Minutes from meeting in the Council for Development Policy 16 May 2017

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, The Danish Federation of Small and Medium-sized Enterprises
Partner Marina Buch Kristensen, Nordic Consulting Group
Associate Professor Michael W. Hansen, Copenhagen Business School
General Secretary Birgitte Qvist-Sørensen, DanChurchAid
Director Mads Bugge Madsen, The LO/FTF Council
Deputy Director General Thomas Bustrup, Confederation of Danish Industries (except agenda item 1-2)

MFA:
Martin Bille Hermann, State Secretary for Development Policy
Morten Jespersen, Under-Secretary for Global Development and Cooperation
Nicolaj A. Hejberg Petersen, Head of Department for Technical Quality Support
Mette Brink Madsen, Department for Technical Quality Support

Agenda item 2: Ambassador Einar H. Jensen, Deputy Head of Mission Camilla Christensen and Special Adviser Mette Melson, Embassy Dar es Salaam

Agenda item 3: Head of Department Nathalia Feinberg and Chief Adviser Merete Villum Pedersen, Department for Multilateral Cooperation, Climate Change and Gender Equality, MKL, Deputy Head of Embassy Christian Brix Møller, Embassy Hanoi, Deputy Head of Embassy Karina Hedemark, Embassy Pretoria

Agenda item 4: Deputy Head of Department Lis Rosenholm and Chief Adviser Tine Anbæk, Department for Growth and Employment, VBE

Agenda item 5: Head of Department Nanna Hvidt and Chief Adviser Lars Christian Oxe, Evaluation of Development Assistance, EVAL

The Ministry of Energy, Utilities and Climate: Head of Department Maria Nilaus Tarp and Head of Section Nina Egebjerg Clausen (agenda item 3)

Danish Energy Agency: Head of Department Anton Beck and Advisor Marianne Ramlau (agenda item 3)

<u>Agenda item no. 1: Announcements</u>

There were no announcements.

<u>Agenda item no. 2: Tanzania: Reallocation from general budget support to sector budget support</u>

For discussion and recommendation to the Minister

(Embassy Dar es Salaam)

Summary:

The reformulated programme to support the Ministry of Finance and Planning is harmonised with the recently approved EU Sector Reform Contract. The programme supports economic management and fiscal governance and is part of the overall Country Programme for Tanzania. The programme has a clear focus on sound management of public funds, and will contribute to strengthening financial systems for social service delivery by addressing challenges and bottlenecks through dialogue with the Ministry of Finance and Planning. It complements efforts in the area of promotion and protection of human rights and good governance, as well as interventions supported under the health sector and business sector programmes.

The Council for Development Policy recommended the reformulated programme for approval by the Minister for Development Corporation.

The Council welcomed the reformulated programme and found the decision to move from General Budget Support to sector budget support sensible and further found the reformulated programme objectives clearly articulated. The Council commended the decision to harmonise the programme with the implementation of the EU Sector Reform Contract and appreciated the revised results framework and the proposed set of indicators. The Council suggested considering an alternative impact indicator on health (skilled birth attendants).

The Council discussed the global trend of moving away from general budget support, the overall financial situation in Tanzania, including the Five-Year Development Plan and the trend in Tanzania of reduced donor dependency. The Council further commented on the human rights situation and the will to political dialogue. The Council recognised the challenges of relatively low capacity in Tanzania. The Council requested more information on how civil society engages in the overall budget process to increase domestic accountability and information on the links with the poverty oriented research collaboration. Finally, the Council discussed the longer-term perspectives of the Danish engagement in Tanzania.

The Embassy took note of the comments provided and welcomed the suggestion to identify a new impact indicator to better reflect the impact of the programme on the results of improved social sector spending. The Embassy explained how the Country Programme was designed with interventions that complemented each other by supporting the ”demand-side” and civil society under the Good Governance and Human Rights programme, whilst supporting the ”supply side” through the redesigned programme.

The Chair concluded that the redesigned programme was a timely and sensible redesign of the Development Contract harmonised with the efforts of the EU. There was a positive trend towards an increasing reliance on own funds and less dependency on development assistance. It was noted that the amount of unallocated funds was not unusually high, but necessary in order to ensure flexibility in implementation. Finally, the Chair noted the concerns regarding the efficiency of the political dialogue, the need to reflect on whether the indicators are adequate, and the need to encourage the active engagement of the civil society in national policy development.

Agenda item no. 3: Danish Energy Agency Energy Partnership Programme (DEPP)
DKK 115 million
For discussion and recommendation to the Minister
(Department for Multilateral Cooperation, Climate Change and Gender Equality, MKL,
The Ministry of Energy, Utilities and Climate, and the Danish Energy Agency)

Summary:
DEA Energy Partnership Programme (DEPP) builds upon experiences from earlier Climate Envelope programmes in four countries, China, Vietnam, Mexico and South Africa, as well as a technical assistance programme in Danish Energy Agency (DEA). It unites the earlier interventions in a new, more focused and efficient programme, utilising the Danish experience with energy transition, while continuing the authority-to-authority element with the partner institutions in the four countries. The main focus is technical assistance, combined with policy dialogue, in promotion of Renewable Energy and Energy Efficiency – aiming for low carbon development and reduced CO2 emissions.

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

The Council welcomed the programme and commended the design and presentation, which highlighted and built upon the experience gained and lessons learned. It was acknowledged by the Council that the four countries were the "heavy weights", which required substantial political economy analysis and sufficient time for interventions to succeed.

The Council underlined that, if the programme was supposed to end after three years, it would require careful consideration about a possible exit strategy from the beginning. The opportunities of such a programme, when transitioning from aid to trade, was emphasised by the Council. It was also compared to other authority-to-authority assistance programmes where the involvement and close links to and focus on solutions provided by the private sector were key.

The Council found that, in the countries in question, the renewable agenda was competing with other interests within energy policy – particularly South Africa was mentioned as an example – and constant monitoring and analysis of the political economy would be necessary in order to tackle risks.

The Council underlined the need to be truly demand driven, and asked how this would be ensured. The Council also enquired about the strategic approach to capacity building, and about the balance between time spent in the countries and in home offices. Comments to the long term technical advisers' role and continuity were made, and to the global synergies vis-à-vis the individual country programmes. The Council finally commented on the lack of poverty orientation in the programme, as well as the relationship to civil society in the countries. It was proposed to consider including an indicator on poverty reduction.

The MKL Department referred to the new strategy for development cooperation and humanitarian assistance, which highlighted the Danish contribution to promotion of sustainable development in growth and transition economies. While the programme was not as such a poverty reduction programme, positive effects were anticipated, e.g. regarding air pollution, which hit the poor segments of the population the most. Other parts of the Climate Envelope, e.g. the parts concerning adaptation in Least Developed Countries, were more poverty oriented.

The Ministry of Energy, Utilities and Climate highlighted the similarity and difference between other authority-to-authority cooperation and DEPP, and underlined that the latter represented a much more profound and long term cooperation. It was emphasised that there would be attention to political economy competences, to demand drive and flexibility (e.g. in the form of unallocated funds), to continuity of long term advisers, and to the home-away balance in time, with the majority being spent in the countries.

The Danish Energy Agency elaborated on the type of technical assistance being provided in terms of themes and approach, and underlined the substantial opportunities for cross fertilisation and synergies between the countries, as they face similar technical challenges. The so far limited attention to civil society was acknowledged, and the commitment to change that in DEPP was emphasised.

The Embassy in Pretoria outlined the current political situation in South Africa with regard to the energy sector, and encouraged a "cool-headed" fact based view, while not underestimating the current turmoil. It was the assessment that renewable energy in South Africa was there to stay (and would grow over time), and the programme provided an excellent opportunity to have a more informed discussion and priority setting, and the Danish policy dialogue supported that.

The Chair concluded that there was a broad agreement about the merits of the programme, and acknowledged the efforts on consolidation and focus. It was encouraging that the approach and experiences of the programme could be used even beyond these four countries. The Chair further noted that even a small intervention could indeed make a difference. It was finally underlined that the programme was about energy policy, not poverty reduction and not targeting civil society - though both aspects could be covered - when energy policy was the focus.

<u>Agenda item no. 4: Danida Market Development Partnerships Programme</u>
DKK 340 million
For discussion and recommendation to the Minister
(Department for Growth and Employment, VBE)

Summary:
The Danida Market Development Partnerships Programme (DMDPP) is designed to support commercially oriented partnerships for sustainable market development in developing countries. Through multi-stakeholder partnerships, the programme aims at mobilising know-how and private capital contributing to the realisation of the SDGs in developing countries with a particular focus on Goal 8. The programme is part of the implementation of Denmark's national strategy for development cooperation and humanitarian assistance and translates into action the approaches of multi-stakeholder partnerships and whole-of society for the achievement of the SDGs.

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

The Council generally welcomed the programme and its objectives. The Council found that the combination of know-how and competencies in multi-stakeholder partnerships and mobilisation of private capital was very much in line with the strategy for development cooperation and humanitarian assistance, and responded well to the SDG agenda.

The Council recognised the important potential of multi-stakeholder partnerships and stressed that the approach often demanded important efforts from partners in the search for convergence in ambitions and approaches. The challenge fund modality was appreciated but the Council found that it did not eliminate the risk of overly heavy administration for the Ministry as well as for partners. The Council acknowledged the need for partial outsourcing of the programme but stressed the importance of the Ministry staying actively engaged in the implementation of the programme and ensuring timely adjustments as needed. Furthermore, the Council wanted to know whether it was possible to broaden the group of eligible countries.

There were concerns about the lack of possibility for SMEs to participate in the programme and more information was requested about this, as well as how to ensure local participation and ownership. The Council further questioned the level of own contribution which was considered rather high. Finally, the Council requested more information about the Danida Partner Platform and how the DMDPP fitted in compared with other partner instruments.

The Department for Growth and Employment recognised that working in multi-stakeholder partnerships was an investment for all participating partners. As to the participation of SMEs, the experience from the pilot phase documented that the programme did attract SMEs. However, it was clear that in the competition with larger business partners, the SMEs were challenged in the position as key business partner. The pilot phase also indicated that local SMEs would often be essential actors in the strengthening of the local value chain. Along with participation of other categories of local partners this contributed to building local ownership and expectedly also sustainability.

Regarding the administrative burden, the group of eligible countries had been extended as compared to the Danida Business Partnerships and previous instruments. It was deemed important to focus on countries with a Danish representation. It had to be made very clear that the DMDPP was not providing state aid. It was important to ensure development impact, i.e. ensuring additionality of the private actor activities and avoiding market distortion. This required clear administrative regulations. It was further recognised that competition had been fierce and a ratio of 5 successful applications out of 53 was not optimal. However, this should improve with the budgetary strengthening of the programme. Finally, with reference to the Danida Partner Platform it was stressed that the DMDPP was situated at the pre-competitive end of the scale and that it was plausible that some projects could benefit from financing as the business venture matured.

The Chairman concluded that the Council could give its overall support to the programme, its objective and the combination of development and business in partnerships. Several members had expressed concerns about the possibilities for SMEs to participate, but the Council had been given reassurance that SMEs could participate in partner projects. The Council found the administration of the programme rather heavy and called for a better balance between, on the one side the wish for a lighter administration, and on the other side the demand for public funds for development cooperation being used in the most appropriate way. Finally, with the strengthening of the budgetary framework, the Council hoped that the number of approved applications would improve.

Agenda item no. 5: Evaluation programme 2017-2018
For discussion
(Evaluation of Development Assistance, EVAL)

Summary:
In accordance with the evaluation policy, the purpose of evaluation is to provide accountability for Danish development cooperation and to generate learning based on evidence of what works and what does not work, and hence improve future development cooperation. The evaluation programme for 2017-2018 includes seven new evaluations in relation to humanitarian assistance (3 evaluations), the Ghana country programme, the Danish water sector in Uganda, and the Africa Programme for Peace.

The Council emphasised the need for evaluations and the fact that they can contribute to reflective learning in the organisation. The Council would like to see more impact evaluations and meta-level knowledge produced by drawing on several evaluations. The Council was also interested in receiving information regarding the concrete use of evaluations, and to which extent the recommendations were followed by the Ministry. The Council furthermore asked whether evaluations within the existing budgets were comprehensive enough and covered all relevant aspects of the development programmes.

The Evaluation Department explained the follow-up mechanism whereby the relevant unit prepares a management response to the evaluation, which is followed up by management after two years. There continues to be a need for constantly reviewing how learning is best promoted in the organisation, and the introduction of Real-Time Evaluations was one attempt to address this. The Evaluation Department was aware of the challenges with evaluations becoming too small. In December 2014, a peer review was undertaken of the evaluation function, which could be shared with the Council.

The Chairman concluded that the evaluations undertaken by external consultants should strike a balance between quality assurance and learning in the organisations, and that a critical and independent view on the undertakings was essential. Furthermore, it was requested that the peer review report be shared with the Council.

Agenda item no. 6: AOB.

The Head of Department for Technical Quality Support gave the Council a confidential orientation on a current case regarding Consia Consults Aps.