

Evaluation of Danish funding for climate change mitigation in developing countries

Summary, management response & follow up

June 2021

Introduction

This note summarises the main findings and conclusions of an evaluation of Danish funding for climate change mitigation in developing countries undertaken from July 2020 to April 2021. The note includes the management response and follow up proposals drafted by the department for Green Diplomacy and Climate Change (GDK) of the Ministry of Foreign Affairs (MFA). The MFA's department for Evaluation, Learning and Quality (ELK) commissioned and managed the evaluation, carried out by an independent team of international consultants working with a consortium of Particip (D) and ODI (UK).

Content and methods

Effectiveness concerns achieving intended results and mitigation results are those that reduce net greenhouse gas (GHG) emissions. Of special interest are strategic changes to systems whose characteristics determine emissions over time. Taken together, these describe 'strategic mitigation effectiveness' the assessment of which is the main aim of this evaluation. It focuses on Danish efforts in developing countries in the period 2013-2019.

The evaluation uses a theory of change based approach to seek causal mechanisms and to explore how they work under what conditions. It seeks to identify patterns and trends among many projects and programmes, its treatment of detail is therefore different from that of a project-level evaluation. The evaluation findings rest on evidence from studies of 4-8 projects and programmes in each of four MFA-selected focal countries, namely Ethiopia, Indonesia, South Africa and Vietnam. Because of the CoViD-19 pandemic, the evaluation was largely desk based, but findings were validated and enhanced by national consultants working in the focal countries, and through remote interviews. Data were supplemented by soliciting mitigation case reports from 35 Danish embassies.

The evaluation also draws evidence from desk studies and interviews targeting seven MFA-selected partner institutions, namely the Green Climate Fund (GCF), the Energy Sector Management Assistance Programme (ESMAP) of the World Bank, the International Energy Agency (IEA), the Investment Fund for Developing Countries (IFU), the Sustainable Energy Fund for Africa (SEFA) of the African Development Bank (AfDB), Verdens Skove (VS), and the Nationally Determined Contribution Partnership (NDCP). The Danish Energy Agency (DEA) was also studied because of its key role in energy sector partnerships around the world. Again, the treatment of detail is different from that of an evaluation focused on any one institution, being more macro-level and comparative in approach.

Evidence is organised by design and performance topic and annexed to the appended country studies. Other annexes contain details on the partner institutions and relevant contextual analysis and commentary. Evidence, analyses and conclusions were tested in dialogue with

organisations represented in the Evaluation Reference Group (ERG) and are presented as answers to four evaluation questions (EQs). The conclusions are further informed by other studies that reported in late 2020 and early 2021, including those on climate change adaptation and by the Danish Council on Climate Change (DCCC) and National Audit Office (NAO). Recommendations are framed in the context both of Denmark's long-term climate strategy and of a global consensus in support of high-ambition mitigation efforts, including potential net zero emission goals by mid-century.

Answering Evaluation Question (EQ) 1: Mitigation effectiveness

Three key approaches to strategic mitigation are technological, ecological and capacity building, based respectively on promoting clean energy, nature-based solutions, and institutional abilities to perform modelling, planning, policy development and regulatory tasks. Key conclusions point to the primary importance of: i) alignment with strong, stable and rational government policies; ii) adaptive agility in the face of changing circumstances and institutional priorities; iii) trusting those who have reliable knowledge and skills; and, iv) the political economy and political ecology analyses needed to identify policies worth aligning with, changes that must be adapted to, and groups worth relying upon.

Evidence from all evaluated interventions led the whole mitigation portfolio to be rated 'moderate/good' for design and performance, higher on average than in previous studies of global (non-Danish) aid portfolios, and about the same as in an earlier study of a Danish country programme (Nepal). At country level, the interventions divided into groups: by design as 'very good' in Argentina, Ethiopia, Indonesia and Vietnam, 'moderate' in Myanmar, and 'weak' in South Africa; and by actual or anticipated mitigation effectiveness as 'very good' in Argentina, Myanmar and Vietnam, 'moderate' in Ethiopia, and 'weak' in South Africa. Reasons for consistently high performance in Vietnam included alignment with strong and stable policy, and synergy with specific practical initiatives by government; those for consistently low performance in South Africa included unstable features of policy and political economy in the evaluation period.

In terms of quantifying emission reductions, among the institutions surveyed Verdens Skove and GCF have long sought to do so in their work, and IEA, IFU and SEFA started to do so more recently. Among interventions in the focal countries there were mixed findings, but in general there was less baselining or monitoring of predicted or actual emission reductions than might have been expected. In terms of building the capacity of institutions to perform better at modelling, forecasting, regulating and developing policy and other tasks relevant to mitigation, the findings are also mixed but more nuanced. In the evaluation evidence, variations on the phrase 'did not include institutional capacity assessments, gap analyses, individual skills assessments, or ways to monitor changes in capacity and skills' were frequent. Since this is both important and easily correctable it is among the most useful findings going forward.

The Climate Envelope (CE) was used to deliver a small share of all Danish mitigation-relevant public investment in developing countries, the volume of which is determined by drivers other than climate change. No evidence was found that projects funded through this channel differed consistently from those funded in other ways. The CE did have a strong effect, however, in enabling the DEA to emerge as an important actor providing energy sector support to developing countries, as well as in encouraging a programmatic approach rather than being limited to particular technical issues. The result is that DEA's partnerships involve supporting governments in becoming 'choice aware' in many areas of energy sector reform and development. Facilitating

economy-wide political and system change is a demanding task, however, and is likely best done in a fully integrated way led by the Danish representation in each country.

The Strategic Sector Cooperation (SSC) Initiative is an important attempt to rationalise support for coherent and systemic change. Funded outside the CE, it was represented in the evaluation sample by six SSC interventions. Of the five that could be assessed (in Argentina, Ethiopia and Indonesia), design scores were high and strong performance was anticipated, but because they started recently, they could not be fully assessed except in Indonesia where performance was good. These are positive signs, and it seems likely that in seeking holistic responses to systemic challenges the SSC modality has been breaking ground in an area that will be productive for mitigation efforts in future.

Finally, it was found that the information system maintained by MFA on international mitigation projects and programmes falls far short of those that are published online by several global climate funds (e.g. the GCF) and is not adequate to support reporting of, or analysis and learning from, the results of Danish mitigation efforts. A more effective management information system with learning and referencing capability is needed, the value of which would increase over time.

Answering Evaluation Question 2: NDC responsiveness

In general terms, Nationally Determined Contributions (NDCs) articulate government thinking that is already embedded in policy. They tend not to be presented in actionable or bankable form, and few if any new promises are made that are not already considered feasible. Moreover, all are hedged by governments' reserving the right to amend the details as needed, often according to their development partners' willingness to spend. These patterns are seen in the NDCs of the countries included in this evaluation. This is to be expected, since the NDCs are markers in an experimentalist process of learning and peer competition, prepared by governments that are cautious about making pledges and may be reluctant to act on a common threat for which they do not feel responsible.

Of the focal countries, Indonesia and Vietnam intend to reduce the rate of growth of their emissions so as to achieve significant reductions relative to future scenarios. In Vietnam this implies a near-doubling of absolute emissions; but in Indonesia it could mean an absolute decline, depending on success in bringing deforestation and land degradation under control, and in meeting renewable energy targets. Ethiopia and South Africa propose to cap their emissions, Ethiopia at the current level and South Africa at a plateau rather higher than at present before declining. All goals depend on intricate networks of change in many sectors at once (Ethiopia, Vietnam), or complex and contingent changes in currently-dominant emission sectors (electricity generation in South Africa; the land use and forestry sector in Indonesia).

On encouraging and enabling countries to express higher mitigation ambitions in their NDCs, as noted above there is a global move towards net zero emission commitments by mid-century, which developing countries may wish to join. To do so, governments may need studies, demonstration projects and policy discussions to assure themselves that higher ambitions are feasible and not harmful to their own interests. Denmark can help by validating the idea of higher ambition through policy dialogue, and by offering technical assistance and other support for the necessary research, modelling and consensus building.

Answering Evaluation Question 3: Transformational change

Transformation implies multiple connected changes that result in more sustainable relationships among people and between people and nature. To induce it requires concentration of informed insight and design effort, appropriate technical input, trust and influence, adequate resources, and sustained consistent purpose. Danish interventions often seem under-resourced relative to this ambition, but can be effective if they coincide with trends created by other actors or influences. In these cases, small investments can induce major changes, putting a premium on understanding underlying trends and their causes during the identification and design of interventions.

Several cases were found where Denmark was helping to build potentially transformative mitigation-relevant outcomes, often with the support of institutional partners. Three involved community-based forest management (two in Indonesia, one in Bolivia, and a fourth possible in Myanmar before the February 2021 coup d'état), two involved wind power integration (in South Africa and Vietnam), one involved complementary and cumulative interventions in a small island (Lombok in Indonesia), and one was possible through a city twinning project.

Together they show that progress can be dramatic if empowered communities wish to manage ecosystems sustainably, if a government seeks to overcome specific technical challenges for the clear benefit of those to whom it is accountable, or if institutions recognise and value what each can contribute, but only if the new ideas on offer make good ecological and economic sense. In addition, there was a cluster of partnerships where Danish engagement has been responsible, in collaboration with like-minded stakeholders, for lifting or shifting a major institution onto a new and more mitigation-relevant path, including SEFA (at the AfDB) since 2011, IEA since 2015, and ESMAP (at the World Bank) since 2016.

Answering Evaluation Question 4: Lessons learned

Lessons learned from the projects and programmes are highlighted under EQ1. Here the emphasis is on more strategic findings. On capacity building, the evaluation took the view that it must be specifically designed-for if it is to be effective. To build capacity requires: i) an agreed assessment of defined weaknesses of all kinds; ii) an agreed plan to correct those weaknesses, with goals and indicators for their achievement; and, iii) efforts to implement the plan with adequate resources competently deployed. It concerns the development both of managerial systems and of competencies among staff members, along with the hardware and software that they use in their work. It is therefore a process, and cannot be separated from the quality of the partnership between the institutions involved.

Two effective ways to build capacity are: by embedding long-term advisers who can transfer knowledge to colleagues over time, while also acting as portals for engagement with external stakeholders; and by concentrating multiple sources of new knowledge in a small social system energised by a local priority, including demonstration projects, participatory studies, and knowledge exchange with other places and peoples. Strong partnerships provide a supportive context for either. Successful examples were found in the evaluated portfolio, but as noted above key steps in planning for capacity building and monitoring progress were sometimes missing.

Among the institutions reviewed, the distribution of support reflects a strong orientation to the energy sector, where recent Danish efforts have been focused. The GCF is the only multilateral institution and Verdens Skove (VS) the only civil society partner strongly promoting ecological

mitigation, where past Danish efforts have shown emission savings at large scale. None support south-south-north linkage activities, which have particular strengths in terms of knowledge sharing. A general conclusion reached by the evaluation is that there is scope for the capabilities and interests of each institution to be more deliberately matched to Danish mitigation priorities, which would depend on prior definition of Danish aims and preferred means. Opportunities were also noted for Denmark to focus on key strategic issues, such as working with ESMAP to help countries model and plan their transitions to net zero outcomes and with IEA to support the testing of sectors against objective standards on emission reduction, so as to provide assurance that national policies will actually deliver net zero outcomes.

Conclusions

The distribution of strategic effectiveness in the evaluated portfolio draws attention to particular Danish strengths: in facilitating the clean energy transition; in encouraging low-carbon development through institutional, sectoral and subnational planning and demonstrations on energy, waste, environmental management, etc.; and in conserving and restoring high carbon-density ecosystems through nature-based solutions involving local institutions, communities and participatory ecosystem management. The latter strength has tended to be neglected in recent Danish development cooperation. The utility of restoring this complementary element to the Danish mitigation programme is perhaps the single most significant conclusion of this evaluation.

Some 'no-regrets' mitigation activities along one or more of these lines are likely to be necessary in all partner developing countries, and these will often match observed Danish strengths. All are important to meeting needs within the global climate change response, since: scores of governments hope to decarbonise their energy systems; hundreds of subnational institutions and territories would benefit from low-carbon development plans and help with their implementation; and hundreds of millions of hectares of high carbon-density ecosystems exist and require protection and restoration.

Considered in terms of the global climate agenda, most of these needs must be met promptly if there is to be a chance of reaching over-arching temperature, adaptation and biodiversity goals. Denmark alone can only contribute to meeting some of them, however, whether globally or within each partner country. They feature in the NDCs where priority is usually given to one or more of them, depending *inter alia* on how the major GHG sources and sinks are distributed in the economies and territories of the individual country.

A balanced Danish mitigation strategy should therefore allow for informed choices on which NDC priorities to address in each partner country and for an effective response to each chosen element. This response would sometimes be done bilaterally, but more often and more importantly in collaboration with other actors. The real leverage and impact of Danish mitigation efforts will come from demonstrating practical and innovative solutions that can be understood, adapted, replicated and scaled up, from thought-leadership and influence among like-minded actors and from cooperative investment through multilateral institutions.

Recommendations

The recommendations assume the following desirable norms and outcomes:

- Danish actions will be done in dialogue with the developing country concerned in each case and in collaboration with other development partners and international institutions that possess relevant knowledge.
- Current efforts by MFA and MCEU to strengthen knowledge management in the climate response for accountability and learning purposes continue, and will effectively meet the information needs of the Danish public and government.
- The strategic objectives of Danish mitigation efforts will guide the choice of international partner institutions for collaborative support, whether through core, thematic and project funding, staff secondments, rosters of experts or technical input to negotiations.

These three measures are all necessary to a small but influential donor in a complex and uncertain strategic environment, where progress at scale against pressing biophysical challenges and deadlines can only occur through partnership. Thus, it will always be necessary to seek cooperation with bilateral, multilateral, non-profit and for-profit partners where opportunities exist for knowledge sharing, added value, co-benefits and transformative impact.

The following findings and implications have arisen from the evaluation and are stated as general requirements rather than formal recommendations.

- The 'mainstreaming' of climate mitigation concerns is essential, meaning the routine informed consideration of climate response consequences in all decisions surrounding development activities and investments.
- A 'whole of government' (or even a 'whole of society') approach is necessary to mobilise adequate and effective sustained investment in mitigation efforts, both within Denmark and as a desirable role of partner countries.
- There is an implicit need for systematic knowledge sharing with all partners involved in any way with Danish mitigation efforts, including staff who take over responsibilities for each initiative during routine turnovers.
- Programmatic approaches, supported by long-term relationships and good understanding of their political economy and political ecology contexts, are generally to be preferred on the grounds of strategic effectiveness to isolated, brief or stand-alone interventions.
- Valuable experimental or 'target of opportunity' investments can nevertheless break new ground or create new opportunities, and can often best be identified and explored by embassies using their Local Grant Authority funds.
- A complex and ambitious mitigation portfolio requires adequate resources to meet its advisory, managerial and material needs, the allocation of which must therefore be assured.
- Adequately-funded research is needed to reduce uncertainties around predicting the consequences of mitigation policies and actions, as well as improving knowledge management to support the climate response.

Further to these general points, the evaluation makes two specific recommendations, respectively focused on:

- supporting partner countries in defining more complete and effective mitigation programmes of action, which can then be articulated within more ambitious NDCs; and
- strengthening the design of all mitigation interventions so they more clearly explain what they expect to achieve in mitigation terms and how they will document progress towards their mitigation goals.

Recommendation 1. Denmark and its expert partner institutions should support each of its partner governments in identifying its most mitigation-relevant sectors, regions and systems, in becoming fully choice-aware in each of them, in developing options for reducing net emissions in all of them, in selecting the most effective mitigation options, and in planning and resourcing actions in line with those options.

Rationale. Countries vary in how GHG emissions and opportunities to reduce them are distributed, and these may lie in the energy, land-use or another sector, or dispersed across many sectors, or concentrated in different subnational regions, or located within systems of protected areas or other special zones. Support for sectoral and subnational initiatives can contribute to achieving national mitigation goals, and the latter may even depend upon the success of such initiatives. Thus effective national mitigation programming requires a fine-grained approach with sensitivity to political economy and other factors. This requires planners and decision makers to have access to organised cross-disciplinary knowledge from diverse sources.

Implementation. Guidelines and technical specifications for the necessary analyses will need to be developed, and officials of national and local government and embassy staff will need to be trained in their use. Potential actors in developing and delivering these could include MFA, MCEU and MoE, including embassies supported by Sector Counsellors and other staff, in consultation with national and local government, and with input from other development partners and knowledge-holders including international institutional partners and Danish NGOs, think tanks and academia.

Recommendation 2. Denmark should require that every proposed mitigation action, regardless of its funding source: describes its anticipated mitigation effects; specifies how baseline conditions relevant to mitigation will be described; defines expected mitigation outcomes and criteria and indicators for assessing progress towards them; and provides a full account of arrangements for monitoring and reporting progress towards those outcomes.

Rationale. Effective mitigation requires large emission reductions to be obtained quickly, cost-effectively and with the best possible balance between co-benefits and co-costs. To do this reliably, investments must be chosen for these specific outcomes, and to support selection all costs and benefits must be identified, considered and compared with alternatives in advance. Some actions are designed to build capacity and choice-awareness, however, which can only be measured indicatively, while some co-benefits cannot be measured at all. Thus qualitative and/or quantitative means would be used as appropriate in each case. Research can help reduce uncertainty, but for learning and accountability purposes outcomes must be monitored against baselines and milestones.

Implementation. Guidelines and knowledge resources will be needed to support improved project design and description in line with this requirement. Potential actors in developing these could include MFA, MCEU and MoE, in consultation with other actors and knowledge-holders including international institutional partners and Danish NGOs, think tanks and academia.

Management response and follow up

General comments

The Department for Green Diplomacy and Climate (GDK) welcomes the evaluation of the Danish funding for climate change mitigation in developing countries from 2013-2019. The evaluation aims to identify and explain strengths and weaknesses in contributing to the overall mitigation agenda and Denmark's sustainable development priorities. GDK also appreciates the relevant timing of this evaluation. The findings can be used to implement the strategic guidance set out by the Government's Global Climate Action Strategy (2020) and they can be used as input to the development of a new strategy for development cooperation in 2021. Furthermore, the evaluation will inform the development of a bigger green and climate-related portfolio following the 'greening' of Danish development cooperation.

Overall, GDK agrees with the conclusions of the evaluation and finds the proposed measures to implement the recommendations to be useful. GDK agrees with the described Danish strengths 'in facilitating the clean energy transition; in encouraging low-carbon development through institutional, sectoral and subnational planning and demonstrations on energy, waste, environmental management, etc.; and in conserving and restoring high carbon-density ecosystems through nature-based solutions involving local institutions, communities and participatory ecosystem management.' GDK also agrees with the need for a balanced Danish mitigation strategy in line with partner countries priorities and Nationally Determined Contributions (NDCs). According to the evaluation, the response should sometimes be bilateral, but more often in collaboration with other actors. Finally, GDK also agrees with the conclusion that 'the real leverage and impact of Danish mitigation efforts will come from demonstrating practical and innovative solutions that can be understood, adapted, replicated and scaled up, from thought-leadership and influence among like-minded actors, and from cooperative investment through multilateral institutions.'

GDK takes note of the conclusion that Danish strengths within conserving and restoring high carbon-density ecosystems through nature-based solutions have been neglected in recent Danish development cooperation. Whereas Danish support to energy transition and efficient energy systems is based on clear and proven Danish strengths within government, academia, civil society and business, Denmark does not have comparative advantages within nature-based solutions with an equally broad and deep foundation. However, GDK agrees that nature-based solutions are relevant and complementary tools, which can address mitigation, adaptation as well as biodiversity issues as part of a holistic and balanced approach to climate change. In addition, they also provide important co-benefits in terms of the potential for local employment generation.

GDK is pleased to note that evidence from all evaluated interventions led to the rating 'moderate/good' for design and performance of the entire mitigation portfolio. Additionally, at country level by design 'very good' in Argentina, Ethiopia, Indonesia and Vietnam and 'moderate' in Myanmar and by actual or anticipated mitigation effectiveness as 'very good' in Argentina, Myanmar and Vietnam and 'moderate' in Ethiopia.

GDK sees the evaluation questions (EQs) related to mitigation effectiveness, NDC responsiveness, transformational change and lessons learned as well as the general recommendations as relevant parameters for learning and developing a new strategic mitigation portfolio. In this process, GDK draws attention to the following contextual factors:

- The evaluation is based on an analysis of the mitigation portfolio from 2013 to 2019, including country studies in Vietnam, Indonesia, Ethiopia and South Africa, selected multilateral organisations and civil society organisations. However, it should be kept in mind that the conclusions are based on a sample of wider Danish mitigation interventions. In addition, it should be acknowledged that the bilateral energy programmes only constitute a small part of the total mitigation portfolio. In 2019, bilateral energy programmes accounted for approximately 75 million DKK out of a total mitigation portfolio of 1.3 billion DKK.
- The evaluation focuses on a period where the Danish funding for climate change declined. Total commitments declined from 4.3 billion DKK in 2013-2015 to 1.8 billion DKK in 2016-2018. The average annual funding during 2013-2018 was 1.3 billion DKK. Since then the green development cooperation has increased significantly to 2.0 billion DKK in 2019; 2.5 billion DKK in 2020 and an expected 3.0 billion DKK in 2021. This is in line with the Government's increased focus on climate change and sustainability issues. Lastly, the Danish Climate Act (2019) and the Global Strategy on Climate Action (2020) constitute a new institutional framework, which is a clear improvement compared to the focus of the evaluation from 2013-2019.
- The Danish institutional approach to address climate change as part of Denmark's development cooperation and foreign policy has changed. The development of a Government strategy on Global Climate Action has been instrumental in promoting a 'whole of government' approach to address global climate change. Hence, the mitigation and adaptation portfolios are more balanced today, drawing on sector involvement of Danish authorities within energy, environment, water, agriculture, maritime affairs, urban development and green investments.
- The mitigation portfolio has developed significantly since the period 2013-2019, which is the timeframe of the evaluation. Firstly, the guiding principles of the Climate Envelope and the Strategic Sector Cooperation approach have been helpful in turning mitigation projects into more programmatic and system wide approaches. A lot of learning has taken place from Danish Energy Partnership Programme phase I to the recent Danish Energy Partnership Programme phase III, which was approved at the end of 2020. The Danish Energy Agency (DEA) has supported many foreign governments in developing domestic capacities for becoming 'choice aware' in many areas of energy sector reform and development in support of national targets for renewable energy and the wider NDC context. Secondly, the MFA in general and the Danish 'Green Front Line Missions' in particular have become directly involved in the design, implementation and policy dialogue related to the bilateral and multilateral energy programmes.

The recommendations fall in three categories: (i) Desirable norms and outcomes, (ii) general requirements and (iii) two specific recommendations.

Follow up

Recommendation 1. *Denmark and its expert partner institutions should support each of its partner governments in identifying its most mitigation-relevant sectors, regions and systems, in becoming fully choice-aware in each of them, in developing options for reducing net emissions in all of them, in selecting the most effective mitigation options, and in planning and resourcing actions in line with those options.*

The MFA agrees that more attention is to be given to a strategic engagement in partner countries based on the demand of partner countries and on assessments of how Danish bilateral engagements can contribute to reaching the partner country's NDC cross sector ambitions in close coordination with multilateral engagements.

Danish engagement in many of the traditional development partner countries - where GHG emissions are low - is based on long-term established collaboration with the authorities and large programmes. In these cases Denmark can play an important role in supporting partners to become better coordinated within their governments and choice-aware across the NDCs.

On the other hand, in many of the growth economies with significant and high levels of GHG emissions, Danish bilateral engagement is limited to smaller programs. It is therefore not realistic to assume that Denmark is able to play a role in these countries as described in the recommendation. Reflecting this, Denmark has taken a different approach on the one hand in selected partner countries to strengthen the climate diplomacy by developing 'Green Front Line Missions' and 'Green Strategic Partnerships'. On the other hand by defining the comparative advantages that Denmark can offer to support GHG emission reductions and in line with the demand from partner countries to deliver support in these areas.

In light of this the MFA agrees that in partner countries where Denmark has a presence and resources with high access and influence with the local authorities, a significant pro-active strategic bilateral role can be played. While in countries where Denmark has limited resources available, emphasis is on offering support in areas where there are comparative advantages. This is combined with close collaboration with multilateral organisations that support the country in identifying and coordinating the most mitigation effective efforts. For example the Danish support to the NDC Partnership Support Unit that facilitates support for developing countries' national NDC priorities while promoting a 'whole of government' and a 'whole of society' approach to NDC enhancement.

To strengthen Danish representations to play a more active role in partner countries, the concept of 'Green Front Line Missions' has been rolled out since November 2019, covering a total of 20 representations. These include 10 low-income developing countries, including two priority countries: Ethiopia and Kenya. 'Green Front Line Missions' are designated to implement the Government's ambitions of global leadership in the green area. Through this initiative the embassies are promoting political action with a strengthened focus on the political economy, donor coordination and synergy among bilateral and multilateral interventions. This thinking is also reflected in the newly adopted guidelines for country strategic frameworks aiming at a stronger coherence between bilateral, multilateral and humanitarian engagements, regional engagements, private sector instruments, and strategic partnerships with Danish NGOs, etc. This approach will include forming alliances with other international partners, who undertake contextual analysis, especially where the Danish representation does not have the resources to lead support on climate change adaptation and mitigation. More work will be carried out along these lines as lessons learned are gathered.

Additionally, the MFA agrees that a better match of Danish mitigation priorities and the interests and capabilities of the organisations can guide strategic cooperation with multilateral and international organisations. Therefore work will be undertaken to develop a more structured articulation of Danish mitigation priorities and a mapping of the current Danish multilateral

partnerships with a view of strategically prioritising future Danish engagements. This will be done after the new strategy for development cooperation is in place (mid-2021).

The MFA agrees that it is critical for the contribution to transformational change to be sensitive to the political economy context and other factors in the partner country, including close collaboration with other stakeholders and development partners in the country. This programmatic approach is generally taken in priority countries and in countries with Danish 'Green Front Line Missions' while more efforts are needed in countries where Denmark has a smaller presence. Development in this direction is already underway, learning from the work with the climate envelope (from Danish Energy Partnership Programme phase I to phase III as an example). However, MFA agrees that more can be done in this area. Future follow-up activities will include dedicated work on further integrating capacity development in comprehensive programs with partner countries as well as developing meaningful result frameworks with baselines, outcome targets, indicators for measuring achievements, etc.

Recommendation 2. *Denmark should require that every proposed mitigation action, regardless of its funding source: describes its anticipated mitigation effects; specifies how baseline conditions relevant to mitigation will be described; defines expected mitigation outcomes and criteria and indicators for assessing progress towards them; and provides a full account of arrangements for monitoring and reporting progress towards those outcomes.*

The MFA agrees with the recommendation. Work along those lines has already been initiated, since the Climate Act, the Global Climate Action Strategy and the National Audit Office of Denmark all emphasise *strengthening the monitoring and evaluation of mitigation actions*. An example is the initiative to measure progress and results of the Danish international climate efforts, where a separate global report is currently being prepared on the international impacts of the Danish climate effort and the status of Denmark's international obligations.

With the Government's Global Climate Action Strategy, focus is on ensuring the world's largest GHG emitters reduce their emissions and on sustainable development in developing countries. The MFA's development portfolio therefore has to cater for both sustainable development and mitigation of GHG emissions and the monitoring and evaluation system has to reflect this. In light of this, more efforts will be made to monitor mitigation outcomes against baselines and milestones to ensure learning and accountability in both the overall design of the mitigation approach and the individual projects. As part of the process of developing the new strategy for development cooperation, a policy note on climate change mitigation will be prepared and thereby provide guidance to HQ units and to embassies concerning climate change mitigation. To ensure improved monitoring of mitigation activities the current guideline for monitoring the Climate Envelope will be revised to cover climate change activities more broadly and to be based on international experience. Moreover, ELK is currently working to strengthen monitoring and learning in developing cooperation as well as the development of enhanced mechanisms for reporting in order to capture impact better.