Danish Support to SEFA to Engage in APRA

Key results:
- Country-led renewable energy work plans associated with the Accelerated Partnership for Renewables in Africa (APRA) will be developed.
- Technical advice building on SEFA's many years of experience will be made available for progressive African countries leading the green transition on the continent.
- Sustainable energy projects in APRA-countries will be established using the latest in appropriate renewable energy technologies.
- APRA will continue to develop as a key player for inclusive and green growth in Africa.

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

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

File No.	23/30855					
Country	APRA-countries: Ethiopia, Kenya, Namibia, Rwanda, Sierra Leone and Zimbabwe					
Responsible Unit	KLIMA					
Sector	Climate and Energy					
Partner	Sustainable Energy Fund for Africa (SEFA)					
DKK million	**2024**					**Total**
Commitment	100					100
Projected disbursement	100					100
Duration	2024 - 2030					
Previous grants	DKK 700 million since 2011					
Finance Act code	06.34.01.70 Klimapuljen					
Head of unit	Karin Poulsen					
Desk officer	Anders Ørnemark					
Reviewed by CFO	[Jacob Strange-Thomsen]					

Relevant SDGs

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

Objectives

The objective of SEFA is to contribute to universal access to sustainable, reliable, and affordable energy services and reduce GHG emissions stemming from the energy sector. The Danish contribution of an additional DKK 100 million to SEFA has the specific focus of providing access to funding for the implementation of country-led and renewable energy work plans associated with APRA.

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

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
Indicate 0, 50% or 100%	40%	60%		
Total green budget (DKK)	40 million	60 million		

Justification for choice of partner:

Sustainable Energy Fund for Africa (SEFA) is a trusted long-term partner for Danish development cooperation in Africa. SEFA operates in a context with many multilateral and bilateral development partners involved in supporting sustainable energy solutions in Africa and is uniquely positioned to engage in the new Accelerated Partnership for Renewables in Africa (APRA). As the Africa regional hub within the Sustainable Energy for All architecture SEFA is well placed to promote synergies and complementarity while avoiding overlap.

Summary:

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

Budget (engagement as defined in FMI):

Engagement 1 – the development project	DKK 95 million
Engagement 2 - admin. fee	DKK 5 million
Engagement 3 – un-allocated funds	-
Total	**DKK 100 million**

Danish Support to
Sustainable Energy Fund for Africa
to Engage in the
Accelerated Partnership for Renewables in Africa

360-no: 23/30855

List of Abbreviations

ADF	African Development Fund
AfDB	African Development Bank Group
APRA	Accelerated Partnership for Renewables in Africa
AREF	Africa Renewable Energy Fund
DEPP	DEA Energy Partnership Programme
EnDev	Energising Development
ESAP	Environmental and Social Assessment
ESMAP	World Bank Energy Sector Management Assistance Program
GET.pro	Global Energy Transformation Programme
GMG	Green Mini-Grids
GW	Gigawatt
IEA	International Energy Agency
IRENA	International Renewable Energy Agency
JETP	Just Energy Transition Partnerships
MFA	Ministry of Foreign Affairs
MW	Megawatt
NDC	Nationally Determined Contributions
NDEA	New Deal on Energy for Africa
NDF	Nordic Development Fund
RE	Renewable energy
SDG	Sustainable Development Goals
SEFA	Sustainable Energy Fund Africa
SEforAll	Sustainable Energy for All
SPARK+	African Clean Cooking Fund
TA	Technical Assistance
ToC	Theory of Change
PAP	Process Action Plan

1. Introduction

The Africa Climate Summit in Nairobi in September 2023 became a landmark in the changing narrative of the continent's approach to the green energy transition when Kenya's President William Samoei Ruto made it his mission to *"Reimagine Africa's future as a thriving, resilient continent that embraces Climate-Positive Growth"*. At COP28 in Dubai in December 2024, President Ruto continued to say that: *"The essence and ambition of APRA (ed.: Accelerated Partnership for Renewables in Africa) are encapsulated in this. We need a holistic approach that delivers on both climate and development priorities, tailored to our needs and communities. We need plans that account for all elements: starting with infrastructure, through policy and regulation to institutional and human capacity"*. Danish Prime Minister Mette Frederiksen added: *"I am proud to participate in this African-led partnership. Renewable energy provides a huge untapped opportunity for Africa, which can deliver access to energy, economic development and security of supply. The green transition requires massive amounts of investments and capital, and it requires strong engagement by private sector. The partnership will be a key contribution to accelerating renewables across the African continent. As an equal partner in APRA, Denmark will do its utmost to turn the ambitions into reality"*. Danish support to SEFA to engage in APRA will play an important role in building a trustworthy and equal partnership with African countries and African institutions as stipulated in Denmark's new Africa Strategy.

The present project document outlines the background, rationale and justification, objectives and management arrangements for development cooperation related to additional Danish support of DKK 100 million for the Sustainable Energy for Africa (SEFA) to engage in Accelerated Partnership for Renewables in Africa (APRA). SEFA is a special fund by the Africa Development Bank (AfDB). The additional Danish contribution has the specific focus of providing access to funding for the implementation of country-led and renewable energy work plans associated with APRA. The present project document is an annex to the existing legal bilateral agreement with SEFA and constitutes an integral part thereof together with the documentation specified below.

The Sustainable Energy Fund for Africa (SEFA) is a multi-donor Special Fund managed by the AfDB, with the purpose of providing catalytic finance to unlock private sector investments in renewable energy and energy efficiency. Since its foundation in 2012, by Denmark and AfDB, it has since grown into one of the major funds to champion a green and just energy transition in Africa with the aim of both alleviating inequality and poverty in Africa while also addressing climate change concerns. By supporting green, innovative and transformative energy projects, the fund is well positioned to support, an accelerated just energy transition and demonstrate new pathways to sustainable and inclusive development of Africa.

APRA was founded at the Africa Climate Summit in September 2023 by Kenya, Ethiopia, Namibia, Rwanda, Sierra Leone and Zimbabwe, with support from Denmark, Germany, the UAE and the International Renewable Energy Agency (IRENA). The purpose is to accelerate energy transitions in the respective countries affiliated to APRA, and by this spearhead an African-led approach to accelerate a green and just energy transition to support resilient and inclusive green growth in the respective countries. All six founding countries – with more countries expected to join in time – have organized country workshops identifying plans for a green just energy transition which have enable engagements on opportunities, bottlenecks and financial needs to accelerate implementation of renewable energy policies, regulation, capabilities and concrete investment opportunities.

APRA and SEFA have common goals regarding accelerating a green and just energy transition in Africa as an enabler to sustainable growth and poverty eradication. Therefore, SEFA was early on identified by Denmark as a relevant delivery partner for further Danish support to accelerate the just energy transition in APRA affiliated countries. The AfDB and SEFA also participated in the official launch events of APRA at COP28 and in several of the country workshops. APRA is only intended to have a light governance structure and mainly play a convening role that can leverage support from new donors, channels of funding and learning across countries. Denmark, as an early-engaged donor, will also support the work of APRA. So far, the Danish Ministry of Foreign Affairs (MFA) has brought together three strategic partners to deliver concrete country support, which includes the Danish Energy Agency, IRENA and now also, SEFA. Denmark has already supported IRENA's APRA work with DKK 18 million and allocated DKK 10 million to technical assistance for APRA through the Danish Energy Agency (DEA).

2. Context, rationale and strategic justification

2.1. The SSA energy gap and accelerating green energy transition

More than 50 pct. of the population in Sub-Saharan Africa has no access to electricity today and close to 1 billionlack access to clean cooking solutions. Though global progress to achieve universal access to sustainable and affordable energy has progressed globally, the number of people without electricity access in Sub-Saharan Africa was roughly the same today as in 2010. The energy access deficit globally is increasingly concentrated in Sub-Saharan Africa, where approximately 84 pct. of those without electricity reside. If no additional efforts and measures are put in place, some 560 million people in Sub-Saharan Africa will remain without access to electricity in 2030. The challenge is even bigger when it comes to rural electrification in Sub-Saharan Africa where progress is falling behind population growth.

Energy is more than just turning on a light bulb or charging a mobile phone. Gaining access to electricity and modern energy sources can have a much broader life changing impact and is often a precondition of eradicating poverty. Today lack of energy access is a key barrier for Sub-Saharan economic growth, ability to increase climate resilience and faster progress towards eradicating extreme poverty reduction. Lack of electricity is a main barrier to reduce food loss; it hinders growth opportunities for small and medium-sized enterprises or limits access to modern health care systems. In other words, increasing access to affordable and sustainable energy is a key enabler and catalyst for achieving most other SDGs.

The African continent has an immense and largely untapped potential for renewable energy, particular solar. Despite being home to 60 pct. of the best solar resources globally, Africa is only home to 1 pct. of the installed global solar generation capacity. Currently, only about 3 pct. of global energy investments are made in Africa, even though the continent is home to 17 pct. of the world's population (over 1.2 billion people). For many Sub-Saharan African countries, renewable energy is a unique opportunity to leapfrog to the next generation of powering their societies. Renewable energy opens new opportunities to fast-track innovative pathways to closing the energy gap for the poorest populations and add affordable power to the grids, while also accelerating a green energy transition aligned to the Paris Agreement.

Off-grid energy solutions in the form of green mini-grids and solar-based stand-alone systems will be critical to close the energy gap in Sub-Saharan Africa; particular in rural areas, where over 80 pct. of electricitydeprived people live. In the context of rural areas far away from the power grid, off-grid energy solutions will be a key catalyst to create new direct and indirect jobs, improve health, increase social mobility and gender equality, and is key for enhancing resilience to climate change. Access to electricity is in many ways a prerequisite for reducing poverty, open new opportunities for income generation and the provision of critical social services in an environmentally sustainable way. Providing access to energy should be understood broader than just providing infrastructure, but as a service for healthy cooking, heating, cooling, and facilitating access to digital services, among others. Providing access to renewable energy offers a bridge between human capital development and transforming the climate challenge into a common win-win opportunity. This approach is in line with APRA's prioritization of the role of energy in the agri-food-health nexus, as part of the 'Empowering Lives and Livelihoods' initiative – which is based on a 'value-chain' approach that encompasses such aspects as production (e.g. solar irrigation to support agriculture); transport and logistics (e.g. cold-chains for fresh produce and medicines) and marketing (e.g. packaging of retail products and provision of medical services).

Rationale for selecting SEFA as an APRA delivery partner

SEFA was founded in 2012 by Denmark and AfDB as a technical assistance fund. Based on recommendation from an external review, SEFA was restructured into a special fund in 2018-2019. As founder and a lead donor, Denmark has played a key role in the restructuring of SEFA. The overall scope and thematic areas of SEFA 2.0 are well aligned with Danish policy priorities of accelerating a green energy transition in Africa and closing the energy gap.

The purpose for restructuring SEFA to a special fund was to enable it to provide financial instruments beyond technical assistance grants and to meet the demand for both catalytic finance and technical support. As a special fund, SEFA is able to provide both technical assistance and concessional investments for private sector renewable energy projects from early-stage development to project commissioning. SEFA is additionally able to provide upstream technical support to public sector institutions to improve the enabling environment for private sector-led investments, such as policy and regulatory frameworks, sector-wide planning and capacity development. SEFA 2.0 is customizing its scope of activities in response to the rapid development of the renewable energy landscape in Africa, where new business models have emerged, several renewable energy sources have become mainstream and cost-competitive, and private sector participation is more actively promoted by host countries. The new structure also enables SEFA to unlock investments in fragile countries, building on a track record of active engagement in these countries, including in the Sahel Region through the "Desert-to-Power" initiative. SEFA is, in other words, a well-suited delivery vehicle for APRA and a fund Denmark has spent almost 15 years building up as a catalytic and innovative vehicle for accelerating a green and just energy transition in Africa.

In this context, SEFA is one of the best-placed funds to support the realisation of the APRA vision and the specific country work plans. The main purpose of APRA is to play a convening and coordinating role and not to set up more new funds or burden the implementation with a heavy governance structure. Experience shows that it takes many years to establish new trust funds with the adequate capabilities. SEFA, on the other hand, has already demonstrated that it is a well-functioning and innovative fund that has a proven track record when it comes to leveraging catalytic finance and spearheading innovative energy solutions, targeting some of the most energy poor countries in the world. Moreover, SEFA has already a track record of supporting projects in the current APRA countries. Therefore, choosing SEFA as a channel for Danish funding to support the implementation of APRA is based on many years of positive experience with SEFA:

Purpose and focus areas of APRA

APRA's dual purpose is to (a) provide vision and political leadership at the highest level, and (b) to accelerate implementation in respective countries. APRA's ambition is also reflected in the Nairobi Declaration[1], which calls for deployment of at least 300 GW of renewable energy by 2030 from 56 GW in 2022. The anticipated outcome of APRA is a multifaceted transformation that prioritises renewable energy as a cornerstone of social, economic and climate strategies and plans across the continent.

By fostering a strategic transition to renewable energy, the Partnership aims to achieve three overall outcomes: (i) Enhance energy access, security, and green growth by placing renewable energy at the forefront to improve energy access and security for participating countries but also nurturing conducive environment for green growth. (ii) Leveraging resources for industrialisation by recognising the wealth of renewable and mineral resources in Africa that unlocks opportunities for green industrialisation. (iii) Establish a collaborative approach and tailored solutions supporting leadership and vision of African nations to address political, technical and financial barriers to accelerate deployment renewable energy. This organised under three work streams.

To realise these outcomes, the partnership has identified three key focus areas of intervention[2]:

1. **Mobilising finance,** including enhanced public finance, concessional finance and guarantee instruments, which will be crucial to de-risk investments, reduce the cost of capital and attract private investment at scale.
2. **Technical assistance and capacity building** to allow swift and targeted assistance in the initial phase, combined with sustained capacity enhancement over the long-term, which is crucial for executing implementation plans and establishing comprehensive policy frameworks that promote investment and deliver socio-economic benefits.
3. **Engaging the private sector** as a tailored green energy transformation hinges heavily on private sector participation. Encouraging the creation of synergistic collaborations between local and international businesses, financial entities that can catalyse the desired change.

SEFA has undergone periodically Danish reviews and joint reviews with other donors with the Danish MFA as the lead donor. Though it has taken time to build up SEFA where it is today, the organisation has responded positively to the observations and recommendations provided in the mid-term review (2016), external evaluation of the SEFA 1.0 performance (2018), the joint Danish/Norwegian pre-appraisal mission conducted in 2019 and inception review conducted in 2022 by the Danish MFA and with participation of Norway.

The latest review from June 2022 acknowledged that the SEFA 2.0 pipeline seeks to balance risks in SEFA's portfolio where high-risk investments in first-of-kind innovative technologies in Africa and investments in fragile states are balanced by investments in more mature technologies and stable countries. SEFA also contributes to the international political climate agenda by e.g. support to Just Energy Transition Partnerships (JETPs). At the same time of balancing its portfolio, the review also acknowledged that SEFA is also responding to country requests and needs.

[1] Announced at the African Climate Summit September 2023.

[2] From the IRENA APRA background document

Even though SEFA 2.0 punches above its weight in many ways, the inception review in 2022 also emphasised opportunities to further enable synergies to co-benefits from improved access to energy such as productive use of energy, food security, improved public services, improved environmental management and climate change adaptation. Furthermore, SEFA could look into how to create enabling environment for larger-scale mini-grid deployment in rural areas and seek broader collaboration with different donors and institutions achieve scale of investments. The review also identified an untapped potential to deliver "green energy narratives" for scaling investments and supporting frontrunner countries leapfrogging to green energy solutions that could be showcased in international conference and alliances.

The new additional grant to SEFA will support the implementation of several of the recommendations while boosting SEFA's financial ability to support APRA on the ground. Furthermore, SEFA's experience in addressing the market gap of in early-stage project preparation funding for green baseload energy and supporting the introduction of mini-grid regulations in parallel to pioneering investment will be most beneficial for most if not all the APRA member countries.

The additional Danish grant to SEFA will build on more than a decade's experience with renewable energy transition in Africa and allow SEFA to increase targeted efforts to support investment and technical assistance in African countries affiliated to APRA. It will demonstrate how renewable energy can be a catalyst for sustainable growth in Africa and demonstrate the importance of leaving-no-one-behind in the green just energy transition.

SEFA is considered a well-placed fund to deliver progress on accelerating a green and just energy transition given its more than 10-year track record. Collaboration on APRA will build on the success Danish development cooperation has had through SEFA, in creating catalytic effects by bringing together various long-term multilateral and bilateral partners, in this instance to support country-led initiatives that will deliver tangible results on SDG7. Danish funding will support the broader sustainable development agenda while simultaneously demonstrating that climate actions can go hand-in-hand with eradicating extreme poverty and leaving-no-one-behind.

Strategic justification

SEFA is supporting green, innovative and transformative energy projects across Africa through three thematic areas: Green Baseload, Green Mini-grids, and Energy Efficiency. *Green Baseload* projects aim to increase the share of low-cost, reliable, and sustainable power from hydro, geothermal, biomass, and waste-to-energy sources, as well as solar and wind coupled with battery energy storage solutions. *Green Mini-grids* focus on developing decentralised energy solutions powering isolated networks to increase access to reliable electricity in remote or under-served areas. *Energy Efficiency* projects aim to increase the uptake of energy efficient technologies and practices in buildings, transport, and industry.

SEFA 2.0's current portfolio stands at USD 200.3 million for 27 projects across the above-mentioned three thematic areas. This is expected to generate a significant impact, leveraging a total of USD 11.4 billion in investment, delivering approximately 4690 MW in new capacity and around 2.9 million new connections. About one-third of these results are expected from the investment portfolio of 8 projects. I.e. US$ 3.4 billion leverage, over 1400 MW in new capacity and ca 668,000 connections

Three examples of SEFA supported transformative projects

In 2023, SEFA approved a grant to *The Mozambique Renewable Energy Integration Programme (MREP)* to increase the penetration of renewable energy and diversify the country's energy mix. It will among other things support the preparation of a floating solar PV (FPV) plant for installation on an existing hydropower dam that is owned and operated by the national utility, as a 'proof-of-concept' on the 'hybridisation' of solar PV with hydropower generation in the country and sub-region. It will also assess the feasibility of integrating utility-scale battery energy storage systems to strengthen the grid and improve the reliability of the power system to enable integration of solar and wind power into the national power system.

SEFA provided grant funding to the *Gambia Green Mini-Grid Country Programme*. Gambia has only an energy access standing at approximately 40pct. countrywide (average 12pct. rural) and an installed capacity of only 102MW. In this context, SEFA has supported the development of an enabling environment for mini-grids, including policy, regulation, tariff structure and feasibility studies on selected sites. This has led to financing of the country's first 120 kW mini-grid.

The Kikagati project is a 16MW run-of-river hydropower project located on the border of Tanzania and Uganda along the Kagera River in South-Western Uganda. It was successfully inaugurated in September 2022 and is now fully operational. Thisbi-national hydropower project is part of the Africa Renewable Energy Fund (AREF) portfolio, a pan-African private equity fund sponsored and anchored by SEFA The project is providing power to both countries and also includes a community development programme, supporting job creation, healthcare and education.

SEFA's focus on supporting the development of an enabling environment for a green and just energy transition, increase national capabilities and catalysing financing for closing the energy gap in Sub-Saharan Africa is well aligned with the Danish Strategy for Development Cooperation 'The World We Share'. The Strategy outlines that Denmark will contribute to accelerate clean energy access to unserved communities, support a green energy transition in developing countries, mobilize private financing for renewable energy, improve national green energy planning and influence the multilateral development banks to drive forward a green energy transition.

SEFA also contributes to accelerate progress towards several of the UN sustainable development goals (SDGs), particularly to SDG 7 (sustainable energy for all) and SDG 13 (climate change). However, access to modern and sustainable energy is an important enabler for achieving many of the other SDG's such as SDG1 on No Poverty, SDG6 Clean Water and SDG12 on sustainable consumption and production.

The Danish support to SEFA and the preferencing to APRA countries is also aligned to the OECD guidelines on aid effectiveness. It brings together a number of different donors and multilateral aid agencies while also mobilising catalytic and concessional financing to unlock private sector-led investments. Specifically, APRA and SEFA will promote synergies between IRENA, Nordic Development Fund (NDF), and other multilateral energy initiatives such as Energising Development (EnDev) and Global Energy Transformation Programme (GET.pro) with strong engagement of Germany. Furthermore, APRA is country-led and donors will support the countries' own identified needs and priorities to accelerate a green and just energy transition. Rather than establish new funds and organisation, the purpose is to mobilise and build on existing collaborative initiatives with stakeholders committed to accelerating access to renewable energy in Africa.

3. SEFA and Project Objectives

The objective of the additional grant to SEFA is to mobilise catalytic financing that can accelerate the development and implementation of country-driven work plans under APRA with the aim of accelerating access to universal, sustainable, reliable, and affordable energy services in Africa.

The additional Danish grant will be preferenced to support countries affiliated to APRA. This demonstrate the commitment to actively promote a green and just energy transition through APRA and political commitment to promote strong policies and regulatory frameworks that support renewable energy development and green industrialization, including ambitious targets for renewable energy production and consumption. The preferencing of resources will be undertaken in accordance with the donor approved SEFA preferencing guidelines that are part of SEFA's operating procedures. In this regard, the SEFA Governing Council has already been informed that Denmark is considering a preferenced contribution to SEFA.

The Danish support can be distributed across the three thematic areas of SEFA depending on the country needs and requests.

- *Green Baseload:* SEFA will support the scale-up of renewable energy to displace or reduce the use of fossil fuel generation, particularly from coal. The program will support the deployment of renewable sources of energy by providing (i) programmatic technical assistance for integrated resource and power system planning; development and implementation of RE generation and grid infrastructure procurement programmes; as well as and project preparation support for transformative projects; (ii) concessional investments to buy-down technology and financing costs and mitigate risks, so as to support commercial viability with minimum concessionality. This will include collaboration with eligible financial intermediaries/investment platforms operating in APRA member countries, as well as guarantee instruments where suitable; and (iii) capacity-building in new technologies, notably battery storage systems. The program will complement other climate and commercial funds in the renewable energy space and create new pipeline and investment opportunities. SEFA will support technologies that have the potential to deliver alternatives to fossil-fuel baseload generation options.
- *Green Mini-Grids (GMG)*: SEFA will continue to support GMG investments as one of the main avenues for providing electricity access to underserved populations in rural areas. In this regard, SEFA will provide enabling environment support, focusing increasingly on programmatic approaches at country level, complemented by concessional investments to mitigate key project risks and address commercial viability gaps, including through results-based financing. Linkages with productive uses of energy will feature strongly, which aligns with the focus on supporting the agri-food-health nexus.
- *Energy Efficiency:* SEFA will improve the efficiency of energy services delivered through a variety of technologies and business models, including for clean cooking and pico-solar technologies. It will enable energy efficiency investments and by this optimize energy intensity of African countries and new business models for energy efficiency services through the so-called Super ESCO model. SEFA will also support fuel-switching, including clean cooking, and demand-side energy efficiency targeting public and private beneficiaries along with residential consumers.

The additional Danish grant is primarily targeting the investment window of SEFA but can also be used to provide technical assistance (see box).

SEFA's two modalities om implementation

The *technical assistance window* will provide support through grants and reimbursable grants for project preparation and enabling environment to unlock renewable energy investments. Enabling environment activities, therefore, will have a stronger focus on downstream activities, such as, the design and structuring of procurement schemes to assist national authorities in contracting new generation capacity. TA grants are available to public and private sector entities.

The *concessional investment window* will provide catalytic risk capital and viability gap financing by deploying investment grants (including results-based financing grants), junior equity, and concessional debt. Concessional investments from SEFA will in most cases be "blended" with commercially-priced investments from other sources, including but not limited to AfDB's ordinary capital resources.

SEFA may also mobilize concessional financing through separate co-financing arrangements to finance SEFA-related project pipeline. SEFA can participate as junior equity in funds to catalyse private sector investment, ashas been done,for example, in the Africa Renewable Energy Fund (AREF), the SPARK+ African Clean Cooking Fund and AfricaGoGreen Fund. SEFA 2.0 had an initial ambition of USD 500 million in grant contributions and with this funding mobilise more than USD 10 billion in co-financing from global facilities, public sector, MDB's and private investors.

4. Theory of change and key assumptions

If Denmark supports SEFA to engage in APRA then SEFA will be able to offer its strong technical expertise to additional green energy projects in APRA-countries and APRA-countries will have increased access to sustainable energy and increase the adoption of renewable energy.

SEFA's Theory of Change (ToC) forms part of the funds strategic framework. The framework lays the foundations for SEFA's activities and deliverables across the three thematic areas of intervention and two funding windows. It supports SEFA's overall aim to contribute to a low carbon development and increasing access to energy consistent with SDG7 and SDG13, as well as to implementing NDCs and the Paris Agreement.

SEFA's ToC demonstrated how the fund contributes to overcome some of the barriers to accelerate deployment of renewable energy in Africa, which include (i) high transaction costs in technical/financial feasibility assessment and project development; (ii) higher upfront investment costs, (iii) lack of access to affordable long-term capital for the increased upfront costs, (iv) real and perceived technology risks, (iv) limited technical and/or commercial skills, information and knowledge.

The main assumptions behind SEFA'sToC are that private investors will have a continued investment interest in renewable energy if projects are well-designed and based on a solid regulatory environment. A key challenge, which recently has been demonstrated in a study by the International Energy Agency (IEA), is that the upfront capital cost to utility scale solar projects are over twice as high in developing countries as in industrial countries. However, technology costs for renewable energy and storage is still expected to continue to fall making the business case for bankable projects even stronger. Finally, it is assumed that African national governments will continue moving towards transparent, competitive tendering for privatized renewable energy generation. To achieve this, SEFA will collaborate and work with regional member countries, private enterprises, public sector agents, private project developers, and public institutions through open and transparent calls for proposals and tenders.

Though the present Danish grant to SEFA will be preferenced towards work with APRA country work plans, the aim is still to follow SEFA's purpose of financing projects with demonstration and replication potential, such as a novel financial structure or "first-of-a-kind" technology deployment in a given context. Furthermore, projects should pursue to contribute to cross-cutting issues that addresses fragility, climate change, job creation, empowerment of women and youth and energy-water-food nexus.

SEFA's ToC illustrates SEFA's role as a full-fledged blended finance facility offering both technical assistance and concessional finance. The theory of change is presented alongside the three thematic areas (i) - Green Baseload aiming at deploying greener power alternatives to fossil-based options to meet baseload requirements in the energy system, (ii) Green Mini-Grids accelerating energy access in Africa for underserved population sin rural areas, (iii) Energy Efficiency contributing to optimizing energy systems resulting in more efficient infrastructure and appliances (see also Annex 3).

5. Summary of the results framework

The Danish contribution will secure that additional financial resources are made available for SEFA to specifically assist APRA countries in 2024-2030. By channelling the resources through an existing and well-functioning facility it is secured that the extra resources are made available faster and with lower transaction costs than if a totally new implementation mechanism were to be set-up. That also means that the Danish support will be part of SEFA's existing modalities including the current results framework. In fact, Denmark has made a point out of not insisting on new goals being added to the results framework to reflect the extra resources for APRA-countries, but instead keep the existing results framework, which will serve as the framework for monitoring the performance of SEFA's support to APRA. Updates on progress will be presented in SEFA's annual and semi-annual reports and progress presented in the quarterly Governing Council meetings based on data from the present results framework. Furthermore, project-level results measurement frameworks will feature indicators, baselines and targets that directly relate to the SEFA logical framework. Not all SEFA indicators will be relevant to every APRA related project, and additional project-level indicators may be justified by the project's context. However, every effort should be made to ensure that project-level results can be captured into the existing framework for SEFA development impact reporting.

The following Africa-wide key outcome and output indicators have been selected from the SEFA log-frame with a view to what is most relevant in an APRA context. The results achieved in APRA-countries against these continent-wide outcome targets will form the basis for the APRA-specific reporting. The SEFA reporting framework is aligned with the AfDB results framework using standard sector indicators in line with New Deal on Energy for Africa (NDEA):

Project title	Danish Support to Sustainable Energy Fund for Africa (SEFA) to Engage in the Accelerated Partnership for Renewables in Africa (APRA)
Project objective	Contribute to universal access to sustainable, reliable and affordable energy services though early stage technical assistance, catalytic co-financing and support for the enabling environment in APRA-countries

Impact Indicators		Share of RE in energy mix in Africa (% of installed MW from renewable energy technologies)	
Baseline	Year	2013	17 % (REmap 2030, IRENA)
Target	Year	2030	49 % (REmap 2030, IRENA)

Outcome		Catalyse finance for renewable energy and energy efficiency	
Outcome indicator		Total volume of investment mobilized by SEFA commitments (USD million)	
Baseline	Year	2019	457
Target	Year	2025	1800
Target	Year	2030	3100

Outcome		Increase access to sustainable energy	
Outcome indicators		People with new electricity connections (number of people)	
Baseline	Year	2019	9000
Target	Year 5	2025	3,300,000
Target	Year 10	2030	7,500,000

Outcome		Increase adoption of Renewable Energy	
Outcome indicators		Reduction of carbon emissions or emissions avoided (Tons of carbon dioxide equivalent -tCO2e)	
Baseline	Year	2019	-
Target	Year 5	2025	3,300,000
Target	Year 10	2030	5,500,000

Outcome		Increase energy savings	
Output indicator		Energy savings from new investments (MWh/year)	
Baseline	Year	2019	0
Target	Year 5	2025	730,000

6. Budget

The additional Danish contribution to SEFA 2.0 will be a total of DKK 100 million. The Danish contribution will be preferenced work towards support to and implementation of APRA-related country work plans but not targeted to any specific SEFA funding windows or thematic areas. This means that the allocation of APRA funds will be driven by country-specific requirements, and distribution across SEFA's thematic areas will be incidental thereto and not defined upfront. The Danish funding can only be used in APRA member countries, which will also be on the OECD DAC recipient list.

In total, SEFA 2.0 has received total capital commitment of USD355 million from 10 donors where Germany, Denmark and Norway are the largest donors. The ambition at the time of conversion to Special Fund was to raise USD 500 million in SEFA Special Fund grant contributions by 2030. In July 2023, The SEFA 2.0 portfolio has committed at US$200 million and includes 27 projects primarily under the Green Baseload theme (48 pct.), followed by Green Mini-Grids (30 pct.) and Energy Efficiency (22pct.). The funding is allocated between Technical Assistance (33 pct.) and Concessional Investment (67 pct.). In the period under review, the SEFA 2.0 portfolio reached a disbursement rate of 20 pct. The additional Danish grant will allow for new commitment to the high demand for renewable energy projects in Africa.

SEFA has identified an overall indicative allocation framework of resources across the three thematic windows. These allocations are reflective of the average project sizes and types of instruments for each of the market segments:

- Approximately 50 pct. of the operational fund will flow to the Green baseload thematic areas as these projects tend to be larger in scale as they are connected to the grid.
- Approximately 35 pct. of SEFA's resources will be allocated the Green Mini-Grids area as these project tend to be smaller village electrification projects where volume is achieved through programmatic approaches.
- Approximately 15 pct. of SEFA's operational resources will be delegated to the energy efficiency area and will mainly be provided through technical assistance. This area is not part of APRA's mandate and will be less relevant for support under this project.

The Danish grant will follow the overall SEFA distribution matrix but ensure that most funding will be targeted the concessional financing window, which represents approximately two-thirds of the active portfolio (with one-third going for technical assistance operations). These allocations are indicative and will be subject to revisions and modifications, based on market conditions and demand from clients. The AfDB takes a 5 pct. administration fee.

7. Financial Management, planning and reporting

AfDB is a triple AAA rated financial institution by both Standard & Poor as well as Fitch rating agencies, indicating a financially sound institution with ability to pay back the debt and manage resources according to its mandate. It also implies an institution with policies and practices and a sound financial management system in place to ensure safeguarding of the institution's resources. AfDB has maintained its AAA rating for 15+ years.

The AfDB financial statements are subject to annual audits by an internationally recognised audit firm appointed by the BOD on 5-year contract. The auditor is selected through an open procurement process based on a set of comprehensive terms of reference. Unqualified auditor's opinion for the past historical period, indicating a sound financial management and safeguard system.

The activities of the SEFA will be subject to reporting as well as accounting, financial control and auditing in accordance with Danida's General Guidelines for Accounting and Auditing of Grants channelled through Multilateral Organisations.

Management of funds for SEFA, including financial management and procurement is in accordance with the AfDB's administration and financial management procedures and SEFA is subject to AfDB's system of safeguards. SEFA has, as prescribed by AfDB trust fund procedures, been subject to annual financial audits by the external auditor of AfDB. Throughout, SEFA trust fund financial statements have received unqualified audit opinion.

SEFA will also organise annual in-person meetings with the Governing Council (GC), consisting of SEFA donors and Bank management, to review progress in previous calendar year and approve the Annual Work Plan and Budget (AWPB) for the following year. This is in addition to GC Quarterly Calls, Semi-Annual Reports and the Annual Report (also approved by the GC).

AfDB has an anti-corruption policy and procedures in place. The Integrity and Anti-Corruption Department monitors the adherence to the policy and procedures and has the mandate to carry out independent investigation into allegations of corruption and other sanctionable practices in all Bank operations, including trust funds. The department is independent from operations and reports directly to the BOD and the President of the Bank.

It is emphasised that Denmark maintains a strict policy of zero tolerance towards corruption in all its forms. Maximum openness and transparency is essential when fighting corruption and information concerning the public sector is generally accessible to the general public in accordance with the Danish Public Administration Act and the Danish Act on Access to Public Administration Files. Therefore, any reports on corruption will be made publicly available to the Danish MFA.

The Danish MFA also has a zero tolerance for inaction approach to tackling sexual exploitation, abuse and harassment (SEAH) as defined in UNSG Bulletin ST/SGB/2003/13 and the definition of sexual harassment in UNGA Resolution A/RES/73/148. AfDB will take appropriate measures to protect people, including beneficiaries and staff, from SEAH conducted by its employees, associated personnel and contractors and take timely and appropriate action when reports of SEAH arise and in line with its own policies, notably the Integrated Safeguards System, the Code of Conduct and the Bank Group's Initiatives to Safeguard Against Sexual Exploitation, Abuse and Harassment (SEAH) adopted by the AfDB Board in 2021.

Also, consistent with United Nations (UN) Security Council Resolutions relating to terrorism, including UNSC Resolution 1373 (2001), 1267 (1999), 2462 (2019), the European Union's (EU) Consolidated list of persons, groups and entities subject to EU financial sanctions and other related resolutions the Parties are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of Denmark to seek to ensure that none of its funds are made available to, or for the benefit of, third parties - whether entities, individuals or groups of individuals - designated by the EU as subject to restrictive measures in the lists provided at www.sanctionsmap.eu or individuals, groups of individuals or entities associated with terrorism or designated by the UN Security Council and its committees.

SEFA will administer, manage and report on the reflows from concessional investments, including loans, equity and reimbursable grants deployed from special fund resources. Reflows will flow back into the Special Fund and may be re-deployed for new projects.

SEFA has an established monitoring and reporting system and will continue to monitor and track project performance. Project completion reports are required for all SEFA projects. These completion reports are used to evaluate the relevance, efficiency, and effectiveness of SEFA support. SEFA beneficiaries are required to submit annual reports and audit reports until the implementation of the activities financed are finalized. SEFA also provides annual and semi-annual reports to the GC. The SEFA Technical Unit reports on the overall portfolio with reference to the SEFA Special Fund's results measurement framework contained in the Operational Procedures, and highlight the risks and mitigation measures for the portfolio. A recent M&E Handbook has been developed to ensure solid methodologies to report progress towards donors and the AfBD Board.

Funds from Denmark to the SEFA Special Fund will be disbursed once per year and with a foreseen annual disbursement of DKK 25,0 million over a 4-year period between 2024 and 2027 – or faster if considered relevant and supported by strong demand/pipeline. The Danish MFA reserves the right to carry out any technical or financial review mission that is considered necessary to monitor the implementation of the program. After termination of the program support, Denmark reserves the right to carry out an evaluation in accordance with this article.

Both parties will strive for full alignment of the Danish support to the implementing partner rules and procedures, while respecting sound international principles for financial management and reporting.

8. Risk Management

The AfDB Board document identifies the risks and outlines mitigation measures associated with the SEFA Special Fund. SEFA Special Fund risk and mitigation measures will be in accordance with AfDB policies, guidelines, and procedures. Below are the main risks identified for SEFA 2.0:

Contextual risks:

SEFA is also committed to supporting transition and fragile states, it is therefore exposed to risks of political instability or unrest, which can negatively affect implementation. Since 2020, Africa has seen a "coup epidemic" in west and central sub-regions (and in particular in Sahel countries), where nine coups (and a transition from civilian to military rule) have occurred. In such situations, any SEFA engagement shall follow the Bank's approach to dealing with "de facto" Governments as sanctioned by the Board of Directors. In any case, SEFA's focus is primarily on supporting private sector companies rather than directly supporting Governments. A detailed due diligence of funding requests in concerned countries shall involve as required other internal departments and teams, including the Bank's fragility department. Denmark will also seek bilateral advice at relevant embassies to review investment risks. For those instances where Government support is envisioned (through TA instruments), the Bank will operate as the implementing entity and have direct control of contractual arrangements, implementation of activities and payments to service providers.

There is a risk in that the enabling environment in partner countries do not encourage renewable energy and energy efficiency deployment. To respond to the risk SEFA will support development of enabling environment through TA support addressing key bottlenecks identified in regional member countries. More complex barriers could be addressed through coordinated intervention with AfDB or ADF. The lack of interest, policies and regulations could also affect the interest from private investors to enter into blending financing projects.

There is also high risk of corruption in the countries where SEFA is operating. Therefore, all SEFA projects will be subject to AfDB's Whistle Blowing and Complaints Handling Policy. If firms or individuals breach policy, including corrupt, fraudulent, collusive, coercive and obstructive practices, the AfDB will impose relevant sanctions regulated in the AfDB's Sanctions Procedures.

Programmatic risk

Public sector constraints in regional programmes and limited capacity of local partners can negatively affect implementation of projects. To respond to this risk AfDB staff in regional and country offices should be engaged to provide close coordination with project implementation units and provide targeted development support for partners.

There is a programmatic risk in selecting proposals aligned to SEFA objectives and priorities, incl. the specific focus on low-income and fragile states. SEFA has established an independent screening process with a track record of selecting project proposals that are aligned to the SEFA objectives. Initial risk screening takes place where after SEFA-TU undertakes a due diligence process. Hereafter, the Governing Council and the Technical Review Committee are engaged. Finally, AfDB operational and fiduciary departments are involved in the final approval process.

The concessional financing window in SEFA 2.0 has increased requirements for meeting international standards for human rights and environmental due diligence for both concrete investment and sourcing of materials. SEFA strives to be state-of-the-art when it comes to meeting new standards for green and responsible investment, and complying with AfDB safeguards and international standards.

Financial risks

The financial risks, including of defaults for concessional investments provided by SEFA Special Fund will be borne by SEFA alone. SEFA will manage this risk through a stringent due diligence process and with support from the Bank's credit risk team. Given the catalytic nature of SEFA concessional investments, the risk of default is expected to be above the levels faced by other debt and equity investors, even with mitigation measures in place.

Other risks that could be considered under this category include:

- *Inflation and rising costs of materials, services and capital* - this can undermine project economics and overall bankability. SEFA's ability to tailor the concessionality of its instruments act as a mitigant, as has already been the case with the "Covid19 Off-Grid Recovery Platform" and the "Covid19 IPP Relief Programme", both geared to close viability gaps induced by supply chain disruptions and costs escalations in the wake of Covid pandemic.
- *Currency risks* – this could include challenges associated and volatility, convertibility and transferability of local African currencies, creating financial stress in projects and companies whose liabilities are denominated in hard currencies. While SEFA does not normally take "naked" currency risk, it does support the development of financial solutions that can act as mitigants. Examples include investments in facilities that are able to manage a book of cross-currency swaps (eg. Facility for Energy Inclusion) or the development of a convertibility facility (eg. Under development in Ethiopia for the SEFA-funded DREAM Programme, to be backstopped by the Government).
- *Off-taker risk* – it is significant for both grid-tied projects entering contracts with insolvent national utilities as well as for decentralized energy projects selling power directly to businesses and households. In the former, SEFA may benefit from partial credit guarantee arrangements and other off-taker risk mitigants put in place by investors. In the latter, SEFA is increasingly exploring demand-stimulation activities and productive use applications to mitigate demand and payment risks.

Operational risk:

There is an operational risk in connection to SEFA staffing and continuity of operations. SEFA has largely operated with consultants in its first cycle between 2012 and 2019, which is a key-risk for the continuity of operations as the one-year term of the contracts do not synchronize with the multi-year duration of the projects. Since 2020 with the transition to Special Fund, SEFA has been converting the key long-term consultant positions into project staff positions, which are effectively equivalent to Bank staff positions with same duration and benefits (except pension plan), but funded from SEFA Administrative Budget. There are currently six (6) project staff positions in place with an additional one at final recruitment stage and expected to join in Q2 2024. Long and short-term consultants will continue to be deployed to meet specific capacity and skills constraints. Also noteworthy that donors are also encouraged to provide/fund Secondment positions as a capacity complement, in particular for "preferenced" contributions where targeted efforts are required in business development and implementation, partner coordination and monitoring, reporting and evaluation.

9. Fund closure and donor withdrawal

SEFA's legacy project portfolio has been officially closed at the end of 2023 and remaining balance of donor commitments to SEFA 1.0 transferred to SEFA 2.0. There are however, four legacy TA grants that remain under implementation and have been incorporated in SEFA 2.0 portfolio. A SEFA 1.0 closure report is under development and shall be delivered in 2024.As for SEFA 2.0 operations, the current Arrangement establishes end of 2029 as sunset date, however the current portfolio and pipeline is dominated by long-dated investment operations, which are expected to outlive the initial 10-year term and be reimbursed long after the sunset date. As part of the SEFA 2.0 mid-term review, an initial set of options will presented and discussed with GC regarding the future of SEFA beyond 2030.

Until then, the SEFA Special Fund will administer, manage and report on the reflows from concessional investments, including loans, equity and reimbursable grants deployed from its resources. Reflows will flow back into the SEFA Special Fund and may be re-deployed for new projects. The base case scenario is that, if the SEFA Special Fund ceases to exist prior to receiving reflows from its concessional investments, the outstanding credits would continue to be managed under the Special Fund Arrangement and Operational Procedures document, and would be deployed for purposes that the GC and AfDB may agree at such time.

Traditionally, under the AfDB's special funds, withdrawal provisions were not provided as it was envisaged that the donors will remain with the special fund until the termination date. SEFA donors have requested that specific withdrawal provisions to be included in the Instrument, where a donor may withdraw from the SEFA Special Fund by written notice to AfDB and the withdrawal shall become effective six (6) months after the communicated date of receipt of the notice by AfDB to the participant. The participant shall, however, remain liable for the payment of any portion of the amount of its commitment based on which the SEFA Special Fund has made commitments to recipients. Further to the withdrawal, AfDB shall return to the donor its pro-rata share of uncommitted funds, unless AfDB and the donor agree for the use of the pro rata share otherwise. It must however be noted that where withdrawal(s) from the SEFA Special Fund is of such significance that the resources remaining in the account of the SEFA Special Fund would be insufficient to continue its operations, such event would be treated as an early termination of the SEFA Special Fund.

Annexes:

Annex 2: Partner Assessment

Annex 8: Process Action Plan for Implementation

Annex 2: Partner Assessment

Summary of stakeholder analysis carried out in connection with Denmark's 2019 general contribution showed that SEFA is a highly relevant partner responding to key challenges and opportunities, yet also risk-prepared.

Target beneficiary groups for activities in APRA-countries will not differ from SEFA, and thus be comprised of private enterprises, public sector agents, private project developers, and public institutions such as the AfDB and regional member countries governments.

Engagement with SEFA will be demand driven through concrete request to SEFA for support and through the subsequent process of SEFA support and due diligence in the approval process and later trough support in project implementation. Within AfDB, the Technical Review Committee is one of the formal vehicles for engagement of other departments, and there are also other steps in the project cycle including procurement, auditing etc. that involves other stakeholders within AfDB. And for SEFA projects above USD 1 million, the approval is vested in the Oversight Committee and AfDB's Board of Directors.

AfDB was chosen for its mandate and role in sustainable energy development in Africa and is a trusted partner for Danish development cooperation in Africa in several areas, including the ongoing general contribution to SEFA. The conclusion from the context analysis is that SEFA is highly relevant in responding to key challenges and opportunities and is also prepared to take risks in terms of supporting the energy transition in fragile and conflict-affected contexts.

SEFA operates in a context with many multilateral and bilateral development partners involved in supporting sustainable energy solutions in Africa. As the Africa regional hub within the Sustainable Energy for All architecture, AfDB is well placed to ensure such synergies and complementarity while avoiding the risk of overlap with other initiative.

AfDB is responsible for the overall administration and accountability of SEFA. AfDB has ample capacity to carry this responsibility, but the SEFA team capacity has been limited throughout the first phase of SEFA, however this will be changed in SEFA 2 by converting consultancy position to project contract positions.

Partner name	Core business	Importance	Influence	Contribution	Capacity	Exit strategy
AfDB	Mobilizing and allocating resources for investment in regional member countries. Providing policy advice and technical assistance to support development efforts.	Medium. In comparison to the African Development Bank's annual turnover SEFA is small. However, SEFA interventions have often been complementary to AfDB and SEFA is thus a high priority for the bank. The SEFA rationale is to target small/medium transactions where AfDB has not been active, to engage the bank in RE projects that would otherwise not be viable for the bank.	Medium AfDB serves as the Trustee and secretariat for SEFA and is thereby the legal owner and administrator. AfDB therefore acts as both strategic and financial stakeholder. Nevertheless, it is the Oversight Committee, and thereby the donor countries, which is the decision making entity and who approve funding requests.	Through the SEFA Secretariat, the AFDB issues calls for proposals and manages the technical review process for submitted proposals. As Trustee, AfDB receives funds and is in charge of coordination of disbursements. AfDB is also responsible for the project implementation for specific projects.	SEFA has adequate capacity to implement the program efficiently. SEFA's strength lies in its facilitating response to implementing partners' key challenges and opportunities at the preparatory stages of renewable energy interventions.	SEFA Special Fund which has an expected lifetime of 10 years that is extendable. After this time, two options are proposed in the project document: (i) phasing out SEFA and redeploying its capital elsewhere as agreed by donors; (ii) Phasing out SEFA and disbursing remaining funds to donors on a pro rata basis. Denmark will reviwt makes sense to keep the options open until nearer the time-end of the Special Fund.

Annex 8: Process Action Plan for Implementation

Action/product	Dates/ Deadlines	Responsible	Comments/questions
Formulation phase:			
Presentation to meeting of the Danida Programme Committee (PC).	9 April	MFA/KLIMA	
Summary overview/checklist of comments on concept note and suggested follow-up.	April	MFA/KLIMA	
Follow-up with SEFA concerning any clarification/further inputs required to address PC comments.	April	MFA/KLIMA	
Corrections to draft PD ready for appraisal	April	MFA/KLIMA	
Appraisal:			
Draft TOR for appraisal and agreement on appraisal process and timeline	April	MFA/KLIMA	TOR will ask for concrete, realistic and actionable recommendations, and suggestions.
Appraisal	April -May	MFA/KLIMA, Appraisal consultant	
Draft Appraisal Report, including draft summary of conclusions and recommendations.	Early May	Appraisal consultant	
Meeting between appraisal and formulation teams to discuss draft appraisal conclusions and recommendations.	Mid May	MFA/KLIMA	
Final appraisal report.	Late May	Appraisal consultant	
Finalisation and approval process:			
Revised Project Document	Late June	MFA/KLIMA	PD revised based on appraisal recommend-dations and SEFA input.
Confirm agenda item for meeting of the Council for Development Policy (UPR).	1 August	MFA/KLIMA	UPR meeting on 20 June is target
Final Project Document send to UPR	26 August	MFA/KLIMA	

Present the project to the Council for Development Policy (UPR).	12 September	MFA/KLIMA	
Approval of the project presented to the Minister for Development Cooperation and Global Climate policy.	Mid September	Minister for Development Cooperation and Global Climate Policy	Soonest after the meeting of the Council for Development Policy.
Actions following the Minister's approval:			
Document for Finance Committee (Aktstykke) and presentation to the Parliamentary Finance Committee.	Early October	MFA/KLIMA	Last meeting date for the Finance Committee before Summer break is 27 June 2024
Sign Grant Agreement between MFA and SEFA.	Mid October	MFA/KLIMA	
Publish Grant on Danida Transparency/ Danida Open Aid.	Mid October	ELK/MFA/KLIMA	After approval by the Minister and signing of Agreement.
Implementation phase for new Danish support:			
SEFA request to Denmark for first disbursement.	Late October	SEFA	
First disbursement to SEFA.	Early November	MFA/KLIMA	
Project implementation.	2024-2028	SEFA	
Meetings in the SEFA governance/ management structure.	As per agreed schedule	SEFA	.
Mid-term Review (MTR).	TBD	MFA/ELK with MFA/KLIMA	
Progress and final reporting.	As per agreed schedule	SEFA	
Final Results Report within MFA	TBD	MFA/KLIMA	