

Minutes from the External Grant Committee Meeting 3 May 2016

Present:

- External Members: Christian Balslev-Olesen, Regional Representative, DanChurchAid
Marie Gad, Chief Consultant, Confederation of Danish Industries
Michael W. Hansen, Director of Center for Business and Development Studies, Copenhagen Business School
Lars Udsholt, Director, Danish Mission Council Development Department
- Internal Members: Martin Bille Hermann, State Secretary for Development Policy (Chair)
Charlotte Slente, Under-Secretary for Global Politics and Security
- MFA: Nicolaj A. Hejberg Petersen, Head of Department for Technical Quality Support (observer)
Erik Brøgger Rasmussen, Head of Department for Development Policy and Finance (observer)
Mette Brink Madsen, Department for Technical Quality Support (note taker)
- Agenda item 2: Head of Department Morten Elkjær and Lars Friis-Jensen, Department for Growth and Employment
- Agenda item 3: Ambassador Einar H. Jensen, Deputy Head of Mission Camilla Christensen, Secretary of Embassy Niklas Borker Bjerre and Counsellor Mette Melson, Embassy Dar es Salaam
- Agenda item 4: Ambassador Mette Thygesen, Deputy Head of Mission Anne Maria Madsen, Special Adviser Åge Sandal Møller and Programme Officer Tigist Kebede Ayalew, Embassy Addis Ababa

Agenda item no. 1: Announcements from the Chair

The Chairman informed the Committee that the report on Danish foreign and security policy had now been published. The Government had not yet considered all the recommendations regarding development policy. However, on the development policy area it would appear as if many of the main recommendations looked to be well in line with the views of the Minister for Foreign Affairs. It was positive that the report used the Sustainable Development Goals (SDG's) as a framework for Danish development policy and the report would be a welcome contribution to the strategy on development policy.

Regarding the process of drawing up a new strategy on development policy, the Minister had participated in a number of public consultations and debates throughout the country and discussed the purpose and content of Danish development cooperation. Furthermore, the Minister had had political dialogue with the spokespersons from all the political parties and had also used this opportunity to discuss the SDG's and the dilemma of choosing between the many goals and targets. It was clear to all parties that prioritisation among the goals was needed. However, this was not an easy task. The Minister had also discussed with the Foreign Affairs Committee a paper which described possible overall policy directions regarding the strategy. The proposed engagements could be divided into different categories such as on one side fragility and poverty reduction, countering migration and strengthening the link between humanitarian assistance and development cooperation and on the other side using development assistance as a catalyst for growth and investments. Next steps in the strategy process would be another discussion in the Foreign Affairs Committee and the Council for Development Policy before presenting a first draft of the strategy on 17 June at the Public Meeting ("Folkemødet") organised in Bornholm.

Agenda item No. 2: IFU Project Development Programme

50.0 million DKK

(Department for Growth and Employment, VBE)

Summary:

The purpose of the IFU Project Development Programme is to generate bankable medium to large-scale investment projects with a potential for IFU co-investment in developing countries addressing development and climate challenges. The Programme will contribute to fulfil Denmark's commitment to implement the SDG's and the agreement at COP21 in Paris on global cooperation to address climate change. The Programme will have a direct impact on the number and quality of bankable investment projects for investment by IFU and other investors in the commercial market, and will have a positive impact on sustainable and inclusive economic growth in developing countries and emerging markets.

The External Grant Committee recommended the grant proposal for approval by the Minister.

The Committee welcomed this new initiative and recognised the need for bankable investment projects in developing countries and further recognised that the initiative facility was of an experimental nature. The Committee underlined that investment challenges in developing coun-

tries should also be seen in a broader context and in particular as part of the efforts to improve framework conditions for doing business in developing countries.

The Committee found it encouraging that IFU could become further integrated in Danida's strategic efforts to involve the private sector, and the Committee noted that the programme would be administered as an integral part of IFU's administrative and decision making procedures and according to IFU's mandate.

The Committee further discussed the relevance of the programme in relation to the SDG's and how meeting the targets could be monitored. It was noted that investments financed under the Climate Envelope would follow the fifty/fifty rule for adaptation and mitigation. The Committee stressed that the programme should aim at increasing private investments.

The Committee underlined that the programme should be seen as a learning process notably for efforts that could promote private investments in developing countries. It was important to monitor how the programme progresses and the Committee requested to be informed about the progress before the end of the planned Review in 2018.

Agenda item no. 3: Tanzania Country Programme

Stocktaking and presentation of Governance and Human Rights Programme
(Embassy Dar es Salaam)

Summary:

The Grant Committee was informed about the status of implementation of the Tanzania Country Programme and discussed the Good Governance and Rights Programme which was presented in more detail. Overall, the Tanzania Country Programme is progressing well. The current framework for the Development Contract between the Government of Tanzania and Development Partners is expiring. In light of the fragmentation of Development Partners, Denmark and other development partners will move from provision of general budget support to sector budget support.

The External Grant Committee took note of the stock taking of the Country Programme and the presentation of the Good Governance and Human Rights programme. The Committee asked for a presentation on how the envisaged move away from general budget support to sector budget support would be designed.

The Committee appreciated the well-conceived presentation which responded well to the Committee's request of August 2014. The Committee took note of Tanzania's progress with regard to poverty reduction and growth and recognised that the country has been a stabilising factor in a volatile region for many years.

The Committee noted that the Government of Tanzania's new five year development plan seemed ambitious but possibly overly optimistic – especially in terms of expected growth and investments. The Committee recommended that Denmark, together with other development partners, continues its efforts to ensure a robust future dialogue with the Government of Tan-

zania with a view to further developing an enabling business environment for investments and trade. The Committee congratulated the Embassy with increased cooperation and positive feedback from Danish companies, and invited the Embassy to integrate concrete experiences of Danish companies in the dialogue with the Government towards addressing bottlenecks in business governance in Tanzania.

The Committee welcomed the proposed Good Governance and Human Rights Programme and its strong focus on voice and accountability for less privileged groups, such as youth and women. The Committee was informed that the intention was to focus mainly on the demand side to counterbalance support to Government (through the Development Contract and health sector support) and that the programme would focus on accountability, transparency, and women's rights, including access to justice, sexual and reproductive health and rights, and gender based violence. More details were provided in terms of the impact of the Legal Service Facility, notably the impressive progress in providing access to justice in rural Tanzania.

The Committee appreciated the strategic choice of supporting the oversight and democratic functions of the Parliament through UNDP. The Committee also supported the strategic choice to not directly target anti-corruption bodies or initiatives, which already received significant support from several like-minded partners, but rather focus on strengthening of civil society's capacity to advocate for accountability and transparency while other elements of the Country Programme, in particular support to Tanzania Revenue Authority and Public Financial Management, aim to strengthen the fight against corruption. The Embassy confirmed that strong donor coordination and alignment was a strategic focus in terms of overall dialogue with government and in designing concrete support to selected implementing partners. Finally, the Committee noted that there are fewer Danish civil society organisations engaged in Tanzania than previously.

Due also to the fragmentation of Development Partners and the expiration of the current dialogue framework between Government and Development Partners providing general budget support, the Committee supported the suggested change from general budget support to sector budget support. The Committee asked for a submission to the Committee on how this modality would be designed. This could also have relevance for other countries where Denmark operates. Furthermore, the Committee called for an update on progress of the overall Country Programme – also giving the Embassy the opportunity to submit needed course corrections and adjustments for the Committee's consideration - following the Mid-Term Review of the Country Programme in 2017 or 2018.

Agenda item no. 4: Greening Agricultural Transformation in Ethiopia, GATE

Follow up on presentation to the Grant Committee 7 October 2014

(Embassy Addis Ababa)

Summary:

The grant proposal "Greening Agricultural Transformation in Ethiopia" (GATE) was recommended by the for approval by the Minister in October 2014 and at that time the Committee had asked for an opportunity to

discuss implementation of the programme after the planned inception phase. The Inception Review has now been undertaken with the overall conclusion that implementation of the programme is proceeding satisfactorily.

The External Grant Committee expressed its satisfaction with the follow-up to the Inception Review, including on issues of concern previously raised by the Committee.

The Committee took note of the positive Inception Review, which concluded that implementation of the programme was proceeding satisfactorily. In this regard, the Embassy's suggested follow-up activities on the recommendations were appreciated. The Committee underlined the importance of close monitoring of the context in which the programme was implemented. In particular, large-scale commercial farming, land aggregation, and possible forced resettlements were highlighted as issues that needed close attention during programme implementation.

The Committee noted with satisfaction that the Embassy would continue the close and constructive political dialogue with Ethiopian partners, including on sensitive rights-related issues. The Embassy confirmed that attention would be given to these issues, including land rights, and that the bilateral dialogue would be additional and supplementary to the activities and discussions under the aegis of the local Development Assistance Group and the EU.

Agenda item no. 5: AOB.

The Chairman informed the Committee that the Ministry would begin the planning of a possible joint study visit for the Grant Committee and the Council for Development Policy in 2017.