

## DENMARK

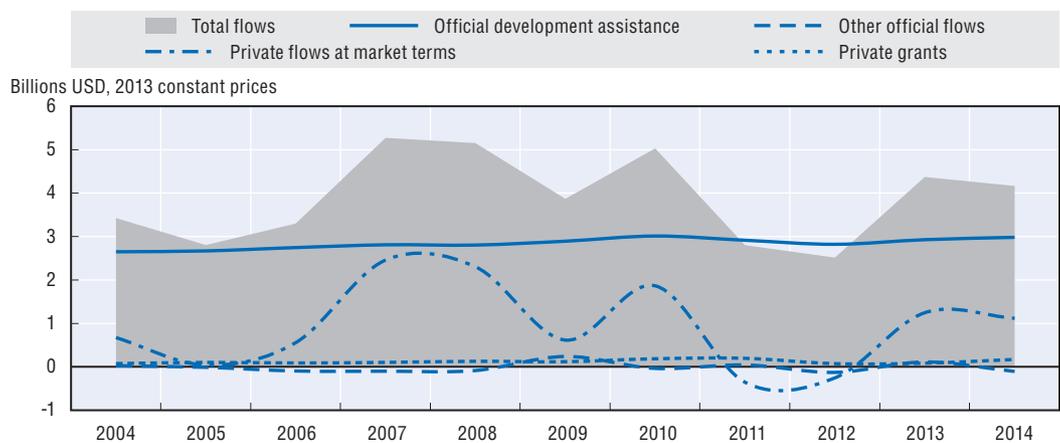
### Development challenges as investment and business opportunities: Denmark's policy and practices

Denmark's support to private sector development has increased steadily over the past 15 years, with a focus on value chain development (particularly for agribusiness), small and medium enterprise development and finance, and innovative financing models based on public-private partnerships. Denmark's private sector development strategy aims at creating an enabling environment for private sector development in developing countries. Denmark is looking to develop new instruments for catalysing private financing, matching development challenges with Danish competencies. A key mechanism for co-ordination with business and institutional investors is the joint Danish Investment Fund for Developing Countries (IFU) and the Development Committee of the Ministry of Foreign Affairs, which meets regularly to discuss synergies.

According to the 2015 DAC Survey on Mobilisation (Benn et al., 2016), Denmark mobilised USD 255 million from the private sector through guarantees and shares in collective investment vehicles in 2012-14, of which 64% targeted climate-related projects. Denmark is engaged in private sector development mainly through the IFU's operations.

### Financial flows from Denmark to developing countries

Figure 14.1. Net resource flows to developing countries, 2004-14, Denmark



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### Denmark uses ODA to mobilise other resources for sustainable development

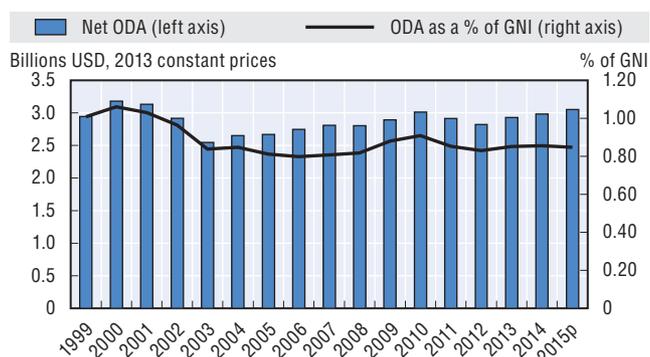
- Denmark contributes to the mobilisation of domestic resources in developing countries by supporting their tax systems.**  
 In 2014, it is estimated that Denmark committed USD 63 million of its official development assistance (ODA) to tax-related activities in partner countries.
- It promotes aid for trade to improve developing countries' trade performance and integration into the world economy.**  
 It committed USD 444.5 million to trade-related activities in 2014 (23% of its bilateral allocable ODA), a 4.3% increase in real terms from 2013. The trend has been increasing over the past few years.
- Denmark has pledged USD 72 million (DKK 400 million) to the Green Climate Fund,** which plays a key role in channelling resources to developing countries and catalysing climate finance at the international and national levels. In 2016, Denmark will also commit (subject to parliamentary approval) a total amount of USD 22.1 million (DKK 156 million) to the Least Developed Countries Fund, which addresses urgent and immediate adaptation needs of least developed countries and supports national adaptation planning processes to reduce medium and long-term vulnerability to the impacts of climate change.

## Denmark's official development assistance

In 2015, Denmark provided USD 2.6 billion in net ODA (preliminary data), which represented 0.85% of gross national income (GNI), and a 0.8% increase in real terms from 2014, due to a slight increase in in-donor refugee costs. Denmark is one of six DAC members to exceed the UN target of 0.7% ODA/GNI. It is the 4th largest Development Assistance Committee (DAC) provider in terms of ODA as a percentage of GNI, and the 13th in terms of volume. However, from 2016, Denmark's ODA is expected to drop to approximately 0.7%, in line with new government policy. Budget projections indicate bilateral ODA cuts of 54% and multilateral cuts of 49%. Denmark's share of untied ODA (excluding administrative costs and in-donor refugee costs) was 95.1% in 2014 (down from 96.5% in 2013), compared to the DAC average of 80.6%. The grant element of total ODA was 100% in 2014.

Denmark reported USD 256.3 million of its in-donor refugee costs as ODA in 2014. These costs represented 8.5% of its total net ODA. In-donor refugee costs are expected to triple in 2016 (to 30% of total ODA).

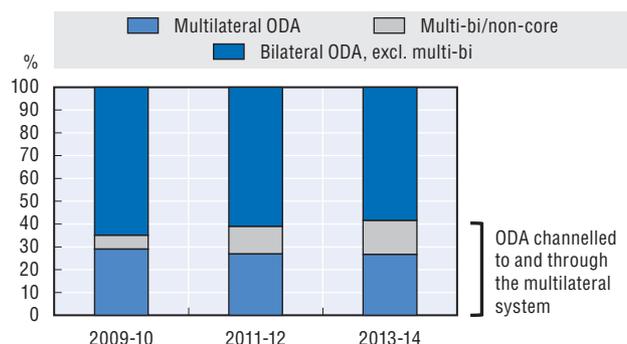
Figure 14.2. Net ODA: Trends in volume and as a share of GNI, 1999-2015, Denmark



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In 2014, 72.1% of ODA was provided bilaterally. Denmark allocated 27.9% of total ODA as core contributions to multilateral organisations, compared to the DAC country average of 28.3%. In addition, it channelled 20.8% of its bilateral ODA for specific projects implemented by multilateral organisations (multi-bi/non-core).

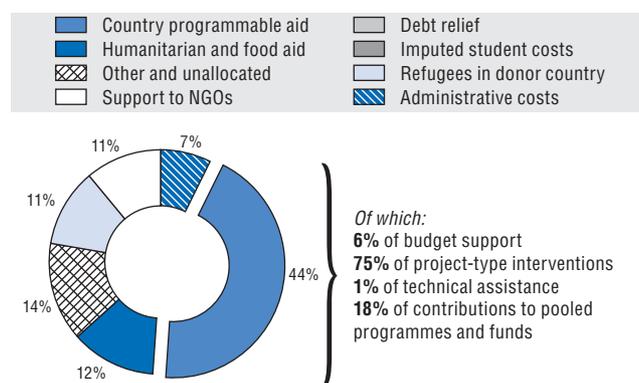
Figure 14.3. Share of ODA channelled to and through the multilateral system, two year averages, gross disbursements, Denmark



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In 2014, 43.7% of bilateral ODA was programmed at partner country level. Denmark's share of country programmable aid (CPA) was lower than the DAC country average (52.9%). Project-type interventions made up 75% of CPA.

Figure 14.4. Composition of bilateral ODA, 2014, gross disbursements, Denmark

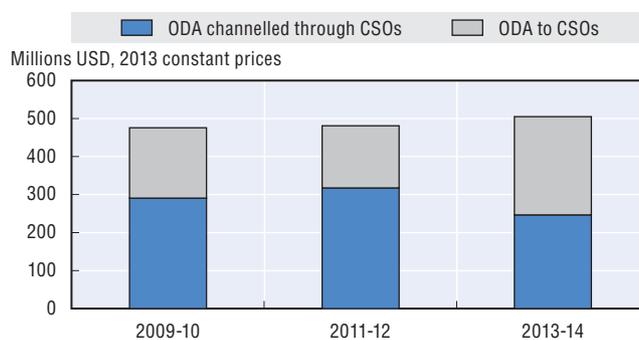


Of which:  
 6% of budget support  
 75% of project-type interventions  
 1% of technical assistance  
 18% of contributions to pooled programmes and funds

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In 2014, USD 521.6 million of bilateral ODA was channelled to and through civil society organisations (CSOs). Denmark channelled 22.9% of its bilateral ODA to and through CSOs in 2014, compared with the DAC country average of 17.4%. Aid to and through CSOs increased from 2013 both in volume (+5.2% between 2013 and 2014) and as a share of bilateral ODA (it was 21.3% in 2013).

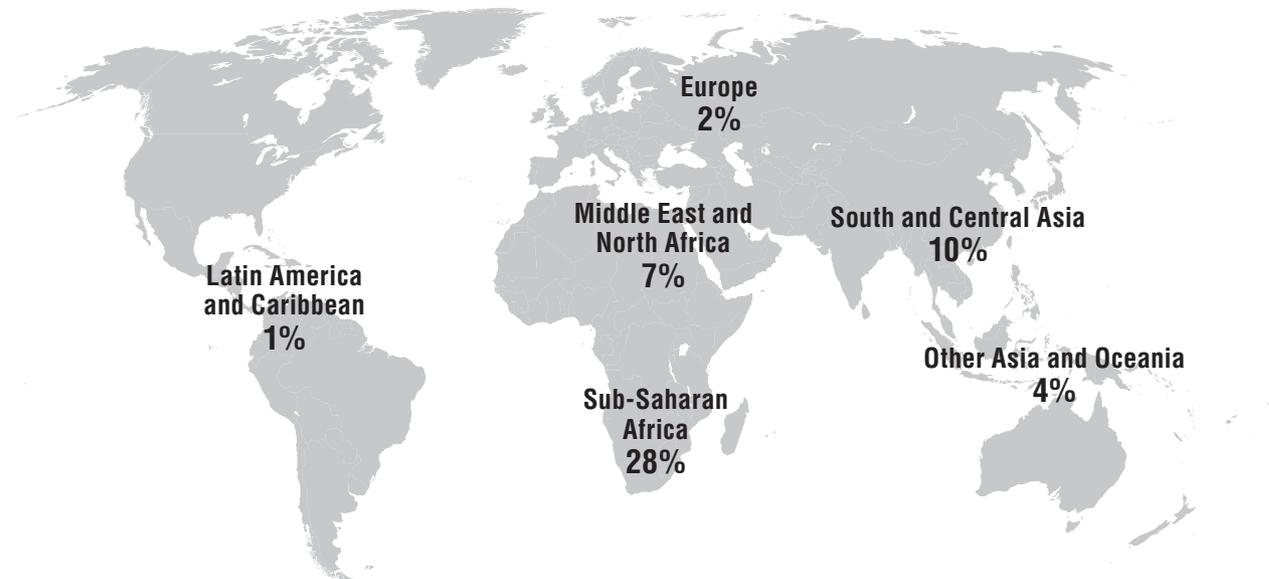
Figure 14.5. Bilateral ODA to and through CSOs, two year averages, gross disbursements, Denmark



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**Bilateral ODA was primarily focused on sub-Saharan Africa and south and central Asia.** In 2014, Denmark allocated USD 618 million to sub-Saharan Africa and USD 209.9 million to south and central Asia.

Figure 14.6. Share of bilateral ODA by region, 2013-14 average, gross disbursements, Denmark



Note: 48% of bilateral ODA allocated was unspecified by region in 2013-14. This share is not represented on the map.

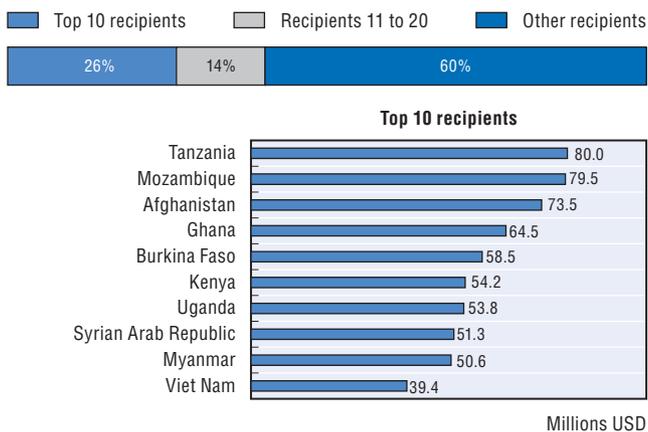
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**In 2014, 25.7% of bilateral ODA went to Denmark's top 10 recipients.** Nine of the top 10 recipients of Danish aid were priority countries, with the exception being the Syrian Arab Republic. In 2014, Denmark had a total of 22 priority countries, but this will gradually reduce to 14 priority countries by 2016. In 2014, its support to fragile states reached USD 607.9 million (26.7% of gross bilateral ODA).

**In 2014, 28.6% of bilateral ODA was allocated to least developed countries (LDCs),** amounting to USD 649.7 million. This is a decrease from 2012 (37.1%) and 2013 (30.5%), but is higher than the 2014 DAC average of 25.6%. LDCs still received the highest share of bilateral ODA in 2014, noting that 53.4% was unallocated by income group.

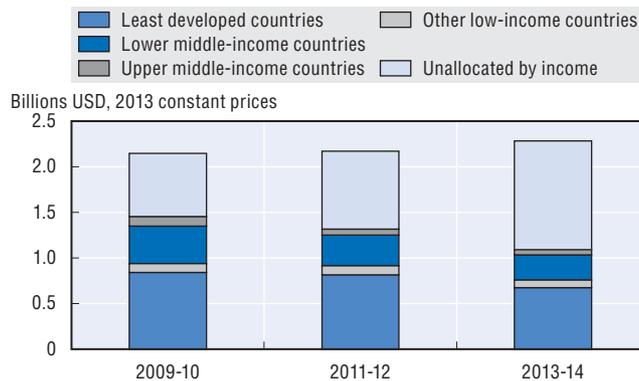
At 0.26% of GNI in 2014, total ODA to LDCs was well above the UN target of 0.15% of GNI.

Figure 14.7. Bilateral ODA to top recipients, 2013-14 average, gross disbursements, Denmark



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Figure 14.8. Bilateral ODA by income group, two year averages, gross disbursements, Denmark



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In 2014, 35.6% of bilateral ODA was allocated to social infrastructure and services, reaching USD 736.5 million. There was a strong focus on support to government and civil society (USD 403.2 million), health (USD 121.8 million), and education (USD 91.3 million). USD 264.4 million was allocated to humanitarian aid.

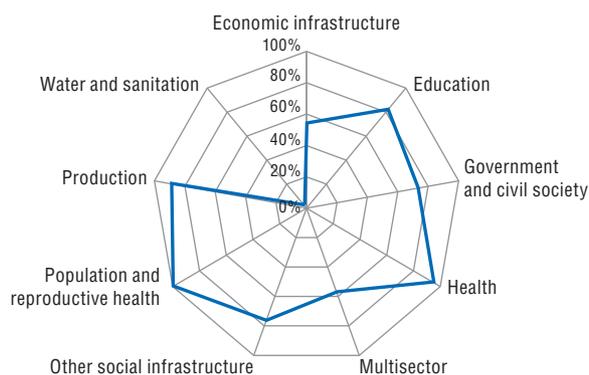
Figure 14.9. Share of bilateral ODA by sector, 2013-14 average, commitments, Denmark



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**USD 1 billion of bilateral ODA supported gender equality in 2014.** Advancing gender equality and women’s rights is a major strategic priority for Denmark. In line with the overall 2014 Strategy for Denmark’s Development Co-operation (*The Right to a Better Life*), the Strategic Framework for Gender Equality, Rights and Diversity is integrated across Denmark’s four priority areas: human rights and democracy, inclusive green growth, social progress, stability and protection. In 2014, 59.5% of Danish bilateral allocable aid had gender equality and women’s empowerment as a principal or significant objective, compared with the DAC country average of 34.7%. This is up from previous years (41.1% in 2013 and 35.5% in 2009). Denmark’s aid to population and reproductive health, health and productive sector focuses on gender.

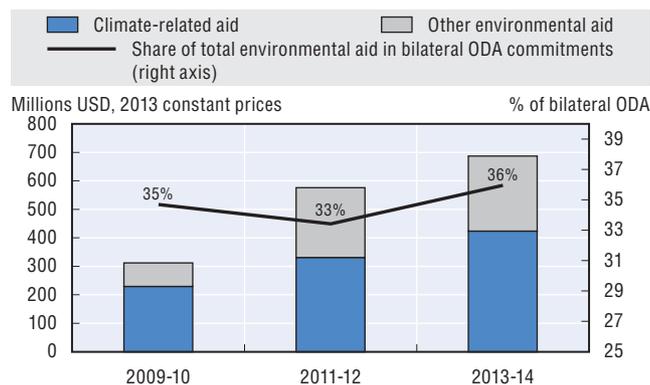
Figure 14.10. Share of bilateral allocable ODA in support of gender equality by sector, 2014, commitments, Denmark



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**USD 745.6 million of bilateral ODA supported the environment in 2014.** Promoting inclusive green growth based on the sustainable management and use of natural resources is one of four overall goals for Danish development co-operation. In 2014, 38.6% of Danish bilateral allocable aid supported the environment and 24.5% (USD 473.3 million) focused particularly on climate change, compared with the respective DAC country averages of 32.2% and 23.9%.

Figure 14.11. Bilateral allocable ODA in support of global and local environment objectives, two year averages, commitments, Denmark



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Note to reader: Annex B provides “Methodological notes on definitions and measurement for the Profiles of Development Assistance Committee members”.



**From:**

## **Development Co-operation Report 2016**

### The Sustainable Development Goals as Business Opportunities

**Access the complete publication at:**

<http://dx.doi.org/10.1787/dcr-2016-en>

#### **Please cite this chapter as:**

OECD (2016), "Denmark", in *Development Co-operation Report 2016: The Sustainable Development Goals as Business Opportunities*, OECD Publishing, Paris.

DOI: <http://dx.doi.org/10.1787/dcr-2016-20-en>

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