



Climate Financing by Denmark¹

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¹ Denmark (2009). Denmark's Fifth National Communication on Climate Change Under the United Nations Framework Convention on Climate Change and the Kyoto Protocol, 519 pp.

1 Danish Development Policy, Cooperation and Provision of New and Additional Financial Resources

1.1 Danish development policy

Danish development cooperation policy is an integrated part of Danish foreign and security policy. Denmark's vision for global sustainable development is a world with economic development, social welfare, and greater protection of the environment. It includes a world market with free trade based on economic responsibility and environmental standards, and it includes respect for human rights, democratisation, transparency, and responsibility in administrations.

The overall goal of Danish development cooperation is poverty reduction through a long term and committed partnership with developing countries. The partnership shall enable the developing countries opportunity for a sustainable development process benefitting the poor.

Denmark emphasizes that development cooperation should contribute to meeting the 2015 goals adopted at the UN Summit (Millennium Development Goals) and be in line with international development assistance agreements, such as the Paris Declaration and the Accra Agenda for Action. Development cooperation is organized in line with government priorities to focus on globalization, economic growth as the vehicle for poverty reduction, security, good governance, democracy, human rights and the environment including climate change mitigation and adaptation. In addition, development assistance is also organized in close cohesion with other foreign and security policies.

The effort to promote national sustainable development is closely linked to the global challenges for sustainable development - and vice versa. Growing trade and international capital flows, conflicts and refugee flows, together with the increasing pressure on natural resources, have made individual countries ever more dependent on the outside world. Denmark therefore has a great interest in contributing to sustainable development through national efforts and through the EU, the UN, the WTO, the OECD, and the international financial institutions, including the World Bank and the International Monetary Fund.

In its entire international work for global sustainable development, Denmark attaches importance to the need to integrate and balance the economic dimension (poverty oriented growth), the social dimension (promotion of such social sectors as education and health) and the climate/environmental dimension (protection of the environment and climate).

Denmark wants a strong global structure to promote all elements of global sustainable development, including a stronger structure for promotion of international climate and environmental cooperation and climate and environmental regulation.

Denmark will continue working for global sustainable development by:

- Integrating climate change and environmental considerations into policies and decisions.
- Mainstream climate change into development assistance

- Ensuring continued progress in the global climate and environmental agenda. The goal is to gather responsibility for international environment cooperation in one single environment organization.
- Promoting economic cooperation and partnership for development with both governments and private sector, including combating global poverty and regulating trade and investments.
- Reducing emissions of greenhouse gases globally and in a cost-effective manner. Promotion of low-carbon economy utilizing the Danish model as inspiration.
- Promoting mutually committing partnerships with the private sector.
- Contributing to international peace and stability and working to promote democracy and human rights.
- Working for continued development and democratisation of the international cooperation with the emphasis on openness and participation, including participation by weaker groups and with special focus on women.

1.2 Development cooperation

In 2007, Danish development assistance amounted to about DKK 13.9 bn., corresponding to 0.81% of GNI (ref. Danida annual report 2007). Assistance is primarily funded through section 06(3) of the Danish Finance Act. Denmark will continue to be amongst those countries granting the most development assistance and will also grant at least 0.8% of GNI in development assistance in the years to come. In this way Danish assistance will continue significantly above the UN target of 0.7% of GNI.

Denmark seeks actively to encourage countries including EU member states whose development assistance is below the UN objective of 0.7% of GNI to increase their assistance.

In 2002 the government reviewed Denmark's development assistance and environmental assistance to developing countries with the objective of prioritizing it, focusing it, and making it more effective. Annual strategies for Danish assistance to developing countries have guided the assistance over the years. In particular, the potential role of development assistance in promoting global security and stability is highlighted in the 2006 statement on development co-operation, Commitment to Development. This outlines the strong Danish profile in reconstruction and conflict management, and puts special emphasis on the role of development to help resolve conflicts in Africa.

Whereas the overall guiding principles for the assistance have been unchanged, there has been an increased focus on the challenges of climate change. This includes international climate cooperation and the issue on the adaptation of developing countries to climate change, as well as their development towards a low carbon economy. There has been a shift in Danish energy support from conventional power production and transmission to a greater focus on renewable energy and rural access to energy. This is well in line with the adoption by the Johannesburg Summit on the need to improve access for the

poorest people to energy as a contribution to meeting the 2015 Goals (especially the poverty goal) and improving the proportion of renewable energy in the global energy supply.

The government's strategy for development cooperation also involves stricter requirements for the governments in the cooperation countries with regard to respect for human rights and democracy. Systematic and lasting violations of human rights and democratic rules of play are irreconcilable with qualifying for Danish assistance.

This has meant that development cooperation has ceased with some cooperation countries. At mid-2009, Danish programme cooperation countries were Bangladesh, Benin, Bhutan, Bolivia, Burkina Faso, Egypt, Ghana, Kenya, Mali, Mozambique, Nepal, Nicaragua, Tanzania, Uganda, Vietnam, and Zambia.

In international evaluations of Danish development cooperation policies and implementation Denmark receives good results. In the 2007 OECD Review of the Development Co-operation Policies and Programmes of Denmark the following was mentioned: "The final key feature of Denmark's development co-operation is its integrated institutional system within the Ministry of Foreign Affairs at headquarters and in partner countries. Since 2003 this has been complemented by decentralizing the bilateral aid programme from headquarters to 16 key partner countries (the "programme countries"), a key step in implementing the aid effectiveness agenda. In 2005, the Danish programme was also decentralized to four multilateral missions. This process has been accompanied by a strengthened approach to quality assurance, supported by a new results-based system and an emphasis on knowledge management."

The base for Danish environmental efforts in development assistance is the Strategy for Danish environmental work in developing countries 2004-2008, which was launched in 2004. This Strategy is the first to gather all environment work under one common goal – combating poverty – and the first to integrate environment efforts with the overall development assistance. The Strategy emphasizes that environmental efforts include climate efforts, for example one of the elements in the Strategy is to support climate efforts through capacity building. The Strategy covers the possibilities of countries to administer work within the international environment conventions and to create opportunities to contribute to the development of CDM projects. The Strategy also aims at promoting environmental concerns as interdisciplinary concerns in all assistance, both bilateral and multilateral. The strategy has been extended to the end of 2009.

With our EU partners, in 2004 Denmark adopted an action plan to integrate the climate into development cooperation. The Action Plan contains four elements:

- 1) greater priority to climate change in the dialogue with cooperation countries,
- 2) support to climate adaptation within relevant sector programmes,
- 3) support to combating the causes of climate change by reducing greenhouse gas emissions, and
- 4) support for capacity development to promote developing countries' efforts on climate change.

The Danish follow-up plan was completed by the end of 2005 and implementation initiated thereafter. The Danish plan named “Danish Climate Change and Development Action Programme”, contains the same elements as the EU plan.

The Danish Climate Change and Development Action Programme was reviewed in late 2008. Climate change “screening” studies of bilateral development assistance to 17 Danida “priority” countries were undertaken in accordance with the action programme from 2005 to 2008. Funds have subsequently been allocated for a wide range of follow up projects and activities. However, the significance of integrating both climate change adaptation and disaster risk reduction in country and sector programmes has also become apparent as a result of the “screening” process. Although small stand-alone project grants are useful, the scale of likely adaptation needs in many of the poorest and most vulnerable countries mean that “mainstreaming” assistance (as well as multi-donor collaboration) will be the way forward.

In terms of capacity development, the review found that the regional learning events that had been conducted in 2007 and 2008 were important steps in strengthening the capacity at decentralized level to integrate climate change in development cooperation, however there is need for considerable continued capacity development at various levels in the organization and with the partners. Numerous Danish researchers are also conducting investigations into climate change impacts, low carbon development pathways, etc.

1.3 New and additional assistance funds

Bilateral efforts

Danish environment efforts are to contribute to meeting the overall target for Danish development assistance – combating poverty. In addition to this, within the framework of international development cooperation it is increasingly being recognized that the negative effects of climate change could present an obstacle to combating poverty and meeting the 2015 Goals. This means that environment efforts, including climate efforts, are as principle an integrated element of the total Danish development work, and thus also part of work to realize the 2015 Goals.

Bilateral environment activities comprise a large proportion of Danish International Development Assistance (Danida) sector programme support in Bhutan, Bolivia, Egypt, Nepal and Nicaragua. Moreover, the environment aspect is incorporated in a number of other sector programmes, not least for the sectors water, energy, agriculture and fisheries, just as the environment has been integrated into Danish efforts in other sector programmes supported by Denmark. A number of independent projects are also supported by Denmark through Danida’s authority to make decentralized grants. In addition there is environment work funded by the special environment assistance. This includes environment activities in Cambodia, China, Indonesia, Malaysia, Mozambique, South Africa, Tanzania, Thailand, Vietnam and Zambia. The environment assistance in Egypt, Malaysia and South Africa is being phased out.

Danish environmental efforts in developing countries are organized in close, binding cooperation with cooperation countries. Efforts aim at promoting sustainable development, including adaptation by developing countries to climate change, and relieving poverty-related pressure on the environment and nature. Within the water area for example, action is helping to ensure millions of poor people access to clean water and to protect sources of water - e.g. by tree planting and by building up capacity for sustainable management.

In the energy area, Denmark provides support for sustainable energy supply - e.g. supporting poor women in planting trees for fuel, which provides the women with an income and at the same time, protects the environment. Within nature resources, Denmark is working to strengthen sustainable management and production with a view to preventing soil exhaustion and desertification. In the richer developing countries with increasing economic activity, assistance is aimed at helping countries to protect nature and the environment, primarily by strengthening the capacity of the countries themselves to solve the problems and by raising environmental awareness.

Environmental analyses continue to play an essential role in the regular revision of the country strategies for Denmark's programme cooperation countries. Another important task is to seek better integration of the objectives of international environmental agreements in the bilateral assistance cooperation. Climate change was made a standard issue at annual consultation meetings between Denmark and the partner countries in the "Climate Change and Development Action Programme".

Until 2003, Denmark made funds available for environmental action from both section 06(3) of the Finance Act and from a special Environment, Peace and Stability Fund (MIFRESTA). In 2004 the government decided to integrate environment assistance into the overall assistance and replace MIFRESTA with a separate budget item for special environment assistance under section 06(3) of the Finance Act. In addition to the figures for total bilateral assistance, table 1 includes bilateral assistance to environment as a sector, as well as from 2007, the estimated value of bilateral assistance to environment as a crosscutting issue.

Table 1. Disbursed Danish Total Bilateral Development Assistance and Environmental Assistance 2005-2008 (DKK Million)

	2005	2006	2007	2008
Bilateral development assistance	7,119	8,694	8,983	8,312
Estimated value of bilateral assistance to Environment based on Rio-markers	513	488	824	918

Source: The Ministry of Foreign Affairs

The decision not to continue MIFRESTA was a desire to improve coordination of environment activities with other Danish international development efforts. Irrespective of whether financing of environment and environment-related assistance is through separate budgets within or outside section 06(3) of the Finance Act, it is difficult to assess whether there are new and/or additional assistance funds. The difficulties are primarily methodological problems in determining additionality. Nevertheless, the total scope of Danish assistance for the environment in developing countries will continue to be extensive.

Danish bilateral and regional assistance to support implementation of the Climate Convention

It is in general not possible to give a precise figure for development assistance to climate related activities. This is due to the fact that no international precise and fulfilling definition exists of what climate assistance is. The challenge of defining climate assistance is the uncertainty of what to include or exclude. Some contributions are relatively easy to identify directly on the Financial Act, as for example the Climate Pool. However this type of assistance does not include assistance as for example climate proofing of a road construction in Bangladesh or an agriculture programme in Uganda working with adaptation.

Keeping this in mind table 2 provide an overview of Danish bilateral and regional assistance in terms of commitment to developing countries to implement the Climate Convention, distributed over the main categories of mitigation and adaptation and by sector category. The figures in the tables are based on the MFA Project Data Base (PDB) and the related system of categorizing development assistance. The figures relate to projects and programmes marked in PDB with the so-called Rio-marker, which indicates that a major element of the programme/project is targeting the objectives of the Rio Conventions, hereunder also the Climate Convention, as well as the related conventions on biodiversity and desertification. The projects/programmes marked with the Rio-marker are assessed all to be assistance to implementation of the Climate Convention, directly and/or indirectly.

The sectors given in the UNFCCC reporting format are not fully similar to the sector selection/definition in Danish development assistance. Where sectors are overlapping with the format, information has been utilized directly from PDB. The sector “environment” is not part of the table, however each of the environment grant have been assessed and thereafter allocated to the most appropriate sector in the table.

The actual degree of climate change adaptation or mitigation support is based on an assessment of the degree of mitigation/adaptation in each grant. Three levels are used – 0%, 10%, 50% and 100%. This methodology has been chosen given the fact that the OECD-DAC reporting system, which is used by the Danish Ministry of Foreign Affairs is not at present geared to monitor climate assistance according to the UNFCCC specified requirements.

Table 2. Committed Danish Bilateral And Regional Assistance in 2005 For Implementation Of The Climate Convention (DKK Million)

Recipients Country/region	Mitigation						Adaptation		
	Energy	Transport	Forestry	Agriculture	Waste	Industry	Capacity building	Coastal zone management	Other
2005	441		75	10		65	0	30	30
2006	163	0	22	0	0	21	23	10	27
2007	75		60	0		13			87
2008	172		1	0		12	12		254

Source: Danish Ministry of Foreign Affairs

The total support in the period 2005-08 was 1,1 BN DKK to mitigation and 500 Mill. DKK to adaptation. The adaptation support has increased significantly since 2005, not least in 2008 where the climate change programme to Vietnam was granted and the major part of the climate projects related to the Climate Change Action Programme were committed. It is worth noticing that even minor CC related contributions in major sector programmes contribute considerably to the total amounts.

Among the most notable assistance in the table above is the assistance to mitigation of climate change through renewable energy development cooperation. The support to wind energy planning and capacity building in China provides an example for support to a richer country within mitigation efforts. The first phase of 45 Mill. DKK was committed in 2005 and the second phase of 100 Mill. DKK was committed in 2008.

Projects and programmes presented in the table above also include assistance to CDM capacity building in Thailand, Malaysia, Indonesia, China and Vietnam. The assistance has provided technical and organizational assistance to the National Focal Points as well as information and capacity building in the private sector. The results have been positive.

Starting from 2008 the Danish government has allocated specific climate funds through the so-called Climate Pool. The total amount frame was in 2008 100 Mill.DKK, of which approximately 88 mill. DKK was allocated to specific climate change projects. As shown in Table 3 the projects cover issues such as adaptation, mitigation, participation of developing countries in UNFCCC negotiations, civil society capacity building, participation and dialogues as well as climate diplomacy.

The Climate Pool will continue in 2009 and 2010.

TABLE 3. CLIMATE POOL COMMITMENTS 2008 (DKK MILL.).

Category	Commitment 2008 Million DKK
Climate Change Adaptation	16.0
Climate Change Mitigation, forestry	25.0
Developing countries participation in UNFCCC negotiations	23.7
Greenland Dialog	1.8
Civil society	8.0
Climate Diplomacy	8.0
In total incl. administration	87.7

Source: The Ministry of Foreign Affairs

Multilateral efforts

Endeavors to create global stability and development require that the international community cooperate to provide action that promotes sustainable development. This perspective must be secured in the implementation of multilateral initiatives. Denmark therefore considers that special joined initiatives that contribute to global sustainable solutions as well as tackle global development problems are vital. Arising from the 2005 climate change action programme, numerous initiatives on climate change adaptation and mitigation have been launched with a wide range of multilateral partners including the development banks and many agencies of the UN system.

Some of the key partners for dialogue on climate change include the Global Environment Facility (GEF), as well as the World Bank and various UN organisations, notably the United Nations Environment Programme (UNEP). In addition, climate change issues have figured in the collaborative agreements with the International Institute for Sustainable Development (IISD), the International Institute for Environment and Development (IIED) and the International Union for the Conservation of Nature (IUCN). The Commission of the European Union (EU) is also an important partner in terms of international initiatives; indeed the climate change action programme itself is part of the EU effort to integrate climate change in development cooperation.

In 2006 the Danish Ministry of Foreign Affairs commissioned analyses of the security implications of climate change, which were carried out by the IISD and included a special focus on West Africa (Burkina Faso and Ghana).⁶¹ Following joint meetings in 2007 of the Foreign Ministers of the Nordic countries and a number of African countries, the IIED was commissioned to prepare an assessment of the climate change adaptation challenges facing the continent (IIED, 2008). Recently, a concerted effort has been made to examine the links between disaster risk reduction and climate change, including a conference in Copenhagen in November 2008.⁶² In addition a comprehensive "dialogue process" on land and water management issues was launched in November 2008. This process has continued in 2009 and the key concerns have been specified as "guiding principles" adopted by several African and Asian partners in the so-called "Nairobi Statement". These "guiding principles" will serve as inspiration by UNFCCC-parties in the negotiation on adaptation for a new climate agreement and further provide guidance to the formulation of new development cooperation programmes related to land and water management in the context of climate change adaptation.

In terms of capacity development, UNEP and in particular the UNEP-Risø Centre (URC) has been an important partner. In addition to providing advice on climate change issues through a framework agreement and participating in the Climate Change Screening studies the URC is involved in a major project covering a number of African countries designed to promote adaptation measures through a pilot funding arrangement and through capacity development (UNEP, 2008). This project, called CC-DARE, was approved at the end of 2007 and is gradually getting off the ground through preparatory studies in Senegal, Tanzania and Uganda. The idea is to operate a small grant facility in selected countries with funds for adaptation projects designed to reduce vulnerability to climate change.

Recognizing that many African countries are only marginally involved in the international carbon market and were not able to attract investment funding for CDM schemes and in response to the call for support in the Nairobi Framework, a support mechanism was established in 2007 with a view to provide capacity building and assistance for development of CDM projects in Africa.

Following the adoption of the Bali Action Plan at the end of 2007, the issue of how to contribute to emissions reductions from tropical forestry has also been on the international agenda. Considerable efforts are being made to devise mechanisms for reducing emissions from deforestation and degradation (REDD). The first step towards Danish support to this aim has been to provide funding for

a "pro-poor REDD" scheme, which has been launched in five tropical countries through the IUCN and which is closely linked to efforts to promote sustainable forest management.

Through the EU, Denmark continues to work for binding and effective regulation of international environmental problems through the regional and global environment conventions. This applies, in addition to the climate convention, the conventions on biodiversity, combating desertification, the Montreal Protocol, the Basel Convention on cross-border transportation of hazardous waste and the conventions regulating chemicals, the Stockholm Convention on Persistent Organic Pollutants, and the IMO Convention on toxic primers. Denmark is working towards the goal of getting the conventions coordinated and enforced effectively and for the precautionary principle to have a central role in the rules.

Under the Conferences of the Parties under the Climate Convention in Bonn and Marrakech it was decided to establish three new funds to support initiatives by developing countries against climate change. EU Member States and others were politically committed from 2005-2008 to granting USD 410 Mill. per year to finance these funds and for other forms of support to implement the Climate Convention.

Denmark's share of this figure is USD 22.32 Mill. and it has been included in the budgets under the facilities for assistance to developing countries, to be implemented within the four-year period.

Denmark is working to strengthen the Global Environment Facility (GEF) financially and organizationally. The Danish contribution to GEF's replenishment for the years 2005-2008 has increased by more than 10% from 2004.

Denmark, together with other EU Member States, has made an extra, voluntary contribution to the fourth replenishment of 104 Mill. DKK, thereby in total contributing 310 Mill. DKK in the period 2006-10. Danish contributions to the GEF is placing special priority on

- Reforming GEF in order to improve efficiency
- Climate Change and Biodiversity

Since 1998 UNEP has implemented a reform programme to make its work more efficient and focused. In recognition of this initiative, in 2001 Denmark increased its annual general contribution from DKK 13.8 to DKK 15.5 Mill.DKK, and this level has been continued in 2005- 2008. Thus, in per capita terms, Denmark is one of the largest contributors to UNEP. Besides the annual contribution to the programme's Environment Fund, Denmark makes both technical and financial contributions to a number of special UNEP activities, particularly those taking place at the special cooperation centres for energy and the environment and for water and the environment.

Through the earlier mentioned contribution to the UNEP Risø Centre, work is supported on climate-related questions and sustainable energy. The UNEP Risø Centre was an inspiration for the UNEP cooperation centre at the Danish Hydraulic Institute (DHI) – Water and Environment. The Danish

contribution to this centre helps support global initiatives by UNEP in the water area, particularly for integrated water-resource and coastal-zone management.

Denmark is a considerable contributor to the Montreal Protocol's fund for financing the phasing-out of ozone-depleting substances in developing countries.

Another area important to Denmark is promotion of renewable energy in developing countries. Within this area, Denmark supports use of sustainable and renewable energy through so-called 'trust fund contributions' to the World Bank's Energy Sector Assistance Programme (ESMAP), 45 Mill. DKK grant 2005-09 and the Asian Development Bank's rural renewable energy fund, 20 Mill. DKK grant 2005-07.

Denmark's contribution to sustainable development includes considerable support for international organizations, particularly the UN system, in which all countries in the world participate on an equal footing. Denmark is also working to make the UN more efficient so that the division of work between the organizations becomes better and overlapping is avoided.

Danish contributions to multilateral institutions and programmes, including the UN organizations mentioned above and international NGOs working with climate-related activities are described in Table 4. The figures are provided as disbursement figures and there may have been adjustments in the figures for 2005 and 2008 compared with the figures in the previous National Communication.

Table 4. Danish Disbursement to Multilateral Institutions, NGOs, and Programmes

Danish disbursement 2005-08 to climate related activities (mill. DKK)				
Organisations	2005	2006	2007	2008
UNFCCC funds	36,80	37,20	36,10	68,90
Other voluntary contributions incl. : IPCC, IUCN, IISD, WRI, IIED, ITTO, UNCCD, Global Mechanism, GWP, ECOWAS, 92-gruppen, CBD, Care, IWGIA/ICC, AFREPREN, GBIF	11,30	35,30	48,90	46,50
GEF	43,40	118,40	93,90	77,50
Contribution via EU	n/a	n/a	n/a	n/a
UNEP (incl. Montreal Protocol eg none ear-marked contributions)	56,50	34,50	52,70	39,30
UNDP (incl. Dryland Development Center, PEI, Greenland dialogue)	3,90	1,90	7,70	3,90
WB (incl. Environment analysis/PRSP, WSP, ESMAP, IWRM (water), African Stockpiles Programme, COM+ Alliance, WDR 2010)	22,00	19,00	25,30	17,00
UNESCO				1,70
Total	173,90	246,30	264,60	254,80

Source: The Ministry of Foreign Affairs

2. Assistance to Developing Country Parties That are Particularly Vulnerable to Climate Change

The least developed countries are among the countries that are most vulnerable to climate change. Denmark therefore attaches particular importance to helping these countries adapt to climate change. A natural consequence of this is that Danish programme cooperation countries are among the least developed countries and/or the most vulnerable countries.

The climate screenings performed under the Climate Change and Development Action Programme are important instruments in ensuring that the most vulnerable countries and communities are assisted in an appropriate and integrated manner. The studies were carried out in 17 countries (programme countries and Niger and Cambodia) from December 2005 to June 2008. The 17 studies include critical information about the impact of climate change and constitute a first step to “operationalizing climate proofing” of Danish bilateral development assistance.

Although this form of “climate proofing” was only one of several elements in the action programme, it is the area that has been most intensively in focus since 2005. Probably the most important issue emerging from the studies concerns the uncertainty about trends in temperature, rainfall patterns and “extreme events” and the impact of climate change on economic growth and poverty reduction. In this context, the CCS studies emphasized the need to improve knowledge, awareness and information at regional, national and community levels, through enhanced climate data collection and analysis, refined scenarios and “downscaling” climate models to specific countries and regions. There is still a lot to learn and understand about the impact of climate change.

The projects launched based on the screenings were related to capacity building, mainstreaming of climate change, forest management, strengthening the link between climate change adaptation and disaster risk reduction as well as coastal and water resource management. The largest support to date to a vulnerable country is the climate change adaptation and mitigation programme in Vietnam of 200 Mill. DKK. One third of the grant is allocated to climate change mitigation through energy efficiency and the remaining part is allocated to support the climate change adaptation.

3 Provision of Financial Resources, Including Financial Resources under Article 11 of The Kyoto Protocol

In addition, provision of financial resources is also taking place through the Danish private sector, Denmark has the assistance instruments and measures for assistance to developing countries through the private sector described in the following sections.

3.1 Mixed credits

Mixed credits can be provided in connection with projects within both the public and the private sector. The loans are made from a Danish bank to a credit-worthy borrower in the recipient country. The interest expense, export credit premium, etc. are paid via the assistance funds. In the period 2004-2008, assistance was granted with mixed credits for 53 projects with a total contract sum of DKK 6.4 bn. and a grant for interest payments, export credit premium, premium etc., and totalling DKK 3.2 bn.

Since 2008, climate change is an integral part of the overall SBK policy. Many projects can be regarded as directly promoting climate change mitigation. These include primarily wind energy, energy efficiency and district heating projects. Due to the organization, modality and form of the SBK the projects are seldom linked to other bilateral assistance interventions. “Climate proofing” of infrastructure projects during planning and design is increasingly becoming a standard quality assurance element of good engineering..

Table 5. Numbers of Projects and Grants under the Scheme for Mixed Credits 2004-2008

-	2004	2005	2006	2007	2008	Total
Number of projects	14	15	10	10	4	53
Contract sum (DKK Mill.)	2,126	2,464	0,589	0,746	0,486	6,411
Grant (DKK Mill.)	1,093	1,175	0,331	0,385	0,233	3,217

Source: The Ministry of Foreign Affairs

3.2 The Business-to-Business Programme

Through the Business-to-Business (B2B) Programme, Danida supports the establishment of long-term, sustainable partnerships between companies in Danida's programme countries and South Africa and companies in Denmark. The overall objective is to contribute to reducing poverty by promoting economic growth and social development.

The partnerships are in addition to the knowledge and technology transfer also assessed against four development impact criteria: Employment opportunities (especially for women), promotion of corporate social responsibility and strengthening of the local company's competitiveness. In addition, improvements in the working environment and in the external environment. The latter may for example be in terms of transfer of cleaner inputs and technologies, where more efficient use of raw materials and proper treatment of waste can make a positive impact on the environment. Several of the B2B projects are environment related, e.g. partnerships relating to renewable energy and waste management. Table 6 illustrates the amounts allocated to the B2B Programme during the period 2006-2008 and estimate for 2009.

Table 6. Commitments under the B2B Programme, 2006-2009

Year	2006	2007	2008	2009 (est.)
Total DKK Mill.	157	195	192	200

Source: The Ministry of Foreign Affairs

3.3 The Business-to-Business (Environment) Programme

The Business-to-Business Programme was supplemented in 2008 by an additional component, designated the Business-to-Business (Environmental) Programme. The B2B (Env) programme replicates the well-proven B2B programme structure into China and Indonesia as a catalyst to encourage cutting-edge Danish companies in the environmental field to transfer their technology to local partners and develop long-term commercial partnerships. The decision to replace the earlier Partnership Facility Programme (PFP) by a B2B (Env) programme was motivated by a review of the PFP, which called for an alignment of support to B2B activity in the environmental field with the broader B2B programme, so as to benefit from ongoing product development and accumulation of best practice, and also to improve synergy with other interventions supported by Denmark or prioritized by the host country. To this effect the management of the programme is done by the Danish Embassy, rather than by an external consultant or focal point as was the case for PFP. The B2B (Env) programme was launched in China in 2008 and in Indonesia in 2009. The target is to achieve annual commitments amount to 25 Mill. DKK and 10 Mill. DKK in these countries respectively.

3.4 Partnership Facility Programme

The Partnership Facility Programme (PFP) was established in 1996 by the Danish EPA (Danced) and taken over in 2001 by the Danish Ministry of Foreign Affairs. The goal of the Programme was to transfer technology and commercial knowledge on the environment from Danish enterprises to partner enterprises in Thailand and Malaysia by establishing commercial partnerships. The PFP was extended to China in 2005.

Last commitments under the PFP were entered into in 2007 and ongoing PFP projects are expected to be completed by end 2010. In the period from 2001 to 2007 commitments totalling 87.5 Mill. DKK were made for support under the PFP. The PFP was succeeded in 2008 by the B2B (Env), which is available for new activities in China and Indonesia.

3.5 Industrialization Fund for Developing Countries

The Industrialization Fund for Developing Countries (IFU) invests in joint ventures in the developing countries, including joint ventures on renewable energy. Investments are either as share or loan capital, to be repaid to the financing institution. The IFU can also make grants for training personnel in companies in developing countries. The IFU administers the Danish Fund for Environment and Training.

4. Activities Related to Transfer of Technology

Danish support to technology transfer in relation to implementation of the Climate Convention includes a broad spectrum of activities. These activities comprise transfer of both "soft" technology and "hard" technology. The extent of this technology transfer is significant and cannot be clearly separated from other activities in Danish development cooperation, just as there is often an unclear frontier between transfer of soft and hard technology.

The most important example of Danish-supported activities leading to technology transfer is Danish sector programme support to the energy sector in China, Mozambique, Burkina Faso, Egypt, Nepal and Malaysia. These sector programmes include elements such as energy planning, including plans for use of renewable energy, establishment of large wind farms, renovation of power stations, promotion of energy efficiency and promotion of sustainable use of biomass as a fuel. Within these sector programmes, transfer of soft and hard technology goes hand-in-hand.

There are examples of Danish assistance to technology transfer in the form of projects and programmes with both soft and hard technology. Finally, transfer of both soft and hard technology is the primary element of cooperation regarding CDM projects. Four selected projects/programmes that promote practical steps to facilitate and/or finance the transfer of, or access to, environmentally-sound technologies are:

- Energy Sector Assistance Programme, Nepal
- Zafarana Wind Farm Project, component III Egypt
- Wind energy programme China

- Firewood project Burkina Faso
- Mangrove Management Information System, Vietnam