Annex 8: Institutional (World Bank) Sub-Evaluation

A8: 1 Introduction

A8: 1.1 Objective of the evaluation

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

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

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

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

A8: 1.2 Scope of the evaluation

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

Pilot Programme for Climate Resilience: 104.G.12-17 (2009), 104.G.12-29-3 (2010), 104.G.15-8 (2012)

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

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

Forest Investment Programme, 104.G.12-17 (2009), 104.G.12-29-3 (2010)

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

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

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

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

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

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

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

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

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

Danish Carbon Fund

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

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

Energy Sector Management Assistance Programme (ESMAP)

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

A8: 1.3 Methodology

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

A8: 2 Context

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

The institution provides a combination of financial resources, knowledge and technical services, and strategic advice to developing countries, including middle-income and credit-worthy lower-income countries. Specifically, the IBRD supports long-term human and social development that private creditors do not finance, preserves borrowers' financial strength by providing support in times of crisis, when poor people are most adversely affected, promotes key policy and institutional reforms (such as safety net or anti-corruption reforms), creates a favourable investment climate to catalyse the provision of private capital and facilitates access to financial markets – often at more favourable terms than members can achieve on their own.

The World Bank Group works with middle-income countries simultaneously as clients, shareholders, and global actors. As this partnership evolves, the IBRD is providing innovative financial solutions, including financial products (loans, guarantees, and risk management products) and knowledge and advisory services (including on a reimbursable basis) to governments at both the national and subnational levels. IBRD finances projects across all sectors and provides technical support and expertise at various stages of a project. The IBRD's financial products and services help countries build resilience to shocks by facilitating access to products that mitigate the negative impact of currency, interest rate, and commodity price volatility, natural disasters, and extreme weather.

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

A recent reorganisation has seen the IBRD structured across a number of global practices, of which energy, environment and natural resources are two. Climate change is now a cross-cutting solutions area. There is now greater collaboration with the International Finance Corporation, with many policy staff focussing on climate issues being combined into the new units from across the organisation.

Climate is being mainstreamed across the World Bank portfolio, both in terms of pursuing low carbon development investment opportunities, and ensuring that projects meet and promote best practice with regards to climate resilience.

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

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

A8: 3 Results/findings

A8: 3.1 Relevance

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

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

Green growth has been identified by the MFA as a particular area of intersection between Denmark and World Bank priorities. The MFA Organisational Strategy commits Denmark to "support the Bank and IFC to promote innovative and inclusive green growth strategies, in terms of smarter public policies and targeted private sector investment and advisory services". Climate change was identified as one of the three key thematic areas (alongside gender and post-conflict situations) where Denmark would contribute to (innovative) trust funds and play an active role in the governance and advisory services. A number of Danish-supported trust funds are, however, well aligned with Danish priorities. Trust funds regarded as relevant included the Danish Carbon Fund, ESMAP, and the Forest Carbon Partnership Fund. The Bank is also very much engaged in the post-2015 discussions and the development of sustainable development goals. The World Bank Organisational Strategy 2013-17 recognises that the World Bank's stance on environmental sustainability is largely aligned to Denmark's strategy on green growth. It highlights that the Bank is at the forefront of a range of global environmental initiatives, noting its role as the trustee for the Climate Investment Funds and the Global Environment Facility.

Danish priorities have been identified as overlapping in three main areas: of which Climate Change is one, and energy and sustainable agriculture the others. On energy, the strategy recognises the World Bank focus on rural electrification and energy access, and its participation in the UN 'Sustainable Energy for All' initiative which calls for a doubling in volume of renewable energy power consumed and the rate of energy efficiency improvement. The Energy Sector Management Assistance Programme (ESMAP) is identified as having been successful in preparing the way for USD 8 billion in World Bank lending and investments. On climate change, the strategy calls for an improvement in mainstreaming of climate change into country operations, and notes the important role played by the World Bank as the trustee of the Multilateral Development Banks' Climate Investment Fund (CIF), which has attracted grant and capital contributions of USD 7.2 billion and to which Denmark has been a significant donor.

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

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

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

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

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

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

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

A8: 3.2 Efficiency

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

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

Finding 5: The management of Climate Envelope programmes implemented by the World Bank has been moderately efficient and with operational synergies exploited where possible.

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

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

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

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

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

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

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

A8: 3.3 Effectiveness

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

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

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

It is challenging to judge the effectiveness of the World Bank-financed programmes due to the relatively slow pace of their implementation, a strong focus on upstream preparatory work and pipeline development, and the lack of tangible downstream results to date.

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

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

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

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

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

The World Bank programmes have a strong focus on leveraging of additional funds being a key outcome indicator. For example, the PPCR reports co-finance and leverage of 1.6:1 in terms of co-finance to programme funds, with SREP reporting up to 8:1 as a ratio. In addition to pilot country governments and MDBs, major co-financing partners to the PPCR include: the Bill and Melinda Gates

Foundation, the Global Facility for Disaster Risk Reduction, the Global Agriculture and Food Security Program, the Global Environment Facility, the Global Disaster Risk Reduction Facility, and bilateral partners from Australia, Korea, Norway, and the United Kingdom.

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

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

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

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

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

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

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

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

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

Stakeholders consulted unanimously confirmed this finding, citing the consistent focus on gender, Least Developed Countries and indigenous peoples in the context of programme steering committees and governance structures. The review also noted that Denmark had made less progress on climate change and renewable energy, for example the role of the World Bank in relation to the Green Climate Fund.

Finding 15: World Bank programme staff have expressed some concern that the Danish Government is not sufficiently resourced to fully engage with the programmes it finances.

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

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

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

A8: 3.5 Sustainability

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

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

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

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

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

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

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

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

A8: 4 Conclusions

The evaluation draws the following conclusions:

- **Conclusion 1:** The World Bank has offered Denmark a highly relevant platform with which to take forward national priorities on climate change. This platform has been global in scale and is multilateral in nature, with the participation of a large range of donors and international bodies. The World Bank infrastructure has been particularly useful in the absence of a negotiated UNFCCC agreement, and given the uncertainty around the establishment of the Green Climate Fund. World Bank programmes have responded well to both international priorities and national level demands with strong evidence of stakeholder engagement, even where this has slowed implementation. Denmark is regarded as a supportive donor and been particularly effective at increasing the relevance of the Bank's portfolio by promoting its national development agenda around gender, indigenous peoples, and fragile states.
- **Conclusion 2:** The World Bank has offered an element of value for money and efficiency in relation to management of the climate envelope, using shared secretariat facilities across programmes, and being able to make use of its country network for implementation. However, there is little evidence of value for money assessment in Danida programme selection and design. The efficiency with which programmes have been implemented has also been mixed,

with delays in disbursement, and slower than expected stakeholder-led processes, but it is expected that this will now accelerate with country-level investment programmes in place across the portfolio. While Denmark is regarded as engaged in the context of annual governance meetings, there are some concerns among Bank staff that the MFA is not sufficiently resourced to be able to fully engage with the ongoing programme activities (such as reviewing country investment proposals). Denmark has typically taken a position of trusting the Bank as an implementing partner and ceding oversight to larger and better-resourced donors.

- **Conclusion 3:** The scope and scale of World Bank managed programmes means that it is too early to judge the effectiveness of the World Bank Climate Envelope programmes. To date, most of the achievements have been upstream through the preparation of country investment plans or market readiness proposals, and the programmes are only now beginning to be implemented at scale. Reported outcomes relate therefore either to upstream policy development and capacity building, or the expected achievements from the approved investments plans. Results frameworks and reporting processes are robust and will capture outcome level indicators as they emerge.
- **Conclusion 4:** Given the limited outcomes, it is also too early to identify significant impacts from the World Bank portfolio. However, given the preparatory stage is now complete for both the CIFs and PMR, it can reasonably be expected that there will be significant impacts going forward given the programme goals and scale of finance mobilised. However, the ultimate results of the World Bank programmes are strongly tied to a range of factors, both national (market, policy) and international (negotiations, finance) which may not be fully within the World Bank's control. Impacts are therefore likely to be difficult to directly attribute to World Bank programmatic activities. In terms of overall attribution of results to Denmark, the country has generally been an early supporter of the World Bank's climate initiatives, but its financial contributions remain small in the context of overall Bank funding. When combined with the limited level of engagement, it is difficult to make the case that results will be attributable beyond Denmark's share of financing. The exception is the ESMAP, where Denmark has taken a much larger share of finance and pursued a more proactive agenda.
- **Conclusion 5:** The long-term sustainability of the results delivered through the World Bank programmes remains unclear, although there is a growing evidence base of transformational change occurring at national level through improved climate policy development and investment programming. At an international level, a significant element of sustainability will lie in the capacity of the Bank to transfer lessons learned to the emerging finance architecture of the GCF. While knowledge management and lesson learning is a core focus of the Bank's portfolio, there is little evidence that the Danish Government is capturing lessons arising from programme implementation in a systematic way in order to feed these into ongoing policy development and programming decisions.

A8: 5 Indicative recommendations

- **Indicative Recommendation 1**: The Danish Government should be more explicit in its strategy towards participating in large multilateral climate funds and programmes such as those managed by the World Bank. Denmark has a stated commitment to supporting the multilateral architecture. Its participation across a wide set of initiatives sends a strong political signal to others, as well as providing Denmark with a level of political capital and the opportunity to engage at scale. However, such an approach carries with it an implicit acceptance that such funds are likely to be less innovative than some bilateral initiatives, that Denmark's influence will be less catalytic, and that attribution of results to Denmark is unlikely to be greater than its pro-rata share of finance.
- **Indicative Recommendation 2:** The Danish Government could nonetheless be more proactive in its engagement with the ongoing implementation of larger World Bank projects, particularly given the share of climate envelope funding that the World Bank receives. Instead, it plays a more passive governance role, preferring to outsource management to larger donors. There are clear lessons for informing Denmark's engagement with the Green Climate Fund in this regard, with the danger that the current active level of Danish engagement declines once the Fund is operational.
- **Indicative Recommendation 3**: Where possible, the Danish Government should consider concentrating its resources into programmes and thematic areas where it considers it can add value. It has done this with the ESMAP, providing both a large share of financial resources and significant staff time. The result is that Denmark has considerable influence, has driven the agenda for ESMAP and can claim a high level of attribution for results. Consideration should be given to other thematic areas where Denmark might engage with the World Bank and with similar multilateral partners in a similarly focussed and innovative manner. This will be particularly important as the Green Climate Fund begins to assume some of the climate finance aggregation role previously played by other institutions.
- **Indicative Recommendation 4:** The Danish Government should ensure that lessons emerging from World Bank programmes are captured and used in an integrated way, and that split institutional responsibilities particularly for low carbon programmes (*e.g.* the MFA managing the World Bank relationship on SREP, and the MCEB managing PMR) does not impede the integrity of the knowledge management approach.

A8: Annex 1: Interviews

Name	Responsibility/position	Organisation
Ben Green	Climate and Environment Department	DFID
Michael Linddal	MFA Consultant	Linddal Consulting Aps.
Anders Ørnemark	Minister Counsellor for Development, Danish Embassy Washington	MFA
Christoffer Bertelsen	Minister Counsellor (retired), Green Growth	MFA
Jakob Haugaard	Chief Advisor	MFA
Jakob Roglid Jakobsen	Chief Advisor, Green Growth	MFA
Jens Lorentzen	Senior Technical Advisor, Technical Advisory Services (TAS)	MFA
Adrien de Bassompierre	Senior Carbon Finance Specialist, PMR	World Bank
Andrea Kutter	Sr. Operations Officer, Global Practice Environment and Natural Resources	World Bank
Ani Balabanyan	Senior Energy Specialist	World Bank
Bipul Singh	Energy Economist, ESMAP	World Bank
Charlies J Cormier	Practice Manager, Energy, MENA Region	World Bank
Christine Roehrer	Senior Monitoring & Evaluation Specialist, CIF	World Bank
Dejan R Ostojic	Sector Leader, Energy, Sustainable Development Department	World Bank
Joumana Asso	Senior Private Sector Development Specialist, CIF	World Bank
Koffi Ekouevi	Senior Economist	World Bank
Mafalda Duarte	Manager, CIF	World Bank
Miki Endo	Operations Officer, ESMAP	World Bank

Rohit Khanna	Programme Manager, ESMAP	World Bank
Sameer Shukla	Senior Energy Specialist, ESMAP	World Bank
Sandeep Kholi	Senior Energy Specialist	World Bank
Shanti Kapila	Knowledge Management Officer, CIF	World Bank
Silvia Martinez	Senior Energy Specialist, ESMAP	World Bank
Steven Shalita	Senior Communications Officer, CIF	World Bank
Zhihong Zhang	Senior Programme Coordinator, CTF and Scaling up Renewable Energy Program (SREP), CIF	World Bank

A8: Annex 2: References

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