

Minutes from meeting in the Council for Development Policy 12 June 2018

Present:

- Members: Professor Emeritus Georg Sørensen, University of Aarhus (Chair)
Vice Secretary-General Tania Dethlefsen, The Danish Family Planning Association (vice chair)
Director Jan Laustsen, The Danish Agriculture & Food Council
Head of Projects Tine Bork, SMEdenmark
Partner Marina Buch Kristensen, Nordic Consulting Group
Senior Researcher Lars Engberg-Pedersen, Danish Institute for International Studies
Associate Professor Michael Wendelboe Hansen, Copenhagen Business School
Director Mads Bugge Madsen, The LO/FTF Council
General Secretary Birgitte Qvist-Sørensen, DanChurchAid
- MFA: Morten Jespersen, Under-Secretary for Global Development and Cooperation
Nicolaj A. Hejberg Petersen, Head of Department for Technical Quality Support
Lotte Machon, Head of Department for Development Policy and Financing
Mette Brink Madsen, Adviser, Department for Technical Quality Support
- Agenda item 2: Ambassador Carsten Staur and Carl Christian Hasselbalch, UN Mission Geneva
Agenda item 3: Deputy Head of Department Lis Rosenholm and Special Adviser Jørn Olesen, Department for Growth and Employment
Agenda item 4.a. Head of Department Henriette Ellermann-Kingombe and Chief Adviser Merete Villum Petersen Department for Multilateral Cooperation and Climate Change
Head of Section Signe Refstrup Skov, Department for Humanitarian action, migration and civil society
Agenda item 4.b and 4.c. Head of Department Henriette Ellermann-Kingombe, Chief Adviser Merete Villum Petersen and Chief Adviser Dorthea Damkjær, Department for Multilateral Cooperation and Climate Change
Agenda item 5: Head of Department Henriette Ellermann-Kingombe and Chief Adviser Jesper Segelcke Thomsen, Department for Multilateral Cooperation and Climate Change
Agenda item 6: Ambassador Mette Knudsen, Deputy Head of Mission Nina Berg, Special Adviser Signe Fischer Schmidt and Special Adviser Adam Sparre Spliid, Embassy Nairobi
Head of Department Anders Garly Andersen, Chief Adviser Katrine Teisen Cramon and Head of Section Monica Hapiach Christensen, Department for Africa
Agenda item 7: Head of Department Stephan Schönemann, Ambassador Nicolai Ruge Deputy Head of Department Marie-Louise Koch Wegter, Chief Adviser Mia Steninge, Department for Humanitarian action, migration and civil society
Agenda item 8: Ambassador Einar H. Jensen and Deputy Head of Mission Camilla Christensen, Embassy Dar es Salaam

Agenda item no. 1: Announcements

There were no announcements.

Agenda item no. 2: Programme for Support to Multilateral Aid for Trade Activities 2018-2020

For discussion and recommendation to the Minister
DKK 150 million
(UN mission Geneva)

Summary:

The programme for support to multilateral Aid for Trade Activities 2018-2020 is of 150 million DKK, to be committed and disbursed at 50 million DKK annually. The programme is based on a projected allocation in the Finance Act 2018, account no. § 06.38.02.14, as part of the section on Partnerships for Sustainable Growth. The focus of the programme is to provide funding through Geneva-based multilateral agencies for implementation of the Trade Facilitation Agreement (TFA) with a particular focus on improving the access of SMEs to global value chains. In accordance with the Finance Act, the annual contribution of 50 million DKK will be divided into 30 million DKK for the International Trade Centre (ITC), 10 million to the Global Alliance for Trade Facilitation (GATF), 5 million to the International Centre for Trade and Sustainable Development (ICTSD), 4 million to the WTO Standards and Trade Development Facility (STDF), and 1 million to a joint project for investment facilitation by ICTSD and the World Economic Forum, co-funded with the Netherlands.

The Council for Development Policy recommended the programme for approval by the Minister for Development Cooperation while raising some critical remarks

Introducing the programme, the UN Mission in Geneva explained that the programme was a result of an attempt to unite smaller, single grants into one larger programmatic frame.

In general, the Council supported the aim of the programme to contribute to Danish efforts on trade and development and shared the objective of prioritising the implementation of the TFA and improving the access of SMEs to global value chains.

However, the Council expressed serious concern about the complexity and the adequacy of the programme document and its annexes. The Council further raised concern about the faith shown in the capacity of ITC and the added value of GATF in implementing a programme focussed on SMEs given that this organisation draws heavily on multinational corporations. Some members found that it was not sufficiently described in the programme documentation exactly which kind of activities would be supported, and how the programme would impact on development and lead to poverty reduction and reduced inequality. The Council enquired about other donors and further asked what the individual agencies would do to implement the programme. It was further observed that the programme covered many organisations, involved cooperation with specific embassies and included both core and ear-marked funding. In this context, reference was made to the limited human resources at the Mission to ensure follow-up and synergies. The Council

also enquired about alternatives to the proposed set-up, for instance, by channelling resources through UNCTAD.

The Council pointed to the need for the Guiding Principles of Business and Human Rights to be reflected as a policy priority in the programme. The Council questioned the indicators and called for more focus on SDG targets. It was questioned whether ITC was able to follow the political economy of its focus countries from Geneva and the very rosy picture of the business environment painted by ITC in various reports was given as an example. The Council further observed that the priority results at country level, which ITC was to achieve, did not take into account considerable problems for SMEs to function in the local business environment, e.g. in Ghana. In this regard, thorough analyses of business environment and the political economy at country level were recommended.

The Council asked about global activities vs. local activities and found it problematic that the Geneva agencies did not have a permanent presence in the programme countries through field offices. There was a risk that the agencies would simply be too far away from activities and thereby not being able to counter policy capture, corruption etc. Finally, it was unclear what the Danish embassies were supposed to do in order to facilitate the implementation of the programme.

The Mission responded that the programme represented a step up in terms of ambitions compared to the traditional support for many years to the same agencies, of which only GATF was a new partner (ITC had received Danish support for several decades). The aim had been to build a joint narrative for all the multilateral Aid for Trade contributions, instead of writing specific strategies or project documents for each agency. It was also the first time that a multilateral programme had set specific targets for results at country level in synergy with Danish bilateral private sector development programmes – targets which the Danish embassies in e.g. Accra and Addis Ababa had explicitly welcomed and to which they expressed their willingness to contribute.

The Mission conceded that the programme document was complex and difficult to read; however, the overall priorities and targets for the programme remained relevant and achievable. The Mission had limited human resources, but the stagnant trade policy negotiations in the WTO had freed up some extra resources for Aid for Trade.

ITC had recently received a positive evaluation of its effectiveness on SME competitiveness, and GATF was a promising new public-private partnership model, which benefited from strong donors and companies as well as in-time private sector data on trade facilitation obstacles, in particular from Maersk. These two partners (which together constituted 80 pct. of the contribution) both had clear strategies and programme documents for the areas prioritised in the Danish programme, the main points of which it summarised.

Finally, establishing field offices for the Aid for Trade agencies in Geneva was not a realistic proposition and was further opposed by the donor community, as it was too expensive considering the volume of their activities at country level.

The Chairman concluded that the Council supported the overall aim of the programme, but had concerns about the structure and complexity of the programme documentation. There were important gaps, e.g. on the Guiding Principles for Human Rights and Business and country level analysis of the business environment, which had to be addressed during the implementation of the programme. Based on the response from the Mission, and with the condition that the gaps identified in the programme had to be addressed, the Council recommended the programme for the Minister's approval.

Agenda item no. 3: Support to the Consultative Group to Assist the Poor, CGAP VI, strategic directions 2019-2023

For discussion and recommendation to the Minister

DKK 20 million

(Department for Growth and Employment, VBE)

Summary:

An estimated 2 billion poor adult people are excluded from formal financial services. Financial inclusion is considered as one of the most important factors to mitigate poverty as it can reduce poor people's vulnerability and in addition to poverty reduction generate broad economic and social development effects. CGAP is a global think tank and donor consortium established in 1995 to address financial inclusion. CGAP's mission is to improve the lives of poor people by catalysing innovations and advancing knowledge and solutions that promote responsible, sustainable and inclusive financial markets. This is done through practical research and active cooperation with client representatives, financial service providers, policy providers, regulators and founders. CGAP is supported by about 30 bilateral, multilateral and private donors. The Danish contribution of DKK 20 million will contribute to the implementation of CGAP's next 5-years strategy covering the period 2018/19 – 2022/23. The new Danish commitment will be provided as core funding.

The Council for Development Policy recommended the grant for approval by the Minister for Development Cooperation

The Department for Growth and Employment (VBE) introduced the project including CGAP's key activities, performance and results, and the rationale for continued Danish support to the next CGAP 5-years strategy.

The Council appreciated the project proposal, which was considered relevant and innovative, and it was noted that CGAP had provided value for money. The Council found the Theory of Change well prepared and the project's strong focus on women and youth as well as the huge human capital gains that financial inclusion could provide were also appreciated. The Council noted that the commitment of DKK 20 million was relatively small and asked why a 20 million grant was presented to the Council. In this regard, some members of the Council also asked why Denmark had not prepared a bigger commitment. The Council appreciated that the project document included examples of CGAP's achievements; however, the Council would have welcomed further details in this regard.

The Council asked for further clarification concerning the more broad based development effects of CGAP's work and asked whether CGAP had an impact evaluation system, and to what extent impact evaluations as well as evaluations of CGAP were available. The Council asked for further clarification concerning CGAP's organisational structure and what CGAP's comparative advantages were, as well as whether there were alternative organisations that could be supported. It was noted that significant and lasting improvements for the extreme poor required support in addition to financial services. The Council asked whether there were any contradictions between "traditional" financial inclusion and financial inclusion in relation to MSME (Micro, Small and Medium Enterprises) development. Finally, the Council also enquired about further details concerning possible future exit considerations.

VBE informed that the new commitment was presented to the Council because the previous commitments already exceeded DKK 39 million. VBE mentioned that the Danish core funding corresponded to what most donors provided, and that earmarked funding was less relevant for Denmark due to a relatively small financial inclusion portfolio. VBE provided further details in relation to one of the examples of CGAP achievements. VBE informed that Denmark had strong focus on financial inclusion in relation to MSME development, but that it was also important to address the huge segments, which were excluded from income generating activities.

VBE informed that CGAP's M&E system had been improved considerably in recent years. Impact could only be assessed at industry level, whereas CGAP's achievements were measured at outcome and output levels. VBE further informed that the global availability of financial inclusion information and data had improved considerably in recent years, which enabled better assessments and evaluations.

VBE informed that CGAP was the principal financial inclusion organisation. CGAP's main comparative advantage was that it was supported by most donors, which ensured a common donor platform and strong industry coordination in relation to financial inclusion. VBE further informed that there were other, but less relevant financial inclusion organisations and fora, and that Danida therefore continuously had supported CGAP. Finally, the pros and cons for a CGAP beyond CGAP VI needed to be clarified - an issue which would also be addressed by CGAP.

The Chairman concluded that the Council could support the project as the Council's questions related to the size of the grant, the organisation and the beneficiaries had been adequately answered and clarified.

Agenda item no. 4.a: The climate envelope 2018: Support to civil society

For discussion and recommendation to the Minister

DKK 40 million

(Department for Multilateral Cooperation and Climate Change, MKL)

Summary:

While the Paris climate agreement from 2015 is a key step forward in addressing the global challenge of climate change, it will require a substantial effort by all, including by civil society, to implement and increase climate

ambitions at global, national, and local levels. With this support, civil society in developing countries are strengthened to advocate on behalf of poor and climate vulnerable groups, and to build capacity for local climate action, through collaboration with Danish CSOs, which receives support through a soft earmarking within the existing CISU Civil Society Fund. CISU will in addition build capacity with the Danish CSOs to work with climate change. The intended results are an increase in number of beneficiaries becoming more resilient to climate change, improvement in performance in terms of percentage achievement of the objectives of the climate projects, as well as improvements in integration of climate in other CISU projects. The support builds upon experience with the now closed Fund for Climate and Environment.

The Council for Development Policy recommended the programme for approval by the Minister for Development Cooperation

The Department for Multilateral Cooperation and Climate Change (MKL) briefly introduced the programme, highlighting how it reflected the climate envelope principles, agreed in 2016. The programme aimed at capturing the segment of smaller CSOs and use the highly efficient CISU channel for support to their partnership with CSOs in developing countries.

The Council appreciated and welcomed the programme and the focus on and funding of the civil society. The Council noted CISU's strengths as fund administrator and supported the integration into the existing Civil Society Fund. The Council underlined that while the proposed programme targeted smaller CSOs, the expectations to advocacy results at the global or regional scenes should be lowered, as these organisations were often not connected in global networks. In this regard, the Council underlined the importance of being realistic about the expected results to be achieved. However, the Council also underlined that the involvement of smaller CSOs might yield different perspectives, e.g. in relation to climate adaptation and mitigation in food production.

The Council asked for further information about the types of projects that would be funded under the programme, and the Council enquired about the capacity building and technical assistance elements. The Council asked questions related to the possibility of co-benefits for other SDGs than SDG13 and to the results framework's focus on quantitative indicators rather than qualitative indicators, as well as the possibility for MKL to follow results of the efforts. Finally, the Council also asked about the budget set aside for the programme, which – according to some members – seemed relatively low.

In its response, MKL explained that the results framework builds upon the existing quantitative CISU indicators. Monitoring would be supplemented by a qualitative stock-taking review after 2 and 4 years, the latter would also ensure that MKL continued to be thoroughly informed on results of the efforts. The actual targets in the result frame had been thoroughly discussed with CISU, which had found the targets realistic. The Council was informed that some of the smaller CSOs had limited global networks, while others, such as "Vedvarende Energi", "Verdens Skove" and "Dansk Ornitologisk Forening", were indeed connected globally. The above-mentioned CSOs were representative of the current SDG13 projects in CISU, in addition to other less environmental oriented CSOs such as "Ingeniører uden Grænser" and "Dansk Bosætterforening".

It was further explained that MKL and CISU would pay substantial attention to the capacity building and technical assistance, and thereby ensuring that it was of high quality involving climate experts. Furthermore, attention would be paid to other project design challenges, such as sufficient political economy pre-analysis. The amount set aside for the programme reflected the scarce resources for climate, but was not far from the budget of the now closed fund for climate and environment, when considering that strategic partners were now excluded from applying. Finally, MKL clarified that projects supported through CISU could deliver on more than one SDG and that such co-benefits would be very likely.

The Chair concluded that the Council agreed on the importance of the programme. Questions had been asked regarding the budget, the results and measurement of impact, the type of projects and organisations, which had all been answered satisfactorily. Finally, the need to pay attention to the results achieved was underlined.

Agenda item no. 4.b: Support for UN Environment for the UNEP-DTU Partnership 2018-2021

For discussion and recommendation to the Minister

DKK 78 million

(Department for Multilateral Cooperation and Climate Change, MKL)

Summary:

The UNEP-DTU Partnership is a well-functioning and long established collaboration Centre of UNEP situated in Denmark. Danish support is complementary to the Danish core contribution. The Partnership supports implementation of SDG 7 (energy) and 13 (climate) but also 6 (water), 11 (cities) and 17 (partnerships) and is a flexible implementation arm of both UNEP, DANIDA and the international climate architecture – the UN-FCCC, CTCN and GCF as well as SEforALL on energy efficiency. The programme aims at improving Technology Need Assessments and National Determined Contributions to speed up implementation and investments in countries, including by engaging private sector investors and solution providers. As the hub on energy efficiency of SEforALL the Copenhagen Centre for Energy Efficiency aims at increasing knowledge up-take, capacity and investments in cities and municipalities in this area. The Partnerships is producing the high quality UNEP Emissions Gap reports and the Adaptation Reports in high international demand. The Partnership is gearing Danida support with a factor 5.

The Council for Development Policy recommended the programme for approval by the Minister

The Department for Multilateral Cooperation and Climate Change, (MKL) presented the programme proposal. Rooted in Danish research-based strongholds on climate and energy, including energy efficiency, UNEP-DTU would expand the strategic partnership approach to further engage private sector actors in order to increase funding available for implementing the Paris Agreement and the SDGs at country level. It would further develop a transparency framework for measuring and documenting private sector contributions to address climate change and strengthen implementation of Technology Need Assessments (TNAs) and National Determined Contributions (NDCs) as well as the uptake of knowledge products. In this regard, the UNEP

Gap Emissions report and the Adaptation Report were highlighted, as was the Copenhagen Centre on Energy Efficiency's collaboration with cities on street lighting.

The Council appreciated the proposal and the importance of engaging private sector actors, but inquired about the comparative advantage of DTU in that regard. The Council reflected on the programme in light of the broader research agenda in Danish development cooperation. The Council further asked about the appropriateness of the format used for the programme, which seemed to be developed for bilateral country programmes, and inquired whether the details herein were needed in light of the long-term nature of the partnership compared to a focus on future challenges. The Council asked for further clarification on whether core funding was provided for DTU or for UNEP to strengthen multilateralism as well as on the engagement of UNEP in the programme. Finally, the Council asked for an elaboration on how the impact of the programme would be measured and on the risk matrix.

MKL outlined that the programme supported stronger multilateralism via UNEP and that UNEP was focussed on normative issues and on providing research-based input to policy making, which was illustrated by the "Gap" reports. However, UNEP did not have any country presence. It was explained that UNEP participates in the Management Committee meetings and sets clear priorities for the programme and its activities. UNEP-DTU had already for some time engaged in dialogue and collaboration with the private sector. Joint deliberations on how to strengthen collaboration with both investors and solution providers - big as well as smaller companies - to ensure better results on the ground would continue. In terms of impact, there was always the challenge of attribution also in relation to typical impact measures such as CO2 reductions. However, assistance provided by the Partnership on NDCs and TNAs had been praised unsolicited as highly valuable by partner country governments. The Partnership had been well functioning for decades, including regarding up-front addressing risks.

In conclusion, the Chairman noted that there was general agreement among the Council members to support the programme and that questions regarding the actual content of the collaboration, private sector engagement, core funding for DTU and or UNEP, impact and risks, had all been answered satisfactorily.

Agenda item no. 4.c: Support to UNEP-DHI Partnership-Centre – Sustainable Water Resource Management in the 2030 Agenda

For discussion and recommendation to the Minister

DKK 32 million

(Department for Multilateral Cooperation and Climate Change, MKL)

Summary:

The programme is phase five in support of UNEP for the UNEP-DHI Partnership Centre, which is a long established collaboration Centre of UNEP situated in Denmark. Danish support is complementary to the Danish core contribution for UNEP. Based on the mandate of UNEP-DHI and UNEP regarding global monitoring of SDG 6.5.1. regarding Integrated Water Resource Management (IWRM), countries are supported in reporting on progress. Country reports are used as a platform for dialogue with and within countries on how to strengthen

water resource management across sectors and stakeholders, including women, youth, private sector investors and solutions providers. This will be underpinned by providing tools and technologies for water resource management, to address key water challenges and increase resilience and adaptation to impact of climate change such as extreme weather events.

The Council for Development Policy recommended the programme for approval by the Minister

The Department for Multilateral Cooperation and Climate Change (MKL) presented the proposal. Like UNEP-DTU, the UNEP-DHI Partnership Centre was well established and based on research-based Danish strongholds on water. The Partnership Centre was developing the monitoring framework and supporting countries in reporting on Integrated Water Resource Management (IWRM) as well as identifying key challenges. The Centre was further providing capacity development by applying a number of tools and technologies for addressing priorities such as forecasting of floodings and drought situations. UNEP-DHI collaborated with a variety of partners, such as for example Global Water Partnerships and CEO Water Mandate and would increasingly engage private sector actors, such as investors and solutions providers, in order to improve results at country level.

The Council appreciated the proposal and the importance of water across the SDGs, including in relation to improving resource efficiency in general and not least to agriculture and food production. It was underlined that Denmark had a number of strongholds related to water and it was noticed that the partnership had produced good results and tools. The Council asked about the outcome of the evaluation, which had been undertaken. The Council enquired about the comparative advantage of the partnership in light of the fragmented international landscape on water and whether there could be a risk of Danida being too lax in demanding results from long-term and well-established partnerships.

The Council commended the programme's reflections on integration of gender and human rights. However, the Council reflected on the importance of new technologies for women and whether a stronger engagement of private sector could be contradictory to the involvement of civil society and the needs of women and children as well as vulnerable groups.

The Council asked for an elaboration on the status of DHI hosting the partnership and asked for a clarification on the non-profit element and how funds would be re-invested. The Council further asked about adherence to EU procurement rules. Furthermore, the Council raised questions regarding the engagement of UNEP in the partnership, the choice of focus countries and whether synergies with Danish embassies and other donors were considered. It was noted that the SDG target to ensure full implementation of IWRM by 2030 was very ambitious. Finally, the Council called for an explanation for listing staff turnover and lack of private sector interest as risks.

MKL explained that the Partnership Centre was a collaboration centre under UNEP – like UNEP-DTU - and as such was a flexible implementation arm of both UNEP and Danida. DHI operated on a not-for-profit basis as an approved Technological Service Institute under the Danish Ministry of Science Innovation and Higher Education. The business model ensured that any

profit was re-invested in further technological development. MKL further underlined that EU procurement rules had been taken into account. The focus of the programme was on making the best use of the UNEP-DHI developed frameworks for global monitoring of IWRM (SDG 6.5.1) which was central in water-decisions regarding agriculture, industry and households. Establishing a global framework for monitoring would strengthen the basis for civil society to demand transparency and accountability of authorities, also in relation to the needs of women, children and vulnerable groups, including the very poor.

It was explained that reporting on SDG 6.5.1. included data on gender and the Partnership Centre adhered to the general gender guidelines and policy of UNEP. Usually, UNEP-DHI assisted national focal points in line ministries on water or environment around which most often participatory procedures involving all relevant stakeholders existed. MKL underlined that synergy with Danish Embassies and programmes and/or UNEP activities would be pursued.

It was the clear understanding in MKL that UNEP-DHI in no way considered Danida's demands to the Partnership as lax. UNEP was a member of the Advisory Board to the Partnership Centre and played an active role, as well as MKL and the Danish Embassy in Nairobi was actively engaged with UNEP's Head Quarters.

Stronger private sector engagement had been a requirement from Danida to the Partnership Centre in light of global agreement on the need to attract additional funding and ensure good solutions for SDG implementation. The idea was to ensure that the work done by the partnership was important to both the political decision-makers at country level, but also to investors and solution providers as well as other relevant non-state-stakeholders. The risk related to lack of interest from the private sector was related to the fact that it had traditionally been and still was more challenging to design the business case in water than in energy. No blue print existed for private sector engagement, but numerous models were being developed and tested internationally.

In conclusion, the Chairman noted that there was general agreement among the Council members to support the programme and that questions regarding private sector engagement, the role of DHI and UNEP, gender, civil society and risks had all been well answered.

Agenda item no. 5: Strategy for Denmark's Cooperation with the Asian Infrastructure Investment Bank (AIIB)

For discussion and recommendation to the Ministers
(Department for Multilateral Cooperation and Climate Change, MKL)

Summary:

AIIB's goal to create sustainable infrastructure aligns with the Danish priority to create inclusive and sustainable growth and development. This will be a potentially significant benefit for the climate and an opportunity for Danish competencies. By contributing to connectivity in Asia and between Asia and Europe, AIIB directly underpins the Danish interest in globalisation and connectivity. All the SDGs relevant for AIIB are also priorities in the "World 2030 - Denmark's Development Policy and Humanitarian Strategy".

The Council for Development Policy recommended the organisation strategy for approval by the Minister for Foreign Affairs and the Minister for Development Cooperation.

The Council agreed that AIIB presented an interesting addition to the global finance and development architecture. However, concerns were raised over whether AIIB would be unhealthy competition to established institutions and asked particularly to the relation to the Asian Development Bank.

The Council asked if Denmark and other like-minded would have sufficient influence in the organisation. It was noted that close collaboration in Denmark's constituency and with other constituencies would be key to influence the direction of AIIB. The Council raised questions about the future of the bank as neither the US nor Japan were on board.

The Council emphasised that projects funded by the Bank needs to have a development focus and development impact. The Council found that the most significant risk was the planning phase and that this had to be reflected in analysis and in the risk matrix. The Council pointed to a number of relevant questions in this regard, such as how are infrastructure projects chosen and designed by the country? How is it ensured that the infrastructure funded is an integral component of the long term and sustainable development plan of the country? Is AIIB going to support Strategic Environmental Assessment of national infrastructure plans rather than just project based impact assessment? Will AIIB support country capacities for developing such plans?

The Council questioned whether it would be possible to maintain "Lean, clean and green" and further noted the environmental profile of AIIB's loans was a key concern. In this regard, it was emphasised that the green profile of the bank was considered crucial. It was furthermore noted that Chinese banks had an unfortunate track record in that regard. The same was the case with Chinese workers' rights. The Council also suggested to look at the United Nations Guiding Principles of Business and Human Rights.

Questions were asked about the connection with P4G. The Council also raised concerns about corruption not least in relation to some of bank's larger shareholders. The Council further inquired about AIIB's policies on gender as well as the Bank's anti-corruption set-up and whether it would be similar to the set-up of the World Bank (INT department and Sanctioning Board). Finally, the Council recommended a revision of the risk framework in order to include the selection of projects that constituted a significant risk.

In its response, the MKL department underlined that AIIB was not a Chinese bank though the Bank had been initiated by the Chinese. It was explained that Denmark had influence in the Bank as part of a strong constituency. It was further explained that the bank had a strong environmental and social framework and that "Green" was one of the bank's priorities.

MKL explained that the Bank had high ambitions regarding corruption but that the actual set-up was not yet in place, and though there was no actual policy on gender in the Bank, MKL assured

the Council that Gender was a priority for Denmark's constituency. Finally, MKL took note of the recommendation to include the issues related to the planning phase in the analysis and in the risk matrix.

The Chairman concluded that the Council could support the organisation strategy and that the Council's questions regarding Danish influence, corruption, development impact etc. had been answered. Finally, it was noted that the Bank was still in its initial phase therefore policies and strategies were still under development.

Agenda item no. 6: Country Policy Paper for Somalia, 2018-2023

For discussion and recommendation to the Minister
(Embassy Nairobi & Department for Africa, AFR)

Summary:

The new country policy paper for Somalia outlines Denmark's overall engagement with Somalia for the period 2018-2023. In line with Denmark's interests in Somalia, the policy paper has three strategic objectives centred around: 1) Promoting stability, security, state building and the respect for human rights, with a particular focus on women's rights, youth and child protection; 2) Strengthening resilience and Somalia's handling of internally displaced and returned citizens; 3) Contributing to poverty reduction through inclusive and sustainable economic development, driven by the private sector, with a particular focus on women and youth.

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

The Embassy gave a short introduction to the country policy paper and a brief update on the current situation in Somalia and the importance of Danish engagement in the country.

The Council found that the policy paper was well written and addressed some of the complex and pertinent challenges in Somalia. The Council asked about the potential for private sector development in Somalia and the areas of investment for Denmark, including the Investment Fund for Developing Countries (IFU). The Council also inquired about the ongoing dialogue with the Somali diaspora.

The Council asked which SDGs the Danish engagements would address and inquired about the relationship between piracy, terrorism, and Al-Shabaab. The Council also inquired about Denmark's work with youth, including young women, and encouraged innovative reflection within the Danish engagements, for instance by addressing the link between family planning and employment. Considering that Somalia has the highest rate of Female Genital Mutilation (FGM), the Council strongly encouraged a stronger focus on this issue in the policy paper.

The Council commended the strategic objectives in the policy paper and asked for an elaboration of the concept of 'resilience' and of Denmark's work in the social sectors, which generally constituted an important stabilising factor in fragile situations. The Council further asked about the

influence of external actors in Somalia and the consequences for the Danish support to the country. The Council also inquired about potential Danish support to the fisheries sector in Somalia and Fair Fishing. Lastly, the Council asked about the overall support to Somalia and Somaliland.

In response, the Embassy explained the rationale behind Denmark's private sector engagements in Somalia. Focus had been on improving framework conditions and supporting public-private dialogue, value chains, and vocational training. Under the new country programme for Somalia, the intention was to maintain support to improvement of framework conditions and value chains but also support concrete private sector actors, i.e. access to finance through IFU, to increase actual job creation. IFU had engaged a local partner with a proven track record in Somalia. The Embassy also emphasised the importance of engaging the Somali diaspora and explained the ongoing considerations regarding this issue.

The Embassy pointed out that the mentioning of women's rights and gender-based violence in the policy paper reflected the priority of FGM. However, the language on this issue could be more explicit. The Embassy added that the country programme for Somalia for the period 2019-2023 was currently under development with several engagements on human rights and was expected to support initiatives that would address FGM. Regarding the inclusion of SDGs, the Embassy referred to the overview in the policy paper as well as the specific references under each strategic objective. On the issue of links between piracy and terrorism, the Embassy explained that while both Al-Shabaab and piracy networks were engaged in transnational crime there did not seem to be a particularly strong link between piracy and terrorism. Transnational organised crime was a focus area under the new phase of the regional Peace and Stabilisation Programme for the Horn of Africa. Under the same programme, Denmark would expand the support to Al-Shabaab defectors' rehabilitation that also undermines the recruitment of youth. The suggested private sector engagements under the new country programme for Somalia would also have a particular focus on youth.

Regarding engagement in social sectors, the Embassy explained that in Somalia – and elsewhere - Denmark mainly provided support to social sectors through global grants to multilateral cooperation rather than through the bilateral country programmes. However, in several engagements under the Country Programme and the regional Peace and Stabilisation Programme, basic provision of services was supported, i.e. through the Somalia Stability Fund and the World Bank Multi Partner Fund. The concept of resilience provided an opportunity for an integrated approach to livelihood strategies in a fragile context. Denmark also provided support to local governance, education, and some health services. Local governance support was expected to be enhanced in the southern parts of Somalia the coming years. The Embassy further explained that Denmark has had significant engagements in Somaliland, which were expected to continue. Support to the fisheries sector might be provided in partnership with the EU under the value chain support under the new Country Programme for Somalia. However, specific partners were yet to be decided on. The Embassy noted that the security situation in Somalia was complicated and fragile and that some external actors had a destabilising influence on the country's development. However, Somalia had experienced some progress, i.e. in relation to the control over larger urban centres.

The Chairman concluded that there were grounds for cautious optimism about the situation in Somalia, although not all external actors were supporting a positive development and there were

continuous challenges related to security, politics, and civil justice as well as economic, social, and women's rights.

Agenda item no. 7: Thematic discussion: Migration

For discussion

(Department for Humanitarian action, migration and civil society, HMC)

The Department for Humanitarian Action, Migration and Civil Society (HMC) presented the main points of the Danish approach to migration and development cooperation. The agenda was presented as very topical, and high on the political agenda, also in the years to come. With a main focus on curbing irregular migration, the Danish approach contained three levels: 1) addressing root causes of migration, 2) strengthening the capacity to manage migration and protect vulnerable people on the move in countries of origin and transit, and 3) strengthening capacity of Danish and European asylum systems, including return of rejected asylum seekers and others with no legal stay in Denmark. Danish development cooperation was put into play on all three levels. The World 2030 strategy provided the frame within which these efforts were carried out, while the development aspects of the issue had become even more broadly acknowledged since its adoption. Lastly, HMC noted that the issue was constantly evolving, and that a central focus for the Danish approach was to develop knowledge on causes of migration, in order to develop efficient and relevant interventions.

The Council commended the provided overview of the MFA's approach to migration and development, and recognised the difficult and volatile nature of the issue. The Council emphasised the need to recognise the positive effects of mobility in general, and that many countries want to engage on possibilities of regular migration.

The Council underlined the need for common EU approaches to migration. In this regard, evaluations of the EU Migration Partnership Framework, especially in relation to the use of the 'more for more' principle was highlighted. It was further enquired whether the EU Trust Fund for Africa (EUTF) was working as intended, as some African countries seemed to perceive it more as an instrument tailored to European interests than to development.

The Council further discussed the finding that economic growth in migrant producing countries, up to a GDP per capita of roughly USD 8.000 might lead to more migration rather than less (the so-called 'migration hump'), which puts into question the relevance of growth initiatives as a means to address irregular migration and emphasised the long term perspective of such efforts. It was also mentioned that people would often prefer to stay where they are in order to make a living rather than migrate, which pointed to economic growth and employment in decent jobs as key. It was also argued that root causes needed to be addressed through a mix of instruments, including trade. As steep demographic growth was foreseen in nine Danish priority countries in the coming years, the Council pointed to the relevance of promoting family planning in Danish development interventions.

The Council noted that lack of real-time and context specific data on causes of migration for specific groups and localities made it difficult to design tailored programs with a more certain knowledge of the impact.

The Council pointed out that some of the projects in the migration portfolio seemed very small, which emphasised the question of impact, and questioned the efficiency of information campaigns on the dangers of irregular migration. The Council further noted in more general terms that addressing migration crises was costly. The Council also emphasised that the income from remittances were considerable and might lessen the appetite for initiatives that could curb migration.

In relation to return, the Council emphasised that the challenge of addressing root causes of migration featured more prominently in the World 2030 than return and readmission. It further emphasised the need to ensure that the readmission and reintegration of individuals in countries of origin was sustainable and contributing to the development of the country. The Council also enquired about evaluations of the effects of the 'more for more' approach pointing to the potential mismatch of short and long-term interests and critically noting the introduction of conditionality in development cooperation. Finally, the Council asked about how the aspect of mixed migration flows were handled, and the need to ensure human rights protection of migrants was stressed.

HMC explained that the positive aspects of global mobility was not neglected and indeed a focus of the UN negotiations for a Global Compact on Safe, Orderly and Regular Migration (GCM), presently negotiated in New York, with the aim not to stop regular migration, but rather to ensure it happens in a safe and orderly manner. HMC also stressed the importance of differentiating between regular and irregular migrants and between migrants and refugees, while mixed migration flows constituted the norm. All groups were protected by international human rights, while refugees had a specific right to protection.

HMC noted that while remittances were also generated by irregular migrants, they derived primarily from regular migrants employed in the formal economy of their host country. HMC confirmed that the EU was central to the Danish efforts in relation to migration. The EUTF had been the available tool when the migration crisis peaked in 2015, and as such had needed to develop over time. HMC agreed that it had to be evaluated. In relation to the 'migration hump' HMC stressed the need for more specific data on migration movements and for looking beneath macro-data, thereby agreeing with the Council on the need for location-specific and real-time data.

HMC stressed that human rights were central to the Danish approach to migration, including through projects specifically aimed at protecting migrants in vulnerable situations and in international processes, such as negotiations of the GCM. To the concern regarding sustainability of returning migrants, HMC responded that it was a government policy to promote voluntary return. This was done, among other things, through return and reintegration programmes, mostly implemented through the European Reintegration Network, ERIN. The reintegration support offered was in-kind and intended to address the immediate needs of a returnee such as transport,

temporary lodging, psychosocial support and help to find a job or set up at business. It was, however, short-term in nature and always weighed against the risk of becoming a migrant pull-factor. ERIN was currently being reformed with more emphasis on ensuring that the short-term support to returnees was better aligned with broader national and international development efforts in the countries of origin. Further, in relation to Iran, the Danish government had recently introduced a temporary cash-based support programme to encourage voluntary return.

In relation to the concerns over the ‘more for more’ principle, HMC responded that the funds that has been specifically allocated since 2017 to improve cooperation on return and readmission (“fleksible udsendelsesmidler”) was not a blunt financial instrument, but used in conjunction with the broader dialogue with the governments concerned. While the funds were limited, it was stressed that they were not aimed at addressing root causes of migration, but to improve cooperation on return and readmission. The funds were important, but not the only tool, that was used in the bilateral dialogues on how to improve cooperation on return. While conditioned on improved cooperation (‘more-for-more’), it was appreciated by the countries of origin that Denmark offered the opportunity to support a project, which was of priority for, most typically, the national immigration authorities. As such, they provided important added value to the dialogues.

Agenda item no. 8: Follow-up after mid-term review: Tanzania Country Programme

For discussion

(Embassy Dar es Salaam)

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

The Embassy in Dar es Salaam briefed the Council on the outcome of the recent mid-term review, which concluded that the Tanzania Country Programme was a solid and relevant programme performing according to plan. The review report highlighted the efficient variation of modalities applied as well as the Embassy’s strong partnerships with all implementing partners. The Embassy recognised the pressure on civil and political rights, especially affecting representatives of the opposition, the media and human rights activists.

The Council congratulated the Embassy on the positive mid-term review, but called for more information about the business programme and on the business environment in general, including the estimated future growth rates. The Council asked about the communication strategies for dissemination of achievements and results of the longstanding Danish engagement with Tanzania. The Council invited the Embassy to include relevant partners, including trade unions in the discussion of a future programme. It was further discussed how to find appropriate ways of engaging in countries where human rights were under pressure and at the same time stay committed to the promotion of Danish interests. Finally, the Council asked about the situation of the refugees in Tanzania especially from Burundi, and Tanzania’s role in the humanitarian efforts in the East African region.

In its response, the Embassy informed the Council that current growth rates in Tanzania average 7 pct. p.a. Regarding the Country Programme, about 45 pct. of the support provided was on-

budget, while the remaining 55 pct. of the support was allocated in support of civil society and the private sector. The support to government institutions focussed on the health sector, tax authorities and towards improving economic and fiscal governance in the public sector. Having engaged in the country for a long time and using a different range of instruments, Denmark was a valued partner who had demonstrated commitment to supporting the development of Tanzania. Danish engagement offered a unique space for dialogue with the Tanzanian authorities on various issues, including sensitive ones. The Embassy collaborated closely with the EU and other partners on a variety of issues, including the concern about increasing pressure on democratic rights. In terms of communication, the Embassy had collaborated with both Danish and Tanzanian media on several articles about the results of Danish development cooperation with Tanzania. Finally, the Council was informed that Tanzania hosted about 300.000 refugees from e.g. Burundi and the DRC and continued to have a liberal policy towards refugees although the current government was more restrictive than the past.

In conclusion, the Chairman commended the progress of a relevant and well-implemented programme in a challenging political and economic context.

Agenda item no. 8: AOB.

The Council members raised a number of suggestions and recommendations, one being to include a description of possible alternative partners in the documentation when presenting programme proposals and drafts strategies. This was regarded helpful for the Council members in order to understand the often complex programme proposals.

Regarding the annual publication “The Government’s Priorities for Danish Development Cooperation”, it was strongly recommended not to change the structure of the budgetary tables, as this would make comparison between the annual budgetary figures difficult over different years.

Regarding partnerships and involvement of the private sector, an overview of the different instruments was called for. The overview could preferably show how the different strategic elements was implemented in more concrete programmes and funds.

It was further pointed to the fact that it would be helpful for the Council members if the programme documentation included information on why grants below DKK 39 million was presented to the Council, i.e. when the principle of accumulation was being enforced. Finally, it was recommended aiming at distributing the documentation for the Council meetings in one single email.

Regarding a clear demonstration of possible alternatives, the Under-Secretary for Development Cooperation highlighted that alternatives were discussed in the Programme Committee, where programmes and projects were discussed at an early stage in the formulation process. It would be difficult to include the alternatives in the final programme documentation. However, the Ministry could increase its focus on the discussion of alternatives in the minutes from the Programme Committee meetings – minutes that were publicly available.

As regards the Government's Priorities for Danish Development Cooperation, the Under-Secretary explained that the tables followed the structure in the Finance Act, and though it was always the ambition not to change the structure, it was sometimes deemed necessary in order to ensure that the Finance Act reflected the priorities within Danish development cooperation.

Finally, the recommendations regarding the private sector instruments, the principle of accumulation and the distribution of documents were noted and would be taken into account.