

Minutes from meeting in the Council for Development Policy
on 22 September 2022

Members: Professor Anne Mette Kjær, University of Aarhus (Chair)
International Director Jarl Krausing, CONCITO (Vice Chair) (Agenda item 1-4, 6-13)
Senior Researcher Lars Engberg-Pedersen, Danish Institute for International Studies
Executive Director Rasmus Stuhr Jakobsen, CARE Denmark
Interim International Director Nina Christine Holm-Lundbye, The Danish Youth Council (Agenda item 1-9)
Director for Global Development and Sustainability Marie Gad, Confederation of Danish Industries
Head of International Department Jens Kvorning, SMEdenmark
Private Advisor Morten Lisborg, Migration Management Advice
Head of Department Kenneth Lindhardt Madsen, The Danish Agriculture & Food Council (Online)

General Secretary Birgitte Qvist-Sørensen, DanChurchAid, and Vice President Bente Sorgenfrey, Danish Trade Union Confederation, were not present but submitted written comments prior to the meeting.

MFA: Under-Secretary for Development Policy Stephan Schönemann
Head of Department Morten Jespersen, Department for Africa, Policy and Development, APD
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: Head of Department Mette Thygesen, Department for Humanitarian Action, Civil Society and Engagement, HCE
Team Leader Carla Cecilia Baumann Greiber, Department for Humanitarian Action, Civil Society and Engagement, HCE
Katrine Siig Kristensen, Department for Humanitarian Action, Civil Society and Engagement, HCE
Special Advisor Marina Buch Kristensen, Department for Evaluation, Learning and Quality, ELK

Agenda item 3: Head of Department Mette Thygesen, Department for Humanitarian Action, Civil Society and Engagement, HCE
Team Leader Kirstine Primdal Sutton, Department for Humanitarian Action, Civil Society and Engagement, HCE

Head of Section Toke Hauch Arnoldi, Department for Humanitarian Action, Civil Society and Engagement, HCE
Special Advisor Hans Hessel-Andersen, Department for Evaluation, Learning and Quality, ELK

Agenda item 4: Ambassador Ketil Karlsen, Danish Representative Office in Ramallah
Head of Cooperation Peter Bøgh Jensen, Danish Representative Office in Ramallah
Special Adviser Kristina Kinch, Danish Representative Office in Ramallah
Head of Section Adwan Mostafa Mohamad, Department for the Middle East and Northern Africa, MENA

Agenda item 5: Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, GDK
Deputy Head of Department Adam Sparre Spliid, Department for Green Diplomacy and Climate, GDK
Head of Section Maiken Desirée Rasmussen, Department for Green Diplomacy and Climate, GDK
Special Advisor Kim Waage Weinkouff Cook, Embassy in New Delhi

Agenda item 6: Deputy Head of Department Adam Sparre Spliid, Department for Green Diplomacy and Climate, GDK
Team Leader Merete Villum Pedersen, Department for Green Diplomacy and Climate, GDK
Deputy Head of Department Henrik Silkjær, Ministry of Climate, Energy and Utilities
Chief Advisor Hanne Jersild, Ministry of Climate, Energy and Utilities
Special Advisor Hans Hessel-Andersen, Department for Evaluation, Learning and Quality, ELK

Agenda item 7: Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, GDK
Chief Advisor Mads Mayerhofer, Department for Green Diplomacy and Climate, GDK

Agenda item 8: Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, GDK
Team Leader Merete Villum Pedersen, Department for Green Diplomacy and Climate, GDK
Chief Advisor Lisbeth Jespersen, Department for Green Diplomacy and Climate, GDK
Head of Section Ninna Katrine Holm Sanden, Department for Green Diplomacy and Climate, GDK
Chief Advisor Tine Anbæk, Department for Green Diplomacy and Climate, GDK

Head of Department Jesper Wulff Pedersen, Ministry of Agriculture, Food and Fisheries

Head of Department Troels Mandel Vensild, the Danish Veterinary and Food Administration

Head of Department Henrik Hedeman, Ministry of Environment

Deputy Director Carsten Møberg Larsen, the Danish Environmental Protection Agency

Head of Department Annette Samuelsen, the Danish Environmental Protection Agency

Director for Nature and Environment Simon Grünfeld, Municipality of Aarhus
Project Manager Mette Schrøder Hansen, Municipality of Aarhus

Special Advisor Hans Hessel-Andersen, Department for Evaluation, Learning and Quality, ELK

Agenda item 9: Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, GDK

Team Leader Merete Villum Pedersen, Department for Green Diplomacy and Climate, GDK

Chief Advisor Lisbeth Jespersen, Department for Green Diplomacy and Climate, GDK

Head of Department Jesper Wulff Pedersen, Ministry of Agriculture, Food and Fisheries

Head of Department Troels Mandel Vensild, the Danish Veterinary and Food Administration

Special Advisor Hans Hessel-Andersen, Department for Evaluation, Learning and Quality, ELK

Agenda item 10: Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, GDK

Team Leader Merete Villum Pedersen, Department for Green Diplomacy and Climate, GDK

Head of Section Ninna Katrine Holm Sanden, Department for Green Diplomacy and Climate, GDK

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Agenda item 11: Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, GDK

Team Leader Merete Villum Pedersen, Department for Green Diplomacy and Climate, GDK

Chief Advisor Tine Anbæk, Department for Green Diplomacy and Climate, GDK
Director for Nature and Environment Simon Grünfeld, Municipality of Aarhus
Project Manager Mette Schrøder Hansen, Municipality of Aarhus
Special Advisor Hans Hessel-Andersen, Department for Evaluation, Learning and Quality, ELK

Agenda item 12: Head of Department Karin Poulsen, Department for Green Diplomacy and Climate, GDK
Deputy Head of Department Adam Sparre Spliid, Department for Green Diplomacy and Climate, GDK
Team Leader Merete Villum Pedersen, Department for Green Diplomacy and Climate, GDK
Chief Advisor Anders Ørnemark, Department for Green Diplomacy and Climate, GDK

Agenda Item No. 1: Announcements

The Under-Secretary for Development Policy informed the Council that that the Minister for Development Cooperation had approved the Bangladesh Strategic Framework 2022-2027 and the Kosovo-Denmark Partnership for Green and Just Energy Transition, which the Council did not recommend for approval at the meeting on 30 June 2022. Concerning Bangladesh, the Minister had approved an adjusted Strategic Framework with a longer time and, potentially, an allocation of more funds for the phasing out process as requested by the Council.

The Under-Secretary also informed the Council about the publication of the ‘how-to-notes’ and ‘approach-notes’ intended to guide the implementation of the new strategy “The World We Share”. He thanked the Council for their constructive comments and engagement throughout the process. Ten notes were available in Danish and English in the website: www.amg.um.dk. The Under-Secretary encouraged the Council to share the notes with relevant colleagues and partners. Two more notes would follow later (on Denmark as a Humanitarian Actor and on Food Security).

Furthermore, the Under-Secretary briefed the Council about the process for appointing new Members of the Council for the period 2023-2025 as the term for the current Council would end on 31 December 2022. Three Members of the Council could not be reappointed as they had already served two terms. The Minister for Development Cooperation had sent a letter to a broad spectrum of organisations and networks, wherein they were requested to nominate candidates to the Council. The Under-Secretary noted that it was a long process, especially in light of the potential Parliamentary election.

Members of the Council asked if the current or a new Minister for Development Cooperation would appoint the Members of the Council in case of a Parliamentary election in the Autumn? What would the process be if the election would not be held before 2023? The Under-Secretary stressed that a new Minister for Development Cooperation would appoint the Members of the

Council for the period 2023-2025 *if* the election was to occur in the Autumn. Otherwise, the current Minister would appoint the Council for the next term starting on 1 January 2023.

The Under-Secretary informed the Council that the priorities of the Danish Government for Danish Development Assistance (2023-2026) had been published and that the Council would be informed of the draft Finance Act and the priorities at a later meeting.

In relation to the UN General Assembly taking place in New York, the Under-Secretary highlighted that Denmark was represented by the Prime Minister, the Minister for Foreign Policy, the Minister for Development Cooperation, and the Crown Prince and Princess of Denmark. Denmark would launch its candidature to the UN Security Council this week. Additional priorities of the Minister for Development Cooperation included education and climate change.

The Under-Secretary also briefed the Council about the situation in Ethiopia, the Horn of Africa, and Sahel. Regarding Ethiopia, the peace process had come to a halt with vicious hostilities in Tigray. The hunger situation in the Horn of Africa continued to worsen. In Sahel, the situation was further deteriorating in Mali due to the actions of the military regime and the Wagner-group. Also in Burkina Faso, the situation was difficult and it was hard, if not impossible, to predict what would happen in the coming months.

The Chair of the Council thanked the Under-Secretary for the information.

Agenda Item No. 2: How-to-Note – Denmark as a Humanitarian Actor

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 Denmark as a Humanitarian Actor intended to guide the implementation of the new strategy “The World We Share” as part of the series of ‘how-to-notes’ and ‘approach-notes’.

The Council found the note very well written and commended it for providing a solid overview of Denmark as a humanitarian donor and actor. The Council found that the note provided good guidance on how to engage with and work within the humanitarian sector, the complexity of the humanitarian system and related dilemmas. The Council noted that the humanitarian sector had expanded due to both increasing expectations to its ability to address challenges and needs and to increasing needs. The Council also noted the need for stronger prioritisation of funds and activities as well as pushing for reforms due to major funding gaps. Simplification and prioritisation were significant challenges in the humanitarian sector, the Council concluded.

The Council commended: (i) the recognition of climate-related shocks and impacts of climate change on humanitarian needs and stressed the importance of the newest research and outlooks on climate changes and related risks, (ii) the focus on promotion of innovative green solutions in humanitarian assistance, (iii) the strong focus on localisation and support to building local leadership and partnerships, and (iv) the focus on providing and enhancing the Humanitarian-Development-Peace (HDP) and climate nexus approaches.

The Council suggested an even stronger emphasis on the following challenges: (i) addressing the particular situations of Internally Displaced People (IDPs) when host governments were not living up to their responsibility to protect, (ii) destabilisation and security factors for the refugee hosting countries, (iii) creation of durable solutions to displacement situations as well as creation of social cohesion and peacebuilding instruments to tackle potential conflicts over resources, (iv) the important role of faith-based local organisations and actors, especially in fragile countries and in armed conflicts, (v) the dilemmas related to providing the needed capacity development and promoting local leadership and equitable partnerships, (vi) provision of pathways for self-reliance through e.g. creation of business and job opportunities for young people in humanitarian settings, and (vii) better coordination and synergies at the country level between humanitarian funds administered by the MFA in Copenhagen and relevant project/programmes administered by Danish embassies in line with the Doing Development Differently (DDD) approach. Members of the Council may also submit written comments to the How-to-Note.

While thanking for the very constructive comments, the Under-Secretary for Development Policy reminded the Council that another How-to-Note was focussing on the Humanitarian-Development-Peace nexus, hence some of the themes proposed were covered by that note.

Agenda Item No. 3: CISU Climate Change Adaptation Modality (CCAM) 2022-2025

For discussion and recommendation to the Minister

DKK 107.5 million

Department for Humanitarian Action, Civil Society and Engagement, HCE

Summary:

The programme provides a total funding of DKK 107.5 million for Civil Society in Development (CISU) to establish the Climate Change Adaptation Modality (CCAM), as an integrated part of the CISU Civil Society Fund (CSF). The aim of CCAM is to support poor and vulnerable groups in becoming more resilient to climate change. CCAM will enable partnerships of Danish CSOs and CSOs from DAC-eligible countries to apply for funds for locally led climate adaptation activities. The activities will be capacity building and/or advocacy for poor and vulnerable groups. Specific guidelines with relevant assessment criteria (reflecting e.g. the Rio Marker on climate change adaptation), a corresponding monitoring setup and specific application and reporting templates will be developed.

<p><i>The Council for Development Policy recommended the CISU Climate Change Adaptation Modality (CCAM) 2022-2025 for approval by the Minister for Development Cooperation.</i></p>

The Council expressed its appreciation for a well-written programme document for the CISU Climate Change Adaptation Modality (CCAM). The Council welcomed the timing of the programme, especially with regard to the agenda of the upcoming COP27 (27th UN Climate Change Conference of the Parties). The Council also welcomed the choice of Civil Society in Development (CISU) as the partner.

The Council stressed the importance of equitable partnerships and asked about the division of labour between the Danish CSOs and their partner CSOs in developing countries. In that regard,

it would be important to ensure that the knowledge sharing would flow both ways. The Council recommended that the focus on demand-driven interventions and equitable partnerships be included in the CCAM guidelines. The Council noted that it was crucial that the proposed interventions were aligned with national action plans on climate change.

Members of the Council expressed reservations concerning the Theory of Change (ToC) and questioned the argument that capacity building would lead to change because it would facilitate local ownership, which would give rise to advocacy that the duty bearers would respond to. Instead of the causal explanation of complex factors given in the ToC, it was suggested to identify conditions where capacity building would lead to change e.g. by focussing on “pockets of efficiency”.

Members of the Council further noted that the assessment criteria were somewhat technical. It would be important to reflect on different interests of the local populations and how interventions could target and strengthen marginalised groups, while building up the needed capacities. Members of the Council noted that the project periods of three years might be too limited for climate adaptation interventions. Members of the Council stressed the importance of ensuring that selected projects were in agreement with national policies.

Members of the Council called for the programme to include a “window” specifically dedicated to smaller projects. It was argued that CISU should ensure a good balance between small and large projects. Members of the Council noted that the programme was only targeting Danish CSOs and inquired why it did not include CSOs from other countries. Furthermore, Members of the Council asked whether it would be possible to include business organisations as eligible applicants.

Members of the Council asked for a clarification of the link between CCAM and the recent public announcement of additional Danish funding of DKK 100 million to interventions related to climate adaptation and loss and damages.

Members of the Council noted that the programme document should include the co-benefits of climate adaptation e.g. biodiversity and loss and damages. While Members of the Council asked why the programme was only targeting climate change adaptation and not prevention, other Members of the Council noted that Nature-based Solutions (NbS) could be included as a method targeting both adaptation and prevention.

The Head of the Department for Humanitarian Action, Civil Society and Engagement (HCE) thanked the Council for the constructive comments and questions. The Head of HCE explained that DKK 7.5 million of the DKK 100 million additional Danish funding was allocated for CISU and included in CCAM. Furthermore, the DKK 100 million also included DKK 32.2 million allocated to the Strategic Partner Agreements (SPA) through a top-up.

The Head of HCE affirmed the importance of equitable partnerships. It was an essential element of CCAM that all interventions were locally rooted, and this was also emphasised in the programme document. The Head of HCE also stressed the need to identify “pockets of

efficiency”, which would be done in collaboration with the local partners. It was acknowledged that the use of specific terms such as “capacity building” could be regarded as a bit outdated. It would therefore be assessed whether some of the language could be slightly adjusted.

Regarding the eligibility to apply for funds for non-Danish CSOs and the private sector, the Head of HCE explained that CISU’s interventions were targeting Danish CSOs and their partners in developing countries. As such, it was not possible for Danish business organisations to apply for funds. HCE would clarify this in the final guidelines for CCAM. The Head of HCE added that a hearing process of the CCAM guidelines would be initiated in the near future. This process would seek to ensure that the Council’s comments on e.g. localisation and equitable partnerships would be addressed.

The Chair of the Council for Development Policy concluded that the Council could recommend the CISU Climate Change Adaptation Modality (CCAM) 2022-2025 for approval by the Minister for Development Cooperation.

Agenda Item No. 4: Organisation Strategy for the UN Relief and Works Agency for Palestine Refugees (UNRWA) 2023-2027

For discussion and recommendation to the Minister

DKK 525 million

Danish Representative Office in Ramallah

Summary:

The UN Relief and Works Agency for Palestine Refugees (UNRWA) has been given a unique mandate by the UN General Assembly to protect and provide direct services for a young and growing population of an estimated 5.8 million Palestine refugees, pending a solution to the protracted political conflict in Israel-Palestine. UNRWA covers five field of operations: The West Bank, including East Jerusalem, Gaza, Syria, Lebanon and Jordan. The organisation strategy outlines Danish priorities in terms of cooperation with UNRWA focusing on: (1) Stabilising a fragile region by providing health, education and social services to vulnerable refugees, including women and girls, in their region of origin, (2) reducing migration incentives by ensuring protection of refugees under International Humanitarian Law, and (3) reforming UNRWA’s delivery model aligning expenditure to income.

The Council for Development Policy recommended the Organisation Strategy for the UN Relief and Works Agency for Palestine Refugees (UNRWA) 2023-2027 for approval by the Minister for Development Cooperation.

The Council expressed its appreciation for a well-written organisation strategy set in a disconcerting context of a protracted political conflict to which a solution was still pending. Noting the difficult financial situation of the UN Relief and Works Agency for Palestine Refugees (UNRWA), the Council stressed the importance of continued Danish support and engagement.

The Council emphasised that chronic underfunding of UNRWA should be addressed through long-term solutions. The Council commended the focus on aligning expenditure to income but found that further budget cuts were not a realistic solution in light of the demographic dynamics of a young population. Recognising that the largest percentage of UNRWA’s budget went to

education, Members of the Council expressed concern that education was one of the sectors considered in connection with budget cuts. Denmark should work with like-minded donors to ensure the necessary funding for UNRWA in the long term. In this regard, the Council noted that some of the larger donors had reduced their contributions in recent years, but the new administration in the US had resumed its funding. Noting the significant support from the US, the Council asked about how it would affect future funding.

Members of the Council expressed respect for the work of UNRWA given the difficult circumstances, including the continuous budget cuts resulting in significant staff reductions. In this regard, Members of the Council asked how to handle budget cuts in an organisation where most of the staff were Palestinian refugees, hence might tend to resist reform.

Members of the Council commended the focus on youth throughout the strategy and suggested that partner organisations such as the Danish Youth Council shared best practices on ensuring youth's meaningful participation in e.g. youth panels.

Furthermore, Members of the Council asked about the potential for promoting economic growth and job creation noting the need to strengthen the resilience of Palestine refugees and change the narrative within host countries.

Finally, Members of the Council questioned the assumption that the support to UNRWA would reduce the migration incentives by ensuring refugees protection.

The Ambassador thanked the Council for its comments and questions. He shared the Council's concern about the current situation. Palestine refugees had been taken hostage in a protracted political conflict that was moving in the wrong direction, exacerbated by conflict and economic challenges in the West Bank, including East Jerusalem, Gaza, Syria, and Lebanon.

Noting that UNRWA was delivering basic services to a population approximately the size of the Danish population, the Ambassador questioned whether there was a realistic alternative to UNRWA in the absence of a political solution. Concerning prospects for reforming UNRWA, the Ambassador stressed the difficulty of transferring core responsibilities from UNRWA to other organisations that generally neither had the mandate nor the capacity to take over. The Ambassador pointed out that it was far from certain that this would create cheaper or better service delivery. Furthermore, costs had already been cut substantially.

The Ambassador explained that the resumed funding from the US was welcomed, especially in light of the reduced contributions of other donors. Securing continuous and predictable funding for UNRWA was a persistent challenge and efforts were ongoing, including through the use of assessed contributions. However, the discussion was not novel and solutions were unlikely to be found anytime soon. Pressure should also be increased on host countries to take over service delivery when viable. Golf countries and others should be encouraged to provide predictable funding.

On economic growth and job creation, the Ambassador noted that Denmark was focusing on complementarity between Danish-funded projects implemented by other organisations e.g. the Food and Agriculture Organization (FAO) and the work of UNRWA. New and strengthened partnerships between UNRWA and other organisations could assist in providing better conditions for Palestine refugees. Although he acknowledged that the employment of Palestine refugees could create constraints for reforming the organisation, the Ambassador stressed that this was creating much needed jobs, while also building local capacity and strengthening local ownership.

The Ambassador stressed that the risk of migration was latent and that the dynamics of the region would change, if UNRWA was to lose support, potentially leading to significantly increased migration.

Finally, the Ambassador mentioned that Denmark had increased support for UNRWA in recent years resulting in a more significant, predictable and flexible contribution.

The Chair of the Council for Development Policy concluded that the Council could recommend the Organisation Strategy for the UN Relief and Works Agency for Palestine Refugees (UNRWA) 2023-2027 for approval by the Minister for Development Cooperation.

Agenda Item No. 5: Support to the Investment Fund for Developing Countries (IFU): India Climate Finance Initiative 2022-2025

For discussion and recommendation to the Minister

DKK 200 million

Department for Green Diplomacy and Climate, GDK

One Member of the Council, Jarl Krausing, left the meeting during this agenda item with reference to the Rules of Procedure for the Council for Development Policy regarding conflict of interest. Jarl Krausing is Member of the Board of the Investment Fund for Developing Countries (IFU).

Summary:

The project India Climate Finance Initiative (ICFI) will make a capital contribution to IFU to invest in climate projects in India in the period 2022-2025. The flexible concessionality of the funds will allow IFU to be more innovative and consider investments that might not be possible with the current IFU instruments. It is expected that IFU will mobilise private finance with an anticipated factor 1:1. With a small budget for technical assistance, IFU will have a close cooperation with the Investment Advisor at the Danish Embassy in India to identify investment projects that align with both IFU's priorities and Embassy priorities in the policy dialogue. The partners will jointly explore opportunities for improvement of framework conditions, which can further enhance the impact of all IFU's green and climate-related investment projects.

The Council for Development Policy recommended the Support to the Investment Fund for Developing Countries (IFU): India Climate Finance Initiative 2022-2025 for approval by the Minister for Development Cooperation. The Council asked to receive the Stocktaking Review in 2024.

Members of the Council found the scope of the initiative relevant. Despite India being a middle-income country, substantial inequalities persisted with widespread poverty still an urgent issue. While noting that the project appeared to be demand-driven as India had requested climate financing, Members of the Council also remarked that the initiative responded to the dialogue during the visit by the Indian President to Denmark and the vision of the Green Strategic Partnership between India and Denmark.

The investment scope was perceived as very broad and the Council asked about the rationale behind including both mitigation and adaptation as scope for investments. Clarification of the expected balance between the two was requested, with an emphasis that the latter would be extremely important. Members of the Council recommended including objectives for the mitigation and adaptation investments and more specific information about the expected potential projects. It was suggested that the Danish private sector could assist with the identification of projects. Furthermore, Members of the Council asked about the possible links to and synergies with other investment initiatives such as the Danida Green Business Partnerships (DGBP).

Members of the Council questioned whether IFU could ensure sufficient additionality compared to other partners and modalities and stressed that for years, IFU has struggled to provide development impact, including in relation to poverty reduction. Other Members of the Council highlighted IFU's new Climate Policy and noted that IFU's focus on the green agenda had improved. As previously requested by the Council, IFU demonstrated an increasingly holistic thinking on climate and development.

Members of the Council asked for clarification of the need for project development to create the necessary pipeline of relevant bankable projects. It was proposed that technical assistance could be linked specifically to these efforts, which could support the impact in terms of green job creation.

Finally, the Council asked for information about the use of funds generated by the investment.

The Under-Secretary for Development Policy confirmed that ICFI was an expression of the political ambition of the Strategic Green Partnership with India and one among several initiatives to follow up on the partnership with specific financing for climate action.

The Deputy Head of the Department for Green Diplomacy and Climate (GDK) further explained that ICFI should be seen in the context of other Danish activities in India, including the Strategic Sector Cooperation (SSC) and targeted financing. As such, it was part of a complex and increasing overall engagement. It was emphasised that India had a well-functioning capital market with a good basis for mobilising further financing through ICFI.

On the question of impact, the Deputy Head of GDK explained the flexible conditionality of ICFI, which entailed that it could focus more on impact and poverty reduction in potential investments compared to other IFU instruments such as the Sustainable Development Goals (SDG) Fund or the Green Future Fund.

The Deputy Head of GDK clarified that out of the expected 2-3 ICFI climate projects in India, up to one could be an adaptation project. This was mainly explained by the registration of IFCI as ‘energy and reduction’ funds in the Ministry of Foreign Affairs. He emphasised, however, that in line with Danish priorities, IFU was working to increase its adaptation portfolio, and he mentioned that the intention of the technical assistance budget was to improve the market framework conditions, including for adaptation investments. Furthermore, the balance between mitigation and adaptation should be seen across the entire Danish portfolio in India where some instruments might be better suited for adaptation projects. The Deputy Head of GDK confirmed that the budget could also be used for project development if required, and that this would be reflected in the project document.

On Danish private sector engagement, the Deputy Head of GDK suggested that the Investment Advisor, who played a central role in bridging between sectors, project pipeline, framework conditions and financing, could activate the Reference Group (established in relation to Investment Advisor) in order to inform on the implementation of ICFI. The Danish private sector took part in the Reference Group and could provide valuable inputs.

Finally, the Deputy Head of GDK confirmed that profits from selling off assets acquired through ICFI would return to IFU’s equity base. He clarified that any dividend, which came back to the Danish state budget, would be counted as “negative ODA” meaning that the equivalent amount would be returned to the development budget to meet the Danish target of 0.7% of the Gross National Income (GNI).

Despite different concerns, the Chair of the Council for Development Policy concluded that the Council could recommend the India Climate Finance Initiative (ICFI) 2022-2025 for approval by the Minister for Development Cooperation. The Chair requested that the Council should receive the Stocktaking Review in 2024.

Agenda Item No. 6: Support to the Climate Investment Fund’s Accelerating Coal Transition (CIF ACT) Programme 2022-2026

For discussion and recommendation to the Minister

DKK 100 million

Department for Green Diplomacy and Climate, GDK

Summary:

The Climate Investment Fund (CIF), in partnership with the implementing Multilateral Development Banks (MDBs), launched the Accelerating Coal Transition (ACT) Programme at COP26 (26th UN Climate Change Conference of the Parties), in recognition of the need to mobilise funds to accelerate a just energy transition away from coal to meet the Paris Agreement. The programme has been established with an anticipated budget of approximately USD 2 billion. ACT is in its first phase of implementation focused on four countries: South Africa, Indonesia, India, and the Philippines. CIF’s ACT objective is to accelerate transition from coal-powered to clean energy while supporting socio-economic goals and environmental remediation. ACT is structured around three pillars: (1) Governance – focusing on the adoption and implementation of policies and strategies for coal-to-clean transition, (2) People – focusing on jobs, incomes and skills of affected employees and communities and (3)

Infrastructure – focusing on the investments, including from mobilised private finance, for decommissioning and repurposing coal infrastructure and land. The results chain depends on the specific country contexts and may be different for individual Investment Plans and projects. Denmark will engage in the CIF trust fund covering the ACT programme.

The Council for Development Policy recommended the Support to the Climate Investment Fund's Accelerating Coal Transition (CIF ACT) Programme 2022-2026 for approval by the Minister for Development Cooperation.

The Council commended the well written programme document, including the overall objective of ensuring a just green transition and the three priority areas; governance, people, and infrastructure.

Members of the Council asked for explanation of the selection of this programme amongst other initiatives that could also have been supported to phase out coal. Noting the Danish interest in the programme, Members of the Council inquired whether the support was demand-driven i.e. based on identified development needs in the countries. The Council stressed that the national political priorities and the partner countries' selection of renewable energy sources should be the starting point. While the Council noted Denmark's competences with regard to renewable energy, especially wind, alignment with national energy plans and the Nationally Determined Contributions (NDCs) was necessary.

Members of the Council asked how the second pillar (i.e. people) would be implemented, including how the local stakeholders would be engaged in the process as this pillar would be important for the purpose of poverty reduction. Members of the Council also questioned the assumption (on p. 12 in the programme document) that "renewable energy is known to create more jobs than any other energy generation technology". Clarification was needed with regard to the poverty orientation, including how job creation was ensured when coal was phased out, and the old mines were closed.

Members of the Council noted that energy efficiency was relevant for the green transition and asked whether this was included in the programme? Furthermore, Members of the Council questioned why the development cooperation support went to middle-income countries, which may already have sufficient resources to address these challenges?

Members of the Council appreciated the cooperation with 3F (the United Federation of Workers in Denmark) and suggested that both local trade unions and the private sector should be involved in the dialogue on programme priorities as they were key stakeholders in the phasing out of coal. It was asked what the expected outcome of the suggested dialogue with 3F would be?

Finally, the Council recognised that even though the Danish contribution constituted a minor part of the total ACT funds, it could be a good opportunity for Denmark to create knowledge and results on a prioritised agenda.

The Head of the Department for Green Diplomacy and Climate (GDK) noted that CIF ACT resulted from the political ambition to accelerate coal transition as pledged at COP26 (26th UN

Climate Change Conference of the Parties). Just green transition was the primary priority, included reducing poverty and inequalities. The Chief Advisor from the Ministry of Climate, Energy and Utilities (KEFM) explained that CIF ACT was chosen based on CIF's niche in the climate finance landscape, Denmark's existing engagement with CIF, and ACT's choice of countries that enabled strong synergies with Danish strategic energy cooperation.

The selection of countries was in line with the positions of the UN and the Intergovernmental Panel on Climate Change i.e. the largest emitters needed to accelerate the transition if the objectives of the Paris Agreement were to be met. While these countries were already investing in the green transition with their existing finance, support through ACT could accelerate it. The support came from a mix of financial instruments.

In relation to job creation and energy transition, The Head of GDK argued that data from the International Renewable Energy Agency (IRENA) and the International Labour Organization (ILO) had documented the number of jobs generated by the transition to renewable energy, including disaggregated data on gender.

The Team Leader of GDK explained that the second pillar on socio-economic development (i.e. people) was given high priority. The first draft investment plan in South Africa (for finalisation and approval in October) included upskilling of coal workers with a view to repurposing of the coal plants and the potential creation of new renewable energy jobs, while at the same time supporting local entrepreneurship with a view to job creation beyond energy production. Energy efficiency would be part of the investment plan. The Team Leader of GDK, however, acknowledged that it was a challenging process and difficult to create jobs for all coal workers. For instance, many coal workers were migrants and whether they would remain in the area after the closure of the mines depended on the future development of the area.

With regard to the engagement of local stakeholders in the process, the Team Leader of GDK explained that the dialogue with 3F and the cooperation with Danish embassies in Jakarta, Manila, New Delhi, and Pretoria were expected to provide MFA and Ministry of Climate, Energy and Utilities (KEFM) with valuable information about interests and views of key stakeholders, thereby making the support more relevant.

Finally, the Chief Advisor from KEFM underscored that the investment plans would vary across and within the four countries as they were demand-driven and would be developed in cooperation with national and regional authorities.

The Chair of the Council for Development Policy concluded that the Council could recommend the Support to the Climate Investment Fund's Accelerating Coal Transition (CIF ACT) Programme 2022-2026 for approval by the Minister for Development Cooperation.

Agenda Item No. 7: New Partnership with the Sustainable Trade Initiative (IDH) 2022-2025

For discussion and recommendation to the Minister

DKK 80 million

Department for Green Diplomacy and Climate, GDK

Summary:

The Sustainable Trade Initiative (IDH) is a non-profit foundation that engages large multinational companies in working towards the UN Sustainable Development Goals and the Paris Agreement. Its objective is to contribute to making production and global trade of key commodities more sustainable as market-based means to reduce poverty, contribute to securing human rights and gender equality, and protect the environment in developing countries. The partnership will be centred around IDH's three impact areas: better jobs, better income and better environment. It will have a strong focus on increasing the sustainability of deforestation-heavy agro-commodity supply chains with a funding focus on social inclusion of smallholders and workers in developing producer countries with emphasis on Africa.

The Council for Development Policy recommended the New Partnership with the Sustainable Trade Initiative (IDH) 2022-2025 for approval by the Minister for Development Cooperation. The Council, however, expressed reservations about the validity of the assumption that the programme would incentivise multinational companies to invest more in sustainable value chains. The Council argued that new (primarily EU) regulation would force the companies to make the same changes as the programme is supporting them to do. This would imply distortion of competition among corporations as support from IDH was restricted to a limited number of corporations defined by the programme. The Council emphasised the importance of strengthening the MFAs analysis of what these new regulations would imply for the support of global value chains. While the Council appreciated the efforts to facilitate cooperation between IDH and the Danish Ethical Trading Initiative (DIEH), the Council requested that IDH reaches out to a broader range of stakeholders, including in Denmark. Finally, the Council stressed the need for documented results and asked to receive information about the development effects of the support to IDH. On this background, the Council asked to receive information on the abovementioned areas of concern after 6-12 months.

The Council commended the project for addressing the important issue of increasing the sustainability of global value chains. Members of the Council recognised the development impact of IDH's activities and emphasised its strengths regarding learning, scale and accelerating successes. The important role of IDH as a convener of multi-stakeholder partnerships was mentioned. The principle of co-financing sustainability solutions with the private sector was applauded, but questions were also raised about the focus on large multinational companies instead of Small and Medium-size Enterprises (same level of co-financing regardless of size). Members of the Council recognised the deep sector-specific knowledge of IDH in terms of value chain development, not least in relation to key agro-commodities linked to deforestation (soy was mentioned).

Members of the Council commended the project for having reflected, to a large extent, the inputs from the public consultation of the project document, not least in relation to strengthened cooperation between IDH and the Danish stakeholders, including the Danish Ethical Trading Initiative (DIEH) and Danish NGOs. However, the perception of IDH as a selective and non-

inclusive partner in terms of involving Danish corporations was also expressed by Members of the Council.

Members of the Council raised the questions of whether IDH was driving private sector sustainability improvements that would not happen without the efforts of the organisation. It was found that the context analysis of the project document lacked reflection of key upcoming EU regulations on corporate due diligence and deforestation. Within a timeframe of maybe 2-3 years, this regulation might force the companies to make the same changes as the programme was supporting them to do. This would imply distortion of competition among corporations as support from IDH was restricted to a limited number of corporations defined by the programme (not based on applications). In continuation of this, Members of the Council stressed the need for increased transparency in terms of which private companies IDH was collaborating with, and how these companies were selected by IDH. It was stressed that the concern was not mainly about unfair treatment of Danish companies but about the principle of supporting large companies which may receive support to be better prepared for regulations, while other companies must shoulder the adjustment themselves. Members of the Council asked whether the extension service established through the programme would be parallel to public extension services and what kind of incentives farmers were offered to delimit deforestation. Members of the Council also asked whether farmers would become dependent on the multinational companies by participating in the programme.

The Council stressed the need for documented results and requested more information about the findings of the reviews mentioned in the documents. Follow-up to ensure implementation of the recommendations was important and financial support from IDH towards specific collaborations with DIEH was seen as key. Finally, the need for better dissemination of IDH insights and knowledge on value chain development vis-à-vis the Danish resource base was stressed.

The Head of the Department for Green Diplomacy and Climate (GDK) thanked the Council for its remarks. The partnership with IDH was seen as a significant deliverable in terms of private sector engagement for sustainability – a key Danish policy priority as set out in ‘The World We Share’, ‘A Green and Sustainable World’ and the Government’s ‘Action Plan on Deforestation’. The change of partner modality from that of untied core funding to earmarked funding for specific IDH initiatives was emphasised as a means to better track and demonstrate development results and additionality. The poverty-orientation of the engagement had been considerably strengthened. Unallocated funds made up 25% of the budget with a view to ensuring a flexible and gradual implementation of new activities based on the experience generated.

The Head of GDK acknowledged that in the past, IDH had insufficient cooperation with Danish stakeholders but stressed that the organisation had improved and that the Danish Ethical Trading Initiative (DIEH) appreciated the development of the relations.

The Chief Adviser of GDK highlighted the significant private sector co-financing of sustainability solutions as a good example of a partnership under Sustainable Development Goal 17. A recent project monitoring trip to Kenya by GDK had shown strong evidence of

additionality and impact on the ground, not least in relation to IDH activities addressing sustainable transition of local markets/food systems. IDH was presenting convincing sustainability solutions where the private sector partner saw a real business opportunity in engaging more sustainably on the market. Obviously, systems transformation on a global scale was a taller order.

The Under-Secretary for Development Policy took note of the need for better addressing the issue of the expected upcoming regulation. He also noted the need for continuously improving the collaboration with key stakeholders, notably the Danish Ethical Trading Initiative (DIEH), and improving IDH knowledge sharing. On this background, he suggested that the envisaged mid-term review, scheduled for late 2023, could be utilised as an opportunity for taking stock of the questions highlighted by Members of the Council, notably the issue of regulation.

The Chair of the Council concluded that the Council could recommend the New Partnership with the Sustainable Trade Initiative (IDH) 2022-2025 for approval by the Minister for Development Cooperation, while at the same time stressing the need for MFA analysis of what new regulations would imply for the support to global value chains and noting the concerns regarding cooperation with relevant stakeholders and the need for documented results. The Council asked to receive information on these issues after 6-12 months.

Agenda Item No. 8: General Discussion – Framework Programmes under the Strategic Sector Cooperation (SSC)

For information and discussion

Department for Green Diplomacy and Climate, GDK

Summary:

The Framework Programmes under the Strategic Sector Cooperation (SSC) have been developed based on the conclusions from the 2020 evaluation of the SSC instrument and the development strategy “The World We Share”. The Framework Programmes aim to enhance the results of the SSC instrument, making it more strategic and green, applying a Human-Rights Based Approach, preparing joint Theories of Change and results frameworks, and replacing single-project funding agreements between Danish authorities and the Ministry of Foreign Affairs (MFA) with 4-year strategic framework agreements. So far, three such agreements have been prepared for Food and Agriculture, for Environment, and for Urban Water Resilience. It is the intention to use the concept developed for these three agreements for all agreements concerning Strategic Sector Cooperation. While the agreements would mainly guide ongoing partnerships, a few of the Danish authorities were in the process of identifying new countries based on criteria stressing needs of the partner countries, competence and capacity of the Danish authorities, capacity of the embassies and the profile of the country strategic framework, and possible Danish political and commercial interests.

While recognising the good consultation process on the new framework, the Council found the Strategic Sector Cooperation (SSC) instrument appropriate as it was focussing on the expertise and core competencies of the involved Danish authorities and on how these could be applied in the cooperation between equal partners. The Council supported the focus on institutional development, sector-specific knowledge and framework conditions and in particular the demand-driven approach. Members of the Council further commended the framework programmes for

promoting a more strategic approach. Joint learning and mutual exchange were key features, and the four-year programme period gave the necessary flexibility.

While Members of the Council recognised progress in dealing with poverty in the new Framework Programmes, they questioned whether Danish authorities had the competencies and capacity to understand thoroughly the complexities of poverty and politics related to the contexts in which they operated. Members of the Council recommended specific references to the Approach Note on poverty and inequality. Members of the Council further noted that inclusion of marginalised groups was particularly complex in middle-income countries and enquired whether inclusion of stable poorer countries was envisaged.

Commenting on private sector engagement in the Framework Programmes, Members of the Council asked if the involvement of private sector actors was a prerequisite for a SSC-project, and if the cooperation was limited to Danish private sector actors. Members of the Council argued that it was unclear if the first outcome (capacity development) of the three outcomes in the Framework Programmes overruled the other two (i.e. bilateral and commercial engagement), and asked that this was clarified.

Further, Members of the Council asked about the governance of the Framework Programmes and how the Doing Development Differently (DDD) approach was reflected in the Framework Programmes, including links to other Danish efforts in the countries.

The Head of the Department for Green Diplomacy and Climate (GDK) stressed that capacity development was indeed the key focus of the Framework Programmes, but the programmes could also help enhance climate diplomacy and commercial engagement in the country, where relevant. Under conducive conditions, development cooperation activities could pave the way for subsequent commercial activities, but there was no requirement to involve private companies where it did not make sense.

In addition, the Under-Secretary for Development Policy underscored that given the primordial role of capacity strengthening in SSC, the projects would not materialise without such cooperation.

As to the concern for understanding local context in partner countries, the Head of GDK agreed that this was key, including a focus on poverty. The SSC was drawing on the understanding of the Danish embassies on the national and local context and issues such as poverty, gender, the Human Rights-Based Approach (HRBA), and exit. While Sector Counsellors based at the Danish embassies possessed relevant technical knowledge, they usually had a broader background and were also able to understand the national context, while shaping the individual SSC-projects and ensuring cooperation with other Danish priorities and engagements in the country. However, the SSC-instrument was not designed for fragile countries, and very poor countries would not necessarily have the required basic level of national capacity to benefit from peer-to-peer learning.

Regarding the SSC approach to Doing Development Differently (DDD), the portfolio approach in the Framework Programmes allowed more flexibility of the projects, while at the same time

the programme was encouraged to link up with other activities in the overall Country Strategic Framework.

The Head of the Department of the Danish Veterinary and Food Administration emphasised that the projects were demand driven, the new programmes entailed larger flexibility on the Danish authority's side, the context of the partner country was key and partner countries, in some cases, asked for the solutions provided by the Danish private sector.

Agenda Item No. 9: Framework Programme for Food and Agriculture under the Strategic Sector Cooperation (SSC) 2023-2026

For discussion and recommendation to the Minister

DKK 98.5 million

Department for Green Diplomacy and Climate, GDK

Summary:

The Framework Programme with the Danish Ministry of Food, Agriculture and Fisheries and its agencies (MFAP) under the Strategic Sector Cooperation (SSC) 2023-2026 has a budget of DKK 98.5 million, and is MFAP's first Framework Programme under the new 2021 SSC guidelines. The Framework Programme focuses on partnerships with authorities on green transition challenges in the food sector in countries in Africa and Asia where MFAP can contribute to change through its selected core competencies in food systems transformation. MFAP's core competences mobilised under the Framework Programme are: (i) reduction in food loss and waste, (ii) agroecology and (iii) One Health. In total, 17 project phases are covered by the Framework Programme.

The Council for Development Policy recommended the Framework Programme for Food and Agriculture under the Strategic Sector Cooperation (SSC) 2023-2026 for approval by the Minister for Development Cooperation.

Members of the Council commended the well written Framework Programme document and its focus on green transition of the food sector, including job creation and livelihoods, involvement of the private sector and public-private partnerships. The positive experience of the activities so far was highlighted.

While recognising that there was a trade off between, on the one hand, growth and development in the food sector and, on the other hand, planetary challenges of biodiversity, climate and environment, Members of the Council found that biodiversity, organic production, climate resistant products, food waste and sustainable livelihoods were concepts which could be given more weight in the document.

Members of the Council inquired into the poverty focus and challenged the description in the programme document of poor and vulnerable people as particularly depending on rule-based and effective public systems for compliance and respect for standards. A request was made for a direct reference to the Approach Note on Poverty and Inequality. Members of the Council also asked for more involvement of civil society and questioned how demand-driven the programme was in practice.

On the presentation of the three outcomes of the programme, it was suggested to make it clear that the main outcome was to build capacity, whereas the outcomes concerning diplomatic and commercial relations were describing positive additional impact.

Finally, Members of the Council asked how the Sector Counsellors would be able to cover the many competences needed in the program.

The Head of the Department of the Ministry of Food, Agriculture and Fisheries (MFAF) agreed that the Government-to-Government cooperation was the main objective of the programme. Building on this, however, a political dialogue could be initiated, and through the support to regulation and framework conditions for the private sector, companies could be encouraged to take responsibility.

The Ministry of Food, Agriculture and Fisheries did not have all the needed competences, but they were drawing on a wide range of cooperation partners, including SEGES and other Danish knowledge institutions and they were working to further involve the Danish Veterinary and Food Administration. The public-private cooperation, characterising the Danish governance model was new to many of the partner countries and it was an inspiration in itself to have demonstrated how it worked.

The Head of Department of MFAF further explained that food security in vulnerable countries was not the key competence of the Ministry. To be successful with SSC, a minimum of stability and governance competences of the partner was needed. Likewise, an expressed demand and ownership by the partners were conditions for long-term changes.

Concerning the request for more emphasis on biodiversity, climate and environment, the Head of Department of MFAF mentioned a project in Indonesia based on organic cattle production by smallholders.

The Head of Department of the Danish Veterinary and Food Administration added that the Agency was interested in improving its competences in areas such as organic food production and climate resistant crops.

The Chair of the Council for Development Policy concluded that the Council could recommend the Framework Programme for Food and Agriculture under the Strategic Sector Cooperation (SSC) 2023-2026 for approval by the Minister for Development Cooperation.

Agenda Item No. 10: Framework Programme for Environment under the Strategic Sector Cooperation (SSC) 2023-2026

For discussion and recommendation to the Minister

DKK 120 million

Department for Green Diplomacy and Climate, GDK

Summary:

The Framework Programme with the Danish Ministry of Environment (MOE) and Danish Environmental Protection Agency (DEPA) under the Strategic Sector Cooperation (SSC) 2023-2026 has a budget of DKK 120 million. It is MOE/DEPA's first Framework Programme under the 2021 SSC guidelines. The Framework Programme focuses on partnerships with authorities on green transition challenges of unsustainable water use, waste, and pollution in countries in Africa and Asia where MOE/DEPA can contribute to change through its selected core competencies in environmental governance. DEPA's core competences mobilised under the Framework Programme are: (i) circular economy, waste management, and pollution control, (ii) water resources, water supply and wastewater management and (iii) a crosscutting focus on climate mitigation and adaptation, biodiversity and nature-based solutions. In total, 18 project phases are covered by the Framework Programme.

The Council for Development Policy recommended the Framework Programme for Environment under the Strategic Sector Cooperation (SSC) 2023-2026 for approval by the Minister for Development Cooperation.

Members of the Council commended the Framework Programme, particularly its focus on environment, climate and biodiversity, its poverty-orientation and the well-articulated gender and Human Rights-Based Approach (HRBA). The project in Kenya on circular economy which had supported the preparation of new legislation on waste management, including requirements to producers, was highlighted as outstanding.

Members of the Council asked how just transition would be supported in practice, and if efforts to promote job creation were sufficient.

Members of the Council suggested that it should be clarified that the first outcome on capacity development in the results framework was more important than the other two on diplomatic and commercial engagement, respectively.

Members of the Council asked about the choice of countries in the programme, in particular the larger middle-income countries and wondered if a country such as Burkina Faso could be considered for SSC cooperation. Finally, Members of the Council asked how the project in Ethiopia would proceed in light of the deteriorating political and security situation in the country.

The Head of Department of the Danish Environmental Protection Agency (DEPA) explained that two new countries had been identified during the recent year, bringing the total country portfolio up to 9. The criteria for selecting the countries had considered possibilities of generating synergy with countries in the same region and of building on already existing partnerships. Regarding Ethiopia, the situation was uncertain and they were closely monitoring the development. The Head of Department of DEPA emphasised that poverty reduction was a main aspect of the programme, and job creation was a key focus, in particular in projects dealing with circular economy. DEPA was developing new competences in these and other areas and would be drawing extensively on the How-to-Notes.

Concerning the outcome of the programme, the Government-to-Government cooperation was the main priority and the purpose, which staff in DEPA was passionate about. Having said this,

the endeavour to counter climate change and improve the environment made the development of diplomatic relations an important outcome as well.

The Under-Secretary for Development Policy supplemented this by saying that Government-to-Government cooperation and developing of relations in support of climate diplomacy would often go hand in hand, whereas the commercial aspect would not always be relevant.

The Head of the Department for Green Diplomacy and Climate (GDK) offered to revisit the presentation of the three outcomes in the programme document.

The Chair of the Council for Development Policy concluded that the Council could recommend the Framework Programme for Environment under the Strategic Sector Cooperation (SSC) 2023-2026 for approval by the Minister for Development Cooperation.

Agenda Item No. 11: Framework Programme for Urban Water Resilience under the Strategic Sector Cooperation (SSC) 2023-2026

For discussion and recommendation to the Minister

DKK 56 million

Department for Green Diplomacy and Climate, GDK

Summary:

The Framework Programme with the Municipality of Aarhus is part of the Danish Strategic Sector Cooperation (SSC). It focuses on Urban Water Resilience and encompasses three individually tailored projects, respectively in Ghana, South Africa, and India. Responding to specific urban challenges, priorities and demand in each of the three countries, the programme mobilises the core competencies of the Municipality of Aarhus to contribute to climate adaptation and resilience in cities. The programme aims to strengthen framework conditions and institutional capacity of partner authorities to address critical challenges related to climate responsive urban water management. Recognising that the poor are most vulnerable to water-related threats, the programme integrates a focus on poverty in all projects. The programme is aligned with the national partners' plans and will also work closely with Danish Embassies and other development partners to ensure a harmonised approach.

The Council for Development Policy recommended the Framework Programme for Urban Water Resilience under the Strategic Sector Cooperation (SSC) 2023-2026 for approval by the Minister for Development Cooperation.

The Council commended the document and welcomed the strategic engagement of the Municipality of Aarhus. The document demonstrated strong competences within water and climate adaptation and the commitment to use frontrunner urban water expertise to engage internationally. The choice of partner countries was appreciated, and the understanding of institutional strengthening was applauded.

Members of the Council further commended the close collaboration between the Municipality of Aarhus and Aarhus Vand, facilitating access to competences, knowledge and technology that otherwise would most likely not reach the partners. In addition, Members of the Council welcomed the suggested collaboration with Aarhus Water Valley and C40 (Cities Climate Leadership Group).

Taking note of the clear description of the particular vulnerability of urban poor faced with weak urban water management, Members of the Council enquired how the programme would actively address inclusion of deprived neighbourhoods and the most marginalised population groups. In this regards, Members of the Council pointed out that local political economy factors would often be an obstacle to this inclusion (e.g. in many cases access by the poorest population groups to new water sources would be limited).

Members of the Council also asked if the mutual learning among the Municipality of Aarhus, the Danish embassies, and the MFA could be further described, and they enquired about possible cooperation with other municipalities in Denmark.

The Director for Nature and Environment at the Municipality of Aarhus emphasised that in conversations with partners – at city as well as ministerial level – water was highlighted as a top priority, because a very large share of the population was poor and had insufficient access to water. Consequently, reaching the poor was central across programme activities. An example was the Indian water policy granting free water for the very poor and challenges related to delivering this. The strong Indian commitment had led to an agreement on lifting the engagement to state level in India for enhanced impact.

On mutual learning, the Director for Nature and Environment explained that new collaboration partners had been found through the C40 cooperation. The experience from the cooperation in Ghana and South Africa was very useful in the C40 engagement, and the Municipality of Aarhus was also reaching out to other Danish actors such as the Municipality of Copenhagen and the Danish Environmental Protection Agency. It was the intention to further extend the cooperation with relevant partners in Denmark.

In addition, the Director for Nature and Environment explained that the approach to working with climate adaptation with partner authorities was focused on specific targets in order to reach tangible results. Climate change-related activities were in high demand among partners, but it was important to clearly define what kind of climate adaptation they were interested in.

The Chair of the Council for Development Policy concluded that the Council could recommend the Framework Programme for Urban Water Resilience under the Strategic Sector Cooperation (SSC) 2023-2026 for approval by the Minister for Development Cooperation.

Agenda Item No. 12: Energy and Environment Partnership Africa Trust Fund (EEP Africa) 2022-2026

For discussion and recommendation to the Minister

DKK 50 million

Department for Green Diplomacy and Climate, GDK

Summary:

The Energy and Environment Partnership Africa Trust Fund (EEP Africa) is an early-stage grant and catalytic financing facility supporting green energy technologies and business models. EEP Africa supports locally-based entrepreneurs and start-up and scale-up companies to reach last-mile customers with affordable low-carbon and

climate-relevant products and services. EEP Africa is servicing countries across Southern and East Africa with off-grid energy technology and new pro-poor business models that have the potential to support a transition to low-carbon growth models and create new jobs while at the same time contributing to increased climate resilience and food security for poor and underserved households in Africa. The Nordic Development Fund (NDF) functions as the host institution and Fund Manager.

The Council for Development Policy recommended the Energy and Environment Partnership Africa Trust Fund (EEP Africa) 2022-2026 for approval by the Minister for Development Cooperation.

The Council commended the project document and appreciated the broad strategic objectives of the proposed support. The ability to reach small-scale entrepreneurs, offer services to bottom of the pyramid consumers and create new jobs in disadvantaged areas was welcomed. Members of the Council also appreciated the concrete activities described in the project document, including the Wala project providing lease-to-own solar water pumps in Malawi and the Zembo electric motorcycles in Uganda.

Members of the Council noted that the Nordic Development Fund (NDF) had evolved into an agile and innovative institution with an increasingly relevant portfolio. They asked about the local organisation of the project and how to ensure sufficient context specific knowledge. They also enquired about the composition of the support in the form of grants and concessional loans. Moreover, they wanted to know if Small and Medium-Size Enterprises (SMEs) were able to know about the calls.

Members of the Council highlighted potential political economy issues in the local settings and the need for – and challenges connected with – due diligence in remote project areas, including in relation to labour rights and land use. Members of the Council also inquired about the potential competition with microfinancing institutions.

Furthermore, Members of the Council noted some arears with possible synergies. First, Danish companies might be interested in procuring products produced or cold-stored using EEP Africa provided off-grid power. Second, there was possible future links with the humanitarian sector where off-grid solutions were highly relevant.

Finally, Members of the Council wanted to know how the amount of DKK 50 million had been decided.

The Deputy Head of the Department for Green Diplomacy and Climate (GDK) acknowledged the constructive comments of the Council and explained that the size of the Danish contribution was calibrated to be substantial but not oversized compared to the capacity of the institution and the level of other donors.

The Chief Advisor of GDK clarified that NDF this summer had contracted the not-for-profit international development organisation SNV as a service provider for the project. SNV would be responsible for most of the outreach to potential partners, assess their investment readiness and provide technical expertise and support to the open call-for-proposal winners. SNV had a

substantial field presence with technical staff based in all countries where EEP Africa had active projects. Most of the support would be grants, while concessional loans were a minor element. Calls would be available on the webpage of SNV and most SMEs had smart phones and could easily access the calls.

Concerning the potential competition with micro-finance institutions (MFIs), the Chief Advisor of GDK explained that the markets were different in the sense that EEP Africa investments were specifically targeting start-ups, mostly within the energy sector, compared to the much broader scope of most MFIs. At the same time, he acknowledged that potential market distortion should be a point of attention, including in the dialogue with NDF.

The Deputy Head of GDK agreed that it would be relevant to take a further look at the value chain possibilities proposed by Members of the Council.

The Chair of the Council for Development Policy concluded that the Council could recommend the Energy and Environment Partnership Africa Trust Fund (EEP Africa) 2022-2026 for approval by the Minister for Development Cooperation.

Agenda Item No. 13: Any Other Business

No issues were raised under this agenda item.