

Minutes from meeting in the Council for Development Policy
on 30 May 2024

- Members: Professor Anne Mette Kjær, University of Aarhus (Chair)
Deputy CEO and International Director Jarl Krausing, CONCITO (Deputy Chair)
Director for Global Development and Sustainability Marie Gad Hansen, Confederation of Danish Industries (DI)
Director for Nutrition Line Damsgaard, The Danish Agriculture & Food Council
Head of Secretariat Lone Ilum Christiansen, The Danish Trade Union Development Agency (DTDA)
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)
Secretary General Charlotte Slente, Danish Refugee Council (DRC)
Political Director Jonas Manthey Olsen, Danish Youth Council (DUF)
Chief Advisor Mattias Söderberg, DanChurchAid
- MFA: State Secretary for Development Policy Lotte Machon
Head of Department Tove Degnbol, Department for Evaluation, Learning and Quality, LEARNING
Team leader Marina Buch Kristensen, Department for Evaluation, Learning and Quality, LEARNING
Head of Section Caroline Busk Ullerup, Department for Evaluation, Learning and Quality, LEARNING
- 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
Acting Chief Executive Officer Søren Peter Andreasen, the Investment Fund for Developing Countries, IFU
Chief Investment Officer Lars Krogsgaard, the Investment Fund for Developing Countries, IFU
Senior Vice President for DSIF Tina Kollerup, the Investment Fund for Developing Countries, IFU
Senior Vice President for Sustainability & Impact Mikkel Kallesøe, the Investment Fund for Developing Countries, IFU
- Agenda item 3: Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, KLIMA
Chief Advisor Maja Elisabeth Svankjær Thagaard, Department for Green Diplomacy and Climate, KLIMA

- Agenda item 4: Head of Department Birgitte Nygaard Markussen, Department for Humanitarian Action, Civil Society and Engagement, HUMCIV
Chief Advisor Katrine Siig Kristensen, Department for Humanitarian Action, Civil Society and Engagement, HUMCIV
- Agenda item 5: Ambassador Kira Sindbjerg, Embassy of Denmark in Addis Ababa
Deputy Head of Mission Alexander Skommer Larsen, Embassy of Denmark in Addis Ababa
Special Advisor Siv Behrendt, Embassy of Denmark in Addis Ababa
Intern Johanna Troldborg, Embassy of Denmark in Addis Ababa
- Agenda item 6: Ambassador Christian Brix Møller, Embassy of Denmark in Dhaka
Deputy Head of Mission Anders B. Karlsen, Embassy of Denmark in Dhaka
- Agenda item 7: Ambassador Kristian Kirkegaard Edinger, Embassy of Denmark in Ouagadougou
Deputy Head of Mission Albert Bruun Birnbaum, Embassy of Denmark in Ouagadougou
First Secretary Sebastian Lukas Bych, Embassy of Denmark in Ouagadougou
- Agenda item 9: Minister for Development Cooperation and Global Climate Policy Dan Jørgensen
Special Advisor to the Minister for Development Cooperation and Global Climate Policy Thomas Stausholm Schjødt
Special Advisor to the Minister for Development Cooperation and Global Climate Policy Lars Wernblad Hansen
Private Secretary to the Minister for Development Cooperation and Global Climate Policy Sandra Sichlau
Head of Department Ketil Karlsen, Department for Africa, Policy and Development, AFRPOL

Agenda Item No. 1: Announcements

The State Secretary for Development Policy briefed the Council about the current situation in Israel and Palestine. While a few European countries had decided to formally acknowledge Palestine as a sovereign State with effect on 28 May, Denmark had chosen not to follow their example. It was the Danish government's view that a formal acknowledgement of Palestine as a sovereign State was premature and that such an acknowledgement would not create a momentum for a two-state solution. Instead, Denmark was committed to work towards a two-state solution that would be accepted by both sides of the conflict in other ways. Recently, Denmark also voted for Palestinian membership in the United Nations (UN), but this was not to be confused with a formal recognition of Palestinian statehood.

Members of the Council enquired about the humanitarian effort in the Palestinian territory.

The State Secretary noted that the goal was to have five hundred humanitarian trucks enter the territory each day. While there had been an improvement in this regard in April, the number of

trucks that had been able to cross the borders had drastically decreased since then. Work was being done to ensure other gateways into the territory, including a maritime corridor. It was important to realise, however, that it was not only a matter of humanitarian aid making it into the territory, but also of distributing it to the most vulnerable people. Effective distribution was an enormous challenge and required more open land border crossings. Securing the safety of humanitarian aid workers was also of utmost importance.

So far, Denmark had donated approximately DKK 525 million in humanitarian aid in response to the Palestine-crisis in 2023 and 2024 and was not opposed to donating more. Among other, support had gone to a field hospital run by the ICRC together with National Societies of the Red Cross Red Crescent Movement, which was able to assist approximately two hundred patients a day.

The Chair thanked the State Secretary for the briefing.

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. There were no conflicts of interest.

Agenda Item No. 2: Consultation with the Investment Fund for Developing Countries

For information and discussion

Department for Green Diplomacy and Climate, KLIMA

Summary:

As requested by the Council and agreed between the Investment Fund for Developing Countries (IFU) and MFA, the Management of IFU was meeting the Council for an annual consultation. This was scheduled to take place four months before the planned presentation in the September meeting of two programme documents concerning funding through IFU. Council Members had requested that the dialogue should focus on the ongoing reform of IFU.

The Head of Department of Green Diplomacy and Climate opened by informing the Council that two Investment Fund for Developing Countries (IFU) programme documents would be presented to the Council in September: First, a framework document, covering a seven-year period from 2024 to 2030 with an expected annual capital contribution to IFU of DKK 500 million amounting to a total of DKK 3.5 billion by 2030. And second, a document on the reform of Danida Sustainable Infrastructure Finance (DSIF) with an expected annual contribution from MFA to DSIF of DKK 400 million totalling DKK 2.8 billion over the years 2024-2030.

The framework document together with the MFA ownership document of IFU would form the basis for an annual consultation with the Council, where IFU would report on results for the year and about strategic priorities for the following period. The annual consultation was also a forum where the Council could raise issues of priority and concern and assess whether IFU reaches declared benchmarks. Based on these consultations, the MFA would update the ownership document on a continuous basis to allow it to serve as a joint overall reference point for discussions between IFU and the MFA including the Council. Discussions with the Council would also feed into the annual meeting between IFU and the Minister for Development Cooperation and Global Climate Policy.

The interim CEO of IFU took the floor and accounted for the transformation of IFU since it became untied from Danish companies in 2017. He stressed the alignment of IFU's mandate with Denmark's development and climate policy priorities and the lessons learned, which the reform of IFU was building on. He stressed the emphasis on working towards tangible development effects of IFU's investments. The challenge was now to strengthen the ability of IFU to work in more difficult markets and fragile countries. IFU would increase activities in Africa and would strengthen its ability to create and document development impact. Gender equality, environmental impact, job creation, and sustainable results were key objectives, and the broadening of IFU's range of instruments would ensure that IFU could underpin Denmark's development and climate priorities better. The reform had the aim of making IFU 'better, bolder and bigger' and ensure the additionality and catalytic impact of investments.

The CEO, however, noted that the current geopolitical and international political economic outlook was not easy: Conditions such as inflation, high cost of capital, geopolitical instability, and developing countries on the verge of bankruptcy made it difficult to mobilise private capital.

In the subsequent discussion session, Members of the Council congratulated IFU on the transformation. The Council raised issues related to IFU's organisation and its readiness and ability to adjust to other objectives than investment returns. The Council observed that it was necessary for IFU to prioritise using its financing instruments also in difficult settings and addressing topics difficult for development finance such as poverty orientation, adaptation, nature-based solutions. Development effects were key, and monitoring and documentation of results had been a challenge for IFU and notably DSIF in the past. The Council would closely follow the measurement of results in the years to come.

Particular concerns were expressed concerning IFU's ability to support adaptation and job creation. Mitigation had been the main focus of climate-related efforts in the past, and would IFU be able to redirect investments to support also adaptation? How would IFU ensure that a strong climate focus would not be at the expense of poverty and job creation? Job creation was a long-term endeavour which also entailed support for building capacity to process primary goods. And how would IFU ensure that adaptation efforts were adequate, not leading to maladaptation?

Members of the Council asked if there was a risk that IFU's engagement in Ukraine would be at the expense of Africa? This could risk making it difficult for IFU to meet their benchmarks on proportion of investments going to Africa and low-income countries. How would IFU balance the trade-off between mobilisation of private capital and additionality in difficult markets? Members of Council suggested that IFU should operate with different mobilisation ambitions, depending on country groups, i.e., lower mobilisation ambitions in fragile countries in Africa than in growth economies.

Council Members also asked about opportunities for increasing synergies with embassies and multilateral initiatives, partnerships with Danish CSO's and companies. As for the latter, it was recognised that IFU had much potential to continue working with Danish companies and financial investors with an untied mandate. This would require new modalities, and that IFU through its investments could be a platform for Danish exports.

The Council called for attention to IFU's organisational development: With the significant growth, it was central that IFU could bring on the right new skill set to deliver on the above asks. Development competences had so far been limited in IFU, but there was a need for significantly increasing competences to plan, quality assure, and monitor results of development-oriented investments. Members of the Council also highlighted the need for improving IFU's transparency and communication.

Members of the Council remarked that more could be done to ensure well-functioning grievance mechanisms and anti-corruption measures in companies receiving IFU investments. It was suggested that a dedicated sustainability person was a must.

In light of the critical evaluation of DSIF, the Council recognised the need for reforming DSIF and asked how the integration of DSIF into IFU would ensure that problems such as those documented by the evaluation would not appear in the future, including quality checking and appraisal of DSIF programmes.

IFU's senior management took note of the Council's remarks and stressed the importance of long-term financing and how that would allow IFU to work long term and develop the necessary strategies and competences in the organisation. IFU was much aware of the trade-off between mobilisation of private capital and engagements in low-income countries and fragile conflict-affected situations, where risks were higher. The latter settings would cater to IFU's less commercial instruments, and IFU was ready to show courage to deliver on the fragility KPI set out in the ownership document. On climate adaptation, IFU recognised the need to consider climate adaptation in its investments and accounted for three conceptual lenses: 1) adaptation as a crosscutting consideration in securing sustainability of its investments (assets), 2) adaptation investments, which could sustain the livelihood and resilience of e.g. small-scale farmers; 3) technology that would provide adaptation-solutions.

IFU recognised the need to continue to improve monitoring and evaluation. New investments were required to prepare a results framework, including a baseline, and a Theory of Change. New staff with the needed competences had been recruited and more would follow. As for requirements concerning grievance and anti-corruption, many of the companies were in the process of establishing these.

As for the reform of DSIF, it was an important lesson of the past that companies should not identify the investments but that this should be done by IFU in close cooperation with the embassies. DSIF would be fully integrated into IFU and become a separate instrument. An untied DSIF would open for new partnerships with international partners and also with the bilateral strategic sector cooperation.

The Chair of the Council wrapped up the session and looked forward to discussing the two programme documents in the Council's September meeting as well as to the next annual reporting to the Council.

Agenda Item No. 3: Mid-Term Review of the Partnership with the Sustainable Trade Initiative (IDH)

For information and discussion

Summary:

The purpose of the mid-term review of the Danish Partnership with IDH, conducted by LÆRING, was to provide an independent assessment of the performance of the programme. The partnership runs from 2022-2025 and consists of a grant of DKK 80 million, out of which DDK 20 million have been set aside as unallocated. Overall, the midterm review concludes that IDH and the mission to mobilise the private sector and drive systematic market change transformation for the benefit of small-holders remain highly relevant. The Review Team recognises that system change is complex and that IDH is good at activating the private sector but after supporting the organisation for more than a decade, robust evidence related to outcomes from IDH activities is still lacking. Based on the findings of the midterm-review the Council recommended not to extend the engagement beyond the current period and expressed reservations about releasing the unallocated funds.

The Council appreciated the opportunity to discuss the mid-term review of the support to the Partnership with the sustainable Trade Initiative (IDH), conducted by LÆRING. The review had been requested by the Council in light of the reservations expressed during the presentation of the programme to the Council in September 2022, including on IDH's ability to incentivise companies to invest outside their own narrow interest, the risk of market distortion, and the need for documenting results on outcomes.

Members of the Council recognised that the midterm-review report confirms IDH's role as a convener of multi-stakeholder partnerships as well as IDH's ability to mobilise private sector finance. However, with reference to reservations expressed during the presentation of the programme, the Council noted that the mid-term review did not find evidence of impact, including on IDH having managed to drive systematic market transformation towards more sustainable global value chains.

Members of the Council commented on the finding by the review that there is a risk of market distortion and that IDH lacks transparency in how it engages and works with multinational companies. The strategy of supporting selected multinational companies to adjust to the legislation which all companies should comply with was criticised.

Members of the Council commented on the absence of replication of learnings and experience from IDH projects and noted the finding of the review that companies are still investing in their own projects with a narrow focus on their supply chains. It was argued that this approach is limiting the ability of IDH to respond to the effect of EU Deforestation Regulation (EUDR) on global supply chains.

Furthermore, Members of the Council pointed out that IDH does not promote worker's rights and income and does not support inclusion of smallholder farmers.

The role of Danish companies in the IDH partnership was described by Council members as limited and it was stated that IDH has not made much effort to reach out to potential stakeholders in Denmark.

The additionality of IDH was questioned by Council Members, who also mentioned that the synergy with other Danish supported initiatives and the contact to Danish embassies appears to be limited.

Finally, it was remarked that IDH is charging very large overheads and that unallocated funds were requested for projects by large multilateral companies which were already overfunded.

The Head of Department of Green Diplomacy and Climate replied that the topic of more sustainable value chains is high on the domestic and international agenda and crucial for achieving global development and climate goals, including in Africa. The engagement of the private sector in driving market transformation towards more sustainable value chains is crucial. The Head of Department furthermore noted that IDH is one among a few partnerships that aims at supporting sustainable global value chains. Not supporting IDH could potentially leave a vacuum in the Danish support for global partners' greening the value chains. The partnership with IDH had changed from core funding to earmarking and this was a transition that had required some adaptation in terms of the management of the project portfolio and the partnership between IDH and the MFA.

The chief advisor gave examples on how IDH was implementing the recommendations from the midterm-review in their work on developing IDH as an organisation. This included simplifying the existing complex Theory of Change to be able to better monitor progress and document results. IDH would work on three result areas; 1) change in business practices, 2) improved sector governance, and 3) improved field-level sustainability measured as improvements of the economic situation of the producers and the sustainability of natural resources. The Danish contribution to IDH supported result area 3 with activities in developing countries. Other examples of follow up on the midterm-review included the development of a new multi-year plan with fewer KPI's. Recommendations on competition and transparency were being addressed through enhanced outreach to Danish stakeholders, including business organisations.

Furthermore, the midterm review had led to fewer and more strategically-focused projects supported by the MFA. Priority was given to projects and activities which supported the implementation of EUDR among small-holders in producer countries in Africa in particular, which would promote small-holder inclusion in global value chains. Also, a leaner planning-and-reporting cycle had been agreed to ensure that the MFA was able to monitor the progress of implementation and the development effect of the Danish contribution to IDH.

The Chair of the Development Council concluded that the mid-term review was thorough and very useful. Initial reservations by the Council had proven to be well-founded. IDH was capable of convening but not of creating and documenting results. Only large international companies and not smallholders and smaller companies had benefitted from the support. On this background it was recommended not to continue the Danish funding after 2025 and it was also recommended not to disburse the unallocated funds foreseen in the current support.

Agenda Item No. 4: WB-UNHCR Joint Data Center 2024-2027

For discussion and recommendation to the Minister

DKK 100 million

Department for Humanitarian Action, Civil Society and Engagement, HUMCIV

Summary:

The project provides support to the World Bank-UNHCR Joint Data Center (JDC) on Forced Displacement, located at UN city in Copenhagen. The support to JDC will focus on improving and supporting the collection, analysis, dissemination, and use of primary socioeconomic microdata on forcible displaced populations, to inform

policy making and programming, and ultimately enable better integration of displaced people into national development efforts.

The Council for Development Policy recommended the Danish Support to the WB-UNHCR Joint Data Center 2024-2027 for approval by the Minister for Development Cooperation.

The Council commended the project for its relevant focus on strengthening the use of data and evidence in the pursuit of solutions to forced displacement.

Members of the Council asked about the strategic rationale for Danish engagement with the Joint Data Center (JDC), including Denmark's particular footprint and focus. They further inquired about synergies with other Danish-supported data initiatives, such as the Mixed Migration Centre (MMC) and also noted that the UNFCCC had a Task Force on Displacement that was not mentioned but could have been referred to in the project document. Council Members wondered about the role of Denmark as a donor and asked if the donor-base could be expanded.

While the number of displaced people in the world had never been higher, data on displaced and marginalised people was scarce, making their systematic inclusion in national statistics all the more important. Members of the Council wondered, however, how such data production was used in policy making, how uptake went from technical to political levels, and what role the World Bank (WB)-UNHCR JDC task teams played in ensuring implementation at country level. Members of the Council also wondered if partner countries were generally interested in including data on displaced people in their national statistics, and whether political concerns could make some countries hesitant to use the data.

Regarding the use of data, Members of the Council asked what was being done to ensure that the data was used in programming of new initiatives, and emphasised the risk of producing knowledge that was not readily accessible or applicable in practice. They also enquired as to how the JDC selected thematic and geographic engagements, and who were involved in the selection. To have a greater impact, it was recommended to focus on fewer projects.

Considering the vulnerability of the target group in question, Members of the Council wondered what was being done in relation to data protection. Denmark had valuable experience in the appropriate use of data which could be drawn upon.

Finally, Members of the Council noted that the budget and the risk management could be further elaborated upon.

The Head of Department for Humanitarian Action, Civil Society and Engagement (HUMCIV) thanked the Council for their remarks and questions. The Danish support to the JDC was part of a larger effort to strengthen the use of data and statistics in reaching the Sustainable Development Goals (SDGs), and a more evidence-based approach to development cooperation.

Through the JDC Advisory Council, JDC already had a good engagement with other data actors, such as the Danish Refugee Council (DRC) hosted MMC and Joint IDP Profiling Service (JIPS). The JDC was not meant to be a climate project, but of course climate was considered insofar that it had a relationship with population movements, demographics and socio-economic

development. During the Global Refugee Forum (GRF) in 2024, more than 100 countries pledged support to the work of JDC and the use of better data in dealing with displacement.

Regarding the donor-base, the Head of Department emphasised the importance of having a balanced approach to financing the WB and UNHCR, respectively. She also noted that JDC were in serious conversation with a number of donors along with private philanthropic foundations.

The Chief Advisor on Displacement stressed that data use and uptake of JDC products had consistently been a priority for Denmark's engagement with the JDC. Denmark had been actively involved in the JDC Management Committee, consistently arguing for a focus on uptake and data use. JDC had already made significant gains in terms of better operationalisation of data, and the new JDC Director from the WB came with an operational background, which would further strengthen the link between country operations and the JDC. It was critically important that national governments and the country offices of the WB and UNHCR took the lead in collecting and using the data produced.

The Chief Advisor remarked that JDC's country-engagements were demand driven, based on inputs from host governments, UNHCR and the WB. Concerning the issues of where and how data should be collected and used, this should and could not be decided in Copenhagen. Through its role in the management committee, Denmark was actively engaged in the discussions on country-specific engagements. The JDC task teams also played a supporting role in terms of technical support to the UNHCR and WB teams in-country, which further strengthened national uptake. The Chief Advisor noted that more could be done to stimulate uptake in Danish development cooperation and highlighted how JDC products had been very useful for the new Danish inclusive refugee response programme in Kenya.

Finally, the Head of Department acknowledged that data on displaced people was sensitive and noted that JDC paid a lot of attention to the importance of anonymising data.

The Chair of the Council concluded that the Council recommended the Danish Support to the WB-UNHCR Joint Data Center 2024-2027 for approval by the Minister for Development Cooperation and Global Climate Policy.

Agenda Item No. 5: Ethiopia Country Strategic Framework

For discussion and recommendation to the Minister

Amount to be confirmed

The Embassy of Denmark in Addis Ababa

Summary

The overall vision for Denmark's engagement in Ethiopia for the period 2025-2029 is to improve the stability, resilience, and green development in Ethiopia. Denmark will promote this vision through three complementary strategic objectives: 1) promoting human rights, social cohesion, peace and stability; 2) strengthening resilience and future opportunities; and 3) supporting conflict sensitive and inclusive green growth. The budget for the new bilateral development programme was not yet confirmed and will be determined as part of the process for the Finance Act 2025.

The Council recommended the Country Strategic Framework for Ethiopia 2025-2029 for approval by the Minister for Development Cooperation and Global Climate Policy on the basis of the information that the budget

allocation and priorities in the programme remained roughly the same (or higher) as in the present programme. The Council requested to receive information on the budget as soon as the process allowed.

The State Secretary for Development Policy informed the Council that the budget for the bilateral development programme was expected to be similar or slightly higher than the total budget for the present country programme. The budget allocation was, however, dependant on a political decision regarding the 2025 Finance Act.

The Council commended the Embassy in Addis Ababa for a thorough and well-written country strategic framework. Members of the Council supported the strategic priorities proposed. The Council noted the challenging security situation in Ethiopia and inquired about the probability of increased conflict internally and in the Horn of Africa. Members of the Council raised specific questions regarding the risk matrix, where the risk of inter-state war with neighbouring countries was assessed as *rare*. Members of the Council also asked whether Denmark would be able to adjust its engagement in response to changes in the country context. The Embassy was encouraged to further reflect on Denmark's role as a Western donor in a country like Ethiopia and on how Denmark navigated in a changing political environment, including how Denmark positioned itself in relation to Ethiopia's role in regional security.

Members of the Council asked for a current status on the economic situation in the country, also in relation to a potential future International Monetary Fund (IMF) support programme.

Concerning the Danish priorities, Members of the Council were interested in an elaboration of the weighting of the strategic objectives of the framework as well as the share of the budget reserved as unallocated funds as Members found it very unusual to recommend a programme with no budget. Members of the Council underlined the importance of maintaining a strong focus on poverty reduction. Concerns were raised that an increased focus on green initiatives would deviate funding from initiatives focused on human rights, livelihood creation, social challenges and poverty reduction.

Members of the Council inquired about possible geographic priorities of engagements, including in relation to the reference in the Country Strategic Framework on regional peace and stability initiatives in areas of Ethiopia bordering Kenya and Somalia. Members of the Council asked whether specific regions or areas of the country would be prioritised, also in light of the security situation, or if programmes would be focused primarily at federal level.

Members of the Council requested information on how climate adaptation within the agricultural sector was prioritised and supported by Denmark's engagement as well as how Denmark engaged with local value creation. Members of the Council were concerned with waste of crops and highlighted that Denmark had expertise to offer on how to counter this type of waste.

Members of the Council asked how the Danish engagement would address the need for employment and job opportunities in Ethiopia, especially among the large youth population. It was further noted that lack of technical and vocational education remained a key barrier for job opportunities. The Embassy was asked to further explain how Danish support could contribute to decent jobs. The Embassy was encouraged to use its goodwill in the country to press for both equality and job creation.

Members of the Council raised questions on the current conditions for civil society in Ethiopia and inquired how Denmark could engage further with local civil society.

Members of the Council emphasised the importance of Denmark's bilateral country programme building on experience and learning from the current country programme while also remaining open to new engagements. In programming engagements under the bilateral development programme, it was recommended to focus on ensuring holistic and comprehensive responses to the strategic objectives and avoid isolated silos of engagement. The Council emphasised that the Embassy should use a portfolio approach (energy and agriculture were mentioned as examples) in order to ensure that engagements were mutually reinforcing and that Denmark contributed to systemic transformative change.

Finally, Members of the Council highlighted the importance of religion in Ethiopian society as a factor that could be explicitly reflected in the Country Strategic Framework.

The Ambassador concurred with the Council that the context in Ethiopia remained challenging and that the security situation was unpredictable. The ongoing internal conflicts in especially Amhara and Oromia regions constituted a challenge for the implementation and monitoring of engagements in the affected areas. However, the probability of inter-state war was for the time being seen as low, and Ethiopia could still be characterised as a stabilising actor on the Horn of Africa, including through the regional economic community, (Intergovernmental Authority on Development, IGAD). The Ambassador underlined that a high degree of adaptability was central in the programming and the experience from previous adaptations during the escalation of the conflict in northern Ethiopia were valuable. The security and political situation should be taken into account when selecting potential development partners, focusing on a diverse range of actors, including multilateral organisations, government agencies and civil society.

The Ambassador informed that inflation rates were still high and the economic situation was characterised by uncertainty but according to the country representative of IMF, a support programme appeared to be very probable in the near future.

The Ambassador agreed on the importance of holistic and comprehensive programming of engagements but the exact weight between the priorities had not yet been determined. It was expected, though, that the third strategic objective (conflict sensitive and inclusive green growth) would weigh approximately 50-75% in line with the political decision on funding for climate objectives. Approximately 25% of the budget was expected to be reserved as unallocated to be able to adapt to unforeseen developments. The State Secretary for Development Policy added that strategic objective 1 (human rights, social cohesion, peace and stability) was expected to have a smaller financing envelope given the nature of the activities whereas funding for strategic objective 2 (strengthening resilience and future opportunities) would also be allocated a substantial funding envelope.

The Ambassador noted the concern on whether an increased focus on green engagements would deviate funds from poverty reduction and underlined that poverty reduction would remain a priority of the Danish engagement, possibly with an emphasis on the nexus between climate and poverty reduction. Extensive social safety net programmes, both in urban and rural areas, were expected to remain a key part of the coming programme.

The Ambassador stressed that the current country programme had a broad geographical scope and, within the constraints set by the security situation, this was also expected for the next phase. The engagement mentioned in the Strategic Framework focusing on border areas with Kenya and Somalia related to an existing project under the regional Peace and Stabilisation Programme. The Deputy Head of Mission added that e.g. dialogue initiatives focused on border areas between regional states could be a way to promote stability through reduced ethnic conflict.

The Ambassador explained that climate adaptation was an element in the current cooperation with the Agricultural Transformation Institute (ATI), which among other areas worked to promote climate resilient crops. This aspect was expected to be further strengthened in the next phase of the programme.

The Ambassador agreed that the lack of job opportunities, especially for the young population and for women, was a pressing challenge for the country. The First Secretary explained that youth employment and job creation were objectives in the urban social safety net programme (UPSNIJP), currently supported by Denmark, which had ensured job placements for many youths, 60% of whom were women. Support to the project would likely continue during the next phase of the development programme. The Deputy Head of Mission noted that technical and vocational training was expected to be addressed under the EU's development engagement in Ethiopia.

The Ambassador underlined that the current political situation and ongoing conflicts had restricted the activities and mobility of civil society organisations and media institutions, resulting in closure of universities, internet shutdowns and arbitrary detentions of journalists. It was important to support and capacitate civil society in Ethiopia. Under the next phase of the programme, Denmark expected to seek further partnerships with local civil society organisations where possible and meaningful.

The Ambassador further highlighted that the Embassy would pursue a mixture of safe bets e.g. the World Bank and national CSOs as well as some form of engagement with the government.

The Chair of the Council concluded that the Council recommended the Country Strategic Framework for Ethiopia 2025-2029 for approval by the Minister for Development Cooperation and Global Climate Policy based on what the Council had been informed on the allocated budget. The Council supported the strategic objectives of the framework but had concerns if the priority of agriculture and climate engagements happened at the expense of support to human rights, civil society, and resilience/social safety nets. The Council requested to receive the budget for the new bilateral development programme as soon as the processes allowed.

The State Secretary for Development Policy clarified that resilience and social safety net were likely to receive the largest share of the budget, and climate change the second largest share, while human rights would receive the smallest share of the budget.

Agenda Item No. 6: Annual Stocktaking: Bangladesh Strategic Framework 2022-2027

For information and discussion

The Embassy of Denmark in Dhaka

Summary:

The Danish Embassy in Bangladesh presented its annual stocktaking report on the Country Strategic Framework to the Council for Development Policy. The Bilateral Development Programme (BDP) for the period 2022-2027 has two objectives 1) Resilience of vulnerable groups affected by climate change and 2) Green, inclusive and sustainable production. The Embassy is well underway with the ongoing projects (DKK 130 million) and planned programming of DKK 170 million. In view of the negative development with regard to the functioning of national-level democracy, human rights situation and shrinking space for civil society in the country, the Embassy, in consultation with the MFA, is seeking DKK 20 million over 4 years in addition to the BDP for interventions in support of civil society, governance, and human rights.

The Chair of the Council opened for comments on the stocktaking report, underlining that the Council followed developments and the Danish engagement in Bangladesh with great interest.

In general, the Council found that intervention areas in the country programme were well chosen and relevant. This included the renewed focus on governance and support to civil society.

Touching on the transition towards Bangladesh's graduation from the group of Least Developed Countries (LDC) from 2026, Members of the Council stressed the need to focus on adding value to the production, especially in the garments sector, but also in other industries. Questions were also raised about Bangladesh's potential to obtain Generalised Scheme of Preference Plus (GSP+) status with the EU following LDC graduation. Additionally, Members of the Council inquired about very limited improvements in labour conditions over the past decade since the Rana Plaza disaster. In this context, Members of the Council inquired about the dialogue with the Government of Bangladesh through the International Labour Organisation (ILO) and Team Europe regarding continued labour rights reform.

Members of the Council highlighted the vulnerability of Bangladesh to climate change and pointed out that the situation required an extraordinary effort to support climate adaptability. In some cases, climate change resulted in forced migration. Bangladesh had been mentioned as the next 'break-down region' after Sahel due to its climate vulnerability. Did Denmark do enough to support resilience mechanisms in this situation?

Members of the Council noted that the programme was largely geared toward multilateral organisations and asked about the role of NGOs and civil society. They raised questions about the quality of the dialogue with the Government of Bangladesh against the backdrop of a changing partnership. Specifically, Council Members asked whether it was possible to discuss politically sensitive issues such as the capacity to deal with the consequences of climate change, including the urbanisation pressure. Was a dialogue on civil rights possible? In this context, Members further inquired about the plight of the more than 1 million Rohingya refugees. It was the impression that there was growing fatigue amongst Western countries with regard to the Rohingya-crisis.

Members of the Council acknowledged the need to engage in democracy and human rights. Members also asked how the additional DKK 20 million requested through the Ministry of Foreign Affairs would be used.

Finally, the Council was interested in the plans beyond 2027-2028 and the nature of a future partnership when the current funding would run out. This included whether the concept of

Farmer Fields Schools or other support for small-scale farmers would continue to receive support beyond 2027-2028.

The Ambassador highlighted the impressive development Bangladesh had undertaken since independence, with incredible progress in all areas except democratisation. He concurred with the Council regarding the challenges linked to the transition from LDC status, including Bangladesh obtaining GSP+ status. It remained a challenge to diversify the export-oriented sectors and increase the value of the production in Bangladesh, where low salaries were a key factor in the competitiveness of the readymade garments sector. This was a paradox as major European brands were willing to pay more. The last wage dispute ended with a 50 % increase so although it started from a low baseline, wages seemed to be slowly improving.

Concerning climate change, the Ambassador informed that an estimated 90 million people are climate vulnerable, while an estimated 30 million people are expected to have to leave their homes due to salination of the soil.

The Ambassador confirmed that the issue of the Rohingyas remained very difficult, also in light of the present escalation of the conflict in Myanmar. The recent approval by the Board of the World Bank of a more than USD 700 million package for both refugees and host communities were, however, a positive development. Bangladesh was also contributing to paying half of it. It was also noted that following the elections in January 2024, the Government of Bangladesh might adopt a slightly more pragmatic approach to questions of return to Myanmar and livelihood for the refugees in Cox's Bazaar in Bangladesh. A recent visit by the regional UNCHR Director indicated a softening of the rhetoric on the Rohingya situation.

On Danish “post-2028” engagement in Bangladesh, the Ambassador found that whatever may be decided on format and level for support, the current focus areas, i.e. climate change adaptation and sustainable growth especially in textile industry, would probably still be the most relevant areas for limited, targeted support with the use of various instruments such as Danida Business tools and strategic sector cooperation. In terms of agriculture, the Deputy Head of Embassy informed that International Fund for Agricultural Development (IFAD), supported by Denmark, worked with the Government of Bangladesh on a revised concept called Farmer Fields Business Schools, while the original concept was still applied in a state-sponsored programme. Increasingly, agriculture was also becoming an integrated part of local climate change adaptation programmes.

The Chair of the Council thanked the Embassy for the discussion.

Agenda Item No. 7: Restructuring of the Country Programme for Niger

For information and discussion

The Embassy of Denmark in Ouagadougou

Summary:

In August 2022, the Denmark-Niger Strategic Framework for 2023-2027 was approved, laying the foundation for the bilateral development cooperation between Denmark and Niger. Following the military coup in Niger in July 2023, Denmark found it necessary to revise the country programme, 1) limiting the programme period to three years and 2) lowering the budget from DKK 920 million to DKK 310 million. Consequently, it is no longer possible to carry out the majority of the otherwise planned projects under the Country Programme. The yearly

budget maintains the same level of disbursements as during the previous Denmark-Niger Country Programme 2017-2022.

The Council welcomed Denmark's continued engagement in Niger with the revised Country Programme 2023-2026 and appreciated that Denmark would maintain approximately the same level of development cooperation as under the previous Country Programme 2017-2022. Overall, the Council found the proposed projects under the revised Country Programme suitable and relevant in relation to the needs in Niger and the Danish priorities as outlined in the Strategic Framework 2023-2027.

Members of the Council asked about the reflections which had guided the selection of UN organisations as partners, including what considerations had been made in relation to other types of partners and modalities for the projects concerned, not least within the water sector. UN organisations did not always have the capacity to operate in fragile contexts and often distributed funds to non-governmental organisations which were active in the area. Council Members also wondered how the European Union and other donors were implementing their support.

Members of the Council further raised the issue of cooperation with the military regime and asked what possibilities the Embassy had for dialogue with central authorities. Did dialogue primarily take place in multinational fora, or was there any possibility for bilateral dialogue as well? Had ways been found to support access to water without cooperating directly with government authorities at central level?

Lastly, Members of the Council expressed interest in whether the additional funds intended for Niger before the revision of the Country Programme would stay in the region. While Members of the Council appreciated Denmark's continued engagement in the region, they also wondered how the MFA was balancing its focus on fragile and more stable countries, notably in terms of where the money would prove most useful.

The Ambassador to Burkina Faso, accredited to Niger, gave his view on the current situation in Niger and the wider Sahel region. He emphasised that the conditions for the Danish development engagement in Niger were increasingly difficult since the military coup on 26 July 2023. The planned Country Programme for 2023-2027 with a budget of DKK 920 million was no longer possible to implement as it relied on a close partnership with a democratically elected government. Direct support to central authorities, such as anticipated in the water sector, was not deemed feasible in the current situation. Dialogue with the military regime was very limited. In addition, following the coup, the conditions for the foreseen delegated partnerships with like-minded countries were no longer present, as many development partners had left the country. Instead, the revised Country Programme with a budget of DKK 310 million was based on support to ongoing activities implemented by UN partners that Denmark knew well and was used to working with in Niger. The Danish engagement in the water sector dated back to 1974, and UNICEF was now the agency best placed to continue it. The needs in Niger, one of the poorest countries in the world, remained huge.

The State Secretary for Development Policy noted the difficult situation in the Sahel in general and in Niger in particular. The political situation increasingly challenged Danish development cooperation and made it necessary to continuously adapt Denmark's development engagement. At the same time, Denmark would remain committed in the region for the benefit of the

populations in the Sahel as well as in the coastal West African countries. As to the balance between supporting fragile versus more stable countries, this was an ongoing consideration in the MFA. The new strategy for Denmark's engagement with Africa would clarify how and where Denmark's development cooperation should be focused in the future.

The Chair of the Council thanked the Embassy for the discussion.

Agenda Item No. 8: Any Other Business

Members of the Council asked if an orientation could be planned regarding the Danish Presidency of the Council of the European Union during the second half of 2025 and the Danish Seat in the UN Security Council for the period 2025-2026.

Agenda Item No. 9: Meeting with the Minister for Development Cooperation and Global Climate Policy

The Chair of the Council for Development Policy welcomed the Minister for Development Cooperation and Global Climate Policy to the meeting. The Council had recently travelled to Ethiopia and Kenya, and Members wished to share their impressions and takeaways from the trip.

Climate change was a big challenge as the Council had experienced first-hand in both the Afar region in Ethiopia and in Kakuma county in Kenya. There was an enormous need for support. Not least in the agricultural sector and given the challenges to food security for many citizens, the trip had illustrated the need for a variety of instruments to help handle the challenges faced by Kenya and Ethiopia. Denmark's development cooperation with Ethiopia, for example, illustrated how agricultural sector support could complement climate adaptation initiatives. It was essential not only to ensure that food was not wasted, but also that it was safe to consume.

Another key takeaway from the trip was the clear demand for strategic sector cooperation (SSC) with Denmark. SSC was an immensely useful instrument when executed well and in collaboration with other instruments. In more fragile countries, SSC needed to be supplemented with capacity development of government officials and supporting the creation of guidelines and policies, while such supplementary initiatives were less important in middle-income countries.

Members of the Council had also taken note of the large youth population in Kenya and Ethiopia, illustrating the importance of including youth as a focus area of Denmark's engagement in Africa. Youth should not only be considered a beneficiary of development initiatives, but also as a partner and a resource. Along these lines, there was an enormous potential with regard to job creation, but also a need to secure labour rights.

Members of the Council further noted that there had seemed to be missed opportunities in terms of the European Union's (EU) activities in the region. The EU was an important development actor, and Members of the Council hoped that Denmark would be able to use the upcoming Presidency of the Council of the European Union to strengthen the relationship between the EU and Africa.

The trip had been timely in terms of the Ministry of Foreign Affairs' (MFA) current work on the Strategy for Denmark's Engagement with Africa ('Africa Strategy') and the upcoming strategy for development cooperation. It had illustrated how well equal partnerships could be implemented in countries where Denmark had resourceful embassies – such as in Kenya and Ethiopia. It was important to use evidence and learning from such embassies in countries where Denmark's presence was less strong.

Despite the many positive observations, Members of the Council worried that Denmark's ambitions in Africa could not be realised if financed only by development funds, and they wondered if certain initiatives could be financed by other means. While the Council appreciated that Denmark was working on new forms of financing (such as blended finance and guarantees by the Investment Fund for Developing Countries, IFU), it was important to acknowledge that needs were huge and surpassed that Denmark was currently able to offer. Members of the Council worried that the new financing instruments would not be used in fragile and least developed countries, because it was more difficult to generate successful investments there. Members of the Council therefore hoped that the new Africa Strategy would maintain a focus on fragile states in Africa, which were seldom able to attract other funding than official development assistance (ODA).

The Minister for Development Cooperation and Global Climate Policy thanked Members of the Council for sharing their takeaways from the recent trip and for their continuous efforts to ensure the quality and relevance of Danish development cooperation. He stressed that Danish development cooperation becomes better because of these efforts and he revealed that staff often referred to possible reactions by the Council, when discussing how best to prepare new development activities. The Minister appreciated that the Council had prioritised participating in the trip and he said that their future decisions would become even better after the practical encounter with development activities on the ground.

Climate change was a challenge in all developing countries, including in Ethiopia and Kenya which were plagued by drought and flooding. The Afar region in Ethiopia, for instance, was one of the hottest on Earth. The people living there were extremely resilient, but even they were struggling now and even camels were dying of thirst. Climate change exacerbated other challenges, including poverty and the lack of primary education to name but a few. Developing countries in Africa were not to blame for global climate change. Nonetheless, it would be counter-productive to support economic or social development projects that would exacerbate climate-related challenges.

The Minister continued to believe that much could be achieved through the EU. A more coordinated response from the EU would be useful in the face of coup d'états, as would a shared focus on securing new sources of financing.

The Minister appreciated that the Council had visited the Kakuma refugee camp in Kenya, where Denmark had just launched a new refugee programme in partnership with the LEGO foundation, the Novo Nordisk Foundation and the Grundfos Foundation. The ambition was to create more long-term solutions, securing better access to health and educational services for the residents.

Denmark was also boosting the partnership with Kenya in other ways, including the strategic sector cooperation (SSC) in the energy sector. SSC had proven to be an effective instrument in relation to climate and the environment, and it was essential to broaden its use to other sectors. The Minister agreed that SSC worked best when combined with capacity development efforts, and whether such efforts were possible had to be considered in relation to new SSCs.

The Minister agreed that there was a need for more financing to deal with global challenges, but he also underlined that development cooperation and issues like climate change mitigation and gender equality were all interlinked. The most impactful projects were those dealing with several issues at the same time, including both climate mitigation and adaptation. MFA was working hard to multiply Danish funds through the World Bank, the IFU, and the African Development Bank. Development finance would also be a main theme at the 2024 UN Climate Change Conference (COP 29).

The Minister ended by noting that he was looking forward to the launch of the new Africa Strategy. While countries like China and Russia were influential in Africa, Denmark had much to offer in a partnership with African countries, including equal partnerships, fair working conditions, and localisation.

The Chair of the Council thanked the Minister for the discussion and noted that the Council also looked very much forward to the launch of the Africa Strategy.