Project Document (Annex A format)

E4 - Early Maturation and Demonstration

Business Instrument E4 under the overall Danish Business Support Initiative

DRAFT

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List of Abbreviations

AMG	Aid Management Guidelines
B2B	Business-to-Business
DGBP	Danida Green Business Partnership
DMDP	Danida Market Development Partnership
DVFA	Danish Veterinary and Food Administration
EIFO	Export and Investment Fund of Denmark
G2G	Government-to-Government
GBER:	General Block Exemption Regulation
GMP	Good Manufacturing Practices
ICT	Information and Communication Technology
IFDK	Investment Fund Denmark
IFU	Investment Fund for Developing Countries
MFA	Ministry of Foreign Affairs
MTR	Mid-Term Review
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
RBC	Responsible Business Conduct
SAT	Sector Advisory Team
SC	Sector Counsellor
SME	Small and Medium-sized Enterprises
SOP	Standard Operating Procedure
SSC	Strategic Sector Cooperation
TC	Trade Council
ToC	Theory of Change
UN	United Nations
GAPEED	Government's Action Plan for Effective Economic Diplomacy
GSDC	Government's Strategy for Development Cooperation

1. Introduction

This document describes the Facility for Early Maturation and Demonstration (E4), henceforth the "E4 facility", one of five instruments under a new overarching business support initiative to achieve the Danish Government's ambitions on greater engagement by the private sector in the Global South, as stated in Government's Strategy for Development Cooperation (GSDC) and Action Plan for Effective Economic Diplomacy (GAPEED).

The overarching initiative follows from the vision that Danish private sector engagement can be of mutual benefit in terms of development and growth both for beneficiaries in the Global South and in Denmark. But a proactive effort is called for to achieve this scaled-up Danish businesses' engagement in the Global South. The new initiative represents this proactive effort. A Strategic Framework document lays out the specific objectives and umbrella that will guide the five instruments and future related efforts under the initiative. Box 1 lists the five instruments.

Box 1 – Five instruments under the new Danish overall business support initiative

E1 – Early exploration facility

E2 – Partnerships on Business and development facility

E3 – Enterprise support facility

E4 – Demonstration support facility

E5 – Impact investor facility

The E4 facility aims directly at strategic objective 4 in the Strategic Framework, namely "To promote sustainable economic growth, job creation and competitive green transition in developing countries and emerging economies by developing and testing locally anchored, improved and scalable solutions". The E4 facility supports partnerships between commercial, non-commcercial and public sector actors on business ventures contributing to tackling public sector development challenges in the Global South. The E4 facility will help leverage the engagement of businesses, including Danish private companies, in testing and demonstrating sustainable solutions in the Global South. Similarly, the E4 facility is designed to align with MFA funded development programmes engaging with public sector authorities such as the Strategic Sector Cooperation (SSC) and other bilateral development programmes.

The five instruments under the new initiative are mutually coherent and will be designed and managed to ensure synergies. DIBE (E1) complements E2 by supporting business case development at the early exploration stage which may become a candidate for funding, for instance, under the E2 maturation window. E3 or E5 also complement E2 by offering investment financing windows for business cases that have proved their commercial viability, for instance, after completing the "full project" or "acceleration" stages. Strong direct linkages exist between E2 and E4 which both support multi-actor partnerships: E4 involves a public authority and use private sector-solutions for delivering public sector functions; E2 involves a wider set of non-commercial actors to support viable commercial business models with a development effect.

2. Context, main actors, rationale and justification

2.1 Policy alignment

The Danish Government's Strategy for Development Cooperation: A Changing World Partnerships in Development (2025) (GSDC) and the Action Plan for Effective Economic Diplomacy (2025) (GAPEED) provide the strategic foundation for the E4 facility. Both policy frameworks underline the need for a balanced approach that promotes inclusive and sustainable economic transformation in the Global South, combining regulatory reforms with the mobilisation of private sector solutions. E4 facility operationalises this vision by enabling partner authorities and companies to jointly explore, test and

validate concrete, locally relevant technological and system-based solutions through feasibility studies and demonstration projects.

The Strategy for Development Cooperation identifies private sector engagement as a cornerstone of Denmark's contribution to achieving the Sustainable Development Goals. The strategy recognises that public funds alone cannot meet the scale of global development challenges and that private investment, innovation and technology, particularly in Danish strongholds (see textbox) play a decisive role in accelerating green, inclusive and climate-resilient growth. At the same time, the strategy emphasises that such engagement in complex or underdeveloped markets requires effective de-risking mechanisms to address market failures, information gaps and regulatory uncertainties.

A strict definition of Danish Strongholds will not be used. Government's Action Plan for Effective Economic Diplomacy highlight e.g.: Energy, water, environment, life science, food, agriculture and bio systems, digitalisation and circular economy. In addition, Clusters are defined here.

The E4 facility is a key instrument within this architecture. It is designed to address the early-stage barriers that often prevent promising public-private ideas from maturing into viable public-private collaboration and bankable investment projects. By providing funding for feasibility studies and demonstration activities, the E4 facility enables private companies to engage with national authorities, Danish embassies, local industry organisations, NGOs and research institutions to jointly develop and test solutions that respond directly to local needs and national priorities.

E4 facility thus strengthens the bridge between upstream policy and capacity development, as conducted through e.g. the Strategic Sector Cooperation (SSC) and other bilateral programmes, and downstream implementation, where innovative technologies can be demonstrated, validated and prepared for scale-up through public and private finance. In doing so, the E4 facility supports Denmark's strategic priorities on green transition, sustainable and inclusive economic development, responsible business conduct and strengthened partnerships for development.

2.2 Context - main development challenges and opportunities

Despite a strong global economic rebound since the Covid-19 period and the growing importance of developing and emerging economies in global trade and investment, the world remains significantly off track in achieving the Sustainable Development Goals (SDGs). Persistent job deficits, limited income opportunities, climate and environmental crises, and inadequate access to basic services such as water, health, and education point to a widening development gap, reflected in an estimated annual SDG financing shortfall of USD 4 trillion.

Closing this gap requires mobilising resources and capabilities beyond public finance alone. The private sector plays a critical role by bringing investment capital, technology, operational expertise, and innovation that are essential for sustainable economic growth, job creation, and the green transition. However, in many low- and middle-income countries, high market-entry risks, regulatory uncertainty, and weak institutional frameworks constrain early-stage private investment. Promising solutions often fail to move beyond the concept stage because companies and investors lack the incentives or risk appetite to test new technologies or business models in complex and underdeveloped markets.

These challenges are fundamentally systemic. Many development bottlenecks lie at the intersection of regulation, markets, and service delivery and cannot be resolved by either public or private actors alone. Effective responses therefore depend on structured public-private collaboration, often complemented by non-commercial actors that bring policy insight, contextual knowledge, and social and environmental

safeguards. Such partnerships are essential to align commercial solutions with public priorities, reduce risk, and ensure that development benefits are both credible and sustainable.

Lessons learned

Over the past decades, Denmark's Government to Government[1] (G2G) cooperation has delivered strong results in strengthening institutions, improving regulatory frameworks, and enhancing sector governance in partner countries. Through these long-term engagements, Danish embassies have developed deep sector expertise and close working relationships with partner authorities. This has led to tangible progress across sectors aligned with Danish strongholds.

However, despite these achievements, the G2G cooperation has not systematically translated into increased private sector involvement. Nor generated the demonstration of private sector scalable and sustainable solutions that directly address partner countries' development priorities. At the same time, partner authorities are increasingly calling for practical demonstrations of technologies and operational models that complement ongoing capacity building and reforms. These requests reflect a shared need for solutions that can be adapted to local conditions, tested in context, and prepared for larger-scale investment. See Appendix 1 for an overview of project ideas collected from Danish embassies engaging with national SSC public authorities.

Lessons learned, from e.g. the SSC, show that many ideas emerging from SSC projects for engaging private sector actors remain undeveloped. Because neither partner authorities nor companies have access to early-stage financing for feasibility studies and demonstration activities[2]. Through study tours, trade fairs, business conference etc. SSC public authority partners are exposed to private sector solutions in Denmark and in own country, and dialogues and engagements emerge. The dialogues, however, often stop due to lack of resources within the G2G cooperation to drive and facilitate the next step for concrete collaboration as well as due to the lack of a facility enabling the first testing of mutually developed ideas. Thus, bridging G2G technical cooperation to testing early-stage high-impact partnership/collaboration models, between public and private actors in uncertain environments, may cascade into a scale-up project pipeline for strategic high impact and high value opportunities.

Rationale and justification

The E4 facility is grounded in the recognition that many contemporary public sector regulatory and governance challenges are increasingly shaped by rapid technological change, complex systems integration, and evolving market practices. While public authorities retain the mandate to set policy, regulate, and enforce compliance, they are often not institutionally equipped to design, test, or operationalise advanced technological or systems-based solutions. This creates a structural gap between regulatory ambition and practical implementation that can inhibit effective reform.

Public authorities are typically organised and resourced to perform core sovereign functions such as legislation, standard-setting, and oversight, whereas they are not always designed to undertake applied research and development, prototyping, or iterative system testing. By contrast, private sector actors operate at the technological frontier, investing in innovation, developing scalable solutions, and accumulating practical knowledge through actual deployment. Supporting feasibility studies and

[1] G2G cooperation refers to direct collaboration between public authorities in Denmark and public authorities in partner countries, undertaken within the framework of Denmark's development cooperation and anchored in public mandates, sector policies, and national systems. The SSC is one example of an G2G.

[2] See e.g. MFA Mid-Term Review of SSC (Dec. 2025).

demonstration projects in collaboration between the public and private sector therefore enables public institutions to access innovation capacity that lies outside the public sector's core competencies.

Feasibility studies supported under the facility will play a critical role in reducing uncertainty at an early stage. Regulatory and policy reforms often involve legal, political, and financial risks, particularly where new technologies or operational models are introduced. Structured feasibility assessments allow public and private partners to jointly examine technical viability, regulatory compatibility, cost structures, institutional implications, and potential risks before larger commitments are made. This evidence-based approach supports more informed decision-making and reduces the likelihood of costly or ineffective public sector regulatory reforms.

Demonstration projects constitute a further, essential step in translating feasibility into practice. Many regulatory challenges are systemic rather than purely legal in nature, involving workflows, data systems, compliance processes, and interactions among multiple public and private actors. Demonstration projects allow end-to-end solutions to be tested in controlled settings, generating empirical evidence on performance, scalability, compliance implications, and unintended effects. Such pilots provide regulators with concrete insights that cannot be generated through desk studies alone, and allows private business to test commercial and scalable technologies and system solutions.

Importantly, private sector-led demonstrations do not substitute public authority or policy-making. Rather, they serve as learning and evidence-generation mechanisms that enable public institutions to better understand what is technically and operationally possible, and under which conditions. The facility will therefore be designed to ensure that public interest safeguards, transparency, and regulatory independence are upheld, with clear governance arrangements defining roles, responsibilities, and decision-making authority.

In addition, participation in the facility offers clear strategic and commercial advantages for private businesses seeking to operate in regulated or emerging markets. By engaging in jointly governed feasibility studies and demonstration projects with public authorities, companies gain early insight into regulatory priorities, institutional constraints, and policy trajectories, allowing them to adapt solutions proactively and reduce market-entry risks. The E4 facility aims to provide a structured and credible platform to test and showcase technologies or system solutions in a specific public sector context, generating evidence of technical viability, compliance, and value-for-money that can be leveraged for future scaling, replication, and investment. In addition, collaboration with public authorities and development partners enhances companies' credibility, visibility, and track record, particularly in markets where trust, compliance, and long-term partnerships are critical. Furthermore, the facility enables companies to shape solutions that are aligned with public needs, local demand and regulatory realities without influencing policy and thereby increasing the likelihood that innovations are adopted, sustained, and commercially viable over time.

In addition to de-risking reform processes, joint public-private collaboration under the facility will contribute to institutional learning and capacity development within partner authorities. Through structured collaboration, public sector counterparts can strengthen their technical understanding, refine regulatory frameworks, and build internal capacity to oversee and regulate new systems and technologies. Over time, this contributes to more proportionate, implementable, and future-proof regulation with legitimate and sustainable collaboration with private sector.

In summary, the E4 facility addresses a critical gap between regulatory objectives and practical implementation by enabling feasibility studies and demonstration projects that combine private sector innovation with public sector mandate and oversight. By supporting well-governed public-private

collaboration at early stages of reform and investment, the E4 facility will help unlock private sector scalable solutions to regulatory challenges while safeguarding public value, accountability, and long-term sustainability.

Linked to Danish G2G programmes E4 contributes to long-term impact by addressing upstream regulatory, institutional, and market barriers that prevent socially and environmentally beneficial business models from being tested, adopted, and scaled in developing and emerging markets. By de-risking feasibility studies and demonstration projects aligned with public mandates, E4 enables inclusive, commercially viable solutions in areas such as energy, water, food systems, and climate resilience, creating pathways to job creation, improved access to services, and reduced environmental harm. Over time, successful models can be replicated and embedded within national systems and markets, contributing indirectly but sustainably to poverty alleviation, social development, and the green transition.

The rationale for establishing the E4 facility is rooted in three intersecting developments.

First, years of cooperation between Danish authorities and partner governments have revealed a demand for concrete, context-specific solutions implemented by private sector companies. While policy development and regulatory reforms remain essential, some partner authorities have expressed an interest in hands-on demonstrations of how sustainable systems or technologies function in practice within the private sector. Such demonstrations provide reassurance that new models are viable, cost-effective, and aligned with national priorities.

Second, there is a clear financing gap. Feasibility studies and pilot demonstrations are essential to de-risk larger investments, yet these early phases are rarely supported by traditional donors or commercial actors. Without this critical step, potential public-private collaborations do not progress, and development opportunities remain dormant.

Third, partner authorities, supported by sector counsellors and TCs, possess unique sector knowledge and insights to private sector partnerships that enable them to identify promising opportunities for public-private collaboration. Through exposures (study tours, trade delegations etc.) they often see needs for technological or systemic solutions and understand which private sector actors could contribute.

The E4 facility therefore responds to an identified need to:

- Create a pipeline of viable investment opportunities grounded in local demand.
- Connect Danish and/or international private sector expertise with partner countries public sector development challenges.
- Facilitate alliances between partner authorities, private companies, non-commercial partners, and private sector organisations.
- Strengthen the interface between G2G cooperation and commercial innovation.
- Support Denmark's global priorities on green transition, sustainable economic development, and equal partnerships.

2.2 Main actors

The E4 facility engages a defined set of actors whose roles are complementary and whose collaboration is essential to addressing public-sector regulatory and system-level challenges through early-stage public-private engagement. The facility is explicitly designed to support feasibility studies and demonstration projects that combine private-sector innovation, public-sector mandate, and non-commercial facilitation

and capacity. Appendix 2 includes a detailed narrative on roles and responsibilities between the involved actors including Table 1 providing an overview of roles and responsibilities. See also Section 3.4 below on the linkages between the key actors. Management and implementation roles and responsibilities are presented in Chapter 7 below.

The One-Stop Shop (OSS), anchored within the Ministry of Foreign Affairs, serves as the primary entry point for companies seeking engagement under Denmark's development and economic diplomacy framework. In relation to E4, the OSS will support coordination, information sharing, and coherent outreach across relevant Danida business instruments, ensuring that company engagement is aligned with E4's purpose of supporting feasibility studies and demonstration projects addressing public-sector sustainability challenges. The OSS will not be involved in project selection, appraisal, or commercial decision-making. Its role is limited to providing guidance to companies on the E4 outreach process and on how E4 relates to other available business instruments.

Appendix 1 includes an example of an idea emerged from an SSC project in Mexico where the E4 facility could be relevant. The example also illustrates the composition of possible actors.

3. Objective, outcomes and critical assumptions

3.1 Objectives and outcomes

Together with the other four instruments, the facility contributes to the Strategic Framework's high-level objective, "Sustainable development, job creation, and inclusive growth in the Global South through an upscaled and strengthened private sector contribution"

The **strategic objective** of E4, the Early Maturation and Demonstration facility, is:

- To promote sustainable economic growth, job creation and competitive green transition in developing countries and emerging economies by developing and testing locally anchored, improved and scalable solutions (strategic objective 4 in the Strategic Framework).

In practical terms, the facility aims to build on opportunities identified e.g. through bilateral G2G cooperation and the embassies' sector expertise, ensuring that promising ideas are developed into tangible solutions ready for investment and scale-up, and/or through general public-private driven collaboration and ideas which subsequently can draw on embassy expertise to ensure alignment and coherence.

The E4 facility is expected to facilitate the following results:

- High-quality public-private feasibility studies that assess market needs, regulatory conditions, technical viability, cost-benefit parameters, and financing options.
- Demonstration of innovative, sustainable solutions in real-world conditions within prioritised sectors, allowing authorities, companies and investors to assess their relevance and impact.
- Enhanced local capacity and knowledge transfer, achieved through training, collaboration, and joint implementation with local partners.

At impact level the E4 facility will contribute to:

- Increased likelihood of follow-up financing, with demonstration projects serving as proof of concept for larger investments from public funds, development banks, or commercial actors.
- Positive contributions to green transition, including improved resource efficiency, reduced emissions, or strengthened public services, depending on sector focus.

These results will help establish a pipeline of investment-ready opportunities that support long-term development goals and enable partner countries to adopt more sustainable practices.

The following three outcomes will guide the implementation of the E4 facility:

Outcome 1: Evidence-based and scalable public-private solutions to regulatory and development challenges are tested and validated through feasibility studies and demonstration projects and positioned for scale-up.

The Theory of Change is that high quality public-private feasibility studies and demonstration projects generate robust evidence on market demand, regulatory conditions, technical viability, cost-benefit parameters, and financing options. Innovative and sustainable solutions are tested in prioritised sectors, enabling public authorities, companies, and potential investors to assess performance, relevance, and impact. Demonstration projects function as proof of concept, significantly increasing the likelihood of follow-up financing and scale-up through public funding instruments, development finance institutions, or commercial investment, while contributing to the green transition through improved resource efficiency, reduced emissions, or strengthened public services.

Outcome 2: Private companies have reduced market-entry risks and strengthen investment readiness in regulated and emerging markets.

The Theory of Change is that private companies reduce market-entry and regulatory risks by gaining structured insight into public-sector requirements, regulatory frameworks, and institutional processes in priority markets. Through jointly governed feasibility studies and demonstration projects, companies test and adapt their solutions under actual regulatory and operational conditions, generating credible evidence on technical performance, compliance, cost structures, and commercial viability. This process strengthens companies' investment readiness, credibility, and alignment with public needs, reducing information asymmetries and transaction costs. As a result, companies are more likely to commit own resources, form sustainable partnerships, and mobilise follow-up financing for scale-up and replication, allowing innovative solutions to transition from pilots to commercially viable operations that support public policy objectives and long-term development outcomes.

Outcome 3: Strengthened local capacities and partnerships have enabled sustainable implementation and long-term impact of public-private solutions.

The Theory of Change is that local capacities are enhanced through structured collaboration, training, and joint implementation with local public, private, and non-commercial partners, ensuring effective knowledge transfer and institutional learning. New partnerships and alliances are formed across sectors, including multi-company system solutions and cross-actor collaborations, strengthening local ecosystems for innovation and implementation of private sector solutions. These partnerships improve coordination, ownership, and sustainability, increasing the long-term viability of demonstrated private sector solutions and their integration into public systems, markets, and regulatory frameworks.

3.2 Critical assumptions

The effectiveness of the E4 facility is contingent on a set of interrelated critical assumptions that underpin the maturation and conceptualisation of project ideas and their progression from early dialogue to feasibility and demonstration. E4 facility support can only materialise where an initial collaboration has been established between a private company and a public authority around a mutually relevant project idea, and where strong local ownership exists. This presupposes that partner authorities clearly articulate regulatory or system-level needs and priorities, allocate sufficient time and human resources to engage in

the maturation of a public-private project, and operate within national public-private rules and procedures that permit such collaboration.

It is further assumed that Danish embassies and SSC actors possess adequate sector insight and allocate sufficient time and resources to identify viable opportunities, guide a national public-private collaboration, and support early-stage alignment with national reform agendas.

On the private-sector side, companies must perceive credible commercial potential, comply with applicable de minimis rules, and be willing to commit own resources to early-stage collaboration.

Across all actors, access to relevant data and partners, timely engagement by authorities, and operational conditions that allow demonstrations to be implemented are essential, as is the absence of major political disruptions.

Finally, it is assumed that feasibility studies and demonstration projects generate credible evidence capable of unlocking follow-up public or private investment, that a non-commercial partner has the administrative capacity to manage funds and support implementation of activities, and that local partners remain engaged with sufficient staff continuity to sustain momentum throughout the E4 facility-supported process.

3.3 Target countries

The E4 facility will operate in ODA-eligible countries where Denmark has a diplomatic representation, consistent with the overall framework for Danish business instruments.

At country level, E4 facility will actively pursue synergies and coherence with other Danish instruments and engagements. This includes coordination with other business instruments under the same initiative, as well as with MFA bilateral G2G programmes including e.g. SSCs, as well as other embassy engagements (SDG Fund etc.), Innovation Fund Denmark, Trade Council activities, IFDK investments, and other relevant programmes. Embassy-based coordination and expertise will be used to align E4 facility-supported feasibility studies and demonstration projects with ongoing policy dialogue, sector reforms, and market development efforts, and to create clear pathways from E4 facility-supported early-stage engagement to follow-on implementation, investment, or scale-up through complementary Danish instruments.

There will be no restriction on how many feasibility studies and/or demonstration projects one country can apply for. Applications for feasibility studies will be assessed and award upon submission, whereas there will be two calls per year for demonstration projects.

3.4 Public-private collaboration in practice

The E4 facility instrument supports tripartite partnerships between private companies, national public authorities, and non-commercial partners, working together to mature, conceptualise, and implement feasibility studies and demonstration projects that address public-sector regulatory or system-level challenges. These partnerships are supported by Danish embassies through Sector Counsellors and Trade Council advisers, who act as facilitators and enablers throughout the early stages of the E4 facility pipeline.

Core Partners

National public authorities articulate the public problem or development need such as regulatory gaps, system inefficiencies, new standards, or service-delivery challenges, and confirm that the proposed collaboration aligns with national priorities and rules for collaboration with private sector.

Private companies or clusters of companies will inspire or inform potential solutions and provide the technological, operational, or system solutions to be tested. They play a leading role in shaping the commercial logic, technical approach, and scalability pathway of the proposed solution. A credible private-sector business case is required, and companies are expected to contribute own resources and expertise. Private actors will lead the drafting of the concept note and solution elements and are central to feasibility studies and demonstration activities.

A non-commercial partner (such as a business association, NGO, think tank, semi-public institution or similar) will be engaged during the conceptualisation process and add value e.g. through facilitation, technical expertise on social and environmental issues, stakeholder engagement, or capacity development. The key role is to support the collaboration and maturation process guided by public objectives and private solutions, provide administrative and financial management support during implementation.

A Feasibility Study will be implemented by the private company or by a non-commercial partner. De minimis rules will apply. Demonstration projects will be managed by the non-commercial partner and implemented by a private company.

Partnership process in practice

E4 facility partnerships typically emerge from existing dialogue between national authorities and the Danish Embassy, often within an SSC project or other sector-relevant Danida engagement, but they may also arise from direct interaction between authorities and private companies. Ideas may be sparked through study tours, technical missions, company visits, or trade and sector platforms facilitated by embassies, the Trade Council, or Danish authorities.

Once a national authority identifies a need for a private-sector solution and a private business is interested in a collaboration, the partners jointly begin a maturation and conceptualisation phase. A Working Group is formed, comprising the public authority, one or more private companies, and a relevant non-commercial partner. The working group collaboratively develops a Concept Note, which is the central document in the E4 facility process. The Concept Note defines the public (sustainable development) problem, proposed solution, expected development relevance, regulatory context, commercial potential, partnership roles, and the pathway from feasibility to demonstration and potential scale-up.

The Concept Note must be formally endorsed by the national authority and, where relevant, aligned with SSC frameworks and Danish development priorities.

If approved, the working group may first receive support for a feasibility study, focusing on technical, regulatory, institutional, and commercial viability. Based on positive feasibility results, the working group may then apply for a demonstration project, testing the solution in context. If sector knowledge and understanding is already available, the private company can apply directly for a demonstration project.

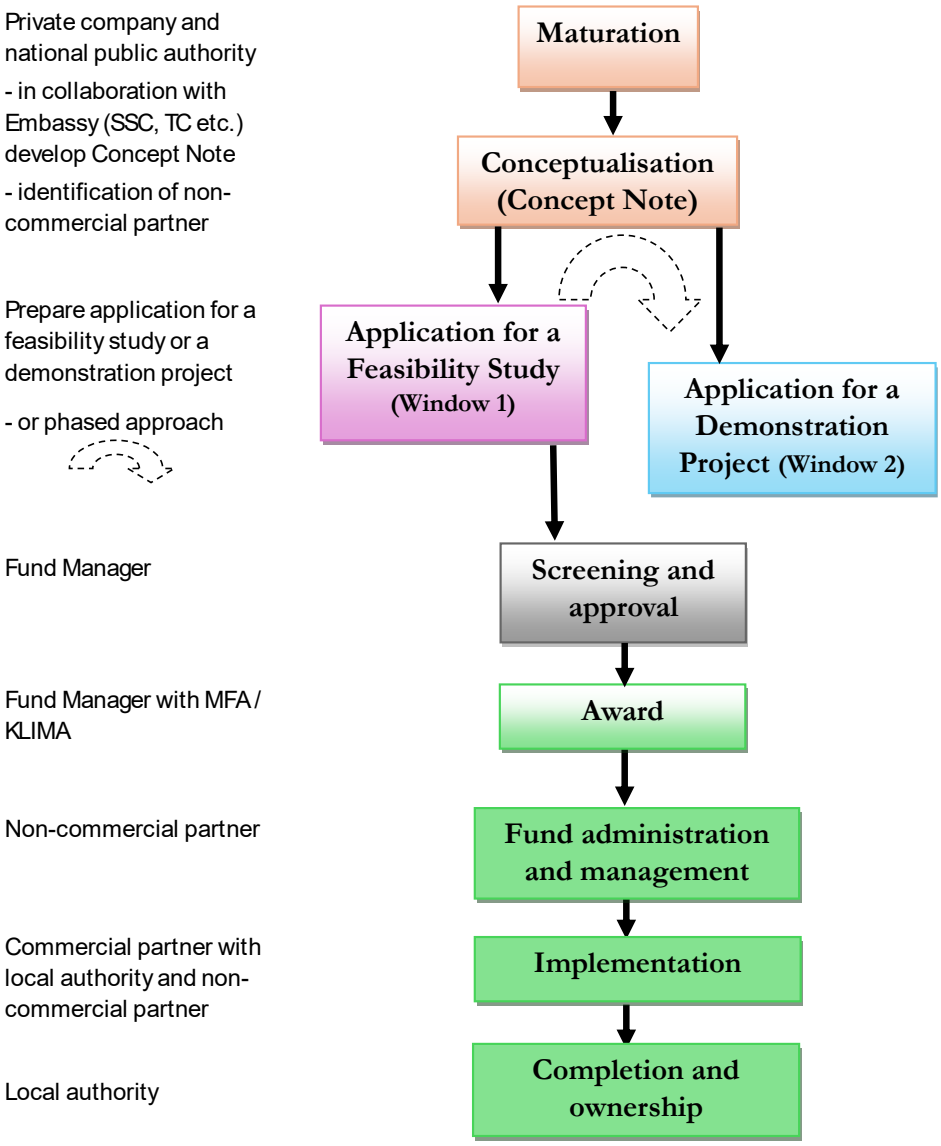
Role of Danish Embassies, SSC Sector Counsellors, and the Trade Council

Danish embassies, SSC sector counsellors, and Trade Council advisers support E4 facility partnerships in an advisory and facilitative role. They help identify relevant public-sector challenges, validate alignment with national reforms, and ensure coherence with ongoing Danish engagements. Sector Counsellors contribute regulatory and institutional insight, while Trade Council advisers add market realism, commercial perspective, and support identification of private-sector partners.

Throughout the process, embassies and SSC actors help convene stakeholders, guide national public-private collaboration, and improve the quality and relevance of the Concept Note, without participating in funding decisions. Their involvement strengthens ownership, reduces early-stage risks, and increases

the likelihood that E4 facility-supported feasibility studies and demonstration projects lead to scalable, sustainable outcomes.

The illustration below shows the flow from maturation to award of a feasibility study or a demonstration project, receipt of funds, implementation and completion. The role of the Fund Manager is described in more detail in Chapter 5.



3.5 Cross-cutting concerns and requirements

E4 facility requires all demonstration projects to integrate corporate responsibility and environmental and social sustainability, including respect for the rights of women and children. International commercial partners must already follow recognised standards for responsible business conduct such as the UN Guiding Principles on Business and Human Rights and the UN Global Compact's 10 Principles, ensuring

they avoid and address human rights risks in their operations and supply chains. Lead companies must also have systems in place to ensure environmental sustainability.

Local commercial partners must at minimum develop and implement a plan for responsible and environmentally sustainable business conduct during the support period, and projects may include assistance to strengthen these practices. Compliance with national legislation is a minimum requirement for all partners.

The E4 facility Fund Manager will provide guidance on responsible business conduct, including through cooperation with the Danish Institute for Human Rights.

4. Results Framework

The results framework below includes three outcomes, key outputs, indicators and targets.

Project	E4 Facility - Feasibility Studies and Demonstration Projects
Project Development Objective (impact)	To promote sustainable economic growth, job creation and competitive green transition in developing countries and emerging economies by developing and testing locally anchored, improved and scalable solutions.

Outcome 1		Private sector technologies and solutions are tested and validated through feasibility studies and demonstration projects showcasing solution to public sector sustainable development challenges and enabling scalable development solutions.	
Outcome indicators		- % of supported initiatives assessed as viable for scale-up - # of initiatives progressing to follow-up financing (public and/or private) - # of investment proposals (public and/or private)	
Baseline	Year	2025	0
Target	Year	2026	- 3-4 companies with formalised collaboration agreements with a local public authority
Target	Year	2028	- More than 50% of all demonstration projects assessed as viable for scale-up - A total of 4-5 initiatives have progressed to follow-up financing (public and/or private - A total of 3-4 investment proposals prepared (public and/or private)

Output 1	# of high-quality public-private feasibility studies completed and validated.
Output indicator	- 12-13 feasibility studies completed including regulatory, cost-benefit and financing analysis and validation by private company(ies) and public authority partners -
Output 2	# of demonstration projects implemented and tested
Output indicator	8-9 demonstration projects implemented
Output 3	# of demonstration projects used as proof of concept for scale-up and investment
Output indicator	- 3-4 demonstration projects mobilising follow-up financing (public and/or private) - Volume of follow-up funding leveraged (public and/or private)

Outcome 2		Through formal collaboration with local public authorities, private companies have reduced market-entry risks and strengthen investment readiness in regulated and emerging markets.	
Outcome indicators		- % of participating companies reporting reduced regulatory or market risks - # of companies advancing to commercial engagement or investment	
Baseline	Year	2025	0

Target	Year	2026	- 3-4 detailed business plans / value propositions
Target	Year	2028	A total of 10-12 companies with detailed business plans / value propositions

Output 2.1	# of companies who have gained early insight into regulatory frameworks and public-sector requirements.
Output indicators	- # of companies engaged in structured regulatory dialogue - Company-reported usefulness of regulatory engagement
Output 2.2	# of companies who have tested and validated solutions in public-sector environments.
Output indicators	- # of companies participating in demonstrations - % of demonstrations generating actionable business evidence
Output 2.3	# of companies who have strengthened investment readiness and partnerships.
Output indicators	- # of companies developing investment-ready concepts - # of partnerships formed with public or private actors - # of investment proposals

Outcome 3		Strengthened local capacities and partnerships enable sustainable implementation and long-term impact of public-private solutions	
Outcome indicators		- % of projects with active local partners post-E4 facility support - # of reported evidence of institutional uptake and good practices	
Baseline	Year	2025	0
Target	Year	2026	2-3 project partnerships with active local partners post-E4 facility support 2-3 learning documents
Target	Year	2028	A total of 6-7 project partnerships with active local partners post-E4 facility support A total of 6-7 learning documents

Output 3.1	Local public and private actors have strengthened technical and institutional capacity through joint implementation.
Output indicators	- # of local partners trained or engaged - % of projects demonstrating increased capacity
Output 3.2	New public-private and multi-actor partnerships and alliances are established.
Output indicators	- # of formalised partnerships - # of multi-company system solutions
Output 3.3	Knowledge and learning from public-private E4 facility-supported initiatives are captured and applied.
Output indicators	# of learning products produced # of learning documents informing decisions

Results monitoring under the E4 facility reflects its nature as an early-stage, challenge-driven facility supporting feasibility studies and demonstration projects. The types, scale, and timing of results achieved will largely be shaped by the mix of concepts and applications approved, as well as by how individual feasibility studies and demonstrations perform in practice. These outcomes are inherently influenced by

external factors in multiple country contexts with different regulatory developments, institutional dynamics, and market conditions that cannot be predicted with certainty at the outset.

For this reason, targets in the E4 facility results framework are indicative rather than fixed, and outcome-based budgets should not be interpreted in the same way as those of plan-driven implementation programmes. Instead, the results framework signals the areas where results are expected, the type of change E4 facility seeks to enable, and the indicators through which progress and learning will be assessed. The latter will be captured under Outcome 3. This approach is consistent with E4 facility's mandate to de-risk early-stage engagement rather than to deliver guaranteed commercial or development outcomes.

At facility level, results reported against the E4 facility outcomes will primarily represent the aggregation of results from individual feasibility studies and demonstration projects, each implemented in distinct sectors, countries, and institutional contexts. This reflects the portfolio-based nature of E4 facility as a collection of discrete, small-scale interventions. At the same time, E4 facility will seek to capture and document results that go beyond the sum of individual projects. Results linked to cross-cutting learning, improved public-private collaboration models, and strengthened approaches to addressing regulatory or system-level constraints will be synthesised and reported at facility level. Where demonstration projects contribute to improvements in broader framework conditions such as regulatory clarity, institutional practices, or sector-wide standards these effects will also be documented, even where they extend beyond a single company or project.

Project-level results framework

Results monitoring at project level will be lean, proportionate, and tailored to the specific focus of each feasibility study or demonstration project. Individual project results frameworks will reflect project-specific objectives, risks, and designs, while maintaining alignment with the E4 facility's overall outcomes. All projects will report against relevant E4 outcome areas, but the selection of indicators will be context-specific and limited to those outcomes that the project can reasonably influence.

For example, a feasibility study focused on addressing a regulatory bottleneck that constrains commercial viability may include indicators related to improved regulatory clarity or reduced transaction costs, while not reporting on environmental or social effects that are not directly relevant or measurable at that stage. Similarly, a demonstration project with clear environmental performance potential may report on resource efficiency or emissions-related indicators, but not on outcomes outside its scope.

Given the early-stage and risk-tolerant nature of E4 facility, it is expected that some supported initiatives will not progress beyond feasibility or demonstration or may fail to materialise into commercially viable investments. Such outcomes will not be considered a failure of the facility, provided that credible learning is generated and risks are managed within acceptable portfolio-level thresholds. On the contrary, E4 facility's effectiveness depends on its ability to support initiatives with a higher-than-average risk profile in order to generate innovation, evidence, and learning.

Risk will therefore be managed primarily at portfolio level, with attention to diversification across sectors, countries, and types of intervention, and with systematic capture of lessons from both successful and unsuccessful initiatives. Learning from failure is recognised as an integral component of E4 facility's contribution to developing scalable, market-based solutions to public-sector challenges.

5. Outline of instrument

The E4 facility is a challenge-driven instrument that supports early-stage public-private engagement through feasibility studies and demonstration projects addressing public-sector regulatory, institutional,

or system-level challenges. E4 facility focuses on initiatives where the commercial potential of a solution is credible, but where constraints beyond the capacity or risk appetite of the private sector alone prevent progress towards implementation or scale.

While commercial projects can generate development benefits without public-sector involvement, E4 facility specifically targets cases where engagement with public authorities and non-commercial partners is essential to test regulatory compatibility, system integration, institutional feasibility, or public-value relevance. E4 facility does not finance routine commercial expansion or implementation; instead, it de-risks early-stage engagement by generating credible evidence that can inform public decision-making and unlock follow-up investment from public, development finance, or commercial sources.

5.1 Funding windows

E4 facility is structured around two complementary support windows, reflecting its focus on early-stage maturation and proof of concept rather than full implementation. Each window is summarized below, with details to be developed in the guidelines during implementation:

E4 Window 1: Feasibility and concept maturation
This window supports early-stage public-private concepts that require further maturation before a demonstration can be credibly undertaken. Activities focus on clarifying the public-sector problem definition, regulatory and institutional context, technical feasibility, commercial logic, cost-benefit parameters, and potential financing pathways.

Private companies are expected to play a leading role in defining the commercial logic and technical solution, while public authorities and non-commercial partners contribute regulatory insight, institutional validation, and facilitation. Support under this window is designed to comply with EU de minimis rules, with a ceiling reflecting E4 facility's early-stage, non-investment character. Typical grants are modest and time-bound (e.g. up to 6-8 months), with an emphasis on analytical work rather than implementation.

A Feasibility Study will be implemented by either a private company or by a consultant hired by e.g. the non-commercial partner as the administrative partner or directly by the company. The application for a feasibility study will be based on a simple Concept Paper and a set of Terms of Reference. The detailed requirements will be outlined in a Guideline including templates for the Concept Paper and the TOR.

E4 Window 2: Demonstration and proof of concept
This window supports time-bound demonstration projects that test innovative solutions under real-time public-sector conditions. Demonstrations generate empirical evidence on technical performance, compliance, operational feasibility, institutional fit, and environmental or social performance, without constituting full-scale implementation or market roll-out.

Demonstration projects are jointly governed with relevant public authorities and may involve local commercial partners as part of value chains or system integration. The objective is to provide proof of concept that enables informed decisions on regulatory reform, public adoption, or follow-up financing. Grant ceilings are higher than under the feasibility window but remain clearly limited to demonstration scope and duration. Upon completion, the local public authority is expected to take ownership of the demonstration project.

Funding to Demonstration Projects will be managed by a non-commercial partner and implemented by a private company. A Concept Paper for the demonstration project will be prepared by the private company, public authority and the non-commercial partner. When applicable Danish embassies will engage and share knowledge and expertise to develop the Concept Note.

E4 facility does not include full-scale implementation or acceleration windows. Follow-up implementation and scale-up are expected to be financed through local public sector funding and/or other Danish instruments such as IFDK, commercial finance or external investors.

A Guideline will outline the requirements for the Concept Paper and the application.

Guidelines for the two windows will be prepared in close alignment with the E1 and E2 Partnership instrument.

Eligible Costs and co-financing

Details on items eligible for support will be developed during implementation, based on the following: Consultants can be funded to a limited extent. Equipment and investments can be funded to a limited extent and in compliance with the EU de minimis, but not larger scale investments and infrastructure. Communication, awareness raising, and dissemination of lessons and models for inspiring broader application and rollout of partnerships can be funded. Work on responsible or sustainable business conduct, including responsible/sustainable value chain studies and awareness raising can be funded. An admin fee of 7% will apply to the non-commercial or administrative partner (the NGO).

The grant for demonstration projects can cover up to 75% of the total partnership project budget. The remaining 25% should be funded by the commercial partner(s) in cash or in kind (staff time, travel, investments, and other financing). Hence, for demonstration projects private companies are expected to contribute own resources (financial and/or in-kind), reflecting commitment and additionality. E4 facility funding is designed to complement and not replace private investment and public resources.

Ensuring the commercial logic drives

A set of design principles ensures that E4 facility-supported initiatives remain commercially grounded while safeguarding public interest. These principles will be outlined in detail in the Guideline for E4 facility.

Through e.g. Sector Councillors, other Danish bilateral programmes and Trade Council engagements, embassies will disseminate information and emerging opportunities to private companies, particularly SMEs and firms with scalable system solutions. This might be applied during study tours, trade fairs, business and commerce events and/or facilitated through platforms such as State of Green and TC SAT Forum etc.

Private companies are expected to take a lead and active role in the concept presentation, feasibility design, and demonstration planning. Embassies will support early-stage concept preparation, focusing on business case clarity, regulatory relevance, partner roles, and shared success criteria. Embassy support will be more or less substantive relative to the Embassy portfolio and level of engagement with national sector authorities. For SSC projects, Danish authorities, Sector Counsellors and Trade Council expertise will be natural partners during the implementation of feasibility studies and/or the demonstration project.

Given the relatively small amounts the E4 facility will be based on lean application and reporting formats, adapted to early-stage innovation while maintaining ODA accountability.

There will be an explicit exit logic, ensuring that initiatives can continue without E4 facility support once feasibility or demonstration objectives are achieved. Linked to Outcome 3 reporting will be based on a learning-oriented design.

Details for the logic of the commercially driven approach will be included the Guidelines for E4 facility.

5.2 Selection criteria and application process

All E4 facility-supported initiatives must meet two fundamental criteria:

- Credible commercial potential, either directly or through system-level effects that enable future market development.
- Clear public and development relevance, such as addressing regulatory bottlenecks, improving public services, enabling green transition, or strengthening institutional frameworks.

These criteria are operationalised through a staged assessment process covering eligibility, strategic relevance, quality, and portfolio fit. The criteria are the same for both feasibility studies and demonstration projects, although relatively basic for feasibility vis-à-vis demonstration projects.

Eligibility screening assesses compliance with basic requirements, including actor composition (private company and public authority, and with a non-commercial partner), institutional capacity, country eligibility, and documentation.

Strategic relevance assessment examines alignment with E4 facility objectives, commercialisation and scaling, public-sector priorities, Danish strategic engagements (e.g. SSC), and the existence of a genuine regulatory or system-level challenge.

Quality assessment evaluates the clarity and credibility of the concept, including logic and Theory of Change, risk analysis, partnership roles, feasibility approach, and capacity of partners.

Final selection considers portfolio balance, including country concentration, thematic spread, risk profile, and available budget.

The application process will operate through biannual calls, covering both feasibility and demonstration windows. A two-step process will apply i.e. an initial concept note followed by a full proposal for shortlisted initiatives. Inputs from Danish embassies and where applicable SSC actors will inform assessments to ensure coherence and contextual relevance.

Aligned with E1 and E2, a committee with members from the business associations, relevant NGOs, and others to be determined will be appointed with the roles to review the short-list of demonstration projects and advice on applications for approval. MFA approves the final proposed partnerships. The title of the committee is to be determined.

Appendix 3 includes the operational selection criteria and how they will be used in the four main steps of screening and selecting projects from the point where the applications are received up to the final choice of projects.

6. Budget

The E4 facility will be launched as a pilot phase in 2026, with an indicative total budget of DKK 90 million (2026-2028). This pilot phase is intended to test the facility's design, governance arrangements, demand from public-private collaboration, and its ability to generate high-quality feasibility studies and credible demonstration projects that address public-sector regulatory and system-level challenges and support commercially viable opportunities for private companies. Within the pilot allocation, a defined portion of the budget will be earmarked for the Fund Manager, covering costs related to facility management, outreach, application processing, technical assessment, portfolio monitoring, learning, and reporting.

The subsequent annual budget level will be determined based on demonstrated demand, portfolio performance, and strategic priorities, and is envisaged to be in the range of DKK 30 million per year, allowing the facility to operate at scale while maintaining a manageable and diversified portfolio of feasibility and demonstration projects.

E4 support is conditional on financial and/or in-kind contributions from participating project partners, reflecting the facility's additionality principle and ensuring strong commitment from both private and public actors. Private companies are expected to contribute own resources in the form of staff time, technical inputs, data, pilot equipment, or co-financing, while public authorities may contribute in-kind resources such as staff time, access to facilities, data, or institutional support.

Table 1: Overall budget 2026-2028 (mio. DKK)

Budget	**2026**	**2027**	**2028**	**2029**	**20230**	**Total**
Feasibility Studies	4	7	8			19
Demonstration Projects	14	21	30			65
Fund Management	1	1,5	1,5	0,5	0,5	5
Mid-Term Review, etc.		1				1
Total	**19**	**30,5**	**39,5**	**0,5**	**0,5**	**90**

NB! Budget for Fund Management will be adjusted according to the MFA Tender defining the number of instruments i.e. merged with e.g. E1 and E2.

Proposed ceilings:

- Feasibility Studies: up to DKK 500.000,-
- Demonstration Projects: up to DKK 6 million

With the proposed ceilings E4 facility will accommodate for approximately 6-8 Feasibility Studies and 1-2 Demonstration Projects in 2026 and with an increase to 15-17 Feasibility Studies and 4-5 Demonstration Projects in 2028[3].

The budget is not outcome-based (results-based) in the way of a programme budget, since the facility is a challenge-fund where the level of results depends on the focus and content of applications received.

The budget will be flexible to be able to respond to lessons learned and adjust to the demand among companies and public authorities, and the markets they operate in.

7. Management arrangements

Governance and overall responsibilities

The Ministry of Foreign Affairs (MFA) holds overall responsibility for the E4 facility, including policy direction, strategic oversight, and accountability for results. MFA is responsible for setting the strategic framework for E4 facility, ensuring alignment with Danish development policy and business instruments,

[3] There are approximately 60 SSC projects in 15 OECD-DAC eligible countries in 2026. New SSC Framework Agreements will include activities supporting SSC projects to pursue feasibility studies and/or demonstration projects.

monitoring portfolio-level risks, and facilitating strategic coordination across the MFA and with external stakeholders. MFA also leads the strategic dialogue with private-sector actors, Danish authorities, and relevant partners at portfolio level. Dialogue with national authorities will be managed by the embassies.

Day-to-day implementation and administration of the E4 facility will be delegated to a Fund Manager, contracted and overseen by MFA. The Fund Manager, most like the same for E1 and E2, will be responsible for operational management of the facility, including administration of calls, assessment of applications, contracting, disbursement of funds, monitoring of feasibility studies and demonstration projects, results reporting, and learning.

The division of responsibilities reflects a clear separation between strategic authority and operational execution, ensuring both policy coherence and efficient implementation. The primary division of responsibilities is outlined in the following:

MFA

- Policy setting, strategic decision making and adjustments, including budget reallocations
- Define main criteria for partnership project selection
- Approve E4 initiatives for support based on recommendations from advisory committee/fund manager
- Overall accountability, lessons learned, adjustment and reporting of E4 facility and results
- Strategic dialogue with private sector actors and associations
- Directing, contracting, and overseeing performance of fund manager
- Payments to fund manager

Fund Manager

- Implement E4 application process, including issuing calls, assessing applications, operational communication with applicants, and recommending projects for approval
- Administer funds, including disbursing to E4 non-commercial partners, financial management, and receiving and reviewing financial reports
- Preparation of necessary technical and administrative guidelines and formats
- Monitor E4 project implementation, including receiving and reviewing reports, conducting monitoring visits, and provide technical quality assurance inputs to projects
- Outreach and communication on E4 facility
- Results monitoring incl. preparation of annual consolidated results report and financial report for MFA
- Prepares annual audited financial statement as per MFA guidelines.
- Preparing lessons learned and recommendations for adjustments to the E4 Facility

The OSS will play a key role in informing and guiding companies towards the E4 facility and to facilitate relevant linkages and cross-overs to/from the other four instruments as well as with especially, EXPORT, trade council, OKODIP, and embassies.

Monitoring, reporting, and learning

The Fund Manager will be responsible for results monitoring at project and facility level, in line with E4 facility's lean and learning-oriented approach. Individual feasibility studies and demonstration projects will report against tailored, proportionate results frameworks aligned with E4 facility outcomes.

At facility level, the Fund Manager will consolidate results into an annual E4 facility Results Report, documenting progress against outcomes, emerging lessons, portfolio risks, and recommendations for

strategic adjustments. This report will constitute MFA's primary results reporting instrument for E4 facility and will be reviewed and approved by MFA.

The Fund Manager will also conduct annual review missions to a selected number of E4 facility-supported demonstration projects, focusing on technical quality assurance, risk management, learning, and progress. Sufficient resources will be allocated within the Fund Management budget for financial monitoring visits to demonstration projects, in line with Danida requirements and MTR recommendations.

In addition, the Fund Manager will prepare a bi-annual Fund Management Performance Report, focusing on performance against contractual obligations, management quality, and operational efficiency. This report will inform MFA oversight of the Fund Manager.

MFA will conduct a mid-term review of E4 facility, potentially coordinated with reviews of other Danish business instruments. Subject to findings and portfolio maturity, MFA may also commission an outcome-oriented evaluation focusing on commercial additionality, development relevance, and sustainability.

Implementation modality and phasing

Given its similarities especially with E1 and E2, E4 will be managed by the same Fund Manager as E2 and potentially E1. The Fund Manager should also ensure the relevant linkages from E1, E2, and E4 to E3 and E5, even if these are managed in a separate setup.

Overall, the first year of 2026 will be a transition period where a new management arrangement will be implemented; new guidelines/processes developed, tested, and fine-tuned; and a first call prepared and launched. Certain solutions will be used during the transition period to accomplish these tasks.

The selection and appointment of the Fund Manager will be implemented during 2026 based on a tender. The Fund Manager should be selected and commence the contract early in the second half of 2026. The organisation appointed should have established the required leadership, management and technical capacity to take on the Fund Management responsibility.

The first opening for feasibility studies will be announced as soon as the Funds Manager has been contracted. The first call for demonstration projects is expected to be announced in Q2 of 2026.

By Q3 2026 the processes and formats will be reviewed and adjusted based on lessons from the initiation of E4. The proposed funding allocation for 2026 is smaller than for the subsequent years to allow for this gradual startup.

In summary, the main activities to undertake following the approval of the grant are as follows.

- Issue call for proposal for joint-Fund Manager (MFA) for E2, E4 and possibly E1: January 2026
- Outreach activities by MFA /OSS targeting relevant business segments: March 2026
- Select and contract Temporary Fund Manager (MFA): February 2026
- Establish Fund Management setup (Temporary Fund Manager): March/April 2026
- Prepare/finetune criteria, formats, and selection process: April/May 2026
- Launch of tender for recruitment of Fund Manager: May 2026
- Open up for application for feasibility studies: May 2026
- Announce call for demonstration projects- communication activities (Temporary Fund Manager): May 2026
- Receive/review/recommend concept notes (Temporary Fund Manager): August 2026

- Approve concept notes (MFA): August/September 2026
- Sign contract with Fund Manager: December 2026
- Review, lessons learned, and adjustments: (Fund Manager, MFA): December 2026
- Decide and plan way forward for implementation modality 2027-2028

8. Financial Management

Aligned with E2 and potentially E1, financial management of individual E4 facility-supported initiatives will be the responsibility of the administrative (non-commercial partner) partner designated for each project. All accounting, internal controls, and reporting must comply with Danida financial management requirements. Feasibility studies and demonstration projects will submit only final financial reports and audited accounts to the Fund Manager.

The Fund Manager is responsible for overall financial management of E4 facility funds, including verification of partner due diligence, partner financial reports, compliance checks, consolidation of accounts, and submission of annual financial statements to MFA. An annual external audit will be conducted in accordance with Danida standards.

This management arrangement ensures robust fiduciary oversight while maintaining the flexibility required for early-stage feasibility and demonstration activities under E4 facility.

9. Risk management

The E4 facility will apply a structured risk management approach aligned with MFA AMG requirements. Risks will be assessed across the three standard categories: contextual, programmatic, and institutional/fiduciary, to be monitored by the Fund Manager and the partnership between the private company, public authority and the non-commercial partner. For Feasibility Studies risks are considered minimum, but risk management will be integrated into screening, project selection, contracting, and implementation. A more detailed risks assessment will be required for demonstration projects.

Overall, and for demonstration projects, contextual risks relate to political instability, weak national public-private frameworks and SOPs, economic volatility, or climate shocks will be monitored and mitigated through close dialogue with embassies.

Programmatic risks include limited partner capacity, unclear roles, weak feasibility studies, delays in approvals of public-private collaboration, unsuccessful demonstrations, or insufficient co-financing will also be monitored in close dialogue with embassies. Mitigation relies on e.g. stringent selection criteria and competitive calls, strong technical screening by the Fund Manager, SSC support to capacity building where needed, and clear partnership agreements.

Institutional and fiduciary risks relate to financial management, procurement, corruption, and compliance with responsible business conduct (RBC), environmental safeguards, and gender/youth inclusion. Local and international partners must comply with national legislation and meet UN Guiding Principles on Business and Human Rights. Demonstration projects must consider RBC and if applicable be supported by cooperation with e.g. the Danish Institute for Human Rights.

Learning is integrated through systematic documentation of risk events and mitigation outcomes, informing future calls for applications and improving overall programme effectiveness.

Appendix 4 includes a detailed Risk Matrix.

10. Exit and sustainability

The last call for applications under the present contribution is expected in 2028, which implies there will be feasibility studies and/or demonstration projects continuing possibly until 2030/31 (assuming 12-18 months duration for a demonstration project). A setup for Fund Management will remain in place at least until that time, however, the level of resources for Fund Management will be adjusted to match a lower management burden in case there are new calls to manage after 2028. The Fund Management contracts should include management for the entire duration of the facility including two subsequent years for administrative closure of projects initiated in 2028 and or not yet finalized by the end of 2028.

The mid-term review of E4 will take stock of lessons and MFA's updated strategic considerations and make recommendations for the facility for the remaining support period, or for the strategy for exit and sustainability of demonstration projects.

The results of demonstration projects will be sustainable to the extent the underlying business cases are sustainable. The strategy that underpins the facility to put the commercial case in the driver's seat should therefore also strengthen the sustainability of the projects' commercial and development results. Although the demonstration project will be owned by the local authority, the commercial partners should be expected to continue pursuing development effects as integrated element in their business plan and inspire new commercial ventures for change. All demonstration projects will be required to submit completion reports and final financial statements.

Appendix 1 List of ideas for feasibility studies and/or demonstration projects

This is a not a full scoping overview, but only a few examples provided by a randomly number of consulted Sector Counsellors.

Mexico - Animal Health and Food Safety

Example: DVFA SSC in Mexico with potential public-private collaboration

Strengthening Regulation and Sustainable (resource efficient) Use of Animal By-Products (ABP)

The Danish Veterinary and Food Administration (DVFA) SSC project in Mexico has expanded its collaboration with SENASICA (The Service for the National Health for Food Safety and Food Quality under the Ministry of Agriculture) to include a targeted focus on animal by-products (ABP) as a strategic entry point for improving food safety, resource efficiency and the environmental performance of the Mexican pig sector. The rendering industry in Mexico comprises more than 260 authorised processing plants and represents a critical link in safeguarding animal health and converting animal by-products into safe feed ingredients and raw materials. However, the sector faces significant challenges related to regulatory compliance, inconsistent application of Good Manufacturing Practices (GMP), and limited uptake of sustainable technologies.

Responding to this, the DVFA has supported SENASICA in strengthening the regulatory and supervisory framework for ABP management. This includes technical input on the design of mandatory GMP requirements for rendering plants, supervisory approaches, and improved handling and utilisation of ABP material. The cooperation draws directly on Danish experience with a highly regulated rendering sector, full traceability systems, with a strong emphasis of safe production lines and a clear risk management approach.

A central result during the period was the first Mexico-Denmark Rendering Forum, co-organised by DVFA, the Embassy and SENASICA. The event brought together Mexican authorities, the rendering industry and business organisations, academia, and Danish technology providers to introduce forthcoming GMP requirements, share international best practices, and explore solutions for safer and more sustainable use of ABPs. The Forum has initiated a structured process for follow-up activities, including regional GMP workshops, interdisciplinary roundtables, and mechanisms for monitoring compliance and certification.

The ABP workstream provides an important bridge between technical cooperation and commercial opportunities, as the improved regulatory framework creates demand for advanced and more environmentally friendly technologies within rendering, biosecurity and waste-to-value solutions. Visits to Danish facilities (e.g., Daka Denmark, Solrød Biogas) have demonstrated how risk categorisation of ABPs can be used to reduce waste, ensure safer production lines, increase resource efficiency and contribute to the green transition of the livestock sector.

Overall, the ABP component enhances the SSC project's relevance by addressing a major systemic bottleneck in Mexico's livestock value chain, while supporting SENASICA's institutional mandate to protect animal health and public health, advance sustainability, and strengthen compliance across the rendering industry.

In the above case a possible future collaboration could comprise Daka Denmark and SENASICA with support from DVFA, the Embassy (SC), The Mexican Association of Recycling Plants for Animal By-Products, A.C. (AMEXPRESO), the latter representing industries and a potential funds administrator (NGO status).

Other examples:

Brazil – Digitalisation - Digital Post / Secure Digital Communication Platform

Development and demonstration of a Danish-inspired digital post solution adapted to Brazilian needs, focused on secure communication between authorities, citizens, and businesses. Opportunity to design a mobile-first solution improving access for marginalised users.

Potential Partners: Brazilian digital government bodies; Danish Digital Agency; private ICT firms.

E4 facility: Feasibility Study + Demonstration.

Rationale: Strong national interest; clear Danish expertise; scalable public-good infrastructure.

Vietnam – Health: Digital Health Systems

Support to digitalisation of clinical processes, diagnostics, and health data management in Vietnamese hospitals and health authorities.

Potential Partners: Vietnam Ministry of Health; Danish digital health firms; SSC Health contacts.

E4 facility: Feasibility Study + Demonstration.

Vietnam – Health: Drug and Medical Device Approval Reform

Pilot testing of tools and approaches to streamline approval pathways for medicines and devices, inspired by Danish regulatory practices.

Potential Partners: Drug Administration of Vietnam; Danish Medicines Agency; local health ICT companies.

E4 facility: Feasibility Study + Demonstration.

Rationale: Clear national demand; high development impact through improved access to medical technologies.

India – Water: DMA-Based Water Loss Management (Adaptation of Aarhus Vand Model)

Adaptation of a Danish district metered area (DMA) pilot, similar to the Ukraine example, focusing on reducing water loss in Indian municipalities.

Potential Partners: State/municipal water utilities; Aarhus Vand; Danish water technology firms.

E4 facility: Feasibility Study + Demonstration (~DKK 10m range).

India Water: DRYP Sensor Deployment

Small-scale demonstration of Danish-made sensors for real-time water-level monitoring.

Potential Partners: Local water authorities; DRYP; SSC Water team.

E4 facility: Demonstration (small-scale).

India Water: SCALGO GIS Platform for Water and Climate Planning

Scale-up of SCALGO's GIS-based urban water management platform, building on an SSC-funded pilot license.

Potential Partners: Municipal planners; SCALGO; climate adaptation authorities.

E4 facility: Demonstration.

Rationale: High scalability across multiple cities; strong climate adaptation relevance.

Brazil – Health: Cortrium Cardio Diagnostics in Remote Regions

Demonstration of portable cardio-diagnostic devices for remote Amazon communities with poor access to health services.

Potential Partners: Brazil Ministry of Health; state health secretariats; Cortrium.

E4 facility: Demonstration.

Brazil - Health: Retinalyze Automated Eye Screening

Validation and demonstration of automated glaucoma screening technology, with potential for national-level scale-up.

Potential Partners: Federal health authorities; Campinas municipality; Retinalyze.

E4 facility: Feasibility Study - Demonstration.

Brazil - Health: Green & Sustainable Hospitals (São Paulo State)

Public-private collaboration to integrate Danish digital, energy-efficiency, and waste-management solutions into São Paulo's ongoing hospital reform.

Potential Partners: São Paulo State Health Secretariat; Danish hospital regions; green tech firms.

E4 facility: Feasibility Study - Demonstration.

Brazil – Health: Visikon Digital Patient Education

Description: Pilot and scale-up of digital patient education tools at major Brazilian hospitals (starting with Hospital das Clínicas).

Potential Partners: Hospital das Clínicas; Visikon; state health authorities.

E4 facility: Demonstration.

Brazil – Health: Telemedicine for Heart Failure Management (BRAHIT Follow-on)

Description: Implementation of a telemedicine platform for NCD management in public hospitals, linked to evidence from the BRAHIT project.

Potential Partners: Brazilian Ministry of Health; Cortrium; hospitals in vulnerable areas.

E4 facility: Demonstration.

Rationale: High national relevance; aligns with Danish strengths in digital health and NCD solutions.

List of Sector Councillors consulted:

Indonesia – Lotte Dam (Food and Agriculture)
Barzil – Terkel Borg (Digitalisation)
Vietnam – Peter Lunding (Health)
Mexico – Anne Mette Vega Brondbjerg (Health)
India - Astrid Høgh Jensen (Urban water)
China – Klaus Rostell (Maritime)
Kenya – Jørgen Erik Larsen (Water)
Bangladesh – Marie Stein Knudsen (Food)
Mexico – Bjarne Nielsen (Food)

TC South Africa – Jens Thomsen
TC India, South Africa and Mexico during review of Strategic Sector Cooperation (Sept-Oct.2025)

Companies consulted

Grundfos – Anise Sacranie
Nordic Carbon – Jacob Larsen
Comet-Trawl – John Boberg Brink
KjaerGroup – Mads Kjær and Rydell Moa
Gl. Buurholt ApS – Visiti Burholt
Arla Foods – Irene Quist Mortensen
Nordic Consulting Group (DMDP/DGBP Fund Manager) – Marie Louise Appelquist and Marianne Jacobsen Toftgaard

Internal E4 workshops with Task Force in MFA

Bjarke Kofod Scheutz (SSC Secretariat)
Vibeke Sandholm Pedersen (ØKODIP)
Niels Robenhagen (EXPORT)
Charlotte Laursen (KLIMA)

Appendix 2 Main actors' roles and responsibilities

Table 1 below provides and overview of key roles and responsibilities for the main actors under E4.

Actor	Core role	Key roles and responsibilities
Private commercial actors (official applicant to E4)	Solution providers and commercial drivers and implementers	• Provide the technological, operational, or system solutions to be tested • Lead articulation of the commercial logic, scalability pathway, and investment rationale. • Participate actively in feasibility studies and demonstration projects, contributing own financial and/or in-kind resources. • Test solutions under real regulatory and institutional conditions and adapt them to local contexts. • Establish and deepen B2B relationships with local suppliers, distributors, integrators, or service providers. • Use E4 facility-supported evidence to inform investment decisions and mobilise follow-up financing. • Comply with applicable regulatory, ODA, and state-aid requirements. • Engage local commercial partners providing local market knowledge, operational capacity, and access to customers and/or infrastructure.
National public authorities (ministries, regulators, utilities, municipalities) (partner in the application for E4 and final project owner)	Problem-holders and public-interest custodians	• Define or validate the public problem to be addressed (regulatory bottlenecks, system gaps, service delivery challenges). • Ensure alignment with national priorities, reform agendas, and public-private engagement rules and procedures. • Provide regulatory and institutional context for feasibility studies and demonstrations. • Participate in governance of E4 facility-supported initiatives and assess compliance and relevance. • Use evidence from demonstrations to inform regulatory decisions, standards, or system reforms. • Safeguard public interest, including transparency, regulatory integrity, and ODA eligibility. • Project owner – will be responsible for the project once it is handed over.
Non-commercial partners (NGOs, think tanks, public/semi-public institutions, industry associations) (partner and administrator of E4 funds)	Facilitators, administrator and financial manager	• Facilitate collaboration between public and private actors and support • Contribute contextual analysis, sector expertise, and stakeholder engagement. • Support capacity development of local partners where directly linked to feasibility or sustainability. • Assist with project management, reporting, and compliance where acting as administrative partner. • Ensure social, environmental, and responsible business considerations are integrated into project design. • Align activities closely with the commercial business case and public-sector processes, avoiding parallel tracks. • Administer and manage funds at the local level
Danish Embassies / Missions	Convenors, facilitators, and quality enhancers	Identify and validate E4 facility-relevant public-sector challenges through policy dialogue and green diplomacy. • Support early idea maturation and strategic screening of concepts together with the local authorities. • Facilitate dialogue between public authorities, private companies, and non-commercial partners. • Ensure alignment with national reform agendas, SSC projects, and Danish strategic priorities. • Provide market insight (Trade Council) and regulatory/system insight

Actor	Core role	Key roles and responsibilities
		(Sector Counsellors). • Promote coherence across Danish instruments and pathways to follow-on financing or implementation. • Act in an advisory, non-decisional role.
Danish authorities engaged under SSC	Strategic and technical advisers	• Provide in-depth sector, regulatory, and institutional expertise based on G2G cooperation. • Ensure E4 facility-supported ideas are anchored in existing reform agendas and institutional capacities. • Advise on sequencing of reforms and where demonstrations can generate actionable evidence. • Share experience from public-private collaboration in Denmark • Identify relevant Danish strongholds and system solutions suited to partner-country needs. • Support coherence between E4 facility, SSC implementation, and complementary Danish instruments. • Operate in an advisory and strategic (non-operational) capacity.

Private commercial actors

Private commercial actors constitute a diverse group of companies and, in some cases, investors that share an interest in delivering social and/or environmental improvements through commercially viable business models. Participation under E4 facility is premised on the existence of a credible core business case; all participating companies are expected to aim for long-term commercial sustainability rather than grant dependence.

The portfolio is expected to include both large companies with established operations in developing and emerging markets and small and medium-sized enterprises (SMEs) that may be entering new markets or engaging for the first time with specific partner countries, regulatory environments, or public-sector counterparts. Many participating companies are expected to originate from Danish stronghold sectors, while others may be international firms with relevant technological or system solutions.

E4 facility does not engage with micro-enterprises or very early-stage start-ups whose core business models have not yet been demonstrated, as these are more appropriately supported through other innovation or venture facilities. Instead, E4 facility targets companies facing early-stage risks related to regulatory uncertainty, market adaptation, system integration, or public-sector interface and risks that cannot be addressed through commercial financing alone.

Support needs vary across the portfolio. Smaller and medium-sized companies often focus on establishing or adapting value chains, while larger companies may provide scale and system-level solutions with potential for broader market and development impact. Many companies require support to test products or system solutions in unfamiliar regulatory environments, where consumer demand, local partners, distribution networks, or compliance requirements are not yet fully understood.

Local commercial partners may play important roles as suppliers, distributors, or service providers within supported value chains. These are typically small or medium-sized enterprises that may face constraints related to management capacity, workforce skills, or responsible business practices. E4-supported partnerships may therefore address such constraints, including through capacity development related to business management, environmental sustainability, and responsible conduct, where these are directly linked to the feasibility and sustainability of the demonstrated solution.

At the same time, E4 facility creates structured opportunities for Danish and international companies to establish and deepen business-to-business (B2B) relationships with local firms. Through feasibility studies and demonstration projects, international companies can identify, test, and formalise partnerships with local suppliers, distributors, technology integrators, or service providers under real market and emerging regulatory conditions. This early-stage collaboration allows both parties to assess compatibility, risk-sharing arrangements, and commercial potential before entering into longer-term contractual commitments. By facilitating these B2B linkages, E4 facility supports the development of locally anchored value chains, reduces market-entry risks for international companies, and enhances the prospects for sustained commercial presence, technology transfer, and job creation beyond the duration of E4 facility support.

Role of national public authorities

Public authorities are central actors in E4 facility-supported initiatives, reflecting the facility's core focus on addressing public-sector regulatory, institutional, and system-level challenges. Public authorities participate not as implementers of commercial activities, but as mandate-holders responsible for regulation, policy implementation, service delivery, and oversight within the relevant sector.

Under E4 facility, public authorities typically define or validate the public problem to be addressed, such as regulatory bottlenecks, system inefficiencies, compliance challenges, or gaps in public service delivery. They provide the institutional and regulatory context within which feasibility studies and demonstration projects are conducted and play a key role in assessing compliance, relevance, and potential integration of demonstrated solutions into public systems, frameworks, or reform processes.

Public authority engagement ensures that E4 facility-supported activities respond to genuine public needs and policy priorities, and that demonstrations generate actionable evidence for decision-making. Their involvement also safeguards public interest, including ODA eligibility, regulatory integrity, and transparency. Importantly, public authorities retain full sovereignty over policy and regulatory decisions.

Non-commercial partners

Non-commercial partners under E4 facility include e.g. Danish and international NGOs, think tanks, public or semi-public institutions, commerce and industry associations, and other relevant non-commercial actors with strong contextual knowledge, sector and technical expertise. These partners contribute critical capacities related to facilitation, capacity development, stakeholder engagement, and contextual analysis.

The non-commercial partner will administer and manage funding from E4 facility.

All non-commercial partners are expected to have solid country experience, established networks, and proven capacities in project and financial management, implementation, and reporting. Depending on the intervention, they may bring sector-specific expertise in areas of relevance.

In line with E4 facility objectives and lessons learned from previous facilities (DMDP and DGBP), strong emphasis is placed on non-commercial partners' ability to work effectively with private-sector actors. This includes a robust understanding of commercial logic, investment dynamics, and the need to align non-commercial activities closely with the underlying business case. Non-commercial partners are expected to synchronise their support with private-sector and public-sector processes, avoiding parallel implementation tracks that are disconnected from commercial or regulatory realities.

This approach reflects the recommendation from the MTR of DMDP/DGBP (2025) to prioritise non-commercial partners with demonstrated experience in private-sector engagement and a clear mandate

and capacity to facilitate collaboration across public and private actors in support of scalable, sustainable solutions.

Role of Danish embassies

Danish embassies will play an important enabling role in strengthening the quality, relevance, and maturity of ideas generated under E4 facility, drawing in particular on the expertise of Trade Council advisers and if applicable Sector Counsellors engaged through SSC or other bilateral programmes. Through structured, advisory engagement at early stages of the E4 facility pipeline, embassies can help ensure that emerging concepts are well anchored in local policy priorities, regulatory realities, and market conditions, while safeguarding public value and avoiding conflicts of interest.

Embassy staff can support early idea maturation by providing contextual validation and strategic screening, helping partners assess whether an idea addresses a genuine public-sector challenge, aligns with national reform agendas, and complements ongoing SSC dialogues or other Danish engagements. Sector Counsellors can strengthen the public-sector problem definition and regulatory logic of E4 facility concepts by clarifying institutional bottlenecks and reform needs, ensuring that proposals are framed around public mandates rather than standalone technologies. Trade Council advisers contribute market and commercial realism, supporting assessment of demand, procurement practices, investment barriers, and potential pathways to scale, including identification of relevant local partners or off-takers.

In addition, embassies can use their convening power (green diplomacy) to facilitate early dialogue with relevant public authorities, regulators, utilities, and credible local partners, thereby strengthening ownership and reducing downstream transaction costs. By maintaining an overview of SSC programmes, trade promotion activities, and other Danida, EIFO, IFDK, E1-5 instruments or other supported initiatives, embassies also help ensure coherence and complementarity across Danish instruments and clearer pathways from E4-supported feasibility and demonstration to follow-on financing or implementation. Embassy engagement is advisory; when applied in this manner, it serves as an informal quality assurance mechanism that enhances the operationalisation and impact potential of E4 facility-supported concepts.

Role of Danish authorities engaged under SSC

Danish authorities involved in SSC will play a key strategic and technical role in strengthening the relevance, coherence, and feasibility of E4 facility-supported initiatives in partner countries. Drawing on their institutional partnerships with counterpart authorities, SSC actors contribute in-depth sector knowledge, regulatory expertise, and practical experience with public-sector reform processes that are directly relevant to E4 facility's focus on feasibility studies and demonstration projects.

Through alignment with ongoing or planned SSC engagements, Danish authorities can help ensure that E4 facility-supported ideas are anchored in existing reform agendas, sector strategies, and institutional priorities and capacities, rather than operating in isolation. Their insight into regulatory frameworks, implementation bottlenecks, and sequencing of reforms helps position E4 facility interventions at points where private-sector solutions can meaningfully support public objectives and where demonstration projects can generate actionable evidence for policy or system change.

Danish authorities also bring experience from prior public-private collaboration, including engagement with e.g. utilities, regulators, municipalities, and private operators in Denmark and internationally. This experience can inform the design of E4 facility concepts by clarifying governance models, risk-sharing arrangements, data and compliance requirements, and realistic roles for private actors in regulated environments. In addition, SSC authorities can help identify where Danish strongholds offer relevant system solutions that are compatible with partner-country needs and institutional capacities.

Engagement of Danish SSC authorities under E4 facility is advisory and strategic, not operational. Their role is to support coherence, realism, and mutual learning across Danish instruments by linking E4-supported feasibility and demonstration activities with longer-term sector cooperation, potential SSC implementation phases, or complementary financing and investment instruments. In this way, SSC authorities help ensure that E4 facility serves as an effective early-stage entry point within a broader, coordinated Danish engagement in the partner country.

Appendix 3 Screening and selection criteria

Table 1 indicates the operational selection criteria and how they will be used in the four main steps of screening and selecting projects from the point where the applications are received up to the final choice of projects. More specific guidelines will be developed during the first part of 2026 by the implementing manager.

Table 1: Screening and selection criteria for feasibility studies and demonstration projects

Category	Criteria	Screening step and result
Basic eligibility criteria	Partnerships meet basic requirements, such as consist of public authority, commercial and non-commercial partners; meet basic solidity and capacity requirements; application documents are compliant; country experience, etc.	Administrative screening => Vetted list of eligible applications for both feasibility studies and demonstration projects.
Strategic fit* (relevance)	Does the project idea meet the fundamental criteria? • The project has a clear commercial focus and drive • The project is linked to a public authority identified need and priority in a relevant sector • The project includes a core focus on tackling social or sectoral constraint for the business case to be viable, or the commercial good/service has relevant social or environmental benefits	Technical assessment => A shortlist of relevant applications, having both a clear commercial and relevant development focus. Applicable for both feasibility studies and demonstration projects.
Quality (effectiveness + (efficiency)	Is the project description adequately clear and solid? • Project focus, strategy/TOC, logic, operational • Contextual needs and risks considered • End-results clearly defined • Partnership division of roles clear; joint vision and commitment; management, administrative and technical capacity • Women and youth considered	Technical assessment=> A list of relevant applications divided into project concepts with quality issues that are too significant to immediately handle and project concepts with adequate quality to be able to proceed. Applicable for both feasibility studies and demonstration projects. This assessment may happen together with above assessment of "strategic fit"
Final selection criteria	What final mix of applications are fundable within the budget and meet priorities for the overall portfolio? • Total annual budget allocation vs. project budgets • Country concentration • Thematic spread • Balance of low/high risk • Etc.	Final sorting and ranking => Specific set of projects proposed for approval (to MFA) (assuming that not all projects shortlisted as relevant and adequate quality can be funded)

*) link to strategic objective and outcomes

Appendix 4 Risk Matrix

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
The risk is formulated as a headline or in one or two sentences	- Very unlikely - Unlikely - Likely - Almost certain	- Insignificant - Minor - Major - Significant	The risk response is formulated as a headline or in one or two sentences	The risk that remains after the identified risk response.	Brief explanation which can emphasize the risk factor itself or any of the other elements in terms of rating and responding to the risk

Contextual risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Escalating global trade war	Almost certain	Major	Continue focus on supporting risk reduction	Major	Global trade war with tariff increases and geopolitical fragmentation push companies' trade and investment focus towards local/regional markets.
Global conflict disrupts supply chains	Likely	Major	Continue support through risk reducing measures towards the commercial actors.	Major	Conflict, climate shocks, and rising costs disrupt global supply chains and multiply costs and time of global transport/freight and uncertainty. This reduces the appetite and potential viability of international/Danish commercial actors in investments and sourcing in the Global South.
Political instability or conflict disrupts engagement with public authorities or implementation of demonstrations.	Medium	High	Country screening; embassy political analysis, flexible timelines, portfolio diversification across countries.	High	Many target countries are low- or middle-income contexts with political volatility, upcoming elections, or fragile governance structures. Such instability may disrupt national markets and implementation of commercial projects. Public-sector engagement and approvals may be delayed or reversed.
Regulatory or policy changes undermine feasibility assumptions or demonstration design.	Medium	Medium-High	Close engagement with partner authorities, SSC input; adaptive project design, phased funding commitments	Medium-High	E4 operates in reform-oriented sectors where regulatory frameworks are evolving. Policy shifts are likely during project lifetimes and can affect assumptions.
Weak enabling environment (data gaps, infrastructure constraints) limits feasibility or testing of solutions.	Medium	Medium	Pre-feasibility diagnostics, staged support, authority endorsement; exit options built into contracts.	Medium	Data gaps, infrastructure deficits, and institutional capacity constraints are common in these contexts and may constrain demonstrations.
Climate or environmental shocks affect demonstration activities or infrastructure.	Medium	Medium	Climate risk screening, contingency planning; resilient demonstration design.	Medium	Increasing frequency of extreme weather events poses risks to pilots, particularly in water, energy, and food/agriculture sectors.

Macroeconomic volatility affects partner co-financing or operational capacity.	Medium	Low	In-kind contributions, conservative budgeting; cost flexibility.	Low	Inflation, exchange-rate volatility, and fiscal stress can affect partner contributions and costs. Project timeframe is relatively short, so macro-volatility might not impact on implementation.

Programmatic risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Insufficient pipeline of high-quality E4 concepts meeting eligibility and relevance criteria.	Medium	Medium	Active outreach via embassies, SSC, Trade Council, State of Green; industry associations etc.	Medium	Early-stage public-private collaboration requires active facilitation; demand will not emerge automatically without outreach.
Weak or declining engagement from public authorities.	Medium	High	Formal authority endorsement, SSC alignment, clear role definitions; exit clauses.	High	Authorities face competing priorities, staff turnover, and limited incentives to engage in pilots.
Commercial viability not confirmed through feasibility or demonstration.	Medium–High	Medium	Portfolio-level risk tolerance, learning-oriented success criteria.	Medium	E4 explicitly targets early-stage, high-risk concepts where outcomes are uncertain.
Demonstrations fail to generate credible evidence for decision-making or scale-up.	Medium	High	Clear demonstration objectives, technical QA, performance benchmarks, opportunity for monitoring visits.	High	Poorly scoped or under-resourced pilots may not provide decision-grade evidence.
ODA eligibility or state-aid compliance risks.	Low–Medium	High	ODA screening tools, legal review, ODA risk included in risk matrices, Fund Manager and MFA oversight.	Medium–High	Blended public-private interventions carry inherent ODA and state-aid risks.
Limited follow-up financing despite technically successful demonstrations.	Medium	Medium	Early investor/DFI engagement, investment-readiness focus, documentation of proof of concept, links to other instruments.	Medium	Demonstrations alone may not be sufficient to trigger investment without early investor engagement.

Institutional and operational risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Insufficient performance or capacity of the Fund Manager.	Low–Medium	High	Competitive procurement, clear KPIs, annual performance reviews, MFA oversight.	Medium–High	E4 requires specialised skills in public-private collaboration, early-stage innovation, and fiduciary management. Market supply is limited.

Non-commercial partner lacks capacity to manage funds and reporting.	Medium	High	Due diligence, minimum capacity criteria, opportunity for financial monitoring visits, corrective action plans.	High	Local and/or non-commercial partners may have uneven fiduciary capacity.
Coordination failures between private company, national public authority and the non-commercial partner, and other partners: Fund Manager, embassies, SSC, etc.	Medium	Medium	Clear roles, coordination protocols, regular coordination meetings.	Medium	E4 is relatively complex due to the involvement of multiple actors (public and private)
Learning and lessons not systematically captured or used.	Medium	Medium	Dedicated learning function, annual synthesis reports, learning embedded in ToC. Fund Manager roles and responsibilities.	Medium	Early-stage facilities risk focusing on delivery rather than learning.
Reputational risk due to perceived undue private benefit or regulatory capture.	Low	High	Transparency requirements, MFA authority leadership, clear communication of public interest safeguards.	Medium	Public funding of private-sector engagement may attract scrutiny.
High staff turnover among key partners affects continuity.	Medium	Medium	Institutional anchoring in national public authority, private sector leadership, documentation, handover procedures	Low	High turnover in public institutions and projects is common. Project timeframe is relatively short which such mitigate the risk of negative impact.

E4 facility is designed as an early-stage, risk-tolerant facility. Project-level failure is anticipated and does not constitute programme failure provided learning is generated and portfolio-level risk remains manageable. Risk mitigation therefore focuses on portfolio diversification, commitments, and systematic learning, with the opportunity for regular reviews enabling adjustment of selection criteria, modalities, and engagement strategies.