

Minutes from meeting in the Council for Development Policy 11 September 2019

Present:

- Members: Professor Emeritus Georg Sørensen, University of Aarhus (Chair)
International Director Gunvor Bjerglund Thomsen, The Danish Youth Council (Vice Chair)
Head of Projects Tine Bork, SMEdenmark
Director Thomas Bustrup, Confederation of Danish Industries
Senior Researcher Lars Engberg-Pedersen, Danish Institute for International Studies
Associate Professor Michael Wendelboe Hansen, Copenhagen Business School
Partner Marina Buch Kristensen, Nordic Consulting Group
General Secretary Rasmus Stuhr Jakobsen, CARE Danmark
General Secretary Birgitte Qvist-Sørensen, DanChurchAid (except agenda item 1-2)
Director Mads Bugge Madsen, The LO/FTF Council (except agenda item 7-8)
- MFA: Under-Secretary for Development Policy Stephan Schönemann
Head of Department Mikael Hemniti Winther, Technical Quality Support
Head of Department Lotte Machon, Africa, Policy and Development
Adviser Mette Brink Madsen, Department for Technical Quality Support
- Agenda item 2 & 3: Ambassador Winnie Estrup Petersen, Deputy Head of Mission Refika Hayta and Special Adviser Mads Mayerhofer, Embassy Dhaka
Head of Department Thomas Lehmann and Head of Section Pernille Dueholm, Department for Asia, Oceania and Latin America
- Agenda item 4: Ambassador John Nielsen, Deputy Head of Mission Hanne Carus and Special Adviser Mads Hovøre Andersen, Embassy Yangon
Head of Department Thomas Lehmann and Head of Section Tea Marie Nielsen, Department for Asia, Oceania and Latin America
- Agenda item 5: Head of Department Ole Thonke and Chief Adviser Frode Neergaard, Department for Sustainable Growth and Employment
- Agenda item 6: Head of Department Henriette Ellermann-Kingombe and Chief Adviser Tobias von Platen-Hallermund, Department for Multilateral Cooperation and Climate Change
- Agenda item 7: Henrik Bramsen Hahn and Anna Cecilie Friis Bach, Embassy Washington
- MCEU: Head of Department Tania Schimmel, The Ministry of Climate, Energy and Utilities (agenda item 6)
- DEA: Head of Department Elsebeth Søndergaard Krone and Chief Adviser Mette Cramer Buch, Danish Energy Agency (agenda item 6)

Agenda item no. 1: Announcements

As the last two meetings before the summer holiday had been cancelled due to the parliamentary elections, the Under-Secretary for Development Policy was pleased that the Council was now able to reconvene. An extra meeting had been planned for the fall and an overview of planned agenda items for the rest of the year 2019 was distributed at the meeting.

Following the parliamentary elections, a new Minister for Development Cooperation had been appointed. The Under-Secretary informed the Council that the Minister looked forward to meeting the Council. Hence, it was planned that the Minister would participate in the Council meeting scheduled for 29 October. This would give the Minister an opportunity to share his thoughts about future plans and direction for the Danish development cooperation.

Finally, the Under-Secretary for Development Policy reminded the Council that the mandate for the present Council members would terminate as of 31 December 2019. Therefore, the process of appointing new members to the Council for the upcoming period would begin and letters asking for nominations to the Council would be distributed shortly.

Agenda item no. 2: Follow-up after mid-term review: Bangladesh Country Programme

For discussion

(Embassy Dhaka)

The Council for Development Policy took note of the status after the mid-term review.

The Embassy in Dhaka briefed the Council on the mid-term review (MTR) and the plan for follow-up on the MTR recommendations. The Embassy highlighted the overall conclusion that the Country Programme was still relevant and on track to deliver on its targets. The complexity of the Country Programme was emphasised as well as the resulting resource draw in terms of programme management. Based on the recent positive Danida appraisal of the IFAD Rural Micro-enterprise Transformation Project (RMTP), the Embassy was now planning to reallocate and commit the remaining app. DKK 55 million from the Climate Resilient Rural Infrastructure Project (CRRIP) to IFAD/RMTP. Furthermore, the Council was informed that the planned commitment to RMTP would be for the entirety of the envisaged project period (2019-2026), meaning that the commitment under the current Country Programme would run into the next country engagement 2021-2026.

The Council noted that the political development in Bangladesh was worrying. The Council asked about the validity of the Theory of Change of the Country Programme and asked about the progress achieved as well as the overall learning. The Council noted the many development engagements, especially within Governance and Rights and asked whether a joint-donor approach had been considered. The Council further asked whether anything could be learned from set-ups like STAR Ghana or the Democratic Governance Facility in Uganda. The Council also noted that while a reduction in the number of development engagements was maybe a necessity, it could also potentially have negative consequences in terms of limited outreach of the Embassy.

The Council pointed to the difficult investment climate in Bangladesh and asked about the engagement of Danish companies. In that regard, it was noted that a study of barriers for Danish investments could be beneficial. Citing Arla as an example, the dilemma between supporting the development of local sectors and undercutting these through imports of powdered milk from Europe was emphasised.

The Council inquired as to the learning from the early closure of CRRIP and asked how the Country Programme would address climate issues after the exit of CRRIP. The Council further inquired about learning experiences concerning transition from aid to trade in relation to Vietnam and Ghana. Finally, the Council asked about the findings of the MTR regarding gender issues and called for focus on empowerment and not just inclusion of women.

In response, the Embassy noted that the Human Rights and Democracy (HRD) situation in Bangladesh was indeed worrying. The Country Programme had its primary focus on HRD related service delivery, targeting the poor and marginalised, but there were also avenues and opportunities for influencing the Government of Bangladesh through bilateral as well as multilateral policy dialogue together with likeminded actors. Especially, continued access to the European markets for the ready-made garment exports through the Everything but Arms initiative could be a real leverage and driver in terms of engaging the Government of Bangladesh in a more binding dialogue on HRD. This point would be further elaborated and integrated in the next country engagement 2021-2026.

The Embassy emphasised the considerable number of Danish companies in Bangladesh, as more than 40 businesses, both big and small, were active in Bangladesh. In this respect, the Council's suggestion regarding a study of barriers to Danish investments was duly noted. Furthermore, the Embassy pointed to the impressive IFU/Danida Business Finance pipeline with two upcoming investments within the water and ICT sectors.

In terms of a joint-donor approach to HRD programming, the Embassy responded that such an approach was indeed already part of the Embassy catalogue of ideas in relation to the next country engagement. As a response to the concern raised in respect of gender results of the Country Programme, the Embassy underlined that the review was limited in scope, but pointed to the almost finalised evaluation of the previous 2013-2018 agricultural development programme, where the achievements regarding gender inclusion and real empowerment were significant.

Summing up, the Chair noted the complexity and high level of ambition in the Country Programme. There was a need for rationalisation in relation to the very large number of engagements and continued focus on climate. Lastly, it was noted that experiences from other transition countries such as Vietnam and Ghana should be taken into consideration.

Agenda item no. 3: Denmark's Country Policy Paper for Bangladesh 2019 – 2021

For discussion and recommendation to the Minister

(Embassy Dhaka & Department for Asia, Oceania and Latin America, ALO)

Summary:

The new country policy paper for Bangladesh outlines Denmark's overall engagement with Bangladesh for the remaining period of the current country programme 2019-2021. In line with Denmark's strategic interest in Bangladesh, the policy paper has four strategic objectives: 1) Contribute to inclusive and sustainable growth; 2) Enhance resilience of selected vulnerable and marginalised groups, including Rohingya refugees and affected host communities as well as groups prone to irregular migration; 3) Promote shared values in terms of democracy, good governance, human rights and gender equality; 4) Expand and diversify economic and commercial relations between Denmark and Bangladesh.

The Council for Development Policy recommended the policy paper for approval by the Minister for Foreign Affairs and the Minister for Development Cooperation.

The ALO Department informed the Council that the discussion on the country policy paper had been postponed from May 2019 - due to the Danish parliamentary election process - and explained that the purpose of the paper was to align the timing of the strategic framework with the existing Country Programme. Hence, the paper was covering the period until 2021 only.

The Council noted the high economic growth rate in Bangladesh, but was surprised that Bangladesh was in a process of graduating from the LDC group when taking into account the many challenges the country was still facing. The Council asked how the increasing inequality was being handled.

The Council noted the link to the SDGs but missed a more detailed connection to the various indicators, e.g. the link to the SDGs under priority area one could be expanded to include 2, 12 and 15. The focus of the Danish engagement in Bangladesh was to shift from Aid-to-Trade in the medium to long-term perspective, and several of the comments given aimed to feed into the formulation of the coming country strategy from 2021.

The Council acknowledged the barriers for doing business in Bangladesh. The Embassy was encouraged to use the experience and knowledge of Danish companies active in Bangladesh to analyse how the challenges, including the fight against corruption, could be addressed. The Council found that sector cooperation and trade instruments were very relevant in a country like Bangladesh. The Council asked how the Danish engagement in the future could contribute further to the creation of decent jobs and the role of labour market organisations and recommended an analysis of the labour market including the role of labour market organisations.

The Council noted that the focus under priority one, inclusive growth, had shifted from the very poor farmers to market linkage and questioned how the poverty reduction would be maintained in the future. Evaluations had concluded that The Farmer Field Schools had had impressive results, which it would be important to keep in mind. However, the value-chain and market linkage approach was a good opportunity to bring together the farmers and SMEs. Referring to increased levels of youth unemployment and a decline in job creation, the Council asked how youth could be further integrated into the programme. In that regard, reference was made to the

‘Youth in Development’ toolbox for inspiration. The Council further recommended increased focus on enhancing skills as this was crucial with regard to investments.

The Council expressed concerns over the recent development in the political situation including human rights and freedom of speech and asked how Denmark could engage with Bangladesh on these difficult subjects including the role of civil society organisations.

The Council commented on the difficult situation related to the Rohingya crisis and asked for a description of the perspectives for the cooperation with Myanmar. A focus on the humanitarian-development nexus was necessary, however, a description of how institutional barriers would affect the nexus approach was recommended.

Finally, the Council asked how the trust-building and credibility between Denmark and Bangladesh could be ensured in the future, also based on the unfortunate corruption case with CRRIP.

In response, the Embassy reminded that the document was covering a transition period and was describing ongoing activities. The options for making changes were limited as the time span was short and there was no additional funding. The Embassy welcomed the useful and constructive forward-looking comments, as they would provide a good basis for drafting the next country strategy 2021-2026.

The Embassy took note of the suggestion for an analysis of labour market and informed the Council that it had already initiated a number of analyses prior to the process of formulating the new country strategy, e.g. analyses of civil society organisations, the Chittagong Hill Tracts as well as a mapping of Danish interests after 2026.

The Embassy explained that the Bangladeshi government had a strong focus on creating growth and that this had unfortunately happened at the expense of several areas, including the environment and human rights. The Embassy underlined that Bangladesh was a young country and had been seen as a basket case only three decades ago.

Regarding the human right situation, the Embassy mentioned that Denmark tried to identify areas of common interest as a platform for an open dialogue also in other areas. The rights of women was one good example of such an area. Both countries were members of the Human Rights Council, which should be utilised to create a dialogue within these areas. The fact that Denmark had had strong partnership with Bangladesh, since the country became independent in 1971, and the fact that the Bangladeshi government was inspired by ‘The Nordic Model’, created a good base for dialogue and cooperation.

Regarding the Farmer Field School engagement, the Embassy agreed that the long-standing co-operation in this area had obtained good results. Therefore, the coming engagement with IFAD would build on lessons learned in this respect in order to ensure inclusive growth. Regarding youth, the Embassy was already supporting an engagement with the NGO BRAC, which focused on youth and skills. However, the possibilities of strengthening skills further would be explored before going into the next programme period.

Summing up, the Chairman noted that the Council had undertaken a discussion on the broader perspectives regarding e.g. efficient access for Danish companies to the Bangladeshi market, democracy, labour market and climate providing a good basis for the further process in drafting the upcoming country strategy from 2021. Furthermore, there was no doubt that Bangladesh was facing many complex challenges. It was a case of fragmented development, where some progress was combined with several problems in relation to democracy, corruption, inequality and refugees. Several other developing countries were in a similar situation. The recommendations had focused on analysing how the problems could be addressed. The Chair concluded that the Council found that the policy paper could be recommended for approval by the Ministers.

Agenda item no. 4: Follow-up after mid-term review: Myanmar Country Programme

For discussion

(Embassy Yangon)

The Council for Development Policy took note of the status after the mid-term review.

The Embassy in Yangon briefed the Council on the political development since the Council visited Myanmar in November 2017, just after the Rohingya crisis broke out. In the aftermath of the crisis, Myanmar had experienced a decline in investments and tourism from Western countries, which had led to lower economic growth. The events had also led the EU to reconsider Myanmar's continued preferential access to European markets through the GSP, a process that is still pending. As a consequence, China, Japan, Korea, and the ASEAN countries had gained increased market shares and political influence and China's role vis-à-vis Myanmar had been strengthened. A slow increase in investors from Western countries was now noted.

The continued military control over major political decisions and the popularity of the military in the general public had de facto left the civilian government with little room for manoeuvre, which affected the democratic transition of the country. Seen in a regional perspective, Myanmar was relatively free and democratic, though the past couple of years some of the civic rights had been under pressure. The Country Programme had adapted to these changes through new initiatives in support of a free press, anticorruption, labour market reforms and support of the 2020 elections. Furthermore, the underlying causes of the Rohingya crisis would be addressed through a number of humanitarian-development initiatives in Rakhine.

The Council noted that the Embassy had managed to balance the programme engagements in a commendable manner within this very difficult context. Further, the Council asked if the crisis could not have been anticipated. The pertinence of continued on-budget support under the country programme was also raised.

The Council asked whether challenges in establishment of community fisheries groups with both Muslim and non-Muslim members, which the Council noted during its visit in 2017, had been resolved. The Council noted the change in M&E approach with termination of the contract of

the external M&E Consultant and enquired about lessons learned from this, including in terms of building partner capacity.

The Council noted with satisfaction that support to the Anti-Corruption Commission (ACC) was now included in the Country Programme and found that, although young, the ACC had already gained credibility in taking up large corruption cases. The Council called for further details regarding the activities supported under the ACC. The Council further noted that the MTR had applauded the two-pronged strategy of constructive, critical engagement underpinned by an accountability approach on human rights as a best practice model and asked for further clarification about this. The Council found that the work on furthering the humanitarian-development nexus was positive and welcomed more information on this. The Council raised the issue of supporting not only Muslim minorities but also other religious minorities including Christians, who suffered from discrimination.

The Council emphasised the importance of technical vocational training as a key element in the economic and social development of Myanmar and recommended the Embassy to consider including this among interventions in the future Country Programme. Furthermore, the Council found that the Responsible Business Fund was an interesting and relevant engagement and asked about the future of this programme in relation to the challenges faced by SMEs.

The Embassy explained that the two-pronged approach to the Rohingya crisis with accountability on one side and engagement on the other had been developed over time and adopted during the second part of 2018. Denmark pursued accountability through the UN, the EU and the HR Council, whereas critical engagement was pursued through the development cooperation programme as well as through political dialogue with the government. Furthermore, the Embassy made an effort to involve Danish businesses.

Regarding the issue of whether the Rohingya crisis could have been anticipated, the Embassy explained that, based on the history of persecution of the Rohingya over decades, the eruption of the conflict in 2017 was not a surprise, but nobody had envisaged the magnitude and brutality of the event. With regard to the question whether it was feasible under the current circumstances to continue on-budget support, the Embassy agreed to the need for continued discussion of this.

Concerning the establishment of community fisheries committees, the Embassy confirmed that these had been established, including mixed groups with quite good success, though it had taken more than a year to get there.

On the issue of the discontinuation of the M&E contract, the Embassy explained that after the initial phase of developing M&E systems with partners, it was assessed that the continued process of strengthening partner systems would be better anchored in close cooperation between the individual partners and the Embassy thereby ensuring better ownership.

The support for the Anti-Corruption Commission included the conduct of two surveys regarding different aspects of corruption as well as capacity building of the Anti-Corruption Commission.

Regarding the SMEs under the Responsible Business Fund, the vision over time was to support the enterprises in accessing formal financial services, which currently constituted a challenge for the SMEs. Concerning the inclusion of technical vocational training this was very relevant and a key priority for the Government and this would clearly be one of the elements to consider including in the next phase of the Country Programme, where planning would start shortly.

Concerning support for other minorities, the Embassy would consider including Chin State in a future programme based on the poverty profile of the state. This would allow for working with other groups including Christians, which comprised the majority of the population in this state.

Regarding the humanitarian-development nexus approach, the Embassy had supported this through the Centre for Diversity and National Harmony, which currently was the only NGO with access to working in Northern Rakhine. The support had included school construction and activities aimed at reconciliation. Combined with the support provided by the International Committee for the Red Cross, this provided opportunities for working with the humanitarian-development nexus.

Summing up, the Chair underlined that the Council appreciated the complex transition process that Myanmar was undergoing and the several challenges, which the current situation presented, also in relation to development cooperation. Critical engagement and close cooperation with like-minded donors was probably the best way forward.

Agenda item no. 5: Contribution to the European Fund for Sustainable Development - External Investment Plan

For discussion and recommendation to the Minister

DKK 75.0 million

(Department for Sustainable Growth and Employment, BVB)

Summary:

As the financial pillar of EU's External Investment Plan (EIP), the European Fund for Sustainable Development (EFSD) is an innovative financing instrument. The Danish contribution of DKK 75 million is earmarked for investments in Africa, thereby contributing to increase the scale, impact and coherence of EU-supported external investments. The EIP introduces innovation to the European financial architecture, including a new guarantee mechanism and an integrated approach, consisting of three pillars: 1) the European Fund for Sustainable Development, 2) a technical assistance pillar, and 3) a pillar to enhance a conducive investment climate in the African and EU's Neighbourhood partner countries. The Danish contribution will go to the EFSD Guarantee Fund. The contribution is based on the Addis Ababa Action Agenda on Financing for Development. Through the contribution, Denmark will support EU as a leading development actor while also seek opportunities for drawing on the Danish resource base in implementing the engagements funded by the EFSD.

The Council for Development Policy recommended the EFSD contribution for approval by the Minister for Development Cooperation.

In its introduction, the Department for Sustainable Growth and Employment emphasised the possibilities of the guarantee instrument and to promote sustainable growth and employment. The EU Commission would not manage the guarantees itself. The guarantees would be allocated to external development finance institutions, allowing them to take risks that would otherwise not be taken. The EFSD was part of a broader EU approach to scale up its engagement in Africa and to make finance available to private sector companies, including SMEs. The EFSD should be seen in the perspective of the European financial architecture, which would be strengthened in EU's next budget period.

The Council asked what differentiated this contribution from other similar investment initiatives, e.g. the SDG Fund. The Council asked if there was sufficient availability of capital in support of sustainable development projects, or whether a lack of bankable projects was a bigger challenge than a financing gap. In this regard, some Council members found that lack of capital was not an issue, however, there was a lack of taking risks when investing.

The Council questioned the scope of the investments, as this was very broadly defined as the African continent. The Council noted that several low-income countries were unable to attract commercial investments. In this context, the Council asked to which extent the EFSD guarantees would reach the poorest developing countries and called for indicators to measure this. Furthermore, the Council questioned whether it would have an impact on poverty and called for indicators measuring on poverty reduction. The Council further called for an evaluation of whether the criteria regarding the selection of projects were being followed.

The Council raised the question of additionality and asked whether private investments supported by the EFSD guarantees would also be made in the absence of publicly supported guarantees. The Council further questioned the leverage effect and called for more information and transparency regarding blended finance.

The Council found it relevant if synergies could be established between the EFSD and IFU. Furthermore, through IFU it would be possible to promote Danish business and labour market rules and values. In this context, the Council asked about the status of IFU becoming accredited to the EU.

While the Council welcomed Denmark as a 'first mover' in engaging with the EFSD, the Council found it useful to get better insight into how the EFSD worked, including on opportunities for Danish influence on the instrument, interaction with the enabling environment pillar, and the added value of engaging with the EFSD.

Responding to the issues raised, the Department of Sustainable Growth and Employment explained that it was keen to get better understanding of additionality. More research in this area would be welcome. To influence the implementation of the EFSD, Denmark would continue to engage actively in the Strategic Board. Denmark would carefully follow the planned evaluation of the EFSD, giving particular emphasis on jobs, climate action and the extent to which the

EFSD would reach poor and fragile countries. While there would be other opportunities to discuss the role of IFU, the Department informed that EU-accreditation of IFU was expected to be finalised over the next 4 months.

Summing up, the Chairman noted that the proposed contribution to EFSD was well received by the Council and that the Council could recommend the contribution to the Minister for approval. The Chairman further noted that, while emphasis should be made on ensuring value-added of the Danish contribution, the engagement with EFSD would make it possible for Denmark to play a constructive role in the implementation of this innovative EU instrument.

Agenda item no. 6: Support to the India-Denmark Energy Partnership

For discussion and recommendation to the Minister

DKK 60.0 million

(Department for Multilateral Cooperation and Climate Change, MKL)

Summary:

The 5-year partnership builds on a well-tested government-to-government modality of cooperation based on shared government goals for the cooperation and provision of technical advisory support including from the Danish Energy Agency and the Danish transmission system operator (Energinet). It offers partners wider access to acquaint themselves with Danish experience and daily programme presence in-country through Denmark's embassy and through the planned posting of international long-term sector experts with a key-partner institution. The partnership will focus on three thematic areas regarding energy: 1) Establishment of a centre of excellence for offshore wind and the integration of renewable energy that promotes and creates an enabling environment for lowering the cost of offshore wind power; 2) Energy planning decision making guided by state-of-the-art long-term energy modelling tools; and 3) Flexibility and integration of increasing levels of renewable energy in the power system. The intended impact of the partnership is reduced greenhouse gas emissions and leverage of the partnership in mobilising further resources for India's green transition and through this contribute to a process in which India achieves a low-carbon development, implements the Paris Agreement on Climate Change and realises its NDC goals, as well as achieves SDG7 and SDG13 targets. Financed under the Danish Climate Envelope, the partnership is aligned with the Strategy for Development Cooperation and Humanitarian Assistance (The World 2030) as well as with the Guiding Principles of the Danish Climate Envelope.

The Council for Development Policy recommended the support to the India-Denmark Energy Partnership for approval by the Minister for Development Corporation.

The Ministry of Climate, Energy and Utilities (MCEU) briefly introduced the programme by stating that, in order to fulfil the SDGs and the goals of the Paris agreement, there was a need for a green transition in growth economies, not least India, where the energy consumption and CO₂ emissions were expected to increase significantly. In order for India to realise its own ambitions and NDC goals, there was a need for increased knowledge on green transition, a knowledge, which Denmark would be able to deliver through the India-Denmark Energy Partnership programme.

The Council welcomed the support to the India-Denmark Energy Partnership and found the programme document thorough and well-written though also quite complicated to comprehend on the technical side. The partnership was seen as a good example of how the agenda of the SDGs through Danish expertise and solutions within the energy sector could be implemented in a transition economy like India. The Council was pleased to see the improved bilateral relations between India and Denmark and increased cooperation through this partnership.

The Council asked for more specific information on the political relation between the government of Denmark and India as well as the reason for the timing of this partnership. Questions were also raised about the Government of India's long-term political commitment to a green transition and as such, the sustainability of the partnership.

In relation to links between the partnership and the private sector as well as Danish export opportunities, the Council recognised that the programme could provide opportunities for Danish companies but questioned the magnitude of investments due to uncertainty and risks. The Council asked what the Indian partners would bring to the partnership in terms of personnel and financing. Furthermore, it was questioned how the Danish Energy Agency would deal with the crowded donor field in the country.

The Council highlighted the need for a just transition and asked for more information on the potential adverse social impacts from renewable energy infrastructure and the importance of incorporating these concerns into the green transition in India. Finally, the Council asked about the lessons learned from previous cooperation and more details in terms of the specific modalities of the partnership's capacity building activities.

MCEU and the Danish Energy Agency (DEA) described the positive interest from the Indian authorities in the energy cooperation, which was mainly due to the awareness of Danish expertise in the wind sector through a previous successful Danida programme. It was explained how the partnership builds on a government-to-government and peer-to-peer technical assistance and that no funds would be transferred to the Indian partners. The main focus of the programme was to support India in its efforts to reduce CO₂ emissions and build capacity to create the framework conditions with the least possible risk for leveraging investments for the Indian green transition. This would lead to indirect possibilities for Danish companies, but this was not the main target of the programme. The donor field in India was crowded but the government-to-government modality would give Denmark a special position in this field and continued donor coordination would be a focus of the programme.

Regarding the bilateral relations between India and Denmark, the Department for Multilateral Cooperation and Climate Change (MKL) clarified that the visits to India of the Minister of Foreign Affairs in December 2018 and the Prime Minister in January 2019, had significantly improved the relations between the two countries. The India-Denmark Energy Partnership would strongly build on this positive momentum and as such, further strengthen the bilateral relation.

Based on a request from the Council on how this partnership would fit into the other interventions under the Climate Envelope, MKL would forward a brief overview of the Climate Envelope

interventions for 2019. This overview reflected the approved Finance Act for 2019 as well as some changes to the distribution of funds, which had subsequently been made.

The Chairman concluded that a number of questions had been raised by the Council, e.g. Denmark's relation to India, sustainability and commercial interests, which had all been well answered. The Chairman further noted specifically that the support should be focused primarily on the federal level in order to ensure impact at the political decision-making level and emphasised the importance of detailed follow-up in terms of the implementation of the risk management. The Chairman found that the Council could recommend the programme to approval by the Minister.

Agenda item no. 7: Women Entrepreneurs Finance Initiative (We-Fi)

For discussion and recommendation to the Minister

DKK 46.0 million

(Embassy Washington)

Summary:

We-Fi presents a financing tool to tackle the full range of barriers faced by women-owned/led SMEs, including in the most challenging environments. We-Fi is the first global fund which takes a holistic public and private sector approach to promoting women's entrepreneurship by addressing the full range of constraints facing women-owned/led SMEs. We-Fi supports by scaling up access to financial products and services, building capacity, expanding networks, offering mentors, and providing opportunities to link with domestic and global markets. At the same time, it supports governments and other institutions to create an enabling environment for women entrepreneurs. The trust fund opened for business in October 2017 and has currently allocated the two first rounds of funding allocations. The expectation is that, with the provision of approx. USD 350 million of grant funding, We-Fi will unlock (leverage) approx. USD 2.6 billion in funding for women-owned SMEs.

The Council for Development Policy recommended the support to We-Fi to approval by the Minister for Development Cooperation while raising some critical remarks.

In its introduction, the Embassy emphasised that thorough efforts had been put into addressing the Council's concerns raised at the first presentation of We-Fi in November 2018. In that regard, the Embassy had developed an overview of the process and the changes made since then. This included, i.e. development of a more thorough results framework and clarity regarding We-Fi's target group, structure, processes and projects. Furthermore, an assessment of the political risks had been included. Denmark's role in the group of likeminded donors was underlined, as it was no secret that the donor landscape included players, which Denmark normally did not collaborate with. However, the project could potentially provide an opportunity to influence these donors and try pushing them in another direction.

The Council acknowledged that there had been a positive improvement in the programme since the first presentation in November 2018 and expressed overall satisfaction with the steps taken to address the concerns raised by the Council previously. Nevertheless, the Council underlined that there were still political risks in the donor group given untraditional donors and the focus

on women entrepreneurs. However, it was also voiced that the donor group entailed opportunities for influence and partnerships with such atypical actors.

The Council expressed concern regarding the lack of qualitative indicators in the Result Framework - including the four priority indicators chosen by Denmark. In relation to this, the Council voiced a general concern regarding the holistic approach – specifically We-Fi's ability to work with barriers addressing the enabling environment for female entrepreneurs. The Council noted the importance of maintaining a balance between projects working with e.g. direct access to finance and projects working with e.g. cultural barriers, norms and behaviour. The Council recommended this to be part of Danish input to the mid-term review of We-Fi.

On the structure of We-Fi, the Council underlined that the set-up as a Financial Intermediary Fund led to relatively high transactional and administrative costs, including for high-level engagements and events. Furthermore, the Council raised questions concerning the definition of We-Fi's target group and the methodology behind the Theory of Change presented by We-Fi.

However, the Council also noted that We-Fi was an atypical initiative, which could give Denmark an opportunity to cooperate with new actors.

The Embassy responded by acknowledging that there is still room for improvement on both Result Framework and Theory of Change – especially for indicators targeting qualitative measures and the enabling environment. The balance between public and private sector engagement is continuously in focus – also by the technical expert panel reviewing proposals. Regarding the structure, the Embassy noted that the Secretariat had been able to keep administrative costs low. The Embassy also presented the opportunities, which the structure presented, as We-Fi was implementing programmes globally across continents and engaging six different regional banks. On the target group, the Embassy specified that Implementing Partners adopted a definition dependent on the specific setting. This flexibility gave the Implementing Partners possibility to work in different environments – including low-income countries and fragile states.

Summing up, the Chair found that the overall programme had been improved since the first presentation and that the Ministry had successfully addressed the concerns raised. While the Council still had concerns on several parts and underlined its scepticism in this regard, the Chairman concluded that the support to We-Fi could be recommended to the Minister for approval.

Agenda item no. 8. AOB.

No points were raised.