Danish Voluntary Contribution to the International Energy Agency's Clean Energy Transitions Programme (CETP) 2026-2030

Key results:

- Knowledge transfer and capacity building on energy efficiency has contributed to promote energy efficiency as one of most cost-efficient ways to meet future energy demands aligned with the Paris Agreement in targeted countries.
- Enhanced evidence and capacity building have guided policy making in targeted emerging economies to accelerate a clean energy transition and mobilise private investments.
- IEA's work to support energy sector reforms has helped targeted emerging economies and developing countries to overcome market, regulatory and governance barriers hindering clean energy transitions and to raise global ambitions on energy transition goals and energy efficiency.
- International dialogue and thought leaderships has enhanced the social and people-centred dimension of the energy transition, incl. gender-perspectives, affordability, health, employment, wellbeing, access, etc.

Justification for support:

- The VC is well-aligned with priorities in the Danish strategy for development cooperation, the Danish Climate Act and the Danish Strategy for Foreign and Security Policy Strategy.
- The VC is an enabler for achieving SDG7, the Paris Agreement on Climate Change and Danish climate diplomacy.
- CEPT is integrating the social dimension of the energy transition such as affordability, gender equality and leave no one behind as energy is a key driver for sustainable development, growth and poverty eradication.

Major risks and challenges:

- Deterioration of the geopolitical situation in one or more priority countries and/or globally will be monitored on an ongoing basis.
- Lack of political will or competing political priorities in one or more priority countries will be mitigated though an adaptive management approach.
- Lack of human and financial capital to accelerate policy formulation and implementation will be assessed and priority areas for analytical work and capacity building agreed with senior-level decision-makers.

File No.	24/42593						
Country	Interregional						
Responsible Unit	KLIMA (KEFM)						
Sector	Climate						
Partner	International Energy Agency (IEA)						
DKK million	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Total**
Commitment	75						75
Projected disbursement		15	15	15.5	14.5	15	75
Duration	5 years						
Previous grants	2020 (DKK 50,0 mill.), 2023 (DKK 9,9 mill.)						
Finance Act code	06.34.01.70						
Head of unit	Anne Hougaard Jensen						
Desk officer	Morten Houmann Blomqvist						
Reviewed by CFO	Rie Høygaard Jensen						

Relevant SDGs

Objectives

The overall objective of the CETP is "to accelerate progress towards the goal of realising global net zero emissions from energy through secure and people-centred clean energy transitions in key partner countries."

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

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
Indicate 0, 50% or 100%		100%		
Total green budget (DKK)		**75 million**		

Justification for choice of partner:

The IEA has deep engagement with governments, private sector actors, and multilateral institutions across the world. CETP supports more than 40 countries in their clean energy transition and is a global thought leader to guide a people-centered clean energy transition. Partnering with the IEA allows Denmark to scale its impact by leveraging the IEA's global relationships and policy influence. The CETP aligns with Denmark's development assistance priorities in promoting sustainable energy solutions in emerging and developing economies.

Summary:

CETP will be contributing to energy sector reforms to overcome market, regulatory and governance barriers to the transition to clean energy and energy efficiency, to enact policy reforms and see increased investment for clean energy transitions. The programme is designed to convert evidence and experience of energy transition into action through cooperation on data, analysis, policy design and implementation, as well as capacity development.

Budget: DKK million

Direct support to CETP and E4	55.5
Unallocated and adaptive management funds	7.5
IEA overhead; Secondment; Mid-term review and learning	12.0
Total	**75.0**

Presentation to the Programme Committee

Danish Voluntary Contribution to the International Energy Agency's Clean Energy Transitions Programme (CETP) 2026-2030

(Early Draft)

February 2025

Ministry of Foreign Affairs, Denmark

File No.: 24/42593

Abbreviations

CETP	Clean Energy Transitions Programme
CO2	Carbon dioxide
Danida	Brand name for Danish international development cooperation
DEA	Danish Energy Agency
DEPP	Danish Energy Partnership Programmes
E4	Energy Efficiency in Emerging Economies Programme
EEIT	The Office of Energy Efficiency and Inclusive Transitions
ESMAP	World Bank Energy Sector Management Assistance Program
GCF	Green Climate Fund
GDP	Gross domestic product
GHG	Greenhouse gases
GW	Gigawatt
IEA	International Energy Agency
IRENA	International Renewable Energy Agency
LEARNING	Department for Evaluation, Learning and Quality, MFA
MCEU	Danish Ministry of Climate, Energy and Utilities
MFA	Ministry of Foreign Affairs of Denmark
Mt CO2-eq	Million tons CO_2 equivalent
NDC	Nationally determined contributions
ODA	Official development assistance
OECD	Organization for Economic Cooperation and Development
PAP	Process action plan
PD	Project document
VC	Voluntary Contribution

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1 Introduction

The present draft project document outlines the background, rationale and justification, objectives and management arrangements for development cooperation concerning *Danish Voluntary Contribution to the International Energy Agency's (IEA) Clean Energy Transitions Programme (CETP) 2026-2030* as agreed between the parties: The International Energy Agency (IEA) and the Ministry of Climate, Energy and Utilities (MCEU), in cooperation with the Ministry of Foreign Affairs (MFA), of Denmark. The project document is expected to be an annex to the bilateral agreement with the implementing partner and constitutes an integral part hereof together with the documentation specified below.

The Danish support to CETP is planned to amount DKK 75,0 mill, whereof DKK 32,0 mill. will be earmarked for E4. The IEA is one of leading global agencies working with governments and other stakeholders to shape a secure and sustainable energy future. It is leading global thought regarding a global energy transition towards clean energy through global dialogue. It is providing data, evidence, analytical work and capacity building to targeted emerging economies and developing countries to accelerate a people-centred clean energy transition.

Denmark has supported CETP and sub-programme E4 throughout their existence and was a major influence in the formulation of the CETP and the design of its first phase. The proposed Danish VC will have the overall objective to "Reduce GHG emissions through accelerated, secure, affordable, and clean energy transition in targeted emerging economies". This will be achieved through continuing support for the implementation of CETP including E4. The precise areas of work to be supported will be determined by the demand from the partner countries, while also taking into consideration specific Danish areas of interest, thus contributing to synergies with the Danish bilateral efforts in the priority countries and the work of other multilateral agencies.

The Danish support will concretely support the CETP and the E4 to contribute to energy sector reforms to overcome market, regulatory and governance barriers to the transition to clean energy and energy efficiency, to enact policy reforms and see increased investment for clean energy transition. This will be done through technical assistance, data and evidence programme designed to convert evidence and experience of energy transitions into action through cooperation on data, analysis, policy support and training towards targeted regions and countries. But also contributing to mobilise international coordination, knowledge and political will to accelerate a global green energy transition.

2 Context, strategic considerations, rationale and justification

2.1 Context

To fulfil the 1,5 target as set out in the Paris agreement, global greenhouse gas emissions need to be reduced by 45% by 2030 and reach net zero by 2050. As of June 2024, 107 countries, responsible for approximately 82% of GHG emissions, had adopted net-zero pledges, but the actual commitments that have so far been made to limit emissions would lead to only a 2.6% decrease by 2030.

The energy sector is the source of around three-quarters of GHG emissions. Achieving net zero requires a massive increase in renewable energy, energy efficiency measures, and grid infrastructure for emerging and developing countries, while ensuring that consumers, particularly those with low incomes, can access reliable and clean energy at affordable prices.

Despite record clean energy deployment, two-thirds of the increase in global energy demand in 2023 was met by fossil fuels, pushing energy-related CO_2 emissions to another record high. Yet, the share of clean energy investment in emerging market and developing economies outside of China remains stuck at 15% of the total, even though these economies account for two-thirds of the global population and one-third of global GDP. While this is a major challenge for fulfilling the Paris Agreement, it is also preventing the consumers access to reliable and affordable energy in these countries.

This demonstrates the need to accelerate a transition to green power generation while allowing emerging economies and developing countries to continue needed growth to continue positive socio-economic development. While renewable energy sources often are the cheapest form of power today, transitioning to a green energy system poses significant challenges, particularly for developing and emerging economies. This includes lack of regulatory policies, difficulties in attracting investments, high upfront costs, ensuring security of supply, and lack of access to technical expertise needed for implementing and managing renewable and integrated energy systems.

Energy is the cornerstone of any modern economy to enable growth, social development and eradicate extreme poverty. Therefore, a people-centred and just energy transition has been a prominent topic for discussion in both climate negotiations and most recently at the G20 in Brazil. A clean energy transition will allow emerging economies and developing countries to access more affordable and reliable energy as demand is growing. In addition, for many countries wind and solar power will also present an opportunity to strengthen national energy security.

Energy efficiency (EE) is by IEA referred to as the “first fuel” because it is the most cost-effective CO2 mitigation options while lowering energy bills and strengthening energy security. EE is the single largest measure to avoid energy demand in the Net Zero Emissions by 2050 Scenario. Furthermore, most EE measures result in cost savings to consumers, lowering energy bills and helping cushion the effects of unexpected price spikes. Yet, EE is often overlooked as a gateway to achieve SDG7 and provide affordable, reliable and clean energy to households and industries countries but

2.2 Justification and rationale for Danish support

The IEA’s expertise, data-driven approach, and global influence on clean energy transition makes it a highly relevant partner for Denmark’s climate and energy-focused development cooperation. The CETP aligns with Denmark’s development assistance priorities in promoting sustainable energy solutions in emerging and developing economies. The IEA has deep engagement with governments, private sector actors, and multilateral institutions across the world. Through its CETP, the IEA works with more than 40 countries to support clean energy transition. Partnering with the IEA allows Denmark to scale its impact by leveraging the IEA’s global relationships and policy influence.

The Danish support to IEA’s CETP is also well aligned with Danish Strategy for Development Cooperation, - The World We Share – which clearly emphasises that “Denmark must assume international leadership within reductions, green transition, and access to clean energy”. The support is also aligned with the How-to-Note on Energy Transition and Emission Reductions in Developing-Countries which puts great emphasis on EE. Furthermore, the support is also aligned with the Danish Foreign and Security Policy Strategy, which emphasises the importance of building energy security and expand Danish positions and support of a global green energy transition and climate diplomacy.

The CETP programme is also contributing to achieve SDG7 on clean, affordable and reliable energy. The CETP has in the recent years expanded its focus towards a more people-centred green energy transition and increased its support to Africa. One example was the Summit on Clean Cooking in Africa in 2024 which broaught together 4 heads of states, 24 ministers and many heads of multilateral agencies. This resulted in strong political commitments to ensure access to clean cooking, as almost 80% of the households in Sub-Saharan Africa still depend on cooking their meals over basic stoves or open fire.

Denmark's long-term support for E4 since 2014 has been contributing to the establishment of CETP in 2017 and has been a driver to attract broader donor base and designing the results framework. CETP has been key in transforming the IEA towards a more global scope of work covering emerging economies and developing countries but also towards great emphasis on clean energy transition. The CETP has essentially enabled the IEA to open up to the world and particularly large emitters as part of the "opening the doors policy" since 2015[1].

CETP's country support the governments in the six major emerging economies: Brazil, China[2], India, Indonesia, Mexico and South Africa is considered critical to achieve a global clean energy transition. They also complement the Danish Energy Agency's government-to-government support through the DEPP programmes. Also, CETP's collaboration with regional organisations in Africa (such as the African Union Commission), Latin America and Southeast Asia is highly relevant. China will no longer receive Danish funding as China will graduate to a high-income country and no longer be eligible to receive ODA. The Danish support will also be targeted to support Ukraine and the rebuilding of the energy system based on more renewable energy. These countries and regions have been selected on the basis of their significant potential for reduction in Justification of support.

Finally, the CETP is also aligned with cross-cutting Danish development policies. CETP has a dedicated workstream as well as convening a new Global Commission on People-Centred Clean Energy Transitions: Designing for Fairness to develop actionable policy recommendations on how to fully integrate the principle of fairness into the design of all clean energy policies. Focus areas for the commission will include (i) Leaving No One Behind:, (ii) Job Creation and Economic Diversification, (iii) Environmental Integrity and Energy Security, (iv) Transparency, Accountability, and International Cooperation, (v) Fair distribution, affordability and access, (vi) Stakeholder Engagement and Social Dialogue.

2.3 Lessons learned, coordination and synergies

The CETP's purpose is to accelerate progress toward a global net zero energy system through secure and people-centred clean energy transitions, with particular focus on emerging markets and developing economies. CETP priority countries are, therefore, characterised as growing economies with large populations, many of whom do not have sufficient access to power and whose emissions are increasing as energy demand rises.

The CETP was launched in 2017, with Denmark as a main instigator, as an expansion of the E4, aiming to fully leverage IEA's all energy systems approach and all of technologies expertise to address clean energy transitions on a broader scale. CETP has enabled the IEA to massively increase its engagement with partner and donor countries, delivering value to them and enhancing the IEA's reputation as a reliable, authoritative source for understanding the transitions to clean energy.

The first phase of the CETP (2017-2021) has built strong, on-the-ground relationships with governments and policymakers. The approach at country and regional level has been gradual and driven by demand from partners, with initial activities typically focused on immediate short-term priorities to demonstrate the

[1] While the US is not a major contributor to CETP, it is providing significant amount to IEA's core funding and changes here will be monitored.

[2] Note that no funds from the Danish VC will be used for CETP support to China

value of using IEA capabilities. The flexibility of CETP funding has enabled the programme to respond quickly to evolving priorities. These have included a net zero roadmap for Indonesia that has helped shape its multi-billion dollar Just Energy Transition Partnership, recommendations on renewables that fed into China's Five-year Plan, EE policy and implementation advice for India, helping revise Brazil's law on energy research and development, and many more (see also selected results in annex 1).

Denmark's long-term and earmarked support for E4 has allowed the programme – which is now integrated part of CETP – to make longer term commitments with partner countries. Denmark has over the years made several contributions to E4 and also managed a larger EU delegated partnerships. The programme has contributed to keep EE high on the global agenda for emerging economies and developing countries. Focus has also shifted towards poorer developing countries and in 2024 the global EE conference was held in Kenya. Through its strong relationships with governments and policy makers, E4 has endeavoured to fill this gap with their understanding and expertise on EE and provided targeted analysis and advice. The proposed VC will continue to emphasise support to energy efficiency with earmarked funds to ensure that IEA can continue its valuable work it this area.

In 2023, E4 engagement responded to the needs and priorities expressed by partner countries, such as fuel economy standards for heavy duty vehicles in Indonesia, air transport in India, heat pumps in China, standards for efficient appliances or improving the energy efficiency of buildings in Latin America. In 2023, the E4 team supported five strategic national policy plans, eight sectoral policy plans and six policy formulation processes.

During the second phase (2021-2026), CETP and E4 benefited from an Independent Review of the IEA and a mid-term review (MTR) of the Danish VC. Both reviews acknowledged the success of the programme so far and the value of its approach, providing much-demanded policy advice and capacity development, and making high-quality data and authoritative analytical work widely available. It was noted that the revised CETP Strategic Framework (largely following the Danish model) had significantly improved reporting to funders of CETP activities. Recommendations were made to improve reporting and communications, and these have either already been implemented or will be addressed in the present programme document.

CETP has also expanded its focus on Africa and Just Transition. Denmark has in addition to the five-year support also provided to specific grants targeted Kenya and regional African work related to EE. The CETP has also been a driver to support the first Summit on Clean Cooking Summit in Africa. Furthermore, IEA has contributed to the G20 focus on just and inclusive energy transition (people centred approach), which resulted in the G20 Just and Inclusive Energy Transition principles.

The IEA's independent energy analysis and policy recommendations also helped shape the targets and technical underpinnings of the UAE Consensus. In the run-up to COP28, the IEA provided critical data on global energy trends, renewable capacity growth, and EE improvements—information that helped negotiators agree on ambitious goals (such as tripling renewable capacity and doubling energy efficiency gains by 2030) as essential steps for a just, orderly transition away from fossil fuels. Additionally, the IEA's work with policymakers in countries such as Brazil, China, India, Indonesia, Mexico and South Africa to build capacity and craft policies likely influenced the language and ambition embedded in the consensus.

Key lessons learned from the previous phases of Danish support include:

- The importance of continuing to build and maintain high-level contacts at national level to deepen trust, ensure up-take of supported work and open up and maintain downstream contacts and engagement with stakeholders at an operational level.
- The need for continued support for EE expertise at the country level, as this area is not attracting the support of other funders at a level relative to its importance.

- The value of a demand driven approach and rapid response to emerging priorities of partner countries.
- The added value of transparency and disseminating information and data to as wide a range of stakeholders as possible.
- The need to foster inclusive and community-level partnerships that ensure no one is left behind in the transition.
- The need for a systematic approach to risk identification management and reporting.

Denmark has been one of the first donor's providing VC to the IEA through the E4 and has contributed substantially to the CETP (between 8 to 9% of all VC to the programme). It is estimated that Denmark in 2025 will contribute 10% of the CETP budget, the 3rd highest proportion after Germany (29%) and the UK (22%). Other major contributions are expected from the EU (8%), Canada (7%), Italy (5%) and the USA (5%). Expenditure on CETP has grown from 4.6 million Euro (2018) to 23.0 million Euro (2025 budget). Denmark is coordinating closely with other donors through the CETP Strategic Coordination Group and the donor group.

Denmark has also established a close collaboration between the Danish Energy Agency's (DEA) Center Global Cooperation and CETP country activities. The DEA Government-to-Government (GtG) cooperation in the energy sector are operating in the same countries and complement each other through different approaches and access to decision-makers. Many topics are overlapping such as EE integration of variable renewables, coal phase out, power market reform and long-term energy planning. Collaboration has also been established when it comes to support several countries in ambitious Just Energy Transition Partnerships (so-called JETP's). In several of CETP focus countries, the Embassies of Denmark are also Danish Green Front-Line missions with a strengthened mandate on climate diplomacy. Both CETP and Danish ongoing bilateral energy cooperation will benefit from synergies between the programmes and the sharing of experiences and data.

Denmark has also a clear ambition of amplifying the impacts of these contributions by seeking maximum synergy between bilateral and multilateral programmes, and a clear interest in a joint commitment with the IEA to support approaches to synergies in this proposed VC. Denmark is also proactively seeking to improving collaboration with other multilateral agencies such as the World Bank's ESMAP, the NDC Partnership and UNEP Copenhagen Climate Centre.

Denmark also has a strong private sector resource base in sustainable energy and climate change mitigation, which will also be interested in supporting the green transition in the partner countries. Where relevant, synergies with other Danish supported cooperation on sustainable energy will be emphasised. The private sector will be key to continue to provide the most cost-efficient technology and investment to turn planning and ambitions into concrete investment and implementation.

3 Objective

The overall objective of the CETP is "to accelerate progress towards the goal of realising global net zero emissions from energy through secure and people-centred clean energy transitions in key partner countries." The objective of the proposed VC is to continue support for CETP (and within that the E4), reflecting lessons learned to date while also focusing on Danish development priorities and ensuring that opportunities to take advantage of other Danish bilateral and multilateral activities in the energy sector are fully realised.

This overall CETP objective is to contribute towards meeting the objectives of the Paris Agreement and delivering on the SDGs 7 (affordable and clean energy), 13 (climate action) and 17 (global partnerships for

the goals). In coordination with key partners, the Programme aims to contribute to energy sector reforms and support change at the policy level including through helping to overcome market, regulatory and governance barriers hindering clean energy transition and supporting inclusive and people-centred energy transitions. Priority countries and regions will increasingly be meeting the energy-related GHG emissions targets through the uptake and use of improved data, models and best-practice clean energy policy knowledge delivered by the IEA.

4 Theory of change, key assumptions and associated risks

The Theory of Change (ToC) is based on CETP's theory of change as outlined in the Strategic Framework for Clean Energy Transitions Programme 2025-2026. It introduces the three key pillars of the programme, the so-called offerings and strategic considerations that includes a specific section on the theory of change.

If Danish funds are supplied to CETP through a voluntary contribution to IEA, then the CETP will

1. Work with priority partners (particularly Brazil, India, Indonesia, Mexico and South Africa; and regional organisation/countries in Africa, Latin America and Southeast Asia) to establish an enabling environment and remove barriers for clean energy transition, including a specific focus on energy efficiency.

2. Facilitate international collaboration to scale up innovation and deployment of clean energy sources and technologies, EE and transition demand sectors. This also includes an increasing focus on developing countries and technology and solutions in Africa such as clean cooking or transport (e.g., solar powered two and three wheelers)

3. Ensure that participants in key global and international forums are aware of the pathway to and benefits of EE and other strategies to accelerate clean energy transition and that high quality and up-to-date data and IEA technical expertise are used in decision-making, action planning and information released to the public.

4. Shape the international understanding of the barriers and solutions for accelerating the development and deployment of EE measures and other clean energy solutions in accordance with up-to-date knowledge of effective solutions and ensure that programme results contribute to the global dialogue to raise ambition on energy transition goals and support the implementation of long-term strategies to achieve Net Zero objectives.

5. Use its convening power to bring together governments from across the international community to focus attention on key transitional issues.

The Danish VC will ensure that CETP has sufficient funding to continue to promote energy efficiency as an integral part of clean energy transition and that the programme maintains its commitment to people-centred transitions and the G20 Just and Inclusive Energy Transition principles.

These actions will hasten the implementation of EE improvements and increased installed capacity of renewable energy contributing to the UAE Consensus targets.

The ToC relies on the following assumptions:

- The geopolitical and economic context in CETP partner countries remains stable enough to allow for effective programme implementation and stakeholder engagement.

- EE measure and renewable energy remains cost-competitive compared to fossil fuels and thermal power plants in a long-term energy perspective.
- No major global or regional security, natural disaster or health crisis significantly disrupts programme activities, travel, or stakeholder engagement.
- Financial resources are available through promised international funding arrangements and financial institutions active in partner countries.
- The programme establishes strong relationships with partners and other providers of financial and technical support, with sufficient follow-up mechanisms to ensure sustained impact.

As part of the ToC, impact drivers have been identified and will be used proactively during CETP implementation. Impact drivers are defined as "the critical factors or conditions that must be in place for desired long-term outcomes to be achieved. They act as enablers that support the transition from activities and outputs to broader systemic change." Impact drivers for CETP may include the following[3]:

- **Political and institutional drivers** – High-level political commitment that supports accelerating climate and sustainable development actions to realise net-zero emissions.
- **Economic and financial** – Domestic resources are mobilised to support EE and policymakers recognise economic and social development incentives that efficiency brings.
- **Capacity development** – Stakeholders support the continuous development of knowledge and skills for EE professionals.
- **Evidence-informed policy making** - Timely and accurate data to measure EE is available in countries and regions to identify priorities and measure the impact of EE policies.

The proposed VC will continue a pro-active participation and influence on the CETP's ToC during implementation through the formal governance structure and informal dialogues. In Annex 3, a Danish interpretation of ToC is included.

The CETP has organised work streams under 3 "pillars" as follows:

- **Accelerating national transitions** – supporting emerging and developing economies to develop and implement timely strategies for achieving national clean energy transition goals in line with the Paris Agreement temperature goals and sustainable development objectives.
- **Strengthening multilateral coordination** – facilitating international collaboration to scale up innovation and deployment of clean energy sources and technologies, energy efficiency and transition demand sectors as well as tracking progress towards global clean energy objectives, including in partnership with other relevant initiatives and platforms.
- **Informing global energy dialogue** – developing greater international understanding of barriers and environmentally sustainable solutions for the development and deployment of clean energy technologies, unlocking related investment as part of a secure and people centred transition.

The funds support work streams across all three pillars of CETP with a particular focus on Pillar I. A minimum level of support will be "hard-earmarked" for E4. The amount assigned has been calculated to provide the same annual amount as in the previous VC. However, since this VC covers one more year, the annual contribution will be slightly lower.

[3] the identification and use of impact drivers is in the process of being further developed in consultation with IEA.

The programme will adopt an adaptive management approach whereby the implementing partner will be enabled more easily to adjust funding allocations when the context changes or new knowledge or opportunities emerge, that are consistent with the overall strategic focus of the programme and the outline results framework.

5 Summary of the Outcomes

For results-based management, learning and reporting purposes, progress attained in the implementation of the programme will be closely monitored. Progress will be measured through the CETP's monitoring framework focusing on the agreed outcome and the outputs and their associated indicators. IEA has established a dedicated team to monitor progress and results which is still improving data collections and MEAL methodology of the CETP. The full results framework with indicators and targets is under discussion with IEA and will be elaborated further, e.g. including either specific outcome on EE (bilateral report to Denmark) or a specific output in CETP results framework.

Outcome 1: Enabling environment (policy, planning, capacity and finance) in place and barriers removed for doubling the global average annual rate of EE improvements by 2030 in an increasing number of priority countries and regions.

Outcome 2: Delegates and participants in key global and international forums are aware of the pathway to and benefits of EE and other strategies to accelerate clean energy transition. Forum participants use high quality and up-to-date data and IEA technical expertise decision-making, action planning and information released to the public. International stakeholders, sectoral experts and civil society can use this information to drive forward the aspiration for clean energy transition in regional, national and local contexts.

Outcome 3: Shape the international understanding of the barriers and solutions for accelerating the development and deployment of EE measures and other clean energy solutions. To contribute to the global dialogue to raise ambition on energy transition goals and support the implementation of long-term strategies to achieve Net Zero objectives. To use its convening power to bring together governments from across the international community to focus attention on key transitional issues.

Each Outcome will include outputs specifically designed to ensure that the potential of contribution of EE to clean energy transition is properly considered. It is expected that Denmark will align with CETP results framework (attached in annex), but ongoing dialogue is taking place to improve some areas. Furthermore, for the Danish earmarked contribution to E4, a specific outcome and related outputs will be developed.

6 Inputs/budget

The total VC is DKK75 million over 5 years. The amounts available under each cost head for the total programme period are as shown below.

The annual CETP work planning procedure is first to distribute earmarked funds to the appropriate department and then to allocate the remainder to each work stream depending on work programme, availability of funds etc as described below.

	M DKK	%
CETP SIO Managed contribution	23.5	31%
Earmark for Energy Efficiency (E4)	32.0	43%
Secondment (IEA estimate for grade PAL6 for 5 years)	7.5	10%

Unallocated/Adaptive Management	7.5	10%
IEA Overheads	4.0	5%
Mid-term review	0.5	1%
Total	75.0	100%

The operations and budget are designed to be flexible and responsive to country requirements unallocated funds are available to accommodate for an Adaptive Management approach (these resources are included in the contributions to CETP and E4 mentioned above).

- The contribution to CETP SIO Managed contribution (DKK 23.5 million) will support the outputs and activities associated with all of the outcomes allocated through the annual work planning process. Input from CETP funders, through the Strategic Coordination Group, would be able to suggest that funds could be allocated to Danish priority work such as decentralisation of Ukraine's energy sector, clean cooking and people-centred activities.
- The contribution to E4 (DKK 32.0 million), although earmarked for E4, will support all outcomes but will be focussed on the EE contribution to clean energy transition and managed by IEA's Office of Energy Efficiency and Inclusive Transitions (EEIT).
- The strategic secondee (costs of DKK 7.5 million) are based on an estimate of staff grade PAL6 costs over 5 years, provided by IEA. Final clarification of the secondment modality, recruitment process and budget implications will be confirmed in liaison with IEA before the final programme document is submitted for approval.
- The budget for the mandatory MFA mid-term review (DKK 0.5 million) is to allow for a review of the programme and especially for assembling evidence that builds on the results framework to provide an assessment on the extent to which there has been a contribution to the higher-level objectives.
- The Voluntary Contribution to the IEA includes budget for IEA overheads ("VC Administration Charge" of DKK 4.0 million or 5% of the VC total) which is set according to the standard agreements for VCs.

7 Institutional and Management arrangement

7.1 Management

Like the ongoing VC programme, the management of this programme will be based on the existing governance structure of the CETP, which has recently been slightly modified in response to funder suggestions to increase efficiency and transparency. In addition, annual bilateral donor meeting will be organised with E4 to follow the work on energy efficiency and ensure relevant coordination. The E4 will also deliver a specific and brief financial and results reporting on the earmarked contribution.

The CETP is anchored in the IEA's Strategic Initiatives Office (SIO) within the Office of the Executive Director. IEA senior management and an internal CETP Steering Group, which includes Division Heads from across the IEA, guide the work conducted by the CETP. Senior IEA management, guided by the advice of the Steering Group, decides allocations for the different work streams under the CETP. Activities are supported by country desk officers located in the IEA's Office of Global Energy Relations, and by: in-country energy specialists engaged as contractors in Brazil, India and Indonesia; EE contractors in Indonesia, Mexico and India; and the IEA liaison office in China. A central CETP coordination team within SIO is responsible for quality control, strategic management, fundraising, disseminating key messages, information exchange,

coordination and reporting. The strategic secondee funded through this programme will be placed in SIO and participate in both the CETP steering group and coordination team.

The E4 is a component of the CETP comprising CETP's EE activities. The E4 is implemented by the E4 team, which is anchored within the IEA's Office of Energy Efficiency and Inclusive Transitions (EEIT). The E4 team operates in close coordination with the CETP coordination team and is also supported as needed by other divisions.

In line with the recommendations of the Independent Review of the IEA, written reports such as CETP Annual Reports, brochures/one-pagers and newsletters are made available to funders and all IEA members. This enables the Agency to showcase CETP achievements, identify potential collaborations and new funders, while ensuring that programme planning and budget allocation remain in line with IEA Ministerial mandates and the IEA PWB.

7.2 Governance

A CETP Steering Committee, consisting of IEA senior management and Division Heads from across the IEA Secretariat, meets regularly to exchange information and coordinate activities under the CETP. The Steering Committee, under the guidance of the IEA Executive Director, advises on the allocation of resources to the different workstreams of the CETP in the annual workplan process. Activities under Pillar I, where relevant, are planned in coordination with the Office of Global Energy Relations of the IEA Secretariat to ensure streamlined and coherent country and regional strategies. This includes, in some cases, coordination with in-country energy specialists working as contractors in CETP partner countries.

The programme will include formalised coordination mechanism at country level to enhance synergies with the Danish bilateral efforts. The IEA Secretariat systematically reports on the CETP and seek guidance from the wider IEA membership through the Governing Board (GB), the Standing Group on Global Dialogue (SGD), the Committee on Budget and Expenditure as well as other committees and standing groups upon request of the Chairs.

The CETP Strategic Coordination Group, of which Denmark is member, is the forum for CETP funders to discuss developments, progress and next steps. The group meets four times a year back-to-back with the GB meetings to discuss and agree upon annual work plans, including budget balancing of the three pillars, and revisions to the CETP Strategic Framework. The group also provides input and feedback to the IEA Secretariat on completed and planned CETP activities and on ideas for new work as required in view of global developments. In this forum Denmark has a standing seat as funder, which is used to ensure that Danish priorities are reflected in work plans etc. This forum is also important for funders to have frank discussions with the IEA Secretariat about what works and what needs adjustments or improvements. The IEA Secretariat's very useful one-pagers on specific activities and results in partner countries is a concrete example of the Secretariat's response to a request from the group of funders.

The final annual CETP workplan is shared with the Strategic Coordination Group upon its finalisation. Further changes are possible during the implementation of the workplan ensuring that it remains fit for purpose.

8 Risk Management

The CETP has revised its approach to risk management and now applies a comprehensive, multi-level approach to managing risks that may impact the successful delivery of its workplan. The CETP Risk Register systematically identifies, assesses and documents risks to the delivery of the CETP workplan, enabling

proactive mitigation and informed decision-making through a structured, regularly updated framework. It has been developed in line with the OECD Risk Management Policy and focuses specifically on external risks to CETP activities, with clear roles and responsibilities for project level teams, the Steering Committee and the CETP Programme Team. The Risk Register aims to assess each identified risk based on its likelihood and potential impact on CETP activities. For each risk, the impact after applying mitigation measures is assessed to present a residual risk score, which reflects the remaining risk.

This approach accords with the system recommended in Denmark's AMG. As recommended in the MTR of the ongoing VC programme, monitoring of risks and assumptions will in future be included in progress reporting. Risk management is important, which has been evident during the past five year with COVID19, Russia's invasion of Ukraine and the global energy crisis.

Potentially major risks identified in the CETP Strategic Framework include:

- Deterioration of the geopolitical situation in one or more priority countries and/or surrounding regions
- Economic downturns, fluctuations in energy prices, or unforeseen economic shocks
- Global health crises
- Weak governance or political instability in CETP partner countries
- Changes in local institutions
- Lack of political will or competing political priorities in one or more priority countries
- Lack of human and financial capital
- Resistance from industry stakeholders
- CO_2 emissions reduction will mainly accrue after the programme has ended
- Changes in the international context deprioritise clean energy transition or affect the economics of decarbonisation

Risks added in formulation of this VC that may be of particular concern to Denmark include:

- Political developments and/or human rights concerns in one or more priority countries generate opposition to support for the programme from Denmark's political establishment or civil society
- Opposition from some members of international forums prevents IEA from playing a role promoting CETP.

CETP applies a comprehensive, multi-level approach to managing risks which is manifested in the CETP Risk Register. The CETP Risk Register is used as an input to the planning process, which integrates a medium-term strategy for engagement with a country and region and includes an analysis of risks that may affect implementation. This strategic approach ensures that contingencies are built into the timeline, budget and resource allocation, thereby increasing project resilience and adaptability. CETP's programmatic approach also allows resources to be reallocated to prioritise efforts with a higher potential for impact as operations progress.

Where appropriate, the CETP Core Team provides a report on issues and mitigation measures related to specific projects as part of the CETP reporting cycle. In case risks unforeseen in this document materialise and affect the delivery of the programme, it is also reported within the CETP reporting cycle.

Annexes

Annex 1: Initial inputs to Annex 1

Box: CETP priority country profiles

CETP Priority Country	Context	Global Share of combustion Emissions	Emissions growth 2000-2022	Energy Intensity Change (2000-2023)	Power Generation from Renewables
		%			
Brazil	Largest country in South America and the largest single energy consumer, accounting for about 36% of total final energy consumption in Latin America.	1.2	+40	0	88
India	Energy demand growth is projected to outpace all other countries by 2050 due to higher economic growth, increasing population and rising urbanisation.	7.4	+182	-35	22
Indonesia	4th most populous country in the world, the largest energy producer and consumer in Southeast Asia. Expected to become the 4th largest economy by 2050.	1.9	+156	-28	18
Mexico	Accounts for 20% of total final energy consumption in Latin America. CO2 emissions increase driven largely by increases in consumption of natural gas and oil.	1.1	+6	-14	24
South Africa	It accounts for 12% of economic activity in all of Africa and 30% of electricity demand. The current energy mix is dominated by coal and oil	1.2	+40	-28	8
Ukraine	Must fundamentally reshape its past dependence on energy imports from Russia. Working to recover power and heating for civilians.	0.3	+57	-66	12

Box Notable CETP Achievements in Key Partner Countries and Regions

In India:
At central level CETP worked with the Government of India on a clean and just energy transition, selecting topics and sectors with the most direct impact on decarbonisation and people's lives. India announced ambitious energy transition plans at COP26, including reaching net zero emissions by 2070. A strategic plan was also prepared for advancing energy efficiency across demand sectors and this served as a critical input for the energy efficiency discussions of India's G20 Energy Transitions Working Group.

In addition, CETP has worked closely with state governments and industry partners to simplify renewable energy regulations and create attractive incentive structures. One notable example is its role in scaling up solar and wind projects by streamlining permitting processes and facilitating public–private partnerships. This integrated approach has contributed to a marked increase in renewable energy installations, helping India reduce its reliance on fossil fuels and cutting overall greenhouse gas emissions.
In Indonesia: CETP introduced micro-grid systems in remote areas that have enabled communities to access reliable and clean solar or biomass energy, replacing expensive and polluting diesel generators. Training and stakeholder engagement has built local expertise to maintain and expand these renewable energy projects, ensuring long-term sustainability.
In addition, the "Net Zero Roadmap", developed with the Ministry of Energy and Mineral Resources (MEMR), directly led to commitments to reach peak emissions in the electricity sector at 290 Mt and to achieve a 34% share of renewables in electricity generation by 2030; and support to an Energy Efficiency and Electrification Working Group included a roadmap for off-grid power, energy efficiency and electrification.
In Africa:
In sub-Saharan Africa, the CETP supports capacity building and policy reform to boost clean energy investments and improve energy access, with an increased analytical focus on financing clean transitions including building modelling capacity for Ministries of Energy in Benin, Ethiopia, Ghana, Kenya, Nigeria, the Democratic Republic of Congo, Mozambique, Rwanda, Senegal, Uganda, and Zambia. Close collaboration with Uganda's government stakeholders led to the development of the country's Energy Transition Plan. This work has assisted African stakeholders actively participate in the Global Commission on People-Centred Clean Energy Transitions and the IEA Clean Energy Labour Council. The IEA report, A Vision for Clean Cooking Access for All (July 2023), paved the way for the first-ever high-level Summit on Clean Cooking in Africa which mobilised $2.2 billion in financial pledges from governments and the private sector.
Latin America
The IEA contributed analysis to consultations that led to adoption of minimum energy performance standards for air conditioning. This binding policy has been adopted by six out of eight member countries so far. The policy will help lower consumer bills, cut CO2 emissions and lead to more affordable energy through avoided electricity costs. The IEA is also driving an initiative to support harmonisation of efficiency standards for a range of products in a group of leading countries in Latin America.
Mexico
In Mexico, CETP's policy advice has helped streamline regulatory frameworks to attract private investment in renewables. By helping to modernize energy policies and create an enabling environment for clean energy projects, CETP's support has contributed to an increased share of renewable energy in Mexico's national grid (growth in renewable electricity generation from wind and solar almost tripled from 2015 to 2022)— renewables now account for around 24% of power generation fostering both environmental benefits (such as reduced emissions) and improved well-being through better air quality and energy security.

Specific actions in the CETP strategic Framework

Human Rights and Poverty Reduction: Programme objectives will lead to more climate resilient societies with increased access to clean, secure and affordable energy. This in turn facilitates economic growth with resultant social benefits including for the poor and disadvantaged populations and contributes indirectly to securing basic rights such as the right to life, food, health, shelter, education, etc. IEA's work and the support through CETP and E4 on improved data for more well-informed decision make indirect

contributions to the general human rights principles of participation, accountability, non-discrimination and transparency.

Jobs: Job creation is an important aspect of clean energy transition. The IEA's analysis on employment, skills and jobs, and labour market issues, assists in the development of national labour transition programmes. Programme activities will continue to support opportunities for affordable training and education to support green jobs and youth employment as part of clean energy transitions. Promote an inclusive training of reskilling of employees in the fossil fuel sector or communities affected by renewable energy infrastructure, e.g. fishermen near offshore wind parks.

Gender Equality: A particular challenge - and opportunity - is improving gender equality, job opportunities for women and more generally the lives of women through sustainable energy solutions. The programme will benefit from an IEA gender-diversity initiative which is working on the following areas:

- Raising awareness on the importance of gender mainstreaming in energy policy making.
- Working with governments, to improve the collection of disaggregated gender and energy data to inform energy policymakers.
- Raising awareness on the challenges to collect data and the need for improved capacity and internal coordination in governments as well as developing new methodologies.
- Organizing events to discuss the importance of improved gender-diversity in the energy sector and possible actions to take to reduce the barriers for underrepresented groups.

Under CETP, the IEA monitors the number of women participants in training events and workshops and as such gender disaggregated data are produced. Within IEA gender initiatives, the CETP may further undertake a dialogue with partners and identify remedial factors as relevant if there is an imbalance and promote equal participation on training by women and men. There will be a focus on lowering the barriers to female participation, and the CETP will also align to partner country national or local strategies on gender.

Health and environment: The programme may also have indirect benefits in relation to health and environment as an improved enabling environment for an increased share of renewable energy is expected to reduce the reliance on conventional energy technologies and their associated environmental impact and health risks from e.g. air pollution. Reduced health risks will benefit most parts of the population that are not able to protect themselves from exposure of pollutants, cannot afford health care and are without – or have poor social security, for example increased energy access will enable poor and disadvantaged groups to increase share of clean cooking options.

Annex 2: Partner Assessment (Draft)

Established in 1974, and originally focused on OECD countries to help co-ordinate a response to major disruptions in oil supply, the IEA is a long-established and well-respected global energy agency. Since 2015 the IEA has undergone a modernization opening its doors to key emerging economies and enhanced its efforts within the clean energy agenda. This development is in line with Danish priorities for the agency and has been strengthened by the Danish support to the E4 and CETP.

The IEA's expertise, data-driven approach, and global influence make it an ideal partner for Denmark's climate and energy-focused development cooperation. The IEA's Clean Energy Transitions Programme (CETP) aligns with Denmark's development assistance priorities in promoting sustainable energy solutions in emerging and developing economies. The IEA has deep engagement with governments, private sector actors, and multilateral institutions across the world. Through its CETP, the IEA works with more than 40 countries to support clean energy transitions. Partnering with the IEA allows Denmark to scale its impact by leveraging the IEA's global relationships and policy influence.

The IEA is well positioned to support emerging economies in achieving their clean energy transitions because:

- IEA is the global energy agency, and the governments that form the IEA family represent about 85% of energy related global emissions, which enables a broad sharing of global experience on successful actions to drive clean energy transitions and thus also contribute to addressing climate change both as regards reduced emissions and increasing adaptation and resilience
- IEA plays a pivotal role in the ecosystem of international organisations addressing clean energy transitions in emerging economies using its knowledge base and its convening power.
- IEA's independence, impartiality as an inter-governmental organisation within the framework of the OECD, deep policy experience and holistic approach, and the quality of work make it a trusted voice in policy development circles, complementing bilateral activities and the work of the multilateral agencies and development banks.
- IEA is the lead custodian of SDG target 7.3 on energy efficiency.
- IEA's approach of providing actionable, practical solutions – and steering away from "one-size-fits-all" remedies – is a reason for countries to request support.
- IEA's convening power facilitates communications with energy Ministers and senior officials in countries responsible for the majority of global energy demand.

IEA is also working on adaptation and resilience in the framework of the CETP, in particular to help enhance the resilience of energy systems to climate change by developing analytical and policy support outputs targeted at decision makers in developing and emerging economies that are particularly vulnerable to climate hazards. Key activities developed so far include an analysis of climate impacts on hydropower generation in Africa and Latin America – which assesses climate risks and impacts with policy recommendations – as well as the development of climate resilience indicators. Future work will seek to test and apply such indicators and expand the geographical coverage of analysis to Asia and the technical scope of the study to transmission and distribution.

Annex 3: Draft Theory of Change

Draft Danish interpretation of the CETP theory of change.

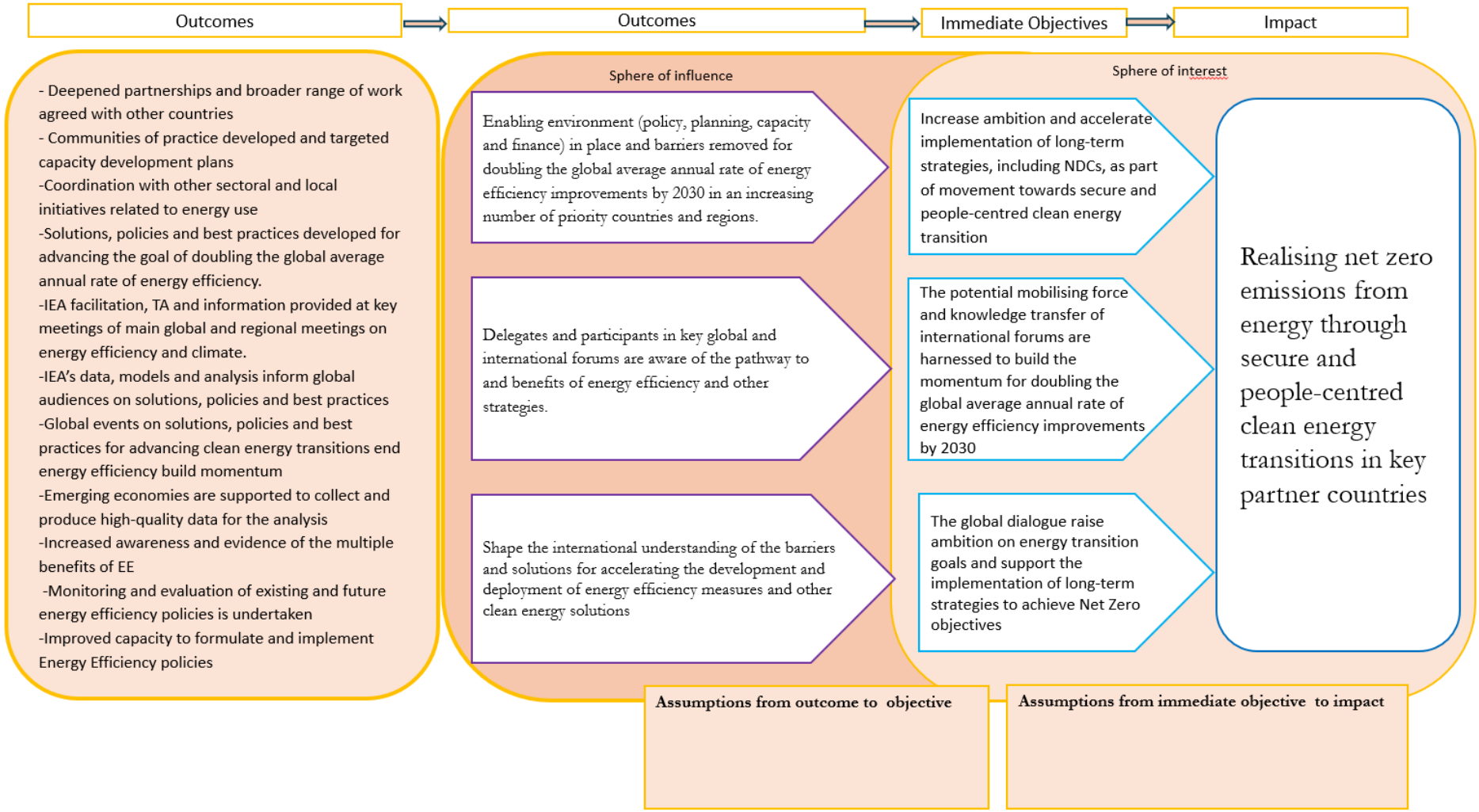

Figure 2: CETP Offering

1. Modelling & Analysis

Global:
- WEO & WEI

Regional:
- WEO Special Reports / Financing Africa Report

National:
- Indonesia Net Zero Roadmap
- Uganda Energy Sector Review
- Senegal and Kenya IDRs

2. Policy Development

- EE Standards
- Feed-in-tariffs, auctions, etc.
- Regulatory Reforms, etc.
- Mainstreaming recommendations into development plans (i.e. China 5Y plans) / Energy Transition Plans (i.e. Uganda)

3. Training & Capacity Building

- Energy efficiency
- Modelling, Data & Statistics

4. Implementation & Access to Finance

- Key partnership with DFIs
- Countries take forward IEA analysis – for example developing fuel economy standard for trucks
- Countries scale up and accelerate access to finance

5. Tracking & Verification

Against commitments such as the doubling of energy efficiency and the tripling of renewable energy
- Renewable Energy Progress Tracker
- Energy Efficiency Tracker
- Critical Minerals Policy Tracker
- Cost of Capital Observatory
- State of Energy Policies
- Government Spending Tracker

Current CETP results framework, subject to revision in programme formulation

Project title	IEA Clean Energy Transitions Programme
Project objective	Accelerate progress towards the goal of realising global net zero emissions from energy through a secure and people-centred clean energy transition, particularly in major emerging and developing economies
Outcome 1	Enhanced availability of evidence for policy making to support and accelerate clean energy transitions in targeted emerging economies
Output 1.1	IEA's data, models and analysis inform stakeholders and the general public on solutions, policies and best practices and guide national, regional and international policy dialogue and multilateral processes
Output 1.2	IEA communication channels provide relevant information to the stakeholders and general public
Output 1.3	CETP dissemination events build momentum for change and deliver critical messaging on the speed and scale for the needed clean energy transitions
Outcome 2	Mobilised political will and capacity enhanced to formulate and implement policies for clean energy transitions in targeted countries and regions
Output 2.1	High-level bilateral meetings between the IEA and CETP priority countries
Output 2.2	In-depth country engagement through workshops and technical exchanges with CETP priority countries
Output 2.3	Knowledge transfer and capacity building delivered to enable CETP priority countries and local and external stakeholders to drive, implement and expand national and regional clean energy ambitions
Outcome 3	Improved coordination on clean energy transitions among national, regional and international stakeholders supports knowledge and political will, thereby building capacity to deliver change
Output 3.1	Partnerships focused on clean energy transitions developed in CETP partner countries
Output 3.2	Exchanges between funders within the framework of the CETP

Annex 9: Process Action Plan

Action/product	Deadlines	Responsible/ involved Person and unit	Comment/ status
Involvement of/contribution from IEA departments in the formulation of the Project document, including relevant updates.	January – March/April	Consultant/IEA relevant departments	
Submit Draft Concept Note for internal review	February 4	Consultant	
Receive comments, agree content and finalise concept note	February 15	MCEU/MFA	
Submit Concept Note and cover note for the MFA Programme Committee	February 27	Consultant/ MCEU/MFA	
Public consultation process on Concept note	Until March 10	MFA	
Program Committee meeting	March 11		
	Formulation and appraisal of Project Document		
Consultation and virtual meetings to discuss comments on concept note and agree revisions	March	Consultant/ MCEU/MFA/IEA	
Prepare 1st draft Project Document	March	Consultant in close consultation with IEA	
1st draft Project Document to IEA, MFA/MCEU for comments	March 24	Consultant	
Comments process concluded, 1st draft Project Document submitted ready for appraisal	April 2	Consultant/MFA/ MCEU/IEA	
Appraisal Team commissioned	Mid March	MFA	
Appraisal process and consultations (involving meetings with IEA, MFA, MCEA)	April	MFA	
Draft final appraisal report submitted	May 7	MFA	

Adjustment of Project Document based on appraisal recommendations	May 7 – 14	Consultant
Final Draft Project Document ready for submission to the Council for Development Policy, incl. all annexes.	May 20	Consultant/ MCEU/MFA