribute to shifting the *development pathway towards low-emission and climate-resilient development in selected developing countries and contribute to strengthening global climate ambitions*.

The specific ToC of the UNEP-CCC activities differ depending on specific problems, geographical setting, and context. Below the general ToC is outlined using the Danida AMG guiding questions for ToC, followed by a graphic illustration of the ToC.

What is the political, economic, societal, and institutional context?

The context for each programme activity, and indeed UNEP-CCC's work as a whole, is summarised in section 2.1 and Annex 1.

The threat of climate change, and diverse development issues are common to all partner countries. These are exacerbated by geopolitical developments, pandemics, economic crises, and extreme weather events, thereby deepening inequities and vulnerabilities. For the first time in a decade, the number of people without access to energy in African countries has increased due to Covid19. Wars and conflicts (e.g., in South Sudan, Ukraine) are leading to forced migration and higher concentration of vulnerable and displaced persons. Increasing population and economic growth has meant that the absolute number of people and assets exposed to climate-related hazards (e.g., heatwaves, droughts, floods) is rising. Urban areas are increasingly experiencing periods of extreme heat (e.g., in South Asia), with devastating consequences to human health. Losses and damages related to climate hazards are accelerating. Climate change impacts are undermining development achievement. Policies, institutions, and governance structures require further strengthening to meet complex climate challenges (e.g., new institutional arrangements are required to support A6 implementation, authorization, and reporting). UNEP-CCC broadly operates in this interface of political, socio-economic, and institutional context. And while the challenges are enormous, there are many leapfrogging opportunities that, if exploited appropriately, can contribute to alleviating impacts and achieving SDGs.

Energy efficiency will continue to play a crucial role in decarbonization, complemented with renewable energies, - across buildings, industry, agriculture, transport, and other sectors. Ending energy poverty can create nearly 500 million new jobs and upskilling in Africa. There are concerted efforts and initiatives internationally (that UNEP-CCC is a part of) as a spillover from COP26 to raise NDC ambition, to phase down and phase out coal, to support just transitions, and to have more dialogue on loss and damage, to implement Article 6, and to step up climate adaptation finance, as notable examples. There are good opportunities for UNEP-CCC to contribute meaningfully, and strengthen policies and governance, build data and capacities for transparency, and support private actors in implementation and scale-up of climate solutions.

What is the development problem or issue - and the desired transformation- that we want to contribute to, and how do we translate this into a development objective?

The interlinked climate and development problems that UNEP-CCC wants to contribute to include:

- Limited diffusion of climate technologies that can help developing countries cope with challenges including related to energy, agriculture, and water. Through ACTT, UNEP-CCC will conduct market analysis, forge new partnerships with stakeholders/financiers to identify incentives and inform policymaking, e.g., subsidy for solar-pumps)
- Increased vulnerability and poverty due to rising losses and damages (e.g., floods in Pakistan and droughts in East Africa). UNEP-CCC wants to contribute to an improved understanding of L&D, streamline methodologies to assess costs, and provide policy recommendations.
- Heatwaves are affecting developing countries and most vulnerable populations, UNEP-CCC is providing implementation support on cooling solutions (e.g., Cool Coalition and GPUC) and supporting scale up of nature-based solutions (e.g., green roofs).
- Vulnerable and marginalised populations (including women and youth) are being excluded from the technocratic focus of green transition processes. UNEP-CCC will contribute to supporting inclusive and equitable transitions (e.g., through SISET).

Which are the main changes that will need to take place for this transformation to happen?

Main changes that need to take place refer to:

- Ambition raising, stronger policies and regulations, and greater incentives for climate actions.
- Awareness, and understanding to appreciate critical concepts (e.g., nature-based solutions, net-zero, loss and damage)
- Knowledge, data, skills, and technical capacities to meet the climate and development challenges and accelerate implementation (e.g., GPUC, net-zero transport, NbS, SISET) Institutional capacities, governance structures and frameworks to achieve climate goals, for scaled-up ambitions (e.g., LTS, GPUC, ACTT and Article 6)

Who – or which developments or factors - are the most important drivers of these changes?

The most important factors driving these changes include:

- Political will of the influential actors, Ministers, policy makers and governmental authorities in the partner countries to bring about the desired changes and respond to the international community.
- Institutional willingness for collaboration and cooperation, across all levels of government since climate change and development require multi-sectoral responses and responsibilities.
- Economic drivers, low-cost opportunities (e.g., carbon neutrality solutions, solar PV powered solutions) for achieving multiple economic, social, and environmental goals.

UNEP-CCCs work emphasizes on stronger linkages between local-level evidence and national-level policy, and global-level agenda-setting.

How and with which modalities and instruments will we contribute to the changes? Will we contribute to all of them? Are we a main contributor?

UNEP-CCC is one of many actors in the climate change / development arena, albeit one with certain specialities and strengths, built up through decades of experience working with UNEP and the UNFCCC. The key modalities and channels through which the Centre aims to contribute are:

- Modality of policy change, and policy alignment through scientific assessments (e.g., EGR/AGR), contributing to NDC ambition raising (e.g., via Article 6), aligning NDCs with long-term strategies and net-

zero targets (e.g., NZS, net-zero transport) and recommendations on incentives and inclusiveness (e.g., ACTT, SISET) – supporting decision-makers to adopt decarbonization pathways.

- Informing the international climate community through actively participating in COPs, international climate working groups and committees, and influencing negotiations particularly on adaptation, climate technologies (TEC), energy efficiency, transparency, finance, and Article 6.
- Technical assistance, capacity building, and implementation support through trainings, toolkits, and guides to accelerate the uptake of technical solutions (e.g., GPUC, SISET, NZS, low carbon transport), to trigger change at the country level to achieve the SDG goals.
- Knowledge products, new data, and assessments to better inform long-term emission reduction pathways (e.g., NZS), to effectively manage L&D, to build A6 capacities etc.

Why do we think that the changes will happen? Which are the main conditions for them to happen; which other processes will need to take place? Are they in place or taking place, or will they? Why do we think so?
Changes will happen due to (including the conditions for them to happen):

- Compounding climate and development challenges have exposed countries and societies to increasing vulnerability and inequality, creating an awareness that inaction may lead to devastating consequences. Growing evidence of climate-hazards, geopolitical events and pandemics are triggering greater action. For e.g., Covid-19 exposed many African countries to supply chain vulnerabilities, which gave rise to new policies around 'green recovery', 'build back better', and 'local manufacturing' etc.
- Expectation of compliance to be met by countries in terms of complying with NDC targets, and voluntary corporate targets for net-zero and carbon neutrality towards PA alignment.
- Strong evidence, business case and scale-up possibilities (with ROI) for several low-carbon technologies and solutions (e.g., solar PV, efficient cookstoves, electric vehicles) that can help countries leapfrog on sustainable pathways and avoid lock-in

Evidence from previous UNEP-CCC's work for this, summarised in Annex 11, is available from earlier UNEP-CCC projects, e.g., *"Capacity Development for CDM"* where methodologies and capacity building played a significant role in countries' involvement in the Clean Development Mechanism, and TNA, where Technology Action Plans have led to real implementation of projects in several countries and continue to do so.

Which are the main assumptions that will need to hold true for the changes to happen? What is the validity of the evidence underpinning these assumptions?
The Theory of Change builds on the over-riding assumption that the international climate framework, regulations, and negotiations continue to meet interest from the selected developing countries. Main assumptions at a more detailed level include:

- Government authorities and decision-makers are willing to engage and demonstrate ownership to integrate and participate in increasing the ambition, and to build resilience.
- High-level political will to incorporate support measures into legislations and regulations (including related to climate technologies e.g., ACTT and energy efficiency regulations-GPUC)
- Data required for GHG, and SD impact models can be generated or are available (e.g., for NZS/LTS, NbS, net-zero transport)

- Evidence collected applies to wider developing countries, tools and methodologies used can be replicated and upscaled, and reinforced by other initiatives (e.g., for L&D, nature-based solutions)
- Relevant stakeholders are willing to implement carbon neutral projects under the guidance from city governments through regulation, policies, standards, and best practices (e.g., GPUC, net-zero transport)
- Roadmaps, guides, and policy recommendations are feasible and are of interest to stakeholders at the sub-national and national levels (e.g., GPUC, net-zero transport, SISET)

Which are the main risk factors that may prevent the changes from taking place, or delay them, reduce their significance, etc.?

The achievement of these changes can be affected by the limited level of engagement and the available human resource capacity in the partner countries. Added to these factors are significant geopolitical changes, political instability, fiscal deficits and economic crises, epidemics, vested interests, and lack of data. Practical issues on thematic areas contribute to these risks, such as: i) countries unwilling to phase out coal; ii) countries not willing to voluntarily engage with carbon credits, delaying Article 6 implementation; iii) delays in raising NDC ambition and target-setting; iv) weak North-South cooperation on key issues like Loss and Damage, and v) limited capacities and non-adoption of technologies needed for decarbonisation etc. Serious economic and social challenges in partner countries can significantly reduce the capacity of institutions to adequately absorb and institutionalise the assistance. This is frequently exacerbated by the "brain drain" from the public sector, both to the national private sector and abroad to seek international opportunities.

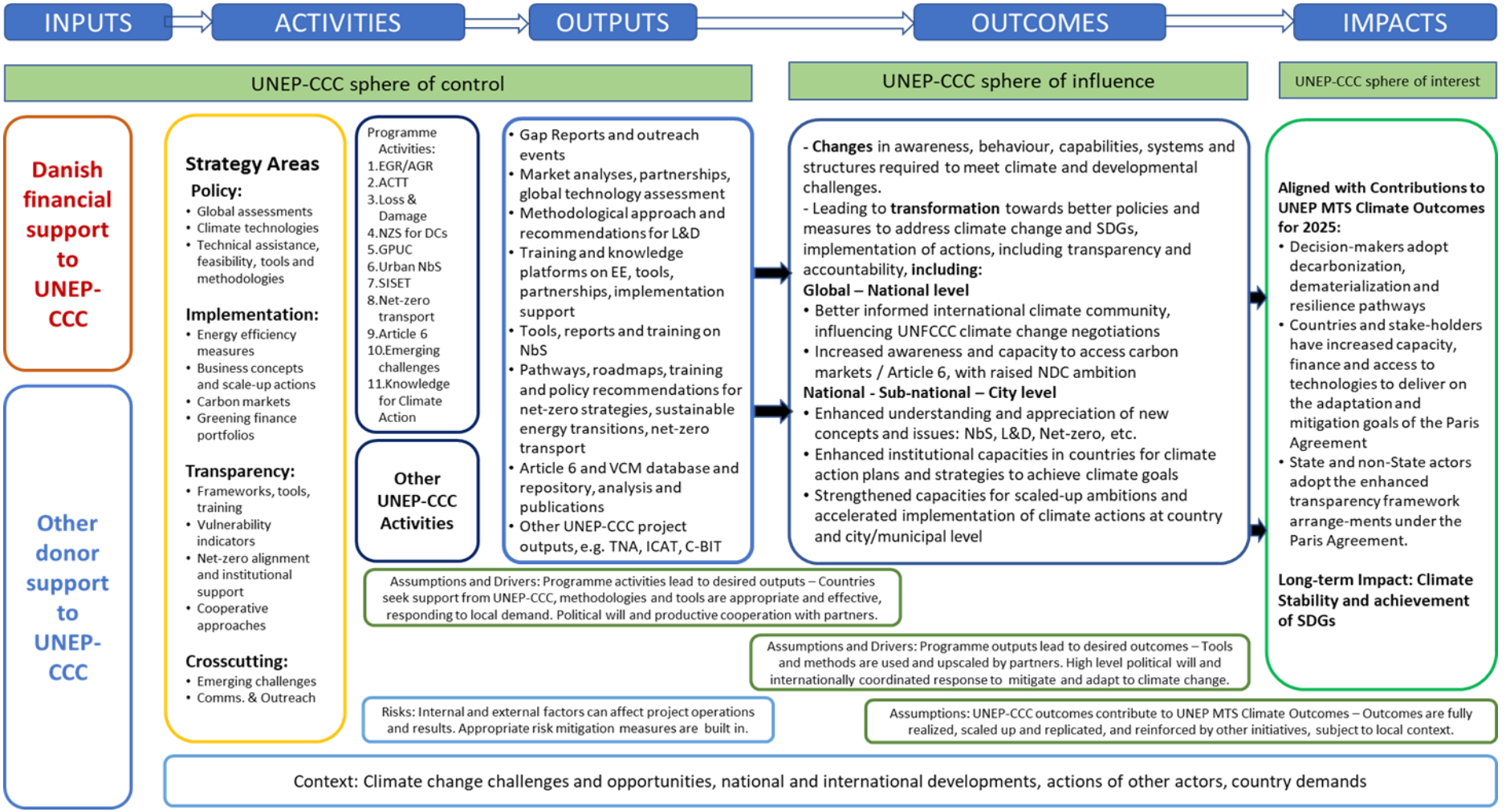
INPUTS
ACTIVITIES
OUTPUTS
OUTCOMES
IMPACTS
UNEP-CCC sphere of control
UNEP-CCC sphere of influence
UNEP-CCC sphere of interest
Danish financial support to UNEP-CCC
Other donor support to UNEP-CCC
Strategy Areas
Policy:
• Global assessments
• Climate technologies
• Technical assistance, feasibility, tools and methodologies
Implementation:
• Energy efficiency measures
• Business concepts and scale-up actions
• Carbon markets
• Greening finance portfolios
Transparency:
• Frameworks, tools, training
• Vulnerability indicators
• Net-zero alignment and institutional support
• Cooperative approaches
Crosscutting:
• Emerging challenges
• Comms. & Outreach
Programme Activities:
1.EGR/AGR
2.ACTT
3.Loss & Damage
4.NZS for DCs
5.GPUC
6.Urban NbS
7.SISET
8.Net-zero transport
9.Article 6
10.Emerging challenges
11.Knowledge for Climate Action
Other UNEP-CCC Activities
• Gap Reports and outreach events
• Market analyses, partnerships, global technology assessment
• Methodological approach and recommendations for L&D
• Training and knowledge platforms on EE, tools, partnerships, implementation support
• Tools, reports and training on NbS
• Pathways, roadmaps, training and policy recommendations for net-zero strategies, sustainable energy transitions, net-zero transport
• Article 6 and VCM database and repository, analysis and publications
• Other UNEP-CCC project outputs, e.g. TNA, ICAT, C-BIT
- Changes in awareness, behaviour, capabilities, systems and structures required to meet climate and developmental challenges.
- Leading to transformation towards better policies and measures to address climate change and SDGs, implementation of actions, including transparency and accountability, including:
Global – National level
• Better informed international climate community, influencing UNFCCC climate change negotiations
• Increased awareness and capacity to access carbon markets / Article 6, with raised NDC ambition
National - Sub-national – City level
• Enhanced understanding and appreciation of new concepts and issues: NbS, L&D, Net-zero, etc.
• Enhanced institutional capacities in countries for climate action plans and strategies to achieve climate goals
• Strengthened capacities for scaled-up ambitions and accelerated implementation of climate actions at country and city/municipal level
Aligned with Contributions to UNEP MTS Climate Outcomes for 2025:
• Decision-makers adopt decarbonization, dematerialization and resilience pathways
• Countries and stake-holders have increased capacity, finance and access to technologies to deliver on the adaptation and mitigation goals of the Paris Agreement
• State and non-State actors adopt the enhanced transparency framework arrange-ments under the Paris Agreement.
Long-term Impact: Climate Stability and achievement of SDGs
Assumptions and Drivers: Programme activities lead to desired outputs – Countries seek support from UNEP-CCC, methodologies and tools are appropriate and effective, responding to local demand. Political will and productive cooperation with partners.
Assumptions and Drivers: Programme outputs lead to desired outcomes – Tools and methods are used and upscaled by partners. High level political will and internationally coordinated response to mitigate and adapt to climate change.
Risks: Internal and external factors can affect project operations and results. Appropriate risk mitigation measures are built in.
Assumptions: UNEP-CCC outcomes contribute to UNEP MTS Climate Outcomes – Outcomes are fully realized, scaled up and replicated, and reinforced by other initiatives, subject to local context.
Context: Climate change challenges and opportunities, national and international developments, actions of other actors, country demands

Figure 1 - ToC

4. Results framework

The results-framework is divided among the three Strategy Areas: Policy, Implementation and Transparency, but many will deliver co-benefits across the three strategic areas and indicators. Accordingly, while the nine Danish supported programme activities are presented as separate components there are several cross-cutting themes such as cities, technologies, and gender, and particular partner countries, where the Centre will seek to maximize synergies and cross fertilization across the teams and programme activities to achieve greater impact.

Programme	**Support to UNEP-Copenhagen Climate Centre's work 2023-25**
Programme Objective	**To provide scientific analysis, knowledge, and capacity building for developing countries that allows them to pursue low-emission, climate-resilient pathways for sustainable development and global climate action.**
Impact Indicator	The overall programme objective is broad, and its impacts cannot be represented by one single indicator. Moreover, impacts of the contribution are impossible to separate from those of other initiatives in the space of climate change and sustainable development. Impacts are likely to manifest themselves concretely in the longer term, beyond project completion. The indicators will track UNEP-CCCs contribution to the following: • countries and legal entities increasingly adopt decarbonization, dematerialization and resilience pathways. • countries and stakeholders have increased capacity, finance, and access to technologies to deliver on the adaptation and mitigation goals of the Paris Agreement. • state and non-state actors have adopted the enhanced transparency framework arrangements under the Paris Agreement. This will be registered through UNEP's Programme Information and Management System (PIMS) where all UNEP-CCC projects, including those in this programme, will be required to report on how they have contributed to the UNEP Outcomes.

STRATEGY AREA 1: Policy

Programme Activity 1		**UNEP-CCC Reports Informing Climate Change Negotiations**	
Outcome 1		**Adaptation and emissions gap reports contribute to inform the international climate community and influence UNFCCC climate change negotiations.**	
Outcome indicator s		1: Number of Emissions and Adaptation Gap Reports published prior to yearly COP Meetings and discussed in negotiations 2: Number of climate negotiators using the Gap reports (survey) 3: Number of report downloads 4: Number of citations in relevant media 5: Number of recommendations reflected in outcomes from COPs. (surveys)	
Baseline	Year	2022	Gap reports recognized as important contributions to climate change negotiations. All indicators estimated annually
Target	Year	2025	Gap reports continue to be recognized as important contributions to climate change negotiations by at least 60% of climate change negotiators and has contributed to at least 3 outcomes of the COPs. All indicators estimated annually
Output 1.1		Published Gap reports	
Output indicator		Reports issued physically and online	
Baseline	Year	2022	Work in progress for 2022
Target	Year 1	2023	Maintain or increase level from previous years
Target	Year 2	2024	Maintain or increase level from previous years

Target	Year 3	2025	Maintain or increase level from previous years
Output 1.2		Outreach and Communications events to disseminate Emissions and Adaptation Gap Reports	
Output indicator		Number of annual outreach and dissemination events for a Danish audience, side events and other outreach events at COP and other international fora	
Baseline	Year	2022	Work in progress for 2022
Target	Year 1	2023	Maintain or increase level from previous years
Target	Year 2	2024	Maintain or increase level from previous years
Target	Year 3	2025	Maintain or increase level from previous years
Output 1.3		Topics decided for next year	
Output indicator		List of topics available	
Baseline	Year	2022	Work in progress for 2022
Target	Year 1	2023	Maintain or increase level from previous years
Target	Year 2	2024	Maintain or increase level from previous years
Target	Year 3	2025	Maintain or increase level from previous years

Programme Activity 2		**Advancing Climate Technology Transitions (ACTT)**	
Outcome 2		**Investments in and uptake of climate technologies are better enabled through new partnerships and evidence**	
Outcome indicator		1. Demonstrated (stated) interest of key donors, governments, and private actors in partnering for climate technology transfer and investments. 2. Evidence for submission of more ambitious NDCs to the UNFCCC 3. Recognition by leading climate change stakeholders of the importance and relevance of the technology report assessed through surveys	
Baseline	Year	2022	1. In depth market assessments for high impact climate technologies missing 2. Status of climate technology transfer and implementation in partner countries 3. No global technology assessment report
Target	Year 1	2025	1. Market assessments, including investment frameworks, ready for public and private actors 2. Increased ambition of countries' NDC contributions 3. Global technology report recognized as important contribution to climate change negotiations
Output 2.1		Country-specific market assessments per country demonstrating the opportunities of specific high impact climate technologies	
Output indicator		Number of country-level market assessments	
Baseline	Year	2022	No detailed climate technology market assessments
Target	Year 1	2023	1 case study completed and disseminated through various means, including through the technology website
Target	Year 2	2024	1 case study completed and disseminated through various means, including through the technology website 3 key local partners identified in each partner country and collaboration agreements made
Target	Year 3	2025	2 case studies completed and disseminated through various means, including through the technology website 3 meetings held with local partners in each of the partner countries 1 report mapping information for case studies completed
Output 2.2		One country level network and/ or partnership created per country linking up to exiting country structures	
Output indicator		Number of specific partnerships facilitating technology transfers explored	
Baseline	Year		limited number of partnerships on technology transfer and implementation
Target	Year 1	2023	1 report per partner country mapping local and global actors of relevance to technology partnerships in partner countries completed

Target	Year 2	2024	1 report per partner country containing relevant information on potential partnerships are identified, in collaboration with local partners, based on map of local global actors, types of partnerships required, and the lessons learned identified under Output 1
Target	Year 3	2025	5 bilateral consultation meetings per partner country to explore opportunities for partnerships and synergies and collaboration with other major programmes in partner countries 3 partnerships formed
Output 2.3		One annual global technology transition assessment report	
Output indicator		Technology report produced and launched at COP	
Baseline	Year	2022	no global technology assessment report
Target	Year 3	2025	one technology report produced annually one launch event per report minimum 2 other dissemination and outreach events per report a list of topics for the next report (one list per report)

Programme Activity 3		**Assessing and managing Loss and Damage: Local-level evidence to inform global-level action**	
Outcome 3		**Increased ability by countries to manage "loss and damage"**	
Outcome indicator		1: number of countries that design and adopt "damage" policies in relation to the level of ambition of the adaptation policies they adopt (baseline: 0 / target for Q2 2024: 1 / target for Q4 2025: 6) 2: number of countries that develop and adopt specific policy responses for "loss" (baseline: 0 / target for Q2 2024: 0 / target for Q4 2025: 4)	
Baseline	Year	2022	1: No countries design and adopt "damage" policies in relation to the level of ambition of the adaptation policies they adopt. 2: No countries adopt specific policies for "loss".
Target	Year	2025	1: Six countries design and adopt "damage" policies in relation to the level of ambition of the adaptation policies they adopt. 2: Four countries adopt specific policies for "loss".
Output 3.1		One methodological approach for assessing loss and damage, tested in selected locations and replicable	
Output indicator		Methodological document accessible to non-specialists is available online	
Baseline	Year	2022	N/A
Target	Year 1	2023	N/A
Target	Year 2	2024	Draft document available
Target	Year 3	2025	Final document available
Output 3.2		One set of policy recommendations for each of the locations where the programme activities are conducted	
Output indicator		Location-specific policy recommendations, covering "damages" and "losses" separately, available online	
Baseline	Year	2022	N/A
Target	Year 1	2023	N/A
Target	Year 2	2024	N/A
Target	Year 3	2025	One set of recommendations per location, as per the definition of the output indicator
Output 3.3		One set of policy recommendations of relevance to the global-level debate on loss and damage	
Output indicator		Global-level policy recommendations, covering "damages" and "losses" separately, available online	
Baseline	Year	2022	N/A
Target	Year 1	2023	N/A
Target	Year 2	2024	N/A
Target	Year 3	2025	One set of global-level recommendations, as per the definition of the output indicator
Output 3.4		One funding proposal for implementing response measures in a selection of the locations where programme activities are conducted	
Output indicator		Funding proposal meeting eligibility requirements, and reviewed and endorsed by all relevant stakeholders is ready for submission	
Baseline	Baseline	2022	N/A
Target	Target	2023	N/A
Target	Target	2024	N/A
Target	Target	2025	One funding proposal, per definition of the output indictor, and targeting a donor to be identified

STRATEGY AREA 2: Implementation

Programme Activity 4		**Global Platform for Urban Climate Neutrality (GPUC)**	
Outcome 4		**Enhanced understanding and activities of sustainable energy transition for carbon neutrality in cities: Cities have accelerated implementation actions for their carbon neutrality or carbon peaking targets.**	
Outcome indicators		1: Number of cities (esp. middle size cities) in developing countries and emerging economies that develop and/or implement energy efficiency action plans and/or relative incentive policies 2: Number of energy-efficient pilot projects for sustainable energy transitions reaching implementation stage, e.g., public procurement or contracting.	
Baseline	Year	2022	0
Target	Year	2025	3 pilot cities for indicator 1 and 3 pilot projects for indicator 2
Output 4.1		E-training module series (e.g., topics on district energy, green buildings) with webinars and best practice training sessions on energy efficiency on city level	
Output indicator		Number of E-training module series for energy efficiency at city level developed	
Baseline	Year	2022	Number of E-training module series developed now for the targeted countries
Target	Year 1	2023	1
Target	Year 2	2024	2
Target	Year 3	2025	3
Output 4.2		Virtual knowledge-sharing platforms within the context of city clusters in developing countries and emerging economies of similar climate types, e.g., hot-humid climate cities, etc.	
Output indicator		Number of systematic virtual knowledge-sharing platforms established	
Baseline	Year	2022	0
Target	Year 1	2023	1
Target	Year 2	2024	1
Target	Year 3	2025	2
Output 4.3		Energy efficiency tools for building energy audits, district energy, street lighting etc. with adaption to pilot cities in developing countries and emerging economies	
Output indicator		Number of pilot cities have developed and adapted EE tools	
Baseline	Year	2022	Limited number
Target	Year 1	2023	N/A
Target	Year 2	2024	2
Target	Year 3	2025	2
Output 4.4		Methodologies for developing technical roadmaps, action plans and long-term planning in buildings and/or district energy systems plans under cities' carbon neutrality or carbon peaking targets	
Output indicator		Number of methodologies for cities developed	
Baseline	Year	2022	Limited
Target	Year 1	2023	1
Target	Year 2	2024	2
Target	Year 3	2025	3
Output 4.5		Partnerships with middle-size cities	
Output indicator		Number of city partnerships built up	
Baseline	Year	2022	0
Target	Year 1	2023	1
Target	Year 2	2024	2
Target	Year 3	2025	2

Programme Activity 5		**Implementation of urban nature-based solutions (NbS) for mitigation and adaptation**	
Outcome 5		**Increased awareness and capacity for implementation of NbS in an urban context**	
Outcome indicator		1. Number of new cities engaged/projects implemented 2. Number of new trained city personnel with capacity on NbS integration, among which number of women 3. Number of downloads of the publications	
Baseline	Year	2022	0

Target	Year	2025	1. 3 new cities/projects implemented 2. 300 new trained city personnel with capacity on NbS integration, among which 150 women 3. 300 downloads of the publications
Output 5.1		Report on existing experience and literature of NbS implementation in urban areas	
Output indicator		Report completed	
Baseline	Year	2022	0
Target	Year 1	2023	1
Target	Year 2	2024	0
Target	Year 3	2025	0
Output 5.2		3 testable business models representing different NbS options in 3 cities	
Output indicator		Number of testable model documents	
Baseline	Year	2022	0
Target	Year 1	2023	1
Target	Year 2	2024	1
Target	Year 3	2025	1
Output 5.3		5 Replicable business model solutions	
Output indicator		Number of synthesis reports of replicable solutions	
Baseline	Year	2022	0
Target	Year 1	2023	0
Target	Year 2	2024	1
Target	Year 3	2025	0
Output 5.4		5 Trainings to national stakeholders	
Output indicator		Number of training workshops and materials	
Baseline	Year	2022	0
Target	Year 1	2023	2
Target	Year 2	2024	2
Target	Year 3	2025	1

Programme Activity 6		**Socially Inclusive Sustainable Energy Transitions (SISET)**	
Outcome 6		**Accelerated and 'just' actions for the implementation of energy solutions at a local scale - taking social inclusion, participatory approaches, and gender into consideration**	
Outcome indicators		1. Demonstrated interest & commitment of key stakeholders in adopting a more just approach 2. Consensus and shared vision among stakeholders 3. Steps taken by municipality towards implementation	
Baseline	Year	2022	0
Target	Year	2025	2 municipalities
Output 6.1		Energy needs assessment, and preparation of implementation plans in line with SDG and NDC targets.	
Output indicator		Implementation plans are prepared for identified technical solutions for 2 municipalities	
Baseline	Year	2022	0
Target	Year 1	2023	Technical solutions identified, guidance and inputs provided
Target	Year 2	2024	Implementation plans prepared, with identification of potential finance partners
Target	Year 3	2025	NA
Output 6.2		Roadmap and strategies for 'just' transition and social inclusion	
Output indicator		Roadmaps are prepared for guiding local authorities and stakeholders on inclusive EE and RE deployment	
Baseline	Year	2022	0
Target	Year 1	2023	Consultations for preparation of roadmap, localization strategies and inclusive approaches
Target	Year 2	2024	Identification of local economic opportunities for marginal communities tied to the technical solutions.
Target	Year 3	2025	Roadmap prepared
Output 6.3		Training needs identification and capacity building for decision-makers and local stakeholders	
Output indicator		Training materials prepared targeting local stakeholders in the 2 municipalities Relevant stakeholders are trained on inclusive governance, on adoption of localization roadmap	
Baseline	Year	2022	0
Target	Year 1	2023	0

Target	Year 2	2024	Consultations and information sharing with stakeholders, and identification of training needs, and streamlining identification of local economic opportunities
Target	Year 3	2025	Training materials prepared and trainings provided to local stakeholders
Output 6.4		Policy recommendations of relevance to local-level authorities and inform the national-level NDC processes (to incorporate aspects of inclusion)	
Output indicator		Policy paper prepared with recommendations for socio-economic inclusion in green transition	
Baseline	Year	2022	0
Target	Year 1	2023	0
Target	Year 2	2024	Preparation of recommendations
Target	Year 3	2025	Policy paper with recommendations to the municipalities and national stakeholders

Programme Activity 7		**Transition of cities towards net-zero transport in developing countries (NZT)**	
Outcome 7		**Reduced motorization and improved coverage of zero-emission vehicles and zero-emission transit through the adoption of net-zero transport plans and the roadmap for net-zero transport.**	
Outcome indicator		The net-zero transport plans and roadmap for zero-emission transport are adopted by cities	
Baseline	Year	2022	0
Target	Year	2025	Two pilot cities
Output 7.1		Net zero transport plans using the avoid-shift-improve framework and modern planning methods	
Output indicator		Net-zero transport plans are prepared for two cities, one in Asia and one in Africa.	
Baseline	Year	2022	0
Target	Year 1	2023	Methodology for net-zero transport plans are prepared for two developing country cities f or implementing sustainable zero-emission urban transport strategies incorporating the principles of transport justice
Target	Year 2	2024	Net-zero transport plans are prepared for two developing country cities for implementing sustainable zero-emission urban transport strategies incorporating the principles of transport justice
Target	Year 3	2025	-
Output 7.2		Roadmaps leading to the adoption of cleaner transport technologies, non-motorised transport, electric vehicles, fuel cells, advanced biofuels, etc.	
Output indicator		Net-zero transport roadmaps are prepared for two cities, one in Asia and one in Africa.	
Baseline	Year	2022	0
Target	Year 1	2023	0
Target	Year 2	2024	Consultation for roadmap preparation is done for two cities
Target	Year 3	2025	Roadmaps are prepared for two cities
Output 7.3		Training needs identification and capacity building for the decision-makers and key stakeholders so that they can identify, develop, adopt, and implement low carbon transport plans and strategies	
Output indicator		Training material and mediums are developed on net-zero transport planning Relevant stakeholders are identified and trained to implement net-zero transport plans	
Baseline	Year	2022	0
Target	Year 1	2023	0
Target	Year 2	2024	0
Target	Year 3	2025	Training material and mediums are developed on net-zero transport planning Relevant stakeholders are identified and trained to implement net-zero transport plans
Output 7.4.		Policy recommendations are prepared for a global-level debate on implementing net-zero transport	
Output indicator		Policy paper with recommendation for net-zero transport planning in developing country context	
Baseline	Year	2022	0
Target	Year 1	2023	0
Target	Year 2	2024	0
Target	Year 3	2025	Policy paper with recommendation for net-zero transport planning in developing country context

Programme Activity 8	**Net-zero strategies (NZS) for developing countries**
Outcome 8	**Increased readiness for implementing the net-zero strategy, by improving enabling environment (policy and regulatory frameworks) and institutional buy-in**

Outcome indicator		1: Number of national counterparts that endorse the net-zero strategy (baseline: 0 / target for Q4 2025: 2) 2: Number of net-zero strategies submitted to UNFCCC by the countries participating (baseline: 0 / target for Q4 2025: 2) 3: Number of countries which have enhanced their mitigation ambition by submitting an updated NDC (baseline: 0 / target for Q4 2025: 2)	
Baseline	Year	2022	0
Target	Year	2025	2
Output 8.1		A Net Zero strategy, including baseline, current policy, and net zero scenarios taking into consideration the national context, policies, and emerging technologies	
Output indicator		Number of net zero strategies developed (baseline: 0 / target for Q4 2025: 2)	
Baseline	Year	2022	0
Target	Year 1	2023	
Target	Year 2	2024	
Target	Year 3	2025	2
Output 8.2		Technology roadmaps as a mean to guide the implementation of the Net Zero strategy, taking into account equity and fairness considerations	
Output indicator		Number of technology roadmaps developed (baseline: 0 / target for Q4 2025: 4)	
Baseline	Year	2022	0
Target	Year 1	2023	
Target	Year 2	2024	
Target	Year 3	2025	2

STRATEGY AREA 3: Transparency

Programme Activity 9		**Article 6 and voluntary carbon market pipeline analysis and database**	
Outcome 9		**Increased awareness and capacity for implementation Article 6 and VCM enabling raised NDC ambition**	
Outcome indicators		1: Number of monthly downloads/visits for use of the Article 6 pipeline tracked by country and type of user 2: Number of users (climate stakeholders) that have used the pipeline, and found it useful which has influenced their actions (survey) 3: Number of countries recorded in the Article 6 pipeline that implement A6 activities and update their NDC with enhanced ambition reflected in national mitigation targets	
Baseline	Year	2022	0 (No comprehensive Article 6 database, pipeline, and methodology)
Target	Year	2025	Indicator 1: 500 Indicator 2: 100 Indicator 3: 75
Output 9.1		Excel database with new Article 6 Pipeline database, merged with CDM Pipeline data, and informed by IC-VCM core carbon principles and criteria for assessment of carbon credit programmes and activities generating ITMOs or other units	
Output indicator		Number of Article 6 activities in the database	
Baseline	Year	2022	50
Target	Year 1	2023	100
Target	Year 2	2024	200
Target	Year 3	2025	300
Output 9.2		Design for data collection developed in partnership with key strategic partners such as the UNFCCC Secretariat and IC-VCM	
Output indicator		Number of strategic partners	
Baseline	Year	2022	1
Target	Year 1	2023	2
Target	Year 2	2024	3
Target	Year 3	2025	4
Output 9.3		Stocktake of Article 6 and VCM contributions to NDC ambition raising	
Output indicator		Number of NDCs with enhanced ambition that have used Article 6 cooperative approaches	
Baseline	Year	2022	0
Target	Year 1	2023	2

Target	Year 2	2024	5
Target	Year 3	2025	10
Output 9.4		Website with access to user-driven analysis of data incl. infographics and reporting of results.	
Output indicator		Number of tables and figures produced with analysis of data	
Baseline	Year	2022	2
Target	Year 1	2023	5
Target	Year 2	2024	10
Target	Year 3	2025	20
Output 9.5		Monthly newsletter published and UNEP-CCC Article 6 and VCM Pipeline data and analysis widely used nationally, regionally, and globally	
Output indicator		Number of newsletters published annually	
Baseline	Baseline	2022	3
Target	Target	2023	12
Target	Target	2024	12
Target	Target	2025	6

CROSS-CUTTING ACTIVITIES

Programme Activity 10		**Responding to emerging challenges**	
Outcome 10		**Adaptive management to changes in the international environment (e.g., Covid-19 and the Ukraine crisis leading to energy disruptions) and responding to emerging topics appearing the in the international climate negotiations**	
Outcome indicator		To be defined as appropriate	
Baseline	Year	2022	N/A
Target	Year	2025	N/A
Output 10.1		To be defined as appropriate	
Output indicator		To be defined as appropriate	
Baseline	Year	2022	N/A
Target	Year 1	2023	To be defined appropriate to the nature of challenge
Target	Year 2	2024	To be defined appropriate to the nature of challenge
Target	Year 3	2025	To be defined appropriate to the nature of challenge

Programme Activity 11		**Knowledge and Partnerships for Climate Action**	
Outcome 11		**Enhanced engagements and usage of data and tools, through platform integration and partnerships for enhanced climate action**	
Outcome indicator		1. Number of stakeholders using the repository/KMS 2. Number partnerships and stakeholder events 3. Visits and interaction on web platforms and social media	
Baseline	Year	2022	1. No KMS/data repository for climate action 2. No partnerships or events for climate action 3. Relatively limited visual coverage and storytelling of project outputs and impacts
Target	Year	2025	1. KMS/Data repository fully operational 2. 2 Partnerships & 2 strategy driven stakeholder meetings/events facilitated 3. 3 strategy driven podcasts, 2 films, infographics, and 4 position pieces
Output 11.1		**Development of a climate data repository - with access to data and tools enhancing climate action to target groups**	
Output indicator		Number of stakeholders using the repository	
Baseline	Year	2022	No data repository
Target	Year 1	2023	Survey, mapping, and framework architecture developed
Target	Year 2	2024	KMS/Data repository under development
Target	Year 3	2025	KMS/Data repository fully operational
Output 11.2		**Applied engagement through stakeholder management and partnerships at national, regional and global level**	

Output indicator		Number partnerships and stakeholder events	
Baseline	Year	2022	No data of stakeholders engaged; Partnership and engagement strategy developed
Target	Year 1	2023	1 Partnerships & 2 strategy driven stakeholder meetings/events facilitated
Target	Year 2	2024	2 Partnerships & 3 strategy driven stakeholder meetings/events facilitated
Target	Year 3	2025	3 Partnerships & 4 strategy driven stakeholder meetings/events facilitated
Output 11.3		**Enhanced use of visualization, storytelling, and new communication technology for amplifying messaging of impact and best practices**	
Output indicator		Number of messages on impacts and practices utilising innovative methods	
Baseline	Year	2022	Web and Social media traffic
Target	Year 1	2023	1 strategy driven podcast, and 1 position piece, and infographics
Target	Year 2	2024	VR script and film produced, 2 strategy driven podcasts, 2 position pieces, and infographics
Target	Year 3	2025	3 strategy driven podcasts, 2 films, infographics, and 4 position pieces

5. Budget

Denmark currently provides approximately one quarter of the annual revenue of UNEP-CCC, with other donors supporting the Centre either directly or indirectly through funding to UNEP. Today the Centre's donor-base consists of EU, GCF, GEF, Germany, Italy, Norway, Sweden, and several philanthropic funds. The expansion of the donor base is considered solid progress on a former MFA recommendation to expand funding sources. A broader donor base will continue to be priority to ensure financial sustainability of the Centre. The multi-year earmarked Danish contribution to UNEP-CCC continues to be an important backbone of the Centre and enable it to be responsive to new analytical needs at both national and international levels. It also allows the Centre for multi-year planning and covering areas where it is more difficult to find donor funding.

The Centre may in the future work towards an umbrella funding mechanism for all its donors, but during the interim period the Centre will work on financing its activities on a project basis. The proposed grant is earmarked to support three Strategy Areas of UNEP-CCC: policy, implementation, and transparency, and within them the 11 programme activities, which are listed below in the budget.

Table 0-1 Budget for the proposed programme

UNEP-CCC 2023-2025[1]	DKK				Secured funding	Un-secured funding
	2023	2024	2025	Total		
1. Strategy Area: Policy						
Programme activity 1. UNEP-CCC reports informing climate change negotiations [2]	1,169,880	1,169,880	1,169,880	3,509,641	**45,800,000**	**25,840,000**
Programme activity 2. Advancing climate technology transitions[3]	3,243,133	3,243,133	3,244,468	9,730,735		
Programme activity 3. Assessing and managing Loss and Damage: Local-level evidence to inform global-level action[4]	2,300,383	2,232,383	2,125,764	6,658,530		
Sub-total Policy				**19,898,906**		
2. Strategy Area: Implementation						
Programme activity 4. Global platform for urban climate neutrality (GPUC)[5]	4,033,909	4,033,909	4,033,909	12,101,726	**72,700,000**	**32,470,000**
Programme activity 5. Implementation of urban nature-based solutions (NbS) for mitigation and adaptation[6]	2,423,600	2,543,387	2,670,520	7,637,507		
Programme activity 6. Socially inclusive sustainable energy transitions (SISET)[7]	1,258,385	1,744,700	1,468,268	4,471,353		
Programme activity 7. Transition of cities towards net-zero transport in developing countries[8]	806,511	1,840,732	1,710,503	4,357,746		
Programme activity 8. Net-zero strategies (NZS) for developing countries [9]	1,504,439	2,430,990	2,321,104	6,256,533		
Sub-total Implementation				**34,824,865**		
3. Strategy Area: Transparency						
Programme activity 9. Article 6 and voluntary carbon market pipeline analysis and database[10]	2,723,718	2,987,782	2,503,930	8,215,430	**87,400,000**	**22,440,000**
Sub-total Transparency				**8,215,430**		
4. Crosscutting Activities						
Programme activity 10. Responding to emerging challenges[11]	3,032,196	3,032,196	3,032,196	9,096,589		
Programme activity 11. Knowledge and partnerships for climate action[12]	1,621,514	1,687,071	1,571,514	4,880,098		
Sub-total Crosscutting				**13,976,687**		
Total Areas 1 – 4	**24,117,668**	**26,946,164**	**25,852,056**	**76,915,888**		
Inception- and mid-term review cost						
Inception- and mid-term review[13]	175,000	525,000	-	700,000		
Indirect cost						
Programme support cost[14]	1,688,237	1,886,231	1,809,644	5,384,112		
Total Grant	**25,980,905**	**29,357,395**	**27,661,700**	**83,000,000**	**205,900,000**	**80,750,000**

Budget notes:

1. Budget line 1-4: The 11 Programme activities includes expenditures exclusive to UNEP CCC:
   UNEP-CCC personnel cost: The necessary UNEP-CCC personnel input has been costed and allocated to implement each of the activities. This also includes a limited amount to cover for UNEP-CCCs technical personnel's analytical time to develop new funding concepts and proposal, as well as UNEP CCC management etc.
   UNEP-CCC travel cost: Cost associated with UNEP-CCC technical staff's missions to countries for on-ground project implementation. Cost covers flight tickets, DSA including hotel cost and local transportation according to UN rules.
   Contractual services: Covers all cost associated with services procured, e.g., local consultants, companies, and local partners in terms of local subject-matter experts in the target countries, IT firms for web interface and backend, event organisers, design firm for graphics and layout, NGOs, not-for-profit organisations, universities etc., also in the target countries.
   Workshop and event cost: Cost associated with facilitating workshops and other type of events. These costs cover venue, catering, printing, and shipping of promotional material and in some cases also covers stakeholders', meeting participants', and local consultants' travel to meetings, workshops, and target countries.

The actual distribution between these four cost categories per each programme activity is outlined below (response to appraisal):

2. **Programme activity 1 –** Budget for this activity only covers UNEP-CCC personnel cost.
3. **Programme activity 2 –** 85% of the budget for this activity will be covering UNEP-CCC personnel cost. 3% will be set aside for 8 missions for UNEP-CCC staff. 10% for contractual services. Finally, 2% is budgeted to cover cost related to 2 planned workshops.
4. **Programme activity 3 –** Budget for UNEP-CCC Personnel constitute of 75% of the budget for this activity. 5% for UNEP-CCC travel cost, 5% for contractual services and last 2% for workshops.
5. **Programme activity 4 –** Of the total budget for this activity, 89% is allocated to cover UNEP-CCC personnel cost, 5% for UNEP-CCC staff travel cost, 18.5% for contractual services and 1.5% to cover workshop cost.
6. **Programme activity 5 –** 80% of the budget for this activity will be covering UNEP-CCC personnel cost, 5% for UNEP-CCC travel and last 15% for contractual services.
7. **Programme activity 6 –** The budget for this activity constitutes of 75% UNEP-CCC personnel cost, 7% for UNEP-CCC travel cost, 15% for contractual services and 3% to cover cost related to workshops.
8. **Programme activity 7 –** 74% of the budget for activity 5 is budgeted to cover UNEP-CCC personnel cost, 4% for UNEP-CCC travel cost, 18% to cover contractual costs and 4% for workshops cost.
9. **Programme activity 8 –** Of the total budget allocated to this activity, 64% covers UNEP-CCC personnel cost, 3% for UNEP-CCC travel cost, 31% for contractual services and 2% for workshop cost.
10. **Programme activity 9 –** 53% of the total budget for this activity covers UNEP-CCC personnel, 4.5% UNEP-CCC travel cost, 39% for contractual services and last 3.5% for workshop cost.
11. **Programme activity 10 –** 83% of the budget for this activity is allocated to cover UNEP-CCC personnel cost, 13% for UNEP-CCC travel cost and 4% for contractual services

12. **Programme activity 11 –** Out of the total budget for this activity, 66% is allocated to cover UNEP-CCC personnel cost, 6% for UNEP-CCC travel, 25% for contractual services and 3% for workshops.
13. **Inception- and mid-term review cost –** Inception review expected in Q1 2023. Mid-term review expected in Q3 2024.
14. **Programme support cost –**The approved PSC level for the grant received from Danida to fund UNEP CCC has been exceptionally approved at a lower rate of 7 percent. It includes costs incurred by UNEP and UNOPS contracted by UNEP, (not cost at UNEP-CCC per se) providing administrative and other support functions to a range of operations, programmes, and projects. These costs include but are not limited to: (i) the central administration of human, financial, physical, and ICT resources: (ii) staffing, facilities, equipment, activities, and legal liabilities. They may also include indirect costs pertaining to central programme services (planning, resource mobilization, monitoring, evaluation, and management). All of this bearing in mind the new operational and implementing procedures where UNEP takes on new managerial and approval role described in Chapter 6.

In response to appraisal recommendation: The programme activities 1-9 target climate change adaptation and mitigation to different extents, some one or the other, and some a mixture. The two cross-cutting activities 10-11 are assumed to have an equal mix of each. This is shown in table 6.2 below, where the overall balance between adaptation and mitigation is estimated to be 37% and 63%, respectively, assigning values of 0%, 25%, 50%, 75% and 100% to each programme activity.

Table 0-2 Balance of adaptation/mitigation activities in the budget

UNEP-CCC 2023-2025	Total	Adaptation	Mitigation	Adaptation	Mitigation
		%	%	DKK	DKK
1. Strategy Area: Policy					
Programme activity 1. UNEP-CCC reports informing climate change negotiations	3,509,641	75%	25%	2,632,231	877,410
Programme activity 2. Advancing climate technology transitions	9,730,735	50%	50%	4,865,367	4,865,367
Programme activity 3. Assessing and managing loss and damage: Local-level evidence to inform global-level action	6,658,530	100%	0%	6,658,530	-
Sub-total Policy	**19,898,906**	**71%**	**29%**	**14,156,128**	**5,742,778**
2. Strategy Area: Implementation					
Programme activity 4. Global Platform for Urban Climate Neutrality (GPUC)	12,101,726	0%	100%	-	12,101,726
Programme activity 5. Implementation of urban nature-bases solutions (NbS) for mitigation and adaptation	7,637,507	100%	0%	7,637,507	-
Programme activity 6. Socially inclusive sustainable energy transitions (SISET)	4,471,353	0%	100%	-	4,471,353
Programme activity 7. Transition of cities towards net-zero transport in developing countries	4,357,746	0%	100%	-	4,357,746
Programme activity 8. Net-zero strategies for developing countries	6,256,533	0%	100%	-	6,256,533
Sub-total Implementation	**34,824,865**	**22%**	**78%**	**7,637,507**	**27,187,358**
3. Strategy Area: Transparency					
Programme activity 9. Article 6 and voluntary carbon market pipeline analysis and database	8,215,430	0%	100%	-	8,215,430
Sub-total Transparency	**8,215,430**	**0%**	**100%**	**-**	**8,215,430**
4. Crosscutting Activities					
Programme activity 10. Responding to emerging challenges	9,096,589	50%	50%	4,548,295	4,548,295
Programme activity 11. Knowledge and partnerships for climate action	4,880,098	50%	50%	2,440,049	2,440,049
Sub-total Crosscutting	**13,976,687**	**50%**	**50%**	**6,988,344**	**6,988,344**
Total Areas 1 – 4	**76,915,888**	**37%**	**63%**	**28,781,979**	**48,133,909**
Inception- and mid-term review					
Inception- and mid-term review	700,000				
Programme support cost					
Programme support cost	5,384,112				
Total Grant	**83,000,000**				

Further details on the budget for separate programme activities are described in Annex 5.

6. Institutional and Management arrangement

The programme continues (as with UNEP-DTU) to be implemented through an agreement between the MFA and UNEP. It is UNEP's intention that the distinct identity and visibility of the Centre will be preserved, with strong alignment between UNEP-CCC's strategy and UNEP's own Medium-Term Strategy. The set-up is expected to be similar but not identical to the present Climate Technology Centre and Network (likewise supported by Denmark), with UNEP-CCC tracked separately for all reporting (financial and progress reports) and work planning and budgeting, and with its own management structure subject to UNEP oversight.

In January 2022, when the UNEP-DTU Partnership ceased to exist, UNEP independently signed a UN-to-UN agreement with UNOPS, under which UNOPS provides operational support concerning UNEP-CCC. The support to be provided is at UNEP's direction and is in line with UNOPS's mandate in the UN system. UNOPS was selected by UNEP to provide support functions because of its expertise in providing similar services to UN agencies, governments, and multilateral Institutions, and because of its presence in the UN City. The specific UNOPS support is in the areas of Human Resources; budget, finance, and accounting actions; project reporting; grant administration; procurement; travel and logistics – all of it "back office" functions that are essential to the successful delivery of UNEP-CCC's work programme. Programmatic and fiduciary responsibility, however, *lies entirely with UNEP*. This is important to underline, acknowledging the ongoing investigation into UNOPS' handling of S3i and the UNOPS business model more broadly. The payment for UNOPS' operational support to UNEP in the envisaged arrangement is minor, corresponding to maximum 4.0 percent of the total grant. The expenses are part of the 7.0 percent to *programme support cost* (budget line 14), leaving the remaining 3.0 percent to UNEP. The UNEP-UNOPS arrangement will be revisited, when the results of the investigations are known.

The UN-to-UN agreement forms the overall frame for the implementation, ensuring a solid and due process of approval and execution, and with due consideration of the need for efficiency and avoidance of unnecessary bureaucracy. Based on a functional review by UNEP and UNOPS of UNEP-CCC, the implementation is broadly speaking based on the following steps: UNEP-CCC work plans and budgets are produced by UNEP-CCC. Any specific activity of UNEP-CCC e.g., a travel, a procurement of services from consultants, etc. requires approval by UNEP, with a reference to the UNEP-CCC work plan and budget. Following UNEP approval, which will be a simple process if in line with the UNEP-CCC work plan and budget, the support services by UNOPS (in line with description above) are activated. UNOPS cannot activate support services without UNEP approval. Any new activity, not foreseen in the UNEP-CCC work plan and budget, will likewise require UNEP approval, however, in a deeper approval process. This approval process also serves as further due diligence in light of the ongoing UNOPS investigations.

Within UNEP, UNEP's Executive Director is the signatory on the agreement between the MFA and UNEP. On a daily basis, the primary management oversight and fiduciary responsibility for UNEP-CCC lies with the Economy Division, and more specifically with the Economy Division Director or the Chief of the Energy and Climate Branch. The Head of the Global Climate Action Unit in the Energy and Climate Branch currently serves as the day-to-day liaison between UNEP-CCC and UNEP, ensuring compatibility between UNEP-CCC's activities and those of UNEP. The coordination and management authority in the UNEP structure for UNEP-CCC is illustrated in the organigram in figure 2 below.

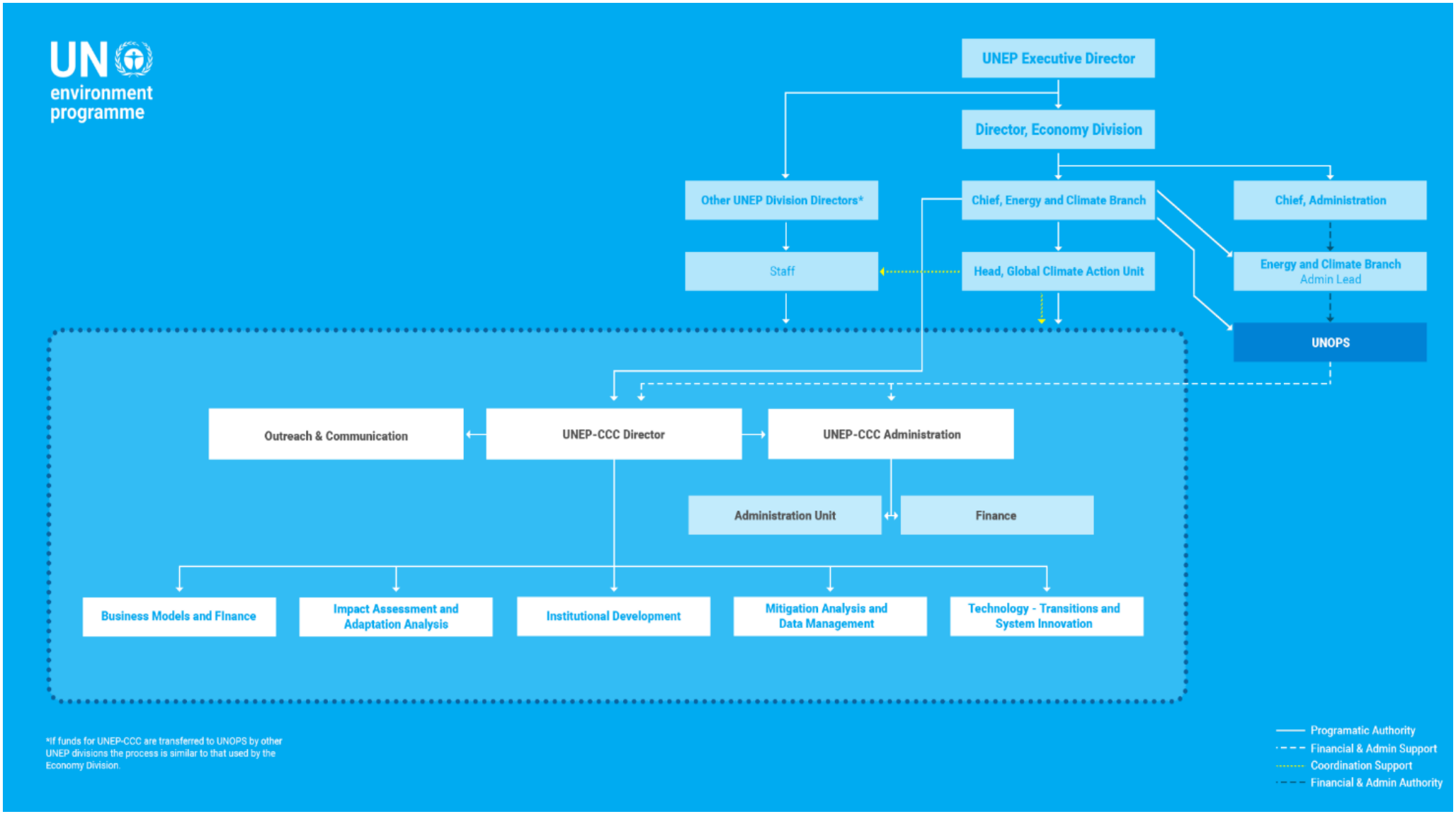

Figure 2 - Organigram

The Director of UNEP-CCC manages the day-to-day running of the Centre under the overall guidance of UNEP. The Director has ooverall responsibility for staff management and is the first reporting officer with direct responsibility for sections heads and the head of administration. The Director works closely with the UNEP Chief of the Energy and Climate Branch on substantive activities and is part of the Economy Division's wider climate change management group. The Director is also responsible for fund raising activities and ensures UNEP-CCC's activities remain aligned substantively with the UNEP MTS and climate change sub-programme. The Director reviews UNEP-CCC work plans and budgets before transmitting these to UNEP for approval.

In view of establishing full clarity regarding various administrative issues, *inter alia* an Operations and Procedures Manual describing the institutional management, as well as the governance structure is being prepared. The MFA will conduct a financial review in quarter 4 2022, and amongst others look into the new manual, as well as conduct an inception review during quarter 1 of 2023.

UNEP-CCC was launched in April 2022. It is estimated that a transition period of up to one year (until and including March 2023) is necessary. The period between April 2023 (end of transition period) and December 2023 will be utilised to consolidate UNEP-CCC operations. This can include an extension and/or an amendment of the UN-to-UN agreement between UNEP and UNOPS. Any amendment or additional governance and administrative modalities will be approved by the parties in the Steering Committee (SC) and will take into account the results of the ongoing UNOPS investigations.

As noted above, a UNEP-CCC Steering Committee has been created. The SC has representatives of UNEP and the Danish MFA, with UNOPS and the Director of UNEP-CCC as observers. At its first meeting (on 23 August 2022) it was agreed to invite other major donors and institutions to take part in the SC at the Director level, supported by their advisers. The SC adopted its Terms of Reference specifying that it shall meet as required, but at least twice a year, and that decisions will be by consensus. The Terms of Reference includes setting the overall strategic direction of UNEP-CCC (see Annex 12) as well as some additional functions, namely:

- Annually approving work plans, progress and substantive reports, and financial reports of the Centre.
- Annually reviewing results and performance of the Centre, including issues related to opportunities, challenges, and risk factors and including discussions of outcomes and follow-up of any external reviews/evaluations of the Centre's activities.
- Suggesting new areas of activity, programmes, projects, and sources of funding, and partners.

All Steering Committee decisions shall be recorded in minutes by the Director of the UNEP-CCC. UNEP-CCC led by the Director acts as Secretariat to the SC. In the first year of operation of the SC, more regular meetings can be organised in order to allow key documents to be discussed and approved. This includes areas critical for the consolidation of the Centre such as – but not limited to – contracting of staff beyond February 2023, review and approval of work plans, budgets, and outcomes of the ongoing functional review.

Any changes to the institutional and management arrangement in the project period will need to be approved by the Steering Committee.

7. Financial Management, planning and reporting

At the time of designing this proposed continued support to UNEP, an updated approved operational guideline is not yet available, but under development. However, this is known: UNEP will be responsible for complying with all reporting requirements. Annual Reports, consisting of narrative result presentation and certified official financial statements will be delivered no later than six months after closure of the financial year. In addition, semi-annual progress reports and quarterly financial reports will be shared with the Danish MFA and the SC. Financial reporting is generated by UNOPS and forwarded to UNEP, and by UNEP to the MFA after review and acceptance by UNEP. Programmatic reporting, on outcomes and results, is generated by UNEP-CCC staff to UNEP and forwarded by UNEP to the MFA after review and acceptance by UNEP. The MFA will transfer funds to UNEP. UNEP will make funds available to UNEP-CCC through the support arrangement it has with UNOPS.

As outlined in general terms above, UNEP-CCC will develop annual and semi-annual work plans, in consultation with UNEP, for review by the SC. Work plans will be supplemented by advance planning and budgets, including plans for procurement of consultants, services, etc. also taking into account the pipeline of possible future projects. Plans will consider the required deliverables, missions, etc. covering the full portfolio of projects under UNEP-CCC, and their respective implementation cycles. The overall work plan and budgets can be broken down into work packages. All transfers of funds from UNEP to UNOPS will require approval of the work packages by UNEP technical managers within the respective Division/Programme, who work closely with technical counterparts at UNEP-CCC. These are further reviewed by a UNEP Certifying Officer and signed off by a UNEP staff member consistent with UNEP's "Delegation of Authority" framework. All requests in relation to the operation of the Centre and/or expenditures on specific projects are vetted internally in UNEP-CCC prior to sending requests for approval to UNEP, who upon approval forward them to UNOPS for administrative action. Once work packages are transferred to UNOPS, the execution of these work packages (including any procurement and payments) is carried out by UNOPS in accordance with their regulations, rules, and procedures, which are similar to those of UNEP. The process serves as extra due diligence in light of the ongoing UNOPS investigations. In addition, a Project Management Officer from UNOPS has been recruited and will be based in the UNEP-CCC (in Copenhagen) to provide expertise and guidance on day-to-day transactions, rules, and regulations, in order to facilitate execution processes in UNOPS. This arrangement will also be revisited, when the results of the ongoing UNOPS investigations are known.

The disbursement of the Danish funds for the work programme 2023 and onwards, will be subject to approved work plans and budgets, and will consider the recommendations of the two reviews (financial and inception review). The first disbursement is planned for December 2022, covering the 2023 work programme, after the planned MFA financial review focussing on the Centre's financial administration set-up and procedures (including the Operations Manual for the Centre). The subsequent disbursement in 2023 will be subject to recommendations from the Inception Review. The MFA will closely monitor the transition process and the consolidation of the Centre. This will amongst others be done through the MFA's active engagement in the SC. Any changes to the financial management, planning and reporting in the project period will need to be approved by the SC. The two reviews serve as extra due diligence in light of the ongoing UNOPS investigations.

External audit at the United Nations is a key independent oversight function and a fundamental component of the governance structure established by Member States. The UN Board of Auditors, BoA,

conducts its audits in conformity with International Standards, the reports are submitted to the legislative/governing bodies of the organization. The Single Audit Principle approved by the General Assembly gives the designated external auditor the exclusive right to act as the sole external auditor, in order to avoid that the UN's operations, transactions, and books are audited more than once by more than one party. This means that, contributions, such as that made by MFA, shall be subject to the UN internal and external auditing procedures provided for in the UNEP's financial regulations and rules and audit reports are publicly available at: (https://www.un.org/en/auditors/board/auditors-reports.shtml).

The Danish MFA has a zero tolerance for corruption and inaction approach to tackling sexual exploitation, abuse, and harassment (SEAH) as well for child labour and any associated link to support terrorism. Any violation will be ground for immediate termination of the Agreement. Therefore, any reports on corruption will be made publicly available by the MFA. In this connection, UNEP will report any corruption cases to the Ministry according to the Danish Anti-corruption Policy (https://amg.um.dk/en/policies-and-strategies/anti-corruption-policy/). Moreover, under UNEP, the UNEP-CCC will comply with all relevant UN policies and guidelines, with regard to misconduct including SEAH[4] and anti-terrorism[5], and the general Code of Ethics, which includes a policy on protection of "whistle blowers"[6].

Any changes to the financial management, planning and reporting in the project period will need to be approved by the Steering Committee.

[4] UNEP Misconduct and Anti-Fraud policies, including sexual harassment
https://www.unep.org/about-un-environment-programme/policies-and-strategies/misconduct-and-anti-fraud-policies
[5] UN Global Counter-Terrorism Strategy https://www.un.org/counterterrorism/un-global-counter-terrorism-strategy
[6] https://www.un.org/en/ethics/assets/pdfs/Attachment_2_EN_Putting%20Ethics%20to%20Work.pdf

8. Risk Management

Most of the risks and possible mitigation responses are quite specific to the nature of the programme activities, the geographic location, and the intended partners. A generic description within the three risk categories (contextual, programmatic, and institutional) is presented below, based on experience with past projects, recent contextual challenges and considering uncertainty of building up the UNEP-CCC under significant different organizational set-up. A full risk-mitigation set-up is presented in Annex 4.

Contextual risks

Risk Factor	Likelihood	Impact	Risk Response	Residual risk	Background to assessment
Covid-19 or such pandemics and events curtailing country visits, training workshops, internal communication in partner countries.	Likely	Minor	Positive experiences and knowledge gained in using on-line and digital media in training and consultation.	Limited in most cases due to widespread on-line facilities and connectivity.	Based on experience during Covid-19, most project activities were able to proceed using digital media. However, internal processes in some partner countries were hampered by the difficulty of arranging physical meetings.
Geopolitical turmoil and energy crisis may change partner countries climate commitments.	Likely	Minor	Monitoring changes of political commitment to climate and energy is an integrated part of all activities.	Risk is reduced significantly by the choice of country and the scope of UNEP-CCC to collaborate with sub-national and national stakeholders.	In general, UNEP-CCC has many years of engaging with countries and diverging priorities of governments.

Programmatic risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Limited capacity of partners and ability to turn technical assistance into policy changes.	Moderate	Moderate	Selection of partners through competitive selection processes and demonstrated commitment from national and sub-national stakeholders.	Reduced risk through careful selection of partners and countries together with supplementary capacity enhancement.	Based on experience, involvement of local partners in projects requires resources for building capacity in the partner organizations. Countries and stakeholders must be carefully reviewed to ensure willingness to adopt technical advisory into action and planning.
Contradictions between national and sub-national regulatory frame-	Likely	Minor	UNEP-CCC will often work at both national and sub-national levels. Analytical work	Risk is reduced by early-stage assessment and analytical work. UNEP-CCC recommen-	This risk has been identified working with sub-national stakeholders. An example is the non-inclusion of alternative

works may present hindrances to project implementation.			will address these contradictions and barriers in regulatory frameworks as a key objective for implementation.	dations can also support changing current barriers.	modes of implementation such as ESCOs, leading to lengthy processes to create the proper enabling environments.

Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Loss of some staff due to the new administrative arrangements.	Likely	Medium	Recruitment of new staff as well as short-term consultants attracted by the new terms and prospect of a UN career.	Reduced impact, but time needs to be spent on recruitment processes.	Evidence from similar situations where major organisational changes take place and with uncertainty of employment contracts.
Challenges of finalizing operational procedures, governance structure and financial sustainability of the Centre.	Unlikely	Major	Progress on governance and administrative arrangements are largely completed. Fundraising and further streamlining of administrative procedures are a high priority.	Operational systems and procedures are being streamlined and processes will continue, though it takes time to adapt. Staff training / retraining will be required.	The governance structure and operational procedures are a high priority.

9. Sustainability and closure

The long-term funding structure of the Centre is envisaged to be more earmarked and programmatic, continuing a trend that has been encouraged over the past 20 years. The Centre will aim to attract more donors in a blend of direct project support and broader programme support, the latter similar to the Danish contribution. This continued transition to a multi-donor support arrangement will also entail a transformation of the governance set-up from the former Management Policy Committee (MPC) to a Steering Committee (as mentioned in Section 6 and Annex 12), with participation from UNEP, the Danish MFA, and potentially other donors. This will reduce dependence on Danish contributions and provide for more flexible financing and enhance the longer-term sustainability of the Centre. The transition to the envisaged multi-donor involvement will require a systematic and targeted fundraising engagement with the international donor community, focusing on programmatic activities that are compatible with the UNEP Medium-Term Strategy.

UNEP-CCC staff are currently defining strategic directions, developing concept notes and proposals targeting international donors, and pursuing new funding avenues, in partnership with UNEP colleagues. The Centre already has good experience in this regard, for example the support to the ICAT programme with funding from several different agencies, including German and Italian bilateral funding.

Looking ahead, the Centre will embark on a long-term pro-active approach of engagement with bilateral donors, multilateral agencies, and development finance institutions (DFIs) to develop clear donor-based revenue streams that support its programme in particular areas of work. This may include, for example programmatic work on carbon markets (Article 6 of the Paris Agreement), Loss and Damage, and energy efficiency in cities.

At the same time, being more closely aligned with UNEP, the engagement with UNEP staff will allow UNEP-CCC to identify more opportunities of joint interest and benefit, potentially also through UNEP Framework Agreements and strong institutional links to donors and international sources of finance for climate and energy-related work. Interaction with other parts of UNEP will build on efforts and established contacts, with an enhanced focus on establishing more and stronger ties with a wider variety of programmes in UNEP. To attract new support UNEP-CCC thus must be at the forefront of its field regarding forecasting and identifying new trends and contributing to their development for both the Centre and UNEP.

This strategic fundraising approach will allow the Centre to consolidate a sustainable financial model, which already is well on the way as Denmark currently contributes approximately 25 percent of the total budget of the Centre.

Annex 1: Context Analysis

1. Overall Development Challenges, Opportunities and Risks

Challenges

Two of the greatest challenges currently faced by the world are those of ending poverty and fighting climate change, both requiring increased ambition, a conducive policy environment, and urgent actions by countries. Climate change is already being witnessed worldwide with temperatures rising, extreme weather events (e.g., flooding and droughts) occurring more frequently, rainfall patterns changing and the global mean sea level rising. The impacts of climate change include loss of biodiversity, new pathologies affecting human and non-human populations, crop production changes, loss of lives, and increased migration, displacement, and conflicts, among others. As is often the case, the poorest and most vulnerable (countries, sectors, communities, women, youth) are suffering and will suffer most at any given level of exposure. There is an urgent need to reduce and prevent global GHG emissions and to support adaptation and resilience building. In the wake of Covid-19, low-income countries have particularly experienced additional strain on resources, on supply chains, on energy and cold-chain logistics. While trying to prioritise the health of the population, the pandemic has also resulted in immense pressure on public finance and debt among these countries. For the first time in a decade, the number of people without access to energy in Africa is increasing due to Covid19. The World Bank estimates that climate change can push up to 130 million people back into poverty over the next 10 years – undermining hard-won development gains - and could cause over 200 million people to migrate within their own countries by 2050. Therefore, the challenge of building resilient economies and in-country capacities will remain significant, perhaps even more than before. Addressing several of these cross-cutting challenges will be key to meeting the Sustainable Development Goals, the 2015 Paris Agreement, and the longer-term net-zero ambitions.

Due to population and economic growth, the absolute number of people and assets exposed to climate-related hazards will inevitably rise. Urban areas are increasingly experiencing periods of extreme heat, with devastating consequences to human health. This is particularly true for densely populated coastal zones but also for inland populations that will be affected by flooding and droughts. While adaptation can significantly reduce climate risks and moderate the effects of climate change, a residual risk will remain that will increase with rising temperatures, and the costs of adaptation will also continue to rise. In consequence, the losses and damages related to climate hazards will grow, frequently at an accelerating rate, which will be translated into economic consequences in all sectors of the economy. Adaptation will be increasingly less able to minimize climate risks, requiring more efforts to shield people and assets against damages with improved risk-transfer mechanisms (e.g., insurance) and novel approaches to managing losses (e.g., land, lives, cultures). Without adaptation, growing exposure to these hazards will increase the climate risk, in particular in the second half of the century, even with strong mitigation. There are immense challenges also pertaining to evidence, data availability and quality, impact measures and metrics, along with transparency issues surrounding monitoring the climate targets and achievements.

Renewable energy is becoming cost competitive and new innovative business models allows the scaling up of renewable energy solutions, both connected to the grid and off-grid. Prices of solar PV and

battery storage have dropped around 80% since 2010. To achieve SDG7, we need to connect 85 million people annually in Africa (SDG7 tracking report). However, limited capacity to manage variable renewable energy, shortage of capital, and lack of policies and regulation are some of the barriers of accelerating a green energy transition in developing countries. Fossil fuel use and subsidies still prevail in many countries of the world, when compared to the advances of renewable energy and energy efficiency. There is a lack of knowledge and capacity for the integration of variable renewable energy solutions into grid, requiring a more dynamic and flexible trade of energy. Lagging policy and political will, along with risk aversion in the finance sector, also contribute to this continued dependence on fossil fuels. Further, off-grid energy tends to be unregulated and with limited financial support compared with the grid-connected sector. The key factors required for making a green transition happen include: i) removing subsidies on fossil fuels and providing import-tax exemptions on solar PV products; ii) improving technical competences and capacities for uptake of relevant green technologies; iii) scaling up access to finance and viable business models; and iv) political willingness and action.

Therefore, there is an urgent need to bridge the gap not just between science and policy, but also with implementation. This is linked to: i) the importance of institutional arrangements and governance structures in the light of changing times; ii) the ability to translate ambition into concrete actions on the ground; iii) breaking down silos of line ministries and sectors, and iv) locked-in governance structures that still exist.

Climate change impacts are increasingly undermining development achievement and will significantly affect achieving the SDGs. Overall welfare gains are likely to be reduced due to the increasing impacts of fast and slow-onset climate hazards. In some cases, development gains may be lost entirely. There is thus a daunting set of challenges to be addressed in the interface of climate change, energy, and development where the UNEP-CCC operates. The challenges are significant, but there are also opportunities that, if exploited appropriately, can contribute to alleviating the impacts, providing resilience, and at the same time continuing to help achieve the SDGs. It is important to note here the need for focus, following the opportunities in a strategic way to utilise the limited resources of the present support in the best possible way, linking with other ongoing initiatives, exploiting synergies, and leaving openings for impact, replication and leveraging of additional external funding.

Opportunities

Climate action allows for major leapfrogging opportunities and longer-term spill over effects for countries to develop while being on a sustainable pathway. On the mitigation side, there is an overriding need to increase ambitions in both the short term and the long term to ensure meeting the 1.5 C goal and establishing net-zero carbon strategies by 2050. This represents an opportunity for UNEP-CCC work. Energy efficiency will continue to play a crucial role in mitigation and decarbonisation efforts, complemented with renewable energies, as a principle of "Energy Efficiency First" - across buildings, industry, agriculture, transport, and other sectors. According to the International Energy Agency, energy efficiency is the first fuel, available in every economy, and if fully implemented at policy and implementation level could represent about 40% of the needed mitigation to comply with the Paris Agreement. Renewable energies can complement the energy supply needs and play a critical role in the transition from fossil fuels. Both energy efficiency and renewable energies will have the highest impact in terms of reducing emissions, curtailing air pollution, and reducing fossil-fuel dependency.

The transition to a low-carbon climate-resilient just economy also presents newer opportunities to boost incomes by opening new sources of growth and jobs. For instance, a report by Rockefeller Foundation cited that ending energy poverty can create nearly 500 million new jobs in Africa and Asia. There is a massive potential to diffuse and scale-up existing low-carbon climate technologies, and solutions (including transitioning to electric vehicles, bus rapid transit, rooftop rainwater harvesting, waste-to-energy) and explore newer ones (e.g., PtX, green hydrogen) across mitigation and adaptation sectors. This will require not only investments, but also investment-ready projects, strengthened institutional and policy frameworks, and enhanced local capacities. UNEP-CCC is extending the scope of technology needs assessment (TNAs) towards actively linking technology diffusion with market transformation, strengthening, and implementation facilitation. This entails extending attention towards new framework arrangements (e.g., ESCOs (Energy Service Companies)), and viable business models to deepen private sector engagement, particularly in those areas of adaptation and mitigation work that are considered medium to high-risk with lower returns. Supporting, facilitating and deepening private sector integration and engagement will remain central to several activities in the near future (e.g., creating the conditions for ESCOs to operate, diffusing renewables through supporting local companies with enhanced capacities and access to finance).

Adaptation and enhancing resilience to climate-change impacts is increasingly on the agenda of countries to reduce their climate risks. Actions are already under way, but there is still an enormous need for tools, metrics, and models that address the adaptation and resilience challenges faced, and that can entice both the public and private sectors, and financiers to support solutions. While loss and damage (L&D) has become a major issue, highlighted especially by developing country parties at COP 26, more analysis is needed on L&D. No systematic methodological framework exists yet to assess losses and damages, and there is a need for coherence and assessments to guide the very complicated issues. This gap presents plenty of opportunities for analytical and policy work to support LDCs.

The UNEP Adaptation Gap Report 2021 found that there is an urgent need to step up climate adaptation finance. Estimated adaptation costs in developing countries are five to ten times greater than current public adaptation finance flows, and the adaptation finance gap is widening. COVID-19 recovery stimulus packages are also becoming a lost opportunity to finance climate adaptation. Less than one third of 66 countries studied explicitly funded COVID-19 measures to address climate risks up to June 2021. Meanwhile, the heightened cost of servicing debt, combined with decreased government revenues, may hamper future government spending on adaptation. On the positive side, climate-change adaptation is increasingly being embedded in policy and planning. Around 79 per cent of countries have adopted at least one national-level adaptation planning instrument - an increase of 7 per cent since 2020. Implementation of adaptation actions is growing slowly, with the top ten donors funding more than 2,600 projects with a principal focus on adaptation between 2010 and 2019.

Blended projects combining mitigation, adaptation, and resilience solutions (e.g., the adoption of integrated solutions in cities) may present interesting opportunities, with clear mutual synergies and augmented impacts. One particularly promising area that has emerged in recent years is Nature-based Solutions (NbS). A large part of emissions in many low-income countries come from the non-energy sector (including land use, agriculture, forestry etc.). Such integrated mitigation and adaptation approaches have gained traction with local authorities and the private sector, by being the quickest to implement and the ones that provide most benefits to populations by designing for multiple purposes.

There are multiple opportunities for more multi-sectoral work, nexus-based work, value-chain thinking, also incorporating circularity, for instance, across coupled low-carbon energy and transport sectors, across the energy-water nexus, energy, and waste, and across buildings and nature-based solutions for reducing energy demand (e.g., cooling) and increasing resilience. Several of these newer explorations are already underway in the project pipeline of UNEP-CCC, which will be useful to draw on going forward. This will also involve collaborative work, stronger partnerships, context-specific tailored solutions, and concerted actions. There is an urgent need to act strongly now and to continue efforts over the coming decades. Synergies with partners such as 'sister' UN organisations, the NDC Partnership, Sustainable Energy for All, the International Energy Agency, the World Resources Institute, and the private sector are examples of priority relations to continue to build on, exploring the synergies and complementarities.

Furthermore, being based in Denmark offers unique opportunities to engage directly with world-class best-available technologies and solutions, namely in the energy efficiency and renewable energy technologies. Engagement with the public and private sector in Denmark supports UNEP-CCC in providing experience and evidence of clear opportunities associated with technology deployment, making business cases, and using Denmark as a 'showroom' for climate solutions.

Achieving the 1.5 C goal is strongly connected with the need to increase NDC ambitions in the short term, with a strong emphasis on supporting a transition to renewable energy and increased energy efficiency, both priority areas of SDG 7. There are good opportunities for UNEP-CCC, building on experience and staff expertise, to contribute meaningfully to this area, in particular with regard to analysing mitigation actions, building capacity for transparency and MRV, engaging with non-state actors, and developing tools and methodologies. Activity in all of these areas can contribute to linking short-term projections, plans and actions with long-term strategies and plans, especially aiming at strategies towards net-zero emission by 2050.

A significant outcome of COP 26 was the completion of the rulebook for Article 6 of the Paris Agreement, outlining how a new global carbon-market mechanism will operate. Significant work remains to be done, clarifying what is eligible under the new mechanism and how to operate it in practice, including adequate accounting frameworks to avoid double counting, which actors and with what roles to engage. To overcome these issues, a capacity-building infrastructure needs to be put in place to support developing countries to get ready for Article 6. In these areas, UNEP-CCC is well qualified and experienced through its central role in the earlier Clean Development Mechanism (CDM) and continued involvement in monitoring the evolution of carbon markets. A central activity in this regard will be the transition from the widely used CDM pipeline to a corresponding Article 6 pipeline, involving data acquisition, processing, checking and presentation, and modernisation of the hosting system, building on enhancing current work.

Risks

The success of UNEP-CCC climate-change mitigation and adaptation work is particularly dependent on local political will, governance and institutional arrangements. Lengthy administrative processes, hesitant commitments, weak institutional structures, political instability and lack of knowledge and capacity can often limit the transition of regulatory frameworks and practices. On the other hand, national, local budgets and human capacities are stretched between priorities too, as seen recently in

the needs of prioritizing health over other actions during the pandemic. However, the new Covid-19 relief packages could potentially offer an opportunity to 'build back better', applying resources to the origins of the problems and not only on short-term relief solutions - a vivid risk of immediate returns over structural reforms. Furthermore, risk of changing government and political instability is another risk in countries where UNEP-CCC operates.

It is widely recognised that significantly scaled-up mitigation and adaptation is not possible without the engagement of the private sector, including the financial sector and commercial investors. Critical conditions for appealing economic private engagement need to be put in place, providing the level playing field needed to operate and thrive. Through partnerships with technology developers, financial institutions and service companies' opportunities are being created, where UNEP-CCC promotes facilitation and dialogue. However, if the base conditions are not present and lengthy processes apply, companies lose interest and tend to abandon the opportunities created. Finally, the role of financial institutions is also critical to be able to build impact. However, the financial mind-set needs to adapt too, given the urgency and scale of impact needed. If business-as-usual applies on deciding where to place investments and how to assess investment opportunities, the world will see limited impact of actions.

<u>Key documentation and sources used for the analysis:</u>

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2. Political Economy and Stakeholder Analysis

Political Economy Analysis

The proposed programme is a combination of broader focus, supporting UNEP's Medium-Term Strategy (MTS) for climate change, the Danish strategy for Development Cooperation 'The World We Share', and targeted actions or projects in a small number of partner countries.

The political and social stability of prospective partner countries will be assessed, the activities will be principally aimed at facilitating and assisting countries in their efforts to define and follow commitments under the UNFCCC, along with their general development programmes and achievement of the SDGs. At the concrete country level and local-level activities, priority will be put on African and Asian contexts, building on existing ties and currently ongoing work, and on stakeholders' will to advance the climate change agenda.

Broadly speaking there is a clear strategic rationale to prioritise working with countries that have expressed a clear and high-level ambition to pursue a low-carbon development pathway, i.e., where there is a conducive political economy. Importantly, this means identifying countries that are pursuing progressive reforms to 'high carbon' sectors, for example open to taxing hydrocarbon fuels or removing subsidies provided to them, where these exist. This does not preclude working with countries that currently depend on hydrocarbons to drive their economies, but in such cases, there should be clear political leadership to indicate that incumbent economic interests and agendas will not work to undermine reformist ideas and arguments. Such reformist agendas can be informed by the science and economic analysis provided by UNEP-CCC, though the political will to do so should be clear from the outset and expressed by national leaders and/or by Ministries beyond those responsible for the Environment.

Similarly, for countries that have high population growth rates, extreme poverty and/or high levels of forced displacement we seek to work with Governments where the Ministries responsible for addressing these issue also express support for the UN's efforts to promote development-oriented solutions to otherwise 'humanitarian' issues. For example, this includes political support to the Global Compact for Migration, which opens the door to sector-specific initiatives such at the UN's inter-agency 'Global Platform of Action' (GPA) on delivering SDG7 in situations of forced displacement where UNEP is a Steering Group Member.

Experience in utilising digital media, and good connectivity even in some unstable countries (e.g., Somalia and Yemen), has made it possible during the COVID-19 pandemic to continue to carry out meaningful programmes of cooperation, and assist the countries with their climate-related activities. While physical engagement with partner countries will return, it is expected that remote digital methods will remain an important part of UNEP-CCC's way of working.

The direct counterparts are usually governments in developing countries, represented, for example, by the focal points for UNFCCC, CTCN, GEF and GCF in the responsible ministries. Work is normally carried out in collaboration with technical entities and/or experts from the partner countries or regions, building capacities to ensure the sustainability of the actions. The ultimate beneficiaries of interventions are the populations themselves, through climate change adaptation and resilience improvement, and mitigation initiatives that often bring about improved enabling conditions for climate investments, energy supply and access, better air quality and other developmental benefits like job creation.

Poverty and its related effects are an important underlying issue, with the associated social and political aspects. In this context, UNEP-CCC centre has accumulated a significant amount of experience in many different countries with challenging conditions, which gives a comparative advantage through

institutional memory and facilitated relationships with local stakeholders. Poor and marginalised groups are not always represented in national consultation which need to be considered. If not factored in, this can lead to leaving some populations worse of than before and lead to public resistance as have been seen removal of fossil fuel subsidies in several countries. Consideration of a Just Transition is therefore critical to achieve a broad public support for a green energy transition.

Strong commercial interests from the traditional energy, forest and agricultural sector might advocate against the low-carbon and climate-resilient narrative. Changing power and resources away from some of economically most powerful sector is likely to meet resistance. More decentralised energy systems will challenge the traditional national utility companies or nature-based solution might challenge the traditional approach of not paying for environmental services.

An issue of major relevance to much of the programme's work, interfacing with public and private stakeholders, is weak institutions and governance, and inter-ministerial barriers. These factors persist, often despite existing climate-change commitments and despite bodies created to tackle climate change i.e., national focal points and appointed delegates (NDEs and NDAs) that have been set up in connection with the CTCN (technology) and GCF (climate financing), respectively. While these new constructions are essential focal points for engagement with countries, supplementing that of the UNFCCC, they are frequently unarticulated and located in different, in many cases antagonistic ministries, with ineffective communication, collaboration, and clarity on priorities. Engagement with the countries with a view to facilitating and supporting climate change action in the context of sustainable development provides an opportunity to encourage and facilitate better articulation among relevant bodies and effective inter-ministerial communication towards a common goal by convening meetings and workshops with a broad representation of these parties. It has been borne out by experience that such facilitation between the respective units can have positive results.

Because of the multi-country nature of the programme the character of governance is varied. There is a general tendency for weak governance, poor inter-ministerial communication, and coordination. In particular, the climate-change (UNFCCC) focal point is usually hosted in a low-ranking ministry (environment or meteorology) while the NDA (Green Climate Fund) is frequently the ministry of finance and the NDE (CTCN) is often a government science and technology office or centre. It is only seldom that these key entities for climate change are located in the same ministry. The location of the respective entities can be advantageous however, for example involving the generally powerful ministry of finance. Thus, as noted above, encouragement and facilitation of communication and involvement between these units, and other entities, in the interest of the common cause of addressing climate change, can have positive effects on inter-ministerial understanding and cooperation.

Contradictions between national and sub-national regulatory frameworks may present hindrances to project implementation. An example is the non-inclusion of alternative modes of implementation such as ESCOs, leading to lengthy processes to create the proper enabling environments.

The UNEP-CCC has been involved in significant technical assistance, policy advice, and capacity-building efforts over the past three decades in many energy and climate change projects. These activities have been carried out in several potential target countries for the proposed programme (e.g., Kenya,

Uganda, Ghana, India). The continued evolution of the climate agenda and its requirements for countries to achieve net-zero emissions by 2050, also related to achieving the SDGs by 2030, poses new challenges but also provides new opportunities in the global South. There is and will continue to be a need for more science-based technical assistance, capacity building, process facilitation, and policy advice to meet new challenges in crucial areas such as the energy transition and 'transformational change', more frequent NDC revision, new market-based approaches, emissions trading, loss and damage, and enhanced transparency. This will need to be reinforced by new tools and methodologies developed by UNEP-CCC and others. As mentioned above, a main constraint remains the existence of weak institutions and poor inter-ministerial coordination. This is best addressed through continued engagement with the relevant entities and agents, emphasising the common cause of climate change, and increasingly justifying activities with the prospects of funding (from the GCF, GEF, Adaptation Fund, etc.) for investments in climate technologies and interventions that can have significant national, regional, and local development benefits.

Climate change is now accepted as a major development issue for all countries, having joined as parties to the UNFCCC and signed its protocols. The political process related to addressing climate change is therefore in general no longer a controversial issue, or one lacking legitimacy. However, there may be political differences concerning individual solutions and interventions, and priorities related to different population groups. The main issues remain to delineate ministerial and departmental responsibility, coordination, and capacity, and above all funding and investment. Many prospective partner countries (LDCs and SIDS) are small with very limited resources, facing other serious developmental issues. The actual operation of the political system regarding climate change action is thus highly dependent on the availability and capacity of local human resources.

Gender issues are highly country-specific, though in many of the prospective partner countries women play a particular role and experience specific impacts related to climate change, such as water supply, agriculture, cooking. Attention to gender issues is already built into many of UNEP-CCC's projects, such as TNA, with guidance material and workshop focus. Monitoring of the gender balance in attending workshops and seminars is also already incorporated into many UNEP-CCC projects and activities, and results show a growing tendency for inclusion and the participation of women.

Stakeholder analysis

UNEP-CCC's work and the proposed programme are by nature multi-country and multi-stakeholder. Typically, the key stakeholders in countries are the climate-change focal points, ministries of energy, environment, finance, agriculture, water, etc. plus academia, the private sector, and civil society representatives. At the global and regional levels UNEP-CCC/UNEP interacts closely with UNFCCC, other UN agencies, main bilateral donors, NGOs, global and regional banks, and financing institutions such as the GEF, and the GCF. UNEP-CCC has specific country collaborations and long-standing work in Kenya and Uganda, where Denmark also has extensive partnerships and engagement.

Several international and Danish organisations also form part of the development environment in which UNEP-CCC operates. For example, the NDC Partnership, IEA, SE4All, SEFA, and the German and the Danish Energy Agency, IFU and private sector stakeholders (e.g., Danfoss) and civil society (Concito). Collaboration and coordination of activities with these institutions is expected to continue. Ex-

ploiting synergies, avoiding overlaps, and seeking complementarity is at the core of UNEP-CCC's activities. It is also intended that funding from Denmark for these core UNEP-CCC activities will generate further interest from other donors, thus enabling an expansion of the Centre's activities and funding portfolio for greater impact.

There is evidence of strong local commitment to, and ownership of, projects developed in partnership with UNEP-CCC. This includes new models of local collaboration that have arisen from previous work (e.g., Argentina RAMCC Trust Fund) that is being used to replicate investments in different technologies and serve as an example to other geographies. Further, with the adoption of digitalization associated with energy efficiency and renewable energies, put into practice by different forms of local 'energy communities', we anticipate growing political support for more 'bottom-up' initiatives with support from UNEP-CCC, as we have seen in Argentina.

National entry points and key stakeholders

- Focal points for the UNFCCC and climate financing institutions (GCF, GEF, Adaptation Fund and regional development banks)
- Local governments are also important for the implementation projects, as well as the private sector, especially city authorities for the portfolio of energy efficiency work
- Relevant partner organisations with in-country presence, including sister UN agencies, NGOs, and academia

Strategies to engage key stakeholders

- Primarily building on existing contacts with relevant 'gate keeper' focal persons in government Ministries and agencies, where communication is based on existing or past project activities. New contacts national stakeholders are facilitated through official focal persons and through in-country workshops, meetings, etc where possible and through local partner organisations.
- Building on existing portfolios, such as TNAs, NDC Action, and ICAT among others, along with utilising closer links to UNEP to access other UN organisations. This option is made easier with the transition to greater UN integration of the UNEP-CCC.

Select Examples of partnerships:

- MoU with Danish Energy Agency
- MoU with EACREE (East Africa) on energy efficiency.
- Additional partners in energy efficiency: UNEP, WRI, SE4all. Partnership and continued collaboration with CTCN.
- Agreement with PFAN (Private Finance Advisory Network) hosted by UNIDO and REEEP – to source investment ready projects, organize events and participate in outreach activities in Africa, with an initial focus on Kenya and Uganda.
- Cooperation Agreement with Uganda National Renewable Energy and Energy Efficiency Alliance
- Collaboration with OECD Development Secretariat to inform and policy advise member countries and donors on "technology transfer and financial flows to mitigation and adaptation sectors"
- Steering Group Member of the UN Inter-Agency 'Global Platform for Action on Sustainable Energy in Displacement Settings (GPA)', contributing to the Technical Working Group on research and data

Key documentation and sources used for the analysis:
UNEP Medium Term Strategy 2022-2025: https://www.unep.org/resources/policy-and-strategy/people-and-planet-unep-strategy-2022-2025
World Bank Worldwide Governance Indicators: http://info.worldbank.org/governance/wgi/
OECD Statistics on External Development Finance Targeting Environmental Objectives Including the Rio Conventions: https://www.oecd.org/environment/environment-development/rioconventions.htm
OECD Tax and the Environment: https://www.oecd.org/tax/tax-and-environment.htm
OECD Centre on Green Finance and Investment: https://www.oecd.org/cgfi/
IEA Climate Change Programme: https://www.iea.org/topics/climate-changeGlobal Platform for Action on Sustainable Energy in Displacement Settings (2022): https://www.humanitarianenergy.org/

3. Fragility, Conflict and Resilience

Climate change has created (and continues to create) major strains on society, especially in fragile settings and among the poorest and most vulnerable communities such as in least developed countries and small island developing states. Climate action failure is the second most likely long-term risk identified by the 2021 Global Risks Report. World Bank estimates, by 2030, more than half of the world's extreme poor will live in countries characterized by fragility and conflict.

These low-income countries have poor governance, limited resources, and are ill-equipped to manage and avert crises, or cope with and adapt to the adverse consequences - water resource stress, crop failure, frequent flooding, droughts, ecosystem loss and damage, coastal erosion, migration, and displacement. Several of these impacts have worsened in recent years, particularly also the volume of climate-induced migrants, as witnessed in many of UNEP-CCC's partner countries, underlying the crucial need for more mitigation and adaptation actions.

Climate change interacts with other interconnected socio-economic and political stressors, thereby acting as a threat multiplier, compounding existing tensions, increasing vulnerabilities, gender inequalities, and disrupting social cohesion, and trust. If not addressed, the World Bank estimates that this could push an additional 132 million people into poverty, and others into new internal displacements triggered by extreme weather events - floods and storms.

There is a need for more urgent action, more partnerships, greater focus on governance arrangements and accountability, and more tailored and locally appropriate interventions. UNEP-CCC's activities are already targeting LDCs and SIDS, and are multi-dimensional i.e., aiming at mitigation actions and transparency (e.g., ICAT, CBIT), adaptation and impacts (e.g., vulnerability data and impact assessments), tailored country-level NDC actions and institutional support, technology and financing support through TNA, and analytical and business model support through EE. It can also be to manage refugee settings with new low-carbon solutions such as off-grid energy, cooking solutions and climate friendly agriculture, etc. Increasingly, UNEP-CCC is engaging and collaborating with the private sector and non-state actors to escalate climate action, along with supporting local skill building and jobs (e.g., TEMARIN).

UNEP-CCC aims to accelerate its activities in LDCs and SIDS, develop more tailored locally relevant solutions through programmes and projects, focus on the nexus between mitigation and adaptation,

and financing, deepen private sector engagements, along with supporting transparency and better institutional arrangements. Increased focus on blended-type of projects, such as the water-energy nexus and combined mitigation and adaptation actions are expected to deliver on societal multiple benefits.

Key documentation and sources used for the analysis:

WEF (2021). The Global Risks Report 16th Edition.
World Bank (2020). Strategy for Fragility, Conflict, and Violence 2020-2025
World Bank (2020). Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2030.
UNEP (2019): Guidance Note: Addressing Climate Fragility Risks
UN (2018). Global compact for migration: https://refugeesmigrants.un.org/migration-compact
UNHCR (2022) Global Trends Report for 2021: https://www.unhcr.org/globaltrends

4. Human Rights, Gender, Youth and applying a Human Rights Based Approach

Climate change impacts exacerbate pre-existing inequalities and human-rights related challenges such as poverty (SDG1 – *No Poverty*), well-being (SDG3 – *Good Health, Wellbeing*), energy poverty (SDG7 – *Affordable Clean Energy*), wealth inequality (SDG 8 – *Decent Jobs and* SDG10 – *Reduced Inequality*) and gender discrimination (SDG 5 – *Gender Equality*), particularly among low-income people.

As such, climate change and the lack of access to natural resources and sustainable energy stands to undermine efforts to improve human rights and gender equality in our partner countries. It is understood that providing access to modern, clean, and sustainable energy sources offers major - and catalytic - benefits for women and children, who are more often tasked with collecting and using traditional fuels. Switching to modern cooking fuels and power sources frees up significant time for income-generating activities and education and greatly improves indoor air pollution. Therefore, the programme offers significant and tangible benefits for gender equality and improved human rights, which often follow as the automatic consequence of changes in end-user technologies. Likewise, improving water supply systems on the energy-water nexus perspective also frees time of women and young girls that spend a significant amount of time fetching water for family uses rather than attending school or dedicating time to other productive tasks. This work and consultations with local community will be carried out in accordance with the social and community safeguards, and abiding by the free, prior and informed consent and such principles.

Furthermore, Indigenous Peoples' knowledge of adapting to climatic change and their global contribution to a sustainable management of our shared natural resources are critical to combating climate change and its impacts. It is estimated that around six per cent of the world's population, over 476 million people, self-identify as indigenous peoples. According to an estimate cited by the World Bank, they are protecting about 80 percent of the world's remaining biodiversity, covering a quarter of the world's surface area. Therefore, the programme acknowledges and aims at learning from indigenous peoples' technologies and practices can support countries in implementing their NDCs and achieving the Sustainable Development Goals. UNEP-CCC has already developed guidance documents (particularly in the context of TNAs) on how to incorporate the knowledge of indigenous people, and how to incorporate the specific vulnerabilities associated with women and will continue to be mindful of this. The Danida programme sub-topics have accounted for this in multiple ways: explicitly accounting for

gender-sensitive approaches, including women and the most vulnerable populations in data collection processes, prioritising marginalised and indigenous populations.

At an organizational level, UNEP is committed to promoting gender equality and women's empowerment across all policies and programmes. The Agency's Policy and Strategy on Gender Equality and the Environment is underpinned and informed by the UN System-wide Action Plan on Gender Equality and the Empowerment of Women. This is closely linked with the SDGs, which aim to achieve gender equality and empower all women and girls. UNEP-CCC will ensure compliance.

Key documentation and sources used for the analysis:

SEforAll (2017). Mapping the Landscape for Sustainable Energy, Gender Diversity and Social Inclusion.
TNA (2018). Guidance for a gender-responsive Technology Needs Assessment.
TNA (2021). Indigenous Peoples and Climate Technologies.
World Bank (2021). Indigenous Peoples.
UNEP (2016). Gender Equality and the Environment - A guide to UNEP's work.

5. Inclusive Sustainable Growth, Climate Change and Environment

Inclusive growth is defined as the ''economic growth that is distributed fairly across society and creates opportunities for all''. It is linked to a number of policies including poverty reduction, growth sustainability, employment creation, and poverty reduction (corresponding particularly to SDG 1, SDG 5, SDG 8 and SDG 10). Most of UNEP-CCC's work cuts across and is geared towards climate change along with the poverty reduction, job creation, social inclusion, and reduced inequalities. Climate change puts both sustainable economic growth and good development outcomes at risk. There is a fragile interdependence between people, the planet, and the economy. Sustainable economic growth implies sustainable consumption and production patterns.

Ensuring an inclusive and just transition requires achieving deep emission reductions, reducing the effects of climate change on the most vulnerable and ensuring the benefits and burdens of climate action are equitable. To have a complete range of solutions, to reach a full transition to low carbon climate resilient development paths, there is a need for international technology transfer but also a need for local anchoring with local production, skills upgrading and strengthening of local markets.

UNEP-CCCs work is well aligned with the Danish objective to ''Ensure that the focus on clean energy and clean water contributes to improving health, creating jobs for people and fighting poverty. Education, technical training, and upskilling can support green transition and job creation''. UNEP-CCCs work includes a focus on socio-economic impacts at local to national scale, local content requirements, local suppliers and firms, inclusive business models, upgrading in value chains etc. This includes a regional development approach, international linkages (e.g., firms, donors), industrial clusters of SMEs, or open-source knowledge. This applies to both the mitigation and adaptation efforts and activities ongoing.

UNEP-CCC has almost 30 years of experience in providing technical assistance, decision-making tools, policy advice, and capacity building that supports UNEP's global mandate on Energy, Climate and Sustainable Development, working in close collaboration with stakeholders in our partner countries. This technical assistance is scaled up through funding from various multilateral sources including the Global Environment fund (GEF), the Green Climate Fund (GCF) and the Climate Technology Centre and Network (CTCN), in addition to other funding sources for our research-based advisory services.

Key documentation and sources used for the analysis:
WEF (2021). Setting a path to green, resilient, and inclusive development
World Bank (2021). Putting Climate into Action in Green, Resilient and Inclusive Development
NDC Partnership (2020). Inclusive Growth and Climate Change
IMF (2020). The Economic Reset - Promoting a More Inclusive Recovery
WEF (2018). Climate change will force us to redefine economic growth

6. Capacity of public sector, public financial management and corruption

The project supports the implementation of UNEP's Programme of Work on climate change, which aims for countries to "increasingly adopt and/or implement low greenhouse gas emission development strategies and invest in clean technologies". UNEP is a well-established, trusted, and impartial convening organization for numerous environmental issues, and was the co-founder of the Intergovernmental Panel on Climate Change (IPCC). At the United Nations Conference on Sustainable Development in 2012 (Rio+20), the role of UNEP was strengthened, with Member States asking for the establishment of universal membership by the General Assembly. Member States simultaneously confirmed UNEP as the programme "that promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system".

UNEP is firmly committed to preventing and detecting fraudulent and corrupt practices. UNEP operations are consistent with the applicable provisions of the UN Charter, the Standards of Conduct for the International Civil Service, the applicable provisions of the United Nations Staff Rules and Regulations, and the UNEP Financial Rules and Regulations and Procurement Manual. UNEP will use reasonable efforts to ensure that the utilization of the Contribution conforms to the highest standard of ethical conduct and that every part of the Organization, as well as all individuals acting on behalf of UNEP, observe the highest standards of ethics and integrity.

UNEP, in accordance with its regulations, rules and directives, will ensure that any allegations of fraud and corruption in connection with the implementation of the programme are addressed. UNEP will, in a timely manner and in accordance with its regulations, rules, policies and procedures, provide information to the Danish Government of any substantiated allegations of fraud or corruption, along with details of actions taken by UNEP to address such allegations.

The UNEP Copenhagen Climate Centre (UNEP-CCC) will comply with UNEP policies and will underpin its Programme of Work on Climate Change. All financial reporting of activities carried out by UNEP-CCC staff will undergo independent auditing and compliance checks as part of the reporting procedure. The design of interventions in partner countries is based on evaluations of their capacity at relevant levels of the public sector for policy making, enforcement and service delivery as well as budgetary accountability. UNEP-CCC (in its former identity/role as UNEP DTU Partnership) has a long track

record of project and contract management at the highest standard and has been rated as such in the partnership ranking in UNEP.

7. Matching with Danish Strengths and Interests, Engaging Danish Actors and Seeking Synergies

Denmark's development cooperation strategy - 'The World We Share' – and the Danish Global Climate Action Strategy - has explicitly stated its "fight for climate" (SDG 13) and set ambitious green targets to meet the Paris Agreement goals and beyond. These include supporting the global phase out of coal and a socially just transition to green energy, setting up a new energy facility for strengthening renewable energy in Africa, significantly raising financing commitments to climate adaptation efforts, improved access to clean energy (SDG7) and water, greening financial flows, and tailoring funds for LDCs, among others.

Denmark increasingly engages in, promotes, and supports partnerships that can support a catalytic approach in prioritized areas of interest and prioritized geographies (especially Sub-Saharan African countries). Lately, this has also been witnessed particularly through the increased global cooperation programmes and sector-specific strategic programmes (for instance, with India, Indonesia, China, Egypt, Ethiopia, Brazil).

UNEP-CCC's continued and heightened focus on multiple dimensions of renewable energy - wind and solar - (e.g., technology and markets, increased investment, just transition and co-benefits, local skills, and jobs) in Kenya, and Uganda, and coupled energy-water-agriculture (e.g., in Kenya, Uganda, Ghana) fits well with Danida priorities. In this area, Danish Industry's (DI's) capacity building efforts in Kenya (e.g., KAM) could be leveraged further in more countries. To be successful in the green transition, there is an urgent need for increased cooperation among private actors, public actors, and international actors to build global and national partnerships (e.g., the Centre's partnership with EACREEE networks, with PFAN) for upscaling the use of climate technology.

Several mitigation technologies, notably solar PV but also wind power, have seen dramatic drops in prices and large-scale deployment in world markets. However, some mitigation technologies (e.g., EVs, battery storage) are still at a stage in the technology life cycle where they exhibit limited maturity (i.e., not deployed at scale, generating low returns) and affordability and entail in-country capacity limitations. Their advancement towards market maturity is likely to come through continued development and support measures from the major technology leaders (such as Denmark), enhancing both their performance and support in bending the cost curve.

The Danish strategy for development cooperation refers to promoting actions to limit the global temperature rise to 1.5 degrees in direct reference to the Paris Agreement. This particularly ties closely to the work of UNEP-CCC in supporting countries in raising their mitigation ambition through NDC, LCDS, and Net-Zero Carbon/emissions Strategies. In this context, UNEP-CCC's mitigation modelling tool "GACMO" is well suited to use in countries with low data availability, and it has already been applied extensively in many low and middle-income countries. Work in Mexico in collaboration with the DEA exemplifies this and such collaboration can be explored further.

Denmark has been a frontrunner on energy efficiency technologies and solutions, particularly in the context of cities and buildings (e.g., district heating). The Copenhagen Centre on Energy Efficiency

(C2E2) has played a prominent role in supporting policy development and early-stage project identification, feasibility studies and implementation. The development of tools, capacity building and knowledge systems are now widely recognised central elements in providing information on energy efficiency. Supporting this statement is the recent MoU signed with the Danish Energy Agency, aiming at expanding the C2E2 Knowledge Management System to cover specific information on district energy solutions focusing on China. Over the past 5 years, the C2E2 has also benefitted from funding support from the Bitten & Mads Clausen Fond to complement UNEP's work on district heating and cooling as well as activities in the framework of the Cool Coalition. As a follow-up to the support provided to Kenya's Energy Efficiency and Conservation Strategy, C2E2 expects to continue with the implementation of the activities, both in relation to adoption of energy efficiency solutions and in support to the Danish Energy Agency's bilateral efforts. Moreover, the C2E2, being based in Denmark, benefits highly from and potentially provides opportunities to private sector players, such as those providing technologies and solutions in the energy efficiency space (e.g., Danfoss, Grundfoss, Velux, Rockwool, Kamstrup, among others).

Through the new UNEP-CCC, there will be more opportunities to extract/synthesize the best practices, tools and guidelines for implementing and scaling up energy efficiency efforts in African country contexts. The Centre's past experience in developing an energy efficiency strategy for Kenya, linking up with World Bank and the African Development Bank, and also identifying skills gaps, conducting trainings for energy auditors, serves as a blueprint for extending such work to other middle to low-income countries. This also links closely to the Danida strategy and its focus on "strengthening the Danish SDG7 leadership and energy cooperation on green transition in developing countries, including promoting renewable energy and energy efficiency" (in The World We Share). This would be of relevance and interest for Danish companies involved in energy efficiency, district heating, buildings and NBS. The cross-support for ODA-eligible countries in Africa, such as accelerating energy efficiency in Kenya and Ghana also demonstrates a strong synergy and collaboration between implementation partners supported by Denmark, such as SE4All, the NDC Partnership, The Three Percent Club and C2E2.

UNEP-CCC has already been working for a few years in close collaboration with IFU and EKF in support of defining their institutional climate change strategies, methodologies, and assessment practices into greening development finance portfolios. This is particularly relevant in the context of greening Danish finance and further development of climate friendly investment project selection.

Several of UNEP-CCC's adaptation-focused activities, including adaptation gap reports, climate risk and vulnerability assessments in middle and low-income countries, innovative risk management and transfer tools, models, and approaches, in particular for SMEs, among others, have significant potential to underpin and contribute to Danida's adaptation support. These activities support policy-relevant analyses, risk assessments, reporting and tracking mechanisms, decision-support tools for adaptation planning, finance, technology transfer, capacity building, and implementation. They also support partner countries in achieving their NDCs and National Adaptation Plans and provide entry points for Danish private-sector engagement and development cooperation in vulnerable and exposed sectors, in particular water, agriculture, and infrastructure as well as through innovative finance and insurance instruments.

In the development cooperation, the role of the public sector is instrumental but without the engagement of the private sector achieving policy goals would be difficult and policy effectiveness would be limited as most partner countries adopt a market economy. More engagement with the private sector and innovation will be key to realising the goals of development cooperation.

Key documentation and sources used for the analysis:

The Danish Government (2020). A Green and Sustainable World. The Danish Government's long-term strategy for global climate action

Danida Strategy - The World We Share.

Ministry of Foreign Affairs Denmark (2022). The Government's Priorities for Danish Development Co-operation. Expenditure Framework for 2022-2025.

Annex 2: Partner Assessment

Introduction

UNEP Copenhagen Climate Centre was founded in 1990 as the UNEP Risø Centre by UNEP, the Danish Ministry of Foreign Affairs, and the Risø National Energy Laboratory. From 2014 to February 2022 the centre was called UNEP DTU Partnership and was hosted by the Danish Technical University, until it became the UNEP Copenhagen Climate Centre.

The centre employs 70 experts of 26 different nationalities working around the world from offices in UN City, Copenhagen, and has more than 30 years of experience working with leading institutions around the world. As part of UNEP Copenhagen Climate Centre, the Copenhagen Centre on Energy Efficiency provides technical support and analytics to cities and countries.

Lessons learned – building on 30 years of experience

In the 1990s, the Centre was at the forefront of developing the methodology for assessing the economic costs and benefits of climate change mitigation and adaptation, working closely with other organisations on country studies and capacity building in developing countries. At the same time the Centre built up a network of collaborating partner centres, particularly in the Global South.

The second decade, from 2000 to 2009, following the Kyoto and Marrakesh COPs, the Centre was specialising in the methodologies related to the Clean Development Mechanism (CDM) and providing capacity building to countries in the South through the Netherlands-funded CD4CDM project.

From 2002 to 2015, following the 2002 World Summit on Sustainable Development in Johannesburg, the Centre hosted and participated in the Global Network on Energy for Sustainable Development (GNESD), a Type II initiative put forth by UNEP at WSSD. During this period, the Centre also played a leading role in UNEP's African Renewable Energy Enterprise Development (AREED) programme, as well as managing and participating in several EU-funded activities focussed on clean energy access, productive use, and development impacts, thus linking the issues of energy access, productive use, and sustainable development with the drive towards renewable energy and energy efficiency.

Over two decades, UNEP-CCC has developed and hosted relevant data sets and pipelines for climate policies and actions including the CDM and NAMAs and continues to develop datasets for Nationally Determined Contributions (NDCs) and Cooperative Mechanisms (such as Article 6 of the Paris Agreement). Being the custodian of these datasets has allowed the Centre to develop internationally recognised analytical materials, embodying mitigation analysis, modelling and methodologies for impact assessment and carbon footprint assessments.

- Between 2009 and 2022, UNEP-CCC has used funding provided by the Global Environment Facility (GEF) through UNEP as the GEF Implementing Agency to support nearly 100 countries in identifying and analysing priority climate technology needs to mitigate GHG emissions and reduce the vulnerability of sectors and livelihoods to the adverse impacts of climate change.
- UNEP-CCC is a key player in the efforts to build national Monitoring, Reporting and Verification and M&E systems, and transparency frameworks to track and report on climate actions and their impacts in more than 40 countries through two international transparency initiatives:

the Initiative for Climate Action Transparency (ICAT) and the Capacity-building Initiative for Transparency (CBIT), the latter also funded by GEF with UNEP as the Implementing Agency.

- The Emissions Gap Reports (EGR) and Adaptation Gap Reports (AGR) are annual UNEP flagship publications that inform the parties to the UNFCCC and the broader UNFCCC constituency of the status and trends with regard to global action on emissions reductions and adaptation action in the context of globally agreed goals from the Paris Agreement. The reports have been produced since 2012 (EGR) and 2014 (AGR), led by UNEP-CCC.
- UNEP-CCC is playing a central role in contributing to the back-end international discussions and negotiations for the Article 6 rulebook adoption and implementation for years. This has entailed developing new approaches, methodologies, linking Article 6 with SDG impact and transformational change, and not least building the capacities of the developing countries. This presents a promising opportunity for an increasing involvement of the Centre within this key component of the international climate architecture.

The relevance of the Centre

UNEP-CCC is very well-placed to continue providing important inputs to various Climate Convention processes, and to support country-level efforts in defining and delivering on NDC ambitions and Long-term Strategies under the Paris Agreement. In addition, UNEP-CCC offers technical assistance in the drafting and delivery of climate change projects for multilateral-funding entities, where UNEP is the chosen vehicle for funds provided through the Global Environment Facility or Green Climate Fund (GCF). Furthermore, UNEP-CCC is well suited to lead on new and up-coming topics such as "loss and damage", Article 6, urban nature-based solutions, and long-term net-zero strategies, many of which are of particular importance to developing countries.

The Centre is closely embedded in the broader UNFCCC constituency and participates in many working groups and committees such as the UNFCCC Technology Executive Committee (TEC). This ensures visibility and up-take of UNEP-CCC's work.

As was emphasized in the last MFA Review, UNEP and the Centre recognize the importance of establishing closer synergies with the private sector to ensure up-take of the analytical work. A good example of this is that the Centre has taken on the role of hosting the Global ESCO Network comprising 85% of the world's Energy Service Companies (ESCO) associations, which aim to realize the potential of ESCOs to deliver some of the best returns on climate investments. Furthermore, the recent Energy Efficiency Charrette hosted by UNEP-CCC and SEforALL also demonstrated strong participation of the private and financial sector.

UNEP-CCC capacity and transfer from DTU

The former UDP was reviewed by an external team in October 2020 and underwent an informal financial review in early 2021. UNEP is finalizing the organizational set-up of UNEP-CCC, which currently operates under UNEP's direct authority and supervision with administrative support provided by the UN Office for Project Services (UNOPS) through a UN-to-UN Agreement signed in January 2022. Denmark's contribution to the UNEP Copenhagen Climate Centre is expected to continue at the level of approximately 25 percent of the Centre's portfolio. During the preparation of the Danish support to UNEP-CCC an interim agreement between and UNEP and was established and an interim Steering

Committee set up. Becoming integrated in the UN system also mean becoming fully compliant to all UN regulation on gender and SEAH. Procedures will be followed as by any other UN entity.

The UNEP-CCC will need some time to fully establish its new profile and organizational set-up. Despite some initial challenges, the strong expectation is that the Centre will adopt a “one-centre-approach” where programmatic activities are conducted less in siloes while contributing to UNEP’s Medium-Term Strategy. A simple SWOT-analysis is presented below of the strength and weakness of the new UNEP-CCC.

Figure 1 SWOT analysis of UNEP-CCC

Annex 3: Theory of Change – Extended narrative

The Theory of Change of UNEP-CCC describes how the three Strategy Areas of the Centre will contribute to shifting the development pathway towards low-emission and climate-resilient development in selected developing countries and contribute to strengthening global climate ambitions. Nine Programme Activities are proposed, each with its own expected outcome, outputs, intervention logic, partners, assumptions, and risks (further details are in Annex 10). Together, these nine Programme Activities and their respective outcomes fall within the three interrelated Strategy Areas of the UNEP-CCC: Climate Policy, Implementation, and Transparency. Activities will not be implemented in silos but will be closely coordinated across the three Strategy Areas and partner countries.

The intervention logic and details of the UNEP-CCC activities differ depending on specific problems, geographical setting, and context. In general, however, the interventions are targeted at partner countries and cities, which have been selected from within the group of DAC-eligible countries. This allows for positive partner stakeholder response and demand for the collaboration with UNEP-CCC, whereof many of these countries overlap with countries where Denmark has either expanded country partnerships or where Danish embassies have prioritized strategic climate partnerships, so-called "climate front posts."

The Theory of Change illustrates how the Centre will support concrete national and sub-national cases that can inform and influence the international climate framework but also implement and test global guidance frameworks at the national level. UNEP-CCC country-specific analytical work and technical support is expected to improve the national climate ambition levels, increase capacity for implementing and reporting climate actions, and enhance the integration of climate policies into national institutions and policies. In each of the Programme Activities, these country cases should feed into global climate negotiations and working groups with possibilities to influencing global guidance and replication in a greater number of developing countries. This interplay between the sub-national, national, and international climate framework is embedded in how the Centre has engaged, decoded, and responded to the UN climate change convention for decades. On the one hand, the Centre has a sphere of influence by being a part of several international climate working groups and committees, and by this playing a key role in the technical discussions, and on the other hand, it has a broad network of partners in developing countries. All this work centers around on-the-ground data and evidence collection and analysis, which feeds and influences the national and global-level policies and decisions; in turn feeding back again into increased climate ambition and implementation at the local level.

The context for each Programme Activity, and indeed UNEP-CCC's work as a whole, is summarised in the PD section 1.1 and Annex 1. For each specific partner country there will be specific contexts and issues, but in general these relate to addressing the challenges of climate change (mitigation and adaptation or both depending on the country and the activity) and the developmental challenges embodied in the SDGs. Every country is different, and indeed regions and groups within countries can be very different, but common to all is the threat of climate change, other environmental challenges and the diverse development issues embedded in their political economies. These challenges are often exacerbated by geopolitical developments, pandemics, economic crises, etc., while extreme weather events (floods, heatwaves, droughts, wildfires, storms, glacier melt, etc.) are increasingly being experienced worldwide, deepening inequities and vulnerabilities, particularly of the poor.

The issues being addressed by UNEP-CCC connect specific climate change challenges with SDGs in the national context. The activities covered in the PD fall under the three strategy areas of UNEP-CCC, making policy changes to address climate change, preparing for and supporting implementation, and ensuring the transparency and accountability of actions. Considering the many links between climate change and development, addressing climate challenges in the partner countries inevitably involves simultaneously addressing broader societal, political, economic, and environmental issues that underlie or drive development trajectories. The desired transformation embodies establishment of appropriate policies and strategies to address climate challenges and the SDGs, significant steps towards realising the goals through implementation of actions, with appropriate transparency of the process, enabling proper accountability. Part and parcel of this is enhanced capacity at individual and institutional level, as described further in Section 1.2 and Annex 13.

UNEP-CCC's work, including the interventions described in this PD, involves a chain of activities comprising of: analysis of problems related to climate change and development; approaches, tools, and methodologies; building capacities to enhance ownership, knowledge, and skills relevant to the three strategic areas of work; and implementing actions in real terms. This chain of activities, in different combinations and forms is intended to lead ultimately to the changes in awareness, behaviour, capabilities, policies and measures, systems, and structures required to meet the respective climate and developmental challenges they face.

The most important factors driving these changes are the political will of actors in the partner countries who understand the need for change to address the climate and development challenges, potentially along with pressure from the international community, such as Parties to the Climate Convention and the Paris Agreement. However, it is vital that the interventions respond to local demand and that the engagement leads to meaningful collaboration towards the individual objectives. This also often involves willingness for collaboration and cooperation at all levels of government since climate change and development require multi-sectoral responses and responsibilities. Thus, partner countries need to be selected carefully with this in view. UNEP-CCC's experience, described elsewhere, is an important factor in guiding these decisions.

UNEP-CCC is one of many actors in the climate change / development arena, albeit one with certain skills and strengths that have been built up through decades of experience working with UNEP and the UNFCCC institutions. Standing out among them is its ability to effectively and efficiently bring technical expertise to bear at national and subnational as well as non-state actor levels. UNEP-CCC's activities, comprising awareness raising, technical assistance, capacity building and implementation support, can act as a catalyst, along with other ongoing processes, to trigger change at country level towards achieving the goals of the Paris Agreement and the SDGs.

The role of organizations like UNEP-CCC is to help accelerate change, so that countries can take steps at speed to mitigate climate change and build resilience against climate impacts, at the same time as addressing developmental challenges. UNEP-CCC uses its technical and financial resources to build capacity, understanding, skills, etc. and to support processes and actions, and carry out interventions that boost political will and engagement in the partner countries. Added to this is the necessity to

spread the awareness of methods and successes, enabling leverage and replication to result in similar change in more countries, North and South.

It is critical to success that: 1) countries are interested in receiving support from UNEP-CCC; 2) methodologies and tools are appropriate, effective, and used; 3) there is continued productive cooperation with partners, and 4) that response to mitigate and adapt to climate change internationally are coordinated.

Evidence for this, summarised in Annex 11, is available from earlier UNEP-CCC projects, for example "Capacity Development for CDM," where methodologies and capacity building played a significant role in countries' involvement in the Clean Development Mechanism, and the GEF-supported Technology Needs Assessments efforts, where Technology Action Plans have led to real implementation projects in countries and continue to do so.

The Theory of Change builds on the assumption that the international climate framework, negotiations, and agreements continue to meet interest from developing countries. Also assumed is that government authorities and decision-makers demonstrate ownership to integrate and participate in improving climate reporting and increasing national ambition, and that inclusive facilitated processes can by engaging civil society and the private sector contribute actively to climate planning.

A main risk that can hinder the achievement of the changes described above are related to the level of engagement and the available human resource capacity in the partner countries. Other risks are significant geopolitical changes, political instability, fiscal deficits and economic crises, epidemics, vested interests, and lack of data. Other issues specific to thematic areas contribute to these risks, such as: i) countries are unwilling to phase out coal; ii) countries are not willing to voluntarily engage with carbon credits, delaying implementation of Article 6; iii) delays in NDC ambition raising; iv) North-South cooperation on issues like loss and damage etc. Serious economic and social challenges in partner countries can significantly reduce the capacity of institutions to adequately absorb and institutionalise assistance received. This is frequently exacerbated by the "brain drain" from the public sector. Establishment of adequate capacity and retention of staff remains a major development challenge, not only in climate change. Mitigation of risks requires continued high awareness and priority given to climate change, and prioritisation of the involved institutions, staff training and retention.

Annex 4: Risk management matrix

Contextual risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Covid-19 or such pandemics and events curtailing country visits, training workshops, internal communication in partner countries.	Likely	Minor	Positive experiences and knowledge in using on-line and digital media in training and consultation.	Limited in most cases due to widespread on-line facilities and connectivity.	Based on experience during Covid-19, most project activities were able to proceed using digital media. However, internal processes in some partner countries were hampered through difficulty of physical meetings.
Geopolitical turmoil and energy crisis may change partner countries climate commitments.	Likely	Minor	Monitoring changes of political commitment to climate and energy is an integrated part of all activities.	Risk is reduced significantly by the choice of country and the scope of UNEP-CCC to collaborate with sub-national and national stakeholders.	In general, UNEP-CCC has many years of engaging with countries and diverging priorities of governments.
The energy crisis and increasing prices on renewable energy supply chains may affect policy adoption of recommendations.	Moderate	Low	UNEP-CCC will monitor challenges. Adaptive management will allow to integrate responses in project designs, data collection and analytical work.	Limited risk for UNEP-CCC's MRV and data work. Work on energy efficiency is not likely to be adversely affected, on the contrary. NDC plan and long-term net zero strategies might be affected in some countries.	Assessment will not be conducted but UNEP-CCC is plugged-in on international developments and will monitor this new risk as it is developing.

Programmatic risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
High-emission industries and interests working against UNEP-CCC objectives	Likely	Moderate	Careful selection of project partners, supported by involvement of decision makers and high-level contacts. Risk mitigation will be on fossil fuel industries, agriculture, and forestry sectors.	Risk is significantly reduced by prior consultation and engagement with actors, building on UNEP-CCC experience and contacts.	Assessment of selected countries and sub-national programmes have considered this risk in the design and implementation of the project and has ensured a high-level buy-in from partners' priori to project start.
Limited capacity of partners and ability to turn technical assistance into policy changes.	Likely	Major	Selection of partners through competitive bidding. Resources dedicated to further capacity building.	Reduced risk through careful recruitment together with supplementary capacity enhancement.	Based on experience, involvement of local partners in projects includes resources for building capacity in the partner organizations. Countries and

					stakeholder careful reviewed to ensure willingness to adopt technical advisory into action and planning.
Weak governance and inter-ministerial coordination can affect adoption of supported process and data collections	Moderate	Moderate	A key objective of UNEP-CCC's work is to integrate climate plans, strategies and NDC in national planning and policies. COP26 also demonstrated a higher priority of the climate-related topics.	Risk is reduced by using UNEP-CCC and other international stakeholders' ability to engage key ministries and stakeholders in the processes.	30 years of experience has demonstrated that, in particular, the climate-change (UNFCCC) focal point is usually hosted in a low-ranking ministry (environment or meteorology). This can be a challenge.
Contradictions between national and sub-national regulatory frameworks may present hindrances to project implementation.	Likely	Minor	UNEP-CCC will work across programme activities, which allows working at both national and sub-national levels. Analytical work will address these contradictions and barriers in regulatory frameworks as key objective	Risk is reduced by early-stage assessment and analytical work. UNEP-CCC recommendations can also support changing current barriers.	This risk has been identified working with sub-national stakeholders. An example is the non-inclusion of alternative modes of implementation such as ESCOs, leading to lengthy processes to create the proper enabling environments.
Difficulties in accessing private sector data for Article 6 Pipeline activity	Likely	Minor	UNEP-CCC will distribute the draft template of the pipeline with various stakeholders and integrate their comments in the pipeline design. The pipeline and analysis will capture the existing data and indicate data gaps of specific projects/actions, to encourage more transparency.	The risk of lack access to data will be minimized through timely feedback to the relevant voluntary standards and international negotiation process, or using default indicator values based on international good practices	In some cases, private sector data is not available for free public access or contain confidential economic data. The pipeline will respect the confidentiality requirement while using best practices for data completeness and comparativeness.
Unequal distribution of capacity and opportunities regionally and particularly in LDC and SIDS countries	Likely	Minor	The pipeline and analysis will highlight the projects and actions from LDCs and SIDS countries, in terms of national rules and institution readiness for Article 6 implementation, to motivate capacity building support for LDCs and SIDS countries	The pipeline will highlight the capacity building support and A6 implementation actions in LDCs and SIDS countries, to promote more balanced project distribution regionally and in LDCs and SIDS countries.	LDCs and SIDS countries joined late in CDM implementation and face capacity and resource constraints in climate actions. This has caused attention in the cooperative approach negotiations and international rule setting, and among donors and development agencies.

Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Loss of some key staff due to the transfer to UNOPS contracts.	Likely	Medium	Recruitment of new staff as well as short-term consultants attracted by the new terms and prospect of UN career.	Reduced impact, but potentially time-consuming process of recruitment.	Evidence from similar situation with organisational changes and uncertainty of employment.
Challenges of finalizing operational procedures, governance structure and financial sustainability of the Centre.	Unlikely	Major	Progress on governance and administrative arrangements are largely completed. Fundraising and further streamlining of administrative procedures are a high priority.	Operational systems and procedures are being streamlined and processes will continue, though it takes time to adapt. Staff training / retraining will be required.	The Governance structure and operational procedures are high priority.
UNEP-CCC spreading its engagement across too many thematic areas.	Unlikely	Moderate	UNEP-CCC will together with UNEP and the Steering Committee will on an ongoing basis analyse if some thematic areas should be removed and others prioritized.	Annual results monitoring and availability of funding will be key instruments to make decision for how many thematic areas the Centre can manage.	MFA review highlighted in 2020 emphasized risk of spreading resources too thinly.

Annex 5: Planned budget details

Total Activities 1-11 project breakdown (DKK)	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	18,791,258	20,424,410	20,071,424	***59,287,092***
UNEP-CCC travel cost	1,397,647	1,508,123	1,481,825	***4,387,595***
Contractual services	3,523,650	4,422,356	3,720,977	***11,666,984***
Workshop and event cost	392,852	562,825	572,745	***1,528,422***
Total project cost	**24,105,407**	**26,917,715**	**25,846,972**	**76,870,094**

1. Gap reports

Programme activity 1. Emissions and Adaptation Gap Reports	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	1,169,880	1,169,880	1,169,880	***3,509,641***
Total project cost	**1,169,880**	**1,169,880**	**1,169,880**	**3,509,641**

UNEP-CCC Personnel: Definition of the outline of the two reports, identification and confirmation of lead authors and development of annotated outlines for each chapter of each report, which is subsequently reviewed and approved by the EGR and AGR steering committees. Support to showcase reports to a global audience, including through a webinar organized by UNEP CCC. Supporting UNEP Nairobi communication team in developing and executing a communication strategy and organizing a global launch and COP side events.

2. ACTT

Programme activity 2. ACTT	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	2,743,133	2,743,133	2,744,468	***8,230,735***
UNEP-CCC travel cost	100,000	100,000	100,000	***300,000***
Contractual services	325,000	325,000	325,000	***975,000***
Workshop and event cost	75,000	75,000	75,000	***225,000***
Total project cost	**3,243,133**	**3,243,133**	**3,244,468**	**9,730,735**

UNEP-CCC Personnel: Approximately 2 full time positions to lead the development and coordination of the Climate Technology Progress report, produced in collaboration with UNFCCC constituency on technology transfer. Approximately 2 full time positions to lead and undertake market assessments, capacity building and partnership facilitation.

UNEP-CCC travel: 8 trips using estimated average trip cost. The trips will be for workshops (specified below) and for data collection with partners for the market assessments.
Contractual services: Design, layout, and other communications services. National/local institutions and subject-matter experts to assist with stakeholder engagement and data collection. Participating stakeholders assumed to be motivated, from a political or commercial perspective, and hence not contracted.
Workshops and events: Additional capacity-building components to already planned activities under the TNA project. 2 additional workshops to build understanding amongst technology-focused stakeholders and government officials of the challenges and opportunities to accelerate implementation of climate technologies.

3. Loss & Damage

Programme activity 3. Loss and damage	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	1,662,383	1,662,383	1,665,383	***4,990,149***
UNEP-CCC travel cost	110,000	110,000	110,000	***330,000***
Contractual services	528,000	410,000	300,000	***1,238,000***
Workshop and event cost	-	50,000	50,381	***100,381***
Total project cost	**2,300,383**	**2,232,383**	**2,125,764**	**6,658,530**

UNEP-CCC Personnel: project coordination; methodology development and application, including ensuring consistency across cities and hazards; integration of findings and development of conclusions. Support to showcase the project's approach and results at relevant fora, such as the SBI/SBSTA sessions in Bonn and the COPs.
UNEP-CCC Travel: through interviews with local experts and decision makers, in-situ collection of data to underpin i) the development of scenarios, ii) the calculation of damage and adaptation costs, and iii) the assessment of losses.
Contractual services: Acquisition of model estimates from specialist teams that run climate impact models, such as the DIVA model for coastal flooding. Day-to-day on-site support (e.g., by the local CARE office) for data collection, mostly regarding the interviews and focus-group discussions required to assess losses.
Workshops and events: participation in related events at SBI/SBSTA and COP (see above), and organisation of a side event at COP-30 in 2025, to communicate about the project's results and advocate for the integration of adaptation ambition and loss-and-damage planning.

4. GPUC

Programme activity 4. Global Platform for Urban Climate Neutrality (GPUC)	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	3,586,519	3,586,519	3,586,519	***10,759,558***
UNEP-CCC travel cost	275,317	275,317	275,317	***825,950***
Contractual services	68,829	68,829	68,829	***206,487***
Workshop and event cost	103,244	103,244	103,244	***309,731***
Total project cost	**4,033,909**	**4,033,909**	**4,033,909**	**12,101,726**

UNEP-CCC Personnel: project coordination; methodology and tools development and application, including adapting and validating the methodologies and tools for energy efficiency in the context of selected countries

and cities, with a focus on cooling and heating; consultations, sensitization and capacity building activities; development of materials for the knowledge-sharing platform on GPUC; development of partnerships with cities in developing countries and emerging economics; integration of findings and development of conclusions; preparation of planned outputs. Support to upload and maintain the training materials and reports in virtual knowledge sharing platforms that are developed by GPUC, support to draft communication materials (e.g., news, updates etc.) for GPUC and partners etc.

UNEP-CCC Travel: The trips will include engagement of municipalities, local governments, and other relevant stakeholders, as well as execution of data collection for MRV framework standards and pre-feasibility studies etc., capacity building and awareness raising. It also includes participation in local and international partner meetings in selected pilot countries and cities.

Contractual services[7]: Local stakeholder interviews, data collection for pre-feasibility studies, verification and validation of the energy efficiency tools with local consultancy.

Workshops and events: training workshops and/or site visits together with local partners in selected countries, side events in COP, UN Climate Weeks and/or Germany Energy Agency Energy Transition Congress etc.

5. Urban NbS

Programme activity 5. Urban Nature based Solutions	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	1,916,600	2,036,387	2,163,520	***6,116,507***
UNEP-CCC travel cost	132,000	132,000	132,000	***396,000***
Contractual services	375,000	375,000	375,000	***1,125,000***
Total project cost	**2,423,600**	**2,543,387**	**2,670,520**	**7,637,507**

UNEP-CCC Personnel: project coordination; methodology development and application, including ensuring consistency across cities and hazards in which to apply the nature-based solutions; analysis and modelling of effects of nature-based solutions (e.g., green, and blue spaces) on cooling in urban contexts; consultations, sensitization, and capacity building activities; integration of findings and development of conclusions; preparation of planned outputs. Support to showcase the project's approach and results at relevant fora, such as at the SBI/SBSTA sessions in Bonn and the COPs

UNEP-CCC Travel: consultations with local experts and stakeholders; in-situ collection of data to assess opportunities for nature-based solutions for urban cooling

Contractual services: Data and document collection and analysis; stakeholder interviews; implementation of actions and measures; local coordination, etc.

Workshops and events: participation in related events at SBI/SBSTA and COP (see above), and organisation of a meeting with local and international experts for result sharing and learning

[7] The GPUC will be co-financed by Germany ministries through DENA. In addition, some of the activities are co-financed by projects developed in collaboration with DENA and other partners, which will cover the costs for contractual services and consultants.

6. SISET

Programme activity 6. Energy transitions (SISET)	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	987,484	1,314,670	1,064,566	***3,366,720***
UNEP-CCC travel cost	85,000	125,000	98,702	***308,702***
Contractual services	150,000	250,000	250,000	***650,000***
Workshop and event cost	35,901	55,030	55,000	***145,931***
Total project cost	**1,258,385**	**1,744,700**	**1,468,268**	**4,471,353**

UNEP-CCC Personnel: Approximately 1.5 full time positions will be dedicated to project implementation, including scoping, assessments and preparation of implementation plans and roadmaps, as well as stakeholder engagement and capacity building, leading to establishment of self-sustaining stakeholder platform developed in collective consultation with community actors.
UNEP-CCC travel: travel will cover 5-6 trips. The trips will be for data collection, stakeholder engagement and consultation, and capacity building, leading to better knowledge to inform the process and results as well as increase ownership and capacity of involved stakeholders.
Contractual services: Contractual services are related design, layout, and other communications services, enhancing visibility and awareness about the results. Local consultants, experts and/or institutions will be engaged to assist with data collection, stakeholder engagement, and organizing meetings/workshops etc.
Workshops and events: The events will provide training workshops for stakeholders in 2 municipalities, building capacity at local scale to enhance RE and EE deployment at municipal level.

7. LCT

Programme activity 7. Low carbon transport in cities	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	624,701	1,266,595	1,318,176	***3,209,472***
UNEP-CCC travel cost	38,276	76,552	76,552	***191,379***
Contractual services	114,827	421,034	229,655	***765,516***
Workshop and event cost	28,707	76,552	86,121	***191,379***
Total project cost	**806,511**	**1,840,732**	**1,710,503**	**4,357,746**

UNEP-CCC Personnel: Developing the methodology and carrying out analytical work, in-country data collection and capacity building activities in cities within two countries.
UNEP-CCC travel: 10 trips using estimated average trip cost for two UDP staff members each. The trips will be stakeholder consultation, data collection, workshops, and capacity building exercises.
Contractual services: National consultants for in-country data collection, workshops, and stakeholder consultation support. Design, layout, and other communications services, and purchase of relevant software licenses for data analysis
Workshops and events: Two stakeholder consultation workshops in each country, one capacity building training in each country and one dissemination workshop in each country, participating in conferences on sustainable and low carbon mobility.

8. Net Zero Scenarios

Programme activity 8. NDC Net-Zero	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	1,019,739	1,550,590	1,440,704	***4,011,033***
UNEP-CCC travel cost	49,700	81,900	81,900	***213,500***
Contractual services	435,000	745,500	745,500	***1,926,000***
Workshop and event cost	-	53,000	53,000	***106,000***
Total project cost	**1,504,439**	**2,430,990**	**2,321,104**	**6,256,533**

UNEP-CCC Personnel: Staff time to expand Net Zero work, analytical work, and in-country capacity-building activities in two selected countries, including modelling and methodological aspects related to the establishment of the GHG scenarios and sustainable impact assessment of net zero scenarios, and Roadmaps for the targeted sectors in each country. In addition, UNEP-CCC staff carry out project coordination, budget monitoring, reporting and communication activities.
UNEP-CCC travel: 10 trips for missions to the two selected countries, including "mission for inception workshop", "technical missions (related to training and data collection), "closing workshop".
Contractual services: Printing and publication, Modelling license. USD 125,000 allocated to each of the two selected countries to cover national experts/consultants and costs for organizing national workshops & meetings
Workshops and events: 1 w/s for Transformation Pathways and 1 Final w/s for Roadmaps @ 2500 USD per w/s, participation in conferences on Net Zero.

9. Article 6

Programme activity 9. Article 6	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	1,497,344	1,461,407	1,377,556	***4,336,307***
UNEP-CCC travel cost	126,374	126,374	126,374	***379,123***
Contractual services	1,000,000	1,300,000	900,000	***3,200,000***
Workshop and event cost	100,000	100,000	100,000	***300,000***
Total project cost	**2,723,718**	**2,987,782**	**2,503,930**	**8,215,430**

UNEP-CCC Personnel: Technical and communication activities for substantive analysis, structuring and regularly updating the pipeline, preparing updates and analysis, and disseminating pipeline findings and results through online and in-person events, websites, and Social Media posts.
UNEP-CCC travel: Travel to discuss the pipeline design and data and present the pipeline and its usefulness as scientific data supporting developing countries' policymaking, planning, and authorization for Article 6 activities.
Contractual services: Hiring of a professional company to help develop and design the pipeline's data and analysis into graphic and animation design, easy access and understanding by developing country policymakers, policy advisors, and Article 6 project developers, investors, and mitigation outcome buyers. Enabling collaboration with data providers such as the Voluntary Registry Offsets Database by the Berkeley Carbon Trading Project, the Accountability Accelerator by the Global Commons Allowance, and others.

Workshops and events: Events at relevant for a (e.g., the UNFCCC regional climate weeks, conferences on Article 6 and carbon markets, and annual COP conferences), to present the latest findings of the pipeline analysis and raise awareness about the pipeline and its uses in developing country public and private stakeholders for Article 6 implementation.

10. Emerging challenges

Programme activity 10. Responding to emerging chall	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	2,524,222	2,524,222	2,524,222	***7,572,667***
UNEP-CCC travel cost	380,981	380,981	380,981	***1,142,942***
Contractual services	126,994	126,994	126,994	***380,981***
Total project cost	**3,032,196**	**3,032,196**	**3,032,196**	**9,096,589**

UNEP- CCC Personnel: Estimated 83% of total
UNEP-CCC Travel: Estimated 13%
Contractual services: Estimated 4% for service and HR consultants

11. Knowledge for climate action

Programme activity 11. Knowledge and Partnerships	2023	2024	2025	Total cost
UNEP-CCC Personnel cost	1,071,514	1,137,071	1,021,514	***3,230,098***
UNEP-CCC travel cost	100,000	100,000	100,000	***300,000***
Contractual services	400,000	400,000	400,000	***1,200,000***
Workshop and event cost	50,000	50,000	50,000	***150,000***
Total project cost	**1,621,514**	**1,687,071**	**1,571,514**	**4,880,098**

UNEP- CCC Personnel: Analytical work and implementation to enhance and amplify overall UNEP-CCC recognition, Project coordination; platform integration and KMS system, and partnership strategy development, coordination with UNEP and other stakeholders incl. other UN agencies nationally and internationally.
UNEP-CCC Travel: Travel cost for missions to regional climate weeks and international events, co-funded by specific projects.
Contractual services: Contractual services related to the KMS integration, web updates, procurement, and production of brand outreach material (print and digital).
Workshops and events: Brand-relevant events e.g., in-house activities in collaboration with other UN Agencies, and international events related to specific target groups and thematic across UNEP-CCC.

Annex 6: List of supplementary materials

#	Document / Material	Source
1	Draft strategy for UNEP-CCC	UNEP-CCC (draft document)
2	UNEP Economy Division work plan	UNEP
3	Emission Gap Report 2021	UNEP-CCC https://unepdtu.org/flagship-publications/
4	Adaptation Gap Report	UNEP-CCC https://unepdtu.org/flagship-publications/
5	UDP Annual Report 2021	UNEP-CCC https://unepdtu.org/annual-reports/
6	Last MFA Review of the Centre (2020)	MFA 2020
7	UNOPS-UNEP Agreement	UNEP
8	Information about energy efficiency	Copenhagen Centre on Energy Efficiency - Copenhagen Centre on Energy Efficiency (unepdtu.org)

Annex 7: Plan for communication of results

What?	When?	How?	Audience(s)	Responsible
The latest trilogy of reports from the IPCC told us that climate change is disrupting the natural world, undermining development, and threatening millions with poverty. Despite what science tells us, we are not reducing GHG emissions quickly enough – confirming the findings of UNEP's 2021 Emissions Gap Report – or by prioritizing adaptation measures. UNEP-CCC's work is anchored on three strategic areas – policy, transparency and implementation The Centre works to provide scientific inputs and knowledge for enhanced climate action By linking science and policy, UNEP-CCC makes science more accessible, more trusted, more democratic, and more useful – thus contributing to the	The UNEP-CCC outreach and communications staff organize and implement communication activities based on an outputs pipeline, ensuring day to day operations, outreach, and visibility of the Centre and project outputs Further, communications operate from an annual wheel of strategically selected events and conferences relevant to UNEP-CCC that is endorsed by Management. Communications liaise with UNEP Communication staff to ensure consistency on messages, amplification of efforts and reach, and to avoid duplication.	Project/publication outputs and impacts stories are made in tandem with project staff. UNEP-CCC communicates on the following platforms: - Web platforms - LinkedIn - Twitter - YouTube - Newsletters/ News briefs - Webinars - Podcasts - Seminars and workshops, training and capacity building events.	Primary audience: - National and local government - Policy makers, - Private sector, - International and regional organizations, - Think tanks Secondary audience: - Foundations, - Media	Activities are anchored in the outreach and communications unit Outreach and communications outputs are led by the unit in close coordination with the technical staff UNEP-CCC outreach and communications will implement with and liaise closely with UNEP and other stakeholders to ensure that messaging is aligned.

transformations we need.				

Annex 8: Process Action Plan

Action/product	Deadlines	Responsible/involved person and unit	Comment/status
Prepare two-page concept note of UNEP-CCC	January 2022	UNEP- CCC	- GDK expressing expectations
Prepare draft Programme Document	1. Feb – 14 April	GDK-Reduction	- UNEP to deliver all strategic and operational material.
Confirm agenda item for Programme Committee	24. March	GDK- Reduction	
Draft Programme Document for GDK management review	14 April		
Submit draft Programme Document to MFA internal Programme Committee including public consultation	19 April	GDK	
Meeting Programme Committee	25 May - morning	GDK	GDK will share comments received during the meeting but formal written comments are likely to take 5-10 working days before these are submitted.
Presentation of 9 thematic areas	25 May – afternoon	GDK/UNEP-CCC	10 minutes presentations by each team. Two-pagers for all thematic areas completed in draft annex.
Prepare full Programme Documents including annexes for appraisal	26 May to 20 June		
Submission of draft material for discussion	1 June	UNEP, UNOPS, UNEP-CCC, GDK,	• Presentation of interim financial and operational management • Detailed budget for annex

			• Proposal for governance structure • Results framework &TOC • Risk management framework • Annex on communication
Status meeting	3 June – 1 pm (CET)	UNEP, UNOPS, UNEP-CCC, GDK,	
Submission of other material and filling information gaps from last meeting.	8 June -		Material TBD in the meeting 3 June.
Status meeting	10 June – 1 pm (CET)	UNEP, UNOPS, UNEP-CCC, GDK,	
Functional review of hosting arrangements	16 June – 2 pm (CET) in the UN City	UNEP, UNOPS, UNEP-CCC, GDK, ELK/appraisal team	Preliminary expectation for hosting arrangements and next steps.
Final review meeting before submission	17 June – 10.30 am		
Submit Programme Document for Appraisal	20 June to 26 August		Extended time included due to summer break
Confirm agenda item on Council for Development Policy	11 August		
Incorporate recommendations from appraisal into Programme Document	26 August		
Confirm agenda item on Council for Development Policy	1 September		
Submit complete Programme Document including annexes to Council for Development Policy	26 September		
Council for Development Policy meeting	13 October		
Approval of the Programme Document by the Minister	30 October		

Prepare and submit “aktstykke”	10 November		
Meeting of the Finance Committee	30 November		
Signing of Agreement	5 December		
First disbursement	5 December		

Annex 10: UNEP-CCC Programme Activities

This annex presents the proposed eleven earmarked programme activities to be financed by Denmark. Each programme activity contains the background, objective and key activities, past experience, envisaged results and outcomes, and collaborations and partnerships.

STRATEGY AREA 1: POLICY

Programme activity 1: UNEP-CCC reports informing climate change negotiations

Background

The Emissions Gap Reports (EGR) and Adaptation Gap Reports (AGR) are annual UNEP flagship publications that inform the parties to the UNFCCC and the broader global climate change community of the status and trends with regard to global action on emissions reductions and adaptation action in the context of globally agreed goals from the Paris Agreement[8].

This activity supports the continued production of the two Gap reports, as key annual contributions by UNEP to the UNFCCC COP. Each consecutive Gap report focuses on new aspects of adaptation and mitigation, communicating new evidence to stakeholders and policy makers for renewed and strengthened action on climate change. Post-COP surveys of negotiators have shown that both reports have been actively used in negotiations, in particular by negotiators from developing country Parties. For example, the EGR provides clear and unbiased evidence that commitments made for climate actions remains grossly insufficient to meet the Paris Agreement's goals of limiting warming to well below 2°C, and if not reversed this will have devastating consequences for the world's poorest and most vulnerable countries. Thus, the EGR is actively used as a neutral and unbiased reference for a call to further action to increase compliance with the Paris goals. Similarly, the AGR provides a snapshot of global progress on adaptation action. Among other things, it highlights the amount of adaptation financing provided to developing countries and how that financing remains significantly below the global needs. Again, this is a vital reference point for developing country negotiators making the case for scaled-up ambitions for new and additional adaptation financing.

While traditionally, Danida support to the Gap reports has been split roughly 50-50 between the two reports, going forward it is suggested to change this balance to roughly 20% for the EGR and 80% for the AGR. This is both a practical consideration (as experience has shown it to be easier to raise external finance for the EGR) and to be more consistent with Danida's development mandate, with adaptation being more directly linked to the needs and priorities of developing countries (although as mentioned above the EGR is also actively used and appreciated by developing countries). Furthermore, to make sure developing country priorities are fully considered in the production of both reports, UNEP and UNEP-CCC has long been pushing for equal representation in both the Steering Committee and author

[8] The Paris goal for mitigation is to 'limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels' and the Paris global adaptation goal is to 'enhance adaptive capacity, strengthening resilience and reducing vulnerability to climate change, with a view to contributing to sustainable development and ensuring an adequate response in the context of the temperature goal'

teams by aiming at around 50% of Steering Committee members and authors coming from the global South, and generally from across main global regions (Africa, Latin America, Asia).

UNEP-CCC experience

The reports have been produced since 2012 (EGR) and 2014 (AGR), led by UNEP-CCC. UNEP-CCC organises, manages, and coordinates the report production, including framing and developing report content, serving as lead and contributing authors, acting as science editors, and drafting executive summaries. UNEP-CCC furthermore plays a central role in outreach and communication of the reports' findings. UNEP-CCC's special expertise in policy-science interfaces and in presenting complicated science messages to policy makers to support action makes UNEP-CCC extremely well positioned to carry out the work.

Results and outcomes

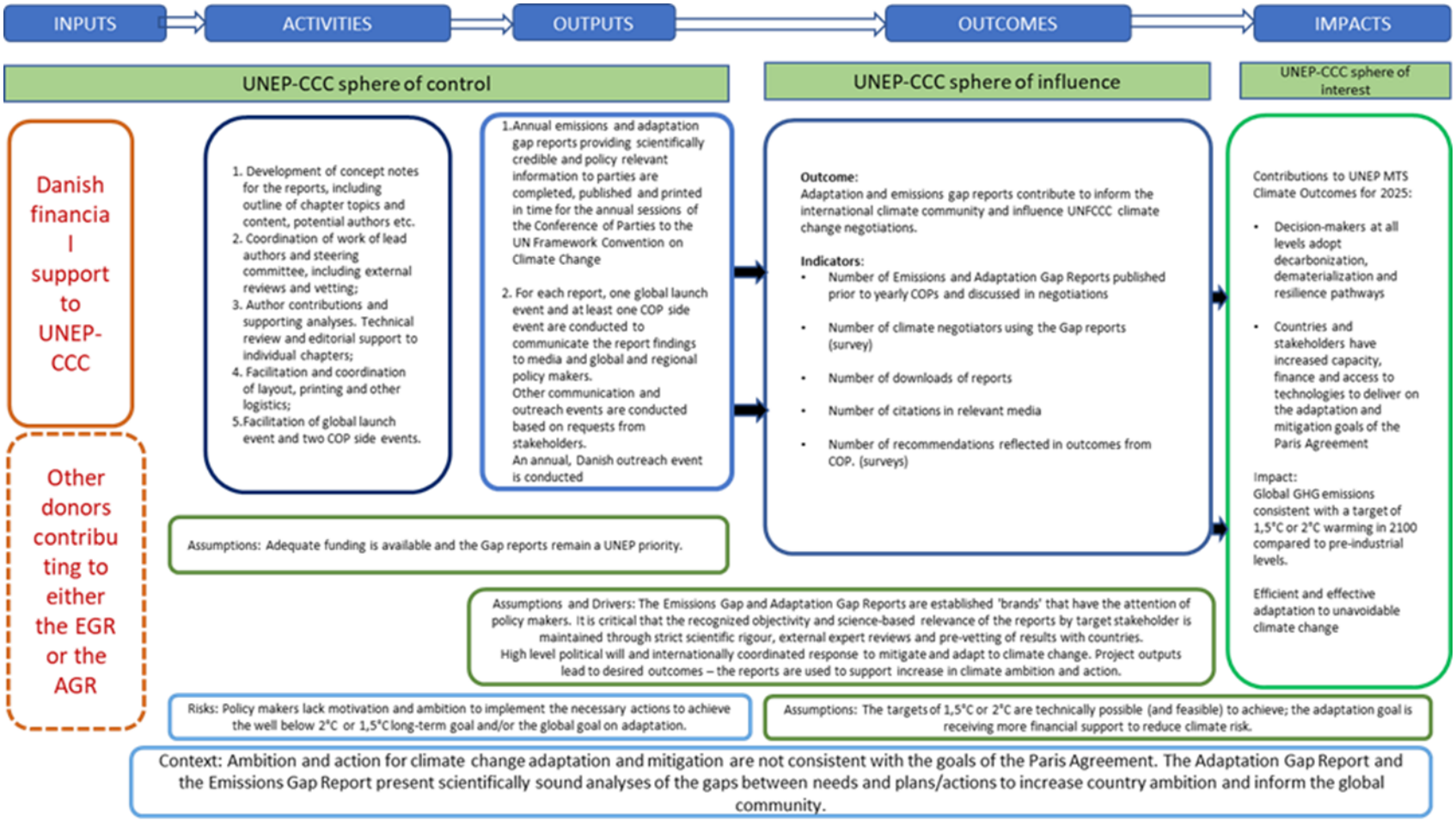
Key results: Decision makers, and in particular negotiators from developing countries, have access to up-to-date, neutral, and scientifically sound assessments of global progress on climate policies, actions and initiatives, giving an estimate of the discrepancy (the Gap) between the current status and commitments, and the levels necessary to stabilise climate change and ensure resilience.

Envisaged outcomes: Adaptation and emissions gap reports contribute to inform the international climate community and influence UNFCCC climate change negotiations.

Collaboration, partnerships, links

The EGR and AGR are produced by UNEP-CCC on behalf of and in collaboration with UNEP's Science Division, contributions are by selected expert authors for the specific topics.

Theory of Change diagram



Programme activity 2: Advancing climate technology transitions (ACTT)

Background

Most countries have highlighted the importance of technologies in their revised Nationally Determined Contributions (NDCs) to the Paris Agreement. Yet the structure and level of detail provided on technology aspects varies significantly, and most NDCs do not provide a clear pathway for climate-technology transitions.

There is a need for scientific evidence and critical analysis of the role and importance of technology (broadly defined) in NDCs targets, including on the range of technologies needed to achieve NDC ambitions as a key means of implementation. Better information on status, gaps and progress on technology and technology implementation is required for the national and international communities to take appropriate action to create enabling conditions for sufficient climate technology implementation. There is also political consensus on the need to support the NDC assessments and implementation plans with detailed information and data on what kind of investment frameworks, including business cases, viability, economies of scale and so forth, are required for advancing climate technology transitions.

Objective and key activities

The objective of this project is to support developing countries in improving investment- and enabling framework conditions for climate technologies needed for countries to reach NDC targets. This will be done through the provision of both country specific and global level assessments of frameworks for technology transfer and implementation, focusing on commercial, market-ready climate technologies.

Key activities will include:

1. Market analyses to identify 'ready to market technologies', including challenges and opportunities for upscaling implementation. In close collaboration with local stakeholders, a number of activities will be carried out to assess the markets for, and demonstrate the benefits/opportunities (including gender aspects) of, specific high impact technologies for achieving the national targets set under the Paris Agreements, as well as the SDGs. The studies will also provide information on what kind of public vs. private investment frameworks will be required for different technology choices.
2. Partnership facilitation and linking the knowledge established under activity 1 to the broader financial and policymaking environment in which climate actions are agreed and implemented. Building upon the country work in activity 1, this activity will work with country partners in partnering with interested investors, donors and/or funding organizations to advance implementation of selected high-impact climate technologies as well as to improve integration of climate technologies in national-level decision making on climate change.
3. Establishing a global assessment of enabling-framework conditions for transfer of climate technologies, including how actions are incorporated into national climate planning and policymaking. This activity will produce a global assessment of progress on technology-transfer aspects providing scientifically credible and policy-relevant assessments to inform the UNFCCC process and the broader constituency, including investors, donors, and international organizations, about status, trends, gaps, and progress related to adaptation and mitigation technologies. This activity will be carried out in close partnership with the UNFCCC Technology Executive Committee (TEC).

UNEP-CCC experience

UNEP-CCC has established a strong national and international position and comparative advantage on assessing enabling frameworks for climate technologies, particularly through the Technology Needs Assessment project (97 countries supported), the close collaboration with the UNFCCC Secretariat, and through the UNFCCC Technology Mechanism, the TEC and the CTCN. UNEP-CCC has established strong networks and partnerships globally and developed extensive guidance materials, tool kits, knowledge products and research on various aspects of technology assessment, sustainability transition, value chains, and technology diffusion and uptake. With the current workstream on TNAs under the UN Climate Convention, and with climate negotiations coming up in 2022 on the possible creation of a new technology programme within the GEF, there are opportunities for leveraging co-funding through such mechanisms in close collaboration with the CTCN, which is hosted by UNEP.

Results and Outcomes

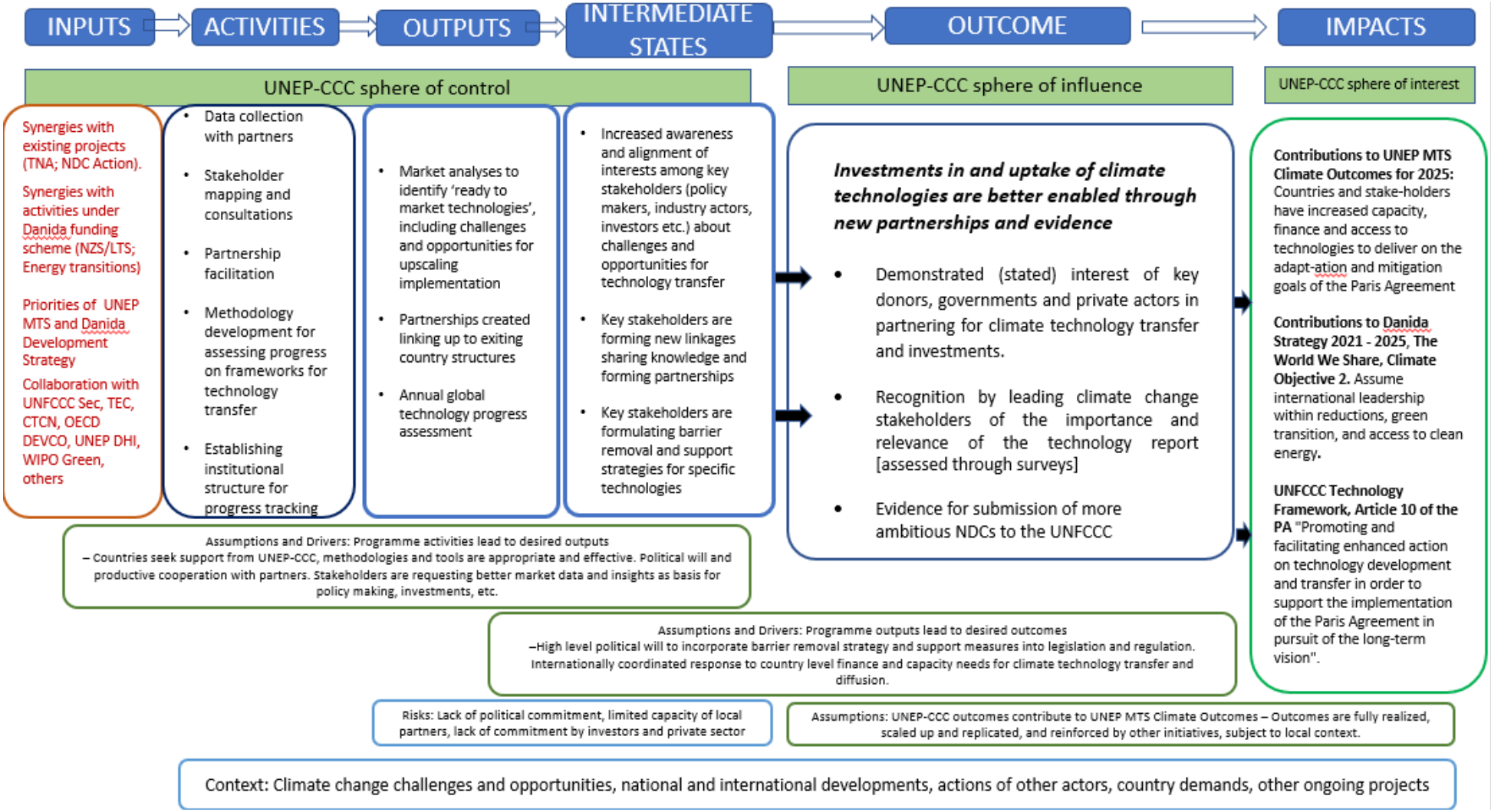
Key results: Decision-makers and investors have access to and utilise the improved information on climate technology investment opportunities, and technology transitions are better enabled through national and global assessments.

Envisaged outcomes: Investments in and uptake of climate technologies are better enabled through new partnerships and evidence.

Collaboration, partnerships, links

The project will be implemented in close collaboration with relevant national planners/decision-makers, private-sector technology providers (global and local), funding/development agencies, and the UNFCCC Technology Mechanism (CTCN and TEC). Also, the OECD Development Cooperation Secretariat and key international experts, including IPCC lead authors, have expressed high interest to collaborate with UNEP-CCC on the global technology progress report. Possible partner countries are Uganda, Rwanda, and Tanzania.

Theory of Change Diagram



Programme activity 3: Assessing and managing loss and damage: Local-level evidence to inform global-level action

Background

For a given hazard, what are the costs of climate change-driven damages, and how do they relate to the costs of different levels of adaptation? For the same hazard, what types of climate change-driven losses can be prevented or delayed, as a function of the level of adaptation adopted, and what are the measures that allow us to prevent or delay loss? At present, answers to these questions are lacking, which prevents us from managing loss and damage efficiently and effectively.

Objective and key activities

The objective of the project is to answer the questions above, by conducting in-depth local-level assessments focused on the following four hazards: coastal flooding, riverine flooding, heatwaves, and droughts. Four different locations will be considered, in a maximum of four countries.[9], [10] In each location, one or more hazards will be assessed. The key activities to be carried out are as follows:

- for each city, and separately for each of the hazards considered in that city, develop a small number of adaptation scenarios, each involving more ambitious adaptation levels.
- for each scenario, assess the costs of adaptation, the costs of "damages", and the nature and perceived significance of the "losses" experienced, taking into account gender issues and distributional impacts across income groups and ethnic and minority lines, as relevant.
- determine the optimal adaptation scenario, by comparing the cost estimates referred to above, and taking into account the nature and perceived significance of the corresponding "losses".
- for the various "losses" identified, assess soft and hard limits, as relevant, and consult with local stakeholders about potential measures to prevent or delay loss.

UNEP-CCC experience

UNEP-CCC staff have worked on loss and damage in the context of a European Union-funded project that resulted on both technical and academic outputs. This work focused on loss and damage in the most vulnerable countries, and loss and damage in intergovernmental negotiations.

In addition, UNEP-CCC staff are currently engaged in two activities related to loss and damage. First, a stocktake of science, policy, and practice, to support the intergovernmental debate. Second, a synthesis of key policy issues, to identify priority areas for support.

Results and outcomes

[9] Target cities will be selected in the following provisional countries, where UNEP-CCC is planning to conduct related Danida-funded work: India, São Tomé and Príncipe, Uganda, and Vietnam. A final selection will be made at project inception, depending on relevance and synergies with the above-mentioned related work.

[10] The possibility of adding one or two developed country cities will be explored. These cities, which should self-fund the work, would be selected among those that have declared their willingness to become global champions in managing climate change.

The project will have two results. First, increased awareness about (i) the linkages between the costs of adaptation and the costs of disaster recovery, and (ii) the drivers of loss and the options to manage loss. Second, increased understanding of the policy options available to manage loss and damage.

The *envisaged outcome* is increased ability by countries to manage loss and damage, through:

- an enhanced methodological understanding of the economics of "damages"
- an enhanced conceptual understanding of the nature of losses

The project will result in four outputs:

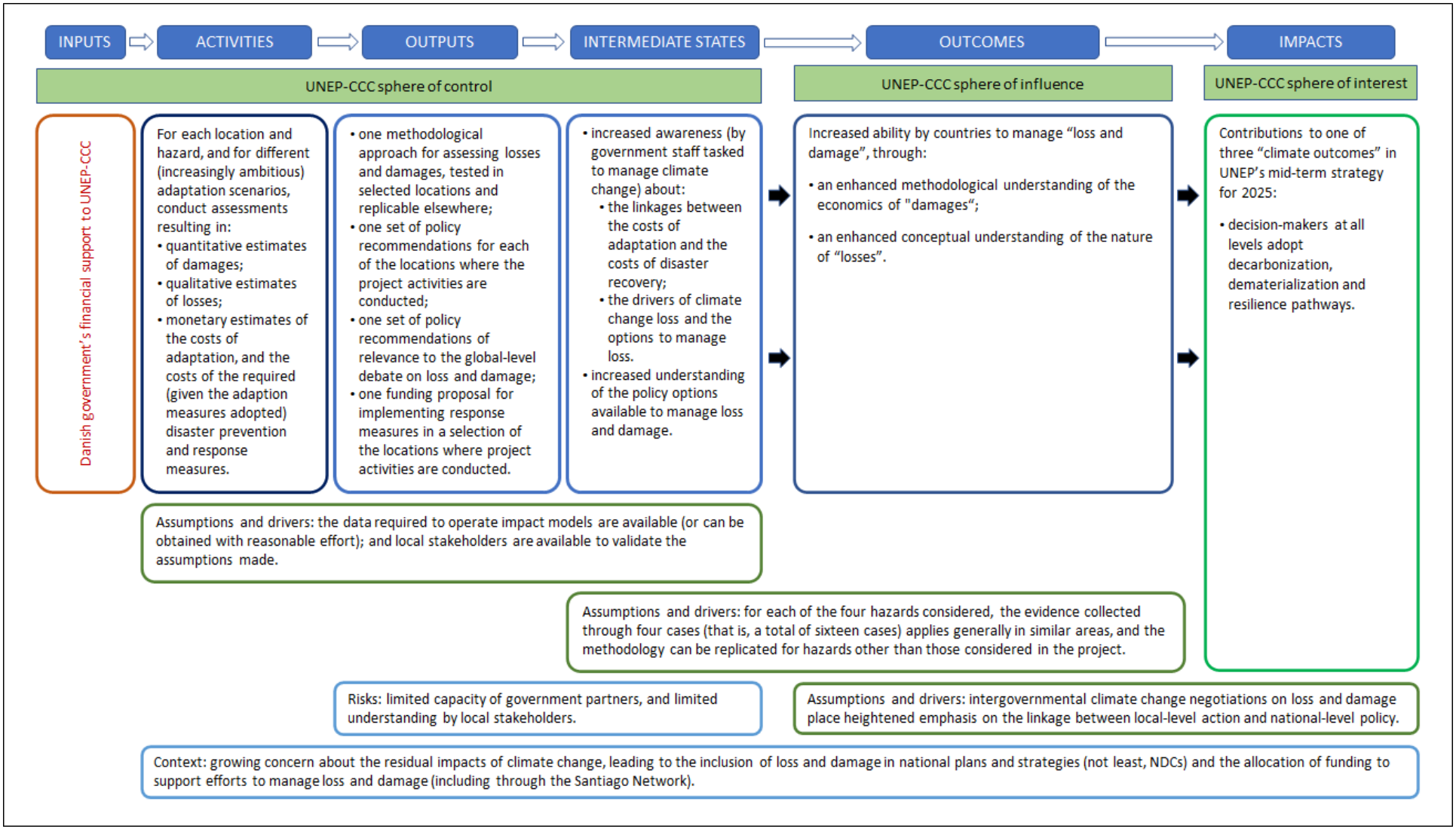
- a methodological approach for assessing losses and damages, tested in selected locations and replicable elsewhere.
- a set of policy recommendations for each of the locations where the project activities are conducted.
- a set of policy recommendations of relevance to the global-level debate on loss and damage.
- a funding proposal for implementing response measures in a selection of the locations where project activities are conducted.

Collaboration, partnerships, and links

The project will rely on four impact models – one for each of the four hazards considered.11 Local stakeholders and national government agencies will be engaged (see footnote 1). The project supports the achievement of Outcome 1A in UNEP's Programme of Work. It supports Danish government efforts to "drive adaptation and resilience initiatives in the fight against climate change", with an emphasis on poor small- to medium-sized cities in the global South.

[11] For example, the DIVA model, a joint undertaking by research centres in Germany and the United Kingdom, is arguably the best model for assessing climate change-driven coastal flooding. This model could be applied to the locations targeted for this specific hazard.

Theory of change



STRATEGY AREA 2: IMPLEMENTATION

Programme activity 4: Global Platform for Urban Climate Neutrality (GPUC)

Background

Cities are an important engine for global economic growth and socio-economic development. By 2030, almost 5 billion people (about 60 percent of the global population) will live in cities, leading to massive requirements for energy to power growth and expand basic infrastructure. Energy efficiency can offer practical solutions to budget-constrained cities to meet their energy needs without sacrificing development or environmental priorities. In recent years, cities have increasingly been recognised as an influential tier of decision-making in relation to the global clean energy transition underway.

Despite the availability of energy-efficiency technology and many well-proven approaches to city energy efficiency investment, however, non-market barriers still impede energy efficiency's full potential in deployment. The global climate crisis, geopolitical crisis and the impact of the COVID-pandemic have contributed to an increased public consciousness of the need for security of energy supply, decarbonisation, and sustainable development. After COP26, several countries have announced their targets for carbon neutrality. As the main action takers, many cities are planning for their own carbon-peaking and carbon-neutrality targets to support the national targets. However, current efforts are not enough to reach the climate target in line with the Paris Agreement. Municipal governments, especially in developing and emerging economies, are facing existing barriers to the implementation of climate targets, such as lack of capacity, lack of data, lack of access to tools and best-in-class methodologies, access to funding, and possible business models.

Objective and key activities

GPUC aims to establish a one-stop-shop to provide cities in developing and emerging economies with quick access to information, technical solutions, capacity building and technical support for the implementation of energy efficiency and achieving climate neutrality targets. Moreover, cities can learn from each other on the GPUC platform on specific topics.

The final objective is to accelerate the process of intervention design, implementation, and replication of energy efficiency in cities for their long-term targets of carbon neutrality in developing countries and emerging economies. The focus will be on developing countries and emerging economics, with a continuation work developed in previous periods, for example in India, Indonesia, Vietnam, among others. The similarity of interventions across like-minded cities allows for the standardisation of various processes and procedures of the intervention cycle, including planning, evaluation, design, matchmaking, and procurement. In this way, GPUC aims to mitigate risks, ease the establishment of monitoring frameworks, and enable the dissemination of lessons learnt and further replication. Active knowledge management forms an integral part of the GPUC. Meanwhile, GPUC sustains a platform for knowledge sharing among cities and other relevant stakeholders, technical solution providers and financing institutions.

Key activities include:

- develop systematic **virtual knowledge-sharing platforms** with e-training modules, webinars & best practices

- develop and adapt **energy efficiency methodologies and tools** for roadmaps, action plans and long-term planning
- develop **partnerships with cities** in developing countries and emerging economics
- develop and adapt MRV framework standards
- develop **pre-feasibility studies** for pilot projects
- facilitate public procurement frameworks

UNEP-CCC experience

UNEP-CCC has hosted the Copenhagen Centre on Energy Efficiency since 2013 and has a long track record in bridging the gap between policy and implementation of concrete climate action. Unique and dedicated expertise brings added value to channel technical assistance to creating the conditions for the design of implementation projects through consistent tools and methodologies, thereby creating much-needed scale in energy-efficiency implementation. GPUC presents an opportunity to join efforts in terms of technical capacity and joint funding with German support through the German national energy agency DENA. The focus area of energy efficiency tends to be a forgotten area of climate action and consequently is traditionally underfunded, though it could represent 40% of the emissions reductions needed to comply with the Paris Agreement.

Results and outcomes

Envisaged outcome: Enhanced understanding and activities of sustainable energy transition for carbon neutrality in cities: Cities have accelerated to implement actions for their carbon neutrality or carbon peaking targets.

Intermediate states include:

- Cities have increased capacities to act on carbon neutrality solutions
- Cities gain knowledge on carbon-neutral opportunities
- Cities get support from partners
- Cities allocate resources to support actions

Collaboration, partnerships, links

UNEP-CCC and DENA will be the anchors of this initiative, established in the MoU between the two organizations, and will include funding from German national ministries. GPUC will build on the collaboration with other initiatives such as the Carbon Neutral Cities Alliance (CNCA), City Climate Finance Gap Fund, Cities Climate Finance Leadership Alliance, Global Platform for Sustainable Cities: GPSC, Global Covenant of Mayors for Climate & Energy, C40 and ICLEI. GPUC will also build on and use the Global ESCO Network, hosted by UNEP-CCC, which is aimed to catalyse energy efficiency actions.

The activity is fully in line with UNEP MTS (Climate Action, Pollution, Finance & Economic Transformations Sub-programme) and UNEP's activities as well as the Danida priorities (objectives 1, 2, 3 and 4 of "The World We Share").

The links to UNEP-MTS and Danida strategy include:

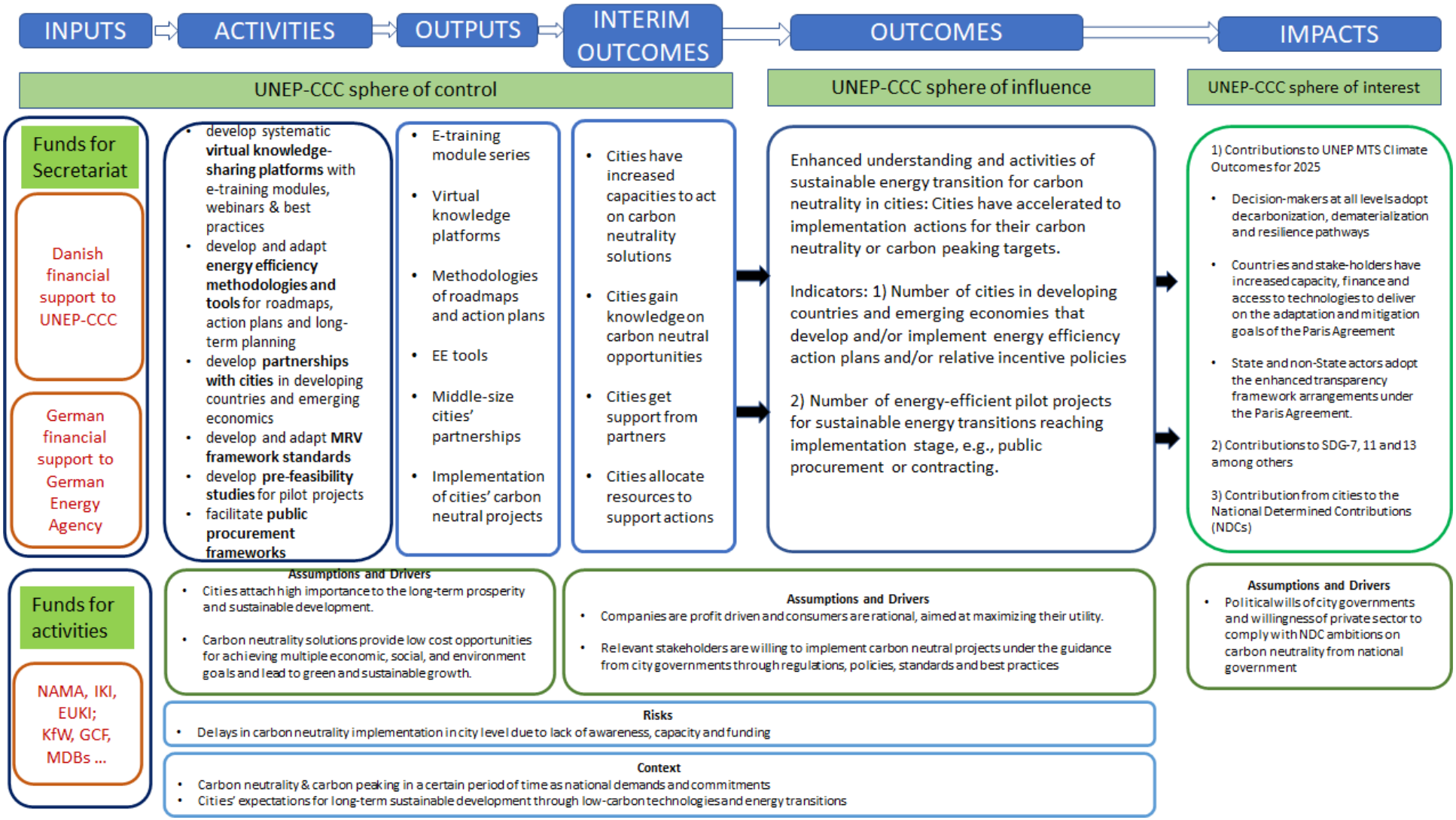
1) Contributions to UNEP MTS Climate Outcomes for 2025

- Decision-makers at all levels adopt decarbonization, dematerialization and resilience pathways
- Countries and stakeholders have increased capacity, finance, and access to technologies to deliver on the adaptation and mitigation goals of the Paris Agreement
- State and non-State actors adopt the enhanced transparency framework arrangements under the Paris Agreement.

2) Contributions to SDG-7, 11 and 13 among others

3) Contribution from cities to the National Determined Contributions (NDCs)

Theory of Change diagram



Programme activity 5: Implementation of urban nature-based solutions (NbS) for mitigation and adaptation

Background

Nature-based solutions (NbS) are increasingly understood to be effective and efficient options to address both mitigation and adaptation challenges in a wide range of settings. In urban contexts, they contribute to mitigation by sequestering and storing carbon in their biomass and in soils or by reducing the demand for cooling. NbS are also powerful options to reduce climate risk by significantly lowering the impacts of climate hazards, such as reducing the impact of wave height and strength in coastal settings, dissipating flood risk through flood plains, and reducing urban heat by providing shade. At the same time, NbS contribute significantly to the provision of jobs, energy savings, ecosystem services, health and biodiversity.

However, despite many political pledges and overwhelmingly positive benefit-to-cost ratios in the longer term, NbS are often difficult to implement. This is due to a range of challenges, including high investment costs with delayed returns on investment, regulatory frameworks not designed to address natural solutions, the need to involve many stakeholders with potentially differing interests, as well as difficulties in monetizing all the benefits to overcome potentially higher up-front costs when compared to engineering solutions.

In addition, there is limited experience of urban NbS in the Global South. This justifies the application of Danida support to explore possibilities for a programmatic approach for scaling up NbS in urban contexts by developing replicable financing options, favourable governance, and regulatory frameworks, and identifying environmental, economic, and social benefits and costs in the short and long term.

Overcoming the challenges of scaling up NbS in urban settings requires identifying options for drawing in private sector investment, despite the negative cash flow and high investment costs in the face of less easily quantifiable benefits. This may require the development of multiple-benefit assessments, i.e., the benefits of urban NbS need to be quantified and qualified spatially and over time to provide a better understanding of the enabling environment needed in their support. Moreover, assessing options for integrating NbS with other mitigation solutions (e.g., energy efficiency for cooling) and innovative financing solutions and other risk transfer and sharing solutions. In addition, regulatory and legal frameworks are often not designed to scale up NbS in urban areas where they may compete with space constraints, demand for financial resources, and other interests.

Objective and key activities

The project will explore NbS in three small to medium-sized cities in Asia (India, Vietnam), and Africa (Mozambique, Rwanda, São Tomé and Principe), facing different climate hazards, including heat, flooding, and coastal risks (sea-level rise, storm surges). The project will entail working with local and national and local public and private stakeholders to assess NbS, focusing on the development of replicable implementation frameworks, business models, financing solutions (loans, grants, bonds, blended finance, insurance, etc.), risk reduction approaches (standards, risk sharing), integration and synergies with mitigation solutions (energy efficiency and renewable energies), and legal and regulatory frameworks to create enabling environments conducive to NbS and hybrid options (green/blue and grey).

The project consists of 4 work packages plus coordination: 1) analysis of existing experiences and literature on implementation models for NbS in the urban context; 2) synthesis and development of testable models in collaboration with local urban partners for tackling heat, flood, and coastal hazards; 3) experimentation on the ground and creation of off-the-shelf replicable implementation options, and 4) capacity building and training of local stakeholders. This setup will firstly generate the necessary information and data to quantify, for example, energy, environmental, economic, and health benefits as well as the required CAPEX and OPEX, a good understanding of financial, legal, regulatory, and other

constraints, and blueprints for replicating successful solutions in collaboration with local public and private stakeholders.

Another objective of this action aims at poverty reduction as urban infrastructure is protected from climate hazards and has improved resilience. According to the World Bank12, by 2030, without significant investment into making cities more resilient, natural disasters may cost cities worldwide $314 billion each year, up from around $250 billion today, and climate change may push up to 77 million more urban residents into poverty.

Finally, in some contexts, information is not delivered to women as it is assumed, putting them at high risk in urban hazard situations. On the other hand, as women take on many roles in urban environments, such as formal and informal work, urban women are increasingly engaged in decision-making in some spheres. Throughout the project, we will make sure to have reached out in a gender-balanced way to the local communities we will be working with. This will be done during the training sessions and on the design of the most appropriate business models to be implemented.

UNEP-CCC experience

UNEP-CCC has significant experience in developing replicable solutions for challenges in urban planning, energy efficiency, and climate risk reduction contributing to mitigation, adaptation, and sustainable development based on work in the C2E2, nature-based solutions in Cambodia to address urban cooking-energy shortages, development of monitoring and evaluation systems for NbS, and a deep understanding of using carbon markets as solutions to support the investment in NbS. UNEP-CCC has also co-led the chapter on NbS in the 2020 edition of the Adaptation Gap Report providing a global assessment of planning, finance, and implementation of NbS.

Results and outcome

The direct results of the project consist of a set of replicable urban NbS business models for a range of climate hazards and concomitant GHG reduction potentials.

Envisaged outcome: Increased awareness and capacity for implementation of NbS in an urban context

Sub-outcomes:

- Increased attractiveness of NbS solutions to the private sector and financial institutions
- Increased standardization and replicability of NbS solutions in the urban context
- Increased integration of NbS with energy efficiency and other mitigation solutions

Collaboration, partnerships, links

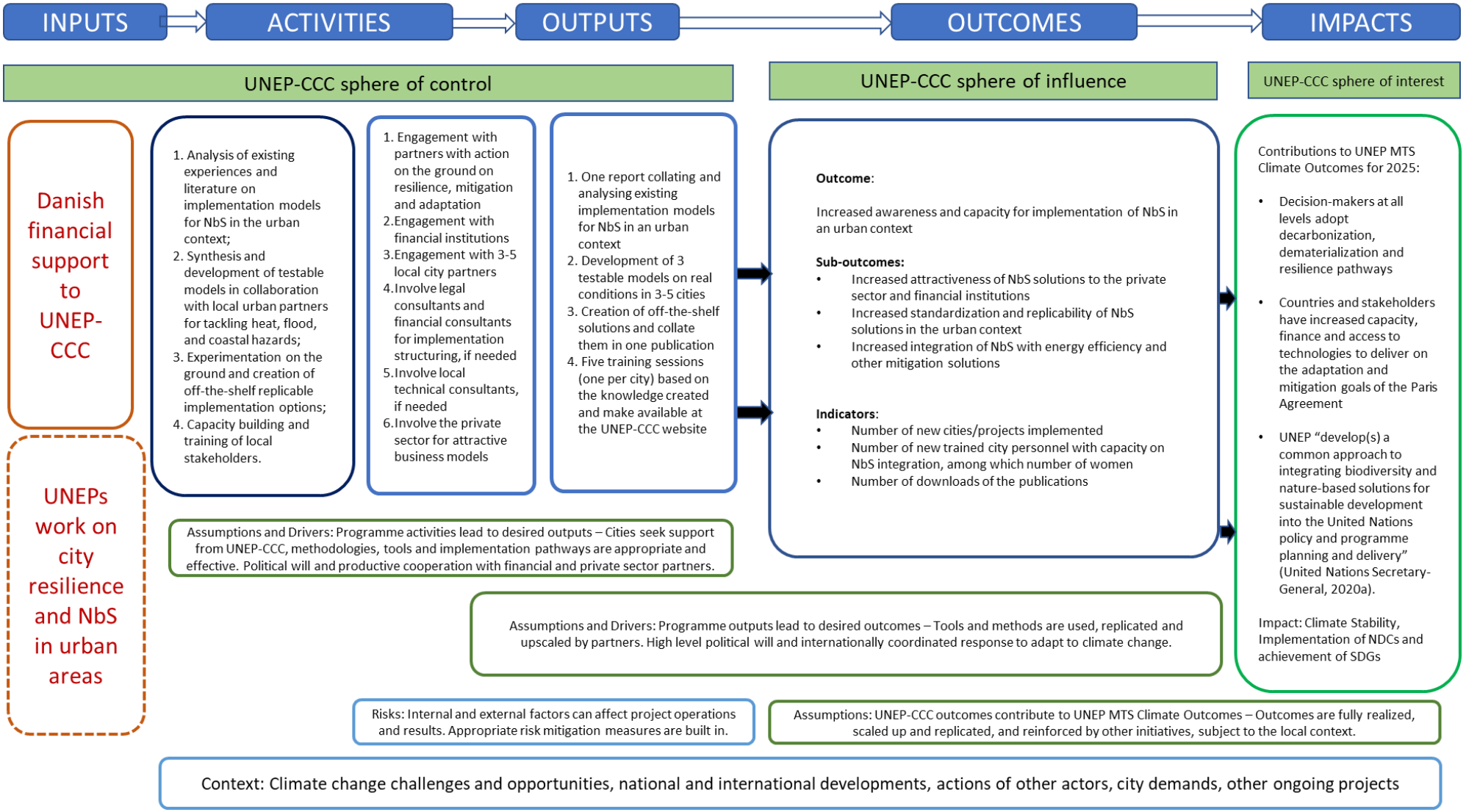
This work builds on good existing partnerships in municipalities in a wide range of developing countries where NbS could contribute more strongly to mitigation and adaptation. This approach will build on UNEPs activities at the city level, namely creating synergies with the project Urban Shift where UNEP is responsible for the implementation of activities in India, and other UNEP initiatives such as the District Energy in Cities Initiative (Egypt) and the Cool Coalition (Vietnam). The engagement of the private sector, including IFIs, insurance partners, NbS suppliers (green roofs & facades, agro-forestry

[12] World Bank Group. 2016. Investing in Urban Resilience: Protecting and Promoting Development in a Changing World. World Bank, Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/25219 License: CC BY 3.0 IGO.

companies, etc.) and other public stakeholders such as city planners, and legal offices will also be critical.

This activity is fully in line with UNEP MTS, namely on sub-objectives: “Decision-makers at all levels adopt decarbonization, dematerialization and resilience pathways”; “Countries and stakeholders have increased capacity, finance and access to technologies to deliver on the adaptation and mitigation goals of the Paris Agreement”; “UNEP develop(s) a common approach to integrating biodiversity and nature-based solutions for sustainable development into the United Nations policy and programme planning and delivery” (United Nations Secretary-General, 2020a). Moreover, it is fully in line with the Danida priorities (objectives 1, 2, 3 and 4) of “The World We Share”.

Theory of Change diagram



Programme activity 6: Socially inclusive sustainable energy transitions (SISET)

Background

While a global energy transition is underway, further action is needed at the national and local levels. Countries are at various stages of this energy transition, with several developing and emerging economies having a rapidly increasing energy demand though still being at early stages of the transition. This increasing energy demand risks locking in fossil intensive energy pathways. Today's national energy pathways will be a key determinant of whether we can get to limit global warming to 1.5 degrees, and therefore support to accelerate the transition is urgently required. Further, to make the transition as sustainable and impactful as possible, it is evident that activities need to consider social and just considerations at the local scale.

Despite significant progress being made in the uptake of energy efficiency (EE) and renewable energy (RE) solutions, there is still a long way to go in ensuring that the marginalised communities, the vulnerable segments of the society, women, and youth, are not excluded from the technocratic green transition processes underway. National and sub-national level administrative units (including cities and municipalities) set ambitious SDG targets and goals; however, these do not often entail inclusive and participatory processes, nor a focus on local economic opportunities, ensuring that no one is left behind. These are typically due to a heavy techno-economic focus on implementation, due to limited structured focus at all levels of the government on maximising co-benefits from the transition processes, and/or due to lack of streamlined frameworks and tools for inclusion and dialogue.

Objective and Key Activities

The objective of this project is to support the energy transition and help municipalities to do so in a more equitable way. The focus is on implementation facilitation, roadmaps, and building capacities and increasing sensitivity among stakeholders to just transition. The project aims to support two municipalities over a 3-year period in high emitting countries (with high inequality) in Asia[13].

The key activities are as follows below:

1. *Scoping*: Conduct an in-depth situation analysis, consult with DEA, national entities, candidate municipalities, and scope the existing work by UNEP, UNESCAP and other agencies.

2. *Prepare needs analysis and implementation plans*: UNEP-CCC will, together with local stakeholders, identify potential energy solutions that are needed in the specific local contexts. Potential technologies include district cooling, energy efficiency in buildings, cold chain facilities, solar photovoltaics, micro-hydropower. This activity includes - technical guidance, implementation facilitation, and catalysing finance, to respond to the needs – primarily targeting local communities, vulnerable populations, and/or urban informal settlements.

3. *Development of roadmap for localization and inclusion (including gender-sensitive approaches)* – Preparing roadmaps and briefs for supporting localized approaches/strategies and

[13] Two municipalities will be selected where local leaders demonstrate interest in implementing EE and RE solutions to their specific energy needs, where socio-economic indicators need improvement and attention. The provisional countries could be Indonesia and Vietnam.

how they can bring EE and RE deployment to fruition on the ground, through a process for dialogue and co-creation, to facilitate inputs and ownership of local stakeholders.

4. *Training and Information sharing for local stakeholders* - build capacities of relevant local stakeholders, to ensure adoption of inclusive strategies and minority considerations in implementation of climate solutions.

5. *Prepare policy recommendations* of relevance to municipal level authorities and national-level stakeholders on adopting participatory approaches, to ensure inclusive transitions, to adapt national-level NDC ambition.

UNEP-CCC experience

UNEP-CCC will build upon its long-term expertise with identification and analysis of context-specific energy sector planning and policy options including NDC priorities. The activities outlined here will build upon past and ongoing initiatives (ICAT, TNA, TENTRANS, amongst others) that have focused on the enabling environment, local content, and local co-benefits. Stakeholder engagement, community participation, local partnership building, and workshop facilitation are essential components of many successfully completed projects (TEMARIN, COMETS), and this UNEP-CCC experience will be utilized.

Results and outcomes

Envisaged outcome: Accelerated and 'just' actions for the implementation of energy solutions at a local scale - taking social inclusion, participatory approaches, and gender into consideration

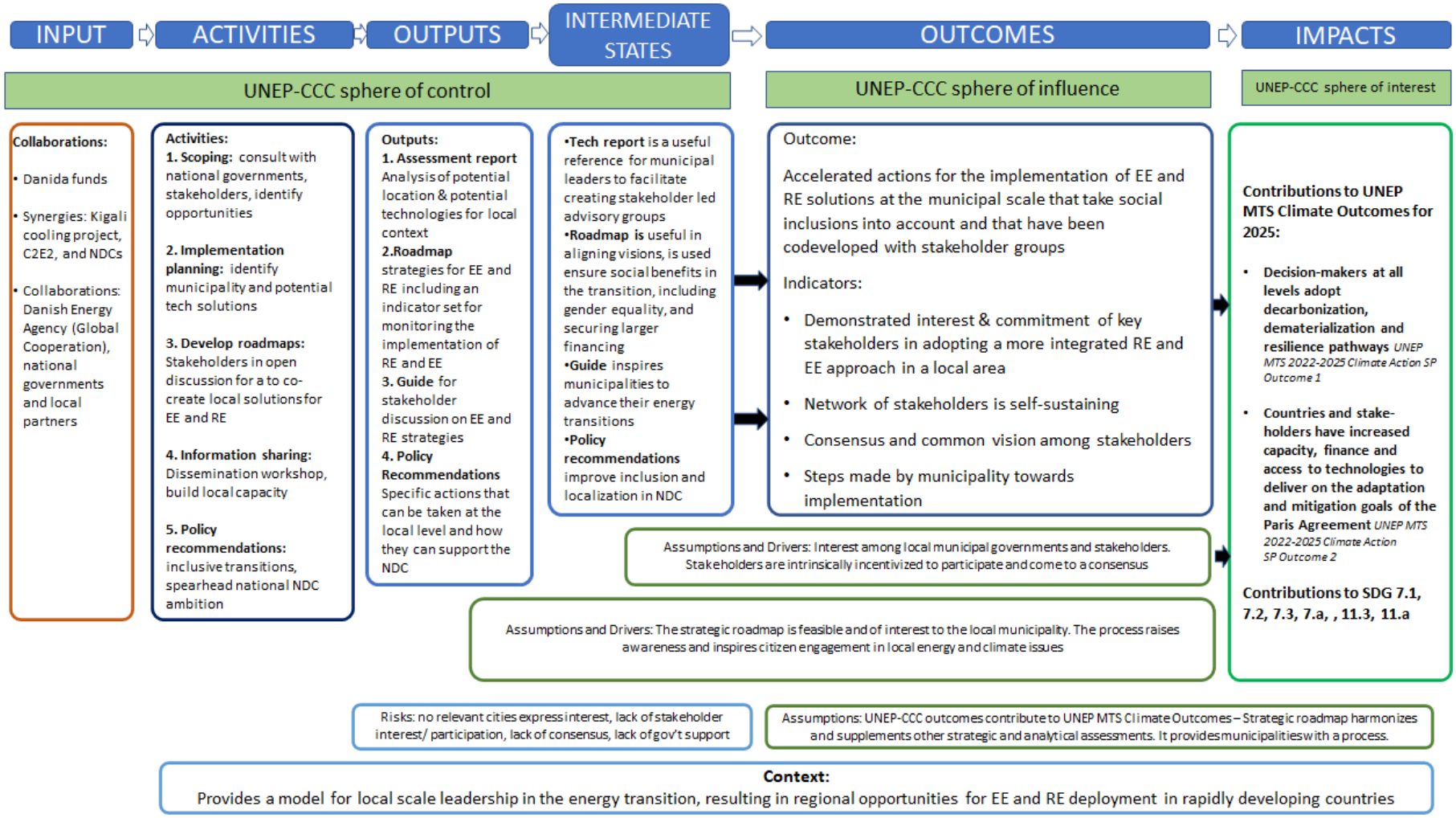
The outputs of the project will be:

- Energy needs assessment, and preparation of implementation plans in line with SDG and NDC targets.
- Roadmap and strategies for 'just' transition and social inclusion
- Training needs identification and capacity building for decision-makers and local stakeholders
- Policy recommendations of relevance to local-level authorities and inform the national-level NDC processes (to incorporate aspects of inclusion)

Collaboration, partnerships, links

All the activities will be implemented in close collaboration with government counterparts / local governments and other key stakeholders identified at the beginning of the project. Potential partners could include Danish Energy Agency (Global Cooperation), national governments and local partners.

Theory of Change diagram



Programme activity 7: Transition of cities towards net-zero transport in developing countries

Background

The Paris Agreement establishes a mechanism to fight climate change by contributing to the mitigation of greenhouse gas (GHG) emissions. In 2019, GHG emissions from Transport accounted for about 23% of global energy-related CO^2 emissions, of which 70% are from road transport. Thus, urban transport is vital for mitigating GHG emissions within road transport. This is even more evident in fast developing Asian and African cities, where rapid urbanisation has resulted in a very high demand for motorised transport. Cities are rampant with congestion, and fossil-fuel consumption contributes significantly to emissions. With vehicle registration growing at more than 10% annually in many of these cities, urgent actions are required.

De-carbonisation strategies use the "avoid-shift-improve" approach. Avoid and shift are travel demand management strategies and use changes in urban form, behavioural change, shared economy, circular economy, and digitalisation to reduce travel demand. Travel-demand management can reduce transport-related energy demand in cities by 25%. Improved strategies rely on energy efficiency, electrification, and other green technologies such as advanced biofuels, fuel cells, etc., to achieve the remaining GHG emission reduction necessary for net-zero transport.

Cities in the developing world however find it difficult to plan for net-zero transport using avoid-shift-improve strategies due to the limited capacities and archaic urban transport-planning practices. Cities find the implementation of low-carbon transport strategies difficult as they have limited financial resources, poor access to technology, and weak regulations.

Objective and key activities

UNEP-CCC is already working with cities in developing countries, helping them in their low-carbon transport transitions. The focus of UNEP-CCC is on low-carbon mobility planning (using the UNEP-LCMP tool kit14) and developing technology roadmaps.

Given the problems faced by cities in developing countries to realise their ambition to move towards net-zero transport and UNEP-CCC's experience in working with developing-country cities, this project aims to support two cities over the 3-year period, one in Asia and one in Africa[15]. The objective of the project is to prepare net-zero transport plans and to support these with roadmaps that will help cities reduce motorisation and improve the coverage of zero-emission vehicles and zero-emission transit.

The project includes the following activities:

1) Prepare net-zero transport plans using the 'avoid-shift-improve' strategies and modern planning methods[16].
2) Prepare a roadmap for net-zero transport
3) Prepare training materials and media for training local stakeholders to improve their capacity in net-zero transport planning

[14] https://www.unep.org/resources/report/toolkit-preparation-low-carbon-mobility-plan

[15] Two cities will be chosen from cities in Indonesia, India (in Asia), and South Africa, Rwanda, Ghana (Africa).

[16] Using social analytics, machine learning and big data

4) Prepare policy recommendations of relevance to the global-level debate on implementing net-zero transport plans

The methodology for preparing the net-zero transport plans will incorporate elements of transport justice. This involves ensuring that transport as a commodity is distributed fairly and based on its relevance for different social groups and ensuring gender inclusivity and accessible transport for vulnerable sections of society and the poor.

UNEP-CCC experience

UNEP-CCC counts on a multidisciplinary team, which will be able to cover the different components of the project in an integrated way. This project will be built upon different initiatives implemented at UNEP-CCC, such as the UNEP Low Carbon Mobility Planning toolkit, and Low Carbon Mobility Planning for 3 Indian cities. This project is well aligned with Danida's strategy for development cooperation "The World We Share" which aims to contribute to limiting the global rise in temperature to 1.5 ◦C, as well as the thematic "Climate Action" sub-programmes in UNEP's MTS.

Results and outcomes

The outputs of the project will be

- Net zero transport plans in two fast-developing cities
- Roadmaps for net-zero transport for two cities
- Training of stakeholders on low-carbon transport emission methods in two cities
- Policy recommendations of relevance to the global-level debate on implementing low-emission transport strategies in fast-developing cities.

Envisaged outcome: Reduced motorization and improved coverage of zero-emission vehicles and zero-emission transit through the adoption of net-zero transport plans and the roadmap for net-zero transport.

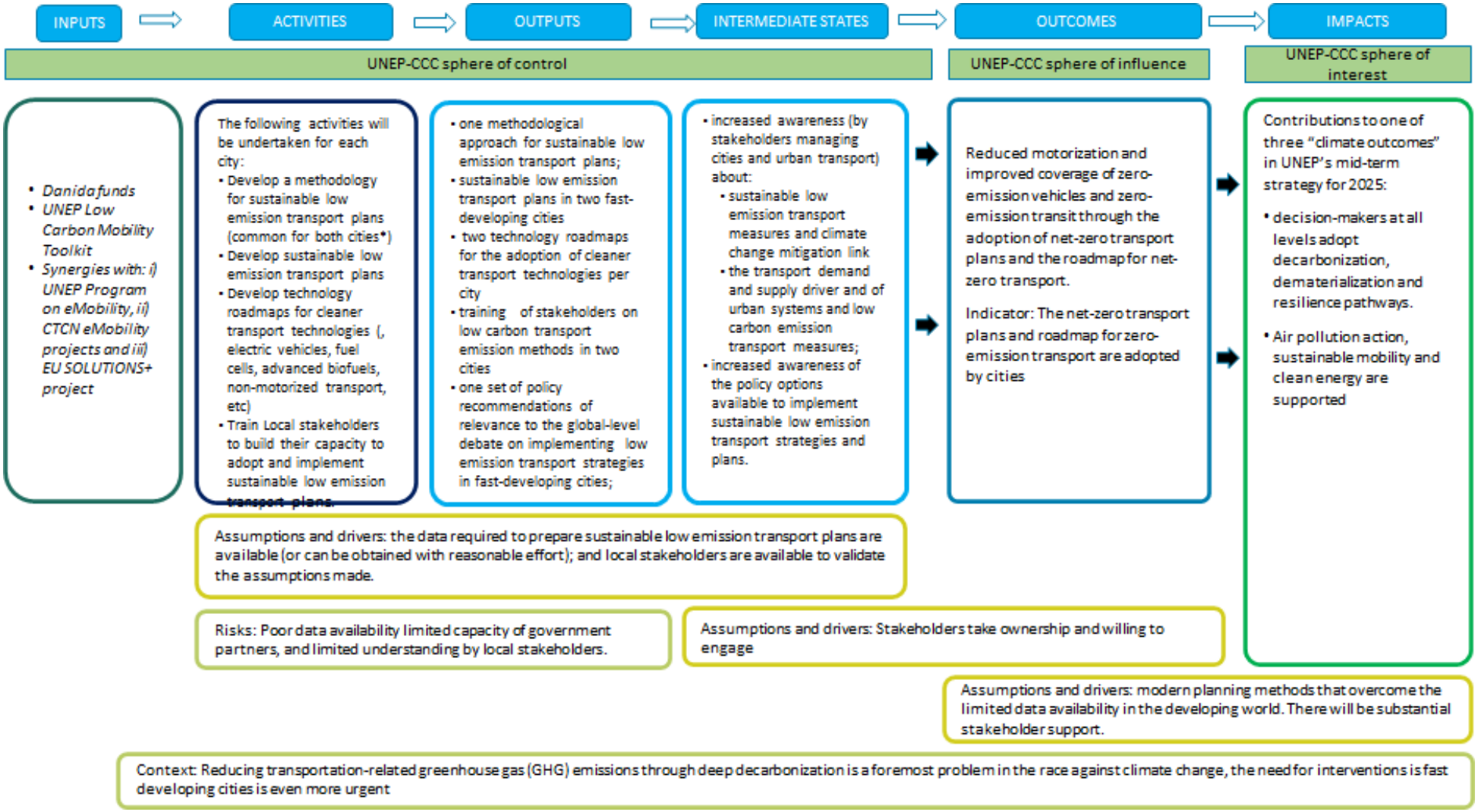
Cities will also have increased their transport-planning capacities and will be more able to plan for net-zero transport. The main assumptions for achieving the outcome are that the data required to prepare net-zero transport plans are available (or can be obtained with reasonable effort), local stakeholders are available to validate the assumptions made, and stakeholders take ownership of the outputs and are willing to engage.

Since the methodology has gender inclusivity and accessible transport for the vulnerable section and the poor, a long-term outcome will also be improved accessibility levels for the urban poor, women, and other vulnerable sections of society.

Collaboration, partnerships, links

All the activities will be implemented in close collaboration with government counterparts / local governments and other key stakeholders identified at the beginning of the project. The technical work will be supported at the country level by recruiting national technical entities/consultants. The project can serve as the basis to develop a bigger, programmatic approach to the development of net-zero transport planning and will build on ongoing UNEP initiatives such as UNEP Global Electric Mobility Programme, CTCN eMobility projects in Africa and Asia, and the SOLUTIONSplus project.

Theory of Change diagram



Programme activity 8: Net-zero strategies (NZS) for developing countries

Background

Alongside Nationally Determined Contributions (NDCs), long-term strategies form the backbone of the Paris Agreement and pave the way for low-emission development pathways around the globe. The sixth assessment of IPCC is unambiguous about immediate action and achieving net-zero CO2 emissions by 2050. In the run-up to COP26, many countries announced proposals and commitments to become net-zero by a certain year and there is a need to define the long-term strategies of countries in the context of these net-zero targets. These strategies can also be referred to as net-zero strategies (NZS). There is no one-size-fits-all format for NZS, and their scope and depth are determined by the countries themselves. However, as these strategies provide a pathway to whole-of-society transformation and as they are the vehicles to achieve the long-term goal of the Paris Agreement, they should include common elements such as intermediate and long-term vision and targets, a clear roadmap for implementation, investment plans, and a reporting and review mechanism. In addition, the successful delivery of NDC and net-zero targets requires their thorough integration into the national development priorities and the diverse planning and strategic decision-making processes happening at the national and sub-national levels.

Many developing countries lack technical capacities for developing NZS, resulting in abstract and vague strategies lacking transparency in terms of scope, implementation plans, and investment plans, and poorly anchored into their national policy processes. As a result, while some countries have announced the target year for net-zero, the path to zero emissions and the peaking year is left undefined. Greater clarity on these important elements is required to assist in achieving the broader policy objectives encompassed in net-zero strategies. To that end, this project aims to: provide technical capacity to assist countries in elaborating their NZS; identify sector-level policy responses for achieving net-zero pathways, and capacity buildings that integrate net-zero pathways into the national policy-making process on climate change including NDCs.

Objective and Key Activities

The project aims to increase countries' readiness for implementing the net-zero strategy, by improving the enabling environment (policy and regulation frameworks) and institutional buy-in.

Key Activities include:

i) For each country, conduct a net zero scenario-based assessment covering key mitigation sectors resulting in:
   - quantitative GHG emissions scenarios
   - mitigation technologies pathways

ii) For each country, prepare at least one or two sectoral roadmaps, including:
   - Institutional arrangements
   - Policy and regulatory frameworks
   - Investment plans
   - GHG and SD impacts assessments

iii) For each country, conduct national stakeholder-consultation process and build capacities (human and institutional) within line ministries and central agencies on net-zero pathways as well as integrate planning to achieve these pathways into national policymaking (NDC processes and elsewhere) to strengthen institutional buy-in.

The project will encourage and vigorously promote the equitable eligibility of all genders to participate in all capacities within project activities like stakeholder workshops. Further, adequate gender balance will be promoted within the teams implementing the programme, including local consultants. Moreover, the proposed outcomes will be evaluated on their potential to promote gender mainstreaming.

UNEP-CCC experience

UNEP-CCC counts on a multidisciplinary team, which will be able to cover the different components of the project in an integrated way. This project will be built upon different initiatives under implementation at UNEP-CCC, such as the Technology Needs Assessments (TNA), ICAT, NDC Action and Net Zero Carbon Target for Energy Sector in West Asia. The project intends to use in-house expertise in mitigation analysis and energy system models[17]. Besides mitigation analysis, the project will involve analysis of impacts of sustainable development and will use tools and methodologies, among others, developed within the ICAT project.

This project is well aligned with Danida's strategy for development cooperation "The World We Share" as well as the thematic sub-programme "Climate Action" in UNEP's MTS which aims to contribute to limiting the global rise in temperature below 1.5^0C.

Therefore, UNEP-CCC aims to establish a 3-year project aiming to support 2 countries[18] in developing their net-zero strategies for specific sectors using an approach that could be replicated in other sectors and countries. The project will be country-driven, and the selection of the sectors analysed will be tailored to each country, though energy, transport and waste will be considered as priorities keeping in mind their large potential for mitigation. The country choice will be based on the Net Zero Commitments made by countries, available from https://www.zerotracker.net/. In Asia, the possible countries could be India and Vietnam. In Africa, the possible countries could be South Africa, Ghana, Rwanda.

Results and outcomes

Envisaged outcome: Increased readiness for implementing the net-zero strategy, by improving the enabling environment (policy and regulation frameworks) and institutional buy-in. For instance, the sectoral roadmaps will downscale the national climate goals in terms of targets for technologies and contribute towards an improved enabling environment as they will bring clarity on potential policies and regulations required. It will also bring clarity to the means of implementation (technology, capacity, and finance). The outcomes will help to achieve the desired results in terms of enhanced ambition for climate mitigation and improved implementation of mitigation measures required for achieving the mitigation goals. The main drivers for achieving the desired results will be national ownership of the process, and the availability of climate finance and technology.

The project includes the following outputs:

- A net-zero pathways report, including baseline, current policy and net-zero scenarios taking into consideration the national context, policies, emerging technologies, equity, and fairness considerations.

[17] A number of Energy System Models are available for mitigation analysis and UNEP CCC has also the in-house model GACMO that has been used for NDC analysis in several countries.

[18] Countries which have announced Net Zero Target Year in Asia and Africa.

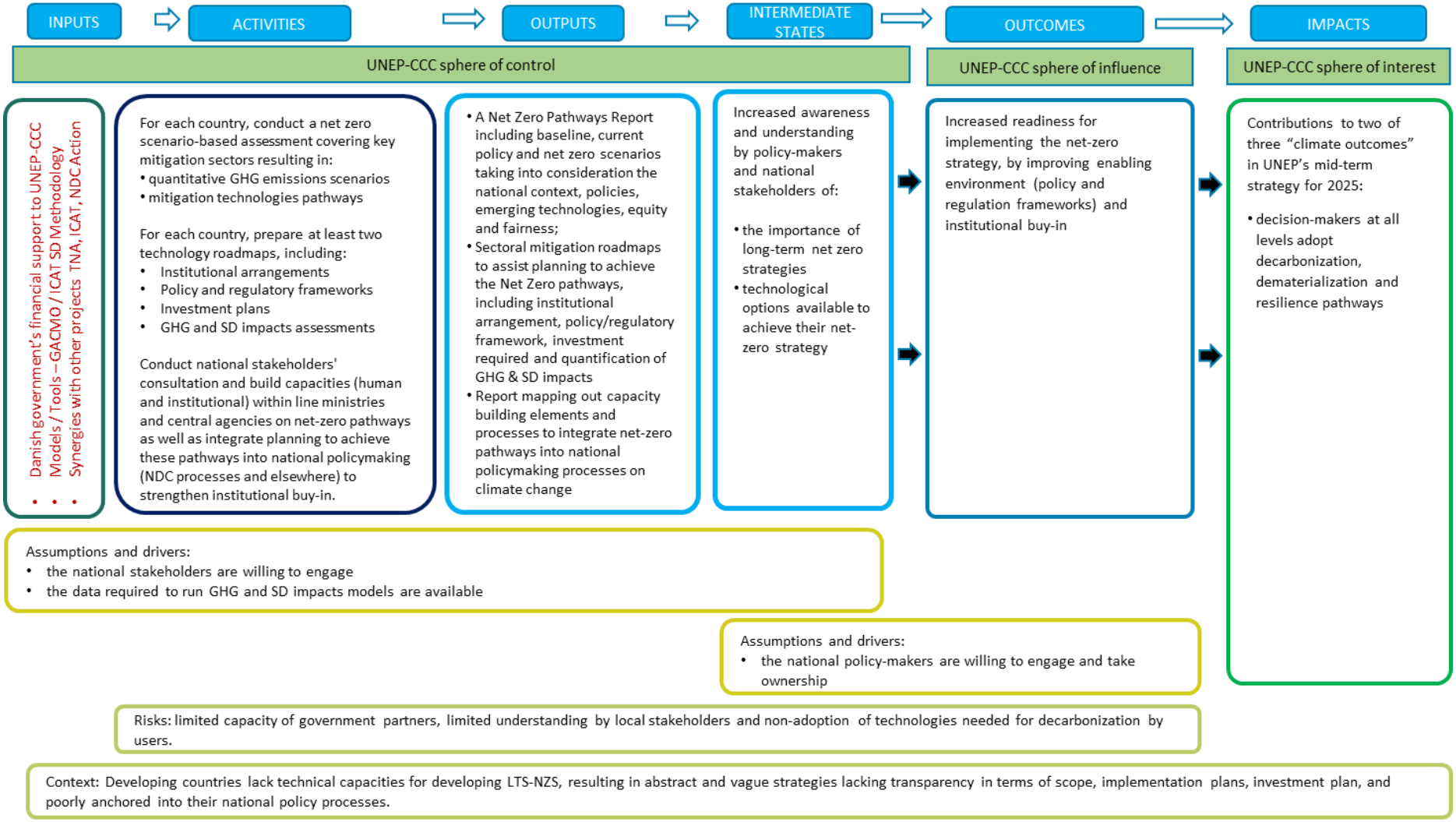
- Sectoral mitigation roadmaps to assist planning for the net-zero pathways including institutional arrangements, policy/regulatory framework, investments required and quantification of GHG and sustainable development[19] impacts.
- A report on capacity building elements and processes (e.g., guidance, policy briefs and perspectives) to integrate net-zero pathways into national policymaking processes.

Collaboration, partnerships, links

All the activities will be implemented in close collaboration with official government counterparts and other key stakeholders identified at the beginning of the project. The technical work will be supported at the country level by the recruitment of national technical entities/consultants. The project can serve as the basis to develop a bigger, programmatic approach for the development and capacity building around Net-Zero Strategies in developing countries in collaboration with key strategic partners.

[19] The key sustainable development impacts to be considered will be defined with country partners and will be taken from categories and indicators defined on page 41-43 in the ICAT Sustainable Development Assessment Guide.

Theory of Change Diagram



STRATEGY AREA 3: TRANSPARENCY

Programme activity 9: Article 6 and voluntary carbon market pipeline analysis and database

Background

Data and analysis on Article 6 of the Paris Agreement cooperative approaches and voluntary carbon markets, their integrity and contribution to implementation of NDCs and SDGs, nationally and globally, is currently not available. Development of science-based, independent data and analysis, made publicly available in a user-friendly format, is essential to inform market players and policy makers about compliance and voluntary carbon market mitigation actions, their outcomes and context with the overall objective to accelerate a sustainability transition for a 1.5-degree world.

Objective and key activities

Establish a 3-year project with a process for Article 6 and voluntary carbon market data collection and analysis, including the following activities:

- Development of an Article 6 Pipeline (based on the CDM pipeline) for tracking progress of activities and ITMO generation from A6.2, 6.4 and 6.8 following the Glasgow decisions. The pipeline will track and assess the poverty-reduction and gender-equity contributions of projects and actions under Article 6.
- Development of a Voluntary Carbon Market (VCM) Pipeline of carbon-credit programmes and activity authorization by host Parties for NDC-compliant accounting, following the core carbon principles and criteria for assessment agreed by the Integrity Council for the Voluntary Carbon Market (IC-VCM)
- Development of a user-friendly, web-based access to the Article 6 and Voluntary Carbon Market Pipelines with data and analysis, enabling development of infographics and easy reporting of results
- Track use of existing CDM and voluntary standard approved methodologies, Article 6 updates/changes and new methodologies developed and applied by countries, the Supervisory Body and others
- Assessing, reporting and taking stock of Article 6 actions and their contribution to NDC ambition raising at sub-sector, sector and national levels, using the ICAT Transformational Change impact assessment tool and/or methodologies developed by UNEP-CCC in collaboration with partners
- Publishing a monthly newsletter with Article 6 Pipeline updates and analysis, engaging in outreach and knowledge sharing events regionally and globally, jointly with strategic partners.

UNEP-CCC experience

UNEP-CCC has a historic track-record of providing objective, science-based knowledge and analysis through pipeline analysis for CDM, NAMAs, NDCs, non-state climate initiatives and, most recently, Article 6. The proposal responds to new challenges and opportunities for implementation of the COP26 Glasgow 'rulebook' for Article 6 and aligns well with Danida priorities and the UNEP MTS. Furthermore, development of a 3-year Danida-funded project for Article 6 and VCM Pipeline Analysis and Database would establish a solid basis for further fund-raising to expand activities to a programmatic approach for CB for Article 6 implementation in multiple countries, building on ongoing SPAR6C, ICAT, SDI experience.

Results and outcomes:

Envisaged outcome:

Increased awareness and capacity in developing countries for implementation of Article 6 and VCM enabling raised NDC ambition.

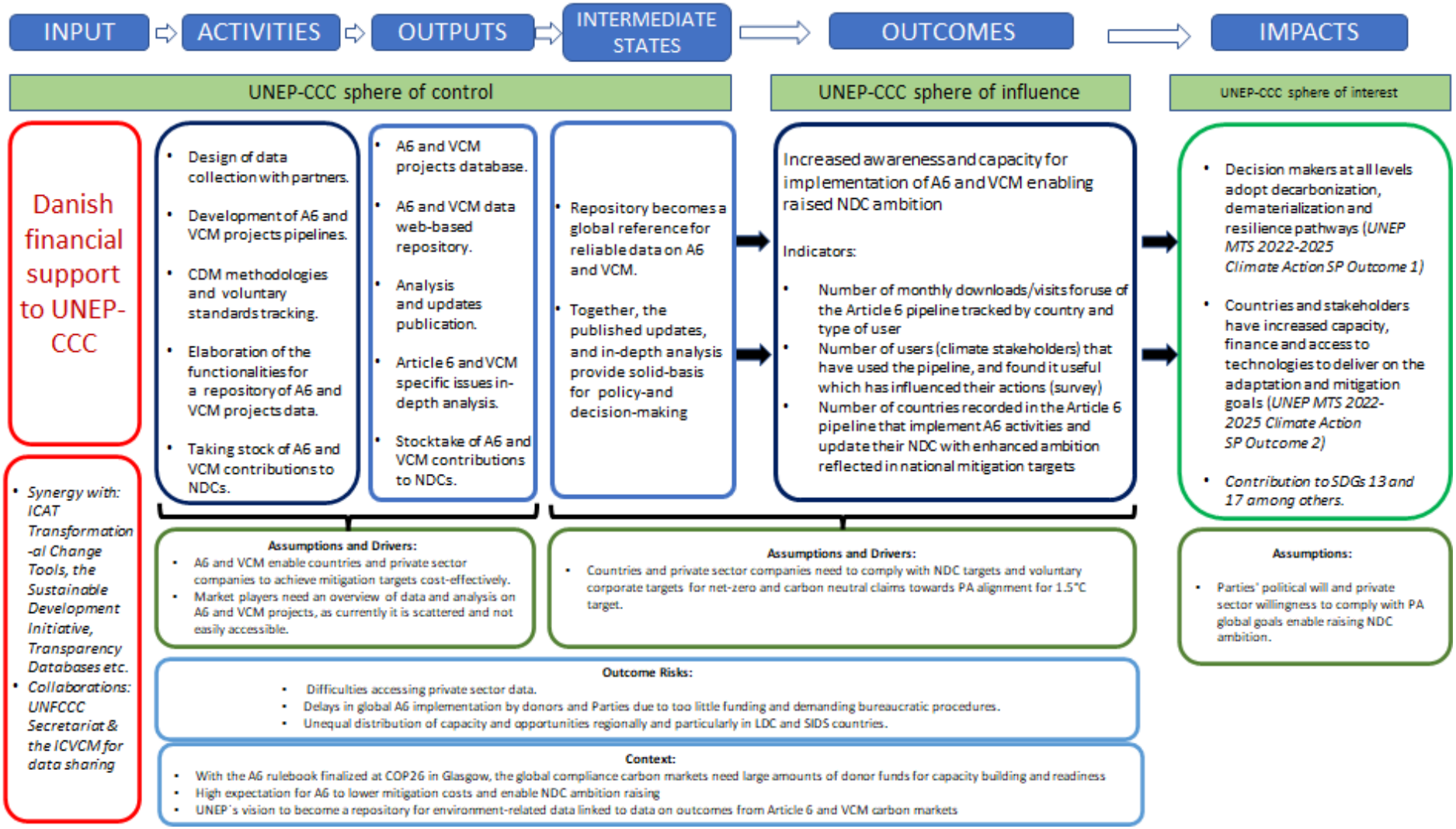
This would be achieved through the outputs:

- Database with new Article 6 Pipeline, merged with CDM Pipeline data, informed by IC-VCM core carbon principles and criteria for assessment of carbon credit programmes and activities generating ITMOs or other units
- Design for data collection developed in partnership with key strategic partners such as the UNFCCC Secretariat and IC-VCM
- Stocktake of Article 6 and VCM contributions to NDC ambition raising
- Website with access to user-driven analysis of data incl. infographics and reporting of results.
- In-depth analysis of key issues and a monthly newsletter published to track progress of the UNEP-CCC Article 6 and VCM Pipeline data, co-developed and used by practitioners nationally, regionally and globally

Collaboration, partnerships, links

The Article 6 Pipeline Analysis and Database can serve the global community of practice as a UNEP-hosted repository of science-based information. The database and a user-driven approach to co-design and development of analysis enables a programmatic approach to capacity building (CB) in developing countries, by partnering with strategic partners, such as the UNFCCC Secretariat, EU, ADB/MDBs and the IC-VCM, linked to past and ongoing initiatives such as CD4CDM, ICAT, SPAR6C and SDI for Article 6 implementation.

Theory of Change diagram



Crosscutting Activities

Programme activity 10: Responding to emerging challenges

Background

Recognizing the importance of rapid response and flexibility to support emerging priorities both of individual countries and of UNEP, for example in the face of new challenges evolving from the climate change agenda over the next three years, part of the Danish funding UNEP-CCC will be allocated to a general area without detailed earmarking. The long experience working with the UN system combined with the analytical and scientific background makes UNEP-CCC an efficient and effective unit to respond on emerging needs for support.

Previous years' experience has shown both the need and a positive effect on UNEP-CCC's overall mission of this 'rapid and flexible response' capability. The use of these resources will be demand-driven within the broader framework of the Climate Change pillar of UNEP's Programme of Work subject to specific approval by MFA. Since the focus is on emerging and to-date unknown challenges, there will be no attempt to predict the detailed actions, but they will be planned and prioritized in close consultation with UNEP and in-line with the governance structure of UNEP-CCC.

Objective and key activities

The overall aim is to provide inputs to adaptive management, responding to changes in the international environment (e.g., Covid-19, Ukraine crisis leading to energy disruptions and global economic effects) and to emerging topics appearing in the international climate negotiations.

The activity is likely to include, but not be limited to:

- Establishment of new externally funded projects to support UNEP's Programme of Work
- Utilisation of UNEP-CCC expertise at COPs and other climate events and fora, contributing to and enhancing UNEP's scientific capacity
- UNEP-CCC experts utilised by UNEP for *ad hoc* technical support to respond to emerging issues such as[20]:
    - Increasing effectiveness of the Global stocktake through assessment of progress made on adaptation in relation to the Global Goal on Adaptation.
    - Issue Briefs and Policy Papers on emerging technologies (Power-to-X) including green hydrogen, their relevance, and opportunities in developing countries.
    - Energy provision for persons displaced by climate-induced migration.
- UNEP-CCC expertise providing add-on expertise to the work of coalitions and partnerships supported by both Danida and UNEP, such as the Cool Coalition

Activities will be based on demands from UNEP and specifically approved by Danida to ensure fast and efficient response, decisions to initiate activities are agreed between the Chief of Energy Branch in the UNEP's Economy Division and the Director of UNEP-CCC and aligned with UNEP-CCC's new governance structure.

[20] This will also consider new issues and decisions emerging from COP27 and subsequent COPs

UNEP-CCC experience

Through more than 30 years of collaboration with UNEP, the Centre has demonstrated the analytical and scientific capacity to deliver support within the field of Energy, Climate and Sustainable Development. This is documented by the numerous new externally financed projects developed based on the combined expertise of the Centre and UNEP. Over the previous four-year periods of funding, the funding from the Danish Government has traditionally been geared by a factor 4-5. The Centre expertise has also been in high demand for participation in COPs and for ad hoc technical support to UNEP and member countries.

Results and outcomes

No specific results or outcomes are specified at the outset, but outputs may be expected within three areas.

A part of the resources is allocated in collaboration with national counterparts and UNEP to identify and develop new activities based on dialogues in the countries. In the past, this effort has leveraged additional international funding in the order of 250 million DKK over the project period to support UNEP's Programme of Work.

A second part of the component is to support UNEP during COPs and during the UNFCCC conferences in between COPs. Here the Centre has traditionally participated, arranging 4-5 side events annually and has been representing UNEP in matters within the field of the Centre's expertise.

A third part is ad hoc technical support where UNEP-CCC responds to specific requests from UNEP concerning analytical work, representation at international meetings, coordination and strategy development, specific country requests etc.

Programme activity 11: Knowledge and partnerships for climate action

Background

UNEP-CCC's Outreach and communication activities build on the experience and materials created during the previous strategy period from 2019-21. This period saw an increased focus on visibility and media reach increasing from 16 million in 2017 to 450 million. In 2021 UNEP-CCC launched two new podcast series, which at the end of the year had been downloaded more than 2500 times, and in 2020 and 2021 conducted more than 30 web-based knowledge sharing events each year. The Centre's social media platforms have grown from 900 followers on Twitter to more than 3000, while UNEP-CCC gained 1270 new followers in the last 8 months of 2021 alone on LinkedIn. In mid-June, UNEP-CCC LinkedIn community comprises almost 10.000 followers.

Objective and key activities

This activity aims at an increased awareness of UNEP-CCC as a science-based knowledge provider and facilitator of climate action, and increased outreach among developing countries, providing UNEP-CCC stakeholders and targets groups with improved access to science-based data related to climate change, relevant tools, and best practices to meet the increasing need for science-based knowledge to spur and support climate action.

This will be achieved through the following key components:

1) Knowledge for Climate Action: Development of an improved free 'one-stop shop' science-based knowledge management system/knowledge provision allowing for hosting of tools and other knowledge tools, based on in-depth analysis of user data harvested from UNEP-CCC platform, tools, and SoMe

2) Science-based story telling stories from the front line of Climate Action: Highlighting and prioritizing storytelling and creative outlets for our impact and results will give our target groups a better understanding of both UNEP-CCC products and their results, and of the replicable and scalable climate actions developed in the Centre

3) Partnering for climate action: To ensure amplified climate action we will develop new strategic partnerships with media outlets and other organizations nationally, regionally, and globally. Through these UNEP-CCC will contribute and lead activities which will ensure enhanced reach and amplify uptake of impacts and knowledge tools. In support of the international and regional momentum for delivering on the Paris Agreement and the SDGs.

UNEP-CCC experience

With its many in country relations that have been matured over time in many developing countries and emerging economies, UNEP-CCC is well suited to further engage on ensuring a deeper anchoring and use of the knowledge outputs for decision making for climate action. The links to UNEP and UNFCCC outreach and communication departments are well-suited to further enhance UNEP-CCC's position and role as a contributor of impactful results and impact stories that can inspire and spur climate actions in day-to-day operations and especially during the UNEP UNFCCC Climate Week, COP and other large global or regional events. UNEP-CCC also works with a range of development media through project partners in the Global South which enhances visibility additionally.

Results and outcomes

Key results: The increased awareness of UNEP-CCC as a provider of key data for related to climate change, leading to increased use of UNEP-CCC's outputs. This contributes (along with other UNEP-CCC outcomes) to the UNEP MTS goal for decision makers adopting decarbonization, dematerialization and resilience pathways

Envisaged outcome: Enhanced engagement and usage of knowledge and tools, through platform integration and partnerships for enhanced climate action

The outcome will be achieved through the completion and delivery of the following outputs as indicated in Annex 3: Results Framework:

1. Climate knowledge repository/Knowledge Management system (KMS)

2. Applied engagement from Developing countries through stakeholder management and partnerships at national, regional, and global level

3. Enhanced use of visualization, storytelling, and new communication technology for amplifying messaging of impact and best practices targeted developing countries.

Theory of Change diagram

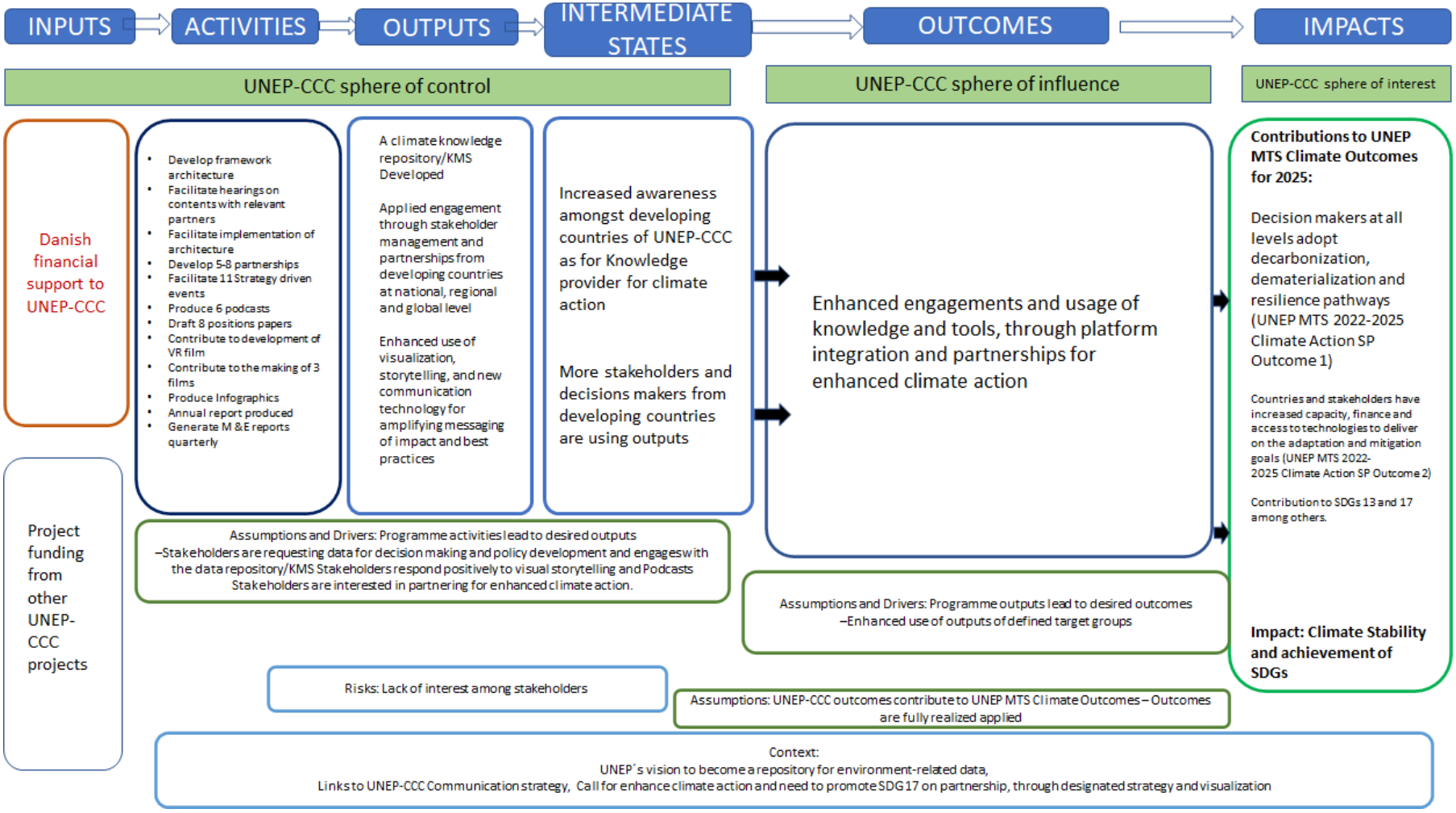


Table 1: Countries Matrix

	Programme Areas	**Provisional countries selected**	**Global with focus on DCs and emerging economies**	**LDCs**					**Lower Middle-Income Countries**						**Upper Middle-Income Countries**
				Mozambique	Rwanda	São Tomé and Principe	Tanzania	Uganda	Egypt	Ghana	Kenya	India	Indonesia	Vietnam	South Africa
1	EGR/AGR	0	1												
2	ACTT	3			1		1	1							
3	Loss and Damage	4				1		1				1		1	
4	Net Zero Strategies	5			1					1		1		1	1
5	Article 6	0	1												
6	GPUC	6	1		1				1		1	1	1	1	
7	Nature-based Solutions	5		1	1	1						1		1	
8	SISET	2											1	1	
9	Net Zero Transport	5			1					1		1	1		1
10	Emerging Challenges	0	1												
11	Knowledge for Climate Action	0	1												
	Occurrence in PA's			1	5	2	1	2	1	2	1	5	3	5	2

Table 2: Rationale for Country Selection

Activities	Possible countries (no.)	Long list countries (names)	Target No.	Rationale for Country Selection	Additional Remarks
ACTT	4	Uganda, Rwanda, Tanzania, Kenya	3	Criteria 1 - Country demand, interest, and willingness to commit Criteria 2 - Deepening existing work Criteria 3 - Aligning with Danish priority countries and climate front posts Criteria 5 - LDC and/or SIDS with high development impact potential	
Loss & Damage	4	Uganda, São Tomé & Principe, India and Vietnam	4	Criteria 1 - Subject to country demand, interest, and willingness to commit Criteria 2 - Deepening existing work Criteria 3 - Aligning with Danish priority countries and climate front posts Criteria 6 - Countries with specific hazards (droughts, heatwaves, floods etc.)	The intent here is to synergies with countries selected by other activities, including NbS.
NZS	5	Rwanda, Ghana, India, Vietnam, South Africa	2	Criteria 1 - Subject to country demand, interest, and willingness to commit Criteria 3 - Aligning with Danish priority countries and climate front posts Criteria 6 - Countries that have set long-term net-zero targets	
GPUC[21]	6	Rwanda, Egypt, Kenya, India, Indonesia, Vietnam, South Africa	3-4	Criteria 1 - Country demand, interest, and willingness to commit Criteria 2 - Deepening existing work Criteria 3 - Aligning with Danish priority countries and climate front posts Criteria 4 - Countries with high-emission reduction potential (e.g., Asian countries)	Partly subject to changes based on the agreement and cooperation with DENA.
NbS	5	Rwanda, Mozambique, São Tomé & Principe, India, Vietnam	3	Criteria 1 - Country demand, interest, and willingness to commit Criteria 3 - Aligning with Danish priority countries and climate front posts Criteria 4 - Countries with high-emission reduction potential (e.g., Asian countries) Criteria 5 - LDC and/or SIDS with high development impact potential Criteria 6 - Countries with specific experiences with hazards	The intent is to synergise part of the work with GPUC and similar countries.
SISET	2	Indonesia, Vietnam	1 or 2	Criteria 1 - Country demand, interest, and willingness to commit Criteria 3 - Aligning with Danish priority countries and climate front posts Criteria 4 - Countries with high-emission reduction potential (and high inequality)	The intent is to synergise with DEA SSC program.
Net-zero transport	5	Rwanda, Ghana, India, Indonesia, South Africa	2	Criteria 1 - Deepening existing work in UNEP-CCC's and UNEP partner countries Criteria 2 - Aligning with Danish priority countries and climate front posts Criteria 3 - Countries with high-emission reduction potential (e.g., Asian countries) Criteria 4 - LDC and/or SIDS with high development impact potential	The intent is to synergize with net-zero scenarios and have same/similar country selection.

[21] Country selection subject to changes based on the cooperation with DENA/German Energy Agency

Annex 11: UNEP-CCC's Past Experience

The Centre has built a strong foundation to provide robust science-based advisory services, to respond to climate convention mandates with agility, and to offer open-source datasets, methodologies, and scientific assessments across several areas.

- In the initial period, the 1990s, the Centre was at the forefront of developing the methodology for assessing the economic costs and benefits of climate change mitigation and adaptation, working closely with other organisations on country studies and capacity building in developing countries. At the same time the Centre built up a network of collaborating partner centres, particularly in the Global South.
- The second decade, from 2000 to 2009, following the Kyoto and Marrakesh COPs, the Centre specialised on methodologies related to the Clean Development Mechanism (CDM) and providing capacity building to countries in the South through the Netherlands-funded CD4CDM project.
- From 2002 to 2015, following the 2002 World Summit on Sustainable Development in Johannesburg, the Centre created with UNEP, hosted, and participated in the Global Network on Energy for Sustainable Development (GNESD), a so-called Type II initiative put forth at WSSD. During this period, the Centre also played a leading role in UNEP's African Renewable Energy Enterprise Development (AREED) programme, as well as managing and participating in several EU-funded activities focussed on clean energy access, productive use, and development impacts, thus linking the issues of energy access, productive use, and sustainable development with the drive towards renewable energy and energy efficiency.
- Over two decades, UNEP-CCC has developed and hosted relevant data sets and pipelines for climate policies and actions including the CDM and NAMAs and continues to develop datasets for Nationally Determined Contributions (NDCs) and Cooperative Mechanisms (such as Article 6 of the Paris Agreement). Being the custodian of these datasets has allowed the Centre to develop internationally recognised analytical materials, embodying mitigation analysis, modelling and methodologies for impact assessment and carbon footprint assessments.
- Between 2009 and 2022, UNEP-CCC has used funding provided by the Global Environment Facility through UNEP as the GEF Implementing Agency to support nearly 100 countries in identifying and analysing priority climate technology needs to mitigate GHG emissions and reduce the vulnerability of sectors and livelihoods to the adverse impacts of climate change, working as well with the UNFCCC secretariat and supporting its role vis-à-vis the Convention's Technology Executive Committee. UNEP-CCC has also assisted developing country Parties to prepare technology roadmaps with portfolios of climate technology projects and programmes, thereby facilitating the transfer of climate technologies.
- UNEP-CCC, in collaboration with international alliances such as Sustainable Energy for All supports the implementation of new solutions on energy efficiency, which is an often-overlooked component of a sustainable energy transition. This activity was manifested by being designated the Copenhagen Centre on Energy Efficiency (C2E2) and continues within the new UNEP-CCC "one-centre" structure. The Centre has also taken on the role of hosting the Global ESCO Network comprising 85% of the

world's ESCO associations which aim to realize the potential of Energy Service Companies to deliver some of the best returns on climate investments.

- UNEP-CCC is a key player in the efforts to build national Monitoring, Reporting, and Verification (MRV) and M&E systems, and transparency frameworks to track and report on climate actions and their impacts. The Centre has supported more than 40 countries with institutional and technical capacity building, primarily through two international transparency initiatives: The Initiative for Climate Action Transparency (ICAT) and the Capacity-building Initiative for Transparency (CBIT), the latter also funded by GEF with UNEP as the Implementing Agency.
- The Emissions Gap Reports (EGR) and Adaptation Gap Reports (AGR) are annual UNEP flagship publications that inform the parties to the UNFCCC and the broader UNFCCC constituency of the status and trends with regard to global action on emissions reductions and adaptation action in the context of globally agreed goals from the Paris Agreement. The reports have been produced since 2012 (EGR) and 2014 (AGR), led by UNEP-CCC.
- UNEP-CCC is playing a central role in contributing to the back-end international discussions and negotiations for the Article 6 rulebook adoption and implementation for years. This has entailed developing new approaches, methodologies, linking Article 6 with SDG impact and transformational change, and not least building the capacities of the developing countries. This presents a promising opportunity for an increasing involvement of the Centre within this key component of the international climate architecture.

UNEP-CCC is well-placed to provide important inputs to the Climate Change Convention processes, and to support country-level efforts in defining and delivering on NDC ambitions and Long-term Strategies. In addition, UNEP-CCC offers technical assistance in the drafting and delivery of climate change projects for multilateral-funding where UNEP is the chosen vehicle for funds provided through the Global Environment Facility or Green Climate Fund (GCF).

Being more closely embedded within UNEP will allow UNEP-CCC to pursue opportunities of joint interest and benefit, also through UNEP Framework Agreements, and build on efforts and established contacts and international networks.

Furthermore, being based in Denmark offers unique opportunities to engage directly with the best available technologies and solutions, namely in the energy efficiency and renewable energy technologies. Engagement with the public and private sector in Denmark supports UNEP-CCC in providing experience and evidence of concrete opportunities associated with technology deployment, viable business case, and using Denmark as a 'showroom' for climate solutions.

Annex 12: ToR UNEP-CCC Steering Committee

Background

The Steering Committee is the formal mechanism for dialogue concerning UNEP-CCC between UNEP and its partners. The Interim Steering Committee will initially function as the dialogue forum between UNEP and the Danish Ministry of Foreign Affairs concerning Danish support to the Centre. It is foreseen that the Interim Steering Committee will be transformed into a more permanent arrangement that includes other donors and partners.

Mandate and scope

The Interim Steering Committee shall discuss and advise on the overall priorities of the UNEP-CCC's strategy and work programme. The mandate of the Steering Committee includes recommending for approval by UNEP high level planning documents, progress reports, work plans, budgets, audit reports, and decisions recommendations about major implementation issues.

Within its general responsibilities, the Steering Committee shall exercise the following specific functions:

a. Provide strategic advice on the direction of future Centre activities. The advice should reflect existing and emerging global and regional priorities in climate change, energy, and environment with due consideration to the general mandate of the Centre and with particular focus on developing countries.
b. Guide UNEP-CCC to maintain a strong action-oriented position in the global landscape as a technical and science-based knowledge centre in the area of climate change and sustainable development, renewable energy, and energy efficiency.
c. Ensure congruence between climate change and development priorities of UNEP, the Danish Ministry of Foreign Affairs, and other supporters of the Centre.
d. Annually approve work plans, progress and substantive reports, and financial reports of the Centre.
e. Annually review results and performance of the Centre, including issues related to opportunities, challenges, and risk factors and including discussions of outcomes and follow-up of any external reviews/evaluations of the Centre's activities.
f. Suggest new areas of activity, programmes, projects, sources of funding, partners, etc.

All Steering Committee decisions shall be recorded in minutes, and the minutes together with any approved documents shall be included in project progress reports submitted on behalf of the Centre to UNEP.

Composition

Members of the Interim Steering Committee are:

- representative of the Danish Ministry of Foreign Affairs
- representative of UNEP

- representative of UNEP-CCC as observer
- representative of UNOPS as observer

The interim Steering Committee shall discuss inviting representatives from other organizations, such as donors supporting UNEP-CCC's programme, to serve on the Steering Committee.

The UNEP-CCC Director shall participate in meetings as a resource person. When relevant, other resource persons may be asked to participate in Steering Committee meetings (e.g., from partner institutions, universities, civil society, etc.).

Working procedures

The Interim Steering Committee meetings will be chaired by the Director of UNEP's Economy Division. The Interim Committee will meet as required and at least on a quarterly basis during the interim period with the intention to move to meetings held twice annually. Any Steering Committee member may request for an unscheduled meeting to be convened.

Working procedures are as follows:
UNEP-CCC Management will act as the secretariat for the Interim Steering Committee.

A proposed agenda shall be distributed two weeks in advance of meetings, and all documentation for the meetings (plan/budget, reports, proposals for adjustments, etc.) shall be distributed to members at least one week in advance along with an updated draft agenda.

UNEP-CCC management shall draft minutes of the meetings and distribute these to all participants within one week after the meeting. The Committee shall approve the minutes by written procedure.

The Steering Committee decides by consensus.

Annex 13: UNEP-CCC's Capacity Building Approach

Capacity building (CB) that meets the particular needs of developing countries is one of the means of implementation of the UNFCCC climate change regime. UNEP-CCC uses a comprehensive approach to capacity building efforts, one that aims to strengthen both individual and institutional capabilities to address needs and priorities at different levels. The approach builds on three aspects of CB:

- Capacity building as the catalyst and constant fuel for a process of change,
- The importance of building institutional capacity, and the
- Involvement of a wide range of diverse groups in society.

UNEP-CCC's CB approach is dynamic and reviewed to incorporate emerging issues, new decisions at COPs, and new ways of addressing any short-comings identified in previous interventions. Among the key considerations in most countries are the institutional relationships, where hierarchies, bureaucracies and interactions connecting organizations and individuals are complex, process oriented and spurred by vested interests and political priorities.

UNEP-CCC's capacity building framework is designed to operate with and be responsive to country-driven processes, accommodating the country needs in specific tailored programmes (e.g., training modules, guidance notes, web-based tools, and databases) through participatory processes. This provides a sense of ownership and empowerment to stakeholders, which is important for an effective implementation.

CB is a recurring issue in the implementation of the Convention, and it varies according to the evolution of agreements made in each COP. Since the establishment of the Convention, capacity building efforts supporting developing countries have been provided by a large number of agencies and organizations, through a diversity of approaches and time bound, product focused projects and initiatives. Unfortunately, few have systematically considered actual country needs. The product-focused projects are those designed more expecting the delivery of a specific result, for instance a National Communication, than building a structure that looking ahead can continue to produce regular National Communications. Another characteristic is the frequent passive engagement by countries, that is, the local teams actively support the achievement of results, but no further actions are pursued using results to change the existing circumstances.

UNEP-CCC's approach to CB comprises processes and articulated actions conducive of enhanced abilities, relationships, and values that enable organizations, groups, and individuals (within a country, region, sector) to improve their performance and achieve their objectives, thereby also enhancing cooperation between diverse societal groups. The focus is always on supporting national processes for implementation of climate actions within the Climate Convention but also the Sustainable Development Goals, considering that these two are the main policy frameworks directing the pathways of development while addressing climate change.

To achieve the objectives of the Paris Agreement, Parties to the Convention have agreed to implement climate actions within sustainable development priorities and report progress. Parties are also encouraged to formulate long-term strategies to guide formulation and implementation of their Nationally Determined Contributions. For this to be done, developing countries have been offered support for capacity building, technology transfer and finance. Over the last two decades, national institutions, many with UNEP-CCC's support, have formulated and implemented climate change policies and actions using a variety of approaches. Institutional effectiveness, however, has been challenged by many shortcomings in relevant areas. To address the lack of institutional effectiveness, UNEP-CCC has identified six areas to increase institutional capacities:

coordination mechanisms; policy and sectoral integration; human capacities; stakeholder consultation; regulatory frameworks, and reporting mechanisms.

What is clear from experience is that the situations differ among countries and there is often uncertainty around how to address current issues coming from the political process. So formally, the needs are expressed in COP decisions, but these are not always internalised in advance by capacity-building initiatives, which require multi-stakeholder engagement to ensure that structures and design really reflect national needs.

UNEP-CCC's capacity-building framework is designed to operate with and be responsive to country-driven processes, accommodating the needs of countries in specific programmes. It is designed with local teams to be tailored to the national needs, through participatory processes. This approach provides a sense of ownership and empowerment to stakeholders, which is important for effective implementation.

The approach for implementation is process-based and differs depending on thematic areas, donor priority areas, national priorities, and circumstances. The process starts with stakeholder mapping (boundary partners); identification of general and specific challenges (capacity needs identification); defining a menu of options to address the needs and formulating targeted and specific modules for knowledge development.