

MINISTRY OF FOREIGN AFFAIRS OF DENMARK

**DANIDA** | INTERNATIONAL  
DEVELOPMENT COOPERATION



STRATEGIC FRAMEWORK FOR PRIORITY AREA  
**GROWTH AND EMPLOYMENT 2011-2015**



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## Denmark will:

- Work towards increased free trade, market access for developing countries and better integration in the global economy
- Support partner countries in establishing the framework for market-based economic growth with a focus on employment
- Advance developing countries' access to new technology and innovation
- Work with all aspects from production to processing so that jobs are created and a more versatile production is established in partner countries
- Strengthen tax systems so that over time developing countries become capable of financing their own development
- Contribute to safety nets that empower the poorest to improve their living conditions

# 1/ INTRODUCTION

Welfare is not created by the mere redistribution of existing resources. Accordingly, Denmark will emphasise the promotion of market-based economic growth and employment creation in developing countries.

Poverty can only be defeated by robust and sustained economic growth, reaching all levels of society and empowering the individual to take charge of and improve her or his own life. International development cooperation has sometimes been too broadly focused, with too little attention paid to private sector development. This will now change. Private sector development will from now on be central to Danish development cooperation. The funds allocated to promote growth and employment will be doubled over the next few years, new programmes will be developed, and Danida's business instruments will be modernized.

The starting point for Danish development assistance to promote growth and employment will be the six focus areas defined in the chapter "Growth and Employment" in the strategy for Denmark's development cooperation, published under the title "Freedom from Poverty, Freedom to Change".

We will work through a number of channels: through our influence in the EU and other international fora and organisations, through our bilateral assistance programmes, and in partnership with the Danish resource base, including civil society, the labour organisations and the business community.

The Danish business community will be involved more than ever before. Not to tie development funding to Danish suppliers, but in recognition of their capacity to share experience and contribute to development in the poorest corners of the World. By doing so, Danish business will also gain access to the impressive growth markets emerging in many developing countries.

This new strategic framework provides a cohesive platform for guidelines and tools to be developed to implement concrete activities in the priority areas over the next five years. These will be further described in chapter 2, after an analysis of the context and framework conditions behind Denmark's particular focus on promoting growth and job creation.

## **Economic growth and the Millennium Development Goals**

In the spring of 2008 the Danish Government established an international Commission for Africa, with the participation of heads of government, leaders of civil society organisations, business leaders and technical experts, mostly from African countries. The mandate of the Africa Commission was to identify initiatives, efforts and partnerships which might contribute to market-driven growth and productive employment for the large youth cohorts in Africa. A number of specific recommendations were made (Africa Commission, May 2009), and will give a firm basis for Denmark to make strategic choices on future support to further growth and employment creation.

The Millennium Development Goals (MDG) are the benchmarks for Danish development cooperation. Growth and employment creation was the main business on the agenda for the UN summit on the Millennium Development Goals in September 2010. World leaders unanimously adopted a summit declaration that inclusive and fair economic growth is a precondition for achieving the MDG, and for sustainable development. The summit also stressed that the growth process must be inclusive, if it is to benefit all sectors of the population, especially

the poor. The summit also concluded that sustainable growth will need to be accompanied by effective social policies. The conclusions reached at the summit are very much in line with the objectives of the six Danish focus areas described in more detail in the next chapter.

### **Economic growth and development**

Sustained, high economic growth is a prerequisite for fighting poverty efficiently. The growth process must, however, be broad based if it is to give poor men and women a real opportunity to break the bonds of poverty through wage employment or through marketing of their own products. This is the direct line from growth to poverty reduction. But growth can also benefit the population indirectly. This indirect benefit requires that growth in the economy leads to higher public revenues, which finance improvements in basic public services such as health and education. When growth does not lead to these improvements, it does not contribute to a development process in which the desire of the population to live in peace, prosperity and freedom is fulfilled.

A development strategy focussed on, and implemented together with, the private sector will give strong impetus to sustained, inclusive and equitable economic growth. Private direct investment and openness to trade will be needed to supplement the improvements that development cooperation encourages, and can, in themselves, contribute to the development process and growth of the individual country.

There is no universal key for good growth processes that can be used in all countries. Each country has to find its own key depending on the local context. Besides the most fundamental recommendations concerning openness, sustainability, good governance and market principles, it is up to each country to identify the policies and interventions that are feasible in the given context with the existing institutions.

For Denmark as a development partner, this means that the design and implementation of programmed bilateral assistance, which simultaneously utilises Danish competences as fully as possible, needs to show more willingness to take risks and to take the local situation into consideration.

### **Economic growth and trade**

Trade is a prerequisite for growth, both for Denmark and for the poorest countries of the world. The least developed countries have largely been excluded from the globalisation that has been decisive for global growth since the Second World War. Although recent years have shown an improvement, there is still a long way to the full realization of these countries' great potential to benefit their own populations and the global community.

There are many reasons why poor countries do not fully participate in global trade: international trade barriers, barriers to trade in the regions of origin and national barriers for local enterprises. Trade policy and development assistance are therefore mutually dependent, and must interact closely if poor countries are to reap the full benefits of free trade. Increased growth will not be generated by isolated interventions, but requires coherent policies over time at the local, regional, and international levels.

Denmark will work through the EU and the World Trade Organisation (WTO) for well-regulated, transparent and liberal trade regimes that recognise the needs and special challenges of the poorest countries. Denmark will also assist developing countries to overcome technical barriers to trade, such as standards and quality requirements, and to empower them to compete on equal terms in the global marketplace. Denmark's priorities and planned activities in this area are described in section 2.A.

### **Denmark's support to growth and employment**

Promoting growth and employment must not compromise the possibilities of future generations to gain access to productive employment. In other words, the nature of growth must be such that it does not negatively impact the environment or contribute to harmful climate change. Denmark wishes to promote green growth, minimizing the pollution and environmental degradation that have characterised previous processes of growth at the global level.

Development initiatives must seek to give equal opportunity to both women and men to take an active part and to share in the benefits. The poor must be empowered to take charge of their own destiny. Denmark will contribute to this goal by promoting a well-functioning market economy, in which all citizens participate.

Most of Denmark's contribution to growth and employment in the partner countries will be delivered through programmed or sector-programme support. Specific activities and interventions will be planned and implemented in close collaboration with the partner country and with other relevant development partners. The portfolio will be adapted to the opportunities identified and the actual conditions prevailing in each country. Commitments will normally be made for a five year period.

Denmark will build its development efforts in cooperation with many different national partners. These may include ministries and public authorities, private enterprises in prioritised sectors in the formal and informal sectors, banks, service providers, business and labour market organisations, institutions of higher education, and NGOs.

Denmark will strengthen its cooperation with selected multilateral organisations, where these are found to offer added value to the development impact. Agreements will be made with such organisations to ensure that the multilateral initiatives are coordinated to the highest possible degree with Denmark's other interventions in the area.

The Danish business community can contribute strongly to the creation of growth and employment by transferring knowledge, technology and management tools. Such transfer is confidently expected to be done in accordance with international principles and guidelines for corporate social responsibility and good corporate governance. This means with due respect to climate change and environmental considerations, human rights, labour rights, working environment, and the fight against corruption. These principles and guidelines are encompassed in the Global Compact principles and in the ILO's Decent Work Agenda.

The Ministry of Foreign Affairs enjoys a wide-ranging cooperation with the Danish business community. The direct mission of the Ministry's Trade Council (TC) is to create growth and employment in Denmark by providing consultancy for Danish enterprises concerning their internationalisation and commercial transactions abroad. TC's services will, however, often indirectly benefit economic growth and employment creation in developing countries, to the extent that the activities of Danish enterprises take place in developing countries or through sub-contracting in these countries.

The mission of the business instruments Danida Business Partnerships and Danida Business Finance is to contribute to growth and employment, primarily in Danida's partner countries, through investments and by acting as a catalyst for the transfer of knowledge and technology from Danish to local partners. The palette of instruments to facilitate and encourage Danish investments in developing countries also includes the Industrialization Fund for developing countries (IFU). These are described in more detail in chapter 3.

Many Danish organisations already participate actively in Danish development assistance, including the trade unions, institutions of higher education and business enterprises. There are, however, other potential players not yet fully aware of the opportunities to become involved. These untapped resources will be encouraged to participate in efforts to create growth and employment in developing countries. Danish enterprises and organisations are important ambassadors for Danish values and positions in the development policy dialogue.

The efforts will be planned and implemented with the partner countries' situation, policies and plans as well as their wishes concerning development as the point of departure. Simultaneously, lasting improvement of the efforts makes demands on documenting the results that are achieved. For this reason, relevant indicators for measuring the results are incorporated already during the preparatory phase. This principle applies both to large-scale, long-term programmes and to targeted efforts at enterprise level that are facilitated by Danida.



## 2/ FOCUS AREAS

This section elaborates the contents of the six focus areas outlined in the chapter on Growth and Employment in the Strategy for Denmark's Development Cooperation. The section is structured around the objectives and ambitions in the strategy. Important trends and characteristics are described under each focus area, including the way in which we work with the objectives, and also the tools, approaches and instruments we utilise in this work. Denmark will match the efforts to local conditions and will not necessarily pursue all six focus areas in each and every country at all times.

## 2.A) Improved access to global and regional markets, and greater integration of developing countries into the global economy

Openness to international trade, investments and the exchange of ideas is one of the cornerstones of economic growth and development. Denmark prioritises close interaction between development and trade policy in connection with the promotion of growth and employment. However, the benefits of trade liberalisation do not arise automatically. A close interaction between trade-related technical assistance and market access is needed to give the poorest countries the opportunity of reaping the full benefits of freer trade. Working for rule-based, transparent and liberal trade regimes that meet the needs of the poor countries is a leading Danish principle.

Trade barriers persist despite numerous individual agreements to give least developed countries access to western markets. International trade is still fettered by high tariff rates, tariff escalations and restrictive quotas on essential commodities especially agricultural produce from developing countries. The poorest countries of the world have been largely excluded from the benefits accrued from increasingly liberalised trade since the Second World War. The fledgling business community in many developing countries will, however, need some degree of temporary protection from established foreign competitors during a period of transition to full liberalisation of the import of goods and services.

There is a need to strengthen the mechanisms and policies that must be brought into play in order for openness to investments and trade to be used as a lever in the development process. Trade related assistance supports and supplements the beneficial effects of a free and open trade system.

The Doha Development Round of negotiations in the WTO is the most important forum for Denmark to advocate its views on trade policy, and priority is given to this task. In other fora, Denmark will continue to advocate for better regional integration as a powerful tool to release the untapped potential inherent in increased trade between neighbouring countries.

Denmark will support increased regional integration in Africa both through bilateral and multilateral channels, inter alia by promoting cross-border infrastructure projects, supporting efficiency improvements at border crossings and furthering the gradual liberalisation and harmonisation of trade rules, among other things in terms of tariff rates. Greater regional economic integration will create larger domestic markets. In this way the potential for specialisation and economic growth will increase and thereby also the competitiveness of the individual regions in the global markets.



Developing countries are a less homogeneous group than before, as new growth economies emerge and become players in their own right. The pattern of trade has also changed. African countries' trade with China and India, for example, has significantly increased over the past decade whilst trade with OECD countries has stagnated or actually decreased. The increase in trade between middle-and low-income countries will bring new opportunities for international cooperation, and a need for revised and refocused assistance.

Even though free trade and openness are accompanied by great advantages, these cannot be taken for granted. There can be many reasons why a country with an ample labour force does not manage to utilise precisely this resource by specialising in production with high labour content. The most important reasons have to do with market failures such as a lack of access to financing, difficult or lack of market access due to physical and technical trade barriers, nationally and internationally, the capacity of the labour force, or inappropriate policies that promote capital intensive production rather than production with a high labour content. Sections 2.B, C and D expand on Denmark's priorities in these areas.

## TOOLS & APPROACH

Denmark's priorities are: (i) liberal trade regimes that meet the interests of developing countries; (ii) multilateral initiatives for trade related capacity building and infrastructure at all levels globally, regionally and nationally through the WTO, the World Bank and the EU; and (iii) bilateral initiatives for capacity building at the regional and national levels.

Danish multilateral and bilateral assistance go hand in hand. Abolishing tariffs and quotas will not work alone. **Genuine economic integration** should be pursued, including such elements as economic infrastructure, common administrative trade procedures, and the abolition of barriers to cross-border trade in services.

Denmark will **increase its support for regional market development in Africa**. The East African Community (EAC) and the Economic Community of West African States (ECOWAS) encompass several countries with a substantial Danish presence. These two organisations will be given prominence to improve impact and utilise synergy between our bilateral and regional activities.

Denmark will **support capacity building in the area of trade** both at the national level and through the WTO and related initiatives. Regional cross-border trade will be strengthened through capacity building at the national level and by support to regional economic integration initiatives. Trade related assistance may be delivered through a wide variety of multilateral and bilateral activities, including support for the analysis of a country's trade potential, support to increase administrative capacity in the field of trade policy, support to improve the trade related economic and institutional infrastructure, and support to increase the production capacity of a country.

A key element in defining the relationship between Africa and the EU are the "Economic Partnership Agreements". These agreements are designed to strengthen the integration of African countries in the global economy. The agreements cover trade in commodities, direct investment, and trade in services.

A success criterion for the WTO talks will be to ensure effective and equitable participation of the developing countries, and to ensure that they will be ready with sufficient capacity to absorb the benefit resulting from the agreements. Capacity building will assist developing countries to be in a position to defend and advocate their own interests in the technically very complicated talks. Denmark will continue to **provide financial support to the WTO's training programmes for developing countries**. Support will also be given to assist developing countries in the talks in technical fora, where standards and norms are established for export goods.

Denmark will continue to **support the development of niche products for export, and will assist poor farmers and manufacturers to produce under socially responsible and environmentally sustainable conditions**. The increasing importance placed on corporate social responsibility (CSR) and sustainable production by consumers in the West translates into a willingness to pay more for ethical and fair trade products, which will benefit poor men and women who can supply such products.

Analytical work will be initiated in the area of trade and development to chart the framework of Denmark's future policy in the light of the newly established European External Action Service, and the rising engagement of new actors in development cooperation.



## The impact of emerging economies on economic growth in developing countries

China, India, Brazil and other emerging growth economies play an increasingly important role in global economic affairs, not least in relation to the economies of developing countries. The global position of the new growth economies was clearly indicated at the G20 summit in Seoul in November 2010, and is an important factor in Denmark's commitment to support economic growth and employment in developing countries.

Led by China, the new growth economies are progressively leaving their mark on economic growth in developing countries – especially in Africa. For example, trade between China and Africa is estimated to have increased tenfold over the past ten years. The new growth economies' engagement in developing countries is closely linked to strategic interests in energy resources and raw materials. Along with their engagement come new perspectives, resources and opportunities for developing countries. At the same time, their interests and values challenge some of the key items on the development agenda of the traditional donors – such as the efficiency of development assistance, the use of the recipient countries' own systems, donor coordination and a focus on environment, human rights, democracy and good governance.

Denmark will maintain a close dialogue and exchange of experience with the new actors. This will contribute to transferring their experiences and contributing to the development assistance effort.



## 2.B) Local frameworks must support economic growth

Market-driven growth requires a stable macroeconomic framework, the freedom of individuals to manage their own resources, predictable and rules-based governance, a conducive business environment, and sector specific information being available on market conditions and opportunities. Adequate protection and registration of property rights is a further requirement, which can only be fulfilled in a well-governed society under the rule of law. Access to credit and other

financial services is vital, and may depend on private property rights being identifiable and valued. An efficient responsible public sector free of corruption is a further precondition for market-driven growth.

Improvements to the business and investment climate form a key element in the political dialogue with the governments of developing countries. Experience from business sector programmes uniformly shows

that there is a need to lift business policy and the investment climate up in the political hierarchy and to systematically raise the topic, for example in the dialogue about general budget support and sector efforts.

There is often systematic discrimination against women in developing countries. Women constitute a considerable, unutilised potential in terms of influencing and contributing to growth. Increased gender

equality is therefore not just a question of rights but also an important means by which to increase economic growth. Denmark has considerable positive experience in supporting women to take a fuller part in the economy and in growth on an equal footing with men. Denmark will in particular seek to support equal access by women to property rights, financial services, the labour market, training and technology.

The active participation of the government is central to successful development. This includes a public sector which defines the framework for the growth process and takes the necessary actions for creating a healthy investment environment. This includes administration of the most important national assets, most frequently natural resources, in the best interests of the country and simultaneously undertaking the investments in infrastructure, education, health and other social sectors that are necessary for ensuring long-term sustainable development with the participation of the whole population - including the poor. However, experience also shows that Governments have very seldom been successful in identifying the growth enterprises of tomorrow. Improving the framework conditions of the private sector will not in itself lead to poverty

reduction. More active market intervention is needed to produce the desired development: a broad-based industrial policy based on competition, market discipline and dialogue.

Industrial policy must live up to a number of demands to be effective. The state should take its point of departure in the need for regulation that can further market-driven growth and create decent employment. In this mapping it is quite essential to involve the private sector, the driver of growth and the organisations that speak on behalf of the social partners. The challenge consists in establishing close cooperation and fruitful dialogue between the private sector and civil society organisations and the public authorities without the latter being pressurised or controlled by strong private interests. This applies in the area of the working environment, for example. Here it is important that lower requirements and standards for manufacturing enterprises not become a competitive parameter. It applies to a particular extent to fighting child labour and its causes. A constructive approach to child labour is a challenge filled with dilemmas to which Denmark attaches great importance.

Industrial policy must take care not to inadvertently prop up unprofitable enterprises that lack growth potential, but rather be designed to support and encourage productive enterprise and investments. Protection of domestic producers by the introduction of tariffs or other barriers to trade would be an example of the former, whilst Export promotion schemes would be a good example of the latter. Transparent success criteria, final deadlines for support, ongoing, impartial inspection and monitoring are essential in terms of organising industrial policy and interventions. Co-financing investments and partial credit guarantees are examples of interventions where the support is made conditional and market discipline is utilised to ensure that those receiving support carry a part of the risk and therefore retain the right motivation and incentives.

The government of the partner country and its development partners should be held responsible for industrial and economic policy, in the same way authorities are responsible for their policy in the areas of health, education, environment or finance. This places demands on the organisation, capacity and transparency of the administration and partnerships between the private sector and the Government – partners

that are responsible for the character of industrial policy. It also entails demands on the development partners, in particular if they choose not to operate through public institutions.

A relationship between the private sector and the state that is open, rules-based, consistent and responsible contributes to integrity and reduces corruption. Likewise, a well-functioning market can in itself be an effective antidote to corruption. Formal registration may also bring fewer demands on a company to engage in some forms of irregular payments and corrupt practices. Registered enterprises become “part of the system” and gain access to complaints procedures and other authorities.

For the owner of the individual enterprise, the decision to register his or her business is to a high degree motivated by an expectation of increased profitability. Enterprises will only be motivated to register if the advantages outweigh the costs, such as taxation and administrative burdens. The positive gains from registration may include access to public services and infrastructure such as electricity and waste management, and easier access to credit and other financial services.

## Advocacy/public-private dialogue

Organisations representing the business sector, the social partners or other groups should have an agenda for representing their members’ interest at the political level. Safeguarding interests constitutes the fundamental motivation for entering dialogue with the government and the authorities – in other words, practising advocacy.

The framework conditions and investment climate for the private sector are created in a complex interaction between the private and the public sectors. It is a precondition for integrity and the establishment of a free market that specific interests are not allowed to distort industrial policy and regulation through bribery or other forms of corruption.

Denmark has many years of positive experience in supporting the advocacy activity of member organisations in Tanzania, Kenya and Ghana. The results of this work are as diverse as the countries we work in. Some point to a need for better regulation and governance, and others to improved access to finance, improved infrastructure, or upgrading the skills of the workforce.

Benchmarking and comparison with other countries on selected criteria may give important insights in the effort to improve framework conditions for the private sector. In 2009, the Africa Commission in cooperation with the World Economic Forum launched an initiative to stimulate, through benchmarking, debate and the exchange of ideas between decision-makers from the public and private sectors in a number of African countries.

In addition, the effort contributes to building up valuable knowledge about the most important limitations to growth and assists in uncovering areas where Denmark and Danish expertise can make a contribution. This is of particular importance in connection with preparing and formulating new efforts and initiatives, which demands exhaustive consultation with key stakeholders in the partner country.





## The African Guarantee Fund

The Africa Commission's greatest venture to date is the establishment of the African Guarantee Fund. The Fund is to help meet one of the biggest challenges facing small and medium-sized enterprises in Africa, namely access to credit. It does this by providing surety for approximately half of the amount that African financial institutions and banks lend out to this type of enterprise. More capital can be raised in this way and at the same time an attractive money market is created for the banks. The small and medium-sized African enterprises are the target group for this initiative, because they have a very large potential for growth and because it is here that the jobs will be created for Africa's large youth generations.

The Guarantee Fund is to be established as an independent financial institution in Africa. It will be self-sustaining and work on commercial terms. Denmark, Spain and the African Development Bank are to invest the first share capital of approximately DKK 300 million. The aim is for other donors and private investors to contribute too, so that the Fund's guarantee capital will grow to up to DKK 2 billion in the course of a few years.

The Guarantee Fund is expected to start operations in 2011 in some of the African countries that have the greatest potential for making the leap to greater diversification of the economy and export. The ambition is for the Fund to cover all African countries.

Civil society organisations and research institutions have unique insight into inexpedient legislation, policy and procedures, and together with the media can play an important watchdog role to draw attention to inefficiency and abuses. Public attention and ensuing dialogue can contribute strongly to motivating necessary reforms.

Studies in developing countries have repeatedly shown the lack of adequate infrastructure, such as roads, transport and power supply, as a significant barrier to the operation of profitable businesses. If there is no stable public power supply, businesses may be forced to divert scarce funds into unproductive investments such as generators, which means higher production costs for local enterprises and reduced competitiveness. Inadequate infrastructure distorts the market at the local level and makes it less attractive to potential foreign investors.

Parallel with the need for improved access to infrastructure, including web-based information and communications technology (ICT), it will be essential to ensure access to financial services. This involves much more than just providing access to credit and loans for poor women and men individually or as business owners. Access to financial services also includes savings or payments mechanisms, and that insurance cover can be purchased to offset risks. Poor people with access to such services will be better able to withstand periods of temporary hardship or shortages than those without.

Denmark's experience in this area ranges from working with access to microcredit at the household level, over credits and loans to micro-enterprises, to support and development of the established financial system with a view to a better possibility for financing small and medium-sized enterprises. This large group of small and medium-sized enterprises is a dynamic driving force in many countries, but the demand for financial products is far greater than the supply. Denmark will target much of its assistance to small and medium-sized enterprises, in recognition of their potential contribution to economic growth and employment creation.

The quality of the workforce is often a decisive factor in the decision to take a business risk, to invest in a new plant and equipment, or to take on more employees. Health, vocational education and training can be instrumental in improving the skills and productivity of the workforce. If there are no adequate employment opportunities in the formal sector, workers will be forced into the informal sector or even back to subsistence as a means of self-support. The demand for labour depends on the way in which growth is generated and differs from sector to sector. Further analysis of these aspects and of Denmark's response is made in section 2.D.

Denmark will work for equal opportunity for all in the labour-market regardless of gender, ethnicity, unimportant handicaps, or customary barriers and local prejudices. We will take into account that the majority of workers are occupied in the informal sector. Denmark will focus on advocating for a decent working environment in agreement with the ILO's Decent Work Agenda, and the principles of UN's Global Compact.

## TOOLS & APPROACH

Support for the improvement of the investment climate and the framework for growth and employment is a typical element of sector programme support. **Activities may include capacity building of the pertinent regulatory and administrative authorities.** Strengthening the judicial system is a further strategic priority set for Danish support to good governance<sup>1</sup>. Working with the public sector presents both opportunities and risks, which will be addressed when preparing and implementing programmed support.

### **Danish cooperation demands of its partners that corruption be resisted and fought against in all its forms and at all levels.**

Aspects of corruption in public administration are examined more closely in the strategic priorities for more effective and accountable public sector management.

Danish support to **infrastructure development**, including roads, and more efficient and sustainable power and water supply is planned and delivered in close dialogue with the government and development partners, based on national priorities, plans and administrative structures. Denmark will cooperate and share tasks with other development partners working in the same sectors, and give priority to infrastructure improvements beneficial to the local community, such as minor roads, water supply and decentralised power supply.

The Danish Mixed Credits scheme and the Industrialisation Fund for Developing Countries (IFU), offer risk sharing and financing solutions with the participation of private investors, and contribute to better planning and development of infrastructure.

A range of activities contribute to improve **women's access to property rights, credit, labour market, training and technology on equal terms as men**, and are included in sector programmes, in multilateral cooperation- for instance with the International Finance Corporation (IFC)-and through support for technology transfer and training at the organisational and enterprise level.

As a point of departure, **skills development of the large youth cohorts** currently coming on to the labour market should take place in close dialogue with the demand side of the labour market, namely with the employers. The need for technical and vocational training will be determined partly by the national level of economic development, and partly by more sector-specific factors. These parameters will indicate the best mix for the overall education effort, which in practice may vary from support to informal training to more formalised and structured education and training programmes.

The lack of security in **fragile states** hampers any effort to further market development and is a clear deterrent to direct investment. The crucial first step towards regenerating growth and employment will thus be to seek stabilisation of the economy and improved security for investors, business owners and consumers. In the transitional period after a conflict it may be necessary to initiate this process by programmes generating the paid employment of large groups of the population, for example in road building and other infrastructure projects. As normality gradually returns it will again be possible to launch more traditional programmes aimed at the development of markets, company development and support for entrepreneurs, vocational education and training as it is known from other developing countries.

The overriding objective of Danish support to the financial sector is to **improve access to financial products and services for enterprises**, and thus to facilitate their growth and ability to create paid employment opportunities. Part of the Danish support is channelled to improve useful regulation of the financial sector and capacity development of the sector and its customers. Another part of Danish support is devoted to risk sharing with financial institutions in the form of guarantees and securities, which increases lending and productive investments that would otherwise not have been made.

The implementation of necessary and sustainable reforms is dependent on open and constructive dialogue between the government and the private sector. The political and economic interaction between the public and the private sector in the countries Denmark works with is of crucial importance for growth and the possibilities of productive employment. In recognition of this, in an increasing number of countries **Denmark is supporting the dialogue between the government, the private sector and the civil sector**, including strengthening social dialogue between the social partners. In most cases the approach has been consultancy and financial support for building up civil society and trade organisations. Concretely the support takes the form of funds or facilities that can support interest organisations' ideas for furthering their members' interests. Twinning between Danish member organisations and organisations in developing countries is also utilised.

<sup>1</sup> *Effective and Accountable Public Sector Management (Danida, 2007) and Democratisation and Human Rights (Danida, 2009).*



## 2.C) New technology and innovative partnerships

Growth depends as a general rule on how much is invested in people and machines and how productively the resources in the economy are employed. In this context, the technology that is utilised is decisive. Denmark therefore supports the local development, transfer and utilisation of new and relevant technology and innovation in developing countries.

Denmark will assist developing countries to make the leap to the most optimal technology in the given circumstances and context. Denmark will emphasise supporting the transfer of green technology that can contribute to greater sustainability through, for example, more efficient utilisation of energy or innovative methods for improved water management as an input to production and agriculture. The transfer of technology or knowledge in other fields and sectors may also be supported.

One of the most important drivers of technological progress and its dissemination in developing countries is foreign direct investment. The majority of Danida's partner countries are not yet immediately obvious targets for purely commercial investments, as expected returns do not offset the extra risk attached to unfavourable framework conditions and a lack of consistent governance. For investors in these markets, it is often crucial to have access to capital that is more patient and more disposed to assume risks.

As countries develop, Danish assistance for developing the private sector assumes new forms. Denmark's support to furthering the establishment of commercial, responsible partnerships and business investments on purely commercial terms can play a major role as developing countries move towards middle-income status.

More and more enterprises are becoming interested in uncultivated markets among the poor. Even though each poor family on its own has limited purchasing power, many poor families together constitute an interesting market. These markets are often characterised as “the base of the pyramid” (BoP). Besides innovatively cultivating new markets, this interest also means that more and more poor people are gaining access to technology, products and services of a quality that was previously reserved for population groups with greater purchasing power. Because business models adapted to the BoP often include the poorest segments of the population in production, distribution and retail trade, this means greater employment opportunities and increased growth. Moreover, products that target the BoP can make daily life easier for these consumers and free up resources for other economic activity.

## TOOLS & APPROACH

Developing and adapting technology to suit local conditions is supported through programme assistance. Denmark will where possible combine programme assistance with more direct business initiatives to ensure a more wide-ranging and sustainable transfer of technology and innovation.

Denmark supports **development research to build up knowledge and capacity in partner countries**. This may include support for thematic platforms, where Danish universities and institutions in partner countries cooperate on research, innovation, management and the transfer of technology.

Denmark will seek and **propagate innovative solutions** that can create better living conditions and employment opportunities for the poorest segments of the population, primarily in Danida's partner countries. Priority will thus be given to development of partnerships **that secure transfer of knowledge and technology**. Support to the development of partnerships run by local female entrepreneurs or employing and training local women is a special priority.

The instruments of the Trade Council (TC), Danida Business and IFU assist all parties in increasing **Danish investment, trade and the transfer of knowledge to developing countries**. More details are given in chapter 3.



## 2.D) Increasing production and processing

Almost all historical examples of significant poverty reduction have been linked to major increases in productivity in small-scale agriculture. At the same time, there has been rapid urbanisation, forcing a large portion of the growing population to seek income outside the agricultural sector. Urbanisation brings related demands to expand infrastructure, introduce new skills, and create new types of employment, but also brings easier access to markets. In many countries

the alternatives to employment in agriculture and in non-farming enterprises in rural areas are still extremely limited. Manufacturing enterprises in the cities will, however, not be able to absorb the large cohorts of young people that are leaving the rural districts and agriculture unless they are able to achieve a significant increase in added value and turnover.

Denmark will against this background contribute to a more versatile production structure in partner countries and to promote a higher degree of processing and added value before the goods are sold locally or are exported. It is simultaneously necessary on the trade policy front that the industrialised countries' use of tariff escalation, where tariffs increase according to the product's degree of processing, be phased out through WTO negotiations. This would increase the



## Choice of value chains and the value chain as analytical framework

incentive for developing countries to set up more advanced production with greater value creation.

The Danish effort will target different levels in the value chain, including production, processing, transport, distribution, and export, etc. Many links have the potential to generate production and other sustainable economic activity, and thus create employment opportunity. Agriculture and other uses of natural resources constitute important elements in overall value creation in Denmark's partner countries. Primary production may therefore be an obvious target for the effort and furthermore improves food security. However, at the same time it is important to link the valuable lessons that Danish development assistance has gathered through decades in the agriculture sector and research more closely together with the further processing and marketing of the production, for example to help farmers be able to live up to international standards and quality requirements in the food sector.

Linking poor producers with large markets creates opportunities for growth and a leverage out of poverty. Value chains will only be effective in the fight against poverty if we identify the bottlenecks in each link in

The overriding purpose of efforts is to promote better linkage between primary agriculture, processing and manufacturing enterprises, service enterprises on both input and output sides, microcredit providers, banks and the public sector. The common goal is to increase the supply of quality products to both the international and regional markets and especially to the home market.

The fact that the analysis involves the entire value chain does not mean that each link in the chain must be actively supported by Danida. The goal is to identify the links or sections of the chain that can be made to perform better through support and thereby increase the production and its value.

Processing enterprises are typically closely tied to the rest of the economy. In this way, processing often creates more chain effects in society. Processed goods are less price sensitive and traditionally have more stable prices than raw material production, which in itself makes processing a more reliable asset in terms of future growth. Extracting natural resources for the purpose of export often has weaker knock-on effects in a society and therefore less of an impact on growth and employment in the country.

The following elements will typically be included in the considerations regarding the choice of value chain and support points to sections of the chain:

- The focus should be on the bottlenecks that impede the value chain. It may be necessary to prioritise fewer links in the chain and in turn work more in depths with them
- The final processing link before marketing can often have crucial importance for the other links in the value chain in the form of requirements regarding, for example, quality, working environment, production conditions and, if necessary, the identification of areas that need donor-financed capacity building.

the chain and eliminate the weakest links, thus reducing the obstacles holding back the producers and enterprises from realising their full potential.

Targeted mapping of specific obstacles in value chains with a focus on the local context can identify specific problems in the existing policy or avoidable constraints in the regulatory mechanisms, indicating useful reforms to be introduced at sectoral level. A value-chain approach is not in conflict with a more broad-based sector effort.

Work with the value chain should be based on a common understanding of commercial interests, the motives of the public authorities and Danish development objectives.

The strength by which growth results in new and more productive employment is dependent on a number of sector-specific conditions. Broad-based growth in sectors that are subject to competition is more sustainable than growth that is driven by the public sector or by the export of raw materials.

A lack of skilled labour can in itself hinder economic activity. It is therefore important to think in terms of concrete possibilities for developing shorter, module-based programmes of vocational training and education that can be carried out in close cooperation with the business community which will be the employer of this labour.

Another area that requires attention is green or clean technology in the value-chain approach, including the consumption of water and energy as well as the recycling and disposal of waste products to benefit the producer's competitiveness and the environment.

The effort should contribute to increase added value and to improving the competitiveness of the enterprise. This should be accompanied by better framework conditions and a better investment climate, and improved access to services, credit and other financial products. Commercial investments and/or partnerships between foreign and local enterprises or organisations are important ingredients in the overall effort and will increase the development effect of Danida's assistance.

## TOOLS & APPROACH

Denmark will prioritise support to and development of value chains, **to overcome obstacles to their growth and development.** This approach will contribute to identify a common objective that cuts across instruments and programmes, releasing the full potential for synergy between sector programmes and partnerships with the business sector, research institutions, social partners and civil society, and other development partners. This will improve both the commercial and developmental bottom lines in the form of robust and sustainable results. Different approaches may be used depending on the goal of the intervention. **In certain circumstances it may be support to public authorities, framework conditions and infrastructure, and in other situations more targeted support to establishing business collaborations.** Focus should be maintained on those sectors and markets that are especially important for the employment opportunities of the poor.

Different markets and market participants have different possibilities and needs and comprise both the formal and informal sectors. The effort should reflect this diversity and be adjusted according to local needs and priorities.

The goal is both to **create a good business climate for the established formal sector and to activate resources in the informal sector.** Denmark will promote a well-functioning market economy in which the entire population takes part and the poor are empowered to take charge of their own destiny. The commercialisation of small-scale agriculture may be a suitable approach. Denmark will support national efforts to **strengthen the organisation of commercial agriculture,** transforming relevant lessons learned and principles from the co-operative idea into initiatives that will work in the specific situation and context.



## 2.E) Economic growth must finance development

The increased tax base created by economic growth should be used to create better conditions for the citizens of the country, especially the poor segments of the population.

The taxes paid by enterprises and citizens constitute an important element in the social contract between them and the state. When citizens and enterprises experience fairness and transparency in the collection and administration of taxes, they will be more likely to recognise and support the legitimacy and authority of the state. A well-

functioning tax system can therefore play a key role in the efforts to foster good governance, c.f. the Strategic Priorities for More Effective and Accountable Public-Sector Management.

Taxes and fees on enterprises should be structured such that revenues are maximised while consideration is given to ensuring the least possible amount of distortion and undesired consequences, where the taxes in themselves make enterprises alter their behaviour in an inappropriate direction. The tax system should furthermore be structured in such a way that a formalisation or legalisation of informal enterprises is supported rather than obstructed. This approach supports the need for including the informal sector in the economy on an equal footing with the formal sector.

A failure to register enterprises and their buying and selling of goods means that the transaction costs associated with taxing previously informal enterprises can be high. Together with often very small tax payments, this can lead to negative net revenues in the short or medium term. This means that, while the objective in the long term is to increase state revenues, the objective in the short term is to increase the economic incentives for formalisation and to strengthen state legitimacy.

These objectives affect both the choice and design of fiscal policy instruments. It is important not to underrate the importance of strengthening state legitimacy and the general acceptance of taxation. The reluctance of each enterprise to pay taxes depends to a great extent on the perception of what other enterprises are doing. No enterprise wishes to be the only one that is paying taxes, especially if those tax payments help to finance bad or corrupt governance. Based on these considerations, an effort aimed at increasing the tax base along with general reforms of public expenditure control and administration can help to reduce the reluctance of enterprises to pay taxes.

Proceeds from customs duties constitute a major portion of government revenue in most developing countries. When tariff rates are reduced, new tax measures must be found and/or the administration of taxes must be streamlined. This is particularly important in countries with a wealth of natural resources, where the presence of these resources means that the government often has a limited interest in ensuring a broad tax base, visible taxes and transparent procedures.

Investments by foreign companies in developing countries can, apart from capital, technology and access to international value chains, also contribute with tax payments. While the extent of tax payments varies greatly from country to country, there is broad agreement that a potential exists to raise a greater portion of the tax revenues from such enterprises. Denmark will work to ensure that tax payments from these companies increase, for example through more efficient and appropriate national tax systems in developing countries and through international agreements that can increase the transparency and openness regarding financial transactions. The goal is to limit tax speculation, which leads to capital flight from developing countries and subtracts from the revenue side of public finances.

## TOOLS & APPROACH

Limited administrative capacity and lack of political focus on taxation is widespread among Denmark's partner countries. A number of approaches to strengthening the revenue side of public finances may therefore be needed.

Support can be given **to improvements in the tax system** to increase revenue and reduce tax evasion. Support can also be given to ensuring that partner countries receive a reasonable income from extracting natural resources for the benefit of the entire society.

There is a need for local adaption. The effort will target basic administrative structures and procedures to **create as simple and transparent an administration as possible**. Attempts at expanding the tax base may conflict with existing strategic commitments and priorities of local authorities. It is evident that the majority of business tax systems can be improved with a view to increasing flexibility and reducing transaction and registration costs for newly-registered enterprises.

**Improving the skills and knowledge of the local tax authorities** is a precondition for a more efficient tax administration. This can be assisted through cooperation between Danish and partner country tax authorities or by providing technical assistance.

The work of **strengthening tax systems** is often implemented through, or in close cooperation with, multilateral organisations such as the IMF or the World Bank. It can also be accomplished through bilateral efforts when conditions favour this approach. Denmark has experience in providing technical consultancy to tax authorities in a number of countries. This experience should feed into the planning of future Danish support in this field, together with the most up-to-date knowledge about what creates the best possible results.

In international fora and groups under the auspices of the OECD and the EU, Denmark will continue to **support international conventions and standards** for the submission of company financial accounts, increased openness regarding economic transactions, and the exchange of information between tax authorities.



## 2.F) Working with the most vulnerable

In order to contribute to a process of growth that also benefits the poorest, Denmark will contribute in specific situations to establishing safety nets that provide the poorest people with tools to improve their own situation. Denmark will strengthen efforts that empower the most vulnerable people to work themselves out of poverty and to a

greater extent be able to handle risks and external shocks. The poorest countries are disproportionately often hit by climate change and natural disasters and the poorest sectors of the populace are always those to suffer most from these.

It is necessary to differentiate between the economically active poor, who have the potential to take an active part in the economy, and the extremely poor, i.e. marginalised groups and households that can be characterised by periodic food shortages, illness or the absence of one or more providers. Women and households headed by single women providers are among the most marginalised and vulnerable groups. The categories of economically active and extremely poor are not, however, clearly differentiated, as families may shift back and forth due to external factors.

Denmark will prioritise efforts that can assist in giving the poor access to jobs and active market participation. This involves increasing the access of the economically active poor to agricultural inputs, capital and land and in building up their capacity, so that they in the long run can work themselves out of poverty.

Poor and vulnerable households are often forced to make “overly safe choices”. A family without the resources to withstand a poor harvest will choose crops that are very likely to provide a safe return every year, but are not necessarily the best if evaluated over the span of a couple of years.

The problem is that poor households use their resources more conservatively and do not run the risks that can be associated with new crops or new forms of production. Credible safety networks and microinsurance can help to remove the insecurity and thereby increase the income of the poor and, overall, raise production and the desire to invest in the society.

## TOOLS & APPROACH

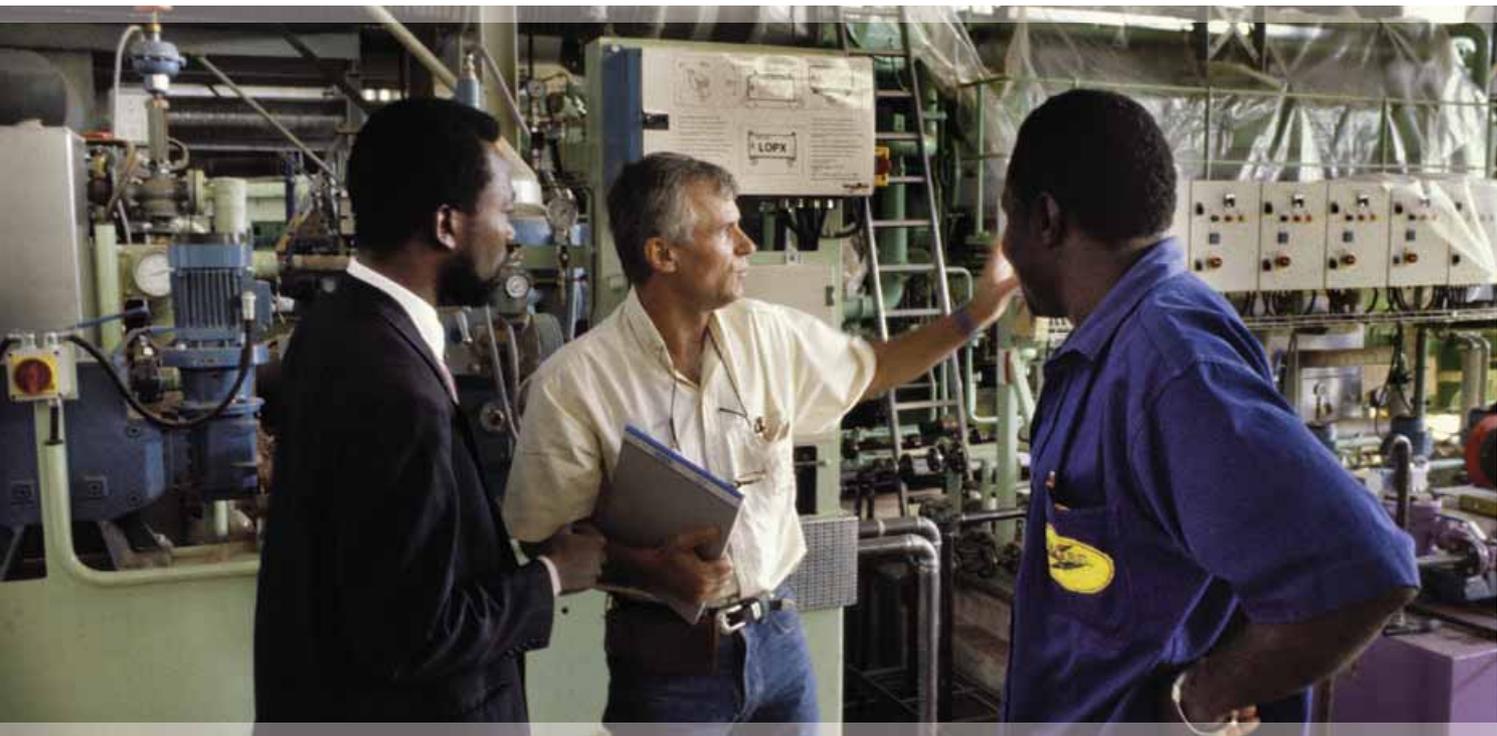
Typical approaches in this area take their point of departure in sector programme assistance for education, training, health, access to water and markets. These are all efforts that directly aim to **build up the assets and opportunities of the poor**.

More **targeted interventions** that directly aim at shielding the poorest and most vulnerable include money transfers, food-based interventions and public works. Transfers can often be made conditional on a change in behaviour. For instance, transfers to poor households can be made conditional on both boys and girls being sent to school.

In periods of low activity in agriculture and for other groups with available labour without productive employment, safety networks in the form of public works can help to build or maintain roads and water supply.

Efforts should where possible build on existing national priorities. Most governments know which groups of citizens are the most marginalised, vulnerable and excluded from growth. These groups should have first priority. Involving the target group in the development, design and implementation of programmes for social protection increases their relevance.

**Support may comprise various combinations of governmental social programmes and private micro-insurance**, depending on the context and the problem at hand. The support might be integrated into bilateral sector programmes or carried out in partnership with other bilateral or multilateral development partners when this is relevant.



## 3/ THE BUSINESS COMMUNITY AS PARTNER IN DEVELOPMENT

Denmark was a pioneer among development partners when business instruments such as the Private Sector (PS) Programme and the Mixed Credit Scheme were introduced at the beginning of the 1990s. Experience shows that the development effect is greatest when the instruments are used strategically and are coordinated with other development assistance efforts in both the public and the private sector.

Experience also shows that Danish enterprises and organisations have a great interest in and potential for contributing to development in poor countries. Danida will therefore actively involve this resource in the endeavours to achieve the Millennium Development Goals on halving global poverty.

### **Involving the business community in creating growth and employment**

Danida will contribute to strengthen the business community's involvement in and contribution to achieving the Millennium Development Goals on development, c.f. chapter 1. Enterprises, foundations and pension funds are increasingly willing to make responsible or green investments in developing countries, and Danida will seek to actively involve the Danish business community in the effort to create better market and living conditions and decent jobs.

Through partnerships with civil society organisations, researchers, local authorities and other relevant actors, the Danish business community can transfer knowledge innovatively to benefit development in developing countries. Danish enterprises must become actively involved in order to transfer knowledge, technology and innovative solutions to create sustainable, green growth and better employment opportunities in developing countries.

Flexibility and a willingness to take risks in the application of the individual instruments will be a fundamental principle. This will demand resources, competences and professionalism of the enterprises and other actors with whom Danida cooperates. There

is also a need for increased focus on the reliable and uniform administration of the existing rules and regulations.

New efforts will be based on the following main principles and general priorities

#### **Main principles:**

- The starting point for all support is the local needs and national priorities in developing countries.
- The geographical focus of the Danida Business instruments is primarily on Danida's partner countries (and a larger group of countries for IFU investments). Support will only be provided to projects in countries where Danida has a local presence at an embassy or mission.
- Additionality will continue to be a precondition for all support, and support will only be given to activities that otherwise would not be carried out.
- Danish enterprises and other Danish actors that apply for support to generate investments and partnerships are expected to exercise responsible business practices, show due consideration for the climate and environment, and foster a decent working environment and working conditions within the framework of the Global Compact principles and the ILO's Decent Work Agenda.

#### **General priorities:**

- Increased focus will be placed on a more strategic application of the individual instruments and on the interaction between these instruments. Activities to add value through a value chain approach will have a high priority.
- Partnerships and investments that can transfer knowledge and expand the use of green technology and contribute to increased food security will have a high priority. High priority will also be given to efforts where the greatest development effect is achieved and where the multiplier and distribution effect to the local society is deemed to be greatest. Large enterprises are also encouraged to enter into partnerships under Danida business instruments.
- Efforts that can contribute to employment for the poorest segments of the population at the bottom of the pyramid, the BoP segment, will be given high priority.
- Danida will focus its assessment of proposals on activities that rectify market failures and make environmentally-friendly and innovative approaches possible. The assessment of applications and the corresponding support will be managed in a way that causes the least possible market distortion.

The current business instruments will be reviewed on the basis of these principles and priorities, and may be modified in step with challenges and market demands developing countries face in furthering private-sector-driven growth and employment. An outline of the instruments is given below, with an introduction to planned changes in light of the strategy for Denmark's development cooperation.

#### **From the Mixed Credits Scheme to Danida Business (DB) Finance**

The primary purpose of Danida Business (DB) Finance is to secure financing for large infrastructure projects, chiefly in the public sector, which cannot be financed on normal market conditions. This is accomplished by offering interest free loans with a 10-year grace period and by bearing the interest, export credit premiums and other financial costs. By increasing access to long-term financing through the involvement of commercial actors, the scheme expects to generate significant increased investments in important infrastructure, thus creating a better framework for sustainable economic growth and employment. The scheme will also contribute to local job creation by improving access to finance for small and medium-sized enterprises.

The scheme will continue to focus on infrastructure projects in developing countries, including the extension of power supply. Financing climate-friendly and cleaner technology will be a future priority. Access to smaller loans with low interest rates is an option that has already proved to be a success in a number of developing countries.

DB Finance will be better coordinated with other instruments and sector programme efforts, and geographically focus will primarily be Danida's partner countries.

The scheme for small industrial projects will be adjusted and simplified to improve access to finance for small and medium-sized enterprises.

Communication and information about the opportunities within DB Finance will be stepped up to reach more potential partners both in Denmark and abroad.

### **From B2B and IPD to Danida Business (DB) Partnerships**

The purpose of Danida Business (DB) Partnerships is to improve the working and living conditions of the poor and to enhance the competitiveness of local enterprises through support for the establishment and development of partnerships with a commercial orientation.

A fundamental requirement is that there should be at least one Danish enterprise included in the partnership in cooperation with one or more partners who together wish to contribute to the development effort. In this way, DB Partnerships can support the development of partnerships from traditional business-to-business collaborations between two private enterprises to more broad-based partnerships where actors from civil society and/or research are included as cooperation partners.

The previous distinction made between the “B2B” and “IPD” programmes will be eliminated in order to simplify administration and create greater flexibility for future types of activities and partnerships.

The broad use of innovative approaches is welcome in terms of establishing partnerships between two or more partners on responsible supply chain management, capacity building, the use of green technology, new business models, and value chain development. Technical assistance and training adapted to local conditions is typically the focal point for the transfer of knowledge and technology from the Danish partner to the local partner. This includes support provided for the development of inclusive business models in which the poor are considered clients and customers on the demand side, while on the supply side they represent employees, producers and suppliers in various links of the value chain. Local enterprises able to act as a “driving force” in a value chain or in a cluster of enterprises will be ideal local partners. This assessment is based on the assumption that these types of enterprises will be able to contribute to a significant multiplier or spread effect in the local community from the technology and knowledge supplied by a Danish partner or partners.

Regional cooperation projects to develop cross-border supplier management, value chains, and power supply in a region may be considered for support, provided they are anchored in a single partner country. In addition to the potentially large employment and development effect, from a commercial perspective this can open the way for a strategic approach and increased access to regional markets.

This flexibility and increased willingness to take risks reflects a Danish wish to optimise and acknowledge creativity and innovative thinking and coaching for the development of private-private or public-private partnerships that can contribute to improved living conditions and create more and better jobs for poor men and women, whilst retaining a long-term commercial objective.

Increased flexibility in partnership options and types will be balanced by increased demands on the Danish enterprises’ capacity and financial resources to be able to implement and maintain the partnership. The local partner must have the capacity to enter an equal partnership with firm roots in the local community and opportunities for job creation.



This neither excludes small enterprises nor favours large ones as development partners. An application for obtaining support for a cooperation project will be evaluated on its perceived development effect. The focus is on the enterprise's or the partners' competences, dedication and capability and willingness to invest alongside the support from Danida. To ensure this and encourage

more robust and long-term, sustainable efforts with major development effect, the portion of total costs to be financed independently by the partners will be increased significantly.

### **Targeted renewal of the Industrialisation Fund for Developing Countries**

The Industrialisation Fund for Developing Countries (IFU) acts as an advisor and active co-investor for Danish enterprises that wish to establish themselves or expand their activities in a developing country. The IFU operates on a commercial basis and offers partnerships by raising equity capital and/or providing loans for investment projects. The focus will continue to be on generating sustainable investments with major development effect.

The IFU will undergo a targeted renewal on the basis of the following three-point plan:

#### **I. Splitting the IFU into two separate investment windows;**

- A minimum of 50 per cent of the Fund's annual new investments will be used on investments in low-income countries, primarily in Africa.
- Investments can be made in "emerging markets" up to an income level of 50 per cent of the World Bank's definition of "Upper middle Income Countries" (currently app. income level of USD 6,098).

#### **II. Expansion of the IFU's capital base**

It will be examined whether IFU's activities and knowledge can be further strengthened by involving Danish pension funds and other private investors as a means to increase the number of direct investments made in developing countries. A working group will develop concrete recommendations.

#### **III. Increased market orientation**

It will be further examined whether a stronger IFU presence primarily in its client markets in African countries, could improve IFU's market orientation and its contact with local enterprises.

In addition, a study will be undertaken to determine how to improve marketing of IFU to Danish partners, particularly small and medium-sized enterprises.

Denmark will seek to mobilise new capital for projects in developing countries, drawing on growing interest in responsible investments in Africa shown by Danish pension funds and other institutional investors. Information on the opportunities for and the barriers to investment will be provided, for example at information meetings under the auspices of GoGlobal, described below.

#### **Other business-oriented interventions - GoGlobal**

In the most commercially attractive partner countries, concrete assessment is made of whether a proposed project qualifies for development assistance or is more suitable on a purely commercial basis with possible consultancy support by the Trade Council. There will thus be a need for ongoing adjustment and a country-specific evaluation of the additionality requirement for support through Danida.

GoGlobal is a joint marketing platform and common point of entry to Danida, the Trade Council, the Export Credit Fund (EKF), and the Industrialisation Fund for Developing Countries (IFU). Information through GoGlobal will be intensified to broaden awareness of the range of assistance and consultancy in Denmark that is linked to new growth markets.



## 4/ANNUAL ROADMAPPING

In preparations for the Finance and Appropriations Act and the annual priority plan for development policy, an annual roadmap is to be drawn up for the many new activities and efforts set in motion, to ensure that strategy is translated into action. The roadmap will provide a clear and operational overview of Danish policy development, programmes, instruments and events to promote growth and employment in developing countries.

GROWTH AND EMPLOYMENT 2011-2015  
Strategic Framework  
March 2011

**Publisher**

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**Design**

Operate A/S

**Photos**

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The publication can be downloaded or ordered from:  
[www.danida-publikationer.dk](http://www.danida-publikationer.dk)

The text of this publication can be freely quoted  
ISBN (print version) 978-87-7087-488-5  
ISBN (internet version) 978-87-7087-489-2

