

Danida

Royal Danish Ministry of Foreign Affairs

Security, Growth – Development



Priorities of the Danish Government for Danish
Development Assistance 2005-2009

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Summary

- **Better, more efficient poverty reduction; the level of development assistance to be maintained:** The Government will continue the focusing and concentration of Danish development assistance to obtain better and more efficient efforts to the benefit of the poorest. With its high level of development assistance, Denmark is at the forefront internationally, and this is to be maintained in future (with ongoing regulation for inflation). The Millennium Development Goals are the international yardstick for reducing poverty. 2005 will see stocktaking in the UN. Denmark's position in the forefront of the donor field provides clout and influence, which is to be utilised to hold the EU Member States to their promises of increased development assistance.

- **Strengthened environmental efforts:** The Government will strengthen Denmark's environmental endeavours in development assistance and in international environmental cooperation and is earmarking a further approx. DKK 800 million for this purpose in 2005-09. The new initiatives comprise stepped-up efforts in the area of water in Africa; a new regional environmental programme in Central America; increased Danish contributions to global environmental activities; and better incorporation of the environmental aspect across the whole development assistance area. Overall, already in 2005 more than DKK 2.7 billion will be expended on environment and environment related activities under development assistance, rising to over DKK 2.8 billion a year in 2009. This makes environmental activities as a whole the largest thematic effort in development cooperation.

- **New Danish Africa policy – for a different Africa:** Denmark must have a coherent Africa policy. While Africa is undergoing change, it is still the furthest away from the Millennium Development Goals. New opportunities must be grasped with new initiatives. Africa will be a priority during a Danish membership of the UN Security Council in 2005-06. The Africa policy is to ensure that foreign, development, trade and security policy interact to the benefit of the countries of Africa. Africa remains at the centre of Danish development efforts and in the coming years will also receive approx. 60 percent of bilateral development assistance.

- **Wider Middle East initiative – for progress and reform:** With a partnership for progress and reform, the Government will support modernisation and development in the wider Middle East region. Denmark will strengthen the dialogue with the countries of the region and increase assistance for a number of specific initiatives. There will be special emphasis on promoting better and equal access to secular education. Simultaneously, Denmark will work for an EU strategy for the EU's partnership with the Mediterranean region and the Middle East and for a regional cooperation structure.

- **Democracy and human rights:** The Government is now further strengthening efforts for the populations of poor countries to be able to live lives of freedom and dignity in open societies based on the rule of

law, and is therefore upgrading assistance to human rights and democracy by DKK 250 million in 2005-09. The Wider Middle East initiative is important here. The focus on women will be strengthened with a starting point in the new strategy for gender equality. At the same time, the fight against corruption must move up the development agenda, internationally and in the developing countries.

➤ **Afghanistan-Iraq-Sudan:** Denmark is to make an active contribution to furthering security, stability and the fight against terror. Iraq and Sudan must be reconstructed. The focus is on humanitarian assistance, reconstruction, long-term development, refugees and internally displaced people. DKK 550 million will be allocated to Afghanistan in 2005-09, DKK 150 million to Iraq in 2005-06, and DKK 500 million to Sudan in 2005-09. A separate sum of up to DKK 15 million a year will be allocated to furthering civilian-military interaction in crisis areas in which Danish forces are deployed.

➤ **Strengthened efforts to prevent and fight HIV/AIDS:** The Government will strengthen Danish efforts to fight HIV/AIDS and is presenting a new action plan for this endeavour in the programme countries and South Africa and through the international organisations. The Government will allocate an annual DKK 25 million in 2005-08 for a special HIV/AIDS pool for new, innovative NGO activities. The Danish contribution to global health will simultaneously be raised by DKK 75 million in 2005-09. A new strategy for the broader international health effort is to set the focus on the link between HIV/AIDS and population policy.

➤ **Economic growth through a strengthened private sector:** The Government will step up efforts to improve conditions for the private sector in developing countries and will launch a new private sector development programme in Kenya. At the same time efforts will be strengthened to improve the access of the developing countries to the global markets and make them better prepared for talks during the Doha development round in the WTO. A Nordic-African ministerial conference in the first quarter of 2005 is to identify specific areas where Denmark can assist the developing countries to increase their market access internationally and strengthen their export potential.

Preface

In its development policy plan from June 2003, *A World of Difference*, the Government set out its vision for the new political priorities and long-term economic frames for Danish development assistance for 2004-2008. The plan carries further the focus and efficiency improvement of development cooperation that the Government has consistently worked for since it came into office in November 2001. Poverty reduction is the absolutely fundamental challenge for Danish development assistance at the same time as development policy constitutes a key instrument of foreign policy. *A World of Difference* is based on the strategic foundation in *Partnership 2000*.

The Government has put great effort into implementing the concrete proposals and initiatives of the plan, and this work will continue in the coming year.

Development assistance must simultaneously constantly be harmonised with the results achieved and experience gathered in the specific development assistance area as well as with the new challenges and opportunities that emerge. Therefore the Government conducts an annual prioritisation of development cooperation within the long-term political and economic frame-work already set out.

In this plan the Government presents its development policy priorities and economic framework for the 2005-2009 period. The plan follows the development policy line set out by the Government in 2003, and also contains a number of new, concrete initiatives the purpose of which is to further develop Danish development assistance.

I. Poverty reduction – Security, Growth and Development

We live at a time when opportunities, challenges and threats recognise no borders. Populations, countries and regions influence each other as never before. Goods, information and ideas are exchanged at a steadily accelerating rate. The information and network society is bringing the focus to bear on the individual. The prerequisites for a better and more stable world that is growing and progressing have never been bigger. At the same time, however, by no means everyone has the opportunity to develop their abilities, grasp the new chances and make their own decisions.

Far too many poor countries are badly equipped for this development. Their economies are too small and weak to exploit the advantages of globalisation and instead become too vulnerable in the face of its challenges. The populations of these countries experience globalisation bypassing them without them being able to take part in or exert influence on it.

There is still an enormous amount of poverty in the world, and it is only by bringing the advantages of globalisation out to all that it can seriously be reduced. Because even though some developing countries are currently experiencing unique growth and progress, there are still a billion people – every sixth person in the world – living in abject poverty, and millions who are exposed to brutal oppression, conflict and tyranny. Almost half of the world's population are under 25 years of age with a need for an education, a job and a future. A lack of security and a feeling of hopelessness cause young people to leave their home region and many to leave their country.

The poor countries must themselves take responsibility for their own development by means of good governance and a responsible economic policy. On the other hand, the rich countries must support the development as direct help to self-help. This is why Denmark is still among the countries of the world granting most in development assistance.

Development policy is one of Denmark's most important instruments for promoting a world in security and growth and with development for all. Since it came into office, the Government has focused on development policy as an integrated part of an active Danish foreign policy. Danish development cooperation is to reduce poverty. In accordance with this, the emphasis is on assistance to the very poorest countries – and thus with focus on Africa. The objective is to help the populations in developing countries to be in a position to exploit the opportunities and handle the challenges presented by globalisation. The efforts are based on a clear foundation of values concerning freedom, democracy and responsibility for helping the weakest, which also is the foundation of our own Danish society.

II. The Millennium Development Goals – Joint Commitment, Divided Responsibility

At the UN Millennium Summit in September 2000, together with the other UN member states, Denmark committed itself to doing its share to halve global poverty and make a marked effort to eradicate world diseases, illiteracy and discrimination against women in the course of the first fifteen years of the new century. Specific goals have been laid down for these efforts – the Millennium Development Goals. The goals and the means of achieving them have subsequently been made more precise and further developed at a series of summits, including the UN conference on financing for development in Monterrey, March 2002, and the World Summit on Sustainable Development in Johannesburg, August-September 2002.

Every country has a special responsibility for fulfilling the Millennium Development Goals. The developing countries must improve their investment climate, reform and modernise their societies, and adopt tough measures against corruption. In their turn the affluent countries must ease access to their markets, raise investments, and coordinate and increase their development assistance in order to fulfil the UN objective of 0.7 percent.

There will be a preliminary stocktaking of the Millennium Development Goals in the UN already in 2005. A picture is emerging in which it will be possible to achieve the Millennium Development Goals on the global level solely because of developments in China and India, while the poor countries of Africa will be far from reaching the goals with the present efforts. This is why the Danish position is that the focus should be on the achievement of the Millennium Development Goals by *the individual countries*, and that the goals for *all countries* can only be achieved through a further strengthened and focused effort on the part of all governments responsible and by utilising all instruments – including international cooperation on trade, public and private investments, and more and better development assistance.

Denmark will shoulder its part of the global responsibility and maintain its high level of development assistance. Denmark is thus in the very forefront among development donors. Denmark will make use of this position at the status conference for the Millennium Development Goals to keep the other donors to the promises they have already made concerning increased development assistance – for the EU countries, this is 0.39 percent of GNP in 2006 – and simultaneously press for a further increase after 2005, so that the Millennium Development Goals can be realised for all developing countries.

In 2005 and 2006, Denmark is expected to achieve membership of the UN Security Council. With membership follows a special responsibility for maintaining international peace and security, together with the other fourteen Security Council members, to the benefit of all the populations of the world. Membership of the Security Council will give us a unique

opportunity to share responsibility through action. Focused development assistance is a concrete and visible contribution to this. Armed conflicts and lengthy crises in Africa in particular, which occupy the greater part of Security Council time, are among the biggest threats to the fulfilment of the Millennium Development Goals. Peace and stability in the continent of Africa will be one of Denmark's main priorities during its membership.

III. Coherent Danish Africa Policy – for a Different Africa

A credible effort to achieve the Millennium Development Goals must place Africa at the centre. It is here where the challenges are greatest and where we are furthest away from reaching the goals. Therefore the emphasis in Denmark's development policy is on Africa. In future also approx. 60 percent of direct Danish development assistance will go to Africa. In order to ensure the requisite coherence and efficiency, the Government will launch a forward-looking Danish Africa policy that addresses the current challenges and opportunities facing the continent of Africa today. The new Africa policy will also form the basis of the special effort for Africa during a Danish membership of the Security Council.

Africa is a mosaic of steps forward and backwards, good results and unresolved problems, hopes and shattered dreams.

The group of reform and progress oriented African countries with the will for change is growing steadily. An increasing number of countries are implementing radical political and economic reforms. In these countries democracy is advancing, the economy is on the way up, and the opportunities for private sector growth are swiftly developing. At the same time a number of large-scale African conflicts have entered a peace process and peace agreements have already been concluded in many conflict areas. The African countries have begun to take collective responsibility for managing the crises and several conflicts have been nipped in the bud.

But the progress still does not benefit everyone. Poverty is still more severe than anywhere else and, in contrast to other continents, Africa has not experienced an economic breakthrough. Political power based on corruption, violence and oppression is still present, and the number of weak and failed states that are not able to ensure even the most basic services for their populations is still too high. Diseases that today can be prevented or treated cause millions of deaths every year. Population growth means that by 2015 there will be over 250 million more people in Africa needing access to schools, health and employment.

Africa in 2004 is an Africa in a process of change. The possibilities exist to reverse the downward spiral of earlier times, supported by a majority of the African countries' own initiatives, and carry with them the hope that a different Africa is within reach. But the challenges are still enormous.

A broad coherent policy is necessary for how Denmark best can contribute to supporting the many new possibilities for renewed economic growth and development in Africa while also tackling the real challenges that the continent of Africa still faces.

The Africa policy will take its point of departure in the development plans of the African countries themselves. The target is to create sustainable economic growth, further regional cooperation, assist the African countries in resolving conflicts, promote human rights, democratisation and good governance, and improve social conditions – children's schooling, combating HIV/AIDS and other diseases – and enhance the possibilities of the African exporters to sell their goods competitively on the world market. In short, the goal is to support the preconditions for the poor in Africa to be able to obtain a share in the enormous potential of the world economy for growth and welfare and to take full responsibility for their own development.

The Africa policy will be presented in autumn 2004 as an important element of the preparation for a Danish membership of the Security Council.

The Africa policy will be implemented in – and across – the development policy priorities of the coming years.

IV. Wider Middle East Initiative – for Progress and Reform

There is growing recognition in the wider Middle East region of the need for fundamental economic, social and political reforms. This appears from reports by the United Nations Development Programme (UNDP). The widespread autocratic form of government blocks political and social development and thereby the development of the human potential in the countries of the region. This applies in particular to the participation of girls and women in development and their contribution to it. At the same time, economic stagnation and unemployment lead to a great pressure of migration that is threatening to drain the individual societies of their well-educated members. Widespread poverty, a lack of education and information, a lack of jobs and future prospects, and a lack of legitimate democratic channels for the expression of frustration and dissatisfaction lead to alienation and internal unrest in many countries. This could create fertile soil for extremism and terrorism. Big youth cohorts exacerbate the challenges. In several places Koran schools are the only real alternative to no education, and in certain cases this leads to the radicalisation of young people. At the same time there is a widespread lack of trust in the western countries among many population groups.

The many unresolved problems of the wider Middle East region are not merely the problems of the region itself. The gradual dissolution of the traditional reluctance to reform is a chance that we must grasp. With its

initiative, the Government wishes to ensure that Denmark helps reform-oriented forces in the wider Middle East region in a goal-directed way to manage the challenges and exploit the opportunities facing the countries of the region at this precise moment. The initiative will be further developed and strengthened in the coming years.

With a starting point in the countries' own reform endeavours, through a **partnership programme for progress and reform**, Denmark will work for renewed dialogue with the countries on modernisation of their societies. By means of strengthened contacts with moderate forces, we must simultaneously contribute to combating religious and political extremism and to promoting tolerance across the lines of religion and culture.

The direct Danish effort in the wider Middle East is to be enhanced at the same time as strengthening dialogue with the countries of the region. Concrete initiatives are to further inter-cultural dialogue and good governance, strengthen civil society, support free media and improve the rights of girls and women. An important element of this effort is the opening of a Danish-Egyptian institute in Cairo, which will have the task of promoting Denmark's political and cultural dialogue with Egypt and other countries of the region.

There will be special emphasis on strengthening broader and more equal access to secular education and the possibility of the wider Middle East countries developing into knowledge societies. Access to non-religious education and information are an important part of increased tolerance and democratisation. If intolerant and extremist groups succeed in controlling schools and the public arena, there is a great risk of the level of knowledge being reduced, prejudices and stereotypes thriving, and cultural patterns being frozen in a reactionary battle against modernisation and progress. This will lead to the loss of the opportunities offered by modernisation and globalisation also to the loss of the countries of the wider Middle East.

In parallel with the bilateral initiative, Denmark will continue working actively for the EU developing a strategy for strengthened EU partnership with the Mediterranean region and the Middle East. At the same time, Denmark is engaged in plans to create a regional cooperation structure, inspired by experience with the Helsinki process in Europe. In addition, the Government is carefully following new possibilities in other multilateral forums for Denmark contributing to promoting reforms in the wider Middle East.

The Wider Middle East initiative will be implemented in – and across the lines of – several of the development assistance priorities of the coming years.

V. New Challenges, New Initiatives – Development Assistance 2005-2009

With *A World of Difference* from June 2003, the Government focused Danish development cooperation on five thematic areas: social and economic development; human rights, democratisation and good governance; stability, security and the fight against terrorism; refugees, humanitarian assistance and regions of origin; and the environment.

The Government will further continue the priorities within these thematic areas in the coming years. In the light of results achieved up to now and current foreign and development policy challenges and opportunities, the Government, however, is simultaneously initiating a number of new measures for the coming five-year period within the thematic priorities that have already been set out.

All in all, the Government will continue the work of concentrating direct development cooperation on **the programme countries** and **multilateral cooperation** on a focused international agenda with the incorporation of a limited number of organisations, to ensure focus, efficiency and impact in Danish development policy.

The overriding objective of the Government's development policy priorities is – in accordance with Partnership 2000 – targeted poverty reduction with a view to contributing to the fulfilment of the Millennium Development Goals. A fundamental condition for achieving the goals is that the developing countries themselves have ownership of the activity. Therefore, already when it came into office, the Government decided that Danish development assistance should be based on the developing countries' own **national poverty reduction strategies**. Work in this regard is to continue in the coming years as a basis for concrete Danish development cooperation within the individual thematic areas.

New initiatives 2005-2009

The environment – Strengthened environmental activities; Stronger international environmental cooperation

Both rich and poor countries have a responsibility for leaving behind a world in balance for future generations. In poor countries, poverty is frequently both the cause and the effect of environmental problems. Incorporation of the environment and consideration for sustainability in development assistance is one prerequisite for poor countries being able to live up to their responsibility for the environment.

The World Summit on Sustainable Development in Johannesburg (2002) confirmed and further developed international agreement about sustainable management of the environment at national and international level, and stressed the necessity of coordinating efforts for the environment, development and trade to create balanced economic and social development. Ensuring environmental sustainability is one of the eight

Millennium Development Goals. The Johannesburg Summit resolved that by 2005 all countries should draw up plans for the integrated management of their water resources, including protection of the ecosystems that are a precondition for future water supply. Appropriate water resource management is a condition for achieving not merely the Millennium Development Goal concerning a sustainable environment, but also for achieving a number of the other goals, not least reducing poverty and promoting health, drinking water and sanitation.

The Government finds it of crucial importance that Denmark actively assists the developing countries to develop in an environmentally sustainable manner, to the benefit of the poor countries themselves and of the global environment. It is in the developing countries that some of the large-scale, wide-ranging environmental problems are to be found, and thus one of the places where we can get most environment for the money.

The Government **markedly enhances the effort** for a sustainable environment in development assistance and international environmental cooperation, and is setting aside a further approx. DKK 800 million over the coming five years for the environmental effort. In all, already in 2005 more than DKK 2.7 billion a year will be expended on environment and environment-related activities under development assistance, gradually rising to more than DKK 2.8 billion a year in 2009. This makes the effort for the environment the biggest thematic effort overall under development assistance.

Denmark's new environmental strategy for the developing countries lays down clear objectives and priorities for strengthening the environmental effort in developing countries. Supporting the implementation of the Johannesburg objectives is a key point in the environmental strategy.

The Government is strengthening the effort for **water and sanitation in Africa** with approx. DKK 400 million in 2005-2009, which is expected to be earmarked for activities in connection with the African Development Bank.

Simultaneously **global environmental activities** are to be upgraded by DKK 150 million in the 2005-2009 period. As part of this, the contribution to the United Nations Environmental Programme (UNEP) is expected to be doubled in 2005, as tangible assistance to the work of the organisation in helping the developing countries to draw up the plans for integrated water resource management agreed at the Johannesburg Summit. Moreover, there is support for the initiative of the African countries to clean up the large stores of pesticides that represent a threat to the environment in the continent of Africa.

In addition, the environmental effort is to be strengthened in the programme countries. Apart from the already foreseen new phases of the environmental sector programmes in Nepal, Bolivia and Nicaragua, a **new regional environmental programme in Central America** will be initiated.

New programmes will commence under the **special bilateral environmental assistance** in Kenya, Indonesia and China. As part of bilateral environmental assistance, cooperation on the Clean Development Mechanism (CDM) will be developed further. The new cooperation with Indonesia and China also includes CDM project preparation and capacity building.

In addition to direct environmental activities, the environment issue is also taken care of across Danish development assistance. In the coming years, the Government will **further develop the environment-related development effort**. The target is better and more targeted exploitation of the potential that exists to promote a sustainable environment through other activities, such as the agricultural programmes. For example, the Government's new strategy for trade and development will also incorporate a clear environmental element.

In addition to the support to concrete environmental activities, the Government will also work actively for **stronger international environmental cooperation** and for the participation of the developing countries in this.

Many environmental problems are not merely local but trans-boundary with regional and global consequences. All countries must live up to their commitments in the global environment conventions if the conventions are to have any effect. The Government will work for the developing countries being assisted to build up the necessary legislative and administrative capacity for complying with the conventions, and for secretariats and reporting systems being coordinated and rationalised. As part of this, the Government will conduct an analysis of the international law, organisational and financial structures of the global environment conventions with the aim of making an active contribution to the endeavours to introduce one global environmental organisation.

In the cooperation with the international organisations with special mandates in the field of environment, the Government will work for the organisations in particular supporting the developing countries to build capacity in the environmental area and for environment as a crosscutting issue being integrated to a steadily increasing degree in the work of the other organisations. This includes, not least, a special effort for the incorporation of environmental priorities in the national poverty reduction strategies.

As a part of the implementation of the increased allocation for global environmental activities, the Government – through grants to interna-

In its new environmental strategy, the Government emphasises strengthening the aspect of the environment across all parts of Danish development cooperation

This will be, for example, as part of the agricultural programmes, private sector initiatives and by incorporating the environmental issue in the poverty strategies of the developing countries themselves.

The potential for furthering the environmental aspect is in future to be exploited better and in a more targeted manner.

tional environment and climate funds – will contribute towards global upgrading of efforts to benefit key areas such as water, energy, climate and chemicals, but also protection of biological diversity and combating desertification. Another issue here is support to technical work in international environmental organisations that can contribute to the further development of specific environmental initiatives and build bridges to other important international objectives such as poverty reduction and increased trade. When distributing the funds, the Government finds it important that Africa, small developing island states and the Danish bilateral programme countries are accorded special priority, and that the significance of climate change for the developing countries is focused on.

Economic and social development – Influence on own life

The resources of the individual are the building blocks of society. Also in the coming years, by means of critical investments in social and economic sectors, the Government will contribute to the poorest people in the developing countries also being in a position to practise their right to utilise their own resources as well as possible and themselves make the decisive choices in their lives – with the responsibility that the individual has to the community. An active effort for stability, democracy and economic growth is an integrated part of this.

The Government will build further on last year's upgrading of clean water and sanitation, health, education, population initiatives and the private sector in Danish programme countries and in multilateral work. Many initiatives have been launched as follow up to the priorities of last year. This applies not least to the in all nine sector programmes in the fields of water and sanitation, health, and education that are now to be implemented efficiently and in a targeted way with a view to concrete improvements of conditions for the poor. At the same time the continued and sustained long-term effort will be maintained within other sectors such as agriculture and transport. It is this work that will continue to constitute the emphasis in Danish efforts.

With a view to creating increased synergy with initiatives already launched and addressing pressing challenges in the developing countries, the Government will further strengthen efforts for the fight against HIV/AIDS and the private sector within the thematic area of social and economic growth.

Strengthened efforts to combat HIV/AIDS aimed at Africa in particular

The HIV/AIDS epidemic is a great human tragedy. It makes orphans of children, breaks families up and robs society of its most important resource – the human being. The epidemic is not an isolated health problem; it is an important barrier to sustainable development and growth.

Southern Africa is particularly severely hit by the effects of the HIV/AIDS epidemic. One out of three of the world's almost 40 million people who are infected with HIV come from Africa. The epidemic is continuing to

spread, not least among African women. At the same time the price of medicine for treating HIV/AIDS has fallen significantly. These two trends are facing the governments of the region, which have quite inadequate health budgets and weak health systems, with a fundamental dilemma concerning the balance between prevention and treatment.

In the light of the current challenges and the new possibilities in the field of HIV/AIDS, the Government will further strengthen Denmark's efforts to fight HIV/AIDS with special focus on sub-Saharan Africa.

The Government will prepare a **new plan of action** that will establish clear objectives and guidelines for future Danish efforts against HIV/AIDS in developing countries. With consideration for the international consensus in the area, the plan of action will address the balance between prevention, care, treatment and other measures aimed at the consequences of the epidemic. The starting point for Denmark is that the effort should be organised so as to ensure connection between the individual activities so that increased efforts in the area of treatment do not take place at the cost of prevention. Denmark will work actively for the treatment policies drawn up by the governments of the developing countries having a clear poverty angle where equal access to treatment is ensured to the greatest extent possible for all social groups. The recipient country, in close dialogue with the other partners, will still decide the distribution of funds for prevention and treatment.

The Government is taking a series of initiatives to improve health in the developing countries with a special view to the fight against HIV/AIDS in Africa:

- a new plan of action against HIV/AIDS
- a special pool for innovative NGO activities against HIV/AIDS
- increased contributions to global health programmes
- focus on the link between HIV/AIDS and population policy

The plan of action will be based on a review of the experience gained from the efforts up to now in the international organisations and in the Danish programme countries. The review will take its point of departure in the effect of the HIV/AIDS epidemic on the general social and economic structures in the Danish programme countries in Africa, and thus on the frame-work for development cooperation. The aim is by these means to create a basis for the action plan better incorporating and actively promoting HIV/AIDS reduction across the lines of the different sector programmes and other projects that Denmark is carrying out in the programme countries and in South Africa, and across the multilateral activities. Special attention will be paid to women, children and young people.

To strengthen the implementation of the action plan, the Government will upgrade Danish bilateral activities and allocate an extra DKK 25 million per year between 2005 and 2008 for a **special HIV/AIDS pool**. Danish NGOs can apply to the fund for new, innovative projects to fight HIV/AIDS. The plan of action will lay down the guidelines for the utilisation of the pool. By earmarking the pool for voluntary and technical Danish organisations, the Government will simultaneously continue and

strengthen efforts to secure broader and more popular anchorage of development assistance, which the Government started on last year with the reorganisation of NGO assistance.

At the same time the Government wishes to strengthen multilateral activities and will therefore upgrade the Danish contribution to **global health programmes**, including HIV/AIDS, by DKK 75 million for 2005-2009.

Already last year the Government increased the Danish contribution to UNAIDS. It is a clear objective for Denmark that the overall effect of international development assistance should be optimised through better coordination of efforts at country level. UNAIDS is the UN system's coordinating body and at the same time plays an absolutely key role in relation to strengthening the coordinating capacity of the recipient countries. Danish support to UNAIDS is being raised precisely to boost the capacity of the individual developing country, and thus the capacity of the country to itself prioritise the resources.

A sustainable and long-term effort to fight HIV/AIDS must be seen in the context of measures within other health areas. Not least the alarming rate of infection among African women underlines the necessity of examining the connection with reproductive health. A targeted initiative to help women to insist on safe sex could reduce the number of unwanted pregnancies and reduce sexually transmitted diseases such as HIV/AIDS. In a coming **new strategy for the Danish multilateral effort in the field of population and health**, the Government will, inter alia, focus especially on women and the connection between preventing HIV/AIDS and population policy in the follow up to the UN population conference in Cairo in 1994.

Strengthened private sector in the developing countries

It is the duty of every country – rich as well as poor – to conduct a healthy and accountable economic policy. To achieve the Millennium Development Goals, the poor countries will have to create a sufficiently growth-oriented economic climate that can attract foreign investments and new technology. Simultaneously, the rich countries will have to create easier market access for goods from the developing countries so that free trade across the borders between North and South can be increased to the benefit of global economic growth and progress.

The Government wishes to step up efforts for trade and development. Following the blockage in the international trade talks in Cancun, Mexico, in September 2003, the Government will actively work to bring **the Doha development round in the World Trade Organisation, WTO**, back on track and result in the better integration of the developing countries in the global economy. In the coming negotiations, Denmark will continue its development friendly line and support the objectives of the developing countries themselves, including improving the possibilities for them to sell their goods on the global market. An active effort through the EU is an integrated part of this.

Denmark and the other Nordic countries will take the initiative to strengthen the dialogue and cooperation with a number of African countries, among other things by convening a **ministerial conference on trade and development** in the first quarter of 2005. The conference is to increase understanding of the interests of the African countries and identify concrete areas where the Nordic countries can assist the African countries to strengthen their position in the international trade system, for example with a view to better utilisation of the existing agreements.

Simultaneously, Denmark will bilaterally strengthen the WTO dialogue with the programme countries and seek to provide concrete assistance for the countries' effective participation in the coming rounds of talks. Concrete measures encompass support to preparatory meetings and assistance with negotiation technique.

The Government will also further strengthen efforts for the **private sector** playing a greater direct role in development cooperation. To a growing extent, the African countries are acknowledging the necessity of improving conditions for the private sector to create better production and trade and thereby increased trade and poverty reduction. The Government, therefore, will initiate a **new private sector development programme in Kenya** focusing on making a contribution to removing existing barriers to Kenya's private sector development. DKK 150 million will be allocated to the new private sector development programme in 2005-2009.

With the new democratically elected government, a process of democratisation and reform has been initiated in Kenya.

Denmark actively supports this process, which is challenging but also represents a chance for the future of the country.

The new private sector development programme, in addition to last year's sector programmes for health, water and sanitation, is a solid expression of this.

Human rights, democratisation and good governance – Freedom, right and duty

The Government will strengthen the effort for the populations of the poor countries being able to live in freedom and dignity in open societies, with responsible governments, growth and progress.

Respect for human rights, democratisation and good governance makes a decisive contribution to the creation of the necessary political and economic frame-work for a country being able to attract foreign investments and be integrated in the world economy. It is also clear that human rights violations, political oppression, a lack of free exchange of opinion, and corrupt and irresponsible governance can breed unstable, political radicalisation and become a cause of violence and conflict and, in the final extreme, terrorism.

The Government will continue its pronounced **upgrading of efforts for human rights, democracy and good governance**, and will allocate a further DKK 250 million for this purpose in 2005-2009.

The Wider Middle East initiative is an important part of the effort to promote human rights, democratisation and good governance. Here Denmark is strengthening the dialogue with the countries of the region and increasing the concrete assistance for supporting the modernisation and reform processes that are already underway in a number of the countries.

The Wider Middle East initiative is a concrete expression of Denmark's deep engagement in supporting progress and reform in societies of the region.

In the first instance the geographical focus is on Tunisia and Algeria in North Africa, Yemen and Saudi Arabia in the Gulf region, as well as Lebanon, Syria, Jordan and Iran.

The Government finds it of decisive importance to strengthen initiatives for **women** in the developing countries. In far too many developing countries women continue to experience marginalisation and oppression. This takes place despite the fact that it has been proved on countless occasions that it is only by giving women the equal rights, the equal access to resources and the equal access to political and economic influence that is necessary to improve conditions for themselves, their families and the society that sustainable development can be achieved. The stepped-up effort for women will take its starting point in the new gender equality strategy in the area of development assistance, and will be implemented through integration of the special gender issue in development assistance (mainstreaming) and through special measures, both in direct Danish cooperation with the developing countries and through international organisations.

The Government will work actively to move **the fight against corruption** to a higher position on the development agenda, both internationally and in the individual developing countries. Through the action plan to fight corruption, Denmark has made a contribution to showing the way to how fighting corruption can obtain a prominent role in development cooperation at the same time as being integrated as a natural part of development assistance.

The Government will also use the Danish action plan as a lever to put pressure on international donors, including the international development banks, to enhance their efforts to fight corruption both in their own ranks and in their development activities. During high-level talks with international organisations, Denmark will raise the question of combating corruption. Under the auspices of the EU, Denmark will work for anti-corruption measures becoming a strengthened element in the implementation of the Cotonou agreement. The Government will work to create synergy between the bilateral and the multilateral effort to fight corruption with a view to obtaining a greater impact of overall Danish efforts in the individual developing country.

Stability, security and the fight against terrorism – New responsible and democratic actors

Security is a necessary precondition for development. A contribution to the re-establishment of security and the promotion of peace, in countries and regions where there previously was systematic violence, crime and terror, is an investment in poverty reduction and economic growth. Violent conflict is not merely a problem for the societies directly affected. Neighbouring countries and regions are also affected in the form of influxes of refugees, organised crime and impeded economic intercourse.

Denmark will continue to make an active contribution to the settlement of violent conflict and the promotion of peaceful, democratic development in the hot spots of the world and the prevention of terrorism. In 2005 and 2006, the anticipated Danish membership of the **UN Security Council** will provide us with a quite special platform for this, not least in relation to Africa. But the membership also carries obligations. It is crucial for our credibility and influence that we can deliver concrete and competent contributions to the work of the international community for conflict prevention, peacebuilding and peacekeeping, and take part in a targeted manner in the fight against the new terrorism.

In the coming years, the Government will further develop Denmark's contribution to **conflict prevention and conflict management** through increased support to the work of the international organisations to promote stability and security. The focus will be aimed at the UN and its organisations in particular and especially at measures in Africa.

Terrorism is not a problem for the rich countries alone, which can be confirmed by the population of Bali, in Nairobi and in Casablanca. By furthering development, democracy and human rights, development cooperation is a key instrument for countering political radicalisation and religious fundamentalism, thus counteracting the sympathy and recruitment basis for international terrorism. At the same time, development efforts can make a contribution to reconstituting political, economic and social structures in weak and failed states that are not able to organise even basic services for their population and that are exploited as safe havens for terrorists and their sinister activities – like, for example, Afghanistan under the Taliban regime.

During a membership of the Security Council, Denmark will work to keep the fight against terrorism high on the international agenda and to enhance the UN's leading role in the area.

In the **plan for the principles of Danish development assistance for the fight against the new terrorism**, the Government has indicated clear guidelines and concrete measures for the Danish development effort against terrorism. This applies to direct activities inter alia in Indonesia, Central Asia, Yemen, Iran, Niger and Kenya, and to measures taken through international organisations such as the Security Council's anti-terror committee, CTC, and assistance to the efforts of selected develop-

ing countries to comply with UN anti-terror resolution 1373. This plan will be further developed on an ongoing basis in the light of experience gained and results achieved.

Among the hot spots of the world, **Afghanistan, Iraq and Sudan** have attracted particular attention. Afghanistan and Iraq are working to integrate themselves as accountable and democratic actors in the international community, and Sudan has the potential to follow the same path. If successful, the three countries will be able to become regional examples to be followed of the change and the opportunities that arise where violence and terror have to give way to security and development and where failed states are set on the right path.

In **Afghanistan** also during the next five years, Denmark will contribute to promoting security and stability and supporting the reconstruction and re-establishment of Afghan society by means of a multi-faceted effort. The challenges remain great with a delicate security situation, new and still fragile democratic institutions and extreme poverty. Danish development efforts will concentrate on measures in the areas of education, development of rural districts, respect for human rights and good governance, and activities in regions of origin for refugees and the internally displaced. The Government will allocate DKK 550 million to Afghanistan in 2005-2009.

Denmark supports development in **Iraq** by means of a wide-ranging effort with military, civilian, humanitarian and trade elements. The Government emphasises the utilisation of the synergy between the different elements in the Danish effort in order to enhance its impact. The Government is allocating DKK 150 million for reconstruction activities in Iraq in 2005-06. The activities include measures aimed at the police and the rule of law, democratisation, good governance, respect for human rights, and region of origin measures. During the period, Iraq is expected to undertake the task itself to an increasing degree, regard being had to its economic potential.

The Government will make a multi-prong Danish contribution to stabilisation and reconstruction in **Sudan**, on the condition of satisfactory progress being made in the peace process. According to concrete needs, the effort could encompass humanitarian assistance, reintegration measures for refugees and internally displaced people, good governance and respect for human rights as well as specific reconstruction activities. Over the

Denmark is one of the first countries to establish clear principles for development activities against terrorism. The activities must fully respect human rights and the rule of law and strengthen the countries' possibility to fight terrorism. Simultaneously, by improving living conditions and democracy, the effort must combat hopelessness and the fertile ground for terror.

Denmark must meet its international responsibility and make an active contribution to bringing stability, security, democracy and development to Afghanistan, Iraq and Sudan. Under development assistance, the Government is allocating:

- DKK 550 million to Afghanistan 2005-2009
- DKK 150 million to Iraq 2005-2006
- DKK 500 million to Sudan 2005-2009

next five years the Government will allocate DKK 500 million for a wide-ranging peace-building initiative in Sudan.

Experience from Afghanistan and Iraq – and previous experience from the Western Balkans and in Eritrea – has underscored the necessity of ensuring **coordination of the civilian and military effort** in the crisis areas in which Danish forces are deployed. The individual actors – fully respecting the actors’ fundamental differences and individual competencies – must mutually support each other’s activities in order to ensure a targeted, effective contribution to the stabilisation and normalisation of the situation in a conflict area.

Therefore, the Government has launched a **new initiative for civilian-military cooperation** with a view to increasing the overall efficiency of Denmark’s future efforts in crisis areas in which Danish forces are deployed. The purpose of overall Danish efforts in an area is to stabilise and normalise conditions as swiftly as possible. For the civilian population, improvements in the security situation and improvements in the social and economic situation in the area will be closely linked. This is why it is decisive that the activities of the civilian, military and humanitarian actors, as far as possible and from the very outset, are focused and coordinated. This can also help to shorten the military presence.

As one part of the new initiative, **the humanitarian allocation is being raised** by up to DKK 15 million a year to ensure funds for stabilisation efforts that can create concrete improvements for the local population in areas where Danish forces are present. The Government will, in addition, **gather lessons learnt** in Danish efforts in Afghanistan and Iraq as an active approach to the continued national and international discussions of the way in which civilian-military interaction can be strengthened in crisis-ridden countries in the future.

Refugees, humanitarian assistance and regions of origin – Link between abroad and at home

Today more than 30 million people are fleeing from violence and war, either as internally displaced in their own countries or as refugees in neighbouring or more distant countries. Still more leave their homes and many their countries in the search for a job and a future, often as illegal migrants. Influxes of refugees and migrants have large social consequences for those affected, for their home countries, which are drained of human resources, and for the countries receiving them. Living conditions for the internally displaced, the migrants and the local population are most frequently miserable, and the capacity to provide protection for refugees and asylum seekers in the regions of origin inadequate.

Since it came into office, the Government has worked to strengthen the effort to help refugees, the internally displaced and the permanently resident local populations in the refugees’ regions of origin and areas marked by illegal migration. **The activities in regions of origin** will be strengthened in the coming years. Direct Danish region of origin assistance will continue to be developed in relation to activities and possible

new countries of activity. At the same time, the effort concerning migration, refugees and internally displaced people will be developed further through international organisations.

Stepped-up Danish efforts in regions of origin should be seen in the context of the effort for resolving and preventing conflicts. When large groups of people are uprooted, this leads to instability with the risk of further conflict. This is why conflict prevention and peace-building activities form part of the region of origin initiative. By means of the region of origin initiative, it should be possible to also improve conditions in the home regions of the refugees and internally displaced, giving them the possibility of returning home.

A link with the Danish national refugees effort must be established. What we do abroad and what we do at home must pull in the same direction. At the same time there must be dynamic interaction between Danish and EU efforts, and an active effort in the EU will be an important part of a strengthened initiative.

Most development assistance possible for the money

By continuing to focus and rationalise Danish development assistance, the Government wishes to ensure that the support reaches its target and most assistance possible is secured for every Danish amount spent on development assistance to benefit the poor in the developing countries.

The Government wishes to strengthen efforts to **harmonise donor assistance**. Far too many human and economic resources in the partner countries are expended on fulfilling donor requirements and procedures. Right, duty and responsibility must go together. The countries of cooperation must accept responsibility for coordinating development assistance and strengthening their own administrative systems, enabling both the country's own resources and development assistance to be targeted towards the poor and administered efficiently and accountably.

The developing countries, however, can only take the lead if the donors to a higher degree concentrate their efforts on the country's priorities and agree to simplify development assistance administration. The Government wishes Denmark to be in the forefront in this area. Danish development cooperation must consistently aspire to harmonisation with other donors, with a point of departure in the developing country's own system. The joint action plan approved by Denmark together with several like-minded countries in 2003, is to provide greater impact and support the work of harmonisation. Efforts in the Danish programme countries give Denmark a special platform for active participation in the preparation of a new high-level forum concerning harmonisation in 2005. The high-level forum is, inter alia, to contribute to putting pressure on the bilateral and multilateral donors that are not yet working actively for harmonisation.

The decentralisation of Danish development assistance administration from the Ministry of Foreign Affairs in Copenhagen to the Danish diplomatic missions in the programme countries, implemented by the Government in 2003, will now be followed up by decentralisation of multilateral development assistance to the Danish missions at international organisations.

The process of decentralisation is closely linked to the strengthened **target and performance management** of Danish development cooperation. The existing performance contracts between the Danish diplomatic missions in the programme countries and the Ministry of Foreign Affairs are to be further developed. In multilateral assistance, the special organisation strategies with the UN organisations and the development banks, which establish clear objectives and indicators for the results of cooperation with Denmark, are to be strengthened.

On the international level also, Denmark will work to increase the effect and quality of development cooperation by means of better measurement and management. Denmark will actively work for the implementation of the Marrakech plan of action from October 2004 on good donor practice concerning target and performance management, which is expected to contribute to significant improvement in the result orientation and quality of total international development assistance.

The Government will continue to work for all European countries **untying** assistance, as Denmark has done, allowing free competition for assistance-financed tasks as laid down in the EU directive on tendering. Denmark is leading the work of establishing a joint procurement policy for the Nordic countries and other like-minded EU countries in order for future tasks to be carried out as well and as cheaply as possible.

V. Conclusion

With its development policy priorities for 2005-2009, the Government is continuing the concentration, focusing and quality assurance of Danish development assistance that commenced when the Government came into office. The overriding objective of Danish development assistance is targeted poverty reduction with a view to contributing to the achievement of the Millennium Development Goals. The starting point is in the national poverty reduction strategies of the developing countries themselves. At the same time, development policy is an integrated part of Danish foreign policy. Denmark's relations with the surrounding world are strengthened through a development effort that is up-to-date and that efficiently corresponds to current possibilities and pressing challenges. In the future also, development cooperation will build on the strategic basis in *Partnership 2000*.

The Government's priorities for 2005-2009 follow the priorities for development assistance set out in *A World of Difference*, at the same time as the effort is being further developed by means of a series of new, concrete initiatives including:

- Better, more efficient poverty reduction – the level of assistance is to be maintained
- New Danish Africa policy – for a different Africa
- Wider Middle East initiative – for progress and reform
- Strengthened environment profile; stronger global environmental cooperation
- Increased effort for human rights, democratisation and good governance
- Targeted assistance for reconstruction: Afghanistan-Iraq-Sudan
- Strengthened effort to prevent and fight HIV/AIDS
- Economic growth through a strengthened private sector

Development policy is one of Denmark's most important instruments for promoting a world of security and growth with development for all. A membership of the Security Council in 2005-2006 will give us the opportunity to stress our willingness to undertake co-responsibility through action. An efficient development assistance effort is a concrete, visible contribution to this and will benefit the poorest in the developing countries – and benefit Denmark.

In “Security, Growth – Development” the Government outlines its policy priorities for Danish development assistance in the period 2005-2009.

The Government’s priorities follow the priorities for development assistance set out in *A World of Difference* in July 2003, at the same time as the effort is being further developed by a series of new, concrete initiatives including:

- A better, more efficient poverty reduction – the level of assistance is to be maintained
- A new Danish Africa policy – for a different Africa
- An Wider Middle East initiative – for progress and reform
- A strengthened environment profile and a stronger global environmental cooperation
- An increased effort for human rights, democratisation and good governance
- A targeted assistance for reconstruction: Afghanistan-Iraq-Sudan
- A strengthened effort to prevent and fight HIV/AIDS
- A focus on economic growth through a strengthened private sector

Poverty reduction is the absolutely fundamental challenge for Danish development assistance at the same time as development policy constitutes a key instrument of foreign policy to further a world in security and growth with development for all. An efficient development assistance effort is a concrete, visible contribution to this and will benefit the poorest in the developing countries – and benefit Denmark.