

# Danish Energy Partnership Programme (DEPP2026) with China, Indonesia, Mexico, South Africa, Vietnam

| <p><b>Key results:</b></p> <ul style="list-style-type: none"> <li>Support to long-term energy modelling have improved information to decision-makers on least cost and low-carbon energy sector plans to provide affordable and reliable energy in the partner countries.</li> <li>Regulatory energy frameworks have been strengthened to enable transparent and efficient integration of more variable renewable energy to meet future energy demands, attract investments and aligning with the Paris Agreement in the partner countries.</li> <li>Development of wind power has been further enabled through better planning frameworks at national or sub-national levels, including socio-economic and environmental safeguards and co-benefits related to spatial planning and tenders.</li> <li>Energy efficiency has improved through sector coupling and deployment of energy efficiency measures for buildings and industries to lower energy consumptions in partner countries.</li> </ul> <p><b>Justification for support:</b></p> <ul style="list-style-type: none"> <li>Partner countries are demonstrating commitment to accelerate green energy transition and climate action.</li> <li>Energy is an enabler for sustainable socio-economic development, and enables many co-benefits for other SDG's.</li> <li>The programme is well aligned with "The World We Share", and its goal to limit global warming at 1.5°C-, and the related MFA How-to-Notes as it promotes a just and inclusive green energy transition.</li> </ul> <p><b>Major risks and challenges:</b></p> <ul style="list-style-type: none"> <li>Global geopolitical tensions impacting energy planning and green energy investments. Mitigated by demonstrating least-cost energy modelling and long-term scenarios.</li> <li>Risk of resistance to energy transition due to different political-economy interests in the energy sector. Mitigated by strong focus on transparency, stakeholder engagement and engagement at sub-national levels.</li> <li>Risk of capacity constraints in national partner institutions. Mitigated by conducting thorough partner assessments and tailor-made support to respond to partner needs and priorities.</li> <li>Risk of insufficient synergy with other initiatives in dynamic contexts. Mitigated by actively seeking synergy with other initiatives including those supported by Denmark in multilateral cooperation.</li> </ul> | <p><b>File No.</b></p> <p>25/06726</p>  |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|---|---|--|-----------------------------------|-------------------------------------|--|---------------------|-----------------------------|-----------------------------|-------------------------------|--|--------------------------|-------------------------------------|--|--------------------|----------------------|-------------------------------|-----------------------------------|----------------------------|----|----|----|-----|
|   | <p><b>Country</b></p> <p>Interregional</p>  |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <p><b>Responsible Unit</b></p> <p>Green Diplomacy &amp; Climate (KLIMA)</p>   |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <p><b>Sector</b></p> <p>Energy</p>  |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <p><b>Partner</b></p> <p>Danish Energy Agency</p>   |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <p><i>DKK million</i></p> <table border="1"> <thead> <tr> <th></th> <th>2025</th> <th>2026</th> <th>2027</th> <th>2028</th> <th>2029</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Commitment</b></td> <td>159</td> <td>213</td> <td></td> <td></td> <td></td> <td>372</td> </tr> <tr> <td><b>Projected disbursement</b></td> <td>50</td> <td>71</td> <td>84</td> <td>91</td> <td>76</td> <td>372</td> </tr> </tbody> </table> |  | 2025                              | 2026                                | 2027                                     | 2028                | 2029                        | Total                       | <b>Commitment</b>             | 159                                      | 213                      |                                     |  |                    | 372                  | <b>Projected disbursement</b> | 50                                | 71                         | 84 | 91 | 76 | 372 |
|   |   | 2025                                     | 2026                              | 2027                                | 2028                                     | 2029                | Total                       |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <b>Commitment</b>   | 159                                      | 213                               |                                     |  |                     | 372                         |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <b>Projected disbursement</b>   | 50                                       | 71                                | 84                                  | 91                                       | 76                  | 372                         |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <p><b>Duration</b></p> <p>2026-30</p>   |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <p><b>Previous grants</b></p> <p>DEPP III and INDODEPP</p>  |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <p><b>Finance Act code</b></p> <p>06.34.01.70</p>   |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <p><b>Head of unit</b></p> <p>Anne Hougaard Jensen</p>  |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <p><b>Desk officer</b></p> <p>Morten Blomqvist</p>  |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
|   | <p><b>Reviewed by CFO</b></p> <p>YES: Rie Høygard Jensen</p>  |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
| <p><b>Relevant SDGs</b> <i>[Maximum 1 – highlight with grey]</i></p>  |   |  |                                   |                                     |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
| <table border="1"> <tr> <td><br/>No Poverty</td> <td><br/>No Hunger</td> <td><br/>Good Health, Wellbeing</td> <td><br/>Quality Education</td> <td><br/>Gender Equality</td> <td><br/>Clean Water, Sanitation</td> </tr> <tr> <td><br/>Affordable Clean Energy</td> <td><br/>Decent Jobs, Econ. Growth</td> <td><br/>Industry, Innovation, Infrastructure</td> <td><br/>Reduced Inequalities</td> <td><br/>Sustainable Cities, Communities</td> <td><br/>Responsible Consumption &amp; Production</td> </tr> <tr> <td><br/>Climate Action</td> <td><br/>Life below Water</td> <td><br/>Life on Land</td> <td><br/>Peace &amp; Justice, strong Inst.</td> <td><br/>Partnerships for Goals</td> <td></td> </tr> </table>   |   | <br>No Poverty                           | <br>No Hunger                     | <br>Good Health, Wellbeing          | <br>Quality Education                    | <br>Gender Equality | <br>Clean Water, Sanitation | <br>Affordable Clean Energy | <br>Decent Jobs, Econ. Growth | <br>Industry, Innovation, Infrastructure | <br>Reduced Inequalities | <br>Sustainable Cities, Communities | <br>Responsible Consumption & Production | <br>Climate Action | <br>Life below Water | <br>Life on Land              | <br>Peace & Justice, strong Inst. | <br>Partnerships for Goals |    |    |    |     |
| <br>No Poverty  | <br>No Hunger   | <br>Good Health, Wellbeing               | <br>Quality Education             | <br>Gender Equality                 | <br>Clean Water, Sanitation              |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
| <br>Affordable Clean Energy   | <br>Decent Jobs, Econ. Growth   | <br>Industry, Innovation, Infrastructure | <br>Reduced Inequalities          | <br>Sustainable Cities, Communities | <br>Responsible Consumption & Production |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |
| <br>Climate Action  | <br>Life below Water  | <br>Life on Land                         | <br>Peace & Justice, strong Inst. | <br>Partnerships for Goals          |  |                     |                             |                             |                               |  |                          |                                     |  |                    |                      |                               |                                   |                            |    |    |    |     |

## Strategic objectives

To contribute to a just and inclusive green energy transition in the five partner countries through advancement of low carbon energy development and implementation of the countries' Nationally Determined Contributions (NDCs) under the Paris Agreement and long-term climate targets.

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

|                                 | Climate adaptation | Climate mitigation | Biodiversity | Other green/environment |
|---------------------------------|--------------------|--------------------|--------------|-------------------------|
| <b>Indicate 0, 50% or 100%</b>  | 0%                 | 100%               | 0%           | 100%                    |
| <b>Total green budget (DKK)</b> |                    | <b>372 million</b> |              |                         |

## Justification for choice of partner:

The DEA will be the implementing partner, building on its extensive expertise, experience and knowledge from decades of green transition in Denmark and its wider global cooperation portfolio comprising 25 government-to-government partnership programmes. National partners are selected based on their mandates, interest, and commitment to the partnerships.

## Summary:

Affordable and green energy is a key enabler of socio-economic development and sustainable long-term growth. The DEPP 2026 with South Africa, Mexico, China, Vietnam and Indonesia will support a green and just energy transition aligned with goals of the Paris Agreement and SDG7.

## Budget:

|   |                         |
|---|-------------------------|
| China   | DKK 48 million          |
| Mexico  | DKK 53 million          |
| South Africa                                    | DKK 80 million          |
| Vietnam   | DKK 60 million          |
| Indonesia                                       | DKK 75 million          |
| Unallocated funds [9.9 %]                       | DKK 36.7 million        |
| Programme support (administration) [5.2%]       | DKK 18.3 million        |
| Mandatory Mid-term Review (administered by MFA) | DKK 1.0 million         |
| <b>Total</b>                                    | <b>DKK 372.0million</b> |

Ministry of Foreign Affairs of Denmark (MFA)  
Ministry of Climate, Energy and Utilities of Denmark (MCEU)  
Danish Energy Agency (DEA)

**Danish Energy Partnership Programme (DEPP 2026) with  
South Africa, Mexico, China, Vietnam and Indonesia  
2026-2030  
Early draft Framework Programme Document  
For the Danida Programme Committee**

27 March 2025

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## Key abbreviations and acronyms

|                 |  |
|-----------------|--|
| APFM            | Agency for Public Finance and Management under the Danish Ministry of Finance  |
| ASEAN           | Association of Southeast Asian Nations   |
| CENACE          | National Center for Energy Control (Mexico Transmission System Operator)   |
| CETP            | Clean Energy Transition Programme (of the IEA)   |
| CFE             | Comisión Federal de Electricidad (state-owned national electricity utility company in Mexico)                                  |
| CIP             | Copenhagen Infrastructure Partners   |
| CNDEPP          | China-Denmark Energy Partnership Programme   |
| CO <sub>2</sub> | Carbon dioxide   |
| CONUEE          | Mexico National Commission for the Efficient Use of Energy   |
| COP             | Conference of the Parties (to the UNFCCC)  |
| DAC             | OECD Development Assistance Committee  |
| Danida          | Danish International Development Cooperation   |
| DEA             | Danish Energy Agency   |
| DEA-GC          | DEA Global Cooperation   |
| DEE             | Department of Energy and Electricity   |
| DEPP            | Danish energy partnership programmes   |
| DG EBTKE        | Directorate for New, Renewable Energy and Energy Conservations under the Ministry of Energy and Mineral Resources of Indonesia |
| DKK             | Danish kroner  |
| DMRE            | Department of Mineral Resources and Energy (of South Africa)   |
| DTU             | Technical University of Denmark  |
| EE              | Energy efficiency  |
| EMDE            | Emerging Markets and Development Economies   |
| Energinet       | Danish Transmission System Operator  |
| EOR             | Energy Outlook Report  |
| ERI             | Energy Research Institute (China)  |
| EU              | European Union   |
| FTE             | full-time equivalent   |
| G20             | Group of twenty largest economies  |
| GDP             | Gross domestic product   |
| GHG             | Green House Gasses   |
| GIZ             | German Agency for International Cooperation  |
| GtG             | Government to Government   |
| GW              | Gigawatt   |
| HRBA            | Human Rights Based Approach  |
| IEA             | International Energy Agency  |
| IMF             | International Monetary Fund  |
| INDODEPP        | Indonesia-Denmark Energy Partnership Programme   |
| INECC           | National Institute of Ecology and Climate Change (of Mexico)   |
| IPCC            | Intergovernmental Panel on Climate Change  |
| IPPO            | Independent Power Producer Office (of South Africa)  |
| IRENA           | International Renewable Energy Agency  |
| JETP            | Just Energy Transition Partnership   |
| LNOB            | Leaving no one behind  |

|            |  |
|------------|--|
| LTA        | Long-term advisor  |
| LTS        | Long-term strategies   |
| LULUCF     | Land Use, Land-Use Change and Forestry   |
| MCEU       | Danish Ministry of Climate, Energy and Utilities   |
| MFA        | Ministry of Foreign Affairs of Denmark   |
| MFA(KLIMA) | MFA Department for Green Diplomacy and Climate   |
| MoHURD     | China Ministry of Housing and Urban-Rural Development  |
| MOIT       | Ministry of Industry and Trade of Vietnam  |
| MTR        | Danida Mid-term Review   |
| MXDEPP     | Mexico-Denmark Energy Partnership Programme  |
| NDC        | Nationally Determined Contribution under the UNFCCC  |
| NDRC       | China's National Development and Reform Commission   |
| NEA        | National Energy Administration (of China)  |
| NERSA      | National Energy Regulator of South Africa  |
| NSMO       | National Power System and Market Operator Company (of South Africa)                            |
| NTCSA      | National Transmission Company of South Africa  |
| ODA        | OECD Official Development Assistance   |
| OECD       | Organisation for Economic Co-operation and Development   |
| PAG        | Programme Advisory Group (for DEPP, consisting of the MFA, MCEU, and DEA-GC as the secretary)  |
| PANT       | Human rights principles of participation, accountability, non-discrimination, and transparency |
| PD         | Programme Document   |
| PLN        | National power utility of Indonesia  |
| RE         | Renewable energy   |
| SADEPP     | South Africa-Denmark Energy Partnership Programme  |
| SAG        | Strategic Advisory Group (consisting of the MFA, MCEU, and DEA-GC as the secretary)            |
| SC         | Steering Committee   |
| SDG        | Sustainable Development Goals  |
| SEMARNAT   | Ministry of Environment and Natural Resources of Mexico  |
| SENER      | Ministry of Energy of Mexico   |
| SSC        | Strategic sector cooperation   |
| TSO        | Transmission system operator   |
| TWG        | Technical Working Group  |
| UNFCCC     | United Nations Framework Convention on Climate Change  |
| VNDEPP     | Vietnam-Denmark Energy Partnership Programme   |

# 1. Introduction

The present early draft Programme Document for the Danida Programme Committee outlines the background, justification, objectives, and management arrangements for Danish support under the proposed Danish Energy Partnership Programme with China (phase-out), Indonesia, Mexico, South Africa, Vietnam 2026-30 (DEPP 2026 for its acronym, as 2026 is the year the programme starts). The DEPP with China stands to be phased out as China is expected to reach the DAC ceiling in the coming few years.

The Danish support for DEPP 2026 is a budget frame of up to DKK 372.0 million for the period between May 2026 to December 2030 as agreed between the Danish Energy Agency (DEA), the Danish Ministry of Climate, Energy and Utilities (MCEU), and the Ministry of Foreign Affairs of Denmark (MFA). The amount of up to DKK 372.0 million has been approved by the MCEU Deputy Permanent Secretary but is subject to final adjustment and negotiations and the formulation and final approval process.

The Programme Document (PD) will be an Annex to the Agreement between the MFA and the DEA as the implementing partner and constitutes an integral part hereof together with the documentation specified in the PD. DEPP 2026 will consist of an overarching umbrella Framework Programme with five separate Country Programmes for South Africa (acronym SADEPP), for Mexico (acronym MXDEPP), for China (acronym CNDEPP), for Vietnam (acronym VNDEPP) and for Indonesia (acronym INDODEPP II so as to distinguish between the proposed second phase of the cooperation from the first phase during 2020-2026).

The five countries are strategically significant for achieving the goals of the Paris Agreement and Denmark's climate diplomacy as well as the current development strategy 'The World we share', given their size in terms of current GHG-emissions of 36 % of global CO<sub>2</sub> emissions and economic growth. The DEA peer-to-peer partnership approach has proven effective in fostering confidential, trust-based dialogue, which is an essential platform for climate diplomatic discussions, as well as ability to work from *within* the partner countries to advance the green energy transition. In geopolitical turbulent times, continuing climate and energy-related diplomacy with the five countries will be critical to support the achievement of the goals of the Paris Agreement and targets of the COP28 to triple renewable energy and double energy efficiency by 2030 as well as Sustainable Development Goal (SDG) 7. Furthermore, given that facts about the economic and social benefits increasingly are being called into question, providing technical assistance and sharing the Danish experience with a cost efficient energy transition, is increasingly important.

Least-cost long-term energy planning is critical to ensure households' access to affordable and reliable electricity as demand is rapidly growing in the five countries. According to IEA, the poorest 30% of the population in Emerging Markets and Developing Economies (EMDE) are spending at around 8% of their income on energy<sup>1</sup>. Prices on global average rose approximately 20% during the energy crisis in 2022 and are often heavily subsidised leading to a fiscal drain that the countries can ill afford. Long-term energy planning enables countries to identify least cost scenarios, enhances domestic energy security and allows engaging local populations and private developments/businesses in planning and decision-making processes. It is also a precondition for enabling more market-based solutions to deploy renewable energy and attract private investment - areas where Denmark has developed competencies within green energy technologies and investments developments in renewable energy projects and energy efficiency. Moreover, succeeding in transforming the electricity system to maintain the highest level of security in supply with high shares of solar and wind in the power mix is a highly complex task where Denmark has particular knowledge that could help partner countries accelerate transition of their electricity system away from fossil fuels.

In this context, the proposed overall objective of the Danish support to DEA's Government-to-Government (GtG) collaboration under DEPP 2026 is to "Contribute to a just and inclusive green energy transition in the five partner countries through advancement of low carbon energy development and implementation of the countries' Nationally Determined Contributions under the Paris Agreement and long-term climate targets".

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<sup>1</sup> [Executive summary – Strategies for Affordable and Fair Clean Energy Transitions – Analysis - IEA](#)

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

### 2.1. Context and Background

The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise well below 2° Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C. However, despite a flattering curve, global emissions continue to reach unprecedented levels, and national commitments are collectively far too unambitious to stay within the 1.5°C limit. The Intergovernmental Panel on Climate Change (IPCC) estimates that limiting global warming to 1.5 °C and reaching net-zero carbon dioxide emissions by 2050, with limited or no overshoot requires reductions in global greenhouse gas (GHG) emissions of 43 % by 2030 and 60 % by 2035 relative to the 2019 level.<sup>2</sup> The international efforts to reduce GHG-emissions have been challenged further by President Trump announcing the US withdrawal of the Paris Agreement in January 2025 and also rejects references to climate change and SDGs in several multilateral fora. The withdrawal of the US from the Paris Agreement makes alliances with EMDEs even more important.

If global GHG-emissions are not reduced, it will not be possible to avoid the worst impacts of climate change, including more frequent and severe droughts, heatwaves, sea level rise, flooding and changes in rainfall patterns. Climate change will disproportionately affect the poorest communities the most despite the fact that they contribute least to global warming. The World Bank estimates that climate change could push over 130 million people back into poverty between 2020 and 2030. Moreover, by 2050, an estimated 213 million people may be forced to migrate due to the adverse impacts of climate change<sup>3</sup>.

Energy accounts for more than three-quarters of total GHG-emissions globally, with fossil fuels accounting for 81% of the total energy supply. The five DEPP 2026 partner countries collectively stand for almost 36% of the global CO<sub>2</sub>-emissions with China ranking as the far most emitting country in the world (31% of global emissions.) Thus, accelerating the energy transition away from fossil fuels is central to the achievement of existing Nationally Determined Contributions (NDCs) and up-coming NDCs for presenting targets towards 2035 which should be submitted well in advance of COP30 in 2025.

Millions of people are living either without access to electricity or without access to reliable and affordable electricity. Energy is at the heart of achieving many of the SDGs but the recent stocktake of the SDG's emphasised that only 17% of the SDG's are on track. Lack of reliable and affordable energy can push millions of the most vulnerable people back into poverty, leaving them unable to afford energy services, as demonstrated by the recent global energy crisis where the global average consumer experienced increased of approx. 20% as noted earlier. In South Africa, the World Bank estimates that the poorest households spend 27% of their income on energy, compared to a national average of 14%.

While solar and onshore wind are proven the cheapest form of power today in term of lifetime costs, transitioning to a green energy system and realising the benefits of renewable energy sources poses significant challenges, particularly for developing and emerging economies, including lack of access to technical expertise needed for implementing and managing renewable and integrated energy systems with high shares of solar and wind. Not least, does it require the ability to unlock the higher levels of upfront investment. While China is an isolated case, in the other four countries long-term energy planning will be key for attracting investors as it enables to see where, when and how the grid and energy demand will develop.

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<sup>2</sup> [https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC\\_AR6\\_SYR\\_SPM.pdf](https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf)

<sup>3</sup> World Bank 2020. Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2030.

<https://documents1.worldbank.org/curated/en/706751601388457990/pdf/Revised-Estimates-of-the-Impact-of-Climate-Change-on-Extreme-Poverty-by-2030.pdf>

A green energy transition also offers many economic opportunities, job creation and to enhance energy security, particular for fuel-importing countries such as China, Mexico and Vietnam. In 2023, public spending in subsidizing fossil fuels usages was USD 620 billion, mostly in emerging and development economies, subsidies that often are poorly targeted and disproportionately benefit higher-incomes groups. In this regard, long-term planning can also help addressing barriers for removing fossil fuel subsidies

China, Indonesia, Mexico, South Africa and Vietnam are all important countries for staying on track to achieve the goals of the Paris agreement. While China stands out, the four other countries are all large growth economies where the design of the future energy mix will influence global carbon dioxide emissions significantly. China currently accounts for one-third of global clean energy investment, and is increasingly considered a frontrunner in the deployment of renewable energy, but nevertheless remains overwhelmingly reliant on coal and faces fundamental challenges in building a flexible power system that would allow it to begin phasing out fossil fuels. Large-scale renewable energy expansion of solar and wind has been more modest in Indonesia, South Africa and Vietnam, and is only about to take-off, but capabilities and regulations have been improved and pushed by urgent need for more generation capacities to meet growing electricity demand. In Mexico and Indonesia, the new governments have recently set very ambitious renewable energy and climate goals which enables to rapidly put in place the necessary institutional and legal structures. Generally, it is expected that all five countries have built capabilities and regulations to accelerate and scale investment in renewables in the current energy mix to meet the future growth in energy demand which is also expressed in the countries' NDC's.

Hence, all five countries are confronted with the challenges of diversifying their energy mix with variable renewable energy sources while meeting a growing energy demand. They are all at a critical stage of their energy transition where the technical capacity development in DEPP 2026 will support the planning and integration of additional energy capacity, improved and adequate grid systems, increased energy efficiency, and development of clear regulations - all while ensuring transparency, reliability and affordability. Furthermore, it is the expectation that the DEPP in all countries also will be targeted at sub-national levels with the highest potential for adding renewables to the grid.

The specific demand from partner countries and expectations for the cooperation with DEA vary, but are all linked to the fact that Denmark has one of the highest shares of variable renewable energy sources in the grid while having one of the most reliable energy systems at cost-competitive prices. Furthermore, Denmark has high-levels of energy efficiency measures and the Danish private sector provides both opportunities for technology transfers and concrete green energy investment.

Accordingly, DEA teams in all five countries have initiated individual dialogues with partner institutions, partner assessment and political-economy analytical work since November 2024 to tailor-make programmes based on partner needs, capacities and demands. This work has been completed and provides the foundations for this draft PD. The five countries are pooled together in the same programme for simplifying administrations of formulating and managing larger programmer, achieving economy of scale, as well as providing opportunities for adaptive management and flexibility is the use of unallocated funds, etc. Except for INDODEPP, the DEPP engagement with Mexico, China, South Africa and Vietnam were pooled into one single framework programme already in DEPP II (2017-2020).

To meet these challenges the cooperation is mainly centred on the following four expertise areas which will be tailored to the specific context and needs expressed by the partner institutions. This work will build on the already long-term commitment to the partner institutions and make concrete interventions:

- Long-term energy modelling and planning: The new phase will build on and consolidate earlier support to assist the five countries in developing least-cost energy scenarios, which include forecast of demand for energy and infrastructure, deployment of new technologies, grid system capacities and assessment of policy impacts. This is critical to identify and further optimise where, when and how renewables can be integrated. Furthermore, it contributes to operationalise the targets of the NDCs and enhances long-term transparency for public consultation and planning. A specific focus will be

on institutionalising the modelling in the national institutions and by this enable the institutions to be in driving seat for concrete modelling and more systemic use of the data in long-term planning.

- Integration of variable renewable energy in the energy mix: Balancing an energy system based on large shares of variable energy sources is a highly complex task and a core challenge for all countries. It requires new institutional competences and regulation in operating a reliable energy system based on fluctuating green energy sources. The Danish technical support will enhance partners' capabilities in integrating variable energy sources into their energy mix, e.g. through electricity market designs and operation of the power grid. It will also support a more flexible management of the grid and thermal power plants to enable uptake of more renewable energy during peak times. Generally, this will target solutions for immediate adoption by the partner institutions.
- Development of renewable energy (solar, onshore and offshore wind energy): DEA will continue to support the five countries to scale up large-scale investments, in many cases at sub-national levels. Unclear regulation and complex administrative procedures continue to be a barrier for attracting investors, but progress is evident. Danish methods for deploying renewable energy through transparent, competitive public tenders (as relevant and requested by partners in the particular contexts), aiming to attract more private capital through stakeholder dialogue and de-risking measures. The programme will also offer insights on planning renewable energy projects with local community involvement, benefit sharing, environmental assessments, and cost-efficiency to enhance transparency, non-discrimination, and accountability
- Energy efficiency: EE is often called the “first fuel” in green energy transitions, as it provides some of the quickest and most cost-effective CO<sub>2</sub> mitigation options while lowering energy bills, providing socio-economic benefits and strengthening energy security. However, reaching uptake of energy efficiency improvements is often complexed with multiple stakeholders,- ownership,- and incentives,- and enforcement structures. In this phase, the programmes in Indonesia, Mexico and Vietnam, will put emphasize on targeting framework conditions and the broader enabling environment for uptake of regulatory schemes, incentives and measures to improve energy efficiency in industries and buildings enhancing incentives, increasing transparency and raising ambitions.

The core foundation of the DEA Global Cooperation (DEA-GC) approach to GtG is that it is based on partner demand and peer-to-peer knowledge exchanges. The four overall topics are very broad and will be tailor-made to fit each country needs to overcome regulatory barriers and seek opportunities. This approach has enabled DEA to build up mutual trust over many years with the five countries. The confidential and technical dialogue established has shown effective to pave the way to central decision-makers and key governmental institutions. This is demonstrated by agreements to place technical experts (long-term advisors) within the partner's energy authorities – an arrangement that Denmark is often exclusively permitted to apply compared to other donors and development partners. DEA also provide technical assistance regarding more cross-cutting issues including poverty orientation, gender equality, and a human rights-based approach. The human rights principles of Participation, Accountability, Non-discrimination, and Transparency (PANT) underpin many activities, for example in South Africa where poverty and just transition of workers in coal-dependent regions is considered in the energy planning.

## 2.2 Summary of national contexts

The national contexts will be described in each of the respective Country PDs. The following two tables presents an overview of key demographic and socio-economic numbers in the five countries, and of key emissions and energy related figures, including pledges and aspiration for GHG-emissions in the NDCs as well as long-term climate targets.

Table 2.1: Key demographic and socio-economic figures

|  | South Africa           | Mexico                 | China                  | Vietnam                | Indonesia              |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Population (million) <sup>1</sup>  | 60.41                  | 128.46                 | 1410.71                | 98.86                  | 277.53                 |
| Surface area (km <sup>2</sup> ) <sup>1</sup>   | 1,219,090              | 1,964,375              | 9,562,910              | 331,340                | 1,916,907              |
| Population density (persons/km <sup>2</sup> ) <sup>1</sup>                             | 51                     | 66                     | 150                    | 318                    | 147                    |
| Life expectancy (years, total) <sup>1</sup>  | 61                     | 75                     | 79                     | 75                     | 68                     |
| GDP (current USD/capita) <sup>1</sup>  | 6022.5                 | 13790.0                | 12614.1                | 4282.1                 | 4876.3                 |
| People living below the poverty line of USD6.85 a day (% of population) <sup>2 *</sup> | 61.63 %<br>(2014 data) | 21.77 %<br>(2022 data) | 17.03 %<br>(2021 data) | 19.75 %<br>(2022 data) | 61.77 %<br>(2023 data) |
| People living below national poverty lines (% of population) <sup>2</sup>              | 55.50 %<br>(2014 data) | 36.30 %<br>(2022 data) | N/A                    | 4.30 %<br>(2022 data)  | 9.40 %<br>(2023 data)  |
| Corruption perception index (rank out of 180) <sup>3</sup>                             | 82                     | 140                    | 76                     | 88                     | 99                     |

Sources: Data based on most recent data from World Bank Database and Transparency International (Corruption Perception Index).

Table 2.2: Key emissions- and energy related figures

|   | South Africa  | Mexico  | China   | Vietnam  | Indonesia   |
|---|---|---|---|--|---|
| NDC target for 2030   | Annual GHG (incl. LULUCF) of 350–420 MtCO <sub>2e</sub> | <u>Unconditional:</u> 35% GHG below BAU; 51% black carbon below BAU<br><u>Conditional:</u> 40% GHG, 70% black carbon, below BAU | Peak CO <sub>2</sub> before 2030; lower carbon intensity by minimum 65% from 2005 level; non-fossil fuels in primary energy around 25%; increase forest stock by around 6 billion cubic metres from 2005; more than 1,200 GW wind and solar | <u>Unconditional:</u> 15.8% GHG below BAU<br><u>Conditional:</u> 43.5% GHG below BAU | <u>Unconditional:</u> 32% GHG below BAU<br><u>Conditional:</u> 43% GHG below BAU                |
| Long-term climate target and Long-Term Strategies (LTS)             | Net zero by 2050  | Net zero target not yet communicated.   | Reach CO <sub>2</sub> peak before 2030, and achieve carbon neutrality before 2060   | Net zero by 2050   | Net zero target not yet communicated. LTS (2021) suggests potential net zero by 2060 or sooner. |
| Total GHG-emissions (excl. LULUCF) <sup>1</sup>                     | 510.55 (MtCO <sub>2e</sub> )                            | 622.51 (MtCO <sub>2e</sub> )  | 13,438.97 (MtCO <sub>2e</sub> )   | 470.07 (MtCO <sub>2e</sub> )   | 1,007.81 (MtCO <sub>2e</sub> )  |
| GHG-emissions per capita (excl. LULUCF) <sup>2</sup>                | 6.3 (tons CO <sub>2e</sub> )                            | 3.8 (tons CO <sub>2e</sub> )  | 9.4 (tons CO <sub>2e</sub> )  | 3.7 (tons CO <sub>2e</sub> )   | 2.4 (tons CO <sub>2e</sub> )  |
| Ranking of GHG emitters worldwide (excl. LULUCF) <sup>1</sup>       | 16  | 13  | 1   | 18   | 7   |
| Final energy consumption (TJ) <sup>3</sup>                          | 2,472,014   | 4,553,906   | 95,874,592  | 3,040,327  | 6,801,587   |
| Electricity consumption (TJ) <sup>3</sup>                           | 670,528   | 1,079,982   | 27,186,839  | 867,295  | 1,277,852   |
| Fossil fuel share of energy mix <sup>3</sup>                        | 68.22 %   | 69.15 %   | 59.18 %   | 61.75 %  | 69.61 %   |
| Share of wind- and solar in electricity generation mix <sup>3</sup> | 5.2 %   | 14.4 %  | 4.1 %   | 13.6%  | 1.7 %   |
| ESMAP RISE Overall scores <sup>4</sup>                              | 47  | 76  | 66  | 69   | 59  |

Sources: <sup>1</sup>Based on most recent data from World Resources Institute's CAIT Climate Data Explorer, <sup>2</sup>Based on most recent data from World Bank Group Data, <sup>3</sup>Based on most recent data from the IEA, <sup>4</sup>Based on most recent data from RISE (Regulatory Indicators for Sustainable Energy)

## 2.3 Rationale and justification for support

The primary focus in DEPP 2026 is to support the temperature goals of the Paris Agreement and support the just and inclusive energy transition that is central to SDG 7<sup>4</sup>, and which call for accelerated actions. As noted earlier, energy is an enabler for most of the SDG's. For many of the poorest households, access to electricity, cooking, transport and heating often makes up 10-20 percent of the income. Furthermore, the poorest households often do not have resources to alternative fuels during power cuts or when prices increase as they did during the energy crisis in 2022. The 2024 tracking SDG 7 report<sup>5</sup> expressed a clear concern that the current pace of progress is not adequate to achieve any of the 2030 targets for SDG 7 and emphasised that “All countries must urgently speed up economy-wide, low-carbon transformations to avoid escalating economic and social costs”<sup>6</sup>. This message was also reflected in the Global Stocktake at COP28 which set new targets of tripling renewable energy and doubling energy efficiency by 2030.

DEPP 2026 is designed to respond to these concerns and priorities based on the five countries' demands and Danish key comparative knowledge. Its implementation will furthermore contribute to SDG 13<sup>7</sup> on climate action, particularly by supporting human and institutional capacity development on climate change mitigation measures and integration of measures into national policies, strategies and planning.

The proposed DEPP 2026 is fully aligned with Danish priorities, policies, and strategies as articulated in Denmark's Strategy for Development Cooperation 'The World We Share' where Danish climate diplomacy and support to a green energy transition to limit the temperature increase to 1.5°C are clear priorities. Its successor is expected to be published in due time for consideration in the PDs ready for appraisal in October 2025 (see Process Action Plan in Annex 8).

Furthermore, the Danish Government's Foreign and Security Policy Strategy (May 2023), states that the climate crisis constitutes the 21<sup>st</sup> century's greatest challenge, requiring global cooperation and action and emphasizing that Denmark must continue to be at the forefront of the global climate action through its climate diplomacy efforts, continuing to assume a leading role in pushing for increased ambitions with regard to emission reduction efforts and other climate action. Also, the Danida How-to-Note on Energy Transition and Emission Reductions in Developing Countries acknowledges that “the Danish Energy Agency is important as the major emerging economies will represent 30% of the increase in energy demand and the collaboration will be critical to achieve the Paris Agreement and to enable a sustainable growth to continue closing the pockets of poverty in these countries”.

Affordability and reliability are key concerns driving the DEPP 2026 Programme's focus on least-cost long term planning, cost-efficient integration of variable renewable energy, and cost-effective implementation of energy efficiency, as well as the increased emphasis on socio-economic aspects of the energy transition – in line with the partner countries' policies and principles for a just and inclusive energy transition. It is important to enable poor household access to cheap energy through timely energy investments and with low energy subsidies which often consumes large parts of the government's limited domestic resources.

The programme can also be justified by the Danish knowledge to integrate large shares of renewables into the electricity grid, which is meeting strong demand from countries. This knowledge is also closely linked to broader Danish interest such as climate diplomacy but also international trade and investment in green energy technologies. The Danish private sector is a global leader within green energy technology and investments. Danish companies have a strong presence in all five countries which can contribute to enabling a green energy transition which is needed to meet the trillion-dollar investment needs.

DEA is also aware of its position in the larger donor-landscape in the five countries. In all countries, collaboration exist with other bilateral donors but also with multilateral agencies supported by Denmark such

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<sup>4</sup> The aim of SDG 7 ([link](#)) is to “ensure access to affordable, reliable, sustainable, and modern energy for all.”

<sup>5</sup> Energy Progress Report 2024 by IRENA, IEA, UNSD, World Bank and WHO (<https://trackingsdg7.esmap.org/>)

<sup>6</sup> United Nations Sustainable Development Goals Report, 28 June 2024 ([link](#)) – see page 34 under SDG13.

<sup>7</sup> SDG 13 ([link](#)): “Take urgent action to combat climate change and its impacts”

as IRENA, IEA and the World Bank. The DEA teams also support more global initiatives such as the Just Energy Transition Partnership (JETP) processes and engage in G20 or COP relevant topics. Concrete examples of collaboration exist in all five countries.

Though SDG 7 is not a human right in itself, it is a key enabler to achieve several human rights (access to water, housing, health, etc.) and most of the SDGs as noted earlier. Based on the recent MFA Mid-Term Reviews (MTR) of DEPP III and INDODEPP and interest from partner countries, DEPP 2026 will strengthen a poverty orientation and human rights-based approach to support a green energy transition based on the Danish experiences and knowledge of Danish partner organisation such as the Danish Institute for Human Rights. DEA will focus on the human rights principles of participation, accountability, non-discrimination, and transparency (PANT) and the MFA's multidimensional definition of poverty. Human rights and community consultation will particularly be integrated in the components working with renewable energy development (with national state-owned electricity utilities in Indonesia and Mexico, and at subnational level in Vietnam and Indonesia). The recent development in Denmark and globally have demonstrated the importance of having a "social license" to operate (increasing community co-benefits and limiting adverse impacts) as precondition to accelerate a green energy transition and attract international investors to the sector.

The Box below summarises information and selected examples of how the programme will address a poverty orientation and other cross-cutting concerns.

#### **Addressing cross-cutting socio-environmental concerns**

The programme in the five countries will be addressing key cross-cutting issues of poverty and inequality, inclusive sustainable growth, leaving no one behind (LNOB), gender equality, youth and job creation, a human rights-based approach to development (HRBA), and environmental concerns. The approach will build on the 'Memorandum on the Multidimensional Concept of Poverty and the Human Rights-Based Approach in the Danish Energy Agency's Government to Government Cooperation. Below is a brief outline of selected potential areas:

**In South Africa**, 3.5 million households are still not connected to the main grid and poverty rates continue to rise. Affordability, cross-subsidisation and tariffs are therefore key concerns to balance with the urgent need for grid investment. Similar, there are concerns for community consultation in areas affected by new renewable energy investment and a just transition for affected workers in the coal-dependent regions. However, new opportunities for cleaner air, new jobs and improved energy reliability for socio-economic development could be co-benefits.

**In Indonesia**, the next phase expects to engage more with partners at provincial level to develop holistic provincial energy plans in regions with high potential of renewable energy and limited vested interest in coal and oil extraction. The Danish technical assistance will support identification of strategies to involve local communities in the development of renewable energy projects, including local job creation and mitigation of adverse impacts on affected rural populations.

**In Mexico**, the partnership with the national utility company aims to strengthen social and environmental impact assessments for renewable energy projects. This entails courses on impact assessments to strengthen knowledge and practical skills to identify and manage social and environmental impacts in planning processes. Involving and consulting local and indigenous communities in planning and developing renewable energy projects is key to the success of the deployment, but also for attracting international investments to the projects.

**In Vietnam** capacity building for long-term energy planning will continue to promote transparency and inclusivity, drawing on experiences from the Danish approach to green transition with public hearings, local consultations and transparent procedures. The next phase will also engage at provincial level with the same approach pursuing more inclusive participation of relevant local actors and communities in the development of new, renewable energy projects.

Gender equality is considered as a cross-cutting issue in the programme across all five countries. Although gender equality can be difficult to reflect in energy modelling or in more technical discussion about integrating variable renewable energy, opportunities exist to reflect gender in many other areas. In fact, a green energy transition is an opportunity to achieve strong gender balance in employment in the sector and differentiated impacts between women and men when it comes to potential benefits and risks of adverse impacts. Training and capacity development activities should strive to strengthen the gender balance, and community consultations and co-benefits should consider the gender differences.

## 2.4 Results and lessons learned from previous support

Denmark has been supporting the five countries' green energy transition for many years, and the proposed DEPP 2026 will be the third DEPP phase in South Africa, Vietnam, Mexico and China, and the second phase in Indonesia. Two extensive and deep dive MTRs of DEPP III and INDODEPP have informed the second half of the current country engagements and the DEPP 2026 formulation process. Furthermore, a larger evaluation is currently being initiated by MFA(LÆRING) and draft findings are expected to be integrated (as possible due to time constraints) together with recommendations from appraisal.

The results from the DEPP partnerships have been able to contribute to transformative change in some of the largest emerging economies. However, it is important to underline that it is a long-term transformational process – not a quick fix – but with a high impact when turned into regulations or investment. Some examples of the use and contribution of the Danish support are listed below.

- **China:** The cooperation on energy system modelling for long term planning now informs large swathes of the work of the Chinese Energy Research Institute (ERI) of China's National Development and Reform Commission (NDRC). It has contributed to the development of numerous national-level plans and strategies, including the 2030 carbon peaking action plan, power market guidance, and evaluation of renewable energy in China, and is used in responding to hundreds of ad-hoc ministry requests each year. It also informs ERI's work in supporting the decision-making of provincial governments, and in advising China's State-Owned Enterprises, and wording derived from this work has even found its way into the government's annual report to the National People's Congress.
- **Mexico:** Denmark has over the years provided analytical and modelling support to the development of climate goals for Mexico's NDC as well as to some of the central national policy and strategy documents on climate change mitigation, such as the National Strategy on Climate Change, and the national climate programme, both of which are mandatory according to Mexico's law on climate change. Most recently, in collaboration with the national climate institute (INECC) and the Ministry of Environment and Natural Resources of (SEMARNAT), the partnership published Mexico's new national climate strategy in 2024. This led to DEA being invited to support the modelling for the Mexican NDC for 2035 and Mexico's net-zero target which is due for the COP30 in Belém.
- **Vietnam:** Input and recommendations from the current DEPP have led to the inclusion of provisions relevant to establishing Voluntary Agreement Schemes (for industrial sectors) in the draft revised Energy Efficiency Law. Based on analytical and strategic insights into energy efficiency policy impacts, the draft law now authorizes voluntary agreements between industries and authorities. This development stems from extensive work testing the scheme through several pilot projects in Vietnamese industrial companies, which resulted in concrete investment decisions. With the scheme proven relevant and attractive to Vietnam's industrial sector, DEA is well positioned to support the development of detailed regulations and practical implementation of the scheme. The current programme activities on improving energy audits and facilitating bankable energy efficiency investments provide a strong foundation for further engagement and realization of the significant potential for emissions reductions from energy efficiency in Vietnam.
- **Indonesia:** Based on INDODEPP's mapping of renewable energy potentials and socio-economic analysis and long-term power system scenarios, provincial partners have developed ambitious draft provincial

energy plans. The provinces of West Java and West Nusa-Tenggara are currently using the analytical results in their advocacy to the national government for higher renewable energy targets in their respective provinces, and in their advocacy to PLN (the national power utility) for integration of more renewable energy projects in PLN's Electricity Supply Business Plan for their provinces.

- **South Africa:** DEA has provided analytical work to the Independent Power Producers Office (IPPO) by developing a study on “Procurement considerations for cost-effective renewable energy deployment and grid capacity utilization”. This study helped the IPPO to understand potential price differentials across regions with diverse resource potential and grid capacity, to inform strategies for addressing current limitations for renewable energy expansion via the procurement framework. This work is currently contributing to the design of Bid Window 8 on solar and onshore wind.

The Danish GtG cooperation has also opened doors for Danish climate diplomacy and other diplomatic relations at highest government levels. This has been evident with China where the collaboration has led to an annual joint launch at the Chinese pavilion at COP of the China Energy Transformation Outlook (CETO) by ministers and/or climate ambassadors from the two countries. Denmark has also been invited to participate in the G20 Energy Transition Working Groups by India, Brazil and South Africa during their presidencies in 2023, 2024 and 2025, respectively, and Denmark has been included in the JETP processes in Indonesia, South Africa and Vietnam. Furthermore, the GtG collaboration has opened doors for many high-level visits to Denmark to meet Danish companies, stakeholders and visit Danish energy sites.

The DEPP III MTR recommended to explore the opportunities of triangular cooperation between Denmark and several of the DEPP partner countries. This has been done in Indonesia by supporting knowledge sharing on energy efficiency with Thailand and supporting the IEA regional ASEAN training week on energy efficiency. In South Africa, experiences from unbundling utilities have been drawing on examples of utility business models from Mexico and India, including direct knowledge sharing with Indian partners. In Vietnam, DEA facilitated triangular partner knowledge exchange with India and South Africa on power plant flexibility to integrate renewable energy in peak times. Enhancing opportunities for EMDE learning from each other is a relevant and complementary approach to demonstrate the relevance of a green energy transition.

The MTRs also emphasised several areas for further improvement and development. The programme should reflect the political economy of the energy sector in each country and adapt to the national context as well as move closer to operationalization and implementation as a green energy transition matures. This has been done in all countries now and a thorough political-economy analysis is the basis of the programme design of DEPP 2026. It was also recommended that DEPP support areas could increase support to non-governmental organisations such as think tanks and universities. This has been done in all countries, for example: (i) in China the Tsinghua University in Beijing delivers research inputs, (ii) in Vietnam the research institute ‘Central Institute for Economic Management’ is involved, (iii) in Indonesia the think-tank Institute for Essential Services Reform has been engaged in developing various knowledge-sharing and, (v) in Mexico the National Autonomous University of Mexico has been instrumental to support the modelling work.

It was also stressed that it would be important for DEA to strengthen its capacity development approach, which has been done by conducting thorough and early partner assessments. Additional resources have been allocated to develop a stronger capacity building approach (“*Integrated Approach to Capacity Development in Global Cooperation*”), which will apply across DEA’s global cooperation programmes. The box below briefly summarises key aspects of this approach.

#### **Approach to Capacity Development**

DEA’s understanding of capacity development should ideally be approached at three levels: individual, institutional, and enabling environment. It is widely recognized that individual level capacity development focuses on improving skills, knowledge, and performance, and that organizational capacity development aims to enhance institutional performance through strategies, plans, rules, partnerships, and structures. For example, energy modelling or integration of renewable energy would start by building individual

knowledge and understanding, which then should be transferred into adequate institutional up-take in the national or sub-national context.

The efforts by DEA to reinforce, facilitate, or catalyse capacity development through its technical cooperation embraces all levels. DEA conducts an assessment of the needs, priorities, resources and ability to influence policies of all partners in order to tailor-make the support. The aim is to facilitate technical cooperation interventions effectively targeting the goals established jointly with the partner institutions for their capacity strengthening. For this work, DEA has a wide range of tools it can apply, such as field visits to Denmark, training sessions, energy modelling, support analytical work, etc.

It is important to measure wider outcomes of the collaboration and knowledge sharing with the partner institutions. The indicators of the results frameworks reflect, as relevant, targets and indicators for improved capabilities developed during the partnership. This includes measures such as partner institutions applying knowledge and new capabilities developed. It comes into expression through content in new policies, regulations or standards. Or it can be application of new modelling capacities informing long term energy planning/NDCs or converting international standards for community consultations related to new renewable energy projects into practice.

Finally, DEA has also aimed at strengthening its socio-economic focus on enabling affordable and reliable energy but also to support community consultation, good governance and co-benefit sharing such as job creation and reskilling. National Steering Committees have been established in all countries to adjust work programmes and planned results. DEA is increasingly also working with national think-tank's or the Danish Institute for Human Rights or Kammeradvokaten to improve the social dimension and human rights in a green energy transition.

### **3. DEPP 2026 objective and outline content**

#### **3.1 Framework Programme objective and structure**

The proposed overall long-term and strategic objective of the DEPP 2026 Programme is

“To contribute to a just and inclusive green energy transition in the five partner countries through advancement of low carbon energy development and implementation of short and long-term climate goals under the Paris Agreement.”

While DEA has undertaken initial consultations with national partners in all five countries, it is underlined that consultations are not yet completed, and formulation missions are expected to be conducted during the period from April to August (see the Process Action Plan in Annex 8) and that therefore country programme outcomes and other information provided is preliminary and subject to further consultations and agreement with national partners.

The objective is to continue existing partnerships with the countries which over many years has led to the build-up of trustful partnerships. Where relevant, new focus areas will be introduced reflecting a demand-driven approach and building on the strengthened institutional capabilities over the past five years as well as responding to new political openings (or in some cases limitation).

#### **3.2 South Africa-Denmark Energy Partnership Programme**

##### **Context and justification**

South Africa is standing at a crossroads where vital decisions need to be taken on how to power the energy grid. The newly formed coalition government provides an opportunity for much-needed reform of the energy sector and an improvement in overall governance and oversight. New political appointments in parliamentary committees and reforming the political management and oversight of the energy sector open new possibilities

for more efficient decision-making and improved transparency<sup>8</sup>. However, the possibility of rapid implemented reforms also imposes a risk of instability and opposition as changes can impact both large industries, households and particular affect coal-dependent regions such as Mpumalanga Province where between 150,000 and 200,000 jobs (18% of the workforce) are directly or indirectly depending on the coal industry. As mentioned earlier, according to the World Bank, the poorest households spend 27% of their income on energy while large sums of energy subsidies are provided.

South Africa has experienced a power crisis the past years and during 2022 alone, the country experienced load shedding<sup>9</sup> of approximately 200 days. Furthermore, power blackouts also occur frequently due to a constrained transmission and distribution network (load reduction) and shutdowns of power during repair. While load shedding was largely avoided between April 2024 and January 2025, the start of 2025 has seen a return of load shedding. Lack of access to electricity disproportionately affects low-income households as they often live in areas with more frequent and longer outages, and with limited access to power back-up such as solar photovoltaic facilities, batteries or diesel generators. Additionally, load shedding has considerably hindered industrial growth and job creation. The South Africa-Denmark green strategic partnership from 2022 is based on a common desire to build a sustainable future where amongst other things, renewable energy and related job creation is at the centre. In the wider donor landscape a similar agenda is supported by the JETP, supporting renewable energy and grid development and related areas.

### **Objective, outcomes and governance**

SADEPP will build on progress achieved through prior collaboration and align with the South African energy authorities' priorities. Initial consultations indicate that Danish expertise in renewable energy integration, power market reform, wind resource management, and procurement policies will be central. Given the urgency of accelerating renewable energy adoption, Danish support will shift closer to implementation, translating expertise into policies, strategies, and regulatory frameworks. At this stage of the formulation, the proposed **overall objective** of the SADEPP is:

“To support South Africa to enhance technical capabilities to successfully implement a just and equitable low carbon development which is in line with the ambitions outlined in its NDC goals and in accordance with its commitment under the Paris Agreement”

In dialogue with national partners, three overall components and outcomes have been identified:

The first component of SADEPP will emphasise the strengthening of the regulatory and policy framework for the energy sector. This includes a closer collaboration with the National Energy Regulator of South African (NERSA) to enhance capabilities of the regulator by supporting it in developing a strong regulatory framework especially for integration of renewable energy. It will also involve the Department of Energy and Electricity (DEE) and the Independent Power Producer Office (IPPO) to refine policies that enable a more competitive and sustainable energy sector. Building on the successful collaboration and partnership with DEE and IPPO during DEPP III the key components identified for regulatory and policy framework advancement are: to (i) improve the enabling environment for renewable energy, including strategic energy planning, (ii) consider tariff frameworks to ensure fair and cost reflective tariffs with consideration of equity and affordability, and (iii) improved procurement frameworks to enable increased and efficient integration of renewable energy and required system infrastructure development.

The draft proposed **Outcome 1** of the component would be: “Technical support and knowledge transfer has contributed to achieve new national capabilities to improve the regulatory and policy framework that supports deployment of existing and new renewable technologies, promotes fair and cost-reflective tariffs and ensures equitable and efficient access to electricity networks”.

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<sup>8</sup> The Department of Energy and Electricity under Kgosientsho Ramokgopa, and the anticipated decision to move the role of oversight with Eskom to this ministry while dissolving the Department of Public Enterprises should simplify political oversight of Eskom, the National Energy Regulator of South Africa and the Independent Power Producers Office.

<sup>9</sup> Load shedding is an energy utility's method of reducing demand on the energy generation system by temporarily switching off the distribution of energy to certain geographical areas

The second proposed component will support the shift towards the implementation of a more market-based electricity market and the development of measures required to advance the liberalization of the electricity sector. This targeted outcome will apply a cluster approach that anticipates the participation of all affected partners; DEE, Eskom, NTCSA (National Transmission Company of South Africa), IPPO and NERSA. This broad participation builds on a key success of the current DEPP III: bringing crucial stakeholders together for informal and productive discussions on regulatory issues—marking a shift from the past, where such dialogues were often resolved through legal disputes. Three areas are expected to be developed and to focus on (i) market design and rules to support the liberalization of the electricity sector, (ii) establishment of clear roles and responsibilities to support a well-functioning market with accountability and efficiency, (iii) effective unbundling of the electricity sector to facilitate market development, strengthen transparency and attract (infrastructure) investments.

The proposed **Outcome 2** is expected to focus on: “Strengthened capacity, coordination and robust regulatory frameworks to advance liberalisation of the South African Electricity Supply and Distribution Industries, considering affordability, resource efficiency and integration of variable renewable energy.”

The third component is expected to support the integration of renewable energy and encompasses a more technical and tangible capacity building programme on topics that will supplement activities under the DEPP III. The main beneficiaries will be Eskom and NTCSA, the two partners (currently both under Eskom umbrella, but with relations expected to change during SADEPP) that have outlined priority areas related to generation, transmission, distribution, strategy and planning and the just energy transition.. The aim is to establish robust measures and procedures for the integration of RE supporting a reliable and affordable supply of electricity. The following outputs have been developed and aligned in cooperation with Eskom and NTCSA: (i) enhanced data management and digitalization leading to a more efficient system operation, (ii) system robustness, security and reliability, and (iii) measures for flexible system operation.

The proposed **Outcome 3** is expected to focus on: “Robust measures and procedures have been supported for the integration of variable renewable energy leading to a more affordable and reliable supply of electricity in the grid to overcome current challenges”

It is proposed that SADEPP is governed by the established Oversight Committee, consisting of members from all involved partners of the SADEPP. It will meet annually, and it would be suggested to escalate its mandate to also approve the progress reports for the previous year, the work plans for the coming year and discuss matter of common interest. Additionally, a stronger emphasis on cross-institutional coordination will be implemented through cluster-based engagement, possibly establishing dedicated working groups for each output area. Finally, partners requested the DEA to organize more frequent meetings as this proved to be a good platform for constructive and cross-sectional discussions.

SADEPP will also coordinate with many bilateral and multilateral development partner agencies who are engaged in the energy transition and climate action programmes in South Africa. Particularly, collaboration is expected around the JETP and with the International Energy Agency (IEA)’s Clean Energy Transitions Programme (CETP) on other elements. Close coordination with the World Bank, the EU and German cooperation GIZ is also established.

### **Social dimension and private sector**

Between 1994 and 2018, South Africa connected over 7.4 million households to the grid, raising the electrification rate from 36% to 86%. Out of the 3.5 million households not connected to the main grid, 60% are in rural areas... Since 2003, the Free Basic Electricity Policy has ensured a right to receive 50 kWh of free electricity for eligible poor household. The public financial expense is covered by the National Treasury and administered by the municipalities, who inform the national energy company. In general, affordability is a major consideration in the context of South Africa’s energy system development and sector reform. Particular, black female headed households are identified as the most vulnerable. It will be essential to balance the need for grid investment and recovery of associated costs through tariffs with affordability for customers, address the use of cross-subsidisation through energy tariffs, and consider tariff design and the handling of subsidies in a future market-based power sector. The interlinkages underlines the challenges of the up-coming

energy reforms of considering the potential positive co-benefits and risk of trade-off between SDG1 on poverty, SDG5 on gender, SDG7 on energy, SDG8 on decent jobs and growth and SDG10 on inequality.

Today South Africa's power production is dominated by coal (83%), which leads to high levels of carbon emissions and air pollution. Many of the thermal power plants are old and need to be retired and decommissioned. However, the South African energy crisis has recently also been a driver for introducing energy reforms and for increasing uptake of renewable energy in the public and private sector, because renewable energy is quickest and cheapest to build. This was accelerated in January 2023 when the Department of Mineral Resources and Energy announced that Independent Power Producers would no longer be required to hold generation licences in order to produce electricity. This greatly increased the amount of investment by the private sector into private generation and the amount of privately generated electricity, including new large interest from Danish companies and investors such as Copenhagen Infrastructure Partners, Vestas, Maersk Capital and Danfoss. This has, however, been limited by a lack of suitable regulations on wheeling and grid access, demonstrating the need for further coordination between institutions. Recent impetus to enact reforms at speed, creates cautious optimism but also a risk of instability caused by rapid change coupled with insufficient institutional capacity within key institutions.

### 3.3 Mexico-Denmark Energy Partnership Programme

#### Context and justification

With nearly 130 million people, Mexico ranks as 9<sup>th</sup> largest emitter globally. Most of the primary energy produced and consumed in the country is crude oil and natural gas. Mexico was the first large oil producing emerging economy to adopt climate legislation in 2012 and has seen growth in renewable electricity generation from wind and solar, which almost tripled from 2015 to 2022, making up 24% of power generation in 2022. President Sheinbaum, who took office 1<sup>st</sup> October 2024, has an ambition of boosting the deployment of more renewable energy with a goal of renewable energy covering 45% of electricity production by 2030. This is a major shift from former president Obrador who shut down most renewable energy planning and investment. The new ambitious energy policy will require improved planning and modelling capacity, an improved flexibility of the grid and exploring Mexico's on- and offshore wind potential. The new energy reform and its associated package of 8 draft secondary laws, handed to Congress in January 2025 so far presents a set of opportunities but also challenges for further deployment of renewables in Mexico. In terms of the opportunities, the new law for energy planning and transition establishes the energy ministry (SENER) as a much more central player, than in the past, in driving the transition. However, the energy reform also rolls back significant elements of the liberalization effort of the 2013 reform. As such, for the electricity sector, the prioritization of the state-owned national electricity utility (CFE) on the dispatch risks undermining incentives for the organization's green transition or need to remain competitive, given it is guaranteed the sale of its electricity.

#### Objective, outcomes and governance

The current DEPP III was partly reprogrammed due public energy policies. However, following the general elections in 2024 collaboration opportunities with state-owned energy entities and national level energy government institutions have re-emerged. Some examples on the demand DEA is currently responding to is the new collaboration with the CFE, and training of staff from National Control Centre (CENACE, the Transmission System Operator). These recent developments suggest re-opening in the new phase, the most promising of the collaboration tracks that were paused until recently, while in parallel maintaining the most promising existing tracks, where more results can be achieved such as assisting the climate modelling activities with SEMARNAT and INECC.

At this stage of the formulation, the proposed **overall strategic objective** of the MXDEPP is:

“Mexico is developing and implementing climate and energy policies and planning, which lowers emissions while increasing affordability, reliability, and security of energy supply.”

In dialogue with national partners three overall components and outcomes have tentatively been identified:

The first component of MXDEPP will focus on long term energy planning and modelling directly building upon the work carried out in DEPP III. This includes two main partner collaborations: A partnership with SENER on modelling and planning of the Mexican energy system and; continue the existing partnership with SEMARNAT on modelling and planning of the Mexico's climate goals, including the Mexican NDC and zero-emission target. The intention is to i) support SENER in building the modelling capacity necessary to carry out transparent, long-term planning of the Mexican energy system to increase investment, public consultation and up-take of renewables in the grid; ii) help developing SENER's energy data and assumptions to use in modelling, including technology catalogues; and iii) support SEMARNAT in preparing data and modelling tools to be applied for the Mexican NDC as well as new climate targets, such as a net-zero goal, through supporting the modelling carried out in INECC.

The proposed **Outcome 1** could be: "Mexican authorities have improved own institutionalised capabilities to carry out long-term energy and climate planning and modelling, in order to formulate new climate goals and carry out the necessary planning for the ongoing development of the Mexican energy system in consultation with relevant stakeholders."

The second proposed component is focusing on energy efficiency in both buildings and industry. The primary partners will be SENER and the National Commission for the Efficient Use of Energy (CONUEE) with most activities expected to be focused on supporting CONUEE in developing and implementing policies on energy efficiency. CONUEE has long been a trusted partner and hosted the LTA on energy during the last part of DEPP II. Central government initiatives on promoting energy efficiency often rely on implementation at state and/or municipal level, and the programme will also continue the partnerships with the state governments of Jalisco and Nuevo Leon established during DEPP III. The component is at this stage intended to be centred on: i) Establishment of climate partnerships on energy efficiency between industry, state government and federal government, building on experiences from the climate partnerships in Denmark; and ii) supporting CONUEE in introducing requirements for energy performance of new buildings through an existing scheme of environmental requirements.

The proposed **Outcome 2** could be: "Danish support has contributed to enhance Mexican institutions capabilities of developing and implementing policies which aims to increase energy efficiency in society."

The third component is expected to support integration and deployment of renewable energy. Collaboration on integration and deployment of renewables will primarily be done in partnership with SENER, but it is expected that many of the activities will be carried out with CENACE and CFE. Work with CENACE will primarily be focused on supporting development of a more flexible and resilient Mexican power market, as well as help strengthening the capacity of CENACE to technically manage the integration of increased share of variable renewables in the electricity system. CENACE and Energinet had during DEPP II, and before, a successful direct peer-to-peer collaboration. Work with CFE will primarily focus on supporting the development of new renewable energy projects. SENER will be involved in coordination and prioritization of all activities. The intention is to: i) facilitate establishing of a joint taskforce on renewables development between SENER, CENACE and CFE; ii) facilitate peer-to-peer TSO cooperation between CENACE and Energinet, with a primary focus on developing the Mexican power market, and iii) support SENER and CFE in increasing the build out of renewables, particularly wind projects both on- and off-shore.

The proposed **Outcome 3** could be: "Mexico has developed approaches to adopt a more flexible power system and is increasing its share of renewables in the electricity production."

The governance structure of MXDEPP is expected to be based on a Steering Committee with SENER and SEMARNAT as the main partners. In addition, three working level groups will be established. One for each outcome. Governance structure for state level partnerships is expected to have separate steering committees.

MXDEPP will also coordinate with many bilateral and multilateral development partner agencies including the IEAs CETP, GIZ, the World Bank, the Agence Française de Développement, UK Partnering for Accelerated Climate Transitions, as well as USAID. USAID has played a significant role historically but has halted all activities under the Trump administration and it is currently unsure if they will resume again. While

there is no formalized coordination of activities with other donors, the Danish embassy is regularly coordinating activities in various groups to ensure that there is minimal overlap with the activities of other development partners.

### **Social dimension and private sector**

The MXDEPP support for developing the Mexican energy system aims to increase affordability and security of supply for both household and commercial use while at the same time supporting Mexico in achieving GHG-emissions reductions. Mexico is vulnerable to climate change and climate change risks undermining the positive development gains and poverty reduction achieved by Mexico over the last decades.

While there is almost universal access to electricity, energy poverty is a prevalent problem affecting a substantial part of the Mexican population. It is estimated that about 13.5 million people in Mexico currently is affected by energy poverty, lacking access to reliable and affordable energy services to ensure a good quality of life. Energy poverty in Mexico typically stems from either reliability or affordability issues or both and affects the most vulnerable groups in society. A priority for the Mexican government is also to promote clean and affordable energy for cooking which also entails relevant gender and health co-benefits. A way these population groups mitigate lack of access to affordable and clean energy is to resort to using coal, firewood and manure for heating and cooking. However, these groups do not necessarily have chimneys or airduct to redirect smoke. Energy poverty in Mexico could therefore prove to have a significant negative impact on health, as inhalation of gases produced by biofuels can be extremely toxic.

Mexico and Denmark agreed to enter a Strategic Partnership in 2017 to strengthen collaboration in inter alia health, food, agriculture, clean-tech and energy amongst other. The associated joint strategic action plan for 2023-2027 has 'promotion of bilateral trade to stimulate inclusive, social and sustainable economic growth' as one common action point amongst others.

Mexico was Denmark's 26th largest export market in 2023 with a total export worth of 14.4 billion DKK. . Mexico has long been an attractive destination for foreign direct investments, due to its many free-trade agreements its competitive labour market, relatively high education levels and developed logistics infrastructure. In renewable energy and energy efficiency Danfoss, Grundfos, Vestas and Polytech have large production lines, primarily focused on the US and Canadian markets. Vestas, Siemens Gamesa have a long-term presence in Mexico and are following the implementation of the new energy reform closely. Ørsted, NKT, Nature Energy and European Energy have shown some interest but have not invested much so far.

Copenhagen Infrastructure Partners recently signed a MoU with the Interoceanic Corridor of the Isthmus of Tehuantepec and Mexico's Ministry of the Navy to collaborate on green hydrogen and maritime fuels project in Oaxaca State. In the maritime and logistics sector AP Møller Mærsk and APM Terminals are active, and a key logistics provider. Technology owners in the energy efficiency and sustainable mining area, such as Danfoss, FL Smidth supply solutions to a number of large-scale mining operations. Novonosis has recently established itself in Mexico with a focus on bioenergy and the food industry, while Topsoe is continuously engaged in its traditional catalyser business, and exploring sustainable aviation fuels and PtX projects.

## **3.4 China-Denmark Energy Partnership Programme**

### **Context and justification**

As the world's second largest economy with an electricity system dominated by coal, China accounts for around a third of global CO<sub>2</sub>-emissions. Currently, one of every four tons of coal used globally is burned to produce electricity in China ([IEA](#), China). At the same time China's economy is growing, with an annual GDP growth of about 5%. The future shape of China's energy system will therefore be of critical importance to global climate change. At the same time China is investing heavily in other countries, including in South-East Asia, Africa and South America, not least in the energy sector. Policies, standards and approaches adopted in China will therefore have repercussions far beyond China itself.

In 2020, President Xi Jinping announced that China will peak carbon emissions before 2030 and reach net-zero emissions before 2060, and since then many regulations, guidelines, and policies have been issued to

facilitate the transformation of the energy system. The transformation is complicated because China is dependent on coal and oil, and energy security and energy adequacy are high priorities for the Chinese leaders. The strategy is to "build new before dismantle old", and despite massive investments in wind and solar power capacity, new coal power plants have been established to ensure sufficient peak-load capacity in several provinces. The continuation of the fast-paced deployment of green technologies could be hampered by challenges in the integration of these technologies into the energy system. Also, the barriers from the legacy system and the risk of stranded investments in coal power plants could be a severe blockage to the transition.

In January 2025 an energy law came into force, which establishes a framework to shift from controlling total energy consumption and intensity to dual control of total CO<sub>2</sub> emissions and CO<sub>2</sub> intensity, aims to ensure national energy security while promoting green and low-carbon practices, promotes a market-based pricing system, and encourages the development of a unified energy market. The energy law establish a clear vision for the green transition and climate actions needed. However, there are questions about the implementation of this vision in practical policy, which is often characterized by weak measures and a lack of consideration for system-wide impact. For example, the current emission trading system does not incentivize carbon reduction, the power market reform process is slow and partial, and attempts to ensure energy adequacy still focus on promoting fossil fuel solutions. Such implementation failures underline the importance of a systematic energy planning process, which includes a more system-wide approach and sector-coupling aspects.

### **Objectives, outcome and governance**

Since China is projected to graduate out of developing-country status within the programme period, the proposed next phase of CNDEPP is set to be the last, and all programme activities will be completed by the end of 2029 at the latest. In this final phase, CNDEPP will build on long-established working relationships with key Chinese partners, but will adjust its scope and focus on two over-arching themes, which are (1) energy system modelling and analysis, and (2) facilitating the development of an integrated power system, which rely on market mechanisms and utilise the flexibility provided by the heating network. During the remaining formulation process an exit strategy will be developed and incorporated into the programme design.

The prospective partners include the Energy Research Institute (ERI), which informs the policies of China's National Development and Reform Commission, the National Energy Administration (NEA) which formulates China's energy policy, and the Ministry of Housing and Urban-Rural Development (MoHURD) which controls large parts of China's heating system. The proposed programme would also deliver on the China-Denmark Joint Green Work Programme signed in 2023 as well as Memorandums of Understanding signed by Denmark's Ministry of Climate, Energy and Utilities with various Chinese government ministries.

At this stage of the programme formulation, the proposed **overall objective** is that "China's energy policies enable the country to reach its climate targets, in line with the Paris Agreement, and ideally accelerate them." In pursuit of this overarching objective, three components are proposed:

The first proposed component is on modelling with the partners NDRC/ERI. DEA together with ERI will further develop the work on energy system analyses and long-term energy scenarios, based on the modelling tools developed in the DEPP III. Enabled by previous capacity building, and in order to comply with tighter regulation on data sharing, ERI would take primary responsibility for the modelling and scenarios for the China Energy Transformation Outlook, while DEA and Danish consultants will support ERI with model development, capacity building, and input to the scenario development. DEA will further support ERI's research output by performing ad hoc modelling-based analyses in collaboration with ERI in order to target Chinese policy priorities and respond to potential requests from government ministries. The scenarios will be developed using an international, open-source model similar to the ERI model and based on publicly available data. Using open-source data and models will enable DEA and ERI to collaborate efficiently while ensuring compliance with data-sharing policies. Additionally, DEA will maintain an ongoing dialogue with Chinese

and international stakeholders to refine energy modelling methods in the open-source model, ensuring they align with the Chinese context.

The draft **Outcome 1** is: “Energy system analyses become key tools for guiding Chinese energy policy and accelerating the transformation to a net-zero carbon future, while serving as a transparent platform for dialogue about China’s green transition”.

The second proposed component is on energy system integration in partnership with NEA. China is in the process of creating a national unified power market. Coupling the power and district heating sectors can be an important part of this process, as it allows an increased share of renewable energy in the system. The DEA proposes a consolidated programme of cooperation with NEA focusing on the challenges that might arise and how to overcome them. The programme could focus on: 1) decarbonising and electrifying the heating sector, 2) national power market with reduced curtailment, strong security of supply and increased efficiency, and 3) flexible energy system e.g. through storage.

The draft **Outcome 2** is: “Sector coupling and power market integration become established principles for Chinese energy policy, enabling an efficient and resilient system capable of accommodating high shares of variable renewables”.

The third proposed component is on district heating with China Academy for Building Research and anchored with MoHURD. It could focus on developing and demonstrating an up-to-date energy design for heating networks and buildings. Such a design is needed for enabling the sector to use power market signals, deliver flexibility to the power market, including storage capacity and integrate the heating sector with electricity, industry and perhaps cooling systems year-round. The programme could focus on: 1) Support investigations in designing a new heating network and building energy system for the future, 2) Support investigations and demonstrations regarding sector coupling and energy sourcing solutions fitting to buildings energy system for the future, 3) Support China in removing barriers for implementing sector coupling and energy system for the future.

The draft **Outcome 3** is: “Chinese heating and building policy integrates district heating with industry, power and other relevant sectors for reducing emissions, avoiding curtailment, reduce losses and reducing costs”.

The fragmented nature of Chinese policy-formulation means that consensus-building among stakeholders is important for achieving impact with both capacity-building and policy messages. The programme would therefore also seek to disseminate its findings to critical stakeholders beyond the core partners, including government agencies (such as the State Council Development Research Center), provincial governments (such as that of Shanxi province), State-Owned Enterprises (such as the State Grid Corporation of China) and key universities providing advice to the government (such as Tsinghua University).

Governance: The programme is implemented under the over-arching Green Joint Work Programme signed by the foreign ministers of China and Denmark in August 2024. Under this, each component is governed by a separate cooperation agreement with its attendant governance structure.

In response to issues raised in the MTR of DEPP III, ministry-level steering groups with NEA and MoHURD now meet annually to assess, guide and learn from the technical cooperation. As for the cooperation with the ERI a Policy Steering Group meets annually, a Programme Steering Group meets quarterly, and programme management meetings take place weekly. This governance structure is expected to be carried over in the next phase.

### **Social dimension and the private sector**

China’s economic growth is closely related to its large emissions of GHG, since the economic growth is currently mainly driven by energy-intensive activities and relying on coal as a primary energy source. At the same time, China has challenges with power capacity leading to power outages. The green transition is viewed

by Chinese policymakers as part of the broader reconfiguration of the country's economy away from export and heavy industry towards domestic consumption and services, in pursuit of more balanced growth.

As part of its capacity-development DEA offers comprehensive consultancy on least-cost dispatch modelling of the national and provincial power system, enabling socio-economic and sector specific analyses that support low carbon energy strategies. Social equality, issues of just transition, socio-economic effects and the interface with policy decisions around energy are increasingly reflected in the substance of the cooperation, not least through the socio-economic analysis model in the China Energy Transformation Programme, which is becoming gradually more sophisticated. This model allows Chinese policymakers to estimate the impact of the energy transition in terms of economic growth and new jobs, as well as on air quality – a key policy priority for the Chinese government.

The proposed programme is expected to have a positive effect on Danish commercial interests within the field of green energy in general. The work on green power integration would tend to lessen barriers to international companies' entry to China through its focus on market mechanisms as a driver for the green transition. A large number of Danish companies are present in the Chinese market. Based on sales, the most significant are Danfoss, Grundfos, MAN Energy Solutions, Alfa Laval, Topsoe, Novonesis, Rockwool. For other Danish companies, such as Vestas, Chinese policies are important because their production or sub-contractors are based in the country, or because they purchase green electricity, solar panels, batteries etc., for example Carlsberg, Novo Nordisk, Maersk, Copenhagen Infrastructure Partners and European Energy.

Recently China has been viewed as a commercial competitor to Denmark in certain sectors. The focus of the energy cooperation is policy and regulation, not technology or anything else that might undermine Danish commercial interests. Under the current phase, a direct TSO-TSO collaboration between Energinet and State Grid emerged. Under CNDEPP, this direct collaboration will not continue in its current form.

### **3.5 Vietnam-Denmark Energy Partnership Programme**

#### **Context and justification**

Vietnam stands at a pivotal moment in shaping its energy future. Historically, the country's economic growth has been fuelled by fossil energy consumption, with coal still accounting for nearly half of its electricity generation today. This reliance contributes to high carbon emissions and severe air pollution, posing both environmental and public health challenges.

On the other hand, the government has set ambitious climate and energy targets. Internationally, Vietnam has strengthened its 2030 commitments through the JETP and announced its net-zero emissions target by 2050. With some of Southeast Asia's best wind and solar resources, Vietnam has immense potential for renewable energy, but technical, regulatory, and institutional barriers still need to be addressed.

A significant shift in the energy transition began in 2019 with the introduction of a feed-in tariff (FiT) scheme, leading to a renewable energy boom—16 GW of solar power was deployed in 2020, followed by 4 GW of onshore wind in 2021. To guide this transition, the government has introduced key policies, including the Climate Change Strategy (outlining sector-specific emission targets for 2050), the Power Development Plan, and the Energy Master Plan, all aligned with the net-zero goal.

Despite these efforts, Vietnam continues to face energy security challenges. Power shortages have disrupted households and industries, with severe electricity shortages in Northern provinces in 2023. While investments in infrastructure and new power projects aim to improve reliability of the system, an unstable power supply remains a major barrier to industrial growth and green job creation. Addressing these issues requires both short-term solutions, such as improving power plant flexibility to integrate more renewables, and long-term energy planning to ensure that a cost-effective and just green transition remains a driver of Vietnam's economic and social development. Considering the complex task that Vietnam is facing, there is a need for international technical support to share and implement solutions to achieve these aspirations.

With strong international commitments, vast renewable energy potential, and a demonstrated ability to scale up renewables quickly, Vietnam is attracting growing interest from private sector. However, regulatory uncertainties, infrastructure constraints, and weak public governance—including lack of coordination, transparency, and enforcement in policy development—remain key challenges to unlocking large-scale renewable energy deployment.

### **Objective, outcomes and governance**

This phase of the VNDEPP will continue to focus on the same overall thematic areas as in DEPP III, and with continued anchoring at the Ministry of Industry and Trade of Vietnam (MOIT), albeit with adjustments to the approach. These adjustments will refine the continued capacity development on long-term energy planning; integration of variable renewables; and energy efficiency in the industrial sector, with a stronger orientation towards implementation to ensure a more targeted, effective and sustainable impact.

At this stage of the formulation, the proposed **overall long-term and strategic objective** of the VNDEPP is: “to contribute to a just and inclusive green energy transition in Vietnam, through advancement of low-carbon energy development and implementation of short and long-term climate goals under the Paris Agreement”.

Three overall components are initially identified for the proposed VNDEPP phase:

The first proposed component will focus on long-term energy planning and cost-effective integration of renewable energy. In the previous and current phases, Denmark and Vietnam developed advanced energy models and a robust data foundation, which are now part of the toolbox applied in the Vietnamese energy planning processes, and as a common point of reference for energy planning in Vietnam, alongside the Technology Catalogues, which provide essential technology data for the models.

In this next phase, a new approach will include a more frequent publication cycle of the Vietnam Energy Outlook to enable it to become an even more relevant planning tool and more targeted policy analyses will be conducted focusing on near-term implementation and potentially socio-economic aspects, e.g. by expanding the analysis of the developed Green Growth scenario or macro-economic modelling. This outcome will also strengthen the broader energy planning community to ensure sustainability and institutionalization of planning tools and principles, as well as the capacity in provincial authorities in implementing energy policies and allowing further uptake of renewable energy. The local level is important due to expected mandated areas of responsibilities for RE projects, as well as to ensure acceptability of projects and development of needed infrastructure at local level.

Furthermore, this component will continue the focus from the previous programme phase on flexibility of power plants to enhance the integration of renewable energy in the power system by expanding the application of the gathered learnings and recommendations from the first tests to a larger number of power plants.

The proposed **Outcome 1** is expected to deliver “strengthened capacity in long-term energy planning and cost-effective integration of renewable energy to guide energy policy development and implementation towards a net-zero pathway”.

The second proposed component will focus on the operation of the power system with higher shares of renewable energy. The proposed partner of the component is the recently unbundled independent system and market operator under MOIT, i.e. the National Power System and Market Operator Company (NSMO). The previous programme phase supported the unbundling process through a TSO partnership with Energinet, but further assistance is required due to the complexity of regulatory, operational, and governance changes. Thus, the component will focus on both regulatory and technical aspects of a cost-efficient power system operation, as well as institutional settings.

The proposed **Outcome 2** is expected to be “strengthened capacity in operating the power system with higher shares of variable renewables while ensuring security of supply cost-effectively”.

The third proposed component will be focusing on energy efficiency in industry. By the end of DEPP III, DEA expects increased awareness and trust in energy efficiency projects among Vietnamese institutions and industry, including energy audits and voluntary agreement schemes under the Energy Efficiency Law (currently under revision). The next phase will focus on institutionalization and broader implementation of these schemes through an Energy Efficiency Centre of Excellence, which will manage the Voluntary Agreement Scheme and serve as a knowledge hub for industry stakeholders. This initiative has been agreed upon with the former Energy Efficiency and Sustainable Development Department, now part of the Department of Innovation, Green Transformation, and Industrial Promotion under MOIT.

The proposed **Outcome 3** is expected to be “improved energy efficiency in industries by increased choice awareness and trust in the development of EE projects, through institutionalization of knowledge on EE and implementation of relevant EE regulation.”

The governance of VNDEPP will be based on a Steering Committee with the MOIT as main partner with underlying implementation groups under each outcome similar to DEPP III. Denmark’s Ambassador and MOIT Vice Minister will chair the annual Steering Committee Meetings where progress report from the previous year and the work programme for the coming year will be discussed and approved.

It is considered to establish a Forum for Strategic Policy Dialogue under VNDEPP to enhance the cross-cutting dialogue and coordination between policy makers at both political and ministerial level (e.g. National Assembly, Standing Committees, Ministry of Finance, Ministry of Natural Resources and Environment), thus elevating the results and insights produced in the programme beyond MOIT, the main partner of VNDEPP. This initiative aims therefore to integrate the multidimensional nature of the green transition, both involving e.g. technical solutions, financial priorities and socio-economic elements.

VNDEPP will continue to coordinate with the variety of bilateral and multilateral development partners engaged in the energy transition and climate action programmes in Vietnam. Particularly, further collaboration is expected around the JETP. Close coordination has already been established in previous programme phases with e.g. the World Bank, EU and GIZ.

### **Social dimension and private sector**

Vietnam is a country in transition. In 1975, only 2.5% of poor households had electricity, whereas universal access to electricity was achieved in 2022.

However, with rapid growing energy demand, affordability and reliability are key objectives in the development of Vietnam’s energy sector. In terms of affordability, low electricity prices for citizens and companies are a central objective and strategic interest of the Communist Party of Vietnam. Subsidizing and centrally agreed electricity tariffs are utilized to keep the price at low levels. The fixed electricity prices compose a key challenge for incentivizing investment and integration of renewable in the power system. In terms of reliability, Vietnam faces significant challenges. While the Government of Vietnam expects power consumption to grow 10-12 percent annually through 2030, issues with security of supply during dry-seasons has already occurred.

In general, Vietnam is an attractive and interesting country for Danish commercial stakeholders – both for investing in renewable energy and local production facilities. In relation to commercial interests in renewable energy, several Danish companies have commercial activities in Vietnam, including Vestas, Copenhagen Infrastructure Partners, Mærsk and Semco Maritime. Additionally, LEGO, Pandora, and Carlsberg are looking to source green energy for their production facilities. Grundfos and Danfoss have a presence in Vietnam, and several Danish firms are involved in energy efficiency consulting.

## **3.6 Indonesia-Denmark Energy Partnership Programme**

The recently inaugurated President Prabowo has energy independency through self-sufficiency as a top priority and has announced ambitious target for development of 75 GW new renewable power before 2040, coming up from 9.15 GW today. This presents an opportunity for break-through for renewable energy in the

world's 4th most populous country, where 82% of the power mix is based on fossil fuel and energy demand is growing rapidly. Due to many years of over-investments in the energy infrastructure of Java-Bali, the energy sector has had surplus capacity in electricity generation in the most populated areas, but this situation is now changing, and additional generation capacity will be needed in the near future.

Indonesia is one of the largest producers and exporters of coal and coal production is of critical importance to the national economy, as half a million peoples have jobs in the coal sector. Coal briquettes account for 13% of the country's export. While 98% of the population has electricity access, there remains rural areas with limited or no access, and blackouts are relatively common. Indonesia is the world's largest archipelago with no interconnectors between islands, which challenge reliable access to electricity and make large industries expand their captive power production to ensure own supply security.

The energy mix results in high levels of GHG-emissions, air pollution and high electricity production costs. The latter is compensated for through the domestic market obligation regulation that ensures that coal based power plants can buy subsidized coal from domestic coal producers at a fixed and low price. In addition substantial subsidies are directed to the budget of the national power utility (PLN) allowing for consumer prices being fixed at artificially low levels and ensuring access to energy for the poorest households. Hence, coal-based production is incentivized, while renewable energy projects are viewed as costly additions to the energy mix, because they are not directly subsidized and, in some cases, struggle to produce power at a cost that matches the artificially low consumer prices. Wind and solar presents less than 1% in the energy mix today, despite its potential to reduce the electricity price substantially. In 2024, Indonesia's fuel subsidies amounted more than USD 31 billion. Besides unfavourable framework conditions, lack of technical knowledge and experience and public financing pose a challenge for achieving the new goals for renewable energy expansion.

At the 2022 G20 summit in Bali a JETP agreement was signed with the aim of mobilising 20 billion USD to help Indonesia phase out coal power plants and expedite the transition to low carbon energy production. The Danish-Indonesian Strategic Partnership from 2017 was confirmed in 2021 in a new green strategic partnership workprogramme.

### **Objective, outcomes and governance**

INDODEPP II will build on the progress, results and trust-based relationships achieved through the previous collaboration. During the previous support, improving planning capacity was the primary priority amongst the energy authorities. Central planning documents such as the national electricity plan, local energy plans and the TSO's electricity supply business plan are now in place. Now, the priorities of most partner authorities are to provide for instruments and regulations guiding the implementation of the strategic plans. The future INDODEPP will accommodate the demand for technical assistance and advice on new regulations and at the same time support further institutionalization of already introduced skills and best-practice related to long-term planning.

At this stage in the formulation, the proposed overall objective of the INDODEPP is: "Indonesia's just energy transition is supported through a strengthened partnership with Denmark, creating an enabling framework for a cost-efficient, transparent power sector transition that increases supply security, expands renewable energy share, and reduces energy intensity".

Four overall components have been identified based on initial consultations with existing and potentially new partners:

The first component is on long-term energy planning and modelling with the Indonesian Ministry of Energy and Mineral Resources, specifically the Directorate General of Electricity. In recent years, the Directorate General of Electricity has institutionalized the planning tools developed under the INDODEPP and thereby strengthening their role vis-à-vis PLN and other players of the energy sector. Despite advancements, there are still needs for capacity strengthening at individual and organizational level. As such, continued training in

power sector modelling and co-development of comprehensive documentation to support sustainable exit, will be key priorities. Data quality is critical important and remains a challenge for Indonesia's energy planning. In this regard, the program will support processes for development- and updates of technology catalogues and guidelines. It is furthermore the intention to contribute to various analyses and outlook reports to support decision-making processes.

The envisaged **Outcome 1** is: “Scenario-based modelling and long-term energy planning is used to inform decision-making and guide energy policies in Indonesia towards a low-carbon energy pathway”.

The second component supports PLN, Indonesia’s vertically integrated TSO and utility company, in technically managing integration of increasing shares of variable renewable energy. INDODEPP will share Danish best practices in power system operation and particularly seek peer-to-peer collaboration with Energinet. Indonesia’s short- to medium-term wind energy targets are particularly ambitious with PLN being central to implementing the necessary plans and reforms and procure capacity additions. Collaboration is envisaged with dedicated PLN teams in procurement and renewable energy planning.

The targeted **Outcome 2** is currently drafted as: “Enhanced capabilities and tools enable Indonesia’s TSO to integrate larger shares of variable renewable energy in the energy system.”

The third component is targeting at support for development of data-driven, energy efficiency management strategies in industrial and building sectors. With expected high economic growth and rapidly expanding demands for energy, energy efficiency measures increasingly become key for a least-cost development of the energy system. The current INDODEPP is working with energy efficiency through the DG EBTKE (Directorate for New, Renewable Energy and Energy Conservations under the Ministry of Energy and Mineral Resources) conducting various technical assistance activities. However, working with DG EBTKE has not led to significant influence by INDODEPP over policymaking and regulation, as noted in the MTR report. Therefore, the possibility of working more closely with other ministries alongside DG EBTKE - specifically the Ministry of Public Works and the Ministry of Industry, who are considered more relevant for influencing applicable energy efficiency regulations, will be explored going forward.

**Outcome 3** is tentatively drafted as: “An energy efficiency and demand-side management strategy has been formulated, and the rate of energy efficiency implementation in selected industrial sectors and building types has increased.”

The fourth component will support local energy planning and local governments’ ability to support project implementation in collaboration with the provincial energy agency Dinas ESDM and in coordination with national level stakeholders. INDODEPP has so far supported four provinces in conducting energy planning through use of long-term energy scenarios, mapping of renewable energy potentials, assessing socio-economic effects of renewable energy build-out, and conduction of two pre-feasibility studies in each province. The next phase will strengthen institutionalization of results and dissemination to other provinces of planning tools- and processes and address the need for better coordination and information sharing between national and local level energy planning.

Additionally, INDODEPP will seek to strengthen local governments’ ability to support renewable energy project development. Several steps in the already complicated permitting process go through local governments but they could also play a role in de-risking projects including through community consultation processes.

Draft **Outcome 4** is: “A consolidated framework for local energy planning is applied across Indonesia, and local governments have a structured approach to community consultations.”

The governance of INDODEPP is proposed to continue with a Steering Committee, consisting of members from all involved partners of the programme. EBTKE currently holds the position as chair, but in the next phase, this may change, if the final programme set-up deems another agency more relevant.

INDODEPP will continue to coordinate with bilateral and multilateral development partner agencies and Indonesian agencies and think tanks, such as GIZ, EIA's CETP, the JETP secretariat and Institute for Essential Service Reform (an Indonesian Think Tank).

### **Social dimension and private sector**

In recent decades, Indonesia has become a lower middle-income country. However, due to a significant urban-rural divide in development, parts of the population, particularly in rural areas, still lack reliable access to electricity. Households with adequate access to electricity are predominantly located in the western and central parts of Indonesia, while the lowest access is found in the eastern parts of the country, such as Papua Island, and down to 3.24% in the eastern area of Puncak Jaya. Additionally, blackouts are more common in less developed parts of the country. Employment and economic dependency on revenue from coal production varies greatly across regions. Around 530.000 Indonesians work with the production and transportation of coal or coal-fired electricity generation, of whom the majority live in less developed rural areas of the country. Kalimantan is the most coal-dependent province and coal mining accounted for 35 % of East Kalimantan's provincial GDP in 2019. Thus, transitioning the economy away from coal and other fossil fuels could make more Indonesian households vulnerable to poverty. In general, affordability, reliable energy access for all parts of the country, and economic sustainability are major considerations in the context of Indonesia's energy system. In Indonesia's transition towards renewable energy, it will be essential to consider the needs of rural areas in terms of infrastructure investments and employment opportunities. Furthermore, the future design of subsidy structures are essential to ensure energy consumption that is at the same time affordable to all and incentivizing sustainable and renewable consumption and production.

Danish private sector companies and investors such as Vestas and its subsidiaries and Copenhagen Infrastructure Partners, have shown interest in the Indonesian market for on-shore and off-shore wind. Multiple Danish companies have been engaged in energy efficiency in Indonesia through a consortium of Danish companies and The Danish Export and Investment Fund (EIFO).

## **4. Theory of change and key assumptions**

The narrative Theory of Change can be summarised as:

***If*** Denmark contributes grant funds to DEPP 2026 for South Africa, Mexico, China, Vietnam and Indonesia.

***And if*** DEPP 2026 engages in partnerships within strategically chosen areas with national partners in South Africa, Mexico, China, Vietnam and Indonesia who have the relevant mandates and a strong continued commitment to the partnership.

***And if*** DEA serves as an effective and efficient implementing partner for this cooperation drawing on extensive experience from numerous Strategic Sector Cooperation and Danish Energy Partnership Programmes (in currently 25+countries).

***And if*** DEA collaborates closely with key national partners leveraging its core competences, best practice knowledge and experience, and applies a structured and effective approach to knowledge exchange and capacity development approaches including peer-to-peer exchanges, embedded long-term advisors, delegation visits including in Denmark, workshops, seminars, learning events and training courses, triangular/South-South exchanges.

***And if*** these activities are strategically designed to address the specific needs of partners, focusing on planning, strategies, regulatory, institutional, and technical measures aligned to partner institutions' own strategies and plan.

***And if*** this is done through sharing experience on medium and long-term just, inclusive, and green transition in the energy sector and climate action.

***And if*** a multi-dimensional poverty approach and human rights principles underpin the cooperation as a whole.

**And if** the national partners sustain their commitment to effective uptake, application and use of knowledge and experience in these areas.

**And if** the national partners strive for synergy between DEPP 2026 and other initiatives in their country in support of its just and inclusive energy transition and climate action.

**And if** Denmark strives for synergy between DEPP 2026 and Denmark's multilateral energy and climate cooperation such as with the IEA, the OECD-Clean Energy Finance and Investment Mobilisation, the IRENA, the World Bank, the NDC Partnership, and others.

**Then**, scenario-based energy plans that demonstrate the cost-effectiveness of a just inclusive and green energy transition can be used for building consensus and driving forward the transition to meet affordable future power demands for households and enterprises to sustain growth opportunities aligned with the Paris Agreement.

**And then**, the countries' robust regulatory and legal framework for renewable energy and energy efficiency, and power system optimisation will facilitate and secure investments into renewable energy and energy efficiency based on transparent tenders and stakeholder consultations.

**And then**, favourable conditions are set for an increased and sustained renewable energy share in the countries' energy mix and a reduced energy intensity which demonstrates that future energy demand can be met by renewables as the most cost-efficient pathway.

**And then**, a long-term contribution has been made towards a resource-efficient electricity system, providing more affordable, secure, and reliable power supply in partner countries benefitting nearly 2 billion people.

**And then** a long-term and sustainable contribution will have been made to a just and inclusive green energy transition in the three partnership countries through advancement of low carbon energy development and implementation of the countries' NDCs under the Paris Agreement and long-term climate targets (the DEPP 2026 objective).

Brief consultation documents may be used during the formulation process in the interaction with national partners in the five countries to identify and agree on the priority areas for cooperation under DEPP 2026, and the annual workplans will be the main vehicle for translating DEPP 2026 theory of change and results frameworks into concrete partnership action.

### **Key assumptions and drivers**

It is important to note that as implementing partner DEA will be accountable for results at output level while outcomes and impact are within DEA influence and interest, respectively, but depend on partner action – however, DEA is required to monitor results at outcome and impact levels. Assumptions relate to factors that are not (fully) within the control of DEA in implementing DEPP 2026, but which underpin the theory of change and include:

- Partner country government's sustained political support for NDC targets and related policy initiatives related to transparent governance of the renewable energy.
- Climate-diplomacy relations that support partner countries in addressing both climate action and a just energy transition, including community consultations and last-mile distribution.
- Partner countries continue to share the necessary data for providing technical assistance in energy modelling and planning.
- Additionality and synergy ensured in a dynamic field with many actors.
- The partnerships develop in a way that strategically supports transformational change aligned to partner countries' NDC and SDG targets and related policies and strategies.
- Relevant data and knowledge shared as needed also on broader topics such socio-economic and environmental impacts of renewable energy and open tender processes.
- Country partners engage effectively throughout the programme and value peer-to-peer exchanges of good practice and paths to avoid.
- Country level programme governance and management mechanisms (Steering Committees/Joint Working Groups) meet regularly as foreseen and are effective in monitoring progress and results and in providing strategic guidance to implementation including ensure continued alignment to country priority

needs and with emphasis on assumptions and risk factors as well as capacity development results for sustainable outcomes.

- Renewable energy is an enabler to meet future energy demand in the countries, including the electrification and digitalisation of society, while providing access to affordable and reliable energy to populations including low-income groups.
- The cooperation contributes effectively to enabling investment to be mobilised, where required, to complement institutional strengthening.
- Countries' continued interest in engaging and consulting communities.

### **Key drivers of sustainable impact**

- There are political incentives and drivers for ensuring a continued partner high-level political commitment and strategic engagement with Denmark to meeting energy transition and climate targets.
- A structured approach to knowledge sharing, including delegation visits “seeing is believing”.
- Continued attention to the socio-economic aspects of the energy transition in the partnerships ensuring broad community and citizen support of the new policies and actions.
- Effective communication of results and lessons targeted at decision makers.
- Triangular cooperation and sustained peer-to-peer exchanges also with other countries.

## **5. Institutional arrangement and management set-up**

DEPP 2026 will form part of DEA-GC overall governance structure with MCEU and MFA (KLIMA and MYNSEK). Furthermore, each country-team will have established its own governance structure with partner institutions where annual work plans, budgets and annual progress are discussed. The overall approach and committees and groups are presented below. The in-country approach set forth below may, however, require adaptations based on local requirements, but in essence, the purpose is the same in all countries.

### *In-Country Steering Committees (SCs) and Technical working groups*

The in-country SCs<sup>10</sup>, which are co-led by the Danish Ambassador and high-level partner institution representatives, consist of representatives from each partner institution, other relevant authorities, and DEA. The SC is the forum for overall strategic dialogue between Denmark and the partner country on the energy partnership, discussing and deciding on the overall priorities of the cooperation in accordance with the Memorandum(s) of Understanding between the Denmark and the partner country. The SC is a forum for policy dialogue and agreement on the direction of the cooperation. The SC will meet annually in-person, and a written procedure can be used to agree on updates/changes in between meetings. The SC will approve annual work plans and progress reports and monitor results, assumptions, and risk factors, and provide guidance on issues related to progress and results of the cooperation and make recommendations on reallocation of resources for decision by DEA and the MFA.

*In addition, Technical Working Groups (TWGs) are planned to be established under each DEPP 2026 Outcome with relevant institutions to ensure effective commitment and engagement of the relevant partners in regular coordination and management of the implementation of the agreed annual workplans. The TWGs will meet at least twice per year and have the responsibility to: i) develop, consolidate and check annual workplans and resource allocations against workplans; ii) monitor programme progress and results at output level; and iii) ensure cross fertilisation within and between engagements.*

### *Strategic Advisory Group (SAG) and Programme Advisory Group (PAG)*

The SAG, based in Denmark, acts as the highest decision-making authority on the DEPP 2026 programme. MCEU and MFA have already established a well-functioning SAG, which for several years has been strategically guiding the full portfolio of energy GtG programmes implemented by DEA. SAG consists of high-level representation from MFA, MCEU and DEA. DEA acts as secretary to the SAG, which meets every six months to discuss overall programme progress, approve cross-programme budget changes,

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<sup>10</sup> In SADEPP this is envisaged to be the ‘Oversight Committee’.

including approval of the use of unallocated funds, changes in budgets and changes in outcomes and outputs following the Danida Aid Management Guideline. The SAG also discusses broader developments, e.g. changes in ministers or new government policies, and broader coherence and synergy where relevant to Denmark's multilateral energy and climate cooperation.

The PAG is part of the already established governance structure and reports to SAG. It consists of representatives from MFA, MCEU and DEA and meet annually prior to the first SAG meeting of the fiscal year. DEA will prepare the annual progress report including a narrative report on progress in capacity development and the annual budget for presentation to and endorsement of the PAG. The PAG will also monitor risks and assumptions. PAG will present any observations or recommendations to the SAG based on review on annual progress reports and work plans.

#### *Work planning*

Work planning is an ongoing process where annual work plans will be developed to align to partners' priorities and requests, and availability of DEA specialists and consultants, balanced with available resources. Work planning will be prepared with partners at TWG level, for endorsement at Steering Committee level. The annual work plans will define annual activities, annual output targets and link these directly to the Results Framework in each Country Programme. The DEA revised operational manual will include a guide for a structured approach to capacity needs assessment, capacity development planning, and monitoring capacity development.

#### *Adaptive management*

In line with the MFA's "Doing Development Differently" initiative, relevance and effectiveness will be strengthened through increased emphasis on coherence and by an adaptive management approach with an increased emphasis on results, learning and national ownership. Adaptive management provides for flexibility and adjustments reacting to opportunities for positive change but also to enable rapid action to identify alternatives, in case conditions and partnership relations might change unfavourably.

## **6. Budget allocation, financial management and reporting**

### **Budget**

The proposed total budget for the DEPP 2026 programme is DKK 372.0 million of ODA-eligible grant funds sourced from the Danish Finance Act (FL-konto 06.31.01.70) which would be committed in FL2026 and FL2027. While this amount corresponds to current budgets of DEPP III and INDODEPP, it represents a lower level compared with the current budgets of INDODEPP and DEPP III, when adjusting for inflation since 2020 as per the Agency for Public Finance and Management, part of the Ministry of Finance. MCEU has approved a total budget of DKK 372.0 million but it could still be subject for revision during programming, e.g. related to the phase-out of China.

At this time, when the country formulation missions have not been completed and final budget approval is pending, it is considered premature to make detailed resource allocations to each country and their respective proposed outcomes. Also, there are still needs for confirmation and clarification on some budget assumptions<sup>11</sup>. The tentative budget allocations is as follows:

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<sup>11</sup> MFA foresee to outsource administration of Danida Advisors posted as LTAs under the DEPPs. The LTAs for DEPP 2026 posted as Danida Advisors are funded by the DEPP 2026 funds, and the outsourcing will expectedly increase the LTA costs. Funding from LTAs under DEPP 2026 posted as Sector Counsellors is to come from the Finance Act allocation to Myndighedssekretariatet/SSC

| <b>DEPP 2026 budget allocation</b>              | <b>DKK million</b> |
|---|--------------------|
| China   | 48.0               |
| Mexico  | 53.0               |
| South Africa                                    | 80.0               |
| Vietnam   | 60.0               |
| Indonesia                                       | 75.0               |
| Unallocated funds 9.9%                          | 36.7               |
| Programme support* (administration) 5.2%        | 18.3               |
| Mandatory Mid-term Review (administered by MFA) | 1.0                |
| <b>Total</b>                                    | <b>372.0</b>       |

Programme support entails resources corresponding to 2 FTE with MEUC and 1.47 FTE with DEA for administrative tasks.

### **Financial management and reporting**

DEPP 2026 grant funds will be transferred from the MFA to the DEA upon written request, and DEA will be responsible for all financial management and reporting on DEPP 2026 funds. The financial management and reporting procedures will be as defined by the Danida guidelines and further specified in the Agreement to be signed between the MFA and DEA.

As no cash funds will be transferred or disbursed through national partners directly, there will be no requirements for accounting of funds and financial reporting by national partners. In order to monitor the use of budgets for delivery of technical assistance in-country, DEA, Energinet, and international and national consultancy inputs will be budgeted in terms of days delivered in-country consistent with agreed work plans and as agreed between DEA and the national partners. DEA time spent with partners is reported in the annual progress reporting to the MFA (KLIMA). Budgets and actual expenditures at outcome and output level broken-down on the cost-categories: DEA staff; Consultants; Other Costs will be presented in the annual financial reporting to the MFA (KLIMA). The progress- and the financial reports will help PAG to assess value for money at its annual meeting.

DEA-GC uses the DEAs annual salary cost rate for the implementation of DEPP 2026. The DEA follows the guidelines from the Agency for Public Finance and Management (APFM) under the Ministry of Finance for calculating annual salary costs. Direct salary costs for a full-time equivalent (FTE) are calculated by dividing DEAs expected salary costs for professional FTEs by the estimated number of professional FTEs in the given year. In addition to the direct salary costs, there are indirect costs in the form of overhead which also follows APFM guidelines. Based on the budget for the given year, DEAs average overhead costs per FTE are calculated. This is divided into overhead salary (support functions, senior management, etc.) and overhead for other costs (building maintenance, office equipment, etc.). This approach is followed for all DEA-GC programmes including SSC projects, as per the 2020-SSC Guidelines, section 6.5.1 Salary Budget for Personnel from the Danish Authority.

The detailed requirements for annual financial and narrative annual reporting will be included in Agreement Template signed with DEA which also include references to meeting MFA requirements related to anti-corruption, child labour and sexual harassment, etc.

The transfer of funds should follow the plan outlined on the cover pager and it will be subject to evaluation of the spending of funds. The DEA will be responsible for submitting disbursement requests and should confirm once funds have registered on the account of the DEA.

DEA is responsible for submitting the financial audited accounts of the DEPP 2026, annual report and annual progress up against the results framework to the focal point at the MFA no later than 31. March. The submission should be made in a separate email and form part as the broader package to the advisory board meetings.

Within six months after the date of completion or termination of the Agreement, a final report summarizing activities and impact of activities as well as financial data will be delivered. Upon completion of the grant any unspent funds must be returned to MFA. Interest accrued on the Danish grant will not be calculated separately and thus not returned to the MFA, rather DEA will strive to ensure that disbursement requests to the MFA match liquidity needs for activities in the best possible manner.

The responsible MFA unit holds the right to carry out any technical or financial missions that is considered necessary to monitor the implementation of the programme. After termination of the programme support, the Green Diplomacy and Climate within the Ministry of Foreign Affairs of Denmark reserves the right to carry out evaluation in accordance with this article.

As the DEA is a Danish Public Agency subject to the audit by the Auditor General of Denmark, a statement of accounts signed by the management of the Danish Energy Agency will suffice the need for audit of the received funds from MFA.

In alignment with applicable Strategic Sector Cooperation guideline, the Danish Energy Agency must be able to document upon request that a minimum of 50 % of working hours spent in the Programme by staff from the Danish Energy Agency has been in direct interaction with partner staff (e.g. in relation with missions, study tours, meetings, videoconferences, training courses etc.). Travel time spent by the Danish Energy Agency on missions to the partner country may be counted as Time With Partner. For the documentation, the Danish Energy Agency is eligible to account the time of Long-term Adviser posted in-country as Time With Partner. This includes Long-term Advisers, if any, posted at the Danish Embassy.

## 7. Risks

A brief summary of key risk factors and mitigating measures is given below. A full risk matrix consistent with Danida guidelines will be included in each of the final DEPP 2026 Country Programme Documents, tailored to the country contexts.

### Contextual risks

- Global geopolitical tensions impacting energy planning and green energy infrastructure investments, including the recent US withdrawal from the Paris Agreement, support to JETP and direct resistance of referring to climate change in the multilateral System might impact the five governments ambition levels for a green energy transition.
- Resistance to energy transition due to different political-economy interests in the energy sector, e.g. powerful economic fossil fuel interest, industries in risk of being affected, social stakeholder groups with potential adverse impacts or opinion makers not believing in a green energy transition. Challenges of implementing costly and complex grid developments. Political change of government that can lead to disrupting ongoing planning processes.

Mitigating measures: Provide targeted support for the enabling environment for a cost-competitive green energy transition and climate action that is based on inclusivity, affordability, security of supply and facilitation of investments in renewable energy and energy efficiency. Close dialogue between the MFA, MECU, DEA and embassies enables to monitor potential changes in political commitments at country level.

Residual risk: Minor to DEPP 2026 as such.

### Programmatic risks

- Limited resources and managerial capacity in national partner institutions due to shortage of staff and risk of not applying enhanced capabilities to improve policies, regulations and planning.

Mitigating measures: Systematic approach to assessment of partner needs, resources and priorities for knowledge exchange, technical assistance and capability strengthening which is close ongoing policy priorities and implementation Robust peer-to-peer partnerships at middle level management and technical levels.

Adherence to agreed frequency of Steering Committee (SC) meetings ensuring that the SC serves as effective accountability mechanism.

Residual risk: Minor to DEPP 2026 as such.

### **Institutional risks**

- Risk of insufficient coordination and synergies with other initiatives in complex and dynamic contexts.

Mitigating measures: Actively pursue coherence with Denmark's multilateral cooperation with the World Bank, IEA, IRENA, NDC Partnership, etc. as well as other initiatives and coordinate these efforts with the Danish Embassies in the DEPP 2026 countries who are actively engaged in relevant coordination mechanisms underscoring the comparative advantages of the GtG, peer-to-peer approach that most other development partners do not offer.

Residual risk: Minor to DEPP 2026 as such.

## **8. Exit and sustainability**

From the design of DEPP 2026, DEA will keep a focus on sustainable knowledge transfer and uptake as an integral part of all activities which is feeding into an eventual sustainable exit strategy and phase-out of either an outcome or country.

All countries have received technical support from DEA for 10-15 years, and it is expected to phase-out countries or outcomes during the current phase. This is of course the case of China which is expected to graduate to a high-income country and where all CNDEPP activities will be sustainably phased-out.

Considering the temporary nature of development cooperation, a well-structured exit strategy for DEPP is essential to guarantee that Danish-supported energy initiatives continue to drive sustainable development beyond 2030. Exits must be planned with efficiency and sustainability in mind, minimizing transaction costs while maintaining long-term benefits. Stakeholder input will be essential to ensure that the transition is effective and aligns with the broader objectives of a green energy transition. The very purpose is that knowledge transferred and new capabilities have resulted in institutional up-take which has contributed to improve national energy modelling and long-term energy planning or contributed to improve new regulations or policies promoting more renewable energy and/or energy efficiency and attracting investment in the energy sector.

It is essential that the exit strategy is not merely seen as an administrative closure, but as a dynamic transformation process intended to support a sustainable development journey for partner countries. It must be recognized that the exit process is anchored in both macroeconomic trends, geopolitics, and the evolving demands of development cooperation.

From a narrower DEPP perspective, the transformation aspect must be considered. The exit strategy should not solely be about withdrawing Danish support, but about transforming the relationship—from a development partnership into a partnership where commercial and political cooperation is intensified if possible<sup>[1]</sup>. The individual exit strategies, summarised below, will be further elaborated and explained in the country PD's. Furthermore, a key focus in the planned MTR will be to assess exit strategies further as it too early to make any conclusion at this stage due to geopolitical uncertainties, rapid technological developments and the cost-competitiveness of the renewable energy sector.

**Indonesia:** Institutionalizing energy planning capacities is expected to be key priority, e.g. by integrating Balmorel modelling as key tool managed and used in long-term power planning, training national trainers to

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[1] Guidelines for Programmes, Projects, Country Strategic Frameworks & Hard Earmarked Multilateral Support (MFA, 2024)

sustain capacity-building of new staff, strengthening inter-agency coordination, and fostering data-driven decision-making.

**Vietnam:** The programme focus areas include expanding energy modelling in academic institutions, strengthening governance for renewable energy integration, and solidifying the Centre of Excellence for energy efficiency, thus ensuring the necessary institutionalisation enabling an orderly exit. Furthermore, a Forum for Policy Dialogue will facilitate inter-ministerial coordination, with an eventual transition towards trade and economic diplomacy following the closure of the VNDEPP programme.

**Mexico:** The strategy centers on developing a strong Mexican skill base for independent energy planning, efficiency, and renewable integration. Key actions include fostering a modelling community, training of trainers, and strengthening bilateral industry-government cooperation. Cooperation with regional TSOs and transitioning offshore wind projects to the Danish embassy will further ensure sustainability.

**South Africa:** Technical assistance and capacity building support aligns with major energy sector reforms, focusing on regulatory capacity-building and Eskom's evolving role in market implementation. Over time, beyond the SADEPP, the partnership may transition towards a more commercially driven collaboration.

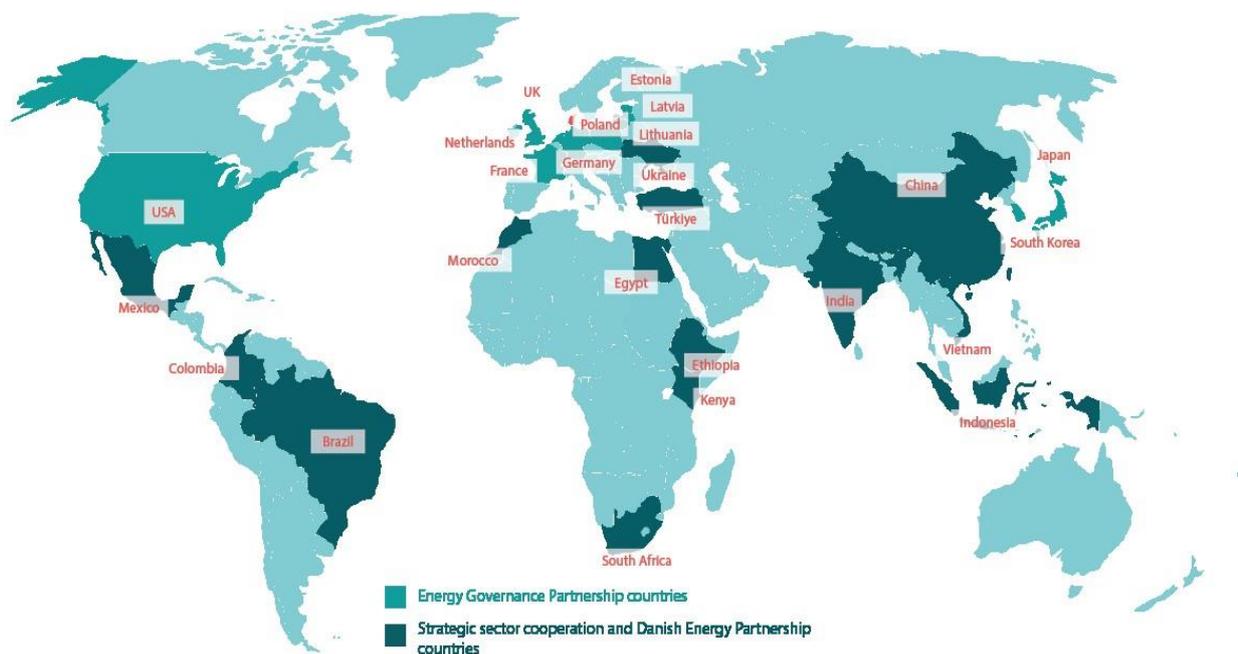
**China:** The focus is on ensuring the sustainability of policy impact and technical capacity-building. ERI is being prepared for independent modelling operations, with potential replacement funding sources being explored. District heating efforts may continue beyond the CNDEPP as a trade initiative, while high-level policy dialogues will transition to Danish embassies and international offices to maintain diplomatic engagement.

## Annex 2: Preliminary partner assessment

### A.1 Brief presentation of the Danish Energy Agency as implementing partner and summary of capacity assessment

DEA was established in 1976 and is an agency under the MCEU. The DEA shares best practices from decades of green transition in Denmark through GtG cooperation with 25 partner countries.

Figure Annex 2.1: DEA-GC on the World Map



DEA's international development cooperation is anchored in the Centre for Global Cooperation (GC) where around 100 people are working with one or several of the 25 partner countries. The DEA-GC is organised within a matrix structure. In terms of the vertical structure, the management level consists of four Directors with the responsibility of country programmes and one Director with responsibility of the specialist thematic groups as illustrated below. Every country programme comprises a team leader, specialists and in some cases a generalist. The energy partnerships with India, Ukraine, and Indonesia are the programmes with presently the most full-time employees (FTEs). 8 FTEs are assigned to the INDODEPP programme, while around 6.5 FTEs are currently (as per February 2025) assigned to DEPP III in South Africa, Vietnam and Mexico, and 7.5 to the DEPP III in China. In the country programmes, each outcome has a Project Lead with the role of ensuring progress, providing regular updates and identifying resource needs. In terms of the horizontal structure, personnel are assigned to one of the six specialist teams known as 'faggrupper'. The specialist teams are aligned with the five work streams within the country programmes, namely energy modelling, offshore wind, integration, energy efficiency, and district heating. Additionally, there is one specialist team designated for generalists. Generalists are tasked with supporting the team leader in programme management and solving crosscutting tasks beyond the country programmes. For every specialist team, a coordinator is appointed to

support competency development and to ensure coordination and synergies across the country programs. The coordinators ensure that the necessary competences are present in the specialist-team. Thus, the coordinator's main responsibility is to foster a platform for knowledge sharing, sustaining a high level of expertise, and facilitate exchange across programmes, ongoing tasks and the national centres. To reinforce specialized competencies and expertise in DEA-GC, individuals known as "Technical Lighthouses" are appointed. A Technical Lighthouse is an experienced specialist who has in-depth knowledge of a particular area. They have a special responsibility to engage and follow the latest developments within a specialised field in order to have the necessary knowledge about the latest developments, trends and relevant news, which they then share with their colleagues. In addition to DEA staff exclusively employed in the DEA-GC a "satellite program" is established, incorporating DEA staff from other national centres. The objective is to ensure knowledge about the latest Danish regulatory framework within the country programs.

Figure Annex 2.2: Organigram – DEA Centre of Global Cooperation



### *Implementation modalities*

DEA is chosen as the Implementing Partner for DEPP 2026 based on its extensive expertise and experience in implementing DEPP and SSC programmes. Following is a list of the implementation modalities applied in the partnerships:

- GtG, peer-to-peer engagement between DEA staff and staff of national partner institutions.
- Technical expert inputs by the Danish TSO, Energinet.
- Technical expert inputs by international and national consultants under framework contract with DEA.
- Inputs by knowledge partners, think tanks, academia in partner countries on both technical and socio-economic topics.
- Funding of knowledge exchange processes and events including delegation visits.
- Funding of seminars, learning events, training courses at the Danida Fellowship Centre.
- LTAs form an important part of the DEPP delivery model where technical experts are placed within the partner's energy authorities – an arrangement that Denmark is almost exclusively permitted among other donors.

### *Knowledge exchange*

Various meeting formats are implemented to promote knowledge exchange within DEA-GC. Weekly centre meetings with presentations from specialist teams, insights and key findings from missions, and discussions on overarching topics like KODEKS VII. Additionally, weekly team leader meetings aim to facilitate experience sharing among country programs, enhance management skills, and address crosscutting issues.

Country programme meetings typically occur biweekly. Meetings within specialist teams are typically arranged on an ad hoc basis. Likewise, knowledge sharing between LTAs, the Embassy of Denmark in each country and DEA-GC is taking place.

To ensure a consistent framework across all DEA-GC programmes, and in response to the MTR of DEPP III, efforts have been made to develop guidance notes accessible to all country teams. These notes cover approach to capacity development; political economy analysis; exit strategies; and an updated perspective on poverty alleviation and the human rights-based approach. The aim has been to make these notes operational from a DEA-GC perspective—ensuring they are simple, practical, and easy to apply in a programme context. Additionally, their development has been supported by in-house workshops, where the topics have been discussed in relevant contexts. They have furthermore helped shaping the initial formulation stages of the DEPP 2026 including the country team’s partner assessments of national institutions and associated assessment of how to design targeted trainings and technical assistance, meeting the needs, current capabilities and ambition levels in the particular context.

#### *Brief identification of Energinet and consortium partners*

DEA-GC has entered Framework Contracts with a series of Consortiums on six positions. The contract period of the current Framework Contract is from 3 July 2024 with termination 3 July 2027 with the possibility to extend the duration once by 12 months. The Framework Contract Consortiums are:

#### Position 1 – Energy Planning and Modelling:

**Supplier 1:** Ea Energianalyse, COWI & Viegand Maagøe Consortium

#### Position 2 – Renewable Energy Integration:

**Supplier 1:** COWI, Ea Energianalyse, Viegand Maagøe and DTU Consortium

**Supplier 2:** Sweco Denmark & Nordic Green Solutions Consortium

#### Position 3 – Onshore- and Offshore Wind Development:

**Supplier 1:** DTU, Viegand Maagøe, COWI and Ea Energianalyse Consortium

**Supplier 2:** Sweco Denmark and Nordic Green Solutions Consortium with support from EMD International

#### Position 4 – Energy Efficiency:

**Supplier 1:** Viegand Maagøe, Ea Energianalyse and COWI Consortium

**Supplier 2:** Sweco Denmark and Nordic Green Solutions Consortium

#### Position 5 – Heating and Cooling supply legislation, planning and modelling:

**Supplier 1:** COWI, EA Energianalyse and Viegand Maagøe Consortium

**Supplier 2:** Sweco Denmark and Nordic Green Solutions Consortium

#### Position 6 – Climate change mitigation planning and modelling:

**Supplier 1:** Ea Energianalyse, COWI and Viegand Maagøe Consortium

Each position is assigned two consultants, with the exception of position 1 & 6. Supplier #1 is used, however, if supplier #1 under-delivers, rejects assignments, or fails to meet agreed timelines three times, they can be swapped with supplier #2 for a period of three months. If the consortium partners do not have the required competences to solve the tasks requested in the Terms of Reference, the leading consultants of the consortium can subcontract a national/local consultant accepted by the DEA. This modality is often used when local and contextual knowledge is needed for solving the tasks.

Additionally, DEA-GC and Energinet have entered a framework contract with effect from 1 May 2024 and termination 1 May 2027 with the opportunity of one year extension. As the Danish TSO, Energinet has a unique position in providing consultative assistance to the partner countries within the areas of system operation, forecasting of variable renewable energy, electricity market, balancing and ancillary services, system flexibility, network codes, transmission and coherent energy planning, grid-connection of on- and offshore wind power, and High-Voltage Direct Current technology.

**Table A.1: Summary of key partner features**

| Name of Partner | Core business  | Importance   | Influence   | Contribution  | Capacity  | Exit strategy   |
|-----------------|--|--|---|---|---|---|
|                 | <i>What is the main business, interest and goal of the partner?</i>  | <i>How important is the programme for the partner's activity-level (Low, medium high)?</i> | <i>How much influence does the partner have over the programme (low, medium, high)?</i> | <i>What will be the partner's main contribution?</i>  | <i>What are the main issues emerging from the assessment of the partner's capacity?</i> | <i>What is the strategy for exiting the partnership?</i>  |
| <b>DEA</b>      | DEA's goal is a well-planned green transition with Denmark leading the way, sharing Danish experiences and solutions globally. | Low  | High  | DEA cooperates with governments in order to contribute to their just and inclusive green energy transition. The approach is adapted to local circumstances in close dialogue with the partners with the focus to reach a long term and viable green transition. | Limited in-house capacity on cross-cutting issues.                                      | There is no exit strategy defined as such. The partnership is expected to evolve over time, with the portfolio of SSC and DEPP programmes.<br><br>The essence of the knowledge-sharing partnerships is to ensure that the capacity building during the programmes is institutionalised and endure through updated tools, practices, procedures, and principles. |

### Annex 3: Preliminary results framework at outcome level

The overall long-term and strategic objective of the DEPP 2026 programme is that the partnership countries achieve low carbon development and implement the Paris Agreement on Climate Change, through a just and inclusive green energy transition.

The programme is expected to deliver sixteen country-specific outcomes, which are listed in Table Annex 3. below. These are preliminary and will be further defined and confirmed in the country programming missions and reflected in the full country programme documents. Preliminary indicators are listed.

While DEA will report results on all outcomes to the MFA, one outcome per country will be selected for the purpose of reporting results on Danida Open Aid.

**Table Annex 3: Draft Country Outcomes**

| Country             | Draft country Outcomes  | Preliminary outcome indicators   |
|---------------------|---|--|
| <b>South Africa</b> | 1. Technical support and knowledge transfer has contributed to achieve new national capabilities to improve the regulatory and policy framework that supports deployment of existing and new renewable technologies, promotes fair and cost-reflective tariffs and ensures equitable and efficient access to electricity networks | <ul style="list-style-type: none"> <li>- Strong and visionary policy planning tools and capacities are developed and skills on impact evaluation established</li> <li>- A well-functioning and fair tariff framework developed</li> <li>- Regulatory framework that forms an incentivising tendering environment for RE and transmission investments</li> </ul>  |
|                     | 2. Strengthened capacity and robust frameworks to advance liberalisation of the South African Electricity Supply and Distribution Industries, considering affordability, resource efficiency and integration of variable renewable energy.  | <ul style="list-style-type: none"> <li>- Status of sector unbundling</li> <li>- Investments in variable renewable energy and network infrastructure</li> <li>- Affordability of electricity</li> <li>- Variable renewable energy installed capacity</li> </ul>   |
|                     | 3. Robust measures and procedures have been supported for the integration of variable renewable energy leading to a more affordable and reliable supply of electricity in the grid to overcome current challenges   | <ul style="list-style-type: none"> <li>- Establishment of a suitable data collection and forecasting system using digitalization and machine learning.</li> <li>- A robust and reliable power system applying new standards and technologies on security and stability</li> <li>- A flexible and agile power system through focused energy modelling and development of market balancing mechanisms</li> </ul> |

| Country       | Draft country Outcomes  | Preliminary outcome indicators  |
|---------------|---|---|
| <b>Mexico</b> | 1. Mexican authorities have improved own institutionalised capabilities to carry out long-term energy and climate planning and modelling, in order to formulate new climate goals and carry out the necessary planning for the ongoing development of | <ul style="list-style-type: none"> <li>- Mexico has set forth ambitious climate goals and has a roadmap for the development of the energy system.</li> <li>- SEMARNAT is carrying out the national climate modelling and formulating Mexican climate mitigation targets.</li> </ul> |

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|  | the Mexican energy system in consultation with relevant stakeholders.   | - SENER is carrying out long term planning in the Mexican energy system.   |
|  | 2. Danish support has contributed to enhance Mexican institutions capabilities of developing and implementing policies which aims to increase energy efficiency in society. | - CONUEEE is developing new initiatives for increasing energy efficiency in buildings and industry and is capable of implementing initiatives at both federal and state level.   |
|  | 3. Mexico has developed approaches to adopt a more flexible power system and is increasing its share of renewables in the electricity production.                           | - SENER is developing and implementing policy targeting at increasing the integration of renewables in the electricity production.<br>- CENACE has implemented a flexible power market model that enables the implementation of a larger share of renewables.<br>- New RE projects in power production is being developed. |

| Country | Draft country Outcomes   | Preliminary outcome indicators  |
|---------|--|---|
| China   | 1. Energy system analyses become key tools for guiding Chinese energy policy and accelerating the transformation to a net-zero carbon future, while serving as a transparent platform for dialogue about China's green transition. | - The China Energy Transformation Outlook report, or a similar product, is published regularly as a flagship product endorsed by the NDRC.<br>- Chinese and relevant international institutions collaborate on developing open-source energy models in the Chinese context including international best practice. |
|         | 2. Sector coupling and power market integration become established principles for Chinese energy policy, enabling an efficient and resilient system capable of accommodating high shares of variable renewables.                   | - Key characteristics of power market integration and sector coupling are reflected in Chinese energy policy.<br>- NEA policies and documents reflect the importance of the heating sector in providing flexibility for the power system.   |
|         | 3. Chinese heating and building policy integrates district heating with industry, power and other relevant sectors for reducing emissions, avoiding curtailment, reduce losses and reducing costs                                  | - Heating and building policy documents and legislation pursues integration of district heating with industry, power and other relevant sectors.<br>- Demonstration pilots or research projects sponsored by MoHURD integrate district heating with other relevant sectors.                                       |

| Country | Draft country Outcomes  | Preliminary outcome indicators  |
|---------|---|---|
| Vietnam | 1. Strengthened capacity in long-term energy planning and cost-effective integration of renewable energy to guide energy policy development and implementation towards a net-zero pathway | - Cost-effective approaches are applied to ensure adequate flexibility of the power system and to inform sustainable long-term energy planning through least-cost energy system analysis. |
|         | 2. Strengthened capacity in operating the power system with higher shares of  | - NSMO is capable of operating a power system with higher shares of variable  |

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|  | variable renewables while ensuring security of supply cost-effectively   | renewables, thereby reducing curtailment and improving security of supply   |
|  | 3. Improved energy efficiency in industries by increased choice awareness and trust in the development of EE projects, through institutionalization of knowledge on EE and implementation of relevant EE regulation. | - Capacity on energy efficiency is institutionalized, thereby managing support schemes for EE in industry and improving quality of project development. |

| Country          | Draft country Outcomes   | Preliminary outcome indicators  |
|------------------|--|---|
| <b>Indonesia</b> | 1. Scenario-based modelling and long-term energy planning is used to inform decision-making and guide energy policies in Indonesia towards a low-carbon energy pathway.                          | - The Indonesian Technology Catalogue and Balmorel-based power sector models are updated on a regular basis and are used to inform decision making Indonesia's target setting on energy.  |
|                  | 2. Enhanced capabilities and tools enable Indonesia's TSO to integrate larger shares of variable renewable energy in the energy system.  | - A designated wind unit has been established and is capable of evaluating wind projects.<br>-  |
|                  | 3. An energy efficiency and demand-side management strategy has been formulated and the rate of energy efficiency implementation in selected industrial sectors and building types has increased | - An energy efficiency and demand-side management strategy has been formulated.<br>- Rate of energy efficiency implementation in selected industrial sectors and building types increased |
|                  | 4. A consolidated framework for local energy planning is applied across Indonesia, and local governments have a structured approach to community consultations                                   |   |

Further consultations with country partners will take place during formulation missions, to discuss outcomes and outputs, indicators, baselines, and targets and ensure to the extent possible that these are well aligned to the partners' own results frameworks.

The output indicators will emphasise the uptake and application of learning, which includes integrating newly acquired knowledge into the partner institutions' practices. This will be assessed through various means, such as institution self-assessments.

## Annex 8: Process action plan

| Action/deliverable   | Target date   | Responsible                             |
|--|---|---|
| Early draft Framework programme Document for DEPP 2026 to the Programme Committee  | 27 March  | MFA(KLIMA)                              |
| Public consultation period   | 31 March-15 April   | MFA(LÆRING)                             |
| Programme Committee Meeting  | 8 April   | MFA(LÆRING)                             |
| Preparation of country formulation missions  | April-ongoing until June  | DEA                                     |
| Country formulation missions to China, Indonesia, Mexico, South Africa, and Vietnam  | Timings tbd (preferred timings from early May to end June were indicated) | DEA                                     |
| Formulation to take note of new Strategy for Development Cooperation adopted by the Danish Government/Parliament and any resulting changes to Danida AMG | Mid-2025  | MFA(KLIMA)                              |
| Draft Country Programme Documents for China, Indonesia, Mexico, South Africa, Vietnam formulated   | After country formulation missions (timing tbd)                           | Formulation consultants with DEA inputs |
| MFA (KLIMA), DEA, MCEU comments on draft Country Programme Documents   | (timing tbd)  | MFA(KLIMA), DEA, MCEU                   |
| Revised draft Country Programme Documents  | (timing tbd)  | Formulation consultants with DEA inputs |
| Draft Framework Programme Document   | After drafting of all 5 Country Programme Documents                       | Formulation consultants with DEA inputs |
| MFA, DEA, MCEU comments on draft Framework Programme Document  | (timing tbd)  | MFA(KLIMA), DEA, MCEU                   |
| Revised draft Framework Programme Documents with five Country Programme Documents  | (timing tbd)  | Formulation consultants with DEA inputs |
| Framework Programme Document with five Country Programme Documents ready for MFA appraisal   | Mid-October   | MFA(KLIMA) with DEA                     |
| Coordination with DEPP Evaluation (based on further details on evaluation focus and process)   | From May 2025 through February 2026                                       | MFA(LÆRING) with evaluation consultants |
| Appraisal of proposed DEPP 2026  | November and December   | MFA(LÆRING) with appraisal consultants  |
| Draft Appraisal Report   | preferably mid-December (tbc)   | MFA(LÆRING) with appraisal consultants  |

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| Final Appraisal Report   | Preferably end December (tbc)                                   | MFA(LÆRING) with appraisal consultant   |
| Initial revision of the draft package of programme documents addressing appraisal recommendations – for finalisation by DEA, MFA(KLIMA), MCEU      | 12 January 2026   | Formulation consultants with DEA inputs |
| Submit final DEPP 2026 Framework Programme Document with five Country Programme Documents and with appropriation cover note to the UPR Secretariat | 3 February 2026 (13 working days before the meeting – date tbc) | MFA(KLIMA) with DEA                     |
| Presentation of DEPP 2026 programme in UPR   | 20 February 2026 (date tbd)                                     | MFA(KLIMA), MCEU with DEA               |
| Approval of DEPP 2026 by the Minister of Foreign Affairs   | tbd   | Minister                                |
| Document for Finance Committee (Aktstykke) and presentation to the Parliamentary Finance Committee.  | tbd   | MFA(KLIMA)                              |
| Sign Legal Agreement between MFA and DEA   | tbd   | MFA(KLIMA) with DEA                     |
| DEPP 2026 Programme implementation   | May 2026 – December 2030  | DEA                                     |

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