



# **External Evaluation of the Greenland Decision (2014 – mid 2017)**

## **Final Report June 2017**

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*Evaluation carried out on behalf of the European Commission*





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## **External Evaluation of the Greenland Decision**

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# **External Evaluation of the Greenland Decision**

## **Final Report**

**The report consists of:**

**Short summary**

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### **SHORT SUMMARY**

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## List of acronyms and abbreviations

BS	Budget Support
CIR	Common Implementing Regulation
COMBAR	EU Programme on Communicative Barriers
CRIS	Common Relex Information System
CSO	Civil Society Organisation
DCI	Development Co-operation Instrument
DG	Directorate General
DG CLIMA	Directorate-General for Climate Action
DG DEVCO	Directorate-General for International Co-operation and Development
DG GROWTH	Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
DG MARE	Directorate-General for Maritime Affairs and Fisheries
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
DG REGIO	Directorate-General for Regional and Urban Policy
DG TAXUD	Directorate-General for Taxation and Customs Union
EC	European Commission
EDF	European Development Fund
EEA	European Environmental Agency
EEAS	European External Action Service
EFI	External Financing Instrument
EFSI	European Fund for Strategic Investments
EGTC	European Groupings of Territorial Co-operation
EIB	European Investment Bank
ENI	European Neighbourhood Instrument
EQ	Evaluation Question
ERDF	European Regional Development Fund
EU	European Union
FA	Financing Agreement
FP7	Seventh Framework Programme
FPA	Fisheries Partnership Agreement
FPI	Service for Foreign Policy Instruments
FTE	Full-Time Equivalent
GD	Greenland Decision
GDP	Gross Domestic Product
GEP	Greenland Education Programme
GoG	Government of Greenland
HRBA	Human Rights-Based Approach
IL	Intervention Logic
IMF	International Monetary Fund
ISG	Inter-Service Group
JC	Judgement Criterion
KTI	Sisimiut Technical College
MFA	Ministry of Foreign Affairs
MS	Member State
MTR	Mid-Term Review
NASCO	North Atlantic Salmon Conservation Organisation
NGO	Non-Governmental Organisation

NPAP	Northern Periphery and Arctic Programme
OAD	Overseas Association Decision
OCT	Overseas Country and Territory
OCTA	OCT Association
ODA	Official Development Assistance
PD	Policy Dialogue
PDSD	Programming Document for Sustainable Development
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PI	Partnership Instrument
SDG	Sustainable Development Goal
SFPA	Sustainable Fisheries Partnership Agreement
TA	Technical Assistance
ToR	Terms of Reference
UN	United Nations
VET	Vocational Education and Training

## Executive Summary

This evaluation of the Greenland Decision (GD) will feed into the Mid-Term Review of the European Union's 2014-2020 External Financing Instruments (EFIs), taking place in 2017. The evaluation assesses whether the instrument is fit for purpose to deliver EU resources in keeping with the EU's external policy, both at the start of the planning period (2014) and currently. It also considers the place of the instrument – its complementarities and synergies – within the wider set of external financing instruments.

The GD (Council Decision 2014/137/EU), which is the instrument governing relations between Greenland, Denmark and the EU, is unique. Its foundation is a political agreement by the Council, with the aim of preserving the close and lasting ties between the parties after Greenland left the European Community and became associated with the EU as an Overseas Country and Territory (OCT) in 1985.

During the period 2014-2020, the EU will use the GD framework to channel € 217.8 million to Greenland. The potential areas for policy dialogue and collaboration mentioned in the GD are education, natural resources (including raw materials), energy, climate, Arctic issues, social sector, and research/innovation. The programming document pinpoints education as the focal sector.

### Methodology

Given the unique set of circumstances, the chosen evaluation design is non-experimental, testing the theory underpinning causal links. The evaluation is evidence-based, using the eight EU evaluation criteria: relevance, effectiveness (including impact and sustainability), efficiency, added value of the EU, coherence, consistency, complementarity and synergies, and leverage.

### Responses to the evaluation questions

**Relevance:** The GD instrument is relevant to maintaining close links between the EU and Greenland, and to the EU priority of maintaining EU fishing rights in Greenlandic waters. The instrument has also been relevant as the backdrop to a range of ad hoc dialogue meetings between Greenland and the EU that have enhanced the mutual understanding between the parties.

The instrument-level ambition of having policy dialogue on global issues such as raw materials and climate change also corresponds with EU priorities, as reflected in key policy documents. The EU and Greenland have, however, demonstrated limited concrete interest in policy dialogue on wider policy issues during the period evaluated.

The programming choice of education as the focal sector has been relevant to beneficiaries' needs in Greenland. The programming objectives also contribute logically, in broad terms, to achieving the instrument-level objective of sustainable development in Greenland.

**Effectiveness, impact and sustainability:** The overall stated objective of the instrument is to preserve lasting political links between the EU and Greenland, while contributing to sustainable development in Greenland. The instrument has contributed to improving educational attainment – especially in the period since 2006. However, there is still a long way to go before the educational system is substantively improved in Greenland. In terms of the improved skills of the labour force and a more diversified economy in Greenland, more time is needed to see results at this level.

Furthermore, the instrument has contributed to Greenland's improved administrative capability in formulating and implementing policies. These improvements are likely to be sustained, as they are linked to the improvement of systems, structures and working practices.

According to the 2014 Council decision, the partnership should “*respond to global challenges, allowing for the development of a proactive agenda and the pursuit of mutual*

*interests*” (Preamble, par. 10). To this end, it shall “*define the framework for policy dialogue on issues of common interest for either partner*” (Article 2). This framework has not yet been established. There have been consultations and dialogue on certain wider issues between the EU and Greenland during the period evaluated. However, these have been of a rather ad hoc nature, without systematic monitoring and follow-up, and with limited observable results.

**Efficiency:** Comparing the two periods (2007-2013 and 2014-2020), efficiency gains related to the programming were achieved by the reduction of reporting requirements, and adaptation of these to the Greenlandic context. The Common Implementing Regulation (CIR) has, so far, not led to efficiency gains or noticeable effects on mainstreaming transversal issues.

**Added value of the EU support compared to the Danish block grant:** The EU adds value through the provision of sectoral budget support and the conditions linked to this modality. The EU can also base support on such conditions more credibly since it is seen as a more neutral partner than Denmark. The budget support conditions attached to the EU programme have played a positive role in strengthening Greenland’s Public Financial Management system, and in the ability of the Greenlandic administration to plan and implement policies.

**Coherence, consistency, complementarity and synergies:** There has been operational collaboration between the Directorate-General for Maritime Affairs and Fisheries (DG MARE) and the Directorate-General for International Co-operation and Development (DG DEVCO) to avoid overlap in relation to the two main EU instruments in Greenland; the GD and the Sustainable Fisheries Partnership Agreement (SFPA). However, no synergies have been sought between the two instruments as part of programming of the GD. There is limited interface with other EFIs, due to the unique political nature of the GD instrument, as well as to the unique situation of Greenland itself.

## Conclusions

**Conclusion 1:** The instrument is the result of a political settlement. The GD is a specific EFI that can only be understood against the background of the historical and political relationship between the EU and Greenland, and the evolving interests of all stakeholders, including those of the EU and its Member States – particularly Denmark – and Greenland itself. EU Member States have an interest in maintaining fishing rights in Greenlandic waters, and the EU would like to expand its influence in the Arctic region through its partnership with Greenland. The GD should, therefore, be seen primarily as a “political settlement”, concluded at Council level and influenced by the formal and informal rules that prevail in the specific relationship between Member States, OCT and the EU. It reflects a compromise whereby Denmark and Greenland were, to a large extent, able to push forward their agenda and to determine the nature and content of the political deal.

**Conclusion 2:** The instrument triggered positive dynamics between Greenland and the EU. The main stated objective of the instrument is to contribute to close and lasting links between the parties, while supporting sustainable development in Greenland. The programming of the instrument has supported the fulfillment of this objective. The fact that the EU has contributed to sustainable development in Greenland and brought the country a small step closer to its overarching goal of economic self-reliance (without the Danish block grant) has consequently made Greenland receptive to the EU playing a more prominent role in the Arctic. Greenland has, for example, been lobbying for the EU to obtain a permanent observer seat on the Arctic Council. The EU has also improved its knowledge of the special conditions of the people living in the Arctic region. This has the potential to inform and qualify EU policies for the Arctic region, especially if a broader section of EU stakeholders become more closely involved in structured and regular dialogue with Greenland. This enhances the potential for close and lasting links between the EU and Greenland.

**Conclusion 3:** The development aspects of the partnership have been relatively effective and efficient in contributing to sustainable development in Greenland, with strong ownership on the Greenlandic side in line with the development effectiveness agenda. The ownership could, however, have been broadened out to a wider stakeholder group – for example, civil

society in Greenland. There is room for improvement with regard to the indicators in the instrument itself, as well as to the indicators and targets in the programming document.

**Conclusion 4:** The partnership has been less successful in responding to global challenges and developing a proactive agenda for the pursuit of mutual interests (as called for by the 2014 Council Decision). This is due to limited interests and incentives of both the EU and Greenland with regard to setting up a functional framework for engaging in a structured, regular and result-oriented policy dialogue (beyond education). There is, for example, no specific EU institutional locus clearly responsible for initiating and implementing the global dialogue, no monitoring framework for the dialogue, and no concrete consequences related to performance or non-performance.

**Conclusion 5:** There is scope for deepening the political partnership between the parties involved in the near future, provided that the practice of dialogue can be improved through a better identification and articulation of interests, the development of a suitable dialogue framework, and a clear allocation of institutional roles and responsibilities, particularly on the side of the EU.

## **Recommendations**

### **Recommendation 1: Re-adjusting the development aspects**

The EU and Greenland may consider broadening the bi-annual policy dialogues on education to include wider contextual dimensions. Consideration may also be given to revisiting some of the targets of the education programme, as they are not all equally ambitious. In addition, other types of indicators may add value – for example, including process indicators on stakeholder engagement. Adjusting the indicators of sustainable development in the instrument itself may also be considered.

### **Recommendation 2: Clarify how the instrument can be used to further political aims**

While support to the sustainable development to Greenland is well-organised and effective, the EU should rethink *how* the instrument can also better deliver on the wider political aims of the partnership – that is, in terms of responding to global challenges through a proactive dialogue on issues of mutual interest. Improving the practice of the political partnership is key to seizing new opportunities and ensuring the continuing relevance of the instrument beyond 2020



# 1 Introduction

The evaluation of the Greenland Decision (GD) is a strategic evaluation that will feed into the Mid-Term Review (MTR) report of the External Financing Instruments (EFI), together with the independent evaluations of other instruments. The evaluations, including the GD evaluation, are also expected to provide inputs for the impact assessments for the next generation of instruments. The evaluation covers the period January 1<sup>st</sup> 2014 to mid 2017.

The evaluation assesses whether the GD is fit for purpose to deliver EU resources for the EU's external policy, both at the start of the planning period (2014) and currently. It also considers the place of the GD – its complementarities and synergies – within the wider set of external financing instruments.

The GD (Council Decision 2014/137/EU) is the instrument that governs the relationship between Greenland and Denmark and the EU for the period 2014-2020.<sup>1</sup> It is the successor to the first Greenland Decision of 2006, covering the period 2007-2013. The overall objective of this instrument, as set out in the GD, is to preserve the close and lasting links between the partners, while supporting sustainable development in Greenland.

The overall objective makes reference to the geostrategic position of Greenland in the Arctic region, and explicitly calls for enhanced co-operation and policy dialogue on exploration and exploitation of natural resources. The instrument also calls for the setting up of a framework for regular dialogue between Greenland and the EU on global issues of mutual interest, with a view to establishing a convergence of ideas and opinions. Greenland is important to the EU for geostrategic reasons, as confirmed in the recent Joint Communication for an integrated EU policy for the Arctic region (JOIN (2016) 21), which states that the EU wants to play an influential role in shaping the future development of the Arctic. A Joint Declaration signed by the President of the EC and the prime ministers of Denmark and Greenland in 2015 reiterates the geostrategic importance of Greenland to the EU. The GD is thus very much an instrument that is supposed to be policy-enabling.

This evaluation comprises two volumes. This first volume outlines the approach and methodology of the evaluation, as well as challenges and limitations. The intervention logics (ILs) are then presented, followed by the findings of the evaluation, which are the responses to the Evaluation Questions (EQs). Finally, this volume contains the conclusions and recommendations. Volume Two contains the annexes, presenting more detailed information.

## Brief outline of EU Greenland Co-operation

Co-operation between Greenland and the EU dates back to 1973, when Greenland became a Member of the European Community through Danish Membership. Greenland, however, withdrew from the EC in 1985. Since then, it has been officially associated to the EU as an Overseas Country and Territory (OCT), through its status as a self-governing territory within the Kingdom of Denmark.

The constitutional status of Greenland within the Kingdom of Denmark changed in 2009, when it shifted from home rule to self-government. This has had various implications. Greenland has, for instance, taken over responsibility of mineral resources, whereas the Danish Government has retained control of constitutional matters, foreign affairs<sup>2</sup>, defence, monetary policy, citizenship, and the Supreme Court. Greenland is, for example, represented in the Arctic Council as part of the Kingdom.

In line with other OCTs, Greenland has duty-free access to the EU, but is classified as “a special case” within the group of OCTs. Greenland is covered by the Overseas Association Decision (Council Decision 2013/755/EU), but it is the only OCT with a specific EFI, whereas

<sup>1</sup>The overarching relationship between the EU and Greenland is determined by the Overseas Association Decision (OAD) from 2013.

<sup>2</sup>Greenland is, however, able to safeguard its own interests and has the competence to negotiate and enter into international agreements on areas of competence held by the GoG.



the other OCTs receive funding from the EU mainly through the European Development Fund (EDF). Greenland is a member of the Overseas Countries and Territories Association (OCTA) of the EU and participates actively in this forum.

Greenland and the EU have a long history of collaboration within the fisheries sector. The Fisheries Partnership Agreement (FPA) was substantially revised in 2006, including a decision to almost halve the annual fees paid to Greenland. As a consequence, an additional new partnership instrument was set-up – the Greenland Decision (GD).

Through the FPA (which is not assessed in this evaluation), Greenland receives approximately € 16 million annually. It includes a commercial agreement of € 13.1 million for EU access to Greenland's fishing zone, and a grant of € 2.9 million earmarked for development of the fisheries sector.

The GD includes financial support (through sector budget support) of € 217.8 million for the period 2014-2020. The programming document of the GD – the Programming Document for the Sustainable Development of Greenland 2014-2020 (PDSD) – covers this financial support to Greenland. The EU has provided budget support (BS) to the education sector in Greenland since 2007, and, from the beginning, it has been based on Greenlandic education strategies (Greenland Education Programme Phase 1 and 2 & Education Strategy 2014).

## 2 Methodology

### 2.1 Evaluation approach and process

The GD instrument includes the intention of contributing to sustainable development in Greenland by extending budget support to the country, while it also has the more political intention of establishing policy dialogue on issues of common interest. These two distinct but related parts have had implications for the evaluation methods chosen. The first part can be evaluated using traditional indicators, but evaluating the second part of the GD is more challenging and requires a political analysis of the governance, actors and incentives involved in this partnership.

The purpose of the evaluation is to assess how the GD as an instrument corresponds with evolving EU priorities, to assess how the GD fits within the bigger picture of EU external action, and whether there is coherence and complementarity with other EFIs. It is thus primarily an evaluation of whether the GD as an instrument is fit for purpose.

The programming (PDSD) forms an integral part of the evaluation of the GD instrument – in particular, with regard to the programming choices and results obtained at programme level. It has been necessary to assess the effectiveness, impact and sustainability of the EU support to the education sector to understand whether the GD and its programming has contributed to the GD objective of sustainable development in Greenland. It is, however, important to emphasise that this is not an evaluation of education support to Greenland. A mid-term review (MTR) of the support programme to the education sector will be carried out separately in 2017.

The evaluation design is non-experimental, as it is not feasible to adopt a control group/data comparison approach in a unique situation. However, the evaluation is evidence-based, using the EU evaluation criteria (relevance, effectiveness, impact, sustainability, efficiency, EU added-value, coherence, consistency, complementarity, and synergies, as well as leverage). The EQs have given rise to a number of judgement criteria (JCs) and associated indicators (cf. annex 1). The evaluation is indicator-based, and the indicators are, as a general rule, taken from the indicators provided in the instrument itself or in the programming document (the PDSD). In exceptional cases, additional indicators were added – for example, in relation to policy dialogue, where no precise indicators were provided.

For all the EQs, the data collection methods include a mix of desk reviews of documents, semi-structured interviews in Brussels, Greenland and Denmark – with EU Directorates-General (DGs), ministries, representations, politicians, NGOs, trade unions, and employers' associations – by phone or face-to-face, as well as a workshop in Nuuk. All information has been triangulated to the greatest extent possible. This includes the validation of data through



cross-verification from more than two sources and supplementary data collection methods – for example, from statistics, interviews, observation – to test the assumptions and generate the findings.

The main purpose of the field mission to Greenland was to complete the data collection in order to answer the EQs. It served to validate or revise the preliminary findings and hypotheses formulated in the desk phase, and it was an opportunity to obtain more grounded examples. The field mission also allowed for face-to-face consultations with key stakeholders, and was an opportunity to bring various stakeholder groups together for a workshop.

An **Intervention Logic (IL)** was reconstructed for this evaluation (cf. figure 1). It plays a key role explaining how and why the GD and its programming was expected to bring about the results at the level of the instrument, and whether the GD and its programming corresponds to EU priorities more broadly. It has been used to identify the causal links and assumptions underlying the GD as an instrument and as guiding tool for testing these assumptions during the course of the evaluation. The assumptions highlighted in the IL have been systematically analysed and tested under the relevant EQ, and have been used to draft conclusions and recommendations.

The following analyses have been applied in order to address the respective EQs:

EQ1 on **relevance** includes an assessment of causal paths and assumptions. An IL has been constructed that describes the context, causal links and assumptions. The assumptions related to the intervention rationale and design of the GD, and the programming choices were set out and tested under the relevance EQ and under other EQs. Political analysis has subsequently been used to understand whether Greenland and the EU have sufficient interest in engaging in policy dialogue on global issues, and to assess the relevance of the GD objectives and programming choices.

EQ2 on **effectiveness** assesses whether the GD/PDSD has delivered results against the instrument's objectives. This includes an assessment of causal paths and assumptions in the IL.

EQ3 on **efficiency** compares the two programming periods (2007-2013 and 2014-2020) by assessing process efficiency at the programming/implementation level, including whether the management and administrative arrangements are designed and applied in a way that does not waste time and resources.

EQ4 on **value added** asks to what extent the EU programme adds value, compared with interventions by Denmark. To answer this question, the EU and Danish support will be contrasted, as opposed to compared. The analysis focuses on the differences in modalities of the two support mechanisms – for example, by contrasting an unconditional grant from Denmark with a conditional grant from the EU.

EQ5 on the issues of **coherence, consistency, complementarity** and **synergy** is assessed at two levels: the strategic level (scope and rationale of the instrument versus other EFIs and EU external action policies) and, to the extent required, the operational level (how coherence, consistency, complementarity and synergy is ensured at programming and implementation level).

EQ6 on **leverage** is assessed using two parameters: 1) whether Greenland has leveraged new funding from other sources as a result of the GD; 2) whether the GD and its programming have leveraged further political and policy engagement. The question takes into account the assessment of the political economy analysis carried out under EQ1.

## 2.2 Limitations, challenges and appreciation of data

A number of limitations need to be recognised for this evaluation. One is that the MTR of education sector support will not be finalised in time to feed into this evaluation. Another limitation is that the programme period under review is short (January 1<sup>st</sup> 2014 to end of 2016)

for the purposes of measuring observable effects at the instrument level. As a general rule, 2014<sup>3</sup> is taken as the baseline. However, to overcome the challenges posed because of the shortness of the period under evaluation<sup>4</sup>, the results have been interpreted with the figures from the previous programming period of 2007-2013 in mind. This has also enabled the evaluation team to detect, when possible, the longer-term effects of EU support to the education sector in Greenland.

The table below shows that relevant documents have, in general, been located. The Greenlandic Statistical Office provides reliable, comprehensive and up-to-date information on all aspects of Greenland's society, economy and labour market. It also provides reliable statistical data for the programme implementation reports (e.g. Annual Implementation Report - AIR). Programme documentation and other information, such as policy papers, studies and evaluations, are also readily available. Information from ad hoc and more informal policy dialogue between the EU and Greenland has been more difficult to obtain, and data triangulation is also a challenge in this regard.

*Table 1            Appreciation of data*

	<i>Programme documentation</i>	<i>Statistical data</i>	<i>Policy documents/studies</i>	<i>Information on ad hoc and informal policy meetings</i>
<b>Reliability of Data</b>	High	High	High	Low
<b>Availability of data</b>	High	High	High	Medium
<b>Information gaps</b>	None	None	None	Yes

### 2.3 Intervention logic (IL)

The IL is pitched at the instrument level (see Figure 1). The purpose of the IL has been to emphasise the political nature of the instrument, to understand how the political environment has evolved over time, what the rationale is behind this instrument, and what the incentives of different stakeholders are for adopting a specific instrument for relations between Greenland and the EU (see Figure 3). The purpose has also been to bring out the underlying assumptions, including the rationale of the institutional anchoring of the GD and its relationship with other EFIs.

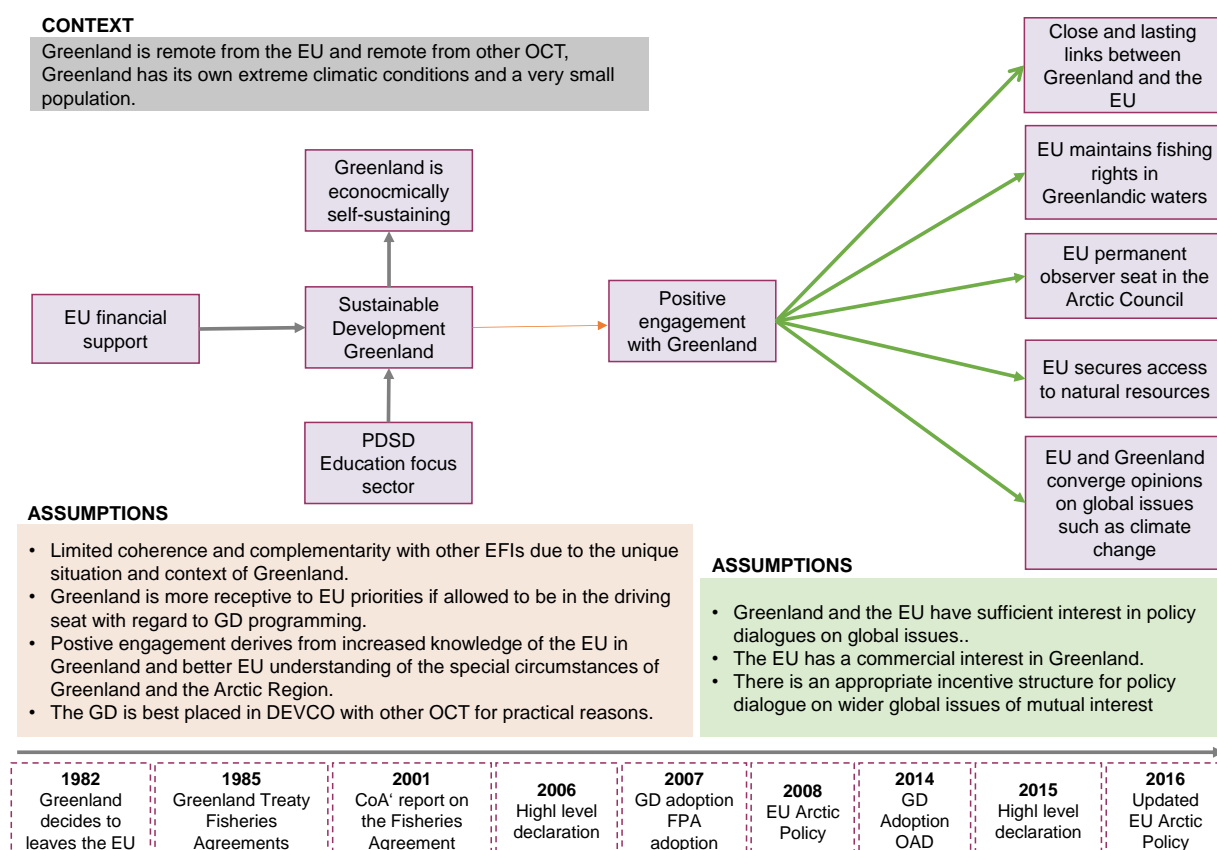
The overall logic of the IL at the instrument level is the preservation of close and lasting links between the partners to support mutual interests. The partnership acknowledges the geostrategic position of Greenland in the Arctic region, the issue of raw materials, and the need for enhanced co-operation and policy dialogue on these issues. The EU extends financial support to Greenland to contribute to sustainable development in Greenland, and ultimately to bringing Greenland closer to its own overarching goal of being economically self-sustainable (without the block grant from Denmark). The EU thereby ensures the positive engagement of Greenland by agreeing to extend all funds to the education sector – the priority sector of the Government of Greenland (GoG). Greenland would thus be receptive to EU priorities, which in turn would lead to a number of positive outcomes in EU priority areas. These priority areas include maintaining fishing rights in Greenlandic waters and expanding the EU's influence in the Arctic region – among other things, through an EU permanent observer's seat in the Arctic Council, securing the EU's safe access to natural resources, and ensuring a convergence of ideas and opinions with Greenland on global issues such as climate change.

<sup>3</sup> As a general rule, 2014 is the baseline year, but, in practice, it will depend on the year for which there is data available – for example, education-level statistics (2013 or 2014), percentage of fisheries in total export (2013), percentage of civil servants who are long-term resident (4<sup>th</sup> quarter of 2012).

<sup>4</sup> It takes more than 2.5 years to obtain changes in, for example, completion rates or diversification of the economy.

The flow of logic of the *programming* (PDSD) is that if the EU provides financial assistance to Greenland, this will improve educational sector indicators, increase the number of administrative personnel, and reinforce their capacities. This in turn will improve the skills of the labour force (including scientists), improve Greenland's information systems in the field of Information and Communication Technologies (ICT), increase the ability of the administration in Greenland to formulate and implement policies, and diversify the economy. It is also assumed that a dialogue mechanism is set up for discussing global issues (beyond education), that the areas of mutual concern are defined, that the dialogue mechanisms are effective, and that continuity and monitoring of the dialogue are ensured.

**Figure 1**      *The Intervention logic at the instrument level*



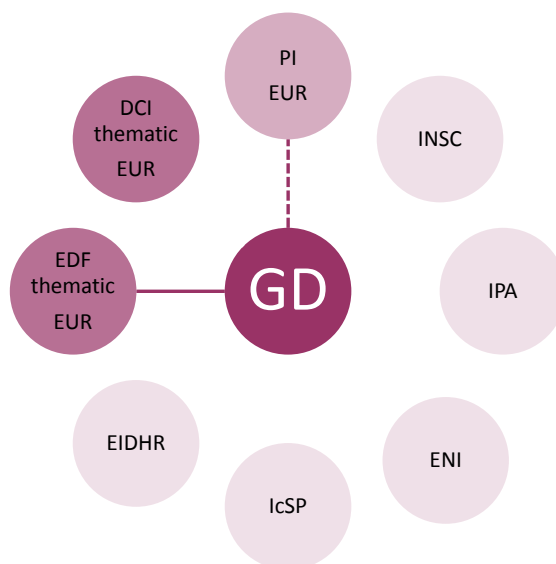
There are various factors that define and shape the EU intervention logic for Greenland. The special relationship between the EU and Greenland began in February 1982, when Greenland decided, by referendum, to withdraw from the European Community. In 1985, Greenland then became one of the OCTs through its association with Denmark. From the beginning, there was EU interest in maintaining links with Greenland. A strong incentive at the time was the Community's need for continued access to fish stocks in Greenland's waters. A Fisheries Agreement was negotiated, and this became the main link between the two parties for the next 20 years. The EU payments for fishing in Greenlandic waters was a result of complex negotiations in the Council, whereby structural funds that had previously been extended to Greenland as part of the Community were converted into EU payments for fishing in Greenlandic waters. In 2001, the European Court of Auditors published a special report (03/2001) suggesting a substantial revision of the Fisheries Agreement. According to the Court of Auditors, the agreement was, on paper, a commercial agreement, but in essence the EU was paying for "paper fish"<sup>5</sup>. Two agreements resulted from the subsequent negotiations between the two parties: a commercial Fisheries Partnership Agreement, and the first Greenland Decision.

<sup>5</sup>"EU has paid for catches that potentially did not exist, i.e. for "paper fish". Court of Auditors, Special Report 03/2001.

The GD adopted in 2006, for the period of 2007-2013, had the objective of establishing a framework for dialogue in areas such as education, mineral resources, energy, tourism and culture, research, and food safety, and to contribute financially to the development of Greenland. It was explicitly mentioned in Council Decision 2006 that *“future financial commitments towards Greenland should be orientated to their present level while taking into account other prevailing circumstances and a fair balance of mutual interests, notably the development needs of Greenland and the needs of the Community for continued access to fish stocks available in Greenland waters on a sustainable basis, as well as financial contributions from other parties”* (Council Decision 2006). The relatively high financial contribution to Greenland set in 2006 was a result of political negotiations and was linked to Greenland’s withdrawal from the Community. The assumption was that to ensure positive engagement with Greenland and maintain EU fishing rights in Greenlandic waters, the EU needed to extend financial development support to Greenland.

As illustrated in Figure 2, there is very limited interface between the GD and other EFIs. The most important assumption underlying the GD is that Greenland is a special case, that the relations between the EU and Greenland are unique, and that it is therefore necessary to have a separate EFI dedicated to Greenland. Also implicit in this assumption is an acknowledgement that there are probably few similarities with other countries and territories, and therefore little prospect of complementarities and synergies with other EFIs. In principle, Greenland is eligible for funding under other EFIs. However, in practice, Greenland has a functioning democracy, political stability and good rule of law, and there is therefore limited complementarity between the objectives of the GD and the European Instrument for Democracy and Human Rights (EIDHR), the Instrument contributing to Stability and Peace (IcSP), and the European Neighbourhood Instrument (ENI). As illustrated in Figure 2, Greenland is currently accessing the regional envelope under the OCT-EDF, which explains the line between the GD and the EDF. The Partnership Instrument (PI) has universal coverage and is, like the GD, aimed at policy co-operation with countries of strategic interest to the EU. In principle, the EU could therefore initiate collaboration with Greenland under the PI. It has, however, not happened yet.

**Figure 2**      *The relationship between the GD and other EFIs*



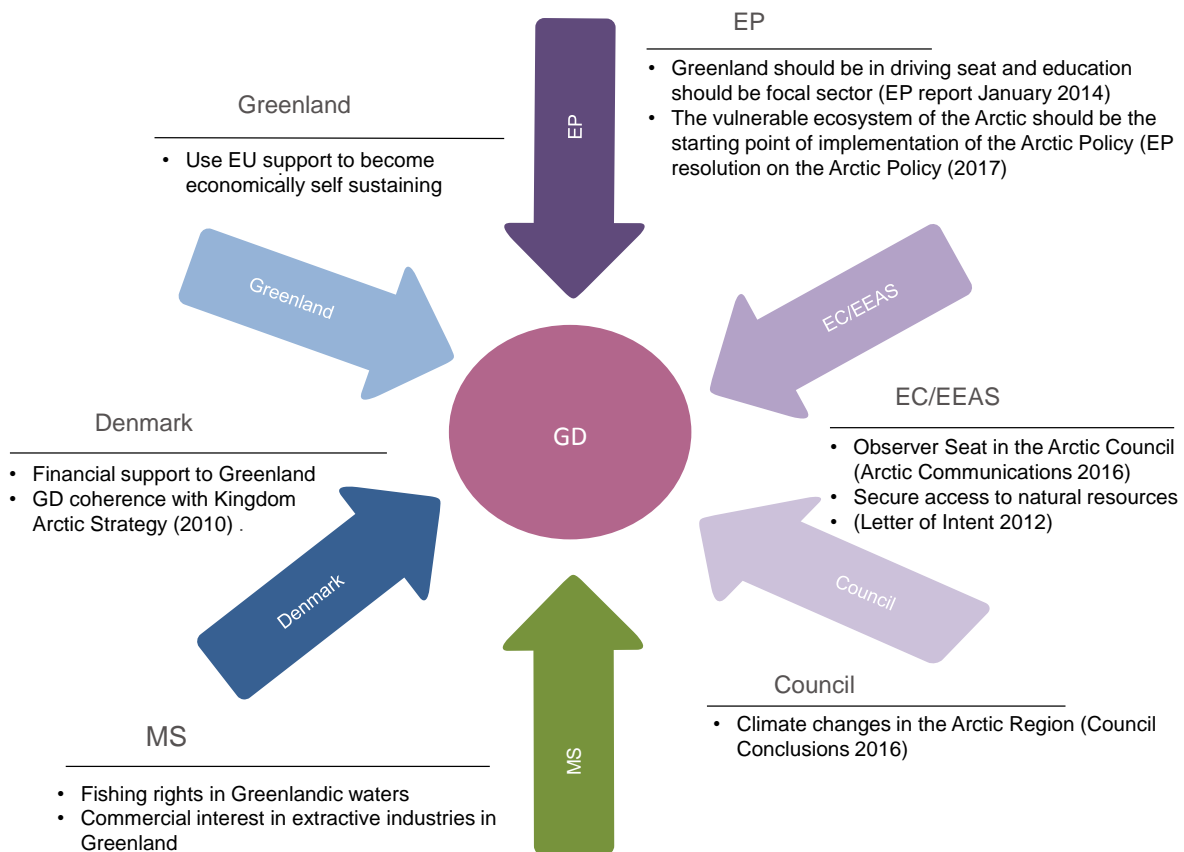
An assumption underlying both Greenland Decisions (2006, 2014) is that the best way to maintain positive engagement with the EU is if Greenland leads the programming. This means that the GoG should be in a position to choose whether all funds be extended to one sector only. This will ensure that Greenland is more receptive to the EU and its priority of expanding its influence in the Arctic region. Underlying the IL of the GD as an instrument is also the assumption that the EU has an interest (commercial or diplomatic) in policy dialogue with Greenland, and that Greenland likewise has an interest in holding regular policy dialogue with the EU. Finally it is assumed that the instrument will contribute to positive engagement

between the EU and Greenland by ensuring that both parties have a mutual understanding of each other.

The incentives and rationale behind maintaining positive engagement between Greenland and the EU differ from stakeholder to stakeholder (see figure 3). EU Member States (MS) such as Spain, Germany, Estonia, Denmark, UK, Lithuania and Latvia have benefited from the fishing opportunities and have an interest in maintaining fishing rights in Greenlandic waters. It is also assumed (in the Letter of Intent on mineral resources, 2012) that MS have a commercial interest in investing in the extractive industries in Greenland. Greenland is mostly interested in the financial support as a way of becoming economically self-sustainable. Denmark has a special relationship with Greenland and is interested in maintaining the same, or an increased, level of financial support to Greenland as a supplement to the Danish block grant.

The Council, especially in its most recent conclusions on the Arctic Communication of 2016, has a very strong focus on climate change in the Arctic region. The Arctic Communications from the EC/EEAS also have a strong focus on climate change and its implications. The EC has been focused on obtaining a permanent observer seat in the Arctic Council, and on securing the EU's safe access to natural resources in Greenland. Lastly, the European Parliament (EP) has suggested that education should be a focal sector of the EU financial assistance to Greenland. The EP has furthermore called – in its resolution of 16 March 2017 on an integrated EU policy for the Arctic – for a comprehensive strategy and action plan on the EU's engagement in the Arctic, wherein the aim of preserving the vulnerable ecosystem of the Arctic should be the starting point.

Figure 3 The incentives of key stakeholders





### 3 Responses to the evaluation questions

#### 3.1 EQ 1 on relevance

**To what extent do the overall objectives of the Greenland Decision and the PDSO correspond to past (2013) and current (2016/17) EU priorities and beneficiary needs?**

The GD instrument is relevant to maintaining close links between the EU and Greenland, and to the EU priority of maintaining EU fishing rights in Greenlandic waters. The assumption of the link between EU fishing rights and the GD instrument has proved to be valid, as EU development assistance to Greenland is a prerequisite for a Fisheries Partnership Agreement between the EU and Greenland.

The instrument-level ambition of having policy dialogue also corresponds with EU and Greenlandic priorities. However, the assumption underpinning the instrument that the EU and Greenland have sufficient interest in policy dialogue has, in practice, turned out not to be completely valid. EU priorities in the Arctic region, as reflected in various policy documents, are most notably related to issues such as raw materials and climate change. The assumption of commercial interest by EU companies in Greenland has, however, not proved to be valid. Exploitation of raw materials in Greenland has dropped down the EU priority list since 2014 because of the current low prices of raw materials. Greenland, on the other hand, is interested in European investments in the extractive industry in Greenland, but is not interested in investing its own resources in policy dialogue on this issue.

Climate change is currently even higher on the EU agenda for the Arctic region than it was in 2014. Greenland has, however, not demonstrated any concrete interest in closer collaboration with the EU on the issue of climate change, which is explained below by Greenland's political economy. Nevertheless, the GoG has recently indicated that it may be interested in developing a climate change policy, and a possible collaboration with the EU in this regard may therefore be relevant in the future.

The programming of the instrument (the PDSO), including the choice of the education sector, has been relevant to beneficiaries' needs in Greenland, both in 2006 and again in 2014, when education was chosen as a focal sector. The PDSO programming objectives also contribute logically, in broad terms, to achieving the instrument-level (GD) objective of sustainable development in Greenland.

#### **3.1.1 Are the programme-level (PDSO) objectives relevant in terms of fulfilling the objectives of the GD, including whether a focus on a single sector in the PDSO and education as the chosen sector is still appropriate in order to fulfil the objectives of the GD?**

##### **Does the programming logically contribute to the instrument level objectives?**

In broad terms, the PDSO programming objectives contribute logically to achieve the instrument-level objectives of improving the administrative capacity, increasing the skills of the Greenlandic labour force, and diversifying the economy in Greenland. In some cases, however, there are weak links between the specific objectives of the GD and its programming. The path from strengthening elementary schooling to obtaining the GD-level objectives is long, and the pathways are not always well described in the programme. The assumption is that there is a good enough enabling environment for new businesses, as well as enabling conditions for the absorption of these skilled people in other sectors of the economy. These assumptions are not fully plausible. The path to a diversified economy is cluttered with various barriers – most importantly, low raw material prices globally and, in some cases, lack of economic viability of planned investments in infrastructure (see Volume II for more information).

##### **Is education the appropriate programming choice?**

From a development point of view, education has been the right programming choice. From the beginning, education has been justified on the grounds that it has been a priority sector for

the GoG. Back in 2000, the GoG developed a Structural Policy Plan that had improvement in education as one of the key pillars for ensuring greater economic self-sufficiency.

A further justification in 2014 was that both the GoG and the EU had gained valuable knowledge on the sector in the first programming period (European Commission 2014/137/EU). It has further been highlighted as a justification for one sector only that the BS guidelines point to one sector, and a maximum two sectors, as the default choice. The EC has also highlighted that none of the other GoG sector plans were developed enough at the programme start to be eligible for EU sectoral budget support.

### **3.1.2 Do the objectives of the GD as an instrument correspond to EU priorities and beneficiary needs in 2013 and currently, given recent evolving challenges and priorities in the international context?**

#### **Do the objectives of the GD correspond to beneficiaries needs?**

The instrument-level focus on supporting a sustainable and stable economy is fully in line with Greenland's long-term objective of being economically self-sustainable without the annual block grant from Denmark. To do so, the country needs fiscal stability, a diversified economy, and real economic growth. However, Greenland faces very serious challenges, as highlighted in the most recent report from the Greenland Economic Council (2016). The report underlines that the underlying structural problems are far from solved, and that the country needs to undertake serious reforms to improve the prospects of real economic growth.

There is general and long-standing agreement in Greenland that raising the educational level is absolutely key to addressing the country's economic challenges. The education programme is very much a home-grown programme, as the EU programme (2007-2013) bought into an already ongoing education strategy and programme. The GoG's own budgetary investments during the current and the previous programming periods confirm its strong focus on education as the way forward to develop a sustainable and stable economy. There is broad-based support in Greenland (in the Parliament, various ministries, and among non-state actors) for a more holistic approach in this programming period to include – in addition to vocational training and higher education – strengthened elementary schooling.

#### **Do the objectives of the GD correspond to EU policy priorities?**

The programming choice to support the education sector and to support an increase in access to, quality of and equity in education is in line with the EU Agenda for Change, which puts education at the centre of one of the key strategies to bring about more sustainable and inclusive growth and the 2030 Sustainable Development Goals (SDG) Agenda that envisages a world with universal literacy and equitable and universal access to quality education at all levels.

Part of the rationale for the EU to engage in a close partnership with Greenland is to preserve fishing rights for EU MS. According to the GoG, the GD is even a prerequisite for a Fisheries Partnership Agreement (FPA) between the EU and Greenland.<sup>6</sup> The FPA between the EU and Greenland is one of the most significant for the EU in terms of economic value and as a key component that enables the EU to swap fishing opportunities in Greenlandic waters for quotas in the waters of Northern Agreement partners. Finally, the FPA is the only agreement under which quota allocation between EU MS is included in the annual Council regulation fixing fishing opportunities for most fish stocks in EU and non-EU waters (European Parliament, 2016). The relatively high level of EU financial support to Greenland, compared with other OCTs, is due to a political agreement in the Council linked to Greenland's withdrawal from the EU and the interest from MS in maintaining fishing rights in Greenland. It was highlighted in the Council Decision of 2006 (the first GD) that the total level (FPA plus GD) of financial support to Greenland should be fixed at the level it was in the first Fisheries Agreement from 1985.

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<sup>6</sup>See the contribution from the Greenlandic Government to the Open Public Consultation.

As previously mentioned, the EU also has an interest in Greenland as a strategic partner in the Arctic region. This is one of the key reasons for *maintaining* a relatively high amount of financial support to Greenland (€ 217.8 million in the period evaluated) compared with the other OCT (€ 364.5 million in the same period to *all* OCT), and for raising the amount as the Arctic and dialogue on Arctic issues have moved higher up the EU priority list. The annual amount for implementing the GD has risen from € 27 million in the previous programme period to € 31 million in the current one.<sup>7</sup> As highlighted in the Global Strategy for the EU Foreign and Security Policy (2016), the EU has a strategic interest in the Arctic remaining a low-tension area, with ongoing co-operation ensured by the Arctic Council, a well-functioning legal framework, and solid political and security co-operation. The EC Arctic Communications, the Council conclusions (2016), and EP resolution (2017) on the Arctic also emphasise the EU's strong interest in further developing its engagement in a region of increasingly strategic importance by, among other things, obtaining a permanent observer seat in the Arctic Council.

Climate change is one of the top priorities for the EU, as reflected in the Arctic policy Communications since 2008. This was an EU priority in 2012, when the Arctic policy stressed that the forthcoming partnership (the Greenland Decision of 2014) between the EU and Greenland should provide for the possibility of co-operation on the protection of Greenland's environment, while ensuring the development and diversification of its economy. The issue has not dropped down the EU's list of priorities since then, as reflected in the Council's conclusions of June 2016 on the "Joint Communication on the Arctic Policy 2016", which singled out climate change as *the* priority. The EU's Arctic policy is expected to play an important role in implementing the global agreement reached at the 21st Conference of the Parties under the UN Framework Convention on Climate Change in December 2015 (Paris Agreement).

Secure access to raw materials is another EU priority, and Greenland has strong potential in six of the 14 elements on the EU critical raw materials list (European Commission 2012b). The EU has an interest in ensuring that Greenland becomes a future supplier of energy and critical raw materials – and that it respects high social and environmental standards, compared with other suppliers such as Russia and China (Interview with DG Growth).

Lastly, the instrument has been relevant to increasing the EU's knowledge of the Arctic region. The GD has increased the EU's knowledge of Greenland especially with regard to its challenges of creating and maintaining sustainable development. The EU will not play a more influential role in the Arctic if it doesn't have a solid and proper understanding of the Arctic and its societies and peoples<sup>8</sup>. However, apart from the high-level political summits and exchanges and the dialogue related to fisheries, the policy dialogue has primarily been between Greenland and DG DEVCO. It would have been relevant for informing and qualifying EU policies for the Arctic region if regular and systematic policy dialogue had also been held on a broader range of policy issues involving direct dialogue with more EU DGs and services such as the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROWTH), the Directorate-General for Climate Action (DG CLIMA) and the European External Action Service (EEAS).

### **Is there sufficient interest in policy dialogue on global issues?**

Underpinning the intervention logic of the GD is the assumption that there is sufficient interest from both the EU and Greenland in having regular policy dialogue on the issues specified in the GD – such as education, natural resources (including raw materials), energy, climate, Arctic issues, social sector, and research/innovation. However, both the EU and GoG have, in practice, demonstrated limited interest in engaging in more systematic dialogue in these policy areas. In the section below on raw materials and climate change, the political economy lens will be used to further clarify the limited interest.

<sup>7</sup>The reason for the rise in the amount is partly due to the correction in the real value of the amount after taking inflation into account (2005/2006 compared with 2014).

<sup>8</sup>See among others the contribution of the Greenlandic Government to the Open Public Consultation.



**Raw materials** were high on the EU priority list when the GD was adopted. The 2012 Arctic Communication highlights that the future partnership (GD) should allow for an enhanced dialogue on natural resources in order to share know-how and experience. Raw materials have also been a priority, with the adoption of “Letter of Intent between the EU and Greenland on co-operation in the area of mineral resources”, which stipulates that both parties “*should explore ways to reinforce their dialogue on mineral resources, within the framework of the EU-Greenland partnership, as laid down in the GD*” (European Commission 2012a, 3).

The EU has an interest in ensuring that Greenland becomes a future supplier of energy and critical raw materials, such as rare earth, and that it is a supplier that respects high social and environmental standards – compared with, for example, suppliers such as Russia and China (Interviews with DG GROWTH, September 2016). Greenland is perceived as having strong potential for elements on the EU critical raw materials list (European Commission 2012b). An additional potential benefit of the EU investing in minerals in Greenland is that it would represent for the EU a good alternative to importing materials from conflict regions. This would have a positive effect on one of the EU development goals – namely, avoiding sourcing from conflict regions (Milieu Ltd. 2015, 8).

Greenland, on the other hand, would very much welcome European direct investment in extractive industries in the country, but the interest from European companies in investing in mineral resources exploration in Greenland has so far been very limited (Interview with the Ministry of Mineral Resource, October 2016). As previously mentioned, the most important mineral resource for the EU is rare earth elements. Currently, China controls most of the extraction of rare earth, and this may pose a future risk of supply shortage. Greenland Minerals and Energy, an Australian company, is exploring the possibility of rare earth extraction in South Greenland, and recently put shares up for sale. No European companies or capital funds registered any interest, and the shareholding majority went instead to a Chinese company. One explanation for the limited European commercial interest in extractive industries is the current low prices on raw materials globally.

Greenland has stated that it is not legally bound by the intentions expressed in the “Letter of Intent between the EU and Greenland on co-operation in the area of mineral resources”, if funding is not provided for implementation. The Greenland Foreign Policy Statement of 2013 clearly states that the country’s administration has to prioritise tasks that are funded, and that new funding is a prerequisite for further dialogue with the EU on raw materials. Funds for implementation have, however, not materialised in the period under evaluation, and apart from a workshop in 2015<sup>9</sup>, no further initiatives have been taken to establish a structured and results-oriented dialogue on mineral resources between Greenland and the EU in the period.

**Climate change:** The EU has a strong political interest in dialogue with Greenland on climate change<sup>10</sup>, but does not seem to have taken into account Greenland’s political economy. Greenland is not uninterested in climate change dialogue and protection of the environment (Interviews with the Greenlandic representations in Denmark and Brussels and Ministries in Greenland). However, the overarching goal of becoming economically self-sustainable (without the block grant from Denmark) takes precedence, and the most probable way for that to happen is for Greenland to develop a large-scale extractive industry<sup>11</sup>, which would inevitably result in high carbon emissions that impact on climate. There is also the feeling in Greenland that the country is not directly at fault when it comes to climate change. Greenland has invested heavily in hydropower, and is way ahead of EU renewable energy targets. Greenland has so far not been interested in opting in to the 2015 Paris Agreement on climate change, and has therefore obtained a territorial exclusion from the agreement.<sup>12</sup>

<sup>9</sup>In June 2015, an “EU-Greenland Workshop on Raw Materials” was held in Brussels to discuss raw materials

<sup>10</sup>As evidenced in the Arctic Communication (2016) and the Council conclusions (2016) and the EP resolution (2017) on the Arctic Policy.

<sup>11</sup>Greenland Economic Council, 2014 and Interviews in Greenland.

<sup>12</sup> Greenland is not a signatory to the Paris agreement, but Denmark is. Greenland would therefore be bound by the agreement through its association with the Kingdom, unless the country got an opt-out.

Greenland does not currently have a specific climate change policy, and has limited resources set aside for policy dialogue on climate change. The Ministry of Nature, Environment and Energy, for example, has a large portfolio obliging it to prioritise limited resources. International policy dialogue and knowledge exchange are not at the top of the priority list (Interview with the Ministry of Nature, Environment and Energy, October 2016). The warmer climate has, in the period under evaluation, been largely perceived in Greenland as having a positive effect on Greenland's economic possibilities and development. Benefits range from new opportunities for agriculture and fishing, as well as new shipping routes to access raw materials and hydropower. The economic development as a consequence of climate change is perceived in Greenland as a way of to bring the country closer to its goal of economic independence (see Volume II for more information).

### **Are there future windows of opportunity for closer collaboration?**

Moving forward, this evaluation has identified some possible windows of opportunity for more collaboration between the EU and Greenland. There is an ongoing discussion between the Greenlandic administration and the European Investment Bank (EIB) for a loan for a mining project, although it has yet to materialise. This loan may be the first step towards closer engagement in the extractives sector. The GoG has also recently expressed an interest in intensifying dialogue on a wider set of policy issues – including raw materials and climate change – should the EU show an interest in opening up further dialogue.<sup>13</sup> This has wide political backing in Greenland, as shown by the Greenlandic parliament decision from 2016 on developing the relationship with the EU. The Coalition Agreement adopted by the new GoG in October 2016 may also open up new possibilities for collaboration and partnership with the EU with regard to climate change. The new Government's Coalition Agreement (2016-2018) from October 2016 calls for setting national climate goals and for assessing the possibility of Greenland opting in to the Paris Agreement, as well as an assessment of the economic impacts of doing so.

## **3.2 EQ 2 on effectiveness, impact, sustainability**

### **To what extent does the Decision and the PDSD deliver results against the instrument objectives?**

The overall stated objective of the GD is to contribute to sustainable development in Greenland. The GD has contributed to this by improving the educational attainment – especially in the period since 2006 – but there are no results yet in terms of diversifying the Greenlandic economy.

Another stated objective is to preserve close and lasting links between the EU and Greenland. The ad hoc meetings and exchange visits have improved the mutual understanding between the parties, and this enhances the potential for close and lasting links. A framework permitting *regular* discussions on global issues is called for in the instrument. However, it has not yet been established, although it could have been expected within the period since the GD entered into force. Policy dialogue on global issues (beyond education) between the EU and Greenland has, in general, been ad hoc and without systematic monitoring and follow-up.

The programming process reflects to a very high degree the principles of *aid effectiveness*. There is, however, an increasing focus on *development effectiveness*, rather than aid effectiveness only (as reflected in the Better Regulation Agenda and the Common Implementing Regulation – CIR). This includes a focus on ownership beyond Governments alone. However, the GoG consultation for the purpose of GD programming and implementation is perceived to be inadequate by the non-state actors and local authorities in Greenland.

<sup>13</sup>See contribution from the Greenlandic Government to the Open Public Consultation.

### 3.2.1 Have the PDS and the GD delivered results against their respective intended objectives, and have the results obtained at the programme level actually contributed to the stated objectives at the Instrument level (GD)?

This section has been divided into outputs, outcomes and impacts. Indicators related to the education sector in this programming period are at the output level, along with setting up a framework for dialogue (beyond education). The skills of the labour force and the ability of the administration, improving information systems as well as convergence of ideas and opinions (between Greenland and the EU), are at the outcome level. The longer-term effects of the EU support to the improvement of the education sector and the diversification of the economy are analysed at the impact level.

**Outputs:** It is still early days, especially for the education indicators that relate only to this programme period (see AIR 2015)<sup>14</sup>. The performance tranche attainment was 93% in 2014 and 63% in 2015. In terms of increased efficiency of the education system, the picture is mixed, but again it is too early to detect whether an improvement is generally happening. Some improvements have been detected in the period since 2013, such as in the completion rate for higher education and the higher number of children in pre-school. It is not possible to detect a medium-term to long-term trend of whether the EU partnership has increased quality of this part of the educational system, as the previous programme had its focus elsewhere. Looking only at the period since 2014, which is the baseline for this evaluation, the quality of elementary schooling has actually worsened, when measured by the 7<sup>th</sup> grade tests (see Volume II for further explanation). Furthermore, the number of apprenticeship places has fallen since 2013. This is a serious stumbling block in terms of raising attendance and completion rates for vocational and education training (VET) programmes (ACE 2015, interviews with education institutions, ministries and authorities, October 2016).

Nevertheless, the EU has contributed to improved efficiency of the educational system in Greenland. For instance, EU staff has used the policy dialogues to query the high standards of dormitory accommodation, and this has led to Greenland starting to introduce a system of two students per room, instead of one per room (Aides-Memoire from budget support dialogue meetings – hereafter, Aides-Memoire – and interviews with DG DEVCO and the Ministry of Finance). However, in general, the Greenland educational system is not efficient, as has been highlighted most recently in the Greenland Economic Council report, 2016. The report underlines that, in an international perspective, the educational level is markedly low in Greenland (on the same level as Turkey), despite Greenland spending one of the highest percentages internationally on education. There are special circumstances in Greenland that raise the costs of delivering public education – most notably, the geographical and climatic conditions. It is difficult, therefore, to compare Greenland directly with other countries, but, as the 2016 Greenland Economic Council report emphasises, “the educational system needs to run longer on the litre” (p. 33).

The EU support programme has also contributed to “an evaluation culture”. In recent years, a number of evaluations have been carried out in the education sector. Partly because of the EU partnership, there is more focus on monitoring trends and analysis of policy relevance. This new thinking is also reflected in the work of the Statistics Greenland, especially with regard to education and finance (Interviews with Ministries in Greenland and EC staff, October 2016).

The EU, through its technical assistance (TA) support, has financed studies that have prompted learning and operational changes (Interview with DG DEVCO and Greenlandic counterparts, Greenlandic interest groups, AIRs, Greenland Economic Council, 2016). This support has contributed by:

- Encouraging and financing a study on drop-outs, thereby gaining better understanding of the factors behind high levels of drop-outs in Greenland.

<sup>14</sup>In addition, it should be noted that the indicators are based on relatively small samples and hence very sensitive to random noise. Therefore, this empirical circumstance should be acknowledged when discussing the year-by-year changes in performance tranche attainment.

- Financing the development of a model that enables an estimation to be made of the future educational level in Greenland (until 2040) – a very valuable planning and steering instrument for the Ministry of Education.

The expected output of setting up a “*framework for regular policy dialogue*” on other issues of mutual interest (beyond education) – as called for in the GD – has not been fulfilled. There have also been attempts at preparing the methodology for a formal framework, but these have not yet borne fruit. Although a zero draft of a methodology has been prepared, there is a sense from the EC side that the “WHAT” to discuss should precede the “HOW” (Interview DG-DEVCO, September 2016), and the framework has subsequently never been finalised. Greenland is worried that broadening the dialogue to more areas and issues would potentially demand resources. There is a feeling that the EC needs to take the initiative and spend the necessary resources – such as in the case of discussions around the bi-annual dialogues on education, which are perceived as a “real” dialogue (interviews with Greenlandic Ministries, October 2016).

The bi-annual policy dialogues on education that have been held are well-prepared and documented, and attempts have been made to include other subjects of mutual interest in these dialogues. The Commission raised an issue concerning the North Atlantic Salmon Conservation Organisation (NASCO) salmon quota at the March 2015 meeting (Aide-Memoire, March 2015), Greenland objected on the grounds that “*late inclusion of the point concerning NASCO in the agenda of the meeting makes it impossible for the representatives of the GoG to provide a proper response to the issues raised by DG MARE*” (Aide-Memoire from June 2015, p.3).

**Outcomes:** The outcomes linked to specific objectives in the instrument are: 1) Improved skills of the labour force (including scientists); 2) Increased ability of the Greenlandic administration to formulate and implement policies, especially in new areas of mutual interest; 3) Convergence of points of view on global issues and issues of mutual interest (beyond education).

*Improved skills of the labour force (including scientists):* More time is needed to see results at this level. There has been no change in the *skills of the labour force* since 2014<sup>15</sup>. It is not possible to assess whether scientist have improved their skills as there are no indicators related to such improved skills, and it has also not been a focus area in the programme (see PDSD).

*Improving information systems in the field of Information and Communication Technologies:* The main issue in Greenland is access to internet, and the price of access. The GoG has taken some initiatives to improve access (expanding the sea cable and the radio-network for more isolated places) and e-governance. However, access and price continue to be an issue. The EU support is contributing to these efforts by supporting e-learning and IT tools in schools.

*Increased ability of the Greenlandic administration to formulate and implement policies, especially in new areas of mutual interest:* The EU support programme – and especially the BS conditions, the studies financed, and the policy dialogues – has contributed to an improved ability of the administration to formulate and implement educational policies in various ways. There was very limited long-term planning and monitoring prior to 2007, when the first educational strategy and EU support – with its associated planning, monitoring and reporting requirements – came into being. The programme has also indirectly contributed to the administration’s improved capacity for formulating and implementing policies in new areas (Interviews with Ministry of Education in Greenland). According to the Ministry of Education,

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<sup>15</sup> The indicator in the PDSD is “total completion rate in post elementary education”, which has remained more or less stable in the period. According to the GoG, the statistics include every single person of the labour force; people who are born in Greenland and not born in Greenland. A correct method to observe the outcome would have been by showing the development of the share of the Greenland-born labour force, to see if the Greenland-born labour force substitutes the non-Greenland-born labour force within the total labour force. See contribution from the GoG to the Open Public Consultation.



the tranche performance system has helped to keep politicians on track and has encouraged results-based management. The EU insistence on long-term planning and monitoring in the education sector has also inspired other ministries (housing, health and welfare areas) to introduce 10-year sector plans.

The EU programme – and especially the conditions linked to BS – have contributed to strengthening Public Financial Management (PFM). The EU has commissioned a Public Expenditure and Financial Accountability (PEFA) assessment for Greenland, and has continuously monitored progress in this area – including during the bi-annual policy dialogues. Greenland did come from a good starting point. The results of the 2014 PEFA assessment showed that, overall, the GoG's PFM system is very well designed and functions with a high quality. However, it is emphasised that there is room for improvement, and that progress was needed in some specific areas (Jensen 2014, 14-15). The PEFA assessment and the policy dialogues on education have contributed to changes in the enabling environment within the administration for long-term planning. A new budget law is being drafted, which will improve financial management and enable greater transparency with regard to budget formulation. A national political economy statement is also being issued in 2016 to Parliament and the public for the first time since 1993. There are now more frequent and comprehensive budget statements – from one to three per year, plus annual accounts. The importance of adequate human resources has been recognised, and the Ministry of Education planning unit (which did not exist before the EU-support programme) now has three employees.

The EC has persistently encouraged policy-makers in Greenland to improve procurement rules and practices (see Aides-Memoire 2015, 2016) because of several concerns related to public procurement (PEFA 2014, Transparency International Greenland 2010). A new contract award office, aimed at capacity development in procurement, has been established and staffed as a result, but there is serious resistance within the Parliament to new legislation. Despite the GoG commitment to introduce new legislation, none has been proposed at the Parliamentary sessions.

A stable macro-economic framework is one of the EU conditions for providing budget support, and Greenland has actually achieved a relatively more stable macro-economic framework in the last few years. The EU conditionality and bi-annual policy dialogues have been helpful in keeping Greenland on track. Both the EU and ministries in Greenland have highlighted that the EU, to some degree, has played the role of an international financing institutions, such as the International Monetary Fund (IMF), in ensuring that the administration and the politicians have adhered to long-term plans. However, the EU contribution to ensuring a relatively stable macro economy is not deemed by this evaluation to be significant. According to the 2016 report from the Greenland Economic Council, even if Greenland has experienced economic growth in 2015 and 2016, primarily due to international prices of fish and a rise in the amount of shrimps, there is still a medium-term to long-term problem of a serious gap between forecasted expenditure and revenue. The report underlines that the underlying structural problems in Greenland have not been solved, and that there is an urgent need for more reforms. Otherwise, more sustainable and lasting economic growth cannot be expected.

*Convergence of points of view on global issues and issues of mutual interest (beyond education):* The framework on policy dialogue on global issues was supposed to lead to exchange of ideas and possible convergence of points of views (as specified in the instrument). There is dialogue between Greenland (and Denmark) and the EU beyond the policy dialogue in the education sector. Greenland has a Representation in Brussels that interacts closely with the EU institutions on a daily basis. The President of the European Council, the President of the Commission, and a number of Commissioners have all visited Greenland within the last five years, and confirm the interest in policy dialogue. There has, however, been limited systematic follow-up to attest to any outcomes of these dialogues.

**Impacts:** We are able to detect impact as the EU has supported the education sector in Greenland for 10 years. Generally, there has been a 6% rise in the education level in Greenland (looking at the population above 16 years of age) in the last 10 years (Greenland

Statistical Office).<sup>16</sup> In the first programming period of 2007-2013, attendance increased by 43% on average over all levels of post-elementary education. Subsequently, this resulted in a 60% increase in the number of pupils graduating (figures from Statistics Greenland quoted in DB2016- Co-operation with Greenland p. 1/6). These improvements over the last 10 years can, at least in part, be attributed to the EU support programme, which has contributed a substantial amount to the national education budget (approximately 10%). The support has ensured political focus on education<sup>17</sup>, and an annual budget allocation of approximately 25% of the national expenditure budget has been made to education in the period. The timing of the EU support programme, which commenced in 2007, corresponds to the period in which these improvements have taken place.

However, there is still a long way to go before the educational system is substantively improved in Greenland. Drop-out rates since the start of the programme have not decreased in either the previous or present period. The completion rate of the youth education programmes remains at approximately 50%, and only 37% of the population above 16 years old has more than an elementary school education (figures from 2015 from Statistics Greenland). There are a number of reasons related to the educational system itself and to external contextual factors that explain why progress is slow (see Volume II for more information). Evaluations emphasise that a holistic strategy is needed, taking a range of external causes and internal education system causes into account. It is also in line with the suggestion made at a policy dialogue meeting, to broaden the policy dialogue and to interpret education in its wider context by looking at such aspects as social and cultural issues, the job market, and housing (Aide Memoire 2016). However, as evidenced above, the EU has contributed to raising the education level in Greenland and to laying the foundation for further improvements in the future.

There has, however, been no positive progress yet towards the overall objective of the instrument – namely, *diversification of the economy*. There was actually an increase in the percentage of fisheries in exports in the period, from 86% in 2013 to 88% in 2015. It would in any case be too short a period to have had any impact in this respect. It is apparent that Greenland has experienced a serious setback in terms of developing an extractive industry, due to the low global prices of raw materials. However, judging from the Greenland Economic Council's annual reports on the economic situation in Greenland, the GoG needs to speed up its reform efforts in order to secure permanent and real economic growth, and to diversify the economy to other sectors, including tourism.

**Sustainability:** The stated objective of the instrument is long-term sustainable development, and the programming has contributed to this by improving the educational level in Greenland as a driver of vital importance to improve labour skills and a diversified economy. The shift in focus in this programming to a more holistic approach – with an increased focus on pre-schooling and elementary schooling to equip pupils with the necessary qualifications to take up further education – is conducive to long-term sustainability.

The improvements in the administration's ability to formulate and implement policies are also likely to be sustained, since the ability is linked to improvement of systems, structures and working practices – as evidenced in this section.

### 3.2.2 Does the programming process reflect the principles of aid effectiveness?

To a very high degree, the programming process reflects the principles of aid effectiveness as defined in the 2005 Paris Declaration and the EU Agenda for Change. These include ownership, alignment, harmonisation, results, and mutual accountability. It reflects the principle of ownership, as Greenland exercises effective leadership over its own education sector policy. The EU respects Greenland's leadership in this sector and, through its financial

<sup>16</sup>According to the Ministry of Education, the rise in the education level of "native" Greenlanders has actually been higher than 6% since the number of especially Danish people in Greenland has reduced in the period. It is however difficult to measure it statistically (Interview with Ministry of Education, November 2016).

<sup>17</sup>Interviews with ministries and the Parliament in Greenland

support and the bi-annual policy dialogues, contributes to strengthening Greenland's administrative capacity in this area.

The EU support also has a very good degree of alignment with GoG's strategy, as reflected in the GoG's annual Political and Economic Reports, which sees education as being at the heart of all economic challenges. The EU bought into an already-existing Greenlandic educational strategy (Greenland Education Programme - GEP).

As the support comes in the form of budget support, the use of country systems and procedures is maximised, and the support relies to the maximum extent possible on partner government budget and accounting mechanisms. The GoG has expressed concerns about the negative effects of late payments and some bureaucratic requirements related to reporting (Interviews with the Ministry of Education in Greenland). EU support to GEP can be considered in line with the principle of mutual accountability, in so far as the EU has provided timely, transparent and comprehensive information on aid flows for both periods prior to the start date of the period in question. Greenland has also provided adequate and timely reports to its Parliament.

### **Have GoG consultation processes in Greenland been adequate?**

The EC has not interfered in the consultation processes in Greenland, as GoG consultation processes are generally perceived by the EC as being of a high quality (Interviews with DG DEVCO, October 2016). The public and various non-state actors were also consulted when the GoG developed the GoG education strategy. However, all the Civil Society Organisation (CSOs), interest groups and municipalities contacted in the course of this evaluation perceive the GoG consultation processes relating to the EU support programme as leaving something to be desired. Non-state stakeholders said they regretted that they had not been sufficiently consulted, or even informed, by the GoG about the indicators and targets of the EU support programme in the education sector (interviews with interest groups and municipalities in Greenland, October 2016). This situation is likely to change in the future. Representatives from municipalities participated in the February 2017 policy dialogue in Brussels, and will participate in future. The municipalities' contributions to the meetings and their overall participation were seen as a significant strengthening of the policy dialogue, as the information and experiences of the municipalities were made more concrete and realistic.<sup>18</sup>

The visibility of the EU support programme in Greenland is low. There are very few people outside the immediate circle of staff members in the Ministries concerned with implementation of the programme who have any knowledge of the EU support programme and its objectives (Interviews in Greenland, October 2016).

### **Have lessons learned from phase I been taken into account?**

Lessons learned during the financial co-operation from 2007-2013 have been identified in the 2014 PDSD, as well as in the AIR 2014, and some of them have already been applied in programming and implementation of the second phase of the programme. For example, there is a special focus on increasing efficiency by reducing drop-outs from the education system. In general, lessons from the Greenland Education Programme phase I were taken into account when phase II and the EU support programme were designed, and the general approach of the GoG changed to a more inclusive vision of the education system.

The programming is on a seven-year basis, so there is little flexibility in terms of adjusting objectives, policy priorities and context changes in the short term. The targets are, however, discussed and adjusted if necessary during the bi-annual meetings.

### **3.2.3 Is an M&E system in place to monitor the achievement of the expected results and, if necessary, to adapt to changing needs?**

Specific, measurable, attainable and action-oriented, relevant, and time-bound (SMART) indicators are in place for the measurement of PDSD performance. The responsibility for

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<sup>18</sup>See contribution from the Greenlandic Government to the Open Public Consultation.

monitoring and reporting on them lies with the GoG, which submits Annual Implementation Reports (AIRs) to the EU. There are detailed indicators in the GD to measure whether the GD is contributing to sustainable development in Greenland. However, there are no specific indicators for the expected results of the policy dialogue.

Greenland has established a permanent internal, technical and financial monitoring system for the action, and produces annual progress reports and final reports. The reports give an account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes), as measured by corresponding indicators.

The main source of the performance data for the GEP is Statistics Greenland, and the Fiscal Act. The education statistics are mainly provided by Statistics Greenland. The Ministry and its subordinate institutions provide the remaining data related to education. Greenland also measures broader trends in the education sector and the economy through regular reports on the economy, tax and welfare. The Work Plans and Annual Report, developed as part of the EU programme, are equivalent to those being submitted to the Greenlandic Parliament, and in that sense double reporting is avoided.

### **Are the indicators appropriate?**

The instrument and its programming are measured by a list of indicators, some of which are already specified in the instrument itself – such as, the number of administrative staff completing training, the percentage of civil servants who are (long-term) residents in Greenland, the percentage of trade balance in Gross Domestic Product (GDP), and the fisheries sector's percentage of total exports. Finally, the Commission and the GoG have jointly developed a list of indicators and targets related to the education sector support as part of the programming.

The indicators relate to outputs, outcomes and impacts, but the variable tranche indicators are only at the level of educational outputs (performance in seventh-grade tests, completions, transition rate to education after drop-out, expenditure on education as a percentage of total public expenditure). Some of the targets set are not very ambitious – such as those on the completion rates and staff trainings (see Volume II for more information). In addition, the indicators do not always have a direct dependency on the GEP and the performance of the relevant institutions in Greenland – for example, the percentage of civil servants who are (long-term) residents of Greenland. Moreover, the Ministry of Education is being held accountable for results in the area of elementary schooling, which is largely the responsibility of the municipalities. The EU has, until recently, had no direct contact with the municipalities, and so has had very limited influence on implementation of elementary education and pre-schooling.

Currently, labour market skills are measured by completion rates (35-year-olds who have a starting qualification for the labour market in the year of measurement). The Europe 2020 Agenda for Change may provide inspiration for how to look more broadly at labour market skills – including basic skills (literacy, numeracy skills), transversal skills (language, entrepreneurial skills), and the degree of skills match between demand and supply of labour.

### **3.3 EQ 3 on efficiency**

**To what extent are the Greenland Decision and its PDSD delivering efficiently, comparing both programming periods (2007-2013, 2014-2020)?**

Comparing the two periods (2007-2013 and 2014-2020), efficiency gains related to the programming of the instrument are found in the reduction of reporting requirements to the Greenlandic context. Budget execution worsened in the period because of an extraordinary situation whereby payment credits decided by the Council were insufficient to meet the commitments determined in the Financing Agreement (FA). The Common Implementing Regulation (CIR) has not yet led to any efficiency gains, and has also had a limited effect on mainstreaming transversal issues. The assumption of efficiency gains related to including the GD under the CIR has not proved to be valid.



### 3.3.1 Are the budget execution and the implementation procedures and practices conducive to efficient implementation of the action, comparing the previous programming period (2007-2013) with the current one (2014-2020)?

Budget execution has worsened in the period, as evidenced by data from Datawarehouse. From 2007-12, 80% of the committed budget was disbursed during the same year the commitment was made, but this percentage dropped to 74% in 2013 and to 43 % in 2014. In 2015, there was a slight increase compared with the previous year, and 54% of the budget was disbursed during the same year as the commitment. Budget execution worsened during 2014/15 because payment credits decided by the Council from 2012 to 2015 were insufficient to meet the commitments decided in the Financing Agreement (FA).

A Financing Agreement currently has to be signed every year, which is resource-demanding for both Greenland and the EC. However, the Financial Regulations of the Commission Budget do not allow the EC to take Financing Decisions and sign an FA for financial resources not yet decided upon by the Budget Authority. The Budget Authority decides the Greenland budget allocation annually, and it is thus not legally possible to sign an FA for multiple years.

There is a marked difference between the reporting requirements at present compared with the 2007-13 programme period. Most importantly, the annual reports and annexes are shorter and more meaningful. In the new programme, the same reports are sent to the EU and Educational Committee in the Parliament and, as from 2016, the Ministry of Finance has been allowed to translate and forward the reports from the Greenland Economic Council and Economic Political Statement, instead of producing specific reports solely for the EU. This is cost-saving for Greenland and shows flexibility on the part of the EU.

#### **What have been the effects of the CIR?**

The requirements resulting from the CIR have had limited effect on the programming and implementation of the CIR with regard to the cross-cutting and transversal issues (Interviews with ministries in Greenland, October 2016). In terms of contribution to the mainstreaming of climate action, the budget estimate is that 20% of the overall financial assistance to Greenland for implementation of the GD is allocated to climate change.<sup>19</sup> However, it is not possible to assess whether new schools in Greenland are actually 50% more energy efficient (as assumed in the EU budget remarks), as this aspect is not being monitored by the GoG.

The CIR puts a renewed emphasis on the consultation of civil society and local authorities. The field mission to Greenland revealed, however, that civil society and local authorities do not feel that they are currently sufficiently consulted by the GoG.

Democracy, human rights and rule of law are other transversal issues in the CIR. However, the EC has not raised issues related to democracy, human rights and rule of law in Greenland as part of the programming and implementation of the support programme. According to the EC, this is because Denmark is signatory to the human rights conventions on behalf of the Kingdom, and it is therefore regarded by the EC as a matter for Denmark, rather than for Greenland. However, while it is correct that Denmark is the signatory to the human rights conventions on behalf of the Kingdom, the EU is fully entitled to raise human rights issues and to use the Human Rights Based Approach (HRBA) as an entry point for discussions with Greenland in an area, such as education, where Greenland has full discretion (Interview with the Department of Foreign Affairs in Greenland, October, 2016).

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<sup>19</sup> Draft Budget 2016, Heading 4: Global Europe, Co-operation with Greenland, page 2.

### 3.4 EQ 4 on added value

#### To what extent does the Greenland programme add value compared to the annual block grant provided from the Government of Denmark to Greenland?

As a supplement to the Danish block grant, the EU support programme has added value because the conditions attached have played a positive role in strengthening Greenland's PFM system and the ability of the Greenlandic administration to plan and implement policies. The EU can, more credibly than Denmark, base its support on such conditions as it is seen as being a more neutral partner.

##### 3.4.1 Does EU support provide added value compared to the Danish block grant?

The main difference between the Danish block grant and the EU budget support is that the Danish block grant is supposed to be spent in sectors such as health and education, where Greenland has taken over responsibility, but there are no preconditions or performance tranche attached to the Danish block grant.<sup>20</sup>

The EU support to the education sector is significant, constituting approximately 10% of the annual national budget to education (the national annual expenditure budget for education was € 326 million in 2015). However, EU support is dwarfed by the Danish block grant, which represents more than 50% of the annual budget across all sectors (total national expenditure budget € 1,217 million in 2015), and it is not possible to separate the effects of the Danish and the EU support (National Expenditure Budget 2016).

The EU support has also protected the education sector from budget cuts. This can be directly attributed to the EU programming, since the EU programme used this as an indicator and has 25% of public spending to education as a target. In general, the policy dialogues have helped keep a high-level and consistent focus on the education sector, and the studies and associated discussions have improved learning – including policy and practice changes. Moreover, the fact that 20% of the BS tranches are linked to performance represents an incentive for the GoG to achieve better results in the education sector as evidenced under effectiveness.

The EU support comes with a number of conditions that have to be fulfilled and are continuously monitored. The EU support does add value by the nature of the BS modality itself. It has ensured continued political support to prioritisation of education over the years, despite changing governments. It has enhanced the fiscal space with funds that can be used in a discretionary way, including for policy experimentation. It has improved the administration's ability relating to problem diagnostics, long-term planning and monitoring of policy, and programme implementation. The conditions attached to budget support have also contributed to improved PFM and, to a more limited extent, to a stable macro-economic situation (as evidenced in the effectiveness section).

##### 3.4.2 Is the added value of the EU partnership due to the nature of the EU itself?

Greenland appreciates having more partners and, as such, the EU partnership is a welcome supplement to the partnership with Denmark, which is by far the most important development partner for Greenland.

Greenland is gradually working towards greater independence from Denmark and, given the colonial past, it would be inappropriate for Denmark to interfere in the way Greenland prioritises and allocates funds, or to demand that Greenland adheres to certain governance principles. The EU is a more neutral partner and can therefore more credibly stipulate conditions (interviews with Greenlandic ministries, October 2016).

<sup>20</sup> Although there are constitutional conditions that must be respected, and a number of other subsidiary legal provisions that must be complied with.

As highlighted in the effectiveness section, the EU monitoring and reporting requirements (one of the conditions for EU budget support) do add value. However, the administration of the EU programme is relatively cumbersome because of these requirements. The Ministry of Education, for example, uses approximately one full-time equivalent (FTE) member of staff on the partnership (Interview with the Ministry of Education, October 2016). Reporting requirements, which do not carry benefits, may therefore subtract value.

There is no evidence of other benefits from the fact that budget support is financed and implemented through the EU, as opposed to other development partners. Only to a limited extent has the GD directly paved the way for additional funding or new partners from other MS. However, the ongoing discussion between the Greenlandic administration and the EIB for a loan for a mining project may be a promising example of possible added value.

### 3.5 EQ 5 on coherence, consistency, complementarity and synergies

**To what extent does the Greenland Decision facilitate coherence, consistency, complementarity and synergies, both internally and vis-à-vis other EFIs and other EU policies?**

Greenland has geographical and climatic characteristics that make the country distinct from the rest of the OCTs. And even though Greenland is not a developing country, because of its level<sup>21</sup>, an assumption underpinning the IL is that the GD was best managed by DG DEVCO because the financial support to and dialogue with other OCTs is also undertaken by DG DEVCO. In fact, DG DEVCO has adequately managed the development dimension of the partnership, but it is unclear where the EC leadership resides in terms of establishing a mutually-beneficial framework for policy dialogue on global issues (beyond education), which has had implications for the EC's ability to ensure structured and results-oriented policy dialogue.

It is also an assumption underpinning the IL that there would be limited interaction with other EFIs, due to the special position of Greenland. This has turned out to be valid. However, even though Greenland is not a developing country, the instrument (GD) and its programming (the PDSD) are in line with the principles of EU development co-operation.

As Greenland is not receiving funding under other EFIs, there has been no need for operational-level collaboration between the GD and other EFIs. There is, however, good operational collaboration between DG DEVCO, DG MARE and the Directorate-General for Taxation and Customs Union (DG TAXUD) during implementation, to avoid overlaps.

The Sustainable Fisheries Partnership Agreement (SFPA<sup>22</sup>) between the EU and Greenland (and the Kingdom) and the GD as an instrument are agreements based on very different rationales, but they are coherent and compatible as instruments. There is no evidence of synergies between the GD and the SFPA being sought during programming and implementation.

#### 3.5.1 Is there alignment between the GD/PDSD, the EU Development Co-operation Policy, EU Agenda for Change and Overseas Association Decision?

There is alignment between the objectives of the 2013 Overseas Association Decision (OAD) and the GD instrument. The objectives of the OAD are to enhance OCTs' competitiveness, strengthen their resilience, reduce their economic and environmental vulnerability, and promote co-operation between them and other partners. The OAD focus on reducing the vulnerability of the economy is coherent with the overall objective of GD, which is to reduce the vulnerability of the Greenlandic economy and education is an area for co-operation between the OCTs and the EU.

<sup>21</sup>Greenland's GDP level is however on an artificially high level, as the Danish block grant makes the GDP higher than what it would otherwise be.

<sup>22</sup>[https://ec.europa.eu/fisheries/cfp/international/agreements/greenland\\_en](https://ec.europa.eu/fisheries/cfp/international/agreements/greenland_en).

The programming document (PDSD) is in line with the principles of EU development co-operation, as set out in the 2006 EU Consensus on Development (EU 2006, 2016), and in the 2011 Agenda for Change (European Commission 2011). The European Consensus highlights the need for “shared competence” between the EU and MS, and the need for the partner country to have the primary responsibility for their development. In Greenland, the EU adds value to the support already provided by one MS (Denmark), and Greenland exercises effective leadership over its own development in the field of education. The European Consensus on Development (2006, 2016) expresses the need for alignment and harmonisation with partner country procedures – which is, to a great extent, the case in Greenland, where sectoral BS ensures that the use of country systems is maximised.

In terms of thematic issues, the programming (the PDSD) – with its focus on access to, quality of and equality in access to education – is fully in line with the strong focus on precisely these issues as one of the foundations for inclusive and sustainable growth in the European Consensus on Development and the EU Agenda for Change.

### **3.5.2 Is coherence and complementary ensured between the GD and other EFIs?**

The EU adopted a set of Common Implementing Rules (CIR) in 2014, which the EC has decided should also apply to Greenland. The objective of the CIR is, among others, the simplification and most efficient use of available resources. This is to be achieved, inter alia, through coherence and complementarity between the EFIs.

Complementarity and synergies with other EFIs are, however, not part of the intervention rationale for the GD. They are not referred to in either the GD or the PDSD, and since Greenland is not a developing country, there is limited interface with other development oriented EFIs that have poverty reduction as their prime target. Greenland does not have direct access to the EDF and, due to its high per capita income, it cannot access funding under the Development Co-operation Instrument (DCI), except for thematic programmes. Greenland also has a functioning democracy, political stability and good rule of law, and there is therefore limited complementarity between the objectives of the GD and the European Instrument for Democracy and Human Rights (EIDHR) and the Instrument contributing to Stability and Peace (IcSP). The Partnership Instrument (PI) has universal coverage, so a partnership with Greenland could be envisaged under the PI.

The SFPA and the GD are coherent and compatible. The SFPA is a commercial agreement and Greenland has full discretion in the use of the financial contribution from the EU. Apart from the commercial agreement, the SFPA also has an objective of securing a continuation, over time, of responsible fishing and sustainable fisheries by providing sectoral support towards capacity development in the administration of fisheries. There is, therefore, overall alignment in their objectives of contributing to sustainable development in Greenland. However, there is no evidence of synergies between the GD and the SFPA being sought during programming and implementation.

As Greenland is not receiving funding under other EFIs, there has been no need for operational-level collaboration between the GD and other EFIs. DG DEVCO does, however, co-ordinate with other DGs on Greenland-related issues – or instance, with DG MARE, DG TAXUD and EEAS. There is a general co-ordination and information/observation flow between relevant DGs on Greenland and OCTs in general to ensure alignment between the GD and SFPA, the EU Development Co-operation Policy, the EU Agenda for Change and Overseas Association Decision (interviews with DG DEVCO and DG MARE and counterparts in Greenland).

### **Is the GD in the appropriate institutional locus in the EU?**

The GD would be inconveniently placed in any DG of the EC. Geographically, Greenland belongs to North America and, as such, does not fit logically in DGs such as the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) or the Directorate-General for Regional and Urban Policy (DG REGIO). Greenland is an OCT and therefore seen as EU internal affairs rather than external affairs. Therefore, it could not be anchored in EEAS, even if this service is in charge of the EU Arctic policies and, consequently, may be the most appropriate place for the EU to anchor its policy dialogue with Greenland. Although Greenland

has been placed in DG DEVCO, it is not a developing country, which explains why the ways of engagement used in DG DEVCO are not always the most appropriate for implementing the partnership (see, for example, sections on effectiveness and efficiency). DG DEVCO has a mandate to engage with other DGs to ensure relevant inputs for the purposes of GD programming and implementation, and there is also a GD advisory group anchored in DG DEVCO, with participants from various DGs. However, it has not so far been feasible to engage other DGs/EEAS in more systematic policy dialogue with Greenland.

### 3.6 EQ 6 on leverage

#### **To what extent and how has the Greenland Decision and the PDSO leveraged further funds and/or political or policy engagement?**

Greenland is receiving limited funds from other EU sources, and has not been able to solicit additional funding (internationally or domestically) as a result of the GD. The GD has only to a limited extent leveraged further political and policy engagement beyond the education sector. There has been no progress towards setting up a framework for dialogue (beyond education), which was one of the objectives of the GD. Dialogue is held in various other forums on issues of mutual interest, which have given the parties a better mutual understanding. However, policy dialogue on global issue has, in general, been ad hoc, sporadic, and without systematic monitoring and follow-up. It has only led to limited convergence of ideas and opinions in relation to areas of collaboration mentioned in the instrument.

#### **3.6.1 Has Greenland managed to solicit additional funding as a result of the GD/PDSO?**

Greenland has access to different horizontal EU programmes via annex II F of the Overseas Association Decision, and is eligible for funding from EU programmes – subject to their rules and procedures (Article 94 of the OAD). Greenland as an OCT can be part of the European Groupings of Territorial Co-operation (EGTC) and draw on regional funds (Preamble para (35) Arts. 8, 93 (h) of the OAD). It also follows from the OAD that researchers from Greenland are eligible for participation in various exchange programmes. Greenland is further eligible for funding under other EFIs. In practice, the fact that Greenland has a high per capita income, political stability and good rule of law means that the country qualifies only for relatively small amounts of support. In contrast to other OCTs, Greenland is not currently eligible for EDF funding, although it is eligible for funding from the regional envelope under the OCT-EDF.<sup>23</sup>

These funding opportunities have been used only sporadically. However, Greenland has received funds from the OCTA, and has also been participating in the Northern Periphery Programme for many years, and is likewise participating in the Interreg Northern Periphery and Arctic Programme (NPAP). Greenland brings its own funds to these programmes, which are then distributed to Greenlandic partners. Greenland has further received funding under the EU “Programme on Communicative Barriers (COMBAR)” project, which created tools to overcome barriers – such as geographical remoteness – in vocational education and training (VET). A second phase of the Programme is now being funded through the EC’s Leonardo da Vinci programme.

Arctic research has occupied a key position in the various EU Arctic policies since 2008, and the EU contributed around € 200 million to international research activities in the Arctic through the Seventh Framework Programme (FP7). The Institute of Natural Resources in Greenland is a co-partner in three ongoing research partnerships funded by FP7. However, the institute also refrains from applying because of a lack of resources for fundraising (Interview with the Institute of Natural Resources, October 2016).

There is bilateral collaboration between institutions in Greenland and in EU MS. The relevant technical colleges have a very close collaboration with Danish universities, including the

<sup>23</sup>Under the framework of the 11th EDF-OCT resources, currently being programmed, sustainable energy has been proposed by OCTs as the concentration sector for several territorial and regional programmes.



Danish Technical University, and Sisimiut Technical College (KTI) has started discussions with Freiberg University of Mining and Technology in Germany, the European Federation of Explosive Engineers, and the European Institute of Innovation and Technology. According to the Technical College Greenland, there is substantial expertise in the EU that Greenland could benefit from. All in all, there seems to be unrealised potential for more collaboration between Greenland and European companies and institutions. However, many initiatives falter because of lack of resources – especially for engaging in what are perceived to be very resource-demanding and extensive EU application formats and monitoring and reporting requirements (Interview with Technical College Greenland, October 2016).

Greenland is also invited to participate in discussions and knowledge exchange in various forums that are otherwise exclusively for MS. Greenland has, for example, been invited to participate in the Arctic Stakeholder Forum, a consultation and dialogue mechanism that examines possibilities for co-ordinating various channels of EU investment and research funding for EU MS in the Arctic region, and for reaching consensus on overarching investment and research priorities. The Greenland Representation in Brussels has taken up the invitation. In 2010, the European Environmental Agency (EEA) and Greenland also signed a co-operation agreement to support sustainable development and to protect and improve the environment through targeted, relevant and reliable information to policymakers in Greenland and Europe (European Commission, 2012). However, Greenland often refrains from participating in these forums because of lack of resources (Interview with the Ministry of Nature, Environment and Energy, October 2016).

### **Are there other potential funding opportunities?**

Greenland is currently submitting a proposal for European Investment Bank (EIB) funding (through the earmarked OCT pool) and is in the process of accessing the EDF thematic fund for a climate adaptation project with other OCTs.

Greenland could also potentially benefit from the European Investment Plan (the Juncker Plan). The European Fund for Strategic Investments (EFSI), which is at the heart of the Investment Plan, is being set up within the EIB. It will mobilise additional investments in the real economy in areas such as infrastructure, education, research, innovation, renewable energy and energy efficiency. The EFSI is supposed to target projects that will, among other objectives, promote job creation, long-term growth, and competitiveness. At the moment, there is advanced discussion between Greenland and the EIB on a Greenlandic company receiving a loan for a mining project.

### **3.6.2 Has the GD/PDSD further strengthened the partnership and co-operation between the EU and Greenland (political or policy engagement)?**

There has been dialogue between the EU and Greenland on issues of mutual interest outside the budget support framework, and as a more indirect consequence of the instrument and its programming (please consult Volume II for an *indicative* list of these meetings and visits). There have been a number of high-level exchange visits, and President of the EC and the prime ministers of Denmark and Greenland signed a Joint Declaration in 2015.

Greenland and the EU also conduct dialogue on a variety of topics in multilateral forums such as OCT-EU annual forums and the Annual EU Arctic Indigenous Peoples' Dialogue meetings. In 2015, Greenland also joined the Kimberley Process to stop the trade in "conflict diamonds" through its association with the EU.<sup>24</sup> These initiatives keep the two parties updated with each other, and are valuable and instrumental in improving the mutual understanding between them.

Greenland also views the GD as a way to increase the EU's knowledge of the special circumstance of Greenland and the Arctic region.<sup>25</sup> The EU has been criticised by many Arctic countries, including Greenland, for lacking the understanding of the circumstances of the

<sup>24</sup> The process has not yet been in use as Greenland only recently (2017) opened a new ruby and sapphire mine

<sup>25</sup> See among others the contribution of the Greenlandic Government to the Open Public Consultation.

Arctic peoples and the need for a balance between sustainable development and the protection of the environment. The EU ban on seal products is an example of an issue where Greenland believed the EU demonstrated a lack of understanding of the unique circumstances of the Arctic people. The GD has, to some extent, offset this, according to Greenland, by contributing positively to a better understanding by the EU of the Arctic region and the challenges related to creating sustainable development in the region.<sup>26</sup>

There is, however, only limited evidence of the instrument and its programming having systematically strengthened the political and policy partnership between Greenland and the EU. The policy dialogue on issues beyond education has not been structured and results-oriented, and has only to a limited extent led to closer convergence of ideas and opinions on wider policy agendas, as called for in the instrument.

## 4 Conclusions

### 4.1 Conclusion 1: The GD is the result of a political settlement

The GD is a specific EFI that can only be understood against the background of the historical and political relationship between the EU and Greenland, and the evolving interests of all stakeholders – including those of the EU and its Member States, as well as Greenland. The instrument is a product of the EU Member States wanting to maintain fishing rights in Greenlandic waters and the EU wanting to expand its influence in the Arctic region. The EU therefore, to a large extent, views the GD as policy-enabling and attaches importance to the part of the GD that calls for convergence of ideas and opinions in relation to global issues. Greenland, on the other hand, views the GD as an enabler of future economic self-reliance, and attaches most importance to the development objective. The GD should, therefore, be seen primarily as a “political settlement” between these positions, concluded at Council level and influenced by the formal and informal rules of the game that prevail in the specific relationship between Member States, OCTs and the EU. It reflects a compromise whereby Denmark and Greenland were, to a large extent, able to push forward their agenda and determine the nature and content of the political deal.

### 4.2 Conclusion 2: The GD triggered positive dynamics between Greenland and the EU

The main stated objective of the GD has been to contribute to preserving the close and lasting links between the parties, while supporting sustainable development in Greenland. The programming of the GD has supported the fulfilment of this objective, even if attained results still remain limited. The fact that the EU has contributed to sustainable development in Greenland and brought the country closer to its overarching goal of economic self-reliance, and the fact that Greenland has been so much in control of the process, has ensured that the country is receptive to the EU playing a more prominent role in the Arctic. Greenland has, for example, been actively supporting the idea of the EU obtaining a permanent observer seat in the Arctic Council. The EU has also improved its knowledge of the special conditions of the people living in the Arctic region. This has the potential to inform and qualify EU policies for the Arctic region, especially if further EU Directorate-Generals and EU services become more closely involved in structured and regular policy dialogue with Greenland on a wider set of policy issues. The enhanced mutual understanding also has the potential to preserve close and lasting links between the parties.

### 4.3 Conclusion 3: The development aspects have been relatively effective and efficient

The development aspects of the partnership have been relatively effective in contributing to sustainable development in Greenland, due to the country’s strong political drive, coupled with its relatively strong administrative system. Although DG DEVCO is geared to respond to the

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<sup>26</sup>Interviews with Greenlandic ministries and representation in Brussels.

needs of developing countries, it has been flexible enough to adjust, for example, its reporting requirements to a Greenland context, which has improved the efficiency of the programming. The development part of the GD has thus been an example of a genuine partnership with true country ownership, in line with principles of aid effectiveness. This is a key enabling factor for its success. The ownership, however, rests mainly with the GoG. Non-state actors and local authorities in Greenland perceive the GoG consultation processes, with regard to the EU support programme, as leaving something to be desired. There is also room for improvement in the monitoring framework. The indicators of sustainable development in Greenland in the GD are not all equally appropriate.

#### **4.4 Conclusion 4: Limited convergence of ideas and opinions**

The GD and its programming have not delivered on effective political dialogue with regard to global issues. A framework permitting regular dialogue on global issues has not so far been established, policy dialogue on global issues (beyond education) has not been structured and results-oriented, and there has been only limited “convergence of ideas and opinions” on the global issues mentioned in the instrument (beyond education). This is mainly due to the fact that neither Greenland nor the EU have demonstrated enough concrete interest in establishing such structures and in setting aside the necessary resources for conducting policy dialogue. It is a case of missed opportunities, as political dialogue on a broader range of global issues involving more EU DGs and services could have further improved the EU’s understanding of the special circumstances of the Arctic region. This would have been relevant to Greenland, to the EU’s ambition of playing a more influential role in the region, and to the objective of preserving close and lasting links between the EU and Greenland.

#### **4.5 Conclusion 5: There is scope for deepening the political partnership between the EU and Greenland**

There is scope in the near future for deepening the political partnership between the parties involved, provided that the practice of dialogue can be improved through a better identification and articulation of interests, the development of a suitable dialogue framework, and a clear allocation of roles and responsibilities (particularly on the EU side).

### **5 Recommendations**

#### **5.1 Recommendation 1: Re-adjusting the development aspects**

The EU and Greenland may consider broadening the bi-annual policy dialogues on education to include wider contextual dimensions – such as social and cultural issues, social mobility, balancing the supply and demand of labour, and urban-rural development. Consideration should also be given to revisiting some of the targets of the education programme, as they are not all equally ambitious. In addition, other types of indicators could add value – for example, including process indicators on stakeholder engagement. Adjusting the indicators of sustainable development in the instrument itself should also be considered. As an example, the Europe 2020 Agenda for Change could provide inspiration for how to look more broadly at labour market skills.

#### **5.2 Recommendation 2: Clarify how the instrument can be used to further political aims**

While support for the sustainable development to Greenland is well-organised and effective, the EU should rethink *how* the instrument can also better deliver on the wider political aims of the partnership – that is, in terms of responding to global challenges through a proactive dialogue on issues of mutual interest. Improving the practice of the political partnership is key to seizing new opportunities and ensuring the continuing relevance of the instrument beyond 2020.