

DAC Peer Review of Denmark

This chapter presents the findings and recommendations of the 2021 development co-operation peer review of Denmark. It reviews some of the systemic issues that have shaped Denmark's development co-operation and humanitarian assistance since the last peer review and explores Denmark's policies, partnerships and processes through the lens of the four thematic areas of climate action, the humanitarian-development-peace nexus, Doing Development Differently and embedding poverty reduction, human rights and the leave no-one behind principle. The chapter outlines Denmark's policy commitments and achievements in each area, identifies the factors that enabled progress to date, and sets out steps that Denmark can consider taking in the future.

Overview

Structure of the report

This is the first OECD Development Assistance Committee (DAC) peer review to apply elements of the 2021 peer review methodology and analytical framework (OECD DAC, 2021^[1]) and differs in structure and content from past peer reviews. In particular, the bulk of the report considers four areas of Denmark's development co-operation, which were selected in consultation with Denmark's partners and following discussion with representatives of Denmark:

- supporting climate action at international and local levels
- implementing the DAC Recommendation on the Humanitarian-Development-Peace (HDP) Nexus
- adapting to change and increasing coherence through Doing Development Differently¹ (DDD)
- embedding elements of Agenda 2030, specifically the leave no one behind principle, poverty reduction and human rights.

For each of these four areas, the report identifies Denmark's commitments and obligations, what Denmark is achieving through its engagements and partnerships, what is enabling Denmark's achievements, and what opportunities or risks lie ahead. The report also considers some systemic issues that cut across Denmark's work in these four areas and examines how Denmark maintains significant and predictable levels of official development assistance (ODA). This report is complemented by a [snapshot of Denmark's development co-operation](#), which includes factual information on its policies, institutional arrangements, finance and management systems, and the [Development Co-operation Profile of Denmark](#).

In an effort to support learning between members, the report highlights a number of areas of good practice from which Denmark and other DAC members and development actors could draw inspiration. These are documented in further detail in [Development Co-operation TIPs · Tools Insights Practices](#) and in five boxes:

- Box 1. Budget balancing mechanism: Reaching the 0.7% ODA/GNI target while protecting funding commitments
- Box 2. Enabling co-ordinated climate action through the Climate Envelope
- Box 3. Advancing policy priorities at the Green Climate Fund with a co-ordinated approach
- Box 4. Partnering to enable private sector investments in Somalia
- Box 5. Achieving holistic and adaptive country frameworks through a new planning approach.

Context of the peer review of Denmark

Political and economic context

Denmark has been politically stable over the review period (2016-21). A minority coalition – Social Democrats with support from other centre-left parties – took office following 2019 elections and new elections are due in 2023.

Largely due to the impact of the coronavirus (COVID-19) pandemic, Denmark's economy contracted by around 4% in 2020, less than in most OECD countries. By current projections, output is expected to return to pre-crisis levels by 2022. Denmark registered a gross domestic product (GDP) per capita of USD 59 842 in 2020 (OECD, 2021^[2]) and continues to perform well on quality of life indicators (education, civic engagement, environmental quality, skills, jobs and earnings, income and wealth, and personal security) (OECD, 2020^[3]).

The Danish public is broadly supportive of development co-operation and providing official development assistance (ODA) for development objectives. The Ministry of Foreign Affairs (MFA) proactively seeks to

sustain and broaden this public support, using innovative approaches to engage young people and those who have not traditionally supported development objectives. An increasing share of ODA interventions includes climate objectives and is reported as international climate finance, reflecting increased political and public support for ensuring that the development co-operation portfolio contributes to positive climate action where possible. Growing interest in addressing climate change presents an opportunity to strengthen Denmark’s narrative on global solidarity to address long-term global challenges and to assist those left behind.

Institutional context

Leadership of Denmark’s development co-operation policy, as well as responsibility for maintaining a coherent and co-ordinated approach across the government and assuring the quality of all Denmark’s ODA-funded partnerships, sits squarely with its MFA within an integrated foreign affairs structure. Within the ministry, Denmark’s development co-operation is led by a secretary of state who reports to a dedicated minister for development co-operation. The MFA manages virtually all of Denmark’s ODA – 97.6% of the total in 2019 – and is responsible for reporting all of Denmark’s eligible ODA to the OECD.

The MFA has built effective working relationships and joint funding mechanisms with a number of other ministries, particularly the Ministry of Climate, Energy and Utilities on climate action and the Ministries of Justice, Defence, and Immigration and Integration on peace and stabilisation and irregular migration. Attention to policy coherence has increased since the last peer review, especially in relation to climate mitigation and adaptation and trade policy, bolstered by updated legislation and cross-government mechanisms to monitor progress towards the Sustainable Development Goals (SDGs).

Denmark has robust oversight mechanisms. The role of the Council for Development Policy has evolved since its predecessor, the Grant Committee, was given a new mandate in late 2016. The Council now engages in strategic and thematic discussions and publishes its deliberations and recommendations online (Ministry of Foreign Affairs of Denmark, 2021^[4]). The Auditor General’s Office frequently assesses various aspects of MFA’s administration of the development co-operation budget. These assessments are widely read in Denmark, among them the 2021 report on international climate finance provided to developing countries (Auditor General’s Office, 2021^[5]) and the 2017 report on whether Denmark’s calculation of in-donor refugee costs was in line with DAC directives (Auditor General’s Office, 2017^[6]).

The Parliament of Denmark sets the country’s development co-operation policy and approves the annual Finance Bill, which sets out government priorities and the financial envelope for all ODA over a four-year period. The Finance Bill also includes some programmatic decisions including partner selection, and the Parliament was involved in operational decisions when approving Denmark’s allocations for the international response to coronavirus (COVID-19). A number of updated procedures, including for country strategic frameworks, seek to separate the Parliament’s policy-setting role from the executive role of ministry teams, which is good practice.

Development legislation and policy

In 2017, Denmark approved an update to the Act on International Development Cooperation (Parliament of Denmark, 2016^[7]) and a five-year development co-operation and humanitarian assistance strategy entitled [The World 2030](#) (Ministry of Foreign Affairs of Denmark, 2017^[8]). Both align to the 2030 Agenda for Sustainable Development. The objective of Denmark’s development co-operation as set out in the legislation is broad: “to fight poverty and promote human rights, democracy, sustainable development, peace and stability”. The amended act confirms development policy as a central and integral element of Danish foreign policy and recognises that developing countries are affected not only by development policies but also by other policy areas. The legislation further requires Denmark to pursue its objectives through partnerships with developing countries and within the framework of both internationally recognised principles and objectives for development co-operation and principles of humanitarian aid.

The World 2030 articulates the vision of Denmark’s development policy as “a more secure, free, prosperous, sustainable and just world where each individual, now and in the future, is able to take charge of his/her own life and provide for himself/herself and his/her family”. Framing the vision statement at the level of the individual reflects Denmark’s rights-based approach to development. The strategy confirms Denmark’s strong commitment to multilateralism and, in keeping with Denmark’s ambitions on the global stage, a commitment to shaping and influencing multilateral institutions and debates. As stated in the government’s 2021-24 government priorities, Denmark aims to be the “small cog that makes the large machine turn in the right direction towards solidarity” (Ministry of Foreign Affairs of Denmark, 2020^[9]).

The World 2030 was negotiated to achieve consensus across the broad spectrum of Denmark’s political parties. This enabled the strategy to survive a change of government, providing helpful continuity. However, it also resulted in broad objectives and some vague language that have limited its use in guiding operational decisions, which was noted in a 2016 peer review recommendation. The strategy sets out four strategic objectives: 1) safety, peace and protection; 2) prevention of irregular migration; 3) inclusive, sustainable growth; and 4) freedom, democracy, human rights and equality. Priority SDGs are identified for four different contexts: at global level; in low-income, fragile priority countries; in low-income, stable priority countries; and in transitioning priority countries. Denmark’s priority countries and territories are currently Afghanistan, Bangladesh, Burkina Faso, Ethiopia, Ghana, Kenya, Mali, Myanmar, Niger, Somalia, Uganda, United Republic of Tanzania, and West Bank and Gaza Strip.

Systemic issues

Denmark’s decentralised business model allows its embassies and missions to connect its development co-operation and political advocacy. As seen in the context of Somalia and in relationships with key multilateral organisations, this business model allows Denmark to draw on the convening power of its ambassadors, to establish broad relationships with funding partners and to develop a robust understanding of the country context as well as allowing Denmark’s embassies to own decisions pertaining to their respective country strategies. Denmark is aware that decentralisation and flexibility make it ever more challenging to ensure coherence, and it is actively seeking to manage tensions. Furthermore, a growing number of partnerships and budgets focused on one or several countries and regions are being managed from Copenhagen through grant facilities. Through Denmark’s DDD approach, responsibility for strategic planning, co-ordination and oversight of country-level engagements rests with country teams based in embassies and supported by broader country teams.

Denmark continues to rank among the top DAC performers in relation to ODA volume and predictability. Starting in 1978, Denmark has provided at least 0.7% of its gross national income (GNI) as ODA and is one of six DAC members providing 0.20% of GNI as ODA to least developed countries. It is commendable that there has been consistent and broad political backing for providing at least 0.7% of GNI as ODA for almost 50 years. While Denmark previously provided more than 0.7% of GNI in ODA, political support for surpassing that 0.7% target has been limited in recent years, and all allocations for the international response to COVID-19 came from within the existing financial envelope.

A new budget balancing mechanism projects future budgets and allows Denmark to plan commitments. The mechanism responds to a 2016 peer review recommendation to increase the predictability of programmable ODA that was made at a time when Denmark’s in-donor refugee costs had risen to 30% of its bilateral budget (Box 1).

Box 1. Budget balancing mechanism: Reaching the 0.7% ODA/GNI target while protecting funding commitments

The 2017 Finance Act introduced a budget balancing mechanism to ensure that Danish ODA commitments consistently equal 0.7% of GNI while honouring funding commitments with partners. To achieve this goal, the mechanism allows Denmark to adjust the ODA budget to fluctuations in GNI estimates over a three-year period. At the closing of accounts of a given year (e.g. in early 2022 following the closing of 2021), any difference between the budgeted ODA amount (based on an earlier GNI estimate) and the actual figure needed to reach the 0.7% target of GNI as ODA is either subtracted from (if a surplus) or added to (if a deficit) the coming year's (2023) Finance Bill. This budget balancing mechanism activates for differences greater than DKK 100 million (Danish kroner), equivalent to USD 15 million and about 1% of the average annual budget.

The budget balancing mechanism also handles fluctuations in in-donor refugee costs within a financial year. If costs decrease by more than DKK 100 million compared to the budget, the so-called free funds are reallocated to development programmes within the same year. If in-donor refugee costs increase beyond their budget, the extra amount is added to the budget balancing amount and the over-expenditure is equalised by a commensurate reduction in the next Finance Bill.

The budget balancing mechanism has helped Denmark to protect annual commitments in the Finance Act while consistently disbursing at least 0.7% of GNI as ODA since 2017, thus maintaining broad political support around this target. A disbursement buffer is added to the disbursement budget to ensure that disbursements reach the 0.7% ODA/GNI target. Denmark works with partners to honour funding commitments while adjusting disbursements up or down at year's end. Adjusting commitments over several years may become more challenging in the event of significant or recurrent reductions in GNI.

Note: This practice is documented in more detail on Development Co-operation TIPs - Tools Insights Practices: www.oecd.org/development-cooperation-learning.

Source: Ministry of Foreign Affairs of Denmark (2017^[10]), *The Government's Priorities for Danish Development Cooperation 2018*, <https://um.dk/en/danida-en/strategies%20and%20priorities/government-priorities---danish-development-assistance>; interviews with MFA and Ministry of Finance officials; internal briefing note explaining the functioning of the budget balancing mechanism.

Increased political and public support for stemming irregular migration is increasingly shaping ODA allocations, with both positive and negative consequences. The 2016 peer review recommended that Denmark safeguard the pro-poor focus of its ODA-funded activities. As seen in Somalia, Denmark has translated its migration and development objective into a renewed focus on livelihoods and youth opportunities in developing countries, which is positive. However, the migration objective has had less-positive consequences, too. Danish government priorities set out in the last three Finance Bills explicitly refer to using ODA to limit irregular migration into Denmark and Europe (Ministry of Foreign Affairs of Denmark, 2020^[9]; Ministry of Foreign Affairs of Denmark, 2019^[11]; Ministry of Foreign Affairs of Denmark, 2018^[12]), and Denmark has actively considered making ODA conditional on partner countries' co-operation on irregular migration.² In such a context, it is important that the MFA continue to engage actively to bring development considerations to bear in its joint management of specific ODA budget lines related to irregular migration³ with the Ministry of Immigration and Integration.

The MFA is committed to transparency and provides an exceptional level of public information on how decisions are made. The ministry publishes its Aid Management Guidelines on line (Ministry of

Foreign Affairs of Denmark, 2021^[13]) as well as the minutes and background documents for meetings of the Council for Development Policy (Ministry of Foreign Affairs of Denmark, 2021^[14]).

The Danish government is currently formulating a new development policy. The government's priorities for 2021 indicate that it will focus on issues such as jobs, including green and decent jobs, as well as on vocational education, access to clean water and clean energy, and addressing the root causes of irregular migration (Ministry of Foreign Affairs of Denmark, 2020^[9]). The expected strategy update presents an opportunity for Denmark to formulate a clear narrative that draws on available evidence of the links between managing irregular migration, protecting human rights and reducing poverty. Given the breadth of the objectives set out in legislation, the risk that short-term interests may dominate political debate and the peer review team's view that Denmark's development co-operation is stretched thin, negotiation of the next development and humanitarian strategy provides an opportunity to:

- Agree a compelling narrative for how Danish development co-operation supports the country's longer-term interests, stressing the benefits of a stable, just, sustainable and prosperous planet.
- Articulate more clearly the extent to which Denmark is committed to reducing poverty and leaving no one behind, addressing exclusion, and protecting economic, social and political rights through its development policies and programmes.
- Build a clear strategic framework to guide decisions and identify priorities that reflects Denmark's poverty focus and gender equality, human rights and climate commitments as well as its geographic priorities (Sahel and Horn of Africa). This framework would support the DDD emphasis on adaptability and coherence.

The Ministry of Foreign Affairs (MFA) has limited staff and only recently restored specialist skills to the level prior to the cuts in 2016. The 2016 peer review of Denmark cited limited human resources as a concern. Over this review period, the ministry has started to restore staff numbers and continues to contract international advisors and third-party monitoring services to supplement in-house capacity. Given the ever-increasing demands on staff, it is encouraging that the MFA recently undertook a mapping of skills. Involving human resources colleagues at the earliest stages of developing country programmes would help Denmark plan for changing capacity needs in different country programmes and multi-country or regional instruments. Linking staffing decisions more closely with programme planning would also help the ministry tailor its human resources policies to reflect the specific needs of fragile contexts, where Denmark is increasingly active. Denmark provides technical advisors on a long- and short-term basis to its key partners, particularly multilateral organisations, as well as seconded MFA staff. As noted in a recent evaluation, the ministry could be more strategic in regarding these officers as a core part of its efforts to learn, influence and build capacity (TJT Consulting, 2020^[15]).

Recommendations

1. In order to provide a strong framework for decision making, Denmark's next development co-operation and humanitarian assistance strategy should:
 - reinforce the important contribution of development co-operation policy and partnerships to Denmark's longer-term interests, while safeguarding the integrity of its official development assistance
 - include criteria that will allow Denmark to focus its resources on a limited number of policy priorities and reinforce the linkages between these priorities
 - clarify the extent to which Denmark's development co-operation and humanitarian assistance is expected to contribute to reducing poverty and addressing inequalities.
2. In order to formulate and implement Denmark's policy objectives in a complex and interlinked policy context, its Ministry of Foreign Affairs should continue to restore staff numbers and build the skills and knowledge it needs.

Supporting climate action at international and local levels

Climate change ambitions are increasingly shaping Denmark's development co-operation

Climate change has been an area of focus in Denmark's policy making for a long time. Denmark has provided financing for international climate change action since 2002 and was, in 2005, among the first providers to adopt an integrated strategy, the *Danish Climate and Development Action Programme*, which aimed to better co-ordinate bilateral and multilateral support for mitigation and adaptation to climate change (Ministry of Foreign Affairs of Denmark, 2005^[16]). In 2009, Denmark hosted the United Nations (UN) Framework Convention on Climate Change Conference, including the 15th Conference of the Parties (COP15), which paved the way for a pledge by developed countries to mobilise USD 100 billion per year by 2020 for climate action in developing countries, a pledge that still frames international discussions (OECD, 2020^[17]). The 2020 Climate Act boosts Denmark's international credibility by setting the ambitious, legally binding target to reduce domestic greenhouse gas emissions by 70% by 2030 (Parliament of Denmark, 2020^[18]).

Climate action has only recently become a high priority for Danish development co-operation, backed by new legislation and policies. The 2020 global climate action strategy, entitled *A Green and Sustainable World: The Danish Government's Long-term Strategy for Global Climate Action*, engages Denmark to become a global, green front runner that inspires and encourages the rest of the world and to increase the focus of its development co-operation on adaptation and resilience (Government of Denmark, 2020^[19]).⁴ While *The World 2030* strategy includes only a broad commitment to sustainable growth with a focus on "energy, water, agriculture [and] food" (Ministry of Foreign Affairs of Denmark, 2017^[8]), the government's 2020 and 2021 priorities for Danish development co-operation set out a clear intention to focus more on climate action in the future (Ministry of Foreign Affairs of Denmark, 2019^[11]; Ministry of Foreign Affairs of Denmark, 2020^[9]). Climate initiatives and the green agenda feature prominently, with additional funding allocated.

Denmark has successfully engaged private companies to meet its domestic emissions targets but needs to manage carbon leakage. Between 1990 and 2018, Denmark achieved a net emissions reduction of 29%, above the 24% achieved by the European Union (EU) as a whole (European

Environment Agency, 2021_[20]).⁵ The government considers that it already has capacity to reduce greenhouse gas emissions by 60% (over 1990 levels) by 2030. The challenges of cutting emissions by an additional ten percentage points to achieve the Climate Act's 70% target have motivated the government to engage businesses further. The development of new technological solutions by the Danish private sector – for instance, Vestas is producing wind energy technology, Maersk is developing carbon-free shipping and Lego aims to stop using plastic by 2030 – will be transformative in the medium to long run for developing countries. At the same time, to protect its international reputation as a green leader, Denmark needs to manage emissions counted outside of Denmark, e.g. from the import of biomass (whose sustainability is under discussion) to the decarbonisation of its energy sector (Danish Council on Climate Change, 2018_[21]) or from shifting carbon-intensive industrial activities abroad.

Denmark leverages funding and diplomacy to advance climate action

The Climate Envelope raises the profile of climate action within Denmark's development co-operation portfolio, enables improved co-ordination and can help refocus attention to climate adaptation. Established in 2008, the Climate Envelope has allowed Denmark to protect work on climate change throughout periods of shifting policy priorities (Box 2), though its allocations declined between 2016 and 2018.⁶ The Ministry of Climate, Energy and Utilities (MCEU) and the MFA are each responsible for part of the budget and co-govern the envelope through an inter-ministerial group. In the past, more funding was provided to climate change mitigation than to adaptation (Lindegaard, Funder and Friis-Hansen, 2021_[22]).⁷ With policy direction, the Climate Envelope can now help rebalance the focus between mitigation and adaptation in line with Denmark's objectives. Through the Climate Envelope, Denmark also finances multilateral support to influence global climate finance processes. As recommended in a 2020 evaluation of Danish support to climate change adaptation, the Climate Envelope could be used more strategically to fund interventions that are highly additional, innovative or experimental (PEM Consult and Overseas Development Institute, 2020_[23]).

Denmark is not mainstreaming climate action through its development co-operation to its full potential. This is particularly concerning for Denmark's support for climate adaptation, as most Danish adaptation funding relates to secondary objectives of bilateral programmes. With no recent strategic guidance to help staff and partners with mainstreaming climate action, Denmark has mainstreamed climate action primarily in the typical sectors of water, agriculture and natural resources but only to a limited extent across its other policy priorities (such as fragile contexts, human rights and governance, and peacebuilding and security) (Funder et al., 2020_[24]).⁸ Danish support to adaptation has been driven mainly by partners' strengths and priorities. At the same time, Denmark more effectively considered the climate dimension in the planning and budgeting phases than in the implementation and monitoring phases of its programmes, resulting in a gap between policy and practice (PEM Consult and Overseas Development Institute, 2020_[23]). Similar findings emerge from evaluations related to how Denmark mainstreams gender equality, human rights and poverty.

Its reporting to the OECD indicates that Denmark is slowly making progress on mainstreaming. The share of Denmark's bilateral allocable ODA focused on climate change (31%) was just above the DAC country average in 2019 (27%), despite steady improvements since 2017.⁹ On the other hand, Denmark managed to increase the commitment of some partner countries to adaptation mainstreaming, for example through the Greening Agricultural Transformation in Ethiopia programme.

Box 2. Enabling co-ordinated climate action through the Climate Envelope

The Danish government established the Climate Envelope to support developing countries to face climate change challenges while ensuring a balanced and co-ordinated approach across the government. The 2016 Guiding Principles for the Danish Climate Envelope include a theory of change and a monitoring framework, providing a useful point of reference in the absence of broader guidance on climate action that would encompass all Danish development assistance.

Over the years, the Climate Envelope played a key role in protecting climate funding, even when climate action was not an explicit policy priority. Initiatives funded through the Climate Envelope also benefitted from enhanced co-ordination between the MFA and MCEU. A combination of a formal steering group and regular informal interactions has helped teams in both ministries to keep each other up to date and to systematically mobilise Danish domestic expertise (especially on mitigation activities led by the MCEU). The MCEU has selected partner countries based on its own criteria, allowing it to build long-term partnerships, which are essential for support in the energy sector.

Going forward, a less strict division of labour between the MFA and MCEU – particularly in terms of their adaptation and mitigation focus and different target countries – may create opportunities to bring MCEU's mitigation expertise to low-income countries. Moreover, more direct involvement of other ministries and agencies with technical expertise (such as the Ministry of Food, Agriculture and Fisheries, the Ministry of Environment, etc.) in the Climate Envelope's initiatives could help to further Denmark's adaptation agenda.

Note: This practice is documented in more detail on Development Co-operation TIPs · Tools Insights Practices: www.oecd.org/development-cooperation-learning.

Source: Ministry of Foreign Affairs of Denmark (2016^[25]), *Guiding Principles for the Danish Climate Envelope*, <https://amg.um.dk/en/programmes-and-projects/guiding-principles-climate-envelope>; interviews with Danish government officials.

Denmark strategically and effectively uses its climate diplomacy network to influence multilateral development banks as well as emerging economies. Using both technical assistance and a combination of ODA and non-ODA resources in line with the global climate action strategy, Denmark has put in place several initiatives to support climate diplomacy:

- A newly appointed Climate Ambassador, a position co-funded by the MFA and MCEU, aims to spearhead climate diplomacy across the government, while the contact groups established under the DDD approach draw on information coming from embassies and partners to influence multilateral organisations (Box 3).
- Denmark recently designated 20 of its embassies and missions in key partner countries and representations to multilateral organisations as Green Front Line Missions. Together with five Green Strategic Partnerships, these aim to accelerate and promote Danish green solutions around the world.¹⁰ It is noted, however, that only a few Green Front Line Missions are in low-income countries, which need adaptation support the most.
- Denmark collaborates strategically with a variety of countries (e.g. like-minded Nordic countries and others, including from Denmark's different constituencies) to drive multilateral development banks to mobilise investments for green transition and climate adaptation and to co-fund multi-donor initiatives.
- Denmark uses global programmes, such as the Strategic Sector Cooperation, to strengthen bilateral relations and assist governments in emerging countries to support a green transition, among other objectives (PEM Consult, 2020^[26]).

Box 3. Advancing policy priorities at the Green Climate Fund with a co-ordinated approach

Strong engagement with the Green Climate Fund (GCF) is a critical element of Denmark's ambition to promote climate diplomacy and lead on climate action internationally. Its organisation strategy for the GCF, similar to Denmark's strategies for other multilateral organisations, publicly sets out its strategic priorities and has helped Denmark collaborate with the GCF, other providers and civil society.

A unique feature of Denmark's approach to engaging with the GCF is its joint representation at the GCF Board from the MFA and the MCEU, which ensures close co-ordination between the two ministries and more influence on GCF decisions.

The organisation strategy also commits the MFA and MCEU to collect inputs from Danish embassies, technical bodies (e.g. the Ministry of Environment and the Danish Energy Agency), Danish and partner countries' civil society organisations (CSOs), local governments, and the private sector. This has provided Denmark's representation at the GCF with concrete examples, feedback and reality checks to support its requests and proposals to the Board, making its contributions more valuable and better received.

As a result, Denmark has been influential in the GCF, for example through its strong support for the implementation of the GCF Indigenous Peoples Policy, which was adopted by the Board in 2018. Denmark has also contributed to strengthening the GCF's results-based management framework, advocating for the design of adaptation-oriented indicators.

Note: This practice is documented in more detail on Development Co-operation TIPs - Tools Insights Practices: www.oecd.org/development-cooperation-learning.

Source: Ministry of Foreign Affairs of Denmark (2020^[27]), *Danish Organisation Strategy for the Green Climate Fund (2020-23)*, <https://um.dk/-/media/um/danida-en/danish%20organisation%20strategy%20for%20the%20green%20climate%20fund%202021-23.pdf?la=da>; PEM Consult and Overseas Development Institute (2020^[23]), *Evaluation of Danish Support for Climate Change Adaptation in Developing Countries*, https://um.dk/en/danida-en/results/eval/eval_reports/publicationdisplaypage/?publicationID=A9CC034B-9F7B-4F61-B733-6F8370EC442B; interviews with Danish government officials and partners.

Private sector and civil society engagement complements Denmark's range of modalities, but the different strands could be better joined up. The Investment Fund for Developing Countries (IFU), Denmark's development finance institution, plays a central role in mobilising private funding in support of climate action. In 2018, the IFU launched the Danish SDG Investment Fund as a public-private partnership with a 60-40 split between private and public resources. The fund has already reached almost DKK 5 billion (USD 750 million) in total commitments, including DKK 100 million (USD 15 million) of ODA, and started to invest in projects on renewable energy, health and agribusiness.¹¹ Between 2015 and 2019, Denmark mobilised USD 530.9 million from the private sector for climate action, accounting for 19% of its total private sector mobilisation over the same period (OECD, 2021^[28]). The involvement of civil society in climate action has contributed to poverty reduction and improved the resilience of vulnerable groups at the community level through livelihoods diversification and provision of income opportunities (PEM Consult and Overseas Development Institute, 2020^[23]). However, the links between the different levels of action and modalities (including multilateral organisations and the Climate Envelope) were often insufficient to ensure synergies and mutual reinforcement (PEM Consult and Overseas Development Institute, 2020^[23]). It is the impression of the peer review team that Denmark has not fully exploited opportunities to contribute to transformation.

Political leadership and learning have enabled Denmark to advance its climate agenda

Political leadership has prioritised the climate agenda in all areas of policy making and incentivised Denmark to enhance its whole-of-government approach. Following elections in 2019, the Danish

government announced a “new political direction” on climate, placing the green transition at the heart of policy (Farand, 2019^[29]). In response, the Office of the Prime Minister assigned climate-related key performance indicators to all relevant ministries and the Climate Ambassador role was established. All relevant ministries contributed to drafting the global climate action strategy (Government of Denmark, 2020^[19]) and agreed to adopt an annual implementation work plan each September covering both national and international initiatives. The MFA established a new, cross-cutting Department for Green Diplomacy and Climate, with a team dedicated to climate change adaptation, to enhance climate diplomacy and increase the strategic focus on climate change as part of a green transition (Ministry of Foreign Affairs of Denmark, 2021^[30]).

Denmark’s commitment to evaluation and review allows it to draw on learning from past practices to guide future climate action. Following a 2015 evaluation of Denmark’s climate change funding to developing countries (LTS International, 2015^[31]), Denmark adopted the Guiding Principles for the Danish Climate Envelope to set out clear priority objectives and introduce an improved monitoring and evaluation framework (Ministry of Foreign Affairs of Denmark, 2016^[25]). In 2019, the MFA commissioned two new system-wide evaluations covering the relatively long period of 2008-18 – one an evaluation of Danish support to climate change adaptation (PEM Consult and Overseas Development Institute, 2020^[23]) and the other an evaluation of Danish support to climate change mitigation (Particip; Overseas Development Institute, 2021^[32]) – to inform measures under the forthcoming strategy, which will feature climate action as a policy priority. The Danish Council on Climate Change, an independent entity, publishes an annual status update on implementation of the Climate Act that looks at both national and international climate efforts. The Auditor General’s Office (2021^[5]) has recently assessed the transparency of Danish climate change assistance. In addition, the Council for Development Policy regularly monitors developments in international climate action (mainly new programmes), as does the Foreign Affairs Committee of the Danish parliament. Finally, the MFA promotes the generation of additional insights by supporting studies conducted by Danish and international research institutes (e.g. the Danish Institute for International Studies).

Future considerations

Policies laying out clear priorities and strategic guidance would bring climate to the centre of Denmark’s development and humanitarian action. The MFA has usefully prepared an internal policy note on climate change adaptation to inform the preparation of Denmark’s new development and humanitarian assistance strategy¹² and plans to revise the Guiding Principles for the Danish Climate Envelope to provide increased strategic guidance (Ministry of Foreign Affairs of Denmark, 2021^[30]). The new strategy is expected to provide a clear steer on Danish climate action by clarifying goals, setting out the extent to which climate action should be pursued, and highlighting how interconnections and synergies with other areas of intervention should be sought.

Building internal expertise and supporting embassy staff are key to developing new initiatives and integrating climate change into other priority areas such as peace and security. Partners often need capacity development on climate change adaptation, and embassy staff do not have the competences to concretely specify how climate change adaptation should be approached in country programmes, as was noted in a pre-appraisal report of the Burkina Faso country programme.¹³ If Denmark wants to aim high on climate action, it needs to build specialist expertise. In response to the findings of the evaluation of Danish support to climate change adaptation (PEM Consult and Overseas Development Institute, 2020^[23]), the MFA plans to develop dedicated guidance material and establish a helpdesk service to support staff and partners implementing the climate priority (Ministry of Foreign Affairs of Denmark, 2021^[30]). This is welcome. In addition, as seen during the peer review visit to Somalia, there is opportunity to integrate a focus on climate action and climate security by building adaptation measures into existing programmes. This would allow Denmark to potentially increase its focus on resilience, including among marginalised

populations. A recent internal MFA policy paper on the relevance of climate change for peace, conflict and security in fragile contexts identifies links and lays the groundwork for further engagement.

Transparently accounting for its climate financing is essential to Denmark’s credibility both domestically and internationally. A straightforward reporting system on climate spending would allow Denmark to measure its own performance and make informed decisions. The current method used to report on climate assistance provides an inaccurate picture, as there is sometimes a mismatch between the relevance of climate issues in the description of programme activities and the respective amounts reported as climate assistance (Auditor General's Office, 2021^[5]). In addition, it is difficult to find detailed data and information about ODA allocations to specific areas and to compare trends from one year to another. This concern was also flagged by the Council for Development Policy (Ministry of Foreign Affairs of Denmark, 2021^[4]).

A more integrated approach to climate action would achieve co-benefits for broader developmental and environmental objectives, which risk being overshadowed by Denmark’s growing emphasis on climate. ODA statistics show that the share of bilateral ODA targeting biodiversity and desertification shrank by more than half between 2016 and 2019, while resources to address climate change increased significantly during the same period.¹⁴ Further policy measures such as providing strategic guidance and reinforcing mainstreaming would ensure that Denmark makes the most of co-benefits of development and climate action.¹⁵ In addition, clarity on where climate interventions are contributing to poverty, gender equality and human rights objectives would help to dispel the perception that there is a direct trade-off between attention to climate change and attention to poverty reduction.

Recommendations

3. To protect its credibility on climate action, Denmark should ensure that its system for reporting international climate finance is transparent.
4. Building on Denmark’s strong political support for climate action, its Ministry of Foreign Affairs should provide strategic guidance to:
 - allow embassies and partners to effectively advance and monitor climate action through development and humanitarian policies and programmes
 - identify and exploit synergies between Denmark’s bilateral and global climate interventions.

Working across the humanitarian-development-peace nexus

Denmark has expanded its work across the HDP nexus, in keeping with its reputation as a global leader in fragile contexts

Denmark is spearheading work across the HDP nexus with a high level of ambition and experience to share globally and at country level. Like other DAC members, it has made specific commitments under the DAC Recommendation on the HDP Nexus (OECD, 2019^[33]) that cover 11 principals clustered around co-ordination, programming and financing.¹⁶ While this section focuses on the DAC Recommendation, it also discusses Denmark’s approach to fragility more broadly as an important foundation for how Denmark is implementing an HDP nexus approach.

Denmark has been a pioneer in incorporating a nexus approach across its development co-operation system. Nexus approaches were already prevalent in the Danish system in 2017, two years prior to the DAC Recommendation, for example through the linking of political, development and humanitarian streams into a single joint strategy, *The World 2030*; the cross-government governance of

the Peace and Stabilisation Fund (PSF); and Denmark's funding partnerships such as its longer-term food security work with the World Food Programme (Ministry of Foreign Affairs of Denmark, 2017^[8]).

Denmark has taken significant steps to make its humanitarian financing fit for purpose in line with the Grand Bargain and principles of good donorship. Denmark ensures that the support it provides to the multilateral system is predictable and flexible through multi-year framework agreements with, among others, the UN Office for the Coordination of Humanitarian Affairs (UN OCHA), the United Nations Development Programme, the UN Population Fund and the WFP and by leaving the majority of its contributions unearmarked so that aid can be rapidly deployed where it is needed (Ministry of Foreign Affairs of Denmark, 2018^[34]; Ministry of Foreign Affairs of Denmark, 2018^[35]).

Importantly, the HDP nexus is understood by Denmark to be complementary to, not a replacement for, its commitments to life-saving humanitarian action. Denmark's humanitarian budget is politically important and has increased significantly (see [snapshot of Denmark's development co-operation](#)). The allocation of humanitarian funding appears to balance longer-term, predictable financing with responsiveness when necessary. A third of this funding is allocated to multi-year strategic partnerships; roughly another third is allocated as core contributions to seven multilateral organisations (UN High Commissioner for Refugees (UNHCR), UN Relief and Works Agency for Palestine Refugees in the Near East, UN OCHA, WFP, International Committee of the Red Cross, UN Central Emergency Response Fund (CERF), and UN Mine Action Service); and a third is largely softly earmarked for immediate allocations to new or escalating crises through pooled funds (CERF or country-based) or through calls for proposals aimed at Danish CSO.

By focusing more on peace, stabilisation and conflict prevention in both fragile and non-fragile contexts, Denmark is meeting the challenge of strategising and acting on the peace component of the nexus. Its support to conflict prevention work has steadily increased over the past decade (see [snapshot of Denmark's development co-operation](#)), and Denmark is one of only two DAC donors, the other being the United Kingdom, to have a stabilisation fund combining ODA and non-ODA resources. The PSF is one of Denmark's main mechanisms for implementing the peace aspect of the nexus, including the 2018-21 Regional Sahel Peace and Stabilisation Programme and the 2018-22 Peace and Stabilisation Programme for the Horn of Africa. The PSF steering committee offers a potential model for governance and programming across the nexus with relevant ministries and beyond specific instruments. For more information, see [Peace and Stabilisation Fund TIPs practice](#).

Operating effectively in fragile contexts can be especially challenging when the legitimacy of the state is in question and security levels may not allow for an extensive presence on the ground. Denmark runs its Somalia country programme from Nairobi. It provides funding to the Somali government through the World Bank, the UN and the EU but has no direct government-to-government funding. Running a development programme from a distance and avoiding budget support are both common practices among DAC donors in fragile contexts. Denmark has a programme office in the EU compound in Mogadishu and aims to have a rotating member of the Somalia Unit (including the ambassador) in Mogadishu up to 70% of the time. Denmark has also opened a programme office in Hargeisa, Somaliland, making it the first among DAC members to do so. Nevertheless, Denmark's level of presence in Mogadishu is an ongoing concern for some partners, and securing sufficient security budget to support frequent field travel outside Mogadishu and Hargeisa remains a priority among embassy staff.

Denmark has responded to one of the more challenging aspects of the DAC Recommendation – the emphasis on strengthening national and local capacities – by working hard to understand local realities and establishing partnerships within and beyond partner governments. In its policy, Denmark aims to address this challenge by strengthening state building in parallel with strengthening civil society, including civic space. In practice in partner countries and territories, Denmark aims to strengthen national and local capacities by, for instance, forging local knowledge partnerships with non-governmental

organisations (NGOs) and researchers in Mogadishu to better understand risks and opportunities and by supporting private sector investments in Somaliland on an experimental basis (Box 4).

Box 4. Partnering to enable private sector investments in Somalia

Donor use of development finance institutions (DFIs), funds and facilities has grown steadily in recent years, with a recent OECD survey of funds and facilities identifying USD 74.5 billion in funds under management globally. But supporting private sector development – and its alignment with nexus approaches – remains an enormously challenging task in fragile contexts, where business risks are perceived as high, access to capital is low, and the local private sector is often dominated by micro- and small to medium-sized enterprises. Inflows of external private capital could have complex impacts on fragility, both negative and positive. Globally, less than 6% of all foreign direct investment is invested in fragile contexts. In Somalia, the business environment is one of the most challenging in the world: The country ranks last out of the 190 countries assessed on the World Bank’s Ease of Doing Business framework.

The Somalia country programme aims to make progress on inclusive private sector development, including through Denmark’s development finance institution, the IFU. IFU has invested in the Nordic Horn of Africa Opportunities Fund (Nordic Fund) with funding from the Danish Somalia Country Programme together with the Norwegian Development Fund. The Nordic Fund was created in 2018 as one of the first commercial investment funds for Somalia with a funding commitment of around USD 9 million, which by the end of 2020 reached a total funding of USD 18 million. The engagement is managed by Shuraako (which means “partnership” in Somali), a programme established by the US foundation One Earth Future. Shuraako has a local presence across Somalia, with offices in Hargeisa, Garowe and Mogadishu, and aims at connecting entrepreneurs with impact capital to foster economic growth, create jobs and promote stability and peace. The Nordic Fund is one of the first such funds operating in Somalia, aiming to support small and medium-sized companies that have few other sources of financing available. The fund operates on a largely commercial basis, with the development funding ensuring a first loss guarantee in case of loan default. Partners in Somalia reported that the fund plays an important pathfinder role in demonstrating the viability of such investments, especially in the more stable parts of Somalia such as Somaliland and Puntland.

Note: This practice is documented in more detail on Development Co-operation Tools Insights Practices www.oecd.org/development-cooperation-learning.

Source: OECD (2020^[36]), *States of Fragility 2020*, <https://doi.org/10.1787/ba7c22e7-en>; Investment Fund for Developing Countries (2020^[37]), *2020 IFU Annual Report*, <https://www.ifu.dk/wp-content/uploads/2021/04/IFU-AR-2020-samlet-16042021.pdf>; Norfund (2018^[38]), *Investing Profitably in Somalia*, <https://www.norfund.no/investing-profitably-in-somalia/>.

Denmark is working to implement its nexus goals through its policy framework, country-level leadership and DDD focus

An integrated policy framework has supported Denmark’s work across the humanitarian-development nexus, and could be expanded to more fully include the peace component. The underlying rationale for nexus approaches is clearly integrated in Denmark’s global strategy (Ministry of Foreign Affairs of Denmark, 2017^[8]). Implementation is guided by a how-to note that explicitly follows the DAC definition of the nexus and the 11 principles and identifies specific priorities. Denmark has prioritised three areas of action: 1) influencing more actors to use nexus approaches in their work; 2) strengthening conceptually and in practice the elements of peace and good governance, the relatively underdeveloped components of the nexus; and 3) pushing for concrete operationalisation regionally and at country level (Ministry of Foreign Affairs of Denmark, unpublished^[39]). This approach has enabled a focus on specific

steps within what might otherwise be an amorphous agenda. As is the case for other DAC members, there is a risk that Denmark implements the triple nexus as two disconnected nexuses – strategic links between development and humanitarian programming, on one hand, and between development activities and peace and stabilisation activities, on the other. The how-to note and other policy and institutional frameworks would be strengthened by more explicitly articulating the peace component, including through the PSF, as well as by including concrete and time-bound indicators of success.

Denmark’s devolved model and empowered leadership at the embassy level are key enablers of nexus approaches, especially links between the development and peace components. In Somalia and Kenya, the embassy plays an important leadership role in aligning implementation of the development and peace portfolios. Political engagement at the ambassadorial level is also widely recognised and highly prized by partners. Danish leadership on key issues has helped achieve co-ordinated change, especially across the development and peace elements. Examples include working to integrate rights into the policy dialogue around debt relief under the Heavily Indebted Poor Countries Initiative in Somalia (HIPC); playing a selective dialogue and peacebuilding role in Somaliland; and amplifying voices at national level, especially on women’s rights. In partner countries, it is noted that there is great demand for Denmark to play this type of role. Denmark needs to be careful to prioritise its interventions to fit staff capacities and skills, and the importance of this integrator role should be one element factored into resource allocation decisions.

The DDD¹⁷ focus is seen internally and externally as an opportunity to take a more systematic approach to the HDP nexus across the MFA (Ministry of Foreign Affairs of Denmark, unpublished^[39]). The comprehensive country strategies and task forces envisioned under DDD will provide new opportunities for co-ordination and adaptive management at country level. At the same time, analysis of the root causes of conflict and drivers of fragility and resilience are included in Denmark’s Aid Management Guidelines in the form of the Fragility Risk and Resilience Analysis Tool (Ministry of Foreign Affairs of Denmark, 2020^[40]), which is based on the OECD multidimensional framework, though this has not yet been used in all fragile contexts.

Future considerations

Denmark, like other DAC members, can do more to elevate the development and peace components of the nexus in its aid programming and global funding partnerships. Humanitarian funding in the Danish system is programmed at global level out of Copenhagen, while development and PSF funding is largely managed at country level. A systemic approach is needed to overcome the potential disconnect and ensure that while peace is not a humanitarian objective, the way humanitarian aid is deployed acknowledges its impact on crisis dynamics. At headquarters level in Copenhagen and with partners, the nexus approach is seen more in terms of humanitarian financing and its longer-term implications than as an issue for development finance per se and its implications for peacebuilding. As Denmark increased humanitarian financing over the past decade, its development spending in fragile contexts decreased, although this has rebounded slightly since 2018. Efforts to adapt development approaches to fragile contexts, such as in Burkina Faso and Somalia, could be expanded and lessons shared across the Danish system, in order to ensure that development approaches have sufficient weight in the nexus approach at headquarters level and in Denmark’s global funding partnerships.

The quality of Danish leadership on nexus issues is clearly recognised, although this is not consistently the case across all countries and for all pillars of the nexus. At global level, humanitarian agencies see Denmark as active in pushing for nexus approaches to humanitarian action through its funding partnerships (funded from Copenhagen), but in some partner countries, Denmark is seen largely as a funder more than an active stakeholder in humanitarian policy dialogue, including the implementation of a nexus approach.

Denmark's development of nexus approaches, especially the emphasis on ending need, has so far been closely linked to addressing irregular migration and forced displacement. *The World 2030* objective on migration and development has changed Denmark's country focus, not only creating a need for new skills and capacities but also contributing significantly to more holistic approaches to dealing with long-term displacement and supporting refugees and host communities. As seen in Denmark's programme in Somalia, the migration and development objective of *The World 2030* presents opportunities for nexus engagements in refugees' countries of origin. These could increase Denmark's focus on creating economic opportunities and opportunities for youth as well as on leaving no one behind. As Denmark's policy priorities evolve, it will also be important to apply lessons from its experience addressing forced displacement and migration to other policy areas, notably climate change. The MFA's how-to note explicitly recognised that climate change increases the complexity, extent and duration of conflict and crises and impacts on displacement (Ministry of Foreign Affairs of Denmark, unpublished^[39]).

With additional capacity, Denmark could play a stronger leadership and co-ordination role on key issues, linking actors inside and outside the Danish system. For example:

- Peace interventions, including through the PSF, could be better articulated and aligned with the other components of Denmark's nexus work, both strategically and operationally. This would benefit Denmark's own co-ordination, programming and financing choices as well as provide valuable lessons for other development actors.
- Denmark has the standing to corral bilateral input and thought leadership into collective outcomes and joint financing strategies to facilitate the strategic alignment of different national, bilateral and multilateral funding streams on priority themes and in priority countries.

While the components of the nexus are often linked strategically and conceptually, it can be challenging to translate these linkages to the development, implementation and funding of country strategies that draw fully on bilateral expertise and diplomatic mechanisms, rather than seeing donors as simply funders of UN priorities. There are examples from Danish practice that could be built on in other contexts. For instance, addressing internally displaced persons is one of four themes identified for collective outcomes in Somalia by the UN system and is also a priority for Denmark. Denmark was an active contributor to and funder of the new Somalia National Durable Solutions Strategy, integrated into Somalia's National Development Plan and the basis for a UN financing strategy. Denmark also co-chaired the Durable Solutions Working Group where international partners have discussed financing for this collective outcome. Denmark has also participated actively in the discussions organised by the Durable Solutions Initiative run by the UN Resident Coordinator's Office and funded by Switzerland. Once the political impasse is resolved and Somalia has a new government in place, it will be helpful to continue these deliberations and decisions and support the development of a collective financing strategy, whether at national level or as an area-based approach. A similar approach was taken by Sweden as a bilateral champion in the Democratic Republic of the Congo, for example.

Looking ahead, sharing lessons and evaluations across and outside the Danish system should be one of Denmark's nexus implementation priorities. Innovation, a willingness to take risks and a values-based comparative advantage have helped Denmark play a pathfinder role on nexus issues and provide valuable examples for cross-nexus evaluations and lessons that should be shared widely. Discussions in Somalia and Copenhagen pointed to the difficulty of sustaining cross-mission workshops and other learning events through periods of staffing reductions. It will be important to assess DDD pilots, including in Burkina Faso, and apply lessons learned as DDD is rolled out to all fragile contexts. Nexus implementation will be more effective if evaluations and lessons learned are shared across embassies and thematic priorities (for example, climate change) as well as with other bilateral and multilateral development actors and international financial institutions.

Recommendation

5. Denmark should build on its strong experience and expand its nexus implementation by:
 - better articulating and integrating the peace component of the nexus at global and country level including its interventions through, among others, the Peace and Stabilisation Fund
 - helping to close gaps, particularly at country level, in joint analysis, co-ordination and joint financing strategies across the UN, development banks, the EU and other bilaterals, including through support to the UN Resident Coordinator system
 - investing in evaluating its nexus implementation work and sharing lessons across the Danish system with other DAC members and multilateral organisations.

Adaptive management and coherence through Doing Development Differently

Through DDD, Denmark aims to be more coherent and agile

Denmark's DDD approach is problem focused with a high level of buy-in from senior management.

The MFA embarked on a series of reforms through its DDD approach in late 2019. This process was based on evidence and reflection: Managers and staff in the MFA see DDD as a necessary response to changes in the MFA business model. These changes include more thematic and multi-country partnerships being managed from Copenhagen, more funding being channelled through the multilateral system, and Denmark's increasing presence in contexts of fragility. The DDD approach is also seen as helpful in supporting the MFA to align ministerial instruction with local needs. Importantly, Denmark's DDD approach recognises that both the MFA and its partners need to be committed to change and have capacity to change. The COVID-19 pandemic and its consequences have allowed the MFA to test its flexibility and willingness to trust partners to adapt.

Through DDD, Denmark aims to adopt a more holistic, coherent, flexible and adaptive approach to development co-operation. Specifically, Denmark's DDD approach applies to all MFA funding instruments and is designed to strengthen the following aspects of Denmark's development co-operation strategies, systems and programmes:

- a holistic approach during preparation and implementation
- strategic coherence and synergies across the portfolio
- local ownership and leadership
- the focus on long-term sustainable results
- the ability to adapt programmes when needed, based on continuous monitoring and learning.

The DDD approach has been given time to evolve. The MFA leadership has been consistently supportive of the DDD approach. A two-year pilot phase has provided MFA management time for reflection, course correction and getting staff on board before the approach is applied to Denmark's work in additional partner countries and territories. Denmark's reflections from piloting the approach in Kenya in 2019, Burkina Faso in 2020, and more recently in the West Bank and Gaza Strip are of great value to the DAC. Denmark's updated Aid Management Guidelines (Ministry of Foreign Affairs of Denmark, 2021^[13]) and a recently finalised guidance note for adaptive management (Ministry of Foreign Affairs of Denmark, 2020^[41]) are published on line and are a testament to the MFA's commitment to continued learning.

The DDD approach is likely to transform Denmark's country presence and multilateral engagements

Although DDD is a relatively new approach for Denmark, it has already reshaped strategic planning and programme management in priority countries. For instance, the first DDD pilots in Kenya and Burkina Faso delivered comprehensive but flexible country plans designed to adapt as circumstances dictate (Box 5). Based on broad consultation and a holistic view of Denmark's partnerships in each country, this planning process reflects many aspects of good practice captured in DAC peer reviews in recent years. Denmark's new strategic planning framework is a significant departure from the previous approach, which combined a country policy setting out Denmark's strategic direction with a detailed programming document covering each bilateral engagement. Setting the direction but not the course is in line with current thinking on adaptive management. Each concrete intervention developed under the country strategic framework can include an unallocated budget line of up to 20%, which allows for adaptation as long as the intervention contributes to the agreed strategic objectives. In addition, up to 20% of the country budget can be reallocated between approved programmes and projects. Publishing less detail in country strategic frameworks may affect the transparency and predictability of Denmark's programming decisions, a drawback that could be mitigated by regular communication and public information. Denmark can also use the new strategic frameworks to clarify or update how it will apply development effectiveness principles in each context, particularly in relation to fragile contexts or situations where the state has limited legitimacy.

Discussions in Somalia illustrate how a DDD approach will make a difference in the coming years. Informal communication and a proactive country team have allowed Denmark to connect its different funding partnerships for Somalia, and a significant unallocated budget already permits the Somalia team to respond to new challenges and opportunities. A more deliberate DDD approach in the future may help to join up some of Denmark's engagements in Somalia with global initiatives, particularly the humanitarian funding managed at MFA headquarters. The Somalia programme both expanded and deepened existing partnerships using additional allocations as they became available. But a more deliberate adaptive management approach might have triggered a process of reflection, allowing the embassy and colleagues in headquarters to reflect on results and risks across the portfolio and to ensure that the budget increase was matched by increased staff in the embassy.

Box 5. Achieving holistic and adaptive country frameworks through a new planning approach

Testing a DDD approach in Kenya and Burkina Faso resulted in a holistic, transparent and adaptive approach to Denmark's policy and programming. All of Denmark's engagements were captured in visual form regardless of the ministry, office or business unit managing the relationship. This helped the country team members to identify linkages and overlaps and, in spite of the broader scope, resulted in more focused and leaner country partnerships.

The strategic frameworks for Denmark's partnerships in Kenya and Burkina Faso for 2021-25 identify strategic objectives and outcomes but do not specify engagements. The frameworks are designed to adapt over the five years, and four principles set out in the accompanying adaptive management guidance assist staff to choose partners and to select, formulate and manage individual development engagements. In the case of Kenya, the 2021 Finance Bill commits an indicative budget for each objective over the full strategy period. A new annual portfolio review process involves all members of the country task team in facilitating a regular strategic reflection that goes beyond assessing the performance of individual partnerships. This new planning process is at an early stage and the Ministry of Foreign Affairs has already reflected on lessons learned and areas to develop. Many partners have yet to build adaptation strategies or plans for designing and managing individual programmes. Both Denmark and its partners will need to invest further in monitoring, evaluation and learning in order to

ensure that the best evidence informs course corrections during the strategy implementation period and beyond.

Note: This practice is documented in more detail on Development Co-operation TIPs · Tools Insights Practices www.oecd.org/development-cooperation-learning. Commitments referenced here are 2018 commitments unless otherwise stated.

Source: Unpublished MFA pre-appraisal report on the Burkina Faso country programme; unpublished MFA report and reflections note on the Kenya country programme; interviews with officials and partners; Ministry of Foreign Affairs of Denmark (2020^[42]), *Strategic Framework: Denmark-Kenya Partnership 2021-2025*, <https://um.dk/en/danida-en/strategies%20and%20priorities/country-policies/kenya/>; Ministry of Foreign Affairs of Denmark (forthcoming), *Strategic Framework: Denmark-Burkina Faso Partnership 2021-2025*.

The DDD approach to multilateral partnerships focuses on a coherent engagement with key organisations. Denmark expects that the introduction of adaptive management and DDD initiatives will strengthen and focus the dialogue with its multilateral partners at headquarters level as well as country level and inform funding decisions, including how much of the funding to each organisation should be earmarked. There is some evidence even at this early stage that the focus on a coherent DDD approach is leading to structured, evidence-based multilateral influencing. Examples include Denmark's contributions to the World Bank Group strategy on fragility, conflict and violence (World Bank Group, 2020^[43]) and discussions on the Green Climate Fund adaptation portfolio (Box 3).

The MFA has put in place some excellent practice to enable adaptive management. The MFA has published adaptive management guidance which applies to both staff and partners; it has introduced new levels of delegated authority for the State Secretary which gives ministry staff more discretion to adapt; and has included unallocated budgets (called adaptability reserves) in its funding commitments. Denmark's approach draws on learning from other DAC members and reflects a good understanding of the many challenges to adaptive management they have identified (Ministry of Foreign Affairs of Denmark, 2020^[41]; Sharp and Wild, 2021^[44]). The principles set out in the recently published adaptive management guidelines should help to ensure that the adaptability reserves in the country budgets are deliberately adaptive from the outset and not only flexible. Adaptation may be triggered by lack of traction in the projects and/or a change in context – security, needs, political climate, etc. – and may take the form of shifts in modalities, how beneficiaries are targeted and the geographical focus. Over time, it would be useful for Denmark to monitor when and how adaptations have been triggered and, in particular, what evidence is sufficient to trigger a change. Doing so would aid learning and mitigate the risk of political priorities overriding country needs or of individual managers feeling too much pressure or having too much discretion.

Localisation is an important principle of the DDD approach. Local ownership is a key principle guiding the identification, formulation and implementation of all of Denmark's projects and programmes – that is, partners are in the lead and development co-operation supports locally led efforts. Denmark's guidance recognises the need to continually update its analysis to ensure that its approach supports leadership that is solidly embedded and can act in the local context and adapt to changes. Denmark is committed to defending and developing local partners and encourages its strategic partners to support local civil society actors with longer-term flexible funding and organisational support. The review team saw evidence of this in the partnerships of Save the Children using Danish funding in Somalia. Denmark has valuable experience with direct local partnerships in Burkina Faso, too: A civil society fund established in 2008 directly supports local organisations and a local community resilience programme has focused minds on bringing adaptation decisions as close to affected communities as possible.

Contact groups and task teams are enabling an impressive flow of analysis and information across a relatively small system but are resource intensive. Country task teams bring together staff familiar with all engagements to share insights and lessons and ensure coherence. This appears to support rather than undermine Denmark's informal influencing approaches, which partners recognise as highly effective (Nils Boesen a/s, 2019^[45]). A pilot establishing multilateral contact groups for six of Denmark's strategic partners has allowed structured exchange between thematic teams, embassies and the permanent

missions that manage core funds. In a context of greatly stretched human resources, there is a risk that the coherence objective of DDD cannot be delivered through scaling up these arrangements beyond the initial pilots. In view of this, Denmark may need to reflect on what is an optimal membership and number of country task teams and multilateral contact groups. Reviewing the current groups to clarify their objectives and to identify where Denmark will gain most from joined-up approaches in terms of improved effectiveness and performance would be a helpful first step. Ongoing improvements to Denmark's grant management systems should also help information flow across the system, leaving more space for contact groups to shape coherent strategies and policy dialogue.

Flexible budgets, partnerships and risk management systems enable a DDD approach

Denmark's approach to finance and budgets supports its DDD approach. First and foremost, Denmark's ODA budget is more predictable than those of most of its peers in the DAC, both in terms of its overall annual envelope (Box 1) and its ability to make commitments over several years through the Finance Bill. Quarterly adjustments and unallocated but predictable budget lines (adaptability reserves) allow embassies and other business units to adjust budgets and allocations during the year and to link these adjustments to context and performance. Also, importantly, funding flexibility and predictability are passed on to Denmark's partners, including some local organisations, enabling them to undertake longer-term planning.

Trust-based partnerships are key for adaptive management. A crucial lesson from the United Kingdom is the importance of trust – the need to give partners space, autonomy and authority to test and experiment (Menocal et al., 2021^[46]). Denmark rightly passes on primary responsibility for adaptation to its partners and its partnership approach takes partners' systems as a starting point. Denmark's partnership approach has already built a foundation of trust, and the adaptive management guidance note stresses that failure is acceptable but failure to learn is not. These are all good practice. However, few of Denmark's partners have as yet built adaptation triggers or tools into their systems and many programmes are constrained by funding requirements from less flexible organisations. Getting partners to a point where their leadership and staff are able and willing to monitor, learn and adapt their own systems will be key to achieving the level of flexibility and agility that the DDD approach allows. Recognising learning as an outcome in itself may encourage partners to move away from traditional monitoring and management approaches. A number of DAC members are seeking to develop adaptive approaches and could draw on Denmark's learning and experience.

Denmark's approach to managing risk is very well developed, transparent and directly linked to programming decisions. Risk management is seen as an iterative process where risk mitigation influences programme design and programme implementation and is linked to an adaptive management process. The Risk Matrix is revisited on a regular basis, and risks and risk mitigation measures reassessed. This regular review is a deliberate and practical exercise that can lead managers to readjust the project, the theory of change, the results framework and/or the risk mitigation measures. Annual audits are also used as a tool to reassess risks. Denmark's willingness to discuss risks openly, at a political and practical level, reinforces its reputation for transparency and helps to build trust.

Future considerations

Clear expectations for the DDD approach from senior management and regular reflection points would help staff judge where they should invest the most effort as the DDD approach is rolled out. A monitoring framework for DDD as an approach would allow Denmark to see if it is working, assess where to put most effort (important in a context of stretched staff), and systematically feed experience back into the teams from the Evaluation and Learning Units to refine the DDD approach. A recent evaluation of real-time monitoring pilots provides some lessons for the MFA in terms of identifying when formal processes

are appropriate and highlights the need to plan for the investment that such processes need (Brandt Broegaard, 2021^[47]).

The DDD approach requires investment by the MFA in monitoring and learning. Additional resources for monitoring, learning and evaluation are expected to come from, among others, cost savings related to a reduced number of small and medium sized grants. It is important that monitoring and learning stay firmly anchored at the embassy level and that sufficient human resources are set aside for these purposes. An additional budget to support monitoring, evaluation and learning in Kenya and Somalia was recently approved, which is welcome. However, this function is to be covered by an external expert or consultant, which cannot fully replace the role and responsibility of the embassy and may make it difficult for the MFA to capture learning from partners. Furthermore, in addition to capturing the results and adaptations that are being achieved through individual programmes and in decentralised business units, it will be important for MFA to ensure that ongoing monitoring builds organisational learning and gives managers a strategic and timely overview of what is being achieved and where challenges lie.

Further work to define and manage results would support a portfolio approach and help the MFA to steer, learn and manage performance. The DDD approach helpfully encourages a results culture by focusing the attention of MFA staff on how Denmark is contributing to sustainable development through its various funding instruments and influencing strategies. Nonetheless, a 2019 evaluation of Denmark's approach to managing the results of its multilateral partnerships noted that the MFA had a weak reporting culture and underdeveloped systems for reporting and retrieving results. Results are currently quite specific to context and individual programmes, which limits their use for strategic direction and learning across portfolios that encompass several programmes and themes. Strategic reflection in MFA is more often triggered by evaluations. In addition, the expected results from the DDD approach itself could be more clearly articulated – currently an internal DDD action plan breaks down the rationale for the approach into nine strategic objectives. As DDD is considered a strategic project, these objectives are discussed as part of the MFA internal Corporate Strategic Governance process and will be considered in upcoming evaluations. However, there remains a gap between the level of the action plan and the strategic objectives which could usefully be filled by a monitoring framework that would allow management to track, on an ongoing basis, if the DDD approach is on track to achieve its objectives.

Denmark has made progress in defining how it seeks to influence its multilateral partners. Denmark's guidelines for core and softly earmarked multilateral support¹⁸ have now been updated to reflect the DDD approach. In addition, organisational strategies are setting out clearer objectives for influencing, an example being Denmark's strategy for co-operation with the World Bank Group (Ministry of Foreign Affairs of Denmark, 2019^[48]). This will be helpful for monitoring progress. Denmark could draw on such strategies to set out its priorities for shaping and influencing the European Commission, its largest ODA recipient, working alongside other EU member states. Improved information flow through DDD contact groups may help to shape influencing strategies over time and identify where results are being achieved, which will help to further focus efforts.

There is further scope to use DDD to enable organisational and cross-country learning. DDD currently focuses on a coherent approach to individual countries and multilateral partners. The high level of interest in a recent workshop on the private sector in Niger that included members of the Somalia team suggests that there is significant demand for learning between countries. There may be similar demand for broader institutional learning using insights generated through the DDD approach.

Several opportunities exist to reinforce Denmark's commitment to localisation and local ownership. Partners interviewed during the Somalia mission felt that Denmark could provide more direct support to local organisations, thereby tapping into local solutions and building longer-term institutional capacity. There are a number of ways to increase attention to localisation within the MFA and among implementing partners:

- Encourage Denmark’s multilateral partners to embrace a commitment to localisation and local ownership. The MFA has already successfully embedded localisation principles into its strategic partnerships with NGOs and several civil society grants.
- Review Denmark’s grant-making processes with a view to making it more agile and better suited to both partnering directly with local actors and providing smaller catalytic grants.
- Review Denmark’s experience with technical assistance, in particular the secondments of international advisors to partner governments, to capture and communicate how this approach can and does reinforce Denmark’s localisation agenda.

Recommendation

6. As a strong supporter of adaptive management, Denmark’s Ministry of Foreign Affairs should continue to combine predictable funding and adaptive programming with a strong planning and partnership role for staff working in partner countries and processes to support organisational learning.

Reducing poverty, protecting human rights and leaving no one behind

Denmark’s human rights and gender equality commitments are clearer than its poverty focus

Denmark has a clear and unequivocal commitment to protecting human rights and achieving gender equality. Protecting human rights is one of the objectives in Denmark’s development co-operation legislation. Denmark also adheres to all UN conventions related to socio-economic and political rights, and the objectives set out in the Act on International Development Cooperation are presented as being in accordance with the UN Charter, the Universal Declaration of Human Rights and UN human rights conventions. One objective of *The World 2030* specifically focuses on freedom, democracy, human rights and equality. Predating the Agenda 2030, the MFA policy framework for gender equality and human rights sets out a comprehensive understanding of promoting, protecting and upholding human rights and devotes equal attention to duty bearers such as governments and rights holders, whether individual citizens or representative groups (Ministry of Foreign Affairs of Denmark, 2014^[49]).

Denmark’s approach to inclusion and reducing poverty is less clearly defined. Poverty reduction is listed as one of the objectives in Denmark’s legislation. At an international level, Denmark is committed to the Agenda 2030 pledge to leave no one behind. Further, in recognition of principle 5 of the DAC Recommendation on the HDP Nexus, Denmark has committed to “put people at the centre, tackling exclusion and promoting gender equality” in its programming (OECD, 2019^[33]). In contrast to previous policies that explicitly identified reducing poverty and protecting human rights as overarching objectives of Denmark’s development co-operation, *The World 2030* includes elements of poverty reduction across its four objectives and identifies SDG 1 (no poverty) as a priority SDG at a global level and in low-income, fragile priority contexts. Reducing poverty very much remains a de facto part of Denmark’s identity and reputation. Indeed, Denmark’s peer review memorandum states that “the principle of leaving no one behind and the human rights-based approach to development are core components in Danish external action and help direct Danish assistance towards the marginalised and those most in need” (Ministry of Foreign Affairs of Denmark, 2021^[50]). However, there is no current guidance on how Denmark should realise its poverty reduction objective.

Denmark channels significant ODA to least developed and low-income countries as well as fragile and conflict-affected contexts and states, but this share has declined in recent years. Danish ODA

is focused on poor and fragile contexts and on social sectors, and the top ten recipients of Denmark's bilateral ODA in 2019 were low-income and/or fragile countries and territories.¹⁹ This match between geographic priorities and funding allocations is important for Denmark's credibility as an international advocate for the needs of these countries. The longer-term trend for support to poor and fragile contexts is less encouraging, however: ODA to least developed countries dropped by 58% between 2011 and 2018; several longer-term engagements in sub-Saharan Africa were replaced by newer engagements in the Sahel and Horn of Africa; and less of Denmark's ODA is now geographically targeted, declining from 71% in 2011 to 49% in 2019 (OECD, 2021^[51]).

Denmark addresses the direct consequences of poverty and inequality through its programmes.

Examples include social protection and child protection programmes, social cash transfer programmes, community livelihoods and resilience programmes, and sustainable agriculture. Denmark also frames its humanitarian assistance and support for refugees and internally displaced people in terms of a focus on those left behind. In recent years, Denmark has focused on private sector development and youth employment as a path out of poverty and as an alternative for young people considering irregular migration. Denmark's work on human rights and democracy undoubtedly addresses some of the drivers of poverty and inequality, although these linkages are not consistently articulated or monitored.

Denmark's rights-based approach shapes its advocacy

Denmark has a solid record as a champion of gender equality and women's rights as well as the defence of democracy and countering torture. In addition to providing financial support for international partners working on issues of governance, gender equality and women's empowerment, and human rights, Denmark has a long history of advocacy on these issues, working in alliance with its partners at global level and particularly with other Nordic donors.

Through its country-level programmes, Denmark advances issues of gender equality, child protection, human rights and democracy in both a pragmatic and strategic way. Partners in Somalia appreciate Denmark's clear and consistent approach to identifying, establishing and protecting political and socio-economic rights, considering this to be Denmark's brand. Denmark supports its civil society and multilateral partners to change legislation, deliver training, provide services, and amplify the voice of marginalised groups and regions. Denmark's ability to mobilise its diplomatic and technical resources as well as its international and local partnerships was illustrated over the past year in Somalia and Somaliland, where it played an important role in convincing the parliament to reconsider the stalled Sexual Offences Bill, derailing attempts by religious conservatives to pass a much narrower and less progressive piece of legislation entitled the Sexual Intercourse Related Crimes Bill.

Strong analysis, alliances and a willingness to speak out reinforce Denmark's focus on poverty, human rights and leaving no one behind

Denmark places a high value on strong country analysis that is kept updated, including by tapping into a diverse range of opinions and insights. Understanding each country context and the political economy in which it is operating allows Denmark to influence and inform processes in a very informed and effective way. Denmark requests disaggregated data, particularly in relation to gender equality, and supports gender budget analysis in several countries. The DDD approach encourages country teams to keep their analysis updated and to review decisions when circumstances change.

Denmark is adept at alliance building. A commitment to consultation and dialogue in both Denmark and its partner countries is one of Denmark's assets. For example, recent work on civil society space built on a strong collaboration with civil society in Denmark and partners appreciated the in-depth consultative process and commitment to building a shared vision and objectives. Its alliances within the Nordic group have been instrumental to Denmark's championing of women's rights and sexual and reproductive health

and rights. Together with the Netherlands, Sweden and Belgium, Denmark was a founding member of the She Decides initiative for women's reproductive choice.

Denmark's approach to partnership is conducive to a focus on poverty, inclusion and human rights. As seen in Somalia, Denmark is a supportive and valued partner that is not afraid to be vocal and challenging. Denmark's credibility draws to an extent on its own domestic history of democracy and inclusion and a sense that a focus on human rights and freedoms resonates with Danish values.

Future considerations

A number of Denmark's partners perceive a risk that a focus on climate change, private sector development and irregular migration might come at the expense of a focus on poverty reduction and human rights. More clearly articulating how Denmark's partnerships will contribute to reducing poverty and advancing human rights would protect its trademark reputation as a champion of gender equality and human rights. The new strategy could clearly identify the interlinkages between poverty, gender equality, human rights, climate and fragility. This would reinforce the message that climate change adaptation and job creation are instrumental to support left-behind communities and people living in fragile contexts, reassuring those who feel that Denmark's attention to poverty reduction and inclusion has eroded over time.

Denmark's advocacy and programmes will not automatically contribute to reducing poverty and advancing human rights, though there is a tendency to assume that they will. Reflecting DAC experiences in mainstreaming other issues, it is important for Denmark to ensure that plans and programmes get beyond objectives, articulate a theory of change for their contribution, and measure the actual contribution of each intervention and portfolio to reducing poverty and protecting human rights. The MFA could be clearer about the extent to which each programme and initiative is intended to contribute to these objectives and ensure that this is reflected in quality assurance systems. For example, the ministry describes Denmark's engagement in Burkina Faso over 2021-25 as one in which "poverty and inequality are reduced based on enhanced resilience and sustainable economic growth" and this is carried through to one strategic objective (Ministry of Foreign Affairs of Denmark, (forthcoming)^[52]). However, the internal MFA pre-appraisal report did not assess the extent to which reducing poverty, achieving gender equality or protecting human rights were addressed through individual interventions or the overall strategy. Nor did the Council for Development Policy comment on the poverty or human rights focus when approving the MFA document (Ministry of Foreign Affairs of Denmark, 2020^[53]).

More explicit guidance and stronger checks and balances may help to reassure staff when defending the integrity of Denmark's ODA and international policies. Guidance, quality assurance and reporting systems should apply to all ODA instruments. Partners have suggested that it would be helpful to have tools such as template indicators with explicit requirements on these issues; guidance on disaggregated data in monitoring frameworks (recognising that this is challenging in fragile contexts and when wishing to reinforce national systems); and explicit requirements to unpack assumptions and risks. For example, neither the Kenya nor the Somalia policy and programme documents clearly articulate the poverty focus of their private sector components. Further, while a proposal for multi-annual support to the NDC Partnership²⁰ that was submitted to the Council in November 2020 supports least developed countries to plan for climate action in line with the Paris Agreement, it makes no explicit reference to reducing poverty or addressing inequality either in the rationale or the risk assessment (Ministry of Foreign Affairs of Denmark, 2020^[54]; Ministry of Foreign Affairs of Denmark, 2020^[55]). Council members did not flag this lack of attention to poverty reduction as a concern. Explicitly asking the Council to review the poverty focus of interventions may help to make Denmark's approach more consistent.

Denmark's focus on poverty and human rights relies on the knowledge, commitment and influencing capacity of its staff, particularly development specialists with extensive country-level experience. MFA staff are generally very committed to ensuring that Denmark's development co-operation

contributes to reducing poverty and protecting human rights. In the absence of strong monitoring and guidelines, reliance on individuals is a risky strategy for Denmark, particularly in fragile contexts where Denmark is increasingly present and where capacity tends to be weak. The risk is compounded by the small and shrinking number of development specialists in the MFA who can perform a technical advisory and quality assurance role, both at the time of programme design and appraisal and throughout the implementation period.

Aspects of domestic policies related to refugees and people seeking asylum pose a risk to Denmark’s international reputation as a defender of human rights. The 2016 peer review recommended that Denmark increase cross-government understanding of the implications of its commitment to ensuring that its policies are consistent with sustainable development objectives. This recommendation remains pertinent for many DAC members, particularly in relation to domestic policies intended to reduce irregular migration. Steps taken to discourage irregular migration into Denmark include changes to Denmark’s asylum and refugee policies. The UN High Commissioner for Refugees has flagged concerns about Denmark’s policy shift from integration to short-stay policies for people who have been given refugee status in Denmark (UNHCR, 2021^[56]) and recent proposals by Denmark to process asylum applications in a third country (UNHCR, 2021^[57]).²¹ Numerous media articles from across the political spectrum have cast Denmark in a negative light on these issues (Bendixen, 2021^[58]; O’Sullivan, 2020^[59]; Da Silva, 2021^[60]). This criticism stands in stark contrast to Denmark’s excellent reputation for promoting human rights. In particular, Denmark remains a strong advocate for the rights of refugees and displaced populations in developing countries, including access to economic opportunities. Addressing areas of policy incoherence such as this would mitigate reputational risk for Denmark and would be consistent with Denmark’s commitment to making the world “a safer, freer, more prosperous, sustainable and just place to grow up” (Ministry of Foreign Affairs of Denmark, 2017^[8]). It would also send a helpful signal to other DAC members facing similar challenges.

Recommendations

7. To ensure that Denmark is delivering on its policy commitment to reducing poverty and addressing inequalities, once this is articulated, its Ministry of Foreign Affairs should ensure that guidance for staff sets out clear requirements that apply to all relevant government entities and should closely monitor the extent to which its policies, partnerships and programmes contribute to reducing poverty and inequality.
8. To protect its reputation as a strong human rights advocate and principled development actor, Denmark should take action to address potential incoherence between its development co-operation objectives and its domestic policies related to refugees, asylum and irregular migration.

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Notes

¹ Denmark's DDD approach, formally introduced in 2019, draws on the 2014 DDD Manifesto championed by Harvard University's Center for International Development, available at <https://buildingstatecapability.com/the-ddd-manifesto/>. For more information on Denmark's recent efforts to test whether real-time evaluation involving multiple actors can enable adaptive management, see https://um.dk/en/danida-en/results/eval/eval_reports/publicationdisplaypage/?publicationID=4021B051-AA99-4F26-84B5-4792616D45E4.

² Denmark recently signed a memorandum of understanding with Rwanda on asylum and migration which refers to "the vision of the Danish Government that the processing of asylum applications should take place outside of the EU". See <https://um.dk/da/~media/um/danish-site/documents/danida/mou%20on%20asylum%20and%20migration%20issues%20between%20rw%20and%20dk.pdf>.

³ The ODA part of Denmark's migration budget includes core funding to the International Organization for Migration as well as funding for repatriation and border management, both bilaterally and through the EU Emergency Trust Fund for Africa. For example, the government allocated DKK 45 million (USD 6.75 million) from the 2021 ODA budget to two projects in the Western Balkans intended to strengthen border controls and promote the repatriation of irregular migrants and rejected asylum seekers.

⁴ The 2020 global climate action strategy is wide ranging, spanning government and multiple sectors. It integrates emissions reduction, adaptation and the greening of financial flows to support a green transition of large emitters and sustainable development in lower-income countries. The strategy also combines action across the UN, the EU, Nordic countries and non state actors and explores synergies between green transition, climate change and achievement of other SDGs such as SDG 5 (gender equality) and SDG 8 (decent jobs and economic growth).

⁵ The percentages of total net emissions are based on the UN Framework Convention on Climate Change methodology.

⁶ Annual allocations to the Climate Envelope were as follows: DKK 500 million (USD 75 million; including administrative costs of DKK 25 million equal to USD 3.8 million) in 2012-15; DKK 300 million (USD 45 million) in 2016-17; DKK 350 million (USD 53 million) in 2018; DKK 540 million (USD 81 million) in 2019; DKK 600 million (USD 90 million) in 2020; and DKK 677.5 million (USD 102 million) in 2021.

⁷ Of the total finance committed through the Climate Envelope between 2013 and 2018, 13% was directed to climate change adaptation and 38% to climate change mitigation, with cross-cutting initiatives accounting for 41% of committed amounts.

⁸ At the operational level, only the Aid Management Guidelines require a risk assessment on sustainable growth, climate change and environment for new commitments above DKK 10 million (USD 1.5 million).

⁹ The share of total bilateral allocable aid focused on both climate change adaptation and mitigation was 13% in 2016, 12% in 2017, 18% in 2018 and 31% in 2019. The DAC country average was 26% in 2016,

25% in 2017, 26% in 2018 and 27% in 2019. See also the Denmark profile in the 2021 OECD Development Co-operation Profiles at <https://doi.org/10.1787/9b77239a-en>.

¹⁰ Denmark's Green Front Line missions are located in Pretoria; Mexico City; Brasilia; Washington, DC; Abu Dhabi; Nairobi; Cairo; London; New Delhi; Hanoi; Jakarta; Denmark's mission to the UN in New York City; Beijing; Seoul; Tokyo; Addis Ababa; and its EU representation in Brussels, Berlin, Rome and Paris. Denmark's Green Strategic Partnerships are with the People's Republic of China, Indonesia, Japan, Korea and Mexico. The Danish government is working on new Green Strategic Partnerships with India and South Africa.

¹¹ The Danish SDG Investment Fund provides advice and risk capital for projects on climate, agribusiness and food, the financial sector, and water as well as production and infrastructure.

¹² The policy note on climate adaptation, which is an internal, unpublished document, outlines focus areas and priority sectors in which Denmark has the opportunity to increase its adaptation efforts. It proposes a number of policy messages for inclusion in the forthcoming development strategy.

¹³ The (unpublished) pre-appraisal report of the Burkina Faso 2021-25 bilateral programme notes that climate change adaptation, even if it is part of the country programme, should be included more explicitly. In particular, the report notes that activities relevant to climate change adaptation should be given clearer priority and that the monitoring and evaluation system needs to be further developed for monitoring climate change results.

¹⁴ The average share of bilateral allocable aid targeting biodiversity dropped from 4.1% in 2016-17 to 1.5% in 2018-19. The average share targeting desertification dropped from 3.4% in 2016-17 to 1.6% in 2018-19. For more information, see Denmark's 2021 OECD Development Co-operation Profile at <https://doi.org/10.1787/9b77239a-en>.

¹⁵ An example of Denmark being able to generate co-benefits to climate change adaptation and conflict prevention is its longstanding sector support to integrated water resources management in Burkina Faso in co-ordination with Sweden and the EU. See the evaluation of Danish support for climate change adaptation in developing countries by PEM Consult and Overseas Development Institute (2020_[23]) at https://um.dk/en/danida-en/results/eval/eval_reports/publicationdisplaypage/?publicationID=A9CC034B-9F7B-4F61-B733-6F8370EC442B.

¹⁶ The DAC Recommendation on the HDP Nexus, just two years into its implementation, can be considered aspirational, and work is underway to develop an assessment methodology. An interim progress report is scheduled for release in late 2021.

¹⁷ Denmark's approach to DDD is set out in its [Aid Management Guidelines for Country Strategic Frameworks, Programmes and Projects](#) and [Guidelines for Management of Danish Core \(including Soft Earmarked\) Support to Multilateral and International Organisations](#). These latter guidelines were revised in 2020 to introduce DDD initiatives; results monitoring, reporting and learning initiatives; leaner processes and procedures; and clear definitions for soft earmarking and strategic partnership agreements.

¹⁸ For the full guidance, see [Guidelines for Management of Danish Core \(including Soft Earmarked\) Support to Multilateral and International Organisations](#).

¹⁹ See the Denmark profile in the 2021 OECD Development Co-operation Profiles at <https://doi.org/10.1787/9b77239a-en>.

²⁰ The NDC Partnership works directly with national governments, international institutions, civil society, researchers and the private sector to fast-track climate and development action set out in nationally determined contributions (or NDCs) – each country's strategy to cut its own greenhouse gas emissions and build resiliency against the negative effects of a changing climate. For additional information, see <https://ndcpartnership.org/about-us>.

²¹ Denmark signed a memorandum of understanding with Rwanda on asylum and migration that refers to “the vision of the Danish Government that the processing of asylum applications should take place outside of the EU”. See <https://um.dk/da/~media/um/danish-site/documents/danida/mou%20on%20asylum%20and%20migration%20issues%20between%20rw%20and%20dk.pdf>. The Danish Parliament passed a law in June 2021 allowing asylum applications to be processed in a third country, a move which attracted negative media coverage. See for example <https://www.reuters.com/world/europe/denmark-agrees-law-deport-asylum-seekers-outside-europe-2021-06-03/>.



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