Danish Voluntary Contribution to the IEA for the Clean Energy Transitions Programme (CETP) 2021-2025

Key results:

- Accelerated clean energy transitions in the six major emerging economies: Brazil, China, India, Indonesia, Mexico and South Africa and three main regions: Africa, Latin America and Southeast Asia.
- Increased awareness and evidence of multiple benefits of energy efficiency (EE).
- Improved M&E of existing and future clean energy policies.
- Experts trained based on sound diagnosis of capacity development gaps that limit EE.
- Global best practice in EE identified, shared and adapted to national contexts.
- Enhanced knowledge and evidence for policymaking and implementation based on IEA analysis and advice reflecting data and needs of priority countries.
- Increased synergy between Danish bilateral/multilateral efforts.

Justification for support:

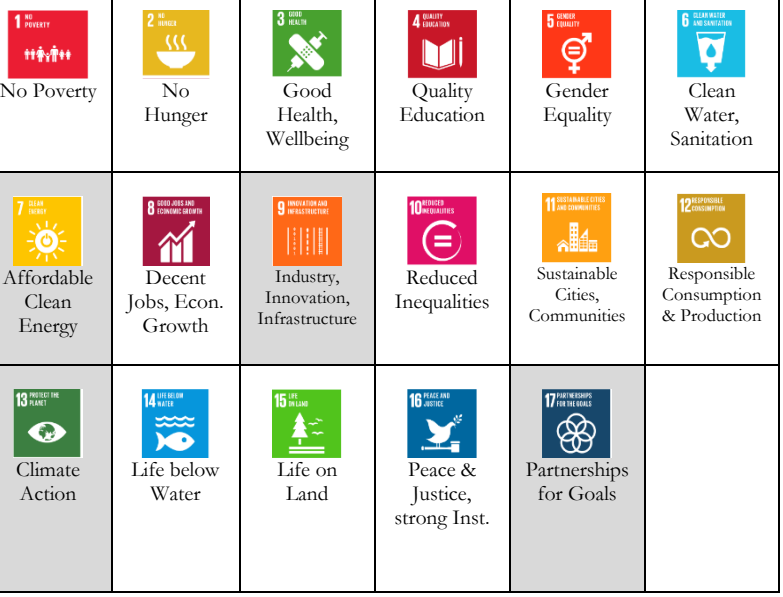
- IEA is the global energy agency: playing a leading role in the ecosystem of international organisations addressing clean energy transitions in emerging economies.
- IEA has a comparative advantage in energy efficiency, which is essential to implementing the SDGs and the Paris Agreement
- Denmark as a leading member of IEA has supported the Energy Efficiency in Emerging Economies Programme (E4) since its inception and has spearheaded the development of the CETP of which E4 is now a subset.
- CETP and E4 at the forefront of IEA's leadership in addressing clean energy transitions and climate change and are already delivering impacts.
- IEA has strong convening power, as evidenced in the July 2020 IEA Clean Energy Transitions Summit that convened ministers representing 85% of global energy consumption and carbon emissions.
- IEA has a proven track record in building trust and providing actionable advice to the world's largest emerging economies.
- IEA is a well-functioning and efficient international organisation.
- IEA is lead custodian of SDG 7.3 on energy efficiency.
- Through IEA, Denmark has access to information and fora that are relevant to Denmark's interests in influencing the global climate and sustainable energy agenda.
- Multiple direct synergies with Danish bilateral energy partnerships, primarily in India, China, Indonesia – and also Mexico and South Africa.

Major risks and challenges:

- Clean energy transitions could be slowed down, particularly where significant assets/large numbers of jobs at risk in incumbent industries.
- Existing energy supply contracts could be problematic for renewable energy.
- Changing governments can lead to changing priorities.
- Covid-19 can influence government priorities in other directions but there are also historic opportunities for a just and green recovery.
- Emissions reduction will mainly accrue after the project.

File No.	F2 2020-24577					
Country	Global					
Responsible Unit	GDK with the Danish Ministry of Climate, Energy and Utilities (MCEU)					
Sector	Energy					
Partner	International Energy Agency (IEA)					
DKK mill.	2021	2022	2023	2024	2025	Tot.
Commitment	50.0					50.0
Projected ann. disb.	6.2	12.3	13.1	12.3	6.1	50
Duration	1 July 2021-30 June 2025 (4 years)					
Previous grants	Several voluntary contributions to IEA during 2012-2017 (primarily to the E4 Programme: 25 mill. (2013), 7 mill. (2016), 25 mill. (2017))					
Finance Act code	06.34.01.70 Climate Envelope					
Head of unit	Rasmus Abildgaard Kristensen					
Desk officer	Dorthea Damkjær					
Reviewed by CFO	Christina Hedegård Hyttel					

Relevant SDGs



Strategic objectives:

Reduced GHG emissions through accelerated, secure, affordable and low carbon energy transitions in targeted emerging economies

Justification for choice of partner:

IEA is the global energy agency: playing a leading role in the ecosystem of international organisations accelerating clean energy transitions in emerging economies and regions. Denmark has long experience with IEA as a member and as a leading funder of E4 and the CETP.

Summary:

Continued funding for the E4 Programme; broader support for CETP work in China, India and Indonesia; support for coordination of the CETP in the form of support for a Danish secondment

Budget:

Contribution to CETP	DKK 9.47 million
Contribution to E4	DKK 32.43 million
Mandatory mid-term Review	DKK 0.75 million
CETP Strategic Support and Coordination (Danish secondment to IEA)	DKK 4.74 million
IEA Overheads (5.3%)	DKK 2.61 million
Total	**DKK 50.0 million**

International Energy Agency
Danish Ministry of Climate Change Energy and Utilities
Ministry of Foreign Affairs of Denmark

Danish Voluntary Contribution to the International Energy Agency for the Clean Energy Transitions Programme (CETP) 2021-2025

Project Document

Final

22 March 2021

Ref: F2 2020-24577

List of key abbreviations and acronyms

Assessed contributions	IEA Members' annual mandatory contributions to the IEA's core budget in accordance with a scale of contributions set by the IEA's Governing Board.
CEM	Clean Energy Ministerial
CETP	Clean Energy Transitions Programme
CO_2	Carbon dioxide GHG gas
Covid-19	Coronavirus disease, an infectious disease caused by a new coronavirus discovered in 2019
C2E2	Copenhagen Centre on Energy Efficiency (also called CCEE)
C3E	Clean Energy Education and Empowerment International initiative
Danida	Brand name for Danish international development cooperation
DEA	Danish Energy Agency
Delegation	The Danish permanent delegation to OECD, anchored in the Embassy of Denmark in Paris, France, who is also responsible for liaison with IEA
DEPP	Danish Energy Partnership Programmes
EE	Energy efficiency
EEWP	Energy Efficiency Working Party
E4	Energy Efficiency in Emerging Economies Programme
EJ	Exajoule - equal to one quintillion (10^{18}) Joules
ELK	MFA department for evaluation, learning and quality
ESMAP	World Bank Energy Sector Management Assistance Program
EWS	Efficient World Strategy
GCF	Green Climate Fund
GDI/GDK	MFA Department for Green Diplomacy (name changed in 2021 to Department for Green Diplomacy and Climate)
GDP	Gross domestic product
GHG	Greenhouse gases
GlobalABC	Global Alliance for Buildings and Construction (works towards a zero-emission, efficient, and resilient buildings and construction sector)
GtG	Government-to-government
GW	Giga watt
IEA	International Energy Agency
IRENA	International Renewable Energy Agency
MCEU	Danish Ministry of Climate, Energy and Utilities
MFA	Ministry of Foreign Affairs of Denmark
MOOCs	Massive Open Online Courses
Mt CO_2-eq	Million tons CO_2 equivalent
NDC	Nationally determined contributions
ODA	Official development assistance
OECD	Organization for Economic Cooperation and Development
PAP	Process action plan
PC	Danida Programme Committee
PD	Project document

PV	Solar photovoltaic
PWB	IEA Programme of Work and Budget
Q	Quarter
RE	Renewable energy
RF	Results framework
SDG	Sustainable Development Goal
SEforALL	Sustainable Energy for ALL
SIO	IEA Strategic Initiatives Office
TCP	Technology Collaboration Programme
Three Percent Club	Collaboration of governments and supporting organizations that commit to working together to put the world on a path to *three percent annual efficiency improvement*.
TOC	Theory of Change
UNEP	United Nations Environment programme
UNFCCC	United Nations Framework Convention on Climate Change
UPR	MFA Council for Development Policy
VC	Voluntary Contribution that supports specific activities or outputs in the IEA's Programme of Work and Budget (PWB). VCs can be provided by the government of a member country and, in such case, the VC amount is provided in addition to the member's assessed contribution. VCs can also be provided by other donors such as non-member country governments, international organisations, research institutes or the private sector. VCs received by the IEA must comply with the Financial Rules and Regulations of the OECD and must be approved by the Governing Board before they can be accepted, and the funds appropriated.
WEO	IEA World Energy Outlook
WS	Work stream

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1. Introduction

The Government of Denmark's voluntary contribution (VC[1]) to the International Energy Agency (IEA) for the Clean Energy Transitions Programme (CETP[2]) aims to deliver on three fronts:

1) continuing the successful Energy Efficiency in Emerging Economies (E4) Programme, a major component of the CETP, in order to enhance action and support and promote sound EE policies and deployment in emerging economies;
2) broadening Danish support to the CETP to strengthen its work within Danish priority areas and countries; and
3) increasing synergies and collaboration between the CETP work and Danish bilateral energy partnerships and where relevant multilateral programmes supported by Denmark.

To this end, the main part of the contribution of around DKK 35 million is a continuation of previous Danish support enabling a third phase of the E4 Programme. The remaining parts of the contribution are earmarked for broader CETP work in China, India and Indonesia, which will contribute to increased synergies with Danish bilateral efforts and, where relevant other multilateral efforts in these countries, as well as support for coordination of the CETP in the form of a Danish secondee via an appropriate framework agreement. The Danish VC[3] is provided as official development assistance (ODA), sourced from the Danish Climate Change Envelope within the framework of the guiding principles for the Danish Climate Envelope and in line with the Strategy for Denmark's Development Cooperation (The World 2030) and the new Global Climate Action Strategy, "A Green and Sustainable World".

Established in 2008, the Danish Climate Envelope is a mechanism for channelling dedicated climate funding to support international development cooperation at both bilateral and multilateral levels within mitigation and adaptation activities - in line with Denmark's commitment to contribute to international climate finance. The Climate Envelope targets the following impacts: i) reduced greenhouse gas emissions; ii) increased climate resilience, specifically for vulnerable and marginalised groups. While the Ministry of Foreign Affairs of Denmark (MFA) is responsible for the Danish Climate Envelope overall, the right to propose new initiatives is divided between the MFA and the Danish Ministry of Climate Energy and Utilities (MCEU), with the latter focused mainly on mitigation and emerging economies.

The key steps in the process toward approval and implementation of the VC are summarised in the Process Action Plan in Annex 8.

[1] The distinction between voluntary and assessed contributions is explained in the list of abbreviations above and in Chapter 5. The CETP is a fully VC-funded cross-Agency programme and VCs for the CETP support multiple output areas under the IEA's PWB.

[2] Donors to the CETP include: Australia, Canada, Denmark, European Commission, Finland, Italy, Japan, Netherlands, New Zealand, Sweden, Switzerland, United Kingdom and Agence Française de Développement (AFD).

[3] As a member of IEA, Denmark pays its regular assessed contributions to the agency. This separate Voluntary Contribution is in MFA/Danida terminology a single partner project with IEA and this Project Document follows Danida guidelines for single partner projects above DKK 10 million.

2. Strategic Considerations and Justification

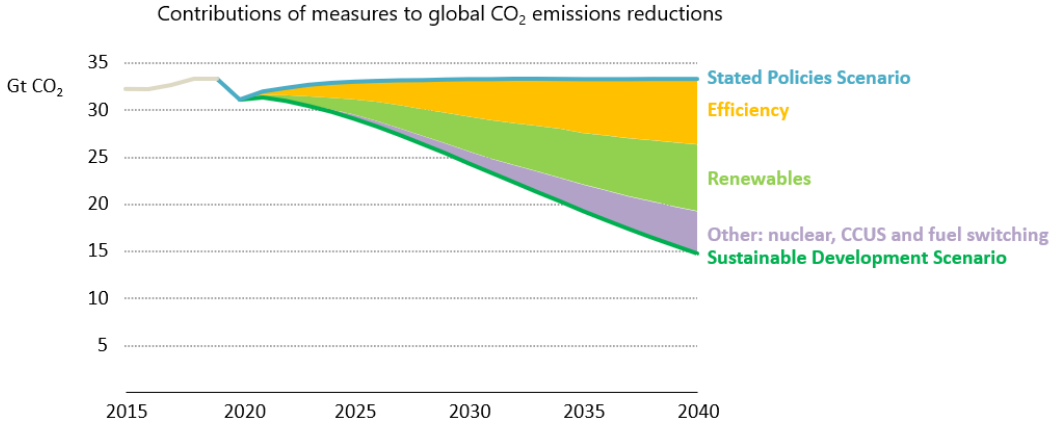
On 12 December 2020, the Climate Ambition Summit, marking the five-year anniversary of the Paris Climate Agreement, showed that there is a real momentum for increased climate action globally. The Summit and the months leading up to it have seen new commitments to achieve net-neutrality in the coming decades, to promote ambitious plans for nature-based climate adaptation, to significantly expand clean energy, and to end investment and exploration in fossil fuels. This is welcome news, which highlights the need for an accelerated transition of energy systems, not least in major emerging economies. To achieve their increasingly ambitious targets for clean energy these countries will have to transform their primarily fossil-based energy systems in record time. Demand driven technical assistance through programmes such as the IEA CETP will be a key enabler of this change.

2.1 Project context

While the Climate Ambition Summit showed real momentum, the United Nations Sustainable Development Goals Report 2020 shows that the world is way off-track to meet the Paris Agreement target[4], and that despite commitments to SDG13 (take urgent action to combat climate change and its impacts), the climate crisis continues. The report also shows that while the world continues to advance towards sustainable energy targets, efforts are not of the scale required to achieve SDG7 (ensure access to affordable, reliable, sustainable and modern energy for all) by 2030. The IEA World Energy Outlook (WEO)'s Sustainable Development Scenario shows that the energy-related SDGs can be achieved while at the same time reaching the goals of the Paris Agreement. Stepped-up efforts in renewable energy (RE) and improvements in energy efficiency (EE) are needed to achieve long-term climate goals and are key to reducing greenhouse gas emissions.

Figure 1.1: Additional reductions in CO_2 emissions by measure under the Sustainable Development Scenario relative to the Stated Policies Scenario (IEA, 2020)

Contributions of Measures to Global CO_2 Emissions Reductions
Source: Adapted from WEO 2020 data



Energy efficiency is expected to contribute over 40% of energy-related emissions reductions to 2040. A slowdown in energy efficiency today lessens the chance of meeting long-term climate goals

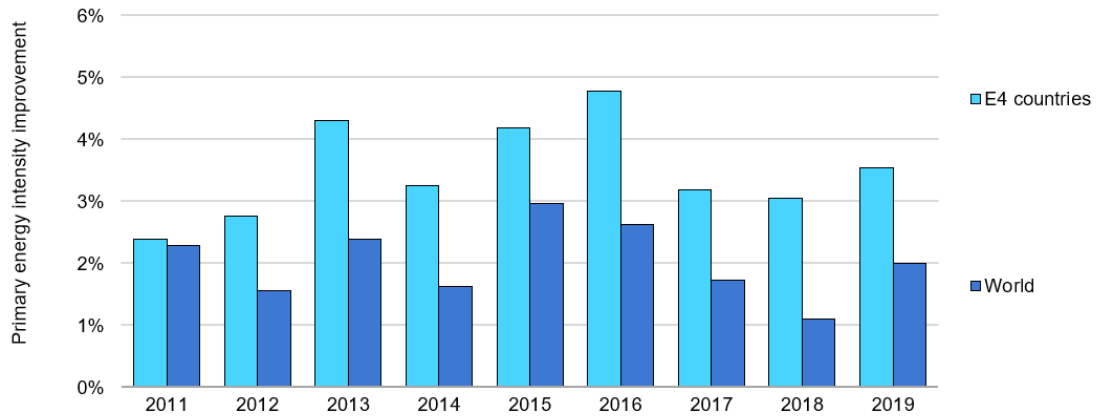
Energy efficiency is the most important energy "resource" (sometimes referred to as "the first fuel") to enable the transition to an energy system that delivers affordable, reliable, and clean energy to all. As shown in Figure 1.1., the WEO 2020 projects that EE measures would deliver more than 40% of the gap between stated policies and the abatement needed to meet the Sustainable Development Goals by 2050.[5] In 2018, IEA published the Efficient World Strategy (EWS), which presented a vision for meeting the SDGs with cost-effective EE measures. The vision establishes an achievable rate of average annual EE improvement around the globe of 3% per year. This can be achieved by leveraging existing technologies and implementing proven policies to stimulate energy savings in all sectors[6] of the economy.

However, energy intensity improvements are slowing. The IEA's 2020 Energy Efficiency Market Report shows that the world is still not on track to deliver the ambitious but achievable pace of improvement needed to meet this vision. The annual improvement in global primary energy intensity slowed in 2020 to its slowest pace since 2010. The rate of improvement – 0.8% – fell well below the 3% rate set in the Efficient World Strategy. As Figure 1.2 illustrates, the rate of improvement in the major emerging economies was higher than the global average – just below 3%. Still, this was far lower than the rate of improvement seen in the previous four years, which in 2016 was above 5% across E4 countries, and in the case of China reached nearly 7%.[7]

[6] EE can also indirectly contribute to optimizing efficient use of resources, and savings on energy costs can indirectly contribute to other SDGs.
[7] Id.

Figure 1.2 Primary Energy Intensity in E4 Countries

Primary Energy Intensity in E4 Countries
Source: Adapted from IEA, World Energy Balances and WEO (2020)



Energy efficiency policies and programmes are essential to overcome the many barriers to cost-effective energy savings and improvements.

Furthermore, while CO_2 emissions seemed to stabilise globally in 2019, the situation in emerging economies – and particularly in China, India and Indonesia – shows a different situation. In 2019, China's emissions grew by 2.3%, in India they increased by 0.6% and in Southeast Asia the growth rate was 5.8%[8]. The engagement of large emerging economies in clean energy transitions remains essential to successfully meeting climate and sustainable development targets, which is the main focus of the CETP.

2.2 Strategic Considerations

IEA, through CETP (and E4 as part of CETP), has the ability to address these trends and support reductions in GHG emissions during the 2021 to 2025 funding period. The earlier phases of the programmes have fostered strong relationships with governments and policy makers, improved their understanding and expertise on EE and clean energy transitions, supported the development and use of improved indicators, data, and benchmarking for EE, and provided targeted analysis and advice.

Recognising the need to significantly expand EE policies in emerging economies in order to curb climate change, Denmark co-founded the E4 Programme in 2013. The programme was conceived to help overcome structural barriers to EE in emerging economies, which include a low profile for EE within governments and energy ministries; weak human capacity in the EE field; and weak EE data reliability and availability. Thus, a three-pronged approach was taken to put EE on the political agenda by showcasing the benefits at country level; providing in-depth support for EE deployment and implementation; and facilitating exchanges of best practise and knowledge sharing on EE. The first phase of the E4 (2014-2017) was critical in building strong, on the ground relationships with governments and policy makers. E4 also enhanced IEA's energy modelling capabilities to provide country-level data and analysis for E4 countries. These activities

[8] https://www.iea.org/reports/global-energy-review-2019/co2-emissions#abstract

helped to broaden the E4 network and grow its influence in each country. Relationships with the relevant ministries (see Annex 2) in all target countries were established, as well as with regional organisations, and E4 was successful in creating greater acceptance of the importance of EE and its multiple benefits amongst policy and decision makers. The E4 second phase (2018-2020) built on and expanded this work, with a particular focus towards a capacity building model, training over 1,500 practitioners across the world to use a common language on the cross-sectoral policy tools and indicators for EE. This phase was complemented by the broader efforts under the CETP.

The CETP was launched in 2017, with Denmark as a main instigator, as an expansion of the E4, Programme, aiming to fully leverage IEA's all energy systems approach and all of technologies expertise to address clean energy transitions on a broader scale in E4 partner countries, opening the EE issues to overall areas of energy transitions, including RE. As an umbrella programme, the CETP is built upon nine work streams[9] of which the E4 is the largest. The CETP provides independent, cutting-edge support to governments in the six major emerging economies: Brazil, China, India, Indonesia, Mexico and South Africa; and through its collaboration with regional organisations in Africa, Latin America and Southeast Asia. These countries and regions have been selected on the basis of their significant potential for reduction in greenhouse gas emissions; the strong institutional links between the IEA and the respective governments and regional organisations. Specific country work programmes are demand driven and created by iterative consultations with each priority country. The IEA was able to build upon long-standing relationships (including at the ministerial level) and to listen to what key challenges each country is facing in its own clean energy transitions.

The 2021 to 2025 period will be critical in providing the demand-led, independent and trusted advice required to help these countries take the next steps in clean energy transitions and delivering the associated GHG reductions. Furthermore, the Covid-19 (coronavirus) pandemic has brought a new urgency to expand sustainable energy solutions in support of a green and just recovery from this crisis. IEA's three-year Sustainable Recovery Plan – developed in collaboration with the International Monetary Fund – demonstrates the timely opportunity for clean energy transitions to address climate change while supporting in the economic recovery and development needs over the 2021 to 2025 period.[10] These global challenges call for continuing the efforts supported by the CETP. Key countries and regional organisations are requesting IEA support for the development of EE and clean energy policies, strategies, and plans. Furthermore, Denmark is strongly engaged with five of the CETP partner countries (see Annex 11), through Government-to-Government (GtG) cooperation in the energy sector. In five[11] of CETP partner countries, the Embassies of Denmark are also Danish Green Front-Line missions with a strengthened mandate on climate diplomacy. Increased synergies between the different programmes and activities supported by other development partners including Denmark have the potential to increase impacts and value for money, and IEA will add value to

[9] The CETP workstreams are: i) data and statistics; ii) energy efficiency (E4); iii) electricity; iv) policy advice and modelling; v) sectoral work; vi) innovation; and vii) global relations; viii) support and coordination and ix) digitalisation.
[10] https://www.iea.org/reports/sustainable-recovery/a-sustainable-recovery-plan-for-the-energy-sector#abstract
[11] China, Indonesia, India, Mexico, South Africa – see https://um.dk/en/news/newsdisplaypage/?newsID=2EDDB9A5-ECA9-4900-B0D4-B3A2A789FBF3

the Danish bilateral energy cooperation through its convening power, its data management system and expertise, as well as through its function as an independent, trusted, technology neutral actor – and similarly, experience from Danish bilateral energy cooperation can add value to the IEA. IEA's collaboration and linkages with other multilateral development partners[12] (see Annex 12) also contribute to the overall coordinated and coherent effort on the energy transition and to climate change mitigation targets in the NDCs.

2.3 Lessons from previous Engagements

A number of factors contributed to the success of the first two phases of the E4 Programme, which led to important results and lessons learnt. A few examples of key policy impacts of the E4 programme realised are listed below. Further information can be found in Annex 1.

- Indonesia adopted several IEA recommendations into the revisions of their energy efficiency conservation regulations.
- Indonesia is launching a revised reporting system and website for energy-intensive industry, adopting the recommendations that the IEA developed in 2019. Following acceptance of the recommendations, the E4 Programme has gone on to support the building of the new system.
- Brazil drafted rules for a pilot energy efficiency auction scheme in Roraima. The IEA has been advising Brazil on an auction since 2017, informing the decision to launch an auction scheme and helping to shape its structure.
- The Energy Efficiency in Emerging Economies Policy Training Week has become an E4 flagship event. Twelve training weeks have been held since 2015 bringing the total number of people trained using a common set of energy efficiency policy tools to 1500, to equip them with the knowledge and skills necessary to deliver effective EE initiatives in their respective countries.

Selected CETP results highlights:

- China - Providing analysis to integrate higher shares of RE into the country's huge electricity system.
- India - advising the government on an integrated approach to climate change, energy access and air pollution.
- Indonesia – supporting the government in the development and implementation of the country's flagship RE policy.

The key lessons learned from the previous phases are:

- The importance of continuing to build and maintain high-level contacts (see examples in Annex 1 and 2) to deepen trust and open up and maintain downstream contacts and engagement with IEA at an operational level.
- The need to contribute to ensuring a critical mass of energy efficiency expertise at the country level.
- The added value of providing independent advice responding to demand on a help desk basis has been demonstrated.

[12] Including dialogue with the NDC Partnership

- The opportunity to contribute beyond policies and also to implementation of policies by triggering and mobilising other development partner support programmes has also been demonstrated, for example in Mexico, which has also benefited Danish bilateral cooperation there.

An important part of the intended impact of this project is for partner countries to increasingly meet their Nationally Determined Contributions (NDCs) under the Paris Agreement on Climate Change. From previous phases of the E4 programme, it is clear that the role of energy efficiency in meeting NDCs is more explicit in some partner countries than others. For example, the E4 work programme in Indonesia and South Africa has always been driven by the need to achieve the energy efficiency component of the NDC targets. In the case of Indonesia work started with a detailed review of the potential impact of the portfolio of energy efficiency measures and it was found that they were only likely to achieve about a third of the target if well implemented. Subsequent collaboration has aimed at improving the effectiveness of some policies and the next phase will involve designing others to fill the remaining gap. Similarly, in South Africa, the development of the National Energy Efficiency Strategy was strongly influenced by the NDC, and future work plans are being designed to support the implementation of the strategy.

2.4 Project Identification and Formulation Process[13]

The funds for this project were in September 2020 earmarked under the Climate Envelope 2021, based on a discussion between IEA, MCEU, and the MFA. This is also reflected in the Government's Priorities for Danish Development Cooperation 2021-2024.

An identification process between IEA, MCEU, and the Danish Permanent Delegation to the OECD who has the direct liaison with IEA, developed initial documentation - in consultation with the MFA Department for Green Diplomacy (GDI) and DEA. A team of external consultants was mobilised in early September 2020 to assist the formulation of the proposal. A Concept Note for the VC was posted at the Danida Transparency site for public consultation during 30 October- 12 November. No comments were received before the Note was discussed at the Danida Programme Committee (PC) meeting on 19 November. The formal Minutes of the Programme Committee meeting were made available on 3 December, reflecting the following key conclusions and recommendations: The project was found relevant and well aligned with Danish priorities and ODA eligible. The complementarity with DEA bilateral energy partnership programmes and IEA's place in the international energy architecture were found to be well described. The mapping of collaboration and linkages between multilateral and bilateral development institutions was found to tie well in with the Danish Doing Development Differently approach, and the mapping flagged the need for enhancing synergies with other Danish efforts. The PC stressed that i) job creation is a priority and should be a clear target for the CETP; ii) the gender focus should be increased, and human rights issues should be reflected; and iii) the results framework should be strengthened, and the monitoring of IEA CETP might include periodic reviews.

[13] See the Process Action Plan in Annex 8 for more details.

The conclusions and recommendations from the Programme Committee have all been addressed in the current draft Project Document. A separate consultation with the MFA/GJL addressed the PC's comment on the results framework, and the PD includes more information on gender and jobs, as recommended by the PC. In connection with the round of comments on the document and in connection with appraisal (see the PAP in Annex 8 for the timing of these steps), there could be further dialogue with IEA, if needed, on issues recommended by the PC, including green jobs, gender and energy, and human rights principles.

2.5 Justification related to OECD DAC Criteria

The Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) has defined six quality criteria, which serve as the reference frame for evaluating international cooperation projects and programmes and which are also a useful frame for the justification of the project, as reflected in the table below. It is also important to note that the project partner countries are all on the DAC List of ODA recipients[14] - which is also a precondition for Danish climate envelope support.

Table 2.1 Project justification related to OECD DAC criteria

Criteria	Justification
Relevance	• The Project focuses on the global sustainable development agenda, including SDG7, SDG13 and several other SDGs as well as the Paris Agreement on Climate Change. • The VC comes as an additional support to an existing programme, the relevance of which has already been tested through years of implementation. • The demand-driven process through which partner countries request IEA's support ensures the relevance of CETP activities.
Internal and external coherence	• At global level, the IEA addresses interlinkages of the CETP with interventions of other member countries and associate countries through the IEA's governing board. • The IEA's events and high-level visits also provide a framework for internal and external coherence, as these events provide a forum of exchanges on each partner's activities/programmes/policies. • The CETP and E4 governance structures (i.e. CETP Funders Strategy Group, E4 Reference Group) also ensure coordination, complementarity and synergies with partner countries' own policies/activities and other donor programmes. • As reflected in Annex 12 IEA has close coordination and linkages with many other institutions with expertise. • Country workplans are developed in discussion with country officials and take into account other development partner programmes. • The synergies with Danish bilateral energy partnership programmes and with other multilateral programmes have been described in detail in Annex 11 and 12 of this PD.
Effectiveness	• The project gives priority to interventions where transformational change can lead to building-up an enabling environment for the sustainable energy transition. This includes changes aligned to partner country priority needs, including. data, analysis, policy design and implementation, capacity development and engagement of partner decision makers and stakeholders and high- and middle-levels. • The partnership modality of exchanges of good practice also helps facilitate effectiveness through focus on what matters most in the transition.

[14] http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-List-of-ODA-Recipients-for-reporting-2020-flows.pdf

	• IEA has proven expertise in EE, building scenarios and planning that facilitates effectiveness through targeted training. • IEA's proven track record in building trust and providing actionable advice to emerging economies is also an important factor for effectiveness.
Efficiency	• CETP builds upon the relationships, policy dialogue and experience of collaboration between the IEA and partner countries since 2014. • IEA has a well-established system of identification, recruitment and delivery of training and capacity development activities at scale. • IEA has proven to be a well-functioning, efficient and agile international organisation. • The management of this VC is based on the existing governance structure of the CETP and E4, avoiding a multiplication of steering groups and monitoring and reporting mechanisms. • Mechanisms for coordination with the Danish bilateral programmes at country level ensure coordination and synergies between country programmes and activities (ref Annex 11). • IEA has already established strong relationships with other donors and multilateral development partners ensuring coordination and synergies and added value of the CETP with other international cooperation (ref Annex 12).
Impact	• The CETP work stream focus areas will lead to informed policies to facilitate the adoption of RE and EE measures, a main condition for GHG emission reduction. • Partner countries will thus be in a better position to meet the national energy demand and needs for energy security in a sustainable way, achieving their RE and EE goals, contributing to their NDC goals, and the achievement of SDG7 and SDG13 targets. • CETP is at the forefront of IEA's leadership in addressing clean energy transitions and climate change and is already delivering impacts. • IEA's strong convening power enables political commitment and facilitate climate diplomacy, which in turn leads to impacts.
Sustainability	• As part of the Theory of Change, impact drivers have been identified and will be used pro-actively during CETP implementation. • Strong emphasis on country partner ownership to CETP activities, as reflected in the IEA demand-driven support will further sustainability. • The CETP focus on institution as well as capacity building at scale for planning and policy formulation is an important element of sustainability. • The CETP partnership with regional organisations is also an element of sustainability as it allows to define regional and global engagements/priorities that may be pursued even in the case of national political changes.

2.6 Relation to other relevant Partners and Actors

IEA collaborates with a wide range of international actors and programmes, including several of those supported by Denmark, including World Bank ESMAP, SEforALL, UNEP and the Copenhagen Centre on Energy Efficiency, and IRENA. IEA also collaborates with several other stakeholders[15] including UNIDO, Global ABC, K-CEP, CLASP, SEAD, IMF, CAF, DEA, GIZ, and AFD all of whom use IEA data and analysis to underpin their activities. Through the expansion of the IEA family with key emerging economies in recent years, IEA has to some extent become the energy policy partner of choice for major emerging economies. More

[15] These acronyms are not spelled-out here but are included in the list of abbreviations.

information on IEA's collaboration and linkages with these stakeholders is provided in Annex 12.

IEA data and analysis are used to track and report against SDG 7 and IEA is lead custodian of SDG 7.3 on energy efficiency. IEA collaborates with UNFCCC and others to ensure that IEA energy reporting requirements are in line with those required for national emissions inventories and that IEA training can help countries build their annual energy balances contributing to the public good of more accurate emissions reporting. IEA also collaborates with UNEP and the GlobalABC to provide the data and analysis to track trends in buildings energy use and greenhouse gas emissions; and IEA works closely with SEforALL to pool convening power to drive more ambitious energy efficiency action under the Three Percent Club. IEA is also host to the newly formed Energy Efficiency Hub[16] that serves as a forum for governments to work together on energy efficiency topics of their choice.

Unlike most other organisations, IEA's primary constituency is the energy policy community, and IEA policy advisory support to emerging economy partners complements the experience of others who work more with the finance and private sectors. IEA's choice of international partners varies from country to country based on the relative advantages of each organisation and the needs of the country at any particular point in time. This is a changing landscape that needs continual monitoring and review. IEA has a strong, influential relationship with regional institutions such as ASEAN and UNECLAC, and in Africa IEA is forging relationships with the African Union Energy Commission and the regional centres for energy efficiency and renewable energy related to the regional economic commissions. Annex 2 reflects key partners at the country level in the six partner countries.

2.7 Considerations on Danish Strengths and Interests

The objectives of the CETP generally, and the E4 specifically, align well with policies and priorities of the Danish Government and Parliament, including the Danish Climate Act, the New Global Climate Action Strategy: "A Green and Sustainable World"[17], the Danish strategy for development cooperation and humanitarian assistance "The World 2030", and the objectives of the Danish Climate Envelope. Through these strategies, Denmark is committed to accelerate action to raise ambitions for green transition globally. Funding under the Climate Envelope is a key instrument in this effort, providing targeted support to assist developing countries in the transition to a low carbon economy and enabling them to implement commitments to the Paris Agreement. As described in the Guiding Principles for the Climate Envelope, these mitigation activities will mainly take place in the emerging economies where mitigation purposes are most cost efficient and potentially most impactful. Under the CETP, the IEA is working with exactly this group of countries. In addition to the strong focus on SDG7, which has strong interlinkages to SDG13 (both priority SDGs in "The World 2030"), the contribution to achieving the goals of the Paris Agreement and the partner countries' Nationally Determined Contributions (NDCs) also comes with positive, deep, and sustained impact on the livelihoods of citizens from emerging economies. Access to clean, secure and affordable energy is essential for economic growth, a just

[16] See Annex 11 for an explanation of the differences and synergies between this hub and the Copenhagen Centre on Energy Efficiency that serves as a thematic global hub on EE in the SEforALL architecture and which is supported by Denmark.

[17] See: https://um.dk/en/foreign-policy/new-climate-action-strategy/

transition and green recovery from Covid-19, environmental benefits and social benefits, including improving gender equality and the lives of women.

The Danish Energy Partnership Programmes (DEPP) and other bilateral Danish programmes emphasise particularly long-term planning and scenario modelling, integration of variable renewable energy in the energy system, energy efficiency, which is of high relevance to IEA's interventions under the CETP and the E4 Programme. Denmark has a strong focus on bilateral energy partnerships in the GtG programmes managed by the Danish Energy Agency. Denmark has a clear ambition of amplifying the impacts of these contributions by seeking maximum synergy between bilateral and multilateral programmes, and a clear interest in a joint commitment with the IEA to support approaches to synergies in this proposed VC.

Denmark also has a strong private sector resource base in sustainable energy and climate change mitigation, which will also be interested in supporting the green transition in the partner countries. Where relevant, synergies with other Danish supported cooperation on sustainable energy will be emphasised. Annex 11 summarises the approach in the Danish Energy Partnership Programmes and lists examples of potential areas of complementarity.

3. Presentation of the Project

3.1 Objectives and Outcomes

The objective of the VC to IEA for CETP is "Reduced GHG emissions through accelerated, secure, affordable and low carbon energy transitions in targeted emerging economies". In the case of overall clean energy transitions, the focus countries are China, India and Indonesia. In the case of the E4 Programme, the partner countries and regions are Brazil, China, India, Indonesia, Mexico, South Africa, Africa, Latin America and Southeast Asia. An overview of the outcomes and supportive outputs is given below:

Objective	Outcomes	Outputs
Reduced greenhouse gas emissions through accelerated, secure, affordable and low carbon energy transitions in targeted emerging economies	1 Clean energy transition goals increasingly met particularly in China, India and Indonesia	1.1 In-country engagements with China, India, Indonesia leading to increased synergy with Danish bilateral programmes
		1.2 Increased awareness
		1.3 Critical mass of well-trained experts
		1.4 Improved analysis informing policy dialogue
	2 Increased political will for energy efficiency fostered	2.1 Increased awareness
		2.2 Strengthened monitoring and evaluation
	3 Increased capacity to formulate and implement energy efficiency policies	3.1 Critical mass of well-trained experts
		3.2 Global best practice shared and adapted
	4 Enhanced knowledge and evidence for policy making and implementation	4.1 Improved in-country data and analysis
		4.2 IEA analysis informing policy dialogue

3.2 Theory of Change, Assumptions, Impact Drivers, and Risks

The graphic in Annex 10 presents the TOC underpinning the work of CETP and its E4 component. The TOC is also briefly summarised below using the seven standard questions in the Danida Guidelines.

<u>What are the changes we want to contribute to?</u>

The overall objective of the CETP is to accelerate transitions towards clean energy and reduced GHG emissions in targeted emerging economies to meet the objectives of the Paris Agreement and deliver on SDGs (7, 13 and 17 – and indirectly also to other SDGs). As appropriate and in coordination with key partners, the programme aims to contribute to energy sector reforms and support change at the policy level and in particular, through helping to overcome market, regulatory and governance barriers that have been identified as impeding the transition to clean energy and energy efficiency. It is important that the IEA through this programme contribute to creating a win-win case that includes political priorities to governments beyond emissions – such as job creation, public health issues and other important priorities etc. The specific business case on investing in energy transition and EE will be relevant for both government and private investors.

<u>How do we think change will happen in the specific contexts?</u>

The CETP focuses on three areas that affect policy reforms: political will, capacity and institutional expertise for the formulation and implementation of policies, as well as the availability and quality of data and information to inform policies and policymakers. The programme is designed to convert evidence and experience of energy transitions into action through cooperation on data, analysis, policy design and implementation, capacity building and

mid- and high-level engagement. The programme promotes the translation into actual results and change at country level moving from policy to action and implementation.

What is IEA's role in the change process?

The IEA can make a significant contribution by using its position, expertise and experience in convening ministers, high-level officials, thought leaders, policy makers and experts; delivering training events and workshops; collecting, developing, and disseminating information and best-practices; as well as providing tailored policy advice, data, and analysis.

What are the conditions that must be realized before the result is achieved?

CETP is built on, and has enhanced, strong links with all relevant key partners and stakeholders. There are no specific pre-conditions identified but the project will need to be accompanied by a strong commitment from key partners to make progress on clean energy transitions. The approach of the project is to support such progress through awareness raising, exposure and training to data analysis, planning as well as tailored advice and sharing of best practice. It will also be important that IEA continues to strengthen its leadership role in the international energy ecosystem and coordinates its activities with other development partners, and especially with Danish bilateral programmes in to ensure synergies.

Who are the key partners that need to be engaged for this change to happen?

The implementation partners of the CETP are key decision makers and professionals from governments and institutions in the partner countries and regional organisations with an energy related mandate (see the table in Annex 2). They include ministers, high-level officials, thought leaders and policymakers as well as practitioners (e.g. knowledge institutions and energy professional associations). IEA's direct focus and entry point at country level is with those partners that have a relevant energy mandate.

What is within and beyond the influence of the key project partners?

As illustrated in Annex 10, provided there is demand and sufficient levels of commitment by all relevant parties, the activities and outputs are to a large extent within the sphere of control of CETP. The outcomes are within the sphere of influence (and not within the sphere of control) as it is more difficult to ensure that the outputs created will be used and applied in practice (e.g. capacity developed translate into institutional expertise). Elements of the political economy and potential competing interests in the targeted countries are beyond the CETP and influence of the key programme partners.

What assumptions are relevant for the change to happen?

Key assumptions and impact drivers are presented in detail in Annex 10. Key assumptions revolve around partners commitment and engagement in climate change goals; demand, relevance and suitability of the proposed support and models; global and local supportive environments for energy transition. The main identified impact driver is a high-level political commitment and support to meeting climate and sustainable development targets.

Risks

In line with Danida principles, risk factors are grouped into contextual, programmatic, and institutional risks (see Annex 5). Contextual risks include that governments might protect assets that would otherwise be stranded, and that current energy supply contracts could be difficult to renegotiate. The Covid-19 pandemic may also force governments to reassess the climate change

priorities in the light of the health and economic crisis, but at the same time could also offer new opportunities for a green and just transition, building back better. Programmatic risks include changes in partner governments leading to changing priorities, as well as mixed messages from competing donor projects. Institutional risks include that failure to achieve and communicate the intended results would reflect negatively on IEA, MCEU, and the MFA and that emissions reduction will mainly accrue after the project has ended. The project design has mitigated against these risk factors as further explained in Annex 5 and the residual risks are minor-medium.

3.3 Choice of Partner

Established in 1974, and originally focused on OECD countries to help co-ordinate a response to major disruptions in oil supply, the IEA is a long-established and well-respected global energy agency. Since 2015 the IEA has undergone a modernization opening its doors to key emerging economies and enhanced its efforts within the clean energy agenda. This development is in line with Danish priorities for the agency and has been strengthened by the Danish support to the E4 and CETP. The IEA is well positioned to support emerging economies in achieving their clean energy transitions because:

- IEA is the global energy agency, and the governments that form the IEA family represent about 85% of energy related global emissions, which enables a broad sharing of global experience on successful actions to drive clean energy transitions and thus also contribute to addressing climate change both as regards reduced emissions and increasing adaptation and resilience[18]
- IEA plays a pivotal role in the ecosystem of international organisations addressing clean energy transitions in emerging economies using its knowledge base and its convening power.
- IEA's independence, impartiality as an inter-governmental organisation within the framework of the OECD, deep policy experience and holistic approach, and the quality of work make it a trusted voice in policy development circles, complementing bilateral activities and the work of the multilateral agencies and development banks.
- IEA is the lead custodian of SDG target 7.3 on EE.
- IEA's approach of providing actionable, practical solutions – and steering away from "one-size-fits-all" remedies – is a reason for countries to request support.
- IEA's convening power facilitates communications with energy Ministers and senior officials in countries responsible for the majority of global energy demand.

Further rationale for the choice of IEA and information about national partners in the six countries are provided in Annex 2.

[18] IEA is working on adaptation and resilience in the framework of the CETP, in particular to help enhance the resilience of energy systems to climate change by developing analytical and policy support outputs targeted at decision makers in developing and emerging economies that are particularly vulnerable to climate hazards. Key activities developed so far include an analysis of climate impacts on hydropower generation in Africa and Latin America – which assesses climate risks and impacts with policy recommendations – as well as the development of climate resilience indicators. Future work will seek to test and apply such indicators and expand the geographical coverage of analysis to Asia and the technical scope of the study to transmission and distribution.

3.4 Cross-cutting Concerns

In addition to contributing to SDG7, 9, 13 and 17 the project supports the build-back better and greener approach, where the Covid-19 response seeks to strengthen socio-economic resilience leading to more climate resilient societies with increased access to clean, secure and affordable energy, which is essential for economic growth and social benefits including for the poor and disadvantages populations and contributes indirectly to securing human rights. IEA has designed a global sustainable recovery plan for the energy sector that outlines energy-focused policies and investments that could be taken to overcome the consequences of the Covid-19 crisis. The sustainable recovery plan provides advice that could improve security and resilience in a number of ways, including stimulating investment in electricity networks and energy storage. This could reduce the risk of supply disruptions and help to modernise grids, thus strengthening the ability to withstand and recover from shocks and increase affordable access to energy services.

Securing human rights - While access to affordable, reliable, sustainable, and modern energy for all is an SDG (#7), access to renewable energy is not a human right in itself. But given the role of clean and sustainable energy as a broader enabler of human and economic development, it is strongly interconnected with basic rights such as the right to life, food, health, shelter, education, etc. IEA's work and the support through CETP and E4 on improved data for more well-informed decision make indirect contributions to the general human rights principles of participation, accountability, non-discrimination and transparency.

Jobs - Amongst the multiple benefits of clean energy and in particular energy efficiency, job creation is one of the most important ones. Many measures taken to improve the efficiency of cities, buildings and transport systems are labour intensive. With clean energy transitions continuing to scale up, energy efficiency jobs have grown steadily in recent years. In some countries, energy efficiency is estimated to be one of the largest employers in the energy sector[19]. The E4 programme has since its inception taken a two-pronged approach to skills and training. First, E4 will continue to target its training efforts upstream, building a pool of experts by training key influencers. This is intended to broaden the programme reach, as these experts – policy makers, programme practitioners, industry experts and academics – can apply their knowledge in their country and region to deliver their own training programmes and on the job training. Second, the E4 Programme will also continue the development and delivery of Massive Open Online Courses (MOOCs) in multiple languages in order to broaden reach and support opportunities for affordable training and education to support green jobs and youth employment as part of clean energy transitions. The CETP and E4 programmes will continue to support green jobs and youth employment opportunities through a number of activities. Some of the programme outputs and activities more directly focussed on job creation within energy include capacity building and training activities, and policy support to identify skills gaps and training required to ensure the skills and expertise are in place to support clean energy transitions. CETP and E4 already see demand from governments for support in identifying opportunities to create skilled jobs as part of clean energy transitions, and other programme activities actively work to create the future demand for those skills.

[19] IEA EE report, December 2020

Gender Equality- A particular challenge - and opportunity - is improving gender equality, job opportunities for women and more generally the lives of women through sustainable energy solutions. IEA notes that the energy sector remains one of the least gender diverse sectors and closing this gender gap will be vital, as women are key drivers of innovative and inclusive solutions. Gender issues in the energy sector are therefore becoming an increasing area of focus for IEA, which through its gender-diversity initiative[20] is working on the following areas[21]:

- Raising awareness on the importance of gender mainstreaming in energy policy making.
- Working with governments, mainly through the CEM Clean Energy Education and Empowerment (C3E) Technology Collaboration Programme (TCP)[22], and other international organisations to improve the collection of disaggregated gender and energy data to inform energy policymakers. IEA has been selected the Coordinator for these efforts.
- Raising awareness on the challenges to collect data and the need for improved capacity and internal coordination in governments as well as developing new methodologies.
- Organizing events to discuss the importance of improved gender-diversity in the energy sector and possible actions to take to reduce the barriers for underrepresented groups, such as women.

Under CETP, the IEA monitors the number of women participants in training events and workshops and as such gender disaggregated data are produced. Within IEA gender initiatives, the CETP may further undertake a dialogue with partners and identify remedial factors as relevant if there is an imbalance and promote equal participation on training by women and men. There will be a focus on lowering the barriers to female participation, and the CETP will also align to partner country national or local strategies on gender.

Health and environment - The project may also have indirect benefits in relation to health and environment as an improved enabling environment for an increased share of renewable energy is expected to reduce the reliance on conventional energy technologies and their associated environmental impact and health risks from e.g. air pollution. Reduced health risks will benefit most parts of the population that are not able to protect themselves from exposure of pollutants, cannot afford health care and are without – or have poor social security.

3.5 Work Planning, Monitoring, and Reporting

Progress will be measured through the IEA's monitoring framework supported by the OECD's finance systems, which facilitate the necessary processes for financial monitoring and evaluation and reporting against the results framework described in Annex 3. These processes have also been used for past Danish VCs and will help secure tracking of the expected outcomes under each activity. Financial Reporting will be in accordance with OECD financial regulations.

Overall monitoring of CETP activities is carried-out by the CETP coordination team, with support from relevant units from across the IEA. In addition, for E4 specific activities, the IEA's Energy Efficiency Division conducts tailored monitoring, which is also communicated through

[20] See: https://www.iea.org/topics/energy-and-gender
[21] Further details in Annex 14.
[22] C3E involves 10 countries today and is in touch with several emerging economies (incl. China, India, Brazil, Indonesia) about their participation. IEA supports C3E also in its outreach activities.

the overall CETP structures and to relevant donors. The IEA will provide the MCEU and MFA with the following reporting:

- Overall CETP reporting: Annual narrative reporting that reports against result framework indicators (as listed in Annex 3) by 30 March of the following calendar year.
    - Draft Work Plan before the start of the project year.
- E4-specific reporting: E4 annual report which will include monitoring progress against the theory of change and results framework indicators (as listed in Annex 3) as well as E4's annual work plans and indicative budgets for each calendar year. The annual narrative report will be submitted by 30 June of the following calendar year.
    - Draft work plan for the following year will be submitted by 15 December.
- Financial reporting: Annual financial reporting for CETP and E4 for each calendar year by 30 June of the following calendar year.
- Briefing notes and reporting for the bilateral meetings with Denmark (see below) are to be discussed and confirmed with the IEA and could include briefing notes two weeks in advance of the meetings that highlight the synergy, coordination and cooperation with Danish bilateral programmes as well as country specific analysis where relevant.

The IEA Monitoring and Evaluation works on harmonising the demands of various donors. This is a work in progress and will also likely include more qualitative assessments based on period review.

The IEA will adopt an adaptive management approach in the management and work planning of the project along the lines outlined in 'Operational Procedures for Adaptive Management' (see Annex 15) that will be further discussed and developed during the inception phase of the project. The inception phase of the project will allow experience to be gained and any adjustments to the procedures, results frameworks and budgets to be proposed following consultations between IEA and Denmark. The final procedures, results frameworks and budgets will be evaluated in an inception review by the Department of Evaluation, Learning and Quality (ELK) of the Danish Ministry of Foreign Affairs. The outcome of the inception review will then be discussed between the IEA and Denmark before deciding how to incorporate recommendations in future work. In principle, every annual work plan process will allow for further adjustments, which will be considered within the existing IEA E4/CETP processes. The 'Operational Procedures for Adaptive Management' include guidance and processes for potential adjustments, which might involve the following: targets and indicators at the programme level; the addition of new activities or termination of existing activities; the use of the adaptive management budget line; shifting of funds between or within activities/budget lines; the introduction of new partners and withdrawal of old partnerships; changes in impact, outcome and output indicators. The risk matrix (see Annex 5) will be reviewed by the IEA every year and any changes will be discussed within the IEA's E4/CETP processes and with Denmark following the 'Operational Procedures for Adaptive Management (see Annex 15). Similarly, the assumptions underpinning the theory of change (see Annex 10) will be reviewed every year and updated as relevant.

It is considered extremely important to adopt a strong and pro-active approach to timely communication of results and impact stories and this is seen as an impact driver for the project. Where relevant this should include business cases that can be used by Denmark and other donors in outreach and communication. The communication plan based on IEA tools and approaches

is summarised in Annex 7 and will be periodically updated. The communication plan sets out the main messages to be communicated (the what) together with the delivery mechanisms (the how) as well as when and who is responsible for the delivery (the who). The main communication mechanisms are a combination of: i) IEA website updates, webinars, newsletters and notifications: ii) high level events such as the presentation of CETP at the biennial IEA ministerial meetings and the annual IEA clean energy transition summits; iii) Meetings with policy makes and others led by the IEA executive director; iv) topic specific publications; v) DEA and State of Green websites updates, webinars, newsletters, publications and notifications; vi) MFA public and climate related diplomacy as well as website updates and relevant events.

4. Management Set-up

4.1 Governance and Management Overall

To ensure streamlining and to avoid adding bureaucracy the management of this project will be based on the existing governance structure of the CETP and E4, which can be divided into three categories: 1) The internal IEA governance, 2) Donors' strategic guidance, and 3) Interaction with the broader IEA membership. In addition to this, the project will include a fourth category regarding formalised coordination mechanism at country level to enhance synergies with the Danish bilateral efforts.

1) CETP/E4 governance structure in the IEA secretariat: The CETP is anchored in the IEA's Strategic Initiatives Office (SIO) within the Office of the Executive Director. IEA senior management and an internal CETP Steering Group, which includes Division Heads from across the IEA, guide the work conducted by the CETP. Senior IEA management, guided by the advice of the Steering Group, decides allocations for the different work streams under the CETP. Activities are supported by country desk officers located in the IEA's Office of Global Energy Relations, and by: in-country energy specialists engaged as contractors in Brazil, India and Indonesia; energy efficiency contractors in Indonesia, Mexico and India; and the IEA liaison office in China. A central CETP coordination team within SIO is responsible for quality control, strategic management, fundraising, disseminating key messages, information exchange, coordination and reporting. The secondee funded through this project will be placed in SIO and participate in both the CETP steering group and coordination team.

The E4 Programme is a component of the CETP comprising CETP's energy efficiency activities. The E4 Programme is implemented by the E4 team, which is anchored within the IEA's Energy Efficiency Division. The E4 team operates in close coordination with the CETP coordination team and is also supported as needed by the teams mentioned above.

2) CETP/E4 governance structure for donor countries: CETP's strategy is set in discussions with funders of the Programme through the CETP Funders Strategy Group. This group allows funders to engage in strategic conversations about the CETP's development and implementation, and to ensure that IEA efforts are complementary to and do not duplicate other bilateral and multilateral collaborations. Denmark is an active member of the Funders Strategy Group. Meetings take place quarterly.

In addition to the CETP Funders Strategy Group, the E4 has its own governance forum called the E4 Reference Group. The E4 Reference Group, which was in place for Phase 1 and 2, will

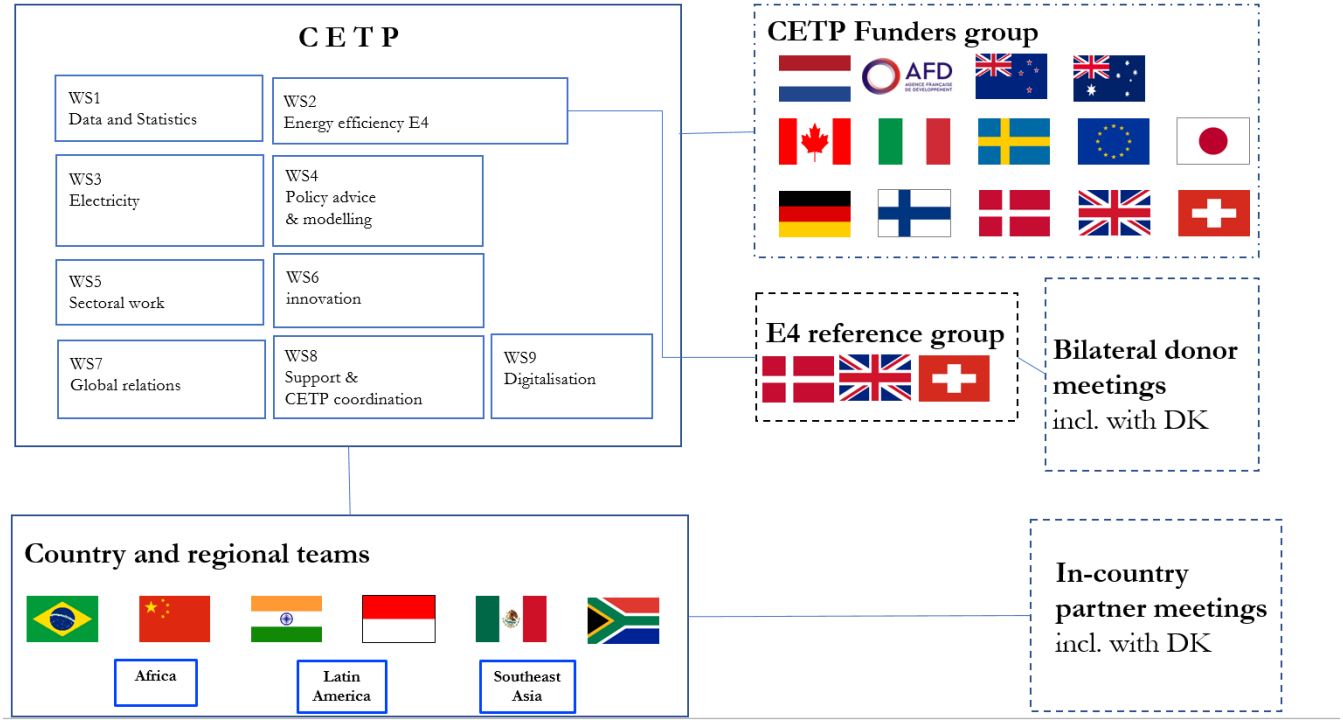
continue because it remains a useful forum to discuss energy efficiency activities in detail. Membership will be based on existing donors (MCEU, Switzerland and UK) and can be expanded as appropriate. The E4 Reference Group is expected to meet twice a year, either in person or virtually with one meeting focusing on administrative issues and the other including senior officials from the partner countries. This structure allows for an annual check-in with the partner countries, in the presence of key funders, to discuss their experiences with E4 and to inform future direction.

3) Interaction with IEA member states: The IEA is a member driven organisation. Not all IEA members are CETP donors, but the CETP and E4 reports to and seek guidance from the broader membership through the agency's existing committee structure. The most relevant to mention here is IEA's Governing Board, of which Denmark (MCEU) is a member and the Energy Efficiency Working Party (EEWP), which is currently chaired by Denmark (DEA).

4) Bilateral DK-IEA governance structure: Currently, bilateral conversations between DK and IEA in the context of CETP and E4 are demand driven and take place when needed. The following model seeks to formalize the approach in a lean and efficient manner in order to improve a country specific coordination and collaboration. Thus, with this new Danish contribution, the IEA and Denmark will hold country specific coordination meetings every six months for each of the five partner countries (China, India, Indonesia, Mexico, South Africa) in order to improve coordination and collaboration between CETP and E4 work and Denmark's bilateral programmes. Participants will include MCEU, DEA and IEA country coordinators. Other bilateral and multilateral partners will be invited as appropriate and as agreed by both the IEA and Denmark. The meetings will have an operational focus with formalized agendas and clear responsibilities to be further elaborated. The meetings will focus on the short and long-term work programmes.

An organogram is given below showing the internal IEA programme structure and how this engages with external funding partners:

Figure 4.1 Organogram (WS = Work Stream)



4.2 Coordination at Country Level

Close coordination will take place at country level between the CETP/E4 programme and the activities of other development partners led by the relevant national actors including the NDC partnership.

- **National/regional partners:** These vary from country to country as shown in annex 2. In essence the collaboration is with the relevant Ministries responsible for the energy sector and relevant research institutes (see annex 2 for more details).
- **International partners:** Coordination will take place with the in-country activities of a number of international partners, specially: the World Bank ESMAP; C2E2; and GCF. Coordination with others on a less intensive basis will also take place including: SEforALL; IRENA; CEM; GEF; CTCN; UNEP and others as noted in annex 12.
- **Country based partners**: Intensive coordination will take place with the bilateral programmes of IEA member state governments and the multi-lateral development banks where they operate in the target countries. In particular, there will be a strong coordination and collaboration with the Danish energy support through DEA and others in China, Indonesia and India, reflecting the special attention and additional resources provided in this project for ensuring that Danish support and the CETP work in close harmony and establish synergies.

5. Inputs, Budget, Financial Management

The expected total budget for this Project is DKK 50 million, which is expected to be broken down as follows[23]:

Table 5.1: Breakdown of Project budget

Contribution to CETP	DKK 9.47 million
Contribution to E4	DKK 32.43 million
Mandatory mid-term Review	DKK 0.75 million
CETP Strategic Support and Coordination (Danish secondment to IEA)	DKK 4.74 million
IEA Overheads (5.3%)	DKK 2.61 million
Total	**DKK 50.0 million**

Further details are given in Annex 4 including on IEA cost categories and travel rules as well as the audit procedures. The operations and budget are designed to be flexible and responsive to country requirements and, as such, unallocated funds are not foreseen, except to accommodate for an Adaptive Management approach (these resources are included in the contributions to CETP and E4 mentioned above).

- The contribution to CETP (DKK 9.47million) will support the outputs and activities associated with outcome 1: Clean energy transition goals increasingly met particularly in China, India, and Indonesia.
- The contribution to E4 (DKK 32.43 million) will support the outputs and activities associated with outcomes 2, 3 and 4: Increased political will for energy efficiency fostered; Increased capacity to formulate and implement energy efficiency policies and: Enhanced knowledge and evidence for policy making and implementation.
- The budget for the mandatory MFA mid-term review (DKK 0.75 million or 1.5% of the total project budget) is to allow for a review of the project and especially for assembling evidence that builds on the results framework to provide an assessment on the extent to which there has been a contribution to the higher-level outcomes that are beyond the measurement scope of the routine monitoring and indicators provided by results framework itself. This will help address the comments made by the Programme Committee and the Appraisal Team, and the MTR could be moved forward to late 2022/early 2023. The funds for the MTR are administered by the MFA.
- The secondee (costs of DKK 4.74 million allocated to CETP in Table 5.2 below) will likely be seconded to the IEA on so-called staff on loan terms allowing for a contract term of no longer than three years due to OECD regulations[24]. The budget for the secondee is set according to standard criteria used by the MFA when stationing counsellors abroad. A draft job profile for the secondment is given in Annex 13.
- The Voluntary Contribution to the IEA includes budget for IEA overheads ("VC Administration Charge") which is set according to the standard agreements for VCs.

[23] The IEA has expressed a preference for breaking down the overhead costs in two for "Contribution to CETP" and "Contribution to E4" respectively in order to comply with IEA financial rules.

[24] Final clarification of the secondment modality, recruitment process and budget implications will be confirmed in liaison with IEA before the final Project Document is submitted for approval.

- An adaptative management budget line is allowed for, amounting to DKK 2.11 million across both E4 and CETP.

The geographic allocation of funding for the E4 and CETP is shown below:

Table 5.2: Geographic allocation of funding for the E4 and CETP

Approximate allocations from Denmark (DKK m)		
Country/region	**E4**	**CETP**
Brazil	1.23	-
China	2.46	3.60
India	3.52	2.70
Indonesia	3.08	2.70
Mexico	1.23	-
South Africa	2.64	-
Regional Africa	2.64	-
Regional S-E Asia	0.88	-
Regional Latin America	2.64	-
Global	10.47	4.74
Adaptive management	1.64	0.47
Total	**32.43**	**14.21**

Denmark contributes substantially to the CETP and the underlying E4 programme. It is not possible to predict the future contributions of different donors. However, an indication of the contribution in period 2017-2020 is given below where it can be seen that Denmark contributed about 10% over this period.

Table 5.3: Donor Funding of CETP 2017-2020[25]

Country	**Amount (Euro)**	**%**
United Kingdom	10,111,090	27.87%
Italy	6,500,000	17.91%
Sweden	5,220,500	14.39%
European Commission	3,500,000	9.65%
Denmark	3,359,250	9.26%
Netherlands	2,600,000	7.17%
AFD	1,400,000	3.86%
Germany	1,380,000	3.80%
Switzerland	857,950	2.36%
Canada	819,434	2.26%
Japan	480,000	1.32%
Finland	45,000	0.12%
New Zealand	10,000	0.03%
Total	36,283,224	

[25] These figures are estimated projections and are provided for information purposes only. Formal financial reports will continue to be provided in established and agreed formats to Member countries via the Committee on Budget and Expenditure and to individual donors via financial reports.

This project is a voluntary contribution and thus in addition to the IEA core budget as explained below:

Core budget - The core budget of the IEA provides for all expenditure necessary for the operation of the Agency. IEA Members share in financing such expenditure and contribute annually to the IEA's budget in accordance with a scale of contributions set by the IEA's Governing Board. These mandatory contributions to the core budget of the Agency are called "assessed contributions". Assessed contributions have been subject to a zero nominal growth policy for the last decade as per decision by the member states of the IEA.

Voluntary contributions (VC) - These support specific activities or outputs in the IEA's Programme of Work and Budget (PWB). VCs can be provided by the government of a member country and, in such case, the VC amount is provided in addition to the member's assessed contribution. VCs can also be provided by other donors such as non-member country governments, international organisations, research institutes or the private sector. VCs received by the IEA must comply with the Financial Rules and Regulations of the OECD and IEA's Voluntary Contribution Strategy as endorsed by member states. Furthermore, they must be approved by the Governing Board before they can be accepted, and the funds appropriated. The CETP is a fully VC-funded cross-Agency programme and VCs for the CETP support multiple output areas under the IEA's PWB.

Annex 1: Context Information on E4 and CETP Partner Countries

This Annex provides additional and contextual information about the intended support to: 1) the broader work on clean energy transitions in China, India and Indonesia; and 2) the continuation of the E4 programme with specific information on the country level work and results since the inception of the E4 programme in 2013 and how this will be taken forward in the next phase of support (2021-2025).

The areas of work supported by this project is first and foremost selected on the demand from the partner countries, while also taking into consideration specific Danish areas of interest, thus contributing to synergies with the Danish bilateral efforts in the priority countries and the work of other multilateral agencies. Aside from the Danish government-to-government cooperation it is worth noting that several Danish clean tech companies have operations and investments in the CETP priority countries, thereby supporting local development, job creation and the transfer of skills and knowledge.

Clean Energy Transitions in China, India and Indonesia

While CO_2 emissions seemed to stabilise globally in 2019, the situation in emerging economies – and particularly in China, India and Indonesia – shows a different situation. In 2019, China's emissions grew by 2.3%, in India they increased by 0.6% and in Southeast Asia the growth rate was 5.8%.[26] To directly address this challenge, the IEA plans to work even more intensively on supporting China, India and Indonesia's clean energy transitions building on earlier work of the CETP. The IEA has a long-standing relationship with all three countries, cemented in recent years through the countries joining the IEA's Association initiative and an expanding programme of work under the CETP. Denmark has previously supported the establishment of an IEA Energy Cooperation Centre in China and its work on RE and EE trough a DKK 7 million VC in 2016, prior to the creation of the CETP. Due to a high level of reciprocity by Chinese partners the IEA was able to deliver on the project outcomes and outputs, which included the establishment of the centre and analytical work on RE and EE, below the original budget. A no cost extension until 30 June 2021 was therefore agreed in September 2019.

The IEA has agreed ambitious joint work programmes with all three governments, reflecting the fact that the organisation is a trusted partner with credibility and name recognition in the region. This enables good access to the top political levels, a great ability to convene the central actors and significant high-level interest in IEA analyses and reports. The IEA has undertaken many impactful activities in the target emerging economies and regions, including the milestone 2017 China Special Report as part of World Energy Outlook, the India 2020 Energy Policy Review, which underlined India's achievements in the energy sector and provided concrete recommendations for strengthening energy policies in the future, and high-level exchanges between senior Indonesian officials and the IEA Executive Director.

Additional funds for CETP will enable IEA to go further in leveraging these strengths in support of the capacity of the three countries to promote national clean energy transition policies and address the significant barriers remaining at both national and local levels. As the CETP is demand-driven and activities are established through iterative consultations with key emerging economies, activities could include amongst other things, support local capacity enhancement to improve or reform governance in the power sector, analysing existing infrastructure and investment constraints, and increasing political will to focus on clean energy and sustainable recovery, based on the needs and requests of these countries. The IEA's long-standing relationships and partnerships with key stakeholders in each of these countries as well as the extensive work conducted under the CETP, provide a firm basis to expand on these efforts and make an even greater impact on the ground. Furthermore, the similarities and complementarities between the IEA's efforts and the work of the Danish Energy Agency (DEA) on issues such as

[26] https://www.iea.org/reports/global-energy-review-2019/co2-emissions#abstract

renewables integration, coal phase out, and power market reform and planning, further make the case for continuing, enhancing and strengthening the work with these countries.

While the concrete activities will be adapted to the specific country contexts, some common themes and focus areas are proposed:

- Facilitating integration of renewables by – inter alia – helping strengthen the country specific data and knowledge on clean energy technologies and power system operation under conditions of an increasing share variable renewables in the energy mix.
- Sharing international best practise, including, amongst others, those specifically relevant for the three focus countries on power market reform, transitioning from long-term physical contracts to liquid short-term markets, developing carbon markets and renewable auction schemes, supporting the increasing ambitions at national and local level by showcasing the clean energy pathways and their multiple benefits.

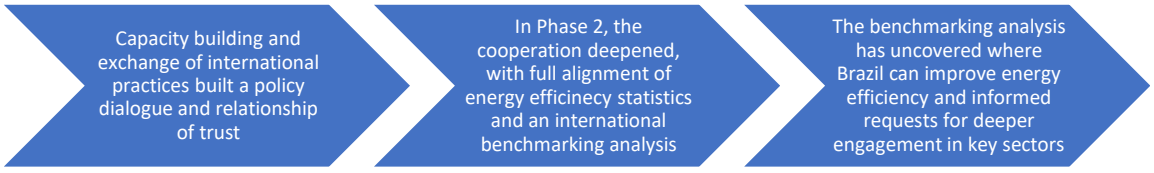
Continuation of the E4 programme (country focused work)

Brazil

Background and trends

Brazil is the largest country in South America and the largest single energy consumer, accounting for about 36% of total final energy consumption in Latin America. Brazil has been an IEA Association country since 2017. Since 1990, energy sector CO_2 emissions have more than doubled, with oil as the largest source of emissions (over 60%) followed by coal and natural gas (approximately 18% each). The transport sector – passenger cars and trucks – accounts for nearly half of Brazil's CO_2 emissions.

Examples of E4 progress on policies and GHG reductions



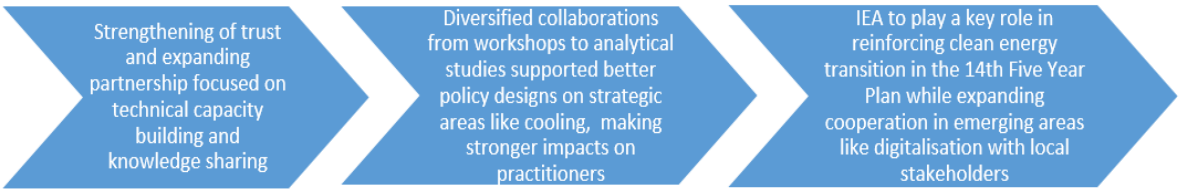
In Brazil, a central pillar of cooperation has centred around energy efficiency data and indicators. Sharing and understanding data on energy efficiency has been a crucial lever to understand opportunities for energy efficiency and to steer analysis in the direction of informing policy. In Phase 1 of the E4 Programme, cooperation focused on capacity building and exchanging international experiences, which established fertile ground for dialogue. The keystone event in Phase 1 was the Energy Efficiency Training Week for Latin America, held in Rio de Janeiro in 2017. In Phase 2, cooperation deepened, and Brazil became the first country in South America to fill out the full IEA questionnaire for energy efficiency statistics. With this level of data alignment, the IEA and EPE could publish a joint analysis benchmarking energy efficiency in household appliances, transport and heavy industry. This analysis has become the basis for detailed conversations on where to focus EPE's analytical efforts to improve energy efficiency in key sectors such as transport, cement, and pulp and paper.

China

Background and trends

China was one of the IEA's first Association countries, joining the IEA's Association initiative in 2015. As the world's largest energy consumer, China's efforts on energy efficiency are essential to the global energy and climate landscape. In 2018, China alone accounted for 22% of global energy consumption and 29% of total CO_2 emissions from fuel combustion. Since 2016, China's energy intensity reduction level, a key indicator for energy efficiency improvements, has been slowing down mainly due to the government's strong drive to boost the domestic economy, which is still largely driven by energy and carbon-intensive industries. IEA analysis shows that without the energy efficiency gains since 2000, China would have used 20% more energy in 2018, emitting around 2.1 Gt more CO_2, equivalent to almost two-thirds of that of the European Union (EU-28). Further, nearly 14% additional fossil fuel imports have also been prevented. From 2014 to 2018, China's technical efficiency improvements increased substantially, the majority coming through energy efficiency improvements in the industrial sector.

Examples of progress on policies and GHG reductions



E4 Phase 1 focused on strengthening trust-based dialogue with key Chinese authorities like the National Development and Reform Commission (NDRC) by supporting China's international energy efficiency initiatives under China's 2016 G20 presidency. Technical capacity building work including energy modelling for the development of 2050 Energy Efficiency Roadmap and the first in-depth analysis of China's energy efficiency impacts in the 2016 market report opened a door for more diverse collaborations in Phase 2. In addition to working under in cooperation with NDRC IEA partnered with various institutions like the China National ESCO Association EMCA for research on energy service companies (ESCO), the China Council for an Energy Efficient Economy (CCEEE) for promoting the market report findings in Chinese, and Tsinghua University for efficient buildings, which altogether contributed to better energy efficiency policy designs and implementations under the 13th Five-Year Plan (2016-20). A key highlight is the IEA's support on cooling, which ranged from engaging China in international cooling workshops to the Future of Cooling in China report that provided timely inputs to China's first national Green Cooling Action Plan in 2019. IEA - China cooperation will be critical as ever as China prepares for its 14th Five Year Plan with a strong focus on economic recovery. IEA will play a key role in presenting clear opportunities for clean energy transition and energy efficiency in China's policy portfolio aimed at decarbonisation by 2060.

India

Background and trends

India has been an IEA Association country since 2017. With a population of 1.4 billion and one of the world's fastest-growing major economies, India will have a vital role to play in the future of the global energy market and global climate goals. The Government of India has made impressive progress in recent years in increasing citizens' access to electricity and clean cooking. The priority is now shifting towards energy security and affordability as demonstrated by India's successful energy market reforms and

deployment of a huge amount of renewable electricity, notably in the form of solar photovoltaics. India's final energy consumption increased by 50% from 2007 to 2017, with growth across all sectors, but with the largest increases in industry and transport sectors. Industry is the largest energy consumer of final energy in India followed by residential buildings then transport. India has seen the highest growth of primary energy among G20 countries, but still has the lowest GDP per capita. Improvements in energy efficiency have been outpaced by structural changes and increases in economic activity in India, resulting in increases in final energy use from 2010 to 2014 and from 2014 to 2018. However, the IEA estimates that energy efficiency improvements in India since 2000 have avoided an additional 15% of energy use in 2018 and nearly 300 Mt CO_2-eq or 14% of emissions in 2018. Energy efficiency also reduced India's energy imports in 2018 by 8% for oil and 12% for gas.

Examples of progress on policies and GHG reductions

Measuring impact and demonstrating the value of energy efficiency has been a strong pillar of the India E4 Programme since Phase 1. In Phases 1 and 2, the IEA supported the Bureau of Energy Efficiency (BEE) in the organisation of international workshops bringing together multiple stakeholders and provided analysis to strengthen the evidence base for the multiple benefits of energy efficiency and improve the evaluation of energy efficiency policies. Key highlights from Phase 2 include the first Indian Energy Efficiency Training week held in New Delhi in December 2018, and two highly successful international workshops on cooling and electric vehicles. Opportunities for E4 Phase 3 will focus on implementing the measures that will unlock the multiple benefits of energy efficiency, including strengthening support to state and municipal level actors for the implementation of building codes, and supporting Small and Medium Enterprises in unlocking the job creation potential of improved energy efficiency.

Indonesia

Background and trends

Indonesia was one of the first countries to join the IEA's Association initiative in 2015. The country remains the largest energy producer and consumer in Southeast Asia, making up over 36% of the region's energy demand and consuming nearly as much energy as Thailand, Malaysia and Singapore combined. Its population of 267 million people is the fourth largest in the world. While Indonesia has made significant progress in access to electricity and clean cooking since the turn of the century, by 2018, around 4.5 million people, or about 1.7% of the population, nearly all in rural areas, including small islands and in remote areas, still do not have access to electricity[27], and 32% of the population lack access to clean cooking technology. The IEA estimates that energy efficiency improvements in Indonesia since 2000 have avoided an additional 13% of energy use in 2018. The region's electricity sector is in a dynamic phase of development, with demand potentially doubling by 2040 with annual growth rates of nearly 4% – twice as fast as the rest of the world. Rapid urban expansion is fuelling this growth, emphasising the

[27] https://www.iea.org/reports/sdg7-data-and-projections/access-to-electricity

critical role of energy efficiency and urban planning in cities. Indonesia's progress in developing and implementing effective policy has been limited. Effective enforcement of current policies is expected to reduce energy consumption by at least 2% below forecasts in the Indonesian National Energy Plan (NEP) by 2025. Enhancements to existing policies and planned policies that have not yet been implemented could achieve a further 4.5% reduction.

Examples of progress on policies and GHG reductions

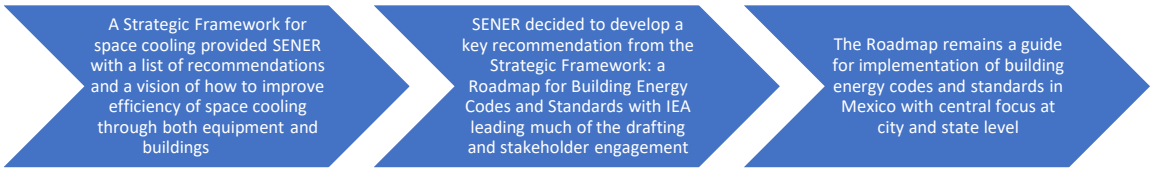
Developing relationships, providing targeted support, building capacity and demonstrating the value of energy efficiency has been a key focus of the E4 Programme in Indonesia since Phase 1. In 2017, the IEA released Energy Efficiency Market Report which included a special country focus on Indonesia made possible by an Indonesian official being seconded to the IEA. The IEA also worked alongside the Indonesian government to carry out an in-depth evaluation of Indonesia's energy efficiency policies. Both these activities allowed for more diverse collaboration in Phase 2. Key highlights from Phase 2 include the largest ever Energy Efficiency Policy Training Week for Southeast Asia that was held in Jakarta in 2018. Other activities include working with the Indonesian government to better understand their cooling market through using innovative data collection methods; the development of the revised Industry reporting system which will help government acquire more accurate data and will reduce the reporting burden for industry; and working with Indonesia to understand and develop effective policies for their transport sector. E4 Phase 3 will focus on improving indicators and benchmarking across a range of sectors, continuing to support Indonesia's work in transport, strengthening building codes and improving Industrial energy efficiency.

Mexico

Background and trends

Mexico, an IEA member country, accounts for 20% of total final energy consumption in Latin America, including Central and South America. Since 1990, CO2 emissions have increased by more than 50%, driven largely by increases in consumption of natural gas and oil. Road transport is the greatest contributor to CO_2 emissions (35%) followed by residential consumption (10%), heavy industrial sectors and agriculture. Mexico faces several challenges in meeting its climate objectives and the Sustainable Development Goals. Mexico continues to face challenges to ensure access to clean cooking and, in remote areas, universal access to energy. Firewood accounts for 1/3 of energy consumption in the residential sector. Renewable energy including hydro account for just under 20% of Mexico's electricity generation mix, with natural gas, oil, coal and nuclear accounting for the remainder. In the overall fuel mix, oil, natural gas and coal account for about 90% of total primary energy supply. From 2014-2018, energy efficiency improvements have saved over 0.1 exajoules (EJ) of energy, with the most savings coming from the buildings and transport sectors. At the same time, increases in economic activity have outpaced energy savings, and Mexico has seen a substantial increase in final energy consumption.

Examples of progress on policies and GHG reductions



In Mexico, the IEA prepared a Strategic Framework for efficient space cooling, which provided evidence of the benefits of improving energy efficiency in this area and steps that could be taken at national and sub-national level. The subsequent development of a Roadmap for Building Energy Codes and Standards implemented a key recommendation from the Strategic Framework and engaged counterparts and relevant stakeholders in an extensive consultation process, ensuring buy-in from different segments of the public and private sectors, and from international organisations and civil society. The Roadmap provided a vision of both why to improve the efficiency of energy use in buildings and steps to achieve this. The Roadmap and the stakeholders involved in its elaboration continue to drive forward work on adoption of building energy codes and standards at state and city level. This is a crucial next step, as reducing the energy load of buildings will only happen when municipalities adopt codes. The ongoing stakeholder collaboration further resulted in Mexico's strong engagement and leadership at regional level, during the development of a Regional Roadmap for Building Codes and Standards for Latin America.

South Africa

Background and trends

South Africa became an IEA Association country in 2018. It accounts for 12% of economic activity in all of Africa and 30% of electricity demand. The current energy mix is dominated by coal and oil and accounts for 85% of the almost 50 GW of coal-fired capacity on the continent. Government goals include diversifying the energy mix away from coal and raising domestic vehicle production, including 20% of vehicles manufactured being hybrid electric vehicles by 2030. Final energy use remained stable in South Africa from 2014 to 2018, with technical energy efficiency improvements playing a significant part in offsetting higher energy use due to increased economic activity. The majority of energy savings over the same period came from the transport and buildings sectors.

Examples of progress on policies and GHG reductions

In Phase 1 the IEA supported the Government of South Africa in developing the 2015-2025 National Energy Efficiency Strategy (NEES) which sets new energy efficiency targets and establishes a monitoring system to track progress. The IEA participated in the NEES steering committee and reviewed draft documents. In Phase 2 the energy data and modelling carried out by the IEA was a major input to the development of the NEES and to the setting of the energy efficiency targets. These collaboration efforts led to estimating that by 2030, energy efficiency action could deliver a 15% net reduction in primary energy demand and electricity. The next step will strive to provide support to the Department of Mineral

Resources and Energy (DMRE) both by providing key analytical work for policy setting but also by supporting South Africa to establish a digital data collection platform to monitor and track progress, starting with the industry sector. Support will ensure that best international experiences are shared and appropriate indicators and benchmarks for selected industry sub sectors are established. Finally, key policy recommendations and modelling will be provided to enrich and strengthen energy efficiency policy strategies.

Regional Africa

Africa stands on the cusp of a unique opportunity: the possibility of becoming the first continent to develop its economy primarily by using energy efficiency, renewables and natural gas – all of which offer huge untapped potential and economic benefits. A focus on energy efficiency can support economic growth while curbing the increase in energy demand. In the IEA's Africa Case[28], although the size of the continent's economy in 2040 is four times larger than today, efficiency improvements help limit the rise in total primary energy demand to just 50%. As a result, even though economic growth in the Africa Case is significantly stronger than in the Stated Policies Scenario, energy use is actually lower. This is linked to an accelerated move away from solid biomass as a fuel and the increased efficiency of charcoal production and use – and to the wide application of electrification and energy efficiency policies. These include fuel economy standards for cars and two/three-wheelers, more efficient industrial processes, building codes and efficiency standards for appliances and cooling systems. In the Africa Case, efficiency gains reduce potential demand growth to 2040 by one-third, while achieving SDG 7 reduces bioenergy use for cooking. Although nearly 600 million people in sub-Saharan Africa still use solid biomass in improved cookstoves in the Africa Case in 2040, improved efficiency is enough to cut bioenergy demand in half from today's level. Charcoal use for cooking is increasing, especially in urban areas, it remains an important source of energy in both cases in 2040. This makes improving efficiency along the charcoal value chain an important priority.

Regional Southeast Asia

Southeast Asia is a very diverse and dynamic region, home to nearly one-in-ten of the world's population. One common element is that policy makers across different countries have been intensifying their efforts to ensure a secure, affordable and more sustainable pathway for the energy sector. This includes action to facilitate investment in fuel and power supply and infrastructure, while focusing also on efficiency. The potential benefits of a well-managed expansion of the region's energy system, in terms of improved welfare and quality of life for its citizens, are huge. There are encouraging indications in many areas, but also some warning signs. Rising fuel demand, especially for oil, has far outpaced production from within the region. Southeast Asia as a whole is now on the verge of becoming a net importer of fossil fuels for the first time. Southeast Asia is well on the way to achieving universal access to electricity by 2030. Millions of new consumers have gained access to electricity since 2000, yet some 45 million people in the region are still without it today and many more continue to rely on solid biomass as a cooking fuel. Southeast Asia's growth in electricity demand, at an average of 6% per year, has been among the fastest in the world, but a number of power systems in the region are facing significant financial strains. Since 2000, overall energy demand has grown by more than 80% and the lion's share of this growth has been met by a doubling in fossil fuel use. Oil is the largest element in the regional energy mix and coal – largely for power generation – has been the fastest growing. This has underpinned the region's development and industrial growth but has also made air pollution a major risk to public health and driven up energy-related CO_2 emissions. Southeast Asia has considerable potential for renewable energy, but (excluding

[28] The Africa Case is built on the premise of "Agenda 2063", the continent's own vision of accelerated economic and industrial development, and ensures that faster economic expansion is accompanied by the full achievement of access to electricity and clean cooking, in line with SDG 7.

the traditional use of solid biomass) it currently meets only around 15% of the region's energy demand. Hydropower output has quadrupled since year 2000 and the modern use of bioenergy in heating and transport has also increased rapidly. Despite falling costs, the contribution of solar photovoltaics (PV) and wind remains small, though some markets are now putting in place frameworks to better support their deployment.

Annex 2: Partners

Global level: The International Energy Agency (IEA) is Denmark's partner of choice for the following reasons:

- IEA is the global energy agency, playing a leading role in the ecosystem of international organisations addressing clean energy transitions in emerging economies, and the governments that form the IEA "family", represent about 85% of global emissions, which enables a broad sharing of global experience on successful actions to drive clean energy transitions. IEA plays a pivotal role in this ecosystem using its knowledge base.
- IEA's independence, impartiality as an inter-governmental organisation within the framework of the OECD, deep policy experience and whole-of-energy-system approach, and the quality of IEA analysis make it a trusted voice in policy development, which would complement Denmark's bilateral activities and the work of multilateral agencies and development banks.
- IEA is the lead custodian of SDG 7.3 on energy efficiency (EE).
- IEA's approach of providing actionable, practical solutions – and steering away from "one-size-fits-all" remedies – is a reason why countries seek close engagement on energy issues.
- IEA's convening power facilitates communications with energy Ministers and senior officials in countries responsible for the majority of global energy demand.
- IEA's reach in partner countries is broader than Ministry of Energy partners and focal points (e.g. cross-ministerial cooperation, webinars reaching out to broad audiences, in some cases with up to several hundred participants, and IEA's work on EE technology involving close cooperation with the private sector).
- IEA provides independent reliable and authoritative global data from across the entire energy system, and the CETP and E4 draws on the global expertise, data, modelling and analysis from all energy experts across the IEA. This is – the same source of analysis and expertise that culminates in the flagship World Energy Outlook publications, Energy Technology Perspectives and Tracking Clean Energy Progress modelling and reports.
- The IEA draws on the expertise of its own energy specialists to the greatest extent possible, but engages the input or assistance of external experts where necessary to enhance delivery of the project (e.g. to provide in-country support and expertise or specialised input on deliverables). CETP and E4 draw on and enhance the IEA's engagement with partner countries and regions, building on long-term, deep and sustained partnerships with governments and regional organisations.
- CETP and E4 have strengthened IEA's clean energy and energy efficiency modelling capabilities to better represent key emerging economies.

Country level:

- CETP aims to assist countries achieve reductions in GHG emissions in line with the objectives of the Paris Agreement and countries' own targets, enhancing energy access and reducing air pollution, while supporting economic development. The transformative outcomes sought by CETP entail close collaboration with governments to achieve effective co-operation driven by each priority country's objectives.
- The E4 supports activities in the six major emerging economies: Brazil, China, India, Indonesia, Mexico and South Africa. These countries have been selected on the basis of their very significant potential for reduction in GHG emissions, the strong institutional links between the IEA and the respective governments and local presence in most cases - and (except for Brazil) significant potential for enhanced synergies with Danish bilateral energy partnership programmes.
- Countries' needs vary over time driven by internal factors such as their growing experience and external factors impacting economic and social development. The IEA's status as an intergovernmental organisation, imparts brings detailed knowledge of the role of government in clean energy transitions and that deep knowledge allows for an ongoing assessment of the landscape in each country and region. This insight enables the IEA teams to have an agile approach that can be adapted to countries' needs in the context of other actors.
- The IEA teams' knowledge allows ongoing assessments of the scope and value of the work of other actors in the country or region and its advice is often sought about options for allocating resources or prioritising programmes to have maximum impact.
- The partners in the partner countries, highlighted in bold in the table below, are key to the IEA's successful delivery of the project. Note: this list is not exhaustive, but illustrative and the sequence, in which the partner institutions are listed, does not indicate a priority order. The focus is mainly on E4 partners. The other partners listed are often key to the sustainability of a project and the IEA has frequently collaborated with them on projects, which has also contributed to capacity building within those partners.

Regional Level

- IEA has a strong, influential relationship with regional institutions such as ASEAN and UNECLAC, and in Africa IEA is forging relationships with the regional centres for energy efficiency and renewable energy related to the regional economic commissions.

Partner name	Core business	Importance of project to partner activity	Influence on the project	Contribution	Capacity	Exit strategy
Global level – Denmark's partner for CETP/E4:						
IEA	IEA works with governments and industry to shape a secure and sustainable energy future for all.	High	High	Global standing, convening power, outreach in emerging economies, network, staff expertise and experience.	High capacity in data analysis, policy advice and capacity development.	No special requirements after end of contract.
CETP/E4 country level partners, focus countries: Note: this list is not exhaustive, but illustrative and the sequence, in which the partner institutions are listed, does not indicate a priority order. The focus is mainly on E4 partners. In the Project Document for the Danish Voluntary Contribution, this list will be elaborated.						
<u>China:</u> • **National Development and Reform Commission (NDRC)** • National Energy Agency • China Council for an Energy Efficient Economy (CCEEE) • Energy Research Institute (ERI) • China National Institute of Standardisation	Government institutions with mandates relevant to the clean energy transition. Knowledge institutions supporting capacity development.	Medium-low	High Medium-low	Engagement, data and information, decision making power, staff time in-kind where relevant.	Varies – IEA CETP and E4 interventions targeted at capacity gaps. In 2018 the IEA and NDRC signed a Memorandum of Understanding under which they agreed to collaborate on energy efficiency matters through joint research, policy dialogue and capacity building.	Capacity development support for institutions targeted for support.

Partner name	Core business	Importance of project to partner activity	Influence on the project	Contribution	Capacity	Exit strategy
• Tsinghua University.						
India: • **Bureau of Energy Efficiency (BEE)** • Ministry of Power (MoP) • Niti Aayog • The Energy and Resources Institute (TERI) • Energy Efficiency Services Limited (EESL)	Government institutions with mandates relevant to the clean energy transition. Knowledge institutions supporting capacity development.	Medium-low	High Medium-low	Engagement, data and information, decision-making power, staff time in-kind where relevant.	Varies – IEA CETP and E4 interventions targeted at capacity gaps.	Capacity development support for institutions targeted for support.
Indonesia: • **Directorate of Energy Conservation (EBTKE) in the Ministry of Energy and Mineral Resources (MEMR)**	Government institutions with mandates relevant to the clean energy transition.	Medium-low	High	Engagement, data and information, decision-making power, staff time in-kind where relevant.	Varies – IEA CETP and E4 interventions targeted at capacity gaps.	Capacity development support for institutions targeted for support.
E4 country level partners in other countries:						
Mexico: • **Ministry of Energy (SENER)** • National Commission on	Government institutions with mandates relevant to the clean energy transition.	Medium-low	High Medium-low	Engagement, data and information, decision-making power, staff time in-kind where relevant.	Varies – IEA CETP and E4 interventions targeted at capacity gaps.	Capacity development support for institutions targeted for support.

Partner name	Core business	Importance of project to partner activity	Influence on the project	Contribution	Capacity	Exit strategy
Energy Use (CONUEE)						
South Africa: • **Department of Mineral Resources and Energy (DMRE)** • South African National Energy Development Institute (SANEDI)	Government institutions with mandates relevant to the clean energy transition. Knowledge institution supporting capacity development.	Medium-low	Medium-low	Engagement, data and information, decision-making power, staff time in-kind where relevant.	Varies – IEA CETP and E4 interventions targeted at capacity gaps.	Capacity development support for institutions targeted for support.
Brazil: • **Ministry of Mines and Energy (MME**) • Energy Research Enterprise (EPE) • Instituto Clima e Sociedade (ICS)	Government institutions with mandates relevant to the clean energy transition. Knowledge institution supporting capacity development.	Medium-low	High Medium-low	Engagement, data and information, decision-making power, staff time in-kind where relevant.	Varies – IEA CETP and E4 interventions targeted at capacity gaps.	Capacity development support for institutions targeted for support.

Annex 3: Results Framework at Outcome Level

This results framework[29] has been developed based on the IEA system and taking into account the demands from the Danish MFA as well as the practices of other donors to whom IEA also reports. The framework presented takes into account the IEA's desire to commit to indicators that provide measurable and achievable means to report on the expected results. However, the management structure of the project (described above in Chapter 4) will enable monitoring and feedback to be integrated into the project planning and could enable changes to be made to the project. For example, there is a recognition that over the first year of the project, the results framework could be adjusted through working closely with other donors to align indicators. In the meantime, and as a working mechanism, it is proposed that the approach adopted in practice by other CETP reporting structures be used. These involve using the largely quantitative and traceable indicators of a results framework and then periodically making a special review where a deeper analysis is undertaken to establish if there is evidence for higher-level results being met. In this way the achievement of higher-level objectives would be completed through a "periodic review" of the project, using as inputs the "routine monitoring" of the results framework. This allows a more in-depth and also independent review based on solid numerical data. In the case of this project financed by Denmark such analysis would be included as part of the (early) mid-term review and as part of the completion report where relevant.

This results framework and the associated theory of change (Annex 10) is in line with the Guiding Principles for the Danish Climate Envelope. As such, the intended impact of the project is reduced greenhouse gas emissions (an impact of the Envelope) which is promoted through strengthened national climate change policies, planning frameworks and information systems as well as scale up of climate-relevant markets (two outcomes of the Envelope). Contribution is also made to the third outcome of the Envelope (more consolidated, effective and ambitious international climate architecture) through the efforts to increase synergies and collaboration with other multilateral and bilateral programmes. However, as noted in the Guiding Principles, in projects related to policy reforms and capacity building, like this project, it is very challenging to assess the tons of carbon dioxide equivalent reduced (a core indicator of the Envelope) as a direct result of these interventions. Instead, the idea is to monitor the contribution to strengthened capacity and policy frameworks, which in line with theory of change in the Guiding Principles should lead to reduced GHG emissions.

One of the IEA's key strengths is its analytical and modelling capabilities, which provide insights into the main sources of GHG emissions and emission reduction pathways. The CETP and E4 Programme draw on this modelling and analysis to identify the priority regions, countries, and sectors with which to target our interventions throughout the programme phases to date. The CETP and E4 Programme will use an adaptive management approach to update programme activities as appropriate based on the availability of new and relevant modelling and the needs expressed by relevant countries. The specific procedures for this will be further discussed and developed during the inception phase, as outlined in 'Operational Procedures for Adaptive Management' (see Annex 15).

[29] The RF and indicators attempt to strike a balance between the need to report on results and keeping monitoring to a realistic level (leaving more qualitative assessment of the contribution of the programme to outcomes and impact to the mid-term review).

The IEA benefits from close relationships with governments, giving it access to studies conducted by government and other in-country experts. Further to the indicators in the results framework below, where available, the CETP and E4 Programme may also collect data to provide further insights on reduced greenhouse gas emissions through policy projects implemented by others (where available and as appropriate).

The objective of the VC to IEA for CETP is "Reduced GHG emissions through accelerated, secure, affordable and low carbon energy transitions in targeted emerging economies". In the case of overall clean energy transitions, the focus countries are China, India, and Indonesia. In the case of the E4 Programme, the partner countries and regions are Brazil, China, India, Indonesia, Mexico, South Africa, Africa, Latin America, and Southeast Asia.

Project title		**Support to the IEA Clean Energy Transitions Programme**	
Project objective		**Reduced GHG emissions through accelerated, secure, affordable, and low carbon energy transitions in targeted emerging economies**	
Impact Indicator		Partner emerging countries are increasingly meeting the energy related GHG emissions targets defined in their NDCs through the uptake and use of improved data, models, enabling environments and framework conditions and best-practice EE policy knowledge for advancing EE improvements.[30]	
Baseline	Year	2021	Gaps in data, models, frameworks and capacity to advance and implement clean energy and energy efficiency improvements that will meet energy related NDC targets.
Mid-term target	Year	2023	Better data, models, frameworks and capacity in place in target countries that contribute to their progress to meet energy related NDC targets.
Target	Year	2025	Data, models, frameworks, and capacity in place in target countries that contribute to their progress to meet energy related NDC targets continue to improve.[31]

Outcome 1		**CETP goals are increasingly met particularly in China, India and Indonesia**	
Outcome indicator		Extent to which clean energy policy targets are achieved in practice.[32]	
Baseline	Year	2021	Policy targets that relate to the proportion of installed clean energy are below cost-effective potential
Target	Year	2025	Contribution to [strengthening of] clean energy targets towards delivering the cost-effective clean energy potential and action aligns with SDG targets 7.1, 7.2 and 7.3 by 2030

[30] Means of verification (data): Progress as reported under SDG 7. Data and progress on these indicators will be recorded and referenced in annual SDG7 status reports. The annual report will summarise the contribution of the project towards these goals.

[31] At the impact level the indicators are beyond the control of the programme (IEA) – the programme is a contribution to meeting the NDC targets, not a guarantee that they will be met.

[32] Means of verification (data): The CETP background analysis points and update the RE potential in each country, which can then be compared to published RE targets and national reporting on RE share in practice.

Output 1.1		**In-depth country engagements with China, India, Indonesia leading to increased synergy with Danish bilateral programmes**	
Output indicator		In-depth country engagements with China, India, Indonesia lead to enhanced efforts on clean energy transitions and an increased synergy with Danish bilateral programmes [33]	
Baseline	Year	2021	Country dialogue is frequent but still ad-hoc – opportunities are being seized but could be further documented and optimised.
Mid-term target	Year 2	2023	Annual reporting against the results framework to document continuous advances in promoting: i) a strong data and knowledge foundation for renewable energy ii) international best practice on power market reforms: iii) clean energy pathways
End target	Year 4	2025	Annual reporting against the results framework to document continuous advances in promoting: i) a strong data and knowledge foundation for renewable energy ii) international best practice on power market reforms: iii) clean energy pathways
Output 1.2		**Increased awareness and evidence of the multiple benefits of clean energy transitions in priority countries**	
Output indicator		Analytical outputs, workshops, events, and other exchanges that are intended to increase awareness and evidence of multiple benefits of clean energy transitions[34] – where relevant the gender participation will be recorded	
Baseline	Year	2021	Limited analytical outputs, workshops, events, and other exchanges that increase awareness and evidence of multiple benefits of clean energy transitions have being undertaken
Mid-term target	Year 2	2023	2 Analytical outputs, workshops, events, or other exchanges with each country by end 2023 – where appropriate there will be an increasingly gender balanced participation
End target	Year 4	2025	4 analytical outputs, workshops, events, and other exchanges with each country by end 2025- where appropriate there will be an increasingly gender balanced participation.
Output 1.3		**Pool of local experts trained based on sound diagnosis of capacity development gaps that limit clean energy transitions in priority countries**	
Output indicator		Local technical experts engaged through workshops, events, trainings, and exchanges[35]	
Baseline	Year	2021	Countries have capacity development gaps including too few technical experts who are trained in clean energy relevant policy.
Mid-term target	Year 2	2023	10 technical experts from each country have completed IEA clean energy training up to end of 2023 – based on curriculum that respond

[33] Means of verification (data): The annual reports will be discussed annually. Country engagement should include all relevant stakeholder on the issues to ensure coordination and coherence and avoid duplications.

[34] Means of verification (data): The number of the workshops and events will be recorded, and satisfaction surveys and participant reflection will be carried out where appropriate – gender of participants will be recorded where appropriate. These, together with contribution assessment for a small sample of outputs will provide a basis for accessing the contribution to raising awareness, which can then be scored as: highly satisfactory/ satisfactory/ unsatisfactory/high unsatisfactory. Annual reports will summarise/analyse the contribution to increasing awareness of energy efficiency.

[35] Means of verification (data): The number of people who have been trained and completed IEA courses will be recorded. Gender of participants will be recorded where relevant. Training course reporting will be included in annual reports, which will include the elements of country level tailoring of the training materials.

			to a country specific capacity development gap analysis. Where relevant there will be an increasingly gender balanced participation
End target	Year 4	2025	20 technical experts from each country have completed IEA clean energy training up to end of 2025 – based on curriculum that respond to a country specific capacity development gap analysis. Where relevant there will be an increasingly gender balanced participation
Output 1.4		**Improved IEA analysis reflecting data and needs of priority countries and informing policy dialogue in these countries.**	
Output indicator		Tailored exchanges and analytical outputs produced / shared / presented / discussed with relevant entities and incorporated into IEA analysis[36]	
Baseline	Year	2021	IEA analysis is up to date, shared and considered high quality but needs to be regularly updated and improved through continued interaction with the Association countries.
Mid-term target	Year 2	2023	2 new tailored exchanges and analytical outputs are shared with relevant entities up to end 2023 and included in or used to update IEA analysis - and documented/referenced in annual reports with an analysis of their contribution to informing policy dialogue.
End target	Year 4	2025	4 tailored exchanges and analytical outputs are shared with relevant entities up to end 2025 and included in or used to update IEA analysis - and documented/referenced in annual reports with an analysis of their contribution to informing policy dialogue.

Outcome 2		**Political will for energy efficiency fostered**	
Outcome indicator		Evidence, through interviews with key officials and stakeholders and analysis of relevant published materials, of how high-level exchanges/engagements with relevant stakeholders at regional, national, and sub-national level, have maintained and fostered political will to advance energy efficiency policies, programmes, and measures.[37]	
Baseline	Year	2021	Limited high-level exchanges/engagements with relevant stakeholders at regional, national, and sub-national level are being undertaken.
Mid-term target	Year	2023	3 high-level exchanges/engagements with each country or region by end 2023 - *that are documented/referenced in annual reports with an analysis of their contribution to fostering political will.*
Target	Year	2025	6 high-level exchanges/engagements with each country or region by end 2025 - *that are documented/referenced in annual reports with an analysis of their contribution to fostering political will.*
Output 2.1		**Increased awareness and evidence of the multiple benefits of EE in priority countries and regions**	

[36] Means of verification (data): The number of technical exchanges/analytical outputs shared will be recorded and shared. Annual reports will summarise/analyse their contribution to informing policy dialogue.

[37] Means of verification (data): It is recognised that holding high-level events/engagements are not an end in themselves, but they have proven a means for fostering political will, understanding and ongoing commitment to energy efficiency. Each event planned, has an intention and is reported on. The number of events will be recorded. Annual reports will summarise/analyse the contribution towards political will. By the end of the funding period, the IEA will conduct an evaluation, including interviews with key stakeholders, to collect evidence of increased political will and how this has translated into maintaining and expanding energy efficiency activity.

Output indicator		Evidence of how analytical outputs, workshops, events, and other exchanges have increased awareness and evidence of multiple benefits of energy efficiency[38] - *where relevant the gender participation will be recorded*	
Baseline	Year	2021	Limited analytical outputs, workshops, events, and other exchanges that increase awareness and evidence of multiple benefits of energy efficiency have being undertaken
Mid-term target	Year 2	2023	3 analytical outputs, workshops, events, or other exchanges with each country or region by end 2023 – *where appropriate there will be an increasingly gender balanced participation*
End target	Year 4	2025	6 analytical outputs, workshops, events, and other exchanges with each country or region by end 2025- *where appropriate there will be an increasingly gender balanced participation.*

Output 2.2		**Monitoring and evaluation of existing and future energy efficiency policies is undertaken and strengthened in priority countries and regions**	
Output indicator		Evidence of strengthened support for energy efficiency policies and programmes that has been informed by technical exchanges / engagements which are intended to develop monitoring and evaluation tools of energy efficiency policies / programmes / regulations[39]	
Baseline	Year	2021	Limited technical exchanges / engagements to develop monitoring and evaluation tools of energy efficiency policies / programmes / regulations have been undertaken
Mid-term target	Year 2	2023	2 technical exchanges / engagements with each country or region by end 2023- *that are documented/referenced in annual reports with an analysis of their contribution to develop monitoring and evaluation tools of energy efficiency policies / programmes / regulations. Where appropriate there will be an increasingly gender balanced participation*
End target	Year 4	2025	4 technical exchanges / engagements with each country or region by end 2025- *that are documented/referenced in annual reports with an analysis of their contribution to develop monitoring and evaluation tools of energy efficiency policies / programmes / regulations. Where appropriate there will be an increasingly gender balanced participation*

[38] Means of verification (data): The number of the workshops and events will be recorded, and satisfaction surveys and participant reflection will be carried out where appropriate – gender of participants will be recorded where appropriate. These, together with contribution assessment for a small sample of outputs will provide a basis for accessing the contribution to raising awareness, which can then be scored as: highly satisfactory/ satisfactory/ unsatisfactory/high unsatisfactory. Annual reports will summarise/analyse the contribution to increasing awareness of energy efficiency. By the end of the funding period, the IEA will conduct a survey, including interviews with key stakeholders, to collect evidence of increased political will and how this has translated into maintaining and expanding energy efficiency activity.

[39] Means of verification (data): The number of technical exchanges/engagements will be recorded and on a sample basis a contribution assessment will access the contribution to improving monitoring and evaluation of which can then be scored as: highly satisfactory/ satisfactory/ unsatisfactory/high unsatisfactory. Gender of participants will be recorded where appropriate. Annual reports will summarise/analyse the contribution to develop monitoring and evaluation tools of energy efficiency policies / programmes / regulations, for which the target will be a rating of at least satisfactory on average.

Outcome 3		**Improved capacity to formulate and implement policies**	
Outcome indicator		People in positions to influence energy efficiency policies / programmes / regulations are trained and engaged on best practice energy efficiency policy to support policy processes and incorporate learnings and insights gained from exchanges with the IEA.[40]	
Baseline	Year	2021	Countries have insufficient numbers of people who are knowledgeable about energy efficiency policy and in a position to influence energy efficiency policies / programmes / regulations
Mid-term target	Year	2023	6 people in each country have completed IEA energy efficiency training or exchanges up to end of 2023 – *at least 50% of attendees are in positions of influence e.g. with policy, budget, personnel or wider advocacy or capacity development responsibilities. Where appropriate there will be an increasingly gender balanced participation*
Target	Year	2025	A total of 12 people in each country people have completed IEA energy efficiency training or exchanges up to end of 2025 – *at least 50% are in positions of influence i.e. with policy, budget, personnel or wider advocacy or capacity development responsibilities. Where appropriate there will be an increasingly gender balanced participation*
Output 3.1		**Pool of experts trained based on sound diagnosis of capacity development gaps that limit EE in priority countries and regions**	
Output indicator		Number and positions of technical experts engaged through workshops, events, trainings, and exchanges[41]	
Baseline	Year	2021	Countries have capacity development gaps including too few technical experts who are trained in energy efficiency policy.
Mid-term target	Year 2	2023	20 technical experts from each country have completed IEA energy efficiency training up to end of 2023 – *based on curriculum that respond to a country specific capacity development gap analysis. Where relevant there will be an increasingly gender balanced participation*
End target	Year 4	2025	40 technical experts from each country have completed IEA energy efficiency training up to end of 2025 – *based on curriculum that respond to a country specific capacity development gap analysis. Where relevant there will be an increasingly gender balanced participation*

Output 3.2	**Global best practice in EE has been identified, shared and adapted to national context in priority countries and regions**
Output indicator	Number of tailored exchanges and analytical outputs produced / shared / presented / discussed with relevant entities[42]

[40] Means of verification (data): The number of people who have trained and completed IEA courses will be recorded. Gender of participants will be recorded where relevant. Training course reporting will be included in annual reports, which will include the level of organisation and role of the participants and will indicate whether at least 50% of attendees are in positions of influence e.g. with policy, budget, personnel or wider advocacy or capacity development responsibilities.

[41] Means of verification (data): The number of people who have been trained and completed IEA courses will be recorded. Gender of participants will be recorded where relevant Training course reporting will be included in annual reports, which will include the elements of country level tailoring of the training materials.

[42] Means of verification (data): The number of technical exchanges/analytical outputs will be recorded and on a sample basis a contribution assessment will access the contribution to sharing of and enabling national adaptation of global best practice which can then be scored as: highly satisfactory/ satisfactory/ unsatisfactory/high unsatisfactory. Annual reports will summarise/analyse the contribution to increasing familiarity with global best practice and adapting it to the national context.

Baseline	Year	2021	Limited number of exchanges and events have been undertaken to familiarise countries with global best practice and/or how to adapt it to the national context.
Mid-term target	Year 2	2023	5 tailored exchanges and/or analytical outputs on global best practice for energy efficiency up to end of 2023 - *that are documented/referenced in annual reports with an analysis of their contribution to increasing familiarity with global best practice.*
End target	Year 4	2025	10 tailored exchanges and/or analytical outputs on global best practice for energy efficiency up to end of 2025 - *that are documented/referenced in annual reports with an analysis of their contribution to increasing familiarity with global best practice and adapting it to the national context.*

Outcome 4		**Enhanced knowledge and evidence for policy making and implementation**	
Outcome indicator		Number of policy processes reflecting exchanges and uptake of IEA work through the website, events, meetings, and in policies and programmes *which document how they have led to better informed policy making and implementation* [43]	
Baseline	Year	2021	Limited number of exchanges and uptake of IEA work at a rate that is not sufficient to optimise the potential for energy efficiency to reach SDG target 7.2
Mid-term target	Year	2023	3 exchanges or examples where uptake of IEA work is used in each country or region by end 2023- *that are documented/referenced in annual reports with an analysis of their contribution to improving the evidence base for informed policy making and implementation.*
Target	Year	2025	6 exchanges or examples where IEA work is used in each country or region by end 2025- *that are documented/referenced in annual reports with an analysis of their contribution to improving the evidence base for informed policy making and implementation.*
Output 4.1		**Improved data collection and analysis in target countries and regions**	
Output indicator		Number of exchanges and analytical outputs reflecting data improvements produced / shared / presented / discussed *with* relevant entities[44]	
Baseline	Year	2021	Exchanges and analytical outputs are being shared but not at a rate that is sufficient to optimise on the potential for energy efficiency
Mid-term target	Year 2	2023	3 tailored exchanges or analytical outputs on improved data collection and analysis up to end 2023 - *that are documented/referenced in annual reports with an analysis of their contribution to improving data collection and analysis.*
End target	Year 4	2025	6 tailored exchanges and analytical outputs on improved data collection and analysis up to end 2025 - *that are documented/referenced in annual reports with an analysis of their contribution to improving data collection and analysis.*

[43] Means of verification (data): The number of technical exchange and instances of uptake of IEA work will be recorded and shared. Annual reports will summarise/analyse the contribution to improving the evidence base for informed policymaking and implementation.

[44] Means of verification (data): The number of technical exchanges/analytical outputs will be recorded and shared. Annual reports will summarise/analyse the contribution to improving data collection and analysis.

Output 4.2		**Improved IEA analysis reflecting data and needs of priority countries and regions and informing policy dialogue in these countries and regions.**	
Output indicator		Number of tailored exchanges and analytical outputs produced / shared / presented / discussed *with* relevant entities and incorporated into IEA analysis [45]	
Baseline	Year	2021	IEA analysis is up to date, shared and considered high quality but needs to be regularly updated and improved through continued interaction with the Association countries.
Mid-term target	Year 2	2023	3 new tailored exchanges and analytical outputs are shared with relevant entities up to end 2023 and included in or used to update IEA analysis - *and documented/referenced in annual reports with an analysis of their contribution to informing policy dialogue.*
End target	Year 4	2025	6 tailored exchanges and analytical outputs are shared with relevant entities up to end 2025 and included in or used to update IEA analysis - *and documented/referenced in annual reports with an analysis of their contribution to informing policy dialogue.*

[45] Means of verification (data): The number of technical exchanges/analytical outputs shared will be recorded and shared. Annual reports will summarise/analyse their contribution to informing policy dialogue.

Annex 4: Budget Details

Denmark's contribution budget per year (DKKm)						
Programme/item	01/07/2021	2022	2023	2024	30/06/2025	Total
CETP contribution	1.18	2.37	2.37	2.37	1.18	9.47
E4 contribution	4.05	8.11	8.11	8.11	4.05	32.43
CETP strategic support and coordination	0.59	1.18	1.18	1.18	0.59	4.74
IEA overheads	0.33	0.65	0.65	0.65	0.33	2.61
Mid term review(s)			0.75			0.75
Total	6.16	12.31	13.06	12.31	6.16	50.00
Overall E4 programme (all sources)	9.38	18.75	18.75	18.75	9.38	75.00
% DK contribution						43%

Approximate allocations from Denmark (DKK m)		
Country/region	E4	CETP
Brazil	1.23	-
China	2.46	3.60
India	3.52	2.70
Indonesia	3.08	2.70
Mexico	1.23	-
South Africa	2.64	-
Regional Africa	2.64	-
Regional S-E Asia	0.88	-
Regional Latin America	2.64	-
Global	10.47	4.74
Adaptive management	1.64	0.47
Total	32.43	14.21

Notes:
1: E4 overall budget is Euro 2.5 m per year
2: VC overhead levy is 5.3%(OECD standard)
3: The secondment is allocated to CETP global
4: Mid-term review managed by MFA

Contribution to CETP	9.47
Contribution to E4	32.43
Mandatory mid-term Review (s)	0.75
CETP strategic support and coordination	4.74
IEA Overheads (5.3%)	2.61
Total	**50.00**

IEA cost categories:	E4 (DKKm)	CETP (DK (m)
Staff	19.27	5.93
Missions	3.20	0.95
Intellectual Services	3.20	0.95
Events	6.50	1.90
Other cost items:		
Overheads	2.08	0.53
Review	0.75	
CETP strategic support and coordination		4.74
Total	**35.00**	**15.00**

OECD cost categories group together costs by the nature of expenditure as defined by the OECD. These are then used to ensure consistency in expenditure reporting both internally and externally across the OECD. Standard OECD Cost Categories include:

- Staff & staff related costs- e.g. permanent standard cost, temporary staff base salary (social security…), trainees, internal billing centralised services, grants staff expenditure internal billing.
- Intellectual services- e.g. individual contractors and firms.
- Missions – staff & experts -e.g. per diem, travel, other costs, travel internal billing.
- Event/conference & receptions - e.g. reception expenses, room rental, foodstuffs, interpretation internal billing non staff, external interpreters (non-salaried).
- Other operating expenditure - e.g. other administrative expenses, telecom services, office supplies, stationery, IT annual maintenance internal billing non staff, hardware, software, publications, printing, graphic design, translation, training.
- VC administration charge - overhead cost recovery charge.

Travel: rules - The OECD Financial Instructions state that travel "should only be undertaken when: a) it is related to the Organisation's programme of work or to other Official purposes; b) it represents the best value for the Organisation in achieving its work programme or Official purposes; and c) it is carried out in conformity with the Financial Regulations and with Staff Regulations, Rules and Instructions applicable to Officials and Temporary Staff." (Financial Instruction 2.19)

Audit procedures - The OECD Council decided on an Audit Architecture and procedures which comprise an independent external audit, internal audit and an Audit Committee. The audit of voluntary contribution (VC) financed expenditures is covered in this framework. This audit architecture is presided over and monitored by the OECD Council, upon which sits a representative of every member country, including Denmark.

Funding will be managed in accordance with OECD Financial Rules and Regulations and other relevant IEA policies and procedures. All activities will be undertaken in accordance with the OECD Code of Conduct and the Staff Regulations, Rules and Instructions applicable to Officials of the Organisation. As an international organisation, the OECD/IEA has a comprehensive control framework for income and expenditure. All expenditures related to this contribution will be recorded in the accounts of the OECD which follow generally accepted accounting principles. The OECD/IEA cannot authorise any audits other than those carried out by its duly appointed auditors under the aforementioned Audit Architecture.

The responsible MFA unit shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the project. It should be emphasised that such missions are not a financial audit.

Annex 5: Risk Management Matrix

This annex contains the risk management framework that – as part of the adaptive management approach described in Section 3.5 - will be reviewed every year as part of project monitoring and reporting. Any changes required will be taken up in discussion within the IEA's E4/CETP processes and follow the procedures of the 'Operational Procedures for Adaptive Management'.

Contextual risks:					
Risk Factor	**Likeli-hood**	**Impact**	**Risk response**	**Residual risk**	**Background to assessment**
Governments protect assets that could otherwise be stranded and continue to prioritise incumbent energy supply.	Likely	Significant	Demonstrate the economic and social development benefits of meeting growing demand through EE and RE. Thereby risks are reduced but the rate clean energy transitions could be slower than anticipated.	Medium	The six partner countries are all committed to the Paris agreement and SDGs, but clean energy transitions could still be slow, particularly where large numbers of jobs are at risk in incumbent industries.
Governments are unable to renegotiate preferential supply contracts.	Possible	Medium	Demonstrate the economic and social development benefits of meeting growing demand through EE. Residual risks are minor for EE activities as demand is growing.	Minor	Existing supply contracts could be problematic for RE but as the bulk of the activities are on EE and demand is growing the residual risk is minimal.
The Covid-19 pandemic could lead to economic downturn that changes government priorities away from the clean energy transitions to competing priorities.	Likely	Medium	IEA Executive Director has issued a call to put clean energy at the heart of the Covid-19 recovery. This early marker was followed by a comprehensive series of "damage assessments" for how the crisis is impacting all fuels and all technologies, actionable recommendations for economic recovery plans. the IEA's Sustainable Recovery Plan sets out 30 actionable, ambitious policy recommendations and targeted investments. According to this Plan, 35% of new jobs could be created through EE and another 25% in power systems, particularly in wind, solar and modernising and strengthening electricity grids.	Medium	The Covid-19 crisis has had profound effects on the global economy and government priorities in emerging economies and around the world.

Programmatic risks:					
Risk Factor	**Likelihood**	**Impact**	**Risk response**	**Residual risk**	**Background to assessment**
Changing governments leading to changing priorities slowing programme implementation	Possible	Medium	Work with an ever-diversifying range of actors in the partner counties to reduce political risk.	Minor	Energy efficiency generally has support from across political divides. The six partner countries are all members of the IEA family and have shown increasing commitment to working with the IEA over the past six years.
Mixed messages from competing donor projects can cause confusion and slow progress in policy action.	Possible	Medium	To the extent reasonable and possible, ensure effective coordination between related projects. Risks still exist but can be reduced through regular monitoring and coordination in relevant international fora and at country level. Danish government agencies and partners will share information about all relevant projects it has funded in the target countries to ensure that the IEA has the opportunity to capitalise on any potential complementarity between efforts.	Minor	Based on the IEA's previous work in the six partner countries and its reputation as a trusted, impartial adviser, it is less likely that the IEA's messaging will be misconstrued or mixed with that of other projects. Experience also indicates that government officials in the six partner countries have become increasingly active in managing coordination themselves and choosing their advisors carefully.
Covid-19 restrictions may continue to affect operational work with partner countries.	Likely	Medium	To mitigate the impact of the crisis on IEA staff's health and work programme, the IEA has implemented a range of technology and software system solutions to minimise disruption to the delivery of the IEA's work.	Minor	Covid-19 restrictions to duty travel has necessitated a different approach to working with country level and international partners and stakeholders. CETP and E4 have successfully held online webinars, conferences and summits during the Covid-19 crisis, and recently rolled out its first online training workshops – the Singapore-IEA Regional Training Programme on Sustainable Energy Policies for Smart Cities. While face-to-face events or in country visits are ideal where possible, CETP and E4 will continue best endeavours to reschedule or

					provide the deliverables via electronic methods, as appropriate.
Institutional risks:					
Risk Factor	**Likelihood**	**Impact**	Risk response	**Residual risk**	**Background to assessment**
Overlap with interventions supported by other multilateral and/or bilateral development partners.	Possible	Medium	Other multilateral efforts and international initiatives will be invited to take part in relevant activities, such conferences and workshops when appropriate. IEA will organise (as needed) engagements with other key stakeholders working on clean energy transitions in emerging economies, especially partners involved in Danish energy partnership programmes. The CETP Funders Strategy Group will enable funders to engage in strategic conversations about the CETP's development and implementation, and to ensure that IEA efforts are complementary to and do not duplicate other bilateral and multilateral collaborations. In addition, the IEA will use best efforts to ensure that other organisations supporting the clean energy transition are aware of its planned activities to maximize collaboration and avoid overlaps. For example, the IEA will explore opportunities for information exchange with the Clean Energy Ministerial Secretariat/relevant workstreams. In addition, IEA will continue to communicate its CETP/E4 work with emerging economies via its website and to relevant stakeholders, such as IEA Member countries, regional and national partners, and other international groups, to raise awareness and avoid overlap, and continue dialogue on complementary actions.	Minor	Sustainable energy and climate change mitigation is a crowded field with many multilateral and bilateral development partners and insufficient clarity in the ecosystem/institutional architecture on roles/comparative strengths.
Failure to deliver or effectively elicit and communicate the	Unlikely	Minor	The theory of change and results framework have been designed with realistic and measurable targets and a plan for	Minor	This project is strategic and high-profile.

project's results could reflect negatively on IEA, MCEU and the MFA.			communication of results has been included as Annex 7.		
Emissions reduction will mainly accrue after the Project has ended	Likely	Minor	Prioritise high impact activities and use of intermediate indicators.	Minor	The speed at which EE measures can be implemented is affected by many factors, including the number of qualified staff available within governments and the availability of funds to implement policies effectively. The demand driven nature of the project and the understanding that it will help meet Paris and SDG commitments increase the likelihood that EE policies are prioritised even where there is competition for resources.

Annex 6: List of supplementary Materials

Note: the first five documents on the list below are in the public domain, the rest are not

#	Document / Material	Source
1.	Minutes of the Danida Programme Committee meeting on 29 November 2020	MFA
2.	Concept Note for Danish Voluntary Contribution to the IEA for the CETP	MFA
3.	Chair's Summary for IEA Clean Energy Transitions Summit 9 July 2020	IEA
4.	CETP Annual report 2019	IEA
5.	Ministerial roundtable on Economic Recovery through Investments in Clean Energy	MCEU IEA
6.	Danish VC to the IEA - Extension to June 2021 of support for the prolongation IEA E4 Phase 2	IEA
7.	E4 Phase 2 Progress Report 2019 Final Draft	IEA
8.	E4 Phase 2 Progress Report 2018 Final	IEA
9.	IEA E4 Programme Document Phase 2 (Sept. 2017)	IEA
10.	Program to support IEA's focus on renewable energy and energy efficiency 12 October 2016	IEA
11.	Examples of progress on policies and GHG reductions in E4 countries	IEA
12.	CETP in China India and Indonesia	IEA
13.	E4 Country focused activities	IEA
14.	IEA E4 II Appraisal Report Final 05.09.2017	MFA

Annex 7: Plan for Communication of Results

The three key target audiences for this communications plan are:
1. Other potential donors with the aim of increasing the support for CETP.
2. Decision makers and practitioners in partner countries to highlight the opportunities and benefits of the CETP backed by Denmark.
3. Danish decision makers (and taxpayers), making them aware of the strong results of the CETP.

What? (the message)	**When?** (the timing)	**How?** (the mechanism)	**Target Audience(s) ref number 1,2,3 above**	**Responsible**
The Danish VC shows continued Danish leadership in EE/CET and is critical to the IEA's work to spearhead clean energy transitions in key emerging economies. The IEA is pleased to continue its work to support government partners on their efforts to improve energy efficiency and deliver clean energy transitions. Continued support allows the IEA to deepen analysis and exchange, between the world's major emerging economies and globally.	When the new funding agreement is signed.	IEA will develop a media release with quotes from the IEA Executive Director and the Danish Climate Minister. The VC will be highlighted at relevant high-level international fora such as the IEA Clean Energy Transitions Summit 2021. The IEA will update the relevant sections of the IEA website and include the announcement as a headline in upcoming newsletters. The IEA will also announce this as a priority through channels such as the Funders Strategy Group Meeting and other relevant working parties. CETP event at the IEA Ministerial Meeting 2021/2022.	1 + 2	IEA (with MCEU support)
Denmark has shown leadership to continue funding for the CETP and E4 Programme at this critical	When the new funding agreement is signed.	IEA's Executive Director will continue highlighting the impact of the CETP/E4 Programme to current and potential	1	IEA

What? (the message)	**When?** (the timing)	**How?** (the mechanism)	**Target Audience(s) ref number 1,2,3 above**	**Responsible**
time for clean energy transitions – we are looking to our other programme donors to support your position of leadership through continued contributions.		funders and partners, and senior management will continue ongoing discussions with other supporters.		
Articles to highlight successes in programme countries and regions and improve knowledge sharing. Technical exchanges with programme countries and the main conclusions from these exchanges.	Throughout the new phase of the programmes, where appropriate and partner countries agree to/there are no confidentiality restrictions that would prevent the outputs being published on the IEA website.	IEA website, CETP and E4 webpages, newsletters, social media, publications, training materials, webinars and events.	1 + 2 + 3	IEA
The benefits of clean energy transitions and energy efficiency, and provision of data, analysis and trends and best-practice to support decision making.	Regularly throughout the new phase of the programmes as new resources and initiatives become available.	IEA website, CETP and E4 webpages, newsletters, social media, publications, training materials and webinars and events.	2	IEA
The CETP can provide the necessary high-quality support to help countries to achieve their clean energy ambitions.	Annual or regular events.	Fostering political will through the IEA's Clean Energy Transitions-related ministerial/high-level events and exchanges, hosted by the IEA's Executive Director.	1 + 2	IEA
Denmark contributes to IEA CETP/E4. Impact stories for both country examples and public awareness.	From the approval of the project and throughout the project duration and beyond.	IEA website, MCEU website, relevant Danish publications, (MFA website), World's Best News campaign.	3	MCEU and DEA

Annex 8: Process Action Plan

Action/product	Deadlines	Responsible/ involved Person and unit	Comment/ status
Preparatory work and securing the funding envelope			
Ministerial approval of the proposed project budget as part of Government's proposal for the Finance Bill for 2021 (The Climate Envelope)	End May 2020	MCEU, MFA	Reflected in The Government's Priorities for Danish Development Cooperation 2021-2024
Outline IEA note with annexes to consultant	11 September	MCEU, IEA	Input to drafting of Concept Note
External formulation consultant starting	Start 14 September	MFA	
Concept Note and Programme Committee			
Meetings IEA, MCEU, Delegation, (MFA/GDI) (DEA), consultant	14, 15, 16, 17, 18, 29 September, 7 and 26 October	Delegation[46], MCEU, IEA	
Preparation of draft Concept Note	21 September – 28 October	Consultant with IEA, Delegation, GDI, and MCEU (DEA)	
Forward final Concept Note to MFA Programme Committee Secretariat	28 October	GDI	
Public consultation process on Concept note	30 October – 12 November	MFA	Was posted here for public consultation
Programme Committee Meeting	19 November	MFA	
Meeting Delegation, MCEU, consultant to discuss takeaways from Programme Committee	23 November	Delegation	
Liaison with MFA/ELK re timeline for appraisal	23 November	MCEU/GDI	ELK will undertake the appraisal
Working meeting IEA/ Delegation/ MCEU/ consultant	24 November	IEA	Agree on next steps and further information/ inputs needed
Chairman's formal conclusions/Minutes from the Programme Committee meeting	3 December	MFA	
Formulation and appraisal of Project Document and approval of Voluntary Contribution			

[46] Delegation=The Danish permanent delegation to OECD, anchored in the Embassy of Denmark in Paris, France, who is also responsible for liaison with IEA

1st draft Project Document to IEA, MFA/GDI, Delegation and DEA for comments	7 December	Consultant with IEA inputs	
Comments on 1st draft Project Document	14-16 December	IEA, GDI, MCEU, Delegation and DEA	
Meeting with formulation consultants to discuss comments and agree how to adjust Project Document for Appraisal	16 December	MCEU, Delegation	
Meeting with IEA to discuss comments and agree follow-up	16 December	MCEU, Delegation	
Draft Project Document to MCEU, incl. Annexes ready for appraisal	18 December	Consultant with IEA, MCEU	
Project document submitted for appraisal	21 December	MCEU	ELK will undertake the Appraisal
Appraisal Preparation Note to GDK[47] and MCEU	14 January	ELK	
Kick-off meeting for appraisal	21 January	Appraisal team, MCEU, OECD Delegation, ELK, GDK, DEA, IEA	
Virtual meetings as needed with IEA, MCEU, Delegation, ELK, DEA, and the formulation consultant	21 January – 3 February	ELK Appraisal team	
Draft appraisal report circulated to MCEU, Delegation, GDI, IEA, DEA for comments	8 February	ELK	
Comments on draft appraisal report	10 February	MCEU, Delegation, GDK, IEA, DEA	
Opportunity for clarification of appraisal conclusions and recommendations with formulation consultant	12 February	ELK/ MCEU	
Draft final appraisal report	16 February	ELK	
Agreement on how to adjust Project Document in response to appraisal recommendations	26 February	MCEU, Delegation, consultant	
Adjustment of Project Document based on appraisal recommendations	26 February-3 March	Consultant with MCEU, IEA	
Internal final management review in MCEU and GDK and	3-22 March	MCEU, GDK	Including Annex 9 signed follow-up to appraisal

[47] New name from 2021: Department for Green Diplomacy and Climate (GDK)

finalisation of the project Document			recommendations
Final Project Document with appropriation cover forwarded to MFA for distribution to members of the Council for Development Policy	23 March	MCEU, MFA	
Council for Development Policy (UPR) Meeting	15 April	MFA	
Presentation of Project proposal to the Danish Minister for Development Cooperation for approval	End April	MFA, MCEU	
Approval by the Finance Committee of the Danish Parliament	May	MFA MCEU	
Agreement finalised and signed by Denmark and project and financing presented to and approved by the IEA Governing Board	By end June	IEA	
Signing of Agreement IEA/ Denmark	End June	MCEU, GDI, IEA	
Implementation Q3 2021-Q2 2025 (4 years)			
Completion of current Danish VC to E4 under no-cost extension (tbc).	30 June 2021	IEA	
Disbursement of 1st annual tranche to IEA	1 July 2021	GDI, MCEU	
Draft CETP Work Plan	By 30 April each year	IEA	For each year of the Project
Annual narrative CETP report	30 March of the following calendar year	IEA	
E4-specific annual narrative report	30 June of the following calendar year	IEA	
Annual financial reporting for CETP and E4	30 June of the following calendar year	IEA	
Meetings of IEA's Governing Board	Annually	IEA	MCEU participation
Meetings of the CETP Funders Strategy Group	As needed	IEA	MCEU participation
E4 Reference Group meetings	Every six months	IEA/MCEU	
IEA/Denmark country specific coordination meetings (inputs to meetings could include short semi-annual reports highlighting synergy, coordination, and cooperation with Danish bilateral programmes)	Every six months (Q2 and Q4) for each of the six partner countries	IEA/ MCEU/ DEA	Autumn meetings (Q4) to primarily discuss following year annual workplan. Spring meetings (Q2) to

			primarily discuss previous year annual report.
Mid-Term Review	Mid-2023	MFA	
Completion of Danish VC to IEA	End Q2 2025	IEA	Followed by final reporting

Annex 9: Signed Table of Appraisal Recommendations and follow-up Actions taken

Title of Programme/Project	**Voluntary Contribution to IEA Clean Energy Transition Programme (CETP)**
File number/F2 reference	**F2 2020-24577**
Appraisal report date	**19 February 2021**
Council for Development Policy meeting date	**15 April 2021**
Summary of possible recommendations not followed **(to be filled in by the responsible unit)**	

Overall conclusion of the appraisal:

The Voluntary Contribution to IEA's Clean Technology Transition Program (CETP) is a sound development intervention. This appraisal was carried out based on draft project documents. The appraisal was guided by the AMG including the Guidance Note: Adaptive Management, MFA November 2020. Key-issues identified were discussed in an appraisal process with IEA's CETP team. The appraisal recommendations are a documentation of this process**.**

The appraisal is positive and recommended for approval, with the following remarks:

- **Support to CETP is relevant**. CETP through IEA is well positioned to use its comparative advantages in the continued support to emerging economies in achieving their clean energy transitions targets and it is relevant, both in terms of alignment with Danish policies in relation to reduction of carbon emissions and climate actions, but also to contribute to increased climate action on the global scale.
- **Support to CETP is well justified.** The PD offers a good justification for the support, inter alia by outlining the previous support and the lessons learnt to CETP and the two first phases of support to E4. The CETP also reached out to IEA Member Countries, in particular to six major emerging economies.
- **CETP adheres to the development effectiveness agenda** the organisation contributes to the division of labour in the international climate architecture and aligns with Danish priorities and is further strengthened by the continued Danish support to E4 and CETP.
- **The choice of partners at both international and national level are well justified**. IEA's primary role and mandate is engagement with the energy policy community, and IEA policy advisory support to emerging economy partners. IEA's choice of international partners varies from country to country based on the relative advantages of each organization and the needs of the country at any particular point in time. This changing landscape needs continual monitoring and review. However, IEA needs sufficient implementation flexibility as suggested with the proposed Adaptive Management Approach to address the changing demands on the short run.
- **Quality of the design of CETP is adequate** but the draft project document require adjustment to meet the AMG requirements in relation to Adaptive Management.
- **Governance and management** of CETP need reworking to integrate AM responses.
- The draft project document **Theory of Change and results framework** presented for appraisal needs reworking.
- The **risk management** needs to be integrated with the AM approach and improved in the draft final project document
- **Cross cutting issues** are well addressed.

Recommendations by the appraisal team	Follow up by the responsible unit
Adaptive Management and Governance	
Recommendation 1: *The AT* ***recommends*** *that the specific adaptation modalities and decision-making mechanisms at the programme level include specific descriptions of:* 1. *How possible targets and indicators can be modified at the program level,* 2. *How new projects/activities can be added and others terminated,* 3. *How unallocated and contingency funds are managed at program and/or activity level,* 4. *How funds can be shifted between or within activities/budget lines* 5. *How new partners are being taken on board and old partnerships ended* 6. *How impact, outcome and output indicators can be changed at the activities level*	Operational Procedures of Adaptive Management will be drafted during the inception phase and might include adjustments that typically involve: targets and indicators at the programme level; the addition or termination of new activities; the use of the adaptive management budget line; shifting of funds between or within activities/budget lines; the introduction of new partners and withdrawal of old partnerships; changes in impact, outcome and output indicators. This has been reflected in the Project Document section on Work Planning, Monitoring, and Reporting.
Recommendation 2: *The AT furthermore* ***recommends*** *an Inception Review to be carried out of the CETP in order to assess whether ad hoc consultations between Denmark and IEA at central level will be sufficient to monitor the Danish support. The Inception Review of the CETP shall also assess the Adaptive Management approach adopted as well as the possible synergies with in-country activities of Danida and other donors.*	As part of the adaptive management approach, the first year of the project will allow experience to be gained and formalised in an Inception Review so that adjustments to the procedures, results frameworks and budgets can be discussed with relevant parties. This has been reflected in the Project Document section on Work Planning, Monitoring, and Reporting.
Results Framework	
Recommendation 3 *The AT* ***recommends*** *the results framework be adjusted to reinforce focus on tangible results to be identified by the IEA CETP/E4 teams in order to push the outcomes "down" and outputs "up" and bridge the gap between outcomes and outputs in the results framework,*	The results framework will be further elaborated to reinforce the focus on tangible results and to be decided upon during the inception review. As of now three new outputs have been added which further highlight how changes are produced within the IEA core type of activities and partnerships:

	Output 1.2 – Increased awareness and evidence of the multiple benefits of clean energy transitions in priority countries. Output 1.3 – Pool of local experts trained based on sound diagnosis of capacity development gaps that limit clean energy transitions in priority countries. Output 1.4 – Improved IEA analysis reflecting data and needs of priority countries and informing policy dialogue in these countries.
Adaptive Management and Risk Management	
Recommendation 4: *It is the view of the AT that the matrix would need a few clarifications and adjustments. Adaptive programme risk management is a key performance goal for Danida. The AT* ***recommends*** *to adjust the PD to describe the adaptation and risk management approach, and the monitoring and experience gathering underpinning the risk management. This approach and these activities would be part of the performance goals for Danida. Accountability should be explicit and verifiable, and the focus of possible programme adaptations and be at the center of the supervision duties of programme managers.*	Operational Procedures of Adaptive Management will be drafted during the inception phase. It will include continued monitoring and updating of the risk management framework. This has been clarified in the main text section on Work Planning, Monitoring, and Reporting and in Annex 5 Risk Management.
Recommendation 5 *The AT* ***recommends*** *to set aside unallocated funds to build in resources and accommodate the Adaptive Management Approach for CETP. The AT finds a level of Unallocated funds comparable to the IEA administration fee to be sufficient. A budget line should be included at the Programme Level – and the individual component budget lines should contribute pro-rata*	Agreed. A budget of DKK 2.1 million has been set aside for later allocation - to be decided as part of the annual work planning process and termed as the adaptative management budget line. Specific procedures for allocation is outlined in the Operational Procedures of Adaptive Management that will be drafted during the inception phase.
Monitoring	
Recommendation 6 *The AT* ***recommends*** *that an independent evaluation be carried out of the E4 programme and the CETP based on the OECD DAC evaluation criteria in order to establish the undisputable impact*	The Ministry of Foreign Affairs and the Ministry for Climate, Energy and Utilities will propose an evaluation cutting across more international organisations that are not evaluated under the MOPAN modality, such as IEA, IRENA and possibly others to be determined.

of the programs and establish the link from the programme activities to outcomes and impact.	However, such a study is not part of the voluntary contribution to IEA, hence not reflected in the project document.
Recommendation 7 *The AT* ***recommends*** *a more elaborate study on Danish assistance to the energy sector globally is carried out in order to assess how Danish partners, MFA and MCEU, could provide IEA CETP with details and information on the Danish support to the energy sector both to avoid overlaps both nationally and globally and to identify possible synergies to be developed as part of an Adaptive Management Approach.*	This recommendation has merit given Denmark's strong engagement with a range of multilateral and bilateral partners in sustainable energy cooperation, but such a study is not part of the voluntary contribution to IEA. It is noted that Annex 11 and 12 in the Project Document describe the bilateral energy partnership programme with key CETP/E4 partner countries and the collaboration and linkages with other multilateral development institutions and stakeholders relevant to CETP/E4.

I hereby confirm that the above-mentioned issues have been addressed properly as part of the appraisal and that the appraisal team has provided the recommendations stated above.
Signed in……**COPENHAGEN**…….. on the …**15 March 2021**…..……

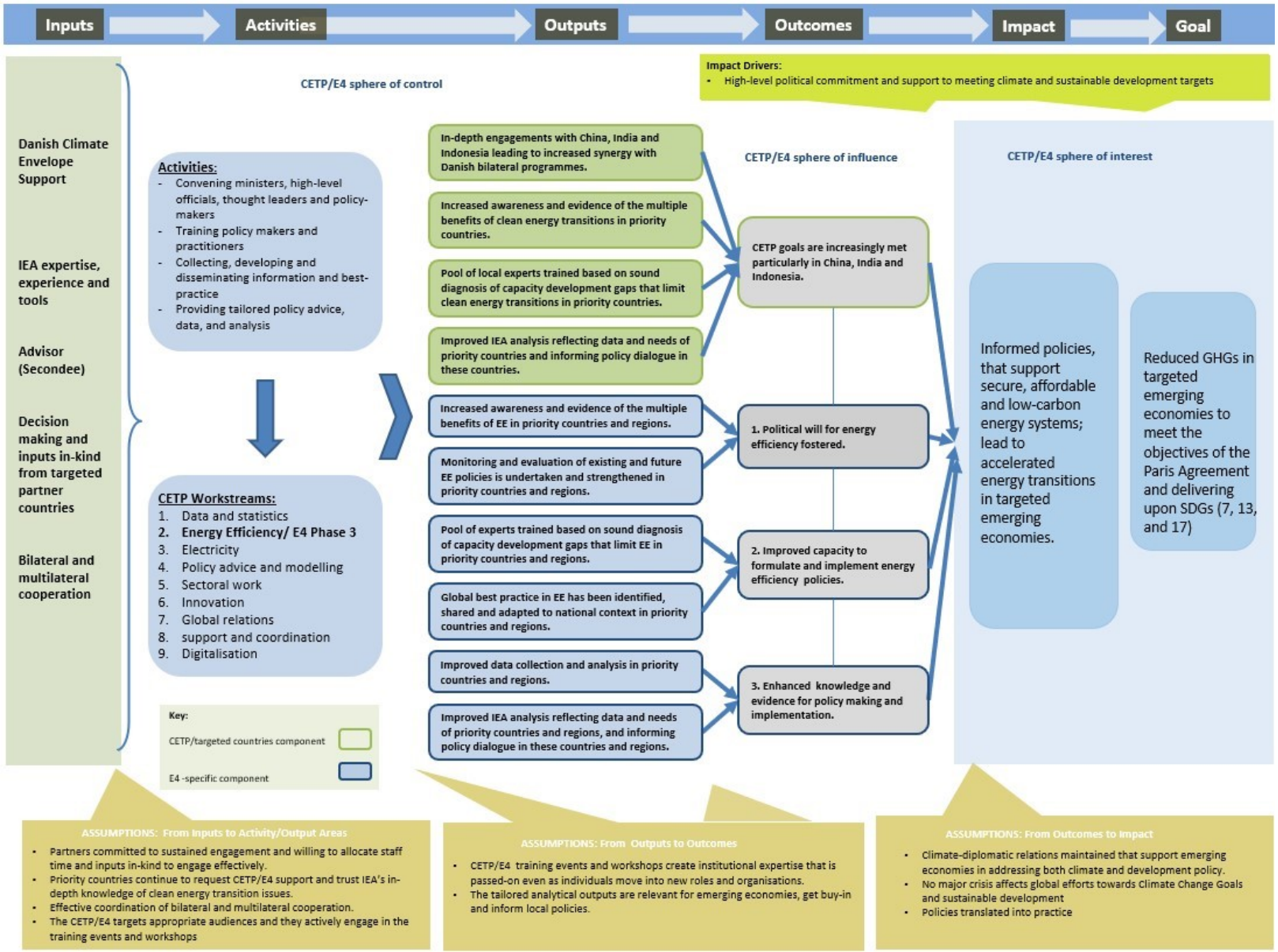
Torben Traustedt Larsen
Appraisal Team leader/ELK representative

I hereby confirm that the responsible unit has undertaken the follow-up activities stated above. In cases where recommendations have not been accepted, reasons for this are given either in the table or in the notes enclosed.

Signed in…… on the…15 March 2021……

Head of Unit/Embassy

Annex 10: Theory of Change Graphic



Annex 11: Summary Description of Danish Energy Partnership Programmes

Through various bilateral country programmes and projects, the Danish Energy Agency (DEA) has partnership agreements with five of the six focus countries of the CETP and E4. These countries are China, India, Indonesia, Mexico, and South Africa. Below follows a short description these programmes and projects, which also indicate areas of complementarity between DEA interventions in those countries and CETP/E4.

The overall focus of the Danish energy partnership programmes is reduction of CO_2 emissions and they have the following main areas of importance for the green transition:

- Long-term energy modelling and planning
- Enhanced framework conditions for renewable energy
- Integration of renewable energy and flexibility of the power sector
- Energy efficiency

i.e. areas that are also in focus in CETP and E4.

At the conceptual level, the complementarity is therefore evident. Like CETP /E4, the Danish-supported programmes and projects are adapted to the specific country circumstances and political aspirations. Some of the partnership programmes go ten years back, while others have just started, and each have their specific qualities and mix of the four focus areas. In terms of the implementation approach the program are characterised by long-term GtG cooperation (5 years duration) and continuous presence by embedded long-term-advisors in the partner institutions supporting the development of institutional capacity in the above-mentioned areas and provision of capacity building and technical assistance by the Danish Energy Agency and the Danish Transmission System Operator Energinet.

The partner countries in the Danish-supported projects and programmes are selected according to their energy-system carbon footprints, and their political importance for achieving the global targets stated in the Paris Agreement, as the institutions involved in the cooperation are the most important decision makers in terms of energy policy and often climate policy. Therefore, there is also complementarity and synergy in cooperation and coordination at the local institutional level between CEPT/E4 and DEA, and in having systematic approaches to trilateral cooperation (DEA, IEA and partners) to avoid duplication of works and ensure amplification of impact.

The list below is not exhaustive but reflects some specific activities in the Danish cooperation, where the complementarity with IEA's efforts is apparent and advisable in term of activities and institutions.

China

DEA have a long record of GtG cooperation with China about energy. DEA's programmes in China involve the National Energy Authority, the National Development and Reform Commission, the Ministry of Environment and Planning, China National Renewable Energy Centre, State Grid and power companies, universities and a number of provincial authorities.

- DEA is working bilaterally with China on district heating, which can be complementary to the work done through the E4-programme.

- The E4-programme has developed a strategy for improving China's district heating, supported the development of 2050 Energy Efficiency Roadmap for China, and produced an in-depth analysis of China's energy efficiency impacts in Energy Efficiency Market Report 2016.
- DEA is working together with ERI/NDRC on the development of long-term scenarios for the entire energy system, supporting the development and implementation of energy and climate policies. The results will be published as an annual China Energy Outlook. The work includes gathering of data, analysis of future cost and technology trends, development and analysis of scenarios, and creation of policy recommendations.
- Work on the development of scenarios and policy recommendations at the provincial level, with a focus on specific case studies of relevant provinces.
- Additionally, there is an established cooperation with the National Energy Administration (NEA) and State Grid Corporation of China on the development of power markets and digitalisation of the electricity system, with a focus on capacity development.
- There is a cooperation programme between DEA and the Ministry of Ecology and Environment (MEE) focused on capacity development of national and provincial government officials on the development of climate and energy policies.

India

DEA's cooperation with the Indian authorities is relative recent but rapidly expanding. The focus of the cooperation is currently the power sector, including key Ministries and power companies. DEA supports ongoing work in the following areas, which are complementary and already coordinated with IEA efforts in the same areas:

- Long-term power system modelling and planning
    - Flexibility in the power system
    - Thermal power plant flexibility
- Grid codes for enhancing of variable renewable energy
- Forecasting of variable renewable energy generation and system operation
- Power market development
    - Increasing the share of power traded on the markets
    - Power market design including ancillary services, market monitoring, financial contracts, market
    - coupling and cross-border trade

Indonesia

Denmark has a long record of cooperation with Indonesia in environment and energy. Key partners are the Ministry of Energy and Mineral Resources (MEMR) and the national power company PNL and DEA is involved with regional and municipal authorities.

- DEA has already developed a training course for 50 municipal officials on how to demonstrate compliance with the energy requirements in the building regulation.
- DEA will train energy managers and energy auditors for large commercial buildings, assist in implementing the building code to more municipalities, and help implementing sustainability requirements for new constructions like the new capital and airport, which can

contribute to the third phase of the E4-programme. Furthermore, investigation of energy saving potential in power plants was completed.

- DEA together with the Indonesian Ministry of Energy and Mineral Resources (MEMR) are developing a pipeline of RE-projects with MEMR. The RE-pipeline is based on RE planning in accordance with regional resources and least-cost optimization. The Ministerial Decree will secure RE goals for each region in Indonesia.
- DEA is supporting Indonesia in securing electricity supply with high shares of variable renewable energy through short-term forecasting and system operations.
- Scenario-based long-term energy plans secure choice-awareness for Indonesian decision makers.
- DEA has trained central- and regional government staff in energy modelling and scenarios. This will continue to secure that government official can use state-of-the-art modelling tools for energy scenarios on their own.

Mexico

Denmark has a long record of cooperation with Mexico regarding energy and climate policy. The Danish Partnership programmes are anchored in the following important government partners: The Ministry of Energy (SENER), the Energy Efficiency Agency (CONUEE), the Ministry of Environment (SEMARNAT), the Institute for Climate Change (INECC) and the Transmission System Operator (CENACE). An important element of the programme for 2020-24 will be capacity building in energy and climate management at the provincial level. The programme has two long-term advisors (LTAs) stationed in the country and an energy attaché at the embassy.

- DEA has assisted the revision of the building code from prescriptive to performance based and helped including the building code into municipal codes; this has contributed to the E4-programme with regard to advancing energy efficiency in buildings and developing a Roadmap for Building Energy Codes and Standards
- DEA has also trained local officials (about 600 people), introducing the voluntary agreement scheme for industry and transferred knowledge on energy audits of industry.
- For phase 3 of the E4-programme, some of DEA's future work might also be complementary.
- The DEA will reinforce contact to the regions and municipalities and continue to implement the voluntary agreement scheme for industries,
- DEA will assist with feasibility studies for pilot projects for cogeneration in industry; develop a roadmap and strategic initiative to promote cogeneration.
- DEA is building capacity for data collection and analysis of energy demand and energy efficiency information.
- DEA has developed the concept for an IEA-compliant Statistical Information System (SIE) for SENER
- DEA is assisting in Long-term power system planning modelling and scenarios for RE energy and climate mitigation.
- Integration of energy system and climate modelling in INECC.
- DEA is assisting CENACE with short Term forecasting of renewable energy and transmission system planning.

Annex 12: IEA Collaboration and Linkages with other multilateral Development Institutions and Stakeholders as relevant to CETP/E4

This annex expands on the context section of the main text, in terms of IEA's partnership and linkages with selected multilateral and inter-governmental institutions in the international climate and sustainable energy architecture. A few international non-governmental partnerships are also included. Particular emphasis is placed on the synergies with IRENA and the Copenhagen Centre on Energy Efficiency.

Institution	Nature of IEA's collaboration and linkages with these stakeholders as relevant to CETP/E4	Supported by Denmark in multilateral cooperation
Sustainable Energy for All global team (SEforALL)	Regular high-level dialogue particularly in the context of cooling and also the three percent club but no detailed engagement on in-country implementation.	Yes
World Bank Energy Sector Management Assistance Program (ESMAP)	Dialogue on practical topics mainly focused on particular countries of mutual interest. Occasional collaboration on specific projects and training in particular e.g. ESMAP might have a buildings project so they send their counterparts to our policy training courses.	Yes
International Renewable Energy Agency (IRENA)	The IEA IRENA relationship is managed by the IEA Renewable Energy Division. In April 2019, the IEA Executive Director and IRENA Secretary General signed a new Memorandum of Understanding to further strengthen collaboration between the two Agencies. Specific areas of cooperation between the two Agencies include exchange of statistics, renewable cost data, joint policy database, enhanced collaboration on policy analysis (including an ongoing study on renewable heat policies), as well as the organisation of joint events and training. Since summer 2019, collaboration is further reviewed and guided by a joint IEA-IRENA working group, constituted by managers and senior staff of both Agencies. IRENA is systematically invited to speak IEA Renewable Working Party meetings, where IEA delegates can ask questions on collaboration items or any other IRENA projects. Further areas of cooperation include: • SDG7 tracking report - IEA and IRENA are co-custodians, alongside World Health Organization (WHO)/World Bank/United Nations Statistics Division (UNSD) • Clean Energy Ministerial (CEM) Long-Term Energy Scenarios (LTES) campaign - Operated by IRENA, IEA participates • CEM flexibility campaign - Operated by IEA, IRENA considering participation	Yes

	• Innovation and Technology Collaboration Programmes (TCPs) – IRENA is observer in several IEA Technology Collaboration Programmes	
Clean Energy Ministerial (CEM)	IEA hosts the CEM Secretariat and there are regular discussions on energy efficiency in the context of CEM. The strongest collaboration at the moment is on the Super-efficient Appliances Deployment Initiative, which is being revived, in part as a mechanism to support the UK-led Product Efficiency Initiative for COP 26 and beyond.	Yes
NDC Partnership	IEA's climate change team lead the dialogue with the NDC Partnership and coordinate within the IEA. There is no detailed exchange on energy efficiency	Yes
Global Environment Facility (GEF)	Occasionally the IEA is consulted on specific projects in countries or by GEF HQ. IEA is jointly implementing a GEF funded project on electric vehicles with UNEP.	Yes
Climate Technology Centre and Network (CTCN)	Occasional information exchange.	Yes
Green Climate Fund (GCF)	An IEA role in collaboration with GCF is being discussed both in the context or overall strategy and cooling.	Yes
UNEP	The IEA has a very close relationship with the UNEP Energy Branch on a large range of issues and also works with the Global Fuel Economy Initiative (GFEI) team in Nairobi. Global ABC is mentioned below but United for Efficiency (U4E) is the other regular collaborator. IEA training has regularly been built into U4E projects and the IEA has an advisory role on the U4E Technical Committees.	Yes
The Copenhagen Centre on Energy Efficiency (C2E2) at the UNEP DTU Partnership (UDP)	There have been varying degrees of coordination since C2E2 was established but currently there are no areas of overlap mainly because of the specific nature of projects, with C2E2 generally having more of a subnational/private sector focus but also because of geography as, by design, CETP/E4 focus on the major emerging economies while C2E2 has a stronger focus on low-income countries. C2E2's value proposition of operational assistance is a complement to higher-level policy interventions, and a focus on city-level interventions and private sector engagements instead of national policy dialogue. This presents a strong complement to other agencies such as the IEA and the that is active in political engagement, policy development, training and data analysis for global energy efficiency. C2E2 avoids replication with these and other institutions by avoiding these activities entirely. In this way, there is a differentiation between C2E2 and the IEA the energy efficiency hub now being established to take the place of the former International Partnership for Energy Efficiency Cooperation (IPEEC) that was a	Yes

	forum for peer-to-peer exchange on energy efficiency among government officials. The overarching principles of the new IEA hub are: visibility and be a voice for energy efficiency; be open to participation by IEA Members, IEA Association countries, the International Partnership for Energy Efficiency Cooperation (IPEEC) Members, and Clean Energy Ministerial (CEM) Members; be focused on collaboration, rooted in the task groups of IPEEC; add value and not duplicate existing activities or work; and ensure appropriate integration within the IEA.	
UN Energy/ UN Department of Economic and Social Affairs (UNDESA)	No active CETP specific linkages.	In-kind
SDG7 Multi-stakeholder Technical Advisory Group (SDG7 TAG)	No active CETP specific linkages.	Yes in-kind
United Nations Industrial Development Organization (UNIDO)	Regular dialogue and occasional collaboration on projects and training.	
African Development Bank Sustainable Energy Fund for Africa (SEFA)	Ongoing discussion on jointly providing policy training to the region/regular collaboration on events.	Yes
The energy savings insurance (ESI) initiative with the with the Inter-American Development Bank (IDB)	No active CETP specific linkages as yet although the project is of a great deal of interest and opportunities to promote the results will be sought.	Yes
Other regional development banks	Occasional collaboration with ADB on conferences, training and policy advice.	To varying degrees
Corporacion Andina de Fomento (CAF) – Development Bank of Latin America	Specific collaboration on training where CAF have funded an IEA energy efficiency policy training week in Latin America (using German KfW funds) and IEA has provided all the technical content on a MOOC on energy efficiency in buildings currently staged by CAF and available in English, Spanish and Portuguese.	
International Monetary Fund (IMF)	The IEA 2020 Sustainable Recovery Report was a collaboration with IMF. Other similar collaborations are likely to follow.	Yes
Global Alliance for Buildings and Construction (Global ABC)	IEA provided the data and analysis for the global status report on buildings and construction and led the four buildings and construction roadmaps. We involved the E4 stakeholder community in all the consultations including both the officials with whom we regularly engage and the alumni of all our training courses. We are involved in the promotion of the roadmaps both	

	formally and informally and some E4 projects are using the roadmap framework.	
World Resources Institute (WRI)	Occasional high-level collaboration.	Yes
Global Green Growth Institute (GGGI)	Occasional high-level collaboration.	Yes
Kigali Cooling Efficiency Program (K-CEP)	IEA is the home of the Kigali Tracker, so IEA receives data from all the K-CEP projects and assess impacts. IEA is also involved in a range of technical discussions with K-CEP managers and partners.	
CLASP	CLASP have expertise on product efficiency as does the IEA, so there is collaboration where appropriate including through an informal group known as Appliance Action. In particular, IEA and CLASP have been working together in Indonesia to try to get the ambition of appliances standards raised through presenting convincing evidence of the benefits.	
UNFCC COP 26	The IEA is supporting various aspects of the UK Government's COP 26 presidency. Of particular relevance to CETP are the Clean Energy Transitions track and the Product Efficiency Initiative which is of greatest relevance to the E4 Programme.	Yes

Annex 13: Draft Job Profile for Secondee

The project includes funding for a Danish secondment to the IEA in the position of a Senior Policy Adviser in the CETP Coordination Team. The Senior Policy Adviser will provide strategic and political guidance to the CETP work as well as support the co-ordination and delivery of various work streams targeting major emerging economies under the CETP. The Senior Policy Adviser will directly support the IEA's senior management team, engage with key staff from across the IEA as well as liaise with donor countries, in particular Denmark and others that join this phase of the Programme. Through these activities, the secondee will improve the efficiency and impact of the CETP and thereby its ability to assist the partner countries.

Specific roles and responsibilities could include:

- Direct support to the IEA Senior Management Team with strategic and policy advice.
- Support the co-ordination and delivery of various work streams targeting major emerging economies and key regions under the IEA's CETP.
- Co-ordination with Funders' bilateral efforts, which would include, amongst others, the Danish Energy Partnership Programme (DEPP) and other programmes implemented by the Danish Energy Agency (DEA).
- Co-ordination with Funders' multilateral activities, which would include, amongst others, those undertaken by the MFA and the MCEU in related institutions like IRENA, World Bank, Development Banks, UN-institutions etc.
- Participate, as needed, in relevant research on development topics in support of various CETP work streams and priority countries.

Annex 14: IEA Activities related to Gender Issues

IEA work on gender	Details
Current work	• The last IEA two-year Programme of Work and Budget (PWB 2019-2020) referenced gender for the first time. The next biennium (PWB 2021-2022) focuses on increased substantive efforts, following the **2019 IEA Ministerial communiqué mandate** to **promote gender diversity** across the Agency and IEA Members. At both the **2017 and 2019 IEA Ministerials' side events were held on gender issues in the energy sector**. • For the second time, the IEA hosted a **Clean Energy Education and Empowerment (C3E) fellow** who contributed to the analytical work on **gender and electricity access in India.** • In 2019, the IEA and C3E TCP held an **Equal by 30 Campaign: Industry Dialogue Meeting** bringing together **energy company signatories to exchange gender diversity strategies and best practices**. • The 2019 **World Energy Outlook Special Focus on Africa** provides insights on **gender inequality regarding access to electricity and underdeveloped transport systems**, which presents major impediments for optimising economic and human development in African countries. • Introduced data collection on **gender participation at Clean Energy Transition Programme (CETP) events**.
Upcoming & planned	• The IEA co-organised a **gender event** at the **Latin America Energy Week** in November 2020. • Forthcoming **data work** includes the development of **new indicators** on; gender of inventors of energy and climate technologies in collaboration with OECD/ENV, gender composition of corporate boards with OECD/SDD, and employment in the energy sector to be delivered in 2021. • Also, planned is a **dedicated webinar on digitalisation** and how data-driven energy efficiency policies can help spur just transition and **address inclusion and gender equality**. • A **policy package** for the implementation of **energy efficiency measures across the textiles industry in India** will include a focus on the impacts that energy efficiency gains might have on the **predominantly female workforce**. • Ongoing development of a database of women in the energy sector to ensure IEA panels and peer reviews are gender balanced.
International cooperation	• Recent appointment as Coordinator of the **Clean Energy Education and Empowerment (C3E) TCP's** Workstream 1 on Knowledge & Data collection on diversity and gender equality in the energy sector.
Potential opportunities	• Additional data work, pending funding, may develop indicators on gender and founders of energy start-ups. • The IEA intends to continue to look for opportunities to **mainstream a gender perspective** into its programme of work, **especially the gender dimensions of clean energy transitions and sustainable recovery**.

Annex 15: Operational Procedures for Adaptive Management *(draft for discussion – to be decided upon during the inception phase)*

Danish Support to the International Energy Agency (IEA) For the Clean Energy Transition Programme (CETP) 2021-2025

Operational Procedures for Adaptive Management

Background

In the Appraisal Report to Danish Support to the International Energy Agency (IEA) For the Clean Energy Transitions Programme (CETP) 2021-2025, the following recommendations were given in relation to the implementation modalities:

Recommendation 4: *It is the view of the AT that the matrix would need a few clarifications and adjustments. Adaptive programme risk management is a key performance goal for Danida. The AT* ***recommends*** *to adjust the PD to describe the adaptation and risk management approach, and the monitoring and experience gathering underpinning the risk management. This approach and these activities would be part of the performance goals for Danida. Accountability should be explicit and verifiable, and the focus of possible programme adaptations and be at the center of the supervision duties of programme managers.*
Recommendation 5 *The AT* ***recommends*** *to set aside unallocated funds to build in resources and accommodate the Adaptive Management Approach for CETP. The AT finds a level of Unallocated funds comparable to the IEA administration fee to be sufficient. A budget line should be included at the Programme Level – and the individual component budget lines should contribute pro-rata*

The Appraisal Report recommends that the results framework be amended to focus more strongly on tangible results to be identified by the CETP/E4 teams in order to push the outcomes "down" and outputs "up" and bridge the gap between outcomes and outputs in the results framework. At the same time, it is argued that IEA, through CETP, is well placed to address and support reductions in GHG emissions during the 2021 to 2025 funding period. The earlier phases have created strong relationships with governments and policy makers, improved their understanding and expertise on EE and clean energy transitions, supported the development and use of improved indicators, data, and benchmarking for EE, and provided targeted analysis and advice.

Following discussions with IEA Management and staff, a number of concrete activities were mentioned that fulfill the Danida desire to see concrete results on the ground to reduce GHG emissions. In order to allow for budget reallocations during implementation, to support

upcoming opportunities to engage in such concrete activities, should they occur at a later stage, it was suggested to apply the so-called Adaptive Management Approach[48]. Applying the Adaptive Management approach in this case would also enable IEA to focus more on outcomes than outputs, and to set indicators associated with real change and actual clean energy transitions.

This Note is a brief outline, describing modalities and processes for applying Adaptive Management. It is proposed that the modalities be finally structured during the Inception Phase.

Adaptive Management Approach towards Concrete Actions

Adaptive aid management is a response to the complexity, uncertainty, politics and risks associated with development and development assistance. It encourages implementing partners to adapt when the context changes or new knowledge of what works becomes available. Adaptive management aims at continuous alignment to evolving learning, enabling seizing opportunities for change.

Adaptive aid management also builds on trust and transparency between partners, developed through longer term collaboration. While partnerships may eventually run out of energy or relevance, adaptive management aims at reinforcing lasting coalitions for change.

Key in using the adaptive management is to shift the main attention to results from the preparatory to the implementation phase. Upfront agreement on goals, objectives, strategies and expected result areas is primarily a vehicle for partners' follow-up, learning and adaptation during implementation, and not a performance contract between Danida and the partner. Danida is funding programmes that are negotiated with partners and where the underlying projects are implemented by partners. These can be individual Partners, group of partners or "partners of partners" (e.g., when multilateral organizations or multi-actor platforms with Danish funding delegate implementation to their partners). Understanding the dynamics of partners, partnerships and partner-relations in the context in which they operate has always been at the core of aid management, and is even more crucial in adaptive aid management.

How to Implement an Adaptive Approach in CETP Implementation

Budget allocations from the unallocated budget line can be made throughout the implementation phase. In order to allow IEA to apply the Adaptive Management approach without too much bureaucracy, an appropriate modality regarding the process of allocating funds from the unallocated budget line will be agreed upon between IEA, MCEU, and MFA.

Applying the Adaptive Management should enable IEA to do the following:

1. Modify targets and indicators (output and outcome) at programme level
2. Add new activities
3. Terminate activities where targets are no longer achievable
4. Reallocate funds between budget lines

[48] Guidance Note. Adaptive Management. MFA. November 2020

5. Inclusion of new partners

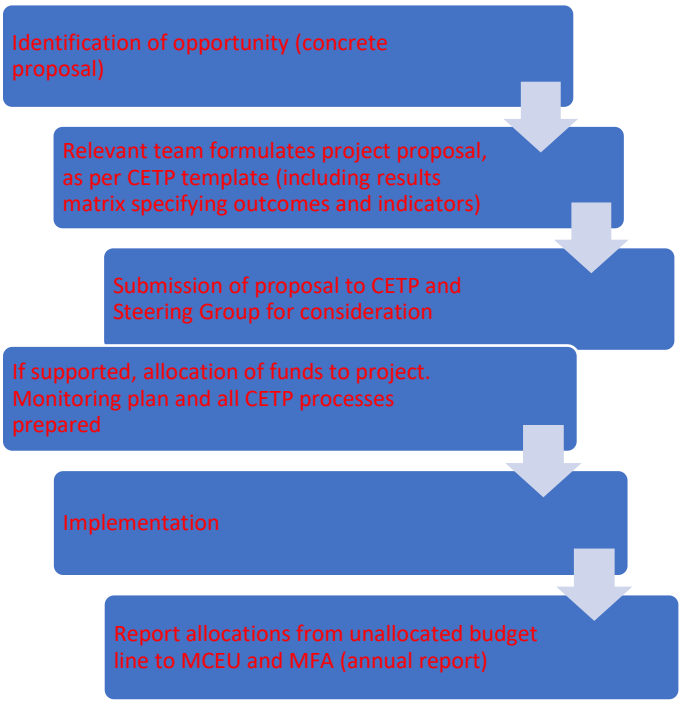
The following principles should apply:

1. All proposals for reallocations from the specific budget line will be initiated/managed by IEA, more specifically, by the E4 and CETP teams.

1. A set of new topics and the scope of potential new activities not currently contemplated could be discussed at different stages, including during the Inception Phase but also at later dates to ensure flexibility;
2. The existing internal procedures to formulate and propose allocations will continue to be executed by IEA. These include the internal mid-year reviews carried-out with teams across IEA to assess and discuss progress and new opportunities within the CETP; and the annual proposals process, through which teams submit proposals for new activities (or re-submit proposals to continue existing activities) to the CETP team, which assesses and presents its opinion to the Steering Group and senior management for approval and allocation of resources;
3. All proposals follow a CETP template in which relevant elements from the results framework are included (indicators and/or data requirements to report on specific outputs, outcomes) as well as other key elements (objectives, theory of change, etc.);
4. All transactions from the unallocated budget line would be covered in the annual report.;
5. No proposal can take more that 20% of the entire unallocated budget;
6. Brief Operational Guidelines, describing the appraisal procedure of projects, minimum requirements of proposals, eligibility criteria etc. would be discussed during the Inception Phase of the project.

Monitoring and reporting of projects financed by the unallocated budget line should apply normal IEA procedures.

Flow diagram of proposed process (in brief) for allocation of funds using an adaptive management approach


Identification of opportunity (concrete proposal)
Relevant team formulates project proposal, as per CETP template (including results matrix specifying outcomes and indicators)
Submission of proposal to CETP and Steering Group for consideration
If supported, allocation of funds to project. Monitoring plan and all CETP processes prepared
Implementation
Report allocations from unallocated budget line to MCEU and MFA (annual report)