

## Minutes from meeting in the Council for Development Policy 13 June 2017

### Present:

- Members: Professor Emeritus Georg Sørensen, University of Aarhus (chair)  
Vice Secretary-General Tania Dethlefsen, The Danish Family Planning Association (vice chair)  
Head of Projects Tine Bork, The Danish Federation of Small and Medium-sized Enterprises  
Partner Marina Buch Kristensen, Nordic Consulting Group  
Associate Professor Michael W. Hansen, Copenhagen Business School  
Senior Researcher Lars Engberg-Pedersen, Danish Institute for International Studies  
General Secretary Birgitte Qvist-Sørensen, DanChurchAid  
International Director Gunvor Bjerglund Thomsen, The Danish Youth Council (agenda item 2-5)
- MFA: Martin Bille Hermann, State Secretary for Development Policy  
Nicolaj A. Hejberg Petersen, Head of Department for Technical Quality Support  
Erik Brøgger Rasmussen, Head of Department for Development policy and Finance  
Mette Brink Madsen, Department for Technical Quality Support
- Agenda item 2: Head of Department Morten Elkjær, Deputy Head of Department Lis Rosenholm and Senior Adviser Annelise Boysen, Department for Growth and Employment  
Ambassador Mikael H. Winther, Embassy Dhaka
- Agenda item 3: Ambassador Ulla Næsby Tawiah, Deputy Head of Embassy Albert Bruun Birnbaum, Chief Adviser Anne-Catherine Legendre, Special Adviser Anne Bjarnested Simonsen and Programme Officer Fatoumata Ide, Embassy Ouagadougou
- Agenda item 4: Head of Department Rasmus Abildgaard Kristensen and Deputy Head of Department Malene Bøgesvang, Department for Public Diplomacy, Communication and Press

## **Agenda item no. 1: Announcements**

The State Secretary for Development Policy informed the Council that because the number of asylum seekers in Denmark had decreased, approximately DKK 1.8 billion of the development assistance budget could be transferred to other development activities in 2017. According to programming guidelines, a number of new initiatives would probably require a presentation to the Council. In order to present these initiatives, there would be a need for an extra Council meeting during the fall, and a date would be fixed around 1 November.

Furthermore, the State Secretary informed the Council that a new budgetary regulatory mechanism had been approved by the Danish government which would ensure that the annual commitments over a rolling three year cycle would be 0.7 per cent of GNI on average. That mechanism would ensure increased predictability in the planning of the development assistance budget managed by the Ministry of Foreign Affairs.

## **Agenda item no. 2: Danida Business Finance: Bangladesh – Saidabad III, Water Treatment Plant**

DKK 976.6 million

*For discussion and recommendation to the Minister*

(Department for Growth and Employment, VBE)

### *Summary:*

*The Saidabad III programme will improve water supply in the city of Dhaka. The expected output is clean drinking water for 7 million people. The main raw water source for the city is ground water, but unsustainable rates of abstraction are causing ground water levels to decline between 1-2 meters per year. Consequently, the Government of Bangladesh has decided make a gradual shift to use surface water as source for production of clean water. The programme includes the following three project components: 1) construction of water intake at Meghna River and transmission lines, 2) construction of water treatment plant and sludge treatment facilities and 3) distribution network. Danida Business Finance will provide a soft loan for component 2 and component 1 and 3 will be financed by AFD (Agence Française de Développement), EIB (European Investment bank), KfW (Kreditanstalt für Wiederaufbau) and the Government of Bangladesh. The programme will provide technical assistance for planning, implementation, management and capacity development.*

The Council for Development Policy recommended the project proposal for approval by the Minister for Development Cooperation. However, the Council raised a number of issues where there was a need for an elaborated explanation to justify the recommendation. A separate note has been prepared to meet this need. The note will be annexed to the programme document and inform the Minister in the approval process.

The key issues raised were whether:

- The institutional capacity of Dhaka Water and Sewerage Authority (DWASA) is sufficient to manage the project
- The tariff structure and the plans for adjustment would be sustainable in view of the political sensitivity of access to water.
- The resettlement would be undertaken in a responsible manner

- There had been sufficient public consultation of the projects
- The Environmental Impact Assessment identified the critical issues and would be followed-up in a sufficient manner
- The risk of pollution at the raw water source would be addressed sufficiently

Overall the Council found the objective of the project justified as there was a need for supplying clean drinking water. However, the Council raised a number of concerns related to the programme documentation. The Council noted that there were good experiences from working with DWASA but called for a description of concrete results in the documentation. In this regard the Council would have liked to see an institutional analysis of DWASA. The Council highlighted the high level of corruption in Bangladesh and called for a specific assessment of how corruption at all levels could affect this project.

The Council noted that poverty reduction was among the objectives of the project and questioned whether a poverty reduction in Bangladesh could be measured and attributed to the project. The Council further raised concerns regarding the environmental implications of the programme and whether or not climate changes could affect the intake of water. The Council further asked for information on how the Bangladeshi authorities would ensure that the intake of water was not polluted.

The Council asked if public consultations had been carried out and whether or not the local civil society had been involved. The Council underlined the importance of informing and involving the local population and asked for information on planned interventions in order to ensure local participation. The Council further asked for information regarding the involuntary resettlement of more than 200 people and underlined the importance of ensuring that this was handled in a proper manner.

The Council asked questions to DWASA's tariff policy and whether it was considered realistic that DWASA would be able to maintain viable tariffs. In this regard the Council called for further information on DWASA's business model. The Council further questioned why Denmark, as a relatively small donor, was engaged in this project with a number of other major players. The Council further commented on MFA's capacity to handle a project of this size and asked for further information on the role of EKF and the taxes to be paid.

The Council asked questions related to the fact that the support was tied to Danish enterprises and how to be sure that Danish enterprises were internationally competitive. The Council further asked if the contractor for the previous Saidabad II project could have a comparative advantage when bidding for Saidabad III. Finally, the Council asked questions regarding employment for local workers as well as on working conditions.

The VBE department agreed that reduction of poverty is difficult to assess and attribute to the project. However, access to clean water is one of the sustainable development goals and sustainable poverty reduction was part of the results framework for the programme. Head count poverty and the urban population's access to clean water was part of the results framework (to be measured by the World Bank).

VBE and the Embassy in Dhaka explained that Denmark was involved in the project as it is high priority for the Government of Bangladesh and important for sustainable development in Dhaka. In addition, it was noted that the private sector in Denmark has much to offer when it comes to production of clean water especially when there is focus on “life cycle costing” and not only on the cost of capital investment. European financial institutions have the same focus, and it is important for Denmark to be part of this project to open up for new market opportunities for Danish companies. VBE confirmed that Danida Business Finance (DBF) was used to large projects, and as DBF has good experience working in Bangladesh, the size of this project was not considered to be a major risk. VBE informed that DBF do not pay for the EKF guarantee but the value of the guarantee was calculated as it has to be reported to OECD/DAC. It was clarified that taxes in this project was related to import duties, value added tax etc. and would be paid by the Bangladeshi counterparts.

VBE clarified that Danish contractors and suppliers are internationally competitive especially when looking at costs over the lifetime of the project, and that the Ministry was vigilantly taking care that there would be sufficient Danish interest in the project to ensure competition and quality. All potential Danish suppliers would be invited for consultations in the further development of the project to take advantage of their knowledge and ensure a transparent process for all. VBE explained that contractors/suppliers would create joint ventures, and new joint venture combinations were likely to be formed. Previous engagement in the Saidabad II was not likely to provide an advantage.

The Chairman concluded that though the Council had received well qualified answers to many of its questions, there was a need for documenting the extra information supplied at the meeting. In conclusion, it was decided that a written response should be drawn up and annexed to the programme documentation as well as serve as information to the Minister upon presentation of the project for final approval.

### **Agenda item no. 3: Country Programme for Niger**

DKK 380 million

*For discussion and recommendation to the Minister*

(Embassy Ouagadougou)

#### *Summary:*

*The Country Programme for Niger will have three thematic programmes: 1) Democratic Governance, Stability and Migration Management; 2) Water and Sanitation; and 3) Economic Growth and Job Creation in the agricultural sector (already on-going programme). The programme will to a large extent be implemented through delegated partnerships and is part of a wider strategic Danish engagement in the Sahel region and in Niger.*

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

The Council found that the proposed Country Programme contained a solid context analysis, had appropriate risk scenarios and a good balance of interventions. The Council underlined the

considerable challenges in Niger and the high strategic relevance of Danish interventions. The Council was concerned whether the proposed budget matched the needs and the relevance.

The Council noted that since Denmark no longer had a representation office in Niger, many of the activities would be implemented through delegated partnerships. The Council acknowledged that this required a specific attention to monitoring and evaluation, and to a strong technical as well as political dialogue to secure that Danish experiences and policy priorities continued to guide the Danish funded activities. The Council further found that it required a particular focus on creating synergies between the country programme and other Danish funded actors and activities in the country, civil society organisations, and multilateral agencies as well as to the regional Sahel Peace and Stability programme.

The Council underlined that for long-term strategic capacity building interventions, good institutional analyses of partners were necessary.

The Council recommended working with religious leaders, both in order to fight radicalism and to curb the demographic growth. The Council acknowledged the relevance of the proposed support to help Niger address the high demographic growth, and found this to be an issue that ought to feature more prominently, where relevant, in other upcoming country programmes.

The Council welcomed that the programme would support migration management, and the Council supported further studies to identify sustainable and long-term activities. The Council expressed a desire to hear more about the migration management related activities once these had been identified.

The Council underlined the importance of a broad-ranging approach to job creation with a focus on youth employment, also in terms of providing alternatives to young people who might otherwise migrate. The Council recommended looking into the potential use of cash transfers, not only in humanitarian interventions, but also as a means to promote long-term stability.

The Embassy underlined that the country programme was building on the many good past experiences of Danish bilateral, civil society and multilateral interventions and that the delegated partners would build on the lessons learned from those experiences. Institutional analyses of local partner organisations had been made and would continue to be made to follow progress of the capacity development. The Danish Embassy in Ouagadougou would participate in steering committee meetings when possible, would conduct a close dialogue with partners in Niger, as well as hold annual political dialogue with Niger high-level authorities.

The Embassy agreed on the importance of engaging religious leaders both in relation to the demographic challenge and in relation to prevention of radicalisation and emphasised that Denmark had supported and would continue to support dialogue with religious leaders through several development engagements. The Council was further informed that the thematic programme focused on employment of youth and women.

In conclusion, the Chair underlined the challenges of working in a country where Denmark did not have a permanent presence. However, the Council had noted that Denmark could build on its longstanding experience in Niger and on reliable delegated partners. Furthermore, the challenges in Niger and the strategic relevance of Niger to Denmark certainly called for continued Danish support to Niger.

#### **Agenda item no. 4: Thematic discussion on communication**

*For discussion*

(Department for Public Diplomacy, Communication and Press, KOM)

The Communication Department initiated the discussion based on the recent study on knowledge regarding Danish development cooperation and underlined that communication regarding development cooperation faced a number of challenges such as a low level of knowledge in the public of the actual situation in developing countries, a perception that corruption was widespread, and declining levels of trust in public institutions. This was further nurtured by media focus on conflicts and humanitarian disasters. There was a need to increase popular engagement and involvement among the more sceptical parts of the population. KOM found that the global goals constituted an opportunity for engagement due to their universality. However, it also required a new mind-set for communication to convey their relevance. New technologies, for instance social media, presented opportunities and should be used strategically.

The Council highlighted the challenge stemming from the increased use of fundraising campaigns, which constituted an inherent dilemma, since such campaigns contributed to the perception that development cooperation does not make a difference. It was furthermore noted that the balance between fundraising campaigns and information campaigns had shifted due to demands for co-financing. The Council underlined that resources should be allocated to communication, and it was a challenge that framework organisations were only allowed use 2 per cent of their frame budget on communication. The Council agreed on the need for reaching out to new segments - the doubtful and the sceptical - and to prioritise young audiences. Rather than one-way communication, the aim should be to create engagement, true dialogue, ownership and confidence. The Council agreed that there was a need to communicate also about difficult issues and challenges such as corruption.

The Chair concluded that all development stakeholders shared the same dilemmas and opportunities. In order to reach out to new target groups and communicate with credibility the dilemma had to be addressed and it should be explained why challenges like corruption should not stop development cooperation. Humour and concrete examples should be part of the communication. Finally, it was underlined that though the global goals constituted a gift they could also be a challenge, not least due to the many sub goals. However, through their universality and relevance the global goals were a significant base for communication.

**Agenda item no. 5: AOB.**

Regarding future meetings, the Council asked to be informed beforehand about the MFA staff members who participate in the Council meeting during the different agenda items.