

Context of the peer review of Denmark

Political and economic context

From 2011-15, Denmark was governed by a centre-left coalition led by the Social Democrats alongside the Social Liberal Party and the Socialist People's Party. The June 2015 general election brought back the previous Liberal Prime Minister, Mr Lars Løkke Rasmussen, as the leader of a minority one-party Liberal government, with the support of three centre-right parties – the Danish People's Party, the Liberal Alliance and the Conservative People's Party. This election was the tightest contest in decades and produced Denmark's smallest single party minority government since the mid-1970s.

In July 2015, the population of Denmark was 5.6 million people while its gross domestic product (GDP) per capita at purchasing power parity exchange rates was USD 46 476. In 2014, real GDP rose for the first time in three years, by a modest 1.1%. This trend is expected to continue with a projected growth rate of 1.9%.

Denmark's economy can count on a low and stable inflation, a small debt-to-GDP ratio and only a small budget deficit. It is however held back by weak domestic demand and poor export performance. In addition, weak productivity growth over the past two decades has contributed to a widening of the income gap with leading OECD economies. The new government's priorities include limiting future budget deficits through cuts in education, environmental projects and foreign aid, and maintaining the euro exchange rate peg, including through interventionist measures.

Denmark scores highly on many dimensions of well-being. It ranks at the top for work-life balance in the OECD Better Life Index, with above average scores in environmental quality, civic engagement, education and skills, jobs and earnings, income and wealth, and personal security.

Denmark's official development assistance (ODA) has remained steady over the past five years – from USD 2 931 million in 2011 to USD 3 billion in 2014, at current prices, equivalent to at least 0.8% of gross national income (GNI). However, the new government has announced a readjustment of the volume of Danish ODA down to 0.7% in line with its general policy.

