

Support for UN Environment's work on IWRM and other water issues through UNEP-DHI Centre.

Key results:

- Improving the information and knowledge on key sustainable water resource management challenges at country and basin level as a basis for action.
- New tools and technologies such as knowledge products or specific technical solutions (e.g. decision support systems, information management systems etc.) developed and tested in collaboration with partners.
- Tools and technologies are disseminated and implemented with the support of leveraged resources. These could be short and long term capacity building or support for on the ground implementation.
- New partnerships especially with the private sector developed. Stronger link and synergy with the Danish private and public resource base.

Justification for support.

- Well managed water resources are essential to ensure clean drinking water, economic growth, peace and sustainable development. Further implementation of Integrated Water Resource Management (IWRM) is a first step to support investment decisions in the water, food and energy sector.
- The UNEP-DHI Centre is a key resource for UNEP's work on implementing IWRM, and the Centre have since its establishment in 1996 become international recognised knowledge centre.
- The hosting by and collaboration with DHI, a leading private not-for profit organization, enable the centre to draw on the diverse expertise of DHI.
- The current grant can be seen as a bridging from the latest multi-year grant, and is to be used as a transition period where the UNEP-DHI Centre in accordance with the modalities in the Danish Strategy for Development Policy and Humanitarian Action will seek strengthen and build new partnerships with relevant stakeholders with a specific focus on the private sector and Danish stakeholders. Further the centre will focus on leveraging resources from other sources. The coming year the centre will also be adjusting its activities to an annual level of 6 mio DKK in core funding (compared to appx 8 mio annually).

How will we ensure results and monitor progress

- UNEP will be reporting progress against a results framework with five main work areas with indicators, targets and baselines.
- Continued dialogue with UNEP on progress and results will form the basis for a decision about Danish support for a multi-year framework.

Risk and challenges

- UNEP is regarded as a trusted partner and no major risks are anticipated.
- The UNEP-DHI Centre is heavily dependent on Danish core funding through UNEP, as it has proven difficult to attract other donors.

File No.	2017-25467					
Country	Global					
Responsible Unit	MKL					
Sector	Water					
	<i>Mill. DKK</i>	2017	20xx	20xx	20xx	Tot.
Commitment	6,4					6,4
Projected ann. Disb.	6,4					
Duration	01.07.2017-30.06.2018 = 12 months					
Finance Act code.	06.34.01.80					
Desk officer	Lea Rasmussen					
Financial officer	Jan Hindhede Justesen					

SDGs relevant for Programme [Maximum 5]



Budget (USD)

<i>Director (UNEP Administered) the amount represents 75% of the salary; the remaining 25% is taken from another grant earmarked specific activities of the Centre.</i>	175,000
<i>Staff Costs at DHI</i>	475,000
<i>DHI travel</i>	60,000
<i>Unspecified subcontracts</i>	75,000
<i>Office rental</i>	25,000
<i>UNEP Programme Support Costs (7%)</i>	64,646
<i>Student Worker Support</i>	15,000
<i>Evaluation costs</i>	10,000
<i>Communication costs</i>	23,875
Total	923,521
<i>Estimated in kind from DHI (staff costs and office rental)</i>	74,780
<i>Estimated in kind from UNEP (Programme support costs)</i>	73,882
Indicative budget break down on main work areas	
<i>Identifying water resource management challenges</i>	15%
<i>Developing tools and technologies that address challenges</i>	25%
<i>Disseminating and implementing tools and technologies</i>	30%
<i>Partnership development with emphasis on the private sector</i>	25%
<i>Preparing a multi-year framework document for future core funding</i>	5%

Strat. objective(s)	Thematic Objectives	List of Engagement/Partners
Promoting effective management of water resources (Integrated Water Resource Management) through helping identify and address key challenges at global, regional and national levels	1. Identifying water resource management challenges, as the basis for action	<ul style="list-style-type: none"> Countries (government, river basin organizations) AMCOW - -
	2. Developing tools and technologies that address challenges	<ul style="list-style-type: none"> ECOWAS African SIDS UN Water, UNEP, Global Environment Facility, Green Climate Fund UNFCCC's Climate Technology Centre and Network (CTCN)
	3. Disseminating and implementing tools and technologies	
	4. Partnership development with emphasis on the private sector.	<ul style="list-style-type: none"> UN Water and UNEP Private sector including the Danish resource base -

Annex 1: Description of work - July 2017 to June 2018

1. Identifying challenges: Improving the availability of information and knowledge on key sustainable water resources management challenges in support of intervention actions.

1.1 Preparation and dissemination of results of SDG target 6.5.1 reporting on the status of IWRM at national, regional and global levels governance levels, as well as to other interested parties, including the private sector (associated work on SDG monitoring and reporting is covered by other sources of funding)

Output: SDG 6.5.1 monitoring and reporting website established and populated by June 2018

1.2 Additional water resources assessment work beyond SDG target 6.5.1 (e.g. support to AMCOW, Small Island Developing States, ECOWAS etc.)

Output: Regional monitoring and reporting website established and populated by June 2018

2. Developing tools and technologies: Development, testing and piloting of new and improved tools and technologies capable of addressing identified challenges.

2.1 ECOWAS Water Information System developed and piloted

2.2 African SIDS Water Information System developed and piloted

2.3 Indicator builder tool and guide to assist river basin authorities in selecting the best possible indicators

2.4 Green Infrastructure portal and revised guide developed and tested

2.5 Contribution to the new UN World Water Development Report 2018

2.6 Decision support modules for flood and drought management developed and validated in collaboration with UN Environment and the GEF

2.7 Water Technologies for climate change adaptation catalogue and website developed and tested

2.8 Source to Sea webinar series developed (linking SDG6 and SDG14)

2.9 Other tool and technology opportunities to be identified

Output: At least 5 tools finalized by June 2018

3. Dissemination and application: Dissemination and application tools and technologies that address identified challenges.

3.1 Dissemination/application of tools and technologies in section 2 above

3.2 Cambodia Green Infrastructure project proposal approved by the Global Environment Facility

3.3 Laos Green Infrastructure project proposal submitted to the Green Climate Fund

3.4 Transfer of water technologies to developing countries in collaboration with the UNFCCC's Climate Technology Centre and Network (associated work on SDG monitoring and reporting is covered by other sources of funding)

3.5 Other dissemination and application opportunities to be identified

Output: At least 5 tools applied in specific geographies by June 2018

4. Partnership development: Further strengthening the role and relevance of UNEP-DHI, as well as directly or indirectly developing strategic partnership opportunities.

4.1 Direct technical assistance to UN Environment

4.2 Technical assistance to UN Water in support of UN Environment, as well as regional organizations

4.3 Contributions to relevant workshops, meetings and other fora

4.4 Development of opportunities with existing and new partners

4.5 Exploration of opportunities for enhanced private sector engagement

Output: At least 3 new/existing private sector partnerships developed/strengthened by June 2018

5. Framework for continued Danish core funding to UNEP-DHI:

Output: 5 year framework document including consideration of modalities for partner engagement and resource mobilization

Support for UN Environment's work on IWRM and other water issues through UNEP-DHI Centre.

Development engagement document

1. Introduction

The present Development Engagement Document (DED) details the objectives and management arrangements for the development cooperation concerning support to the UNEP-DHI Partnership - Centre on Water and Environment for the period from 1 July 2017 to 30 June 2018 as agreed between the parties specified below. The DED is specifically concerned with financial assistance from the Government of Denmark to the operations of UNEP-DHI Partnership – Centre on Water and Environment, in support of UN Environment. This support is aligned with the new Danish Development Strategy. The DED together with the documentation specified below constitutes the agreement between the parties.

1.1 Parties

The Danish Ministry of Foreign Affairs (Multilateral Department) also referred to as Danida, and the United Nations Environment Programme (UN Environment).

1.2 Documentation

“The Documentation” refers to the partner documentation for the supported intervention, which is a Donor Agreement in the standard UN Environment format between the Danish Ministry of Foreign Affairs (Multilateral Department) and UN Environment (Ecosystems division).

2. Background and project description

2.1 Water's importance and risks

As recognized by the Rio+20 Outcome Document, water generated by ecosystems is at the core of sustainable development and is critical for socio-economic development¹. The UN World Water Development Report of 2016 on Water and Jobs estimated that more than 1.4 billion people, or 42% of the world's total active workforce, are in jobs that can be categorized as “heavily water-dependent” in sectors such as agriculture, forestry, fisheries, energy, resource-intensive manufacturing, recycling, building and transport². However, water use for domestic purposes, sanitation, agriculture, industry and energy all generate wastewater and cause pollution.

In recognition of the broad value and significant threats to freshwater, the World Economic Forum's annual Global Risks Reports have consistently ranked “water crises” as amongst the greatest risks to economies, environments and people³. These concerns, linked to development issues, climate change, and civil unrest, are also behind countries' support for a holistic Sustainable Development Goal on water (SDG 6), which goes beyond the limited focus on access to water supply and sanitation in the preceding Millennium Development

¹ UN General Assembly (2012), The Future We Want:

http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/66/288&Lang=E

² UN Water (2016), World Water Development Report - Water and Jobs:

<http://unesdoc.unesco.org/images/0024/002440/244040e.pdf>

³ World Economic Forum (2015), Water Crises are a Top Global Risk: <https://www.weforum.org/agenda/2015/01/why-world-water-crises-are-a-top-global-risk/>

Goals. More specifically, countries have called for a specific Sustainable Development Goal (SDG) target on integrated water resources management (IWRM) – SDG target 6.5: By 2030 implement integrated water resources management at all levels, including through transboundary cooperation as appropriate⁴.

2.2 Denmark's New Development Strategy

In January 2017 a new five year Danish Development Strategy came into effect⁵. The strategy is founded upon the SDG's, which Denmark sees as representing both opportunities and challenges. More specifically, the SDGs are broadly in line with Danish interests, values and principles, but they are also seen as requiring a paradigm shift in terms of development cooperation. This shift includes a strong focus on using development assistance in a more catalytic way to mobilize finance knowledge and technologies from all relevant stakeholders. In practical terms, the strategy will see Denmark increasingly engaging and supporting partnerships that can support a catalytic approach in prioritized areas of interest and prioritized geographies. Consequently, one of the SDGs of particular relevance to Denmark is SDG17 on partnerships to achieve the SDGs, and SDG6 on water is a Danish priority in growth and transition economies.

A strong element in the above mentioned paradigm shift is a desire to actively involve and engage the Danish resource base, including the private sector, in collaboration with various international partners, to address the challenges related to achieving the SDGs. This will involve increasing use of Danish development assistance to mobilize knowledge, networks, competencies, technologies and financing - including in the water sector. The fact that UNEP-DHI Partnership is hosted by and draws on skills and tools of a Danish private sector not-for-profit organization (DHI), is well aligned with the Danish strategy.

Denmark regards the United Nations (UN) as a key actor for supporting the achievement of the SDGs towards 2030. Denmark regards support to the UN as a way to strengthen international activities and initiatives that it finds important, and therefore, prioritize an active partnership with UN organizations, such as UN Environment.

Denmark is seeking to build its development cooperation on ambitious and realistic targets, which also pay regard to the complexities of contexts. There is a willingness to explore new ways of doing things, which will also involve the clear measurement of results considered to be of importance to Denmark.

2.3 UN Environment's New Freshwater Strategy 2017-2021

UN Environment's new five year freshwater strategy was launched in March 2017, and serves as a living document to guide the organization's work, while supporting the implementation of its Medium Term Strategy and Programme of Work. The SDGs provide the framework for the freshwater strategy, with SDG target 6.5 on Integrated Water Resources Management as one of the core priorities. Recognizing the co-dependencies of sustainable water resources management and many of the other water-related SDGs, it emphasizes the importance of a holistic partnership approach to be able to achieve the SDGs on water, economic growth, peace, sustainable energy and partnerships, amongst others.

2.4 UN Environment and UNEP-DHI Support to SDG 6

⁵ UN Division For Sustainable Development (page accessed March 21st 2017): <https://sustainabledevelopment.un.org/sdg6>

UN Environment, the UN Agency with the mandate to coordinate the work of the United Nations in the field of environment, has the responsibility of supporting countries with SDG target 6.5. UNEP-DHI had the responsibility of designing the monitoring and reporting framework for target 6.5. All of the newer targets in SDG-6 (i.e. 6.3-6.6) have a strong emphasis on environmental sustainability. UN Environment's Freshwater Strategy for 2017 – 2021 defines a significant role and responsibility for supporting the targets in SDG-6, both in terms of tracking progress and in assisting countries achieving the targets.

A key resource for UN Environment to draw upon to assist with these efforts is the UNEP-DHI Partnership Centre on water and Environment (hereinafter referred to as "UNEP-DHI" or "the Centre"), as recognized in the UN Environment Freshwater Strategy. The Freshwater Strategy emphasizes private sector engagement in the spirit of SDG 17 on Partnerships. Since its establishment in 1996, the Centre has been hosted by DHI, a private international organization headquartered in Denmark, and represented in all regions of the world with a total of more than 1,100 staff in 30 countries (see box 1).

Box 1: DHI - A World Leader in Solving the World's Water Challenges

DHI operates as a private not-for-profit organization with affiliation to the Danish Academy for Technical Sciences (ATV) and is an approved Technological Service Institute – i.e. part of a network of independent Danish research and technology organisations under the auspices of the Danish Ministry of Science, Innovation and Higher Education. DHI's overall objective is to advance technological development, governance and competence within the fields of water, environment and health.

DHI offers a wide range of policy and advisory services as well as cutting-edge technical solutions. For example, DHI is a world leader in the development and application of hydrological modelling tools and geographic information systems (GIS), as well as advanced decision support systems. DHI is also specialized in Integrated Water Resources Management (IWRM), coastal zone and natural resources management and development, with focus on assisting partners on key perspectives of policies, legislation, strategies, institutional development, action planning and implementation of water reforms. DHI has a leading position within the field of integrated management of land, water and coastal resources – and has contributed to defining concepts, norms, guidelines and approaches and pioneered their application.

The Centre directly supports UN Environment's work on freshwater issues and in delivering UN Environment's Programmes of Work. One of the Centre's strengths is its ability to draw on DHI's expertise in water and project implementation, as well as those of a broad network of partners. This approach has provided UN Environment with a partner that can provide technical expertise to backstop global processes, as well as to the formulation and implementation of freshwater and coastal projects at the regional and national level.

The assistance provided to UN Environment has meant that the Centre has become a core member of the team working on the joint UN effort to support a global, country-owned monitoring and reporting of the water-related SDG targets. The Centre leads the global monitoring on IWRM (SDG target 6.5) and contributes to other target teams under UN-Water⁶. This role is based on the Centre's long-term engagement in the UN-Water activities, and extensive experience in successfully undertaking global

⁶ UNEP-DHI (2017), SDG Indicator 6.5.1 IWRM monitoring page:
<http://iwrmdataportal.unepdhi.org/iwrmmmonitoring.html>

assessments, such as global Status Reports on IWRM for the UN, and the recent global assessment of all 286 transboundary river basins as part of the GEF Transboundary Waters Assessment Programme (TWAP).

2.5 Financing

The main funding source for UNEP-DHI's core work is Danida, with substantial in-kind contributions being made from DHI and UN Environment. This core funding has been essential for providing stability and as a way to attract and leverage additional funding. For example, there are fixed costs in maintaining the basic functions of a centre and in being an active member of international networks, enabling the Centre to find clients, partners and sponsors for additional funding opportunities. Opportunities for core funding from additional sources have been discussed at various times since the establishment of the Centre, however, given that the Centre is hosted in Denmark and draws on Danish expertise, it is less likely to attract general core funding from other national development agencies engaged in water-related activities (e.g. Switzerland, Sweden, and The Netherlands). Instead, the Centre has strived to attract additional funding for specific projects from other sources. In recent years the Centre has geared core to additional funding at an average ratio of approximately 1:1.75. The Centre's success in leveraging additional funding relies on building a positive reputation for the Centre in terms of delivering timely products of high quality and relevance. While prospects for further increasing leveraged funding are regarded as very good, there will be a continued reliance on core funding from the three main partners.

In previous years, the level of expenditure of Danida funding from the core resources has been around DKK 8 million/year. Due to reduced funding availability, Danida is only able to make DKK 6,4 million available to support the core work of UNEP-DHI, effectively representing a reduction of 20% on average operating costs. While this reduction will not require fundamental changes to UNEP-DHI's operational model, it will require financial concessions from both UN Environment and DHI, as well as reductions on a number of budget lines, including staff time (see budget in section 5).

Although the current operational arrangements are already streamlined, there will be further efforts to increase efficiency, in a drive to minimize negative impacts on work output and acquisition of additional funding for activities. The reduction will also necessitate the prioritization of certain activities and consequently a reduction of activities currently undertaken in broader support of UN Environment and UN Water mandates (see below).

2.6 UNEP-DHI's Prioritization and Organization of Work

UNEP-DHI will continue to promote the sustainable management of water resources in line with UN Environment's mandate. However, the main differences moving forwards in comparison to earlier years, will be the need to harmonize UN Environment's interests and requirements with those of Denmark, and the need to manage the abovementioned reduction in budget. This will result in higher priority to efforts to mobilize additional resources. There will be a need to further sharpen the evaluation of collaboration opportunities, and there will be a need to shift emphasis to new types of partnerships that involve new modalities.

In the coming period UNEP-DHI will organize its work in five areas (explained further below) aimed at:

- 1) Identifying water resources management challenges
- 2) Developing tools and technologies that address challenges
- 3) Disseminating and implementing tools and technologies

- 4) Partnership development with emphasis on the private sector
- 5) Preparing a multi-year framework document for future core funding (a description of work which includes lists of activities and outputs under these headings can be found in Annex 1 to the Donor Agreement associated with this DED)

1 – Identifying water resources management challenges, gaps and needs: The aim of activities in this area is to improve the information and knowledge on key sustainable water resources management challenges in support of intervention actions. This is the fundamental basis for action. The cornerstone of this work is the UN-Water GEMI initiative, where UNEP-DHI is tasked to provide the global baseline measurements on water management for all countries to measure their progress against the SDG target on IWRM up to 2030. Linked to these national intervention will be activities at other scales, especially at river basin scale, including transboundary river basins. For countries, International Financial Institutions, private sector companies etc., the information generated provides an important input for further investment decisions in sectors such as water, food, energy and environmental sustainability. It also provides an important input to the development of new and improved tools and technologies. UNEP-DHI works to ensure the dissemination of this information, as well as supporting its use.

2 – Developing tools and technologies: The aim of activities in this area is to develop, test and pilot new and improved tools and technologies capable of addressing identified challenges. This involves UNEP-DHI working with a range of partners, including DHI and UN Environment colleagues, as well as a number of other providers and end users. Being directly linked to above step on identifying challenges, the tools and technologies also cover a range of scales and settings - from global to local. Issues to be addressed span from softer forms of stakeholder sensitization (e.g. knowledge products and serious games) to very specific technical solutions (e.g. decision support and information management systems in targeted geographies). What is produced always addresses a specific need, serves a clear purpose, and has identified financing. Also, all tools and technologies have a defined target audience or client, in order to ensure appropriate dissemination and application.

3 – Disseminating and implementing tools and technologies: The aim of activities in this area is to disseminate and apply tools and technologies that address identified challenges. This includes the pursuit and mobilization of resources. As general lack of skills to develop bankable proposals often hampers countries' ability to access financing, the Centre works with country and regional representatives to access additional sources of financing to support this work. Technical expertise, such as provided by UNEP-DHI, is often of critical importance in the technical formulation process. Activities within this step can range from short-term online training webinars, to multi-year on-the-ground project implementations. Partners of particular importance to UNEP-DHI, not least in terms of resource mobilization, for this work include UN Environment, DHI, the Green Climate Fund (GCF), Global Environment Facility (GEF), and the UNFCCC's Climate Technology Centre and Network (CTCN).

4) Partnership development: Work in this cross-cutting area is aimed at further strengthening the ability of UNEP-DHI to deliver on the above three work areas, by developing strategic partnership opportunities. In practical terms this involves a range of activities, such as direct technical assistance to UN Environment and regional organizations, contributions to workshops, meetings and other fora, support to regional and global processes, as well as the pursuit of various potential collaboration opportunities with existing and new partners. It has been widely recognized and demonstrated that the private sector has an important role to play in securing sustainable development. UN Environment has

expressed a strong desire to facilitate greater engagement of the private sector, in the spirit of SDG 17 on Partnerships. Consequently, the Centre will enhance private sector engagement in the coming period. Examples of areas of opportunity include, but are not limited to, working with UN Environment's new private sector initiative, working with DHI colleagues in support of mobilizing small and medium sized enterprises to support water and environmental management needs. This is a new focus for UNEP-DHI and the period covered by this DED will be used to identify and explore opportunities that can be adopted in the multi-year framework document for future core funding. Further, the Centre will proactively reach out to the broader Danish resource base in view of identifying areas of mutual interest and possible involvement.




5) Preparing a multi-year framework document for future core funding: The intention is that this document will provide the foundation for a longer term agreements between Danida and UN Environment, and UN Environment and DHI for hosting of the Centre. It will be based on a combination of factors including, but not limited to, experiences from the period covered by this DED, partner ambitions, emerging opportunities, and country development needs. Consideration of modalities for partner engagement and resource mobilization will be amongst the key elements within the document.

The following Process Action Plan will be used to help guide the finalization and operationalization of the multi-year framework agreement:

Approx. Timing	Process Action
Up to Nov 2017	Experience gathering and outreach with development partners, private sector and innovation organizations
15/11/2017	Discussion papers and documents shared with UNEP-DHI Advisory Board
1/12/2017	UNEP-DHI Advisory Board Meeting to discuss: <ul style="list-style-type: none"> - UN Environment engagement on SDG6 <u>implementation</u> - Innovative solutions - Private sector strategic approach - Partnership strategic approach
30/1/2018	Multi-year framework document considered by Danida, UN Environment and DHI
28/2/2018	Multiyear framework document approved by UN Environment and DHI
31/3/2018	Development Engagement Document and Donor Agreement draft circulated for consultation with Danida, UN Environment and DHI
30/4/2018	Development Engagement Document and Donor Agreement approved by Danida and UN Environment
31/5/2018	Project Cooperation Agreement (PCA) approved by UN Environment and DHI

2.7 Theory of change

The Theory of Change diagram below depicts how the Centre, working with UN Environment and other partners, will support countries in improving the management, development and use of freshwater resources and the related ecosystems that provide essential services. The content is based on consideration of Danida’s and UN Environment’s strategies, the historical and potential future roll for UNEP-DHI, combined with the emerging opportunities, and country development needs mentioned above.

<p>Outputs</p> 	<p>Identifying water resource management challenges, as the basis for action:</p> <ul style="list-style-type: none"> To provide global baseline measurements for all countries to track their progress against the SDG target on IWRM <p>Developing tools and technologies, capable of addressing identified challenges:</p> <ul style="list-style-type: none"> At least 5 new and improved tools and technologies developed, tested and piloted <p>Dissemination and implementation of tools and technologies, that address identified challenges:</p> <ul style="list-style-type: none"> At least 5 tools and technologies tools disseminated and applied in specific geographies <p>Partnership development to address country needs, tool and technology development, and resource mobilization:</p> <ul style="list-style-type: none"> At least 3 new/existing partnerships developed/strengthened <p>Multi-year framework document for future core funding:</p> <ul style="list-style-type: none"> Documents between Danida and UN Environment, and UN Environment and DHI that provides the foundation for longer-term collaboration in the field of freshwater management 		
<p>Intermediary outcomes</p> 	<p>Countries and partners are provided with systems, tools and technologies, assessments, data and information in order to identify challenges and implement water related SDGs, with particular emphasis on target 6.5 on IWRM, through improved management of water resources and freshwater ecosystems.</p> <p>Partnerships with resources that can serve to support UNEP-DHI in assisting countries are developed and strengthened</p> <p>Danida, UN Environment and DHI agree on longer-term collaboration in the field of freshwater management</p>	<p>Assumptions:</p> <p>Countries and partners are willing and able to absorb, utilize and leverage the assistance provided.</p> <p>Partners/potential partners will be willing and able to identify and operationalize collaboration synergies in support of countries</p> <p>Danida, UN Environment and DHI continue to see the value in working together to achieve shared ambitions</p>	<p>Rationale:</p> <p>Improved implementation of policies and plans for freshwater management, especially at national and regional levels, will have a direct and positive impact in water resources management, ecosystem health and human wellbeing</p>
<p>Outcomes</p> 	<p>Improved effectiveness of freshwater resources management through application of systems, tools and technologies, assessments, data and information, supported by demonstrative/pilot projects and support in implementation at national, regional and global levels</p> <p>New public and private partnerships are evolving to address countries needs</p> <p>UNEP-DHI is able to continue to support countries and the UN system with freshwater issues, in line with Danida’s and UN Environment’s strategies</p>	<p>Assumptions:</p> <p>Countries are interested in, and have the capacity to engage in implementation-level activities in improved monitoring and management of freshwater and related ecosystems.</p> <p>There is sufficient will to shift traditional ways of addressing freshwater management paradigms in UN Environment, Danida, recipient countries, and partner organizations. And that the private sector can appreciate the value proposition of truly engaging</p> <p>Donors beyond Danida engage and are inspired by the renewed paradigm for freshwater related SDG targets and respond with</p>	<p>Rationale:</p> <p>A revitalized and proactive approach to influencing activities in freshwater resources management will have a direct impact on the tangible components of freshwater-related SDGs, including SDG target 6.5.</p>

	funding		
Impacts	<p>SDG target 6.5 is measured, reported and with demonstrated improvements at all levels</p> <p>Threatened water-related ecosystems are well managed, climate resilient, healthy and able to sustain their services for human needs, economic development and ecology for present and future generations.</p>	<p>Assumptions: Countries are committed to implementing Agenda 2030 and water-related targets.</p>	<p>Rationale: Project interventions support an environment conducive for sustaining sustainable management of water resources, mitigating risks, preventing water pollution and maintaining healthy freshwater ecosystems.</p>

3. Development Engagement Objective and agreed results framework

The objective of the development cooperation among the parties is to contribute to effective management of water resources through policy guidance and technical assistance at global, regional and national levels.

While a description of work to be undertaken can be found in annex 1 of the Donor Agreement, for Danida's reporting purposes the following objective, key outcome and outputs have been selected to document progress:

Project title		Support for UN Environment's work on IWRM and other water issues through UNEP-DHI Centre	
Project objective		Promoting effective management of water resources through helping identify and address key challenges at global, regional and national levels	
Impact Indicator		<p>1) SDG indicator 6.5.1 Degree of IWRM implementation (0 – 100) will be used to provide a measure of countries' progress in water resources management</p> <p>2) Other water-related SDG indicators will be used provide a measure of countries' progress in addressing the state of resources and related ecosystems</p>	
Baseline	2017		Global baseline for SDG Target 6.5 to be established through work undertaken as part of the project
Target	2030		Long term target (2030) is full implementation of IWRM in all countries
Output		Global baseline for SDG indicator on IWRM established	
Output indicator		Number of countries reporting 2017 status for national IWRM status	
Baseline	2017		Zero
Target	2018		100
Output		Tools and technologies capable of addressing identified challenges	
Output indicator		Number of tools and technologies developed	
Baseline	2017		Zero
Target	2018		5
Output		Tools and technologies disseminated and applied	
Output indicator		Number of tools and technologies disseminated and applied in specific geographies	
Baseline	2017		Zero
Target	2018		5
Output		Leveraged financial resources to support work	

Output indicator		Increment in weighted project pipeline (USD)	
Baseline	2017		Zero
Target	2018		1.5 million \$
Output		Strengthened partnerships	
Output indicator		Number of new/strengthened private sector partnerships	
Baseline	2017		Zero
Target	2018		Three and at least one new
Outcome		Framework for continued Danish core funding to UNEP-DHI	
Outcome indicator		Multi-year framework document including consideration of modalities for partner engagement and resource mobilization	
Baseline	2017		Preparatory work initiated
Target	2018		Framework document approved

4. Risk Management

Un Environment has a long track record of programme formulation and implementation experiences and no major risks are anticipated. Where political, budgetary and capacity risks exist, none are considered to be at levels requiring pre-planned management measures.

5. Budget

A total of 6.4 million DKK will be made available to UN Environment to support the work of UNEP-DHI Partnership – Centre on Water and Environment in Denmark for the specific purpose as described above and in the Donor Agreement. The table below shows a budget breakdown along standard UN budget lines.

Line no.	Description	Budget in USD	Estimated in-kind contribution from DHI	Estimated in-kind contribution from UN Environment
1101*	Director (UNEP administered)	175.000	-	-
1102	Staff costs at DHI	475.000	52.780	-
1601	DHI travel	60.000	-	-
2201	Unspecified subcontracts	75.000	-	-
4301	Office rental	25.000	22.000	-
5204	UNEP Programme Support Costs (7%)	64.646	-	73.882
3101	Student Worker Support	15.000	-	-
5201	Evaluation costs	10.000	-	-
5301	Communications costs	23.875	-	-
	GRAND TOTAL	923.521	74.780	73.882

*This post for USD175k covers UN Environment's salary expenses related to the Director's post for 9 months, whereas the remaining 3 months' salary expenses shall be covered from another ongoing donor agreement.

The exact budget will be determined based on the USD to DKK exchange rate at time of transfer. The exchange rate used for the table above was USD1 = DKK6.93 (approximate rate at time of writing). As most of the expenses are pegged to the DKK currency, the budget is in principle resilient against USD/DKK exchange rate fluctuations. The condition of transfer of funds are detailed in the Donor Agreement between UN Environment and the Danish Ministry of Foreign Affairs.

Below is an indicative budget breakdown against the five main work areas. This is not for financial reporting, but for general guidance. Progress reports will be used to track and report actual time use.

Main work Areas	Anticipated % of Total Budget	Approximate USD Value
1) Identifying water resources management challenges	15%	140,000
2) Developing tools and technologies that address challenges	25%	231,000
3) Disseminating and implementing tools and technologies	30%	276,000
4) Partnership development with emphasis on the private sector	25%	231,000
5) Preparing a multi-year framework document for future core funding	5%	45,000
Total	100%	923,000

6. Management Arrangements

This document is an annex to a bilateral Donor Agreement between the Danish Ministry of Foreign Affairs and UN Environment that describes the management arrangements. A separate project cooperation agreement (PCA) will be made between UN Environment and DHI as the Host Organization for the Centre.

A Framework Agreement between UN Environment and DHI outlines the nature of the long-term collaboration between the two organizations to be undertaken via the Centre. The Centre has an Advisory Board, composed of high standing representatives one from UNEP, one from the Danish Ministry of Foreign Affairs and one from DHI, as well as 2-4 high standing individuals from strategically relevant organizations or with strategically relevant backgrounds, who serve in their personal capacity. Meetings in the advisory board will provide a platform for taking stock of the progress in the activities described and the development of a proposal for a new framework for continued core funding.

7. Financial Management

Both UN Environment and the Danish Ministry of Foreign Affairs will strive for the full alignment of the Danish support to the rules and procedures as per the attached Donor Agreement between UN Environment and the Danish Ministry of Foreign Affairs.

Checklist for appraisal for projects up to DKK 10 million

The checklist is signed by the appraising desk officer and management of the MFA unit and attached to the grant documents. Comments and reservations, if any, may be added below each issue.

- *Comment: Since the grant is a continuation of a DKK 30 million grant from 2013 the accumulation principle applies. See note describing quality assurance for further explanation.*

File number/F2 reference: 2017-25467

Project name: Support for UN Environment's work on IWRM and other water issues through UNEP-DHI Centre.

Project period: 01.07.2017-30.06.2018 = 12 months

Organisation name: UNEP /UN Environment

Amount requested: DKK 6,4 million

- The project complies with Danida policies and Aid Management Guidelines.
- The project addresses relevant challenges and provides adequate response
 - *Comment: Protection and management of the world's water resources is crucial for promoting economic growth, poverty reduction, peace and environmental protection. The UNEP-DHI Centre is known as a leading global knowledge hub in terms of Integrated Water Resource Management.*
- The project/outcome is found to be sustainable and is in line with the national policies for poverty reduction.
 - *In Denmark's Strategy for Development Policy and Humanitarian Action SDG6 on Water is a priority for engagement in countries in economic transition. Further the project supports Goal17 on partnerships as the UNEP-DHI Centre is a partnership in itself. Further within period of the current grant the Centre will work to strengthen partnerships with relevant stakeholders, including Danish stakeholders. Furthermore the grant represents support to the multilateral system and to UNEP's efforts to promote environmental protection and governance.*
- The Danida guidelines on contracts and tender procedures have been followed.
- The organisation is not a Danish frame organisation. (See Finance act account 06.33.01.10 and 06.39.03.10)
- The project is found sound budget-wise.
- The project is found realistic in its time-schedule.
- The project activities are manageable by the executing partner.
 - *Comment: UNEP and the UNEP-DHI Centre are longstanding partners to Danida.*
- Other donors involved in the same project have been consulted, and possible harmonised common procedures for funding and monitoring have been explored.
 - *Danida is the only direct core donor to the activities carried out by the UNEP-DHI Centre. In connection with a more thorough appraisal ahead of the approval of a possible multi-year framework for support other partners providing leveraged funding such as CTCN could be consulted.*

- ☒ The executing partner is found to have the capacity to properly manage and report on the funds for the project. If not, the support should include funding for capacity development financial- and project management.
- ☒ Risks involved have been considered and risk management integrated in the project document.
- ☒ The applicant organisation is found to be legally established and have audited annual accounts and annual meetings; relevant documentations received and filed (in coordination with the unit's CFO).
- ☐ In conclusion, the project can be recommended for approval: **yes** / no
 - Issues related the HRBA/Gender have been considered adequately
 - Issues related to Green Growth has been considered if applicable
 - Environmental risks are addressed by adequate safeguards when relevant

Date and signature of desk officer: _____

Date and signature of management: _____