

The Danish support to mitigation/NAMA activities

The main support for mitigation and adaptation activities in developing countries from Denmark lies under the Climate Envelope. The Climate Envelope was initiated as a response to the Copenhagen Accord decided at the COP15 in 2009. From 2010-2013 the Danish Climate Envelope has delivered climate financing for DKK 1.7 billion (approximately USD 314 million), where of DKK 1.2 billion (approximately USD 222 million) was delivered as fast start financing. The Climate Envelope 2014 has a total annual budget of approximately USD 93 million (DKK 500 million). The envelope is divided between adaptation (46 %) under the Poverty Frame and mitigation (54 %) under the Global Frame. The mitigation activities are mainly targeting fast-growing, emerging economies as the marginal return in terms of CO₂ reductions is higher in middle income countries than in low income countries.

Projects financed by the Climate Envelope are based on the Strategic Framework for Natural Resources, Environment and Climate Change as well as the Strategy for Denmark's Development Cooperation, The Right to a Better Life.

The Climate Envelope 2014 will support the following mitigation activities:

1. *The Green Climate Fund (GCF) (DKK 100 mill ≈ USD 18.5 mill)*

The Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.

The Fund is expected to play a key role in channeling financial resources to developing countries and will catalyze climate finance, both public and private, and at the international and national levels.

Implementation of the commitments will take place as soon as the Fund is operational.

2. *Global Green Growth Institute (GGGI) (DKK 90 million ≈ USD 16.7 mill)*

The organization's objectives and activities are to support developing and emerging countries, including the poorest communities and least developed countries, in designing and implementing green growth plans, supporting and spearheading research initiatives that advance practical and theoretical aspects of green growth, and facilitate cooperation between the public and private sectors to help create an investment environment favorable to green growth. GGGI also seeks to raise global awareness of green growth through public outreach initiatives and other activities, such as conferences, seminars, and workshops.

3. *SE4ALL Energy Efficiency Hub (DKK 30 million ≈ USD 5.6 mill)*

The UN Sustainable Energy for All (SE4ALL) initiative is a global, strategic partnership with the aim of ensuring universal access to modern energy services, promoting renewable energy and improving energy efficiency. It brings together a broad range of stakeholders, including government representatives from developing countries, businesses, donors, international organizations and civil society.

By establishing the Energy Efficiency Hub, four international organizations with a focus on climate, energy and green growth will be located in the UN City in Copenhagen, including the UNEP Risoe Centre, The Climate Technology Centre and Network (CTCN) and a GGGI regional office.

4. *Global Climate Partnership Fund (GCPF) (DKK 25 million ≈ USD 4.6 mill)*

The objective of the Fund is to contribute to a reduction of GHG emissions by providing financing on commercially viable terms to eligible investments to renewable energy and energy efficiency - additional to the resources of the local financial sector in the target countries (including China, Mexico, South Africa, and Vietnam where the Danish government has bilateral energy programs) and/or by development finance institutions. The Fund fosters primarily energy efficiency and renewable energy investments for SMEs and private households in the target countries via qualified financial institutions, thereby contributing to the reduction of primary energy consumption. The focus of the fund's activities to date have related to energy efficiency lending.

The fund was established in 2010 by the German Kreditanstalt für Wiederaufbau (KfW) acting on behalf of the German Government and with initial grant contribution from the German Ministry of Environment (GMOE)

5. *The Low Carbon Transition Unit (LCTU) (DKK 22.7 million ≈ USD 4.2 mill)*

The Low Carbon Transition Unit (LCTU) was established in the Ministry of Climate, Energy and Building and located at the Danish Energy Agency in 2012 financed by the Danish Climate Envelope 2012. The LCTU's primary functions are bilateral financial and technical assistance to concrete energy sector projects in developing countries to support a transition to a low carbon economy. Currently the Unit support energy sector programs in South Africa, Vietnam and Mexico. Connected with the bilateral work, the LCTU has cross-cutting and plurilateral initiatives, which provide relevant knowledge, tools and advice to developing and emerging economies. These initiatives contribute to enable countries to make credible GHG projections as a basis for Low Emission Development Strategies (LEDS), mobilize climate financing and quantifying emission reduction pledges.

As a new element, the LCTU will provide input to support the Danish-Chinese Energy Cooperation, which was established in 2012 and has so far primarily been financed by the Renewable Energy Development Program (RED), part of the general development assistance administered by the Ministry of Foreign Affairs.

The objective of the abovementioned bilateral country programs is to contribute to the countries' regulatory frameworks and facilitate capacity building within the fields of energy efficiency and renewable energy, based on four decades of Danish experience within energy policy and regulation.

6. *Financing of NAMAs through the German/UK NAMA-facility (DKK 73.8 million ≈ USD 13.7 mill)*

The NAMA Facility will fund "NAMA Support Projects" that provide financial support and technical cooperation instruments to support governments in implementing parts of their NAMAs. Financial instruments will include grant-based support instruments as well as concessional loans (selection of specific instrument, including the level of concessionality of subsidized loans, will be decided in the

context of each individual project). The Facility will also provide technical assistance and capacity building to increase institutional and regulatory capacity with a view to maximize the transformational impact of the NAMA and/or to support partner countries in developing mature, in-depth planned and coordinated projects.

7. *Targeted support for activities during the climate negotiation in 2014 (DKK 6 million ≈ USD 1.1 mill)*

The object is to support relevant activities during the climate negotiations in 2014 that can contribute to closing the global ambition gap. Activities are expected to include:

- Activities related to the UN Secretary General's Climate Summit in New York in September 2014
- Activities linked to the publication of the IPCC's 5th report in Copenhagen in October 2014
- Working with concrete sectorial potentials associated with the 2014 UNEP Gap Report