<u>Minutes from the meeting in the Council for Development Policy on 10 October 2024</u>

Members:	Professor Anne Mette Kjær, University of Aarhus (Chair) Deputy CEO and International Director Jarl Krausing, CONCITO (Deputy Chair) (Agenda items 1, 4, 5, 6, 7, 8, 9, and 10) Director for Global Development and Sustainability Marie Gad Hansen, Confederation of Danish Industries (DI) (Agenda items 1, 2, and 3) Director for Nutrition Line Damsgaard, The Danish Agriculture & Food Council Head of Secretariat Lone Ilum Christiansen, The Danish Trade Union Development Agency (DTDA) (Agenda items, 1, 2, 3, 4, 5, 6, 7, 9, and 10) Political Consultant and Project Officer of DAPP Lucas Højbjerg, The Danish Chamber of Commerce Senior Researcher Adam Moe Fejerskov, Danish Institute for International Studies (DIIS) Director Charlotte Flindt Pedersen, Danish Foreign Policy Society (Agenda items 1, 3, 4, 5, 6, 7, 8, 9, and 10) Chief Advisor Mattias Söderberg, DanChurchAid
MFA:	Under-Secretary for Development Policy Ole Thonke Head of Department Tove Degnbol, Department for Evaluation, Learning and Quality, LEARNING Deputy Head of Department Mette Bech Pilgaard, Department for Evaluation, Learning and Quality, LEARNING Head of Section Caroline Busk Ullerup, Department for Evaluation, Learning and Quality, LEARNING Student Assistant Lotte Blom Salmonsen, Department for Evaluation, Learning and Quality, LEARNING
Agenda item 1:	Deputy Head of Department Fenja Yamaguchi-Fasting, Department for Africa, Policy and Development, AFRPOL
Agenda item 2:	Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, KLIMA Team Leader Jakob Tvede, Department for Green Diplomacy and Climate, KLIMA Chief Advisor Mikkel Klim, Department for Green Diplomacy and Climate, KLIMA Chief Advisor Henrik Vistisen, Department for Green Diplomacy and Climate, KLIMA Deputy Chief Executive Officer Søren Peter Andreasen, the Investment Fund for Developing Countries, IFU Chief Information Officer Lars Krogsgaard, the Investment Fund for Developing Countries, IFU

	Senior Vice President for Sustainability & Impact Mikkel Kallesøe, the Investment Fund for Developing Countries, IFU Senior Vice President for DSIF Tina Kollerup, the Investment Fund for Developing Countries, IFU Morten Buur, Director of Strategic Projects and Operations, the Investment Fund for Developing Countries, IFU
Agenda item 3:	Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, KLIMA Team Leader Jakob Tvede, Department for Green Diplomacy and Climate, KLIMA Chief Advisor Mikkel Klim, Department for Green Diplomacy and Climate, KLIMA Chief Advisor Henrik Vistisen, Department for Green Diplomacy and Climate, KLIMA Deputy Chief Executive Officer Søren Peter Andreasen, the Investment Fund for Developing Countries, IFU Chief Information Officer Lars Krogsgaard, the Investment Fund for Developing Countries, IFU Senior Vice President for Sustainability & Impact Mikkel Kallesøe, the Investment Fund for Developing Countries, IFU Senior Vice President for DSIF Tina Kollerup, the Investment Fund for Developing Countries, IFU Morten Buur, Director of Strategic Projects and Operations, the Investment Fund for Developing Countries, IFU
Agenda item 4:	Deputy Head of Department Mads-Emil Stærk, Department for Green Diplomacy and Climate, KLIMA Team Leader Merete Villum Pedersen, Department for Green Diplomacy and Climate, KLIMA Chief Advisor Anders Ørnemark, Department for Green Diplomacy and Climate, KLIMA
Agenda item 5:	Deputy Head of Department Mads-Emil Stærk, Department for Green Diplomacy and Climate, KLIMA Team Leader Merete Villum Pedersen, Department for Green Diplomacy and Climate, KLIMA Chief Advisor Anders Ørnemark, Department for Green Diplomacy and Climate, KLIMA
Agenda item 6:	Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, KLIMA Chief Advisor Lena Veierskov, Department for Green Diplomacy and Climate, KLIMA
Agenda item 7:	Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, KLIMA

Team Leader Henning Nøhr, Department for Green Diplomacy and Climate, KLIMA
Head of Section Anton Giversen, Department for Green Diplomacy and Climate, KLIMA

Agenda item 8: Head of Department Birgitte Nygaard Markussen, Department for Humanitarian Action & Civil Society, HUMCIV
Chief Advisor Andreas Ahrenfeldt Kiaby, Department for Humanitarian Action & Civil Society, HUMCIV
Special Representative of Denmark to Afghanistan Lars Bo Møller, Department for Asia, Oceania, Latin America and the Caribbean, ASILAC

Agenda item 9: Head of Mission Sigurd Halling, Danish Representative Office in Ramallah
Team Leader Rebekka Storm Rubin Lauritzen, Danish Representative Office in Ramallah
Special Advisor Max Mortensen, Danish Representative Office in Ramallah

Agenda Item No. 1: Announcements

The Under-Secretary for Development Policy briefed the Council about the current situation in Israel, Gaza and Lebanon. Denmark was providing humanitarian support to Gaza and Lebanon while encouraging Israel to agree to a ceasefire. The situation was difficult, but there was hope that some degree of ceasefire was possible, as it had been the case in September when an emergency vaccination campaign against polio had been launched.

The Under-Secretary further briefed the Council about Denmark's participation in the 79th session of the UN General Assembly (UNGA79). In light of the growing distrust among nations, it was encouraging that the General Assembly had managed to adopt the "Pact for the Future". Denmark had announced a 40 pct. increase in the Danish contribution to the World Bank's International Development Association (IDA) which had been well received.

In addition, the Under-Secretary informed the Council that he had taken part in the Ukraine Donor Platform in Rome earlier that week. Among other issues, the EU's decision to provide a large loan to Ukraine using Russian frozen assets had been discussed. It had been agreed that future support for reforms in Ukraine from *all* donors should be in line with EU requirements to ensure that implemented reforms would not need to be revisited in light of a possible future EU membership. The Ministry of Foreign Affairs (MFA) would start working on a strategic framework for the support to Ukraine which would be presented to the Council in early 2025.

Finally, the Under-Secretary informed the Council that the amount set aside for the new country strategic framework for Ethiopia, which had been presented to the Council in May 2024, would be DKK 1.4 billion. Approximately 50 pct. of the projects would be focused on climate adaptation.

The Under-Secretary then passed the floor to the Deputy Head of Department for Africa, Policy and Development (AFRPOL) who mentioned that representatives of the OECD Development Assistance Committee (DAC) had visited Copenhagen earlier that week to follow up on the 2021 peer review of Denmark. Apart from meeting online with members of the Council for

Development Policy prior to their visit, the delegation had held meetings with the Investment Fund for Developing Countries (IFU), representatives of Danish civil society, and MFA staff. The delegation would send a letter to follow up on their visit.

The Council thanked the Under-Secretary and the Deputy Head of AFRPOL for the briefing and asked to be consulted when the letter from the OECD DAC delegation arrived.

With reference to the Rules of Procedure for the Council for Development Policy, the Chair of the Council asked if members had any conflicts of interest related to the agenda items. Jarl Krausing announced a conflict of interest in relation to agenda items 2 and 3 due to his membership of the Board of the Investment Fund for Developing Countries (IFU). Lone Ilum Christiansen announced a conflict of interest in relation to agenda item 8 due to the DTDA's membership of the Board of DACAAR.

Agenda Item No. 1: Capital Contribution to the Investment Fund for Developing Countries (IFU) 2024-2030

For discussion and recommendation to the Minister
DKK 3600 million
KLIMA

Summary:
In the period 2024-2030, the MFA will provide IFU with a capital contribution of DKK 3.6 billion allowing IFU to scale up investments and mobilise significant additional non-ODA funds that contribute to IFU's two overall impact objectives 1) Fostering green economies and 2) Supporting the building of just and inclusive economies underpinning existing national policy frameworks in target countries. Investments made by IFU will be guided by the provisions in the programme document e.g. on allocation of at least 50 pct. of investment funds to African countries, at least 30 pct. of investments to poorer countries and countries in fragile and conflict-affected situations, at least 50 pct. of investments inf the form of climate change investments, and increased access to service for underserved populations. The programme document refers to already agreed provisions in the MFA Ownership Document and IFU's own strategy 2024-2026. Results reporting includes an annual consultation with the Council for Development Policy which will inform the annual meetings between IFU and the Minister.

The Council recommended the Capital Contribution to the Investment Fund for Developing Countries (IFU) 2024-2030 for approval by the Minister for Foreign Affairs. The Council, however, expressed considerable concern about the capacity of IFU to manage the significantly increased funds according to expectations and stressed that the recommendation to the Minister was based on the expectation that IFU would continue to work on the following issues: i) development impact of investments and financial additionality, ii) transparency and communication, iii) development of the IFU's organisation and competences to undertake the new types of tasks, iv) synergy with other Danish instruments, v) cooperation with Danish actors such as civil society organisations, trade unions and companies, and vi) analysis of and insight into the context of the countries where investments are made. The Council asked IFU to report on the mentioned issues during the planned annual meetings between IFU and the Council.

The Council concurred with the vision of giving IFU more finance and impact capabilities and allowing IFU to plan with a longer time horizon.

Concern was expressed, however, concerning the risk that IFU would get access to substantial funds with fewer requirements and less possibility for MFA and the general public to monitor activities and results. Members of the Council asked if IFU with this grant combined with IFU's access to the Danish National Banks loan guarantees was moving away from the MFA.

Members of the Council acknowledged the comprehensive change which IFU would undergo with the significantly increased funding and requested more information on how IFU from an organisational point of view would handle the envisaged growth. How would it be ensured that IFU had the necessary organisational capacity and skilled personnel to mature and implement projects with sufficient focus on development results and impact? How would an appropriate balance between investments for return and investment for development impact be ensured? And related to this; how did IFU expect to be able to prioritise less developed countries, when the return on investments would usually be substantially higher in higher-middle income countries?

Referring to the questions raised by the appraisal concerning financial additionality, the Council requested to better understand how IFU would work with additionality, including efforts to build up capacity to assess additionality, and when IFU could be expected to have additionality incorporated this into its project assessment criteria.

Members of the Council stressed the importance of joint efforts by IFU and MFA to ensure complementarity and synergy between IFU and other MFA instruments, including Strategic Sector Cooperation.

It was particularly emphasised by the Council that IFU should aim at being strongly anchored in local and national contexts and priorities, including national climate change plans (Nationally Determined Contributions, NDCs). It was also an expectation that IFU should involve civil society organisations, trade unions, companies and other relevant stakeholders in its activities. This would require a thorough understanding of the context and IFU was again encouraged to consider the competences available in the organisation.

Members of the Council acknowledged that IFU had developed a results framework with targets but found that there was considerable scope for improving it. More information was requested on how IFU was working with impact, and Members also requested clarification concerning the indicator for measuring access to services. It was understood that a mid-term review to be undertaken in 2026 would provide information on results, and Members of the Council asked how results until then would be documented. Members asked why it had been decided not to follow the recommendation by the appraisal to allow the mid-term review to recommend on whether funding levels should be adjusted in light of progress.

While Members of the Council expressed overall satisfaction with the emphasis put on climate in the investment profile, it was a concern that adaptation did not seem to receive the same attention as mitigation. Thus, no target for adaptation was mentioned in the programme document. Council Members emphasised that adaptation was key to ensure the viability of investments and strongly recommended a further focus on climate adaptation.

Members of the Council acknowledged that the sustainability agenda and focus on Environmental, Social and Governance (ESG) was included in the document as an IFU priority, but were of the opinion that the new EU regulations and directives should have been included with more weight. It was suggested that IFU should support investee companies in their efforts comply with these new requirements e.g by providing technical assistance. An indicator to track this in the results framework was requested.

Furthermore, Members of Council expressed disappointment that the Africa Strategy and its focus on Danish companies was insufficiently reflected in the programme document. To engage with Danish companies, IFU needed to offer more flexible packages of financial tools, including the ability to invest smaller amounts as compared to what was possible in the current set-up. It was proposed that an indicator should included in the results matrix to track engagement with relevant Danish actors.

Members of the Council asked for clarification of the layers of governance and concern was expressed about the relation between the Board of IFU and Investor Boards on external funds such as e.g. the SDG Fund. Did pension funds have too much influence? Council Members also requested clarification on the relation between the Programme Document and the Ownership Document as the basis for this appropriation.

Moreover, Members of Council pointed out that framework conditions were important and that it remained important to understand how IFU could implement in and possibly influence contexts with challenging framework conditions. Examples mentioned included occupational health and safety, workers' rights, and double taxation arrangements. Members of the Council expressed an interest in having additional indicators in the results framework on this matter.

Finally, transparency and improved communication were raised as priorities for IFU. With the substantial funds allocated, it was found relevant that IFU should engage much more in the public debate and make it easier for the general public to be informed about the results of its activities. The Council emphasised the importance of the annual consultations between IFU and the Council and expressed that it would be crucial that IFU would address the areas of concern and was able to account for them annually.

The Head of Department for Green Diplomacy and Climate (KLIMA) assured the Council that IFU in no way was in a process of moving away from MFA. This appropriation formed part of the reform of IFU and in many ways MFA had stepped up its involvement in IFU as an active owner. She also confirmed that the programme document was the basis for the appropriation. It was clarified that new political asks would be captured in the ownership document. The Head of Department invited the Council to contribute to the format for the organisation of the consultation process between IFU and Council and she encouraged the Council to visit IFU. In response to the question on KLIMA's reservation on the appraisal recommendations on the 2026 review, the Head of Department explained that KLIMA's concern related to creating uncertainty about funding levels in a situation where IFU was expected to scale up significantly and needed to be able to undertake long-term planning.

The Head of Department further informed that two new commitments to IFU were foreseen in the Finance Act 2025 to fund IFUs contribution to the Africa Strategy: one would be targeting Danish companies, and one would be a commitment to an additional budget for Ukraine. Timing prevented KLIMA from including these budgets in this appropriation. While this capital contribution appropriation was an overall framework, it was likely that political asks in the future would lead to additional funds being allocated to IFU. With point of departure in the above-mentioned 2025 allocations, KLIMA and LÆRING would work on developing a lean but sufficiently solid modality for presenting additional IFU appropriations to the Council.

The Deputy Chief Executive Officer of IFU expressed gratitude for the faith in IFU and the new opportunities for long-term planning that this appropriation gave IFU. IFU had moved a lot since 2017 and this appropriation allowed IFU to scale a number of those instruments that had been developed. IFU underlined that IFU was not moving away from MFA. The continued engagement with MFA and the capital contribution made available with this appropriation were essential for IFU's ability to reach geographies and target groups that they could not reach if dependent on commercial funding. In response to the comment on the governance structures, he clarified that the SDG fund investments followed standard IFU investment procedures – it was not the SDG Fund Investor Board that decided on what IFU did and did not do.

The Deputy Chief Executive Officer provided insights into how rapid IFU was staffing up. Alone in 2024, staffing in IFU had grown by 25 pct. and in the sustainability department it had grown by 33 pct. Compared to five years ago, the number of staff in the sustainability department had tripled. He also provided perspectives on how IFU was organising its work in dedicated teams ensuring that the sustainability team was engaged in the assessment and maturing of projects from the onset both by providing technical input and serving as sparring partners. The Deputy Chief Executive Officer also presented the vision to strengthen IFU's presence in the partner countries. New offices would be established and existing offices grown. IFU was looking forward to continuing the dialogue with the Council on this expansion.

Concerning the comments on transparency and visibility, the Deputy Chief Executive Officer agreed that without increased visibility of IFU vis-à-vis stakeholders such as e.g. civil society organisations, trade unions, and Danish companies, IFU would not be able to deliver on its mandate. IFU planned to invest more resources in this agenda. The Deputy Chief Executive Officer committed to continuously explore opportunities for synergy. However, in terms of framework conditions, he pointed out that IFU could provide good examples but remained a small player that could not take responsibility for driving systemic changes in framework conditions. It was therefore important to link to other stakeholders such as e.g. MFA Strategic Sector Cooperation.

The Deputy Chief Executive Officer acknowledged the role of the appraisal in pushing IFU to become clearer about the expected development effects. All IFU investments were already being screened for climate adaptation and were designed to tackle challenges and risks identified. The challenge with climate adaptation was to identify private sector investment projects that also scored on adaptation in the Rio marker system. It was also clarified that the access to services indicator included micro-finance clients, patients, smallholder farmers and individuals benefitting from access to water, energy and similar services. The Deputy Chief Executive Officer did not see a tension between impact in the form of development results and return on investments as IFU would not compromise on development results to invest in projects with attractive returns on investment.

The Chair of the Council concluded that the Council recommended the Capital Contribution to the Investment Fund for Developing Countries (IFU) 2024-2030 for approval by the Minister for Foreign Affairs. The Council, however, was concerned about the capacity of IFU to manage the significantly increased funding, and the ability of the Council to follow the funding. The recommendation to the Minister, therefore, was based on the expectation that IFU would continue to work on the following issues: i) development impact of investments and financial additionality compared to results without the increased funds from Ministry of Foreign Affairs, ii) transparency and communication, iii) development of the IFU's organisation and competences to undertake the new types of tasks, iv) synergy with other Danish instruments, v) cooperation with Danish actors such as civil society organisations and companies, and vi) analysis of and insight into the context of the countries where investments are made. The Council asked IFU to report on the mentioned issues during the planned annual meetings between IFU and the Council.

Agenda Item No. 3: Danida Sustainable Infrastructure Finance (DSIF) reform 2024-2030

For discussion and recommendation to the Minister

DKK 2,800 million

The Department for Green Diplomacy and Climate, KLIMA

Summary:

The funding to Danida Sustainable Infrastructure Finance (DSIF) will cover a seven-year period from 2024-2030 with a total contribution of DKK 2.8 billion. The reform of DSIF rests on three strategic pillars: 1) that IFU assumes the role as lender of record, 2) untying DSIF from a commitment to only use Danish contractors; and 3) a full operational and strategic integration of DSIF into IFU. The reform of DSIF is an integral element of the Danish Government's decision in 2023 to reform IFU. DSIF will become IFU's public infrastructure instrument complementing IFU's other financing instruments. IFU will continue to strategically engage Danish companies, and Danish contractors will continue to be well positioned to compete for IFU's DSIF projects.

The Council recommended the appropriation for DSIF and the associated reform for approval by the Minister for Foreign Affairs, while emphasising reservations concerning i) the results framework, ii) possibilities for poor population groups of benefitting from the investments, iii) the risk of increasing the debt burden of countries in case of failed investments, iv) integration of DSIF into IFU, including IFU's ownership of DSIF and competences possessed by DSIF to handle a development focus v) efforts to ensure that Danish companies can contribute to DSIF activities, and vi) DSIF's communication about the activities. The Council expected DSIF to report about the mentioned issues in the planned annual meetings between IFU and the Council and also looked forward to discuss the mid-term review to be undertaken in 2027.

The Council commended KLIMA and DSIF for a thorough document with a strong context analysis. The document and envisaged reform were found to reflect and respond to many of the issues raised in the critical evaluation of DSIF published in 2023. Members appreciated that the recommendations of the appraisal had been actively utilised to improve documentation and that the envisaged midterm review would be used to assess whether the funding level was appropriate.

Members of the Council supported the three strategic pillars of the reform of IFU (i.e. IFU assumes the role of lender of record, untying of IFU, and integration of DSIF in IFU) but asked why monitoring and evaluation and national ownership, two issues highlighted in the evaluation, were not included as strategic pillars.

Concerning untying of DSIF from a commitment to purchase Danish goods and services, Members of the Council expected this to increase the instrument's effectiveness. It was, however, highlighted that quality considerations, lifecycle considerations, and human rights were important to secure long-term sustainability of investments. The document was found to be vague on sustainability considerations, and the need to ensure a more specific integration of key sustainability criteria in each investment was stressed. Also local tenderers should be privy to these requirements. This would require adequate staff resources within IFU.

Members considered it important for DSIF to continue to reach out to Danish business interest and business associations with a view to communicate and inform about business opportunities in the global south under the overall purview of DSIF – and IFU at large. Danish companies should continue to be invited and involved in DSIF and with a level playing field for competition globally. DSIF's communication plan could also be utilised actively to involve Danish business interests and communicate the Danish brand. Members suggested to include requirements for interlocutors to take on apprentices and undertake other youth-related activities. An indicator for engagement of the Danish private sector was proposed to be included.

Members of the Council emphasised that it would be relevant for DSIF to involve the civil society, trade unions, and similar interlocutors and to use the UN Guiding Principles on Business and Human rights to assist in securing and boosting the quality of DSIF projects. Likewise, members underlined that also local companies in the global south should be able to engage in DSIF's activities.

Concerning the results framework and the theory of change, Members of the Council questioned the approach of measuring access to public services instead of benefits from public services. In line with the criticism by the evaluation of DSIF's emphasis on output measuring, there was still found to be too much focus on outputs. Members challenged DSIF's approach of only measuring outcomes after the full establishment of public infrastructure which could typically take 10 to15 years. They argued that outcome could be measured considerably earlier. It was strongly advised that DSIF should learn from the past by addressing previous problems and following up on results.

Members asked IFU whether the institution was ready to fully integrate DSIF and whether the right competences and profiles would be readily available within IFU. Developing relevant competences to enable DSIF to produce development impact was a key concern for the Council, and Members asked how technical assistance would be catered for to avoid the problems of the past. Members suggested that the theory of change and results frame should include competences and capacity within IFU.

Members of the Council underlined that DSIF's involvement in poorer countries and settings would require even more contextual knowledge and capacity. Members expressed concern about risks related to undertaking few very large projects. They were also concerned that investment failure of DSIF could increase the debt burden of countries. They asked about the loan guarantee and risks.

While it was considered positive that a communication strategy for DSIF had been prepared, Members found that it could be improved by considering the geopolitical context of Danish public investments in African and other countries.

Members of the Council suggested that DSIF should continue to develop a dedicated portfolio demonstrating that infrastructure projects can contribute to climate adaptation. Members reflected on a visit to an individual promising DSIF project in Kenya specifically improving access to water. Members enquired about synergies with other Danish ODA including with Strategic Sector Cooperation.

Finally, Members underlined the expectation that a thematic discussion on DSIF should be a separate agenda item in the planned annual consultations between IFU and the Council for Development Policy.

The Head of Department for Green Diplomacy and Climate (KLIMA) responded that the appropriation to DSIF in IFU came with additional conditionality and measurements of IFU's performance, including in the midterm review. The evaluation had provided important lessons to improve DSIF in IFU. The reform was promising and would fully integrate DSIF into IFU, thereby fulfilling the initial step taken in 2017 when solely the administration of DSIF was moved to IFU. Although the instrument would be untied, Danish companies could also in the future be involved in DSIF projects. The suggestion to continue to measure IFU's organisational development and ability to fully cater for DSIF was welcomed.

The Deputy Chief Executive Officer of IFU stressed that fully integrating DSIF into IFU was a key element in IFU's strategy and that IFU's management was ready to take on the responsibility. The DSIF team would be fully integrated into IFU with access to IFU's competences concerning investments and development impact. Operatively, DSIF projects would be managed and approved in an effective manner utilising IFU's proved processes. The evaluation was important in order to analyse DSIF. It was now time to move and show what could be done with a reformed DSIF. Consequently, IFU was enhancing staffing levels in respect of DSIF, including senior staff profiles recruited from development banks. IFU was expanding its presence in Africa with additional country offices, also bringing DSIF closer to the ground.

Untying the instrument was expected to increase development impact and for IFU, untying was considered complementary to quality requirements and sustainability. IFU would continue to invite Danish companies and business interests to be involved in DSIF projects. Moving forward the theory of change and results framework would be improved iteratively with a view to also demonstrate results prior to project finalisation. In partnership with other Development Finance Institutions and other financial actors, DSIF in IFU would continue to influence partners to use Danish standards for sustainability. IFU wished to show how Danish capital and Danish solutions continue to make a difference in relation to infrastructure development.

The Deputy Chief Executive Officer explained that for loans and the associated guarantee, IFU's risk assessment systems and due diligence systems, including assessment of ability to repay loans, would be utilised. Access was defined as improved access for the poor and underserved, including at the right poverty-friendly prices.

The Senior Vice President for DSIF added that DSIF would continue to actively engage Denmark's embassies in the global south with a view to ensure synergies e.g. with country programmes.

The Chair of the Council concluded that <u>the Council recommended the Danida Sustainable Infrastructure Finance (DSIF) reform and associated appropriation for approval</u> by the Minister for Foreign Affairs. The Chair stressed the Council's reservations concerning i) the results framework, ii) possibilities for poor population groups of benefitting from the investments, iii) the risk of increasing the debt burden of countries in case of failed investments, iv) integration of DSIF into IFU, including IFU's ownership of DSIF and competences possessed by DSIF to handle a development focus v) efforts to ensure that Danish companies can contribute to DSIF activities, and vi) DSIF's communication about the activities. The Council expected DSIF to report about the mentioned issues in the planned annual meetings between IFU and the Council and also looked forward to discuss the mid-term review to be undertaken in 2027.

Agenda Item No. 4: Danish support to Sustainable Energy Fund for Africa to Engage in the Accelerated Partnership for Renewables in Africa

For discussion and recommendation to the Minister

DKK 100 million

The Department for Green Diplomacy and Climate, KLIMA

Summary:

The Accelerated Partnership for Renewables in Africa (APRA) was founded at the Africa Climate Summit in September 2023 by Kenya, Ethiopia, Namibia, Rwanda, Sierra Leone, and Zimbabwe, with support from Denmark and others. The purpose of APRA is to accelerate renewable energy deployment in Africa and spearheading just energy transition. The Sustainable Energy Fund for Africa (SEFA) is a multi-donor trust fund in the African Development Bank (AfDB) supporting sustainable energy solutions. SEFA's concessional investment window provides catalytic risk capital and viability gap financing through the deployment of investment grants, intermediated junior equity, and concessional debt. This makes SEFA well suited to support the progressive green energy agenda of APRA, especially with financing to implement the APRA workplans for the individual countries.

The Council for Development Policy recommended the Danish support to Sustainable Energy Fund for Africa to Engage in the Accelerated Partnership for Renewables in Africa for approval by the Minister for Foreign Affairs.

The Council commended the project for its focus on climate and development issues as well as its relevance for the *Government's new strategy for Denmark's engagement with African countries*. The Council welcomed the strong African ownership of both the Sustainable Energy Fund for Africa (SEFA) and the Accelerated Partnership for Renewables in Africa (APRA) and underlined the importance of local leadership in the green transition and systemic transformation. In this context, the Council recalled the African Leaders' "Nairobi Declaration on Climate Change and Call To Action".

With 50 pct. of people in Sub-Saharan Africa without access to electricity, the Council recognised the need for ambitious energy projects with a clear poverty alleviation perspective. Against this background, the Council asked about the disbursement rates of SEFA and how fast the activities would actually reach end beneficiaries. Based on the Council's recent visit to Ethiopia, Members of the Council pointed out that there seemed to be considerable delays in electrification programmes in general.

The Council recognised that energy projects were often complicated and prone to delays, not least in Africa where the local context was often difficult. Council Members pointed to a recent case of forced resettlement in connection with the establishment of a solar energy park in India as an example of how conflicting goals could add to an already complex development/climate agenda.

The structure of Denmark's support to APRA was considered somewhat complicated with several objectives and institutions involved. Several donors were involved in support to APRA and especially SEFA. There was a concern that the many layers of coordination might ultimately lead to high overhead costs, less cost-effectiveness, and to end-users benefitting less from the support.

Members of the Council asked about the project's connections to other Danish bilateral and multilateral development assistance in the energy sector. Were more grants related to the energy sector on the way that the Council was not yet aware of?

The Council was interested in the project's monitoring and evaluation framework, specifically the M&E handbook. Considering the short period of time between the finalisation of the appraisal report and the presentation to the Council, there was a concern that there had not been sufficient time to properly address issues in the monitoring framework.

Members of the Council enquired about the country workshops and plans, wondering how they would relate to existing national plans and priorities, and how would SEFA be involved? A question on off versus on-grid was also raised.

The project's human rights aspects, especially workers' rights, should be considered in more detail. The project also claimed to contribute to gender equality, but it was not explicit how this was done.

Finally, the Council enquired about Denmark's role in implementing the project and the planned secondment to SEFA with a view to supporting and helping to coordinate the implementation of the fund's engagement in APRA.

The Deputy Head of the Department for Green Diplomacy and Climate (KLIMA) and the Chief Advisor, KLIMA, clarified how Denmark would support the three legs of APRA; i) Mobilising finance; ii) Providing technical assistance and capacity building, and; iii) Engaging the private sector, through three strategic partners to; 1. The Danish Energy Agency, which would make Technical Assistance (TA) available; 2. International Renewables Energy Agency (IRENA), which would facilitate APRA operations including country workshops, work planning, monitoring, political events, and so on, and; 3. The partnership with SEFA described in this project document would primarily mobilise financing for the activities defined in the APRA Country Action Plans.

The set-up might look complicated, but APRA implied that more support was given to SEFA countries with an ambitious green agenda.

The Deputy Head explained SEFA's overall financial situation: a total of USD 303.3 million had been committed to projects already in the pipe-line, corresponding to 71 pct. of the support disbursed by donors up till now. Both Denmark and other donors, notably Germany, were following up closely on the issue of disbursements.

The Deputy Head of KLIMA and the Chief Advisor, KLIMA agreed that synergies between the modalities were important. They pointed out that there would be significant differences in the intensity of Denmark's bilateral involvement in the APRA countries, hence it made more sense to coordinate with relevant partners at country level instead of focusing on Danish-financed activities only.

The Chief Advisor, KLIMA outlined how the engagement would build on SEFA's strong existing monitoring framework originally developed with support from Denmark when SEFA 2.0 was established. Since APRA's mandate was narrower than SEFA's, a limited number of relevant indicators had been selected.

The Chief Advisor, KLIMA highlighted that APRA was a partnership, and the workshops were used, under country leadership, to identify and prioritise activities within the three legs of APRA which a range of partners could then pick up, including SEFA.

He went on to explain that the appraisal had been ongoing for some time when it was signed shortly before the meeting of the Development Council. Good interaction between the appraisal team and both SEFA and KLIMA implied that many recommendations had already been taken on board before the appraisal ended.

The Deputy Head of KLIMA concurred that the close relationship between access to energy and gender equality could have been better explained in the project document.

The Chair of the Council concluded that the Council recommended the Danish support to Sustainable Energy Fund for Africa to Engage in the Accelerated Partnership for Renewables in Africa for approval by the Minister for Foreign Affairs.

Agenda Item No. 5: Danish support to the World Bank Energy Sector Management Assistance Program (ESMAP)

For discussion and recommendation to the Minister
DKK 300 million
The Department for Green Diplomacy and Climate, KLIMA

Summary:
Danish support to the Energy Sector Management Assistance Programme (ESMAP) consists of a general contribution to the new Business Plan FY 2025-2030 together with soft earmarked funding to the Clean Cooking Fund and the Electricity Access Fund. Furthermore, unallocated funds will enable Denmark and ESMAP to quickly address emerging priorities within the green energy agenda within the project period. ESMAP has a strong position and influence on the global work for green energy transition and climate action, and its leverage through World Bank projects and programmes is noteworthy. There is a strong match between Danish policy objectives and the priorities of ESMAP's Business Plan 2025-2030.

The Council for Development Policy recommended the Danish support to the World Bank Energy Sector Management Assistance Programme (ESMAP) for approval by the Minister for Foreign Affairs.

The Council acknowledged the Energy Sector Management Assistance Programme (ESMAP) as an important player in the international energy architecture and an organisation with which Denmark had a longstanding relationship. The Council reflected over earlier discussions of

Danish support to ESMAP and noted that the fund had evolved to become a partner with a development and climate mission much aligned with Danish priorities.

Noting that the project document mentioned ESMAP's rejection of projects with unabated coal, the Council asked under which circumstances ESMAP would be prepared to engage in "abated coal". The importance of adapting energy systems was underlined as was the risk of maladaptation.

The Council asked about the disbursement level of ESMAP and whether the fund had an issue with implementing its activities fast enough. If so, was there sufficient capacity in ESMAP to receive more funding?

Members of the Council asked if preferencing was an issue, as the recent evaluation of ESMAP had pointed to this.

The strong elaboration of alignment with Danish priorities was acknowledged, however, the Council enquired about synergies with other Danish bilateral and multilateral support. Specifically, had synergies with Danida Sustainable Infrastructure Finance (DSIF) under the Investment Fund for Developing Countries (IFU) been considered?

The Council was supportive regarding a Danish secondment to ESMAP and asked in what field this would be relevant and what expertise the seconded expert would bring.

Members of the Council asked whether there was too much of a top-down approach in ESMAP's mode of operation, and whether support from ESMAP was in demand from countries. They also enquired about the coordination at the local level.

Members of the Council requested further details on the rather high level of unallocated funds, not quite understanding why unallocated funds were necessary in a project such as this one.

The Council asked about the monitoring of progress in ESMAP, which had been highlighted as an issue in the appraisal report.

Finally, with respect to both this agenda item and the support to the Sustainable Energy Fund for Africa to Engage in the Accelerated Partnership for Renewables in Africa, the Council sought to understand the support in a wider context. What were the Ministry of Foreign Affairs' (MFA) strategic priorities within energy and development?

Regarding abated coal, the Deputy Head of Department for Green Diplomacy and Climate (KLIMA) described how working with reforms in the energy sector in many countries could bring ESMAP in contact with "black energy" as a step on the way to green transition. Just Energy Transition Partnerships (JETPs), where ESMAP was supporting the decommissioning of coal power plants, was given as an example.

The Chief Advisor, KLIMA acknowledged that ESMAP alongside other similar institutions had to keep up with rising demand. The increased inflow of funding combined with a delay of some projects, had resulted in an identifiable reserve. Denmark together with like-minded donors were very aware of this and would keep holding ESMAP-management accountable in the fund's governing body.

Regarding the issue of preferencing, the relatively high volume of support allocated to clean cooking reflected the high political priority given to clean energy. There were also important adaptation aspects of clean cooking.

The Deputy Head of KLIMA noted that synergies were being considered and highlighted the strong links with the Danish Energy Agency's authority-to-authority work in countries as an example. It would indeed also be relevant to explore possible synergies with DSIF projects.

The Chief Advisor, KLIMA observed that Denmark had positive experience with seconding Danish experts to ESMAP in the past. Off-shore wind energy was an area that had been discussed, but it was also possible that Denmark would wish to second a more policy-oriented expert. Details of the secondment would in any case have to be agreed upon with ESMAP.

The Chief Advisor, KLIMA recognised that the World Bank Group (WBG) had a reputation of having a top-down approach. However, the bank's modus operandi was based on direct requests from partner countries and no WBG or ESMAP activities could take place without specific asks from recipient governments.

The Chief Advisor, KLIMA expounded how the unallocated funds were part of MFA's effort to streamline the number of engagements. Instead of providing a multitude of ad-hoc grants to the same partner, it was better to compound all funding into one strategic framework which would not only ease administration, but also make Danish support more agile and responsive to urgent needs. Thus, the present grant would replace a number of smaller Danish grants to ESMAP with an expanded budget and a longer timeframe.

Regarding the monitoring framework, the Chief Advisor, KLIMA explained how three outcome indicators had been selected out of ESMAP's broad catalogue to best reflect particular Danish interests (clean cooking, electricity access and just energy transition).

The Chief Advisor, KLIMA noted that Denmark's strategic priorities in regard to energy was laid out in the How to Note on Energy Transition and Emission Reductions in Developing Countries[1], and that they would be happy to share more information on another occasion.

The Chair of the Council concluded that <u>the Council recommended the Danish support to Sustainable Energy Fund for Africa to Engage in the Accelerated Partnership for Renewables in Africa for approval</u> by the Minister for Foreign Affairs.

<u>Agenda Item No. 6: Global Biodiversity Framework Fund</u>
For discussion and recommendation to the Minister
DKK 100 million
The Department for Green Diplomacy and Climate, KLIMA

[1] The How to Notes are available here: https://amg.um.dk/policies-and-strategies/how-to-notes-for-implementation-of-the-danish-strategy-for-development-cooperation

Summary:
The Global Biodiversity Framework Fund (GBFF) was established in 2023 as a fund under the Global Environment Facility (GEF). The objective is to contribute to halt and reverse biodiversity loss and to protect and conserve biodiversity and ecosystems worldwide. It aims to help GEF recipient countries achieve the Kunming-Montreal Global Biodiversity Framework goals and targets with a strategic focus on strengthening national-level biodiversity management, planning, policy, governance, and finance approaches. The proposed Danish contribution to the fund is DKK 100 million.

The Council for Development Policy recommended the contribution to the Global Biodiversity Framework Fund for approval by the Minister for Foreign Affairs.

The Council welcomed the contribution to the Global Biodiversity Framework Fund (GBFF) which was highly relevant given the severity of the current biodiversity crisis. The importance of supporting conservation of biodiversity and ecosystems also seemed to be well aligned with climate adaptation initiatives and nature-based solutions, including the new Tropical Forest Initiative.

Members of the Council underlined the importance of ensuring coherence and synergy among the projects financed by GBFF and by the Global Environment Facility (GEF) and wondered whether the fund would continue as a fund under the GEF or become an independent fund. There was general support for the current set-up and to the Danish and EU position of not supporting the establishment of a separate fund, but rather capitalising on the already existing administrative set-up through the GEF. It was suggested to look at the possibilities for a broader reform of the International Finance Institutions in order to give a stronger voice to the Global South on a more permanent basis.

Members of the Council noted the importance of involving the private sector, but also mentioned that funding from philanthropic funds brought with it a risk of lack of transparency. The importance of predictability of financing was underlined, and it was suggested that the Danish contribution shouldn't be a one-off contribution. As such, it should be considered to move forward the review in order to be able to decide earlier on whether additional funds should be provided to GBFF. A clarification was requested regarding the criteria which would be used to assess further contributions, especially in regards to the absorption capacity of the fund.

Members of the Council noted that the International Work Group for Indigenous Affairs (IWGIA) had contributed with comments during the public consultation and questioned how Indigenous Peoples were involved in GBFF's activities. Members of the Council also wanted to know what the Danish priorities were for GBFF and who the main likeminded partners were.

It was mentioned that Denmark should strive to be a good example in regards to the National Biodiversity Strategy and Action Plan (NBSAP) and aim to present an ambitious updated version of the Danish NBSAP. Furthermore, Denmark should ensure the integration of conservation of biodiversity across the government, and especially work closely with the newly established Ministry of Green Tripartite.

Members of the Council suggested to ensure a broad awareness of the fund, i.e., through communication campaigns and capacity building. A question was raised whether it would be possible to use GBFF projects to prepare the recipient countries for the requirements of the upcoming EU Deforestation Regulation (EUDR).

Finally, Members of the Council wanted to know how the embassies would be involved and whether there were synergies with Danish bilateral projects.

The Head of Department for Green Diplomacy and Climate (KLIMA) thanked the Council for the questions and comments. Work on the biodiversity agenda was being undertaken in close collaboration with both the Ministry of Environment and the new Ministry of Green Tripartite. As part of Denmark's increased focus on biodiversity, the Ministry of Foreign Affairs (MFA) would participate in COP16 in Cali and follow the working group on the nexus between climate, environment and biodiversity. This would also prepare KLIMA for the upcoming Danish EU presidency.

The Head of KLIMA emphasised that Denmark had contributed to GEF for many years, which was still the largest financial mechanism on biodiversity, and that the contribution to GBFF was effectively a top-up to these funds. Furthermore, she clarified that KLIMA would continue to manage the GBFF contribution, like the other global climate funds, but that a close collaboration with the embassies would be ensured, especially when there was an opportunity to create synergies with bilateral projects.

The Chief Advisor, KLIMA confirmed that the issue of whether GBFF should continue under the GEF or as a separate fund would be one of the main topics for discussion at the upcoming COP16 in Cali, Colombia. The Danish position continued to be that it was not advantageous to establish a separate fund.

The Chief Advisor, KLIMA explained that the main likeminded partner in the GBFF board was Norway with whom Denmark shared a seat. The Danish priorities included focusing on the support to the least developed countries (LDCs) and small island developing states (SIDS), as well as on projects which include Indigenous Peoples. The GBFF recognised the important role of Indigenous Peoples in regards to the protection of ecosystems and biodiversity and had an aspirational target of allocating 20 pct. of the funds to projects which support actions by Indigenous Peoples and local communities for the conservation, restoration, sustainable use and management of biodiversity.

The absorption capacity of the fund was not expected to be an issue as the funds were awarded on a rolling basis depending on the funds available. There had been a lot of interest in the first three calls for proposals which had already taken place. A total of USD 110 million had also already been allocated. As such, the assessment of whether to dedicate additional funds to GBFF would likely rather depend on the impact assessment of the projects as well as on the administrative set-up of the fund.

Finally, the Chief Advisor, KLIMA mentioned that projects under GBFF could be used to prepare for the upcoming EUDR as long as it remained within the focus of conservation of biodiversity.

The Chair of the Council concluded that the Council recommended the contribution to the Global Biodiversity Framework Fund for approval by the Minister for Foreign Affairs.

Agenda Item No. 7: Support to Africa Adaptation Acceleration Programme through Global Center on Adaptation (GCA)
For discussion and recommendation to the Minister
DKK 50 million
The Department for Green Diplomacy and Climate, KLIMA

Summary:
The Support to Africa Adaptation Acceleration Programme (AAAP) through Global Center on Adaptation (GCA) is an earmarked contribution to GCA's Business Plan 2022-2025. The primary focus is on GCA's promotion of integration of resilience into investment project preparation in Africa, especially via the AAAP pillar on Africa Infrastructure Resilience Accelerator. It further includes support for GCA's work on developing and disseminating knowledge and tools for integration of climate adaptation and resilience in policy, planning and projects as well as support for GCA's adaptation advocacy work and agenda setting. The support provides a platform for political engagement on adaptation in Africa. It includes reviews and thematic studies to enable adaptive management based on lessons, reflecting that GCA is in its early development.

The Council for Development Policy recommended the Support to Africa Adaptation Acceleration Programme through Global Center on Adaptation for approval by the Minister for Foreign Affairs.

The Head of Department for Evaluation, Learning and Quality (LEARNING) informed the Council that the first part (DKK 35 million) of the planned DKK 50 million grant was approved by the former Minister for Development Cooperation and Global Climate Policy in December 2022. It had not been possible to present the full support to the Council for Development Policy (UPR) at the time due to late approval of the new Government and Finance Act for 2022, which had resulted in the cancellation of UPR meetings in the end of 2022. It had been decided to present the support to UPR at a later stage, including the remaining DKK 15 million to support the Africa Adaptation Acceleration Programme (AAAP) through Global Center on Adaptation (GCA) in 2022-26.

The Council welcomed the support to AAAP through GCA which was highlighted as a successful global high-level advocate on climate adaptation. Members of the Council noted that GCA had a close collaboration with the World Bank and African Development Bank.

Members of the Council noted that the project document dated back to 2022 and expressed interest in the status of the project.

The former Minister for Development Cooperation and Global Climate Policy's seat in the GCA's Advisory Board was underlined as an important platform for advancing Danish priorities on Climate Adaptation. The Council therefore wondered what would happen with the Danish board seat now that the former Minister had left his position.

Members of the Council highlighted risks associated with GCA's relative youth and organisational capacity, questioning whether GCA could mature quickly enough to fulfil its ambitions. There was a concern about the balance between high-level initiatives and local-level impacts. Despite successful high-level advocacy, tangible achievements on the ground remained less clear. It was suggested that Denmark in its collaboration with GCA encouraged enhanced locally led adaptation and inclusion of civil society, including knowledge production, strengthened private sector involvement and expansion of funding sources. This should ideally be included in the results framework, which could include an indicator on strengthening locally led knowledge production.

Members of the Council commended Denmark's increased focus on urban climate planning, exemplified by the support to AAAP. In this context, Council Members asked about GCA's potential collaboration with C40 Cities and suggested that Denmark strengthened its focus on comprehensive urban climate planning in general.

Members of the Council mentioned the United Kingdom's (UK) due diligence report from 2022 which had come up with 69 recommendations for the organisation that were categorised as "critical" or "desirable". Considering these issues, what was the reason that Denmark had chosen to support GCA as opposed to other initiatives?

Finally, Members of the Council asked for an update on the appraisal recommendations and a status on the inception review that was mentioned in the project document.

The Head of Department for Green Diplomacy and Climate (KLIMA) noted that GCA, while relatively young, played a key role in climate adaptation advocacy and political networking, particularly on the African continent. They had a strong dual focus on advocacy and on-the-ground efforts, particularly in relation to locally led adaptation. Denmark's current support for GCA would run until 2025. No decision had been made regarding a subsequent engagement.

The Head of KLIMA indicated that Denmark would maintain a presence on GCA's Advisory Board. The positive impact of Danish technical assistance in greening the African Development Bank's (AfDB) Special Energy Fund (SEFA) was pointed out, and the Head of KLIMA expressed hope that GCA could similarly assist the Urban and Municipal Development Fund (UMDF). The Head of KLIMA mentioned a Danish financial monitoring report of GCA from 2024 that found that the Danish funds were administered in compliance with the requirements in the grant agreements for the Danish grant funding to GCA. Alignment with C40 was important, but it was more relevant in relation to the collaboration with AfDB.

The Chief Advisor, KLIMA highlighted GCA's evolving role. GCA's efforts in advocating for feasibility and locally led adaptation within multilateral development banks (MDBs) remained critical, despite ongoing challenges with MDBs' understanding of climate adaptation. GCA's role in influencing investment design, particularly in urban settings, was emphasised, and there was potential for involving Danish companies in climate adaptation projects in African cities.

The Chief Advisor, KLIMA also acknowledged the UK due diligence report, which had primarily made recommendations regarding the technical and administrative set-up of GCA. Improvements had been made, and the UK continued to be a key donor. Nonetheless, there were still areas for further improvement, especially in regard to governance. The appraisal recommendations had been addressed.

KLIMA was unable to provide a comment on the question regarding the inception review report during the meeting. However, following the meeting, the 2023 inception report was forwarded to the Council Members. The inception report found that: "The recommendations of the Appraisal have been addressed, and the review recommends to continue implementation of the Danish support to AAAP in accordance with the updated implementation plans and the results frameworks for GCA and UMDF with only minor adjustments taking the specific recommendations of this report into consideration."

The Chair of the Council concluded that <u>the Council recommended the Support to AAAP through GCA for approval</u> by the Minister for Foreign Affairs. The chair recommended that the Council's remarks would be taken into account in the ongoing dialogue with GCA.

<u>Agenda Item No. 8: Afghanistan Region of Origin (ROI) Programme, Phase V, 2024-2027</u>

For discussion and recommendation to the Minister
DKK 200 million
The Department for Humanitarian Action & Civil Society, HUMCIV

Summary:
The programme will enhance resilience and self-reliance of displaced Afghans, particularly women and girls, and their host communities in Afghanistan and the neighbouring countries of Iran and Pakistan by enabling them to better access their rights and meet their basic needs. The programme is implemented by the UN Refugee Agency (UNHCR) (Iran and Pakistan), the International Organisation for Migration (IOM) (Pakistan), Norwegian Refugee Council (Iran) and the Danish Committee for Aid to Afghan Refugees (DACAAR) (Afghanistan).

The Council for Development Policy recommended the Afghanistan Region of Origin (ROI) Programme, Phase V, 2024-2027 for approval by the Minister for Foreign Affairs.

The Council welcomed the Afghanistan Region of Origin (ROI) Programme, Phase V, and the underlying interventions across Afghanistan, Iran and Pakistan. The Council expressed support for the programme, appreciation of the regional focus and the well-developed approach to the engagement with difficult or non-existent in-country policy frameworks. With regard to the programme's regional focus, Council Members asked how the current situation in the Middle East could influence activities in Iran.

The programme was relevant in terms of focus and objectives, and Council Members enquired about synergies with other initiatives in the region, not least the Afghanistan Transition Programme (ATP). Could the ROI programme, the Afghanistan Transition Programme and the Capacity Building Programme for Reintegration and Social Protection in Afghanistan (PARSA) be better integrated in the future? Council Members further questioned the programme's cost effectiveness, and how this contribution played together with other possibly bigger initiatives.

Members of the Council enquired about the number of partners, and asked whether – despite the difficult context - it was truly to be preferred to work with a small number of partners. In this regard, Council Members asked for an elaboration of the omission of Save the Children under the new iteration of ROI, considering that the partnership had seemed to be going well.

It was further encouraged to focus on supporting local actors and to explore how the programme could engage other actors than the traditional UN organisations and international non-governmental organisations (INGOs).

Members of the Council encouraged an approach that recognised the individual and specific experiences related to displacement, migration and return processes. Psycho-social support should be prioritised, and it should be acknowledged that returnees often did not have much left to return to and to be reintegrated into.

Council Members wanted to hear more about how a future Danish engagement would build on the years of investments and Danish engagement in the country, for instance Denmark's long-standing support to human rights networks and education.

Finally, the Council asked to be briefed on the conclusions of the planned Mid-Term Review (MTR) in 2025.

The Head of Department for Humanitarian Action, Civil Society and Engagement (HUMCIV) thanked the Council for their remarks and questions. The ROI programme was part of a larger effort in and around Afghanistan, and a way to further more developmental approaches to displacement.

The programme was developed in response to the large number of displaced people in Iran and Pakistan, and although Iran provided a difficult context, the displacement situation clearly needed to be addressed. The Special Representative of Denmark to Afghanistan remarked the increased conflict level with Iran only made a programme such as ROI more relevant.

HUMCIV and the Department for Asia, Oceania, Latin America and the Caribbean (ASILAC) collaborated closely regarding their respective activities in the region, and were interested in moving towards integrating planning and programming of the different instruments in the future, also to ensure that policy and programming were optimally aligned.

The Head of HUMCIV recognised that livelihoods programming, and programming in difficult contexts, were costly. However, self-reliance and protection interventions could hopefully reduce costs and the burden of assistance in the longer-term. The Special Representative remarked that it was still possible to work in Afghanistan, and that although interventions were becoming more challenging and at times more expensive, it remained a worthy endeavour. Indeed, there was a wish from partners to see Denmark more present on the ground in Afghanistan.

The Head of HUMCIV noted that they were closely following how international partners like the UN Refugee Agency (UNHCR) and the International Organisation for Migration (IOM) worked with local partners, and partnerships with local organisations were also envisioned under this programme. The implementing partners all had a clear focus on differentiated approaches, diversity and how different people had different experiences of displacement (i.e., differentiated related to being internally displaced and a refugee). The programme had a clear focus on women, and on enabling individuals to obtain self-reliance and protection.

With regards to the selection of partners and the omission of Save the Children, the Head of HUMCIV explained that the selection of partners happened on the basis of the inclusion of Pakistan, a new focus on legal aid and protection, and the wish to avoid having too many partners and spread resources too thinly.

The Special Representative indicated that the meeting in the Council for Development Policy in March 2025 would be a good opportunity to brief the Council and review state-of-play with regards to even greater alignment of instruments and programmes in Afghanistan.

The Chair of the Council concluded that the Council recommended the Afghanistan Region of Origin (ROI) Programme, Phase V, 2024-2027 for approval by the Minister for Foreign Affairs.

Agenda Item No. 9: Mid-term review and annual Stocktaking of the cooperation in Palestine (2023) and costed extension of the Strategic Framework Denmark-Palestine 2021-2025

For information and discussion
Danish Representative Office in Ramallah

Summary:
Since the formulation of the Strategic Framework for Palestine 2021-2025, the situation has deteriorated drastically. Following the 7 October terror attack, the subsequent war in Gaza, and the ripple effects on the West Bank, the Palestinian Authority (PA) has been facing significant political, economic, and security related challenges. Not to mention the humanitarian crisis unfolding, particularly in Gaza. The volatile context has led to adjustments and delays of some of the Danish engagements in Palestine. Following the recommendation of the Mid-Term Review of the bilateral development programme (BDP), the Danish Representative Office (DRO) intends to go forward with a costed extension of the BDP until the end of 2026. The flexibility of the additional funding remains crucial due to the volatile context.

The Chair of the Council opened the discussion by passing the floor to the Head of Mission (HoM) of the Danish Representative Office (DRO) in Ramallah to elaborate on the difficult circumstances under which they were working.

The HoM stressed that the context remained very volatile and continued to deteriorate in both the West Bank and Gaza. The HoM focused particularly on the developments in the West Bank as the engagements under the bilateral development programme (BDP) were largely implemented there. Significant developments included a substantial increase in access restrictions; expansion of settlements; increase in land grabs; increase in settler violence; and an increase in and scope of Israeli military operations, not being conducted in adherence to international human rights law (IHRL) according to the Office of the United Nations High Commissioner for Human Rights (OHCHR). The military operations also contributed to further undermining the Palestinian Authority (PA).

Pressure on the PA was also triggered by the dire economic situation caused by Israel's partial with-holding of Palestinian tax revenues, and Israel revoking a substantial amount of work permits for Palestinians working in Israeli settlements in the West Bank, East Jerusalem, and Israel. Consequently, also taking into account the overall slowdown in the economy following 7 October, the PA was incapable of paying full salaries to public employees. In sum, the PA faced both economic, security-related and political challenges – not necessarily new and not all externally driven, but exacerbated over the course of the last year.

Members of the Council took note of the context in Palestine and expressed their admiration for the DRO's ability to continue its development cooperation under such difficult circumstances.

Members of the Council commented on the ongoing process of implementing anti-terror clauses in agreements with partners, hoping that a solution would be found. Such a process could be an issue in terms of building a trust-based relationship to civil society organisations (CSOs), and it would be a critical development if the DRO was unable to work with CSOs going forward. Members of the Council asked for further elaboration on the CSO portfolio, including changes to the portfolio and whether the CSOs funded by the DRO operated in Gaza. Members of the Council further asked if there were considerations of engaging with dialogue initiatives, mentioning "A Land for All" as an example.

Members of the Council expressed understanding for the transfer of funding from Gaza to the West Bank as implementation in Gaza was not possible for the time being, and also asked how the humanitarian response was covered. Members of the Council also asked for the DRO's perspective on mine clearance in Gaza once the situation had stabilised.

Members of the Council inquired as to whether there was an alternative plan for the PA in case it became a failed state. Members of the Council acknowledged the importance of support to Local Governments, but inquired about the implementation of the reform programme and the potential issue of insufficient funds. Further, Members of the Council asked about the role of financing from Arab states, and what was being done to engage them.

Members of the Council asked the DRO to elaborate on the political dialogue with Israel and what was being done to put pressure on Israel. Members of the Council also asked if it would be possible to create more awareness regarding the challenges, e.g., by putting forward facts on the situation in the West Bank. Members of the Council further expressed concern for the Knesset draft bills against the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

Members of the Council inquired about future perspectives of the BDP and whether it would be possible to continue. Members of the Council stated that it was positive that the current strategic framework was still relevant, but inquired as to whether the additional funding for the costed extension was sufficient.

The HoM thanked the Council for their questions and comments. Concerning the anti-terror clauses and cooperation with CSOs, work was ongoing – and prioritised – as working with CSOs as agents of change in this particular time was of utmost importance. Despite some inherent challenges, the DRO remained positive that an agreement would be reached with the UN Development Programme (UNDP) before too long. In terms of engaging with dialogue initiatives such as "A Land for All", the HoM mentioned that a few options were currently being explored.

In terms of mine clearance in Gaza, it remained an important but challenging task. With reference to the Rapid Damage and Needs Assessments from the World Bank and the EU, the needs would most likely be massive. Thus, notwithstanding the importance of mine clearance, there would need to be a broad and holistic approach. The HoM noted that the Independent Commission for Human Rights (ICHR) – funded by the current BDP under Strategic Objective 1 – continued to operate to some extent in Gaza. The main issue related to the humanitarian situation in Gaza continued to be access restrictions. Also, deconfliction inside Gaza remained a big challenge. Further, UN agencies continued to face visa issues, which challenged operations not only in Gaza but also in the West Bank.

Regarding funding from Arab states, the HoM noted that some Arab states had recently announced financial support to the PA. However, political considerations were likely to influence future support from the region – both in terms of amount and number of countries contributing. Regardless, the need for financial support remained massive, which was also recently emphasised by the Minister of Foreign Affairs. The alternative according to the polls continued to be Hamas. The HoM, referring again to recent statements by the Minister, felt there was a big focus on creating awareness about the situation in the West Bank – but acknowledged the need for DRO to continue to shed light on these developments.

In terms of dialogue on the Israeli side, the DRO had limited dialogue with the Coordination of Government Activities in the Territories (COGAT), while the general dialogue with the Israeli government was with the Embassy in Tel Aviv. The DRO was fully aware of the UNRWA draft bills. Passing them would expectedly have significant impact on UNRWA's ability to operate with severe consequences for beneficiaries across the oPt. Political statements from various countries were expected.

Regarding the extension, the HoM noted the question about whether the additional funding was sufficient, and emphasised the importance of flexibility of the funding due to the volatile context. Further, the HoM noted the possibility of supporting the implementation of the reform programme through a suitable modality, e.g., a trust fund through the EU or World Bank.

In conclusion, the Chair confirmed the Council's support to the continued work of the DRO.

Agenda Item No. 10: Any Other Business
No issues were raised under this agenda item.