

Minutes from meeting in the Council for Development Policy
on 5 May 2022

- 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
General Secretary Birgitte Qvist-Sørensen, DanChurchAid
Executive Director Rasmus Stuhr Jakobsen, CARE Denmark
Interim International Director Nina Christine Holm-Lundbye, The Danish Youth Council
Director for Global Development and Sustainability Marie Gad, Confederation of Danish Industries
Head of International Department Jens Kvorning, SMEdenmark
Head of Department Kenneth Lindhardt Madsen, The Danish Agriculture & Food Council
Private Advisor Morten Lisborg, Migration Management Advice
- 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 2: Ambassador Ketil Karlsen, Danish Representative Office in Ramallah
Head of Cooperation Peter Bøgh Jensen, Danish Representative Office in Ramallah
Chief Advisor Ole Justesen, Danish Representative Office in Ramallah
Chief Advisor Anders Stuhr Svensson, Department for Evaluation, Learning and Quality, ELK
Chief Advisor Susanne Wendt, Department for Evaluation, Learning and Quality, ELK
- Agenda item 3: Head of Department Marianne Kress, Department for Migration, Stabilization and Fragility, MNS
Ambassador Nicolai Ruge, Department for Migration, Stabilization and Fragility, MNS
Chief Advisor Jakob Rogild Jakobsen, Department for Migration, Stabilization and Fragility, MNS
Special Advisor Merve Imren Yalcin, Department for Migration, Stabilization and Fragility, MNS
Chief Advisor Peter Eilschow Olesen, the Interministerial Migration Taskforce, MTF

Chief Advisor Marina Buch Kristensen, Department for Evaluation, Learning and Quality, ELK

Agenda item 4: Head of Department Marianne Kress, Department for Migration, Stabilization and Fragility, MNS
Chief Advisor Jakob Rogild Jakobsen, Department for Migration, Stabilization and Fragility, MNS
Chief Advisor Jane Werngreen Rosales, Department for Migration, Stabilization and Fragility, MNS
Chief Advisor Lisbeth Jespersen, Department for Green Diplomacy and Climate, GDK
Head of Department Signe Skovbakke Winding Albjerg, Department for Africa, Policy and Development, APD

Agenda item 5: Head of Department Mette Thygesen, Department for Humanitarian Action, Civil Society and Engagement, HCE
Chief Advisor Marianne Vestergaard, Department for Humanitarian Action, Civil Society and Engagement, HCE
Head of Department Signe Skovbakke Winding Albjerg, Department for Africa, Policy and Development, APD

Agenda item 6: Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, GDK
Chief Advisor Jakob Tvede, Department for Green Diplomacy and Climate, GDK
CEO Torben Huss, the Investment Fund for Developing Countries, IFU
Chief Investment Officer Lars Krogsgaard, the Investment Fund for Developing Countries, IFU
Vice President for Sustainability and Impact Mikkel Kallesøe, the Investment Fund for Developing Countries, IFU
Vice President for Financial Services Morten Elkjær, the Investment Fund for Developing Countries, IFU
Head of Department Signe Skovbakke Winding Albjerg, Department for Africa, Policy and Development, APD

Agenda item 7: Head of Cooperation Thomas Thomsen, Embassy in Beirut

Agenda Item No. 1: Announcements

With reference to the engagements which had been put on hold due to the evolving situation in Ethiopia, the State Secretary for Development Policy informed the Council that the Embassy had resumed the implementation of some engagements. The intention was to support the Ethiopian people where possible in a manner that took the overall situation into account.

In regard to Ukraine, the State Secretary informed that the Danish focus on humanitarian aid and mine clearance continued along with discussions with other international stakeholders about how the future support for the reconstruction of the country could be organized. Members of the Council enquired whether such considerations were premature. In reply, the State Secretary

referred to the reconstruction discussions as providing an important narrative for Ukraine and as also providing necessary due diligence for predisposing the future.

Agenda Item No. 2: Annual Stocktaking of the Development Cooperation in Palestine

For information and discussion

Danish Representative Office in Ramallah

Summary:

The stocktaking report summarises key findings of the annual review of the Denmark-Palestine Country Programme. It is based on strategic meetings held with all partners, as well as ongoing monitoring, reviews, studies and ample reporting. The report includes reflections on results, lessons learned and challenges in 2021, and the way forward.

The Council thanked the Representative Office in Ramallah for the report and noted that it provided a useful overview of Denmark's bilateral engagement in Palestine. The Council noted the achievements with appreciation not least given the difficult circumstances. The constructive collaboration between the Representative Office and the Embassy in Tel Aviv and between the Representative Office and Danish NGOs were noted and appreciated.

Members of the Council asked whether the assumptions about the political framework for Denmark's development cooperation were appropriate given the de facto absence of a peace process, the dim prospects of a two-state solution, a creeping annexation on the ground by the Occupying Power, and a divided EU unable to challenge the US.

Members of the Council appreciated that the efforts sought to address the democratic deficit in Palestine as reinforced by the Israeli occupation. Members of the Council asked whether the new governing coalition in Israel had had any impact on the peace process.

In such a context, the Members of the Council underlined the need for the choice of activities to be continuously considered. This being said, Members of the Council found the selection of activities to be relevant. Protecting human rights, supporting agriculture and supporting local governments were worthwhile interventions. They found it impressive that Danish support had led to the creation of sustainable jobs.

Members of the Council acknowledged the difficulties in promoting a green transition under the prevailing conditions while at the same time expressing hope for the success of the planned efforts to integrate climate change measures into the activities of the country programme.

Members of the Council noted the strong focus on promotion and protection of human rights and also expressed appreciation of the support provided to the Palestinian NGO Al Haq that had been designated as a terror organisation by the Occupying Power.

Regarding support for agriculture and agribusiness, Members of the Council welcomed the partnership with the UN Food and Agriculture Organization (FAO). It was noted that the number of beneficiaries was relatively modest and Members of the Council asked whether this was due to security concerns. Members of the Council also asked why green houses were

promoted and asked how the potential of market systems could be harvested in such difficult circumstances.

Members of the Council found the interventions in support of local government to be relevant and worthwhile even though a lot of infrastructure was built. When such infrastructure was destroyed, it was asked whether the perpetrators were taken to court.

Finally, regarding the format of the stocktaking report, Members of the Council called for a stronger focus on learning given that the note was for internal use. A particular interest was expressed in obtaining more information about why certain initiatives succeeded while others failed. Members of the Council also enquired about the role of the country task force in the drafting of the report.

The Ambassador thanked the Council for the constructive and insightful comments and for the excellent collaboration with strategic Danish partners on the ground. The stocktaking exercise had been useful for the Representative Office and had helped establishing an architecture for dialogue with all partners and documenting results. The Ambassador concurred with views expressed by Members of the Council in terms of the rather gloomy outlook for the peace process and described a political landscape characterised by a general deterioration and shrinking space. The present country programme did benefit from a stronger focus and capable partners. On the other hand, the room to manoeuvre was subject to strong limitations and not of a decisive transformative nature given the circumstances. In this situation, actors within the international community tended to be either reactive or engaged in a quite abstract peace process without momentum. Under these circumstances, there was a potential for engaging in the middle ground in terms of supporting reform, production, service delivery and human rights and by strengthening the policy dialogue with the Palestinian Authorities. The common denominator and overriding theory of change for the country programme was “maintenance of physical presence of the Palestinian people in their territories”, and using this filter demanded a reflection of the methodologies used across the actions. Supporting the ability for farmers and others to stay in Area C was a case in point and so was moving towards support of critical infrastructure and sustainable, climate friendly solutions.

The Office had spent considerable time and effort on countering the terror designation that includes Al Haq amongst others. While Denmark and other bilateral donors had continued support, the matter was a reflection of the shrinking space.

The new government in Israel had unfortunately not led to any positive change. Settlements and demolitions continued at a perhaps even higher pace. The reason was probably that the coalition was clinging on at the edge and not strong enough to introduce change.

In responding to questions regarding the role of FAO as a key partner, it was stressed that FAO had proven to be strong on the ground in Palestine. On agriculture, they had helped introduce new smart technologies such as hydroponic fertilization and irrigation in greenhouses which also created green jobs. In addition, they reached out to enterprising young people who were numerous in Palestine and essential to mobilise in terms of maintaining stability.

Finally, the Ambassador informed the Council that while attention to Palestine was declining internationally, the Representative Office gave significant attention to promoting public diplomacy and communicated increasingly to a wider audience.

The Chair of the Council thanked the Council and the Representative Office for a constructive discussion based on the very first annual stocktaking report.

Agenda Item No. 3: How-to-Note: Migration and ROHA

For information and discussion

Department for Migration, Stabilization and Fragility, MNS, and the Inter-Ministerial Migration Taskforce, MTF

The Council discussed and commented on the internal How-to-Note on Migration and ROHA intended to guide the implementation of the new strategy “The World We Share” as part of a set of ‘how-to-notes’ and ‘approach-notes’. Members of the Council highlighted the challenging and political subject matter, including that there were components for which development aid had not previously been used. Given these political constraints, they commended the note’s balanced approach.

Members of the Council suggested to revisit the draft to ensure and/or clarify: (i) correct application of the terms migrants and refugees which were in parts used interchangeably and the terms irregular vs regular migration (ii) focus on prevention of irregular migration and targeted engagements that take a point of departure in the situation of potential irregular migrants, (iii) further considerations of push-pull factors, migration drivers and the risks, including the impact of climate change, (iv) clearer linkages to human rights in concrete engagements, (v) the engagement and role of CSOs, (vi) considerations of the security dimension, (vii) the challenges of maintaining equal partnerships when development funds were made conditional on readmission, (viii) the mutual impact of migration and development, (ix) the role of other dimensions in the contextual analysis, and (x) to what extent migration could/should be integrated across other engagements.

Agenda Item No. 4: How-to-Note: Social Sectors, Social Safety Nets and Food Security

For information and discussion

Department for Migration, Stabilization and Fragility, MNS

The Council discussed and commented on the internal How-to-Note on Social Sectors, Social Safety Nets and Food Security intended to guide the implementation of the new strategy “The World We Share” as part of a set of ‘how-to-notes’ and ‘approach-notes’. This note covered the thematic areas of health, sexual and reproductive health and rights (SRHR), education, social safety nets and food security. The Council found the note well-written and focusing on very important issues.

Members of the Council appreciated that sexual and reproductive health and rights featured prominently. Regarding health and education, Members of the Council suggested more guidance on “how-to” and inclusion of digital access.

On education, Members of the Council recommended to spell out more clearly why education mattered and that the scope of the note was limited to primary and secondary education and the modality was only multilateral. Regarding both health and education it was pointed out that bilateral programmes implemented in parallel with multilateral and normative support would strengthen Danida's professional capacity and hence the ability to obtain the goal of influencing policy.

Concerning social safety nets, Members of the Council discussed the pros and cons of including market-based micro insurance schemes and the pros and cons of merging the section with the section on food security while agreeing that social safety nets could be very important to avoid detrimental effects of crises.

The Council emphasized the importance of the agriculture and food sector for development and stressed that a much more comprehensive description with a broader view of agriculture and food production, land and water use, avoiding deforestation, climate adaptation and mitigation, bio-diversity, value-chains and jobs was needed. Members of the Council called for clearer guidance on 'how-to'. Furthermore, and to better understand the issues at stake, Members of the Council pointed to the need for clearly distinguishing between the Danish concepts of 'fødevaresikkerhed' (food safety) and 'fødevareforsyningsikkerhed' (secure food supply). Members of the Council acknowledged the dilemmas and trade-offs in the area of land-use/climate and food production as well as the potential dilemma between agro-ecology/agro-forestry and the need for sufficient production of food. The importance of not making this a choice between green and not-green production was underlined as there were plenty of scope for making production in developing countries more efficient and at the same time creating jobs and better livelihoods. Members of the Council would also like the How-to-Note to address issues of distribution of food and food waste and loss more directly.

In closing the agenda item, the Chair of the Council alerted to a thematic seminar in the Council last year, which focussed on food and agriculture, before suggesting on behalf of the Council that the area of food and agriculture be given a larger appearance in the universe of 'How-to-Notes'.

Agenda Item No. 5: How-to-Note: Civil Society

For information and discussion

Department for Humanitarian Action, Civil Society and Engagement, HCE

The Council discussed and commented on the internal How-to-Note on Danish support to Civil Society intended to guide the implementation of the new strategy "The World We Share" as part of a set of 'how-to-notes' and 'approach-notes'.

The Council found the note very well written and commended it for providing a solid overview of Danish support to civil society as well as the different objectives and priorities for the support. The Council emphasized the importance of civil society support as shrinking civic space and autocratization were on the rise, as recently highlighted by the Russian invasion of Ukraine. At the same time, Members of the Council recommended a clearer distinction in the Note between the concepts of "support through CSOs" and "support for CSOs" pointing out that the term "support through" might imply an instrumental approach which risked to undermine the voluntary and popular nature of CSOs.

Members of the Council praised the note's focus on support to informal actors as a Danish priority and noted that it was important to understand that engagement from informal civil society came as an addition to the formalized civil society, giving room for a stronger civic engagement, especially by young people. Members noted the need to be more precise with what constituted 'informal' and 'formal' civil society.

Members of the Council also suggested: (i) a stronger focus on the importance of local leadership in civil society support as well as on the obstacles to direct support to informal civil society, (ii) a stronger emphasis on youth, as youth often were change agents and represented new and innovative solutions to current challenges – as seen in relation to e.g. climate change, (iii) information on the role of labor market organisations, (iv) highlighting the significance of supporting human rights advocates, (v) considering whether service provision should always be strategic, particularly in Humanitarian-Development-Peace nexus situations, and (vi) taking note that a Human Rights-Based Approach may not be relevant in all efforts of creating social change.

Agenda Item No. 6: Thematic Discussion about the Investment Fund for Developing Countries (IFU)

For information and discussion

Department for Green Diplomacy and Climate, GDK

The Chair introduced the agenda item as one in a series of thematic discussions about financing instruments and the role of the Investment Fund for Developing Countries (IFU).

The CEO of IFU thanked for the opportunity to present IFU's strategic direction and journey towards becoming a full-fledged impact investor to the Council. Copies of IFU's annual report and the Sustainable Development Goal (SDG) Impact Report were distributed, and the CEO then gave a brief presentation of the central elements of IFU's strategic focus. The CEO explained that becoming an impact investor was at the heart of IFU's focus on ensuring that all IFU's investments would contribute to the global sustainable development quadrant: High human development while at the same time reducing the ecological foot print. IFU's two impact pillars were (1) building a green economy and (2) building a just and inclusive economy. IFU screened all potential projects up against these two pillars, as the basis for any investment decision. In the past, the driving force would have been the ties to Danish commercial interest. IFU would - through its board participation - exercise its active ownership to ensure that the investee companies delivered on the agreed impact plan. IFU's project and portfolio reporting was directly linked to the SDGs.

In its new strategy, IFU focused on four main sectors: Sustainable food systems, health care, financial services, and green energy and infrastructure. Geographically, IFU had also grouped countries according to their strategic relevance to Danish development priorities, income per capita, fragility and strategic fit with IFU's priority sectors.

Members of the Council congratulated IFU for being a frontrunner in terms of mobilising private capital from Danish pension funds, introducing new tools (such as the guarantee instrument) and also acknowledged IFU's strategic work with narrowing focus on sectors and geography, and not least its work with measuring impact and direct contributions to delivering on the SDGs.

Members of the Council enquired about IFU's ties to Denmark and Danish companies - were they disappearing - and about the synergies with the official development assistance under IFU's new mandate. What was the additional value of having a Danish DFI? Members of the Council also asked about IFU's measuring of poverty reduction and impact, IFU's work with the informal sector, with civil society and with small-scale farmers, the size of IFU's climate adaptation portfolio compared to its mitigation portfolio, and why IFU invested in the health sector, something which seemed incompatible with Low Income Countries. Finally, Members of the Council asked about IFU's mobilization of private capital vis-à-vis institutional investors' risk appetite and substantial return requirements to the SDG Fund.

On its ties to Denmark, the representatives of IFU explained that IFU was instrumental to the Danish development policymaking: IFU's mandate was to actively deliver on Danish development policy and seek synergies with development priorities and activities. On the programmatic level, the MFA had granted IFU earmarked contributions to execute on policy priorities such as fragile states through the High Risk High Impact (HRHI) initiative. Further, the MFA's policy guidance had a bearing on IFU's role vis-a-vis other European development financial institutions (DFIs), who recognized IFU for its standard setting impact ambitions. Through its climate policy, IFU had set the bar for other DFIs to follow. Regarding Danish companies, the demand for investment financing in developing countries had changed with the changing patterns of globalization. IFU's mandate had also changed to focus on the impact agenda. But IFU should continue to pave the way for Danish companies' expertise and solutions within relevant sectors, such as energy and water. Another Danish angle was the Danish pension funds in the SDG Fund.

On IFU's impact agenda, the representatives of IFU explained that any potential investment started with impact screening to ensure that the project was within minimum standards (e.g. the EU taxonomy), and assess impact potential, as well as IFU's ability to add value to the project. If IFU decided to invest, this would constitute the baseline up against which the company had to deliver on the agreed upon impact results framework, which IFU would monitor as part of its active ownership.

Regarding the informal sector and small-scale farmers, the representatives of IFU gave examples of how IFU's work through financial intermediaries, such as Abi Finance (Uganda), had facilitated access to credit lines for small-scale farmers, segments in the informal sector, and Small- and Medium-Sized Enterprises. Abi Finance was also a good example of synergies between Danida and IFU.

In the area of climate adaptation, the representatives of IFU acknowledged that it was a challenge not just to IFU to identify commercial projects. In a broader interpretation of the adaptation agenda, IFU's work with providing access to finance to small-scale farmers through the financial intermediaries was an indirect contribution to the adaptation agenda.

Finally, in relation to IFU's mobilization of private investors, the representatives of IFU informed about the SDG Fund - IFU's private sector mobilization instrument - and the ongoing work with Danish pension funds and other private investors, which had provided 60% of the capital to the Fund. Overall, it was a fact that the field of private investors with appetite for emerging markets

was limited. Pension funds' mandate – regulated by law - was to grow the capital of their pension savers. This, alongside emerging market risk factors, required all pension funds – not only in Denmark - to seek a commercial return. The SDG Fund investors had a return expectation of 10-12% net of taxes. With a devaluation risks of 5-8 percentage points on top of that, the local gross return expectation could be around 18-20%. Given the risk profile of the SDG Fund, the Fund had few investments in least developed countries (LDCs). Other IFU instruments, such as HRHI and IFU Classic, targeted LDCs. There was a need for a collective effort to reduce market risk factors (such as framework conditions, foreign exchange risk, corruption), which would automatically attract investors.

The Head of the Department for Green Diplomacy and Climate (GDK) stressed that IFU's share of the Danish Official Development Assistance (ODA) was less than 1%, and that IFU was one among many instruments that should complement one another to reach the objectives of the Danish development strategy.

The Chair of the Council thanked IFU for the thematic discussion and welcomed the meeting with IFU as a way to facilitate the Council's insights into the various financing instruments and the reform process.

Agenda Item No. 7: Programme for the Council in Jordan and Lebanon

For information and discussion

Embassy in Beirut

The Head of Cooperation at the Embassy in Beirut provided a short briefing on the draft programme for the Council's planned visit to Lebanon and Jordan in May 2022, noting that the programme could be subject to minor adjustments as all details were yet to be finalized with partners and interlocutors. The Council voiced its univocal appreciation for the draft programme.

Agenda Item No. 8: Any Other Business

No issues were raised under this agenda item.