

Clean Energy Finance and Investment Mobilisation Programme

Key results:

Strengthened domestic policy frameworks and enabling conditions for clean energy finance and investment in each of the five countries.

Increased private sector activity in development and financing of “bankable” clean energy investments in the five countries, building on public-private engagement and targeted measures facilitated by the Clean Energy Finance and Investment Mobilisation Programme (henceforth the “Programme”).

Justification for support:

Emerging economies face challenges in reaping the development and climate benefits from a transition to clean energy, including the need to strengthen domestic policy frameworks. Enhanced policy frameworks will help countries to increase currently insufficient investment in clean energy.

A country-focused approach is required, and emerging countries have shown interest in benefiting from OECD analytical capacity and expertise in identifying and sharing best practice. The Programme will leverage OECD’s convening power and make OECD expertise available to countries with a view to supporting policy and regulatory frameworks and other measures that are key in mobilising private investments in clean energy.

The Programme complements existing Danish collaboration with emerging economies, including the Danish Energy Agency’s Energy Partnership Program as well as collaboration through multilateral channels.

The Programme is aligned with the guiding principles for the Climate Envelope. It is also consistent with “The World 2030 - Denmark’s strategy for development cooperation and humanitarian action strategy”, which emphasises market development, creation of enabling framework conditions and mobilisation of private funding as important

Strategic objectives:

Accelerated finance and investment for clean energy in the power and buildings sectors in the countries engaged in the Programme in order to reduce greenhouse gas emissions and achieve low-carbon development, in support of the implementation of the Paris Agreement.

Justification for choice of partner:

The choice of OECD as the partner relies on its comparative advantage in relation to a number of factors that are critical in the mobilisation of investments and finance for clean energy. The OECD has capacity in areas that are complementary to other institutions such as the MDBs, bilateral cooperation partners, and the international energy organisations.

Summary:

The Programme addresses important gaps that limit the mobilisation of the clean energy investments that are urgently needed to achieve the climate objectives of the Paris Agreement. The country level interventions have been designed to be responsive to national demand, policy realities and capacity constraints and to complement existing Danish collaboration.

Budget:

Output 1: Clean Energy Finance and Investment Country Reviews and stakeholder engagement.	18.0 million DKK
Output 2: Policy advice to help translate recommendations from Country Reviews into policy and regulation or to build capacity and share good practices to facilitate clean energy investment, as well as targeted policy liaison to help mobilise clean energy financing	11.2 million DKK
Output 3: Regional peer learning	3.9 million DKK
VC administration charge	1.9 million DKK
Total	35 million DKK

File No.	2018-25145					
Beneficiary Countries	Viet Nam, India, Indonesia, Colombia, Argentina					
Responsible Unit	MKL					
Sector	Climate					
Partner	Organisation for Economic Co-operation and Development - OECD					
<i>DKK mill.</i>	2019	'20	'21	'22	'23	Tot.
Commitment	35					35
Projected annual disbursement	6.5	6.7	7.8	7.3	6.7	35
Duration	5 years					
Previous grants	-					
Finance Act code						
Head of unit	Henriette Ellerman-Kingombe					
Desk officer	Merete Villum Pedersen					
Financial officer	Louise Kronborg					
Relevant SDG	                					

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List of Acronyms and Abbreviations

ACE	ASEAN Centre for Energy
AMS	ASEAN Member States
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BNDES	Brazilian Development Bank
CEM	Clean Energy Ministerial
CMF	Committee on Financial Markets
CPIA	Country Policy and Institutional Assessment
CSO	Customer Service and Operations
DAC	Development Assistance Committee
DAF	Financial and Enterprise Affairs
Danida	Danish International Development Agency
DCD	Development Co-operation Directorate
DFI	Development Finance Institution
E4	Energy Efficiency in Emerging Economies
EBRD	European Bank for Reconstruction and Development
EE	Energy Efficiency
ENV	Environment Directorate
ENVIRONET	The DAC Network on Environment and Development Co-operation
EPC	Engineering, Procurement and Construction
EPE	The Energy Research Office
EPOC	The Environment Policy Committee
ESCOs	Energy Service Companies
ESG	Environmental, Social and Governance
ESMAP	Energy Sector Management Assistance Program
EU	European Union
EUR	Euro
G20	Group of twenty largest economies
GDP	Gross Domestic Product
GIZ	German International Development Agency
GRS	Global Relations Secretariat
GVCs	Global Value Chains
HRBA	Human Rights Based Approach
IDB	Inter-American Development Bank
IEA	International Energy Agency
IFC	International Finance Corporation
IFIs	International Financial Institutions
ILO	International Labour Organization
IMF	International Monetary Fund
IPRs	Investment Policy Reviews
IRENA	International Renewable Energy Agency
JFA	Joint Financial Agreement
LAC	Latin America and the Caribbean
LACRP	(OECD) LAC Regional Programme
MCM	Ministerial Council Meeting
MDBs	Multilateral Development Banks
MDCR	Multi-Dimensional Country Review

MFA	Ministry of Foreign Affairs
NDB	National Development Bank
NDC	Nationally Determined Contribution
NGO	Non-governmental organisations
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
ORF	Observer Research Foundation
P4G	Partnering for Green Growth and Global Goals 2030
PEFA	Public Expenditure and Financial Accountability
PFI	Policy Framework for Investment
PFM	Public Financial Management
PISA	Programme for International Student Assessment
PNG	Papua New Guinea
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
PWB	Programme of Work and Budget
RBC	Responsible Business Conduct
RE	Renewable Energy
RPN	Regional Policy Network
SEA	Southeast Asia
SEARP	(OECD) Southeast Asia Regional Programme
SMEs	Small and Medium Enterprises
SOEs	State Owned Entities
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
VC	Voluntary Contribution
WB	World Bank
WPCID	Working Party on Climate, Investment and Development
WTO	World Trade Organization

1. Introduction

Established in 2008, the Danish Climate Envelope is a mechanism for channeling dedicated climate funding to support mitigation and adaptation activities in developing countries. The Climate Envelope reflects the commitment by the Danish Government to support the implementation of the Paris Agreement and assist developing countries with delivering action on the ground. The Climate Envelope is managed as an integrated part of Danish development assistance. One of the key objectives of the Climate Envelope is to assist developing countries with the transition to low carbon economies. The proposed Programme reflects the guiding principles for the Climate Envelope, which state that mitigation activities will mainly be focused in the emerging economies where mitigation purposes are most cost efficient and potentially most impactful, and that a combination of multilateral and bilateral support channels will be used for Climate Envelope interventions. The Programme is also consistent with “The World 2030 - Denmark’s strategy for development cooperation and humanitarian action strategy”, which emphasizes market development, creation of enabling framework conditions and mobilisation of private funding as important means to achieving the Sustainable Development Goals.

The Organisation for Economic Co-operation and Development (OECD), proposes to undertake the Clean Energy Finance and Investment Mobilisation Programme, with financial support from Denmark. The Programme will focus on supporting the development or strengthening of policy frameworks to attract finance and investment in renewable energy (RE) and energy efficiency (EE) to emerging economies in Southeast Asia and Latin America. The work, which will be conducted in close co-ordination with a range of relevant domestic and international stakeholders, will be undertaken by OECD experts in development co-operation and clean energy finance and investment. The Programme is anchored in the 2019-20 OECD Programme of Work and Budget (PWB) for the Environmental Policy Committee (EPOC)¹ and supports and extends work ongoing in the PWBs for the Development Assistance Committee (DAC), the Investment Committee and other relevant OECD committees.

The envisaged development co-operation Programme will contribute directly to the implementation of the Paris Agreement², in particular the objective of making finance flows consistent with low-emissions development pathways and scaling up finance and other support for climate action in developing countries. It will also contribute to achieving Sustainable Development Goal 13 (SDG13) on climate action and SDG7 on ensuring access to affordable, reliable, sustainable and modern energy for all (including RE and EE).

Consistent with other OECD programmes working in co-operation with emerging countries on development, investment and environmental issues, the Country Reviews and implementation support will be flexible and demand-driven, with strong engagement with and ownership by countries. The Programme will also complement and be aligned with ongoing initiatives supported by Denmark and other donor countries, including the Clean Energy Ministerial Initiative on Clean Energy Investment and Finance, the IEA’s Clean Energy Transition Programme and technical support channelled through Multilateral Development Banks.

¹ The Programme is reflected in output result 2.3.2.3.2, “Programme of country-level clean energy finance and investment reviews, plus implementation support. Draft Programme of Work and Budget 2019-20: Detailed list of Outputs”, ENV/EPOC(2018)1/ANN1/REV1, 11 June 2018.

² To achieve the Paris Agreement’s temperature goal, investment in renewable energy supply would need to increase globally by 150% between 2015 and 2050, and demand-side investment into low-carbon technologies, especially energy efficiency, would need to increase by a factor of ten over the same period. IEA (2017), Chapter 2 of Perspectives for the energy transition – investment needs for a low-carbon energy system, OECD/IEA; and IEA and IRENA (2017), Chapter 1 of Perspectives for the energy transition – investment needs for a low-carbon energy system, OECD/IEA and IRENA.

2. Brief summary of issues to be addressed and institutional context

Developing countries and emerging economies face a significant investment gap in delivering the 2030 Agenda and Paris Agreement, estimated in the range of USD 3.5-4.5 trillion per year between 2015 and 2030. Mobilising investment in new, clean infrastructure, particularly energy, will be key to ensuring countries shift to low-carbon pathways, achieve basic development needs and poverty reduction goals, and remain competitive in global markets.

In the energy sector, dramatic cost and technology developments are making renewable and efficient energy technologies increasingly competitive globally, especially in emerging economies.³ Increasing penetration of renewable power is becoming less an issue of cost barriers and more an issue of policy and regulatory capacity as well as the real and perceived risks associated with investing in emerging economies, which hinders the mobilisation of private investors and capital. Similarly, there is a massive supply of cost-effective opportunities for energy efficiency investments, but realising these opportunities will require policy and regulatory capacity in emerging economies. This includes capacity to help build markets by addressing such issues as information asymmetries and split incentives, and facilitating the creative structuring, aggregation and packaging of investments to minimise up-front capital expenditures and attract key investor groups.

Overall, there is no shortage of capital available globally for investments. However, finance and investment in clean energy projects in emerging economies remains hampered by misalignments in climate and energy policies and in electricity markets. Policies in many emerging economies continue to be geared towards fossil fuel use, with fossil fuel subsidies, an absence of (or a low) carbon price, and many other policies often at odds with national climate and sustainable development objectives. Furthermore, clean energy investment can be hindered by cumbersome and unpredictable investment conditions. To put their energy systems on a path consistent with the 2°C goal requires: (i) setting stronger and more coherent core climate and energy policies; (ii) increasing alignment between domestic climate goals (including clean energy deployment objectives) and broader policy and regulatory frameworks impacting investment; and (iii) improving the risk-return profile of renewable energy and energy efficiency investments.

While a number of these barriers are being addressed through international collaboration and support through both bi- and multilateral channels, the OECD and the Government of Denmark have identified gaps in technical and capacity building support for specifically addressing barriers to investment and finance in clean energy in a coherent way. This realisation has informed concerted efforts to address these gaps. In addition to the present Programme, these efforts include, among others, the establishment by the Clean Energy Ministerial of a new initiative on Clean Energy Investment and Finance, as well as support by Denmark channelled through the multilateral development banks.

National efforts to decarbonise the energy sector (including by scaling up clean energy investment and shifting away from fossil fuel-intensive infrastructure investment) are highly unlikely to succeed without the political and technical support and co-ordination of key ministries beyond energy ministries. These include finance and planning as well as energy and environment ministries, and financial regulators, who must be convinced of the net economic and social benefits as well as the political feasibility of strengthening policy frameworks to accelerate clean energy investment and low-carbon growth. The domestic financing and investment community also needs to be actively engaged to accelerate clean energy finance and investment -- an estimated 79% of global climate

³ REN21 "Renewable energy for the 21st Century" (2017), http://www.ren21.net/wp-content/uploads/2017/06/GSR2017_Highlights_FINAL.pdf.

finance was raised domestically in 2015-16.⁴ By articulating and clarifying the investment barriers they face and the actions they see as necessary to mobilise finance, domestic investors and financiers can inform and drive policy reforms. The Programme intends to engage these key players directly as well as through networks of co-operation involving a wide range of counterparts (see discussion in Chapter 3 and Annex 2).

The OECD supports the 2030 Agenda for Sustainable Development and implementation of the Paris Agreement by bringing together its knowledge, tools and experience, including its policy work with developed and developing countries. Through its [Centre on Green Finance and Investment \(“Centre”\)](#), the OECD helps catalyse and support the transition to a green, low-emissions and climate-resilient economy through the development of effective policies, institutions and instruments for green finance and investment. The work of the Centre -- spanning climate-related development finance, policy frameworks for the low-carbon transition, and policies, financial instruments and institutions to mobilise private finance -- is co-ordinated by a Steering Group consisting of the Development Co-operation, Environment and Financial and Enterprise Affairs Directorates of the OECD Secretariat. The OECD is also increasingly focused on its regional work and implementation activities. Some of the current priorities⁵ for the OECD include a focus on national implementation reforms, supporting green growth in developing countries, investment policy reviews, and regional policy analysis and comparative data.

3. Strategic considerations and justification

The design of the Programme is informed by strategic considerations described in this chapter, including:

- Development context;
- Lessons learned from OECD co-operation and work with emerging economies;
- Analytical underpinnings;
- Drivers of clean energy investment;
- Sector and sub-sector scope;
- Geographic scope and choice of countries;
- Key stakeholders, including government ministries, development partners and MDBs;
- Danish strengths; and
- Support modalities.

Development context

Emerging economies face significant challenges in transitioning to clean energy, including the need to strengthen domestic policy frameworks. The wider development context for the countries targeted by this Programme (Viet Nam, Colombia, India, Indonesia, Argentina; see discussion on geographic scope) is one of unequal distribution of growth, which often leaves important pockets of poverty and insufficient consideration of environmental and climate dimensions, in turn exacerbating impacts on vulnerable groups. To overcome these challenges, governments will need to enhance policies that generate new, inclusive, equitable and sustainable sources of growth, which would also help them overcome the ‘middle income trap’, where countries’ development progress slows and stalls after sometimes impressive and rapid earlier progress. Fortunately, these countries have, to differing extents, considerable capacities and institutions as well as some access to financing sources. Absorptive capacity to decide on and

⁴ Climate Policy Initiative, 2017, “Global Landscape of Climate Finance 2017”, October 2017, <https://climatepolicyinitiative.org/wp-content/uploads/2017/10/2017-Global-Landscape-of-Climate-Finance.pdf>

⁵ These priorities are reflected in OECD Secretary-General Gurría’s “[21 for 21](#): A Proposal for Consolidation and Further Transformation of the OECD” (5 May 2015). This document presents Mr Gurría’s goals for the 2016-21 period. On 26 May 2015, OECD members voted unanimously to renew Mr Gurría’s mandate.

implement policy reforms to accelerate clean energy investment is available in these countries, provided that specific technical capacity is increased and key ministries have strong ownership of reform efforts.

Enhanced policy frameworks for clean energy put in place by government will help emerging economies to increase currently insufficient investment, access sources of private capital, and ultimately create economic opportunities and strategic innovations beyond the energy sector. For countries with significant energy imports, enhanced policy frameworks for clean energy can also improve energy security and enhance macro-stability by helping to reduce structural deficits in the balance of payments.

Political economy issues around energy influence policy reform. However, it should be recognised that energy sector policy and reform is often influenced by political economy issues, including the nature of institutions and agencies controlling the energy sector, state participation in fossil fuel generation, and the structure and make-up of electricity markets in the country. As a result, enhancing the clean energy policy framework will depend not only on political decisions by the beneficiary country government, but also on a strong awareness of the policy framework's benefits more broadly to a wider group of stakeholders.

Lessons learned from OECD engagement with emerging countries

The OECD has extensive experience in conducting policy reviews in the OECD Member and non-Member countries in a wide range of sectors, including in green investment and clean energy, and in addressing the challenges of political economy barriers to the uptake of sound policy reform recommendations. The design of the Programme is based on these lessons.

- **Country ownership, building on countries' interest in OECD best practice**

The country reviews need to be based on strong country engagement and ownership in order to result in policy reform. Previous OECD Investment Policy Reviews for Myanmar and Lao PDR have demonstrated that ownership by investment promotion agencies within government helps to ensure that the review findings directly influence the development of relevant investment laws and underpinning guidelines. The Programme will build on strong, demand-driven engagement that selected emerging countries already have with the OECD, driven by their interest in OECD best practice and analysis. Country ownership will also be built based on the potential impact of the Programme to support increased investment in clean energy, and its contribution to bridging the investment gap for infrastructure. It will also be built on the contribution of the Programme to the country's social and economic development plans and long-term goals.

- **Leverage OECD's convening power at national, regional and global levels**

While country ownership will be essential to drive broader engagement in support of the Programme, the convening capacity of the OECD with relation to the global investment, finance and development co-operation community is a potentially significant complementary asset⁶. Together, the governments of beneficiary countries and the OECD can bring together the right mix of stakeholders in the review process which will be essential in effecting reform. For example, the [Clean Energy Investment Policy Review of Jordan](#)⁷ liaised with the Jordan business association for energy and environment, USAID, the Ministry of Energy and Mineral Resources, the Ministry of

⁶ The OECD Centre on Green Finance and Investment holds two annual events with investor participation: The High-Level Breakfast on Institutional Investors and the Low-Carbon Transition (held at the international climate negotiations, now in its eighth year), and the Forum on Green Finance and Investment (a two-day event, now in its fifth year). Other events include a 2017 workshop in Mexico City, with the Inter-American Development Bank and regional and national stakeholders: <http://www.oecd.org/cgfi/workshop-on-key-institutions-for-mobilising-finance.htm>.

⁷ The Review assessed Jordan's policy framework for investment in renewable power and provided policy suggestions in the priority areas of: investment policy; investment promotion and facilitation; competition policy; financial market policy; and public governance.

Environment, donor agencies and project developers and other public and private stakeholders, as part of the review process.

- **Build on existing, in-country donor and MDB initiatives**

Several bilateral donors and the MDBs have long-standing programmes in emerging countries. As many emerging countries have graduated from concessional support, donor and MDB programmes in country usually focus on policy reform and dialogue, as well as on non-concessional investments in infrastructure and other sectors. The Programme's country reviews and implementation support activities will build on existing programmes and initiatives, and will help to bring high-level political attention to issues around clean energy investment. Working with existing donor and MDB programmes will also provide a conduit for the recommendations of the review to be taken up. For example, the Clean Energy Investment Policy Review of Jordan was integrated into the Jordan Investment and Competitiveness Project, jointly implemented by both the OECD and the World Bank Group, with financial support from the MENA Transition Fund. Another example is in Myanmar, where one of the key recommendations of the OECD's Investment Policy Review was taken up by the World Bank/IFC which supported the drafting of a unified investment law.

- **Working across ministries, and increasing political profile**

Influencing change in the energy sector will require the encouragement of **cross-government co-operation**. For example, the Jordan Review fostered co-operation and co-ordination between ministries to facilitate a unified government focus on tackling uncertainties in tendering procedures and grid capacity issues. In addition, the reviews will actively seek opportunities to increase political profile. In the Jordan review, the Minister of Energy and Mineral Resources used the launch event for the Jordan Review as an opportunity to announce, on the preceding evening, the much awaited third procurement round for solar and wind energy which had been delayed for over a year, largely due to grid capacity constraints.

Analytical underpinnings

The Programme is based on the premise that broader investment conditions need to be improved to accelerate clean energy investment. As demonstrated by previous OECD analysis⁸, misalignments in a wide range of policies create barriers to achieving clean energy goals. OECD work has considered how: i) strengthening climate and energy policies; and ii) aligning broader investment policies (i.e. beyond energy policies) with climate objectives, are both important to accelerate low-carbon investment. These broader investment policies - **investment policy, investment promotion, regulation of financial markets, competition and electricity market design, tax and trade policy, and planning and implementation of infrastructure investments** – have been examined in OECD "Investment Policy Reviews" undertaken in **over 30 developing countries**, in coordination with governments and national stakeholders. The hypothesis that **broader investment policies and climate/energy policies both play a role in accelerating clean energy investment** was tested and confirmed in subsequent econometric analysis⁹ covering both OECD and G20 countries.

Drivers of clean energy investment

In light of these findings, an effective analysis of barriers to and drivers of clean energy investment in a given emerging economy needs to consider the following factors¹⁰:

⁸ See Annex 4, for example, the report produced for the German G20 Presidency, *Investing in Climate, Investing in Growth* (OECD, 2017); *Aligning Policies for a Low-Carbon Economy* (OECD, 2015), *Policy Guidance for Investment in Clean Energy Infrastructure* (OECD, 2015); Ang, G., D. Röttgers and P. Burli (2017), "The empirics of enabling investment and innovation in renewable energy", OECD Environment Working Papers, No. 123, OECD Publishing, Paris, <http://dx.doi.org/10.1787/67d221b8-en>.

⁹ Ang, G., D. Röttgers and P. Burli (2017), "The empirics of enabling investment and innovation in renewable energy", OECD Environment Working Papers, No. 123, OECD Publishing, Paris, <http://dx.doi.org/10.1787/67d221b8-en>.

¹⁰ Additional details on these factors are provided in Annex 4.

- **Energy and climate policies** (e.g. long-term climate and energy goals, Nationally Determined Contributions under the Paris Agreement, other);
- **Clean energy infrastructure investment planning and provision** (including public procurement for RE and for EE improvements in public buildings, e.g. PPPs, frameworks for EE markets, other);
- **Broader investment conditions and policies** (investment policy principles, investment promotion and facilitation, competition policy, financial market development and policy, public governance, corporate governance, tax and trade policy).

The preceding areas are core elements of the **domestic enabling framework for investment and finance in RE and EE**, based on OECD analysis and experience with over 30 Investment Policy Reviews. A comprehensive review of this framework, as envisioned for the Programme, can uncover barriers to clean energy investment and identify priority areas for policy action.

Additional important drivers of clean energy investment have been identified relating to business models, risk mitigation (or “de-risking”) **instruments** and measures that enable transactions based on OECD (and other) analysis as well as OECD stakeholder events with investors¹¹, including the following:

- Project-level interventions by development finance institutions and governments, e.g. blended finance and risk-mitigation instruments¹²;
- Institutional frameworks for green investment in each country. For example, creating new institutions (publicly capitalised green investment banks¹³) or strengthening national development bank (NDB) activities to crowd in private investment in clean energy;
- Adapting emerging best practices to develop pipelines of bankable clean energy projects¹⁴;
- Development of investment vehicles for clean energy;
- Emergence and promotion of new business models for clean energy;
- Data-related measures to facilitate clean energy investment (e.g. standardisation of documentation)
- Match-making and other partnership initiatives (including MDB initiatives) to connect investors, project developers and government to highlight investment opportunities, build capacity and facilitate investment.

Policy and thematic scope

Reflecting the gaps identified by the OECD, Denmark, and others in the international landscape of collaboration and support, the focus of the Programme will be on the most investment-relevant aspects of energy and climate policy and regulation. The point of departure is that overall energy and climate planning such as design of NDCs under the Paris Agreement and energy sector scenarios as well as “upstream” energy policy and regulatory areas will be addressed by other actors such as the IEA, the NDC partnership and bilateral partners.

¹¹ The OECD Centre on Green Finance and Investment holds two annual events with investor participation: The High-Level Breakfast on Institutional Investors and the Low-Carbon Transition (held at the international climate negotiations, now in its eighth year), and the Forum on Green Finance and Investment (a two-day event, now in its fifth year). Other events include a 2017 workshop in Mexico City, with the Inter-American Development Bank and regional and national stakeholders: <http://www.oecd.org/cgfi/workshop-on-key-institutions-for-mobilising-finance.htm>.

¹² OECD work on blended finance, including the OECD DAC Blended Finance Principles is summarised [here](#).

¹³ The Development Bank of Southern Africa is establishing the Climate Finance Facility, which would be the first green bank-like entity in a developing country: <http://coalitionforgreencapital.com/2018/04/05/cgc-wins-grant-to-help-create-first-green-bank-in-the-developing-world/>. See also OECD work on green investment banks: <http://www.oecd.org/environment/green-investment-banks.htm>.

¹⁴ A forthcoming OECD report, “Green Infrastructure Project Pipelines: Identifying Emerging Good Practices in Low-Carbon Investments”, explores the role of project pipelines in supporting the delivery of countries’ low-carbon strategies. It will be launched at the OECD Forum on Green Finance and Investment (13-14 November 2018).

The policy analysis will thus focus on clean energy investment planning and mobilisation, including related regulation, and including broader investment and financial regulation where relevant. As part of the implementation support activities that the OECD will undertake for the Programme, and reflecting country-specific demand and circumstances, the OECD may undertake selected work on additional drivers (such as risk mitigation instruments and business models) in co-ordination with counterparts as appropriate.

Sector and sub-sector scope

The focus of the Programme will be in **grid-connected renewable power generation and energy efficiency in buildings**. This choice reflects the fact that a significant proportion of clean energy needs, investment opportunities and climate change mitigation potential in emerging economies can be found in these sub-sectors. This focus will also leverage the OECD's experience in addressing these topics as part of its Investment Policy Reviews (including the forthcoming IPR of Viet Nam), as well the expertise of Denmark's Ministry of Energy, Utilities and Climate.

Geographic scope and country review process

Emerging economies in **Latin America** and **Southeast Asia** face significant challenges in transitioning to clean energy, including the need to strengthen domestic policy frameworks. Based on a range of considerations, the OECD has identified five candidate countries including **Viet Nam, Colombia, India, Indonesia and Argentina**. The OECD's final selection of five country interventions will reflect political and other developments and engagement. Should conditions dictate that more candidate countries be considered, or in case additional resources are made available from other donors, the OECD will include additional candidate countries including **Thailand, Mexico, Brazil, Peru**, or (expanding to Africa) **South Africa**.

Factors that the OECD considered in country selection include: national trends in and government commitment to clean energy; the potential and opportunity to strengthen national policy frameworks; engagement of the country in international fora on clean energy (Clean Energy Ministerial, P4G, NDC Partnership and others) and existence of national initiatives (e.g. through MDBs) in each country; and the level of OECD engagement with the country. In addition to the above, the OECD will determine the timing of the reviews according to more practical factors such as the timing of elections as well as the timing of relevant OECD reports involving the country.

Brief highlights of considerations for the first group of beneficiary countries are presented below.

Viet Nam

- Favourable domestic conditions for clean energy investment (e.g. RE investment increased 143% in 2016; Viet Nam National Green Growth Strategy).
- Factors for country ownership and support: Strong engagement by Viet Nam (Ministry of Planning and Investment) in assessment of its investment enabling environment, through the 2018 launch of OECD Investment Policy Review of Viet Nam with a clean energy investment chapter); and (Economics Department, Foreign Affairs Ministry) in the OECD Southeast Asia Regional Programme (SEARP), which organises policy dialogues. The OECD will be present at the APEC Public-Private Dialogue on Green Investment Policy, 26-27 July.

Colombia

- Favourable domestic conditions for clean energy investment (e.g. RE targets, carbon tax on fossil fuels (2016)).
- Factors for country ownership and support: With the recent signature by Colombia of its Accession Agreement to the OECD, the government has been eager to engage with the OECD, including on green growth and clean energy; sufficient implementation capacity (proven through accession process).

India

- Very favourable domestic conditions for clean energy investment: India National Solar Mission; ambitious solar and wind targets, to be made more ambitious (adding 225GW rather than 175GW of renewable energy capacity by 2022¹⁵); record low tenders; International Solar Alliance; coal tax allocated to National Clean Energy Fund; MDBs funding for RE over USD 1 billion per year.
- Factors for country ownership and support: Discussions on the Programme with key ministries, including at high-level (e.g. OECD-ORF workshops on investing in and financing a low-carbon India, 2-5 July with OECD Sherpa Gabriela Ramos in Delhi and Mumbai).

Indonesia

- Favourable domestic conditions for clean energy investment: Through its Green Industry Development Plan, Indonesia has developed policies to support green growth in the private sector, including the creation of green industry standards and a certification body; the House of Representatives has reportedly started to prepare a draft of the renewable energy bill, which is set to pass into law by the end of 2018.
- Factors for country ownership and support: The Minister of Finance met with OECD Deputy Secretary General Masamichi Kono in December 2017 and supported Indonesia's participation in the Programme; an official in the Ministry of Energy and Mineral Resources expressed interest in participating; the ongoing OECD Green Growth Policy Review of Indonesia is examining efforts to meet both domestic objectives and international commitments on greening; the OECD Jakarta office facilitates OECD work on the ground, has well-established links with Indonesian policymakers, and could support coordination with ASEAN Centre for Energy in Jakarta.

Argentina

- Favourable domestic conditions for clean energy investment: Argentina's first tender for solar PV in 2016, and record-low bids.
- Factors for country ownership and support: Preliminary signals of interest in the Programme from Energy Ministry staff, to be followed up; strong Argentina commitment to become an OECD Member, participating as Associate in 7 OECD bodies, adherence to 37 OECD legal instruments; Macri Administration is implementing reform priorities, including through engagement with OECD through Action Plan Argentina.

The OECD enjoys strong demand from the beneficiary countries for policy support in the context of its regional and country programmes, notably for clean energy investment. It is currently engaging with countries to secure formal approval and support for activities under the Programme. Discussions with Viet Nam and India are most advanced and discussions with other countries are underway, including through missions to countries as well as regular contacts with high-level officials from the concerned countries.

Key stakeholders, including government ministries, development partners and MDBs

The effectiveness, efficiency and sustainability of the Programme depends on **buy-in at political and policymaker/regulator level and engagement of relevant communities**. As detailed in Annex 1 (Context Analysis), a wide range of actors will be engaged, not limited to:

¹⁵ <https://www.businessgreen.com/bg/news/3033884/reports-india-on-track-to-overshoot-2022-green-power-targets>.

- Key government ministries in target countries (Energy, Finance, Planning, Environment);
- Co-funding countries (e.g. Japan) and bilateral development institutions;
- Key private sector stakeholders (e.g. companies, investors, associations);
- National Development Banks;
- Multilateral Development Banks (e.g. World Bank, Asian Development Bank, Inter-American Development Bank);
- Relevant international organisations and initiatives (e.g. IEA, organisations active in the Clean Energy Ministerial);
- Civil society (e.g. energy CSOs, consumer associations);
- Government ministries in other countries in the region (for regional peer learning).

The Programme will emphasise engagement and coordination with bilateral and multilateral development partners with a strong in-country presence and relevant capacity, leveraging existing relationships.¹⁶ In particular, implementation support activities under the Programme (discussed below and in Annex 5) would seek to contribute to and build on existing activities currently being undertaken by MDBs and other key actors. Further details on relevant country-specific and other stakeholders are provided in the Content Analysis (Annex 1) and the Counterpart Analysis (Annex 2).

The Programme's sustainability (e.g. if Danish support should not be extended) may also be bolstered relying on the OECD's multiple channels for engagement with countries, and its access to other (bilateral donor) governments to seek funding to extend the work.

Considerations about Danish strengths, interest and opportunities for engaging Danish public, private and civil society actors

Danish Climate Envelope funds target interventions where Denmark can add value in terms of national strengths, competences or interests (commercial or regulatory). Energy including renewable energy and energy efficiency as well as reform of policy frameworks have been identified as key areas where this is the case. Evidence from previous international collaboration has confirmed that Denmark's ongoing energy transition away from a fossil fuel economy is a powerful example to other countries.

The Programme specifically addresses the need to focus on investment conditions for mobilising private investments in clean energy in emerging economies. This complements existing Danish collaboration and support with emerging economies, including collaboration channelled through Danish Energy Agency's Energy Partnership Program as well as international collaboration through multilateral channels such as planned Danish support for clean energy investment mobilisation through the Climate Investment Funds as well as existing support channelled through IEA, ESMAP, the Energy Efficiency Hub and other initiatives. The Programme will thus create opportunities for synergies with existing Danish Government engagements. In addition, successful interventions and market development may generate further opportunities for commercial activities and financial investments in areas where Danish companies hold a strong market position globally.

Support modalities

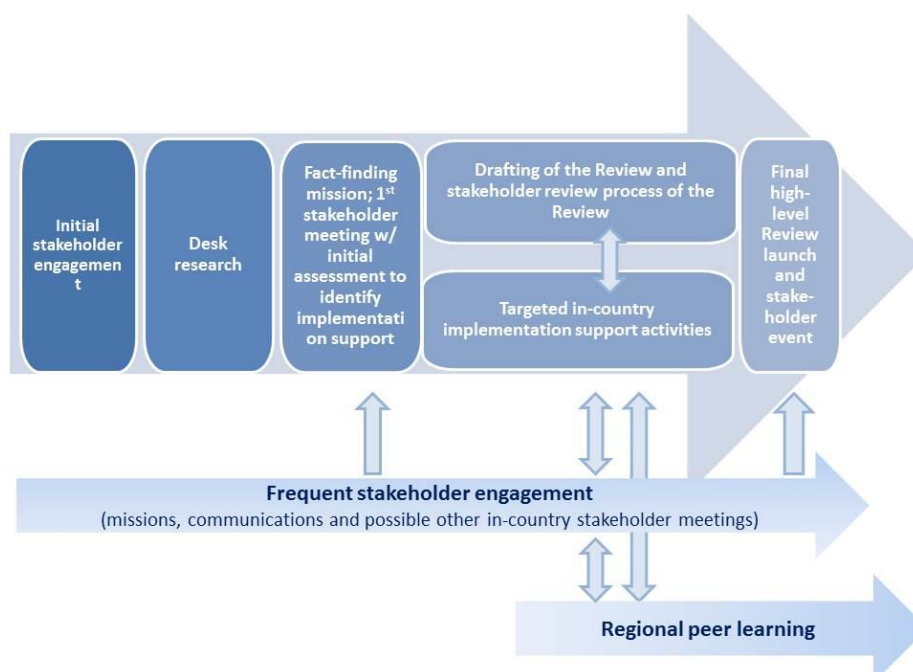
The design of the Programme is built around a two-pronged approach to country support: 1) in-depth **Clean Energy Finance and Investment Country Reviews** (and associated stakeholder engagement) that analyse and provide recommendations on the key enabling frameworks that drive the mobilisation of clean energy investments; and 2) targeted **implementation support activities** to governments to translate policy recommendations into action in engagement with international and

¹⁶ For example, the Inter-American Development Bank is represented on the Advisory Board of the OECD Centre on Green Finance and Investment.

national counterparts. The OECD will run these activities in parallel to benefit from insights generated from and shared between the two areas of work.

Each country project will begin with a mission to ensure senior-level buy-in and aligned expectations around the Programme outputs. This will be followed by a deeper and broader process of stakeholder engagement. Combined with desk research, this will allow the OECD to identify the most promising areas for impactful implementation support, as well as priority areas for further analytical and research work. The OECD will continue the country review and implementation support activities in parallel, supported by stakeholder engagement as well as regional peer learning events organised by the OECD. A final document, the "Country Review", will be produced **at the end** of each country project, and will: i) incorporate both the analysis and the learnings and outcomes from implementation support activities; and ii) provide a list of priorities where further progress would be beneficial. **Figure 1.** describes this process that the OECD will carry out.

Figure 1. Country Review and Implementation Support Process



Funding for the Programme will be earmarked for the OECD. No funding will be transferred to beneficiary countries, and all of the funding will be managed by the OECD. This approach provides the financial resources needed for the OECD to undertake the Programme; core funding from the OECD Members has not been allocated (and is not available) for the Programme. The strategic approach of the Programme is to make OECD expertise and analytical capacity available to developing countries in the form of technical assistance. This technical assistance will complement other international support as well as domestic efforts. The OECD support can be provided in the most programmatic, efficient and coherent way by channelling the funding to the OECD, who will then provide the technical support to the beneficiary countries.

4. Theory of change and key assumptions

This Chapter describes how the Programme will lead to changes in the five selected emerging countries of the Programme. It outlines the expected relationships between the planned outputs of the Programme and the desired outcome and objective of the Programme, based on key

assumptions. The theory of change and key assumptions presented in this Chapter are reflected in the Results Framework presented in Chapter 5. Beyond the aforementioned assumptions, the Programme will incorporate relevant risk responses in the Programme design (see Risk Management Matrix, Annex 3).

Expected Change

The overall objective and long-term goal of the Programme is to accelerate finance and investment for clean energy in the power and buildings sectors in the countries engaged in the Programme (henceforth “the five countries”), in order to reduce greenhouse gas emissions and achieve low-carbon development, in support of the implementation of the Paris Agreement.

Intervention Logic

The intervention logic is to make OECD expertise available to selected emerging countries with a view to supporting policy and regulatory frameworks as well as other targeted measures that are key in mobilising private investments in clean energy. By providing investment-oriented technical assistance and capacity building support in line with demand from beneficiary country governments, the vision is that the clean energy transition will accelerate and create further opportunities for clean energy investment.

The intervention logic underpinning the Programme can be described in the following way:

Theory of change in relation to the Programme outcome #1:

IF the beneficiary countries take the following measures:

- Key ministries and other key stakeholders in each of the five selected emerging countries in the Programme are engaged in a process of review and assessment of core climate and energy policies and broader domestic enabling conditions for clean energy¹⁷ finance and investment, and
- Specific recommendations resulting from these efforts are implemented through further stakeholder engagement and technical assistance,

THEN the domestic policy frameworks and enabling conditions for clean energy finance and investment will be strengthened in each of the five countries supported by the Programme.

Theory of change in relation to the Programme outcome #2:

IF the beneficiary countries take the following measures:

- Key international and domestic investors, project developers, ministries, IFIs and other stakeholders in each of the five selected emerging countries in the Programme are engaged in assessment of recommendations to unlock clean energy¹⁸ finance and investment, and
- Specific recommendations resulting from these efforts are implemented through further stakeholder engagement and technical assistance to strengthen connections and engagement between investors, project developers and policy makers to facilitate financing of clean energy project,

THEN the pipeline of bankable clean energy projects and investor engagement will both be strengthened in the five countries, including through networking platforms between investors,

¹⁷ As explained previously, clean energy refers to renewable energy in the power sector and energy efficiency in the power and buildings sectors.

¹⁸ As explained previously, clean energy refers to renewable energy in the power sector and energy efficiency in the power and buildings sectors.

project developers and policy makers, capacity building, and work on pipeline development and de-risking instruments.

Theory of change in relation to the Programme objective:

IF the domestic policy frameworks and enabling conditions for clean energy finance and investment are strengthened in each of the five selected emerging countries,

THEN this will contribute to improving the investment attractiveness of clean energy projects in those countries and facilitate access to financing for those projects, thereby contributing to the Programme's objective of accelerating clean energy finance and investment flows in the short to mid-term in selected emerging countries relative to business-as-usual in each of the 5 countries in the Programme, in support of climate change mitigation goals.

Key assumptions:

The key assumptions underpinning this theory of change are that:

- Relevant ministries and other stakeholders have sufficient capacity to absorb findings from the Programme, and they sufficiently engage on the Programme;
- The contexts for project implementation remain stable in the selected emerging countries and at international level;
- Economic and political conditions remain favourable for work on scaling up private finance and investment in clean energy projects;
- Selected countries under review do not reverse their existing commitment to clean energy deployment;
- The adoption and implementation of UNFCCC Paris Agreement is not questioned multilaterally or by the selected emerging countries; and
- The contribution of clean energy goals to the implementation of the Paris Agreement is supported by a robust policy and finance response.

5. Programme Objective and Results Frame

For the purpose of reporting, the OECD has developed the following results frame including objective, outcome and outputs as well as associated indicators to document progress. The OECD will measure the progress through its monitoring framework.

It is noted that there are significant challenges in measuring and attributing the GHG impact of policy support actions. Political economy issues, changes in government leadership, and time lags from policy formulation to impact on investment all contribute to this. While the Programme provides a material contribution to the outcomes and impacts of the Programme, factors both within and beyond control of the engagement influence their achievement.

Thematic Programme	Clean Energy Finance and Investment Mobilisation Programme	
Thematic Programme Objective	The objective of the development cooperation is accelerated clean energy finance and investment in the power and buildings sectors in the countries engaged in the Programme, to achieve greenhouse gas emissions reductions and low-carbon development, in support of the implementation of the Paris Agreement.	
Impact Indicator	<ul style="list-style-type: none"> • Total annual new investments in renewable power generation and energy efficiency in the power and buildings sectors (in USD million) across the five countries in the Programme. 	
Baseline	2017	<ul style="list-style-type: none"> • Aggregated new annual investments (in USD billion) in renewable power generation and energy efficiency in the power and buildings sectors in 2017 in the five countries. Assuming

		the five countries are Viet Nam, Colombia, India, Indonesia and Argentina, this aggregated baseline number is USD 16.9 billion. ¹⁹
Target	2023	<ul style="list-style-type: none"> Aggregated new annual investments in renewable power generation and energy efficiency in the power and buildings sectors in 2023 (in USD million) increase by 35% compared to baseline across the five countries.²⁰

Outcomes		<ul style="list-style-type: none"> Outcome #1: Strengthened domestic policy frameworks and enabling conditions for clean energy finance and investment. Outcome #2: Increased private sector activity in development and financing of “bankable” clean energy investments.
Outcome indicators		<ul style="list-style-type: none"> Outcome #1 indicator: Quality improvements of the domestic policy framework for clean energy finance and investment along three qualitative criteria: <ul style="list-style-type: none"> a) Coherent and consistent policies in place or strengthened b) Legislation/regulation in place (no major barriers exist) or improved (fewer barriers exist) c) Full-fledged or improved implementation of policies/programs/plans/enforcement of regulatory measures Outcome #2 indicator: <ul style="list-style-type: none"> a) Improved dialogue, matchmaking and capacity between investors, project developers and policy makers to deliver and finance bankable clean energy projects. b) Improved pipeline of bankable clean energy projects. c) Number of financial institutions that have engaged in workshops or in investment due diligence, partnership or initial investment process in relevant clean energy projects as a result of the Programme. <p>The OECD will measure the Outcome #2 indicator by undertaking a short survey of private investors and other private stakeholders.</p>
Baseline	2018	<ul style="list-style-type: none"> Outcome #1 baseline: Existing domestic policy framework for clean energy finance and investment not fully in place. <ul style="list-style-type: none"> a) There is inconsistency or incoherence within core climate/energy policies or within broader investment conditions. b) There is legislation or regulation in place, at different levels. (Criterion b fulfilled at least partially.) c) There are areas in need of improvement in terms of implementation and enforcement of policies/regulations/programmes/plans. Outcome #2 baseline (to be confirmed and refined based on a short ex-ante survey of private investors and other private stakeholders): <ul style="list-style-type: none"> a) Insufficient investor capacity and understanding regarding investment opportunities in bankable clean energy projects. b) Limitations in developing pipelines of bankable clean energy projects sufficient to meet deployment targets, and in facilitating clean energy financing, e.g. through use of de-risking instruments. c) No financial institutions have engaged in initial discussions, due diligence, partnerships or initial investment process in relevant clean energy projects as a result of the Programme.
Target	2023	<ul style="list-style-type: none"> Outcome #1: Existing domestic policy framework for clean energy finance and investment improved compared to baseline. <ul style="list-style-type: none"> a) The government has improved existing legislation/regulation or set new and improved legislation/regulation, for at least 2 pieces of legislation/regulations, each addressing inconsistencies or incoherence within core climate/energy policies or broader investment conditions. b) Implementation and enforcement has improved for at least two policies/regulations/programmes/plans. Outcome #2 (to be confirmed based on a short ex-post survey of private investors and other private stakeholders) <ul style="list-style-type: none"> a) Improved capacity regarding, and understanding by investors of, bankable investment opportunities in relevant clean energy projects. b) Improved government capacity to develop pipelines of bankable clean energy projects and facilitate clean energy financing, e.g. through de-risking instruments.

¹⁹ Based on estimates from Bloomberg New Energy Finance (BNEF) database. Accessed on 26 June 2018.

²⁰ The target takes into account the BAU increase from 2017 to 2023 relative to the baseline in the five countries, estimated at 20%. The BAU assumption will be reviewed during the inception phase.

		c) At least 50 financial institutions have engaged in workshops, initial discussions, due diligence, partnerships or initial investment processes in relevant clean energy projects as a result of the Programme.
Output #1	Clean Energy Finance and Investment Country Reviews and stakeholder engagement ²¹	
Output #1 indicators	a) Engagement by government stakeholders through a cross-government approach, improved understanding of key challenges, support for Programme recommendations to strengthen policy frameworks. b) Number of <i>Clean Energy Finance and Investment Country Reviews</i> ("Country Reviews") published by the OECD and launched (one in each of the five countries) as provided below. c) Number of stakeholder engagement meetings held to support capacity building, dialogue and coordination across ministries and other stakeholders.	
Baseline	2018	a) Lack of a cross-governmental approach, and limited co-operation with non-governmental stakeholders to understand challenges and identify recommendations to strengthen domestic enabling conditions. b) Zero Country Reviews addressing the five countries published by the OECD. c) Zero stakeholder meetings on clean energy finance and investment held by the OECD.
Target	2019	a) Zero Country Reviews published and launched in 2019; Country Review process initiated in two countries ²² b) Four stakeholder workshops held across two countries.
Target	2020	a) Two Country Reviews published and launched in 2020; Country Review process initiated in two new countries. Six stakeholder engagement workshops held across four countries.
Target	2021	a) Country Review process initiated in a new country. b) Four stakeholder workshops held across four countries.
Target	2022	a) Two new Country Reviews published and launched in 2022. b) Six stakeholder workshops held across three countries.
Target	2023	a) One new Country Review published and launched in 2023. b) One stakeholder workshop held in one country in 2023. c) One summary report launched at one high-level event at the OECD end of 2023. d) Improved co-ordination, dialogue and sharing of good practices between senior government officials, the Development Assistance Committee, the Environment Policy Committee (EPOC), domestic policy makers and other stakeholders from the five countries and relevant regions, resulting from high-level event at the end of Programme and summary report.
Output #2	Targeted implementation support in the form of: a) policy advice to help governments translate Country Reviews recommendations into policy/regulation, to share good practice and to build capacity to facilitate clean energy investment; and b) policy liaison to help mobilise clean energy financing (relating to capacity building, coordination and cooperation of non-governmental stakeholders, and promotion of risk mitigation instruments and new business models)	
Output indicator	In each of the five countries: <ul style="list-style-type: none"> • Number of targeted, ad hoc policy advice or analytical support activities (referred to as “policy advice” activities): <ol style="list-style-type: none"> a) To help governments translate one or more Country Reviews and recommendation(s) into national legislation/regulations to provide stronger incentives and facilitation for clean energy finance and investment (e.g. to help review specific policies, laws, regulations, tenders or institutions). b) To facilitate knowledge-sharing, good practice-sharing and capacity building (e.g. through training workshop or government secondment) on key issues to mobilise clean energy investment, including through leveraging public finance. • Number of targeted policy liaison, networking, capacity building, coordination and finance mobilisation activities (referred to as “policy liaison” activities) to connect people, experiences and institutions and facilitate clean energy financing. • To increase the number of public officials who have been directly engaged and benefited from advice and expert support on: <ol style="list-style-type: none"> a) The development and implementation of new policies and regulation. b) Key processes and institutional actions to improve clean energy investment facilitation. 	

²¹ See Figure 1 in Chapter 3 for a visual description of the Country Reviews and stakeholder engagement process, and Figure 2 below for sequencing of engagement across the five countries during the five years of the Programme.

²² See Figures 1 and 2 for sequencing of activities in countries.

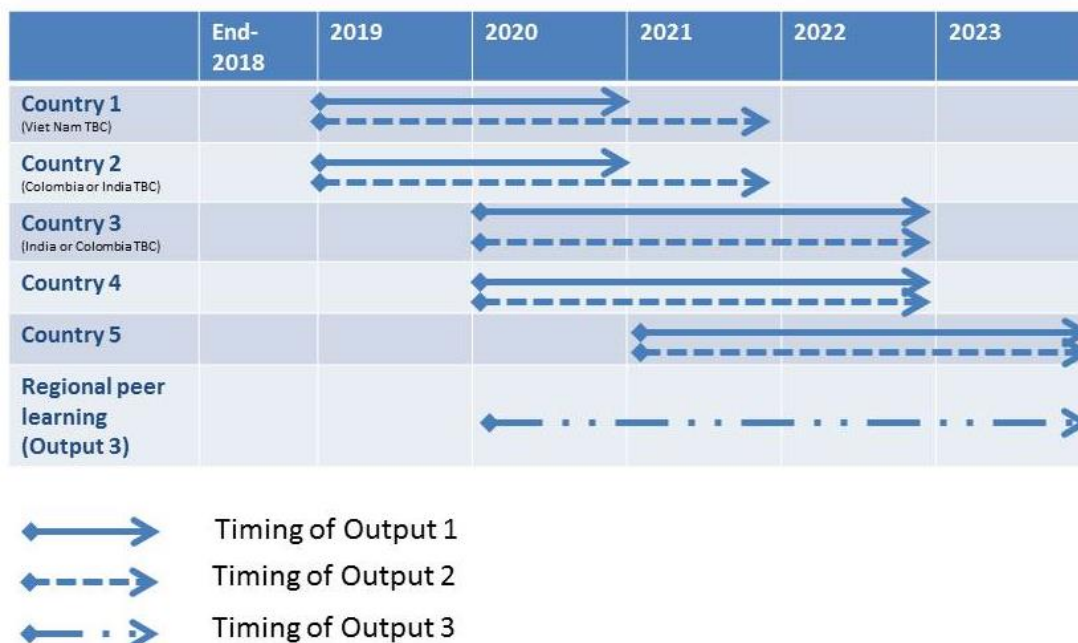
		<ul style="list-style-type: none"> To improve the quality of the domestic policy framework for clean energy finance and investment according to relative (not absolute) improvements along four qualitative criteria: <ol style="list-style-type: none"> Coherent and consistent policies in place or strengthened Legislation/regulation in place (no major barriers exist) or improved (fewer barriers exist) Full-fledged or improved implementation of policies/programs/plans/enforcement of regulatory measures. <p>Additional detail on possible activities under Output #2 is provided in Annex 5. See Figure 1 for a description of the process, and Figure 2 below for sequencing across the five countries.</p>
Baseline	2018	<ul style="list-style-type: none"> Zero targeted policy advice activity in the five countries. Zero targeted policy liaison activity in the five countries. Existing domestic policy framework for clean energy finance and investment not fully in place in all five countries.
Target	2019	<ul style="list-style-type: none"> Two targeted policy advice activities initiated across two countries. Two targeted policy liaison activities initiated across two countries.
Target	2020	<ul style="list-style-type: none"> Two targeted policy advice activities initiated across two countries. Two targeted policy liaison activities initiated across two countries. Four ongoing targeted policy advice and policy liaison activities in two countries.
Target	2021	<ul style="list-style-type: none"> Two targeted policy advice activities completed in two countries. Two targeted policy liaison activities completed in two countries. Four ongoing policy advice and policy liaison activities in two countries. One targeted policy advice initiated in one country. One targeted policy liaison activity initiated in one country.
Target	2022	<ul style="list-style-type: none"> Two targeted policy advice activities completed in two countries. Two targeted policy liaison activities completed in two countries. Ongoing policy advice and policy liaison activities in the fifth country.
Target	2023	<ul style="list-style-type: none"> Two targeted policy advice and policy liaison activities completed in one country. <p>In each of the five countries the quality of the domestic policy framework has improved relative to the baseline in each of the three criteria:</p> <ul style="list-style-type: none"> More coherent and consistent policies in place compared to baseline; More legislation/regulation in place compared to baseline; Improved implementation of policies/programs/plans/enforcement of regulatory measures compared to baseline.

Output #3	Regional peer learning	
Output #3 indicator	<ul style="list-style-type: none"> Improved sharing of lessons learned, good practices, and key priorities across emerging countries and OECD Members to mobilise clean energy finance and investment. Improved coordination across stakeholders at regional level. Number of regional peer-learning workshops organised in Latin America and South East Asia to encourage regional and thematic exchanges of experience and good practices. The OECD will plan the regional peer-learning workshops in close co-ordination with the five countries based on priorities, as well as relevant stakeholders. 	
Baseline	2018	<ul style="list-style-type: none"> Zero regional peer-learning workshops organised by the OECD. No exchanges to date of lessons learned, good practices, and key priorities across Latin America to mobilise clean energy finance and investment as a result of the Programme. Insufficient exchanges of lessons learned, good practices, and key priorities across Asia to mobilise clean energy finance and investment. Insufficient coordination across stakeholders at regional level on clean energy finance and investment in Latin America and Asia.
Target	2019	<ul style="list-style-type: none"> Zero regional peer-learning workshops organised by the OECD.
Target	2020-21	<ul style="list-style-type: none"> One regional peer-learning workshop organised in Latin America in 2020 or 2021 as will be decided by the OECD. One regional peer-learning workshop organised in Asia in 2020 or 2021 as will be decided by the OECD.
Target	2022-23	<ul style="list-style-type: none"> One regional peer-learning workshop organised in Latin America in 2022 or 2023 as will be decided by the OECD. One regional peer-learning workshop organised in Asia in 2022 or 2023 as will be decided by the OECD.
Target	2023	<ul style="list-style-type: none"> Between 2020 and end of 2023, total of four regional peer-learning workshops organised in Latin America (two) and South East Asia (two) to encourage regional and thematic exchanges of experience and good practices. The OECD will co-ordinate the

		regional peer-learning workshops with the five emerging countries, as well as relevant stakeholders.
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The timing of Outputs is outlined in Figure 2 below.

Figure 2. Process



6. Budget

Table 1 below presents the estimated budget by outputs and budget headings.

Table 1. Estimated budget by outputs and budget headings

Estimated Budget - by Output and Budget Headings "Clean Energy Finance and Investment Country Reviews and Implementation Support" Programme in selected emerging economies"	
Total Contribution in DKK 35,000,000 Implementation Period : 1st January 2019 - 31 December 2023 in months : 60 Months	
Budget category	Total Cost (in DKK)
Output 1 - Country Reviews and Stakeholders engagement	17,999,506
Staff Cost	13,456,915
Per person chargeback (overhead charge)	1,868,054

Intellectual Services (local contractor)	372,340
OECD staff missions	1,117,020
Meeting room rental & Conference services	670,212
Interpreters	285,957
Translations	101,404
Editing/Formatting Documents	67,060
Mobile workspace service charge	60,543
Output 2 - Targeted implementation support (policy advice and policy liaison)	11,238,540
Staff Cost	9,260,138
Per person chargeback	1,194,895
OECD staff missions	744,680
Mobile workspace service charge	38,826
Output 3 - Regional peer Learning	3,906,957
Staff Cost	2,908,253
Per person chargeback	390,293
OECD staff missions	372,340
Invited Experts	223,404
Mobile workspace service charge	12,666
Total Direct Cost	33,145,003
VC administration charge	1,855,000
TOTAL ESTIMATED COSTS	35,000,000

Footnotes:

(¹) Annual per person chargeback for the recovery of direct costs related to Part I VC financed staff

(²) The VC admin. cost recovery charge is calculated in accordance with the OECD Council Decision C(2009)158 and BC(2011)40

Yearly budget (DKK)	2019	2020	2021	2022	2023	Total
Output 1	2,895,918	4,936,178	3,915,754	3,612,890	2,638,766	17,999,506
Output 2	1,514,050	1,574,540	3,154,256	2,513,687	2,482,007	11,238,540
Output 3	206,835	193,435	767,279	1,174,544	1,564,863	3,906,957
VC admin. charge	1,854,998	-	-	-	-	1,854,998
Total Cost	6,471,801	6,704,153	7,837,29	7,301,121	6,685,636	35,000,000

The Programme duration is 5 years, starting on 1 January 2019 and ending on 31 December 2023.

The key expenditure categories/budget headings include staff cost (including overhead for VC-financed staff); intellectual services (local contractors); travel costs of staff and invited experts; event/conference & reception costs (meeting room rental, interpreters and other conference services); publications (translation, editing/formatting and printing), other operating costs, and VC administration charge. The annual budgeting and financial reporting (see Chapter 8) will reflect the budget headings.

Note on the VC administration charge

The OECD applies a fixed percentage of administrative cost recovery charge to all voluntary contributions accepted by the Organisation since 1st March 2005. This decision was adopted by the OECD Council (OECD's Governing Body), which is made up of representatives OECD Member countries, including Denmark.

The VC administration charge is currently set at 6.3 per cent of the total amount of the voluntary contribution (a discount of 1% is applied to contributions above 500 KEUR). This is based on the Council decision C(2009)158 and a further revision of the amount of the cost recovery charge based on the decision BC(2011)40. The charge is applied in full upon acceptance of the contribution and therefore is budgeted as a cost in year 1.

Document C(2009)158 explains the purpose of the cost recovery charge and the document BC(2011)40 explains the revised percentage of this charge.

7. Institutional and Management arrangement

The parties have agreed to the following management arrangement with the aim to ensure adequate dialogue and timely decisions about this Programme.

OECD-Denmark: The arrangements between the OECD and the Government of Denmark are described as part of Chapter 8 "Financial Management, planning and reporting".

Internal OECD management: Strong internal co-ordination will be ensured across the OECD Secretariat's Directorates implementing the Programme and contributing to outputs (Development Co-operation Directorate (DCD), Environment (ENV), Financial and Enterprise Affairs (DAF), Global Relations (GRS), and potentially others). The Heads of Division of relevant divisions in DCD, ENV and DAF (plus others as needed) will hold regular (bi-monthly, or more frequent as internally deemed necessary) internal management meetings to discuss and assess progress and any challenges. In addition, updates will be provided to delegates during relevant OECD committee meetings (Development Assistance Committee (DAC) and its Working Party ENVIRONET, Environmental Policy Committee (EPOC) and its Working Party on Climate, Investment and Development (WPCID), Investment Committee, etc.) as appropriate.

OECD and beneficiary countries: The OECD will identify the lead ministry for the project in each country and agree in writing with that ministry on the scope and modalities of engagement and coordination. This will include communicating with the lead ministry through conference calls (quarterly or otherwise as agreed) to update the ministry on progress, to get input and agreement on the work and ensure co-ordination. The OECD will also use existing cooperation channels to co-ordinate with beneficiary countries and develop the Programme in coordination with key ministries. The OECD, through its Global Relations Secretariat, has existing programmatic and co-operative channels with each of the target countries for the Programme. The existing written agreements on cooperation and the existing cooperation channels both contribute to continuity in case of changes in government and other circumstances.

The OECD is engaging with additional stakeholders and initiatives through which it will pursue complementary engagement with the beneficiary countries. These include, but are not limited to:

- Viet Nam
 - Ministry of Planning and Investment (MPI) is participating in the OECD Investment Policy Review of Viet Nam, to be launched in October 2018;
 - Ministry of Foreign Affairs, Economics Department is participating in the OECD Southeast Asia Regional Programme (SEARP), which organises policy dialogues;

- Ministry of Industry and Trade (MOIT) is holding the APEC Public-Private Dialogue on Green Investment Policy on 26-27 July in Hanoi; the OECD will participate and present;
- the ASEAN Centre for Energy in Jakarta can be engaged (e.g. for regional peer learning), the OECD Jakarta office can facilitate such engagement;
- The OECD has initiated engagement with: P4G to co-ordinate on their initiatives with Viet Nam on innovative business models and match-making for investments in sustainable infrastructure; NDC Partnership (the Plan for Implementing the Paris Agreement (PIPA) and related events and co-ordination in Viet Nam.
- Colombia
 - Cross-government engagement: Colombia engaged extensively with the OECD during the 5-year OECD accession process; this involved undertaking major reforms to align its legislation, policies and practices to OECD standards. On 25 May 2018 the OECD Council decided to invite Colombia to accede to the OECD Convention. . Colombia signed an Accession Agreement on 30 May 2018, which will result in Colombia becoming the 37th OECD Member when depositing its instrument of accession towards the end of 2018. Following this accession process, Colombia is eager to engage with the OECD, including on green growth and clean energy. It could become one of the leading countries in this field in the OECD Latin America and Caribbean Regional Programme (LACRP), and LACRP, in turn, would serve as an important channel for undertaking regional peer learning in the Programme;
 - The Colombian OECD delegation on the Programme is being engaged regarding the Programme and will provide a conduit to key contacts in the ministries.
- India
 - The Ministry of Finance has been engaged by OECD Global Relations regarding the Programme.
 - The Programme will be discussed at OECD-ORF workshops on investing in and financing a low-carbon India, and related bilateral meetings between government officials and OECD Sherpa Gabriela Ramos, on 2-5 July in Delhi and Mumbai. Bilateral meetings are being planned with a range of government officials (Ministries of External Affairs, Finance, New and Renewable Energy) and other key stakeholders.
- Indonesia
 - The Minister of Finance met with OECD Deputy Secretary General Masamichi Kono in December 2017 and supported Indonesia's participation in the Programme;
 - An official in the Ministry of Energy and Mineral Resources expressed interest in participating;
 - the OECD Jakarta office facilitates OECD work on the ground, has well-established links with Indonesian policymakers, and could support collaboration with ASEAN Centre for Energy in Jakarta.
- Argentina
 - Energy Ministry staff have been engaged regarding the Programme;
 - Further engagement will leverage government contacts active in the Argentine G20 Presidency (including Finance Ministry);
 - Action Plan Argentina provides a platform for OECD engagement with Argentina (e.g. to support reform priorities pursued by the Macri Administration).

In addition to these channels and contacts, the OECD will leverage and participate in existing multi-stakeholder initiatives (e.g. Clean Energy Ministerial's Initiative on Investment and Finance, the IEA's Clean Energy Transitions Programme, MDB initiatives, P4G, and the NDC Partnership) to

enhance coordination and cooperation in international support efforts as while increasing the visibility of and stakeholder participation in the Programme.

It is the firm intention of the Ministry of Foreign Affairs of Denmark and the OECD to ensure that:

- a) no offers, gifts, payments, benefits or advantages of any kind which would or could be construed as illegal or corrupt practice be accepted in the course of the implementation of the Programme;
- b) all conflicts of interest in relation to the Programme and/or its implementation be avoided; and
- c) none of the funds to be provided as per this proposal are used to provide support to individuals or entities associated with terrorism or in support of drug or human trafficking.

If at any stage the OECD or the Ministry of Foreign Affairs of Denmark should become aware of, or suspect that, one of its staff engages in conduct prohibited under a), b) or c) above, they will promptly investigate the matter and, if the investigation demonstrates that a misconduct occurred, inform the other party and take all reasonable measures in accordance with its rules and policies to ensure the situation ceases and does not happen again.

Communication of results

The OECD plans to communicate and outreach on the outputs and outcomes of the Programme through various channels, such as:

- Publication on OECD iLibrary and on OECD website of the *Clean Energy Finance and Investment Review* (for each of the six countries);
- Official launch of the Country Review and outreach on the implementation support during high-level launch event gathering key stakeholders;
- Online OECD webpage dedicated to outreach and communication on the Programme (including to communicate on important meetings, forthcoming reviews, ongoing implementation support, review launch, etc).
- Social media for key high-level events, key speeches and Review launches.
- Outreach on the country project in each country during missions, bilaterals, implementation support workshops and other stakeholder consultations;
- Outreach on the lessons learned from each country and on the overall Programme during regional peer learning events;
- Outreach on the Programme and key outputs in each country during relevant OECD and non-OECD events, as well as during OECD committee meetings (ENVIRONET, DAC, Working Party on Climate, Investment and Development (in EPOC), Investment Committee, etc);
- Outreach on the Programme at upcoming climate change conferences (e.g. during dedicated side events), forthcoming Clean Energy Ministerial side events (including as part of new Clean Energy Investment Initiative) and other relevant high-level events.
- Outreach at the end of the Programme on the launch and final Programme report during one high-level closing event at the OECD, held ideally back-to-back with DAC and/or EPOC high-level meetings, with DAC and EPOC participations, to share key achievements and takeaways of the Programme.
- Relevant communication and updates will be shared with the Government of Denmark.

8. Financial Management, planning and reporting

Denmark's contribution will be subject to OECD Financial Regulations [see C(2008)92/REV1] and the funds shall be administered according to the relevant OECD rules, policies and procedures. Danish funds are earmarked and shall be managed and accounted for separately from other funds covering activities not related to the Programme. The financial report will be based on information included in the OECD's accounts, which are subject to independent audit.

The total budget will be DKK 35,000,000 and shall be used for the agreed purpose only. If there are unspent funds for the work stream related to the Programme at the end of this implementation period, the OECD and Denmark will discuss the possible use of these funds. In the event that the OECD and Denmark cannot agree to a suitable use, Denmark may request that these unspent funds be returned to Denmark. The expenditure will be recorded in the accounts of the OECD, which follow generally accepted accounting principles.

The OECD has the obligation to inform the Danish government focal point (MEUC) and the Danish MFA of any changes, including overspending of budget lines outlined in the Indicative Programme Budget (above the 10% threshold), or of irregularities in the management of funds that have occurred.

The OECD will provide the Government of Denmark with an annual progress report including information to facilitate monitoring of progress and dialogue concerning implementation, including: planning for the following year; progress against the objectives of the Programme, achievement of outputs; challenges related to Programme implementation; overall contextual conditions; risks foreseen in this Programme Document, and changes in those risks; monitoring of indicators as per the Results Framework; and opportunities for engagement and synergies with related bi- and multilateral initiatives. The annual progress report will be accompanied by a financial report.

In addition to the annual reporting cycle, the OECD will be in communication via conference calls with the MEUC on an ad hoc basis and at least every three months to consult and co-ordinate on various issues over the course of the Programme.

The annual progress report will be accompanied by a financial report giving a breakdown of expenditures in line with the categories mentioned in Chapter 6 and compared to budget.

The OECD will provide a final consolidated financial report within six months of the end of the contract which will be signed with the Danish Ministry of Foreign Affairs. All financial reports agreed to in the agreement will be based on information recorded in the Organisation's official accounts. The OECD shall maintain books, records, documents and other evidence in accordance with its accounting procedures to sufficiently substantiate charges to the grant. The OECD confirms its accounts are subject to independent audit in accordance with its usual audit procedure and standard audit rules. Should the audit report of the external auditor of the OECD to its Audit Committee contain observations relevant to the activities related to the Programme, a copy of such report, together with the OECD's comments thereon, may be made available to the Danish Ministry of Foreign Affairs.

During the implementation period and at times and modalities agreed with the OECD, the OECD will allow representatives of the Danish Ministry of Foreign Affairs to carry out any mission that is considered necessary to monitor the implementation of the Programme. After the termination of the Programme support, at times and modalities agreed with the OECD, the OECD will allow representatives of the Danish Ministry of Foreign Affairs to carry out an evaluation on the Programme. The scope of monitoring and/or evaluation shall only be limited to the technical aspects of the project activities; they shall not constitute an audit or cover any financial aspects regarding the implementation of the Programme.

9. Risk Management

A detailed risk matrix including risk responses is provided in Annex 3. The matrix considers the following risks and describes risk response and residual risk for the following contextual, programmatic and institutional risk factors:

Contextual risks:

- Country under review reverses commitment to climate action or a crisis takes higher priority;
- Insufficient capacities of the financial system that could prevent some Programme findings and emerging insights to transfer into practice; and
- Lack of alignment between the Programme and countries' expressed needs for international support to engage in mitigation (outlined in e.g. NDCs, in the form of technology transfer, capacity building, financial support).

Responses to these risk factors include:

- Ensuring political buy-in to the review well in advance of starting work;
- Including specific elements of strengthening the domestic financial system and actors, through e.g. the generation and dissemination of information and evidence; and
- Discussing expectations early and agree on focus of review before work starts, ensuring key country priorities are addressed to the extent possible.

Programmatic risks:

- Insufficient engagement by the relevant bodies, e.g. Ministry of Energy, Ministry of Finance/Treasury, Central Bank
- Duplication and/or untapped synergy potentials with other initiatives
- Insufficient integration of environmental and/or social considerations in clean energy policies due to focus on low-carbon aspects of clean energy projects

Responses to these risk factors include:

- Engagement with (and between) domestic government entities, NDBs, IFIs, key private sector stakeholders and civil society (e.g. business associations), and with stakeholders beyond the public sector and international initiatives to obtain additional insights on investment;
- Extensive engagement with key actors in advance of launching the Programme and individual projects to minimise risks of overlap;
- Including in country review coverage of responsible business conduct issues and related topics to promote the adequate application of environmental and social safeguards to clean energy investments.

Institutional risks:

- Unexpected departure of key OECD Programme staff;
- Capacity of relevant ministries and other stakeholders to absorb findings from the Programme is limited; and
- Recent establishment of relevant departments within relevant ministries.

Responses to these risk factors include:

- Developing management and staffing plan, recruit and assign staff and external consultants/experts carefully with consideration to personal circumstances and motivations;
- Tailor-made and targeted system and institutional capacity building based on the selected beneficiary country's needs; and
- Adjusting timing of review to political cycle and associated processes relating to institutional development.

Key assumptions relevant to both the risk analysis and the effectiveness of the Programme more broadly are presented in Chapter 4.

Annexes

Annex 1: Context Analysis

1. Overall development challenges, opportunities and risks

Briefly summarise the key conclusions from the analyses consulted and their implications for the Programme regarding each of the following points:

- General development challenges including poverty, equality/inequality, national development plan/poverty reduction strategy, humanitarian assessment.

The countries targeted by this Programme have all achieved large development gains and progress in poverty reduction and have significant policy, institutional and financial resources and capacity. At the same time, the distribution of growth has been unequal, often leaving important pockets of poverty, and often without due consideration of environmental and climate dimensions, exacerbating the impact on vulnerable groups. These countries' energy systems can be intermittent and unsustainable, which are indirect drivers of poverty.

- Development in key economic indicators: GDP, economic growth, employment, domestic resource mobilisation, etc.

The countries targeted are largely middle income and vary widely in terms of employment and resource mobilisation. They are challenged in efforts to overcome the 'middle income trap', where countries' development progress slows and stalls after sometimes impressive and rapid earlier progress. Overcoming this trap will depend on making growth more inclusive, and environmentally and socially sustainable, as well as consistent with climate change targets.

- Political economy, including drivers of change (political, institutional, economic) (e.g. political will, CSO space, role of opposition, level of donor funding to government expenses, level of corruption, foreign investment, remittances, role of diaspora, youth, gender, discovery of natural resources or impact of climate change etc.)

Several governance and political economy challenges might hamper successful clean energy system transformations, as the low-carbon transition will also impact key vested interests. Market liberalisation, regulation for a technology-independent, level playing field and pricing reform, for example, have been challenged by the fossil fuel industry. Similarly, municipalities have lobbied against decentralised generation capacity as the technology challenges municipalities' established business model as distribution providers. It will hence be important to consider the political economy of measures to transform the energy systems of partner countries towards greater sustainability.

List the key documentation and sources used for the analysis:

- OECD (2017), *Investing in Climate, Investing in Growth*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264273528-en>
- OECD/IEA (2017), *WEO Special Report: Energy Access Outlook. From Poverty to Prosperity*, International Energy Agency, Paris. <http://dx.doi.org/10.1787/9789264285569-en>
- IRENA (2017), *Perspectives for the energy transition: Investment needs for a low-carbon energy system*. International Renewable Energy Agency, Abu Dhabi.
- IRENA (2016), *Unlocking Renewable Energy Investment: The role of risk mitigation and structured finance*. International Renewable Energy Agency, Abu Dhabi.

Are additional studies / analytic work needed? How and when will it be done?

Relevant OECD analysis on the beneficiary countries, including on political economy issues, will be consulted as part of preparation for the Country Reviews.

2. Fragility, conflict, migration and resilience

General

Climate change can be a stressor of conflict and migration and is key to resilience. However for the countries considered in the Programme, fragility, conflict, migration and resilience, are not considered to be primary factors. None of the proposed Programme's beneficiary countries are included on the list of fragile contexts, neither in the most recent OECD States of Fragility report (2016), nor in the forthcoming 2018 edition of the report (past conflict and fragility situations (e.g. Colombia) or individual recent incidents (e.g. Indonesia) notwithstanding). Similarly, none of the countries are major sources of international migration, even if e.g. Colombia still accounts for significant levels of internally displaced persons. Moreover, given the nature of the Programme as providing a review and subsequent implementation support for policy and other enabling environment-related government capacities, the execution of the Programme would not be considered to have an immediate bearing on fragility, conflict, migration and resilience contexts.

The intended outcomes of the Programme, i.e. an enhanced policy framework and enabling environment for RE and EE investments, however do have a potential bearing on these issues, if usually at contained, local level: investments in large scale/utility-level energy infrastructure projects, which the Programme aims to unlock as a key intended outcome, invariably carry social and environmental risks. Overall, policy formulation, content and implementation are key vectors to control for risk factors in subsequent country-level policy execution; as such, the Programme, through its impact on domestic and local policies, can contribute to help contain future conflict potential and contribute to further stabilisation.

3. Assessment of human rights situation (HRBA) and gender²³

General

Development interventions and Programme measures can have adverse impacts on individuals who are not involved in decision-making processes as a result of their disadvantaged social status.

In conducting reviews and implementation support, it will be key to integrate into the process the importance of inclusive and representative planning and decision-making processes, allowing adequate participation by affected groups. Moreover, core human rights standards, notably with regard to economic, social and cultural rights, and with regard to availability, accessibility (i.e. physical accessibility, non-discriminatory accessibility and affordability), quality and cultural acceptability, will be reflected in the Programme's execution.

For the purpose of the policy framework, as an expression of domestic laws and regulations, the rights holders are the people in the reviewed country (i.e. the citizens of Brazil, Indonesia etc.). The duty bearers are their governments.

In this regard, capacity development for state institutions is considered one way of ensuring a greater human rights orientation in development measures, by making these institutions more accountable to the people. The Programme also has a clear relation to supporting state institutions in their capacity as supervisors and regulators, including with respect to private service providers (utilities), e.g. by promoting access to vulnerable and underserved groups and populations; and access to easily accessible, straightforward grievance mechanisms for users or otherwise affected groups.

Through its impact on energy policy, the Programme has the ability to strengthen human rights, by giving due attention to the importance of affordable access to sustainable, environmentally sound energy supplies for poor and underserved households; strengthening the supervisory and regulatory role of the state in the energy sector in order to monitor energy producers, energy plant operators and suppliers in terms of compliance with minimum human rights standards; ensuring the availability and affordability of energy; supporting pro-poor, gender-sensitive energy sector reforms; prioritising energy supply that has a positive impact on realising human rights (e.g. the power supply to essential facilities such as hospitals); and strengthening or establishing effective and readily accessible accountability mechanisms for power users and those affected (e.g. by pollution, health hazards, resettlement).

4. Inclusive sustainable growth, climate change and environment

General

The entire Programme deals in essence with climate change and environment considerations. The OECD is engaging in Country Reviews to provide information and evidence on conducive frameworks for clean energy finance and investment, to ultimately help emerging countries develop investment-grade policy frameworks for clean energy. The build-up of renewable energy capacity is central to the ability of achieving sustainable growth pathways in emerging economies. The objective of this Programme to support national/domestic policy frameworks for renewable energy investments, and associated implementation capacity, can be considered as the ultimate objective of mainstreaming green growth objectives, not just within development cooperation activities and portfolios, but in the partner country laws, regulations and institutions.

Given its direct focus and objectives with regard to climate change mitigation, and the alignment with and integration of OECD key standards and policy practice with regard to environmental considerations, the Programme is not considered to contribute to climate change and environmental risks, but rather to act as a risk mitigant.

5. Capacity of public sector, public financial management and corruption

²³ The purpose of the analysis is to facilitate and strengthen the application of the Human Rights Based Approach, and integrate gender in Danish development cooperation. The analysis should identify the main human rights issues in respect of social and economic rights, cultural rights, and civil and political rights. Gender is an integral part of all three categories.

Briefly summarise the key conclusions and implications for the Programme of the analysis of the below points:

- Capacity of the public sector for policy making, enforcement and service delivery.

The following lays out elements of analytical work to be conducted in the given country context:

- Analyse the institutional landscape: NDBs, ministries of energy, finance, environment, and sub-ordinate entities (e.g. regulators, specialised agencies)
 - What are their current capacities to formulate and implement strategies and policies to improve the investment framework? What are capacity needs to establish a policy framework conducive to clean energy investment? Derive capacity gap and capacity building measures.
 - What is the enforcement capacity, e.g. with respect to the mandate, staff resources, etc. ?
- Private providers of clean energy finance and investment need to be able to rely on the public sector to deliver necessary services that are a pre-condition for clean energy finance and investment, e.g. issuance of building permission (both for e.g. buildings and renewable energy plants).
 - Is the public sector delivering these services in an adequate time frame? What is the red tape with respect to clean energy projects?

- Quality and capacity of PFM, including budget credibility, comprehensiveness and transparency as well as control and external scrutiny / audit in all phases of the budget process as well as participation of citizens / CSOs in monitoring public budgets and corruption;

In each country, the following questions will need to be asked:

- What is the process for budget setting, specifically with respect to development and infrastructure finance?
- What is the volume of public spending for state-owned enterprises in relevant sectors (e.g. state-owned utilities) and energy subsidies?
- Which end-consumer groups do subsidies target?

- The corruption situation and relevant anti-corruption measures and reforms.

In each country, specific analysis of corruption potential in the energy sector will need to be conducted.

List the key documentation and sources used for the analysis:

Relevant references and guidance may include:

National and development-partner documents on public-sector reforms; PFM reform-related documents; PEFA assessments; development-partner assessments of procurement quality, etc.; WB CPIA assessments; Transparency International and local corruption assessments (corruption diagnostics and barometer reports, etc.)

6. Matching with Danish strengths and interests, engaging Danish actors, seeking synergy

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Identify:

- where we have the most at stake – interests and values,
- where we can (have) influence through strategic use of positions of strength, expertise and experience, and
- where we see that Denmark can play a role through active partnerships for a common aim/agenda or see the need for Denmark to take lead in pushing an agenda forward.
- Renewable energy and energy efficiency have been identified as priority areas in the Guiding Principles for the Climate Envelope, reflecting that in these areas Denmark has an exceptional international strength.
- There is high international demand for:
 - Danish expertise in energy policy and regulation;
 - Danish experience with continuous expansion in clean energy investments;
 - Experience with public-private partnerships to create enabling environments for private investment in clean energy
- The Programme complements bilateral Danish cooperation on low carbon energy transition with a number of emerging economies, typically focusing on clean energy planning and scenarios, integration of renewable energy in the power system, and policies for energy efficiency in buildings and industry.
- Denmark can be an active counterpart to the OECD, in particular in the countries where Denmark has active bilateral energy cooperation programs
- The Programme will strengthen the investment dimension and hence the potential for impact of both Danish bilateral cooperation and multilateral support.
- The focus on mobilising private investment to achieve

	the sustainable development goals is enshrined in the “The World 2030 - Denmark’s strategy for development cooperation and humanitarian action strategy”.
- Brief mapping of areas where there is potential for increased commercial engagement, trade relations and investment as well as involvement of Danish local and central authorities, civil society organisations and academia.	- In all of the countries where the Programme provides support, there is a potential for increased investment, trade and other commercial engagement as investment conditions and markets for clean energy develop.
- Assessment of the donor landscape and coordination, and opportunities for Denmark to deliver results through partners including through multilaterals and EU;	- Denmark has a high standing and active programmes with international energy organizations such as Clean Energy Ministerial, IEA and IRENA, which will be important channels for pursuing coordinated efforts in the partner countries. - The Programme is explicitly designed to complement other donor activities, and coordination and partnerships with both bilateral and multilateral partners will be pursued, including energy organizations, the MDBs and private sector.
<i>List the key documentation and sources used for the analysis:</i>	
<ul style="list-style-type: none"> - Guiding Principles for the Danish Climate Envelope - Evaluation of the Climate Envelope - ODI analysis of the climate finance landscape (not published) 	

7. Stakeholder analysis

The following provides a generic stakeholder analysis. A country-specific stakeholder analysis will allow for more details to be provided concerning stakeholder interaction, coordination and co-operation. As mentioned in Annex 3 on Risk Management, it will be important to apply an integrative approach to the Country Reviews and join forces with stakeholders from the outset.

It will be important to distinguish between key and non-key stakeholders. Key stakeholders are those that are directly affected by the proposed Programme, either as beneficiary or as an actor that will either win or lose power in the framework of the proposed Programme and its intended outcomes. Non-key stakeholders are those that are only indirectly or preliminary affected by the proposed Programme.

Major players in clean energy finance and investment are national development banks, multilateral development banks, state-owned mortgage banks (often important for EE in buildings), and, when applicable, international and national climate funds. Other major players include private actors providing financing and investment for clean energy, including local commercial banks, international commercial and investment banks, infrastructure investment funds, and institutions at national level (sometimes supported by international climate finance) providing technical assistance with the development of bankable projects and pipelines.

At the political level, the main actor in the energy sector is the Ministry of Energy, which is responsible not only for shaping the political framework, but also for the subordinate authorities (e.g. regulatory authorities) and, if applicable, state-owned electric utilities. Subordinate institutions are also important stakeholders. The Ministry of Finance has an important role in infrastructure investment decisions and pricing of energy sources. Responsible in the field of climate protection is the Ministry of the Environment. The Ministry of Foreign Affairs often coordinates international cooperation.

Other important stakeholders are business associations, project developers, research institutes, civil society and private households. There are also several associations representing the interests of the renewable energy and/or energy efficiency industry, such as e.g. solar energy association and manufacturer associations. Non-governmental organisations (NGOs) tend to play a minor role in the energy sector, but moreso in terms of climate protection.

Stakeholders with vested interests in e.g. the fossil fuel industry are very likely to oppose the promotion of clean energy finance.

Annex 2. Partner

1. Summary of stakeholder analysis

Reference is made to the stakeholder analysis presented in Annex 1: Context Analysis

2. Criteria for selecting Programme partner

The OECD has been identified as the partner of choice for the Programme as a reflection of its comparative advantage in relation to a number of factors. These factors or criteria have been identified as being critical elements in the “value chain” of measures to enable finance mobilisation for clean energy investments, and are complementary to contributions made by other institutions such as the MDBs, bilateral cooperation partners, and the international energy organizations.

Criteria applied include:

- Analytical **capacity and experience** in advising governments and other stakeholders about green financing.
- **Credibility and access** and thus potential **influence** in relation to **governments**, including G20 and emerging economies, in particular national ministries of finance and planning.
- Established working relations and analytical capacity in relation to the **public and private financial sector**, the **investor community and energy sector players**.

3. Brief presentation of partner

With the envisaged support, the OECD can make its expertise in the green investment area available in support of the energy transition of emerging economies, thereby also contributing to the implementation of NDCs under the Paris Agreement. The OECD has extensive experience in analysing best practice in both the developed and emerging economies, building i.a. on extensive work on green investments and clean energy in the G20 context.

The Programme will draw on the OECD’s expertise and experience in working across the range of government functions and responsibilities, drawing on its relationships with governments, central banks, financial regulators and major financial institutions. In addition to the OECD’s well-known strengths in data and analysis, the Programme will also leverage the OECD’s convening power and its institutional relationships and cooperation programmes at both national and regional levels.

Key project counterparts to the OECD at the country level will comprise finance, planning and energy ministries and regulatory bodies as well as the domestic financial sector and investor community, both public and private. International partners will include i.a. multilateral development banks, DFIs, bilateral development cooperation entities, international investor and financial sector players, and international energy organisations.

The Danish support can help strengthen the OECD’s engagement with emerging countries and increase its ability to execute programmes that include extensive in-country interventions. A similar effort to make high quality international expertise available to emerging economies has been successfully applied in cooperation with the IEA, where a targeted programme “Energy Efficiency in Emerging Economies” (E4) has paved the way for a now widely expanded outreach to emerging economies and has expanded into a multi-donor Programme.

Annex 3. Risk management matrix

1. Contextual risks

Risk Factor	Likelihood (Low, Medium, High)	Impact (Low, Medium, High)	Risk management	Managing residual risk	Background to assessment
Country under review reverses commitment to climate action or priorities of political leaders change due to an election or a crisis.	Low	High	<ol style="list-style-type: none"> 1. Adjust timing of review to political cycle 2. Ensure political buy-in to the review well in advance of starting work 3. Ensure narrative around process focuses on potential economic benefits of the Programme (improvements to the investment environment, including on governance and corruption) and of clean energy (e.g. domestic jobs, reduced 	<ol style="list-style-type: none"> a Monitor political developments in country b As needed, engage at senior level c Engage with subordinate institutions as work progresses, not just with Ministries and at political levels. 	

			dependence on foreign currency fuel imports).		
Insufficient capacities of the financial system that could prevent some Programme findings and emerging insights to transfer into practice	Low to Medium	Medium to High	<ol style="list-style-type: none"> 1. Include specific elements of strengthening the domestic financial system and actors, through e.g. the generation and dissemination of information and evidence. 2. Utilise the OECD's convening power to facilitate dialogue between different communities to strengthen capacities of the domestic financial system. 	Engage with other actors, including development co-operation providers active in clean energy, financial systems development and other relevant areas to build capacities of the domestic financial system.	The financial crisis of 2008 led to capital outflow for many emerging economies due to international financial integration, with repercussions for trade and macroeconomic conditions.
Lack of alignment between the Programme and countries' expressed needs for international support to engage in	Low	High	<ol style="list-style-type: none"> 1. Discuss expectations early and agree on focus of review before work starts, ensuring key country priorities are 	Continued efforts to highlight the benefits of this Programme to unlock finance and investment for their	Misalignment might reduce ambition to tackle climate change.

<p>mitigation (outlined in e.g. NDCs, in the form of technology transfer, capacity building, and financial support).</p>			<p>addressed to the extent possible.</p> <ol style="list-style-type: none"> 2. Use OECD Country Review to draw attention to unmet needs for international support in relevant areas. 3. Promote alignment of activities with other international institutions. 	<p>other support needs.</p>	
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2. Programmatic risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Insufficient engagement by the relevant bodies, e.g. Ministry of Energy, Ministry of Finance/Treasury, Central Bank	Low to medium	High	<ol style="list-style-type: none"> 1. Engage in proactive co-ordination at highest-possible levels of government and relevant ministries to ensure political buy-in to the review well in advance of starting work. Establish clear processes for activities, agreed and accepted by the beneficiary country government, respectively senior levels of relevant ministries 2. Emphasis on country ownership, use of OECD's existing co-operation in countries and regions, convening power, from the outset. 3. Engagement with (and between) domestic government entities, NDBs, IFIs, key private sector stakeholders and civil society 	<ol style="list-style-type: none"> a. Residual risk substantially reduced by design of the Programme, including political buy-in and broad stakeholder engagement. b. Identify “drivers of change”, to strengthen engagement by relevant bodies. c. Engage in a close coordination approach to build trust and confidence. d. Design Programme activities to facilitate selected successful elements at an early stage to demonstrate impact and increase motivation. e. Engage with subordinate institutions and civil society as work progresses, not just with 	Insufficient country engagement can lead to narrowing insights from Country Reviews to generic barriers for clean energy investments.

			(e.g. business associations), and with stakeholders beyond the public sector and international initiatives to obtain additional insights on investment barriers.	ministries and at political levels. f. Provide OECD support and expertise at key moments and for critical processes.	
Duplication and/or untapped synergy potentials with other initiatives	High	Low	Extensive engagement with key actors in advance of launching the Programme and individual projects to minimise risks of overlap or tension. Consider the establishment of workshops/task forces/roundtables of development co-operation providers to discuss ongoing and upcoming activities and capitalise on synergy potentials. Engage relevant stakeholders continuously to ensure good alignment of activities.	a. Some duplication and/or untapped synergies could remain despite extensive co-ordination, given large number of actors. b. On-going co-ordination with Denmark and stakeholders should reduce this residual risk, however.	As the energy sector is a prominent driver of climate change, and due to cost and technology developments, clean energy and the development of more conducive finance and investment frameworks are crowded spaces with a multitude of activities from different actors. To increase the efficiency of clean energy promotion measures, it is necessary to avoid duplication and take advantage of synergies where applicable.
Insufficient integration of environmental and/or social considerations in clean energy policies due to focus on low-carbon	Medium	High	Include in country review coverage of responsible business conduct issues and related topics to promote the adequate application of environmental and social safeguards	The stakeholder process, review and implementation support do not lead to implementation and enforcement of safeguards to address environmental and social	Financing entities (both public and private, with a development and commercial mandate) have established systems of environmental and social

aspects of clean energy projects			to clean energy investments.	risks. Mechanisms to minimise and manage unavoidable risks could be advocated and established, e.g. grievance mechanisms.	safeguards to avoid, minimise and manage negative impacts by their investments. In the sphere of clean energy investments, these risks include – but are not limited to – human rights violations in the design, construction and operation of renewable energy plants.
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3. Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Unexpected departure of key OECD Programme staff	Low to Medium	Medium to High	<p>1. Develop management and staffing plan, recruit and assign staff and external consultants/experts carefully with consideration to personal circumstances and motivations.</p> <p>2. Ongoing Programme review by senior OECD figures from the key</p>	<p>a Staffing plan and strategy should include a contingency plan to address this, e.g. by identifying a credible deputy or substitute for critical activities.</p> <p>b From the Programme design phase, ensure synergies and feed-back loop with other OECD projects; and build upon areas where OECD expertise, skills and competencies can provide</p>	

			Directorates involved monitoring and managing risks.	added value such that other OECD staff can be smoothly integrated in the Programme in case of an unexpected departure of key OECD Programme staff.	
Capacity of relevant ministries and other stakeholders to absorb findings from the Programme is limited	Low to Medium	High	<ol style="list-style-type: none"> 1. Careful selection of countries and within the countries of pilot regions. 2. Tailor-made and targeted system and institutional capacity building based on the selected partner country's needs. 	Adapt an flexible approach with gradually increasing systemic orientation	
Recent establishment of relevant departments within relevant ministries	Low	Medium	<ol style="list-style-type: none"> 1. Adjust timing of review to political cycle and associated processes relating to institutional development. 2. Discuss plans and considerations for institutional development as early as feasible and offer the provision of information on lessons learned and good practice approaches from other countries. 	<ol style="list-style-type: none"> a. Liaise with experienced personnel who were transferred to the recently established department, institutionalise their knowledge and network. b. Explore opportunities to integrate departments into core ministry processes. c. Support the establishment of coordination with clean energy focal points of newly established department and key stakeholders. d. Utilise these focal points to internalise the objectives and processes of the Programme. 	

Annex 4: OECD materials and background relevant to the Programme

Drivers of clean energy investment

Based on OECD reports and empirical analysis^{24,25}, important drivers of clean energy investment include:

Clean energy infrastructure investment planning and provision, including:

- Public procurement (e.g. engineering, procurement and construction (EPC) contracts for renewables, and for energy efficiency improvements in public buildings);
- Public-private partnerships, assessment of relevant PPP legislation and regulatory framework (e.g. PPP law and PPP unit);
- Frameworks for energy efficiency markets (e.g. ESCOs, energy performance contracting);
- Electricity network planning, e.g. for transmission and distribution grid extension;
- Translation of short-term objectives (NDC implementation) and long-term emission strategies into investment plans;
- Integration of NDC implementation, long-term emission strategies into infrastructure planning in power sector, buildings and industries.

Energy and climate policies:

- Long-term climate and energy goals
- NDCs
- Renewable energy (RE), energy efficiency (EE) deployment targets, investment incentive schemes (e.g. feed-in tariffs, public tenders, renewable energy certificates, energy efficiency obligations, investment or production tax credits);
- Explicit carbon pricing (i.e. carbon taxes and emissions trading schemes);
- Public support to fossil-fuel production and consumption in power generation sector and industrial sector;
- Key legislation, by-laws and regulations targeting RE and EE;
- Innovation incentives (e.g. public spending to RD&D for RE and EE technologies);
- Levels of energy taxation and subsidies in the power, building and industrial sectors; relevant national and local regulations, such as building codes.

Broader investment conditions and policies:

- Investment policy principles (e.g. non-discrimination for foreign investors, land rights and land access, intellectual property rights, transparency, contract enforcement).
- Investment promotion and facilitation (e.g. licensing and permitting, investment promotion tools other than targeted climate and energy policies, incentives and regulation).
- Competition policy (e.g. electricity market structure; non-discriminatory grid access; market concentration; state-owned enterprises; grid access, connection costs; competition authority).

²⁴ Particularly: i) the OECD *Policy Framework for Investment* (PFI), which underpins the analysis in Investment Policy Reviews; and ii) the *Policy Guidance for Investment in Clean Energy Infrastructure*, which is the application of the PFI framework to the clean energy sector; and iii) "Progress Update on Approaches to Mobilising Institutional Investment for Sustainable Infrastructure", a contribution to the G20 Green Finance Study Group (2016; a new update is under way for 2018).

²⁵ "The empirics of enabling investment and innovation in renewable energy" (OECD, 2017).

- Financial market development and policy (e.g. domestic market conditions; role of domestic, foreign financial institutions (including de-risking interventions) and investors; obstacles impeding corporate and project-level financing).
- Public governance (mostly national level) (e.g. policy coherence and co-ordination across and within levels of government; governance of electricity market and state-owned entities (SOEs)).
- Corporate governance, responsible business conduct (e.g. regulations relating to climate-related risks in disclosure; corporate and financial sector reporting).
- Tax and trade policy (e.g. energy taxes in power sector and for buildings and industries; barriers to international trade in clean energy).

Based on empirical analysis, the OECD’s “Policy Guidance on Investment in Clean Energy Infrastructure”, and experience with over 30 Investment Policy Reviews, the preceding areas are core elements of the domestic enabling framework for investment and finance in RE and EE. Additional important drivers of clean energy investment based on OECD (and other) analysis as well as OECD stakeholder events with investors²⁶ include the following:

- Use of blended finance²⁷ by development finance institutions, including:
 - De-risking instruments²⁸ to address risks at various stages of the investment cycle, and currency, policy/regulatory and off-taker risks.
 - Transaction enablers²⁹ (e.g. warehousing, co-investment) to facilitate investment by reducing transaction costs while also mitigating risk in some cases.
- Creating new institutions (publicly capitalised green investment banks³⁰) or strengthening national development bank (NDB) activities to crowd in private investment in clean energy;
- Adapting emerging best practices to develop pipelines of bankable clean energy projects³¹;
- Development of investment vehicles (e.g. green bond markets³² and structured equity funds);
- Emergence and promotion of business models (e.g. corporate sourcing of renewable energy, energy performance contracting models);
- Data-related measures (e.g. provision of performance data, standardisation of documentation);
- Strengthening existing (e.g. MDB) initiatives to connect investors, project developers and government to highlight investment opportunities, build capacity and facilitate investment.

²⁶ The OECD Centre on Green Finance and Investment holds two annual events with investor participation: The High-Level Breakfast on Institutional Investors and the Low-Carbon Transition (held at the international climate negotiations, now in its eighth year), and the Forum on Green Finance and Investment (a two-day event, now in its fifth year). Other events include a 2017 workshop in Mexico City, with the Inter-American Development Bank and regional and national stakeholders: <http://www.oecd.org/cgfi/workshop-on-key-institutions-for-mobilising-finance.htm>.

²⁷ OECD work on blended finance, including the OECD DAC Blended Finance Principles is summarised [here](#).

²⁸ De-risking instruments (or “risk mitigants”) include an array of targeted interventions generally aimed at reducing, re-assigning or re-apportioning different investment risks using a variety of mechanisms. Examples include subordination, securitisation, loan or performance guarantees, insurance products, currency swap, public seed capital for funds, and cornerstone stakes (see “Progress Report on Approaches to Mobilising Institutional Investment for Green Infrastructure,” (OECD, 2016)).

²⁹ Transaction enablers facilitate institutional investment in sustainable energy infrastructure projects by reducing the transaction costs associated with these investments while also mitigating risk in some cases. Examples include warehousing or pooling, co-investment, joint-venture or consortium, co-investment platform, co-operation and collaboration (see “Progress Report on Approaches to Mobilising Institutional Investment for Green Infrastructure,” (OECD, 2016)).

³⁰ The Development Bank of Southern Africa is establishing the Climate Finance Facility, which would be the first green bank-like entity in a developing country: <http://coalitionforgreencapital.com/2018/04/05/cgc-wins-grant-to-help-create-first-green-bank-in-the-developing-world/>. See also OECD work on green investment banks: <http://www.oecd.org/environment/green-investment-banks.htm>.

³¹ A forthcoming OECD report, “Green Infrastructure Project Pipelines: Identifying Emerging Good Practices in Low-Carbon Investments”, explores the role of project pipelines in supporting the delivery of countries’ low-carbon strategies. It will be launched at the OECD Forum on Green Finance and Investment (13-14 November 2018).

³² See <http://www.oecd.org/cgfi/mobilising-bond-markets-for-a-low-carbon-transition-9789264272323-en.htm>.

Core elements and analytical frameworks

The core elements of and analytical frameworks for the Programme would draw from the [Policy Framework for Investment](#), the [Policy Guidance for Investment in Clean Energy Infrastructure](#) (see Box 8.1), the [Investing in Climate, Investing in Growth](#) report for the G20 German Presidency, and the approach taken in the [Clean Energy Investment Policy Review of Jordan](#).

In addition, implementation support activities under the Programme Country Reviews could leverage relevant OECD work and expertise across directorates in areas relevant to de-risking, business models, transaction enablers, as well as project pipeline development, as follows³³:

- Institutional investors and infrastructure investment ([Progress Report on Approaches to Mobilising Institutional Investment for Green Infrastructure](#) (ENV and DAF); [Mapping Channels for Institutional Investment in Sustainable Energy Infrastructure](#) (ENV and DAF); [Infrastructure Financing Instruments and Incentives: a Taxonomy](#), [G20/OECD High-Level Principles on Long-Term Investment Financing by Institutional Investors](#), and [G20/OECD Checklist on Long-Term Investment Financing Strategies and Institutional Investors](#) (DAF).
- Development and reform of domestic financial markets (see, for instance, [IMF-WB-EBRD-OECD Diagnostic Framework for Local Currency Bond Markets](#)) (DAF);
- Green bonds ([Mobilising bond markets for a low-carbon transition](#)) (ENV);
- De-risking and transaction enabling interventions by public finance institutions ([Investing in Climate, Investing in Growth](#); [Mapping Channels for Institutional Investment in Sustainable Energy Infrastructure](#); [Infrastructure Financing Instruments and Incentives: a Taxonomy](#) (DCD, DAF, ENV);
- *Lessons learned on blended finance interventions for green infrastructure investment by institutional investors* (DCD, forthcoming).

Box 8.1. The OECD Policy Guidance for Investment in Clean Energy Infrastructure

The *Policy Guidance for Investment in Clean Energy Infrastructure* is a non-prescriptive tool to help policy makers identify ways to mobilise private investment in clean energy infrastructure, including in renewable power generation and energy efficiency in the electricity sector. The Policy Guidance benefited from substantial contributions by the World Bank and the United Nations Development Programme (UNDP). It was annexed to the Communiqué of G20 Finance Ministers and Central Bank Governors at their meeting of October 2013. The Policy Guidance raises key issues for policy makers across developed, emerging and developing countries to consider in order to identify priorities for action in various policy areas, including:

- Investment policy: applying investment policy principles such as non-discriminatory treatment of international investment in clean energy, investor protection (linked to land acquisition or leasing process or intellectual property rights), transparency and contract enforcement;
- Investment promotion and facilitation: improving the coherence of the system of investment incentives and disincentives, to shift incentives away from fossil-fuel-based power towards renewable-power projects, including through: putting a price on carbon; setting targeted investment incentives for clean energy; facilitating the licensing of renewable-power projects; and removing fossil-fuel subsidies in the power sector.
- Competition policy and energy market design: levelling the playing field between independent power producers and incumbent energy utilities, and between domestic and foreign investors, to address market rigidities that favour

³³ OECD Directorates leading each of the reports are provided in parentheses (e.g. DCD = Development Co-operation Directorate, ENV = Environment Directorate, DAF = Directorate on Financial and Enterprise Affairs).

fossil-fuel incumbency in the power sector; removing outstanding barriers to transmission and distribution for renewables; and ensuring the independence of the competition authority.

- Financial market policy: strengthening domestic financial markets and instruments, and facilitating access to international capital markets and long-term financing, including through the use of innovative financial instruments (e.g. green bonds, blended and structured finance) and institutions (e.g. green investment banks and international financial institutions).
- Public governance: enhancing co-ordination and improving governance across and within levels of government for the efficient design and implementation of clean-energy policies and infrastructure projects, through improving the governance and regulatory quality of power markets, mapping geographical distribution of renewable resources; and co-ordinating grid development plans.
- Cross-cutting issues: regional co-operation; making and implementing the choice between public and private provision of clean energy infrastructure; and ensuring that renewables policies are compatible with World Trade Organization (WTO) rules.

The Policy Guidance builds on relevant OECD work and instruments, including the Policy Framework for Investment (PFI). The Policy Guidance is now being applied to specific country or regional contexts, through developing regional or country-specific Clean Energy Investment Policy Reviews, starting with Jordan (2016).

Source: OECD (2015), Policy Guidance for Investment in Clean Energy Infrastructure: Expanding Access to Clean Energy for Green Growth and Development, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264212664-en>; For more information consult: <http://www.oecd.org/daf/inv/investment-policy/clean-energy-infrastructure.htm>

Existing OECD engagement and in-country work

OECD Investment Policy Reviews

Each Country Review that the OECD will undertake under this Programme will incorporate the expertise of the OECD's *Investment Policy Review* team in such policy areas as investment, investment promotion and facilitation, competition, financial market development, public governance, corporate governance and responsible business conduct. Over 30 developing and emerging countries in all parts of the world have undertaken *OECD Investment Policy Reviews* using the *Policy Framework for Investment* (PFI), most recently **Viet Nam**. The PFI is a public good and hence it is possible for a country to undertake its own self-assessment, but in practice the combination of part self-assessment by an inter-ministerial task force (with full ownership) and part assessment by the OECD has proven to be a good formula. The PFI has been used for capacity building and private sector development strategies by bilateral and multilateral donors. It has also been used as a basis for dialogue at a regional level, such as the **ASEAN-OECD Investment Programme** and the **Latin America and Caribbean Investment Initiative**.

Implementation of the recommendations from the IPR depends on the willingness and ability of the government to undertake the necessary reforms and of international organisations and development partners to support them in this endeavour. The inclusive IPR process facilitates this by ensuring ownership of the country under review and fostering dialogue both within government (through an inter-ministerial taskforce representing 20-25 ministries or agencies) and with stakeholders (through frequent workshops to present drafts of the IPR). Capacity-building is built into the process itself, with workshops on areas of possible reform which arise from the diagnosis, such as on investment law reform, new approaches to investor protection which preserve policy space, and establishing a special unit within government to oversee public-private partnerships. Capacity-building is also undertaken at a regional or sub-regional level to address common challenges across the region.

The objective of the PFI is to help governments mobilise private investment that supports economic growth and sustainable development. The IPR provides support for policy reform and

numerous examples exist of reforms undertaken on the basis of recommendations from the IPR. Although implementation in previous IPRs was often undertaken by partners on the ground, the OECD is moving in its most recent reviews to secure greater funding to allow for more active follow-up to support the policy recommendations. This support will mostly involve further capacity-building workshops and dialogue with local partners, as well as commenting on revisions of investment legislation.

In the past, funding was provided for the Country Review itself and so dialogues with stakeholders and international organisations provided a platform for generating support on the ground for implementation. The ongoing IPR of **Cambodia** includes a section on what development partners are doing to support private sector development to allow for a dialogue at an early stage in the Country Review process. In **Myanmar**, one of the key recommendations was taken up by the World Bank/IFC which supported the drafting of a unified investment law. The OECD also liaised closely with the World Bank/IFC during the update of the Lao investment promotion law. The Ministry of Planning and Investment in **Lao PDR** has since reportedly asked New Zealand for support in implementing one of the recommendations to improve governance at the provincial level.

In **Myanmar** a number of measures were adopted based on the IPR recommendations:

- preparing a unified investment law, together with the IFC/WBG and involving extensive public consultation;
- streamlining the process for approvals through the Myanmar Investment Commission;
- one stop shop service for investors in Yangon;
- improved transparency of investment restrictions in implementing regulations of the Foreign Investment Law, together with some liberalisation of these restrictions;
- Establishing a national focal point for responsible business conduct in the President's office, together with the requirement for a corporate social responsibility commitment from investors in order to obtain a permit from the Myanmar Investment Commission.

The following examples from Southeast Asia show where the IPR led directly to follow up work with the OECD in specific policy areas:

- peer review of competition law and policy in **Viet Nam** and institutional capacity building on competition policy in the **Philippines**;
- awareness raising and capacity building on responsible business conduct in Cambodia, Myanmar, **Philippines** and **Viet Nam**;
- capacity-building on tax policy in Myanmar;
- *OECD Review of Administrative Simplification* in **Viet Nam**;
- *OECD Review of Regulatory Reform* in **Indonesia**;
- OECD report on *Implementing Good Regulatory Practice in Malaysia*;
- Capacity-building on corporate governance of state economic enterprises in Myanmar; and
- *OECD Open Government Review* of Myanmar.

Other relevant OECD co-operation and implementation support activities in South East Asia/Viet Nam

The OECD and Southeast Asia have a long-standing and mutually beneficial relationship that has steadily developed since the late 1990s. Building on the two decades of engagement, the OECD

Southeast Asia Regional Programme (SEARP) was inaugurated at the 2014 OECD Ministerial Council Meeting, to bring relationship to a new, more strategic, whole-of-government level. The Programme aims at supporting the domestic reform of Southeast Asian countries, their ASEAN integration efforts, and bringing Southeast Asia closer to the OECD. In recent years, all ten ASEAN countries have intensified their participation in OECD committees and working groups, peer reviews and studies. The region has increasingly contributed to statistical data collection and international benchmarking exercises such as the Programme for International Student Assessment (PISA) and Investment Policy Reviews and has adhered to international standards and norms developed by the OECD.

The OECD engages with **Viet Nam** through country specific projects and the Southeast Asia Regional Programme (SEARP). This engagement takes various forms such as participation in OECD Bodies, country-specific policy reviews, integration of relevant data series in OECD databases, benchmarking exercises, and adherence to OECD instruments. The OECD has been finalising an Investment Policy Review of Viet Nam in 2018 and has published an Agriculture Policy Review of Viet Nam (September 2015), Science, Technology and Innovation in Viet Nam (2015), and a Social Cohesion Policy Review of Viet Nam (2014). In the recently released PISA 2015 results, Viet Nam ranked 8th out of 72 countries with scores significantly higher than the OECD average.

In order to facilitate OECD-Viet Nam collaboration, the country has nominated the **Economics Department of the Ministry of Foreign Affairs as the official co-ordinator for OECD affairs**. Viet Nam identified a four year engagement strategy with OECD, including “Priority Areas for Collaboration”. The areas of engagement cut across a number of policy areas, ranging from administrative and regulatory reforms, SMEs, education and skills developments, **investment**, global value chains (GVCs) and trade facilitation. During the **APEC Year 2017**, the OECD supported Viet Nam’s priorities across both the senior officials track and the Finance Ministers’ Process. The OECD will continue to work with PNG, the next Host, to further Viet Nam’s priorities such as the development of the APEC Inclusion Agenda, the Renewed APEC Agenda for Structural Reform, and the implementation of 2015 – 2025 APEC Connectivity Blueprint.

On the side-lines of the first Ministerial Conference of SEARP in Japan on 8 March 2018, the OECD and Viet Nam has discussed ways to strengthen the bilateral co-operation, particularly through a targeted joint Work Plan to support Viet Nam’s Socio-Economic Development Plan for 2016-2020, a proposal for a Multi-Dimensional Country Review (MDCR) of Viet Nam, and an **Investment Policy Review** (now confirmed to be launched in fall 2018).

Through [the Southeast Asia Regional Programme](#) and with the support of its **regional office in Jakarta** – OECD has been supporting policy makers through the following mechanisms:

- **Development of practical implementation toolkits.** Specifically related to greening, OECD has developed *Greening Enterprise Policy and Information Toolkit* and its customisation specifically to ASEAN. This toolkit has been developed in partnership with the local stakeholders in ASEAN and the final version is expected to be presented in fall of 2018.
- **Capacity building support.** OECD have undertaken over 25 capacity building initiatives in ASEAN, which helped variety of stakeholders get a better understanding of the methodologies applied and get a better understanding of the OECD outputs. This included, for example, a 4-day SME Productivity training organised in partnership with ILO for over 70 officials over the last three years. Overall, since the launch of the SEARP in 2014, some **1200 officials** benefited from the capacity building events in the region.
- **Support with the Policy Dialogues.** SEARP has been organising a number of policy dialogues in the region on the nine policy areas of **investment**, tax-policies, SMEs, good regulatory practice,

infrastructure, education and skills, trade, innovation and gender. Recently OECD Member and Southeast Asian countries discussed the possibility of adding Green Growth among others, as a new policy area for cooperation. These dialogues serve as a platform for policy-makers from OECD together with the policy-makers in the region and help to identify good policy practice examples and learn from each other. Some of these policy dialogues are structured through the *Regional Policy Network (RPN) Meetings*, which take place on a regular basis in order to ensure the continuity and sustainability of collaboration in these areas. In case of SMEs the RPN meeting is integrated into the official Programme of the ASEAN Coordinating Committee for SMEs.

- **OECD SEARP Regional Forum.** OECD organises a **high-level yearly forum** focused on a particular area. The forum brings over 200 participants and allows discussing the relevant policy area and getting views from OECD and SEA. The Forum covered areas of **Competitiveness and Sustainable Growth, Regional Integration, Productivity, Digitalisation and Inclusiveness**. Future regional fora could potentially cover the issue of greening.
- **Regular interventions into the policy debate.** Especially with the availability of the regional Jakarta office, OECD has an **easy access to the major events** in the region. The Head of the OECD Jakarta office as well as the OECD staff visiting the SEA region, have been regularly invited to contribute to the events taking place, which have allowed policymakers on the ground to get access to the OECD good practice examples.
- **Support with data collection and analysis.** OECD has been active in the collection of the relevant data, allowing the participating countries improve the reliability of the data based on the international standards and allowing them to compare to the other participating countries.
- **Collaboration with the ASEAN Center for Energy.** **OECD Jakarta office** could support collaboration and communication with the **ASEAN Centre for Energy established in Jakarta**. Established on 1 January 1999, the ASEAN Centre for Energy (ACE) is an independent intergovernmental organisation within the Association of Southeast Asian Nations' (ASEAN) structure that represents the 10 ASEAN Member States' (AMS) interests in the energy sector. The ACE accelerates the integration of energy strategies within ASEAN by providing relevant information and expertise to ensure the necessary energy policies and Programmes are in harmony with the economic growth and the **environmental sustainability** of the region. It is **guided by a Governing Council composed of Senior Officials on Energy from each AMS** and a representative from the ASEAN Secretariat as an ex-officio member. Hosted by the **Ministry of Energy and Mineral Resources** of Indonesia, ACE's office is located in Jakarta.

Relevant OECD co-operation and implementation support activities in Latin America

For over 20 years, the OECD has been working closely with countries in Latin America and the Caribbean to facilitate policy dialogue and the dissemination of good practices in areas such as **investment**, education, inclusiveness, competition, good governance, anti-corruption and fiscal policy. The OECD has never been closer to the LAC region than it is today: Chile and **Mexico** are OECD Members, and **Colombia** will soon become the third Member from the region. Costa Rica is well advanced in the process of accession. The Organisation also has a **co-operation Programme with our Key Partner, Brazil**, and is completing a two year country co-operation Programme with Peru, and **Argentina** is stepping up its engagement via a tailored Action Plan. All of these countries, as well as the Dominican Republic, Panama, Paraguay, and Uruguay, are members of the OECD Development Centre.

In January 2016, OECD Members decided to strengthen co-operation with the region through the creation of an [OECD LAC Regional Programme \(LACRP\)](#), launched at the OECD Ministerial Council

Meeting in Paris. The Programme aims to support the region in advancing its reform agenda along three key regional priorities: increasing productivity, enhancing social inclusion, and strengthening institutions and governance.

While the LACRP's first mandate, which covers the period 2016-18, directed it to focus on the subjects of productivity, social inclusion, and governance, there have been calls to focus more in-depth on **environmental topics** during the Programme's next mandate (2019-2021), as well as the **sustainable development goals**. The initiation of the Country Reviews and implementation support Programme could provide a basis for mobilising this work stream within the Programme, building on existing OECD work with the region on environment-related topics, such as:

- [Pilot Study on Green Growth Indicators for LAC Countries](#) (2015 – OECD in collaboration with CAF, UNIDO)
- **OECD Environmental Performance Reviews** of **Colombia** (2014), **Brazil** (2015), **Peru** (2016) and **Chile** (2018) (in collaboration with ECLAC)

Building on the Programme's successful experience in other policy areas, a **regional policy network**³⁴ on **sustainability issues** could be formed in co-operation with other partners in the region, bringing together experts from interested LAC countries. This network could meet annually in the LAC region, and establish a programme of work, beginning with various country-level reviews on climate investment, and eventually producing a regional publication that summarises key lessons learned and good practices among OECD and LAC countries. Once created, the network would provide a basis for **ensuring the sustainability of the Country Reviews and implementation support Programme** beyond the duration of Danish support for this work.

OECD cooperation with Argentina

Argentina has had a longstanding co-operation with the OECD since the mid-1990s. In 1997 Argentina became the first non-OECD Latin American country to adhere to the Declaration on International Investment and Multinational Enterprises. It is a Member of the Development Centre, the Nuclear Energy Agency and the International Transport Forum, an Associate in five bodies and two projects, including the Committee on Fiscal Affairs, a Participant in 11 other bodies and it has adhered to 37 OECD legal instruments including four instruments listed in the Framework for the consideration of prospective Members (the Declaration on International Investment and Multinational Enterprises, the Anti-Bribery Convention, the Recommendation on Principles of Corporate Governance and the Recommendation of the Council on Good Statistical Practice).

The Macri Administration developed an **Action Plan Argentina 2016-2017** to strengthen engagement with the OECD in support of its reform priorities, which they have been implementing since June 2016. The Action Plan comprised 16 policy areas, including **environment issues**. For example, Argentina became a Participant in the Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology in December 2017.

Upon taking office, President Macri established an ambitious reform agenda and linked many reforms to OECD standards and policies. The government has stated a number of policy objectives that cover 11 areas: poverty, security, uniting Argentinians, economy, employment and wages, social development, education, **infrastructure** and communications, **energy**, governance, and foreign economic relations. The policy actions put in place in the first year of government include lifting currency controls

³⁴ See other OECD-LAC Regional Policy networks here: <http://www.oecd.org/latin-america/regionalprogramme/regionalpolicynetworks/>

and floating the Argentinean peso, eliminating export taxes and aligning energy prices with international prices.

Local Strategic Partners: IDB and World Bank

OECD cooperation with Colombia

On 29 May 2013, the OECD Council decided to open accession discussions with Colombia and subsequently adopted a Roadmap on 19 September 2013, setting out the terms, conditions and process for Colombia's accession, which included in-depth reviews by 23 OECD substantive Committees. On 25 May 2018, the Council decided to invite Colombia to accede to the OECD Convention. Colombia will become a Member of the Organisation on the date of the deposit of its instrument of ratification.

Many features of the Colombian framework in the area of environment were positively viewed by the Environment Policy Committee, such as the fact that the **polluter-pays-principle has been part of Colombia's legislation since 1974** and the use of economic instruments to complement the environmental policy. In November 2016, the National Council for Economic and Social Policy (CONPES) adopted a National Policy for the Integral Management of Solid Waste which promotes waste prevention and recycling. As part of the Country Review process, Colombia also designed an Action Plan to improve the structure and the capacity of its System of Environmental Information in order to produce better environmental data. In addition, in 2014 Colombia adopted a **Law for the Promotion of Renewable Energies and Energy Efficiency**.

Local strategic partners: IDB

Annex 5: Possible implementation support activities as part of the Programme

The OECD will develop targeted implementation support activities based on selected emerging countries' needs, priorities and policy agenda. Based on existing OECD work and expertise, the Programme will include three types of targeted in-country implementation support activities, which will be demand-driven:

1. Ad hoc analytical support to strengthen domestic policy frameworks for clean energy finance and investment and help translate one or more priority areas (identified as barriers or disincentives in Output 1 activities) into national legislation and regulatory frameworks to provide stronger incentives and facilitation for RE and EE investment.
2. Ad hoc advice and support to facilitate knowledge-sharing, good practice-sharing and capacity building (e.g. through a training workshop or government secondment) on key issues to mobilise domestic and foreign investment in clean energy infrastructure in support of the low-carbon transition, including through leveraging public finance.
3. Implementation support provided in areas of stakeholder cooperation, promotion of new business models, and risk mitigation instruments.

Ad hoc analytical support to strengthen domestic policy frameworks could include:

- OECD review of existing or new legislations, policies, regulations or targets, e.g.: new legislation in the electricity sector, feed-in tariffs, tendering procedures, power purchase agreements, clean energy targets, etc.
- OECD work on fossil-fuel subsidy reform (e.g. in Indonesia), whether through in-country engagement or peer-review dialogue (e.g. following the peer review process on fossil-fuel subsidies within the G20 or APEC).
- OECD engagement and work to help improve the governance and effectiveness of relevant institutions in supporting clean energy finance and investment, e.g. through a workshop on best practice for SOEs to during the low-carbon transition of the electricity market. The workshop could include lessons on how to be a champion of the transition, how to align SOE objectives with policy objectives and the responsibility of the regulator of the grid and wholesale market (both if applicable to participating SOEs/utilities), among others.
- Secondment of OECD staff during a couple months into the relevant ministry to influence policy making and help exchange good practices, subject to OECD rules policies and procedures, including signature of a separate agreement between the OECD, the staff on loan and the relevant ministry.

Ad hoc advice and support to facilitate knowledge-sharing, good practice-sharing and capacity building could include:

- Training, capacity building, good practices sharing and workshops to help policy makers from interested emerging economies build domestic pipelines of bankable clean energy projects. (Lead OECD directorate: ENV)
- Training and good practices sharing to help local or national policy makers and domestic financial institutions set up green investment banks; (Lead OECD directorate: ENV)
- Training and good practices sharing on taxonomies, classifications, definitions, labelling and standards for clean energy projects and green financial assets such as green bonds; (Lead OECD directorate: ENV, with inputs from DAF)

- Secondment of a government representative at the OECD during a couple months to train and build capacity for government officials on selected topics, in line with the OECD's rules and practices.
 - Training, capacity building, case studies and workshops on responsible business conduct in renewable energy manufacturing and downstream activities, including:
 - Case study per country on responsible business conduct/clean energy intersection, with a focus on implementation of due diligence standards in the context of clean energy transformation (e.g. application of RBC standards in the context of clean energy projects; promoting due diligence in the supply chains needed for clean energy transformation).
 - Capacity-building and training with businesses on due diligence either in target sectors or on main social/environmental risks.
 - Work to help the country build linkages in the downstream clean energy sectors and midstream manufacturing with the broader SMEs and global value chains for clean energy.
3. Implementation support provided in areas of stakeholder cooperation, promotion of new business models, and risk mitigation instruments could include:
- Engagement, matchmaking, networks and forums to help accelerate institutional investment in clean energy in interested emerging economies; e.g. by organising a large forum in the selected emerging country gathering key institutional investors from the OECD Members, domestic financial institutions, specialised infrastructure funds, commercial banks, development banks, project developers and policy makers from the country to foster dialogue and create a platform between investors, project developers and policy makers (Lead OECD directorate: ENV, with inputs from DAF/FIN)
 - TBC help with reforming tenders and PPAs.
 - Training and workshops on blended finance (DCD)

Annex 9 - Quality Assurance checklist for appraisal of programmes and projects¹

File number/F2 reference: 2018-25145

Programme/Project name: Clean Energy Finance and Investment Mobilisation Programme

Programme/Project period: 2019-2023

Budget: 35 mio DKK

Presentation of quality assurance process:

Two programmes, suggested by MEUC (Ministry of Energy, Utilities, and Climate) were presented together as part of the Climate Envelope 2018 for approval by the “K-udvalg”, and again later in a concept note to the Programme Committee. The two programmes attempts to promote similar developments (clean energy investments) through different avenues, the OECD and MDB’s (Multilateral Development Banks) respectively. This checklist concerns the OECD programme, which has been appraised in a consultative process. Comments and questions has been channelled to MEUC from the first verbal outline of the programme, the concept note in the programme committee, and since then. The programme document has been drafted by OECD in cooperation with MEUC. Physical meetings with OECD colleagues from various parts of OECD, Robert Youngman, Geraldine Ang, Naeeda Crishna Morgado, and Jens Sedemund were held in Paris. In addition, several conference calls with the same participants, covering iterative draft documents, has been organised. Verbal and written comments has been presented. Furthermore, several MFA policies, strategies and guidelines have been shared with OECD in order to ensure the consistency with Danish priorities and rules and procedures. Finally, OECD experiences, examples, and background documents has been studied. The appraisal process has not involved consultations with the recipient countries.

✱ The design of the programme/project has been appraised by someone independent who has not been involved in the development of the programme/project.

Comments: **This programme was not proposed by MFA, but MEUC. The undersigned MFA desk officer is a development specialist with many years’ experience from appraisals, and with no earlier involvement in the proposed programme or activities. Comments to draft documents has not been given as track changes, but as advice, and the thus not been part of drafting the document. However, the desk officer/development specialist is engaged in OECD DAC as the current chair of Environet, and are as such knowledgeable about OECD, which is considered an advantage.**

¹ This Quality Assurance Checklist should be used by the responsible MFA unit to document the quality assurance process of appropriations where TQS is not involved. The checklist does not replace an appraisal, but aims to help the responsible MFA unit ensure that key questions regarding the quality of the programme/project are asked and that the answers to these questions are properly documented and communicated to the approving authority.

☒ The recommendations of the appraisal has been reflected upon in the final design of the programme/project.

Comments: Yes, as far as possible, some examples are:

- More concise Theory of Change, more clarity on what difference/added value the programme and OECD can/cannot make etc.
- Proper reflection of context and process of such an intervention e.g. in terms of assumptions and risks, demand-drive and collaborative nature of activities, sequencing, targeting etc.
- Structure and length of the document moderated in order to ensure logic build-up of the description, limiting repetitions etc.

However, it will be important to note, observe, and focus in the implementation and management on the following, which are also confirmed in underlined text in this note:

- OECD cooperation with other actors within the same policy agenda, especially considering that OECD is not permanently present at country level, while others, such as the MDBs and bilateral donors are, and considering the political economy challenge within this agenda.
- OECD engagement and involvement of stakeholders in a truly collaborative effort, especially the “right-holders” meaning the general public, which has an interest in access to affordable clean/sustainable energy.
- OECD’s continued monitoring and assessment of the context, incl. governments commitment/demand, as well as other assumptions and risks.
- Recognition that this is a first substantial effort to deepen the OECD investment review work and follow through by implementing recommendations of these reviews.

☒ The programme/project complies with Danida policies and Aid Management Guidelines.

Comments: Yes, as mentioned above guidelines has been shared and as far as possible complied with. It should be noted that OECD is not a development agency, and has limited experience with developing programmes and drafting documents such as this. The support to OECD will be in the form of a so-called “voluntary contribution, VC” in OECD context, and the framework/guidelines for VCs has also been respected.

☒ The programme/project addresses relevant challenges and provides adequate responses.

Comments: Middle-income countries are in these years facing substantial strategic choices when meeting increasing energy demands for their growth and development. In many countries, the default will be to continue unsustainable energy production and consumption, and in some cases meet demand by import of conventional unsustainable energy. The energy sector in these countries is often dominated by political economy factors, and the energy sector is structured in a manner that reproduce an interest in status quo. To achieve and deliver upon the SDGs, in particular SDG 7 and 13 (climate and energy), and the Paris agreement will require

substantial investments in developing countries' energy sector, beyond what ODA (Overseas Development Assistance) can provide. At the moment, some of these investments are not forthcoming due to barriers in the general investment climate, and barriers more specifically related to energy investments, in line with the political economy explanations above.

OECD has a strong analytical expertise, long experience with benchmarking best practice and standard setting within regulatory governance, and its work is used and quoted widely. In the past years, OECD has strengthened its cooperation with non-OECD members and in particular middle-income countries. Some cooperation goes back to the 90'ies (e.g. with China), but has been expanded in recent years. The cooperation is based upon requests from the countries and guided by mutual agreements. OECD is increasingly becoming a global institution, reflecting the nature of global economy, though its formal member base is still the OECD countries. One of the products under demand is Investments Reviews, which comes in a variety of forms and themes, including a clean energy investment review, and which are adapted to specific case-countries. The review assesses the countries' existing policy and regulatory frameworks for investments (in clean energy). It also raises key issues for the countries leadership to consider in order to scale up investments, and gives non-prescriptive country-specific guidance. So far, the reviews done for non-OECD countries are useful, but could be improved, expanded and followed up. With this programme, the reviews can cover more countries, be deepened and conducted in a more collaborative and engaging manner, and support to the implementation of review recommendations provided. This programme is an important contribution to solve the challenge mentioned above, e.g. assisting in the context of strategic energy sector choices, pushing for sustainable energy and a low-carbon development pathway, promoting enabling environment for investments in sustainable energy – all of it resulting in increased finance to deliver on the Paris Agreement and SDGs. OECD is not the only contribution to this development, but a relevant and adequate (in the specific context) one. OECD is ready to collaborate/complement other actors, including Danish programmes, such as the Danish Energy Agency programme, UNEP-DTU energy efficiency work, Danish support to IEA country work.

□ Issues related to HRBA/Gender, Green Growth and Environment have been addressed sufficiently.

Comments: Annex 1 Context analysis provides a useful perspective on HRBA, incl. the OECD and governments role as duty bearers, and the importance of attention to availability, to affordability, to non-polluting energy from the view of the right holder, the general population. It will be important for the programme to maintain this perspective in the stakeholder engagement, ensuring that the general public, and especially poor and negatively affected groups, are given a voice. The theme and design of the programme implies that it is promoting green growth and in itself addressing environment and climate concerns.

* Comments from the Danida Programme Committee have been addressed (if applicable).

Comments: The programme committee had concerns and questions to the justification in context of other interventions and of the implementing institution; the inter linkages between this and the MDB programme; the Theory of Change, outcomes and result frame; the sustainability; the perspective for OECD engagement in non-OECD countries and country-work; and cross-cutting issues such as gender. As mentioned above, the OECD engagement on this agenda is based upon a strategic perspective within OECD, and on a demand from countries. OECD is not alone within this field, but can add specific value with its highly recommended analytical approach, which can serve as an eye-opener. There are no pre-fixed direct links foreseen to the MDB programme, however collaboration with the MDB's, who are permanently present in the countries and has a leverage factor is important for the success. The Theory of Change and result frame has been thoroughly discussed and adjusted to become more precise, better interlinked, and more realistic. The long-term sustainability is mentioned below, and cross-cutting issues above. Overall, the programme committee recommendations are responded to.

X The programme/project outcome(s) are found to be sustainable and is in line with the partner's development policies and strategies. Implementation modalities are well described and justified.

Comments: The programme investment reviews will be followed up with support to implementation of the review recommendations, which again is supposed to lead to an improved investment environment for clean energy, and again to increased investments. Those changes, if they are successful, will be sustainable in themselves. In fact, the reviews will identify and target changes that will be sustainable in the country context. Still, if the OECD work should continue (in other countries, beyond 5 years), new funding has to be identified. The countries selected for the programme are committed to clean energy targets, and are already engaged with OECD. However, the commitment and engagement is at various levels. For instance even if countries have renewable energy targets, there may be political economy factors pushing in a different direction. In addition, the interest to work with OECD may be related to current government priorities. It is thus of key importance to continue to monitor the country commitment and engagement. The modalities for implementation are well described, and builds upon lessons learned so far, as well as the desire to take this work to the next level.

☒ The results framework, indicators and monitoring framework of the programme/project provide an adequate basis for monitoring results and outcome.

Comments: During the appraisal, substantial time was set aside to assess, discuss and adjust the results framework. At present the result framework is closely linked to the Climate Envelope (incl. core indicators), and there is a clear line between the Theory of Change, the objective, outcomes and outputs, and their indicators and targets. The indicators and targets is a mixture of quantitative and qualitative elements. For the qualitative indicators/targets, it may be necessary to confirm the means of verification e.g. improved capacity and understanding of investment opportunities. Substantial discussions of assumptions and risks has also taken place.

※ The programme/project is found sound budget-wise.

Comments: Yes, the budget has been adjusted during the programme design phase to cover a longer time span, and is deemed sound. The administrative percentage is set at a reasonable level, and in line with OECD rules (approved by OECD council, decision C(2009)158, where DK is a member) is paid upfront.

※ The programme/project is found realistic in its time-schedule.

Comments: Yes, see above. Through discussions, it was agreed that the programme is to last 5 years, rather than 3 years. This is better from the OECD point of view, and seems more realistic, considering the change the programme seeks to facilitate.

※ Other donors involved in the same programme/project have been consulted, and possible harmonised common procedures for funding and monitoring have been explored.

Comments: So far, no other donors are supporting the programme. If more donors get on board, e.g. due to the success, this will imply that more countries can be covered, using the same approach. In such case, a harmonised monitoring and reporting is welcome.

□ Key programme/project stakeholders have been identified, the choice of partner has been justified and criteria for selection have been documented.

Comments: The programme outlines the background for the choice of countries. Firstly, it is focusing on middle income countries as the potential for CO2 reductions and abatement is largest in those countries. Secondly, the specific countries chosen amongst the MIC's is based upon an assessment of their commitment to clean energy and demand for OECD expertise. The latter reflects a context analysis at present time and can change. The choice of OECD as the implementing partner to Denmark, is deliberate, as OECD occupies a specific niche with its recognised analytical expertise and standard setting.

☒ The executing partner(s) is/are found to have the capacity to properly manage, implement and report on the funds for the programme/project and lines of management responsibility are clear.

Comments: As mentioned OECD is not an experienced development programme implementer. However, OECD has experience with receiving, managing and reporting upon voluntary contributions for earmarked activities. No funding will be provided to partner countries, all activities of the programme will be paid by OECD.

※ Risks involved have been considered and risk management integrated in the programme/project document.

Comments: The risk matrix is outlining and analysing risks and how to manage these, and a summary is provided in the main text of the document. In the view of the appraisal the most important risk is deemed to be related to the political economy factors e.g. potential resistance to changes in the investment environment making clean energy more profitable at the expense of status quo. It is captured indirectly in

the risks, and will be key to monitor and counter throughout the life-span of the programme.

✱ In conclusion, the programme/project can be recommended for approval: **YES**

Date and signature of desk officer: **Merete Villum Pedersen**

Date and signature of management: **_Henriette Ellermann Kingombe**