

Minutes from meeting in the Council for Development Policy 26 October 2017

Present:

Members:	Professor Emeritus Georg Sørensen, University of Aarhus (Chair) Vice Secretary-General Tania Dethlefsen, The Danish Family Planning Association (vice chair) (written comments) Head of Projects Tine Bork, SME Denmark Senior Researcher Lars Engberg-Pedersen, Danish Institute for International Studies General Secretary Birgitte Qvist-Sørensen, DanChurchAid Partner Marina Buch Kristensen, Nordic Consulting Group
MFA:	Martin Bille Hermann, State Secretary for Development Policy Nicolaj A. Hejberg Petersen, Head of Department for Technical Quality Support Lotte Machon, Head of Department for Development policy and Finance Mette Brink Madsen, Administrative Officer, Department for Technical Quality Support
<i>Country Policy Paper for Afghanistan</i>	Ambassador Jakob Brix Tange and Deputy Head of Mission Anders Bitsch Karlsen, Danish Embassy Kabul Deputy Head of Department Stig Paolo Piras, Head of Section Pernille Dueholm and Head of Section Andreas Plum Forrest, Department for Asia, Latin America and Oceania
<i>Uganda Country Programme</i>	Ambassador Mogens Pedersen, Deputy Head of Mission Majbrit Holm Jakobsen, Special Adviser Lise Abildgaard Sørensen, Special Adviser Søren Høgsbro Larsen, Special Adviser Mads Mayerhofer and Secretary of Embassy Charlotte Rosen, Embassy Kampala
<i>DANEP</i>	Head of Department Uffe Balslev, Chief Adviser Darriann Riber and Special adviser Marie Pedersen Haug, Department for European Neighbourhood
<i>Support to ESMAP</i>	Head of Department Henriette Ellermann-Kingombe, Chief Adviser Merete Villum Petersen and head of Section Monica Hapiach Christensen, Department for Multilateral Cooperation and Climate
<i>Support to International Energy Agency</i>	Deputy Head of Department Kim Porst Møller, Chief Adviser Hans Jakob Eriksen and Special Adviser Nina Egebjerg Clausen, The Ministry of Energy, Utilities and Climate

Announcements

A member of the Council used the opportunity to inform the Council members and the Ministry that “Håndværksrådet” had just changed its name to SME Denmark (SMV Danmark in Danish).

Country Policy Paper for Afghanistan

For discussion and recommendation to the Minister

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

Summary:

For the period 2018-2020, Denmark will focus its engagement and cooperation with Afghanistan and international partners in a three-legged approach through policy dialogue, security and financial assistance: 1) Promote issues such as good governance, accountability, anti-corruption, human rights and equal opportunities for women and men in Afghanistan, as well as cooperation on migration issues, including the readmission of Afghan citizens without legal permission to stay in Denmark through political dialogue, 2) Contribute to increased security and stability in Afghanistan through strengthening of the Afghan security forces, 3) Address humanitarian and development challenges, including those contributing to internal displacement and irregular migration from Afghanistan, through strengthening of the private sector, job creation and education, as well as integration of refugees and IDPs into local communities. The overall objectives for supporting Afghanistan remains valid, i.e. preventing Afghanistan from being a safe haven for terrorists, contributing to regional stability and creating a situation where Afghans believe in a future in their own country.

The Council for Development Policy recommended the policy paper to the Minister for Development cooperation for approval.

Some members of the Council expressed concern related to progress in general in Afghanistan and the heavy investments that donors had made in the country. According to some sources, the amount of support together with the military engagement had fuelled corruption and instability. Based on the deteriorating security situation and the high level of corruption, there was concern regarding the long-term outlook for Afghanistan.

Other members of the Council highlighted the results that were evident from the support so far. For instance, access to healthcare had increased from 9% of the population to more than 57%, life expectancy has increased from 44 to 60 years, maternal mortality has dropped by around 80% and school enrolment has increased more than 10 times, so that more than 50% of the children now have access to school education. Denmark had contributed to these results and it was noted that Denmark definitely had a role to play in the future by pulling other partners in the right direction.

The Council commended the strong focus on anti-corruption and recognised that Denmark had strong and robust measures to assist in countering corruption. However, the Council was concerned whether Denmark’s multilateral partners had as strong a focus as Denmark. The Council recommended keeping this as a point of observation during the programme implementation.

The Council inquired about the peace process between the Government of Afghanistan and the Taliban and asked if there could be a possible role for Denmark in promoting the peace process. The Council would have liked to see more focus on IDPs and refugees as well as the high population growth. Family planning ought to be a key priority and it was recommended to consider whether this could be incorporated in the Government's Citizen Charter. Furthermore, it was recommended to enhance focus on root causes for the high dropout rates especially among girls in secondary education, as this was crucial to gender equality. Furthermore, the Council would have liked to see more focus on the need to work on improving the collection of reliable data.

Finally, the Council found that the reference to alignment to the SDGs should be at sub-goal level rather than at goal-level. This was to be considered a general remark, not to this country policy paper alone.

The Embassy pointed out that one had to consider the consequences of a quick withdrawal from a fragile state that still was highly dependent on foreign assistance. The question on where Afghanistan would have been without the military interventions and without the foreign aid was counterfactual and in reality impossible to answer. In terms of corruption, it was the clear impression that there was a commitment from the Government, and in particular from the President himself, to implement changes within state institutions. Multilateral institutions, such as the World Bank, were focused on strengthening anti-corruption efforts, and Denmark was engaged in dialogue with partners on strengthening efforts. Finally, it was underlined that Denmark would support the peace process if, and when, opportunities came up, however, Denmark was not in a position to lead in this area.

The Chair concluded that the Council was supportive of the policy paper. It was clear that Afghanistan was a very difficult country to work in and had in fact been deeply dependent on external support for more than 40 years. In terms of the peace process, it was not yet clear what the end game would look like, but it was recognised that there was some movement in the right direction. There was evidence that Danish support had contributed to positive results. Finally, it was underlined that the strong focus on anti-corruption should continue, including in multilateral trust funds.

Uganda Country Programme 2018-2022

For discussion and recommendation to the Minister

DKK 945 million

(Embassy Kampala)

Summary:

The country programme for Uganda will contribute to the vision and strategic objectives set out in the country policy paper through two thematic programmes on 1) Inclusive and sustainable economic growth (UPSIDE) and 2) Improved governance and accountability (UPGRADE). The programme will have a strong focus on women and

young people, including refugees and host communities. The programme is designed to allow for flexibility depending on changes in the political and economic context.

The Council for Development Policy recommended the country programme for approval by the Minister for Development Cooperation.
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The Council found that the proposed programme was well designed, coherent and with relevant thematic interventions. The Council commended the inclusive manner in which the programme had been developed. The Council recognised the challenging political context in which the programme would be implemented, and found the political economy analysis underlying the programme both sound and realistic. Considering the political situation, the Council wondered if the programme was a bit too optimistic, but emphasised that, in the current difficult political situation and with recent developments in mind, there was a strong need for Danish engagement.

The programme's strong focus on civil society, youth and women was appreciated. The Council commended the programme's strong focus on Northern Uganda, and the importance of the humanitarian-development nexus was underlined. In light of recent political developments in Uganda, the Council inquired what constraints this posed for the Embassy and its engagement partners, in particular regarding the space for civil society. In this respect, the Council recommended engaging with faith-based partners.

In relation to UPSIDE, the Council emphasised the importance of making use of strategic partnerships with Danish civil society organisations. The Council further asked questions to how sexual and reproductive health and rights (SRHR) and family planning would be incorporated and which partners would be involved, and further emphasised the importance of using local structures. The Council further recommended supporting all levels in the agricultural value chains. The Council inquired about the mentioned accountability issues in relation to aBi. The Council questioned the opportunities for Danish businesses in Uganda, as these seemed rather limited.

Regarding UPGRADE, the Council asked for the reasons behind phasing out support to the Judiciary and whether other donors had taken over this area. The Council found the programme's target of "slight improvement" in governance indicators modest. The Council also asked about the synergies between UPSIDE and UPGRADE and the Embassy's expectations concerning the operationalisation of the new strategic partnerships with Danish civil society organisations.

The Embassy elaborated on recent political developments in Uganda, assessing these in relation to the three scenarios outlined in the programme document. The political developments were being closely monitored, and the Embassy was ready to adapt its interventions to significant political changes, including finding other engagement partners, e.g. faith-based organisations. The importance of strategic partnerships with Danish civil society organisations under both UPSIDE and UPGRADE was emphasised, and the Comprehensive Refugee Response Framework and SRHR were mentioned as particular important areas in this regard. UPSIDE was designed to address the entire value chains, including primary production (NURI), processing and manufacturing (aBi) and access to regional and global markets through export (TMEA).

The Embassy recognised that the potential for Danish companies in Uganda could not be compared to countries like South Africa and Kenya. However, opportunities existed, which would be further explored focusing on complementary instruments, such as Danida Business Finance. The Embassy elaborated on the steps taken in order to address the accountability issues within aBi, including a recently commissioned review. As for the phasing out of the support to the judiciary, this was due to both the reduction in the overall available funds for the country programme as well as other development partners coming in. The underlying results framework for UPGRADE, including its governance indicators, was further elaborated. Finally, in relation to synergies between the two thematic programmes, the engagement with UNFPA (under UPGRADE), which would incorporate SRHR interventions contributing to the NURI engagement (under UPSIDE), was mentioned as an example.

The Chair concluded that the Council fully supported the country programme. The Embassy's political economy analysis of the context and acknowledgement of the challenges this potentially could pose for the country programme, was highly appreciated. The Council encouraged the Embassy to continue making use of the strategic partnerships with Danish civil society organisations and take advantages of opportunities that – even in the challenging and changing context – could arise.

Danish Neighbourhood Programme 2017-2021

For discussion and recommendation to the Minister for Foreign Affairs

DKK 860 million

(Department for European Neighbourhood, EUN)

Summary:

The Danish Neighbourhood programme 2017-2021 (DANEP) has the overall strategic objective of supporting more peaceful and stable developments in Ukraine and Georgia, contributing to Sustainable Development Goals and paving the way for future cooperation beyond traditional development assistance. DANEP has a focus on two thematic areas, promoting human rights and democracy and strengthening sustainable and inclusive economic growth. The programme will provide politically prioritised support to two countries, which are both undergoing substantial reform processes while at the same time being exposed to Russian aggression. DANEP has a phased approach, so that engagements are initiated throughout the implementation period, which also allows for flexibility. A mid-term review in 2019 will appraise engagements initiated in 2020 and 2021, and the Council will subsequently be informed of the programme status and new engagements. DANEP represents the fourth phase of a Neighbourhood programme and builds on lessons learned as well as experiences from the previous phases. DANEP is designed to ensure either gradual transfer to a new phase or to be phased out where relevant.

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

The Council found DANEP well-designed and focusing on relevant engagements, not least in terms of supporting the reform processes and combating corruption. The Council asked about the focus from seven to two countries and the reasons for selecting Ukraine and Georgia. In this

regard, the Council also questioned why the programme would still have secondments in other countries in the region.

The Council commended the programme's focus on gender and noted that, especially in Georgia, equality was an issue. In this regard, it was recommended engaging with civil society organisations with competences in this field. The Council further asked whether working with minorities would also include LGBT+. The Council acknowledged the support to the Ombudsman institution, civil society, and anti-corruption, and asked for more information on the latter.

The Council asked questions about the synergies between the different components especially on human rights and business. As unemployment and an informal economy were challenges in both countries, the Council found it positive that the programme focused on social dialogue and support to SMVs. It was recommended not only to engage with state institutions, but also with the social partners. Questions were asked about skills mismatch and what this entailed. The Council noted that a separate budget for communication was included in the programme.

The Council asked if it was possible to engage in the Eastern Ukraine and if the rhetoric on Russia could be counterproductive vis-à-vis a possible dialogue with Russia. The Council called for information on the value added of a Danish bilateral intervention compared to, for instance, assistance through the EU.

The Council asked about the organisational and management structure of the programme, and whether it was manageable from Copenhagen. The Council also requested more information on the phased framework approach with commitments made during the programme period. The Council asked about the choice of partners, and whether the fact that DANEP was working with larger organisations (including UNDP, ILO, EU, etc.), and would be implemented by the Department in Copenhagen, was an expression of a more top-heavy design. In this regard, the Council asked about what role there would be for civil society organisations in the engagements.

The EUN Department clarified that both Ukraine and Georgia were politically prioritised countries that actively sought closer relations to Europe and EU, and had embarked on complex and often-painful reform processes - which were advancing well in both countries. However, a certain degree of backlash and resistance to reforms was experienced in both countries. This could, however, also be interpreted as a positive sign and as a reaction from vested interests to increased accountability and transparency. Although DANEP had a focus on two countries exposed to Russian aggression, the programme was not aimed at confrontation with their larger neighbour, but focused on supporting developments that could potentially serve as an example to the region. It was clarified that there were no programme activities in the areas outside government control in the Eastern part of Ukraine, but in the area bordering rebel held territory.

The choice of the larger DANEP partners was based on the need for working with organisations that had a presence in the two countries and which were able to successfully implement interventions. In relation to the Council of Europe, EUN mentioned its specific, ongoing dialogue on how to improve and streamline implementation modalities. EUN agreed with the Council on the pivotal role of civil society organisations and clarified that DANEP

partner organisations, including UNDP and the European Foundation, under their implementation responsibilities would involve and contract civil society organisations for specific activities. Danish civil society organisations would have the possibility of applying for financial support for activities in the region at CISU and DUF. Furthermore, it was mentioned that the previous phase of the programme had established a successful Government-to-Government cooperation between the Ukrainian Ministry of Energy and the Danish Energy Agency, which would be continued under the DANEP. The DANEP complemented interventions undertaken by other actors, including the EU. The Danish bilateral programme gave opportunities for dialogue and approaches that would not necessarily be possible for larger, multilateral donors. Furthermore, the fact that Denmark was taking the lead on implementing the EU's anti-corruption programme in Ukraine, provided Denmark with a much-strengthened platform in policy dialogue with these organisations.

The deliberate pursuance of synergy between DANEP's two thematic focus areas was underlined, including linking issues of human rights with economic growth and support to the business realm. Specifically in relation to the economic growth focus of the programme, EUN highlighted that the foreseen new IFU facility to pursue sustainable energy investments would not add to the numbers of existing IFU instruments, but rather integrate previous instruments that would be refocused for this new purpose. Regarding, a specific budget line for communication, it was explained that this was actually mandatory in all country programmes.

EUN confirmed that DANEP covered five years, with yearly appropriations through the Danish Finance Act. However, the annually allotted appropriations would cover individual engagements with multi-year timeframes. A mid-term review would be conducted in 2019, which would also be an opportunity to appraise engagements planned for 2020 and 2021. The Council would subsequently be informed on the status of DANEP and on the engagements planned for the last two years of the programme.

In conclusion, the Chair acknowledged a good and well-presented programme and found that the Council could support the programme. The Council's questions regarding choice of countries, partners, organisation, communication and financial structure had been well answered in the discussion.

Support to Energy Sector Management Assistance Programme (ESMAP)

For discussion and recommendation to the Minister

DKK 45 million

(Department for Multilateral Cooperation and Climate, MKL)

Summary:

The World Bank's Energy Management Assistance Programme (ESMAP) provides analytical and advisory services to low- and middle-income countries to reduce poverty and boost growth, through environmentally sustainable energy solutions. ESMAP supports client countries through targeted technical assistance, knowledge generation and dissemination, pre-investment project preparation, and implementation support. It supports improved energy sector performance and governance, enhances access to modern energy services, increases the efficiency

of energy use, and promotes renewable energy. The overall objective of the Danish contribution is to contribute towards realising the Sustainable Development Goal 7 (affordable and clean energy). Thus, the objective is threefold: 1) ensuring universal access to affordable, reliable and modern energy services, 2) Increasing substantially the share of renewable energy in the global energy mix, and 3) Doubling the global rate of improvement in energy efficiency. A Danish secondment with expertise within variable renewable energy and grid integration will be part of the Danish grant.

The Council for Development Policy recommended the grant for approval by the Minister for Development Cooperation.
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The Council found the programme overall convincing and well written. The Council noted that the contribution to ESMAP created synergies with Denmark's involvement in the World Bank as such and the promotion of a green agenda within the World Bank. The Council welcomed the consideration of social inclusion in ESMAP activities, while noting the importance of considering this in the actual implementation phase as well. The Council found the focus on all three SDG 7 targets convincing and welcomed ESMAP's focus on gender and the promotion of energy subsidy reform. The Council also noted that ESMAP's indicators at impact level could help include social and developmental aspects.

The Council asked if "modern" solutions for energy also included the use of fossil fuels. The Council further asked about the perception and demand drive of ESMAP activities and the balance in focus between LDC's and middle-income countries. The Council raised doubt about the broad focus of ESMAP, considering its broad-based energy sector approach and its geographical scope. The Council further inquired about the potential overlaps, due to the numerous actors in the energy sector. The Council also asked why duplication of activities and sources of finance had been highlighted as a central risk for the programme.

The MKL department responded that the evaluation of the Danish Climate Envelope from 2015 had underlined ESMAP as a good example of an engagement where Denmark had active influence on policy development. ESMAP's objective was on sustainable energy and the programme had delivered concrete results, e.g. in Myanmar in terms of access to electricity to the rural population and in Indonesia in the area of clean cooking. ESMAP was also a prominent actor in the tracking and monitoring of SDG 7 through the Global Tracking Framework.

MKL agreed that energy subsidy reform was an important priority, and noted that ESMAP had delivered significant results in this area, e.g. in Egypt. MKL further responded that there would always be a risk of duplicating activities, though ESMAP would seek to avoid that. Actually, there were important synergies between ESMAP and other bilateral and multilateral activities and actors, as well as with Danish competences in the private sector. More could, however, be done to engage the private sector even more in ESMAP's work. Among other things, this was the reason for including a secondment as part of the Danish contribution. MKL noted that, due to ESMAP's focus on SDG 7, it was not the expectation that fossil fuels would be part of the programme's activities. On the contrary, it was the expectation that ESMAP would contribute to a 'greener' World Bank.

MKL also underlined ESMAP's demand-driven approach. However, the demand-drive implied that the exact countries (and balance between LDCs and MICs) receiving support could not be predicted. The World Bank's position in countries enabled ESMAP to get access to the highest levels and influence strategic considerations leading to energy transition and energy reforms.

The Chair concluded that the Council found ESMAP to be a good and well-written programme. The Council had raised questions regarding overlap with other interventions, reform of energy subsidies, different energy sources and whether the engagements were demand driven – questions, which had been well answered in the discussion.

Support to International Energy Agency (IEA): Energy Efficiency in Emerging Economies (E4) Phase II

For discussion and recommendation to the Minister

DKK 25 million

(Ministry for Energy, Utilities and Climate)

Summary:

The objective for the International Energy Agency (IEA) is to support a core group of six of the largest developing countries' energy transition in a low-carbon, sustainable direction, aiming at achieving efficient high-impact and cost-effective improvements in energy efficiency at national and sector levels. The programme is in particular supporting SDG 7, sub goal 7.3 and SDG 13, and is aligned with the new Danish development strategy as well as with the Guiding Principles of the Danish Climate Envelope. The programme focuses on energy efficiency and the major emerging economies (China, Brazil, India, Indonesia, Mexico and South Africa) as energy efficiency cost-efficiently can provide for nearly half of the necessary global emission reductions needed in order to peak in the near-term, and because this group of countries constitutes the gravity of the increasing energy demand in the coming years/decades. The programme is executed through the IEA, which is favourably placed to provide the needed advice for advancing energy efficiency improvements in the targeted countries. The programme is embedded in a larger Energy Transition Package backed by a number of donor-constituencies of the IEA – thereby providing high leverage of the Danish funding (for IEA's intervention on energy efficiency).

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

The Council welcomed the contribution to the IEA-E4 programme, noting that this was an under-prioritised area. The Council inquired about the political demand from the major emerging economies for the services from IEA, and whether the global differences between OECD and non-OECD countries would be a risk for the programme. The Council asked about an analysis of the effect of the programme, in relation to other SDGs, synergies with other international programmes, including Danish programmes, and the risk of the IEA having overlapping activities with other donors. Finally, the Council inquired about the possible positive effects and business opportunities for Danish companies.

The Ministry for Energy, Utilities and Climate (MEUC) responded that the first phase of the programme had created a large demand from the targeted major emerging economies, and

beyond, on further engagement with the IEA on energy efficiency consultation and advice. Many of the engaged countries were facing challenges similar to OECD countries and thus seeking similar level of advice and engagement with the IEA. Furthermore, several of the E4 targeted countries had gained associated membership in the IEA during the first phase of the programme, which in turn further explained why the programme was not affected by the 'normal' conflict between OECD countries and non-OECD countries.

MEUC further responded that while the effects in relation to other SDGs (beyond SDG 7 and SDG 13) were not part of the programme as such, there were multiple benefits of advancing energy efficiency, e.g. higher productivity, cleaner air and local job creation that had direct and positive development effects in relation to other SDGs. The IEA had been leading the analysis and promotion of the multiple benefits of energy efficiency. These benefits would form part of the second phase of the programme, as they constituted crucial elements of advancing energy efficiency at the political level in each of the targeted countries.

Regarding synergies with other activities and the risk of overlap, the MEUC acknowledged that there were many other agencies collaborating on clean energy in all of the target countries. The IEA-E4 team was regularly in contact with these agencies and stakeholders to make sure activities build on each other, exploit synergies and avoids repetition. To secure coordination and avoid overlap, the IEA would conduct an inception phase that would include a screening of activities and programmes of other international and national agencies promoting energy efficiency measures. In particular, the IEA would pay specific attention to secure synergies with the Danish bilateral government-to-government cooperation focusing on the same emerging economies. The MEUC acknowledged the high importance of the point and referred to the ongoing consideration to include the Danish Energy Agency in the reference group of the E4-II programme in order to secure synergies and accommodate overlapping concerns. Furthermore, the MEUC explained that with the magnitude of the Energy Transition Package (expected to be about EUR 30 million), IEA would have increasing possibilities and capacity to be a central coordination point among actors with similar focus and goals.

Finally, the MEUC responded that expanding the energy efficiency market would in general provide for good opportunities for increased export of Danish energy efficiency solutions since Danish products are quite advanced and the companies are big market players on the energy efficiency market. More mature and ambitious policies would increase the demand for Danish high-end products. The MEUC expressed its interest to coordinate stronger with ongoing efforts for advancing Danish exports to the targeted emerging markets.

In conclusion, the Chair found that the inquiries by the Council had been answered sufficiently. The Chair stressed that the E4 programme was highly relevant and would ensure good synergies between Denmark's bilateral engagement and the multilateral level in the cooperation with major emerging economies.

AOB.

No points were raised.