

Ministry of Foreign Affairs – Department for Green Diplomacy and Climate (KLIMA)

Meeting in the Council for Development Policy on 10 October 2024

Agenda Item No. 5

- 1. Overall purpose:** *For discussion and recommendation to the Minister*
- 2. Title:** Danish support to the World Bank Energy Sector Management Assistance Program (ESMAP)
- 3. Amount:** DKK 300 million (2024-2030)
- 4. Presentation for Programme Committee:** 4 June 2024
- 5. Previous Danish support presented to UPR:** DKK 95 million, 30 September 2021
DKK 90 million, 28 October 2020
DKK 45 million, 26 October 2017

Danish Support to SEFA to Engage in APRA

Key results:

- Sustainable energy investments in APRA-countries within green base load and off-grid will be delivered using the latest in appropriate renewable energy technologies.
- Associated technical assistance with the investments will benefit APRA countries
- APRA will be strengthened and continue to develop as a key partnership player for inclusive and green growth in Africa – building on the three legs of enabling environment, mobilisation of finance and engagement of private sector.

Justification for support:

- SEFA is uniquely positioned to engage with the APRA in a direct and practical way. By using an existing and well-trusted cooperation partner Denmark's support to APRA can be implemented almost immediately.
- SEFA will leverage private investments within renewable energy in APRA-countries by providing financing for design and preparation of bankable projects, investment capital for sustainable energy projects and technical assistance.
- SEFA is unique in its approach by providing direct support to developers and in its focus on early stage and first of a kind private sector projects.

Major risks and challenges:

- The business environment in partner countries may not facilitate renewable energy and energy efficiency deployment.
- Implementation can be effected by political instability in the region in which SEFA operates.
- Limited capacity of partners can negatively affect implementation of projects.
- Inflation and rising costs of materials, services and capital. Currency risks including convertibility and transferability of local African currencies can create financial stress in projects and companies whose liabilities are denominated in hard currencies.

File No.	23/30855				
Country	APRA-countries				
Responsible Unit	KLIMA				
Sector	Climate and Energy				
Partner	Sustainable Energy Fund for Africa (SEFA)				
	<i>DKK million</i>	2024	2025	2026	2027
Commitment	100				100
Projected disbursement	25	25	25	25	100
Duration	2024 - 2029				
Previous grants	DKK 700 million since 2011				
Finance Act code	06.34.01.70 Klimapuljen				
Head of unit	Anne Hougaard Jensen				
Desk officer	Anders Ørnemark				
Reviewed by CFO	Jacob Strange-Thomsen				

Relevant SDGs

 No Poverty	 No Hunger	 Good Health, Wellbeing	 Quality Education	 Gender Equality	 Clean Water, Sanitation
 Affordable Clean Energy	 Decent Jobs, Econ. Growth	 Industry, Innovation, Infrastructure	 Reduced Inequalities	 Sustainable Cities, Communities	 Responsible Consumption
 Climate Action	 Life below Water	 Life on Land	 Peace & Justice, strong Institutions	 Partnerships for Goals	

Objectives

The objective of SEFA is to contribute to universal access to sustainable, reliable, and affordable energy services through early stage technical assistance and catalytic co-financing in APRA-countries. This will contribute to reduce GHG emissions stemming from the energy sector. The Danish contribution of an additional DKK 100 million to SEFA has the specific focus of providing access to funding for the implementation of country-led and renewable energy work plans associated with APRA.

Environment and climate targeting - Principal objective (100%); Significant objective (50%)

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
Indicate 0, 50% or 100%		100%		
Total green budget (DKK)		100 million		

Justification for choice of partner:

SEFA is a trusted long-term partner for Danish development cooperation in Africa. SEFA is supporting sustainable energy solutions in Africa and is uniquely positioned to engage in the new APRA. SEFA is well placed to promote synergies and complementarity while avoiding overlap.

Summary:

SEFA is a Multi Donor Trust Fund in the African Development Bank supporting sustainable energy solutions. Focus is on Green Mini Grids, Green Baseload for this proposed support. SEFA's concessional investment window provide catalytic risk capital and viability gap financing through the deployment of investment grants, intermediated junior equity, and concessional debt. This makes SEFA well suited to support the progressive APRA-countries pursue their green ambitions. Key outcome and output indicators stem from the SEFA log-frame and deemed most relevant in an APRA context.

Budget:

Green baseload	DKK 50 million
Green mini-grids	DKK 39 million
Secondment	DKK 6 million
Admin. fee (5 pct.)	DKK 5 million
Total	DKK 100 million

**Ministry of Foreign Affairs of Denmark (MFA)
The World Bank**

**Danish Support to the World Bank
Energy Sector Management Assistance Program
(ESMAP)**

Project document

23 September 2024

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Key abbreviations and acronyms

ABG	Annual Block Grant
AI	Artificial intelligence
AMG	Danida guidelines (link)
APRA	Accelerated Partnership for Renewables in Africa
ASAs	Advisory Services and Analytics
BETFs	Bank-executed grants or trust funds
BMU	German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety
BMZ	German Federal Ministry for Economic Cooperation and Development
BP	Business Plan
BOGA	Beyond Oil and Gas Alliance
CG	ESMAP Consultative Group
CIF	Climate Investment Funds
Climate funds	CIF, GEF, GCF, and CWCIFF
CO ₂	Carbon dioxide
COP	Conference of the parties (under the UNFCCC)
Danida	Brand name for Danish international development assistance, under the Ministry of Foreign Affairs of Denmark
CCF 2.0	ESMAP Clean Cooking Fund 2.0
DARES	Distributed Access through Renewable Energy Scale-up
Dashboard	ESMAP online activity information (link)
DEA	Danish Energy Agency
DEPP	Danish energy partnership programmes (link)
DFID	UK Department of International Development
DPC	World Bank Group Development Partner Center
DPF	WB Development Policy Financing, providing rapidly disbursing financing to help a borrower address actual or anticipated development financing requirements.
DKK	Danish Kroner
DRE	Distributed Renewable Energy
EAF	ESMAP Electricity Access Fund
EE	Energy Efficiency
EEGP	Energy and Extractives Global Practice
ESIA	Environmental and Social Impact Assessment
ESMAP	World Bank Energy Sector Management Assistance Program
ESRF	Energy Subsidy Reform Facility
ESS	Environmental and Social Standards
FCV	Countries with fragility, conflict, and violence
FIW	Financial Innovation Window
FY	WBG Fiscal Year (e.g. FY 2025 is July 2024-June 2025)
G20	The Group of Twenty (leading World economies)
GCF	Green Climate Fund
GCF	ESMAP uses this abbreviation for the Global Cooling Fund
GCP-E	Global Challenge Program for Energy Access and Transition
GEAPP	The Global Energy Alliance for People and Planet
GEF	Global Environment Facility
GHG	Green House Gas
GOWA	Global Offshore Wind Alliance
GP	World Bank Group Global Practice

GTF	Global Tracking Framework
HRBA	Human rights-based approach
IBRD	International Bank for Reconstruction and Development
ICLEI	Local Governments for Sustainability
IDA	International Development Association
IEA	International Energy Agency
IEG	Independent Evaluation Group of the World Bank
IFC	International Finance Corporation
IPF	WB Investment Project Financing, focused on the medium to long-term (5 to 10-year horizon)
IRENA	The International Renewable Energy Agency
JET	Just energy transition
KPI	Key performance indicator
LICs	Low-income countries
LPG	Liquid petroleum gas
LNOB	Leaving no-one behind
M&E	Monitoring and Evaluation
MDTF	Multi-donor trust fund
MFA	Ministry of Foreign Affairs of Denmark
MFA (KLIMA)	MFA Department for Green Diplomacy and Climate
MFA (LEARN)	MFA Department for Evaluation, Learning, and Quality
MICs	Middle-income countries
MIGA	Multilateral Investment Guarantee Agency
MOPAN	Multilateral Organisation Performance Assessment Network
MSMEs	Micro, small, and medium-sized enterprises
MTF	ESMAP multi-tier framework for measuring energy access
MTR	Danida Mid-term Review
NDC	Nationally Determined Contribution (under UNFCCC)
NGO	Non-Governmental Organization
ODA	Official Development Assistance DAC List of ODA Recipients for reporting on aid in 2024 and 2025 (link)
OECD DAC	Organisation for Economic Co-operation and Development, Development Assistance Committee
PANT	Human rights principles of participation, accountability, non-discrimination, and transparency
PforR	Program-for-Results financing, available to all World Bank member countries as one of three financing instruments offered, accompanying Investment Project Financing (IPF) and Development Policy Financing (DPF). The choice of instrument depends on a client's needs and the development challenge to be addressed.
PM&A	Program management & administration
Preferencing	Soft earmarking, targeting funding (see further on preferencing in Umbrella 2.0 Programmes here (link))
RE	Renewable Energy
RETA	Regulatory Energy Transition Accelerator initiative which is under development together with IEA and IRENA.
RETFs	Recipient-executed grants and trust funds
RF	Results framework
RISE	Regulatory Indicators for Sustainable Energy
SDG7	Sustainable Development Goal 7 – Ensure access to affordable, reliable, sustainable and modern energy for all

SEforALL	Sustainable Energy for All
Sida	Swedish International Development Cooperation Agency
SIDS DOCK	Small Island Developing States (SIDS) support programme
SMRI	Solution Mining Research Institute
SORT	Systematic Operations Risk-Rating Tool
SMART	Specific, measurable, attainable, relevant, timebound
SSA	Sub-Saharan Africa
SSC	Danish Strategic Sector Cooperation
TA	Technical assistance
TAG	ESMAP Technical Advisory Group
TF	Trust Fund
ToC	Theory of Change
TTL	Task Team Leader
Umbrella 2.0	Umbrella 2.0 is a flexible approach to Trust Fund organization and management that enables Development Partners and the World Bank to partner on, and finance, mutual strategic priorities.
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
WB	World Bank Group

1 USD = 6.68 DKK - 1 DKK = 0.15 USD

Source: National Bank of Denmark ([link](#))

20 September 2024

1. Introduction and background

This Project Document (PD) describes, from Denmark’s perspective, the proposed Danish contribution to the ESMAP Business Plan (BP) Fiscal Years (FY) 2025-2030. The PD has been prepared by the Department for Green Diplomacy and Climate (KLIMA) of the Danish Ministry of Foreign Affairs (MFA) with assistance from an external consultant. The ESMAP team has provided comments and inputs. An early draft of the PD was presented to the MFA/Danida Programme Committee on 4 June 2024, and the Committee’s conclusions¹ and recommendations have been considered in this PD. The PD has also been adjusted based on appraisal by the MFA Department for Evaluation, Learning, and Quality /MFA (LEARN). The follow-up to each of the 10 appraisal recommendations is summarised in Annex 9. The proposed contribution to ESMAP will be presented to the Council for Development Policy for endorsement and then for approval by the Danish Minister for Development Cooperation with the intention of making a financial commitment within 2024. The detailed process steps are summarised in Annex 8. The PD formulation process has been informed by the MFA(KLIMA) participation in the ESMAP Consultative Group (CG) meeting held in Washington during 13-15 May 2024 and the material submitted to this CG meeting. Online working meetings have also been held between the formulation team² and representatives of the ESMAP team. The CG meeting endorsed the draft ESMAP BP FY2025-2030, which was subsequently finally approved³ and has been the basis for formulating this PD.

2. Context, strategic considerations, rationale, and justification

2.1 Context and introduction to ESMAP

Context:

The World Bank Press Release⁴ on the launch of the 2024 edition of [Tracking SDG 7: The Energy Progress Report](#) provides key context for the proposed contribution to ESMAP. It warned that current efforts are not enough to achieve Sustainable Development Goal 7 (SDG 7) on time. While there has been some progress on specific elements of the SDG 7 agenda - for example, the increased rate of renewables deployment in the power sector - progress is insufficient to reach the targets set forth in the SDGs. The latest SDG 7 progress report confirms that the number of people without access to electricity increased for the first time in over a decade, as population grew - mostly in Sub-Saharan Africa - at a higher rate than that of new electricity connections, leaving 685 million people without electricity in 2022, 10 million more than in 2021. A combination of factors contributed to this including the global energy crisis, inflation, growing debt distress in many low-income countries, and increased geopolitical tensions. However, promising trends in the rollout of decentralised energy solutions, largely based on renewable energy, are helping accelerate progress, particularly in rural areas where eight in ten people without access live today.

¹ The Programme Committee found that “the support was well justified responding to Danish development policy priorities and contributing to the achievement of SDG7 on affordable clean energy. Accelerated implementation was necessary to catch up and achieve affordable, clean energy for all. The PD described well how ESMAP functioned and how it was linked to the World Bank. The PC found that poverty focused activities were adequately built into the programme as one of the main objectives and not only as an add-on. The inclusion of reflections on human rights and gender was also highly welcomed.”

² The MFA (KLIMA) task manager and an external formulation process consultant.

³ It was published on 28 August 2024, see [link](#).

⁴ Press Release on 12 June 2024, see [link](#). SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all – by 2030.

Meanwhile, 2.1 billion people still live without access to clean cooking fuels and technologies, with the number remaining largely flat last year. This carries with it huge implications for health, gender equality, and the environment, contributing to 3.2 million premature deaths each year. Renewed political momentum within the context of [G7](#), [G20](#), and new financial commitments made at the [Summit on Clean Cooking in Africa](#) are buoying prospects for stronger progress later this decade. Still, efforts remain insufficient to reach universal access to electricity or clean cooking by 2030.

Other parts of the SDG 7 agenda have fared better recently. Renewable energy has seen robust growth over the past two years, and energy efficiency improvements is gradually improving after a drop-off during the pandemic, albeit still not enough to meet the SDG 7 target. New global targets pledged by over 130 countries in the [UAE Consensus](#) reinforce the objectives of SDG 7 by aiming to triple renewable generating capacity and double the rate of energy efficiency. Immediate concrete actions are required to fulfil these targets, especially in addressing the large disparity in clean energy investment, of which 80% remains concentrated in just 25 countries in 2022. Further context is given in Annex 1 (Context Analysis) to the present document.

The World Bank Energy Sector Management Assistance Program (ESMAP):

ESMAP was established in 1983, providing analytical and advisory services to low- and middle-income countries to reduce poverty and boost growth, through environmentally sustainable energy solutions. ESMAP celebrated its 40-year⁵ anniversary in 2023. The ESMAP multi-donor trust fund is the umbrella trust fund on energy for the World Bank. According to the ESMAP Annual Report 2023⁶, ESMAP is supported by 20 donors including Denmark (accounting for countries and institutions) or 26 donors (including countries with more than 1 donor). ESMAP operates based on multi-year Business Plans (BPs), the most recent BP covering the four-year period 1 July 2020-30 June 2024 (World Bank Fiscal Years FY 2021-FY 2024). The next BP deviates from the previous 4-year cycle by covering the 6-year period 1 July 2024-30 June 2030, to align with the 2030 Agenda (SDGs targets by 2030). ESMAP is also the corner stone of one of the six so called challenge programs which are part of a major WBG reform process, namely the energy challenge programme (not yet approved).

ESMAP's key roles include:

- **Knowledge and Expertise:** ESMAP is a think tank, connector, data gatherer, analyst, and innovator, serving as an authoritative global source of solutions to achieve universal access to energy and decarbonization of energy systems. ESMAP collects data and produces analytics and its resource hub⁷ data repository includes a wide range of global information, such as wind and solar maps, geospatial data on electricity access and energy infrastructure, energy consumption patterns, policy and regulation, and institutional governance, among others.
- **Finance Mobilization:** ESMAP's expertise in raising funds turns ideas into projects. ESMAP's status as part of the World Bank enables it to mobilise concessional financing and incentivize private investment in challenging sectors and regions. ESMAP offers insights on sources of grants and concessional financing from climate funds and supports the structuring of project pipelines and often arranges blended and layered financing, along with the mobilization of recipient-executed trust funds and philanthropic and private capital. The leverage factors vary across ESMAP intervention areas.

⁵ See the ESMAP at 40 brochure ([link](#))

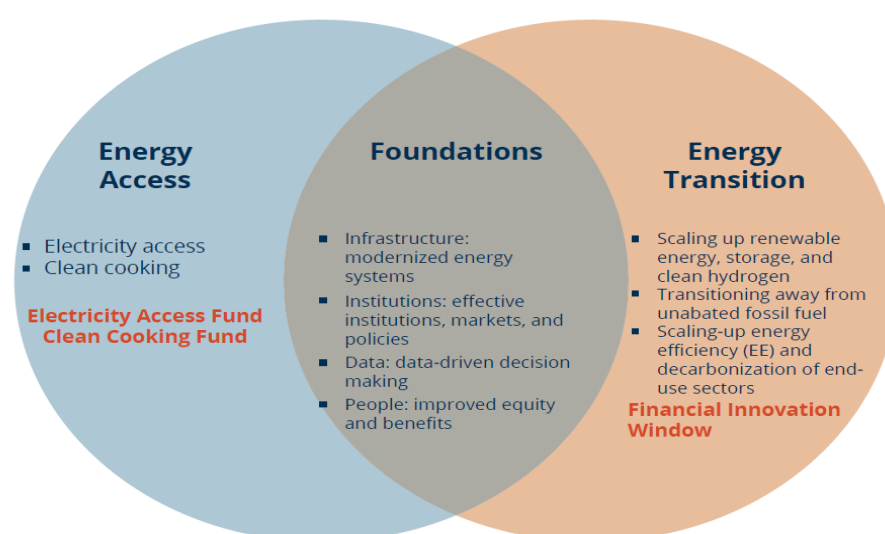
⁶ The Report can be found here ([link](#))

⁷ A wide range of data information, impact stories, etc. are available here ([link](#)).

- **Catalyst:** ESMAP mobilizes its experience and networks to spark change. It connects peers—public and private—across countries to test new approaches and refine them through tailor-made pilot projects, replicating, and scaling up those that work.
- **Global Reach, Advocacy, and Partnerships:** Through its direct integration with WBG operations, ESMAP influences energy investments globally. Its convening power with developing country governments, multilateral banks, private capital markets, bilateral donors, foundations, finance institutions, national laboratories, experts in energy technology companies, consulting firms, and academia enables it to forge lasting and impactful partnerships.
- **Policy Laboratory:** ESMAP analyses energy markets, utility performance, policy and regulatory incentives, tariffs, standards, operational protocols, and rules around the world, identifying effective practices to offer countries innovative solutions that often lead to breakthroughs.

ESMAP’s delivery model includes a stepwise approach to data gathering, collaboration, implementation, and knowledge sharing. According to ESMAP’s FY23 Portfolio Review, as of 30 June 2023, about 28% of allocations were for Renewable Energy, 20% for Energy Transition/Decarbonization, 17% for Clean Cooking Fund, 14% for Electricity Access, 11% for Accelerating Decarbonization, 3% for Annual Block Grants (ABG), Energy Data & Analytics and Carbon Capture & Storage (CCUS) made up 2%, and 1%, respectively, for the remainder of the portfolio⁸. The portfolio of ESMAP grants to International Development Association (IDA)⁹ countries continued to grow with 38% of the active portfolio grant amount in FY23 focused on IDA countries, compared to 32% in FY22. Africa had the largest share of the portfolio’s regional allocations in FY23, consisting of 110 of the 320 activities (34%), corresponding to USD104.8 million (41%) of about USD 254.1 million of FY23 active portfolio. Regionally, the Africa Region accounted for the largest portfolio share of the new approvals in FY22 (45%) and the largest total regional grant amount (59%). ESMAP’s overview of all activities under disbursement as of 31 May 2024 comprises some 1,164 projects and programmes in 92 countries (see Table A1.1 in Annex 1) plus regional and global activities. Figure 2.1 illustrates the key thematic focus for the future ESMAP in the BP FY2025-2030.

Figure 2.1: ESMAP core substantive focus in BP FY2025-2030



⁸ More about the definitions of these categories can be found here: https://www.esmap.org/sites/default/files/esmap-files/World%20Bank%20ESMAP%20AR%202023_DIGITAL.pdf

⁹ IDA is the WBG’s window for the poorest countries. It combines grants and low-interest loans and is the single largest source of donor funds for basic social services <https://ida.worldbank.org/en/about>

2.2 Rationale and justification

Denmark has supported ESMAP since 1998 with several general contributions to the BP and through “preferenced” (soft earmarked) grants to specific thematic and geographical priorities. The most recent general contribution to the ESMAP BP was made in 2020¹⁰ with DKK 90 million and the most recent preferenced funding contribution was made in 2021¹¹ with DKK 95 million for clean cooking and access to water in Africa. These two contributions have end dates by end 2024 and 2025, respectively. Information about Denmark’s support to ESMAP can also be found at the Danida Transparency site ([link](#)).

According to ESMAP, support under the previous BP led to:

- USD 33 billion World Bank financing informed, including USD19.6 bn in climate co-benefits.
- USD19 billion external financing mobilized, including from the private sector.
- 16.5 GW generation capacity of renewable energy to be installed.
- 711 million metric tons of CO₂ emissions projected to be reduced.
- 100 million people on their way to gain access to electricity.

An example of a success story is given in Box 2.1.

Box 2.1: Energy Access and Quality Improvement Project (EAQIP) in Rwanda

The External Evaluation of ESMAP (April 2024) highlighted this example of a Success Story: Energy Access and Quality Improvement Project (EAQIP) in Rwanda: EAQIP used a bank executed trust fund (BETF) and Recipient-executed grants and trust funds (RETFs). The BETF funded stove selection, awareness studies, an updated operations manual, definition of subsidy levels and processes, capacity building for stove providers, ministerial guidelines, verification that stoves are in place and functional, and a capacity building workshop for financial institutions. The RETFs were used to partially subsidized purchases of clean and efficient cooking solutions for eligible households, and to identify and pilot clean cooking technologies for schools. Between August 2022 and October 2023, roughly 165,000 stoves were disseminated by 14 companies through the program, with participating companies selling additional stoves outside the program, for a broader reaching indirect impact.

The rationale and justification for Denmark’s proposed support for ESMAP includes its long track record and key achievements¹² in addressing challenges and opportunities in the clean energy transition and climate action, including responding to the urgent priorities mentioned in the foregoing and the concrete results summarised above and as presented to the CG. The strong alignment between ESMAP’s objectives and Denmark’s policy priorities, and ESMAP’s key role in the international institutional architecture are key elements in the justification, as elaborated below.

It is also very important to Denmark that the World Bank has announced¹³ an ambitious plan to provide affordable electricity to 250 million people across Africa by 2030. In partnership, the African Development Bank will bring electricity to an additional 50 million people. The 300 million target was announced by World Bank President Ajay Banga during an event at the World Bank’s Washington headquarters during the 2024 Spring Meetings, and will a.o. be addressed at an Africa Energy Summit in early 2025.

¹⁰ See the Project Document: ([link](#)) – project end date: December 2024.

¹¹ See the Project Document ([link](#)) – project end date: December 2025.

¹² Such as the example mentioned in Box 2.1 as well as the results presented to the May 2024 CG meeting in a series of portfolio overviews and results briefing notes including ESMAP Briefing Clean Cooking Fund Results 2024 and ESMAP Briefing Electricity Access Results 2024.

¹³ The Press Release is found here ([link](#))

External Evaluation of ESMAP BP 2021-2024: ESMAP is subject to regular¹⁴ evaluations co-sponsored by the donor group including Denmark and procured through the World Bank. The latest evaluation report was prepared by DH Infrastructure consultants (final report, April 2024, hereinafter referred to as the 2024 Evaluation) and the evaluators worked with the World Bank's Internal Evaluation Group (IEG) to ensure the independence of the evaluation. The Evaluation recommendations and ESMAP's management response are too detailed to include here, but ESMAP agreed with recommendations related to relevance, coherence, sustainability, and partially agreed with recommendations related to effectiveness and efficiency. A few highlights are included in the following, including in the justification for this proposed support in context of the OECD DAC criteria of relevance, coherence, effectiveness, efficiency, impact, and sustainability as summarised in Table 2.1 below. Key lessons from the Evaluation are summarised in Annex 2.

Selected key evaluation conclusions:

- *Poverty alleviation is a priority for donors, the World Bank, and for ESMAP, as is apparent through the countries served, the presence of poverty-focused windows, and the inclusion of poverty-specific considerations in grant design and implementation.*
- *ESMAP's flexibility has helped to ensure the activities remain well aligned with changing country priorities and responsive to external shocks and changes in the energy landscape.*
- *The evaluation country case studies, and random sample grants, show a strong level of achievement and progress on intended outcomes at the activity level, but delays are common.*
- *ESMAP is effective in contributing to transformational change.*
- *The volume of financing mobilized is impressive relative to the volume of ESMAP funding.*
- *ESMAP's Energy Data and Analytics team maintains and updates a variety of databases and tools that are widely recognized both within the World Bank and by external development partners, industry investors, and academia. These databases are likely to have long-lasting influence¹⁵ as long as they are kept up to date.*
- *The Results Framework is mostly relevant, coherent, and consistent with the Theory of Change and the objectives of the business plan but may be more complex than necessary.*
- *The impact indicators do not have targets but can be compared to the previous business plan period as a benchmark, which reveals mixed areas of higher or lower impact.*
- *Several donors have expressed concern that ESMAP records expected rather than actual achievements in its Results Framework¹⁶. Donors expressed appreciation of timely annual reporting provided by ESMAP.*

Evaluations undertaken by the MFA Evaluation Department in 2021 and 2015, concluded that Denmark has made an important and valued technical and financial contribution to ESMAP's ability to advance the clean energy transition globally, using its convening power, influence, and amplification opportunities through the World Bank. More information on these evaluations is found in Annex 2.

¹⁴ The previous evaluation report (March 2020) can be seen here ([link](#)) – the 2024 Evaluation is not (yet) available on the internet.

¹⁵ The evaluation report included information on the following KPI: Evidence of uses of Energy Data & Analytics outputs in well-established global initiatives (publications, indexes, research series, white papers from global institution including World Economic Forum, UN, IRENA, IEA): 15 achieved as of the end of FY23, out of the targeted 10.

¹⁶ This practise is not unique to ESMAP. Peer institutions including the Global Environment Facility (GEF) have the same practise of reporting expected rather than actual results. The issue persists as per the list of results under the previous BP (p.5).

Table 2.1: Justification for the proposed contribution to ESMAP based on OECD DAC criteria.

<p>Relevance: The 2024 Evaluation concluded i.a. that “ESMAP’s flexibility and willingness to accept modifications is valuable to remaining aligned with changing country priorities. “ESMAP’s grant funded activities are highly relevant in the context of progress against Sustainable Development Goal 7 (SDG7) and efforts to accelerate decarbonization. The proposed support is highly relevant to Denmark’s policy priorities including priorities expressed in the Danish Development Strategy “The World We Share” and related “How-to-Notes”.</p> <p>Internal and external coherence: The 2024 Evaluation concluded that “There is substantial coherence between windows. ESMAP complements other development programs and adds strategic value through external engagement and coordination. The majority of randomly sampled ESMAP grants also included partnerships within the World Bank (including IFC, the World Bank Climate Group, the Extractives team, or other GPs)”. There is potential for synergy and coherence of support to ESMAP with other Danish multilateral energy and climate cooperation as well as Denmark’s bilateral energy and climate partnership programmes¹⁷.</p> <p>Effectiveness: The 2024 Evaluation concluded i.a. that: “The evaluation revealed several areas where ESMAP funding is especially effective: Persuading governments to switch to new business models and technologies, enabling innovative lending operations; Taking on leadership in new or innovative areas, enabling the World Bank team to become the go-to resource for its clients, and creating ongoing demand by clients for World Bank involvement; Funding pilot projects which attract private sector finance and create impact extending beyond the value of the initial ESMAP funding.”</p> <p>Efficiency: The 2024 Evaluation found i.a. that “The proposal process is lengthy and extensive reviews take more time than intended“. ESMAP’s management response to the evaluation recommendation to streamline the proposal application process states: “ESMAP will work to significantly reduce the processing and approval stages and will also clarify the requirements to remove repetition and improve transparency. As part of this broader effort, ESMAP will also streamline the application process by reducing the processing steps.”</p> <p>Impact: The 2024 Evaluation found that while downstream impacts can be challenging to link to upstream ESMAP work, the most easily traced impacts of ESMAP’s work include Reductions in CO₂ emissions and the number of people provided access to renewable energy. In ESMAP’s management response it was stated that “ESMAP will also continue exploring opportunities to verify and validate expected impacts, for example, through producing narrative updates on projects under advanced implementation (or completed) – the “impact stories” – or conducting window-based sample assessments (for example, as part of mid-term evaluation of the new Business Plan period).“</p> <p>Sustainability: The 2024 Evaluation concluded that “Knowledge outputs show evidence of sustainability where that is part of the intent of the work“. In its management response, ESMAP stated that it “will consider reinforcing its Knowledge Management function in collaboration with the Global Knowledge unit in the Energy and Extractives Global Practice and using the opportunity of the staffing assessment recommended by the Evaluation. ESMAP proposes a strengthened approach to implementation capacity building under the new Business Plan, focusing on both client capacity to effectively manage World Bank-financed interventions, and wider knowledge exchange and collaboration for data-driven decision making in the client countries</p>

2.3 Strategic considerations and alignment with Denmark’s priorities

The Danish Organisation Strategy for the World Bank Group (WBG) is renewed in 2024¹⁸, and has the following four priorities guiding Denmark’s strategic partnership with the WBG in the period 2024-2030: i) Better, bigger and bolder Bank; ii) Climate and Energy; iii) Private Capital Mobilisation; iv) Fragility, Conflict and Violence. The previous strategy¹⁹ emphasised that Danish contributions to trust funds in the Bank should have a catalytic impact on the integration of new aspects of the Bank’s work. In this regard, ESMAP has an important mandate as the World Bank umbrella trust fund on energy, e.g. to step up the Bank’s focus on Danish priority areas such as clean cooking. This contribution will deliver on a part of the pledge to double the Danish contribution to clean

¹⁷ MFA Headquarters is striving to strengthen the interchange with Embassies and their climate/energy experts in the form of more dialogue meetings. Updates on ESMAP activities will be part of the agenda of such meetings.

¹⁸ The draft new Organisation Strategy can be found here ([link](#)). It was discussed by the Danida Programme Committee at the same meeting on 4 June where the proposed grant to ESMAP was discussed. The draft Organisation Strategy has one brief reference to ESMAP.

¹⁹ The previous Organisation-Strategy-for-the-World-Bank-Group-2019-2023 can be seen here ([link](#)).

cooking, announced in April 2023 at the clean cooking summit in Paris. The Danish contributions to ESMAP also generally support the Danish efforts to continue the greening of the World Bank, which is a key priority for Denmark. It is also a priority for the MFA(KLIMA) to consolidate the Danish climate support into fewer larger contributions. The consolidation of the Danish support to ESMAP into just one overall grant is part of this policy. By providing unallocated funds as part of the grant will enable ESMAP to continue to respond to emerging priorities without new separate Danish grants – in line with an adaptive management approach. Thus, this new contribution will replace several individual contributions over the past years.

It should be noted that according to the new Organisation Strategy *“Denmark has also contributed to the ongoing replenishments of IDA, most recently with DKK 2,357 mill. to the 20th replenishment of IDA in 2021, which represents approx. 1,10% of total donor contributions and makes DK the 17th largest donor.”*²⁰ Support for ESMAP contributes more specifically to knowledge development and leverage through WBG lending in Denmark’s priority areas of access to electricity for poor people and clean cooking and thus balances considerations on Danish support to ESMAP relative to other instruments which could potentially allow for higher gearing of the Danish investments.

Other key strategic considerations for the proposed support for ESMAP include alignment with Denmark’s policy priorities in the *“The World We Share”* and related *“How-to-Notes”*. In this regard, it is worth highlighting that support to ESMAP will deliver directly on Objective 2 in *“The World We Share”*: *“Denmark must assume international leadership within reductions, green transition, and access to clean energy”*. And *“Denmark will... Strengthen the Danish SDG7 leadership and energy cooperation on green transition in developing countries, including promoting renewable energy and energy efficiency”*. The *World We Share* also stated that *“Denmark, together with the World Bank, has taken the lead to facilitate transition to clean energy and access to improved cookstoves. This will both improve women and children’s health and often contribute to easing the workload of women and children as well as reducing emissions of greenhouse gases and toxic soot particles”*. The support is also consistent with Danish development priorities and objectives expressed in the *How-to-Note*²¹ on energy transition and climate change mitigation, which has several direct references to ESMAP, including *“The development banks play an important role in fostering the energy transition in developing countries. Denmark contributes substantially through solid core contributions, active board participation and support provided to thematic trust funds (e.g. ESMAP, SEFA and CIF). Denmark has a strong position as regards energy investment within both the World Bank and the African Development Bank, and Denmark want the banks to feature even more prominently in the energy transition”*. Also, the *How-to-Note* emphasises the green and inclusive just and equitable energy transition, including phase-out of coal and other fossil fuels; promotion of renewable energy, energy efficiency and electrification, so as to contribute to economic and social development, including job creation; ambitious national climate goals and action plans, as well as favourable framework conditions; cross-sectoral decarbonisation; and mobilisation of climate finance and reorientation of global and national financial flows. The support is also consistent with the new Strategy²² for strengthened Danish engagement with African countries, which among other things emphasises the importance of clean energy for cooking and that the continent has the potential to produce the energy sources of the future.

Denmark has actively participated in defining the priorities of the new ESMAP Business Plan FY2025-3030 through meetings in the Consultative Group. Support to ESMAP will contribute to the Danish government’s pledge to accelerate access to electricity and double Denmark’s

²⁰ Denmark also invests substantially in the Green Climate Fund including to its latest replenishment *“USD 232 million pledge for GCF’s second replenishment (GCF-2)”* (see [link](#)). The World Bank is an accredited entity the GCF.

²¹ [How to - Energy transition and Emission Reductions in Development Countries](#)

²² This Strategy *“Africa’s Century”* was published on 26 August 2024 (see [link](#)).

contributions to clean cooking, as mentioned above. There is potential for synergy between supporting ESMAP and Denmark's multilateral cooperation with other key institutions and initiatives in the international institutional architecture²³ on energy transition and climate action, including IEA, IISD and energy subsidy reform, IRENA, the Accelerated Partnership for Renewables in Africa (APRA), the Global Offshore Wind Alliance (GOWA), the Beyond Oil and Gas Alliance (BOGA), the NDC Partnership, the Green Climate Fund, and the African Energy Commission (AFREC) – and the 2024 Evaluation concluded that “*ESMAP complements other development programs and adds strategic value through external engagement and coordination*”. Similarly, there is strong potential for synergies at country level with Danish Strategic Sector Cooperation (SSC) and Danish Energy Partnership Programmes (DEPP²⁴) implemented by the Danish Energy Agency (DEA). This also includes making use of the wide range of high-quality knowledge products developed by²⁵/contributed to by ESMAP, including the multi-agency SDG 7 Energy Progress Report²⁶, ESMAP technical reports, etc. In this regard, MFA Headquarters is striving to strengthen the interchange with Embassies and their climate/energy experts in the form of more dialogue meetings. Updates on ESMAP activities will be part of the agenda of such meetings.

2.4 Target group considerations and cross-cutting concerns

Poverty focus: The proposed support for ESMAP has its main focus in preferred funding for the recipient-executed Clean Cooking Fund (CCF 2.0) and Electricity Access Fund (EAF) and thus on the disadvantaged population groups, particularly in Africa, with a view to a strong poverty focus²⁷. The multi-dimensional poverty focus is reflected in the ESMAP BP, see for example Figure 3.1 in the following chapter. Also, the general contribution to the new BP has its main focus on accelerating a just energy transition, leaving no-one behind. The 2024 Evaluation found that the greatest volume and value of ESMAP grants are provided to low- and lower-middle-income countries. While the overall objective of ESMAP has obvious poverty linkages, not least the access and clean cooking activities very clearly demonstrate poverty commitments, but that also goes for “*Leave No One Behind*”²⁸, “*Improving Livelihoods and Human Capital*”, “*Energy Subsidy Reform Facility*”. The Clean Cooking and Electricity Access themes both offered lessons for the BP, noting that clean cooking programmes found success in relying on a variety of technologies and providers, paired with a revolving results-based financing model. The openness to a variety of technologies and use of climate finance was further supported by the successes and challenges of other participants in the clean cooking market. ESMAP tends to be forward looking and will likely have opportunities to implement innovative electric clean cooking options with automated co-benefit tracking in the next BP, among other innovations that will become available during this time of heightened interest in clean cooking. However, the evaluators found that it may also be beneficial to not follow other development partners in completely moving away from better-burning cookstoves at the risk of leaving behind vulnerable populations. The Electricity Access programme found success in some countries encouraging governments to offer subsidies for private sector access expansion, paired with results-based financing. Offering subsidies to the private sector remains a challenging proposition for many governments and represents an area for additional ESMAP support in the BP.

²³ Table A2.2 in Annex 2 provides, from Denmark's perspective, an overview of ESMAP in the international institutional architecture related to energy transition and climate action, including clean cooking.

²⁴ See [link](#).

²⁵ ESMAP publications can be found here [link](#)

²⁶ Preliminary energy progress highlights [link](#) and current and upcoming main report [link](#)

²⁷ Consistent with the Danida How-to-Notes [link](#), particularly the Approach note-Fighting Poverty and Inequality; and the How to-Note on Energy Transition and Emission Reductions in Developing Countries,

²⁸ See further information here [link](#)

Human rights, diversity, gender equality, and socio-economic benefits: While access to affordable, reliable, sustainable, and modern energy for all is a Sustainable Development Goal (SDG7), access to renewable energy and clean cooking is not a human right as such. And while a human rights-based approach (HRBA) is not directly explicit in ESMAP's work and the 2024 Evaluation did not address HRBA issues, the human rights PANT principles (participation, accountability, non-discrimination, and transparency) are integral parts of ESMAP's approach and operations including in the just energy transition (JET) paradigm. ESMAP has addressed the gender equality issue extensively, including in several knowledge products on Closing the Gender Gap²⁹. The 2024 Evaluation recommendations related to mainstreaming diversity included to provide more support for gender mainstreaming throughout project implementation (in addition to continued support for project design) and have indicators/targets to track implementation support and gender outcomes and consider adding support for mainstreaming diversity and inclusion beyond gender, with an intersectional approach. The new BP reflects follow-up³⁰ on these points, stating that gender equality and improved diversity are important to achieve a better modern energy sector and that ESMAP will provide support for gender mainstreaming including gender-transformative actions and skill development (both soft and technical) in governments and utilities. ESMAP will also continue to promote leadership, inclusion, career advancement, role models, as well as entrepreneurship and other income generating activities for women and others who belong to excluded and vulnerable groups. This innovative approach will be pursued by the development of new partnerships on piloting and testing interventions for new evidenced-based solutions on what works to close gender equality and diversity gaps in the energy sector, including addressing gender-based violence in the sector. Aligned with the new World Bank Gender Strategy 2024-2030³¹, ESMAP will adopt a proactive approach to address the challenges confronting women, girls, men, and boys, as well as vulnerabilities at the intersection of gender with poverty, ethnicity, disability, and other characteristics. The new BP also focuses on jobs and socio-economic benefits of the energy transition, stating that energy transitions will create jobs and socio-economic benefits and that ESMAP will support client countries to clarify the job and socio-economic impact of energy transitions and distil broad ambitions, such as those captured in the Just Transition Principles, into concrete energy sector interventions.

Climate change: Support for ESMAP has a strong climate focus on mitigation as well as adaptation and resilience. The 2024 Evaluation concluded that *"Climate change adaptation, mitigation, and resilience has been an integral part of ESMAP's activities under the FY21-24 business plan and is predicted to feature more prominently in the next business plan."* Overall, the WBG is aiming for 45% of all financing to go toward climate-related projects by 2025, with a roughly equal split between adaptation and mitigation. Among its achievements in the BP FY2021-2024, ESMAP highlights that 711 million metric tons of CO₂ emissions are projected to be reduced.

Several key performance indicators (KPIs) in the new BP include climate change mitigation and adaptation targets, including an output indicator with a target of USD 0.95 billion of (GCF) climate finance mobilized. ESMAP in the presentation to the GC of its new BP stated that expected impact

²⁹ See ESMAP web-resources on this programme ([link](#))

³⁰ ESMAP's management response to these recommendations was that *"ESMAP agrees to provide additional support to project implementation and will provide availability for resources to recruit both local and international gender experts, whose expertise will be integrated directly into the project execution phase. Their involvement is expected to ensure gender considerations are meticulously addressed, identify constraints that impede activity execution and support the periodic monitoring and evaluation of commitments"*. ESMAP's management response further stated that *"The socio-economic benefits work stream will focus on additional aspects of diversity and inclusion by producing and disseminate new evidence that identify barriers and constraints experienced by different sectors of the population to fully enjoy of energy co-benefits. Partnerships with internal (WB Gender Group, Jobs, etc) and external (United Nations, Civil Society, etc) will be consolidated and created. In addition, ESMAP will start developing institutional capacity to integrate the diversity and inclusion dimension as a cross-cutting priority in energy intervention. Both issues (implementation of gender activities and the diversity focus) will be integrated within the new Business Plan"*.

³¹ See further information here ([link](#))

would include a reduction of 1.8 billion metric tons of CO₂ emissions. In the new BP, ESMAP will support countries to (i) assess the impact of climate change (both extreme and slow onset events) on power system reliability; (ii) clarify the role of the vulnerability of the power sector as a multiplier of climate change-related losses and damages for the society; and (iii) implement solutions, pilots, and innovative strategies to improve power sector resilience. On climate change mitigation, the new BP states that energy efficiency is widely recognized as the “first fuel” in clean energy transitions and the most cost-effective mitigation for climate change with multidimensional benefits, and that an EE-first approach reduces energy supply and increases the affordability of decarbonization efforts. It is explicit in the new BP objective to advance decarbonization across the energy sector in support of international commitments established on climate change.

2.5 Choice of implementing partner and support modality

In conclusion, the World Bank/ESMAP is chosen as the implementing partner due to the match between Danish policy objectives and priorities and ESMAP’s objectives and focus of the BP FY2025-2030 described above. Denmark’s long-standing, positive experience of partnering with ESMAP since 1998 is also part of the rationale for continued support to ESMAP, as is ESMAP’s strong position and influence in the international institutional architecture on clean energy transition and climate action, as well as its leverage through World Bank projects. The choice to continue supporting ESMAP is also informed by the above-cited External Evaluation and ESMAP’s management response, and MFA(KLIMA) through its participation in the CG will monitor follow-up to Evaluation recommendations.

The support modality is ODA-eligible grant funding of ESMAP BP FY2025-2030 with general support for the BP and preferenced (soft earmarked) support for clean cooking and electricity access, primarily in Africa. More information is given in Annex 2 on ESMAP’s capacity and comparative advantage and how ESMAP is situated in the wider context and international institutional architecture³².

3. Project objective and outline content

3.1 Objective

The Objective³³ of Denmark’s contribution to ESMAP BP FY 2025-2030 is the same as the new ESMAP objective for the approved BP FY2025-2030: ***“Ensure universal access to affordable, reliable, and modern energy services by 2030, accelerate transition towards a sustainable, just and decarbonized energy system, and ensure the resilience and adaptation of the energy sector to the growing impacts of climate change and other shocks”***.

3.2 Summary project description

The project will include different elements as described below:

General support for the ESMAP BP: Part of the Danish support will be a general contribution to the implementation of the Business Plan FY2025-2030. This is consistent with the importance of “core”³⁴ funding, as also earlier advocated by Denmark in the Consultative Group. By supporting

³² Table A2.2 provides, from Denmark’s perspective, an overview of ESMAP in the international institutional architecture related to energy transition and climate action, including clean cooking.

³³ It is noted that the ESMAP administrative agreement with donors on the ESMAP Multi-donor Trust Fund has this objective: ***“Achieve universal access to affordable, reliable, sustainable and modern energy by 2030 (SDG7) and advance decarbonization across the energy sector in support of international commitments established on climate change”***.

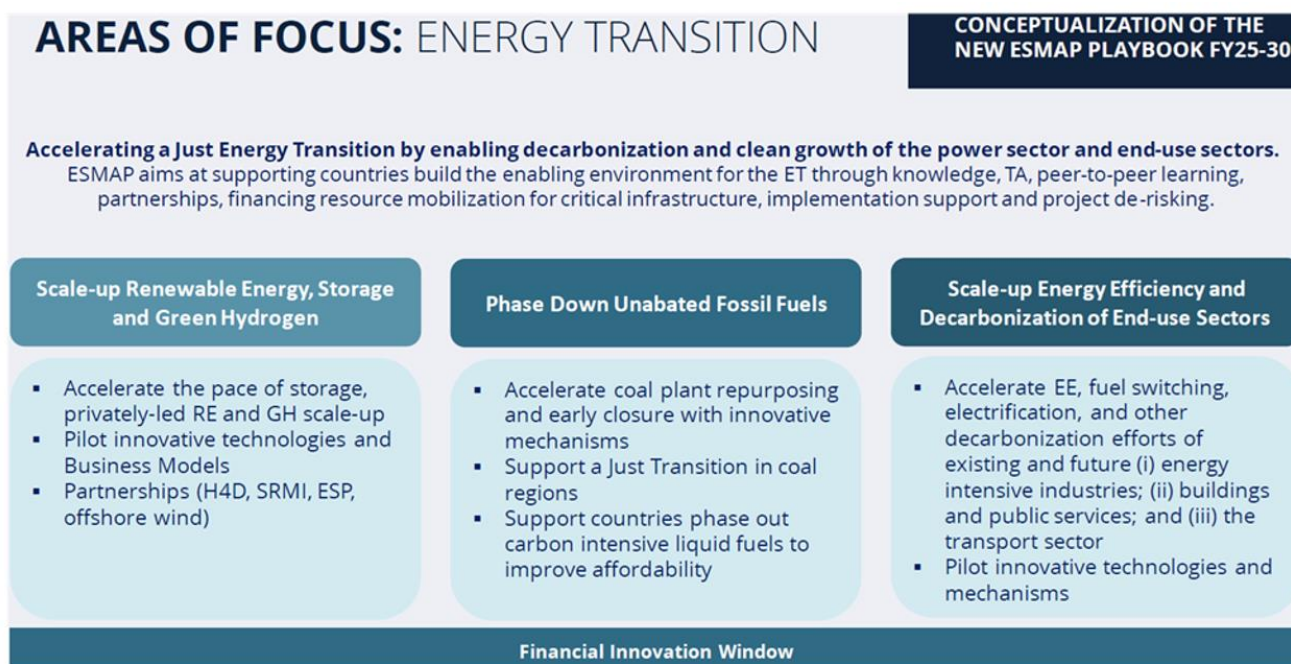
³⁴ The word “core” as used here should not be confused with the general core funding by Denmark as a member country of the World Bank Group. In that context, Denmark’s contribution is an earmarked contribution to the ESMAP Multi-Donor Trust Fund.

the BP in general with funding channelled through the Bank Executed Trust Fund (BETF), a.k.a. the “umbrella fund”, Denmark will support all aspects of ESMAP’s work, also areas not covered by the preferencing of access and clean cooking. The “core funding” will cover important areas such as knowledge creation and dissemination, financial innovation and the work on fossil fuel subsidy reform, to mention but a few.

Also, it is noted that the 2024 Evaluation concluded that: “*The share of preferenced funding drastically increased from the last business plan...*”. The Evaluation also found that “*some donors expressed concern about the rising volume of preferencing, but at the same time see the importance of the option to preference. The major concern is that increased preferencing has the potential to undermine the priorities and strategy of the business plan, but evidence shows that these concerns are not yet reflections of reality, as programs are still heavily reliant on allocations from the core budget*”.

Preferenced Danish funding: Another part of the Danish funding will be preferenced to two key targeted areas of the Business Plan, namely clean cooking and energy access. The purpose of the ‘preferenced’ funding is to strengthen synergies to Danish priorities in the development cooperation and climate diplomacy. It will also ensure that the Danish priority areas of the Business Plan are secured funding. To monitor and evaluate progress on the Danish priority areas and preferenced support, specific indicators from the ESMAP results framework for the BP FY 2025-2030 will be selected and monitored more closely. The ESMAP BP substantive core focus areas were illustrated in Figure 1.1. and are further illustrated in Figures 3.1, 3.2, and 3.3 below.

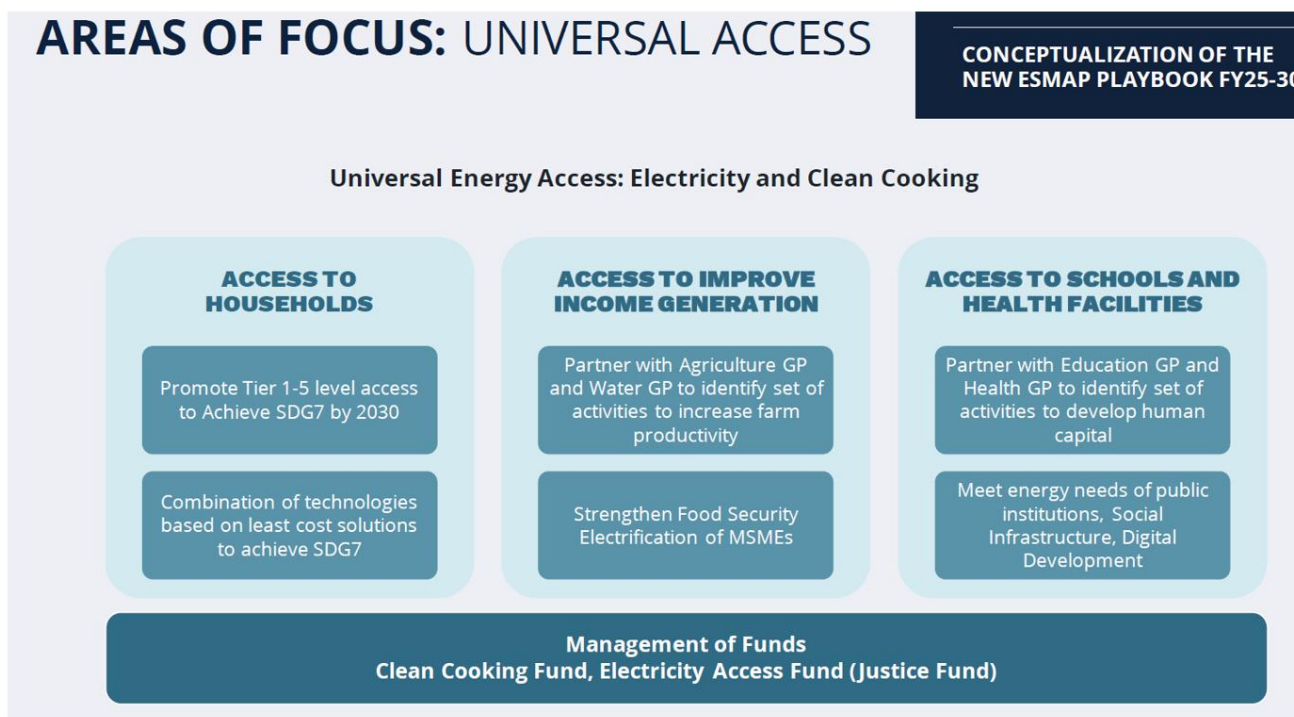
Figure 3.1: ESMAP BP FY2025-2030 Focus Area Energy Transition



Clean Cooking Fund (CCF 2.0): As in the previous BP period, Denmark will support – and significantly step up - its support for clean cooking. The CCF responds to the fact that it has become increasingly evident that the world is not on track to deliver universal access to clean cooking by 2030 (SDG Target 7.1.2) which affects poor households and particularly women and children in Africa. As mentioned by ESMAP, cooking poverty is an invisible barrier to gender equality. Based on successful implementation of the first phase of the Clean Cooking Fund, ESMAP is launching

the second phase (CCF 2.0) to scale up and expand clean cooking activities. In its first phase, the Clean Cooking Fund directly supported 27 countries and 7 regions through grants and technical assistance, and developed a strong project pipeline, which has grown in scale and diversity. The CCF results summary for the CG meeting in May 2024 includes the following examples achievements for FY21-23: 61.5 million people gained access to clean cooking resulting from policies, programmes, and strategies; 12.7 million people gained access to clean cooking resulting from financed projects; 8 policies and regulations adopted by governments to support clean cooking market development(policies). Specific examples include a conference/launch event for “Unlock Impact Finance for Clean Cooking: A Field Assessment of Climate, Health, and Gender Co-Benefits”. Country level examples include Market-Oriented Approach to Accelerate Clean Cooking in Francophone Countries, Clean Cooking Forum in Ghana, Peer to Peer Learning Event with Rwanda, Mozambique, Malawi. Please refer to Annex 10 for more examples of results in clean cooking and how these results and lessons learned were taken into consideration in the design and operationalization of the CCF 2.0.

Figure 3.2: ESMAP BP FY2025-2030 Focus Area Universal Access (incl. Clean Cooking)



CCF 2.0 will replicate and expand technical support for the timely design and execution of projects, develop new replicable instruments for hard-to-reach populations with no or low income, and coordinate resources to bridge the gap between the clean-cooking knowledge ecosystem and demand in the field. It will prioritize supporting new renewable technologies (e.g., biogas and electrical appliances) where feasible³⁵, with priority given to designing and piloting scalable, sustainable interventions that fit the country context. In addition to clean cooking for households, CCF 2.0 will strengthen support for clean cooking in institutions (e.g., schools and hospitals), which are key segments for improving human capital. It will also support income-generating opportunities associated with small restaurants and beverage businesses, as well as women’s empowerment across the clean cooking value chain. The fund will keep promoting result base finance mechanisms to

³⁵ Although the Danish Government cannot support any development project where fossil fuels are involved there is a specific opt-out clause regarding clean cooking. Here, Denmark accepts gas as a transition fuel on the road to green transition.

attract private sector, will scale the leverage from carbon finance and will better explore other impact finance instruments. Figure A10.1 in Annex 10 reflects the benefits of engagement in CCF and more information can be found on the ESMAP CCF website ([link](#)). More examples of results achieved with support from the CCF and further illustrations on the CCF are included in Annex 10.

Electricity Access Fund (EAF): Another major focus in the proposed Danish support for ESMAP BP FY 2025—2030 will be preferenced funding of the EAF, which responds to the challenge that despite major progress on access to electricity, 685 million³⁶ people remain without access, especially in Sub-Saharan Africa. The World Bank Group is scaling up its lending for energy access in partnership with the African Development Bank Group³⁷. For the World Bank Group to connect 250 million people, USD 30 billion of public sector investment will be needed. 35-40% of the target groups for this increased access are expected to be in countries with fragility, conflict, and violence (FCV) and/or in deep-rural areas, where implementation capacity of governments is constrained, and they are often hesitant to prioritize building such capacity (preferring traditional power system expansion as the path for delivering electricity over newer and more innovative distributed renewable energy (DRE) solutions). The EAF is designed to co-finance and incentivize electricity access interventions with a focus on integrating DRE as part of a least-cost electrification programme, establish dedicated facilities and targeted subsidies to incentivize private sector to serve challenging markets that cannot be reached on commercial terms and through conventional approaches. The support includes targeted demand-side subsidies directly to people in remote, conflict-affected areas as well as women, refugees, and internally displaced people, to close the affordability gap to gain access to electricity, as well as supply-side subsidies to reduce the cost for private sector players to reach the people. For example, a woman in a rural village could afford to purchase a solar home system using a demand-side subsidy made available from the EAF, and purchase bit from a solar system provider that benefited from a supply-side subsidy funded by the EAF to reach the woman's village. By doing so, the EAF will significantly enhance the chance of the World Bank's energy access program to deliver electricity access for most challenged communities. The EAF, if fully capitalized with its targeted USD 400 million over six years, can co-finance and leverage approximately USD 10 billion of World Bank lending in most challenged communities (expected level of Bank lending to FCV countries). Examples of results achieved with EAF support and illustration on the EAF are found in Annex 10.

Unallocated Funds: Approximately 12.4 %³⁸ of the total grant will be held back initially as unallocated funds. This will provide Denmark with strategic flexibility and at the same time enable ESMAP to address emerging priorities without awaiting procedures of new separate Danish grants. Previous examples of such extra Danish grants on top of the core support includes grants for COVID support measures and extra funding for clean cooking in Rwanda. The consolidation of the Danish support to ESMAP into just one overall grant is part of a general MFA/KLIMA policy to concentrate on fewer engagements with fewer cooperation partners in order to keep the strategic vision of Danish support and to lower the transaction costs of Danish engagements. Later allocation

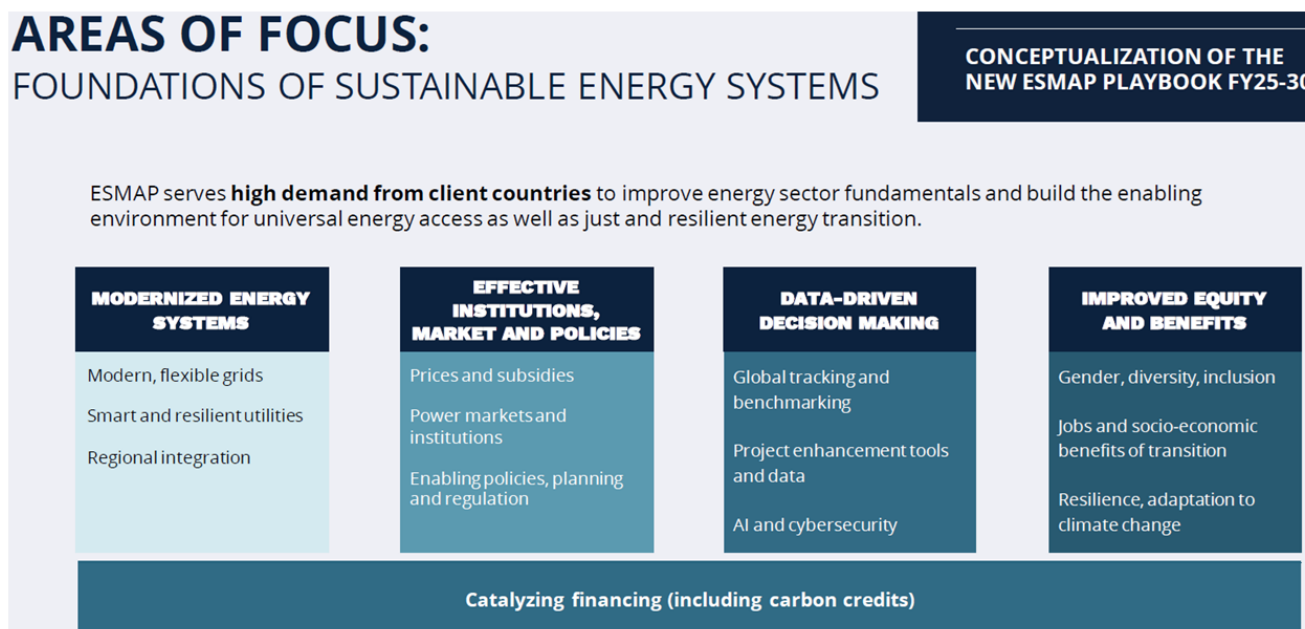
³⁶ The Energy Progress Report 2024 edition ([link](#)) finds report finds that 91% of the global population had access to electricity in 2022, leaving 685 million people still without access – 10 million people more than in 2021.

³⁷ The World Bank Group and African Development Bank Group are partnering on an ambitious effort to provide at least 300 million people in Africa with electricity access by 2030. The World Bank Group will work to connect 250 million people to electricity through distributed renewable energy systems or the distribution grid while the African Development Bank Group will support an additional 50 million people. See ([link](#))

³⁸ In response to the question in the Danida Programme Committee (PC) on the high level of unallocated funds, MFA (KLIMA) explained that the intention was to ensure that new initiatives within the energy sector, if relevant to ESMAP, could be included, rather than developing new engagements. It should also be noted that compared to the earlier draft document presented to the PC, unallocated funds have been reduced from 20% to 12.4% because a budget allocation for a secondment has now been included.

of these funds will follow the general AMG-rules and be within the perimeters of the overall thinking behind the Danish support to ESMAP as presented in this Project Document. ESMAP has been thoroughly consulted on the plans and procedures for unallocated funds and is in full agreement with this approach, which is very much in line with the adaptive management approach.

Figure 3.3: ESMAP BP FY2025-2030 Focus Area Foundations of Sustainable Energy Systems



Secondment to ESMAP of an expert to be funded under the project:

As briefly elaborated in Chapter 6, it is planned to second an expert to the ESMAP team for tentatively 3 years. The process steps toward this secondment are summarised in the Process Action Plan in Annex 8.

4. Theory of change and key assumptions

ESMAPs’ Theory of Change (ToC) for the new BP FY 2025-2030 is presented in Figure 4.1. below. Assumptions underpinning this ToC are not stated in the BP.

From a Danish support perspective, the narrative theory of change for Denmark’s contribution to ESMAP may be summarised as:

If Denmark contributes grant funds to ESMAP’s MDTF for general support to ESMAP’s BP for FY 2025-2023 and with preferenced funding for clean cooking and electricity access in Africa, as well as can activate unallocated funds, as relevant.

And if Denmark continues to engage actively in the ESMAP Consultative Group and monitor progress against key performance indicators (KPIs) for its preferenced funding.

And if Denmark strives for synergy with Denmark’s other multilateral energy cooperation (e.g. with IEA, IRENA, NDCP, AfDB SEFA, GCF, etc.) and bilateral energy cooperation (e.g. under the Danish Energy Partnership Programmes (DEPP)).

Then ESMAP will, together with support from other donors, undertake activities and deliver outputs summarised in general terms in Figure 4.1. and further specified in work programmes based on KPIs in the BP results framework.

And then ESMAP will support recipient countries through Bank-executed grants or trust funds and recipient-executed grants, as well as leverage its work into wider World Bank energy operations and Global Challenge Programmes applying effective strategies and approaches, informed by most recent insights and analytics. *And then*, Denmark will have leveraged its support through ESMAP activities and World Bank projects and programmes and contributed to countries having adopted supportive enabling environment and public and private investment for an inclusive and impactful electrification, with particular focus on access to electricity and clean cooking. Denmark will then also have contributed to further linking ESMAP “up-stream” activities to generate and support “down-stream” activities in recipient countries. Denmark will then also have contributed to further linking ESMAP “up-stream” activities to generate and support “down-stream” activities in recipient countries.

And then households, farmers, micro, small, and medium-scale enterprises, and public institutions will have expanded electricity access, including clean cooking, and partner countries will have achieved improved equity and benefits of electrification and just energy transition interventions (incl. gender equality, socio-economic benefits, and mitigation of and adaptation to climate change).

And then, World Bank supported countries will be on track to achieving universal energy access by 2030, including access to clean cooking, and a just and resilient energy transition will have been supported through improved energy sector fundamentals and the enabling environment.

And then, Denmark will have contributed to the ESMAP objective of ensuring universal access to affordable, reliable, and modern energy services by 2030, accelerating transition towards a sustainable, just and decarbonized energy system, and ensuring the resilience and adaptation of the energy sector to the growing impacts of climate change and other shocks.

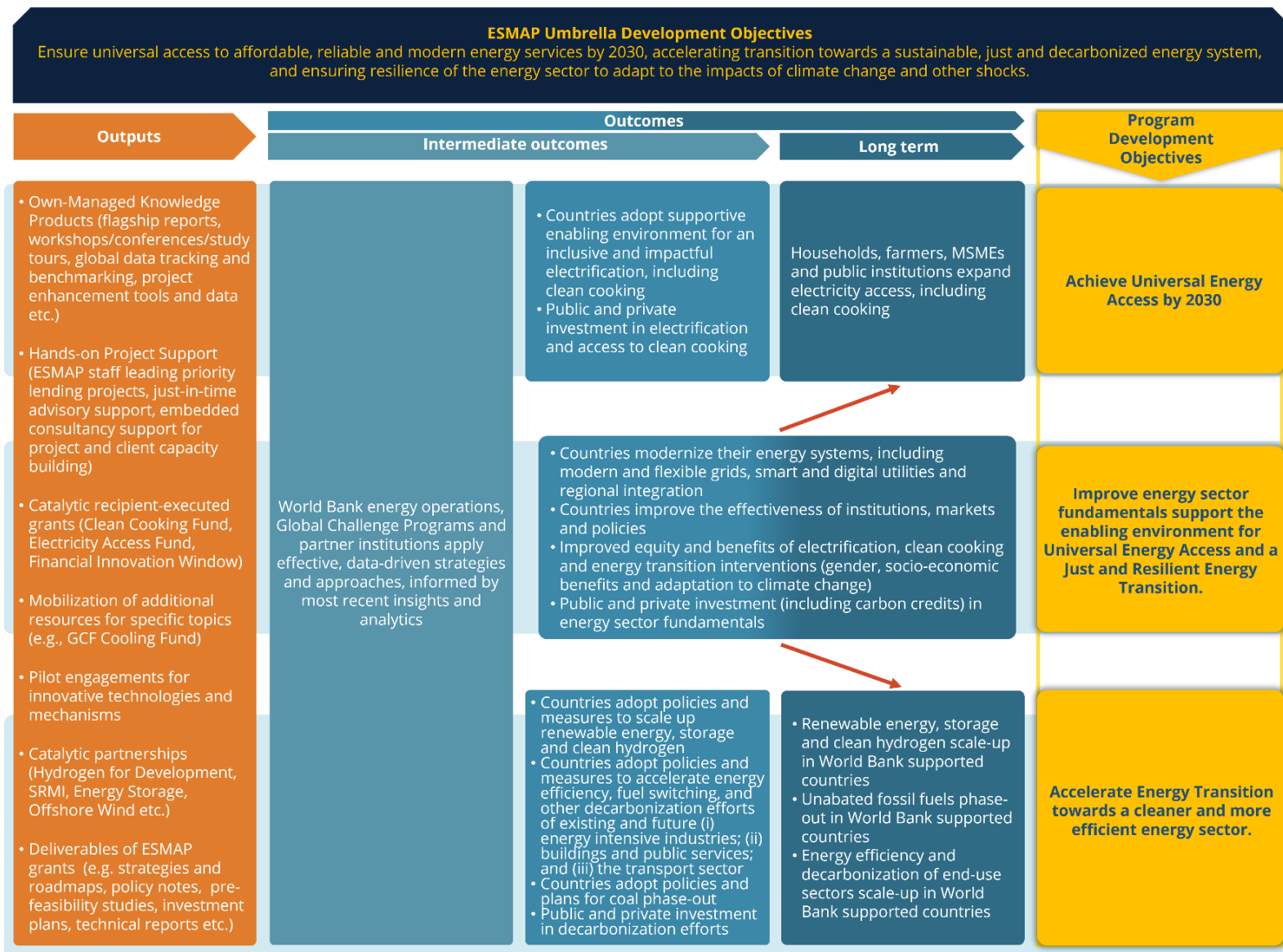
And then Denmark will also have contributed to coherence and synergy of support for ESMAP with Denmark’s other multilateral energy and climate cooperation and bilateral energy partnership programmes, achieving more sustainable impact of Denmark’s ODA resources.

Key Assumptions:

From Denmark’s perspective, key assumptions include:

- Continued support from ESMAP donors to a realistic BP scenario and adaptive management in a highly dynamic context.
- Donor appetite to recipient-executed activities supported by ESMAP, including in clean cooking and access to electricity.
- MFA resources to continued effective engagement in the ESMAP Consultative Group (CG) and effectiveness of the CG in overseeing ESMAP strategic direction, progress, results monitoring and reporting, with attention to assumptions and risk factors and remedial action when required.
- Effective follow-up to the ESMAP management response to the recommendations of the 2024 Evaluation.
- Synergy with Denmark’s other multilateral energy cooperation and bilateral energy cooperation is effective.

Figure 4.1: Theory of Change for ESMAP BP FY25-30



5. Results framework at outcome level

The revised ESMAP Results Framework (RF) that is included as Annex C to the new BP (and included in the present Project Document as Annex 3), offers a streamlined approach to measuring fewer, but key results indicators aligned with the donors' priorities. This is a direct follow-up to the 2024 Evaluation recommendations. At the highest – outcome – level, the RF expands on the current ESMAP approach of reporting the *expected* results (i.e., results from the World Bank lending operations approved by the Board in the given fiscal year) to reporting the *actual* results of the previously-approved ESMAP-informed operations, ongoing or closed in the year of reporting. This approach is aligned to the new World Bank Scorecard reporting approach, which is simplified compared to previously as part of a major WBG reform process. Moreover, ESMAP will adopt the new Scorecard indicators (e.g., People with access to electricity, Renewable energy capacity enabled), follow the same definitions and validate the proportion of the corporate results reported that is informed by ESMAP. This approach will allow to align the World Bank corporate and ESMAP reporting and avoid misinterpretation of results should different definitions be used. The need to report on the actual results on the ground rather than expected results as is the practice today was noted by the Evaluation of ESMAP and is a point generally driven by Denmark and other likeminded countries. While it is noted that the phasing-in of this approach will take time, the MFA considers the scorecard as a substantial step in the right direction, and it is noted that ESMAP's results agenda is anchored on robust linkages between ESMAP grants and the linked World Bank operations. The results reported are a measure of the central role played by ESMAP in influencing, shaping, and improving, directly or indirectly, the direction and quality of World Bank's core operations. The revised ESMAP results framework endorsed by the CG under the new business plan will report on expected results derived from the WB lending operations approved by the board in a given fiscal year but will also report on actual results of the previous approved ESMAP-operations informed. ESMAP has a grant monitoring system (GMS) that stores and tracks details of ESMAP grant activities since 2010. For example: since FY2022, ESMAP reports actual numbers for the indicator: "*Number of people provided with access to electricity*" and ESMAP will add more actual results in FY2025 reporting based on availability of data which comes from the WB ESMAP operations informed.

The ESMAP RF contains 14 Outcome indicators, 14 Intermediate Outcome indicators, and 11 Output indicators. MFA (KLIMA) finds that the ESMAP BP Results Framework has been adjusted based on the recommendations from the 2024 Evaluation of ESMAP and is fully adequate for alignment of Denmark's support, including with SMART³⁹ indicators. Considering the flexibility provided by Danida AMG when the support is for a multi-donor trust fund with an implementing partner that has its own results framework and budget formats such as ESMAP (which is also supported by 19 other donors besides Denmark) it is considered relevant to use the ESMAP results framework rather than the Danida AMG results framework template – this is also because of the limits to earmarking in preferencing support to WB multi-donor trust funds. Furthermore, it is noted that ESMAP's monitoring and results reporting to Denmark and the other donors follows its agreed BP results framework.

The expected major outcomes (results) of Denmark's contribution at outcome level will include the following, which will be closely monitored by MFA(KLIMA):

1. **Outcome I: Low-income households and small businesses and institutions, particularly in African countries, have increased access to clean cooking.**

³⁹ Specific, measurable, attainable, relevant, timebound.

(This will be a contribution to:

- i) The new BP Outcome #6: Number of people provided with access to clean cooking - with targets of 27.5 million or 60 million in FY2027 and 55 million or 160 million in FY2030 in the BP base or stretch scenarios, respectively.
- ii) The new BP Outcome #8: Number of businesses and public institutions provided with access to clean cooking - with targets of 2,500 or 5,000 in FY2027 and 7,500 or 15,000 in FY2030 in the BP base or stretch scenarios, respectively).

2. Outcome II: Households, farmers, MSMEs and public institutions have expanded electricity access.

(This will be a contribution to the new BP Outcome #5: Number of people provided with access to electricity - with targets of 66 million or 105 million in 2027 and 188 million or 300 million in 2030 in the BP base or stretch scenarios, respectively).

3. Outcome III: Developing countries have improved the effectiveness of energy sector institutions, markets, and policies, modernized their energy systems, and improved equity and socioeconomic benefits of electrification and just energy transition.

(This will be a contribution to the new BP Outcome #9: Number of countries with enacted policies, regulations, and plans on energy subsidy reform, utility modernization, regional markets, and data & AI driven energy planning - with a target of 20 in 2027 and 40 in 2030; and to the new BP Outcome #10: Number of countries with enacted policies, regulations, and plans on energy system climate resilience preparedness - with targets of 2 or 5 in 2027 and 20 or 50 in 2030 in the BP base or stretch scenarios, respectively).

6. Inputs, budget, financial management and reporting

Denmark will provide grant funding through the World Bank to ESMAP as the anchor of the Multi-Donor Trust Fund (MDTF) for the World Bank' Energy & Extractives Global Practice, (EEGP) following the procedures and guidelines for trust funds in the "Umbrella 2.0 program"⁴⁰. This allows ESMAP to channel core and preferenced funding to own activities (Bank-executed grants or trust funds (BETFs)) and to associated trust funds and to recipient executed country-specific trust funds (RETFs⁴¹).

ESMAP has presented ambitious budget scenarios for the next business plan period, as summarised in Table 6.1 below. The Consultative Group meeting in May 2024 has endorsed these budget scenarios. The budget targets for the BP present a base case and a stretch scenario and will include intermediate reviews with the CG (proposed for year two and four, respectively). ESMAP has informed the CG that experience in the last few years shows that scaling up impact in access and energy transition requires both BETFs, as well as RETFs, and that the demand for RETFs is growing quite dramatically. In order to meet ESMAP's SDG7 goals and support the World Bank Global Challenge Program on Energy, the FY2025-2030 BP aims to secure a steady growth in Bank-executed grants, along with a significant increase in recipient-executed grants. It is expected that RETFs will continue the FY2021-2024 BP's trend of being uneven, based on specific regional/country and program demands, as well as availability of donor funding.

⁴⁰ Information on implementing the Umbrella 2.0 approach can be found here ([link](#) and [link](#)) and information on World Bank Trust Fund Reform can be found here ([link](#))

⁴¹ RETFs are governed by a Grant Agreement between the World Bank and the Recipient and are subject to the same review and appraisal process as equivalent Bank lending activities. The recipient country/region procures contracts, carries out the activities, is responsible for quality control of activities being financed and payments and disbursements. This modality also builds client institutional capacity. As of the end of FY23 (30 June 2023), the total active RETF portfolio represented 31.6% of the active portfolio.

Table 6.1: Budget Scenarios for the ESMAP Business Plan FY2025 – 2030

ESMAP BP FY25-30 budget	Base case			Stretch scenario		
	USD million	BETF	RETF	TOTAL	BETF	RETF
Energy Access	200	222	422	235	893	1,128
Energy Transition	300	194	494	375	614	989
Foundations	160	34	194	210	78	288
PM&A	30	---	30	30	---	30
Target Budget	690	450	1,140	850	1,585	2,435

It is proposed that Denmark, through the MFA, commits grant funding to ESMAP of DKK 150 million in 2024 - and 150 million in 2025, subject to Parliamentary Approval. The proposed allocation of these funds is shown in Table 6.2 below, which is a summary allocation budget at outcome level. In this regard it is noted that Danida AMG⁴² inter alia note that normally, it will be necessary to tailor the Danish contribution budget somewhat to the structure and levels in the partner's programme budget.

It is a requirement that the Danish grant meets OECD-DAC criteria for development assistance. The OECD DAC List of ODA recipient countries for reporting on aid in 2024 and 2025 is found here ([link](#)). The requirement is considered met by ESMAP as it is a trust fund within the World Bank and with a dedicated purpose focusing on low and middle-income countries. Nevertheless, Denmark will monitor the list of countries supported by ESMAP on an annual basis. It is also noted that the ODA coefficient for overall core funding of the World Bank is 100 ([link](#)). In general, the use of Danish resources will be monitored through ESMAP's well established M&E framework, the annual financial reports as well as a close dialogue MFA/ESMAP management.

ESMAP and Denmark have had excellent experience with previous secondments – a modality also practiced by other donors to ESMAP. The project budget has a budget line for a secondment tentatively for a 3-year period. The job profile and qualification requirements have not yet been decided. The Process Action Plan in Annex 8 identifies steps in the process toward recruitment of the secondee, including dialogue in early 2025 between MFA(KLIMA)-ESMAP on the desired profile of secondee, drafting of job profile and qualification requirements, and agreement on a plan for the recruitment process. The experience is that such recruitments take time, and the starting date could be in late 2025 or early 2026, to be confirmed.

Table 6.2: Proposed allocation of Denmark's contribution to ESMAP BP FY2025-2030

DKK million	2024	2025	2026	2027	2028	2029	2030	Total
General support to business plan	7.50	10.00	10.00	10.00	7.00	5.50	0	50.00
Electricity Access Fund	0	10.00	10.00	9.00	10.00	11.00	0	50.00
Clean Cooking Fund	40.00	25.00	25.00	25.00	15.00	10.00	0	140.00
Unallocated ⁴³	0	0	0	0.75	15.50	21.00	0	37.25
Secondment ⁴⁴	0	2.50	2.50	2.50	0	0	0	7.50

⁴² See the Danida AMG guidance provided for budget details ([link](#)) which states that “Normally, it will not be necessary to present the Danish (or the partner's) budget at output-level, since partners typically have outcome/programmatic-level budgets that are sufficient for indicating the strategic prioritization behind the Danish contributions. There is flexibility as to the exact budget format.....Normally, it will be necessary to tailor the Danish contribution budget somewhat to the structure and levels in the partner's programme or institutional budget, which typically vary depending on distinct programme or partner institution”.

⁴³ This is well within the maximum possible of 25%, ref. Section 5.4.3 page 55 in Danida guidelines ([link](#)).

⁴⁴ Actual timing depending on recruitment process.

Indirect costs (Administrative fee, 5%)	2.50	2.50	2.50	2.50	2.50	2.50	0	15.00
Contribution to joint external evaluation	0	0	0	0.25	0	0	0	0.25
Total	50.00	50.00	50.00	50.00	50.00	50.00	0	300.00

According to the ESMAP Annual Report 2023⁴⁵, ESMAP is supported by 20 donors including Denmark (accounting for countries and institutions) or 26 donors (including countries with more than 1 donor). The Budget Note to the CG dated 28 April 2024 listed donors to ESMAP⁴⁶ and informed that paid contributions as of 1 July 2023 totalled USD 246,329,068. Additional contributions received/paid⁴⁷ from 1 May 2023 to 28 April 2024 totalled USD 70,067,160. Pledges with signed contribution agreements (unpaid contributions) totalled USD 136,327,762, bringing the MDTF fund balance⁴⁸ to USD 452,723,990.

Financial management, planning and reporting:

The World Bank will receive the Danish contribution on behalf of the ESMAP, according to its policies for acceptance of external funds under trust fund agreements with the World Bank. Funds from Denmark to ESMAP will be disbursed once per year, following the approval of the previous year's annual report and accounts, with foreseen annual disbursements as reflected in Table 6.2. MFA (KLIMA) is in regular contact with ESMAP regarding upcoming tranches of grants and requires a written request before any transfers can be made in accordance with AMG. MFA (KLIMA) will require that ESMAP's written requests argue convincingly that the tranches of the coming grant are needed before any transfers can be made. It is also proposed that Denmark takes an initiative in the CG, which suggests that ESMAP develops more clear and transparent financial reporting enabling donors to better understand ESMAP's on-going funding requirements and plan their disbursements accordingly. Furthermore, the MFA should prepare a financial monitoring plan in early 2025.

Accounting, auditing, and reporting will be undertaken in accordance with the Administration Agreement between ESMAP and the World Bank Group, following as applicable the [Umbrella 2.0](#) flexible approach to Trust Fund organization and management that enables Development Partners and the World Bank to partner on, and finance, mutually strategic priorities. ESMAP will provide access to current financial information relating to the trust fund, in the holding currency of the trust fund, and an annual single audit report within six months following the end of each Bank fiscal year. The cost of the single audit shall be borne by the Bank. The Bank will make available copies of all financial statements and auditors' reports received by the Bank from Recipients pursuant to any Grant Agreements in accordance with the Bank's Access to Information Policy.

The ESMAP Program Management and Administration (PM&A⁴⁹) fee is for the BP FY2025-2030 budgeted at a total of USD 30 million in both budget scenarios, as reflected in Table 5.1 above. The 2024 Evaluation noted that *"Project Management expenses make up about three percent of the ESMAP budget*

⁴⁵ The Report can be found here ([link](#))

⁴⁶ Donors to the BP FY2021-2024 in addition to Denmark include Austria, Canada, ClimateWorks, AFD France, BMU and MBZ Germany, Global Energy Alliance for People and Planet, Iceland, Italy, Japan, Netherland, Norway/Norad, Spain, Sweden/Sida, SDC and SECO Switzerland, DESNZ and FCDO United Kingdom.

⁴⁷ From the following donors: Canada, Germany, Iceland, Italy, Netherlands, Norway, Sweden, UK.

⁴⁸ This excludes donor contributions supporting staff costs through the World Bank's Donor Funded Staffing Program or Global Secondment Program. It also excludes contributions to the following TFs associated with ESMAP: SIDS/DOCK; Carbon Capture, Utilization and Storage (CCUS); Advancing Regional Energy Projects (AREP) in Africa; and Energy Access Quality Improvement Project in Rwanda.

⁴⁹ PM&A covers: Managing the program, including the Annual Block Grant cycle, screening proposed projects, quality assurance and enhancement, and allocating funds; personnel management; trust fund administration and donor relations (including enhanced reporting and donor outreach efforts); regional coordination; and Consultative Group meetings and Technical Advisory Group.

across fiscal years 2021 through 2023. This is lower than the allowed five percent project management costs. According to the ESMAP team, this five percent leaves a necessary buffer for foreign exchange fluctuations or other unexpected expenses. This buffer is also used to cover other ESMAP expenses, such as the administrative fee of five percent for each of the RETFs (charged when Grant Agreements are signed). This fee covers the Bank's corporate costs, such as legal, accounting, budget, and DFi.⁵⁰". The ESMAP Budget Note dated 28 April 2024, states that "Following the World Bank's TF Reform, ESMAP has established an Umbrella MDTF (TF073553). The ESMAP Umbrella MDTF maintains the Bank's FY16 Cost Recovery Framework⁵¹ applying an indirect rate of 17% on labor (staff and consultants) at disbursement stage for Bank-executed TFs (BETFs). Associated TFs established after January 1, 2021 follow the current Cost Recovery Framework, applying an indirect rate of 12% of the total amount of BETF disbursements. And: "ESMAP adheres to the cost recovery rates established in July 2015: for Bank-executed trust funds (BETFs), an indirect rate of 17% charged on personnel costs and for recipient-executed trust funds (RETF), an administrative fee of 5% on grant commitments".

The World Bank is regularly assessed by the Multilateral Organisation Performance Assessment Network (MOPAN), most recently in 2023 ([link](#)). The main conclusion was that the World Bank⁵² continued to demonstrate overall strong performance across multiple areas, culminating in strong delivery of development results. Notable strengths include the Bank's strategic management, financial management, operating model, and results-based management. More information about the MOPAN assessment is found in Annex A.

ESMAP produces an annual narrative and financial report demonstrating progress on the results framework indicators and targets. The narrative report is presented to the Consultative Group for comments before final submission and ESMAP Annual Reports are publicly available ([link](#)). Internal ESMAP portfolio overviews and progress/results updates for previous FY against BP targets are submitted annually to the CG.

Results on relevant selected indicators will be reported by the MFA to the Danish public through Danida Open Aid ([link](#)).

For grants of this size, the MFA normally requires a mandatory Mid-term Review. However, since Denmark's support is provided to the ESMAP MDTF jointly with a donor group of currently 19 other donor countries and institutions, this requirement will be met by a contribution to the External Evaluation of ESMAP planned also for the next BP (previous such Evaluations were done in 2020 and 2024). The Technical Advisory Group (see more on TAG below) will provide external advice to the evaluation.

The Ministry of Foreign Affairs of Denmark reserves the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of Denmark's support to ESMAP. After termination of the project, Denmark reserves the right to carry out evaluation in accordance with this article.

⁵⁰ World Bank's Development Finance (DFi) Vice Presidency.

⁵¹ According to the World Bank's 2021 Cost Recovery Framework ([link](#)) there is a standard flat fee of 12 % on the total amount of disbursements on Bank-executed activities (BETFs) and a graduated fee between 2-5% on recipient-executed activities (RETFs) under a Grant Agreement signed between the Bank and a recipient.

⁵² MOPAN defines the World Bank as comprising the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). Together with the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID) they constitute the World Bank Group (WBG). IFC and MIGA were not covered by the MOPAN assessment.

7. Institutional and management arrangement

ESMAP is fully integrated in the World Bank’s Energy and Extractives Global Practice (EEGP) with the objective of informing World Bank policy dialogue and lending in the sector. The ESMAP MDTF is the consolidated Trust Fund for the EEGP. The ESMAP core team consists of over 40 professional staff (see more on this [link](#)). Reference is made to the ESMAP partner assessment details in Annex A.

Consultative Group (CG): ESMAP is governed by the CG comprising representatives from contributing donors including Denmark and chaired by the Global Director of the World Bank's Energy and Extractives Practice Group. The CG meets annually to review ESMAP's strategic direction, achievements, use of resources and funding requirements. The CG also provides advice on emerging ESMAP priorities and reviews the annual financial and progress reports. In general, CG decisions are made by consensus during meetings following a “no-objection” process. As chair of the CG the World Bank plays a facilitating role in the CG.

Technical Advisory Group (TAG): TAG is a group of currently ten leading practitioners and experts from academia, international organisations, World Bank clients, think tanks, and the private sector, world-wide. The purpose of the TAG is to provide advice on recent trends and implications of changes in the energy sector. The TAG meets annually to advise on the business plan and recommendations are presented to the Consultative Group.

8. Risk Management

The ESMAP Risk Framework is included as Appendix B, Table B1 to the BP FY2025-2030. A total of 9 main risk factors (with breakdown into details for some risks) are clustered under the following headings: Strategic Risks, Stakeholder Risks, Operational Risks, and Financial Risks. Risk ratings are low/moderate, and detailed risk mitigation measures are included for each risk factor. The 2024 Evaluation of ESMAP did not specifically address risks as a theme. The ESMAP risk classification is different from the MFA/Danida risk classification into contextual, programmatic, and institutional risks. Annex 4 contains the risk management matrix according to Danida guidelines, as seen from Denmark’s perspective, and aligned to the ESMAP risk matrix. The risk matrix should be discussed annually within the Consultative Group. Table 8.1 summarises key risk factors and mitigating measures from a Danish perspective for the Danish contribution.

Table 8.1: Key risk factors and mitigating measures

Key risk factors	Risk mitigation measures
<u>Contextual risks:</u>	
Risks related to global geopolitical conflicts and multiple crises.	Follow strategic directions such as provided by the World Bank’s “Supporting Countries During Multiple Global Crises“ (link). Residual risk: Major
Risks of working in fragile countries.	Follow strategic directions in the World-Bank-Group-Strategy-for-Fragility-Conflict-and-Violence-2020-2025 (link) and World Bank report on “How to Improve Results in Situations of Fragility, Conflict & Violence: 12 Recommendations” (link). Residual risk: Minor
<u>Programmatic risks:</u>	
Vested interests from strong economic and politically well-connected stakeholders in current	Assess the political economy in client countries, engage with champions of change. Demonstrate least cost renewable solutions in the energy transition in policy dialogue with client countries and use targeted

energy solutions and continued reliance on fossil energy.	communications and impact stories with compelling evidence. Support subsidy reform. Residual risk: Minor (for this project as such)
Community resistance to transition particularly if not inclusive, just and equitable.	ESMAP support is underpinned by focus on socio-economic aspects of the clean energy transition and climate action, in accordance with the WBG Environmental and Social Standards (ESS) Residual risk: Minor
Capacity constraints in country partner institutions.	Partnerships established clearly and transparently through formalized arrangements and/or agreements, including grant agreements with ESMAP providing targeted capacity development support. Residual risk: Minor
Insufficient funding to the BP and/or lack of donor appetite for proposed recipient-executed work.	Strong communication channels with existing donors to track pledges and coordination within CG and ESMAP outreach to new donors. Support to clients and WBG teams to apply for finance for some of the recipient-executed activities proposed. ESMAP BP budget scenario reviews with CG in year two and four of the BP. Residual risk: Minor
<u>Institutional risks:</u>	
Risk of insufficient coordination and synergies with other initiatives in complex and dynamic contexts.	Country and regional activities are anchored in World Bank country programmes and must demonstrate client commitment. World Bank operational units participate in country/project-specific coordination structures and processes. Coordination is strengthened by ESMAP's participation in and organization of events, including annual meetings, dialogue roundtables, joint study tours. From Denmark's point of view, it is important to continue to promote synergies with other Danish multilateral support such as through IEA and IRENA, as well as with Danish Energy Partnership Programmes in relevant countries, and the Embassies of Denmark in relevant countries, MFA(KLIMA), the Danish Energy Agency, and the Danish Ministry of Climate, Energy, and Utilities, will have important roles in this regard. Residual risk: Major
If any fraud, corruption or misconduct should occur under ESMAP-financed projects., this could have devastating consequences. The MFA has a zero-tolerance on corruption.	The World Bank's Sanctions System ⁵³ is a multi-tier administrative process designed to address fraud, corruption, collusion, coercion, and obstruction by firms and individuals involved in World Bank operations. The MFA will require ESMAP/ WBG to immediately inform the MFA in the unlikely event of such risks materialising and the remedial actions taken. Residual risk: Insignificant

9. Closure

Implementation by ESMAP of Denmark's contribution under this project is scheduled to end by the end of WBG FY 2030, i.e. by end June 2030. The annual single audit report will be made available within six months following the end of World Bank fiscal year (FY) 2030, i.e. by end of calendar year 2030. MFA closure of accounts, and administrative closure will be completed by early-2031. Effective reporting by ESMAP of concrete results achieved and the conclusions of the External Evaluation of the ESMAP BP FY2025-2030 (to which Denmark will contribute financially), will be important factors for Denmark to consider its position on potential continued support to ESMAP beyond the current project.

⁵³ The WBG Integrity Vice Presidency (INT) detects, deters, and prevents fraud and corruption in World Bank– financed operations and involving World Bank staff and corporate vendors. It investigates allegations of fraud, corruption, and other sanctionable practices, and, when these are substantiated, pursues sanctions against external entities and provides its findings for human resources decisions on disciplinary measures against staff.

Annex 1: Context analysis

A1.1: Poverty and inequality analysis

The proposed support for ESMAP has its main focus in preferenced funding for the recipient-executed Clean Cooking Fund (CCF 2.0) and Electricity Access Fund (EAF) and thus on the disadvantaged population groups, particularly in Africa, with a view to a strong poverty focus. This is fully consistent with the Danida How-to-Notes, particularly the Approach note-Fighting Poverty and Inequality; and the How to-Note on Energy transition and Emission Reductions in Development Countries. The multi-dimensional poverty focus is reflected in the ESMAP BP, see for example Figure 3.1 in the main text above. Also, the general contribution to the new BP has its main focus on accelerating a just energy transition, leaving no-one behind. The 2024 Evaluation found that the greatest volume and value of ESMAP grants are provided to low- and lower-middle-income countries. While the overall objective of ESMAP has obvious poverty linkages, not least the access and clean cooking activities very clearly demonstrate poverty commitments, but that also goes for “*Leave No One Behind*”⁵⁴, “*Improving Livelihoods and Human Capital*”, “*Energy Subsidy Reform Facility*”.

Vulnerable groups and how they are targeted (Leaving No One Behind):

ESMAP’s Leaving No one Behind (LNBH) program works towards the provision of safe, reliable, and affordable electricity for host-communities and displaced populations (DPs). Over the past years, the world experienced a dramatic increase in the number of displaced people.

Any risks that the project may cause harm to poor and vulnerable groups:

Resistance to the energy transition can occur if the benefits are not reaching vulnerable population groups, including girls and women, especially in fragile environments – and renewable energy projects can have adverse effects on local communities, for example solar parks and wind farms requiring large land areas, fishing communities affected by offshore wind development, etc. Consultations with communities are essential to mitigate against adverse effects. ESMAP follows the WBG Environmental and Social Standards (ESS) and ESS thematic Guidance Notes. The WBG Accountability Mechanism - independent complaints mechanism for people and communities, is also worth mentioning.

Key documentation and sources used for the analysis:

- Danida Approach Note on Fighting Poverty and Inequality ([link](#))
- Danida How to Note on Energy Transition and Emission Reductions in Developing Countries ([link](#))
- ESMAP’s Leaving No one Behind (LNBH) program ([link](#))
- WBG Guidelines for Environmental and Social Impact Assessments ([link](#))
- WBG Environmental and Social Framework ([link](#))
- WBG Environmental and Social Standards (ESS) with ESS thematic Guidance Notes #1-10. ([link](#))
- WBG Accountability Mechanism - independent complaints mechanism for people and communities ([link](#))

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

A1.2: Political economy and stakeholder analysis

Political Economy Analysis:

A recent example of ESMAP political economy analysis is the Technical Report on Energy Subsidy Reform in Action. This is particularly important in an area such as subsidy reform, which is often controversial.

Stakeholder Analysis:

Table A1.1 provides an overview of ESMAP beneficiary countries.

The ESMAP Regulatory Indicators for Sustainable Energy (RISE) provide insights into country the regulatory framework, which is also closely related to the national stakeholder “ecosystem”.

ESMAP partnerships with other stakeholders in the international institutional landscape are addressed in section A7.

Key documentation and sources used for the analysis:

- ESMAP Technical Report - Energy Subsidy Reform in Action: Political Economy Analysis and Communications for Energy Subsidy Reform - Approaches and Insights from Recent Technical Assistance, 15 April 2024 ([link](#))
- ESMAP RISE ([link](#))

⁵⁴ See further information here ([link](#))

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

No further studies or assessments required as part of project formulation.

A1.3: Fragility, conflict, resilience, migration

The list of ESMAP beneficiary countries is found in Table A1.1. As it can be seen, several of these countries are in the category of fragility, conflict, and violence (FCV) countries, which are a special target group for the WBG and ESMAP.

Energy poverty and climate change can contribute to conflicts and fragility. It will be important for ESMAP to take a long-term view in FCV countries, where circumstances change quickly, and short-term results reporting may fail to capture hard-earned gains achieved over long cycles of advance and decline. Take an outcome-oriented approach and a dynamic view of results measurement systems and indicators, building-in flexibility and accounting for the greater risk in such more volatile environments.

Key documentation and sources used for the analysis:

- World Bank Groundswell Report ([link](#))
- World Bank report on “How to Improve Results in Situations of Fragility, Conflict & Violence: 12 Recommendations” ([link](#)).
- World-Bank-Group-Strategy-for-Fragility-Conflict-and-Violence-2020-2025 ([link](#))

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

No further studies or assessments required as part of project formulation.

A1.4: Human Rights, Gender, Youth and applying a Human Rights Based Approach

Human Rights Based Approach (HRBA)/Human Rights Principles of participation, accountability, non-discrimination, and transparency (PANT):

While access to affordable, reliable, sustainable, and modern energy for all is a Sustainable Development Goal (SDG7), access to renewable energy and clean cooking is not a human right as such. And while a human rights-based approach is not directly explicit in ESMAP’s work and the 2024 Evaluation did not address HRBA issues., the human rights PANT principles are integral parts of ESMAP’s approach and operations including in the just energy transition (JET) paradigm.

Gender equality:

ESMAP has addressed the gender equality issue extensively, including in several knowledge products on Closing the Gender Gap⁵⁵. The 2024 Evaluation recommendations related to mainstreaming diversity included to provide more support for gender mainstreaming throughout project implementation (in addition to continued support for project design) and have indicators/targets to track implementation support and gender outcomes and consider adding support for mainstreaming diversity and inclusion beyond gender, with an intersectional approach. The new BP reflects follow-up⁵⁶ on these points, stating that gender equality and improved diversity are important to achieve a better modern energy sector and that ESMAP will provide support for gender mainstreaming including gender-transformative actions and skill development (both soft and technical) in governments and utilities. ESMAP will also continue to promote leadership, inclusion, career advancement, role models, as well as entrepreneurship and other income generating activities for women and others who belong to excluded and vulnerable groups. This innovative approach will be pursued by the development of new partnerships on piloting and testing interventions for new evidenced-based solutions on what works to close gender equality and diversity gaps in the energy sector, including addressing gender-based violence in the sector. Aligned with the new World Bank Gender Strategy 2024-

⁵⁵ See ESMAP web-resources on this programme ([link](#))

⁵⁶ ESMAP’s management response to these recommendations was that “ESMAP agrees to provide additional support to project implementation and will provide availability for resources to recruit both local and international gender experts, whose expertise will be integrated directly into the project execution phase. Their involvement is expected to ensure gender considerations are meticulously addressed, identify constraints that impede activity execution and support the periodic monitoring and evaluation of commitments“. ESMAP’s management response further stated that “The socio-economic benefits work stream will focus on additional aspects of diversity and inclusion by producing and disseminate new evidence that identify barriers and constraints experienced by different sectors of the population to fully enjoy of energy co-benefits. Partnerships with internal (WB Gender Group, Jobs, etc) and external (United Nations, Civil Society, etc) will be consolidated and created. In addition, ESMAP will start developing institutional capacity to integrate the diversity and inclusion dimension as a cross-cutting priority in energy intervention. Both issues (implementation of gender activities and the diversity focus) will be integrated within the new Business Plan”.

<p>2030⁵⁷, ESMAP will adopt a proactive approach to address the challenges confronting women, girls, men, and boys, as well as vulnerabilities at the intersection of gender with poverty, ethnicity, disability, and other characteristics. The new BP also focuses on jobs and socio-economic benefits of the energy transition, stating that energy transitions will create jobs and socio-economic benefits and that ESMAP will support client countries to clarify the job and socio-economic impact of energy transitions and distil broad ambitions, such as those captured in the Just Transition Principles, into concrete energy sector interventions.</p>
<p>Youth and jobs: ESMAP has implemented a programme of analytical work from 2020 to 2023, entitled “Estimating the Job Creation Potential of the Clean Energy Transition”. It assessed the job creation potential of the clean energy transition in low- and middle-income countries. A new publication was launched in early 2024.</p>
<p><u>Key documentation and sources used for the analysis:</u></p> <ul style="list-style-type: none"> • The ESMAP BP FY2025-2030. • Jobs for a Liveable Planet, Job Creation Potential of the Clean Energy Transition, January 2024 (link)
<p><u>Are additional studies/analytic work needed? How and when will it be done?</u> No further studies or assessments required as part of project formulation.</p>

A1.5: Inclusive sustainable growth, climate change and environment

<p><u>Risks and challenges to inclusive sustainable growth and development from the impact of climate change:</u> Support for ESMAP has a strong climate focus on mitigation as well as adaptation and resilience. The 2024 Evaluation concluded that “Climate change adaptation, mitigation, and resilience has been an integral part of ESMAP’s activities under the FY21-24 business plan and is predicted to feature more prominently in the next business plan.” Overall, the WBG is aiming for 45% of all financing to go toward climate-related projects by 2025, with a roughly equal split between adaptation and mitigation. Among its achievements in the BP FY2021-2024, ESMAP highlights that 711 million metric tons of CO₂ emissions are projected to be reduced. Several key performance indicators (KPIs) in the new BP include climate change mitigation and adaptation targets, including an output indicator with a target of USD 0.95 billion of (GCF) climate finance mobilized. Expected ESMAP impact stated in the presentation to the GC of its new BP include 1.8 billion metric tons of CO₂ emissions expected to be reduced.</p>
<p><u>The beneficiary countries’ NDC targets and how the proposed support aligns:</u> ESMAP support is aligned to beneficiary partner countries NDCs.</p>
<p><u>Support to inclusive green growth and transformation to low-carbon and climate resilient economies:</u> In the new BP, ESMAP will support countries to (i) assess the impact of climate change (both extreme and slow onset events) on power system reliability; (ii) clarify the role of the vulnerability of the power sector as a multiplier of climate change-related losses and damages for the society; and (iii) implement solutions, pilots, and innovative strategies to improve power sector resilience. On climate change mitigation, the new BP states that energy efficiency is widely recognized as the “first fuel” in clean energy transitions and the most cost-effective mitigation for climate change with multidimensional benefits, and that an EE-first approach reduces energy supply and increases the affordability of decarbonization efforts. It is explicit in the new BP objective to advance decarbonization across the energy sector in support of international commitments established on climate change.</p>
<p><u>Environmental and social impact assessment requirements and issues:</u> ESMAP support is underpinned by focus on socio-economic aspects of the clean energy transition and climate action, in accordance with the WBG Environmental and Social Standards (ESS) and ESS thematic Guidance Notes. The WBG Accountability Mechanism - independent complaints mechanism for people and communities, is also worth mentioning.</p>
<p><u>Key documentation and sources used for the analysis:</u></p> <ul style="list-style-type: none"> • WBG Guidelines for Environmental and Social Impact Assessments (link) • WBG Environmental and Social Framework (link) • WBG Environmental and Social Standards (ESS) with ESS thematic Guidance Notes #1-10. (link) • WBG Accountability Mechanism - independent complaints mechanism for people and communities (link)
<p><u>Are additional studies/analytic work needed? How and when will it be done?</u> No further studies or assessments required as part of project formulation.</p>

⁵⁷ See further information here ([link](#))

A1.6: Capacity of public sector, corruption

Capacity of the public sector (general assessment): ESMAP works in a wide range of beneficiary partner countries including least developed countries, where the capacity of the public sector is often limited. ESMAP partnerships are established clearly and transparently through formalized arrangements and/or agreements, including grant agreements, memoranda of understanding, etc. with ESMAP providing targeted capacity development support.

Anti-corruption measures:

Corruption is an issue in many of ESMAP's beneficiary partner countries, including those that are institutionally and socially fragile (see the list in Table A1.1). The Corruption Perceptions Index gives information on corruption in all partner countries.

As also mentioned in the risk management matrix in Annex 4, Bank-executed Trust Funds (BETFs) are subject to the same controls as Bank budget expenditures. Recipient-executed Trust Funds (RETFs) are subject to the same review and appraisal process as equivalent Bank lending activities. Trust fund grants are subject to the Bank's anti-corruption guidelines, procurement and consultant guidelines, as well as standard conditions for TF grants, which provide for suspension and/or cancellation of disbursements. The World Bank's Sanctions System⁵⁸ is a multi-tier administrative process designed to address fraud, corruption, collusion, coercion, and obstruction by firms and individuals involved in World Bank operations. The MFA will require ESMAP/ WBG to immediately inform the MFA in the unlikely event of such risks materialising and the remedial actions taken.

Key documentation and sources used for the analysis:

- The 2023 Corruption Perceptions Index (CPI) ([link](#))
- WB Brief on Combating Corruption ([link](#))

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

No further studies or assessments required as part of project formulation.

A1.7: Matching with Danish strengths and interests, engaging Danish actors and seeking synergies

Danish priorities, policies, and strategies are articulated in Denmark's Strategy for Development Cooperation "[The World We Share](#)", which among other things states that *"Danish authorities have decades of experience in creating the framework for successful green transition, and Danish companies, knowledge institutions and other stakeholders are at the very front in developing and implementing green solutions within renewable energy, district heating, energy efficiency..."* *"Denmark should be the little green cogwheel that sets the larger ones in motion. This happens when we inspire major CO2 emitters to take ambitious climate action, through international cooperation on renewable energy and energy efficiency, or through government-to-government strategic sector cooperation with other countries"; "Denmark must assume international leadership within reductions, green transition, and access to clean energy"; "Denmark will promote ambitious national climate action plans that enable developing countries and growth economies to transition from fossil fuels to clean energy sources..."*. *"Denmark will strengthen the Danish SDG7 leadership and energy cooperation on green transition in developing countries, including promoting renewable energy and energy efficiency. This applies particularly to growth economies with high emission levels. The international cooperation on energy under the strategic sector cooperation will lie at the heart of the efforts to promote green transition and underpin Danish climate diplomacy. The World We Share"* also stated that *"Denmark, together with the World Bank, has taken the lead to facilitate transition to clean energy and access to improved cookstoves. This will both improve women and children's health and often contribute to easing the workload of women and children as well as reducing emissions of greenhouse gases and toxic soot particles"*. The support to ESMAP is clearly in line with these priorities, as further elaborated e.g. in the Danida How-to-Note on Energy Transition and Emission Reductions in Developing Countries, which explicitly mentions ESMAP five times.

The Danish Government's Foreign and Security Policy Strategy (May 2023), states that the climate crisis constitutes the 21st century's greatest challenge, requiring global cooperation and action and emphasizing that Denmark must continue to be at the forefront of the global climate action through its climate diplomacy efforts, continuing to assume a leading role in pushing for increased ambitions with regard to emission reduction efforts and other climate action.

⁵⁸ The WBG Integrity Vice Presidency (INT) detects, deters, and prevents fraud and corruption in World Bank– financed operations and involving World Bank staff and corporate vendors. It investigates allegations of fraud, corruption, and other sanctionable practices, and, when these are substantiated, pursues sanctions against external entities and provides its findings for human resources decisions on disciplinary measures against staff.

The Danish Government's new Strategy for strengthened Danish engagement with African countries (August 2024) emphasises the importance of clean energy for cooking.

Where Denmark can play a role through active partnerships and where there is a need for Denmark to take lead in pushing the agenda forward:

Denmark plays an active role in the ESMAP Consultative Group, which provides excellent opportunities for continued influence.

Danish comparative strengths:

The [State of Green](#) showcases expertise and experience in the Danish resource base, connecting to more than 500 solution providers in the green transition, including private companies, utilities, research institutions, financial institutions, and public sector stakeholders.

The Danish Energy Agency's [Global Cooperation](#) highlights Denmark's expertise and experience in the green energy transition and how this is reflected in the currently 24 bilateral country partnerships.

Assessment of the development partner landscape and coordination, including opportunities for synergy with Denmark's bilateral and multilateral energy/climate cooperation:

ESMAP plays a key role in the international institutional architecture related to energy transition and climate action. ESMAP collaboration and partnership with other actors is multifaceted. The ESMAP BP FY25-30 mentions that ESMAP alliances with other development partners stretch from think tanks and advocacy organizations (like the IEA), implementing agencies (such as the Global Energy Alliance for People and Planet GEAPP), global bodies (such as the UN and its sub-organizations), and global financing vehicles (such as the Green Climate Fund, Climate Investment Funds, or Global Infrastructure Facility). Further, the WBG states in its Evolution (see further in Annex 2): We are developing a Collaborative Co-financing Platform, together with other MDBs to improve coordination across the multilateral system and to identify co-financing opportunities to better serve our clients.

From Denmark's point of view, it is important to continue to promote synergies with other Danish multilateral support as well as with bilateral Danish Energy Partnership Programmes. The Embassies of Denmark in relevant countries, MFA(KLIMA), the Danish Energy Agency, and the Danish Ministry of Climate, Energy, and Utilities, will have important roles in this regard.

A few examples of cooperation and synergy relevant to Denmark are mentioned below – this is not a comprehensive overview.

- The World Bank's commitment to achieving access to 300 million people in Sub-Saharan Africa in collaboration with the African Development Bank (AfDB) has been mentioned earlier. AfDB and the World Bank also joined forces to launch parallel reports, respectively capturing the state of power sector regulation in Africa, through the AfDB Electricity Regulation Index ([ERI](#)) and globally through the ESMAP Regulatory Indicators for Sustainable Energy ([RISE](#)). A new index, the [Global Electricity Regulatory Index \(GERI\) 2022](#), sponsored by ESMAP has been launched and undertaken in partnership with AfDB. GERI surveys 82 non-OECD countries from across the globe – about half in Sub-Saharan Africa and the rest across Asia, Europe, the Middle East, and Latin America – and forms part of the World Bank's global effort to promote a robust electricity sector regulatory environment.
- ESMAP advises the United Nations Economic and Social Council (ECOSOC) as a member of the SDG 7 Technical Advisory Group.
- The annual SDG 7 Energy Progress Reports are a joint product of the five custodian agencies, the World Bank, the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA), the United Nations Statistics Division (UNSD), and the World Health Organization (WHO).
- The Global Offshore Wind Alliance (GOWA), founded by Denmark, IRENA, and the Global Wind Energy Council (GWEC), was officially launched at COP27 in November 2022, where a large group of countries agreed to a rapid ramp-up of offshore wind. ESMAP is also part of GOWA.
- IBRD has been an Accredited Entity to the Green Climate Fund (GCF) to which Denmark is a major contributor. Joint financing projects with GCF include a multisector cooling facility.
- Denmark supports the African Energy Commission (AFREC), and ESMAP has mentioned that in the efforts towards electrifying 250 million people through Bank operations, it will be critical to ensure access initiatives outside of Bank operation is measured reliably. This could be a potential area for partnering with AFREC.
- Denmark has supported the International Institute for Sustainable Development (IISD) and ESMAP on energy subsidy reform, and IISD is very active in the ESMAP Energy Subsidy Reform Facility ([ESRAF](#)).
- Denmark supports the Global Green Growth Institute (GGGI) and GGGI and ESMAP are members of the Energy Storage Partners ([ESP](#)) where the Danish Technical University (DTU) is also a partner.
- Denmark supports the World Resources Institute (WRI) and ESMAP and WRI have partnered e.g. on showcasing different open-source geospatial data solutions available to support global energy access.

- A new joint report by ESMAP and SEforALL on Cooling in Off-Grid Rural Areas: The Nexus between Access to Energy and Clean Cooling has been launched in May 2024 ([link](#))
- The WBG is an institutional member of the NDC Partnership, which is supported by Denmark.
- Denmark supports the Climate Investment Funds Accelerating Coal Transition (CIF ACT), where the World Bank is one of the implementing partners and draws on ESMAP expertise in supporting a just energy transition (JET).

Key documentation and sources used for the analysis:

- Danida How to Note on Energy Transition and Emission Reductions in Developing Countries ([link](#))

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

No further studies or assessments required as part of project formulation, but opportunities for synergy and complementarity with other Danish multilateral and bilateral energy and climate cooperation should be given continued priority.

Table A1.1: List of main ESMAP beneficiary countries

#	Country ⁵⁹	IDA ⁶⁰	IBRD	LDC ⁶¹	SIDS ⁶²	Fragile ⁶³
1.	Algeria		X			
2.	Angola		X	LM		
3.	Argentina		X			
4.	Armenia		X			
5.	Azerbaijan		X			
6.	Bangladesh	X		LM		
7.	Belize		X		X	
8.	Benin	X		LM		
9.	Bhutan	X				
10.	Bosnia and Herzegovina		X			
11.	Botswana		X			
12.	Brazil		X			
13.	Burkina Faso	X		L		C
14.	Burundi	X		L		IS
15.	Cabo Verde	X			X	
16.	Cambodia	X		LM		
17.	Cameroon	X				C
18.	Central African Republic	X		L		C
19.	Chad	X		L		IS
20.	China		X			
21.	Colombia		X			
22.	Comoros	X		LM	X	IS
23.	Congo, Democratic Republic of	X		L		C
24.	Congo, Republic of	X				IS
25.	Costa Rica		X			

⁵⁹ From the ESMAP Total List of Activities under active disbursement as of 31 May 2024 ([link](#) - click on “activities” then “dashboard” “total of activities” can be download in EXCEL and then filtered for years of BP FY21-24) – the list comprises 1,164 activities. Other countries may be involved in regional and or global activities.

⁶⁰ From WBG list of IDA Borrowing countries ([link](#))

⁶¹ From Current DAC List of ODA Recipients ([link](#)) - The countries and territories on the DAC List consist of all low and middle income countries based on gross national income (GNI) per capita as published by the [World Bank](#). For the World Bank’s current 2024 fiscal year, low income (L) economies are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of USD 1,135 or less in 2022; lower middle-income (LM) economies are those with a GNI per capita between USD 1 136 and USD 4,465.

⁶² From the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States ([link](#))

⁶³ From World Bank Classification of Fragile and Conflict-Affected Situations ([link](#)) C= Conflict; IS= Institutional and Social Fragility.

26.	Dominican Republic		X		X	
27.	Egypt, Arab Republic of		X			
28.	El Salvador		X			
29.	Ethiopia	X		L		C
30.	Gabon		X			
31.	Gambia	X		L		
32.	Georgia		X			
33.	Ghana	X				
34.	Grenada	X			X	
35.	Guatemala		X			
36.	Guinea	X		L		
37.	Guinea-Bissau	X		LM	X	IS
38.	Haiti	X			X	C
39.	India		X			
40.	Indonesia		X			
41.	Iraq		X			C
42.	Jordan		X			
43.	Kazakhstan		X			
44.	Kenya	X				
45.	Kyrgyz Republic	X				
46.	Lao People's Democratic Republic	X		LM		
47.	Lebanon		X			
48.	Liberia	X		L		
49.	Madagascar	X		L		
50.	Malawi	X		L		
51.	Maldives	X			X	
52.	Mali	X		L		C
53.	Marshall Islands	X			X	IS
54.	Mauritania	X		LM		
55.	Mauritius		X		X	
56.	Mexico		X			
57.	Moldova		X			
58.	Mongolia		X			
59.	Morocco		X			
60.	Mozambique	X		L		C
61.	Namibia		X			
62.	Nepal	X		LM		
63.	Niger	X		L		C
64.	Nigeria	X				C
65.	Pakistan	X				
66.	Panama		X			
67.	Papua New Guinea	X			X	IS
68.	Peru		X			
69.	Philippines		X			
70.	Rwanda	X		L		
71.	Sao Tome and Principe	X		LM	X	IS
72.	Sierra Leone	X				
73.	Solomon Islands	X		LM	X	IS
74.	Somalia	X		L		C
75.	South Africa		X			
76.	South Sudan	X		L		C
77.	Sri Lanka	X				
78.	St. Lucia	X			X	
79.	Sudan	X				C
80.	Tajikistan	X				
81.	Tanzania	X		LM		

82.	Thailand		X			
83.	Timor-Leste	X		LM	X	IS
84.	Togo	X		L		
85.	Tunisia		X			
86.	Turkiye		X			
87.	Uganda	X		L		
88.	Uzbekistan		X			
89.	Vietnam		X			
90.	Yemen, Republic of	X				C
91.	Zambia	X		LM		
92.	Zimbabwe	X				IS

Annex 2: Partner Assessment

ESMAP/ World Bank is the implementing partner for Denmark's support, both for Bank-executed and Recipient-executed grants and trust funds (BETFs and RETFs, respectively). This annex summarises a brief assessment of ESMAP as the implementing partner for the Danish grant.

ESMAP's role in the new World Bank Global Challenge Program for Energy Access and Transition: The Global Challenge Programs (GCP) are a significant response to the calls for faster and more effective crowding-in of public and private sector solutions and financing, more partnerships and more knowledge to make progress on tackling global challenges. The GCP focuses on country-driven development model, including adapting to FCV contexts. The GCP-E for Energy Access and Transition will contribute to meeting SDG7 by increasing access to affordable, reliable, sustainable, and modern energy by scaling up clean energy and phasing down fossil fuel use. The GCP – E focus is to showcase an effective One World Bank to have impact at scale as we work together to solve difficult development problems within countries and across borders. In this regard, ESMAP supported the development of the Distributed Access through Renewable Energy Scale up of the DARES Platform which has brought the World Bank, IFC and MIGA to work jointly to solve energy access and transition related challenges. ESMAP has also established the Electrifying Africa Program, which supported the development of the ASCENT program which will electrify 100 million people from the Eastern and Southern part of Sub-Saharan Africa. ESMAP's Electrifying Africa has also supported the Nigeria DARES project and is currently supporting in the design of another regional access project for Western and Central Arica, which will electrify additional 100 million people.

Comparative strengths of ESMAP, as stated in the Business Plan FY 2025-2030:

For 40 years, ESMAP has worked with developing countries to solve their energy challenges. Backed by over 20 partners, including governments and foundations, ESMAP's staff of over 50 experts work at the forefront of the energy transformation, developing cutting-edge knowledge and delivering grants and hands-on technical and advisory support that ensure the feasibility and the sound preparation of projects. ESMAP has demonstrated its unique comparative advantage in these areas:

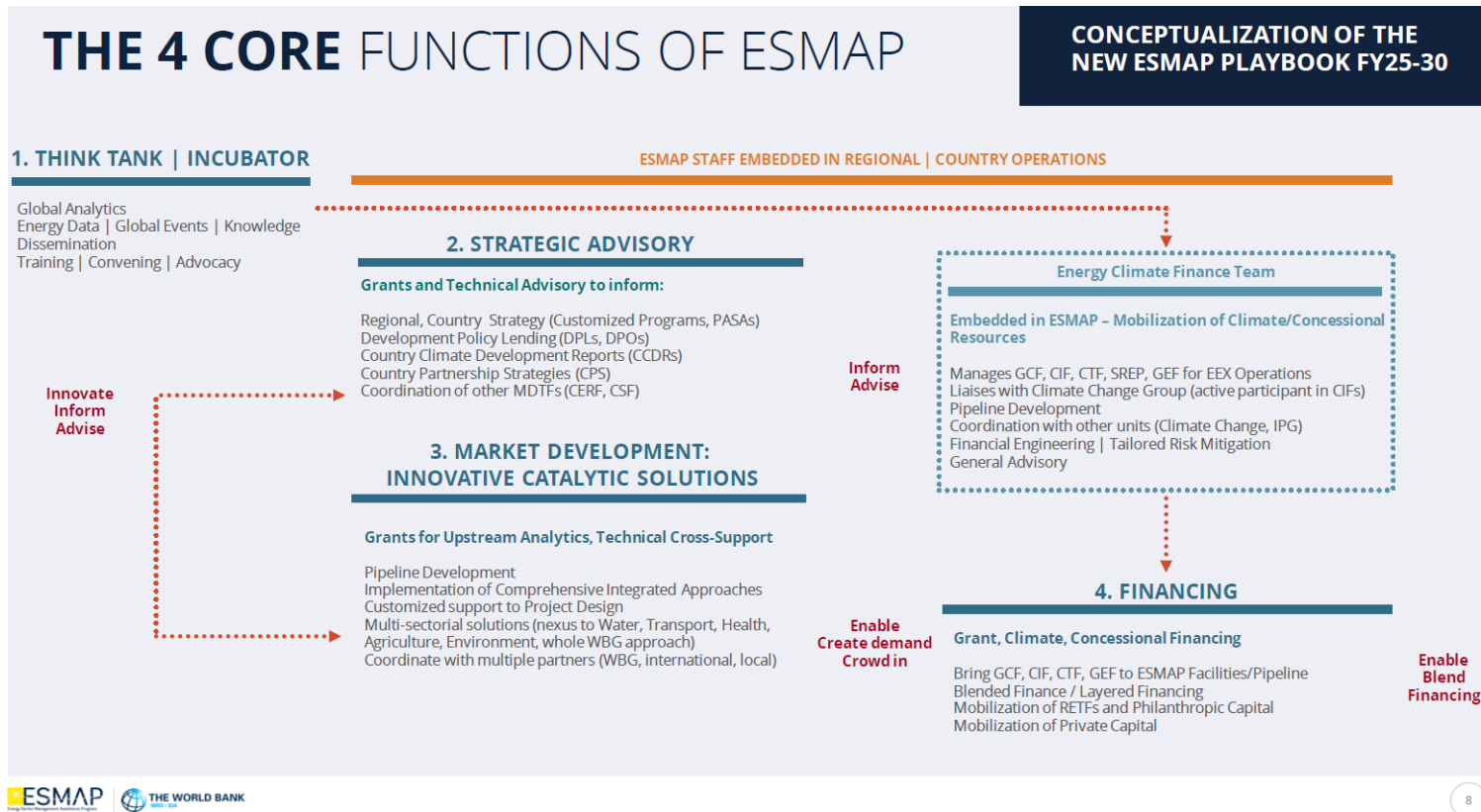
- **Knowledge and Expertise:** ESMAP is a think tank, connector, data gatherer, analyst, and innovator. It is one of the most authoritative global sources for solutions to achieve universal access to energy and decarbonization of energy systems. ESMAP collects data and produces analytics to inform pioneering advances based on on-the-ground experience. Its data repository includes a wide range of global information, such as wind and solar maps, geospatial data on electricity access and energy infrastructure, energy consumption patterns, policy and regulation, and institutional governance, among others.
- **Finance Mobilization:** ESMAP's expertise in raising funds turns ideas into projects. ESMAP's status as part of the World Bank enables it to leverage concessional financing that incentivizes private investment in challenging sectors and regions. ESMAP offers unique insights on sources for grants and concessional financing from climate funds. It supports the structuring of project pipelines and often arranges blended and layered financing, along with the mobilization of recipient-executed trust funds and philanthropic and private capital.
- **Catalyst:** ESMAP mobilizes its experience and networks to spark change. It connects peers—public and private—across countries to test new approaches and refine them through tailor-made pilot projects, replicating, and scaling up those that work.
- **Global Reach, Advocacy, and Partnerships:** Through its direct integration with World Bank operations, ESMAP influences energy investments globally. Its convening power with

developing country governments, multilateral banks, private capital markets, bilateral donors, foundations, carbon-market finance institutions, national laboratories, experts in energy technology companies, consulting firms, and academia gives it the ability to forge lasting and impactful partnerships.

- **Policy Laboratory:** ESMAP analyses energy markets, utility performance, policy and regulatory incentives, tariffs, standards, operational protocols, and rules around the world, identifying effective practices to offer countries innovative solutions that often lead to breakthroughs.

A graphic illustration of ESMAP's core functions (as presented to the CG in February 2024) is found in Figure A2.1 below.

Figure A2.1: ESMAP core functions in BP FY 2025-2030



The standard Danida template for partner assessments requires information on the following features, which are briefly addressed:

Table A2.1: Summary information on ESMAP as implementing partner

Name of Partner	Core business <i>What is the main business, interest, and goal of the partner?</i>	Importance <i>How important is the project for the partner's activity-level (Low, medium high)?</i>	Influence <i>How much influence does the partner have over the project (low, medium, high)?</i>	Contribution <i>What will be the partner's main contribution?</i>	Capacity <i>What are the main issues emerging from the assessment of the partner's capacity?</i>	Exit strategy <i>What is the strategy for exiting the partnership?</i>
ESMAP	In addition to the key areas of expertise shown in Figure A.1 above, it is noted that ESMAP's new objective is "Ensuring universal access to affordable, reliable, and modern energy services by 2030, accelerating transition towards a sustainable, just and net zero energy system, and ensuring resilience of the energy sector to adapt to the impacts of climate change and other shocks.	Denmark's proposed contribution of DKK 300 million corresponds to about USD 43 million, or in the order of 3.8% of the base case or 1.8% of the stretch scenario, meaning that the project budget as such will be low in comparison with the overall planned resource envelope for ESMAP. ⁶⁴	ESMAP's influence is high, and ESMAP is fully accountable to Denmark for progress and results.	ESMAP's own main contributions include expertise, experience, knowledge, data and information, convening power, communications and outreach, leverage through World Bank projects and programmes, etc.	ESMAP has over 50 expert staff members. The 2024 Evaluation found that " <i>The ESMAP team is growing, but so is the demand for ESMAP resources</i> ". ⁶⁵	Denmark has supported ESMAP since 1998 and this support has consistently been considered relevant and impactful. Current contributions come to an end by the end of 2024 and 2025. A new phase of support through 2030 is now proposed. However, in the unlikely event of an exit, this would be communicated well ahead giving the World Bank/ESMAP ample time to consider the implications.

⁶⁴ FY25-30 Business Plan Budget Scenarios are i) base case USD 1,140 million; stretch scenario USD2,435 million. However, these numbers alone should not be taken as a measure of the importance of Denmark's support since Denmark – like other ESMAP donors – have a voice in the Consultative Group.

⁶⁵ *The growth of cross-Global Practice (GP) support has increased the strain on the time of ESMAP staff, whose expertise in the energy sector is extremely valuable to partners in other GPs. There is also high demand for decreasing the time for proposal approvals, which may also put strain on ESMAP staff. Finally, while World Bank operational staff repeatedly expressed their gratitude for the expertise and support of the ESMAP team, several interviewees wanted to see more of this involvement, especially given that the TTLs are also over-extended. All of these factors suggest that the demand for ESMAP staff resources will continue to grow. ESMAP is already in the process of hiring but could consider hiring additional staff, particularly if the volume of grants or lending supported increases beyond the level of the FY21-24 business plan. The ESMAP management response to the Evaluation recommendation on conducting a staffing assessment was "Recognizing the importance of the effective growth of ESMAP's work program, the Bank has increased the management of to two Practice Managers."*

Table A2.2: ESMAP and other international development partners in energy transition and related climate action

Main focus: Organisations:	Access	Clean cooking	RE	EE	Global/regional/ country level data and analysis		Policy analysis and advice	Technical cooperation and capacity development at country and regional levels	Project preparation and readiness support	Financing and physical investments	JET-P Coal phase out	Strong links and complementarities with Danish GtG cooperation
					Technical	Socio-economic						
ESMAP (WB)	√	√	√	√	√	√	√	√	√	√	√	(√)
BGFA (NEFCO)	√	√	√		√			√	√	√		
CCA	√	√			√	√	√		√			
C40		√					√	√				√
CEFIM (OECD)			√	√			√		√	√	√	
CIF (MDBs)	√	√	√		√				√	√	√	√
EU	√	√	√	√	√	√	√	√	√	√	√	
GCF	√	√	√	√					√	√	√	
GEF	√	√	√	√					√	√		
GGGI	√	√	√		√	√	√	√	√	√		
IEA		√	√	√	√	√	√	√				√
IISD/GSI		(√)	√		√	√	√	√				√
IRENA	√	√	√		√	√	√	√	√		(√)	√
NDCP			√	√	√		√	√	√			(√)
NDF	√	√	√	√	√	√	√	√	√	√		√
SEFA (AfDB)	√	√	√	√	√			√	√	√	√	
SEforALL	√	√		√	√		√	√	√			
UNDP	√	(√)				√	√	√			√	
UNEP			√	√	√		√					
UNEP-CCC	√	√	(√)	√	√		√	√				√
WRI	√	√	√	√	√		√	√	√			
Denmark's GtG	√	(√)	√	√	√		√	√			√	√

The above overview has been prepared by the MFA(KLIMA) based on information from project documentation for Denmark’s support to several of the above-mentioned actors, supplemented by information on their websites, etc. This overview should not be construed as any formal MFA position on the core competences and comparative advantages of the agencies mentioned. The international institutional architecture related to just and inclusive green energy transition and related climate action is complex and highly dynamic. Denmark supports many multilateral development partners including multilateral development banks, UN agencies, intergovernmental agencies, think tanks, and technical and advocacy institutions. Denmark also supports numerous bilateral energy partnership programmes and projects with developing countries and emerging economies through government-to-government (GtG) cooperation. This table presents *from Denmark’s perspective a simplified overview* of ESMAP and other actors in this architecture. By necessity the overview is highly simplified, both in terms of the number of actors and the selected focus areas and types of support. Many of the institutions listed cover several of the listed focus areas to varying degrees, but only their perceived main focus areas are indicated, which inevitably leads to simplifications that will not fully capture their multifaceted range of support.

Acronyms/abbreviations:

ESMAP (WB)	World Bank Energy Sector Management Assistance Program	(link)
BGFA (NEFCO)	Beyond the Grid Fund (Nordic Environment Finance Corporation)	(link)
CCA	Clean Cooking Alliance	(link)
C40	C40 Cities Climate Leadership Group Inc.	(link)
CEFIM (OECD)	Clean Energy Finance and Investment Mobilisation (Organisation for Economic Co-operation and Development)	(link)
CIF (MDBs)	Climate Investment Funds (Multilateral Development Banks)	(link)
EE	Energy efficiency	
EU	European Commission, International Cooperation in energy, climate, and environment	(link)
GCF	Green Climate Fund	(link)
GEF	Global Environment Facility	(link)
GGGI	Global Green Growth Institute	(link)
IEA	International Energy Agency	(link)
IISD/GSI	International institute for Sustainable Development/Global Subsidies Initiative	(link)
IRENA	International Renewable Energy Agency	(link)
NDCP	NDC Partnership	(link)
NDF	Nordic Development Fund	(link)
RE	Renewable energy	
SEFA (AfDB)	Sustainable Energy Fund for Africa (African Development Bank)	(link)
SEforALL	Sustainable Energy for All	(link)
UNDP	United Nations Development Programme Sustainable Energy Hub	(link)
UNEP	United Nations Environment Programme	(link)
UNEP-CCC	UNEP Copenhagen Climate Centre	(link)
WRI	World Resources Institute	(link)
Denmark’s GtG	Danish Energy Agency Global Cooperation /Danish Energy Partnership Programmes)	(link)

Evaluations undertaken by the MFA Evaluation Department:

Denmark's own evaluations have also addressed the support to ESMAP, albeit not as recently.

The Danida 2021 Evaluation of Climate Change Mitigation had a separate Annex M⁶⁶ on ESMAP. The evaluation report concluded that:

- *In terms of size of contribution, Denmark is a significant donor and so can claim a significant share of ESMAP's impact. In fact, Denmark is among the largest donors, and ESMAP could not have done what it has done over the last decade without it.*
- *Denmark was described (here, as in several other contexts in this evaluation) as 'punching well above its weight'.*
- *In terms of extent of influence, Denmark is an active member of the ESMAP Consultative Group and has had a 'moderate-to-strong' influence on ESMAP's business planning and strategic priorities.*
- *In conclusion, Denmark has made an important and valued technical and financial contribution to ESMAP's ability to advance the clean energy transition globally, using its convening power, influence, and amplification opportunities through the World Bank.*

The Danida 2015 Evaluation⁶⁷ of Denmark's Climate Change Funding to Developing Countries found that:

- *"Through influencing research agendas and providing funds and tools for long-term energy policy research and energy planning, Danish support is or has been able to influence in a catalytic and comparatively lean manner. Good examples of this sustainable approach include Energy Sector Management Assistance Programme (ESMAP)".*
- *"Where possible, the Danish Government should consider targeting its resources to programmes and thematic areas where it believes it can add the most value. Good examples include Energy Sector Management Assistance Programme (ESMAP)".*

The MOPAN assessment of the World Bank:

The Multilateral Organisation Performance Assessment Network (MOPAN) assessment (July 2023)⁶⁸ of IDA and IBRD found the strengths and weaknesses highlighted in Box A1. The World Bank's Management Response included concrete actions in follow-up to assessments with a 'satisfactory' rating (as opposed to 'highly satisfactory') on: One World Bank' and Mobilizing Private Capital; Knowledge and Learning; New Corporate Scorecard; Global Priority Programs; Partnerships, and Operational effectiveness. From a donor perspective, this follow-up has also strengthened the Bank as an implementing partner for contributions to ESMAP.

⁶⁶ More information can be found in Annex M ([link](#))

⁶⁷ More information can be found in the Evaluation Report ([link](#))

⁶⁸ See further on MOPAN ([link](#))

MAIN STRENGTHS

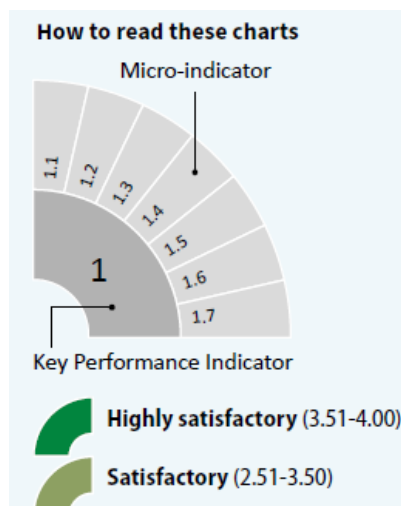
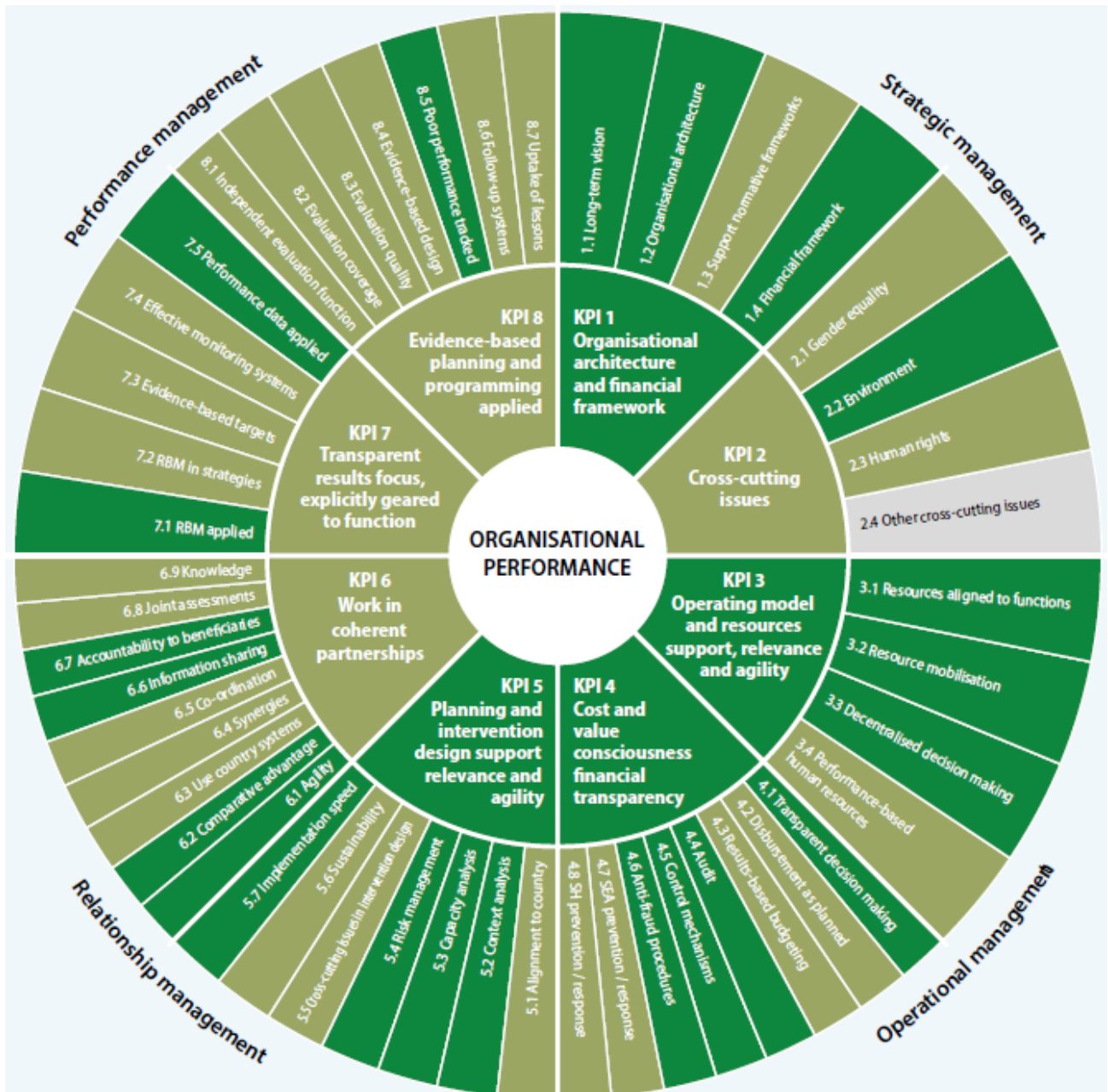
- Unparalleled strength of the Bank's financial framework, including the Hybrid Financial Model for IDA, the new IBRD Financial Framework and Trust Fund reform. Changes made over the assessment framework have further expanded resources for concessional lending, promoted sustainable lending over the medium-term and reinforced value for shareholders.
- A well-established Country Engagement Model (CEM) promotes the upstream integration of evidence and global themes and downstream adaptation to changing needs and contexts. Corporate measures such as the gender tag and climate co-benefits have promoted extensive integration of global themes into operations downstream.
- Strong safeguards and internal control systems for fraud and corruption, procurement, and environmental and social safeguards, including prevention of and response to Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH). Safeguards are fully integrated throughout the CEM. Increasingly, internal control functions are adopting a proactive approach focused on prevention and outreach.
- Strong performance of operations in contributing to development outcomes. Performance of World Bank operations has improved since the previous assessment period with 85% of operations validated as moderately satisfactory or higher for contribution to project development outcomes.

AREAS FOR ATTENTION

- The "Cascade" process is not being implemented systematically to build upon the World Bank Group comparative advantage in mobilising finance for development. The role of the Bank in facilitating private investment could be better defined and measured.
- The Bank is an active convener globally, regionally and at country level. While the Bank has recently established processes to enhance the selectivity of its global partnerships, there remains no framework to guide and demonstrate the contribution of these partnerships to development results. Other partnerships at the regional and country level are implemented in a decentralised way that is not institutionalised.
- The Bank's regional operations are key to addressing transboundary development challenges and promote regional public goods. There is a need to better demonstrate regional outcomes, streamline instruments for regional operations and enhance incentives for MICs.
- The Bank often does not demonstrate the contribution of its Advisory Services and Analytics (ASA) to the achievement of development outcomes. There is also room to promote more systematic uptake of these resources for operational learning.
- There are opportunities for the Bank to better demonstrate the outcomes of its support in addressing global challenges such as climate change. In addressing this challenge, the Bank may consider strengthening measuring its contribution to global goods at the country and regional level, including through increased evidence from evaluation. This would complement the many positive steps the Bank has taken in addressing global challenges.

More granular information on the MOPAN performance assessment is found in Figure A.2.2

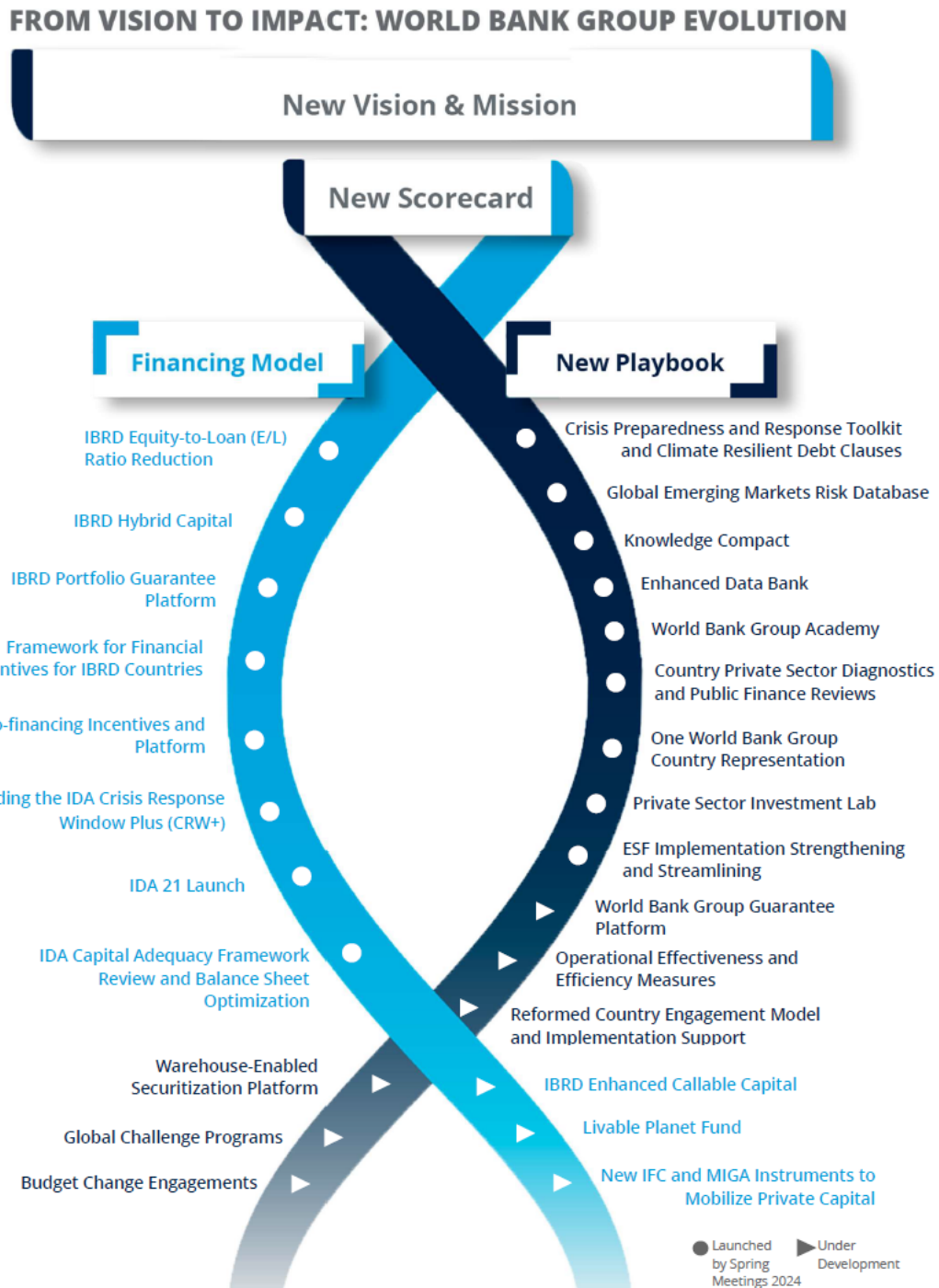
Figure A2.2: MOPAN Performance ratings summary for IDA and IBRD



WBG Evolution:

In connection with the Danida Programme Committee meeting on ESMAP, further information was requested to be provided in the Project Document on the WBG Evolution. The document “From Vision to Impact: Implementing the World Bank Group Evolution - Update to Governors, 29 March 2024⁶⁹” provides detailed information on the Evolution, which is also illustrated in the Figure below.

Figure A2.3: World Bank Group Evolution



⁶⁹Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund ([link](#)).

The following excerpts from this document provide information that is relevant to Denmark's contribution to ESMAP:

- Governors have endorsed the World Bank Group's bold new vision of a world free of poverty on a liveable planet.
- Steps are underway to operationalize our new mission to end extreme poverty and boost shared prosperity on a liveable planet.
- The new World Bank Group Scorecard for FY 24-30 will establish a rigorous approach and framework to measure our collective results in a streamlined and outcome-oriented fashion. As the systems are upgraded and an interactive platform is developed, we will use the Scorecard to ensure all programs and projects are aligned towards the vision of ending poverty on a liveable planet.
- A strategic approach to partnerships will focus on collaborations and knowledge exchange that bring greater value and relevance to clients and improve operational impact. In addition, we are expanding support for knowledge ecosystems in developing countries through partnerships with local institutes, academia, and civil society organizations.
- To support capacity development for clients, partners and staff, a new World Bank Group Academy is being launched. This Academy draws on technical expertise from across the Group and will leverage our global footprint, regional hubs, and specific expertise.
- Systems to underpin high value knowledge products, partnerships, and learning are being strengthened. To energize the Bank's work with cutting edge knowledge and data, Practice Groups will be organized into vertical vice presidencies aligned with the World Bank Group's new mission.
- A series of measures to enhance operational effectiveness and efficiency measures are also well underway to expedite delivery to country clients. The WBG are streamlining processes, facilitating faster project processing, and reducing bureaucracy.
- IBRD/IDA have strengthened and streamlined the implementation of the Environmental and Social Framework (ESF)
- Further, the WBG are developing a Collaborative Co-financing Platform, together with other MDBs to improve coordination across the multilateral system and to identify co-financing opportunities to better serve our clients.
- WBG are working with clients to address their climate and development needs together. The Climate Change Action Plan supports countries and private sector clients to maximize the impact of climate finance, aiming for measurable improvements in adaptation and resilience and measurable reductions in GHG emissions, while aligning financial flows with the goals of the Paris Agreement. Our work integrates climate considerations into development planning and investment, building resilience in key sectors and providing financial and technical support to countries for implementing adaptation measures. Our support has impact on sectors that are responsible for generating most emissions globally – including energy.
- GCPs will provide replicable and scalable approaches in the area of energy. The Energy Access and Transition GCP expects to deliver early results through regional approaches such as energy access interventions across Africa, which aim to provide access to electricity for as many as 200 million people by 2030.
- A new World Bank Group Guarantee Platform is being developed to significantly increase the World Bank Group's mobilization of private capital to support clients. The new platform will focus on innovation, especially in support of the energy transition.

Annex 3: ESMAP BP FY 2025-2030 results framework

Note: This Results Framework is copy pasted from the approved ESMAP BP FY2025-2030. It should be noted that as explained by ESMAP *“ESMAP’s results agenda is anchored on robust linkages between ESMAP grants and the linked World Bank operations. The results reported are a measure of the central role played by ESMAP in influencing, shaping, and improving, directly or indirectly, the direction and quality of World Bank’s core operations. The revised ESMAP’s results framework endorsed by the CG under the new business plan will report on expected results derived from the WB lending operations approved by the board in a given fiscal year but will also report on actual results of the previous approved ESMAP-operations informed. ESMAP has a grant monitoring system (GMS) that stores and tracks details of ESMAP grant activities since 2010. For example: since FY22, ESMAP reports actual numbers for the indicator: “Number of people provided with access to electricity” and we will add more actual results in FY25 reporting based on availability of data which comes from the WB ESMAP operations informed. It should be noted that the CG has not asked ESMAP to track and report on the origin of its results (i.e. the ESMAP-financed project activity)”*. The following introduction to the ESMAP BP Results Framework should also be noted:

The revised ESMAP Results Framework (RF) offers a streamlined approach to measuring fewer, but key results indicators aligned with the donors’ priorities. At the highest – outcome – level, the RF will expand on the current ESMAP approach of reporting the *expected* results (i.e., results from the World Bank lending operations approved by the Board in the given fiscal year) to reporting the *actual* results of the previously-approved ESMAP-informed operations, ongoing or closed in the year of reporting. This approach is aligned to the new World Bank Scorecard reporting approach. Moreover, ESMAP will adopt the new Scorecard indicators (e.g., People with access to electricity, Renewable energy capacity enabled), follow the same definitions and validate the proportion of the corporate results reported that is informed by ESMAP. This approach will allow to align the World Bank corporate and ESMAP reporting and avoid misinterpretation of results should different definitions be used.

The core RF reporting will present the results for the whole of ESMAP, however, disaggregation across different aspects (e.g., sub-programs, geographies, county income status, etc.) will be provided to demonstrate preferred results and align with specific donors’ reporting requirements.

Given the duration of the proposed ESMAP Business Plan period (FY25-30), the RF envisages a mid-term milestone (FY27) and a final target (30) for all results indicators; moreover, the milestone and the target present both base and stretch scenarios aligned with the fundraising scenarios (i.e., inclusion of RETF-focused thematic funds provides the basis for the stretch estimates). Additionally, ESMAP proposes to conduct a mid-term review at the end of FY27 to take stock of the progress of the Business Plan implementation, including the results focus. ESMAP proposes to conduct the mid-term review with participation of the TAG experts who will focus on providing the expertise on specific themes and geographies. For this purpose, the mid-term review task team composition may include a consortium of a firm specializing in the M&E and independent energy experts (i.e., the TAG members).

TABLE C.3

ESMAP Results Framework FY2025–30

	OUTCOME INDICATORS	FY2027 MILESTONE BASE	FY2027 MILESTONE STRETCH	FY2030 TARGET BASE	FY2030 TARGET STRETCH	CONTRIBUTING PROGRAM (PRIMARY)
1.	Gigawatts (GW) of renewable energy capacity enabled	17.15		45.3		Energy Transition, Foundations for Decarbonized Energy Systems
2	Gigawatt hours (GWh) energy storage	7.875		15.75		Energy Transition
3	Net greenhouse gas (GHG) emissions per year	32.4		86.6		Energy Transition
4	Projected energy and fuel savings in megawatt hours (MWh)	72,0000		150,0000		Energy Transition
5	Number of people provided with access to electricity	66,000,000	105,000,000	188,000,000	300,000,000	Energy Access (Electricity and Clean Cooking)
6	Number of people provided with access to clean cooking	27,500,000	60,000,000	55,000,000	160,000,000	Energy Access (Electricity and Clean Cooking)
7	Number of businesses and public institutions provided with access to electricity	231,000 total businesses and public institutions: 210,000 businesses and 21,000 public institutions	385,000 total businesses and public institutions: 350,000 businesses and 35,000 public institutions	660,000 total businesses and public institutions: 600,000 businesses and 60,000 public institutions	1.1 million total businesses and public institutions: 1 million businesses and 100,000 public institutions	Energy Access (Electricity Access and Clean Cooking)

(continues)

TABLE C.3

ESMAP Results Framework FY2025–30 (Continued)

	OUTCOME INDICATORS	FY2027 MILESTONE BASE	FY2027 MILESTONE STRETCH	FY2030 TARGET BASE	FY2030 TARGET STRETCH	CONTRIBUTING PROGRAM (PRIMARY)
8	Number of businesses and public institutions provided with access to clean cooking	2,500	5,000	7,500	15,000	Energy Access (Clean Cooking)
9	Number of countries with enacted policies, regulations, and plans on energy subsidy reform, utility modernization, regional markets, and data & AI driven energy planning	20*		40*		Foundations for Decarbonized Energy Systems
10	Number of countries with enacted policies, regulations, and plans on energy system climate resilience preparedness	2	5	20	50	Foundations for Decarbonized Energy Systems
11	Amount of private capital enabled (US\$ billions)	41		92		All
12	Number of clean energy jobs created from the World Bank's energy sector projects (undetermined)	—		—		All
13	Percent of people benefitting from greater gender equality, from actions that expand and enable economic opportunities	—		—		All
14	GW of renewable energy reaching financial close for privately owned projects		3		6.3	Energy Transition

	INTERMEDIATE OUTCOME INDICATORS	FY2027 MILESTONE BASE	FY2027 MILESTONE STRETCH	FY2030 TARGET BASE	FY2030 TARGET STRETCH	CONTRIBUTING PROGRAM (PRIMARY)
1	World Bank lending operations informed (US\$, billion)	31.57		89.79		All
2	Amount of private capital mobilized (USD, billions)	43.39		98.85		All
3	Amount of co-financing (multilateral and bilateral development banks, climate finance, philanthropies) mobilized (US\$, billions)	0.75		15.65		All
4	Data-driven decision making: Number of World Bank lending operations and other government and partner initiatives referencing the ESMAP-produced knowledge and analytics in project design	15		30		All
5	Increased client technical capacity to implement World Bank and other multilateral development bank (MDB) projects (number of clients)	25		45		All
6	Number of World Bank energy sector lending operations that incorporate job creation in the results frameworks	7		19		All
7	Percent of World Bank energy sector lending operations that achieve the Gender Tag	80%		85%		All
8	Number of enhanced decarbonization and energy efficiency policies, plans, and regulations for energy	0		16		Energy Transition

(continues)

TABLE C.3

ESMAP Results Framework FY2025–30 (Continued)

	INTERMEDIATE OUTCOME INDICATORS	FY2027 MILESTONE BASE	FY2027 MILESTONE STRETCH	FY2030 TARGET BASE	FY2030 TARGET STRETCH	CONTRIBUTING PROGRAM (PRIMARY)
9	GW of Renewable Energy (RE) commitments added in countries' policies and plans	25		40		Energy Transition
10	GWh of energy storage commitments added in countries' policies and plans	15		30		Energy Transition
11	Number of countries that adopt policies on phasing out fossil fuel generation, including coal power plant decommissioning	10		15		Energy Transition
12	GW of electrolyzers enabled	5		5		Energy Transition
13	Number of countries provided with multi-sectoral access approaches (including focus on clean cooking, gender, pro-poor approaches, financing innovation, productive uses, sustainable cooling, and digital platforms) as part of their national electrification/energy access strategies and plans	15		27		Energy Access (Electricity and Clean Cooking)
14	Number of countries with plans or policies developed in utility reform, subsidy reform, digitalization, market development, and energy system climate resilience	20		40		Foundations for Decarbonized Energy Systems

	OUTPUTS	FY2027 MILESTONE BASE	FY2027 MILESTONE STRETCH	FY2030 TARGET BASE	FY2030 TARGET STRETCH	CONTRIBUTING PROGRAM (PRIMARY)
1	Number of own-managed analytical reports produced and disseminated	27		60		All
2	Number of international knowledge-sharing events hosted	32		69		All
3	Number of external partners engaged in key thematic cooperation	16		220		All
4	Number of risk mitigation instruments deployed under Financial Innovation Window		20		50	Energy Transition
5	Volume of climate finance mobilized, such as Green Climate Fund (GCF) financing (US\$, billions)	0.40		0.95		All
6	Number of World Bank clean cooking financing projects supported	6		12		Energy Access (Electricity and Clean Cooking)
7	Number of World Bank electricity access financing projects supported through the Electricity Access Fund		6		12	Energy Access (Electricity and Clean Cooking)

(continues)

TABLE C.3

ESMAP Results Framework FY2025–30 (Continued)

	OUTPUTS	FY2027 MILESTONE BASE	FY2027 MILESTONE STRETCH	FY2030 TARGET BASE	FY2030 TARGET STRETCH	CONTRIBUTING PROGRAM (PRIMARY)
8	Number of conference events led by regional networks for women in energy	3		5		Foundations for Decarbonized Energy Systems
9	Amount of documentation that summarizes the experiences and successful outcomes of the mentees who participated in the ESMAP gender-focused mentorship programs	2		4		Foundations for Decarbonized Energy Systems
10	Number of regional programs supporting corporate gender tagging in energy sector lending projects	6		6		Foundations for Decarbonized Energy Systems
11	Number of country and regional grants provided	53		102		All

Note: *The milestone and the target are based on the pipeline of countries receiving support from the Foundations window and in progress to have policies enacted. ** The methodology for the measurement is currently under development and expected to be rolled out by FY2025. Reporting modality will be determined once the Scorecard methodology is developed.

Annex 4: Risk management

The risk management matrix below is consistent with Danida guidelines and seen from Denmark’s perspective. It is as far as possible aligned with ESMAP’s risk management approach, which is described in the BP Section 5.4 and Appendix B. The BP states in Section 5.4. that *“The overall residual risk for ESMAP is considered to be moderate. This is mainly due to risks related to its strategy, as in directing resources and leveraging the potential of borrower demands for Bank loans; operations, in terms of implementation of ESMAP financed activities and projects; and financial aspects, including donor contributions and actions of external parties to the Bank. Risk management and mitigation measures rely on and are strengthened by the professional judgement and experience of the ESMAP team and the Bank’s regional task teams. ESMAP’s Risk Framework follows and is underpinned by the approach of the World Bank’s Framework for Management of Risk in Operations, including its rating guide.”*

Contextual risks ⁷⁰ :					
Risk Factor	Likelihood ⁷¹	Impact ⁷²	Risk response	Residual risk	Background to assessment
Risks related to global geopolitical conflicts and multiple crises.	Almost certain	Significant	Follow strategic directions such as provided by the World Bank’s “Supporting Countries During Multiple Global Crises“ (link). Continue to provide data and analysis, policy advice, technical assistance, and flexible financing to support a just and inclusive just energy transition and climate action. For global and regional activities, ensure strategic alignment with the Bank’s corporate objectives (approved Bank/regional/sector strategies). CG to provide guidance and advice, meeting annually to review strategic direction.	Major	The World is facing a plethora of political, military, financial, environmental, and climate crises. Energy policy has become security policy. Navigating this context requires ESMAP’s work to be guided by clear strategic frameworks.
Risks of working in fragile countries.	Almost certain	Significant	Follow strategic directions in the World-Bank-Group-Strategy-for-Fragility-Conflict-and-Violence-2020-2025 (link) and World Bank report on “How to Improve Results in Situations of Fragility, Conflict & Violence: 12 Recommendations” (link). Take a long-term view in countries experiencing fragility, conflict, and	Minor	As reflected in Table A1.1 many ESMAP beneficiary countries are fragile, in terms of conflict and /or institutional and social fragility. The World Bank Group’s Strategy for Fragility, Conflict, and Violence 2020–2025 states that <i>“Violent conflicts are at a 30-year high and by 2030 an estimated two-thirds of the</i>

⁷⁰ This category covers the range of potential adverse outcomes that may arise in a particular context, including the risk of harm beyond the immediate context or the country’s borders and may include governance failure (e.g. the failure of effective public financial management or law enforcement); competition for resources; natural hazards; and pre-existing socio-political tensions. (Danida Guideline to Risk Matrix 2018).

⁷¹ Danida classification categories are: very unlikely, unlikely, likely, almost certain (see [link](#))

⁷² Danida classification categories are: insignificant, minor, major, significant (see [link](#))

			violence (FCV), where circumstances change quickly, and short-term results reporting may fail to capture hard-earned gains achieved over long cycles of advance and decline. Take an outcome-oriented approach and a dynamic view of results measurement systems and indicators, building-in flexibility and accounting for the greater risk in such more volatile environments.		<i>world's extreme poor will live in fragile and conflict affected countries".</i>
Programmatic Risks⁷³:					
Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Risks related to insufficient response by ESMAP activities/projects to client needs and/or inadequate partner commitment.	Unlikely	Minor	Country and regional activities are anchored in World Bank country programmes and must demonstrate client commitment in a demand-driven approach and with formalized arrangements and/or agreements with partners. Annual portfolio review with regional energy management that strengthens focus on results and outcomes and identifies forthcoming demand for ESMAP resources and high-priority activities.	Minor	ESMAP works in a demand-driven manner and its capacity to respond could be insufficient or ineffective to meet client demand. ESMAP is a major actor in the global institutional architecture, but there are also other international development partners that are able to respond.
Vested interests from strong economic and politically well-connected stakeholders in current energy solutions and continued reliance on fossil energy.	Likely	Major	Assess the political economy in client countries, engage with champions of change. Demonstrate least cost renewable solutions in the energy transition in policy dialogue with client countries and use targeted communications and impact stories with compelling evidence. Support subsidy reform.	Minor (for the Project as such)	There are still strong vested interests in fossil energy solutions.
Community resistance to transition if not inclusive, just and equitable.	Likely	Major	ESMAP support is underpinned by focus on socio-economic aspects of the clean energy transition and climate action, in accordance with the WBG Environmental and Social Standards (ESS) and ESS thematic Guidance Notes. The WBG	Minor	There may be reluctance /resistance to the energy transition if the benefits are not reaching vulnerable population groups, including girls and women, especially in fragile environments.

⁷³ This category covers include two kinds of risk: (1) the potential for a programme to fail to achieve its objectives; and (2) the potential for the programme to cause harm in the external environment. With regard to (1), the risk factors for programme failure include many of the contextual risks outlined above, as well as institutional and political factors. But there are many other reasons for potential programme failure, including inadequate understanding of the context or flawed assessment of what needs to be done; management and operational failures; and failures of planning and co-ordination. Risk is also associated with new or innovative programme approaches (although there may also be risk in failing to innovate). (Danida Guideline to Risk Matrix 2018). The categorisation of likelihood, impacts, and residual risk is also consistent with Danida guidelines.

			Accountability Mechanism - independent complaints mechanism for people and communities, is also worth mentioning.		
Unclear recipient country partner institution roles and responsibilities and/or weak institutional capacities to engage effectively and efficiently.	Likely	Major	Partnerships established clearly and transparently through formalized arrangements and/or agreements, including grant agreements, operations manual, memorandum of understanding, etc. with ESMAP providing targeted capacity development support.	Minor	Particularly in ESMAP client countries that are institutionally and socially fragile, there are risks related to weak or unclear institutional roles and capacities.
Insufficient funding to the BP and/or lack of donor appetite for proposed recipient-executed work.	Likely	Major	Strong communication channels with existing donors to track pledges and coordination within CG and ESMAP outreach to new donors. Support to clients and WBG teams to apply for finance for some of the recipient-executed activities proposed. Increased and longer-term commitments allocated to programmes based on client commitment and ambition with the potential to mobilize private capital.	Minor	The ESMAP BP operates with a base case budget and a stretch scenario and will include intermediate reviews with the CG (proposed for year two and four, respectively).
Inappropriate or unsustainable technical solutions, e.g. in access to electricity or clean cooking.	Unlikely	Minor	ESMAP has long standing expertise and is at the forefront of providing support for appropriate solutions and TAG, in its fit-for-purpose capacity, provides informed, independent opinions to ESMAP on relevant technologies. ESMAP partners with many other development actors such as e.g. the Clean Cooking Alliance. The Clean Cooking Fund (CCF 2.0) will prioritize supporting solutions that are sustainable in the long term, considering the balance between the least cost approach and the highest socio-economic and environmental impact	Minor	The right technologies in access to electricity and clean cooking solutions are critical to an inclusive just energy transition that particularly benefits the poor, women and children.
Institutional risks⁷⁴:					
Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment

⁷⁴ This category includes “internal” risk from the perspective of the donor or its implementing partners. It includes the range of ways in which an organisation and its staff or stakeholders may be adversely affected by interventions, e.g. damage to a donor’s reputation if it fails to achieve its objectives, or from financial/fiduciary failure (Danida Guideline to Risk Matrix, 2018).

Risks of insufficient ESMAP staff capacity and/or turnover in key positions.	Unlikely	Major	The ESMAP teams have critical mass that allows for assigned back-ups and are also complemented by external specialists.	Minor	There are high demands on the ESMAP team. The partner assessment in Annex 2 provided further information on ESMAP capacity.
Risk of insufficient coordination and synergies with other initiatives in complex and dynamic contexts.	Likely	Major	Country and regional activities are anchored in World Bank country programmes and must demonstrate client commitment. World Bank operational units participate in country/project-specific coordination structures and processes. Coordination is strengthened by ESMAP's participation in and organization of events, including annual meetings, dialogue roundtables, joint study tours. From Denmark's point of view, it is important to continue to promote synergies with other Danish multilateral support such as through IEA and IRENA, as well as with Danish Energy Partnership Programmes in relevant countries, and the Embassies of Denmark in relevant countries, MFA(KLIMA), the Danish Energy Agency, and the Danish Ministry of Climate, Energy, and Utilities, will have important roles in this regard.	Major	The international and client country contexts for energy transition and climate action are crowded fields and coordination is often inadequate.
If any fraud, corruption or misconduct should occur under ESMAP-financed projects., this could have devastating consequences.	Unlikely	Major	Bank-executed Trust Funds (BETFs) are subject to the same controls as Bank budget expenditures. Recipient-executed Trust Funds (RETFs) are subject to the same review and appraisal process as equivalent Bank lending activities. Trust fund grants are subject to the Bank's anti-corruption guidelines, procurement and consultant guidelines, as well as standard conditions for TF grants, which provide for suspension and/or cancellation of disbursements. The World Bank's Sanctions System ⁷⁵ is a multi-tier administrative process designed to address fraud, corruption, collusion,	Insignificant	The MFA has a zero-tolerance on corruption.

⁷⁵ The WBG Integrity Vice Presidency (INT) detects, deters, and prevents fraud and corruption in World Bank– financed operations and involving World Bank staff and corporate vendors. It investigates allegations of fraud, corruption, and other sanctionable practices, and, when these are substantiated, pursues sanctions against external entities and provides its findings for human resources decisions on disciplinary measures against staff.

			coercion, and obstruction by firms and individuals involved in World Bank operations. The MFA will require ESMAP/ WBG to immediately inform the MFA in the unlikely event of such risks materialising and the remedial actions taken.		
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Annex 5: Energy Progress Highlights

Key findings of the 2024 edition of [*Tracking SDG 7: The Energy Progress Report*](#):

- Current efforts are not enough to achieve the SDG 7 on time. There has been some progress on specific elements of the SDG 7 agenda – for example, the increased rate of renewables deployment in the power sector – but progress is insufficient to reach the targets set forth in the SDGs.
- 2022 saw a reversal in progress, with the number of people living without electricity growing for the first time in over a decade. Today, 685 million people live without access – 10 million more than in 2021. In 2022, 570 million people in sub-Saharan Africa are living without electricity, accounting for more than 80% of the global population without access. The access deficit in the region has seen an uptick relative to 2010 levels.
- The world remains off track to achieve universal access to clean cooking by 2030. Up to 2.1 billion people still use polluting fuels and technologies for cooking, largely in Sub-Saharan Africa and Asia. The traditional use of biomass also means households spend up to 40 hours a week gathering firewood and cooking, which makes it difficult for women to pursue employment or participate in local decision-making bodies and for children to go to school.
- Household air pollution created by using polluting fuels and technologies for cooking results in 3.2 million premature deaths each year.
- Renewable electricity consumption grew more than 6% year-on-year in 2021, bringing the share of renewables in global electricity consumption to 28.2%.
- Installed renewable energy-generating capacity per capita reached a new record in 2022 at 424 watts per capita globally. However considerable disparities exist. Developed countries (at 1,073 watts per capita) have 3.7 times more capacity installed than developing countries (at 293 watts per capita).
- The rate of energy intensity improvement saw a slight advance of 0.8% in 2021 compared with 0.6% a year earlier. However, this remains well below the long-term average. The slow progress in 2021 occurred amidst the robust economic recovery after the COVID-19 pandemic, which saw the largest annual rise in energy consumption in 50 years. Average annual improvements through 2030 must now accelerate to over 3.8 percent to meet the SDG 7.3 target.
- International public financial flows in support of clean energy in developing countries rebounded in 2022, to USD 15.4 billion, a 25% increase over 2021. However, it is still around half of the 2016 peak of USD 28.5 billion.
- By 2030, under current policies there are still 660 million people lacking electricity access and around 1.8 billion without access to clean cooking technologies and fuels. Progress in energy efficiency rates also lags, reaching just 2.3%, well below the level needed to reach the SDG 7 target.

The report was presented to top decision-makers at a special launch event on 15 July²⁰²⁴ at the High-Level Political Forum (HLPF) on Sustainable Development, which oversees progress on the SDGs. The authors urge the international community to refocus efforts on providing the required financial, technological and policy support to close the access deficit and ensure that all countries and communities can benefit from accelerated renewable energy deployment and improved energy efficiency.

Guangzhe Chen, Vice President for Infrastructure, World Bank: “Electricity access is essential for development, and we need to work extra hard for the 685 million people deprived of this resource – 10 million more than the year before. There are solutions to reverse this negative trend, including accelerating the deployment of solar mini grids and solar home systems. The World Bank is actively working to support this acceleration, and jointly with the African Development Bank we have committed to providing electricity to an additional 300 million people by 2030.”

Annex 6: List of supplementary information and materials

#	Document	Source	Internet link, if available
1.	Africa's Century - Strategy for strengthened Danish engagement with African countries	MFA	(link)
2.	ESMAP Business Plan FY25-30, as endorsed by the CG in May 2024 and published on 28 August 2024	ESMAP	(link)
3.	ESMAP Briefing, Clean Cooking Fund Results 2024 (briefing to CG May 2024)	ESMAP	
4.	ESMAP Briefing, Electricity Access Results 2024 (briefing to CG May 2024)	ESMAP	
5.	ESMAP Briefing, Foundations for Energy Transition Results 2024 (briefing to CG May 2024)	ESMAP	
6.	ESMAP Business Plan FY25-30 - Foundations for Decarbonized Energy Systems - Background note dated 12 February 2024	ESMAP	
7.	ESMAP Business Plan FY25-30 -Energy Access – Background Note - undated	ESMAP	
8.	ESMAP Business Plan FY25-30 - Energy Transition - Background note -undated	ESMAP	
9.	ESMAP Annual Report 2023 – public	ESMAP	(link)
10.	ESMAP Evaluation FY21-24, Management Response, April 2024	ESMAP	
11.	ESMAP Evaluation FY21-24, Lessons Learned Brief, April 2024	DH Infrastructure	
12.	ESMAP Evaluation FY21-24, final Evaluation Report, 12 April 2024	DH Infrastructure	
13.	ESMAP Business Plan FY21-24	ESMAP	(link)
14.	From Vision to Impact: Implementing the World Bank Group Evolution - Update to Governors, 29 March 2024	Development Committee ⁷⁶	(link)
15.	Global Challenge Programs (GCP), Energy, 6 March 2024	WB Acting Vice President and Corporate Secretary	
16.	World Bank Group Statement on Evolution Roadmap, 13 January 2023	WBG	(link)
17.	ESMAP Newsletters	ESMAP	(link)
18.	ESMAP technical reports	ESMAP	(link)
19.	ESMAP resources (blogs, events, livewires, tools and learning materials, country briefs, communities of practice, impact stories)	ESMAP	(link)
20.	ESMAP team	ESMAP	(link)
21.	ESMAP donors	ESMAP	(link)
22.	Preferencing - Managing Targeted Funding for Umbrella 2.0 Programs	WBG	(link)
23.	Partnering With the World Bank Through Trust Funds and Umbrella 2.0 Programs – A Guide for Development Partners, October 2023	WBG	(link)
24.	WBG Accountability Mechanism - independent complaints mechanism for people and communities	WBG	(link)

⁷⁶ Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund.

25.	WBG Environmental and Social Standards (ESS) with ESS thematic Guidance Notes #1-10.	WBG	(link)
26.	WBG Environmental and Social Framework (2017)	WBG	(link)
27.	WBG Guidelines for Environmental and Social Impact Assessments (15 March 2018)	WBG	(link)
28.	WB Brief on Combating Corruption	WBG	(link)
29.	Danida Open Aid on contributions to ESMAP	MFA	(link)
30.	Project Documents for previous grants to ESMAP	MFA	(link)
31.	Presentations to the Danida Programme Committee for previous grants to ESMAP	MFA	(link)
32.	Danida Evaluation of Climate Change Mitigation Annex M (2021)	MFA	(link)
33.	Danida Evaluation of Denmark's Climate Change Funding Evaluation Report (2015)	MFA	(link)
34.	Clean Cooking Alliance	CCA	(link)

Annex 7: Plan for communication of results

The ESMAP BP FY 2025-2030 states as follows regarding communications:

ESMAP's FY2025-30 communications and visibility plan is designed to match the scaled-up ambition and scope of the business plan with improve public recognition of ESMAP's work among target audiences, strengthen its global advocacy, and provide donors with tools to communicate their ESMAP contributions to their constituencies. The communications strategy is organized along three main strands:

- **Strengthen stakeholders' understanding of ESMAP's role and impact.** We will convey ESMAP's new level of ambition and unique responses to global energy challenges, resulting in enhanced brand value and ability to advocate, convene, and achieve results.
- **Leverage ESMAP's comparative advantages.** ESMAP's wealth of data and knowledge can be better recognized. We will increase the dissemination of strategic data, reports, and flagship publications. We will increase the repurposing of our knowledge into digestible 'takes' (video, graphic, social media), innovative digital media campaigns, and engagements with traditional media.
- **Strengthen ESMAP's role in global advocacy** on SDG7, transition, and climate adaptation. ESMAP will join forces with international and national development and energy organizations (such as GEAPP, SEforAll, IEA, etc.) for public advocacy and awareness campaigns.

Plan for communication of results (Danida template):

Since the MFA and other Danish authorities and stakeholders also have roles in communicating results and achievements, as well as replicable knowledge and experience of Denmark's support to ESMAP, the following standard template is also included.

What? (the message)	When? (the timing)	How? (the mechanism)	Audience(s)	Responsible
Key summary project information, selected results targets, and results updates against targets.	When project approved and updated regularly/ annually.	Danida Open Aid on contributions to ESMAP (link)	The Danish resource base and taxpayers.	MFA/KLIMA
Strategic data, replicable knowledge and experience, particularly within the key areas of Denmark's preferenced support.	Ongoing, throughout implementation.	MFA/Danida (website) World's Best News campaign (website) State of Green (website)	The Danish resource base, international partners, and national partners. Staff of Danish embassies in relevant countries, sector experts working in Danish Energy Partnership Programmes and their national partners.	MFA

Strategic data, replicable knowledge and experience, advice for policy and decision makers and practitioners.	Ongoing, throughout implementation.	Knowledge in digestible ‘takes’ (video, graphic, social media), innovative digital media campaigns, and engagements with traditional media. A few mechanisms and links are provided below: ESMAP Newsletters (link) ESMAP flagship publications and technical reports (link) Podcasts, Videos and Multimedia (website) Blogs (website) Impact stories (website) Country Briefs (website) Live wires (website) Data and key websites and dashboards (website) Tools and online learning (website) ESMAP on social media, e.g. Facebook (link)	International partners and the world community on energy transition	World Bank ESMAP
Results achieved with ESMAP support.	Ongoing, throughout implementation.	Websites, social media, etc. of country and regional beneficiary partners.	Country and regional partners and stakeholders.	ESMAP’s country and regional national beneficiary partners.

Annex 8: Process Action Plan

Activity	Timing / deadline	Responsible
Finalisation of draft Project Document based on recommendations of the Danida Programme Committee	26 July 2024	MFA(KLIMA) ⁷⁷
MFA appraisal	August 2024	MFA(LEARN)
Follow up on appraisal recommendations	September 2024	MFA(KLIMA)
Finalisation of Project Document	23 September 2024	MFA(KLIMA)
Presentation for the Council for Development Policy (UPR)	10 October 2024	MFA(KLIMA)
Approval by the Danish Minister for Development Cooperation	October 2024	Minister
Approval by the Finance Committee of the Danish Parliament	November 2024	MFA(KLIMA)
Expected timing of commitments (2 tranches)	December 2024 & 2025	MFA(KLIMA)
Signing of Contribution Agreement with the World Bank	December 2024	MFA(KLIMA)
First disbursement	December 2024	MFA(KLIMA)
Implementation	January 2025 – June 2030	ESMAP
Proposed MFA financial monitoring plan for Denmark's contribution to ESMAP.	Q1 2025 (tbc)	MFA
Dialogue MFA(KLIMA)-ESMAP on the desired profile of secondee, drafting of job profile and qualification requirements, and agreement on a plan for the recruitment process.	Q1 2025 (tbc)	MFA(KLIMA)/ESMAP
Job advertisement and identification of candidates for secondee, and recommendations to ESMAP.	Q2-Q3-Q4 2025 (tbc)	MFA
Secondee recruitment process steps within the World Bank.	Q3-Q4 2025 (tbc)	ESMAP/WB human resources department
Mobilisation of secondee to ESMAP.	Q4 2025/Q1 2026	MFA/WB
Intermediate reviews of the ESMAP BP base case budget and stretch scenario budget with the CG.	2026 and 2028 (tbc)	MFA(KLIMA) as CG member
Updates on Danida Open Aid (link) on contributions to ESMAP	Annually	MFA(KLIMA)
MFA Headquarters efforts to strengthen the interchange with Embassies and their climate/energy experts in the form of more dialogue meetings. Updates on ESMAP activities will be part of the agenda of such meetings.	Ongoing	MFA
Proposed initiative by Denmark in the CG suggesting that ESMAP develops more clear and transparent financial reporting enabling donors to better understand ESMAPs on-going funding requirements and plan their disbursements accordingly.	Before next CG meeting	MFA(KLIMA)
Denmark's prioritized and concerted effort to influence the ESMAP agenda.	Prior to annual CG meetings	MFA(KLIMA)

⁷⁷ With support by an external formulation process consultant

Consultative Group (CG) meetings	Annual meetings (May)	ESMAP, MFA(KLIMA) participation
Technical Advisory Group (TAG) meetings	Annual meetings	ESMAP
ESMAP Annual Reports (link) – public	Annually	ESMAP
Annual single audit report within six months following the end of each World Bank fiscal year (FY) ⁷⁸ .	Annually	World Bank
ESMAP portfolio overviews and progress/results updates for previous FY against BP targets – internal to CG	Annually, as inputs to CG meetings	ESMAP
ESMAP Newsletters (link)	Monthly	ESMAP
Upload to websites for public access to ESMAP technical reports (link) and other resources (link) such as blogs, events, livewires, tools and learning materials, country briefs, communities of practice, impact stories, etc.	Ongoing	ESMAP
External Evaluation of ESMAP BP FY 2025-2030 (covering the MFA requirement for a mandatory Mid-term Review (MTR) through a contribution under this project to the External Evaluation, which is also to be supported by other donors to ESMAP).	Timing tbd	World Bank IEG
Denmark’s prioritized and concerted effort to influence the ESMAP agenda by commenting on draft TOR for the evaluation, providing inputs to the evaluation team, providing substantive comments on the draft evaluation report, and monitoring effective follow-up to the evaluation.	At the relevant timings in relation to the external evaluation	MFA(KLIMA)
Completion of implementation of Denmark’s support	End June 2030	ESMAP
Annual single audit report within six months following the end of World Bank FY2030.	End of 2030	WBG
Closure of accounts in the MFA	Early 2031	MFA

⁷⁸ The World Bank Group’s Fiscal Year (FY) is July to June, e.g. FY2025 is July 2024-June 2025

Annex 10: Further information on the Clean Cooking Fund 2.0 and Electricity Access Fund

Further information on Clean Cooking Fund CCF 2.0:

Uplifting the world's poor from cooking poverty is an urgent development issue⁷⁹ and pivotal to meeting the goals of the Paris Agreement. Although the number of people gaining access to clean cooking has increased significantly in recent decades, population growth has outpaced these improvements, particularly in Sub-Saharan Africa. As of 2021, 2.3 billion people globally were still cooking with traditional polluting fuels and stove technologies. Moreover, it has become increasingly evident that the world is not on track to deliver on SDG Target 7.1.2⁸⁰ by 2030. At the current pace of ambition, one can expect that 1.9 billion people will remain in cooking poverty in 2030, underscoring the imperative to step up large-scale investments in the sector. The estimated cost of inaction for human health, women's productivity, and the global climate is staggering, at USD 2.4 trillion per year (2020 figure). It is estimated that universal access to clean cooking could avoid 3.2 million premature deaths each year, avoid the emission of 1.7 gigatons (Gt) of CO_{2e} ~ 3% of global GHG, avoid more than 47 days of unpaid work (mostly from women and girls). This means an impact in many SDGs beyond SDG 7, such as food security, health, education, gender equality, income generation, reduce inequality and climate action. The interventions are efficient in terms of emissions reduction by investment; are progressive, targeting those groups most vulnerable to the adverse impacts of a changing climate; and are supportive of a just and sustainable global energy future aligned with equality policies.

Each year, household air pollution (HAP) linked to cooking with traditional stoves and fuels results in some 3.7 million premature deaths, mainly impacting women and children. In 2020, total emissions from the cooking sector were estimated at 1.69 GtCO_{2e}, accounting for about 3 % of global greenhouse gas (GHG) emissions and 56 % of emissions from buildings; this emissions figure is comparable to that of the aviation sector; however, the cost of emissions reduction is lower. The CCF 2.0 will prioritize supporting solutions that are sustainable in the long-term considering the balance between the least cost approach and the highest socio-economic and environmental impact. Clean sources of energy (e.g., biogas and electrical appliances) where feasible will be prioritize, however, the solutions will be designed to fit the country context. In addition to clean cooking for households, CCF 2.0 will strengthen support for productive uses and institutional cooking services (e.g., schools and hospitals). It will support income-generating opportunities associated with small restaurants and beverage businesses, as well as women's empowerment across the clean cooking value chain. The fund will keep promoting result base finance mechanisms to attract private sector, will scale the leverage form carbon finance and will better explore other impact finance instruments. The CCF 2.0 will also give special attention to nudge operations to reach hard to reach groups on remote areas and well as internally displaced people and refugees that often requires higher level of subsidies and interventions.

⁷⁹ Denmark's Strategy "The World We Share" in 2021 identified this issue as a priority by mentioning that: *"More than 4 million people die each year prematurely from indoor air pollution arising from cooking with solid fuels. Women and children under 5 years are particularly susceptible to acute respiratory infections. In Africa alone, almost 900 million people live without access to clean energy for cooking. This figure has risen over 15 per cent since 2010.* Therefore, Denmark, together with the World Bank, has taken the lead to facilitate transition to clean energy and access to improved cookstoves. This will both improve women and children's health and often contribute to easing the workload of women and children as well as reducing emissions of greenhouse gases and toxic soot particles."

⁸⁰ SDG 7.1.2 Clean Fuels and Technologies for Cooking Dataset can be found here ([link](#)) providing clean cooking access rates by country (subdivided between rural and urban areas), based on World Health Organization, Global Health Observatory data.

The ESMAP results briefing to the CG in May 2024 on clean cooking include other examples in addition to the ones mentioned in Section 3.2: (1) Led the development of the UN-Energy Policy Brief "Achieving Universal Access by 2030 and Net-Zero Emissions by 2050: A Global Roadmap for the Just and Inclusive Clean Cooking Transition" (2) Contributed to Country Climate and Development Reports (CCDR) engagements – Malawi, (3) Rwanda, (4) Mozambique, (5) Ghana, (6) G5 Sahel (Burkina Faso, Chad, Mali, Mauritania, Niger) (7) Country Environmental Analysis – Madagascar. Knowledge products include Results Brief: Clean Cooking Fund is moving the needle on universal access to Clean Cooking; (3) E-learning Course with OLC: The Hidden Side of Energy Access 2.0: Deep dive on Behavioural Science Applied to Clean Cooking; (4) E-learning Course with OLC: The Hidden Side of Energy Access in French; (5) Unlocking Clean Cooking Pathways: A Practitioners Keys to Progress; (6) Live Wire: Breaking Barriers: Improving Access to Clean Cooking in Displacement Settings (7) TTL Toolkit on Cooking in Displacement Settings (8) Building Evidence to Unlock Impact Financing Report (9) Blog: Balancing opportunity and risk: Harnessing carbon markets to expand clean cooking (10) Internal Resource Note: Renewable Fuel Market Development for Clean Cooking (11) Global Roadmap for Just and Inclusive Clean Coking Transition.

The ESMAP FY2025 Work Program that was made available to the CG meeting in May 2024, highlights the following for FY 25 for the Clean Cooking Fund:

- Work with development partners to mobilize high-level political commitment for the clean cooking sector at the country and global levels. In addition, CCF 2.0 will continue to generate and disseminate knowledge, promote ongoing technology and business innovations, and improve policy coordination.
- Continue clean cooking advocacy at key fora, such as the G20, the Africa Energy Summit, and COP30. A series of technical notes will be developed to feed into these and other key international processes, and also to effectively operationalize the CCF 2.0. Special emphasis will be made on integrating clean cooking beyond the energy sector, such as in health and educational institutions, income-generating activities, and social safety nets.
- Assess the role of carbon finance in clean cooking to enable CCF 2.0 to leverage additional investments. A flagship report will be developed on the carbon markets and the role of the public sector and utilities.
- Contribute to key global reports such as the SDG 7 Tracking Report, the RISE report, and the MTF Country Diagnostic Reports.

Figure A10.1: Benefits of engagement in CCF

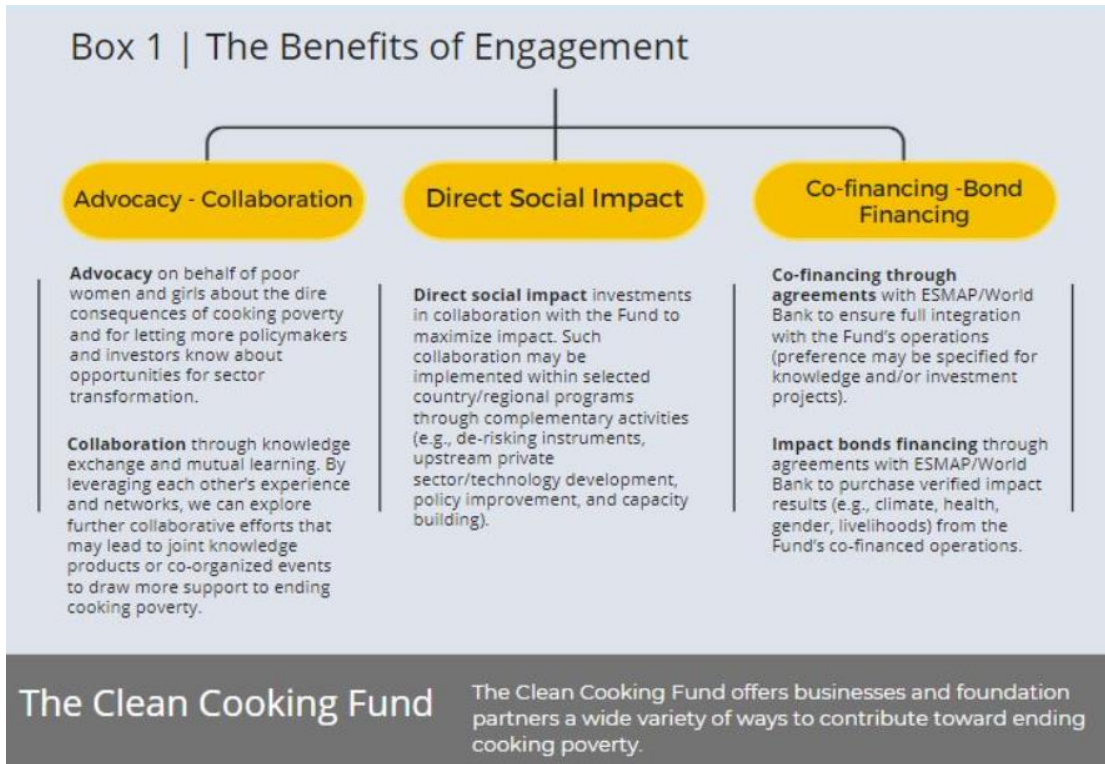
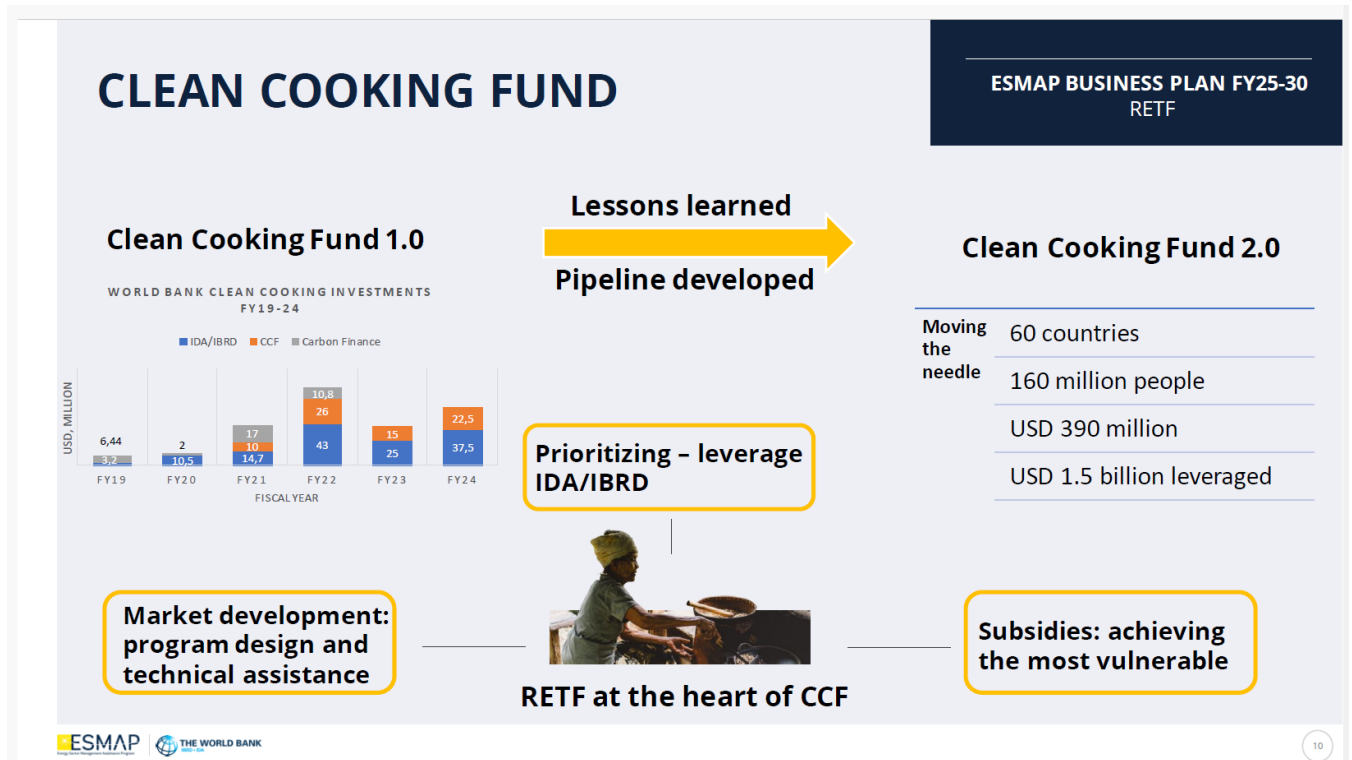


Figure A10.2: Transition from CCF 1.0 to CCF 2.0



ESMAP has provided the following information on lessons learned and how they influenced the design of CCF 2.0:

Support from the Clean Cooking Fund is integrated into various World Bank experiences. For instance, the evolving process has highlighted lessons learned in the implementation of Results-Based Financing (RBF), the incorporation of carbon credit funding, and behavioural change interventions.

The World Bank has implemented different implementation mechanisms to support clean cooking solutions in 14 client countries, with adaptations to suit local conditions. The RBF work under the Indonesia Clean Stove Initiative—one of the initial projects that helped mainstream RBF in energy access operations—provided a comprehensive framework for developing the clean stove sector and conveyed clear performance and result expectations to the private sector.

In countries where the stove market and value chain are underdeveloped, it is crucial to subsidize up-front costs and provide technical assistance to enhance stove quality. Rwanda is another example where we have demonstrated significant improvements in the number of stoves that meet the quality standards for RBF. To this end, the Development Bank of Rwanda (BRD) has signed grant subsidiary agreements with 20 clean cooking companies (CCCs) for the RBF facility. Once the RBF is fully operational, the inclusion of carbon credit subsidies offers additional funding and presents much lower risks compared to projects in immature markets.

One of the challenges in implementing RBFs is the time required to appoint a fund manager or implementation intermediary. This has been a significant cause of delays and risks in RBF designs across various countries. Consequently, in the design of operations, ESMAP is establishing a framework to analyse options to support the decision-making process and is working to coordinate this process at earlier stages.

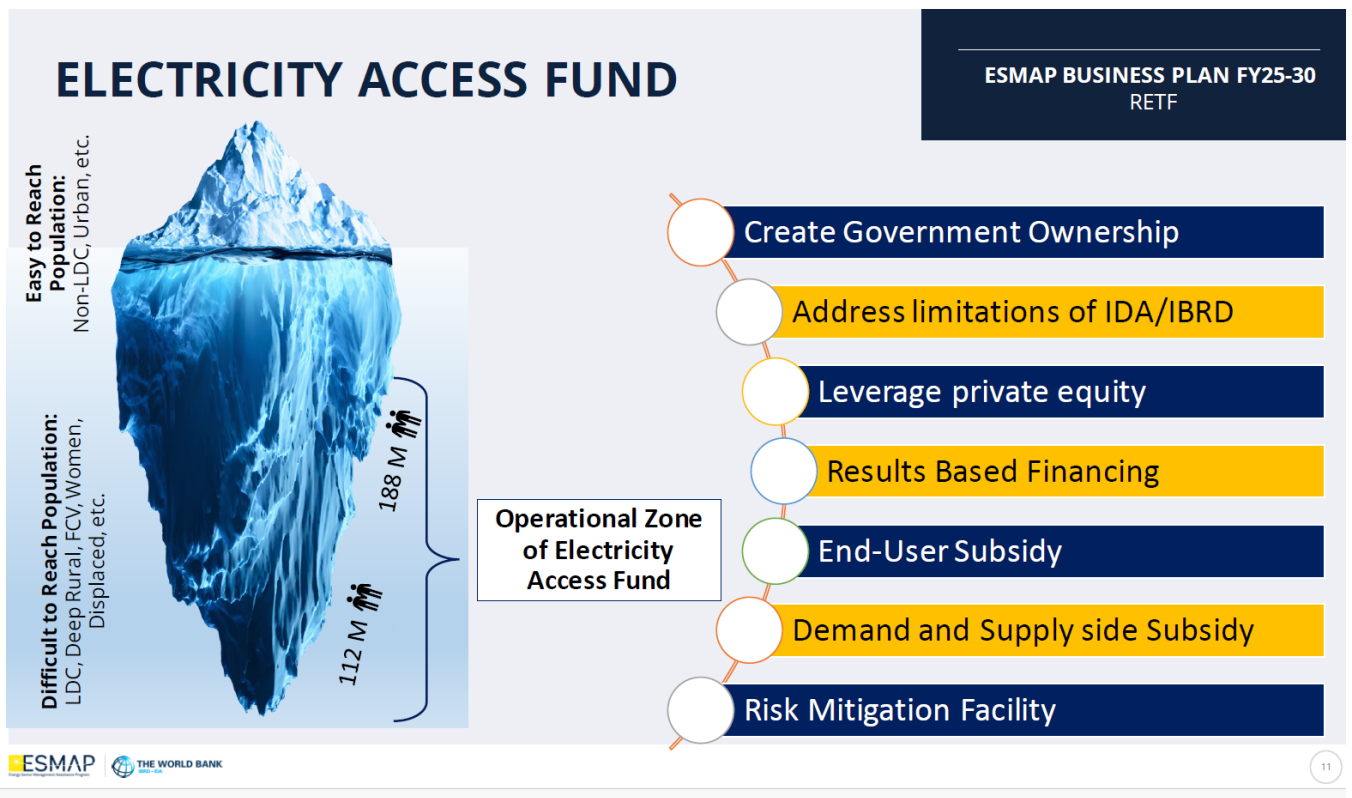
Another lesson learned in the implementation of Clean Cooking interventions is the necessity of involving behaviour change experts from the outset of design and operations. In the Rwanda project, a team of behavioural experts identified the main biases affecting user engagement—from sparking interest to stove usage, adoption networks, and perceptions of food quality. Key behaviour changes were introduced, including public demonstrations, gamification, and non-monetary incentives. The new operations in the pipeline have underscored the importance of behaviour change interventions and, in particular, are exploring ways to use community engagement to scale up and leverage interventions based on the outcomes of these previous experiences.

The lessons learned mentioned above, among other, are taken into consideration for the design and operationalization of the CCF 2.0.

Electricity Access Fund (EAF):

The following examples were mentioned in the ESMAP results briefing to the CG in May 2024 on access: 16.4 million people connected via mini grid/off-grid New projects approved during FY23 include: P176633: Mali Electricity System Reinforcement And Access Expansion Project (Yelen Sira); P178891: South Sudan Energy Sector Access And Institutional Strengthening Project; P177140: Additional Financing: TZ-Rural Electrification Expansion Program; P176698: Kenya Green and Resilient Expansion of Energy (GREEN) MPA; P178701: Digital And Energy Connectivity For Inclusion In Madagascar Project; P178677: Enhancing Sierra Leone Energy Access Project Additional Financing, AF to 171059. 8.6 million people connected via grid extension New projects approved during FY23 include: P176633: Mali Electricity System Reinforcement And Access Expansion Project (Yelen Sira); P178891: South Sudan Energy Sector Access And Institutional Strengthening Project; P177140: Additional Financing: TZ-Rural Electrification Expansion Program; P176698: Kenya Green and Resilient Expansion of Energy (GREEN) MPA; P178701: Digital And Energy Connectivity For Inclusion In Madagascar Project; P178677: Enhancing Sierra Leone Energy Access Project Additional Financing, AF to 171059.

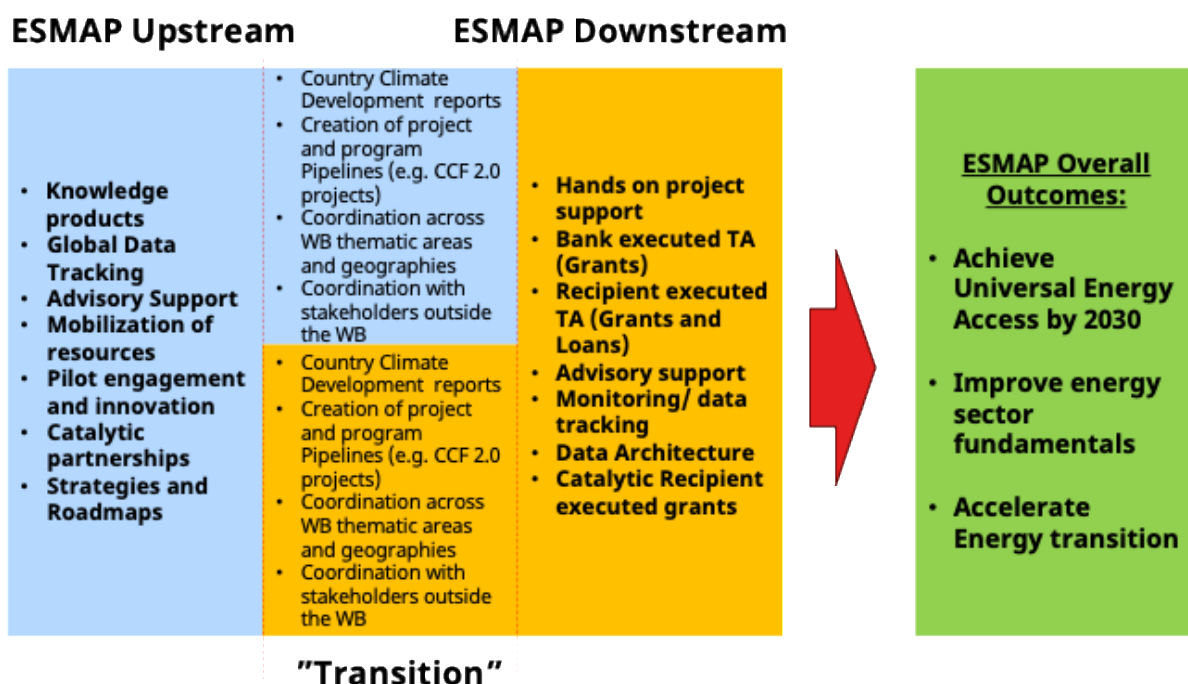
Figure A10.3: Electricity Access Fund illustration



Annex 11: The Appraisal Team (AT's) illustration of ESMAP upstream and downstream linkages.

The AT finds that the degree of effectiveness and efficiency of ESMAP to a high degree will depend on the ability to apply analytics, policies, knowledge products, technical assistance and instruments produced by the ESMAP “up-stream” activities to generate and support “down-stream” activities in recipient countries⁸¹. For example, the activities of the “Clean Cooking Fund” and the “Access to Energy Fund”, both included under the ESMAP umbrella, where a large proportion of the proposed Danish Funding will be ‘preferenced’, will support lending programme implementation in recipient countries by WB country offices through bank and recipient executed activities guided by ESMAP knowledge products and technical assistance. The PD is less clear on how this transition from up-stream to down-stream is supported by ESMAP and the ESMAP ToC. In Figure 11.1 this is illustrated by tentatively allocating “outputs” from the ESMAP ToC (Figure 4.1)⁸² to up- and downstream respectively leading to the planned outcome. In the column in the middle termed “transition” the AT has added activities which seem to be relevant to both streams and that consultations with stakeholders have identified as activities which bridge the up and down stream work of ESMAP.

Figure A11.1: Linkage between “up-stream” and “down-stream



Source: AT

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⁸¹ The concepts “upstream” and “downstream” are used in IFC’s framework and it is not a terminology officially applied to WB programs/projects.

⁸² Note that the ESMAP Business Plan considers as development objectives *Achieve Universal Energy Access by 2030, Improve energy sector fundamentals, and Accelerate Energy Transition* and not as overall outcomes.