

Mini-Project Document

Promoting Green Reforms in a Rapidly Industrializing Country: Energy Transition and Climate Smart Development in Viet Nam

The University of Copenhagen Development Economics Research Group (UCPH-DERG)

1. Introduction

This project document defines the objectives and management arrangements for the grant to UCPH-DERG for the two-year period from 1 January 2026 to 31 December 2027 and the conditions under which it will be managed. The project document together with the documentation specified below constitutes the conditions for the grant from the Danish Ministry of Foreign Affairs (MFA) of Denmark.

1.1. Grantor and Grantee

The Embassy of Denmark in Viet Nam (hereafter referred to as “the Embassy”) represents the MFA as the grantor, and UCPH-DERG is the agency to implement this Project.

1.2. Contribution

Denmark, represented by the Embassy commits to a contribution to the project of:

DKK 4,800,000 (Four million eight hundred thousand DKK)

for the period 1 January 2026 to 31 December 2027.

2. Background and Project Description

2.1. Background and context

The project is proposed against a background of converging global, national, and project level challenges, opportunities, and objectives, as described in what follows.

A global dimension: Multiple crises face the global community and threaten to reverse progress in achieving the UN Sustainable Development Goals (SDGs) and meeting the commitments under the Paris Climate Agreement. On this background, forward-looking high-quality policy relevant research, dialogue, and evidence-based policymaking in the interface between development economics, environmental economics and the economics of climate change is critical. This is underpinned by the unresolved tensions in the global development agendas. This is so in particular between ending poverty and achieving energy transition under the Net Zero imperative.

The fundamental question we will address in the project is: How can a high-growth and high-emission developing economy, i.e., Viet Nam, reduce greenhouse gas emissions and change to cleaner and renewable energy sources in a just, socially and environmentally sustainable manner while at the same time increasing

industrial and agricultural output? The relationship between economic growth and environmental quality is a seminal theme in development, but key analytical elements are missing. The underlying technological and socio-economic interrelationships are underexplored.

There is wide acknowledgement of the deleterious impacts of GHG emissions and pollution on the environment, climate change, economic growth, and health. Similarly, there is agreement that these impacts are more severe in the Global South. However, there is limited empirical knowledge about the feasibility and socio-economic implications of energy transition in developing country strategies, and the effectiveness of efforts to reduce emissions. On a per capita basis most greenhouse emissions currently originate from the developed world. Yet, non-OECD countries emit more CO₂ than the OECD, and the greatest emission growth comes from developing countries, including Viet Nam.

Countries have high emissions per capita when they use a lot of energy (i.e., electricity and petroleum) and/or have a high fossil-based energy share (i.e., coal, crude oil and gas). At the same time, economic development is indispensable to achieve the cross-cutting SDG objective of ‘leaving no-one behind’ and associated better health outcomes for populations in the Global South. A critical element in addressing the poverty-environment dilemma is therefore to better understand and promote clean energy options and transitions in low- and lower-middle income countries. Viet Nam is an exceptional case in which to investigate these issues and at the same time, Viet Nam is an increasingly important international political and economic partner for Denmark.

National circumstances: Viet Nam finds itself at a crucial ‘fork in the road.’ After decades of hugely impressive growth and poverty reduction, Viet Nam set, in 2021, the goals of becoming an upper-middle income country by 2030, and a developed high-income country by 2045. Yet, in recent years the country has shown increasing signs of falling into what the literature commonly refers to as ‘the middle-income trap.’ The extraordinarily successful investment-driven, relatively ‘easy’ industrialization and export-oriented development and transformation phase is running out of steam, and the ability to compete internationally is under pressure both from increasing wages and low productivity and the imperative to move to a more sustainable energy production path.

While Viet Nam’s economy is not entirely coal-based, coal has been a significant and rapidly growing source of electricity generation, playing a crucial role in the country’s energy mix and economic development. Viet Nam’s installed coal power capacity has quadrupled in the past decade, and it is coal that together with consistent agricultural sector progress has fuelled Viet Nam’s manufacturing miracle and rapid transformation from one of the world’s poorest nations to a vibrant middle-income country. The challenge looking forward is to reduce the reliance on coal and transition to a low-carbon economy, while also ensuring energy security for the population at large and meeting rapidly growing energy demands.

2.2. Basis for the selection of the project and grantee

Project selection and funding respond directly to the following reasons:

- (i) The above global and national level context and associated international, Vietnamese, and Danish policy priorities and agreements. They include:
 - a. The proposed project directly addresses SDG13 – taking urgent action to combat climate change and its impact. By helping to identify the most appropriate climate adaptation and energy transition scenarios and policy measures for Viet Nam’s national development plans and strategies, the project contributes to several targets of SDG13, e.g., integrating climate change measures into national policies, strategies and planning (13.2) and improving awareness-raising and human and institutional capacity on climate change adaptation, and impact reduction (13.3).
 - b. A unique characteristic of this project is to investigate the interlinkages of various SDGs. By supporting Viet Nam with a comprehensive assessment of wide-ranging societal development implications of different economic growth and energy transition scenarios before selecting the most appropriate policy options, the project helps address the cross-cutting SDG call for ‘leaving no-one behind’.
 - c. On 1 November 1, 2023, Prime Minister Pham Minh Chinh of Viet Nam and Prime Minister Mette Frederiksen of Denmark jointly declared the establishment of a Green Strategic Partnership (GSP) between Viet Nam and Denmark.¹ The partnership confirms that Viet Nam and Denmark are long-standing partners in a vast number of areas. Moreover, the GSP will help accelerate bilateral trade and investment, with a focus on sustainable business and investment, between Denmark and Viet Nam, and key initiatives include the Danish Energy Partnership Programme (DEPP3) and support for the Just Energy Transition Partnership (JETP).
 - d. Denmark’s development strategy, launched in June 2025, called *A Changing World – Partnerships in Development*, is based on a broad political consensus, promoting green and digital transitions, human rights, and the UN Sustainable Development Goals (SDGs) to achieve a more secure and sustainable world free from poverty.
- (ii) Denmark is in a unique position to support Viet Nam in the above efforts. Danish and Vietnamese collaborators including UCPH-DERG are presently working on the individual data and analytical building blocks required to put together both a comprehensive macro-economic assessment (helping to frame the upcoming five-year development plan) and economy-wide medium- to longer-term impact assessments of energy-transition and development policies. Thus, the project builds on a solid foundation with high policy impact at a critical juncture in Viet Nam’s modern history.
- (iii) Denmark is a widely recognized world leader in economic modelling and is fortunate that significant efforts have over the years been put into developing relevant analytical tools and frameworks, including both macro-models and Denmark’s GreenReform model developed by the DREAM group and promoted by the OECD.²
- (iv) Vietnamese green reform policy priorities are reflected in a wide range of policy documents and statements. At the UN Climate Change Conference in Glasgow (COP26) in 2021, Prime Minister

¹ See [VIETNAM AND DENMARK ARE NOW GREEN STRATEGIC PARTNERS](#)

² See [Economic models | DREAM](#) and <https://dreamgroup.dk/economic-models/greenreform/introduction>

Pham Minh Chinh announced Viet Nam's commitment to phase out coal power generation by the 2040s and achieve net-zero carbon emissions by 2050. This pledge, and Viet Nam's active participation in global efforts to reduce greenhouse gas emissions, reflect the country's awareness of the risks associated with climate change and the need for concerted, multilateral action.

- (v) The transition from fossil fuels to renewable energy sources will have significant, but until now unquantified, effects on Viet Nam's economy. Energy is an important production input in every sector, and energy transition will entail shifts in energy prices, which will affect output prices and quantities of every economic activity. These initial effects might generate multiplier or knock-on effects, which will be of much greater magnitude than the initial, direct effects of price changes. The energy transition will also entail significant distributional effects. Some industries, occupations, and localities will benefit more than others; costs will be passed along in asymmetrical ways. The government does not yet have the statistical tools to understand these effects of the energy transition and alternative policy scenarios to achieve it.
- (vi) Vietnam has demonstrated a strong commitment to energy transition and greenhouse gas emission reduction. Most recently, on August 20, 2025, the Politburo of Vietnam issued Resolution No. 70-NQ/TW on ensuring national energy security to 2030, with a vision to 2045. The Resolution emphasizes the goal of firmly ensuring national energy security; providing sufficient, stable, high-quality, and low-emission energy for socio-economic development; safeguarding national defence and security; improving people's livelihoods; and protecting the ecological environment.

Furthermore, the Development Economics Research Group as part of Department of Economics at the University of Copenhagen (UCPH-DERG) has over the past three decades positioned itself as an internationally recognized group of development researchers, with a quarter century of high-quality, high-impact work in Vietnam. UCPH-DERG's capacity to deliver is based on a staff of the highest international standard, considerable experience in organizing wide-ranging and in-depth collaborative research, extensive policy advisory, capacity building and evaluation experience across the world (with a focus on countries in Africa and Asia and key international organisations), and global research and policy networks that are second to none. The research and capacity building project will leverage UCPH-DERG's infrastructure and Department of Economics staff as an efficient and effective springboard to ambitiously catalyse and implement the project activities.

2.3. Lessons learned from previous commitments

UCPH-DERG will as part of the theory of change collaborate with three key national Vietnamese research and public policy organizations with proven track-records. Together these three institutions form the fundamental core of national policy analysis, design of development strategies and plans, and policy formulation in Viet Nam at the general development, macro-economic and sectoral policy levels. Working at the highest levels of policy impact they play a direct role in informing evidence-based policymaking at a crucial 'fork in the road' for Viet Nam, where critical decisions on economic growth, transformation and change towards a sustainable, climate-smart development path are to be taken.

(i) **Institute of Policy and Strategy Studies (IPSS)**: is Viet Nam's leading think tank on economic research and policy guidance related to economic reform and innovation. It is tasked to conduct research and provide strategic and practical policy advice, feeding into socio-economic development orientations and strategies.

(ii) **National Institute for Economics and Finance (NIEF)**: has cross-cutting responsibilities focused on supporting development policy and planning and associated finance. More specific tasks and duties include researching and developing strategies and policies on socio-economic and financial development, national- and regional master-plans; analysis of economic and financial forecasts, researching economic and financial mechanisms and policies for supporting sectoral development.

(iii) **Institute of Strategy and Policy on Agriculture and Environment (ISPAE)**: is a think tank with interlinked responsibilities for agricultural and rural development, natural resource management, and environmental challenges. Recently, ISPAE has been assigned to develop scenarios of sectoral growth in the period of 2026-2030.

UCPH-DERG and the three collaborators have worked closely together since 2000 on numerous assignments, and the results and lessons of this collaboration have been widely documented in academic publications, policy documents, workshops and conferences, capacity building efforts, and policy impact. This is reflected on both personal and institutional websites, and to illustrate, the project Principal Investigator (PI) received 'The Vietnamese Government Medal of Honour for Support to the Planning and Investment System' in 2015 and in 2011 'The Vietnamese Government Development Merit 'Medal for the Cause of Science and Technology'.³ A core lesson has been the importance of supporting domestic ownership and co-production of research outputs.

Recent specific activities include, on the one hand, the ongoing UNDP supported project entitled *Production of an Energy-focused Social Accounting Matrix (ESAM) for Viet Nam*. This project ends in March 2026, and the present project builds directly on the success of this initiative. On the other hand, UCPH-DERG collaborate with Vietnamese partners on a five-year project entitled *Energy transition and climate-smart agriculture in Viet Nam (ETCAV)* funded by the Danish Development Research Council (FFU), which focuses on micro-dimensions of the green reform agenda and as such directly complements the present project.

2.4. Theory of change

In line with the stated priorities of the policy documents already referred to the **vision** of the project is to support economic transformation and sustainable and inclusive development in Viet Nam; and the **overall objective** is to support attaining this vision by contributing to data generation, economic analysis and modelling to improve the elaboration, monitoring, and evaluation of suitable economic policies. Importantly, the theory of change behind the project starts from the premise that developing local capacity in policy-relevant research and analysis and producing evidence to support policies for sustained and inclusive economic growth is a fundamental precondition for the successful achievement of this overall objective. Accordingly, the project is designed to support the transformation of Viet Nam's economic development

³ For illustrative examples of 25 years of research and policy studies see [DERG - Department of Economics, University of Copenhagen](#)

model by integrating the principles of environmental sustainability and economic growth, recognising the importance of developing local capacity to maintain momentum over both the shorter and longer term.

The project collaborators have the institutional capacity to be key drivers for change based on their critical role in national development planning and policy formulation, including the budget planning and allocation processes, at national, regional, and sectoral levels. Importantly, IPSS, NIEF and ISPAE exercise these responsibilities, directly interacting with the highest levels of Government. Based on the firm commitment by these levels of Government the project can bring about the expected change/outcome, i.e., improved capacity of policymakers and businesses in development and implementing policies to promote economic transformation and inclusive development.

2.5. Project components

The **Theory of Change** (ToC) includes the following interconnected specific building blocks, components, and key assumptions.

Goal: The core goal of the project is to address the key defining economic and political issues of our time, sustainability, the survival of the planet and improved welfare outcomes for the poor, ‘leaving no-one behind,’ in an economy-wide framework. Four interacting **objectives** will help realise this goal. They are:

1. Bringing existing Danish modelling expertise together to empower Vietnam to ensure national growth targets are internally feasible, while pursuing integrated and consistent assessments of the environmental and climate effects of economic policies, and the broader socioeconomic effects of environmental, energy and climate policies, including technological innovations.
2. Develop a modified dynamic GreenReform framework customized to Vietnamese conditions, incorporating both population forecasts and technology catalogues. This effort will include both data upgrading and that the model provides a comprehensive assessment of how future economic transformation and development is expected to affect the environment and climate. Further, model simulations will help assess whether this development is compatible with established policy goals and commitments.
3. Apply the modified analytical framework to come to grips with Vietnamese conditions, challenges, and policy dilemmas, assessing the socio-economic impact of alternative reforms and development paths, and support evidence-based policy making in the above national context, in combination with deep country context knowledge and understanding.
4. Fourth, establish an effective platform for effective frontier capacity-building of staff from three key Vietnamese policy institutions (IPSS, NIEF, and ISPAE) (providing essential learning and insights for other developing countries and the world development community at large).

Inputs: Two key inputs are required:

1. **Research and policy analysis collaboration:** Collaboration between UCPH-DERG and IPSS, NIEF and ISPAE, leveraging and developing expertise in development economics, data generation, macro-economic and CGE-modelling.
2. **Funding:** Financial support from the MFA for project activities.

Activities: Three broad sets of activities are involved. They include:

1. **Conduct policy-relevant research and analysis:** This activity seeks to fill-in critical knowledge gaps and produce high-quality evidence that addresses pressing socio-economic policy issues proposed by the Government of Vietnam in line with stated development objectives. The research and analysis will be undertaken by UCPH-DERG with three Vietnamese collaborators, drawing in to the extent possible leading regional and international experts, covering a range of analytical activities with a focus on macroeconomic and dynamic CGE modelling.
2. **Pursue policy engagement and effective communications:** These activities are critical to ensure the research and evidence produced under the project is both policy relevant and effectively influences target audiences in ways that promote meaningful dialogue and promote broader societal and policy uptake. These include the production of less technical more policy-friendly products ('knowledge translation') and organising stakeholder engagements and dissemination events (seminars, presentations, conferences), as well as online outreach through the programme's website and social media.
3. **Implement training and capacity development activities:** In addition to the co-creation of research and analysis among the project collaborators, the project comprises a variety of carefully crafted capacity development activities, including short-term professional training (short-term courses on relevant topics, data analysis software, and micro- and macroeconomic modelling), on-going mentoring and other related activities. Together, these activities will ensure that researchers and analysts at the collaborating institutions have necessary skills and tools to conduct critical data collection and analytical tasks needed for evidence-based policymaking, in the above-mentioned policy areas.

Outputs: The above activity components feed into one another in an iterative process: e.g., the policy engagements and outreach activities may lead to identifying new topics for research and analysis which, in turn, may result in recognizing new areas in which capacity development is needed. Together the **activities are associated with outputs in three core clusters:**

Cluster 1: Macroeconomic modelling and data upgrading

The project will update existing macroeconomic data sets needed to produce up-to-date and consistent macroeconomic projections. This includes the revision of a macroeconomic analytical modelling tool to assess the feasibility of growth targets for the next five-year national plan.

Cluster 2: Constructing a Vietnam version of the DREAM model

The project will update the 2019 Social Accounting Matrix (SAM) to reference year 2024 to provide the essential data input (i.e., a 2024 eSAM) for developing a dynamic CGE model. Specifically, this includes developing a modified dynamic GreenReform model to fit the Vietnamese economy, and expand it to study the impact of different energy transition policy scenarios on industries, occupational groups, and income groups over time. This includes two sub-activities: (i) a forecast of the Vietnamese economy and its greenhouse gas emissions, constituting a coherent climate forecast (Activity 2a), and (ii) extending the model to allow for distributional analysis (Activity 2b). Policy concerns to be considered for analysis include in-depth assessments of change in electricity prices, the carbon trading system, carbon taxation and energy efficiency, green transitions in key sectors, and renewable energy sources and associated infrastructure investments, throughout with a focus on just transitions, i.e., distributional impacts and job creation.

Cluster 3: Policy engagement and capacity building

Once the analytical results from clusters 1 and 2 have been completed, policy briefs will be produced for broader audiences and communicated in a series of outreach activities addressing both policy and academic audiences in Viet Nam and beyond. The objective is to inform implementation of the upcoming five-year national plan and medium- to longer-term energy-transition initiatives in Viet Nam and disseminate lessons relevant for other countries and global audiences. Moreover, the project will design, plan, and implement joint training and capacity building activities with the three collaborating institutions as cross-cutting efforts. The following technical workshops are foreseen: (i) data, (ii) macro-economic modelling, (iii) the green CGE framework, and (iv) selected applications.

Outcomes

The outcomes of the project stem from the activities and outputs described above. Given that additional factors beyond the control of the project step in at this point, the above is what could be referred to as the *project sphere of influence*: the project has influence on whether changes on these levels take place, but it does not fully control the achievement of related outcomes. Below is a list of expected outcomes according to project activity type:

- I) *New high-quality policy-relevant research, analysis, and data* on the focus themes identified by the project are discussed and approved in key policymaking fora in Viet Nam and in its interactions with global partners including Denmark, and are used in policy documents produced by the collaborating institutions and the ministries and Party organs under which they work.
- II) *The skills and tools of researchers and technical government officials in Viet Nam* to analyse data and produce solid research-based evidence are expanded and strengthened, demonstrated, among others, by the expansion of the ‘model toolbox’ used by Vietnamese researchers and analysts at IPSS, NIEF and ISPAE.
- III) *Policy making* is enriched by the analytical outputs produced under the project.
- IV) *Partnerships and research networks* are built with key stakeholders – nationally, regionally, and internationally – that connect research and policy.

The results at the level of outputs are measured by the availability of new data, and an expanded ‘toolbox’ with relevant model frameworks. Over time – and through their influence on policy and planning instruments in Viet Nam – the outputs will lead to a set of longer-term outcomes. They include the increased understanding by the Government of Viet Nam of key economic policy challenges to be addressed, and the adoption of policies and practices (including strategies, laws and regulations) based on high-quality evidence and analysis produced under the project and subsequently through the effective use of the new modelling tools. The research outputs of project may also have notable spill-over effects on other research that is being undertaken on Viet Nam as they open new research questions. It can also be expected that the project will contribute to how the Vietnamese collaborators contribute forward-looking ideas and demonstrate thought-leadership in their settings, leading to increased demand for evidence-based policymaking and accountability within the Vietnamese society in general.

These outcomes may be hard to measure, but proxy indicators include the number of policies, strategies and/or laws informed by project analytical outputs. Finally, the assumption is that achieving such outcomes will result in a sustained process of producing and using research-based evidence, largely driven by a dynamic and better skilled set of policy making institutions, to support improved macroeconomic management, pro-poor public revenue and spending, and the development of concrete policy options with the overall long-term objective to substantially facilitate Viet Nam's transition to an environmentally sustainable and socially inclusive future achieving the goal of becoming a high-income country by 2050 (impact).

These larger long-term impacts and broader societal and policy changes, to which the project aspires to contribute to, are beyond the project's direct control or substantial influence due to the quantity and complexity of external factors affecting their achievement. They are however within the project's sphere of interest.

Key assumptions:

1. High but sustainable growth remain high-priority policy concerns for Vietnamese policymakers in their search for ways to pursue green, sustainable, and inclusive economic transformation and development policies fairly and efficiently.
2. Stakeholders are willing and able to engage and collaborate effectively in research and capacity building activities throughout the project.
3. The political and economic environment remains conducive for implementing proposed policy changes and initiatives.
4. The interventions will effectively help address the barriers to energy transition and climate smart development in Viet Nam as expected.

This ToC illustrates the logical connections between the proposed activities, outputs, and expected long-term impacts aimed at. Adjustments based on further insights or specific contextual factors relevant to the implementation of this initiative are subject to agreement with the MFA in regular progress meetings.

3. Project Objective and Results Framework

The long-term goal of the development cooperation is to support Viet Nam's transition to a green, sustainable, and inclusive economy by developing and implementing a core set of modelling tools, developing in-depth analyses and building increased analytical capacity. The initiative aims to support policymakers, businesses, and stakeholders in making evidence-based decisions, promoting the development of environmentally sustainable and economically economic activities. Supporting national policy frameworks, the project seeks to promote growth and economic transformation critical to achieving environmental sustainability, contributing to the implementation of Viet Nam's overall sustainable development goals and in accordance with the principles of the Viet Nam - Denmark Green Strategic Partnership.

For results-based management, learning and reporting purposes, the MFA/Embassy will base the actual support on progress attained in the implementation of the project as described here and in the monitoring documentation to be provided by UCPH-DERG. Progress will be measured against the results framework below that focuses on one key outcome and corresponding outputs and their associated indicators.

Project title		Promoting Green Reforms in a Rapidly Industrializing Country: Energy Transition and Climate Smart Development in Viet Nam	
Project objective		The project aims to support sustainable and inclusive growth and development in Viet Nam through data generation, economic analysis, and modelling to improve the elaboration, monitoring, and evaluation of green and inclusive economic development	
Impact Indicator		Viet Nam adopts green, sustainable, and inclusive policies towards established national goals	
Outcome		Policymakers rely on data and modelling evidence generated by the project in developing, selecting and implementing policies to promote green and inclusive development	
Outcome indicator		Six policy studies developed by the project, presented and discussed in relevant policy fora at Ministry and CCPS levels	
Baseline	Year	2025	Up-to-date data and economic modelling tools are lacking
Target	Year	2027	Six policy studies and associated new data available and in use by national researchers in policy analysis and formulation tasks in different institutions and ministries
Output 1		Updated macro model with consistent growth 5-10-year projections to assess feasible growth targets for national planning	
Baseline	Year	2025	Lack of up-to-date model
Annual target	Year	2026	Model developed and assessed and all required data in hand
Annual target	Year	2027	Two macro policy studies assessing existing growth targets and national plans
Output 2		New dynamic (GreenReform) CGE model and associated 2024 Social Accounting Matrix data set updating the 2019 SAM, where energy supply and use are integral elements to be able to analyse the impact of energy transition issues and policies. A modified dynamic GreenReform model to fit the Vietnamese economy will be developed and expanded to study the impact of different energy transition policy scenarios on industries, occupational groups, and income groups over time	
Output indicator		Model software and documentation in hand together with integrated and consistent assessments of environmental and climate effects of energy and climate policies	
Baseline	Year	2025	No GreenReform model and 2024 SAM available and in use
Annual target	Year	2026	SAM2024 in hand and model fully developed
Annual target	Year	2027	Four model applications and analytical results available
Output 3		Policy engagement and capacity building	
Output indicator		Six policy briefs linked to the six research studies, four training workshops, and 30 researchers at collaborating institutions trained in data development and model applications (10 at each of three collaborating institutions)	
Baseline	Year	2025	No forward-looking policy briefs based on updated data and modelling tools available and local staff in need of technical upgrading
Annual target	Year	2026	Data and modelling training workshops designed and implemented, 2 training workshops
Annual target	Year	2027	Six policy briefs developed and disseminated in a series of policy events, 2 training workshops

Implementation schedule is provided in Annex 1

4. Risk Management

We have based on the ToC identified the following potential risk factors and include below the required detailed risk management matrix.

- The political and economic environment constrains the implementation of proposed policy changes and initiatives.
- Stakeholders are reluctant to engage and do not manage to collaborate effectively throughout the project.
- Needed data lack quality and depth, limiting the reach of the policy studies.
- The proposed policy recommendations fail to address the barriers to sustainable and inclusive growth.

To this comes the risks associated with the institutional ability of the project collaborators to enter into the needed formalised agreements in a timely manner, retain necessary qualified research staff, and meet technical needs and requirements.

While some of these risk factors clearly depend on circumstances beyond the reach of project management, the risk matrix lists relevant factors at different levels together with their likelihood, impact, risk response, and residual risk, setting out the background to the assessment. Overall, the risk assessment is that the experience and well-developed professional networks of UCPH-DERG imply that most risks can be addressed (i.e. responded to) to a satisfactory degree, keeping in mind that residual risks will in some cases continue to exist as per the risk management matrix.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Stakeholders are unwilling and/or unable to engage and collaborate effectively	Unlikely in general – but likely to occur in some cases	Major	Active and continued engagement by project leader and collaborators relying on existing professional and policy networks	Inherent and highlights the relevance of the project	UCPH-DERG does have the necessary experience and expertise to actively engage stakeholders, but they will occasionally be unable to overcome negative incentive structures depending on changing national circumstances

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Political and economic environment constrains proposed policy changes and initiatives	Likely	Major	Continued focus on institution building and advocacy to promote the SDG agenda and financing for development needs relying on existing professional and policy networks and collaborators at all levels	The scope and complexity of this risk factor may be beyond the reach of the project – but residual risks will include temporary risks that can with time be overcome in collaboration with local stakeholders	This risk factor was carefully assessed in the Viet Nam country case selection, and the longer-term needs sustainable and inclusive growth likely to be imperative for government action and the promotion of needed political and economic actions
Study results and recommended policies fail to address the barriers to sustainable and inclusive growth	Unlikely	Major	Make pro-active use of effective professional quality assurance and feedback mechanisms at researcher and policy levels	Limited residual risk may remain though this will be minimized by the expertise of the research team	The generation of research evidence remains crucial and impactful at least over the medium- to longer-term even if there are short-run setbacks
The institutional ability of the collaborators to enter agreements and implement them in a timely manner is inadequate for project effectiveness and efficiency and MFA requirements	Unlikely	Minor	Effective consultation and transparent administrative actions to be taken by the collaborators, including the project coordinator	A limited residual risk will remain	The project team has extensive background and experience with the MFA and other national and international organisations meaning that necessary mediating actions can be taken with no delays. Existing procedures have proven their robustness over time and space. Also, key staff is already in post.
Data challenges related to the availability, accessibility and quality of data needed to update and run macro- and GreenReform models	Likely	Major	Rely on professional networks and data in comparable contexts to ensure models can be run at acceptable professional quality levels	Moderate	UCPH-DERG's extensive international experience and networks

We highlight that overall; the project will incorporate joint risk management arrangements through regular discussions as part of the management and reporting process (see section 6). These discussions will involve all stakeholders, including UCPH-DERG, the three Vietnamese collaborators (IPSS, NIEF and ISPAE) and the

Embassy and other relevant entities. This approach ensures that all parties are aware of and actively managing risks, fostering a collaborative environment to address any emerging challenges.

Each risk response is designed to reinforce these assumptions, ensuring that the project remains on track to achieve expected outcomes and contribute meaningfully to sustainable and inclusive growth in Viet Nam.

5. Budget

The total project budget is DKK 4.8 million. The budget summary by output is as follows:

Output 1: Updated macromodel, associated data, and 2 policy studies	945,189
Output 2: New dynamic GreenReform model with associated 2024 SAM database and 4 policy studies	3,049,176
Output 3: Policy engagement and capacity building	449,315
Total direct costs	4,443,680
Administrative costs (7% of direct costs)	311,058
Audit fees	45,262
Total budget	4,800,000

Annex 2 provides a detailed budget table showing all input categories and budget items required for implementing the planned activities under each output. The budget reflects outputs 1-3 by year (approximately 50% in Year 1 and 50% in Year 2) and in total, and with allocations shown against the main project collaborators of the Grantee.

Beyond the limits defined in the Ministry of Foreign Affairs' Financial Management Guidelines,⁴ funds cannot be transferred between the budget lines without prior approval from the Embassy. Expenditures beyond the total grant cannot be reimbursed to UCPH-DERG.

6. Management Arrangement

UCPH-DERG will implement the following management arrangement with the aim to ensure adequate dialogue and timely decisions regarding this project. Overall coordination of the project will rest with Professor Finn Tarp of UCPH-DERG as PI, and UCPH-DERG as implementing partner and IPSS, NIEF and ISPAE as collaborators. The PI, who is the Coordinator of UCPH-DERG, is the lead project researcher, and in this role will be responsible for all technical and management aspects of the project. Accordingly, Finn Tarp will carry out research oversight and manage all programming and administrative aspects of the project, including all necessary protocols, assembling, and leading the research team, and ensuring the work is effectively designed and completed accurately and on time, according to agreed schedules. In addition, he will maintain continuous contact with the Embassy and other stakeholders.

Moreover, the Head of the UCPH Department of Economics and senior staff of IPSS, NIEF and ISPAE will exercise oversight as per established UCPH and formal institutional procedures in Viet Nam. See [Statutes – University of Copenhagen](#) for further information.

Two guiding mechanisms are to be set in place: a steering committee and an advisory panel.

⁴ [General Guidelines for Financial management](#)

- *Steering committee.* An inception meeting with the MFA/Embassy will be held within eight weeks of official project start with a short inception report due one week before the inception meeting. At the inception meeting, a steering committee comprised of relevant MFA/Embassy staff and project leadership (the PI and one representative from each of the three collaborators) will be formed. Following the inception meeting, monitoring meetings of the steering committee will be held every six months. A written progress narrative report will be submitted at least one week prior to each regular meeting. These meetings are designed to take-stock, evaluate progress, adapt the project considering events, and share planning for the six-month period ahead. The steering committee meetings will be organised and called by UCPH-DERG.
- *Advisory panel.* Three prominent individuals with in-depth policy experience in Viet Nam will be invited to participate on an advisory panel. The members of the advisory panel will bring, as a group, a range of capabilities that align with overall project objectives.

On dissemination, research results will be communicated in a final project conference to be held in Viet Nam. During project implementation, formal working papers will be elaborated for each of the studies to be carried out by the project, and in-country workshops will be held as appropriate for these studies, including relevant policy makers and researchers, and other stakeholders such as representatives from the Embassy and international and regional organisations.

7. Financial Management

UCPH-DERG will utilize own rules and procedures, while always adhering to the requirements as stipulated in the Ministry of Foreign Affairs' Guidelines for Financial Management and conditions specified for the grant, that must be considered an integral part of the conditions for this grant. UCPH-DERG, as the sole partner, is ultimately responsible for the entire financial management and reporting of UCPH-DERG and all engaged collaborators, in full compliance with the Ministry of Foreign Affairs' Guidelines for Financial Management.⁵ IPSS, NIEF, and ISPAE are not sub-grantees; they will be engaged in the project under contractual agreements with UCPH-DERG.

They include:

7.1 Procurement of goods and services

Flight tickets are on economy class and allowances for accommodation and per diem must be in accordance with the official rate ceilings of the Danish government for UCPH-DERG staff.⁶

7.2. Transfer of funds

The funds shall be transferred in DKK from the Embassy to UCPH-DERG. The Embassy will make an advance transfer to cover the project's planned spending in the first six months. A letter from UCPH-DERG specifying the amount requested and banking details are required before the transfer is made. Subsequent transfers will be made every six months or as otherwise agreed. The final transfer will be made after the submission and approval of a certified financial statement.

⁵ [General Guidelines for Financial management](#)

⁶ "Satsregulering for tjenesterejser".

The funds shall be kept separate from other funds covering other activities, and UCPH-DERG will return a letter or email with acknowledgement of receipt of funds, stating the amount received in the budget's currency, no later than 14 days after receiving the funds.

Any loss due to the variation of exchange rates between the grant in DKK and the national currency must be covered within the grant.

7.3 Accounting requirements

Accounts shall be kept in accordance with internationally accepted accounting principles, and must follow the basic four-eye principles for all payments. The accounts shall at all-time be kept updated according to international standards, and shall be drawn up to the same level of detail as is done in the budget. The total budget cannot be exceeded and shall be used for the agreed purposes only.

7.4 Financial reporting requirements

Financial reports (statements of accounts) covering expenditures during the calendar year will be submitted no later than 31 March the following year. In addition, financial reports/statements of accounts will be submitted every time a request for transfer of funds, i.e. every six months is made. The final (consolidated) financial report (certified statement of accounts) will be included with the final report. The UCPH-DERG financial reports must be signed by the PI and a finance officer and include a management statement ("ledelsespåtegning").⁷

Statement of accounts shall be submitted to the Embassy, and the final statement covering the entire project period shall be submitted no later than three months after completion of the project.

Statement of accounts shall be drawn up to the same level of detail as is done in the budget (reflecting any agreed changes made). The statements shall clearly state the disbursements made by the UCPH-DERG and the collaborators as well as the outstanding balance at the time of reporting. The statements shall be signed by the responsible authority and shall include a bank statement and a bank reconciliation.

7.5 Unspent funds

Any unspent balance or any savings of project funds together with any Interest accrued from deposit of Danida funds shall be returned to the MFA.

7.6 Audit requirements

UCPH - DERG is the sole implementing partner and is audited by the National Audit Agency of Denmark. The management statement of UCPH -DERG will therefore be ultimately responsible in satisfying the audit requirements in accordance with the Ministry of Foreign Affairs' Financial Management Guidelines.

⁷ "Ledelsespåtegning:

Regnskabet for projektet *Promoting Green Reforms in a Rapidly Industrializing Country: Energy Transition and Climate Smart Development in Viet Nam* for bliver ikke særskilt revideret af Rigsrevisionen, men derimod reviderer Rigsrevisionen Københavns Universitets regnskab.

På Københavns Universitets vegne kan jeg som økonomiansvarlig erklære at regnskabet er opstillet efter de retningslinjer, der er anført i Udenrigsministeriets tilsagnsskrivelse, og at regnskabet i øvrigt stemmer overens med det godkendte budget.

Jeg har desuden påset, at der foreligger projektrelateret bilagsmateriale til dokumentation for de i projektreghskabet anførte udgiftsposter, og at intet bilag udviser omkostninger, der ikke kan føres tilbage til de af Udenrigsministeriet godkendte budgetposter.

[sted, dato, navn og stillingsbetegnelse]"

7.7 Obligation to report on changes and irregularities

UCPH-DERG is obliged to inform the Embassy immediately if any changes, including overspending of budget lines, or irregularities in the management of funds are foreseen or have occurred.

8. Monitoring and Evaluation

An inception meeting with the MFA/Embassy will be held within eight weeks of official project start with a short inception report due one week before the inception meeting. Following the inception meeting, monitoring meetings of the steering committee will be held every six months. A written progress narrative report will be submitted at least one week prior to each regular meeting. The steering committee meetings will be organised and called by UCPH-DERG.

A project completion report shall be submitted to the Embassy no later than three months after the end of the project.

MFA shall have the right to conduct any technical or financial mission that is considered necessary to monitor the implementation of the programme. To facilitate the work of the person or persons instructed to conduct such monitoring missions, UCPH-DERG and IPSS, NIEF and ISPAE shall provide these persons with all relevant assistance, information, and documentation.

After the termination of the programme support the Danish MFA reserves the right to conduct evaluation in accordance with this article.

Representatives of the Auditor General of Denmark shall have the right to:

- i) Conduct any audit or inspection considering necessary as regards the use of the Danish funds in question, based on all relevant documentation.
- ii) Inspect accounts and records of suppliers and contractors relating to the performance of the contract, and to perform a complete audit.

9. Anti-corruption Clause

No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made, promised, sought or accepted - neither directly nor indirectly - as an inducement or reward in relation to activities funded under this agreement, incl. tendering, award, or execution of contracts. Any such practise will be grounds for the immediate termination of this Agreement and for such additional action, civil and/or criminal, as may be appropriate.

At the discretion of MFA, a further consequence of any such practise can be the termination of any ongoing projects funded by MFA.

See also: <https://collaboration.ku.dk/anti-corruption/>

10. Child Labour Clause

The Grantee shall abide by applicable national laws as well as applicable international instruments, including the UN Convention on the Rights of the Child and International Labour Organisation conventions. Any violation will be ground for immediate termination of the Agreement.

11. Prevention of Sexual Exploitation, Abuse and Harassment

The MFA has a zero tolerance for inaction approach to tackling sexual exploitation, abuse and harassment (SEAH) as defined in UNSG Bulletin ST/SGB/2003/13 and the definition of sexual harassment in UNGA Resolution A/RES/73/148. The Grantee, and its sub-grantees, will respond appropriately to protect people, including beneficiaries and staff, from SEAH conducted by its employees and associated personnel including any sub-grantee staff and take timely and appropriate action when reports of SEAH arise. If the Grantee receives reports of allegations of SEAH, the Grantee will take timely and appropriate action to investigate the allegation and, where warranted, take disciplinary measures or civil and/or criminal action.

Any violation of this clause will be ground for the immediate termination of this Agreement.

UCPH-DERG confirms:⁸

- (1) that it has adequate policies/standards or frameworks in place to prevent SEAH⁹;
- (2) that all employees have been informed about these policies/standards/frameworks; and
- (3) that there are appropriate SEAH reporting procedures and complain mechanisms in the organisation including the protection of victims of SEAH and that prompt and adequate action is taken if SEAH is observed, reported, or suspected.

In case the development engagement includes sub-grantees, the Grantee is responsible for ensuring that sub-grantees have adequate policies/standards and procedures in place for the prevention of SEAH.

12. Anti-terrorism and Restrictive Measures

Consistent with United Nations (UN) Security Council Resolutions relating to terrorism, including UNSC Resolution 1373 (2001), 1267 (1999), 2462 (2019), the European Union's (EU) Consolidated list of persons, groups and entities subject to EU financial sanctions and other related resolutions the Parties are firmly committed to the international fight against terrorism, and against the financing of terrorism.

It is the policy of Denmark to seek to ensure that none of its funds are made available to, or for the benefit of, third parties - whether entities, individuals or groups of individuals - designated by the EU as subject to restrictive measures in the lists provided at www.sanctionsmap.eu or individuals, groups of individuals or entities associated with terrorism or designated by the UN Security Council and its committees.

The Implementing Partner and its collaborators undertake to ensure that the activities funded under the Agreement always comply with all applicable rules and regulations including relevant UN and EU restrictive measures.

⁸ [Sexual harassment and other forms of offensive behaviour – University of Copenhagen](#)

⁹ In line/adherence with the Inter Agency Standing Committee's Minimum Operating Standard on prevention of SEA and/or the elements on prevention of SEA of the Core Humanitarian Standard on Quality and Accountability

The Implementing Partner will inform the MFA immediately if, during its activities, the Implementing Partner determines that funding provided to the Implementing Partners pursuant to this Grant agreement has been used or provided as described in this clause.

The Implementing Partner shall provide the MFA with an account of all the known facts, and shall continuously thereafter consult with the MFA/Embassy on the further handling of the matter to jointly determine remedial measures in accordance with their respective applicable legal frameworks.

Any violation of this clause is ground for immediate termination of the Agreement.

The Grantee agrees that it and its collaborators (including contractors, sub-contractors and sub-grantees) will take all reasonable steps to secure that no transaction made in relation to the project will – directly or indirectly – benefit a person, group or entity subject to restrictive measures (sanctions) by the UN or the EU.

13. Transfer of Ownership

The Grantee/sub-grantees responsible for the implementation of development engagements shall maintain updated inventories of all equipment financed by earmarked support from government of Denmark, e.g. vehicles, computers, furniture, and tools.

Equipment, material, supplies, and facilities purchased by Denmark, which are used during the implementation of the programme, e.g. vehicles, computers, furniture and tools, remain the property of Denmark, until such time as it has been agreed otherwise.

Transfer of ownership of the above-mentioned assets to the grantee may take place during the programme period. Before programme termination, the grantee and MFA will assess and agree on final transfer of such assets, which can be justified based on a final request from the grantee. Any remaining assets will be disposed of by Denmark.

14. Transparency

The Parties shall have the right to publish the Agreement, any documents or other informational data relating to the project on its internet site (the Danish MFA's website for such purposes is currently www.um.dk) and other relevant media.

The Implementing Partner is aware that the Danish MFA is subject to inter alia the Danish Access to public administration files act. Upon request for the disclosure of this Agreement, or any document related to this Agreement, the Danish MFA must in each case assess, if such document may be disclosed in whole, or, where there are grounds for confidentiality, disclosed in part.

15. Suspension

In case of non-compliance with the provisions of this Project Document and/or violation of the essential elements mentioned in this Project Document MFA reserves the right to suspend with immediate effect further disbursements to the Grantee under this contribution.

16. Entry into Force, Duration and Termination

The contribution will be announced in a letter of commitment referring to this Project document and programme documentation.

The grant will have the duration of 24 months in accordance with the project period stated under 1.3. The duration of the grant may be extended by mutual arrangement and within the agreed budget.

Notwithstanding the previous clause MFA may terminate the grant upon six months written notice.

In witness hereof the Parties hereto, acting through their representatives duly authorised for this purpose, have caused this Agreement to be signed in 02 originals in the English language in on this day of 17 November 2025

Professor Henrik Hansen,
Head of Department of Economics
University of Copenhagen

Nicolai Prytz
Ambassador
Embassy of Denmark in Hanoi

Annex 1: Implementation Schedule

					2026				2027			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cluster 1	<i>Macroeconomic modelling and data upgrading</i>											
	Model development											
	Compiling macro data set and estimating parameters											
	Model validation/testing											
	Documentation											
	Policy study 1											
	Policy study 2											
Cluster 2	<i>Constructing a Vietnam version of the DREAM model</i>											
	Compiling 2024 SAM data set											
	SAM construction											
	Documentation											
	GreenReform model adaptation & development											
	Model validation/testing											
	Policy study 1											
	Policy study 2											
	Policy study 3											
	Policy study 4											
Cluster 3	<i>Policy engagement and capacity building</i>											
	Dialogue with policy makers											
	Training 1											
	Training 2											
	Training 3											
	Training 4											
	Policy event 1											
	Policy event 2											
	Policy event 3											
	Final conference											
Note:												
	Inception meeting											
	Six monthly monitoring/steering group meetings											
	Advisory meetings											

Annex 2: Detailed budget

Unit		Unit Cost	Quantity	Budget in DKK	Year 1 (Q1-Q2)	Year 1 (Q3-Q4)	Year 2 (Q1-Q2)	Year 2 (Q3-Q4)	DKK
Total Output 1-3				4,754,738	1,207,668	1,189,751	1,119,878	1,237,439	4,754,738
Output 1: Macro-model+database									
Activity 1: Staff			15	758,154	189,538	189,538	189,538	189,538	
UCPH-DERG	Month	68,851	6	413,109					
VN (NIEF)	Month	25,008	6	150,045					
Consultants	Month	65,000	3	195,000					
Activity 2: Data			1	42,035	21,018	21,018			
Procurement (NIEF)	Unit	42,035	1	42,035					
Activity 3: Policy study and data documentation		-	3	145,000		45,000		100,000	
Data documentation (NIEF)	Unit	45,000	1	45,000					
Policy study (NIEF)	Unit	50,000	2	100,000					
Total direct cost output 1				945,189	210,556	255,556	189,538	289,538	945,189
Indirect cost output 1				66,163	14,739	17,889	13,268	20,268	66,163
Total budget output 1				1,011,352	225,295	273,445	202,806	309,806	1,011,352
Green reform model+ data base									
Activity 1: Staff			50	2,756,181	689,045	689,045	689,045	689,045	
UCPH-DERG	Month	56,278	36	2,026,001					
VN (IPSS+ISPAE)	Month	50,015	12	600,180					
Consultants	Month	65,000	2	130,000					
Activity 2: Data (SAM building)			1	107,995	107,995				
Procurement+analytical work (IPSS)	Unit	107,995	1	107,995					
Activity 3: Policy studies and data documentation			4	185,000		46,250	46,250	92,500	
Data documentation (IPSS)	Unit	35,000	1	35,000					
Policy studies (IPSS+ISPAE)	Unit	50,000	3	150,000					
Total direct cost output 2				3,049,176	797,040	735,295	735,295	781,545	3,049,176
Indirect cost output 2				213,442	55,793	51,471	51,471	54,708	213,442
Total budget output 2				3,262,619	852,833	786,766	786,766	836,254	3,262,619
Output 3: Policy engagement and capacity building including travel									
Activity 1 (IPSS)	Meetings/training	8,216	6	49,295	8,216	8,216	16,432	16,432	
Activity 2 (IPSS)	Training materials	500	30	15,000	7,500	7,500	-	-	
Activity 3 (IPSS)	Final conference	28,620	1	28,620				28,620	
Training consultant	Month	65,000	3	195,000	65,000	65,000	65,000	-	
Travel cost	International travel+per diem	26,900	6	161,400	40,350	40,350	40,350	40,350	
Total direct cost output 3				449,315	121,066	121,066	121,782	85,402	449,315
Indirect cost output 3				31,452	8,475	8,475	8,525	5,978	31,452
Total budget output 3				480,767	129,540	129,540	130,306	91,380	480,767
Contingency									
Contingency				-					-
Total direct cost				4,443,680	1,128,662	1,111,917	1,046,615	1,156,485	4,443,680
Indirect cost									
Administrative costs (max. 7% of direct cost)				311,058	79,006	77,834	73,263	80,954	311,058
Audit	Final audit	15,087	3	45,262				45,262	45,262
Total indirect cost				356,320	79,006	77,834	73,263	126,216	356,320
Total budget				4,800,000	1,207,668	1,189,751	1,119,878	1,282,701	4,800,000