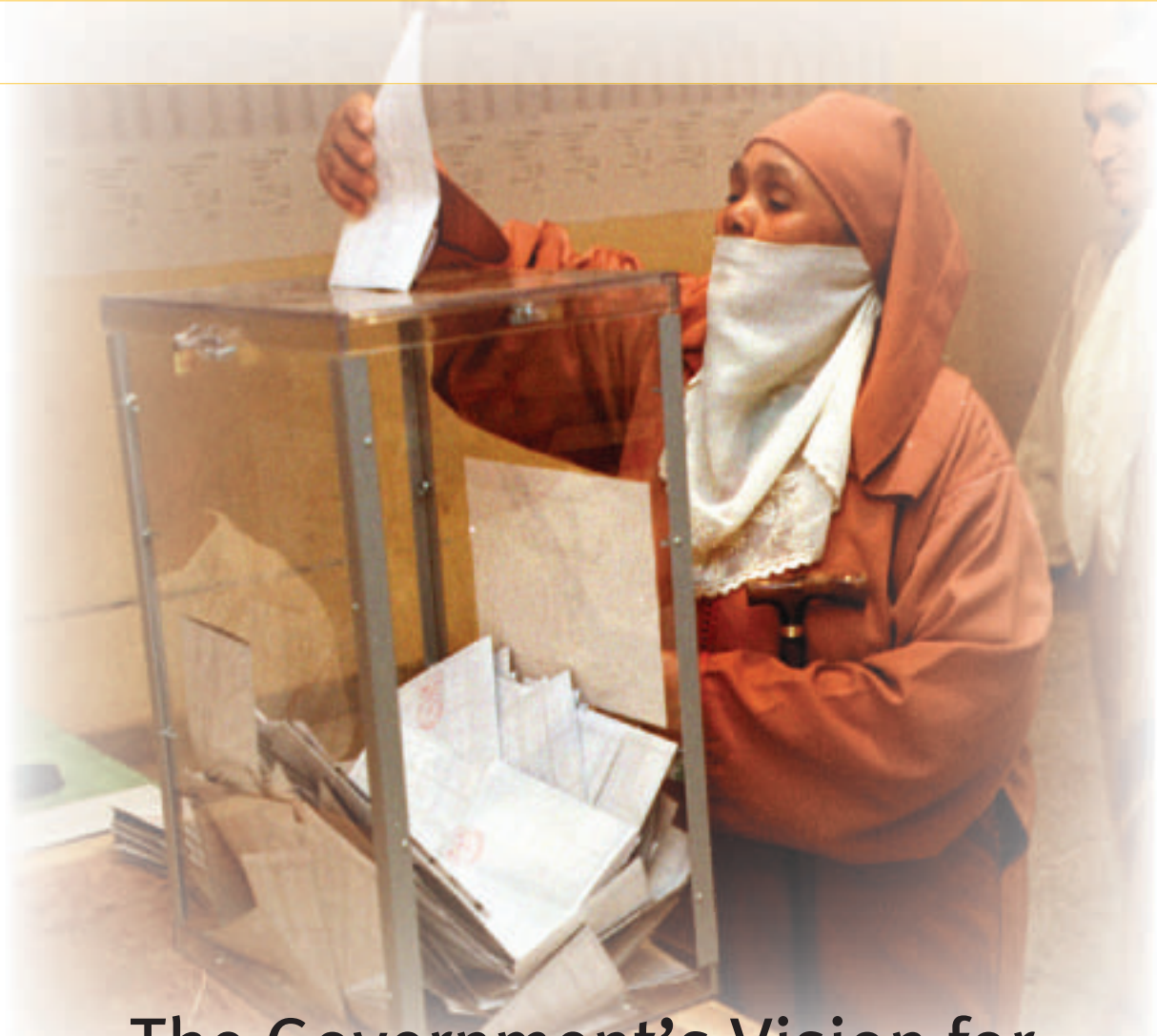


# A World of Difference



**The Government's Vision for  
New Priorities in Danish  
Development Assistance  
2004-2008**

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# A World of Difference

## The Government's Vision for New Priorities in Danish Development Assistance 2004-2008

### I. New Opportunities, Challenges and Threats

The world has changed dramatically in recent years. New opportunities have emerged. New challenges have materialised. And at the same time, new - and old - problems are threatening world stability. But new realisations have also been made as a consequence of good as well as bad experiences. Development assistance must relate to a changing world in order to ensure that the Danish assistance is focused, effective and up-to-date.

Development policy is a central and integral part of Danish foreign and security policy. Danish development assistance must take the most urgent problems in the developing countries as its starting point and at the same time reflect the values underlying Denmark's international involvement. Only in this way can we ensure that the long-term perspective is maintained and that maximum impact and sustainability of the initiatives are achieved.

Effective Danish development assistance presupposes clear political priorities, long-term and sustained efforts and a stable political and economic framework for the concrete activities. With this document the Government presents its vision for political priorities and a long-term framework for Danish development policy and thus for the activities during the period 2004-2008. In accordance with the Government Platform from November 2001, Denmark will continue to be among those at the forefront in the area of development assistance, also in terms of the quality and effectiveness of the assistance provided.

#### **Poverty Reduction is the Overriding Objective**

Poverty is one of the most important and most fundamental threats to stability and development in the world. An effective reduction of the world's poverty problems is a precondition for securing a stable and sustainable global development. A reduction in global poverty is the fundamental challenge for Danish development assistance.

More than one billion people live in abject poverty, and many more experience during shorter or longer periods of their lives an existence characterised by poverty and uncertainty. Far too many children are born into poverty, and to a large extent this also affects the situation and opportunities of women. With the current population growth rate, there will be more than 200 million more mouths to feed in Sub-Saharan Africa in 2015 and 50 million more mouths to feed in North Africa. In 2025, there will be over half a billion more people in Africa. Unless a marked development takes place, this population increase will lead to even greater poverty, and the problems associated with this poverty will

become even further exacerbated - for the entire world. There is a world of difference between the living conditions experienced by people in the rich countries and by those in the poor countries. Together with the population growth rate, this difference threatens political stability and security, first and foremost in poor countries but also in our part of the world.

In order to ensure that our efforts yield results, we must actively address current problems and challenges. Danish development assistance must address five key challenges, which independently and in interaction will help achieve the overall objective of poverty reduction.

### **Human Rights, Democratisation and Good Governance**

The development that has taken place in recent years has emphasised the necessity of securing respect for human rights, good governance and democratisation. Violations of human rights, lack of democratisation and poor governance typically hit the poor and the most vulnerable groups, such as women and children, hardest and simultaneously breed instability and political extremism. When people no longer feel that they have any influence on their future, when states no longer respect the rights of the individuals and when citizens have no opportunity to change their society in a legitimate political way, the prospects for social and economic development are undermined, and at the same time seeds of despair and powerlessness are sown that can drive people straight into the arms of extremists and religious fanatics with simple explanations.

### **Stability, Security and the Fight Against Terrorism**

The terrorist attacks on 11 September 2001, on Bali, in Kenya and Morocco are heart-rending reminders that a new foreign and security policy situation has emerged. Terrorism can strike any country and any population group. But the developing countries are particularly vulnerable to the effects of terrorism, politically as well as economically. The most important contribution to the fight against terrorism which development policy can make is to fight the underdevelopment and the hopelessness that create an ideal breeding ground for religious fundamentalism and political radicalisation. A fundamentalism and a radicalisation that stand in the way of our efforts to create prosperity and development and which at the same time increase the risk of states collapsing, with negative national, regional and international consequences. In order to remove the underlying causes of terrorism and fundamentalism, it must be ensured that everybody has an opportunity to leave their mark on society by seeking political influence in a peaceful and democratic way. This is especially a challenge in countries and areas where the distance between state and citizen is great and the institutions are weak, as is the case in a number of Arab countries, for example.

### **Refugees, Humanitarian Assistance and Regions of Origin**

Natural and man-made disasters and crises in the developing countries create victims, distress and destruction. The crises often hit the poorest people in the world whose livelihood disappears overnight. By

far the greatest part of the world's refugees have sought refuge in the regions of origin - in neighbouring countries and in the regions affected by the humanitarian disasters. At the same time, the pressure on the EU borders is growing as a result of illegal immigration and the cynical exploitation of people in need by smugglers in humans. Refugees and internally displaced persons are far too often pawns in a game played by irresponsible rulers. When hundreds of thousands, or even millions, of people are uprooted, it will naturally cause instability with the risk of further conflict. Refugee camps characterised by poverty and desperation are a hotbed of new conflicts, terrorism and hatred.

### **Environment**

The Johannesburg Summit in September 2002 again emphasised the close link that exists between environmental and development problems, both at a local level in the poorest developing countries and at a global level. We need to take into consideration the environmental sustainability of our assistance in our effort to create global stability and development. Therefore, a special environmental effort is needed, which must be regarded in close connection with the global development problems. Furthermore, it is necessary to place special emphasis on protecting the global environment in those countries and on those measures where the greatest environmental benefit can be achieved. With the Kyoto Protocol, the world has established a joint framework for how to stave off the urgent climatic threat to our common environment. This framework enables us to target our efforts to address global climate changes at those areas where the greatest environmental benefits can be derived from the investments.

### **Social and Economic Development**

Behind the problems expressed concretely in the lack of respect for human rights and democracy, political instability, increased refugee influxes and increasing global environmental problems, lie the lack of social and economic development and widespread global poverty.

In order to mobilise the human and financial resources, which are the driving forces behind economic growth, investments in people and the human potential are vital. In large parts of the world, women in particular are an unused potential that needs to be harnessed in order to create the necessary social and economic development. Proper health care and education that not least benefit women and children are therefore more important than ever. The individual must also have the opportunity to participate in the economic and productive life. The private sector - and the market forces - play a decisive role in the efforts to create the necessary economic dynamism, to utilise the opportunities created by increased free trade, and to mobilise the resources necessary to create sustainable economic growth in the developing countries.

Free trade between individuals, businesses and countries is one of the most important means of obtaining increased prosperity in the world, and it is a high-priority objective for the industrial countries as well as

the developing countries. The trade rounds of the last decades have proven the importance of progress in this field, particularly for developing countries. Trade liberalisation and market access are central challenges and important elements in the development of a partnership between rich and poor countries.

In a world which is becoming smaller, the differences become more apparent. In order to succeed in realising the potential of globalisation to the benefit of all, Denmark needs to contribute actively to influencing the change process. We have an obvious interest in ensuring that everybody can enjoy the opportunities offered by globalisation.

## **II. The International Development Agenda**

The UN Millennium Development Goals adopted in September 2000 make up the overall framework for the global efforts to promote development and reduce poverty. The then 191 member countries of the UN agreed hereby to work towards attaining precisely these goals and the agreement was subsequently confirmed at the summits in Monterrey and Johannesburg. The goals draw up the lines for the ambitious international cooperation facing us in the coming years. The world today is still a long way off achieving these goals, but in large parts of the world, particularly in Asia, progress is fairly rapid. On the other hand, the development in Africa, particularly South of the Sahara, is a source of concern with regional and local setbacks. But even in Africa there is a ray of hope. The continent's own initiative to undertake a joint commitment - the so-called NEPAD initiative - is a promising example that the African countries have realised the necessity of taking responsibility for their own development. All things considered, there is reason for a certain optimism on a global level. But it will require a long-term and sustained effort from all governments involved to attain these goals by 2015.

The adoption of the Millennium Development Goals represents a broad, international agreement on the goals of the international work. At a number of subsequent conferences and summits, the world has slowly but steadily agreed on the means to attain the development goals. A central means is a renewed and enhanced focus on trade, sustainable economic growth and a renewed "contract" between poor and rich countries regarding the need to take responsibility and ensure good governance and respect for human rights and, for the rich countries, regarding the importance of increasing development assistance to comply with the UN target of 0.7%.

The objective of the new development round in the World Trade Organisation (**WTO**), commenced at the Doha Ministerial in November 2001, is to improve access of the developing countries to the rich countries' markets. Today, there is a clear realisation of the fact that the poor countries need to participate in world trade. This is one of the most effective ways of obtaining economic development. Real, mutual free trade is of considerable importance for increased economic growth

in the poorest countries as well, and thus also for the possibilities of actively reducing poverty.

Promoting a positive societal development where economic growth and development of the human potential go hand in hand demands considerable resources. Even though the main responsibility for the mobilisation of these resources must lie with the particular country, the rich countries are willing to take their share of the responsibility. At **the UN Summit in Monterrey** in March 2002, both the EU and the USA promised increased development assistance funding, i.e. an increase from 2002 to 2006 of approximately 25%. This is the first step towards fulfilling the UN target of 0.7%. As their part of the agreement made in Monterrey, the poor countries committed themselves to fulfilling the goals by taking responsibility for their own development, particularly the necessity of good governance, respect for human rights and democratic institutions. Furthermore, Monterrey stressed the important role of the private sector and free trade in creating the necessary market-based economic growth.

In the process leading up to Monterrey, **the EU Member States** agreed that the EU Member States that still do not fulfil the UN target of 0.7% must increase their assistance to poverty reduction. At the same time, the EU Member States committed themselves to increasing the total EU development assistance budget from 0.33% of their GNP to 0.39% of their GNP by 2006.

**The Johannesburg Summit on Sustainable Development** in September 2002 added another aspect to the Millennium Development Goals, namely the ambition to reduce the number of people without access to sanitation to 50% by 2015. At the same time, the world summit gathered up all the threads in an action plan for the tasks to be completed in the coming years in order to ensure sustainable global development. The Johannesburg Summit was the last stage of the process, from Doha over Monterrey to Johannesburg, which maps out an overall strategy for the realisation of the Millennium Development Goals. There is agreement that the time has now come to translate the words into action.

### III. Effectiveness and Focus in a Changed World

In a world characterised by change, Denmark must make a difference with its development assistance. We must contribute to overcoming the international challenges and counteract the new threats. We do so by taking a lead in the direct cooperation with the developing countries, while at the same time working to ensure maximum impact of the overall international effort of which the Danish assistance forms a part. Therefore, we need to strengthen the cooperation with our partners both in the South and the North. Therefore, we need to cooperate with the Nordic countries and like-minded EU Member States that share our attitude to development policy and strengthen the coherence between Europe's external efforts and the common development policy formulated. And therefore we need to strengthen our participation in inter-

national cooperation regarding development issues in the UN and the World Bank and focus our concrete cooperation with the most efficient and reform-oriented UN organisations.

### **More Assistance for the Money**

The effectiveness of Danish development assistance will be enhanced so as to get as much assistance for the money as possible and to free up funding for high-priority areas. As a part of the Government's new development policy, a number of initiatives have therefore been launched to accomplish this purpose.

The Government will decentralise the administration of assistance to the programme countries as the day-to-day direct cooperation with the Danish programme countries is handled most effectively at the Danish missions. Therefore, capacity will be transferred from the Danish Ministry of Foreign Affairs in Copenhagen to the missions in the Danish programme countries. A strengthening of the missions in the programme countries entails a reduced need for personnel assistance (together with increased focus on donor coordination and harmonisation), which may instead be used for other priority efforts under Danish bilateral assistance.

As of 2004, the Government will invite tenders for the assistance-financed supplies in open competition in accordance with EU Procurement Directives. This will be of importance in connection with the contractors' and consultants' contracts in particular. This way, the Government can ensure the best and most inexpensive solutions to the tasks, thus freeing up funding for other development assistance activities. It is presumed that this so-called untying of aid during the five-year period will free up funds to the sum of DKK 300 million under the bilateral country programmes, which will instead be used for an enhanced effort in the programme countries within the sectors given special priority: education, health, water and sanitation. Furthermore, funding from, for example, research and information activities and the multilateral adviser programme (the JPO programme) will be re-prioritised to direct activities in the developing countries.

In total, the above measures entail an untying of funds to the amount of DKK 750 million from 2004 to 2008. The Government will use these funds in a targeted way to counteract the threats caused by the increasing gap between particularly the Western world and the Arab world, including the launch of special activities to combat the underlying causes of terrorism and for activities to promote modernisation and democratisation in the Arab countries. In addition to the above DKK 300 million, another DKK 250 million will be used for the Government's new initiatives in the area concerning stability, security and the fight against terrorism, and DKK 200 million has been allocated to support an enhanced effort within human rights, democratisation and good governance.

The work already commenced to strengthen and intensify the target and performance management of the bilateral as well as the multilat-



eral development assistance will be continued with the purpose of ensuring on an on-going basis that Danish development assistance is always relevant, up-to-date and effective. In a number of other areas, the Government will continue the work to enhance the effectiveness of Danish development assistance and focus its efforts. Only in this way will it be ensured that the assistance benefits those for whom it is intended, that they experience the assistance as effective, and that the changes are for the better.

### **The Government's Development Policy Priorities**

The Government has decided to re-prioritise and focus Denmark's development and environmental assistance in order for it to carefully reflect the current global challenges and to ensure maximum impact and sustainability of the efforts. The efforts will be joined in order to ensure a more effective use of the resources. This will be done by concentrating our direct efforts on a limited number of partner countries and by focusing our multilateral cooperation on a limited number of organisations and programmes. This is the only way to ensure the impact necessary in relation to our partners. The bilateral programme assistance will be further focused on the Danish programme countries in order to ensure enhanced impact of the effort. Multilateral assistance will be focused more on the international efforts for peace, stability and conflict resolution as well as on health (including HIV/AIDS) and population issues.

### **Human Rights, Democratisation and Good Governance**

To eradicate poverty in the developing countries, the countries themselves must first and foremost pursue a sensible policy. Every government has a duty to create the best possible conditions for the citizens in their country. It has thus a responsibility to formulate an economic policy that ensures sustainable economic growth; a responsibility to create the necessary conditions to enable the private sector to expand; a responsibility to establish a democratic society based on the rule of law that are the guarantee for the fundamental rights of freedom, and for enabling citizens, via free and fair elections, to make their government accountable for the results achieved. In this way, governments also take on a responsibility to create an effective and well-functioning public sector that fights corruption and ensures citizens the best possible services within the budget available.

The Government will give markedly higher priority to the efforts to promote respect for human rights - particularly the rights of women and children - democratisation and good governance. The development assistance must help eradicate the basis for radicalisation and extremism that may lead to religious intolerance and terrorism. As a new priority, the Government will focus particularly on efforts that can contribute to promoting the dialogue between cultures and religious tolerance. Other focal areas are the fight against corruption, based on the new action plan against corruption; support for the preparation and implementation of free and fair elections; reforms of the legal sector; support for a free press and human rights organisations, both national, regional

and international, as well as the strengthening of national parliaments and decentralisation. Such efforts will also be carried out in regions where Denmark and its partners have a special interest in tackling political radicalisation and religious fundamentalism. The Government will therefore strive to cooperate more closely with those groups in the Arab world supporting modernisation and democratisation. This is an initiative on which the Government will spend up to DKK 100 million over the coming years.

- Over the next five years Denmark's support for human rights, democratisation and good governance will be increased by DKK 500 million in total.

### **Stability, Security and the Fight against Terrorism**

As a key element of the long-term strategy to meet the threat of terrorism, the Government will significantly enhance efforts to prevent the outbreak of conflicts and to stabilise and consolidate peace, both bilaterally and multilaterally. Development policy's contribution to the fight *for* stability and security and *against* terrorism will focus on conflict prevention, mediation, peacemaking and peacekeeping efforts, as well as efforts to effectively combat both international terrorism and religious intolerance. International cooperation, and not least the role of the UN, is vital, both during and following wars and crisis situations. The Danish contribution to multilateral efforts in this area will be significantly enhanced with the aim of supporting the efforts of international organisations in the area. The efforts in this area will not be confined to the poorest developing countries either, but may be used strategically in all developing countries; not least in an effort to enhance the modernisation and democratisation process in the Arab countries.

Examples of such activities could be support for the promotion of regional political and economic cooperation in and around Afghanistan with a view to the stabilisation and development of the Southern and Central Asian region. Such efforts will be decisive if an activist and proactive foreign policy is to be maintained and will support and strengthen Denmark's candidature to the UN Security Council in 2005-2006. Another example is the Middle East, where additional development initiatives in the Palestinian Self-Rule Areas in Gaza and the West Bank will be of vital importance if the reform process is continued in accordance with the long-term peace initiative launched on a Danish initiative in 2002. The Danish humanitarian and reconstruction efforts in Iraq must also be regarded in this perspective. A stable and democratic Iraq is an important step towards a more peaceful development in the Middle East.

- Over the next five years Denmark's support for stability, security and the fight against terrorism will be increased by DKK 425 million in total. Added to this amount is DKK 40 million for Iraq, DKK 50 million for Sri Lanka and DKK 60 million for Gaza/the West Bank appropriated under the bilateral country programmes; a total increase of DKK 575 million.

### **Refugees, Humanitarian Assistance and Regions of Origin**

The Government will, as part of its contribution to the fight against poverty, fundamentalism and terrorism, prioritise its efforts to come to the rescue of people in distress and displaced people in the developing countries during as well as after catastrophes. Women and children are often the most vulnerable groups in conflict situations and have a special need for help. The overall prioritisation also includes a wish to help refugees and internally displaced people as close to their home as possible, thus making it easier for them to return home while at the same time reducing political problems in the host countries.

The total appropriations for refugees, humanitarian assistance and activities in the regions of origin under Danish development assistance are thus further prioritised with DKK 860 million and will in 2008 amount to approximately 10% of the development assistance. An amount of DKK 1 billion will be earmarked for enhancing the efforts in the regions of origin from 2004 to 2008. The basis for the implementation of the efforts in the regions of origin will be a further development of the present strategy for efforts in the regions of origin. The strategy will, among others, aim at ensuring maximum coordination with the repatriation efforts for refugees resident in this country, which are currently under consideration and preparation.

- Over the next five years Denmark's support for refugees and humanitarian assistance, including efforts in regions of origin, will be increased by DKK 860 million in total.

### **Environment**

In the Budget for 2003 approximately DKK 1.7 billion (approximately 16%) of Danish development assistance will be used for actual environmental activities or environment-related activities. It has now been proposed that another DKK 415 million in total over five years be appropriated for environmental assistance in the form of international environmental activities in the developing countries; add to this amount the new initiative of an earmarked DKK 150 million for environmental contributions within multilateral regional assistance over the next five years. At the same time, environmental issues, in line with the issues of gender equality and human rights, will continue to be integrated as a cross-cutting issue in Danish development assistance. Consequently, more than DKK 2 billion will be spent each year on environmental and environment-related activities under Danish development assistance during the years 2004-2008.

To this comes the special environmental assistance to the developing countries, which is an important supplement to the ordinary development assistance. The Government will integrate the special environmental assistance in Denmark's total assistance to developing countries, but maintain the special environmental focus characteristic of this kind of assistance. This way, the assistance funding will be administered in a more simple and efficient way.

As for the threat posed by global warming, the Kyoto Protocol opens up the prospect of using so-called flexible mechanisms, such as Clean Development Mechanism projects (CDM), for meeting the commitment to abate increases in greenhouse gas emissions. The CDM principle is that industrial countries that have undertaken a commitment to abate increases in greenhouse gas emissions invest in an emissions reduction project in a developing country that has not undertaken any such commitment as above and credit the reduction in their national “climate accounts”, i.e. obtain greenhouse gas credits.

The Government’s climate strategy is contemplating a system whereby the state will acquire greenhouse gas credits and thus contribute to the establishment of a broad-spectred and well-functioning market for greenhouse gas credits. This will take place by testing the market for indirectly acquired greenhouse gas credits from various suppliers and through acquisition of greenhouse gas credits from state pilot projects able to act as a catalyst to enable the recipient countries to build and develop administrative capacity for handling CDM projects.

The use of the CDM projects will entail a considerable transfer of capital and technology to developing countries. Consequently, a synergy effect will be created between the development priorities, the protection of the global and local environment and the fulfilment of Denmark’s national reduction commitments. Therefore, the Government will earmark a total of DKK 500 million during the period 2004-2008 with a view to state acquisition of greenhouse gas credits from CDM projects in developing countries.

- Over the next five years Denmark’s support for global environmental programmes will be increased by DKK 415 million in total, and at the same time DKK 500 million of the special environmental assistance will be prioritised for the acquisition of greenhouse gas credits from CDM projects in developing countries.

### **Social and Economic Development**

The Government wants to increase the impact of the long-term effort to create social and economic development.

**Bilateral assistance** must be focused and efforts concentrated on the Danish programme countries. The Government will strengthen cooperation with programme countries that have shown a willingness to take responsibility for their own development. The cooperation with eight programme countries will be strengthened with the establishment of nine new sector programmes within health (including HIV/AIDS), water and sanitation, and education. Special emphasis will be placed on taking women and children into account in both the design and implementation of the activities, including special efforts *for* reproductive health and *against* female genital mutilation. The prioritisation is thus a consistent accentuation of the Government’s policy to target the development assistance at investments in people. For a number of other programme countries, the assistance will be kept at the 2003 level, and consequent-

ly Denmark will also here have the impact necessary to play a significant and important role in the countries' development process.

The focusing of bilateral assistance also entails that the programme cooperation with Egypt will be reduced to a framework of DKK 95 million as a consequence of the lack of progress in the cooperation, and that the programme cooperation with Bhutan will be phased out over a ten-year period as a positive consequence of the country's rapid economic, political and social development. This concentration of the bilateral programme cooperation, which the Government commenced when it took office, entails that in the long term the number of programme countries will be reduced from 18 countries in November 2001 to 13 countries once the cooperation with Bhutan and Egypt has been properly phased-out.

Finally, the partnership-based, long-term programme cooperation entails that the countries will increasingly need to take responsibility for their own development. The resulting increased focus on donor coordination and harmonisation reduces the need for personnel assistance, and the appropriations for personnel assistance will consequently be reduced.

Focusing bilateral programme cooperation will entail a markedly increased share for the programme countries of the bilateral country financial frameworks. Likewise, there will be enhanced cooperation with Africa which will amount to an estimated two-thirds of the total bilateral assistance cooperation in 2008.

### Cooperation with Programme Countries

	Country programmes (DKK million)						New sector programmes
	2003	2004	2005	2006	2007	2008	
Bangladesh	230	230	230	230	230	230	
Benin	160	180	180	180	180	180	Education
Bolivia	170	195	195	200	200	200	Education
Burkina Faso	175	195	195	195	195	195	Education
Ghana	290	290	290	290	290	290	
Kenya	70	120	120	130	130	130	Health, water, and sanitation
Mozambique	270	290	290	290	290	320	Health
Nepal	150	150	150	150	150	150	
Nicaragua	150	180	180	180	180	180	Education
Tanzania	370	380	380	380	380	380	
Uganda	250	250	250	250	250	250	
Vietnam	250	250	250	250	250	250	
Zambia	150	170	180	190	190	190	Water and sanitation
Bhutan	65	65	65	60	55	45	Education
Egypt	150	95	95	95	95	95	

- Over the next five years the Government will focus bilateral assistance on the cooperation with the Danish programme countries through a prioritisation of bilateral programme cooperation within education, health, and water and sanitation with an amount of more than DKK 1 billion in total.

The contribution from the **multilateral assistance** to the long-term poverty reduction must also be focused and strengthened. The Danish contribution through the UN system will, in accordance with the Government's development policy priorities, be further focused on the work to improve health and ensuring a sensible population policy. Therefore, the Government will allocate another DKK 670 million from 2004 to 2008 to the work within health and population through the UN and other international organisations, with a particular focus on the fight against HIV/AIDS. The existing cooperation with the UN Children's Fund (UNICEF) and the UN Development Programme (UNDP) will be maintained at the present level.

Focusing the multilateral assistance entails a markedly lower priority to the cooperation with a number of organisations and programmes, which for example do not have sufficient impact at country level, such as ILO, UNESCO and UNIDO, with a reduction of almost DKK 300 million. Likewise, a number of other multilateral contributions will be reduced (amounting to a total of more than DKK 500 million during the period 2004-2008) with a view to giving higher priority, as previously stated, to the activities aimed at helping refugees, regions of origin and humanitarian assistance as well as trade and development.

- Over the next five years the Government will focus multilateral assistance by allocating another DKK 670 million in total to the work within health and population policy.

In order to attain our goals and fulfil our objectives, it is necessary to involve the **private sector** in the development work - also in the form of equal partnerships between state and businesses. As a new initiative aimed at strengthening the private sector's participation in development cooperation, the Government will set up a pool of DKK 100 million over a five-year period to strengthen the so-called Public-Private Partnerships, which combine government and private initiatives in developing countries. Denmark has already shown the way by establishing a World Diabetes Fund in cooperation with Novo Nordisk. Furthermore, the Government will strengthen the special Private Sector Programme (the PS Programme), which facilitates commercial business cooperation between Danish and local businesses.

Since taking office, the Government has consistently worked to create more coherence between **trade and development**. The markets in the rich countries have already been opened up considerably, but there is still more to do. Among other things, the trade negotiations in the WTO must make it easier for the poor countries to sell their products to us in the rich countries. Denmark will work for an EU contribution to contin-

ued trade liberalisations in connection with the so-called Doha Round, including free access to the markets of the more developed countries for the less developed countries and for the discontinuation of subsidies. This way, it will be ensured that trade will contribute to the economic development in the poorest countries.

However, opening up for imports is not enough. There must also be products to sell. Therefore, the developing countries must be given assistance to utilise the opportunities given by the international trade negotiations, for instance for manufacturing products that are in demand in the rich countries and of a quality wanted by consumers. Many things need to be in place and in correlation in order for such activities to succeed. An effort enabling the developing countries to take better advantage of the trade opportunities can multiply the output. Therefore, the Government will continue and strengthen the separate, targeted efforts within trade and development introduced with the Budget for 2003 by another DKK 75 million from 2004 to 2008.

- Over the five-year period 2004-2008 the Government will prioritise the separate, special efforts for free trade and market-based economic growth by more than DKK 200 million in total.

A considerable share (approximately 15%) of Denmark's bilateral assistance is channelled through Danish non-governmental organisations (**NGOs**). It is of crucial importance to make sure that the Danish NGOs have the necessary strength and legitimacy by virtue of their popular rooting. Therefore, the Government will ensure *that* in the future the funding made available to NGO projects will to a lesser extent be channelled through a small group of large, professional organisations. The balance in the NGO assistance will thus be shifted and the assistance will be redistributed through a re-allocation of part of the total appropriation *from* the few professional NGOs (i.e. the Danish Association for International Cooperation (MS) and other organisations that have a framework agreement with the Danish Ministry of Foreign Affairs) *to* more organisations, which together have a broader popular rooting. All things considered, the NGO assistance will be maintained at its present level. In 2005, the Government will assess whether it will be necessary to make further arrangements to strengthen the popular rooting of NGO assistance.

- The Government will reduce the appropriations to the large, professional Danish NGOs by approximately 5% in 2004, increasing to approximately 10% in 2006. The funding thus made available will be re-prioritised to a broader spectrum of NGOs and other new forms of cooperation with NGOs in accordance with the Civil Society Strategy from October 2000.

## IV. Conclusion

The world is an ever-changing place. It is in the clear interest of Denmark to take part in influencing this development and to ensure that changes are for the better - for the poorest countries as well. This requires an effective international effort focused on reducing poverty, and an effort which at the same time maintains and further develops the coherence and interaction between security, stability and development.

The Government will strengthen its foreign and development policy through a marked focusing of Danish development assistance on five areas:

- Human rights, democratisation and good governance
- Stability, security and the fight against terrorism
- Refugees, humanitarian assistance and regions of origin
- Environment
- Social and economic development

Danish development assistance is planned within a long-term framework, but we need to ensure the constant availability of the necessary flexibility so that we can always adapt to any new developments and events which may affect and set the agenda for the overall global effort, of which Danish development assistance forms part. Therefore, the Government makes a point of ensuring flexibility in the implementation of Danish development assistance. Flexibility is particularly important in connection with activities in acute crisis areas, especially with regard to: i) human rights, democratisation and good governance; ii) stability, security and the fight against terrorism and iii) refugee and humanitarian assistance in the regions of origin. Here activities are traditionally short-term and resources will thus be available again for new commitments more quickly than in the more long-term cooperation concerning environmental, social and economic development.

Sustained, up-to-date and flexible assistance can make a difference. A world of difference.



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The world has changed dramatically in recent years. New opportunities have emerged. New challenges have materialised. And at the same time, new - and old - problems are threatening world stability. But new realisations have also been made as a consequence of good and bad experiences. Development assistance has to relate to a changeable world in order to ensure that the Danish assistance is focused, effective and up-to-date.

The development policy is a central and integrated part of Danish foreign and security policy. Danish development assistance must take the most urgent problems in the developing countries as its starting point and at the same time reflect the values underlying Denmark's international involvement. Only in this way can we ensure that the long-term perspective is maintained and that maximum impact and sustainability of the initiatives are achieved.

Effective Danish development assistance presupposes clear political priorities, long-term and sustained efforts and a stable political and economic framework for the concrete activities. With this document the Government presents its vision for political priorities and a long-term framework in Danish development policy and thus the activities during the period 2004-2008.

Sustained, up-to-date and flexible assistance can make a difference. A world of difference.