

# Renewed support to the World Bank Energy Sector Management Assistance Program (ESMAP) 2025-2030

## Key results:

- Low-income households and small businesses and institutions, particularly in African countries, have increased access to clean cooking.
- Households, farmers, medium and small-scale enterprises, and public institutions have expanded electricity access.
- Developing countries have improved the effectiveness of energy sector institutions, markets, and policies, modernized their energy systems, and improved equity and socioeconomic benefits of electrification and just energy transition.

## Justification for support:


















- Builds upon a solid ESMAP track record for over 40 years, supported by Denmark since 1998.
- Support is fully aligned with Denmark's policy priorities including those expressed in Denmark's Strategy "The World We Share", the expected priorities for support in the upcoming Africa Strategy and the Danish commitments to clean cooking support.
- The 2024 Evaluation found that ESMAP:
  - o Is highly relevant to poverty alleviation through the countries served, poverty-focused activities and the inclusion of poverty-specific considerations in grant design and implementation. Showed a strong level of achievement and progress on intended outcomes.
  - o Is effective in contributing to transformational change and complements other development programmes and adds strategic value through external engagement and coordination.
  - o Has flexibility that helped ensure its interventions have remained relevant in the face of external shocks and changes in the energy landscape.

## Major risks and challenges:

- Global geopolitical conflicts and multiple crises.
- Vested interests in current energy solutions from strong economic and politically well-connected stakeholders
- Resistance to transition particularly if not just and equitable.
- Capacity constraints in country partner institutions.
- Risk of insufficient coordination and synergies with other initiatives in complex and dynamic contexts.

<b>File No.</b>	Public 360 No. 24/07132							
<b>Country</b>	ODA eligible ESMAP recipient countries, particularly in Africa							
<b>Responsible Unit</b>	KLIMA							
<b>Sector</b>	Energy							
<b>Partner</b>	World Bank							
<b>DKK million</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>Total</b>
<b>Commitment</b>	150	150	-	-	-	-	-	300
<b>Projected disbursement</b>		90	50	60	50	50	-	300
<b>Duration</b>	2025-2030							
<b>Previous grants</b>	Numerous since 1998. Two grants DKK90+95million under implementation until end 2024/end 2025.							
<b>Finance Act</b>	06.34.01.40 Energy and water resources							
<b>Head of unit</b>	Anne Hougaard Jensen							
<b>Desk officer</b>	Anders Ørnmærk							
<b>Reviewed by CFO</b>	Jacob Strange-Thomsen							

## Relevant SDGs [Maximum 1 – highlight with grey]

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

## Objective:

Ensuring universal access to affordable, reliable, and modern energy services by 2030, accelerating the transition towards a sustainable, just and net zero energy system; and ensuring the resilience of the energy sector to adapt to impacts of climate change and other shocks (ESMAP objective for the BP FY2025-2030).

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

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
<b>Indicate 0, 50% or 100%</b>	50%	50%		
<b>Total green budget (DKK)</b>	<b>150 million</b>	<b>150 million</b>		

## Justification for choice of partner:

Match between Danish policy objectives priorities and ESMAP's objectives and focus of the BP 2025-2030, as well as Denmark's long-standing, positive experience of partnering with ESMAP since 1998 and ESMAP's strong position and influence in the international institutional architecture on clean energy transition and climate action, and its leverage through World Bank projects and programmes.

## Summary:

General grant contribution to the ESMAP Business Plan FY 2025-2030, preferenced (earmarked) grant funding to the Clean Cooking Fund and the Electricity Access Fund, contribution to the joint external evaluation of ESMAP, and unallocated funds to provide flexibility and enable ESMAP to address emerging priorities without new separate Danish grants.

## Budget:

General contribution to the ESMAP Business Plan FY 2025-2030	DKK 50.00 million
Preferred funding to the Clean Cooking Fund	DKK 140.00 million
Preferred funding to the Electricity Access Fund	DKK 50.00 million
Unallocated funds (20%)	DKK 59.75 million
Contribution to joint external evaluation of ESMAP	DKK 0.25 million
<b>Total</b>	<b>DKK 300.00 million</b>

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

**Renewed Danish support to the World Bank  
Energy Sector Management Assistance Program  
(ESMAP), 2025-2030**

**Early draft project document  
for the Danida Programme Committee**

**19 May 2024**

# Contents

<b>1. Context, strategic considerations, rationale, and justification .....</b>	<b>2</b>
1.1 Introduction, context, and background .....	2
Figure 1.1: ESMAP core substantive focus in BP FY2025-2030 .....	4
1.2 Rationale and justification .....	4
Table 1.1: Justification for the proposed contribution to ESMAP based on OECD DAC criteria.....	6
1.3 Strategic considerations and alignment with Denmark’s priorities .....	6
1.4 Target group considerations and cross-cutting concerns .....	8
1.5 Choice of implementing partner and support modality .....	10
<b>2. Project objective and outline content .....</b>	<b>10</b>
2.1 Objective .....	10
2.2 Summary project description.....	10
Figure 2.1: ESMAP BP FY2025-2030 Focus Area Universal Access .....	11
Figure 2.2: ESMAP BP FY2025-2030 Focus Area Foundations of Sustainable Energy Systems .....	11
Figure 2.3: ESMAP BP FY2025-2030 Focus Area Energy Transition .....	11
Figure 2.4: Benefits of engagement in CCF .....	13
<b>3. Theory of change and key assumptions .....</b>	<b>14</b>
Figure 3.1: Theory of Change for ESMAP BP FY25-30 .....	16
<b>4. Draft results at outcome level .....</b>	<b>17</b>
<b>5. Inputs, budget, financial management and reporting .....</b>	<b>17</b>
Table 5.1: Budget Scenarios for the ESMAP Business Plan FY 2025 – 2030 .....	18
Table 5.2: Proposed allocation of Denmark’s contribution to ESMAP BP FY 2025-2030 .....	19
<b>6. Institutional and management arrangement .....</b>	<b>20</b>
<b>7. Risk Management.....</b>	<b>21</b>
<b>Annex A: Preliminary Partner Assessment.....</b>	<b>23</b>
Figure A.1: ESMAP core functions in BP FY 2025-2030.....	24
Box A.1: MOPAN conclusions on main strengths and areas of attention for IDA and IBRD .....	27
Figure A.2: MOPAN Performance ratings summary for IDA and IBRD .....	28
<b>Annex B: ESMAP BP FY 2025-2030 results framework.....</b>	<b>29</b>
<b>Annex C: Energy Progress Highlights, April 2024 .....</b>	<b>37</b>
<b>Annex D: Illustrations on the Clean Cooking Fund and Electricity Access Fund .....</b>	<b>38</b>
<b>Annex E: Summary Process Action Plan.....</b>	<b>40</b>
<b>Annex F: Key abbreviations and acronyms .....</b>	<b>41</b>

# 1. Context, strategic considerations, rationale, and justification

## 1.1 Introduction, context, and background

**Introduction:** This document is an early working draft of the Project Document for Denmark's proposed contribution to the ESMAP Business Plan (BP) Fiscal Years 2025-2030 and is consistent with guidelines<sup>1</sup> for presentation to the Programme Committee (PC) of the Ministry of Foreign Affairs of Denmark (MFA). The document serves as a "concept note", planned to be presented to the PC at its meeting on 4 June 2024, and will then be developed into a full Project Document, which will be subject to further MFA quality assurance and approval steps as summarised in Annex B, with the intention to make a financial commitment within 2024. The present document has been developed based on strong MFA participation in an ESMAP strategic seminar held in Edinburgh on 22-23 February 2024 and in the Consultative Group (CG) meeting held in Washington during 13-15 May 2024, as well as documentation for these events, including the draft BP FY 2025-3030 and the report of Evaluation of ESMAP FY 2021-2024. Two working meetings have been held between the formulation team and representatives of the ESMAP team. The CG meeting has now endorsed the proposed ESMAP BP FY 2025-3030, but donors still have 2 weeks after the CG meeting for any further written comments. Should this result in any changes relevant to Denmark's contribution, these will be reflected in the Project Document for the proposed Danish grant.

**Context:** The concept note to the April 2024 SDG 7 stocktaking event<sup>2</sup> concluded that *"facing a worsening climate crisis, spreading conflicts, and a gloomy global economic outlook, it is paramount for the international community to pursue a sustainable and thriving future for all. The 2030 Agenda for Sustainable Development remains the clearest blueprint of these aspirations. However, current progress is severely off-track. Energy is an essential ingredient for getting the world on track towards meeting the SDGs and the objectives of the Paris Agreement on climate change. SDG 7, which calls for access to affordable, reliable, sustainable and modern energy for all, is inextricably linked to many other SDGs and its targets, including poverty eradication, food security, health, education, prosperity, gender equality, employment, transport, ocean, clean water and sanitation, as well as gender equality and the empowerment of women, youth and children"*. Annex B to the present draft document summarises Energy Progress Highlights for the April 2024 Stocktaking. At the conclusion of the stocktaking event, the Assembly President issued a Call to Action<sup>3</sup> on sustainable energy, which included:

- *Urgently prioritize and implement measures to achieve universal access to affordable, reliable, and modern energy services by 2030, through extending access to electricity for over 600 million people who are currently without electricity and providing clean cooking solutions to over 2 billion people still relying on harmful fuels.*

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<sup>1</sup> [Link](#)

<sup>2</sup> Delegates representing governments, the UN system, and NGO and youth organizations convened at the United Nations (UN) in New York on 19 April 2024 to discuss how to accelerate action and scale up partnerships and financing to achieve affordable, clean energy for all (SDG7), as part of a Global Stocktaking marking the completion of the United Nations Decade of Sustainable Energy for All (2014-2024). The stocktaking was mandated by the UN General Assembly and convened by the Assembly President as part of the first-ever Sustainability Week held by the UN General Assembly.

<sup>3</sup> Call to Action ([link](#))

- *Rapidly accelerate global energy transitions and actions towards net zero emission energy systems, in a just, orderly, and equitable manner, including, inter alia, through tripling renewable energy capacity globally and doubling the global average annual rate of energy efficiency improvements by 2030<sup>4</sup>.*
- *Compellingly ensure that no one is left behind by enhancing public-private-partnerships, technology transfer, and capacity building for developing countries in creating an enabling environment for energy transitions, emphasizing the interlinkages with other SDGs.*

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

ESMAP was established in 1983, providing analytical and advisory services to low- and middle-income countries to reduce poverty and boost growth, through environmentally sustainable energy solutions. ESMAP celebrated its 40-year<sup>5</sup> anniversary in 2023. The ESMAP multi-donor trust fund, which is currently supported by 19 donors including Denmark, is the umbrella trust fund on energy for the World Bank. ESMAP operates based on multi-year Business Plans (BPs), the most recent BP covering the four-year period 1 July 2020-30 June 2024 (World Bank Fiscal Years FY 2021-FY 2024). The next BP deviates from the previous 4-year cycle by covering the 6-year period 1 July 2024-30 June 2030, to align with the 2030 Agenda (SDGs targets by 2030). The draft BP FY2025-2030 (with many related documents) was circulated to members of the Consultative Group on 1 May 2024 for discussion and approval at the Consultative Group meeting in Washington 13-15 May 2024. The present early draft Project Document (“concept note”) for Denmark’s next contribution to ESMAP is based on this final draft BP version (endorsed by the CG) and early documentation to the ESMAP donor group in February 2024 as well as other documentation.

ESMAP’s key roles include:

- **Knowledge and Expertise:** ESMAP is a think tank, connector, data gatherer, analyst, and innovator, serving as an authoritative global source of solutions to achieve universal access to energy and decarbonization of energy systems. ESMAP collects data and produces analytics and its resource hub<sup>6</sup> data repository includes a wide range of global information, such as wind and solar maps, geospatial data on electricity access and energy infrastructure, energy consumption patterns, policy and regulation, and institutional governance, among others.
- **Finance Mobilization:** ESMAP’s expertise in raising funds turns ideas into projects. ESMAP’s status as part of the World Bank enables it to mobilise concessional financing and incentivize private investment in challenging sectors and regions. ESMAP offers insights on sources of grants and concessional financing from climate funds and supports the structuring of project pipelines and often arranges blended and layered financing, along with the mobilization of recipient-executed trust funds and philanthropic and private capital. The leverage factors vary across ESMAP intervention areas.
- **Catalyst:** ESMAP mobilizes its experience and networks to spark change. It connects peers—public and private—across countries to test new approaches and refine them through tailor-made pilot projects, replicating, and scaling up those that work.
- **Global Reach, Advocacy, and Partnerships:** Through its direct integration with World Bank operations, ESMAP influences energy investments globally. Its convening power with developing country governments, multilateral banks, private capital markets, bilateral donors, foundations, carbon-market finance institutions, national laboratories, experts in

<sup>4</sup> COP 28 outcome document, the UAE Consensus ([link](#)).

<sup>5</sup> See the ESMAP at 40 brochure ([link](#))

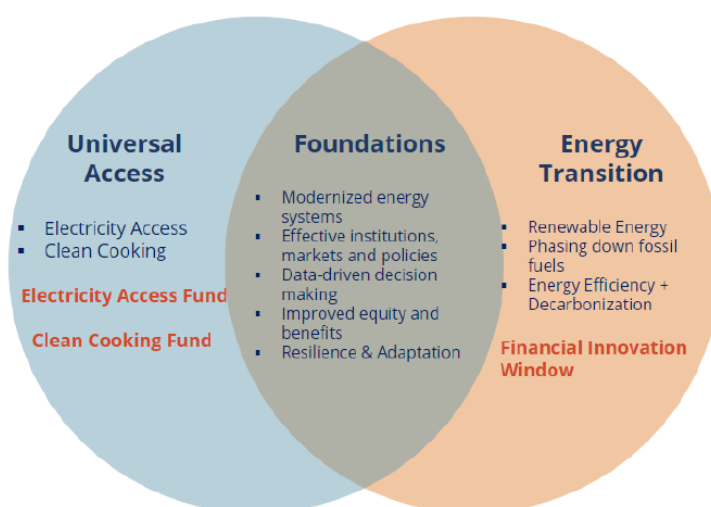
<sup>6</sup> A wide range of data information, impact stories, etc are available here ([link](#)).

energy technology companies, consulting firms, and academia enables it to forge lasting and impactful partnerships.

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

ESMAP's delivery model includes a stepwise approach to data gathering, collaboration, implementation, and knowledge sharing. Figure 1.1. below briefly illustrates the key thematic focus for ESMAP in the BP FY2025-2030.

Figure 1.1: ESMAP core substantive focus in BP FY2025-2030



## 1.2 Rationale and justification

Denmark has supported ESMAP since 1998 with several general contributions to the BP and through “preferenced” (soft earmarked) grants to specific thematic and geographical priorities. The most recent general contribution to the ESMAP BP was made in 2020<sup>7</sup> with DKK 90 million and the most recent preferenced funding contribution was made in 2021<sup>8</sup> with DKK 95 million for clean cooking and access to water in Africa. These two contributions have end dates by end 2024 and 2025, respectively. Information about Denmark’s support to ESMAP can also be found at the Danida Transparency site ([link](#)).

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

- USD 33bn World Bank financing informed, including USD19.6 bn in climate co-benefits.
- USD19bn external financing mobilized, including from the private sector.
- 16.5 GW generation capacity of renewable energy to be installed.
- 711 million metric tons of CO<sub>2</sub> emissions projected to be reduced.
- 100 million people on their way to gain access to electricity.

The rationale and justification for Denmark’s proposed renewed support for ESMAP include its long track record and key achievements in addressing challenges and opportunities in the

<sup>7</sup> See the Project Document: ([link](#)) – project end date: December 2024.

<sup>8</sup> See the Project Document ([link](#)) – project end date: December 2025.

clean energy transition and climate action, including responding to the urgent priorities mentioned in the foregoing and the concrete results summarised above. The strong alignment between ESMAP's objectives and Denmark's policy priorities, and ESMAP's key role in the international institutional architecture are key elements in the justification, as elaborated below.

It is also very important to Denmark that the World Bank has announced<sup>9</sup> an ambitious plan to provide affordable electricity to 250 million people across Africa by 2030. In partnership, the African Development Bank will bring electricity to an additional 50 million people. The 300 million target was announced by World Bank President Ajay Banga during an event at the World Bank's Washington headquarters during the Spring Meetings.

**External Evaluation of ESMAP BP 2021-2024:** ESMAP is subject to regular<sup>10</sup> evaluations co-sponsored by the donor group including Denmark and procured through the World Bank. The latest evaluation report was prepared by DH Infrastructure consultants (final report, April 2024, hereinafter referred to as the 2024 Evaluation) and the evaluators worked with the World Bank's Internal Evaluation Group (IEG) to ensure the independence of the evaluation. The Evaluation recommendations and ESMAP's management response are too detailed to include here, but ESMAP agreed with recommendations related to relevance, coherence, sustainability, and partially agreed with recommendations related to effectiveness and efficiency. A few highlights are included in the following, including in the justification for this proposed support in context of the OECD DAC criteria of relevance, coherence, effectiveness, efficiency, impact, and sustainability as summarised in Table 1.1 below. Key lessons learned from the Evaluation are summarised in Annex A.

**Selected key evaluation conclusions:**

- *Poverty alleviation is a priority for donors, the World Bank, and for ESMAP, as is apparent through the countries served, the presence of poverty-focused windows, and the inclusion of poverty-specific considerations in grant design and implementation.*
- *ESMAP's flexibility has helped to ensure the activities remain well aligned with changing country priorities and responsive to external shocks and changes in the energy landscape.*
- *The evaluation country case studies, and random sample grants, show a strong level of achievement and progress on intended outcomes at the activity level, but delays are common.*
- *ESMAP is effective in contributing to transformational change.*
- *The volume of financing mobilized is impressive relative to the volume of ESMAP funding.*
- *ESMAP's Energy Data and Analytics team maintains and updates a variety of databases and tools that are widely recognized both within the World Bank and by external development partners, industry investors, and academia. These databases are likely to have long-lasting influence<sup>11</sup> as long as they are kept up to date.*
- *Several donors have expressed concern that ESMAP records expected rather than actual achievements in its Results Framework<sup>12</sup>. Donors expressed appreciation of timely annual reporting provided by ESMAP.*

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<sup>9</sup> The Press Release is found here ([link](#))

<sup>10</sup> The previous evaluation report (March 2020) can be seen here ([link](#)) – the 2024 Evaluation has not yet been uploaded to the internet.

<sup>11</sup> The evaluation report included information on the following KPI: Evidence of uses of Energy Data & Analytics outputs in well-established global initiatives (publications, indexes, research series, white papers from global institution including World Economic Forum, UN, IRENA, IEA): 15 achieved as of the end of FY23, out of the targeted 10 (**Achieved**)

<sup>12</sup> This practise is not unique to ESMAP. Peer institutions including the Global Environment Facility (GEF) have the same practise of reporting expected rather than actual results.

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

Table 1.1: Justification for the proposed contribution to ESMAP based on OECD DAC criteria.

<p><b>Relevance:</b> The 2024 Evaluation concluded i.a. that <i>“ESMAP’s flexibility and willingness to accept modifications is valuable to remaining aligned with changing country priorities. “ESMAP’s grant funded activities are highly relevant in the context of progress against Sustainable Development Goal 7 (SDG7) and efforts to accelerate decarbonization. The proposed support is highly relevant to Denmark’s policy priorities including priorities expressed in the Danish Development Strategy “The World We Share” and related “How-to-Notes”.</i></p> <p><b>Internal and external coherence:</b> The 2024 Evaluation concluded that <i>“There is substantial coherence between windows. ESMAP complements other development programs and adds strategic value through external engagement and coordination. The majority of randomly sampled ESMAP grants also included partnerships within the World Bank (including IFC, the World Bank Climate Group, the Extractives team, or other GPs)”.</i> There is potential for synergy and coherence of support to ESMAP with other Danish multilateral energy and climate cooperation as well as Denmark’s bilateral energy and climate partnership programmes.</p> <p><b>Effectiveness:</b> The 2024 Evaluation concluded i.a. that <i>“The evaluation revealed several areas where ESMAP funding is especially effective: Persuading governments to switch to new business models and technologies, enabling innovative lending operations; Taking on leadership in new or innovative areas, enabling the World Bank team to become the go-to resource for its clients, and creating ongoing demand by clients for World Bank involvement; Funding pilot projects which attract private sector finance and create impact extending beyond the value of the initial ESMAP funding. “</i></p> <p><b>Efficiency:</b> The 2024 Evaluation found i.a. that <i>“The proposal process is lengthy and extensive reviews take more time than intended “.</i> ESMAP’s management response to the evaluation recommendation to streamline the proposal application process states: <i>“ESMAP will work to significantly reduce the processing and approval stages and will also clarify the requirements to remove repetition and improve transparency. As part of this broader effort, ESMAP will also streamline the application process by reducing the processing steps.”</i></p> <p><b>Impact:</b> The 2024 Evaluation found that while downstream impacts can be challenging to link to upstream ESMAP work, the most easily traced impacts of ESMAP’s work include Reductions in CO<sub>2</sub> emissions and the number of people provided access to renewable energy. In ESMAP’s management response it was stated that <i>“ESMAP will also continue exploring opportunities to verify and validate expected impacts, for example, through producing narrative updates on projects under advanced implementation (or completed) – the “impact stories” – or conducting window-based sample assessments (for example, as part of mid-term evaluation of the new Business Plan period).“</i></p> <p><b>Sustainability:</b> The 2024 Evaluation concluded that <i>“Knowledge outputs show evidence of sustainability where that is part of the intent of the work“.</i> In its management response, ESMAP stated that it <i>“will consider reinforcing its Knowledge Management function in collaboration with the Global Knowledge unit in the Energy and Extractives Global Practice and using the opportunity of the staffing assessment recommended by the Evaluation. ESMAP proposes a strengthened approach to implementation capacity building under the new Business Plan, focusing on both client capacity to effectively manage World Bank-financed interventions, and wider knowledge exchange and collaboration for data-driven decision making in the client countries</i></p>
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### 1.3 Strategic considerations and alignment with Denmark’s priorities

The Danish organisation strategy for the World Bank Group is being renewed in 2024<sup>13</sup>, and its focus will be reflected in the Project Document for support to ESMAP. The previous

<sup>13</sup> The draft of the new Organisation Strategy will be discussed by the Danida Programme Committee at the same meeting on 4 June where the proposed grant to ESMAP will be discussed. The new draft organisation strategy will be found here

strategy<sup>14</sup> emphasised that Danish contributions to trust funds in the Bank should have a catalytic impact on the integration of new aspects of the Bank's work. In this regard, ESMAP has an important mandate as the World Bank umbrella trust fund on energy, e.g. to step up the Bank's focus on Danish priority areas such as clean cooking. The Danish contributions to ESMAP also generally support the Danish efforts to continue the greening of the World Bank, which is a key priority for Denmark. It is also a priority for the MFA/KLIMA to consolidate the Danish climate support into fewer larger contributions. The consolidation of the Danish support to ESMAP into just one overall grant is part of this policy. By providing unallocated funds as part of the grant will enable ESMAP to continue to respond to emerging priorities without new separate Danish grants – in line with an adaptive management approach.

Other key strategic considerations for renewed support for ESMAP support include alignment with Denmark's policy priorities in the *"The World We Share"* and related *"How-to-Notes"*. In this regard, it is worth highlighting that support to ESMAP will deliver directly on Objective 2 in *"The World We Share"*: *"Denmark must assume international leadership within reductions, green transition, and access to clean energy"*. And *"Denmark will.... Strengthen the Danish SDG7 leadership and energy cooperation on green transition in developing countries, including promoting renewable energy and energy efficiency"*. The support is also consistent with Danish development priorities and objectives expressed in the How-to-Note<sup>15</sup> on energy transition and climate change mitigation, which has several direct references to ESMAP, including *"The development banks play an important role in fostering the energy transition in developing countries. Denmark contributes substantially through solid core contributions, active board participation and support provided to thematic trust funds (e.g. ESMAP, SEFA and CIF). Denmark has a strong position as regards energy investment within both the World Bank and the African Development Bank, and Denmark want the banks to feature even more prominently in the energy transition"*. Also, the How-to-Note emphasises the green and inclusive just and equitable energy transition, including phase-out of coal and other fossil fuels; promotion of renewable energy, energy efficiency and electrification, so as to contribute to economic and social development, including job creation; ambitious national climate goals and action plans, as well as favourable framework conditions; cross-sectoral decarbonisation; and mobilisation of climate finance and reorientation of global and national financial flows.

Denmark has actively participated in defining the priorities of the new ESMAP Business Plan FY 2025-3030 through meetings in the Consultative Group. Support to ESMAP will contribute to the Danish government's ambition to accelerate access to electricity and double Denmark's contributions to clean cooking in Africa.

There is potential for synergy between supporting ESMAP and Denmark's multilateral cooperation with other key institutions and initiatives in the international institutional architecture on energy transition and climate action, including IEA, IISD and energy subsidy reform, IRENA, the Accelerated Partnership for Renewables in Africa (APRA), the Global Offshore Wind Alliance (GOWA), the Beyond Oil and Gas Alliance (BOGA), the NDC Partnership, and the Green Climate Fund – and the 2024 Evaluation concluded that *"ESMAP complements other development programs and adds strategic value through external engagement and coordination"*. Similarly, there is strong potential for synergies at country level with Danish Strategic Sector Cooperation (SSC) and Danish Energy Partnership Programmes (DEPP)

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when available ([link](#)). Further cross-referencing will be made in the final Project Document for the proposed grant to ESMAP.

<sup>14</sup> Organisation-Strategy-for-the-World-Bank-Group-2019-2023 ([link](#)).

<sup>15</sup> [How to - Energy transition and Emission Reductions in Development Countries](#)

implemented by the Danish Energy Agency (DEA). This also includes making use of the wide range of high-quality knowledge products developed by<sup>16</sup>/contributed to by ESMAP, including the multi-agency SDG 7 Energy Progress Report<sup>17</sup>, etc.

#### **1.4 Target group considerations and cross-cutting concerns**

**Poverty focus:** The proposed renewed support for ESMAP has its main focus in preferred funding for the recipient-executed Clean Cooking Fund (CCF 2.0) and Electricity Access Fund (EAF) and thus on the disadvantaged population groups, particularly in Africa, with a view to a strong poverty focus<sup>18</sup>. The multi-dimensional poverty focus is reflected in the ESMAP BP, see for example Figure 2.1. Also, the general contribution to the new BP has its main focus on accelerating a just energy transition, leaving no-one behind. The 2024 Evaluation found that the greatest volume and value of ESMAP grants are provided to low- and lower-middle-income countries. While the overall objective of ESMAP has obvious poverty linkages, not least the access and clean cooking activities very clearly demonstrate poverty commitments, but that also goes for “*Leave No One Behind*”<sup>19</sup>, “*Improving Livelihoods and Human Capital*”, “*Energy Subsidy Reform Facility*”. The Clean Cooking and Electricity Access themes both offered lessons for the next BP, noting that clean cooking programmes found success in relying on a variety of technologies and providers, paired with a revolving results-based financing model. The openness to a variety of technologies and use of climate finance was further supported by the successes and challenges of other participants in the clean cooking market. ESMAP tends to be forward looking and will likely have opportunities to implement innovative electric clean cooking options with automated co-benefit tracking in the next BP, among other innovations that will become available during this time of heightened interest in clean cooking. However, the evaluators found that it may also be beneficial to not follow other development partners in completely moving away from better-burning cookstoves at the risk of leaving behind vulnerable populations. The Electricity Access programme found success in some countries encouraging governments to offer subsidies for private sector access expansion, paired with results-based financing. Offering subsidies to the private sector remains a challenging proposition for many governments and represents an area for additional ESMAP support in the next BP.

#### **Human rights, diversity, gender equality, and socio-economic benefits:**

While access to affordable, reliable, sustainable, and modern energy for all is a Sustainable Development Goal (SDG7), access to renewable energy and clean cooking is not a human right as such. And while a human rights-based approach (HRBA) is not directly explicit in ESMAP’s work and the 2024 Evaluation did not address HRBA issues., the human rights PANT principles (participation, accountability, non-discrimination, and transparency) are integral parts of ESMAP’s approach and operations including in the just energy transition (JET) paradigm. ESMAP has addressed the gender equality issue extensively, including in several knowledge products on Closing the Gender Gap<sup>20</sup>. The 2024 Evaluation recommendations related to mainstreaming diversity included to provide more support for gender mainstreaming throughout project implementation (in addition to continued support for project design) and have indicators/targets to track implementation support and gender outcomes and consider adding support for mainstreaming diversity and inclusion beyond

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<sup>16</sup> ESMAP publications can be found here ([link](#))

<sup>17</sup> Preliminary energy progress highlights ([link](#)) and current and upcoming main report ([link](#))

<sup>18</sup> Consistent with the Danida How-to-Notes ([link](#)), particularly the Approach note-Fighting Poverty and Inequality; and the How to-Note on Energy transition and Emission Reductions in Development Countries,

<sup>19</sup> See further information here ([link](#))

<sup>20</sup> See ESMAP web-resources on this programme ([link](#))

gender, with an intersectional approach. The new draft BP reflects follow-up<sup>21</sup> on these points, stating that gender equality and improved diversity are important to achieve a better modern energy sector and that ESMAP will provide support for gender mainstreaming including gender-transformative actions and skill development (both soft and technical) in governments and utilities. ESMAP will also continue to promote leadership, inclusion, career advancement, role models, as well as entrepreneurship and other income generating activities for women and others who belong to excluded and vulnerable groups. This innovative approach will be pursued by the development of new partnerships on piloting and testing interventions for new evidenced-based solutions on what works to close gender equality and diversity gaps in the energy sector, including addressing gender-based violence in the sector. Aligned with the new World Bank Gender Strategy 2024-2030<sup>22</sup>, ESMAP will adopt a proactive approach to address the challenges confronting women, girls, men, and boys, as well as vulnerabilities at the intersection of gender with poverty, ethnicity, disability, and other characteristics. The new draft BP also focuses on jobs and socio-economic benefits of the energy transition, stating that energy transitions will create jobs and socio-economic benefits and that ESMAP will support client countries to clarify the job and socio-economic impact of energy transitions and distill broad ambitions, such as those captured in the Just Transition Principles, into concrete energy sector interventions.

Climate change: Support for ESMAP has a strong climate focus on mitigation as well as adaptation and resilience. The 2024 Evaluation concluded that *“Climate change adaptation, mitigation, and resilience has been an integral part of ESMAP’s activities under the FY21-24 business plan and is predicted to feature more prominently in the next business plan.”* Overall, the WBG is aiming for 45% of all financing to go toward climate-related projects by 2025, with a roughly equal split between adaptation and mitigation. Among its achievements in the BP FY2021-2024, ESMAP highlights that 711 million metric tons of CO<sub>2</sub> emissions are projected to be reduced. Several KPIs in the new draft BP include climate change mitigation and adaptation targets, including an outcome indicator with a target of USD 0.95 billion of (GCF) climate finance mobilized. ESMAP impact indicators stated in the presentation to the GC of its new BP include 1.8 billion metric tons of CO<sub>2</sub> emissions expected to be reduced. In the new BP ESMAP will help countries to (i) assess the impact of climate change (both extreme and slow onset events) on power system reliability; (ii) clarify the role of the vulnerability of the power sector as a multiplier of climate change-related losses and damages for the society; and (iii) implement solutions, pilots, and innovative strategies to improve power sector resilience. On climate change mitigation, the new BP states that energy efficiency is widely recognized as the “first fuel” in clean energy transitions and the most cost-effective mitigation for climate change with multidimensional benefits, and that an EE-first approach reduces energy supply and increases the affordability of decarbonization efforts. It is explicit in the new BP objective to advance decarbonization across the energy sector in support of international commitments established on climate change.

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<sup>21</sup> ESMAP’s management response to these recommendations was that *“ESMAP agrees to provide additional support to project implementation and will provide availability for resources to recruit both local and international gender experts, whose expertise will be integrated directly into the project execution phase. Their involvement is expected to ensure gender considerations are meticulously addressed, identify constraints that impede activity execution and support the periodic monitoring and evaluation of commitments”*. ESMAP’s management response further stated that *“The socio-economic benefits work stream will focus on additional aspects of diversity and inclusion by producing and disseminate new evidence that identify barriers and constraints experienced by different sectors of the population to fully enjoy of energy co-benefits. Partnerships with internal (WB Gender Group, Jobs, etc) and external (United Nations, Civil Society, etc) will be consolidated and created. In addition, ESMAP will start developing institutional capacity to integrate the diversity and inclusion dimension as a cross-cutting priority in energy intervention. Both issues (implementation of gender activities and the diversity focus) will be integrated within the new Business Plan”*.

<sup>22</sup> See further information here ([link](#))

## 1.5 Choice of implementing partner and support modality

The World Bank/ESMAP is chosen as the implementing partner due to the match between Danish policy objectives priorities and ESMAP's objectives and focus of the BP FY 2025-2030, as well as Denmark's long-standing, positive experience of partnering with ESMAP since 1998 and ESMAP's strong position and influence in the international institutional architecture on clean energy transition and climate action, as well as its leverage through World Bank projects.

The support modality is ODA-eligible grant funding of ESMAP BP FY2025-FY2030 with preferenced (soft earmarked) support for clean cooking and electricity access, primarily in Africa. More information is given in Annex A on ESMAP's capacity and comparative advantage and how ESMAP is situated in the wider context and international institutional architecture.

## 2. Project objective and outline content

### 2.1 Objective

The Objective<sup>23</sup> of Denmark's contribution to ESMAP BP FY 2025-2030 will be the same as the new ESMAP objective for the BP FY2025-2030, as agreed by the Consultative Group in May 2024: **“Ensuring universal access to affordable, reliable, and modern energy services by 2030, accelerating transition towards a sustainable, just and net zero energy system, and ensuring resilience of the energy sector to adapt to the impacts of climate change and other shocks”**.

### 2.2 Summary project description

#### **General support for the ESMAP BP:**

Part of the Danish support will be a general contribution to the implementation of the Business Plan FY2025-2030. This is consistent with the importance of “core”<sup>24</sup> funding, as also earlier advocated by Denmark in the Consultative Group. By supporting the BP in general with funding channelled through the Bank Executed Trust Fund (BETF), a.k.a. the “umbrella fund”, Denmark will support all aspects of ESMAP's work, also areas not covered by the preferencing of access and clean cooking. The “core funding” will cover important areas such as knowledge creation and dissemination, financial innovation and the work on fossil fuel subsidy reform, to mention but a few.

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

The ESMAP BP substantive core focus areas were illustrated in Figure 1.1. and are further illustrated in Figures 2.1, 2.2, and 2.3 below.

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<sup>23</sup> It is noted that the ESMAP administrative agreement with donors on the ESMAP Multi-donor Trust Fund has this objective: **“Achieve universal access to affordable, reliable, sustainable and modern energy by 2030 (SDG7) and advance decarbonization across the energy sector in support of international commitments established on climate change”**.

<sup>24</sup> The word “core” as used here should not be confused with the general core funding by Denmark as a member country of the World Bank Group. In that context, Denmark's renewed contribution is an earmarked contribution to the ESMAP Multi-Donor Trust Fund.

Figure 2.1: ESMAP BP FY2025-2030 Focus Area Universal Access

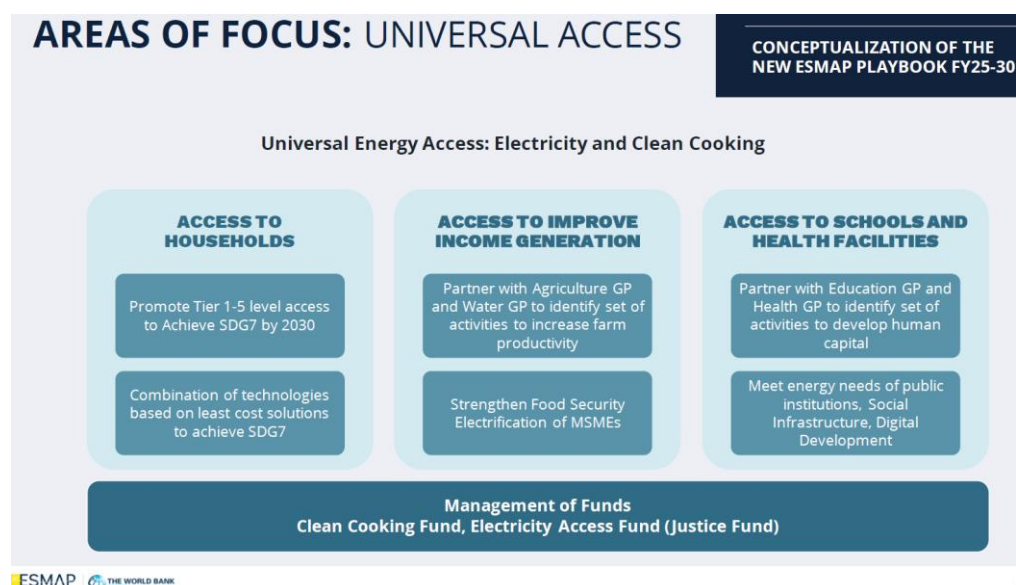


Figure 2.2: ESMAP BP FY2025-2030 Focus Area Foundations of Sustainable Energy Systems

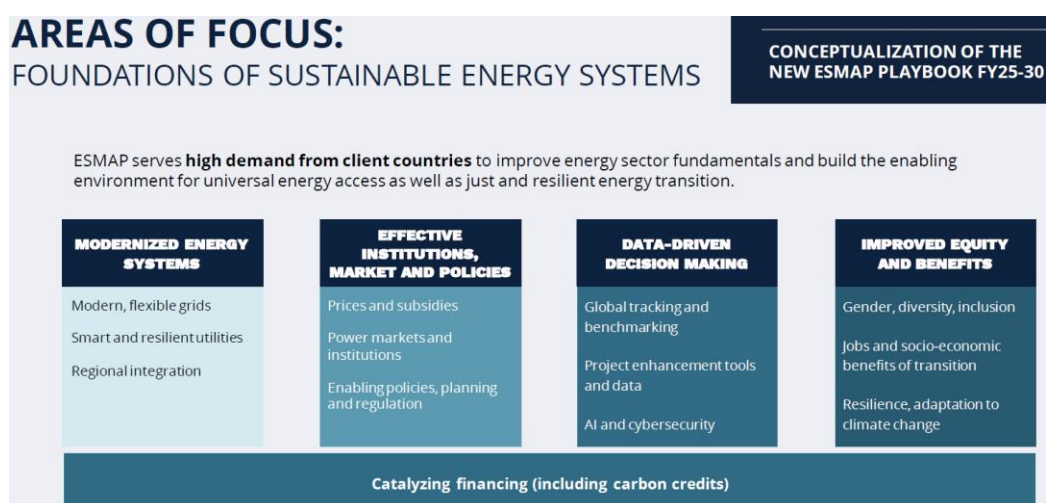
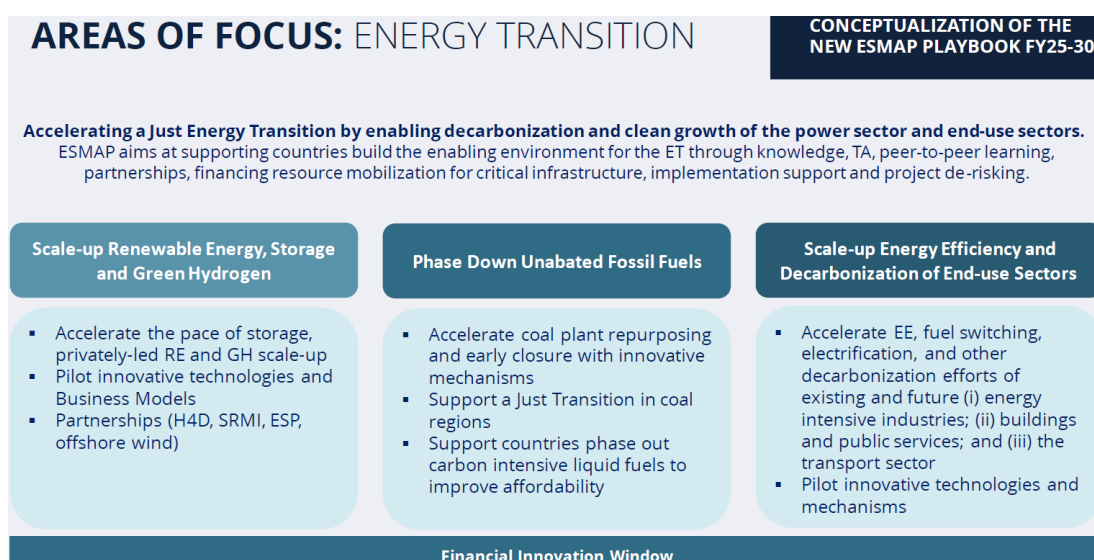


Figure 2.3: ESMAP BP FY2025-2030 Focus Area Energy Transition



#### Preferred Danish funding:

Another part of the Danish funding will be preferred to two key targeted areas of the Business Plan, namely clean cooking and energy access. The purpose of the ‘preferred’ funding is to strengthen synergies to Danish priorities in the development cooperation and climate diplomacy. It will also ensure that the Danish priority areas of the Business Plan are secured funding. To monitor and evaluate progress on the Danish priority areas and preferred support, specific indicators from the ESMAP results framework for the BP FY 2025-2030 will be selected and monitored more closely. Preliminary suggestions in this regard are mentioned at the beginning of Chapter 4 in the following and will be elaborated in the full Project Document.

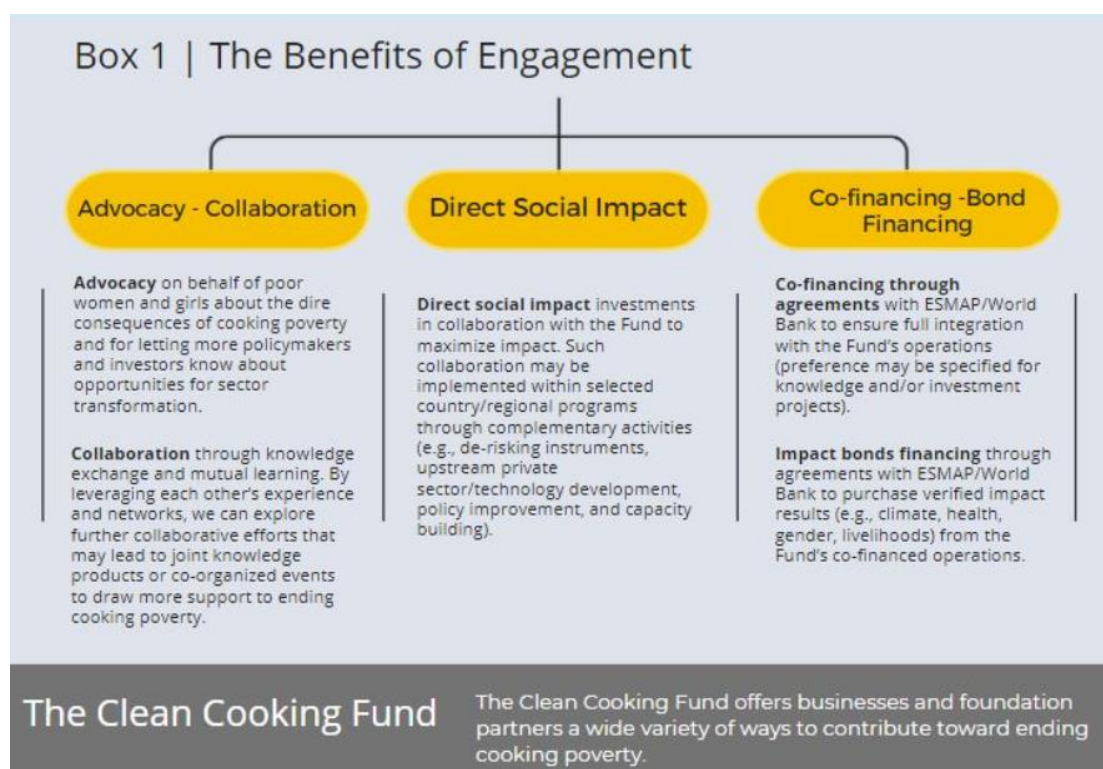
**Clean Cooking Fund (CCF 2.0):** As in the previous BP period, Denmark will support – and significantly step up - its support for clean cooking. The CCF responds to the fact that it has become increasingly evident that the world is not on track to deliver universal access to clean cooking by 2030 (SDG Target 7.1.2) which affects poor household and particularly women and children in Africa. As mentioned by ESMAP, cooking poverty is an invisible barrier to gender equality. Based on successful implementation of the first phase of the Clean Cooking Fund, ESMAP is launching the second phase (CCF 2.0) to scale up and expand clean cooking activities. In its first phase, the Clean Cooking Fund directly supported 27 countries and 7 regions through grants and technical assistance, and developed a strong project pipeline, which has grown in scale and diversity. The CCF results summary for the CG meeting in May 2024 includes the following examples achievements for FY21-23: 61.5 million people gained access to clean cooking resulting from policies, programs, and strategies; 12.7 million people gained access to clean cooking resulting from financed projects; 8 policies and regulations adopted by governments to support clean cooking market development(policies). CCF 2.0 will replicate and expand technical support for the timely design and execution of projects, develop new replicable instruments for hard-to-reach populations with no or low income, and coordinate resources to bridge the gap between the clean-cooking knowledge ecosystem and demand in the field. It will prioritize supporting new renewable technologies (e.g., biogas and electrical appliances) where feasible, with priority given to designing and piloting scalable, sustainable interventions that fit the country context. In addition to clean cooking for households, CCF 2.0 will strengthen support for clean cooking in institutions (e.g., schools and hospitals), which are key segments for improving human capital. It will also support income-generating opportunities associated with small restaurants and beverage businesses, as well as women’s empowerment across the clean cooking value chain. The fund will keep promoting result base finance mechanisms to attract private sector, will scale the leverage from carbon finance and will better explore other impact finance instruments. Figure 2.4 below reflects the benefits of engagement in CCF and more information can be found on the ESMAP CCF website ([link](#)). The ESMAP FY2025 Work Program that has just been made available to the CG, highlights the following for FY 25 for the Clean Cooking Fund:

- Work with development partners to mobilize high-level political commitment for the clean cooking sector at the country and global levels. In addition, CCF 2.0 will continue to generate and disseminate knowledge, promote ongoing technology and business innovations, and improve policy coordination.
- Continue clean cooking advocacy at key fora, such as the G20, the Africa Energy Summit, and COP30. A series of technical notes will be developed to feed into these and other key international processes, and also to effectively operationalize the Clean Cooking Fund

(CCF) 2.0. Special emphasis will be made on integrating clean cooking beyond the energy sector, such as in health and educational institutions, income-generating activities, and social safety nets.

- Assess the role of carbon finance in clean cooking to enable CCF 2.0 to leverage additional investments. A flagship report will be developed on the carbon markets and the role of the public sector and utilities.
- Contribute to key global reports such as the SDG 7 Tracking Report, the RISE report, and the MTF Country Diagnostic Reports.

Figure 2.4: Benefits of engagement in CCF



Further illustrations on the CCF and the EAF are included in Annex D.

**Electricity Access Fund (EAF):** Another major focus in the proposed Danish support for ESMAP BP FY 2025—2030 will be preferenced funding of the EAF, which responds to the challenge that despite major progress on access to electricity, 660 million people remain without access, especially in Sub-Saharan Africa. While the World Bank is scaling up its lending for energy access, which is expected to reach USD 30 billion to deliver electricity access to 300 million people, 35-40% of them are expected to be in countries with fragility, conflict, and violence (FCV) and/or in deep-rural areas, where implementation capacity of governments is constrained, and they are often hesitant to prioritize building such capacity (preferring traditional power system expansion as the path for delivering electricity over newer and more innovative distributed renewable energy (DRE) solutions). The EAF is designed to co-finance and incentivize electricity access interventions with a focus on integrating DRE as part of a least-cost electrification programme, establish dedicated facilities and targeted subsidies to incentivize private sector to serve challenging markets that cannot be reached on commercial terms and through conventional approaches. The support includes targeted demand-side subsidies directly to people in remote, conflict-affected areas as well as women, refugees, and internally displaced people, to close the affordability gap to gain access to electricity, as well as

supply-side subsidies to reduce the cost for private sector players to reach the people. For example, a woman in a rural village could afford to purchase a solar home system using a demand-side subsidy made available from the EAF, and purchase bit from a solar system provider that benefited from a supply-side subsidy funded by the EAF to reach the woman's village. By doing so, the EAF will significantly enhance the chance of the World Bank's energy access program to deliver electricity access for most challenged communities. The EAF, if fully capitalized with its targeted USD 400 million over six years, can co-finance and leverage approximately USD 10 billion of World Bank lending in most challenged communities (expected level of Bank lending to FCV countries).

**Unallocated Funds:** Approximately 20 pct. of the total grant will be held back initially as unallocated funds. This will provide Denmark with strategic flexibility and at the same time enable ESMAP to address emerging priorities without awaiting procedures of new separate Danish grants. Previous examples of such extra Danish grants on top of the core support includes grants for COVID support measures and extra funding for clean cooking in Rwanda. The consolidation of the Danish support to ESMAP into just one overall grant is part of a general MFA/KLIMA policy to concentrate on fewer engagements with fewer cooperation partners in order to keep the strategic vision of Danish support and to lower the transaction costs of Danish engagements. Later allocation of these funds will follow the general AMG-rules and be within the perimeters of the overall thinking behind the Danish support to ESMAP as presented in this paper. ESMAP has been thoroughly consulted of the plans and procedures for unallocated funds and is in full agreement with this approach, which is very much in line with ESMAP's adaptive management approach.

### 3. Theory of change and key assumptions

ESMAPs' draft Theory of Change (ToC) for the new BP FY 2025-2030 is presented in Figure 3.1. below. Assumptions underpinning this ToC are not stated in the draft BP.

From Denmark's perspective, key assumptions include:

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

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

*If* Denmark contributes grant funds to ESMAP's MDTF for general support to ESMAP's BP for FY 2025-2023 and with preferenced funding for clean cooking and electricity access in Africa.

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

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

*Then* ESMAP will, together with support from other donors, undertake activities and deliver outputs summarised in general terms in Figure 3.1. above and further specified in work programmes based on KPIs in the BP results framework when available.

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

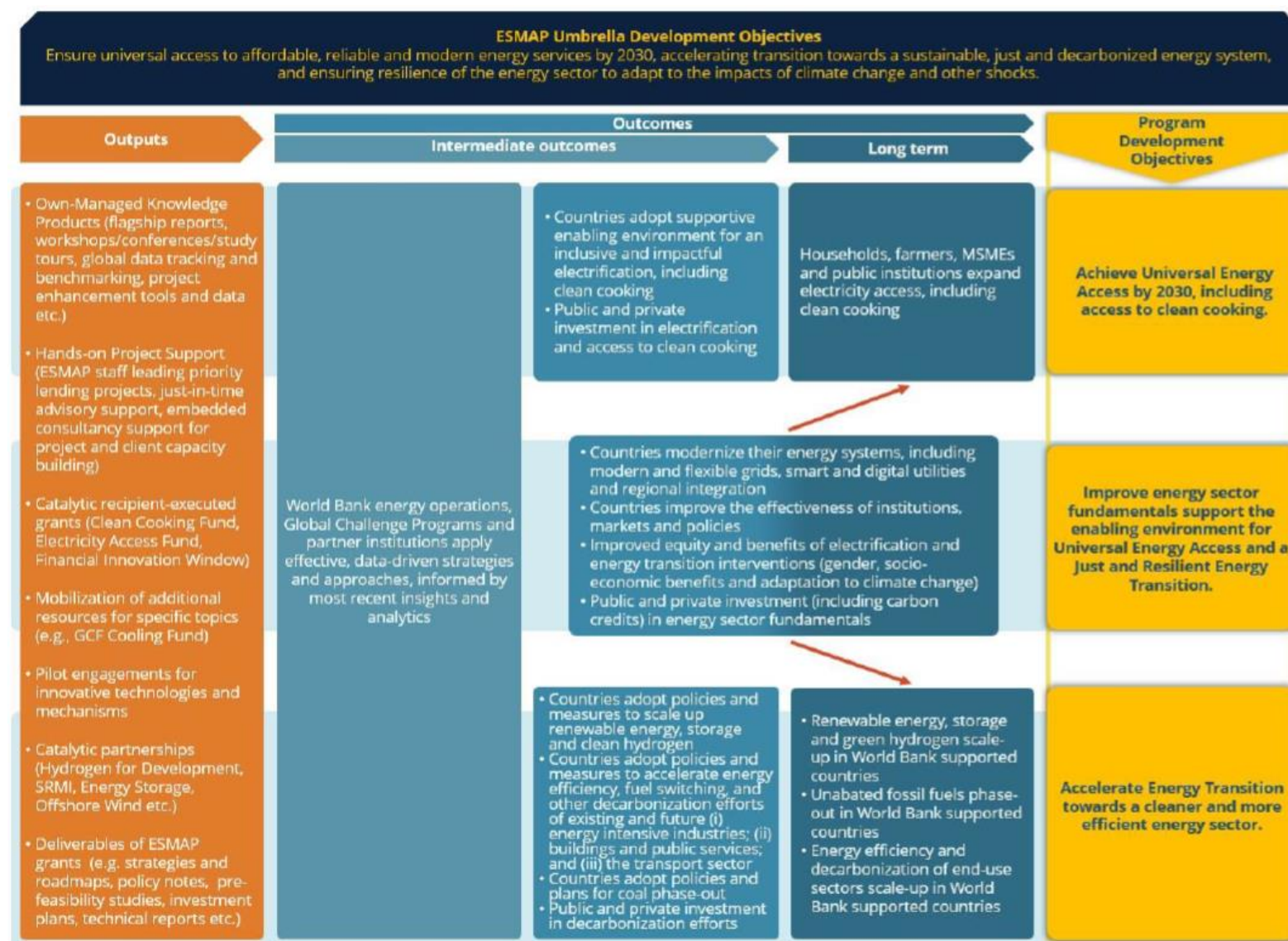
*And then* households, farmers, micro, small, and medium-scale enterprises, and public institutions will have expanded electricity access, including clean cooking, and partner countries will have achieved improved equity and benefits of electrification and just energy transition interventions (incl.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

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

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

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

Figure 3.1: Theory of Change for ESMAP BP FY25-30



#### 4. Draft results at outcome level

The revised ESMAP Results Framework (RF) that is included as an annex to the new BP (and included in the present document as Annex B), offers a streamlined approach to measuring fewer, but key results indicators aligned with the donors' priorities. This is a direct follow-up to the 2024 Evaluation recommendations. At the highest – outcome – level, the RF expands on the current ESMAP approach of reporting the *expected* results (i.e., results from the World Bank lending operations approved by the Board in the given fiscal year) to reporting the *actual* results of the previously-approved ESMAP-informed operations, ongoing or closed in the year of reporting. This approach is aligned to the new World Bank Scorecard reporting approach, which is simplified compared to previously as part of a major WBG reform process. Moreover, ESMAP will adopt the new Scorecard indicators (e.g., People with access to electricity, Renewable energy capacity enabled), follow the same definitions and validate the proportion of the corporate results reported that is informed by ESMAP. This approach will allow to align the World Bank corporate and ESMAP reporting and avoid misinterpretation of results should different definitions be used. The ESMAP RF contains 14 Outcome indicators, 14 Intermediate Outcome indicators, and 11 Output indicators. The indicators are found to be SMART<sup>25</sup>.

At this stage, in lieu of the just received revised ESMAP RF, and in view of the proposed preferencing, the expected major outcomes (results) of Denmark's contribution at outcome level will be:

- 1. Outcome 1: Low-income households and small businesses and institutions, particularly in African countries, have increased access to clean cooking.**  
(This will be a contribution to the new BP Outcome #6: People provided with access to clean cooking - with targets of 27.5 million or 60 million in 2027 and 55 million or 160 million in 2030 in the BP base or stretch scenarios, respectively).
- 2. Outcome 2: Households, farmers, MSMEs and public institutions have expanded electricity access.**  
(This will be a contribution to the new BP Outcome #5: People provided with access to electricity - with targets of 66 million or 105 million in 2027 and 188 million or 300 million in 2030 in the BP base or stretch scenarios, respectively).
- 3. Outcome 3: Developing countries have improved the effectiveness of energy sector institutions, markets, and policies, modernized their energy systems, and improved equity and socioeconomic benefits of electrification and just energy transition.**  
(This will be a contribution to the new BP Outcome #9: Countries with enacted policies, regulations and plans on energy subsidy reform, utility modernization, regional markets, and data & AI driven energy planning - with a target of 30 in 2027 and 40 in 2030; and to the new BP Outcome #10 Countries with enacted policies, regulations and plans on energy system climate resilience preparedness - with targets of 2 or 5 in 2027 and 20 or 50 in 2030 in the BP base or stretch scenarios, respectively).

The RF will be further refined as the final version of the Project Document is developed.

#### 5. Inputs, budget, financial management and reporting

Denmark will provide grant funding through the World Bank to ESMAP as the anchor of the Multi-Donor Trust Fund (MDTF) for the World Bank' Energy & Extractives Global Practice,

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<sup>25</sup> Specific, measurable, attainable, relevant, timebound

(EEGP) following the procedures and guidelines for trust funds in the “Umbrella 2.0 program<sup>26</sup>”. This allows ESMAP to channel core and preferenced funding to own activities (Bank-executed grants or trust funds (BETFs)) and to associated trust funds and to recipient executed country-specific trust funds (RETFs<sup>27</sup>).

ESMAP has presented ambitious budget scenarios for the next business plan period, as summarised in Table 5.1 below. The Consultative Group meeting in May 2024 has endorsed these budget scenarios. The budget targets for the BP present a base case and a stretch scenario and will include intermediate reviews with the CG (proposed for year two and four, respectively). ESMAP has informed the CG that experience in the last few years shows that scaling up impact in access and energy transition requires both BETFs, as well as RETFs, and that the demand for RETFs is growing quite dramatically. In order to meet ESMAP’s SDG7 goals and support the World Bank Global Challenge Program on Energy, the FY25-30 BP aims to secure a steady growth in Bank-executed grants, along with a significant increase in recipient-executed grants. It is expected that RETFs will continue the FY21-24 BP’s trend of being uneven, based on specific regional/country and program demands, as well as availability of donor funding.

Table 5.1: Budget Scenarios for the ESMAP Business Plan FY 2025 – 2030

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

It is proposed that Denmark, through the MFA, commits grant funding to ESMAP of DKK 150 million in 2024 - and 150 million in 2025, subject to Parliamentary Approval. The proposed allocation of these funds is shown in Table 5.2 below. Funds from Denmark to the ESMAP will be disbursed once per year, following the approval of the previous year’s annual report and accounts, with foreseen annual disbursements as reflected in Table 5.2.

It is a requirement that the Danish grant meets OECD-DAC criteria for development assistance. The OECD DAC List of ODA recipient countries for reporting on aid in 2024 and 2025 is found here ([link](#)). The requirement is considered met by ESMAP as it is a trust fund within the World Bank and with a dedicated purpose focusing on low and middle-income countries. Nevertheless, Denmark will monitor the list of countries supported by ESMAP on an annual basis. It is also noted that the ODA coefficient for overall core funding of the World Bank is 100 ([link](#)).

<sup>26</sup> Information on implementing the Umbrella 2.0 approach can be found here ([link](#) and [link](#)) and information on World Bank Trust Fund Reform can be found here ([link](#))

<sup>27</sup> RETFs are governed by a Grant Agreement between the World Bank and the Recipient, and are subject to the same review and appraisal process as equivalent Bank lending activities. The recipient country/region procures contracts, carries out the activities, is responsible for quality control of activities being financed and payments and disbursements. This modality also builds client institutional capacity.

Table 5.2: Proposed allocation of Denmark's contribution to ESMAP BP FY 2025-2030

DKK million	2025	2026	2027	2028	2029	2030	Total
General support to business plan	20	10	10	5	5	-	50
Electricity Access Fund	30	15	5				50
Clean Cooking Fund	40	25	25	25	25	-	140
Unallocated <sup>28</sup>			19.75	20	20	-	59.75
Contribution to joint external evaluation			0.25			-	0.25
Total	90	50	60	50	50	-	300

According to the ESMAP Budget Note to the CG dated 28 April 2024, there are currently 19 donors<sup>29</sup> to ESMAP, including Denmark. The Note also informs that paid contributions as of 1 July 2023 totalled USD 246,329,068. Additional contributions received/paid<sup>30</sup> from 1 May 2023 to 28 April 2024 totalled USD 70,067,160. Pledges with signed contribution agreements (unpaid contributions) totalled USD 136,327,762, bringing the MDTF fund balance<sup>31</sup> to USD 452,723,990.

#### Financial management, planning and reporting:

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

The ESMAP Program Management and Administration (PM&A<sup>32</sup>) fee is for the draft BP FY2025-2030 budgeted at a total of USD 30 million in both budget scenarios, as reflected in Table 5.1 above. The 2024 Evaluation noted that *“Project Management expenses make up about three percent of the ESMAP budget across fiscal years 2021 through 2023. This is lower than the allowed five percent project management costs. According to the ESMAP team, this five percent leaves a necessary buffer for foreign exchange fluctuations or other unexpected expenses. This buffer is also used to cover other ESMAP expenses, such*

<sup>28</sup> This is within the maximum possible of 25%, ref. Section 5.4.3 page 55 in Danida guidelines ([link](#)).

<sup>29</sup> Donors to the BP FY2021.2024 in addition to Denmark are: Austria, Canada, ClimateWorks, AFD France, BMU and MBZ Germany, Global Energy Alliance for People and Planet, Iceland, Italy, Japan, Netherland, Norway/Norad, Spain, Sweden/Sida, SDC and SECO Switzerland, DESNZ and FCDO United Kingdom.

<sup>30</sup> From the following donors: Canada, Germany, Iceland, Italy, Netherlands, Norway, Sweden, UK.

<sup>31</sup> This excludes donor contributions supporting staff costs through the World Bank's Donor Funded Staffing Program or Global Secondment Program. It also excludes contributions to the following TFs associated with ESMAP: SIDS/DOCK; Carbon Capture, Utilization and Storage (CCUS); Advancing Regional Energy Projects (AREP) in Africa; and Energy Access Quality Improvement Project in Rwanda.

<sup>32</sup> PM&A covers: Managing the program, including the Annual Block Grant cycle, screening proposed projects, quality assurance and enhancement, and allocating funds; personnel management; trust fund administration and donor relations (including enhanced reporting and donor outreach efforts); regional coordination; and Consultative Group meetings and Technical Advisory Group.

*as the administrative fee of five percent for each of the RETFs (charged when Grant Agreements are signed). This fee covers the Bank's corporate costs, such as legal, accounting, budget, and DFi.<sup>33</sup>". The ESMAP Budget Note dated 28 April 2024, states that "Following the World Bank's TF Reform, ESMAP has established an Umbrella MDTF (TF073553). The ESMAP Umbrella MDTF maintains the Bank's FY16 Cost Recovery Framework<sup>34</sup> applying an indirect rate of 17% on labor (staff and consultants) at disbursement stage for Bank-executed TFs (BETFs). Associated TFs established after January 1, 2021 follow the current Cost Recovery Framework, applying an indirect rate of 12% of the total amount of BETF disbursements. And: "ESMAP adheres to the cost recovery rates established in July 2015: for Bank-executed trust funds (BETFs), an indirect rate of 17% charged on personnel costs and for recipient-executed trust funds (RETF), an administrative fee of 5% on grant commitments".*

The World Bank is regularly assessed by the Multilateral Organisation Performance Assessment Network (MOPAN), most recently in 2023 ([link](#)). The main conclusion was that the World Bank<sup>35</sup> continued to demonstrate overall strong performance across multiple areas, culminating in strong delivery of development results. Notable strengths include the Bank's strategic management, financial management, operating model, and results-based management. More information about the MOPAN assessment is found in Annex A.

ESMAP produces an annual narrative and financial report demonstrating progress on the results framework indicators and targets. The narrative report is presented to the Consultative Group for comments before final submission and ESMAP Annual Reports are publicly available ([link](#)).

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

For grants of this size, the MFA normally requires a mandatory Mid-term Review. However, since Denmark's support is provided to the ESMAP MDTF jointly with a donor group of currently 23 other donors, this requirement will be met by a contribution to the External Evaluation of ESMAP planned also for the next BP (previous such Evaluations were done in 2020 and 2024). The Technical Advisory Group (see more on TAG below) will provide external advisory to the evaluation.

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

## **6. Institutional and management arrangement**

ESMAP is fully integrated in the World Bank's Energy and Extractives Global Practice (EEGP) with the objective of informing World Bank policy dialogue and lending in the sector. The ESMAP MDTF is the consolidated Trust Fund for the EEGP. The ESMAP core team consists

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<sup>33</sup> World Bank's Development Finance (DFi) Vice Presidency.

<sup>34</sup> According to the World Bank's 2021 Cost Recovery Framework ([link](#)) there is a standard flat fee of 12 % on the total amount of disbursements on Bank-executed activities (BETFs) and a graduated fee between 2-5% on recipient-executed activities (RETFs) under a Grant Agreement signed between the Bank and a recipient.

<sup>35</sup> MOPAN defines the World Bank as comprising the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). Together with the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID) they constitute the World Bank Group (WBG). FC and MIGA were not covered by the MOPAN assessment.

of over 40 professional staff (see more on this [link](#)). Reference is made to the ESMAP partner assessment details in Annex A.

**Consultative Group (CG):** The ESMAP CG is composed of representatives of contributing donors including Denmark and is responsible for providing strategic guidance and direction on the implementation of ESMAP Business Plan. The CG also provides advisory to emerging ESMAP priorities and reviews the annual financial and progress reports. In general, CG decisions are made by consensus during meetings following a “no-objection” process. The Bank is the chair of the CG and plays a facilitating role.

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

## 7. Risk Management

The ESMAP Risk Framework is included as an annex to the BP FY2025-2030. A total of 8 main risk factors (with breakdown into details for some risks) are clustered under the following headings: Strategic Risks, Stakeholder Risks, Operational Risks, and Financial Risks. Risk ratings are low/modest, and risk mitigation measures are included for each risk factor. The 2024 Evaluation of ESMAP did not specifically address risks as a theme. The ESMAP risk classification is different from the MFA/Danida risk classification into contextual, programmatic, and institutional risks, but the full Project Document for Denmark’s proposed support to the ESMAP BP FY 2025-2030 will include the normal Danida risk management matrix according to Danida guidelines, as seen from Denmark’s perspective, and aligned to the ESMAP risk matrix. The risk matrix should be discussed annually within the Consultative Group. At this stage, the following are considered relevant key risk factors from a Danish perspective for the proposed Danish contribution.

Risk factors	Risk mitigation measures
<b>Contextual risks:</b>	
ESMAP’s work not being guided by clear strategic framework in contexts influenced by global geopolitical conflicts and multiple crises.	For global and regional activities, strategic alignment with the Bank’s corporate objectives (approved Bank/regional/sector strategies). CG provides guidance and advice, meeting annually to review the strategic direction, achievements, use of resources and funding requirements. TAG, in its fit-for-purpose capacity, provides informed, independent opinions to the CG about the purpose, strategic direction, and priorities, as well as provides advice and suggestions on current and emerging global energy sector issues likely to impact ESMAP’s client countries.
<b>Operational risks:</b>	
Vested interests in current energy solutions and resistance to transition if not just and equitable; ESMAP activities/projects do not respond to client needs, or the benefits of ESMAP	ESMAP support underpinned by focus on socio-economic aspects of energy transition. Annual portfolio review with regional energy management strengthens focus on results and outcomes

support not reaching vulnerable population, including girls and women, especially in fragile environments.	and identifies forthcoming demand for ESMAP resources and high-priority activities.
Client country partner institution roles and responsibilities are unclear, and institutional capacities are weak.	Partnerships established clearly and transparently through formalized arrangements and/or agreements, including grant agreements, operations manual, memorandum of understanding, etc. and ESMAP providing targeted capacity development support.
Insufficient funding to the BP and lack of donor appetite for proposed Recipient-executed work.	Strong communication channels with existing donors to track pledges and coordination within CG and ESMAP outreach to new donors. Support clients and WBG teams to apply for climate finance for some of the recipient-executed activities proposed, and under its new BP, proposes to make increased and longer-term commitments allocated to programmes based on client commitment and ambition with the potential to mobilize private capital.
<u>Institutional risks:</u>	
Risk of insufficient coordination and synergies with other initiatives in complex and dynamic contexts.	Country and regional activities are anchored in World Bank country programmes and must demonstrate client commitment. World Bank operational units participate in country/project-specific coordination structures and processes. Coordination strengthened by ESMAP's participation in and organization of events, including annual meetings, dialogue roundtables, joint study tours.
ESMAP staff turnover.	Teams have critical mass that allows for assigned back-ups and are also complemented by external specialists.
Parties external to the Bank may engage in fraud, corruption or misconduct under ESMAP-financed projects.	Bank-executed Trust Funds (BETFs) are subject to the same controls as Bank budget expenditures. Recipient-executed Trust Funds (RETFs) are subject to the same review and appraisal process as equivalent Bank lending activities. Trust fund grants are subject to the Bank's Anti-Corruption Guidelines, Procurement and Consultant guidelines, as well as Standard Conditions for TF Grants, which provide for suspension and/or cancellation of disbursements.

## Annex A: Preliminary Partner Assessment

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

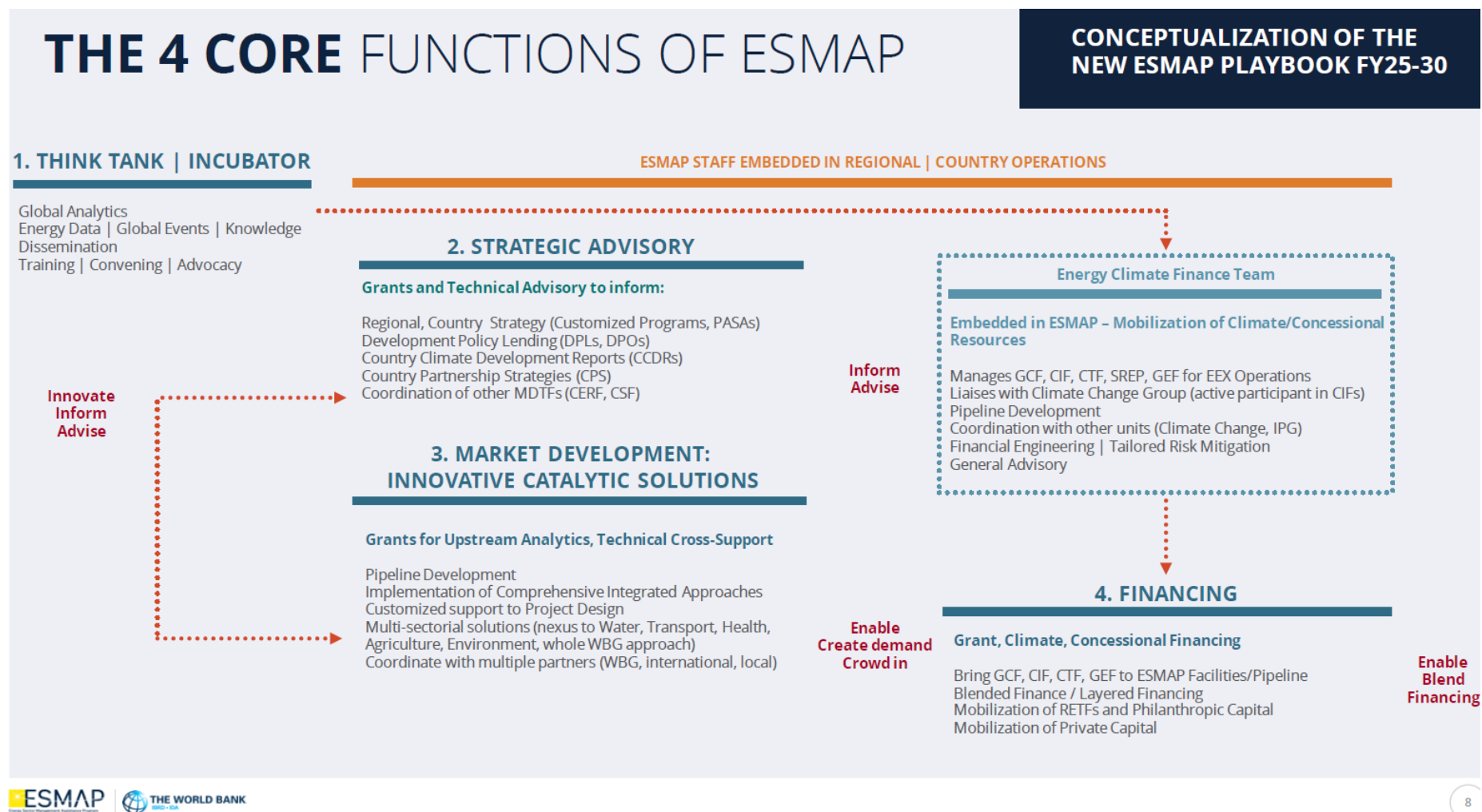
### **Comparative strengths of ESMAP, as stated in the Business Plan FY 2025-2030:**

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

- **Knowledge and Expertise:** ESMAP is a think tank, connector, data gatherer, analyst, and innovator. It is one of the most authoritative global sources for solutions to achieve universal access to energy and decarbonization of energy systems. ESMAP collects data and produces analytics to inform pioneering advances based on on-the-ground experience. Its data repository includes a wide range of global information, such as wind and solar maps, geospatial data on electricity access and energy infrastructure, energy consumption patterns, policy and regulation, and institutional governance, among others.
- **Finance Mobilization:** ESMAP's expertise in raising funds turns ideas into projects. ESMAP's status as part of the World Bank enables it to leverage concessional financing that incentivizes private investment in challenging sectors and regions. ESMAP offers unique insights on sources for grants and concessional financing from climate funds. It supports the structuring of project pipelines and often arranges blended and layered financing, along with the mobilization of recipient-executed trust funds and philanthropic and private capital.
- **Catalyst:** ESMAP mobilizes its experience and networks to spark change. It connects peers—public and private—across countries to test new approaches and refine them through tailor-made pilot projects, replicating, and scaling up those that work.
- **Global Reach, Advocacy, and Partnerships:** Through its direct integration with World Bank operations, ESMAP influences energy investments globally. Its convening power with developing country governments, multilateral banks, private capital markets, bilateral donors, foundations, carbon-market finance institutions, national laboratories, experts in energy technology companies, consulting firms, and academia gives it the ability to forge lasting and impactful partnerships.
- **Policy Laboratory:** ESMAP analyses energy markets, utility performance, policy and regulatory incentives, tariffs, standards, operational protocols, and rules around the world, identifying effective practices to offer countries innovative solutions that often lead to breakthroughs.

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

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



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

<b>Name of Partner</b>	<b>Core business</b>  <i>What is the main business, interest, and goal of the partner?</i>	<b>Importance</b>  <i>How important is the project for the partner's activity-level (Low, medium high)?</i>	<b>Influence</b>  <i>How much influence does the partner have over the project (low, medium, high)?</i>	<b>Contribution</b>  <i>What will be the partner's main contribution?</i>	<b>Capacity</b>  <i>What are the main issues emerging from the assessment of the partner's capacity?</i>	<b>Exit strategy</b>  <i>What is the strategy for exiting the partnership?</i>
ESMAP	In addition to the key areas of expertise shown in Figure A.1 above, it is noted that ESMAP's new objective is "Ensuring universal access to affordable, reliable, and modern energy services by 2030, accelerating transition towards a sustainable, just and net zero energy system, and ensuring resilience of the energy sector to adapt to the impacts of climate change and other shocks.	Denmark's proposed contribution of DKK 300 million corresponds to about USD 43 million, or in the order of 3.8% of the base case or 1.8% of the stretch scenario, meaning that the project budget as such will be low in comparison with the overall planned resource envelope for ESMAP. <sup>36</sup>	ESMAP's influence is high, and ESMAP is fully accountable to Denmark for progress and results.	ESMAP's own main contributions include expertise, experience, knowledge, data and information, convening power, communications and outreach, leverage through World Bank projects and programmes, etc.	ESMAP has over 50 expert staff members. The 2024 Evaluation found that "The ESMAP team is growing, but so is the demand for ESMAP resources". <sup>37</sup>	Denmark has supported ESMAP since 1998 and this support has consistently been considered relevant and impactful. Current contributions come to an end by the end of 2024 and 2025. A new phase of support through 2030 is now proposed. However, in the unlikely event of an exit this would be communicated well ahead giving the World Bank/ESMAP ample time to consider the implications.

<sup>36</sup> FY25-30 Business Plan Budget Scenarios are i) base case USD 1,140 million; stretch scenario USD2,435 million. However, these numbers alone should not be taken as a measure of the importance of Denmark's support since Denmark – like other ESMAP donors – have a voice in the Consultative Group.

<sup>37</sup> The growth of cross-Global Practice (GP) support has increased the strain on the time of ESMAP staff, whose expertise in the energy sector is extremely valuable to partners in other GPs. There is also high demand for decreasing the time for proposal approvals, which may also put strain on ESMAP staff. Finally, while World Bank operational staff repeatedly expressed their gratitude for the expertise and support of the ESMAP team, several interviewees wanted to see more of this involvement, especially given that the TTLs are also overextended. All of these factors suggest that the demand for ESMAP staff resources will continue to grow. ESMAP is already in the process of hiring but could consider hiring additional staff, particularly if the volume of grants or lending supported increases beyond the level of the FY21-24 business plan. The ESMAP management response to the Evaluation recommendation on conducting a staffing assessment was "Recognizing the importance of the effective growth of ESMAP's work program, the Bank has increased the management of to two Practice Managers."

### **The 2024 Evaluation of ESMAP summarised the follow lessons:**

- ✓ **Successes:** *“The business plan implementation has remained highly relevant to global contexts and country-level needs. Despite a lower than anticipated budget, all thematic programs showed great flexibility and largely achieved results proportionate to the funding received. The business plan had foundational successes in using a country-level programmatic approach and working as an implementation fund for clean cooking. These successes have already been captured by early drafts of the forthcoming business plan which foresees broader use of the programmatic approach and use of ESMAP as an implementation fund”.*
- ✓ **Challenges:** *“The business plan may have overcorrected in adopting recommendations from the last evaluation, by adding too much complexity to the window structure and results framework. The changes have created additional administrative burden, some confusion in the proposal process, and difficulty in clearly identifying areas of successful implementation. Donors do not receive actual results, which are needed to justify their contributions. To remain forward-thinking the business plan could better address diversity, energy efficiency, and climate change resilience”.*

### **Evaluations undertaken by the MFA Evaluation Department:**

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

The Danida 2021 Evaluation of Climate Change Mitigation had a separate Annex M<sup>38</sup> on ESMAP. The evaluation report concluded that:

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

The Danida 2015 Evaluation<sup>39</sup> of Denmark’s Climate Change Funding to Developing Countries found that:

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

### **The MOPAN assessment of the World Bank:**

The Multilateral Organisation Performance Assessment Network (MOPAN) assessment (July 2023)<sup>40</sup> of IDA and IBRD found the strengths and weaknesses highlighted in Box A1. The World Bank’s Management Response included concrete actions in follow-up to assessments with a ‘satisfactory’ rating (as opposed to ‘highly satisfactory’) on: One World Bank’ and Mobilizing Private Capital; Knowledge and Learning; New Corporate Scorecard; Global Priority Programs; Partnerships, and Operational effectiveness. From a donor perspective, this follow-up has also strengthened the Bank as an implementing partner for contributions to ESMAP.

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<sup>38</sup> More information can be found in Annex M ([link](#))

<sup>39</sup> More information can be found in the Evaluation Report ([link](#))

<sup>40</sup> See further on MOPAN ([link](#))

## Box A.1: MOPAN conclusions on main strengths and areas of attention for IDA and IBRD

### MAIN STRENGTHS

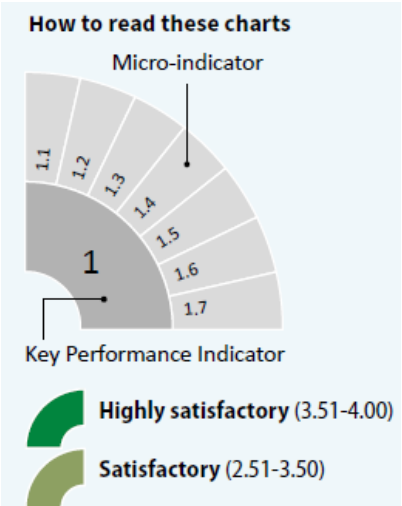
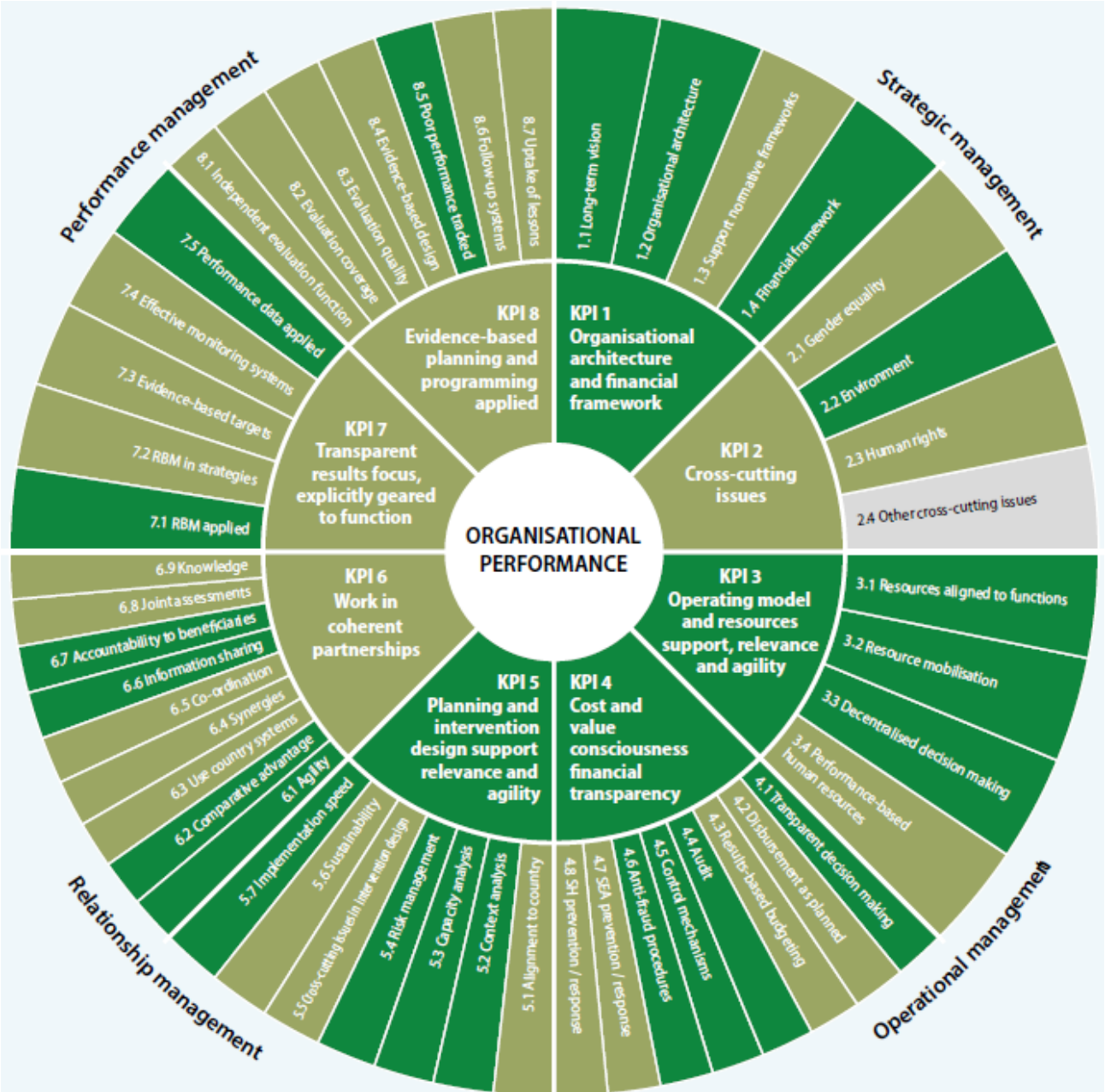
- Unparalleled strength of the Bank's financial framework, including the Hybrid Financial Model for IDA, the new IBRD Financial Framework and Trust Fund reform. Changes made over the assessment framework have further expanded resources for concessional lending, promoted sustainable lending over the medium-term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

### AREAS FOR ATTENTION

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

More granular information on the MOPAN performance assessment is found in Figure A.2.

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



## Annex B: ESMAP BP FY 2025-2030 results framework

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

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

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

## ESMAP RESULTS FRAMEWORK FY25-30

OUTCOME INDICATORS	FY27 Milestone Base	FY27 Milestone Stretch	FY30 Target Base	FY30 Target Stretch	Contributing Program (primary)
1. GW of renewable energy capacity enabled	17.15		45.3		Energy Transition, Foundations for Decarbonized Energy Systems
2. GWh energy storage	7.875		15.75		Energy Transition
3. Net GHG emissions per year	32.4		86.6		Energy Transition
4. Projected energy and fuel savings (MWh)	72,0000		150,0000		Energy Transition
5. People provided with access to electricity (number)	66,000,000	105,000,000	188,000,000	300,000,000	Energy Access (Electricity and Clean Cooking)
6. People provided with access to clean cooking (number)	27,500,000	60,000,000	55,000,000	160,000,000	Energy Access (Electricity and Clean Cooking)
7. Businesses with access to new or improved energy services (number)	231,000 businesses and public institutions. Of which: 210,000 businesses and 21,000 public institutions.	385,000 businesses and public institutions. Of which: 350,000 businesses and 35,000 public institutions	660,000 businesses and public institutions. Of which: 600,000 businesses and 60,000 public institutions.	1.1 million businesses and public institutions. Of which: 1 million businesses and 100,000 public institutions	Energy Access (Electricity and Clean Cooking)
8. Public institutions with access to new or improved energy services (number)	2,500	5,000	7,500	15,000	Energy Access (Electricity and Clean Cooking)
9. Countries with enacted policies, regulations and plans on energy subsidy reform, utility modernization, regional markets, and data & AI driven energy planning (Number)	20		40		Foundations for Decarbonized Energy Systems

For further details about the methodology of the Results Framework, refer to the complete version: “Consolidated ESMAP Results Framework FY25-30 in excel.

OUTCOME INDICATORS	FY27 Milestone Base	FY27 Milestone Stretch	FY30 Target Base	FY30 Target Stretch	Contributing Program (primary)
10. Countries with enacted policies, regulations and plans on energy system climate resilience preparedness (Number)	2	5	20	50	Foundations for Decarbonized Energy Systems
11. Private capital enabled (USD)	41		92		All
12. Clean energy jobs created from the World Bank's energy sector projects (TBC <sup>xvii</sup> )	tbc		tbc		All
13. People benefitting from greater gender equality, of which (%) from actions that expand and enable economic opportunities	tbc		tbc		All
14. GW of renewable energy reaching financial close for privately owned projects (GW)		3		6.3	Energy Transition

INTERMEDIATE OUTCOME INDICATORS	FY27 Milestone Base	FY27 Milestone Stretch	FY30 Target Base	FY30 Target Stretch	Contributing Program (primary)
1. World Bank lending operations informed (USD, billion)	31.57		89.79		All

For further details about the methodology of the Results Framework, refer to the complete version: “Consolidated ESMAP Results Framework FY25-30 in excel.

2. Private capital mobilized (USD, billion)	43.39		98.85		All
3. Co-financing (multilateral and bilateral development banks, climate finance, philanthropies) mobilized (USD, billion)	0.75		15.65		All
4. Data-driven decision making: World Bank lending operations and other government and partner initiatives referencing the ESMAP-produced knowledge and analytics in project design.	15		30		All
5. Increased client technical capacity to implement WB and other MDB projects (number of clients)	25		45		All
6. WB energy sector lending operations that incorporate job creation in the results frameworks (number)	7		19		All
7. WB energy sector lending operations that achieve the gender tag (percentage)	80%		85%		All

INTERMEDIATE OUTCOME INDICATORS	FY27 Milestone Base	FY27 Milestone Stretch	FY30 Target Base	FY30 Target Stretch	Contributing Program (primary)
8. Enhanced decarbonization and energy efficiency policies, plans, and regulations for energy	0		16		Energy Transition

For further details about the methodology of the Results Framework, refer to the complete version: “Consolidated ESMAP Results Framework FY25-30 in excel.

9. RE commitments added in countries plans and policies (GW)	25		40		Energy Transition
10. Energy storage commitments added in countries' policies and plans (GWh)	15		30		Energy Transition
11. Countries adopt policies on phasing out fossil fuel generation, including coal power plant decommissioning (number)	10		15		Energy Transition
12. GW of electrolyzers enabled	5		5		Energy Transition
13. Countries provided with multi-sectoral access approaches (including focus on clean cooking, gender, pro-poor approaches, financing innovation, productive uses, sustainable cooling and digital platforms) as part of their national electrification/energy access strategies and plans (number)	15		27		Energy Access (Electricity and Clean Cooking)
14. Countries with plans or policies developed in utility reform, subsidy reform, digitalization, market development and energy system climate resilience (number)	20		40		Foundations for Decarbonized Energy Systems
<b>OUTPUTS</b>	<b>FY27 Milestone Base</b>	<b>FY27 Milestone Stretch</b>	<b>FY30 Target Base</b>	<b>FY30 Target Stretch</b>	<b>Contributing Program (primary)</b>
1. Own-managed analytical reports produced and disseminated (number)	27		60		All

For further details about the methodology of the Results Framework, refer to the complete version: “Consolidated ESMAP Results Framework FY25-30 in excel.

2. International knowledge sharing events hosted (number)	32		69		All
3. External partners engaged in key thematic cooperation (number)	16		220		All
4. Risk mitigation instruments deployed under Financial Innovation Window (number)		20		50	Energy Transition
5. Volume of climate finance mobilized (i.e., GCF financing; USD, billion)	0.40		0.95		All
6. World Bank clean cooking financing projects supported (number)	6		12		Energy Access (Electricity and Clean Cooking)
7. World Bank electricity access financing projects supported through the Electricity Access fund (number)		6		12	Energy Access (Electricity and Clean Cooking)
8. Conference events led by regional networks for women in energy (number)	3		5		Foundations for Decarbonized Energy Systems

OUTPUTS	FY27 Milestone Base	FY27 Milestone Stretch	FY30 Target Base	FY30 Target Stretch	Contributing Program (primary)
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9. Documentation that summarize the experiences and successful outcomes of the mentees who participated in the ESMAP gender-focused mentorship programs (number)OUTPUTS	2		4		Foundations for Decarbonized Energy Systems
10. Regional programs supporting corporate gender tagging in energy sector lending projects (number)	6		6		Foundations for Decarbonized Energy Systems
11. Country and regional grants provided (number)	53		102		All

<sup>i</sup>World Bank (2023) Evolution of the World Bank Group: A Report to Governors. Development Committee Paper. March 2023

<sup>ii</sup> World Bank (2023) Ending Poverty on a Livable Planet: Report to Governors on World Bank Evolution. Development Committee Paper. September 27, 2023

<sup>iii</sup> From Vision to Impact: Implementing the World Bank Group Evolution Update to Governors. Development Committee Paper. March 2024

<sup>iv</sup> [The costs of achieving the Sustainable Development Goals | UNCTAD](#)

<sup>v</sup> IEA, IRENA, UNSD, World Bank, WHO. 2023. Tracking SDG 7: The Energy Progress Report. World Bank, Washington DC.

[https://trackingsdg7.esmap.org/data/files/download-documents/sdg7-report2023-full\\_report.pdf](https://trackingsdg7.esmap.org/data/files/download-documents/sdg7-report2023-full_report.pdf)

<sup>vi</sup> Source: World Energy Investment 2023. IEA. International Energy Agency Website: [www.iea.org](http://www.iea.org)

<sup>vii</sup> Clean energy investment includes investments in renewable energy, grid reinforcement, storage, energy efficiency, electric mobility and low-emission fuels

<sup>viii</sup> IEA and IFC, 2023, *Scaling up private finance for clean energy in emerging and developing economies*.

<sup>ix</sup> IEA, 2022 Coal in Net Zero Transitions

<sup>x</sup> IEA (2023), [Electricity Grids and Secure Energy Transitions](#), IEA, Paris

*For further details about the methodology of the Results Framework, refer to the complete version: "Consolidated ESMAP Results Framework FY25-30 in excel.*

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<sup>xi</sup> This also extends to wider cross-cutting themes tracking the emissions and impacts of short-lived climate pollutants (SLCPs) such as PM2.5, Methane, NO<sub>x</sub>, and SO<sub>x</sub>, that come largely from energy production and consumption, and have local and global consequences, including the quality of the air we breathe.

<sup>xii</sup> For a definition and examples of ASAs, see <https://www.worldbank.org/en/what-we-do/products-and-services/advisory-services>.

<sup>xiii</sup> For definitions on the types of World Bank financing, see <https://www.worldbank.org/en/what-we-do/products-and-services/financing-instruments>.

<sup>xiv</sup> Government officials in client countries can be reluctant to use IDA/IBRD resources for untested innovations—either institutional, financial instruments, delivery mechanisms, or engagement of the local private sector. This can delay the catalyzing of innovations that can be scaled up after proving their effectiveness and incorporating initial lessons of experience.

<sup>xv</sup> Including recipient-executed grants of "Associated" trust funds, e.g., Regional Off-Grid Electricity Access Project (ROGEAP), Kyrgyz Electricity Sector Modernization and Sustainability (KEMS) Project, and Additional Finance to Scale Up Modern Energy in Rwanda - Increasing access to clean cooking solutions for public schools.

<sup>xvi</sup> *The methodology for the measurement is currently under development and expected to be rolled out by FY25. Reporting modality will be determined once the Scorecard methodology is developed.*

## Annex C: Energy Progress Highlights, April 2024

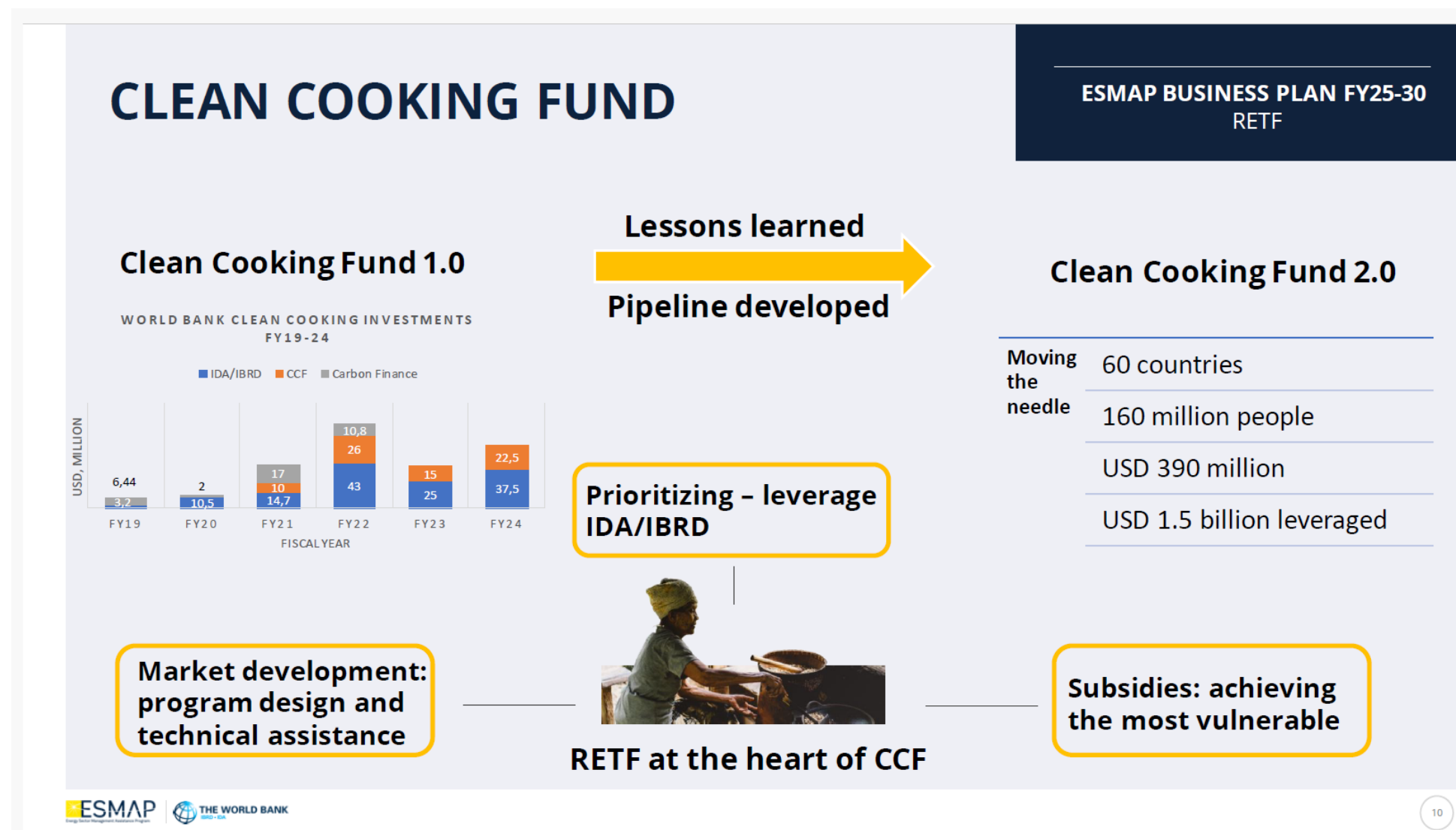
The Energy Progress Highlights<sup>41</sup> presented to the stocktaking concluded that:

- *The number of people living without electricity access grew for the first time in 2022, reversing years of progress. Going forward, the access gap is projected to still stand at 8% in 2030, leaving around 660 million people without access. Sub-Saharan Africa (SSA) accounts for 83% of the global electricity access gap. Despite significant increases in access each year, population growth in SSA has meant that there are still 570 million without electricity in 2022. Most of this access gap is in more remote, poorer, and more vulnerable communities that are harder to reach.*
- *In 2022, 74% of the world's population was estimated to have access to clean cooking fuels and technologies (e.g., electricity and LPG, natural gas, biogas, solar, and alcohol), while a staggering 2.1 billion people still depended on polluting fuels and technologies – such as wood, charcoal, dung, and crop waste- as their primary energy source for cooking. The global access deficit has decreased from 36% to 26% since 2015. However, if current trends persist, it is projected that only 79% of the global population will have access to clean cooking fuels and technologies by 2030 – a shortfall of over 1.7 billion people without access that demands urgent action. Sub-Saharan Africa remains the only region where the number of people without access to clean cooking is still rising, mainly due to population growth outpacing clean cooking progress. Without immediate and targeted action, the access deficit in sub-Saharan Africa alone could exceed 1 billion by 2030.*
- *The share of renewable energy in the world's total final energy consumption has risen from 16.0% in 2010 to 16.7% in 2015 and to 18.7% in 2021. Of this, 12.5% is modern use of renewable energy (e.g., modern use of bioenergy, geothermal, hydropower, wind, and solar), while the remainder was traditional uses of biomass. The world's capacity to generate renewable power is expanding faster than at any time in the last three decades. This trend is expected to continue, building on the pledge to triple global capacity by 2030 by over 130 national governments at the COP28 climate change conference in 2023. Owing to the declining costs of wind and solar, the electricity sector is leading the progress towards SDG 7.2, with renewables accounting for over 28% of total final energy consumption in 2021. Still, overall progress in the share of renewables has been limited in the remaining four-fifths of total final energy consumption attributed to the heating and transport sectors.*
- *Global energy intensity has continuously improved since 2010, but progress has slowed down in the last few years due to low energy prices, slower growth in eastern and southeastern Asian economies, and the COVID-19 pandemic, leading to an average of 1.2% for the 2015-2021 period – almost half the progress seen five years before, and well below the global target of 2.6%. To close the gap and reach the SDG 7.3 target, progress needs to accelerate to an annual rate of over 3.8% for the rest of the decade. As of 2021, the energy intensity in sub-Saharan Africa remains the highest among regions, reaching nearly 35% over the world average. The main potential for improvement lies in increasing access to clean cooking, which would significantly reduce energy consumption, and in the electrification of other final uses as more people gain access to electricity.*
- *International public financial flows in support of clean energy in developing countries in 2022 amounted to USD 15.4 billion. Flows have fluctuated due to large investments in certain years although there has been a trend toward smaller investments per commitment in recent years. International public flows are heavily concentrated, with 38 countries receiving 80% of all commitments in 2022. Overall, flows must increase to meet the financing requirements of SDG 7 by 2030. The share of public money going to least-developed countries (LDCs) remain below a fifth of total public financial flows for clean energy, indicating the need for greater support to ensure no one is left behind.*

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<sup>41</sup> [Link](#)

## Annex D: Illustrations on the Clean Cooking Fund and Electricity Access Fund



# ELECTRICITY ACCESS FUND

ESMAP BUSINESS PLAN FY25-30  
RETF

**Easy to Reach  
Population:**  
Non-LDC, Urban, etc.

**Difficult to Reach Population:**  
LDC, Deep Rural, FCV, Women,  
Displaced, etc.



Operational Zone  
of Electricity  
Access Fund

Create Government Ownership

Address limitations of IDA/IBRD

Leverage private equity

Results Based Financing

End-User Subsidy

Demand and Supply side Subsidy

Risk Mitigation Facility

## Annex E: Summary Process Action Plan

Activity	Timing/deadline	Responsible
Finalisation of draft project document following Programme Committee meeting	29 July 2024	MFA(KLIMA)
Appraisal	August 2024	MFA(KLIMA)
Follow up on appraisal recommendations	September 2024	MFA(KLIMA)
Finalisation of project documentation	16 September 2024	MFA(KLIMA)
Presentation for the Council for Development Policy (UPR)	3 October 2024	MFA(KLIMA)
Approval by the Danish Minister for Development Cooperation and Global Climate Policy	October 2024	Minister
Parliamentary Finance Committee, as applicable	November 2024	MFA(KLIMA)
Expected timing of commitments (2 tranches)	December 2024 & 2025	MFA(KLIMA)
Signing of Contribution Agreement with the World Bank	December 2024	MFA(KLIMA)
First disbursement	January 2025	MFA(KLIMA)
Implementation	January 2025 – June 2030	ESMAP

## Annex F: Key abbreviations and acronyms

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

IDA	International Development Association
IEA	International Energy Agency
IEG	Independent Evaluation Group of the World Bank
IFC	International Finance Corporation
IPF	WB Investment Project Financing, focused on the medium to long-term (5 to 10 year horizon)
IRENA	The International Renewable Energy Agency
JET	Just energy transition
LICs	Low-income countries
LPG	Liquid petroleum gas
LNOB	Leaving no-one behind
M&E	Monitoring and Evaluation
MDTF	Multi-donor trust fund
MFA	Ministry of Foreign Affairs of Denmark
MFA (KLIMA)	MFA Department for Green Diplomacy and Climate
MICs	Middle-income countries
MIGA	Multilateral Investment Guarantee Agency
MOPAN	Multilateral Organisation Performance Assessment Network
MSMEs	Micro, small, and medium enterprises
MTF	ESMAP multi-tier framework for measuring energy access
MTR	Danida Mid-term Review
NDC	Nationally Determined Contribution
NGO	Non-Governmental Organization
ODA	Official Development Assistance <b>DAC List of ODA Recipients</b> for reporting on aid in 2024 and 2025 ( <a href="#">link</a> )
OECD DAC	Organisation for Economic Co-operation and Development, Development Assistance Committee
PANT	Human rights principles of participation, accountability, non-discrimination, and transparency
PforR	Program-for-Results financing, available to all World Bank member countries as one of three <a href="#">financing instruments</a> offered, accompanying Investment Project Financing (IPF) and Development Policy Financing (DPF). The choice of instrument depends on a client's needs and the development challenge to be addressed.
PM&A	Program management & administration
Preferencing	Soft earmarking
RE	Renewable Energy
RETA	<a href="#">Regulatory Energy Transition Accelerator</a> initiative which is under development together with IEA and IRENA.
RETFs	Recipient-executed grants and trust funds
RISE	Regulatory Indicators for Sustainable Energy
SDG7	Sustainable Development Goal 7 – Ensure access to affordable, reliable, sustainable and modern energy for all
SEforALL	Sustainable Energy for All
Sida	Swedish International Development Cooperation Agency
SIDS DOCK	Small Island Developing States (SIDS) support programme
SORT	Systematic Operations Risk-Rating Tool
SMART	Specific, measurable, attainable, relevant, timebound
SSA	Sub-Saharan Africa
SSC	Danish Strategic Sector Cooperation

TA	Technical assistance
TAG	ESMAP Technical Advisory Group
TF	Trust Fund
ToC	Theory of Change
TTL	Task Team Leader
Umbrella 2.0	<a href="#">Umbrella 2.0</a> is a flexible approach to Trust Fund organization and management that enables Development Partners and the World Bank to partner on, and finance, mutual strategic priorities.
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
WB	World Bank Group

1 USD = 6.88 DKK 1 DKK = 0.15 USD

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

16 May 2024