

Minutes from meeting in the Council for Development Policy 2 October 2018

Present:

- Members: Professor Emeritus Georg Sørensen, University of Aarhus (Chair)
Vice Secretary-General Tania Dethlefsen, The Danish Family Planning Association (vice chair)
Director Thomas Bustrup, Confederation of Danish Industries
Director Jan Laustsen, The Danish Agriculture & Food Council
Head of Projects Tine Bork, SMEdenmark
Partner Marina Buch Kristensen, Nordic Consulting Group
General Secretary Birgitte Qvist-Sørensen, DanChurchAid
International Director Gunvor Bjerglund Thomsen, The Danish Youth Council
Director Mads Bugge Madsen, The LO/FTF Council
Associate Professor Michael Wendelboe Hansen, Copenhagen Business School
Senior Researcher Lars Engberg-Pedersen, Danish Institute for International Studies
- MFA: State Secretary for Development Policy Martin Bille Hermann
Head of Department Mikael Hemniti Winther, Technical Quality Support
Head of Department Lotte Machon, Development Policy and Financing
Adviser Mette Brink Madsen, Department for Technical Quality Support
- Agenda item 2: Ambassador Nicolaj A. Hejberg Petersen, Programme Officer Natalie Faye Hicks, Programme Officer Nazar Shah, Programme Officer Sultan Mahmodi, Programme Officer Tamim Bedar and Programme Officer Muslahudine Abidi, Embassy Kabul
- Agenda item 3: Ambassador Marianne Kress, Deputy Head of Mission Anders Bitsch Karlsen and Special Adviser Niels Bossen, Embassy Bamako

Agenda item no. 1: Announcements

The State Secretary for Development Policy informed the Council that it was the expectation that additional funding would be allocated to the development budget in 2018, which would result in additional agenda items at the next Council meeting, scheduled for 30 October. For these additional agenda items, it would not be possible to distribute the programme documentation 14 days in advance, instead the Council would receive the documentation 1 week in advance.

Agenda item no. 2: Country Programme for Afghanistan 2018-2020

DKK 330 million

For discussion and recommendation to the Minister

(Embassy Kabul)

Summary:

For the period, 2018–2020, Denmark will commit DKK 330 million in development aid to Afghanistan, which is in line with the two-year frame announced by the Danish Minister of Foreign Affairs at the Brussels Conference on Afghanistan on 5 October 2016. The three thematic areas that comprise the Country Programme are 1) Good governance, anti-corruption and human rights, 2) Agriculture and private sector development and; 3) Support access to education. These development engagements build on existing programming results from the 2014–2018 Afghanistan Country Programme and will be channelled through on and off-budget modalities. The three thematic areas in the Country Programme will be complimented by engagements from the Peace and Stabilisation Fund and the Regions of Origin Programme/ humanitarian programming.

The Council for Development Policy recommended the Country Programme for approval by the Minister for Development Cooperation

The Council found that the proposed programme was coherently presented with relevant thematic interventions, which reflected the complexity of the situation in Afghanistan. Some members of the Council expressed concern about the deteriorating security situation in Afghanistan and questioned whether the Country Programme was adapted to the attenuated context. In addition, it was noted that there were a number of risks posed to Danish development activities in Afghanistan such as imperfect elections, implementing development engagements in insecure and contested areas and also the challenge of corruption. The Council advised remaining vigilant in ensuring that aid did not fuel the conflict further.

The Council acknowledged the logic of the Country Programme strategy to capitalise on the momentum of the reforms, which have been initiated by the National Unity Government (NUG). However, some Council members questioned the genuine commitment of the NUG to maintain this reform agenda, for example, in key institutions such as the Ministry of Finance and the implementation of the Citizen's Charter National Priority Programme.

The Council noted that this was only a two-year programme which might impact results in the proposed education engagement but the Council recognised that this timeframe was owing to political commitments made in Brussels in 2016 and that the proposed programme built on pre-

vious Country Programmes. The Council commended the strategic approach in thematic programme two to focus on pre-existing private sector developments rather than initiating new interventions. The Council was pleased to see that agricultural development was included in the programmes. However, difficulties in relation to competition from Pakistan were not reflected in the programme neither were issues related to land rights. With reference to a recent seizure of the trade unions, the Council called for a clarification of how decent jobs would be created. Furthermore, the Council was concerned whether sufficient value-for-money could be expected from the support of the FAO implemented agricultural activities in South East and West Afghanistan.

The Council complimented the mainstreaming of gender throughout the Country Programme and also recommended ensuring that women were engaged in a meaningful way in the private sector programming. Regarding the thematic programme on education, the Council recommended focusing on the root causes of why girls did not go to school and in this regard, it was further suggested to use UNESCO guidelines on Sexuality Education.

The Council drew attention to the strong focus of the Country Programme on anti-corruption programming focusing on both rights holders and duty bearers in the proposed development engagements. The Council recommended paying sufficient attention to working with civil society and pointed to the issue of shrinking space for civil society in Afghanistan. One member also inquired as to the comparative advantage that Denmark has regarding work on anti-corruption in Afghanistan. It was noted that there were a number of projects focusing on this sub-theme in thematic programme one but the Council commended the leaner design of the Country Programme (where three engagements had been cut) and the Embassy's responsiveness to previous Council recommendations in this regard from the Midterm review of the current programme in 2017.

Finally, the Council drew attention to the large investment made by Denmark to Afghanistan over a fifteen-year time span and advised the need to be vigilant in relation to value for money and considerations of a future exit strategy.

The Embassy recognised the dynamic nature of the security situation in Afghanistan but pointed out that it was still possible to engage efficiently in this context. There was a lot to protect: A quite free press, democratic rights, even though election fraud was an on-going concern, freedom of assembly and women's rights. There had been notable improvements in areas such as rule of law, public financial management, human rights, and an increase in Government revenue generation and exports. It was highlighted that there was political will for reform, including from the President, but Denmark and the international community needed patience in order to see reforms come to their full realisation and remain committed to a more self-reliant Afghanistan by the end of the transformation decade (2024). The Embassy further noted that reform was not a linear process and that there would be spoilers along the way, which would complicate and slow down implementation. The reason that there was a political decision to fund up to 2020 by most of the donors was to keep up the pressure on the Government to continue reforms. The Government

had plans to achieve sustainability by 2024, which would require a huge effort to increase government's own revenue from the current app 2.4 billion to 8 billion dollars by 2024. However, it was encouraging that own revenues had seen good increases over several years now.

The Embassy further explained the complexity of the operating environment – particularly as it related to the provision of education in areas with a strong Taliban presence. Taliban influence did fluctuate regularly and it was highly differentiated throughout the country. Local compromises could be made between service providers and local communities to ensure that there were not pockets of exclusion, for example in education, in Afghanistan. Embassy third party monitoring and dialogues with the Government and World Bank had indicated that most schools were functioning with Government text books and curricula and the reduced funding for education in the proposed Country Programme related to the fact that many other donors were funding this sector too.

The Embassy noted that the Council in its follow up on the ACP Mid Term Review (September 2017) had commended the Country Programme's focus on anti-corruption and recommended a continuation of this work (an independent U4 study also concluded that the Embassy's risk management and mitigation system was well structured and effective). Furthermore, Denmark was able to leverage influence in anti-corruption by leading on this area in the Nordic+ Group (which was collectively the fifth largest donor in Afghanistan). The State Secretary for Development also acknowledged Denmark's strong role in furthering the anti-corruption agenda and referred to the hosting of the International Anti-Corruption Conference in Copenhagen in October 2018.

The Embassy provided the Council with results-based evidence regarding the success of the Citizen's Charter National Priority Programme (NPP) implementation and explained how support from the Country Programme and the Regions of Origin Programme to the NPP was a good example of the development-humanitarian nexus working in practise.

The Embassy explained that the private sector programme was designed on the premise that a vibrant private sector could help reduce poverty, which was a key conflict-driver. The FAO project was still in the final design stage and as such, there was time to carefully consider the Council's recommendations on gender inclusion and decent jobs.

The Embassy recognised the Council's concerns related to the large Danish investment in Afghanistan over many years. However, the Embassy explained that if the international community pulls out of Afghanistan now, all the gains and investments made in previous years would be lost. The State Secretary for Development added that Denmark was committed to engaging (with justification) in fragile states.

The Chair concluded by acknowledging that the Country Programme was a good document, which would be recommended for approval by the Minister. The Chair further stated that important considerations had to be taken into account during the forthcoming programming cycle. First, the very challenging context of operating in Afghanistan. Second, the genuine capacity and will of the Government to fulfil its role. Third, continued high levels of corruption. Fourth, the level of ambition of the programme in terms of development engagements. Fifth, Afghanistan's

dependence on development aid and whether the large Danish investment was proportionate with the results. Sixth, promoting the role of civil society and women in all future engagement efforts.

Agenda item no. 3: Mali: Private sector programme 2019-2022

DKK 260 million

For discussion and recommendation to the Minister

(Embassy Bamako)

The country programme for Mali for 2017 to 2022 was approved by the Council on 28 March 2017. The country programme document covered detailed designs of the Peaceful Coexistence and Decentralisation thematic programmes and guiding principles for a new private sector programme that should be designed later to replace the ongoing thematic programme by the end of 2018. The objective of the new thematic private sector development programme, 2019-2022 was to strengthen inclusive economic growth through 1) value chain development by linking small producer associations to private sector and improving access to finance, 2) supporting youth start-ups and innovation, 3) improving the business climate, 4) capacity building, sustainability and phasing out of an existing partnership with the Private Sector Guarantee Fund.

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

The Council appreciated the clear and coherent programme document based on lessons learned from the previous programme. The Council was further pleased to learn that its recommendations from the discussion of the Country Programme had been taken into account.

The Council noted the relatively short time frame for the programme but found that the programme presented several new interesting responses, among others the inclusive value chain approach and the youth entrepreneurship focus. It was an ambitious programme in a difficult country context, and especially the youth start-up fund was considered “high risk/high award”.

Regarding the value-chain approach, the Council called for information on experiences from previous engagements – both in Mali but also in other countries. The Council found that it was not sufficient that new businesses started up – they should also survive, and in this regard, the Council pointed to the importance of technical skills.

In relation to the business environment, the Council asked whether there was a political will for change, and further suggested an incorporation of the UN Guiding Principles. The Council noted high levels of subsidies and a wide set of ambitions, and it asked whether the initiatives would be sustainable on a longer term.

The Council asked whether the difficult context regarding women rights was taken sufficiently into account. Early marriage and pregnancy were an enormous problem and women had less access to education, especially in rural areas. The presentation of experiences working with women and youth in Mali could have been stronger in the document, and the Council also called

for information on exactly how participation from women and youth were foreseen. The Council further asked whether disaggregated data on e.g. gender and youth were available.

The Council further asked to which degree unions of farmers, workers and (small) enterprises were associated with programme activities. It was noted that trade unions were not mentioned in the programme and it was not clear how the informal sector would be included. Some Council members found that the programme could have a stronger focus on small-scale businesses, while others noted that any business, which was able to participate in the development of Mali, should be included.

The Council expressed concerns on whether the Guarantee Fund would succeed in creating the necessary interest from financial institutions to provide credit to agribusiness activities. In this regard, the Council asked whether experiences from e.g. the African Guarantee Fund could be useful. It was noted that experience showed that banks preferred lending to trade/commercial activities unless other complementary support mechanisms were available.

The Council asked how the Embassy would assure that tender processes for TA contracts related to INCLUSIF and EPEC, which would be implemented through partners, would be transparent and with the necessary accountability measures enforced in practice, thereby allowing Danish companies to bid.

In its response, the Embassy mentioned that positive experiences in the previous programme and in partner programmes (IFAD) presented many cases of economically empowered women and women groups. Although women's rights were violated in Mali, women were quite entrepreneurial and previous experience showed that it was possible to successfully support female farmers and entrepreneurs. In the new programme, the target was that at least 40% of the producers and entrepreneurs should be women. It was the assumption that economic empowerment of women would lead to social and cultural empowerment. Indicators would be gender segregated allowing for close monitoring.

The Embassy explained that the approach facing a relative short programme period of 3.5 years was to work with existing dynamics in Mali, hence 1) the co-financing of INCLUSIF, 2) the choice to work with existing facilitating structures and approaches in FACEJ, 3) the establishment of a business climate trust fund "EPEC" with the World Bank covering a continuation of current activities of the Bank and the Embassy, and 4) continuing an existing partnership with the Private sector guarantee fund.

The Embassy elaborated on the value chain approach of INCLUSIF, linking smaller producers/cooperatives to private sector through different levels of partnerships (contract farming, joint business plans, and joint enterprises), which had been tested in the region by IFAD under the notion of "Public-Private-Producer Partnerships".

The Embassy explained that producer organisations, guilds, unions and business organisations would be associated to programme implementation through the regional and national steering

committees (INCLUSIF) and through stakeholder sounding boards (FACEJ and EPEC) and as such would have influence on activity planning.

The Embassy informed that procurement of TA contracts would follow transparent procedures of partners, which were living up to international standards. The Embassy would keep Danish companies informed about opportunities and ensure that procedures were followed.

In conclusion, the Chairman noted that the private sector development programme had taken the Council's recommendations from March 2017 and lessons learned from the previous programme into account. It was recommended that the Embassy, during implementation, should follow up and evaluate on the programme's ability to include women and youth and to attract financing from the private sector and banks.

Agenda item no. 4: Thematic discussion: Next generation of programming

For discussion

(Department for Technical Quality Support, KFU)

The State Secretary for Development Policy underlined that this was a first and very early discussion on the future direction of the programming of Danish development cooperation and invited Council members to share their views and comments on the issues and dilemmas included in the discussion paper. It was the intention that the subject would come back to the Council for further discussion at a later stage.

In general, the Council expressed appreciation of being invited to participate in the discussion at such an early stage. External seminars were suggested in order to include stakeholders in the process of developing the concept for the next generation of country programmes.

The Council underlined that the SDG's ought to be the framework for all future development engagements, preferably at the level of sub-goals. In this regard, the Council supported the idea of longer-term strategic partnerships.

The Council supported the idea of integrated planning, but not at any price. It should have an added value, not least for the recipients. The Council warned against the risk of programmes becoming too comprehensive and thereby difficult to manage and coordinate.

Some Council members suggested a separation of developmental and commercial interests. It was perfectly legitimate to help Danish companies enter new markets through appropriate instruments. However, there was a new tendency to focus too much on "what is in it for Denmark" in development programming, which was not conducive for developmental results. While there sometimes could be synergies between Danish commercial interests and development engagements, it should be recognised that there were two separate rationales at play, and care should be taken not to tip the balance too far away from poverty alleviation in Danish development cooperation.

The Council recommended a further integration of bilateral and multilateral support, but underlined that bilateral engagements could and should not simply be handed over to multilateral organisations. In this regard, some Council members found that an increased involvement of multilateral organisations should only take place when it was obvious that they were best suited for the specific task.

The Council fully supported the idea of flexible and adaptive programming. It was pointed out that such an approach had to be light in its set-up, but with an enhanced focus on monitoring. The Council found that adaptive programming would require resources to ensure adequate quality assurance, monitoring and reviews. However, focus should also be on accountability and learning. Furthermore, the Council noted that adaptive planning was likely to result in less programmatic detail in submitted documentation, and that the analytical foundation for the interventions should be stronger, including focus on the theory of change.

Regarding communication and results, the Council recommended a strengthened focus on change and transformation, not only on what Denmark contributes financially. Thoughts on communication of results should be included from the beginning, and could possibly be linked to the theory of change. The Council recommended being clear on what success would look like, not least in countries where development was a very difficult task.

The Council found that further cooperation with civil society organisations should be encouraged, and that future country programmes could act as a platform for cooperation between Danish civil society organisations, normally operating in isolation from other Danish organisations in priority countries. It should be considered whether the strategic partners could be more actively involved in the implementation of country programmes. In general, the Council recommend a strengthened use of Danish capacities within civil society, research, trade unions etc. An increased use of the Danish resource base could possibly also increase the public support.

The Council recommended further focus on knowledge sharing. There seemed to be a lack of exchange of experience between the different country programmes with few cross references between the countries and to research in the documentation submitted to the Council. Regarding the programmes, the Council found that there was a general lack of information regarding other donors' activities and of the division of labour between donors.

The Council found that there was a willingness to take risks, but that this risk willingness could be further enhanced. On the other hand, there should also be an increased readiness to withdraw support, when initiatives do not turn out as foreseen. A willingness to experiment and foster innovation in bilateral programmes was important, and could be an important leverage for Denmark. Spearheading innovative solutions could pull larger organisations in the same direction, and thereby multiply the effects of Danish development assistance.

Summing up, the Chair noted that the Council was pleased to have had a chance to engage in a discussion of the issues raised in the paper. However, a number of elements had been recommended, including: enhanced exchange of knowledge, further inclusion of Danish capaci-

ties/resource base, willingness to withdraw support when needed, strengthened communication, possibly through civil society and trade unions and finally ensure resources for quality assurance and technical support.

Agenda item no. 5: AOB.

No points were raised.