
The Danish Climate Envelope

Development Engagement Document:

**IEA support to renewable energy
and energy efficiency**

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Abbreviations

CECC	IEA China Energy Cooperation Centre
C3E	Clean Energy, Education, and Empowerment
CEM	Clean Energy Ministerial
CEM7	Seventh annual Clean Energy Ministerial Meeting
CEM9	Ninth annual Clean Energy Ministerial Meeting
CNREC	China's National Renewable Energy Center
DED	Development Engagement Document
EE	Energy Efficiency
E4	Energy Efficiency in Emerging Economies Program
FSSR	Fossil Fuel Subsidy Reform
GB	Governing Board (IEA)
G20	Group of Twenty - international forum for the governments and central bank governors from 20 major economies.
IEA	International Energy Agency
INDC	Intended Nationally Determined Contributions
IRSP	International Service for Remunerations and Pensions
MEUC	Danish Ministry of Energy, Utilities and Climate
MFA	Danish Ministry of Foreign Affairs
NEA	Chinese National Energy Administration
NECC	National Energy Conservation Center
ODI	Overseas Development Institute
OECD	Organization for Economic Cooperation and Development
RE	Renewable Energy
SC	Steering Committee
SGD	Standing Group on Global Energy Dialogue (IEA)
US DOE	United States' Department of Energy
VC	Voluntary Contribution

Development Engagement Document: Program to support IEA's focus on renewable energy and energy efficiency

For transparency, this section is annexed to the offer of funding made to the International Energy Agency (IEA) and constitutes an integrated part thereof together with the documentation specified below. The Danish support to IEA for the CECC and the CEM Secretariat is provided as development cooperation funding under the Danish Climate Envelope within the framework of the guiding principles for the Danish Climate Envelope from February 2016. The Danish support complements other Danish support to IEA.

In the global context, the Paris Agreement of December 2015 changed the focus from climate negotiations to how best to reach the Intended National Determined Contributions (INDCs) and what implementation mechanisms would be required. It was determined that essential components of implementation would be the transfer of best available knowledge and the deployment of clean energy technologies to developing and emerging economies. An authoritative study: “The Future of the Energy and Climate Change Architecture”¹ concludes that the IEA has played a key role in advancing understanding of constraints to and possible solutions for clean energy scale up. The Overseas Development Institute (ODI) study identifies IEA as an organization with particular capacity to provide robust technical data and information to inform policy design. To further strengthen energy policy development in the international architecture, the ODI study recommends: i) Investment in information and policy research, in particular in developing countries, and provision of this as a public good; ii) supporting the translation of new climate commitments into energy policy, linking climate commitments to development and investment priorities; iii) making technical assistance and policy development support more readily available to those national and regional organizations that contribute to the policy landscape of the target countries.

As a world leading energy organization, the IEA is a key player in the implementation of central elements of clean energy technologies. At the IEA-Ministerial meeting in the fall of 2015 it was agreed to focus the IEA's work towards emerging economies and making the IEA the globe's leading “knowledge hub” on clean technology. As part of its implementation strategy for this, the IEA has decided to set up an IEA-China Energy Cooperation Center (CECC) and has agreed to host the Clean Energy Ministerial Secretariat (CEM Secretariat).

Denmark will support these endeavors through the currently described program, with the overall objective of contributing to the IEA's consolidation of its role as the global knowledge platform for clean energy, and for accelerating the global clean energy transition.

Denmark's Climate Envelope currently supports the Energy Efficiency in Emerging Economies Program (E4) and the Fossil Fuel Subsidy Reform (FSSR) Program, both of which target major developing and emerging economies and are implemented by the IEA. Danish voluntary contribution (VC) for the establishment of the CECC is consistent with these programs in that it also supports an emerging economy in the transition to clean energy. The new initiative will also create synergies with Denmark's current support to the energy sector in China, including support through the Climate Envelope to China's National Renewable Energy Center (CNREC) and to the National Energy Conservation Center (NECC), in addition to the authority-to-authority cooperation. The Danish VC supporting the IEA's hosting of the CEM Secretariat further strengthens Denmark's position within

¹ **“The Future of the Energy and Climate Change Architecture”** ODI of June 2016, commissioned by the Danish Ministry of Energy, Utilities and Climate, and the UK Department of Energy and Climate Change.

CEM, including our chairmanship of the analytical work for the CEM Secretariat and our co-chairmanship of the Solar and Wind Group.

To detail Denmark’s support to the IEA, two engagement documents have been developed:

Engagement A: IEA China Energy Cooperation Centre (CECC)

The outcome of this work stream is that the CECC provides and coordinates valuable policy analysis, information dissemination, capacity development and technical assistance that contribute to China’s sustainable energy transition.

Engagement B: Clean Energy Ministerial Secretariat (CEM Secretariat)

The outcome of this work stream is that the CEM Governance Structure - and the CEM Secretariat supporting role in this (a.o. connection between continuous high-level guidance from the CEM Minister/Steering Committee and the day-to-day activities CEM initiatives and campaigns) - is effectively facilitating exchange of best practice of clean energy policies that contributes to an acceleration of the global clean energy transition.

These outcomes will result from the integration of state-of-the-art expertise into clean energy policy; and, the dissemination of information on successful models and examples that will provide lessons for linking climate commitments to development and investment priorities in renewable energy.

A theory of change for the engagements is detailed in Annex A for the CECC and in Section B for the CEM Secretariat.

The underlying assumption is that the IEA continues to function as a key global player, helping emerging and developing countries to implement central elements of a transition to clean energy technology; and, that renewable energy and energy efficiency continue to receive the political attention required to achieve the INDCs.

The total Danish VC to the IEA for a three-year period is DKK 14 million and will be equally divided between the two work streams. The contribution for CECC will not be dependent on the mobilisation of funding for the full budget whereas the CEM Secretariat is dependent on mobilisation of the full funding for the budget period (this is however also expected to be realised with VC’s at the IEA GB meeting in October 2016).

	Denmark’s VC Over 3 years DKK’000	Denmark’s VC Over 3 years EUR ‘000*	Anticipated total required budget EUR ‘000*
Engagement A: CECC	7,000	941	7,170
Engagement B: CEM	7,000	941	4,900
Grand Total	14,000	1,882	

* Exchange rate of August 2016: EUR 1= DKK 7.44

IEA management is responsible for the overall monitoring of the Danish VC and will report at the end of each calendar year to the Danish Ministry of Foreign Affairs on progress toward the engagement outcomes and outputs, and financial reports against output-based budgets. No further overall management arrangements are anticipated. The reporting and management set-up for each work stream is outlined in the relevant engagement documents annexed to this document.

Sections of this document:

Section A: *Engagement A: IEA China Energy Cooperation Centre*

Section B: *Engagement B: Clean Energy Ministerial Secretariat*

Section A: IEA China Energy Cooperation Centre

1. Introduction

This section provides the business case and justification for the Government of Denmark's voluntary contribution (VC) to the International Energy Agency (IEA) for the purposes of the establishment of the IEA-China Energy Cooperation Centre (hereafter CECC or Centre). The Danish support to the IEA for the CECC is provided as development cooperation funding under the Danish Climate Change Envelope within the framework of the guiding principles for the Danish Climate Envelope from February 2016. The Danish support complements other Danish support to the IEA.

2. Parties

- Danish Ministry of Energy, Utilities and Climate;
- Danish Ministry of Foreign Affairs;
- IEA.

3. Documentation

The following documentation has been used as background information for this DED:

- Annex II of the IEA Secretariat Note for the meeting of its Governing Board on 23-24 March 2016, "*Association: Progress, Update and Options for the Future*", (IEA/GB (2016)14) The Annex outlines the anticipated scope, structure, estimated budget and timeline for the Centre by the IEA Secretariat as of March 2016.
- The "China Engagement Update" Note (IEA/SGD(2016)9) that was prepared for the IEA Standing Group on Global Energy Dialogue (SGD) meeting on 14-15 September 2016. This document describes ties between the IEA and the China's National Energy Administration (NEA) and it gives an update on the progress of the CECC, its proposed structure and Program of Work.

Since a final description of the CECC is pending, these documents solely contribute to clarify the status of the Centre as of March 2016 and September 2016, respectively. The documents do not constitute a final understanding of the structure or work to be undertaken by the CECC. Nor do they determine the activities of the Centre that will be carried out with earmarked Danish VC funds.

4. Background and project description

The IEA is an autonomous organization within the framework of the Organisation for Economic Co-operation and Development (OECD), which works to ensure reliable, affordable and clean energy for its 29 member countries and beyond, and its competences on research and advice on energy is in high demand from emerging economies and developing countries.

China is the world's largest energy consumer and producer, and remains by a distance the world's largest producer and consumer of coal; it deploys more renewable power generation capacity than any other country; and by the 2030s it is expected to overtake the United States as the biggest consumer of oil and become a larger gas market than the European Union. China's transition to a less energy- and carbon-intensive model for growth would therefore have major implications for global energy use patterns and climate change impacts.

The potential for transforming China into a green energy producer is immense and green energy investment in China has a greater return in terms of volume of greenhouse gas reduction per euro

invested than most other countries in the world. Furthermore, China would benefit from synergies, from avoiding duplicative efforts, and from learning from the experience of other countries pioneering efforts, transmitted through the long-standing IEA-China relations. Amongst others activities IEA has provided analysis of the potential for energy efficiency, supporting existing work streams and proposing new work streams on improved data and modernizing appliance standards programs for China during its presidency of the G20 in 2016 and is developing the 2050 Energy Efficiency Roadmap for China to model the most cost effective way to decarbonize China's energy system. In RE IEA has, amongst other activities analyzed China's renewable development in IEA Medium-term Renewable Market Report and carried out research on the demonstration project technology and policy of the distributed clean energy system. The IEA is an ideal partner for China in strengthening the Global energy architecture. IEA is well-placed to be the locus of the CECC and to provide liaison with Chinese institutional partners through the IEA Secretariat, and the global excellence of IEAs analytical work would evidently be enhanced with more country-specific analysis and interaction.

In March 2016, IEA and the Chinese National Energy Administration (NEA) therefore announced the start of the process to establish the CECC. The Centre will greatly help facilitate information flows between the IEA and China and provide opportunities to strengthen and deepen IEA research across a wide range of energy policy issues. CECC would also complement other bilateral and multilateral initiatives, raising the bar for quality analysis, policy recommendations, and exchange of best practices as it would facilitate closer contacts between IEA and Chinese energy research institutions. In addition the CECC would help IEA member countries better understand and support China's energy transition in a sustainable direction.

The CECC would meet multiple objectives in China, providing: more active participation in IEA activities held in Beijing and Paris, solving both international travel and language problems; greater accessibility to IEA studies and data; greater participation in global energy governance; and, strengthening of Chinese energy data collection and analysis, research and policy making capabilities. CECC would also serve multiple purposes for IEA members: supplementing IEA's in-house China program by making contact with relevant Chinese policymakers and institutions; collecting and making available Chinese insights and contributing to IEA global studies; acting as a platform to host IEA events in China; and translating IEA publications into Chinese and organizing their distribution in China.

Transformation to green energy is required for China to reach its targets set in the Paris Agreement of December 2015 and to avoid poorly-informed decisions on brown energy systems, e.g. prioritizing 50-year investments in coal-fired power plants that may lock-in China on a sub-optimal path for generations.

China has renewable energy (RE) and energy efficiency (EE) as priorities and IEA and China have already on-going concrete initiatives on RE and EE. With Denmark's earmarked development engagement support the CECC will be further enabled to focus on renewable energy (RE) and energy efficiency (EE), particularly in those areas where Denmark's knowledge and technology is in high demand. Denmark will in addition gain access to relevant information on RE and EE, through knowledge sharing with the IEA and CECC that will better enable Denmark to assist China's energy modernization and transformation to green energy. Denmark's other support to China on RE with China's National Renewable Energy Centre (CNREC) and EE with the National Energy Conservation Centre (NECC) already entail cooperation with IEA and would further benefit from CECC activities on sustainable energy and vice versa.

The IEA will cooperate closely with its members, including with existing and upcoming Danish programs on RE and EE, and involve, as relevant, the energy and growth advisors at the Danish Embassy in Beijing to maximize synergy and to avoid duplication of existing and ongoing work in China on RE and EE.

The organizational structure and operations of the Centre will be designed to achieve a balance amongst the following attributes:

- **Economy** - careful utilization of resources to minimize the expense, time and effort required.
- **Efficiency** - delivery of better results per unit input, or minimizing input for the delivery of the same results, while maintaining the quality.
- **Effectiveness** – delivery of transformative results or generation of a lasting improvement for the same level of expense, time and effort.

The CECC's focus on sustainable transition of China's energy systems, would be intended to contribute to a more efficient and effective reduction of climate emissions and improvement of air quality, and the CECC will be recognized amongst Chinese institutions and International partners as a reliable platform that provides and coordinates valuable policy analysis, information, training and technical assistance on renewable energy and energy efficiency.

Until the CEEE is established as a legal entity in China, the current activities of the IEA-NEA cooperation will be carried out under an "umbrella" between the involved institutions. The work to be carried out in this interim period will be agreed between the IEA and NEA. The legal establishment of the CECC in Beijing has been initiated and a working level IEA-NEA task force will be established to move this forward. The work of the CECC will have substantial focus on RE and EE. This will include policy coordination, with recommendations for clean energy systems; analytical work on RE and EE, and; sharing of knowledge, including making use of IEA's unique technical, economic and political expertise by undertaking of training, workshops and coordination of input from key Chinese stakeholders. The CECC would in parallel focus on general energy policy analysis, statistic enhancement, energy modeling and oil and gas supply security. Denmark's support will ensure that sustainability dimensions continue to be integrated into all the CECC work.

The overall purpose and strategic priorities of the CECC are as described above and will be overseen, monitored and, if necessary, adjusted by the joint steering committee. Each year the shorter term objectives and specific priorities of the CECC work will be determined in the annual work program, to be formulated by the joint steering committee to be chaired by the NEA administrator and the IEA Executive Director. The first annual program of work is still pending. Since Denmark's support to the CECC is earmarked to RE and EE activities a critical assumption is that the CECC prioritizes RE and EE from the on-set of the Centre.

5. Objective of the Support and agreed results framework

The objective of the development cooperation among the parties is that IEA supports China's energy transition in a sustainable direction, aiming to achieve an efficient and cost effective reduction of carbon intensity in the energy sector and a substantial improvement of air quality.

The IEA-China Energy Cooperation Centre will follow an outcome-oriented approach, with emphasis on the linkages between the CECC activities and its goal of promoting sustainability.

The Danish Ministry of Foreign Affairs will monitor the progress attained in the implementation of the support as described in the documentation. This contribution will be managed in accordance with OECD Financial Regulations and other relevant rules, policies and procedures and IEA guidance on Voluntary Contribution management.

Progress will be measured through the submission of narrative and financial reports.

For reporting purposes the following objective, outcome and outputs have been selected to document progress of the CECC, to which Denmark's support will contribute:

Project title		The IEA-China Energy Cooperation Centre	
Project objective		The IEA supporting China's energy transition in a sustainable direction, aiming to achieve an efficient and cost effective reduction of greenhouse gas emissions and a substantial improvement of air quality.	
Impact Indicator		Low-carbon enabling environment (policies and legislation) developed	
Baseline	Year	2016	<ul style="list-style-type: none"> Existing RE and EE policies, which are not yet optimal to achieve China's commitment to increase the share of primary energy from non-fossil sources and reduce greenhouse gas emissions.
Target	Year	2019	<ul style="list-style-type: none"> Strengthened RE, EE and sustainable energy policies, together with awareness and knowledge of insufficiencies and an improved capacity to deal with these.
Outcome		The CECC provides and coordinates valuable policy analysis, information dissemination, capacity development and technical assistance that contribute to China's sustainable energy transition.	
Outcome indicator		<ul style="list-style-type: none"> Work conducted by the CECC on renewables and energy efficiency contributes to national policies and regulations in China. 	
Baseline	Year	2016	<ul style="list-style-type: none"> No widely-available and accepted tailor-made work on renewables and energy efficiency for China by the IEA. Limited IEA contribution to Chinese policies and legislation within RE and EE
Target	Year	2019	<ul style="list-style-type: none"> CECC's work on renewables and energy efficiency is tailor-made to China's national circumstances The CECC's work contributes to Chinese policies and regulations within RE and EE.
Output A		Establishment and operation of IEA-China Energy Cooperation Centre in Beijing	
Output indicator		<ul style="list-style-type: none"> Management structure (e.g. Joint Steering Committee and expert advisory board) established Office staffed with adequate personnel 	
Target	Year	2016	<ul style="list-style-type: none"> Working level task force created to advance legal establishment of CECC Inception of the CECC in Beijing by the end of 2016
Target	Year	2017	<ul style="list-style-type: none"> Members of the Steering Committee and of the Advisory Board appointed initial meetings held Head of CECC and other consultants and experts engaged to work on RE and EE

Target	Year	2019	<ul style="list-style-type: none"> - Strategic, forward looking program of work advised by the expert advisory board and approved by the Steering Committee - Annual progress report of previous years activities endorsed by the Steering Committee - CECC operates in Beijing producing reports on progress and financial issues
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Output B		Analytical work on Renewable Energy and Energy Efficiency	
Output indicator		<ul style="list-style-type: none"> • Analytical work conducted with and disseminated to Chinese authorities • Most promising sub-sectors identified and prioritized in RE • Most promising sub-sectors identified and prioritized in EE • Priority research areas identified (and supported) 	
Baseline	Year	2016	<ul style="list-style-type: none"> - No substantial work carried out by the CECC on RE and EE
Target	Year	2017	<ul style="list-style-type: none"> - At least one piece of policy related quality analytical work on RE and EE conducted, recognized by Chinese institutions, measured by citation in relevant reports, and with key findings shared with IEA members and Chinese authorities.
Target	Year	2018	<ul style="list-style-type: none"> - At least one piece of policy related quality analytical work involving sector specific best practices in RE and EE conducted with Chinese research institutions, recognized by other Chinese institutions measured by citation in relevant reports, and with key findings shared with IEA members and Chinese authorities.
Target	Year	2019	<ul style="list-style-type: none"> - At least two pieces of policy related quality analytical work on RE and EE conducted, recognized by Chinese institutions with key findings shared with IEA members and Chinese authorities.

Output C		Policy coordination and contribution	
Output indicator		<ul style="list-style-type: none"> • Actions taken by the Chinese authorities as a result of the CECC's activities • CECC results and research cited in Chinese public policy consultation papers, and used in IEA global work 	
Baseline	Year	2016	<ul style="list-style-type: none"> - No substantial work carried out by the CECC on RE and EE and no contribution by CECC on action by Chinese authorities
Target	Year	2017	<ul style="list-style-type: none"> - At least two workshops held with relevant authorities in China to disseminate results of analytical work in RE and EE (workshops can be solely focused on this topic or combined with capacity building).
Target	Year	2018	<ul style="list-style-type: none"> - CECC has provided targeted input to Chinese national policy development on RE and/or EE - Analytical work by the CECC is used in IEA global studies

Target	Year	2019	<ul style="list-style-type: none"> - CECC has facilitated closer ties between China and IEA CECC consulted by Chinese authorities - At least one international workshop in China, attracting IEA members, has been held to disseminate RE and EE research results from CECC and IEA related activities
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Output D		Capacity development and knowledge sharing	
Output indicator		<ul style="list-style-type: none"> • Substantial quality analytical work is shared at national level in China and made available for IEA members 	
Baseline	Year	2016	<ul style="list-style-type: none"> - No substantial capacity building work carried out by the CECC on RE and EE
Target	Year	2017	<ul style="list-style-type: none"> - At least two papers on RE and/or EE, based on CECC analytical work, published in the Chinese and English languages - At least two workshops have been held for relevant competent authorities and institutions in China to develop Chinese capacity in RE and EE (workshops can be solely focused on this topic or combined with policy dissemination workshops).
Target	Year	2018	<ul style="list-style-type: none"> - At least two workshops have been held for relevant competent authorities and institutions in China to develop Chinese capacity in RE and EE (workshops can be solely focused on this topic or combined with policy dissemination workshops). - At least one piece of policy related analytical work or project has provided input to Chinese national policy development on RE and/or EE
Target	Year	2019	<ul style="list-style-type: none"> - At least one piece of policy related analytical work or project has provided input to Chinese national policy development on RE and/or EE

Output E		Statistical analysis on RE and EE	
Output indicator		<ul style="list-style-type: none"> • Statistics on RE and EE collected, analyzed and disseminated • RE and EE statistical analysis integrated into other CECC work 	
Baseline	Year	2016	<ul style="list-style-type: none"> - No substantial statistical work carried out by the CECC on RE and EE
Target	Year	2017	<ul style="list-style-type: none"> - Database on RE and EE information established and baseline data collected in accordance with progress made by the Energy Data Centre at the IEA
Target	Year	2018	<ul style="list-style-type: none"> - Statistics on RE and EE of national and international interest disseminated to Chinese authorities and IEA members - RE and EE work has influenced other CECC activities
Target	Year	2019	<ul style="list-style-type: none"> - Statistics gathered, analyzed and used in RE and EE policy development in China

6. Risk Management

Risk management measures will be carried out in accordance with the overall risk assessment and mitigation described in the IEA's risk management framework and in accordance with the financial regulations of the organisation. Particularly for the CECC, the following main risks are identified:

Risk 1: The CECC fails to obtain the necessary license to operate as a legal entity in China

Mitigation: The current informal "umbrella cooperation set-up" between IEA and NEA and other institutions continues to undertake activities and projects related to the overall objective of the CECC, but under the guidance of a Steering Committee and Expert Advisory Board, which are to be established.

Risk 2: Diversity of interests amongst key stakeholders lead to lack of focus of the CECC's program of work

Mitigation: Under the guidance of the Steering Committee, with support from the joint Expert Advisory Board, a targeted annual program of work will be formulated in accordance with resources availability and priority of both Chinese Government and the IEA that ensure strong leadership of the CECC.

7. Inputs/budget

The total budget contribution of the Danish Ministry of Foreign Affairs to the Centre's activities is DKK 7 million to be used over the period from 1 November 2016 to 31 December 2019. The IEA plans to seek additional VCs to cover the estimated costs of up to 8 million EUR to support the CECC and its work over three years. To date, other VCs currently secured by the IEA for the CECC add to a total amount of USD 857,196. Additional VCs may be secured in the foreseeable future. The output based budget for the Danish contribution is indicated below and will be provided in DKK. Changes or reallocations to the below output level budget-lines which exceeds 7 % of the total allocation should be discussed with Denmark.

Output level*	DANIDA Funding
	DKK '000
A: Establishment and operation of the CECC	1,100
B: Analytic work on energy efficiency and renewables	1,832
C: Policy coordination	1,832
D: Capacity development and Knowledge sharing	1,463
E: Statistical analysis	1,100
Total	7,000

* The IEA administration charge applied to Denmark's VC is 5.3% equivalent to approx. DKK 371,000. This amount is equally distributed between the above output budget lines.

8. Management arrangement

The CECC is yet to be established as a legal entity. NEA is expected to facilitate establishment of the CECC and facilitating the approval process with the relevant Chinese authority. A working level task force will be established jointly between NEA and IEA to move forward the establishment of the CECC. This effort is expected to lead to signing of a formal agreement between NEA and IEA regarding the management and operations of the CECC.

In parallel a Steering Committee to oversee the CECC will be established and jointly chaired by the IEA Executive Director and the NEA Administrator. A technical Advisory Board will be established to provide recommendations for the Steering Committee. One of the first tasks for the Steering

Committee will be to approve the first annual program of work for the CECC. Until the CECC is legally established in China, the IEA and NEA will operate activities under its umbrella. The work carried out in this interim period will be agreed between the IEA and NEA. Denmark's VC earmarked for RE and EE is anticipated to be activated on some of the most pressing policy issues that require the CECC's engagement.

By first quarter 2017, it is intended that the head of CECC and other experts will be engaged in the joint IEA-NEA process. More staff will be engaged as required when resources become available; this may include seconded staff from NEA and other relevant institutions. The head of the CECC would report to the Steering Committee.

9. Financial Management

Financial management procedures of Denmark's contribution will follow those of the IEA that are aligned to the OECD "FINANCIAL REGULATIONS OF THE ORGANISATION [C(2008)92/REV1]". Danish funds are earmarked and shall be managed and accounted for separately from other funds covering activities not related to RE or EE. The financial report will be based on information included in the organization's accounts, which are subject to independent audit. Copies of the OECD annual financial statements will be provided upon request

The financial reporting shall be drawn up to the same level of detail as is done in the budget.

The total budget cannot be exceeded and shall be used for the agreed purpose only. If there are unspent funds for the work stream related to the CECC at the end of this implementation period, the IEA and Denmark will discuss the possible use of these funds. In the event that the IEA and Denmark cannot agree to a suitable use, Denmark may request that these unspent funds be returned to Denmark

The OECD/IEA shall administer the contribution in accordance with its Financial Regulations and other relevant OECD rules, policies and procedures and IEA guidance on VC management, which currently provide for an administrative cost recovery charge of 5.3% of the total contribution amount. The expenditure will be recorded in the accounts of the OECD, which follow generally accepted accounting principles.

IEA has the obligation to inform the MEUC and the Danish MFA immediately if any changes, including overspending of budget lines, or if irregularities in the management of funds are foreseen or have occurred.

10. Monitoring and Evaluation

Progress will be measured through the IEA's monitoring framework supported by the organization's finance systems, which facilitate the necessary processes for monitoring and evaluation. These processes have also been used for past VC from the Danish Ministry of Foreign Affairs and will secure systematic tracking of outputs, financial costs and the expected outcomes under each activity.

Progress will be reported in the yearly progress report on the specific Performance Framework outlined above, summarizing progress against the indicators and targets defined therein. Further, IEA will provide Denmark with an annual financial report that includes a table showing the annual disbursements against the output-based budget as outlined above.

The financial report will be based on information included in the Organisation's accounts, which are subject to independent audit. Copies of the OECD annual financial statements will be provided upon request.

The income and expenditure that will relate to the CECC will be subject to audit in accordance with the auditing procedures that apply to the IEA.

Section B: Development Engagement Document for the Clean Energy Ministerial Secretariat

1. Introduction

The present development engagement document provides the business case and justification for the Government of Denmark's financial contribution to the International Energy Agency (IEA) for the purpose of the establishment of a new, multilateral Clean Energy Ministerial Secretariat (hereafter CEM Secretariat). For transparency, this Development Engagement Document (DED) is annexed to the offer of funding made to the IEA and constitutes an integrated part thereof together with the documentation specified below. The Danish support to the IEA for the CEM Secretariat is provided as development cooperation funding under the Danish Climate Envelope within the framework of the guiding principles for the Danish Climate Envelope from February 2016. The Danish support complements other Danish support to the IEA.

2. Parties

The Danish Ministry of Energy, Utilities and Climate, the Danish Ministry of Foreign Affairs and the IEA.

3. Documentation

“Documentation” refers to the *Administrative Arrangement concerning the Multilateralisation of the Clean Energy Ministerial Secretariat* (the Administrative Arrangement) which was endorsed by CEM Ministers on 1 June 2016.

4. Background and project description

To solve the challenge of climate change, a rapid shift to clean energy is needed. To address this, the Clean Energy Ministerial (CEM) was launched in 2010. CEM is a global forum with participation of major global economies and emitters and a select number of smaller countries that are leading in various areas of clean energy innovation, where they can share ideas and work toward a low-carbon future. Its mission is to accelerate the global clean energy transition through a voluntary, efficient, global partnership of the world's largest and most forward-leaning economies. Between them its members account for about 75 percent of global greenhouse gas emissions and 90 percent of global clean energy investment. Several emerging economies are members, including China, India, Indonesia, Mexico and South Africa, with tremendous impact and opportunity for reduction of greenhouse gas emissions.

In the 2016 seventh annual Clean Energy Ministerial Meeting (CEM7), energy ministers and business leaders from more than 25 countries met to tackle a number of challenges, such as reaching the clean energy goals outlined in the COP21 Paris Climate Agreement and pushing for even more ambitious action over time. The CEM is currently the only regular meeting of energy ministers at which they exclusively discuss clean energy. The CEM also includes involvement from other ministries that play an important role in clean energy in some governments, such as ministries of science and technology or economics. In 2017 China will host CEM8 and in 2018 the European Commission will host CEM9.

International collaboration under the CEM is action-oriented, collaborative, and flexible; there are no negotiated texts or binding agreements. The CEM is based on a distributed leadership approach where any government interested in furthering a substantive idea on a clean energy technology or issue is encouraged to identify willing partners and proceed.

CEM is also a collection of groundbreaking year-round initiatives that provide policymakers and others around the world with the tools they need to join the clean energy revolution. Through 9 standing initiatives and 3 annual prioritized campaigns the CEM Secretariat supports and facilitates CEM member actions to deploy more clean energy around the world; improve energy efficiency in appliances, buildings and industry; expand energy access to the millions that lack access to electricity; and, build human capacity to enable all of humanity to contribute to solving this global challenge. One example of a CEM initiative is the cross-thematic Clean Energy Solutions Center (CESC) “” that helps government policy-makers design and implement policies and programs that advance deployment of clean energy technologies, based on the results and insights from the CEM initiatives and campaigns. More than 95 countries (of which most are developing countries that are not members of CEM) have so far received no-cost clean energy policy support from this center. It is also critical for women to have equal opportunities to participate in all aspects and at all levels of climate and energy research, policy, business, and other areas. Since 2010, the CEM has recognized this imperative with the “Clean Energy, Education, and Empowerment (C3E)” women’s initiative. Another initiatives is the “Multilateral Solar and Wind Working Group”, led by Denmark and Germany, with 13 out of 25 CEM Members as participants, an example of how best practice policies on advancing solar and wind energy are in demand among the CEM Members.

A CEM Secretariat function was originally established by the United States Government and its functions were performed by US Department of Energy (US DOE) staff as part of related portfolios of responsibility. The purpose of the CEM Secretariat to date and going forward is to facilitate the long-term engagement of all CEM Members in the work of the CEM, support climate action, to share best practices and promote policies and programs that encourage and facilitate the transition to a global clean energy economy. To multilateralize the CEM Secretariat and to increase the organization’s effectiveness and develop synergies, it was agreed by CEM members in June 2016 to establish a multilateral CEM Secretariat hosted by the IEA. Placing the CEM Secretariat within the IEA will generate a huge potential for making use of the substantive synergies between IEA and CEM. It is anticipated that the physical proximity between the IEA and CEM Secretariats will facilitate collaboration and help the exchange of best practice. Whilst substantive inputs of the IEA Secretariat to the CEM as a whole will be subject to the IEA’s own resources, it is envisioned that the CEM Secretariat will work closely with relevant teams, experts and committees at the IEA to increase the visibility of its work, maximize synergies and avoid duplication. The IEA is also experienced in providing logistical support and management for large international events with multinational attendance, e.g. approximately 120 workshops and Committee meetings a year and a Ministerial level meeting every two years, and would therefore be able to provide advice and support to the CEM Secretariat in this regard. Establishing the CEM Secretariat within the IEA Secretariat will immediately enable the Secretariat to benefit from the same legal, financial and administrative platforms as other IEA offices, units, divisions and directorates. The CEM Secretariat staff will occupy the same office complex as the IEA in central Paris and will not need to lease its own premises. Finally, establishing the CEM Secretariat as part of an existing international organization therefore removes the need for a long and costly set-up phase.

Through Denmark’s participation in the CEM and support to the CEM Secretariat, Denmark will be participating in setting an agenda that also targets emerging economies and enables leverage of other funds for the CEM Secretariat. CEM initiatives that inspire and support countries to reduce emissions, improve energy security, widen energy access, and sustain economic growth have increasing relevance for emerging economies. Denmark is rightly regarded as a country of great innovation in its approaches and technology in renewables and energy efficiency and these have great potential for application in emerging economies. Denmark’s support and focus on emerging economies gives the CEM an even greater opportunity to influence and contribute to change in these economies. Denmark will also be able to bring knowledge and policy experience into CEM from lessons learned through the support provided via the Climate Envelope to renewable energy and energy efficiency to China, Mexico,

Indonesia and South Africa and in parallel these engagements will benefit from the cutting edge knowledge available through CEM.

The CEM Secretariat facilitates the connection between the high level guidance from the CEM Ministers and Steering Committee (currently formed by eight countries, including Denmark) with the day-to-day activities of CEM Initiatives and Campaigns. The Secretariat can thus ensure that CEM is delivering impactful outcomes in support of the overall CEM mission.

In addition to supporting the year-round initiatives and campaigns, the CEM Secretariat supports and facilitates the on-going work with the ministerial host countries to develop and execute the Annual Preparatory and Ministerial meetings, to ensure ambitious and impactful agenda-setting and actions that support collective clean energy progress. Between the Ministerial meetings, the ongoing high-level strategic guidance is provided by the CEM Steering Committee members, who meets app. 4-6 times annually in virtual meetings and is chaired by the former and upcoming host country of the CEM Ministerial meeting. The CEM Secretariat facilitates and supports the Steering Committee as it guides the agenda-setting for the upcoming Ministerial meeting, including high-level activities for the Initiatives and Campaigns. Advice and support is furthermore provided by the CEM Secretariat continuously to steer initiatives and campaigns towards the areas of greatest potential impact, and to ensure that needs and opportunities are identified and prioritized based on analysis and mapping of other ongoing initiatives.

The Initiatives and Campaigns are reviewed to capture and communicate to CEM members the outcomes and provide wider recommendations, through e.g. regular independent expert review (bi- or triannual) and through annual Initiative and Campaign Facts Sheets disseminating objectives, work plans and activities, country engagement, and outputs. The CEM Secretariat also facilitates and coordinates partnerships between Initiative and Campaign leads with industry, international bodies, and non-governmental organizations to ensure synergy and coordinated work programs with more effective and efficient outcomes. Through the CEM Secretariat, the outcomes and outputs of initiatives and campaigns are disseminated globally through the website, social media, and reports to increase the visibility and recognition of CEM work and drive more substantive action and impact over time. The CEM Secretariat also produces the CEM Annual Report on all activities of the CEM, including policies and practices implemented, and value delivered. To secure increased, steady, flexible and reliable resources for Initiatives and Campaigns fundraising and partnership development are also elements of the CEM Secretariat's function.

In this way the CEM Secretariat effectively and efficiently facilitates the long-term engagement of all CEM Members to implement policies and practices that accelerate the global clean energy transition among the major economies and forward-leaning countries.

The assumption for Denmark's support to the CEM Secretariat is that the CEM adds sufficient high-level value to setting the Global agenda on clean energy that continues an interest amongst members of the Global Partnership. The Danish contribution to the CEM Secretariat will be DKK 7 million.

5. Objective of the Support and agreed results framework

The objective of CEM is to accelerate the global clean energy transition through a voluntary, efficient, global partnership of the world's largest and most forward-leaning economies. The decision-making and direction of the CEM is set by the CEM Members through the CEM's governance framework.

The specific objective of the CEM Secretariat is to effectively and efficiently facilitate the long-term engagement of all CEM Members to develop and implement coherent policies and practices, which can help decision makers accelerate the global clean energy transition among the major economies and forward-leaning countries.

The Danish Ministry of Foreign Affairs will monitor the progress attained in the implementation of the support as described in the documentation. Progress will be monitored through the IEA’s normal practices and procedures.

Project title		The CEM Secretariat	
Project objective		To effectively and efficiently facilitate the long-term engagement of all CEM Members to develop and implement coherent policies and practices, which can help decision makers accelerate the global clean energy transition among the major economies and forward-leaning countries.	
Impact Indicator		Low-carbon enabling environment (such as consistent policies and legislation) developed in major economies and forward-leading countries via a strengthening of the CEM Governance structure that ensures effective exchanges of best practice clean energy policies and practices.	
Baseline	Year	2016	Limited awareness and knowledge of best practice clean energy policies to inform energy transitions in major economies, a.o. due to lack of a neutral institutional structure in CEM (in particular a stronger Secretariat) that facilitates the exchange of best practice and ensure fulfillment of the full potential.
Target	Year	2019	Significantly strengthened awareness and exchange of knowledge of best practice clean energy policies that contribute to a clean energy transition in the CEM members, a.o. due to a well-developed institutional structure in CEM (coordinated by the Multilateral CEM Secretariat).
Outcome		The CEM Governance Structure - and the CEM Secretariat supporting role in this (a.o. connection between continuous high-level guidance from the CEM Minister/Steering Committee and the day-to-day activities CEM initiatives and campaigns) - is effectively facilitating exchange of best practice of clean energy policies that contributes to an acceleration of the global clean energy transition.	
Outcome indicator		<p>CEM ministerial and preparatory meetings concluded with a high-level presence on inter alia ministerial-level and Sherpa-level from most of the CEM Members.</p> <p>Number of Initiatives and Campaigns active and reported on each year.</p> <p>Number of citation of Initiatives or Campaigns in policy development documents and media.</p> <p>Number of countries that as a minimum are participating with substantial commitments in each initiative and campaign.</p>	
Baseline	Year	2016	<p>A smaller CEM Secretariat based in the US DoE with no multinational presence from other CEM members.</p> <p>Less than 75% of the CEM Members are participating on a Minister-level/Sherpa-level in preparatory meetings / ministerial meetings.</p> <p>Limited coordination and connection of guidance from the CEM Ministers and Steering Committee with day-to-day activities of the CEM initiatives and campaigns.</p>

Target	Year	2019	<p>The CEM Secretariat has contributed to arranging CEM Ministerial and preparatory meetings from 2017-2019 with the target attendance of, on average, 75% of the CEM Members participating on a Minister-level/Sherpa-level.</p> <p>The CEM Secretariat has actively encouraged and supported the development and launch of approximately three CEM campaigns, initiated by Minister or Steering Committee per year</p> <p>The CEM Secretariat has actively encouraged participation in each of the four clusters of activity: Supply; Demand; Integration, and; Cross-cutting issues, with a target participation of one third of CEM Members in each cluster.</p>
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Output A	Annual Preparatory and Ministerial meetings, supported and facilitated with host country and the Steering Committee, which result in ambitious and impactful agenda setting and actions that support collective clean energy progress		
Output indicators	<p>Annual Ministerial meeting Chairs' Summary produced in partnership with the annual ministerial meeting host and distributed in a timely manner to all CEM members</p> <p>Campaign Proposals, coordinated and facilitated with “initiative leads” that prioritize for ministerial attention efforts that can catalyze public and private action and generate significant global impact.</p> <p>Ministerial Public-Private Roundtables, coordinated and executed, that result in constructive dialogue between ministers and private sector participants on topical clean energy issues and challenges.</p> <p>Public-Private Roundtable Report, produced, to accurately and succinctly capture and disseminate outcomes and recommendations.</p> <p>4-6 CEM Steering Committee (SC) virtual meetings, supported and facilitated with SC Co-Chairs, which result in efficient and effective ongoing high-level strategic guidance from SC members.</p>		
Target	Year	Year 1	Successful (based on above indicators) preparatory meeting in March 2017 in Europe (EU as host) and CEM8 ministerial meeting in June 2017 in Beijing concluded.
Target	Year	Year 2	Successful (based on above indicators) preparatory meeting in spring 2018 [x country) and CEM9 ministerial meeting in June 2018 in Europe (EU and other member as host) concluded.
Target	Year	Year 3	Successful (based on above indicators) preparatory meeting in spring 2019 [y country] and CEM9 ministerial meeting in June 2019 in [z country] concluded.

Output B		Funding and Partnership Strategy, developed and executed, to secure increased, steady, flexible, and reliable resources for Initiatives and Campaigns.	
Output indicator		<p>New sources of funding and resources, identified and secured, for collective CEM activities, particularly targeting emerging economies and developing countries.</p> <p>Final Funding and Partnership Strategy endorsed by Ministers.</p> <p>Euro committed for CEM Campaigns and Initiatives.</p>	
Target	Year	Year 1	Funding and Partnership Strategy, which ensures initiatives targeting emerging economies and developing countries, developed and adopted by CEM Ministers.
Target	Year	Year 2	<p>Funding and Partnership Strategy, which ensures initiatives targeting emerging economies and developing countries, executed.</p> <p>Permanent financing model of the CEM-Secretariat and roadmap for establishing a CEM Trust Fund (or another suitable solution) developed and approved by CEM9.</p> <p>Measurable increase in funds committed for Initiatives and Campaigns targeting emerging economies and developing countries.</p>
Target	Year	Year 3	<p>Measurable increase in funds committed for Initiatives and Campaigns targeting emerging economies and developing countries.</p> <p>Resources identified and secured for the permanent financing of the CEM Secretariat.</p> <p>CEM Trust Fund (or another suitable mechanism) in place.</p>

Output C		Initiatives and Campaigns, advised and facilitated, toward areas of greatest potential impact (including emerging economies and development countries) and overall alignment with the CEM mission, objectives and desired goals and targets via ensuring synergies and added value (internal communication and coordination).	
Output indicator		<p>Analysis, overview and mapping of knowledge gaps developed to identify and prioritize CEM Initiative and Campaign needs and opportunities.</p> <p>Initiative and Campaign Review Report, coordinated and produced, to accurately capture and communicate to CEM Members the outcomes and recommendations from the regularly independent expert review.</p> <p>Annual Initiative and Campaign Facts Sheets, coordinated and produced, to facilitate internal CEM knowledge of activities and dissemination of objectives, work plans and activities, country engagement, and outputs.</p> <p>Partnerships with industry, international, and non-governmental organizations, facilitated and coordinated with Initiative and Campaign leads, to result in</p>	

		synergized and coordinated work programs with more effective and efficient outcomes.	
Target	Year	Year 1	Information and visibility about the achievements and successes of CEM Initiatives and Campaigns for CEM Members are coordinated and produced (for example in the form of Fact Sheets)
Target	Year	Year 2	Information and visibility about the achievements and successes of CEM Initiatives and Campaigns for CEM Members are coordinated and produced (for example in the form of Fact Sheets). Recommendations on how to optimize Initiatives and Campaigns, produced (for example in the form of an independent Review Report).
Target	Year	Year 3	Information and visibility about the achievements and successes of CEM Initiatives and Campaigns for CEM Members, coordinated and produced (for example in the form of Fact Sheets). The recommendations from the independent Review Report are acted upon in the Initiatives and Campaigns.

Output D		CEM outputs and outcomes, communicated and disseminated broadly outside CEM, to build support and maximize impact of CEM work (external communication).	
Output indicator		<p>Communications and Media Strategy, developed and executed globally</p> <p>Communications Mechanisms, including website, social media, and reports, redesigned and updated.</p> <p>CEM Communications Guide for initiative-leads and members, produced and updated regularly.</p> <p>CEM Annual Report on all activities of the CEM, CEM Secretariat, and Initiatives and Campaigns, coordinated and produced.</p> <p>Outreach activities and relationship building with key partners.</p> <p>Information and visibility of CEM Initiatives and Campaigns are consistent, convincing, and readily-available for a range of audiences</p>	
Target	Year	Year 1	<p>Communications and Media Strategy, developed and endorsed by Ministers.</p> <p>CEM Communications Guide, updated.</p> <p>Regular outreach activities and relationship building with key partners and major clean energy events.</p>

			CEM Annual Report on all activities of the CEM, produced. Public visibility of CEM Initiatives and Campaigns in global media.
Target	Year	Year 2	Communications and Media Strategy executed globally. Communications Mechanisms, including website, social media, and reports, redesigned and updated. Evaluation of Communications Guide. CEM Communications Guide, regularly updated. Regular outreach activities and relationship building with key partners and major clean energy events. CEM Annual Report on all activities of the CEM, produced. Increased public visibility of CEM Initiatives and Campaigns in global media.
Target	Year	Year 3	Communications and Media Strategy executed globally. CEM Communications Guide, updated. Regular outreach activities and relationship building with key partners and major clean energy events. CEM Annual Report on all activities of the CEM, produced. Increased public visibility of CEM Initiatives and Campaigns in global media.

6. Risk Management

Risk management measures will be carried out in accordance with the overall risk assessment and mitigation of the IEA's risk management framework.

Risk # 1: The CEM Secretariat does not have sufficient funds to carry out its tasks.

Mitigation: The Chair of CEM7 (US) and the Chair of the sub-group (DK) is in regular contact with CEM Members to encourage them to provide funding for the CEM Secretariat following the decision at CEM7 to establish a new CEM Secretariat at the IEA. Funding for the CEM Secretariat is required upfront, which means that once the funding is secured, the CEM Secretariat will have operational certainty for the initial period of its operations so the risk at this stage will be very low (since sufficient funding is expected to be realised with VC's at the IEA GB meeting in October 2016).

Risk # 2: The CEM Secretariat does not attract suitable candidates when the positions are advertised.

Mitigation: The IEA is experienced in the recruitment of international energy experts. The IEA follows the *International Service for Remunerations and Pensions* (IRSP) and currently employs staff from a wide range of different countries. The IEA has a dedicated human resource team working on recruitment, contract extensions, departures and general human resources.

Risk # 3: Inadequate time, experience or resources to prepare the CEM8 meeting in Beijing which is scheduled for June 2017.

Mitigation: The transition of the CEM Secretariat from US DOE to the IEA is anticipated to begin in Q4 of 2016 in order to be operational in Q1 of 2017 and in order to minimize risks to the delivery of CEM8. Furthermore, it is anticipated that US DOE will continue to perform CEM Secretariat duties until the transition is complete. The recruitment of the Head of the CEM Secretariat is anticipated to take place in Q4 of 2016 and that the recruitment of other CEM Secretariat positions will take place shortly after so that adequate staff resources are in place before CEM8.

Risk # 4: Given the amount of ongoing policy and analytical work in the areas addressed by CEM, the messages and information generated do not attract the attention of the target audience and so its potential influence is not realized.

Mitigation: The Initiatives and Campaigns will be targeted towards priority areas of high interest where there are perceived deficit of useful information and the communications and media strategy will make full use of the convening powers of the Ministerial participation and the IEA.

7. Inputs/budget

The total budget contribution of the Danish Ministry of Foreign Affairs to the CEM Secretariat's activities is DKK 7 million, or approximately 1 million EUR, over 36 months.

An estimated budget has been agreed by CEM Members to cover the operations of the CEM Secretariat for the period of 1 July 2016 – 30 June 2019 and is attached to the Administrative Arrangement as an Annex. However, the total budget for the CEM Secretariat may be revised to reflect the total contributions received for the CEM Secretariat by the end of 2016 so that it respects the provisions of the Administrative Arrangement, which state that the CEM Secretariat is not intended to commence its functions until the financial threshold has been reached for the period in question. CEM Members are working closely with the IEA to secure additional Voluntary Contributions which would contribute to this financial threshold (and sufficient funding is expected to be realised with VC's at the IEA GB meeting in October 2016). The output based budget for the Danish contribution is indicated below. If required, redistribution between budget-lines is possible with prior approval from Denmark.

Output level*	DKK '000	EUR** '000
Facilitate and support annual Preparatory and Ministerial meetings, with host country	2,450	329
Develop and execute Funding and Partnership Strategy	350	47
Advise and facilitate Initiatives and Campaigns, toward areas of greatest potential impact and to help ensure they align with the CEM mission and objectives and achieve desired goals and targets.	2,450	329
Disseminate and communicate broadly CEM outputs and outcomes.	1,750	235
Total	7,000	940

* The IEA administration charge applied to Denmark's VC is 5.3% equivalent to approx. DKK 371,000. This amount is equally distributed between the above output budget lines.

** Exchange rate August 2017 1EUR = 7.44

8. Management arrangement

The CEM Secretariat will be established within the IEA Secretariat as a dedicated, standalone office led by a Head of the CEM Secretariat who will report directly to the IEA Executive Director. It is anticipated that the Head of the CEM Secretariat will be supported by a small team of staff (approx.

4-6 staff members) who will report directly to the Head of the CEM Secretariat. The key responsibilities of the CEM Secretariat are set out in the *Framework for the Clean Energy Ministerial* (the CEM Framework Document), which was agreed by CEM Members at CEM7 on 1 June 2016 and outlined in the above results frame. These activities will be carried out under the guidance of Ministers of the CEM Members and the CEM Steering Committee, which sets the strategic priorities of the CEM.

9. Financial Management

The activities and operations of the CEM Secretariat will be carried out in accordance with the rules, regulations and practices applicable to the IEA. CEM Secretariat expenditure will be controlled and monitored through well-established management and administrative practices and certain features of the Administrative Arrangement. All income and expenditure is managed in accordance with the Financial Regulations, Rules and practices applicable to the IEA to ensure that they comply with best practice and represent a good use of the resources. Well-established checks and balances are in place for this purpose, which form part of the Internal Control Framework used by the IEA. Resources are safeguarded against loss, misuse or damage. For example, for the procurement of goods and/or services:

- any expenditure over EUR 1500 has to be signed off by the appropriate manager and the IEA Finance Team and then be committed in the accounting system before funds can be disbursed;
- all payments have to be signed off by the appropriate manager including for expenditure under EUR 1500;
- a price comparison between at least three suppliers (also known as a market consultation) is required for any expenditure over EUR 30 000; and
- a call for tender is required for any expenditure over EUR 150 000.

For travel, a mission order signed off by the staff member's line manager and the IEA Finance Team is required before any travel is undertaken. Each mission order is checked to ensure that the travel is necessary and that the travel represents good value for money, using a cost comparison of three different flight options. At the end of each mission, the traveler must submit a mission report and expense claim, which is then reviewed and signed off by the IEA Finance Team.

A Letter of Assertion, which ensures accountability for efficient and effective management of resources, will be signed by the Head of the CEM Secretariat in relation to his/her responsibilities in relation to the CEM Secretariat's resources.

The IEA must return a letter or email with acknowledgement of receipt of funds. The total budget cannot be exceeded and shall be used for the agreed purpose only.

10. Monitoring and Evaluation

The activities of the CEM Secretariat will be monitored in accordance with the Administrative Arrangement agreed between the IEA and CEM Members. This provides for overall management responsibility vested in the Head of the CEM Secretariat who will manage the CEM's activities on a day-to-day basis. More broadly, CEM Members will have oversight of the CEM Secretariat's activities through their regular interactions, through the CEM Steering Committee meetings, through interactions in relation to CEM Initiatives and Campaigns and through the CEM meetings themselves.

In terms of formal reporting, CEM Members will receive an annual financial report on income and expenditure for the CEM Secretariat as a whole, which will be based on information recorded in the Organization's accounts. These reports will be produced in accordance with the same methods applied to IEA Committee reporting and the format will reflect the budget attached to the Administrative

Arrangement. The financial reporting for Denmark's contribution shall be drawn up to the same level of detail as is done in the budget included in this DED.

Financial reporting will be accompanied by an annual, narrative progress report from the CEM Secretariat, which summarizes progress against the indicators and targets defined for the CEM Secretariat.

Such progress reports will be delivered in accordance with the IEA's usual budgeting practices and cycles, as indicated in the Administrative Arrangement. It is anticipated that such reports for a calendar year would be provided in Q2 of the following calendar year.

In accordance with the Administrative Arrangement, the income and expenditure of the CEM Secretariat will be subject to audit in accordance with the auditing procedures that apply to the IEA.