

**Minutes from meeting in the Council for Development Policy
on 14 October 2021**

- Members: Professor Anne Mette Kjær, University of Aarhus (Chair)
International Director Jarl Krausing, CONCITO (Vice Chair)
Senior Researcher Lars Engberg-Pedersen, Danish Institute for International Studies
Head of International Department Jens Kvorning, SMEdenmark
Head of Department Kenneth Lindhardt Madsen, The Danish Agriculture & Food Council
International Director Marie Engberg Helmstedt, The Danish Youth Council
Private Advisor Morten Lisborg, Migration Management Advice
General Secretary Birgitte Qvist-Sørensen, DanChurchAid
General Secretary Rasmus Stuhr Jakobsen, CARE Denmark
Director for Global Development and Sustainability Marie Gad, Confederation of Danish Industries, was not present but submitted written comments after the meeting
- MFA: State Secretary for Development Policy Lotte Machon
Head of Department Tove Degnbol, Department for Evaluation, Learning and Quality, ELK
Special Advisor Anne Marie Sloth Carlsen, Department for Evaluation, Learning and Quality, ELK
Head of Section Josephine Mittag, Department for Evaluation, Learning and Quality, ELK
- Agenda item 1: Ambassador Kira Smith Sindbjerg, Addis Ababa
Sector Advisor Sebastian Rodas Medeiro, Addis Ababa
Chief Financial Officer Jesper Clausen, Addis Ababa
First Secretary Bilateral Affairs Trine Louise Mågård Hansen, Addis Ababa
Intern Jasmin Frentzen Sørensen, Addis Ababa
Deputy Head of Department Katrine From Høyer, Department for Africa, Policy and Development, APD
Chief Advisor Dorte Chortsen, Department for Africa, Policy and Development, APD
- Agenda item 2: Ambassador Kira Smith Sindbjerg, Addis Ababa
Sector Advisor Sebastian Rodas Medeiro, Addis Ababa
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Chief Advisor Dorte Chortsen, Department for Africa, Policy and Development, APD

- Agenda item 3: Minister for Development Cooperation and Minister for Nordic Cooperation
Flemming Møller Mortensen
Deputy Head of Department Søren Davidsen, Department for Evaluation,
Learning and Quality, ELK
- Agenda item 4: Head of Department Karin Poulsen, Department for Green Diplomacy and
Climate, GDK
Chief Advisor Morten Houmann Blomqvist, Department for Green
Diplomacy and Climate, GDK
- Agenda item 5: Ambassador Rolf Michael Hay Pereira Holmboe, Bamako
Deputy Head of Mission Niels Bossen, Bamako
First Secretary Astrid Melchior Olesen, Bamako
Chief Advisor Kristian Kirkegaard Edinger, Department for Africa, Policy
and Development, APD

Agenda Item No. 1: Announcements

(incl. brief update on the situation in Ethiopia by the Ambassador)

The Chair welcomed Ambassador Kira Smith Sindbjerg and colleagues from the Danish Embassy in Addis Ababa who briefed the Council on the current situation in Ethiopia.

Agenda Item No. 2: Support to UNICEF Ethiopia's WASH Programme

For discussion and recommendation to the Minister

DKK 200 million

Danish Embassy Addis Ababa

Summary:

In Ethiopia, the many Water, Sanitation and Hygiene (WASH) challenges are being targeted by a set of policies under Ethiopia's One WASH National Programme (OWNP). OWNP is a sector wide and multi-sectoral approach for WASH programme implementation monitoring, evidence generation and policy development in Ethiopia, governed by four fundamental principles: harmonization, integration, alignment and partnership. UNICEF has been a key partner of the Ethiopian OWNP since 2013. The UN Children's Fund (UNICEF) Ethiopia WASH Programme 2020-2025 secures continued support to the OWNP. The objective of the programme is to achieve the following outcome: "By 2025, children and their families in rural, urban and refugee areas have equitable access to safe, affordable and sustainable water and sanitation services and appropriate hygiene practices at household, community and institution levels." Under the programme, activities will be implemented along four dimensions: 1) Sector coordination and knowledge management, 2) End open defecation, 3) Rural WASH, and 4) Urban WASH and refugees. The programme contributes to SDG 6 (Clean Water and Sanitation) and to Ethiopia's OWNP. The UNICEF Ethiopia WASH programme is supported by various donors and has a budget of approximately USD 110 million for the 2020-25 period.

The Council for Development Policy recommended the Support to UNICEF Ethiopia's WASH Programme for approval by the Minister for Development Cooperation but expressed concern about the timing of the programme and urged the Embassy to consider how the situation evolved and its potential impact on the programme.

The Council found the Water, Sanitation and Hygiene (WASH) agenda and the objectives of this classic development programme highly relevant in the Ethiopian context and commended a well-written programme document. At the same time, the Council expressed concerns about aspects of the budget as well as the practicability of ensuring implementation of the programme under the current circumstances in Ethiopia. The Council was also interested in hearing more about green solutions and the inclusion of marginalized people and civil society.

The Council noted the very high overhead costs of the programme and pointed to the risk of increased costs within other programmes if this level of overheads was accepted. In addition, Members of the Council pointed to the need for a broader discussion about overhead costs in Denmark's bilateral and multilateral engagements.

The Council asked to which extent it would actually be possible to roll out the programme geographically under the current circumstances, also noting that development assistance might fuel conflicts, particularly if associated with and legitimizing one of the parties, in this case the Government of Ethiopia for whom the UN Children's Fund (UNICEF) acted as an implementing partner. Members of the Council noted that the Government of Ethiopia was at the same time blocking for humanitarian assistance to citizens in certain parts of the country. Members of the Council asked how UNICEF applied its peace guidance tool and handled violent conflicts and it was suggested to specify in the programme agreement not to implement in areas of violent conflict.

Members of the Council commended the Political Economy Stakeholder Analysis, noting, however, that it did not provide much insight into the interest of the various actors and whether the coordination with UNICEF was good at all levels.

Regarding civil society and inclusion, noting that an evaluation had found the programme light on equity and inclusion Members of the Council observed that civil society was not visibly part of the programme and asked if local organizations and local communities would be part of the implementation. Furthermore, Members of the Council noted that youth, women and children had not been systematically included in the programme document.

Members of the Council welcomed the focus on climate change adaptation and green solutions, but questioned whether the ambitions were at a sufficient level for a green front line mission/Embassy. Would moving from shallow waters to ground water constitute a solution? How would solar pumps add to the solutions? How would they be maintained? What would be the role of the private sector?

Regarding the implementation of the programme, Members of the Council found that the programme fitted well within Danida's Doing Development Differently approach. The still outstanding feasibility studies were, however, taken note of as was the focus on only two out of four outcomes. Members of the Council asked whether it would be possible to measure the Danish outcomes? Members of the Council asked about the coordination, capacity and organization at local level on the Ethiopian side. Were they organized in town water boards? Were they inclusive?

On the donor side, Members of the Council asked whether the Embassy would be represented by a specialist in the programme's steering group and questions were also asked about the future funding of the programme, e.g. if the other donors were expected to renew their support.

The Ambassador thanked the Council for the relevant questions and comments. The design of the programme had been discussed extensively and found to be sensible to the political situation. Establishing a new programme at this time would not be possible. The four regions had been selected based on the absence of violent conflict. The inception phase would establish a clearer image of these regions and flexibility was ensured in the unallocated funds. The risk of the conflicts spreading further was part of the discussion with UNICEF. She noted that UNICEF was present and worked with local NGOs in all nine regions of Ethiopia, including Tigray where some 50 people worked for UNICEF through local NGOs.

Concerning the outcomes, the funding had been earmarked to the two that correlated with Danish and Ethiopian strategic priorities, e.g. access to water and gender.

With regard to the high overheads, the Ambassador agreed with the Council. She stressed, that the overhead had been negotiated down 8 million DKK and that part of it was a fixed percentage supporting UN reforms and cross-sectoral costs. She noted that the other major partners, the German Development Bank (KfW) and the UK Foreign, Commonwealth and Development Office (FCDO), were expected to pay large overheads as well. The Embassy's Chief Financial Officer (CFO) added that UNICEF's overheads (21.43% (ed.)) included both fixed indirect costs and the direct implementation costs. By comparison, the World Food Programme charged 20% overheads including implementation.

Concerning climate and green solutions, the Ambassador highlighted that the prioritized outcomes focused on climate resistant solutions both in regards to adaptation and mitigation. Climate adaptation methods included ground water mapping to identify deep-water resources resilient to droughts and Water Safety Plans developed for all schemes to ensure sustainable usage of water and reduce the negative risks of flooding. Climate mitigation methods included electrified systems and solar driven water pumps to reduce the use of fossil fuel driven generators. The Sector Advisor added that the programme had initially been identified in relation to the COVID-19 response and that it had been noticed how the programme since 2020 had included a greener perspective on mitigation and adaptation and that it fitted with the Embassy's new portfolio on water including the Strategic Sector Cooperation on water.

The Ambassador commented on the gender aspects of the programme's targets and how girls and women were disproportionately affected by the lack of WASH facilities. The programme focused on equal participation and information of all. Safety and placement of facilities had been prioritized to help combat gender-based violence, and support for menstrual hygiene and health facilities in schools facilitated the presence and attendance of female teachers and female students and contributed to girls' retention, learning outcomes and completion of school, to their health and hygiene, and to safeguarding. The Sector Advisor added that gender-based violence had been a big part of the discussion with UNICEF, including how WASH solutions could reduce but also increase violence if facilities were placed wrongly. He stressed that UNICEF worked with girls and women as well as with men and local communities to raise awareness.

Finally, the Ambassador informed that the Danish representative in the Project Management Unit would be the Embassy's Sector Advisor.

The Chair of the Council thanked for the good discussion and concluded that the Council recommended the Support to UNICEF Ethiopia's WASH Programme for approval by the Minister for Development Cooperation, but that the Council also had expressed concern about the current political situation in Ethiopia and how this situation might impact the implementation of the programme.

Agenda Item No. 3: Discussion about OECD DAC Peer Review follow up with the Minister for Development Cooperation

The Chair of the Council for Development Cooperation welcomed the Minister for Development Cooperation to the meeting and briefly summarized the Council's proceedings earlier in the morning. With a view to clarifying the Council's role and contributions, the Council would be particularly interested in learning about the Minister's personal take from the recent Peer Review of Denmark by the Organisation for Economic Co-operation and Development (OECD)'s Development Assistance Committee (DAC), and the Council would also like to inform the Minister about the discussions at the seminar held earlier in the month.

The Minister for Development Cooperation expressed appreciation for the Council's role in advising, guiding and assuring quality. He welcomed a continuing discussion about how he as Minister could make even more use of the Council's very broad range of expertise and insight. A new strategy for development cooperation had been agreed with broad support. The question now was how to translate it into action that would benefit the World and Denmark. Despite its size, Denmark was being listened to and was acknowledged for its contributions to poverty reduction, sexual and reproductive health and rights, human rights and combatting inequality. At the same time, the challenges of destabilization and fragility were mounting in places like Ethiopia, Myanmar, Mali, Afghanistan, Yemen and Lebanon. What would be the right responses also in a long-term perspective? What was the preparedness and response to collapse? Another concern was climate change adaptation where there were many nuts to crack. How to measure impact? How ensure long-term impact? How to use technologies and innovation? How to ensure a focus on the human being whose life would be threatened in the absence of action?

The Minister also expressed his appreciation for the OECD DAC Peer Review, which provided more solid ground to stand on. The peer review recognized Denmark's contributions and pointed at areas where we could do better. He acknowledged both. The timing of the peer review in relation to implementation of the new strategy was good. The minister then provided brief comments on the different focus areas of the peer review. With regard to staffing and skills, he was confident that the situation would continue to improve following the findings of the MFA budget analysis conducted by the Danish Ministry of Finance. Having the right weight at country and multilateral level was key. On climate action, the peer review was kicking at an open door. It was a question of delivering. The same applied to the HDP-Nexus (Humanitarian, Development and Peace). As for poverty reduction, it would be important to strengthen monitoring and improving mainstreaming. The Council had an important role to play here. Finally, the Minister noted that he regarded the peer review's observations on domestic and development policies to be of a more political nature.

With regard to meeting with the Council, the Minister regarded two meetings a year to be a minimum. Over time, a two-tier model with a break in-between that would provide an opportunity for the Council to discuss internally could maybe be developed.

The Chair thanked for the Minister's personal take of the situation and of the peer review and for the invitation to reflect on how to make more/better use of the Council. On the Council's side, the Chair assured that the minutes of the Council's deliberations would continue to be carefully crafted, reflecting all the Council's considerations.

The Council's recent thematic seminar had been organized around the headlines of each of the chapters of the new strategy. The discussions had centred on the dilemmas and challenges concerning each of these thematic headlines and how the Council could best contribute with advice and constructive criticism during their implementation. In that connection, the Chair welcomed opportunities in the months to come for the Council to comment on the how-to-notes. Members of the Council had already commented on the how-to-note on climate change adaptation.

The Chair of the Council listed some of the issues that had been discussed at the seminar: The threshold below which governments' actions countering democracy and rights could no longer be accepted in the context of engagements. How to ensure that democracy/governance/rights were also objectives for engagements in their own right and not just something to be integrated in other programmes on e.g. migration or climate. The multidimensional nature of poverty and how it was sometimes but not always linked to issues such as migration and security. The need to integrate climate action and poverty concerns and the importance in this regard of Denmark's new 60% target for climate adaptation. In relation to climate change adaptation, how to shift to 'survival' crops and increase productivity at the same time. The importance of generating jobs.

The Minister for Development Cooperation and Members of the Council then exchanged views on a number of issues. On education and health as important social and physical preparation for the future, while at the same time recognizing that challenges were interlinked. With education and health requiring functioning governance frameworks to be successful. With access to water and energy as the basis for any life and activity. With security as a basic requirement for meaningful life and activity. With education not per se leading to jobs, which had to be created through stakeholder engagements, improvements of the value chain and vocational training. On the important link between climate change adaptation and local food production. On the balance between bilateral and multilateral modalities as mutually supportive, noting the need for both depending on the context, the balance that had tipped somewhat in favour of multilateral engagements, which on the other hand could not be earmarked throughout.

The Minister for Development Cooperation closed the discussion by stating that he wanted to be remembered for having succeeded in organizing the Danish development cooperation in a way that would ensure more timely interventions and investments that would also serve preventive purposes.

Agenda Item No. 4: Support to the Sustainable Energy Fund for Africa (SEFA) 2.0

DKK 100 million

For discussion and recommendation to the Minister

Department for Green Diplomacy and Climate, GDK

Summary:

The Danish support is aiming at strengthening the Sustainable Energy Fund for Africa (SEFA) further as one of the leading initiatives to support African countries to transition to renewable energy sources and close the energy gap. SEFA aims to remove market barriers for renewable energy investment and support first-of-a-kind energy projects with replication potential. This is done by supporting three thematic areas (i) Green Baseload aimed at increasing renewable energy and baseload in power systems, (ii) Green Mini-grids that accelerates electricity access to underserved populations, (iii) Energy Efficiency improving the efficiency of energy systems, services and technology. SEFA was established in 2011 by Denmark and the African Development Bank (AfDB) and the second phase was launched in 2020. SEFA is providing both technical assistance and concessional finance to unlock private sector investments in renewable energy and energy efficiency in Africa.

<p><i>The Council for Development Policy recommended Support to the Sustainable Energy Fund for Africa (SEFA) 2.0 for approval by the Minister for Development Cooperation.</i></p>

The Council acknowledged the role Denmark had played as founding father to the Sustainable Energy Fund for Africa (SEFA) and expressed satisfaction with its journey to become a leading multi donor trust fund on renewable energy which had also contributed to the greening of the African Development Bank (AfDB)'s energy investment portfolio. The addition in the second phase of a concessional funding window to complement the technical assistance was welcomed. Further, the support was recognized as well aligned with Danish priorities and it was acknowledged that the fund had found a good balance between the three thematic areas.

The Council highly commended the poverty reduction and Leave No One Behind orientation of SEFA aiming at providing small scale and decentralized solutions including mini-grids connecting energy poor communities including in fragile and least developed countries. At the same time, the Council noted that the programme document could have elaborated more on the poverty orientation perspectives and Members of the Council suggested that poverty orientation could have been highlighted as one of the three Danish priorities for providing the additional funding. Members of the Council asked about the prospects of the project pipeline and how SEFA added value when it provided concessional finance to renewable energy when prices on renewables had dropped significantly. It was also asked whether SEFA's expected six-fold leverage of capital from private investors was realistic.

Members of the Council also stressed the importance of ensuring SEFA alignment with the UN Guiding Principles for Business and Human Rights. Further, Members of the Council noted the absence of references to barriers facing youth in the context analysis and encouraged Denmark to use its lead to strengthen SEFA's focus on employment of youth. In the same vein, members of the Council enquired how the fund would ensure adequate local skills to avoid bottlenecks in the workforce during the implementation of first-of-a-kind projects.

Finally, Members of the Council asked to know more about SEFA's global outreach and communications and expressed some concern regarding the limited size of SEFA technical unit and use of too many consultants.

The Head of the Department for Green Diplomacy and Climate (GDK) thanked the Council for the support questions and comments. She explained that SEFA not only mobilized funding from AfDB but also co-financing from climate funds such as the Global Environment Facility (GEF) and the Green Climate Fund (GCF) which were combined to attract more commercial financing. Further, she underlined that despite lower prices on renewable energy, attracting commercial investment still required concessional financing in fragile and least developed countries. Regarding the project pipeline for SEFA 2.0, the Head of GDK explained that a USD 66 million pipeline divided on nine projects had already been identified.

The Head of GDK agreed that the pro-poor focus of SEFA could be strengthened even further in the project document and confirmed that poverty reduction would be highlighted as one of the three Danish priorities. She also highlighted that engagement of youth and skills development was considered as a cross-cutting issue which Denmark and the Nordic donor group would request to strengthen in the annual reporting. Further, she confirmed that the UN Guiding Principles would be promoted by Denmark in the Governing Council as an issue related to sourcing and that Denmark would also encourage SEFA to be more pro-active in its communication and outreach. A joint COP26 side-event with SEFA was being prepared to that end (26th UN Climate Change Conference of the Parties).

Concerning staffing, the Head of GDK explained that SEFA had recently recruited additional staff and that the staffing of the technical unit was closely monitored to avoid bottlenecks and ensure efficient programme management. Part of the challenge, however, was a preference among the consultants to work from their home countries rather than taking up employment at AfDB's headquarters.

The Chair of the Council thanked the members for good and relevant comments and questions and GDK for thorough answers. It was concluded that the Council recommended the Danish Support to SEFA 2.0 for approval by the Minister for Development Cooperation.

Agenda Item No. 5: Mali Sustainable Urban Water Programme

DKK 240 million

For discussion and recommendation to the Minister

Danish Embassy Bamako

Summary:

The Mali Sustainable Water Programme has two overall objectives. First, it aims to respond to the effects of climate change by securing and developing the water resources of the three cities Kayes, Sikasso and Koutiala by enhancing protection of existing boreholes, introducing technologies to reduce CO2 emissions, and exploring new boreholes. The second objective is to strengthen the resilience, health and living conditions of the populations in urban and peri-urban areas confronted with the effects of climate change by enhancing coverage and reliability of the public water supply and ensure an equitable distribution of drinking water, especially to poorer segments. The programme consists of two projects: 1) Securing drinking water in the cities of Sikasso and Koutiala – solely

financed by Denmark, and 2) Urban water supply and sanitation in Kayes city and neighbouring communes – implemented through a delegated cooperation with the German Development Bank, KfW.

The Council for Development Policy recommended the Mali Sustainable Urban Water Programme for approval by the Minister for Development Cooperation but expressed concern about the timing of the programme and urged the Embassy to closely follow the evolution of the situation and consider the potential impact on the programme.

The Council found the Mali Sustainable Water Programme relevant and important. The Programme Document was considered well-written and the willingness to engage in a fragile and unstable context was acknowledged. The presentation in the document of the challenges arising from the fragile context was highlighted as being well formulated. Members of the Council acknowledged the relevance of the climate adaptation approach of the programme.

Members of the Council noted the challenges posed by the difficult political context complicating the envisaged sector reform and pointed out that politics were more of a barrier than technical challenges. The sector reform was considered unlikely to be undertaken, which could complicate attaining the programme's objectives. Also regarding the unstable context, Members of the Council noted that a crisis modifier aspect could have been more explicitly included.

Members of the Council discussed whether the climate change framing of the programme was real or rather a slight "green washing" to activate a Rio-marker. On the one hand, the programme was seen as an example of climate adaptation focusing on fragility, climate change and poverty with built-in protection of aquifers and identification of new aquifers for supply of water. On the other hand, the absence of a focus on sourcing water to fill aquifers and on flooding and drought was noted and it was suggested that the programme would have been fully justified as a water programme.

Members of the Council asked about Denmark's previous programme in the water sector in Mali, why it was closed in 2015 and why it was described as successful given the present significant waste of water. Furthermore, Members of the Council asked why the programme was focused on urban areas, when previous engagements had been focused on both the urban and rural context and the extent to which the ongoing conflict affected the withdrawal from rural areas.

Finally, Members of the Council noted that since the programme included elements of poverty eradication, SDG1 could be included in the cover note. In that regard, Members of the Council asked how the programme would ensure that increased tariffs would not burden the poorest.

The Ambassador welcomed the remarks and questions and highlighted that the programme would be possible also without the sector reform. Given the unstable political environment, a sector reform could not be guaranteed. Ideally, a sector reform would ensure an adjustment of the water tariff level, which was currently only around half of that of Mali's neighbouring countries. In addition, the partner, *Société Malienne de Patrimoine de l'Eau Potable (SOMAPEP)*, was a semi-public institution with its own mandate and finances, which created more certainty in an otherwise uncertain political context.

Regarding adaptation to climate change, the Ambassador described how the high population growth (around 3%) combined with an influx of people from rural to urban areas created pressure on water resources in urban areas. Part of the pressure came from the increasing number of internally displaced people (IDPs) due to the conflict. Given their vulnerable position, IDPs had less access to basic social services, including water. The programme would introduce sustainable energy solutions such as solar power and focus on securing sustainable use of existing water resources by e.g. limiting the loss of water in the distribution networks, which currently accounted for around 40% of the production.

The feasibility study in Sikasso and Koutiala had shown that increased variation in rainfall made refilling the aquifers a major challenge. The programme endeavoured to both protect existing boreholes and identify new water resources. It would address issues with a pumping station from the previous Danish water programme. Regarding past Danish activities in the water sector, the Ambassador noted that the programme initiated in the early 1990s and ending in 2015 had been successful. In recent years, Danish engagements had continued in the southern part of the country through the governmental agency National Investment Agency of Local Authorities (ANICT) that delivered basic social services, including drinking water. Denmark had continued the direct cooperation in Sikasso.

Concerning crisis modifiers, the Ambassador noted that the programme would be implemented in areas that could potentially be affected by conflict. Undertaking the programme was expected to have a preventive impact, but the programme area could change to more secure areas if in a worst case scenario this would become necessary.

The Ambassador agreed with the idea of adding SDG1 on the cover note and emphasized that the intention would be to secure subsidized prices for the poorest part of the population with water fountains supplying internally displaced persons (IDPs) and poorer parts of the population with affordable water, while improvements in the water network would enable the middle class to pay more for direct water access in their homes.

The Ambassador emphasized that the programme was complementary to other Danish engagements focusing on rural water access such as support through the Pakistan Afghanistan Tajikistan Regional Integration Program (PATRIP) Foundation to boarder areas to Niger and Burkina Faso and through the UN Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) Trust Fund to the Northern part of the country.

The Chair concluded that the Council recommended the Mali Sustainable Urban Water Programme for approval by the Minister for Development Cooperation, but that the Council also expressed concern about the current political situation in Mali and how this situation may impact on the implementation of the programme.

Agenda Item No. 6: Any Other Business

No issues were raised under this agenda item.