



**DENMARK'S  
MULTILATERAL  
DEVELOPMENT  
COOPERATION  
TOWARDS 2015**

August 2008

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# 1. PREFACE

Poverty reduction, peace and security, sustainable development and a stable climate are challenges which, in a globalised era, cannot be provided by individual countries alone – and certainly not in the poorest part of the world. Therefore, it is more necessary than ever to establish mutually binding partnerships and international development cooperation.

At the same time, we face a multilateral architecture of development cooperation, which is not sufficiently up-to-date. There is a need for reforming and restructuring the multilateral system to ensure development for the benefit of the world's poor, to create sustainable economic growth and to find international, binding solutions to new global challenges.

In the autumn of 2007, the Danish Government initiated a review of the Danish multilateral development cooperation with the aim to further promote the quality and efficiency in and of the multilateral development assistance. The result is here presented in the form of new principles for Denmark's multilateral development engagement, showing how Denmark in the coming years will live up to its *global responsibilities* within the international development cooperation.

*Poverty reduction* is the overriding objective for Danish multilateral development assistance as well as for the bilateral development assistance. It is our partner countries in Africa, Asia and Latin America that can best judge whether the multilateral assistance makes the necessary difference. It is absolutely crucial that development assistance is based on the partner countries' own strategies, systems and programmes in accordance with the Paris Declaration on increased effectiveness of development assistance. Denmark will work to ensure that the poorest developing countries get the opportunity to exercise influence in the international organisations, and thus also ensure that the partner countries achieve an even greater voice on how also the Danish multilateral development assistance is to be used.

Denmark wants the multilateral development cooperation to be *relevant* and *effective*. In the concrete allocation of the Danish development assistance, focus must continuously be on where the funds will benefit the most. How can the priorities of the Danish development policy best be pursued with due respect for the different mandates of the organisations? How to ensure maximum benefit from each of the Danish multilateral development assistance donations – and where can we achieve maximum impact? It is also a key issue to find out how Danish development assistance can help to *strengthen the international development cooperation* by encouraging decisive reforms in the multilateral architecture of development cooperation.

Denmark will continue its active multilateral development engagement with Danish assistance focusing on fewer organisations in order to achieve greater *influence* on the policy making and development of selected organisations.

## 2. RATIONALE AND OBJECTIVES

A stronger and more effective multilateral engagement in the development agenda is a prerequisite for fighting poverty and hardship in the world's poorest countries in order to further effective and accountable states and global security. Through the multilateral organisations, Denmark can promote fundamental values and universal principles of human equality, freedom and the right to a life in dignity.

**Responsibility, but also self-interest.** Denmark has first and foremost a responsibility in relation to the world's poor to contribute to improvements in the global multilateral development policy and assistance. But our multilateral development engagement is also based on an element of *self-interest*. The nature of local problems quickly assumes global dimensions, and today no state or region is an isolated island. In the era of globalisation, we are all connected.

### Cornerstones in the multilateral development engagement

#### Creating global norms and standards

At the UN General Assembly, at international conferences and in the day-to-day work, standards are set for the international community. One example is the adoption of the UN Millennium Development Goals and the UN Millennium Declaration.

#### Legitimacy

The global, institutional membership basis and neutrality of multilateral organisations gives legitimacy and thus the drive to act; in particular in disaster, conflict and post-conflict situations.

#### Public goods

Many of the challenges of globalisation deal with regional and global public goods such as climate-proofing and security. The multilateral organisations have good preconditions to form alliances, also with non-traditional partners, on binding international development cooperation based on common principles for sustainable development.

#### Economies of scale

For instance by having special capacity in selected areas – technical expertise and/or capacity to coordinate – and a more comprehensive country representation.

**Some tasks are best dealt with multilaterally.** Denmark's multilateral development engagement cannot be seen in isolation – but must be seen as a cogwheel in the foreign

policy and development policy. The engagement is central to Denmark's relation to the world as well as the world's relation to Denmark. Common problems are best dealt with by taking joint action.

In some situations a task is best solved through an effort and approach which represents the international community, for instance human rights missions, monitoring missions and peacekeeping activities. Other tasks are of such a scope, for instance creating infrastructure, that there will be a need for a strong engagement through the international financial institutions or the EU. Finally, the partner country may have an explicit desire for a multilateral partner with regard to neutrality or special expertise. In the given situation, it is essential that attempts are made to establish the most effective division of labour between bilateral and multilateral partners.

**Increased impact of the multilateral development engagement.** Denmark wants to optimise its influence in the multilateral organisations in relation to the priorities of the Danish development policy while at the same time respecting the different mandates of the organisations. We will focus our contribution to the organisations – both quantitatively and qualitatively. Our contribution will be linked to results and relevance at country level as well as progress in relation to the reform agenda and the normative work.

### **Objectives**

Denmark wants *poverty reduction* to be maintained as the core objective of the activities of the international development organisations. This implies that the proportion of funds allocated to low-income countries and to meeting the needs of the poorest population groups remains a key parameter to assess the organisations.

Denmark wants the *international development organisations to adapt to the global challenges and opportunities* that we face today. This means that Denmark will focus the Danish multilateral engagement even more in accordance with the desire for an effective and rule-based global engagement.

### 3. CHALLENGES

**Globalisation underlines the importance of effective international organisations.** There is a growing realisation of the link between security in the Western world and the comprehensive and multidimensional poverty in developing countries. Global economic growth and population growth reinforce the international climate and environment challenges and increase the competition for energy sources and food. Diseases can spread across borders and the health of the populations requires international cooperation. Population growth in the world's poorest countries means an even greater pressure on weak health and education systems, urbanisation and migration. And it is typically the poorest groups of people who will be most exposed to the negative consequences of globalisation. If a higher price level for food is not matched by increased incomes in developing countries, more people will be pushed into food insecurity and extreme poverty. The competition for basic resources increases the risk of social and political unrest, and the worst consequences can lead to real conflicts, especially in fragile states.

Goods such as peace, security, a stable climate, a clean environment, well-functioning food markets and health can, in other words, not only be provided within or by the nation state. They are global public goods – issues which transcend national borders. The multilateral and international organisations often have a comparative advantage in providing these global public goods, among other things because of the link between establishing norms and standards and the operational and practical work in the field.

**Sub-Saharan Africa is lagging behind – a special role for the multilateral organisations.** The proportion of extremely poor people fell from a third of the world's population to less than a fifth between 1990 and 2004. If the development continues, the Millennium Development Goals for poverty reduction (halving the proportion of extremely poor people) can be achieved globally. Economic growth has been significant in developing countries since 2000. Low-income countries in Africa and South Asia have had a stronger economic growth rate than at any time since the 1960s.

Despite the positive features, the development is insufficient for Africa to meet the Millennium Development Goals. The proportion of poor people in Africa has fallen since 2000, but the high rate of population growth means that the total number of people living in extreme poverty remains high. The multilateral organisations have a special role in the fight against world poverty, and thus an obligation to work for more and better development assistance to sub-Saharan Africa.

**Need for increased multilateral engagement in fragile states.** While progress is being made in a number of relatively well-functioning developing countries, projections show that an increasing proportion of the world's extremely poor people will live in fragile

situations and/or fragile states in the future. With the exception of countries that are the focus of world attention, for instance Afghanistan, this group of countries does not receive official development assistance that matches their share of the burden of poverty. As a result of this, a number of fragile states are at risk of becoming totally marginalised.

The high risk of crisis and conflict is a separate issue in fragile states. Crises and conflicts lead to human rights violations and high social and economic costs, which not only have implications for the countries themselves but also have damaging effects at regional and international levels. Development assistance may contribute to preventing, reducing and resolving conflicts, but it is generally more difficult to provide assistance to fragile states than to more well-functioning developing countries. These are complex situations where coordination is required, and the entire toolbox of the international community must be applied.

## 4. TRENDS IN THE ARCHITECTURE OF DEVELOPMENT COOPERATION

**Pressure on the multilateral system for reforms.** The UN and the development banks were established in the years after World War II, and their structure reflects the balance of power and the movements in the international policy agenda in the post-war years. In recent years, a wealth of new international organisations and funds have been established in the area of development cooperation, including in the areas of health, education and climate, largely in response to the lack of effectiveness of the existing system, especially at country level. This emphasises the need for a real reform and restructuring of the multilateral system.

**Fulfilment of promises of increased international development assistance is lagging behind – tendency of increased multilateral assistance.** There is a trend towards increasing international development assistance, however not at the speed which was promised in Monterrey in 2002 and last in Gleneagles in 2005 and which is a prerequisite for meeting the Millennium Development Goals.

The official development assistance of the DAC countries will remain the dominant source of non-commercial transfers to developing countries<sup>1</sup>. But at the same time, the private sector, NGOs and private companies increasingly provide development assistance directly or through various forms of profiled partnerships with both multilateral organisations and bilateral donors, such as the Gates Foundation and GAVI (Global Alliance for Vaccines and Immunization). These players are characterised by a very direct linkage to global media and policy makers.

All in all, the growing development assistance in some DAC countries and growing private transfers to development purposes imply an increasing use of multilateral channels. This is basically a positive change, but it means that Denmark's relative financial size, particularly in a number of UN agencies, is likely to be challenged.

**Changes in the global multilateral assistance towards the joint EU development assistance and thematic vertical funds.** There have been a number of shifts in the relative sizes of the multilateral organisations.

In 2006, joint EU development assistance accounted for 36 per cent of the international official *multilateral* development assistance (against 28 per cent in 2000). At the same time, the EU has a wide palette of political-economic objectives and instruments in relation to the international agenda that go beyond the development assistance agenda.

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<sup>1</sup> Together with remittances – migrants and refugees sending money back to their home country.

On the whole, the EU development assistance<sup>2</sup> today is the largest in the world, constituting almost 60 per cent of the international official *global* development assistance. A number of factors suggest that the EU and the EU Commission will have an increasing influence in international development cooperation in the years to come: increased budgets of development assistance, global presence, increasing coordination between the Member States and the strengthening of the EU as a political factor.

An explosive increase in the number of new structures can also be observed. Partly as mushrooming within existing organisations and partly as supplements to the conventional multilateral system. An example of the latter, which plays a significant role, is the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFTAM). GFTAM was established in 2001 and already in 2006 it received six per cent of the total international official *multilateral* development assistance.

### **Fragmentation and earmarking challenge the efficiency of development assistance.**

Today, there are more than 230 different international organisations, funds and programmes, which are all basically competing to attract the same donor money. Generally, the number of development assistance partners – multilateral as well as bilateral – per developing country is increasing. It follows that the average size of the assistance is decreasing. Another similar trend is the increased targeting of multilateral funds for specific thematic purposes and programmes. At the global level more than half of the contributions to multilateral organisations in 2005 were earmarked. This has generally contributed to reducing the operational scope for the individual organisations.

**New approaches from the “new” donors.** A further trend in the architecture of development cooperation is the increasing presence of “new” countries – including Brazil, Russia, India, South Korea and China – as donors. In this group of countries there is a tendency to have a regional focus, to have a project approach and to have a close relationship between own national interests, including energy security, and the development assistance. Overall, this means more resources for development, which is positive. However, it also contributes to the increased complexity of the global architecture of development cooperation, and it places new demands on Denmark and like-minded donors to build new alliances in the multilateral forums.

**Efficiency of development assistance – also a multilateral priority.** The multilateral organisations participate in the Paris work concerning increased development assistance efficiency at country level. This applies particularly to the World Bank, but increasingly also to the UN system. However, for the time being the United Nations has more focus on internal coordination of the UN agencies, not least through the *Delivering as One* initiative. At the European level, the EU Member States with the adoption of the *European Consensus*, have launched a process regarding the international commitments

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<sup>2</sup> EU development assistance is the assistance provided by both the EU Member States and the European Commission. The joint EU assistance is the assistance that is administered by the European Commission (EC).

that is more extensive and ambitious than the principles contained in the Paris Declaration. A European consensus with ambitious principles on how to further the efficiency of development assistance in the humanitarian field has also been developed.

## 5. EXPERIENCE

**Good experience of decentralisation of multilateral development assistance – a need to focus on the interaction between bilateral and multilateral engagement.** The Danish administration of the multilateral development assistance was decentralised in 2005. The decentralisation entailed that the Danish UN missions in New York and Geneva and the embassies in Washington and Rome were given primary responsibility for the management of the part of the multilateral assistance that goes to specific organisations. The main tasks of the multilateral departments in the Ministry of Foreign Affairs of Denmark were focused on overall policy and strategy development and the promotion of cross-cutting issues such as the Millennium Development Goals, UN reform and international environmental and humanitarian efforts as well as EU development assistance.

The decentralisation has led to a strengthening of the quality and effectiveness of the ongoing dialogue with the organisations. The dialogue, anchored in concrete organisation strategies, has become more specific and result-oriented. At the same time, the preliminary experience indicates that there is potential for an even greater degree of common prioritising and coordination between the multilateral and bilateral development assistance. Denmark's bilateral engagement should be further strengthened by the multilateral experience and actions, and *vice versa* in relation to the multilateral engagement.

**Potential for further focusing.** There has been a major focusing of Denmark's multilateral development assistance since 2001. However, there is still a significant spread in the distribution. In 2002, multilateral development assistance was disbursed to 180 organisations. In 2006 to 133 organisations. There is a predominance of small payments – about two thirds of the recipients received contributions of less than DKK five million annually.

**Concentrating on the largest recipients of multilateral assistance.** Table 5.1 lists the ten largest recipients of multilateral development assistance in 2007. Denmark is among the ten largest contributors in around half of these. There is only a slight variation in who is among the ten largest recipients of multilateral development assistance in the period 2001-2007. See table next page.

**Table 5.1. Disbursements to the ten largest recipients of multilateral development assistance and Denmark's relative financial weight in 2007.**

Organisation	DKK million	Denmark's ranking
EU	1,313.2	-
World Bank	746.8	16 (IDA 15)
UN Development Programme (UNDP)	482.1	7
UN Children's Fund (UNICEF)	204.6	8
UN World Food Programme (WFP)	200.5	13
UN Population Fund (UNFPA)	184.0	6
The African Development Bank and The African Development Fund	174.1	10 (ADF 11)
Nordic Development Fund	161.4	-
Office of the UN High Commissioner for Refugees (UNHCR)	140.9	6
The Global Fund to Fight HIV/AIDS. Tuberculosis and Malaria	140.0	15

[The table with Denmark's position is based in part on figures from 2006 as the 2007 figures are not yet available]

**The proportion and distribution of multilateral development assistance is relatively stable.** Over the period 2001-2007, the Danish multilateral development assistance amounted to between 30.4 and 36.1 per cent of total Danish development assistance. The share of assistance to the UN agencies, the World Bank Group and the regional banks, respectively, has been relatively stable, with an increase in the statutory development assistance to the EU system.

Table 5.2. Breakdown of multilateral development assistance 2001-2007	2001	2002	2003	2004	2005	2006	2007
Total multilateral development assistance (DKK million)	4,140	4,212	4,146	4,388	4,506	4,589	4,967
<b>Hereof (per cent of total):</b>							
- The UN System	43	39	41	42	41	40	38
- The EU System	18	21	23	24	26	28	26
- The World Bank Group	13	12	12	14	13	12	15
- Regional Development Banks	7	12	9	7	7	6	8
- Other multilateral assistance	19	17	15	13	13	14	13
<i>Total</i>	100	100	100	100	100	100	100
<b>Per cent of total assistance</b>	30.4	32.5	36.1	35.9	35.6	34.5	35.6

## 6. PRINCIPLES OF DANISH MULTILATERAL DEVELOPMENT ENGAGEMENT

**Poverty-oriented and long-term multilateral development cooperation engagement.** The multilateral assistance effort is based, as is also the bilateral development assistance, on a long-term commitment, where it is Denmark's goal to make a difference as a credible partner that maintains the focus on the UN Millennium Development Goals and on poverty reduction.

As a small country with an open economy, Denmark has a clear foreign policy interest in an effective multilateral system which can meet the challenges of the future. Therefore, Denmark contributes substantial development assistance through the multilateral organisations. Together with an active engagement, this development assistance gives Denmark an opportunity to generate influence beyond what we as a small nation could otherwise expect. Thus, the multilateral system helps to provide a framework for coordinating diplomacy, security and development.

**A more strategic and focused approach.** The increased complexity of the architecture of international development assistance has generally underlined the need for a more strategic and harmonised approach for donors as well as recipients of development assistance. The core challenge is to achieve a more strategic and focused approach. Therefore, the funds are channelled through the most effective organisations in order to meet the Millennium Development Goals and in accordance with the developing countries' own development strategies.

**Fewer, but larger contributions.** The global multilateral development assistance is expected to increase in the coming years, at the same time as the architecture of international development assistance and the interaction between the various players are becoming increasingly crucial issues. Concerning Denmark, this is a situation where it is possible to achieve greater development policy impact by focusing the multilateral development assistance on fewer organisations. Significant financial and long-term contributions, together with focused and dedicated work in the organisations, could give Denmark a stronger voice in relation to shaping the international organisations' policy development, the dialogue with developing countries and their work to define global norms and standards.

**More systematic, less automatic.** Henceforth, contributions to multilateral organisations will systematically be assessed on the basis of four parameters. There will be no automatism in the allocation of funds and no fixed division between multilateral and bilateral development assistance. There will be no "either-or" parameters. The international organisations will be expected to live up to all the parameters – although to a different extent. The concrete Danish policy of contributing to the organisation will

depend on a continuous and comprehensive assessment of the parameters within the framework of the overall priorities of the Danish Government's development policy.

### **The four parameters of the Danish multilateral development engagement**

#### **1. Partnership**

The organisation is serious in its partnership with the developing countries and other international organisations, and it is regarded as a constructive and effective partner in and by the poorest developing countries.

#### **2. Relevance**

The mandate of the organisation is relevant in relation to the objectives and priorities of Danish development policy. The organisation has an appropriate mandate and/or it is part of a clear division of labour in the international architecture of development cooperation.

#### **3. Efficiency**

The organisation contributes effectively to the goals set up by the organisation itself. Among other things, this applies to the relative effectiveness of the organisation in relation to other relevant channels, including bilateral assistance.

#### **4. Dialogue and strategic influence**

It is possible for Denmark, through dialogue with the organisation and by working in the governing bodies, to achieve strategic influence on the policy making of the organisation, the operational actions and the resource allocation.

**Ratings and evaluations based on existing systems.** The assessment of the four parameters will, among other things, be based upon the follow-up of the Danish organisation strategies and on the evaluations which other countries or research institutions prepare. Moreover, the studies carried out by multilateral and bilateral organisations themselves of how their partner countries assess the effectiveness and relevance will be central ("partnership surveys"). Furthermore, Denmark participates in the MOPAN Network (Multilateral Organisations Performance Assessment Network), together with ten other donors that have a common interest in monitoring the effectiveness of multilateral organisations.

Quality assurance, which is based on information generated by the Ministry of Foreign Affairs of Denmark, will be complemented by independent evaluations of the effectiveness of the multilateral organisations. Since 2004, it has been accepted practice under the auspices of DAC not to evaluate the multilateral organisations individually but, instead, to use the evaluations produced by the multilateral organisations' own independent evaluation teams.

**Explicit strategy for influence.** As an integral part of the organisation strategies, Denmark will explain how and in what areas influence is being sought in each organisation. This will be done by strengthening the link between financial contributions – core and earmarked contributions – dialogue, working in the governing bodies and building alliances with like-minded countries as well as new players.

Denmark also has an interest in promoting the employment of Danes in international organisations, first and foremost in order to make qualified personnel and management resources available for the organisations.

At the same time, an effective Danish commitment to the multilateral organisations will make it vital to prioritise human resources in order to ensure that Denmark maximises the influence which the contributions to the international organisations create opportunities for.

## **Modes of multilateral development assistance**

### **Core contributions**

As a rule, Denmark will grant multi-annual core contributions. In the organisations in which Denmark is a strong core contributor Denmark will make it a priority to participate in the consultative donor groups and other working groups which set the strategic directions. Importance will be attached to providing significant technical input to the dialogue.

### **Earmarked contributions**

Denmark will use earmarked contributions as the exception rather than the rule. In cases where it is considered appropriate in relation to the promotion of a particular country-specific kind of (multilateral-bilateral) development assistance or thematic priority (for instance through a vertical fund) the use of earmarked contributions will have to be justified explicitly, including how to ensure effective coordination at country level.

### **Common donor mechanisms at country level**

When Denmark provides country-specific contributions through multilateral organisations, these should to the widest extent possible be included in the joint donor mechanisms (including coordinated appeals for emergency assistance) or in national structures.

It applies to all the modes of development assistance that the time horizon and the framework for the Danish engagement will be stated explicitly in order to ensure an ongoing assessment of the organisation's mandate in relation to the current situation while providing a basis for concrete considerations about the future cooperation.

**Focus of the main areas of assistance in the multilateral field.** Firstly, there is assistance directed towards a specific *theme*, a particular *region* or a *specific group of people* which because of its nature requires an international approach. It could, for instance, be the fight against HIV/AIDS, climate and environment assistance, the promotion of human rights or the rights of children and indigenous peoples. Here focus should be on organisations that have a special mandate and a comparative advantage in relation to the concrete assistance. For instance UNICEF when it comes to children or IWGIA to promote the rights of indigenous peoples.

Secondly, there is assistance with a focus on promoting *economic growth, employment and creating infrastructure*. Here the interest will often be for a strong engagement through well-capitalised organisations such as the World Bank, regional development banks, or the European Commission, which can combine substantial financial resources with high technical expertise.

Thirdly, there is assistance aimed at dealing with *new global challenges* where a truly global framework has not yet been established and where there, consequently, is a need for developing new standards and approaches. It can, for instance, be issues such as climate change, migration, terrorism or infectious diseases. Often the UN system will have a particular comparative advantage when it comes to developing new approaches that can be adopted at the global level.

Fourthly, there is assistance in *fragile states* and *post-conflict societies*. Here, there is often a relatively weak bilateral presence and a high demand for multilateral actors that are seen as more legitimate. As countries move away from conflict, a need will often arise for investments demanding large sums of capital and thus also active cooperation with, among others, the World Bank and bilateral actors. The EU is likely to be an increasingly important partner in fragile states because of the extensive representation at country level and strong humanitarian and development assistance to this group of countries.

Fifthly, there is *humanitarian assistance*. Humanitarian assistance has special features that distinguish it from the long-term development assistance and are based on universal principles of impartiality, neutrality and independence. Humanitarian disasters and conflicts are characterised by the fact that the rights and basic needs of those suffering cannot be addressed without international support. Danish assistance will therefore focus on organisations that most effectively can deliver the emergency aid and prevent violations of basic rights. On the multilateral side, specialised UN agencies such as the UNHCR and the UNRWA as well as the ICRC/IFRC have a particular comparative advantage because they combine an emergency and a protection mandate. At the same time, the WFP and the Red Cross movement have the world's largest logistical capacity to deliver relief quickly.

# 7. DANISH MULTILATERAL DEVELOPMENT COOPERATION AS OF 2009

**Priorities and consequences of the allocation policy.** In the concrete allocation of Danish development assistance, there is a need for continuously pinpointing where the funds will benefit the most. What organisations ensure concrete and desired results globally and at country level, how can the greatest efficiency be achieved – and how can the Danish development policy objectives in the multilateral area best be met? These questions are especially relevant to the distribution of development assistance between the multilateral organisations, which to a certain extent have overlapping mandates. There is a need for focusing in a determined manner on the comparative advantages and efficiency of individual organisations in relation to specific areas of assistance. There will be ongoing prioritising within the overall multilateral framework with reference to the principles for the multilateral development engagement. In the period 2009-2013, a reprioritisation is planned of the multilateral and bilateral assistance worth at least DKK 2.5 billion.

**Focusing on the contributions to the UN.** Denmark will implement a genuine focusing of the assistance to the UN system, among other things in accordance with the objective of implementing reforms of the UN operational activities in order to ensure stronger UN activities at country level and an effective international division of labour. The desired global division of labour in relation to development policy ought to be guidelines for the themes that the UN organisations, according to the Danish point of view, should prioritise in accordance with their mandates and comparative advantages. Overall, the UN system, in particular funds and programmes, should continue to give priority to achieving the UN Millennium Development Goals on the basis of a rights-based approach which combines the normative and operational roles of the organisations. Also the challenge of food security will require an effective and coordinated effort by the UN in the coming years.

This means, among other things, that the Danish support to the World Food Programme (WFP) over the period 2009-2011 is expected to be focused exclusively on humanitarian assistance (and thus a phasing out of allocations for development assistance worth DKK 680 million). Furthermore, an increased commitment is planned in 2009 to the next replenishment of the International Fund for Agricultural Development (IFAD).

From Denmark's point of view, a special thematic priority will be increased efforts to strengthen the role of women as actors in development, especially in the economic field. In this matter, it will be important that the UN system works to strengthen its handling of gender equality and gives high priority to gender equality in its efforts to fulfil the Millennium Development Goals.

The UN system, and not least the UNDP, should furthermore play a special role in relation to fragile states, in particular to conflict and post-conflict countries. In addition to the continued development of the assistance in this area, it is important that the activities of the operational development organisations are linked more closely with the work and the decisions of the Security Council and the UN Peacebuilding Commission. Furthermore, Denmark will work for a better linkage between the UN and the World Bank in relation to assistance in fragile states.

**High priority to low-cost loans to the poorest countries through the World Bank's International Development Association (IDA).** The development priorities of IDA correspond to the Danish priorities with the overall objective of effective poverty reduction in accordance with the Millennium Development Goals, focused mainly on Africa, and on the basis of the developing countries' own strategies and systems. In addition, the World Bank has defined a number of priority areas, which are also central Danish priorities, for instance fragile states and climate change.

At country level, IDA is playing a challenging dual role, where the organisation partly is providing financial assistance and technical advice of a considerable magnitude and partly is expected to have a special role in relation to the debate on how to ensure greater effectiveness of development assistance. Overall, this makes IDA an important strategic and relevant partner for Denmark in relation to the promotion of Danish policy priorities vis-à-vis recipient countries and other development partners. In addition, there are thematic programmes such as the FTI (Fast-Track Initiative) in education. It is particularly important to work for greater synergy between IDA, the FTI and other thematic programmes and the bilateral engagement in the various policy areas. The limited Danish contribution to the World Bank's organisation for development of the private sector (IFC) is expected to be phased out, as business development will be focused on bilateral assistance.

**Africa-focus in the cooperation with regional development banks.** The African Development Bank and Fund, with its ongoing modernisation process and its unique African character and knowledge, is an interesting development partner for Denmark. The Danish contribution helps to strengthen an African regional organisation which plays an important role in the architecture of African development cooperation. In light of Denmark's increased focus on Africa, Denmark will have a close dialogue with the African Development Bank and closely follow the reform process and seek to exploit the benefits that cooperation with the Bank and the Fund can offer.

The Inter-American Development Bank and the Asian Development Bank are generally considered to be well-functioning and effective development banks, which – in addition to being financially well-founded – enjoy considerable trust and respect in the regions. In light of the Government's policy of prioritising poverty reduction in its development assistance and the geographical priority for Africa, no new commitments to the Inter-American Development Fund and the Asian Development Fund are planned after 2009.

**Strategy for EU cooperation on development policy.** When it comes to development policy, Denmark is among the significant players within the EU, and we have far greater influence than our economic allocations can justify. In absolute, financial terms Denmark is a relatively small donor to the European Union. The Danish contribution to the joint EU development assistance (the EU budget and the European Development Fund) is compulsory and will among other things depend on the growth of the Danish economy. The contribution is now about one fourth of the total Danish multilateral development assistance and it is the biggest single share of Danish multilateral assistance.

The joint EU development assistance will probably grow in the future. In addition, the EU will be a bigger player in the international development cooperation in a broad sense, both in multilateral forums and at country level. Against this background, there is a need for Denmark to further clarify its positions on the EU's development cooperation and particularly to what areas we want to pay special attention. Therefore, in 2009 Denmark will draw up a strategy for the Danish priority of, and approach to, the EU development cooperation.

**Poverty-oriented environment and climate assistance.** Denmark will give high priority to the international environment and climate activities, also in light of the forthcoming hosting of the 15th Conference of the Parties under the United Nations' Climate Change Convention (COP15) and the subsequent implementation of a new global climate agreement. Denmark will work to ensure that the use of resources is coordinated and integrated in the best possible way.

The international handling of the environmental challenges is characterised by a high degree of regulation of standards, by a thematic and institutional complexity and by being an issue for all countries in the world. In the years to come, there will continue to be a need for Denmark to use its global environment allocations to ensure that key international environmental players have the capacity to implement a poverty-oriented environment and climate agenda.

It will remain the aim that the majority of the global environmental allocations are granted as core contributions with no, very few or very soft earmarks. Instead, the accountability and efficiency of the organisations is to be strengthened through target and performance management. In the case of development organisations such as the World Bank and the UNDP, which do not have the environment as a core mandate, it will still be necessary to use earmarked contributions as an instrument, in part to ensure that the environment is integrated as a transversal consideration and in part to ensure increased involvement in selected areas.

**Focusing the assistance to combat HIV/AIDS and promoting sexual and reproductive health and rights (SRSR) on fewer multilateral organisations.** In 2006, the Government decided to double the assistance to the fight against HIV/AIDS to DKK 1 billion in 2010.

Hence, combating HIV/AIDS and the promotion of SRSR will also be a major Danish priority in the years ahead – not least within the multilateral assistance. A restructuring of the Danish assistance in 2009-2013 worth DKK 750 million will be implemented, and the assistance will be focused on core contributions to organisations with broad mandates such as the UN's programme to fight AIDS (UNAIDS), the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFTAM) and the International Planned Parenthood Association (IPPF).

**The humanitarian assistance: core contributions and flexibility.** By providing significant core contributions, Danish influence on the work and strategic priorities of the organisations is secured. As an important core contributor, Denmark participates in the advisory donor committees and other working forums in which the strategic direction is set. At the same time, through core contributions Denmark supports the *Good Humanitarian Donorship* and the organisations' need for financial predictability, planning and prioritisation of resources.

## 8. CONCLUSION

The Government will ensure that Denmark's multilateral development engagement contributes effectively to the development of a transparent and rule-based agenda for development assistance which contributes effectively to meeting the UN Millennium Development Goals.

Multilateral organisations must continue to become better at cooperating with recipient countries and bilateral donors on poverty reduction. And the multilateral organisations have a special role in providing global public goods, including conflict management, post-conflict assistance, food security, and resolving humanitarian crises and environment and climate problems.



# MINISTRY OF FOREIGN AFFAIRS OF DENMARK

Danida

In the autumn of 2007, the Danish Government initiated a review of the Danish multilateral development cooperation.

The result is here presented in the form of new principles for Denmark's multilateral development engagement, showing how Denmark in the coming years will live up to its global responsibilities within the international development cooperation.

Denmark wants the multilateral development cooperation to be relevant and effective. In the concrete allocation of the Danish development assistance, focus must continuously be on where the funds will benefit the most. It is also a key issue to find out how Danish development assistance can help to strengthen the international development cooperation by encouraging decisive reforms in the multilateral architecture of development cooperation.

Denmark will continue its active multilateral development engagement with Danish assistance focusing on fewer organisations in order to achieve greater influence on the policy making and development of selected organisations.

The Government will ensure that Denmark's multilateral development engagement contributes effectively to the development of a transparent and rule-based agenda for development assistance which contributes effectively to meeting the UN Millennium Development Goals.

Multilateral organisations must continue to become better at cooperating with recipient countries and bilateral donors on poverty reduction. And the multilateral organisations have a special role in providing global public goods, including conflict management, post-conflict assistance, food security, and resolving humanitarian crises and environment and climate problems.