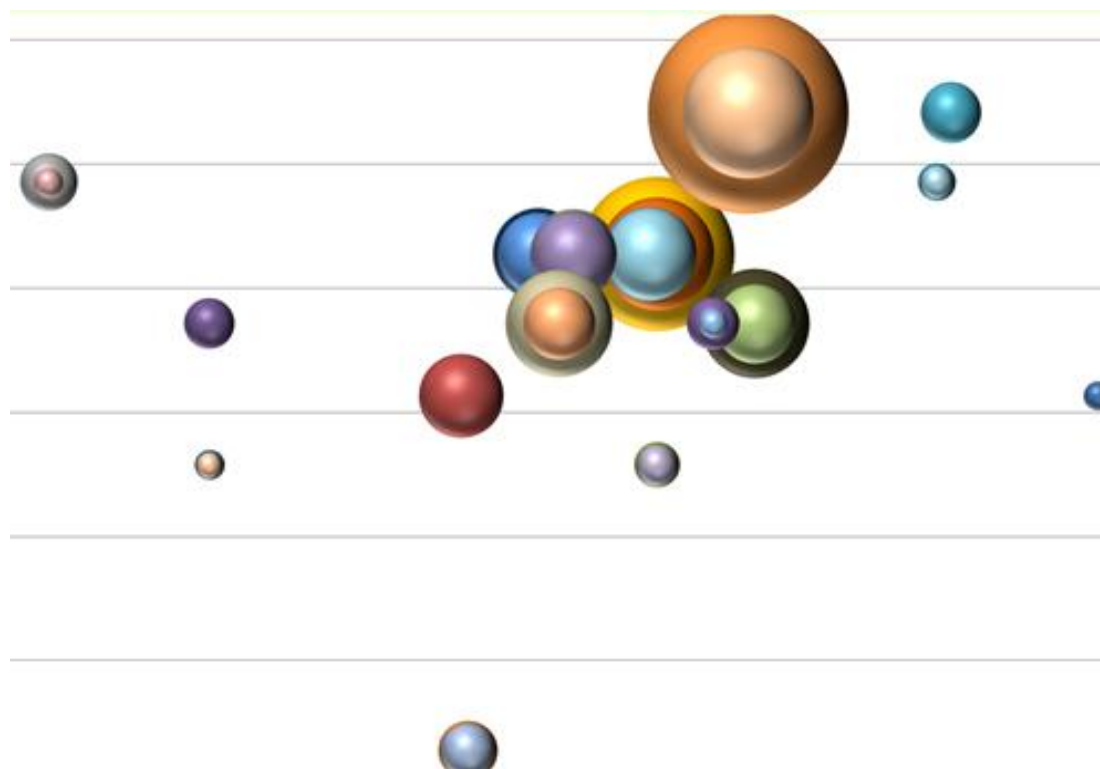


## Denmark's engagement in multilateral development and humanitarian organizations 2012

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## Executive Summary

The Danish Government has undertaken a first comprehensive review of its engagement in multilateral development- and humanitarian organisations. The purpose is to strengthen the strategic orientation and coherence of Denmark's cooperation with these organizations. This review examines trends and developments in the policy and financial environment for multilateral development cooperation as well as the activities of key partner organisations<sup>1</sup> during the past year and the degree of alignment of their programmes with Danish development policy priorities.

### The policy and financial environment

Over the past decade, **economic growth in developing countries has been considerably higher than growth in advanced economies**, and developing countries now account for 35 per cent of global GDP and 65 per cent of global economic growth. In addition, low-income countries as a group have achieved per capita annual growth of over 3 per cent over the past decade, reversing the trend of slow or stagnating growth, foreign direct investments and integration in international trade that characterised the previous decades. The largest number of developing country citizens ever recorded, have worked their way out of poverty, and the efforts to improve people's access to health care, education and infrastructure have been largely successful. **The shift of wealth** from the current advanced economies towards the dynamic economies and eventually the low-income countries **will continue in the coming decade**.

The change in the distribution of economic power also means that global decision-making no longer resides predominantly with the great powers of the 20th century, but is diffused in an international system with **multiple centres of power**. The G20 is now a leading forum for tackling the global financial and economic crisis, with dynamic developing economies playing a central role. The G20 is based on recognition of the growing importance of developing countries for the global economy. It provides **new opportunities for promoting a global enabling environment, investments and cooperation**, which can help more citizens in developing countries work their way out of poverty and enable their governments to finance the delivery of public services. In addition, **South-South** investments and trade are becoming ever more important factors for growth in low-income countries.

**The global diffusion of power challenges the international system of multilateral organisations.** Several emerging economies benefited considerably from support received from multilateral organisations earlier on and are now seeking to influence the leading multilateral fora such as the UN Security Council, the IMF and the World Bank, resulting in a **more intensive debate on values and paradigms**.

**The economic dependence of low-income countries on external development assistance will gradually diminish** and the presence of bilateral development agencies is likely to be scaled down as a consequence. The development agenda will increasingly be set by the need to deliver support in conflict-affected and weak states and by climate and environmentally related challenges. Therefore, an international institutional machinery will still be required to respond to countries in need of external assistance to address security, humanitarian and development challenges.

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<sup>1</sup> Major organisations are here defined as organisations receiving more than 35 million DKK (approx. 6 million USD) annually in 2010, or otherwise deemed to be strategically important for the pursuit of Danish development objectives. Denmark's development cooperation through the European Union is not included in this analysis.

The **legitimacy** that multilateral organisations confer on international cooperation is absolutely vital for the development and endorsement of the standards, ideas, platforms and frameworks that serve as the backbone of the international partnership for development. One of the major successes of multilateral cooperation during the past decade has been the formulation in the UN of the **Millennium Development Goals**, which became the compass around which international development cooperation subsequently was oriented. This success must now be followed up by the formulation of a new set of post 2015 goals that keep up the momentum to finish the outstanding work and supplement with goals for handling new challenges. In Denmark's pursuit of a **rights-based approach to development** the UN system is a natural starting point, with its long-standing and globally recognized roles as a norm setter and monitor of progress.

Since the end of the Cold War, and despite progress made on aid effectiveness against the Paris and Accra goals, **the trend has been towards increasing fragmentation of development assistance and proliferation of development actors** in many developing countries. The trend is partly driven by **a rapid increase in the earmarking** of member state financial contributions to multilateral organisations. This development tends to undermine the absolute advantages of multilateral organisations as actors – i.e. their legitimacy and accountability as well as their ability to provide access to sufficiently fungible and predictable ODA in response to global needs, also for countries that are not the preferred choice of bilateral donors.

The analysis of **multilateral financing** shows a multilateral system that is **squeezed in relation to funding of core budgets** and subject to an **increasing inflow of funds earmarked for specific activities and interventions**, which in many cases lie outside or at the margin of their mandates. Furthermore, earmarked funds do not necessarily fall under the governance and reporting structures of the organizations and may not be administered according to the principle of partner country ownership. To maintain an efficient and effective multilateral system, multilateral organisations should not be asked to deliver in areas outside their core mandate. On the contrary, they should be supported in their efforts to maintain their specific character and specialisation based on their absolute and comparative advantages. This requires adequate funding of their core budgets. At the same time, **the multilateral system's capacity to act in a coordinated and coherent manner must be enhanced.**

The analysis of the challenges in relation to **conflict-affected and fragile states** indicates a clear need for a credible, flexible and adequate response from the international community on this main priority for Denmark. There is a need to adopt a **holistic approach to security, humanitarian needs and development** and for a concerted effort by the entire international community to build country capacity. The multilateral organisations with their **mandates and legitimacy** constitute the natural starting point for coordination of efforts and adaptation to changing country needs. The World Development Report 2011 on conflict-affected and fragile states has paved the way for more explicit acknowledgment among relevant organisations of their respective roles and the need to work together accordingly.

To meet Denmark's and the EU's ambition for a **transition to a green global economy** multilateral organisations must act as **standard-setters, platforms for negotiation and partners of developing countries**. Key priorities for Denmark on the multilateral agenda are: 1. Formulation of sustainable development goals (SDGs) as a supplement to the MDGs; 2. agreement on a methodological framework for the green economy; 3. establishment of a **more powerful body in the UN** for providing advisory support on and monitoring of the countries' follow-up; and 4. more effective orchestration of support provided by multilateral organisations to developing countries in their efforts to transit to sustainable forms of production and consumption. UNEP in particular, but also other UN funds and pro-

grammes, as well as the World Bank and the regional development banks have key roles to play in these efforts.

## Alignment with Danish development policy priorities

The review of Denmark's cooperation with individual organisations generally shows a high degree of alignment with Danish development priorities. It also indicates that Denmark, with its decentralised model of cooperation, is consistently able to ensure that its priorities are pursued through the organisations whose mandates best cover them. As a supplement to the assessment carried out of each organisation's performance on goals agreed for its partnership with Denmark, departments in the Ministry of Foreign Affairs as well as Danish UN missions abroad have been asked to answer a set of cross-cutting questions regarding the consistency between the activities of the institutions and Danish development priorities. The use of these indicators<sup>2</sup> introduces a substantial element of subjectivity. However, the ambition is to strengthen the element of objectivity in future assessments.

The diagram on the following page shows the relative position of organisations when rated against the cross-cutting indicators mentioned above and indicators of their institutional efficiency. Data regarding institutional efficiency has been drawn from MOPAN and DFID's multilateral analysis. The diagram also shows the relative size of Denmark's contributions to the 17 multilateral organisations examined in this report, as indicated by the size of the bubble showing both the Denmark's core budget contribution and total contribution to the organisation.

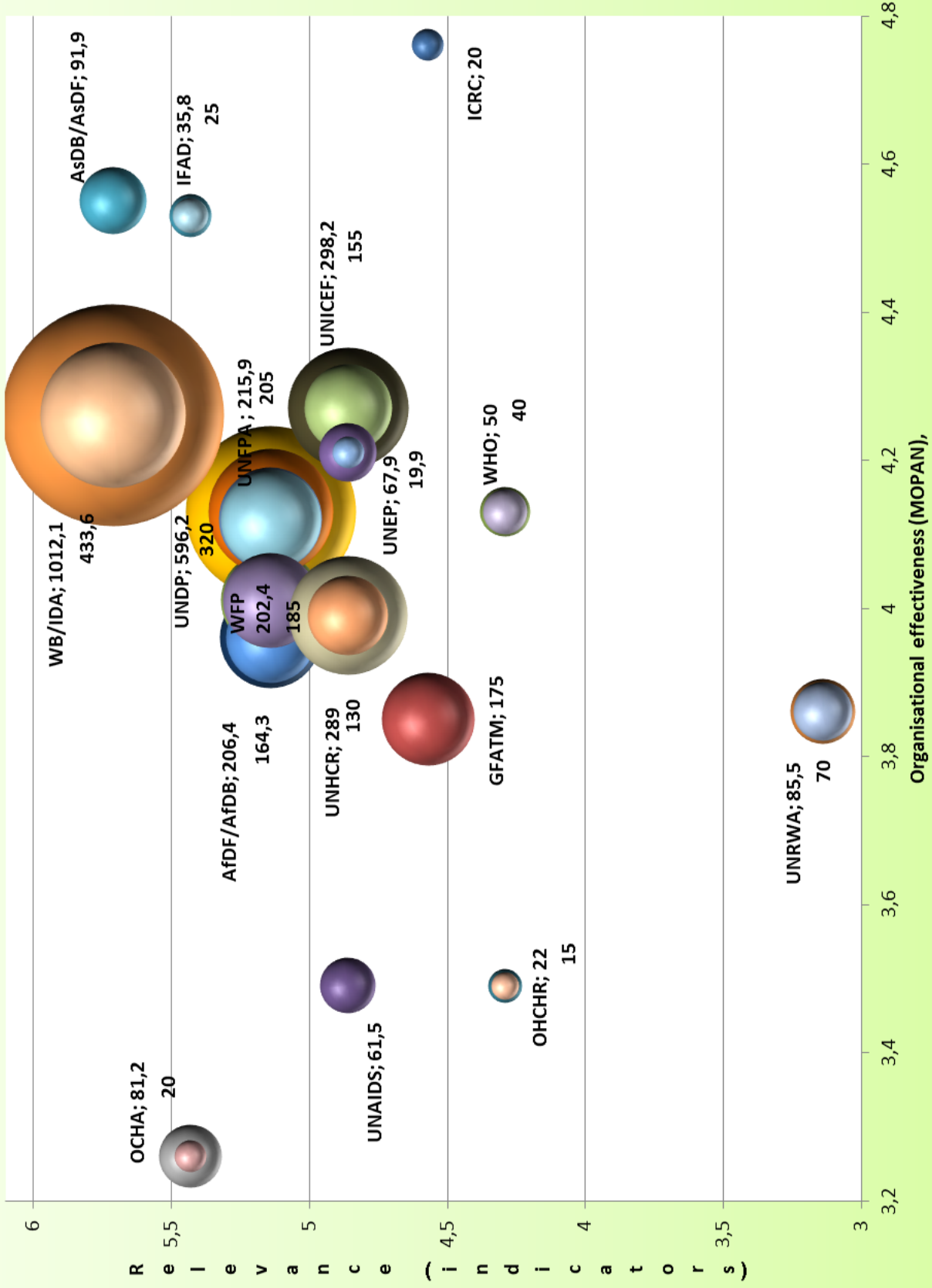
The diagram indicates relatively good alignment between **the scale of Danish cooperation with the organisations and the assessment of the efficiency and relevance of the institutions**. It should be underlined, however, that the diagram does not reflect either the development impact of the organisations on specific goals selected for monitoring progress in their partnership with Denmark or their relevance in relation to Denmark's specific policy priorities. These key dimensions will be strengthened in future assessments.

Overall, the analysis shows **good correspondence between the specific development contributions made by the multilateral organisations and Danish development priorities**. The analysis also indicates good alignment **between the relative size of the Denmark's partnership with the organisations and the assessment of their efficiency and relevance**.

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<sup>2</sup> The indicators include the degree to which the organisation 1. Is innovative and agenda-setting within its mandate, 2. is relevant to Danish development priorities, 3. has satisfactory systems for responsible financial management and reporting, including risk management and anti-corruption, 4. provides a satisfactory level of information on results and challenges, 5. complies with the Paris and Accra Declarations, 6. is actively involved in the multilateral reform agenda and 7. is actively attempting to include new development actors in its work.

# DK's Multilateral Core- and Total Contributions 2010: Effectiveness-Relevance-Size of Contribution



## Recommendations

The analysis contained in this paper covers the financing of multilateral organizations, their role in conflict-affected and fragile states and in promoting sustainable development as well as at Denmark's cooperation with individual organisations. The analysis demonstrates a need for a continued **active engagement by Denmark in the work of multilateral organizations**. Denmark will work to **influence the development of the overall multilateral institutional machinery and the individual organisations** to ensure that these institutions can effectively deliver their part of the international agenda in relation to stabilisation, humanitarian efforts and development in general, and more specifically on the Danish policy priorities. Denmark will work for a more **efficient, well-coordinated and flexible system of multilateral organisations**, capable of effectively meeting emerging security, development and humanitarian challenges and of ensuring a better transition between peace-making, stabilisation, humanitarian interventions and development, with the **required legitimacy and capacity to respond globally** wherever and whenever necessary.

Denmark will seek influence in organisations through its work on the executive boards, its funding policy, bilateral contacts and a sharper focus on secondment of staff in areas of strategic importance to Denmark. The impact of Denmark's views and priorities will be enhanced through cooperation with like-minded countries, including within the Nordic+ and the Utstein Group, as well as through the EU. Denmark will work across executive boards and other decisions-making bodies to ensure that mandates and divisions of labour are respected and built upon to create added value in the overall effort. This also applies to bilateral programmes at country level, where Danish embassies will be expected to help pull organisations in the right direction in accordance with their core mandates. Engaging effectively in the strategic dialogue in the organisations requires professional involvement and input from the entire Danish Foreign Service, including at times participation from headquarters in important meetings.

The overall approach outlined above will be followed while observing the following specific recommendations for Denmark's engagement in the multilateral cooperation.

### *Funding*

- **The analysis contained in this review does not provide justification for significant immediate realignment of the financial contributions to the various organisations.**
- **Denmark will cooperate with Nordic and other like-minded countries to ensure adequate financing of core budgets to enable these organisations to effectively execute their mandate and bring their absolute advantages into play.**
- **With the objective of securing a sound financial framework for multilateral organisations Denmark will work to:**
  - **Create clarity and consensus regarding the size of resources necessary to maintain a critical mass in individual organizations;**
  - **Ensure that the growing tendency to earmark multilateral contributions is reversed and that attention is paid to securing sufficient funding of general budgets to enable organisations to deliver on their core mandate;**



- Ensure that the remaining trust funds are aligned with core mandates and streamlined within governance structures and processes, and that the agreed mandates and governance mechanisms are fully respected in those cases where institutions have been asked to administer multi-donor trust funds in the absence of a designated organisation.
- The modality of Danish multilateral assistance will be decided on following the same philosophy that guides allocation of bilateral assistance, namely that generalised contributions are best suited to strengthening development effectiveness through promotion of partner ownership and use of country systems. Denmark's contributions to multilateral organisations will be provided as core contributions as a default, and deviations from this principle – in the form of earmarking – should be the exception requiring justification in each specific case.
- Earmarked contributions through multilateral organisations must be focused on delivery of support in conflict-affected and fragile states and generation of global public goods (GPG) within climate, health and education, in areas not covered by existing institutions.
- Denmark will work to ensure that emerging economies contribute to financing multilateral organisations in line with their economic standing and that the multilateral organisations attract financing from private funds and serve as facilitators for South-South and triangular cooperation.

### *Results-based management*

- In its efforts to help enhance the effectiveness of multilateral organisations, Denmark will pay particular attention to: 1) establishment of satisfactory systems of financial accountability, 2) strengthening of the organisations' own systems of results-based management, monitoring and evaluation, 3) follow-up on action plans for alignment and harmonisation, and 4) intensification of the efforts on the part of the organisations to involve new actors.
- Denmark will work for an agreement within the UN on a new set of global goals for international development that takes into account the need to follow through on the unfinished agenda in relation to the Millennium Development Goals after 2015, supplemented with goals for addressing new challenges, including specific sustainable development goals.
- Denmark will work to ensure that the UN strengthens its global norm-setting function in relation to the formulation and promotion of internationally recognised rights and that it brings its recognised advantages in relation to pursuing a rights-based approach to development at the country level fully into play.

### *Conflict-affected and fragile states*

- Denmark will work to ensure that relevant multilateral organisations more effectively bring their particular advantages in conflict-affected and fragile countries into play through a clearer division of labour and observance of mutual respect for this division among organisations. Among the most important organisations within the humanitarian and development fields are OCHA, UNDP, UNICEF, OHCHR, the World Bank and the regional development banks. This ambition will also be pursued in the context of the EU.
- Denmark will increasingly build on the advantages offered by the multilateral framework in post-conflict and fragile states, including in countries such as Afghanistan, Somalia, South Sudan and Zimbabwe.
- Denmark will work to strengthen the coherence among security, humanitarian and development efforts – both within and between organisations - and to ensure that efforts to prevent conflicts are intensified. Deeper analysis of the underlying conflict factors, use of joint risk assessment and greater willingness to run a calculated risk are important elements of this agenda.
- Denmark will support the implementation of the New Deal in Afghanistan, Liberia and South Sudan and help ensure that multilateral organisations contribute to the implementation of the New Deal generally. Denmark will also work for an outcome in which the UN assumes the key role in the rebuilding of Afghanistan, acting on the recommendations of the cross-cutting analysis of the performance of the various UN actors in Afghanistan currently underway.

### *Sustainability and the green economy*

- Denmark will work to ensure that the multilateral system of organisations intensifies its efforts to support the transition of the global economy in general, and the economies of developing countries in particular, to forms of production and consumption that safeguard the planet's natural resource and ecosystems. Organisations should support countries in their efforts to develop specific responses to the challenges caused by poverty, unequal distribution of wealth and intensified consumption of resources and assume leadership in providing advice and support to countries making the transition.
- Denmark will work to ensure that global sustainable development goals (SDGs) are formulated in the context of the UN as part of the transition to a green global economy and as a supplement to the MDGs, and that all the multilateral organisations subsequently contribute to achieving these goals.

- **Denmark will call on multilateral organizations to cooperate in the effort to develop and achieve international recognition of a common methodological framework for the green economy, building on methodological advances already made with regards to green national accounting, cost-benefit analyses and similar instruments.**
- **Denmark will use the multilateral system to forge closer cooperation with new donors (the BRICS countries and second-wave economies) with a view to attract more financial support for programmes with a green dimension.**

### *Follow-up*

- **Denmark will evaluate the degree of alignment between Denmark's development priorities and the core mandate of organizations continuously as part of future reports on its engagement in multilateral organizations, and strengthen its monitoring of their contributions towards achieving agreed development results.**

The above mentioned recommendations will serve as the basis for structuring Denmark's cooperation with multilateral organisations. The specific strategies for Denmark's cooperation with individual organizations will include indicators that reflect these aspects. The follow-up will be monitored through annual reviews to be included in future multilateral assessments. The recommendations listed above are medium and long term in scope and may re-appear in future multilateral reviews, adjusted to changes in the circumstances as need be. Denmark will address these issues and encourage collective action in consultation with like-minded donors in the Nordic+ and Utstein contexts, and in connection with joint reviews and evaluations of the multilateral organisations, including MOPAN.

The next page contains a schematic overview of the Danish priorities for the 17 organisations.

ORGANISATION Contribution 2010 (DKK mil.)	Mandate	Main focus areas for Danish cooperation and dialogue with the individual organisations				
UNDP Core contribution 320.0 Total contribution 596.2	Poverty reduction, MDGs. Strengthening of democracy. Crisis prevention and rebuilding. Environment/ sustainable development	Overall policy development and coordination	Conflict-affected and fragile states	Sustainable development, sustainable energy, MDGs+	Democratic governance	Gender equality and human rights
UNICEF Core contribution 155.0 Total contribution 298.2	Mobilises resources for children's rights to health, clean water, education, and protection. Humanitarian key actor	Support of the weakest groups. Children's rights	Health. Reduction in child mortality	Education	Conflict-affected and fragile states	Support of UNICEF's humanitarian role through partnership agreement
UNFPA Core contribution 205.0 Total contribution 215.9	Promote reproductive health and gender equality. Develop population programmes to reduce poverty. Leading role in the follow-up of the action plan from the conference on population and development in 1994	Support to maintain the action plan from the Cairo conference in 1994	Individual rights, in particular sexual and reproductive health and rights	Ensure involvement of population dimension on sustainability	(Conflict-affected and fragile states)	Gender equality
IFAD Core contribution 25.0 Total contribution 35.8	Reducing poverty and hunger by 50 per cent in 2015 through creating increased income in the poorest rural areas. Professional advice to the agricultural sector and support to increased market access and insight.	Increase focus on low-income countries and Sub-Saharan Africa and the south-south cooperation	Conflict-affected and fragile states	Increased efforts with regard to climate adaptation, value chain development, market access for women/smaller business	Continued decentralisation to country offices and strengthened efforts for harmonisation	Involvement of new actors and strengthening of OPEC countries' involvement
WFP Core contribution 185.0 Total contribution 202.4	Save and protect lives. Fight hunger and promote food security. Distribution of food. Development mandate which Denmark does not support	Support protection of WFP's humanitarian work	Support WFP's role in conflict-affected and fragile states	Maintain pressure to ensure WFP continues to contribute to coordination in situations of crises	Maintain focus on transition towards an increased strategic food assistance	Maintain WFP's focus on its comparative strengths and core tasks.
UNHCR Core contribution 130.0 Total contribution 289.0	Protection and assistance to persecuted people due to race, religion, nationality, political beliefs, or belonging to a specific group of society. Key role with regard to protection, administration etc. of camps for IDPs.	Protection including: environment and children	Sexual and gender based violence and on-going solutions. Voluntary return/integration	Intern reform process: results-based leadership, resource management and evaluation	Maintain UNHCR's focus on coordination responsibility and partnership behaviour	Increased HR-policy among other things with regard to improved emergency relief and focus on security for envoys in the field
GFATM Core contribution 175.0 Total contribution 175.0	Established to mobilise resources to funding of initiatives to support MDG 6 with regard to fighting aids, tuberculosis and malaria in the areas of the world with the greatest needs	Central partner for fighting of HIV/aids + MDG 6 (+ MDG 4-5)	Capacity and policy building: gender equality and sexual rights	Focus on means for the poorest countries. Strengthening of harmonisation and alignment	Maintain role model for public-private partnership	Support thorough reform process across the organisation
UNAIDS Core contribution 61.5 Total contribution 61.5	Ensure integrated and holistic approach to fighting of HIV and aids within the UN family, including improvement of the coordination of UN's efforts at country level. Partnership of ten multilateral organisations	Support movement towards rights-based approach	Support efficient cooperation with partner organisations – post-2015 goals	Ensure maintaining of key role for coordination between partner organisations	Strengthened focus on UNAIDS' technical support facilities	Protect UNAIDS's specific possibilities to handle sensitive themes and problems
WHO Core contribution 40.0 Total contribution 50.0	Contribute to improved health for all, and leading cooperating organ for international health cooperation. Considerable normative role in health policy. Obligated to contribute to fulfil the 2015 goals on health	Ensure continued role as key actor of improvement of health in developing countries with regard to 2015 goals	Support essential reform process to ensure focus and efficiency across the organisation	Support central competence areas: development of norms and standards to support fulfilment of health related 2015 goals	Support WHO's global role in the area of non-communicable diseases	
ICRC Core contribution 20.0 Total contribution 20.0	Impartial, neutral and independent private organisation. Mission to protect and assist victims of armed conflicts. In addition strengthen, and disseminate awareness on IHL and universal humanitarian principles	Strengthen support of detainees and protection of ICRC's right of confidentiality	Support work to extend humanitarian law in relation to handling of prisoners (Copenhagen Process)	Support ICRC's efforts in acute humanitarian crises.	Contribute to campaign for access to health benefits in conflicts and other situations of violence	Support ICRC's efforts on disarmament, primarily with regard to cluster arms and light hand weapons
OHCHR Core contribution 15.0 Total contribution 22.0	Promote and protect human rights and protest when these are violated. Through normative development of human rights, surveillance of compliance and work to ensure strengthening of UN's approach	Support the High Commissioner's work as secretariat for treaty organs and professional support to other UN organisations	Oppose other countries' attempts to narrow the High Commissioner's independence	Cooperate on questions of torture and integration of human rights in relation to efforts in conflict-affected states	Cooperate on themes related to the development in the Middle East and North Africa during the Arab Spring	
UNRWA Core contribution 70.0 Total contribution 85.5	Handling basic needs such as education, health social services, and humanitarian assistance to approx. 4.5 million registered Palestinian refugees in Lebanon, Syria, Jordan, Gaza, and on the West Bank	Support work to ensure the rights of Palestinian refugees	Assist in strengthening UNRWA viability during increasingly difficult conditions	Support improvement of cooperation between UNRWA, donors, and host countries – focus on improving "humanitarian access"	Put pressure on establishing transparent and consolidated budget and greater openness in the dialogue with donors	Shifting assistance to pure core contributions to support efforts in increased budget transparency
WB/IDA Core contribution 433.6 Total contribution 1.012.1	Poverty reduction through assistance to sustainable growth. Focus on poor and vulnerable groups particularly in Africa, create foundation for economic growth, promote global collective action, and good governance	Growth and employment – the World Bank as key advisor on and source of funding of growth	Ensure position as leading role as support to development countries' efforts of good governance	Work to increase integration of environment and climate in country and sector strategies	Support that WDR2011 recommendation on conflict-affected and fragile states is followed with UN in leading role in the transition phase	Ensure that the Bank strengthens its gender equality aspects in design, implementation, and evaluation of programmes and projects
AsDB/AsDF Core contribution 91.9 Total contribution 91.9	Assist in poverty reduction and fulfilment of MDG 15 in Asia and Pacific by offering professional support, loans, and grants to authorities and the private sector in entitled Asian member states	Ensure AsDB continues its high level and high quality of assistance to Afghanistan and Pakistan	Increase efforts in energy, integration of environment, adaptation to and prevention of climate change	Maintain that AsDB invests in education, distribution policy, infrastructure etc. to increase growth and reduce poverty	Support AsDB's continued focus on corruption and bad governance as the biggest threats to regional development	Ensure increased priority to gender equality
AfDB/AfDF Core contribution 164.3 Total contribution 206.4	Contribute to economic and social development in Africa through support of good governance and development of the private sector, infrastructure, and education. Strengthen efforts in fragile states and increased regional integration	Ensure support of economic development from an inclusive approach. Priority to creating jobs in formal and informal sectors	Maintain AfDB contributes actively to Rio+20 follow-up	Maintain AfDB's involvement in rebuilding fragile states, including strengthening staff expertise	Ensure AfDB strengthens efforts on good governance – analytical and via active advocacy to governments	Put pressure on AfDB to increase operative capacity with regard to gender equality, and integrates gender equality in all relevant activities
OCHA Core contribution 20.0 Total contribution 81.2	Coordinate and support international humanitarian efforts. Mobilise resources to save lives and reduce vulnerability in humanitarian situations. Develop humanitarian policy in cooperation with partners. Advocate for people in need. Deliver communication on and analysis on humanitarian challenges and needs.	Ensure support of OCHA's key role in the coordination of humanitarian efforts. And from the entire UN system	Support strengthening of OCHA's humanitarian advocacy	Continue dialogue on efficiency in the organisation and improvement of monitoring and reporting systems	Ensure Danish participation in OCHA Donor Support Group – in briefings as well as in the annual High Level meeting	
UNEP Core contribution 19.9 Total contribution 67.9	Strengthen global cooperation and policy development on environment. Primarily normative. Increased emphasis on environment and development. Assist to ensure integration of environment in development	Prioritise development and implementation of a robust system for results-based management	Support work to ensure states' ability to include climate in national development strategies	Considerate emphasis to UNEP's work on a green agenda, including supply of solid knowledge and advice	Support UNEP's coordinating role in the UN system's efforts for sustainable development	Ensure a key role for UNEP with regard to integration of environment and poverty reduction

## Part 1 - Introduction

In 2011 it was decided to **strengthen the policy focus and coherence** in Denmark's participation in multilateral development cooperation. The preparation and reporting on cooperation with multilateral organizations would henceforth be anchored in **one annual cycle**. The cycle starts each year in September with preparation of an analysis of changes in the policy and financial environment in which multilateral organizations operate and formulation of strategic orientation for Denmark's future engagement in multilateral cooperation. Against this background, representations and entities in charge of multilateral organizations prepare a report on progress made over the past year in cooperation with organizations receiving more than 35 million DKK in annual contributions from Denmark. In this report, suggestions are also made for priorities for Denmark's engagement in the organization in question and an assessment is made of its relevance based on a set of cross-cutting indicators.

Building on these various contributions, **a comprehensive strategic paper** is put together and presented to the management of the Ministry of Foreign Affairs for discussion on the status and the suggested orientation of Denmark's participation in multilateral development cooperation in the following year. The paper is subsequently revised and submitted to the Minister for Development Cooperation for consideration and approval. The annual cycle replaces the previous briefings of the Board on strategies and action plans for individual organizations.

This paper consists of three parts. **Part 1 contains an assessment of trends and challenges** for multilateral cooperation. **Part 2 contains an assessment of progress in the cooperation with individual multilateral organizations** in the year under review and suggests priorities for Denmark's engagement in the organization in 2012 and beyond. **In Part 3 general conclusions** and overall recommendations for Denmark's engagement in multilateral cooperation in the future are provided.

The 2011 multilateral analysis reviewed the shifting global patterns of growth and the accompanying geopolitical changes as well as their implications for the role of multilateral organizations. The 2012 multilateral analysis focuses on a number of more specific dimensions, namely **the funding of multilateral organizations and the sustainability agenda as it evolves around the Rio+20 Conference as well as the need to ensure a more effective international response to the requirements of conflict-affected and fragile states**. These topics were chosen because of the attention they currently command internationally. They do not constitute the entire policy universe of multilateral cooperation and Danish multilateral missions have been asked to contribute supplementary relevant information in their submissions on specific organizations.

This paper is **based on the current strategy for Denmark's participation in international development cooperation entitled "Freedom from Poverty"**. The new overall strategy now under preparation will be reflected fully in next year's multilateral analysis. However, the paper covers two of the government's announced new priorities, **namely green growth and stability and security**. **The rights-based approach to development and food security** – the two other priorities of the new strategy - are also areas where multilateral organizations have a clear role to play. These dimensions will be covered in the 2013 analysis. It is also anticipated that Denmark's contributions to international development through the EU will be subject to assessment and priority setting in future analyses.

## Challenges facing the multilateral organisations in a changing world

### General trends

#### *Changing growth patterns and shifts in global decision-making capacity*

Over the past decade, economic growth in developing countries has been faster than growth in advanced economies, and developing countries currently account for 35 per cent of global GNP and 65 per cent of global economic growth. Whilst the success of a number of dynamic developing economies is the most frequently publicized part of this growth story, low-income countries as a group have also experienced elevated rates of real annual growth of above 3 per cent during the past decade, thus **reversing the trend of slow or stagnating growth, foreign investments<sup>3</sup> and participation in international trade of previous decades**. And the positive development in the economic sphere has been accompanied by significant advances on the social front. The largest number of citizens ever recorded has worked their way out of poverty, and the massive efforts to improve public access to health care, education and infrastructure have largely borne fruit. Despite the current serious economic crisis, there is no reason to believe that the shift of prosperity from the currently advanced economies towards the dynamic economies and subsequently the low-income countries will not continue in the coming decade. In its wake, competition for access to energy and raw materials will intensify.

This fundamental shift in economic power also means that decision-making no longer predominantly resides with the great powers of the 20th century, but is diffused in an international system with **several power centres**. The G20 has manifested itself as the leading forum for tackling the global financial and economic crisis, with dynamic developing economies playing a central role.

The prominence of the G20 also reflects the increasingly interwoven and interdependent nature of the global economy. On the one hand the welfare implications for developing countries of decisions taken by the G20 countries' decisions are increasingly evident. On the other hand economic progress in developing countries contributes as a driver of growth in the global economy with growing strength. The recognition of this interdependence **provides a new rationale and implies new opportunities for international collaboration to build a global policy and economic environment and strengthen investments and development cooperation which would** help more citizens in developing countries work their way out of poverty and enable their governments to finance the delivery of public services. In addition, **South-South** investments and trade are becoming increasingly important elements for the economic growth in low-income countries.

**However, the shift in global power and the establishment of new alliances and fora challenge the international system of global governance and multilateral decision-making.** Many emerging economies have benefited considerably from cooperation with the multilateral organisations themselves. Not surprisingly they now demand – and acquire – greater influence in leading multilateral fora such as the UN Security Council, the IMF and the World Bank. This also means that **the international debate about values and paradigms of development is becoming more intensified**. Led by the emerging economies, developing countries oppose attempts by the rich countries to persuade them to accept higher standards regarding worker protection, environment and climate than advanced countries themselves observed during their industrialisation.

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<sup>3</sup> In the last decade, direct foreign investment in low-income countries has grown from USD 2.8 billion to USD 16.9 billion and remittances from USD 4.1 billion to USD 24.8 billion.

If growth continues in the developing countries as anticipated, **the economic dependence of low-income countries on external development assistance will gradually diminish**, and traditional donor countries will focus more of their energy on forging commercial ties to the new potential partners. Such a scenario will likely be accompanied by a decreasing relative demand for the presence of bilateral donors in emerging countries. At the same time, the need to be able to respond more resolutely, flexibly and coherently to the requirements of conflict-affected and fragile states, possibly accentuated by new geopolitical tensions, will command more attention, as will a developmental agenda increasingly set by climate and environmentally related challenges. In this scenario there will still be a need for an institutional machinery capable of ensuring that countries which continue to need access to external assistance to address their security, humanitarian and developmental challenges also receive this assistance. Traditional donors will in all likelihood look to the multilateral institutions as those who can ensure that the ambition behind six decades of international development cooperation is followed through, including in countries where they themselves have no strategic interest in being present. Likewise, in a world characterised by competing ideas and paradigms and influenced by new actors seeking new platforms, the multilateral organisations are likely to appear as increasingly relevant partners for both middle-income and low-income countries.

The **legitimacy** that the multilateral organisations confer on international cooperation is absolutely vital for the development and endorsement of the standards, ideas, platforms and frameworks that serve as the backbone of the international partnership for development and the point of departure for measuring its developmental impact. To the multilateral system's absolute advantages in the development field can be added its advantages in initiating and delivering security and humanitarian interventions and in fostering coherence between security, humanitarian efforts and development. While emerging economies have so far not participated strongly in formalised donor cooperation in multilateral fora, they are becoming ever more important commercial partners for low-income countries. The challenge is to enhance the development impact of all efforts by seeking **synergy between private investments from the emerging economies and the private and public transfers from the traditional donors** – a challenge that the multilateral organisations are well placed to help tackle.

**It is in Denmark's clear interest to help maintain an effective, well-coordinated and flexible system of multilateral organisations** capable of meeting outstanding and emerging challenges of a security, development, humanitarian and global public goods nature as well as of ensuring a better transition between peace-making, stabilisation, humanitarian and development efforts, with the required legitimacy and capacity to respond globally where and when needed.

Since the end of the Cold War, and notwithstanding progress made on the Paris and Accra goals on aid effectiveness, there has been a **trend towards increasing fragmentation of development assistance and proliferation of actors** engaged in the development cooperation in many developing countries. This trend has partly been driven by an **increase in the earmarking** of multilateral funding, which tends to undermine the absolute advantages of multilateral organisations as actors – i.e. their legitimacy and accountability as well as their ability to ensure access to funding with the required scope and predictability, including for countries that may not be the preferred partners of bilateral donors. The opportunities of the organisations to bring their advantages into play require adequate and predictable financing of their general budgets and their core mandate - the point of departure for discussions regarding goals, results and reforms – also with the new actors. Despite **progress in relation to ensuring better coordination in the multilateral system**, there is still a long way to go before the cogs in the multilateral machinery mesh smoothly.

One of the major successes of the multilateral system during the past decade has been the formulation of the **UN Millennium Development Goals**. Rather than gathering dust on the shelves next to previous UN goals, the Millennium Development Goals (MDGs) have become the compass around which not just the multilateral organisations but the whole of international development cooperation today is oriented. This success must now be followed up by the formulation of a new set of goals that ensure the continuation of efforts on outstanding challenges and supplement with goals to address new challenges.

### *Trends in the multilateral funding*

Despite advances made on the Paris and Accra agendas, the overall picture of development cooperation is one characterised by an **increasingly complex architecture**, with a **growing diversity** of organisations that channel aid and by **increasing fragmentation** and **earmarking** of development assistance. The average number of donors per country grew from three in the 1960s to thirty in the 2000s. Fragmentation and proliferation have gathered pace particularly since the end of the Cold War. In this period the number of countries with more than 40 active donors has risen from zero to 24. More than 100 organisations operate in the health sector alone, which hampers the ambition to build their health systems based on a holistic approach. The number of multilateral organisations, funds and programmes is now larger than the number of countries they were created to help.

**At the 4th High-Level Forum on Aid Effectiveness in November - December 2011 in Busan**, South Korea, the fragmentation and proliferation of development assistance was acknowledged as issues that needed to be addressed. One of the commitments emerging from the forum is that countries will work to reverse the proliferation of multilateral funding channels and reach agreement on guidelines to this effect by the end of 2012. The multilateral organisations have promised to honour their commitments to harmonise and adapt their contributions to development to the partner countries' own systems in accordance with the Paris and Accra declarations.

The total funding of the multilateral organisations' development programmes topped USD 51 billion or 40 per cent of total ODA in 2009, compared to 37 per cent in 2007. However, the international financial crisis is now also influencing the multilateral funding. The DAC's 2011 report on multilateral assistance confirms the tendencies identified in the 2010 report, namely that the general trends in funding of the multilateral system observed over the past 20 years are continuing.

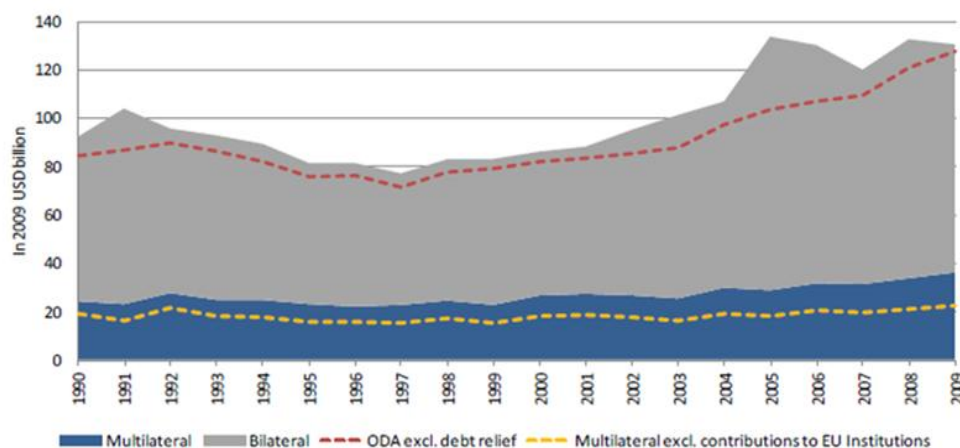
**One significant trend is the fall in the relative share of the core contributions** channelled to the multilateral organisations in relation to total ODA (see the table on next page). If the assistance channelled through the EU is deducted, the assistance to other institutions dropped to 20 per cent in 2009. If the EU is included<sup>4</sup>, the multilateral contributions rose from USD 26.6 billion in 2000 to USD 36.2 billion in 2009 – an average annual increase of 3 per cent compared to an increase of 4 per cent for total ODA. In total, the core contributions to the multilateral organisations dropped from 33 per cent in 2001 to 28 per cent of total ODA in 2009.

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<sup>4</sup> The EU is not a multilateral actor in the conventional sense. In this respect, the EU does not have a global normative function, nor does it have a mandate to cover needs globally. The EU channels a considerable proportion of its assistance to other multilateral actors.



## ODA from DAC Member Countries in the Period 1990-2009

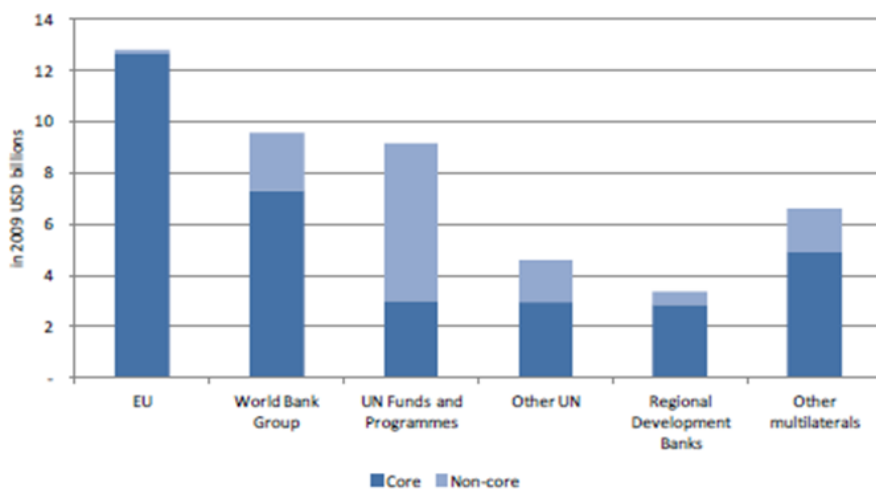


Source: OECD DAC aggregate statistics, 2011

Since 1990, the disbursements of core contributions to the EU have grown from 25 per cent to 37 per cent of total multilateral assistance, whilst the proportion going to the UN and the development banks has shrunk correspondingly. In contrast to the UN funds and programs the level of activity of the multilateral development banks (MDBs) and IFAD in low-income countries depends not only on the inflow of new grant funds, but also on reflows from countries' repayment of loans. Growing reflows from past loans have enabled MDBs to increase the level of activity in their soft windows, IDA, AfDF, AsDF and FSO/IDB.

**The other significant trend in multilateral funding is the growing volume of earmarked funds** placed at the disposal of the multilateral organisations. Earmarked contributions to multilateral organisations constitute the fastest rising form of ODA. Besides core contributions, multilateral organisations receive 12 per cent of total ODA, corresponding to USD 15 billion in earmarked funding – an increase from USD 13.4 billion in 2008. This is channelled through the multilateral organisations and earmarked for use in specific sectors, regions, countries or themes. The diagram next page shows the distribution between core contributions and earmarked funds in the financing of different parts of the multilateral system, as an average for the years 2007-2009. As can be seen, UN funds and programmes in particular are financed by earmarked funds. Six UN funds and programmes receive more in earmarked funds than in core contributions. However, the World Bank and other UN agencies also receive substantial contributions in earmarked form.

## Core Contributions and Earmarked Multilateral Funding (Average Annual Contributions 2007-2009)



Source: OECD DAC Aggregate Statistics (2011) and Creditor Reporting System (2010).

Whilst the core contributions fall fully under the management and governance structures in the organisations, including the planning and reporting processes and procedures agreed with the member states, this is not necessarily the case for earmarked funds, which according to DAC fall “under a kaleidoscope of accountability arrangements that very few ordinary citizens, and not many experts fully comprehend”.

For **partner countries** earmarked funds can provide advantages in the form of better adaptation to their own systems compared to alternative bilateral arrangements, and that they gain direct influence in those cases where governance mechanisms have been established that provide developing countries with a stronger voice compared with the executive boards. However, this is not often the case, and their influence will typically be limited. Significant disadvantages include lack of clarity regarding the criteria for allocation, in that the allocation of funds does not necessary follow the principles for allocation of core funds, as well as lack of clarity regarding responsibility for the management of the funds. Earmarking hampers efficient allocation of resources on the national budget, weakens financial discipline and carries a higher transaction cost in terms of administrative effort.

For **the organisations**, earmarking can increase the volume of funds available. Furthermore, earmarking through a trust fund can be the most suitable vehicle for performing specific tasks limited in time, rather than setting up a new organizational entity where no designated organisation exists. The disadvantages are that earmarking can undermine the organization’s governance structures, tilt the balance in its general activity, and erode its mandate and policies as well as its mechanisms for allocating funds, including performance-based allocation mechanisms. The organisations often see earmarking as a “bilateralization” of the multilateral assistance.

For **the donors**, the advantages include the possibility to focus on specific sectors, regions and countries as well as to supplement their bilateral efforts, ensure greater visibility and facilitate circumvention of more complicated executive board decision-making structures. The disadvantages can be increased administration and cross-subsidisation between core and earmarked contributions. The donors perceive earmarking as a “multilateralization” of the bilateral assistance.

**The earmarking/core budget contribution issue is not simple.** In this respect, it is not possible to identify which of the factors examined in the previous sections that have been most important in motivating the donors to increase earmarking of their multilateral funding. It is likely that a mixture of causes have been at play, including also a lack of confidence and inadequate influence in the organisations as well as a growing pressure on the bilateral organisations' administrative budgets. And it must be emphasised that there can be good reasons for earmarking funds for particular purposes, for example in conflict-affected countries, for starting up in emerging areas of activity and as a means of attracting new sources of development funding in situations where the multilateral organisations are unable to mobilise adequate resources from their own budgets to tackle challenges which they are otherwise particularly qualified to handle.

However, the multilateral organisations' ability to bring their unique and absolute advantages into play requires a critical mass of institutional capacity and reach in relation to their core mandate, and the maintenance of this critical mass is premised on predictable and adequate funding of their budgets. When budgets continually shrink on account of decreasing core contributions from member states, the critical mass is reduced. Unchecked growth in earmarked funds can affect the overall balance in the activities and interventions and undermine governance and management structures.

Circumvention of "cumbersome" executive boards by means of earmarking also sows doubt about the will to pursue multilateral solutions. And earmarking weakens the donor countries' demands for results and performance in the organisations – an ambition that requires focusing attention around the executive boards, management processes and the organisations' own systems. Yet, a **more robust and flexible multilateral system is needed which can fill the gaps expected to be left in the future by bilateral donors** wishing to focus on fewer countries and leaving outstanding work to the multilateral organisations as low-income countries transit to middle-income status during the next 10-15 years.<sup>5</sup> Robustness and the ability to respond globally and with flexibility is best promoted through the use of predictable and untied contributions to the general budgets.

The proportion of multilateral assistance of individual donors' total assistance varies considerably. Denmark lies at the higher end of the scale with approx. 25 per cent channelled to multilateral organisations, excluding the EU. Approx. 28 per cent of DAC's multilateral assistance is earmarked. With approx. 11 per cent in reported<sup>6</sup> earmarked assistance, Denmark lies relatively low in DAC's comparison. At the top end of the scale are Australia, the USA and Norway with more than 50 per cent of their multilateral aid earmarked. The Netherlands has approx. 37 per cent, Sweden approx. 35 per cent and the UK approx. 39 per cent.<sup>7</sup>

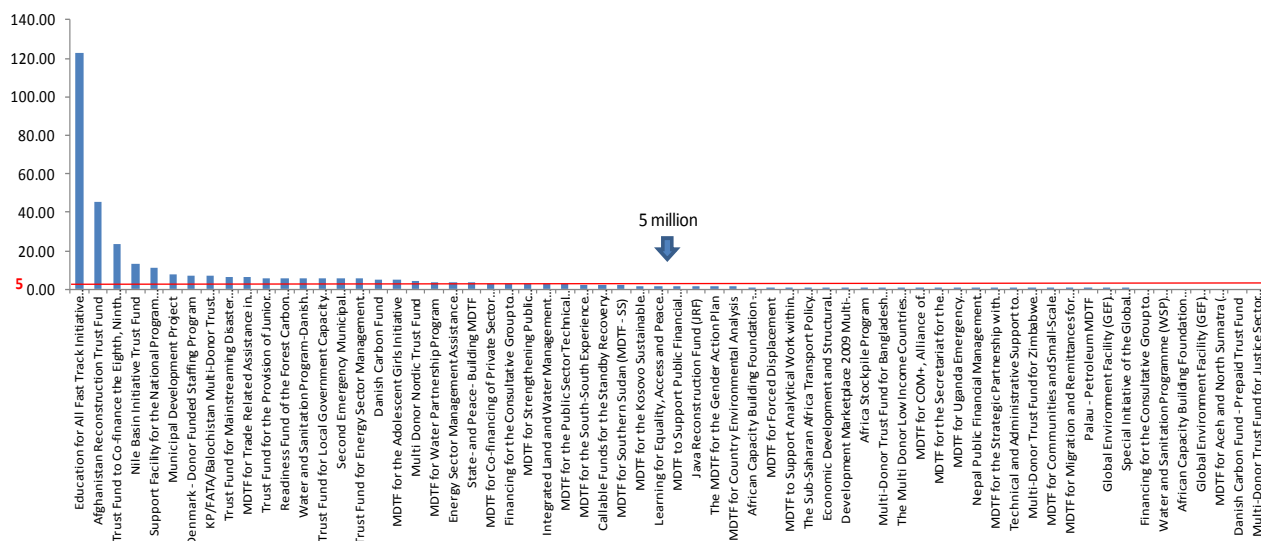
As an example of Denmark's earmarked contributions to multilateral organisations, it can be stated that Denmark in 2010 contributed to a total of 49 active budget lines in the UNDP, one for core contributions and 48 for earmarked contributions. Another example is Denmark's contributions to active trust funds in the World Bank Group in the period 2007-2011, which is presented in the diagram next page.

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<sup>5</sup> 57 % of the multilateral funds are channelled directly to low-income countries compared with 34 % of the bilateral funds, and 49 % of the multilateral assistance reaches countries in Sub-Saharan Africa compared with 26 % of the bilateral assistance.

<sup>6</sup> 40 % of the assistance channelled to the 17 organisations covered by this analysis review was earmarked.

<sup>7</sup> These comparisons must be taken with a very large grain of salt and compared with the countries' total ODA, ODA percentages and contributions to the multilateral system.



Approx. 82 per cent of global multilateral assistance is provided through the EU, the World Bank, UN funds and programmes, the Global Fund, the AfDB and the AsDB. The remaining 18 per cent is allocated to more than 200 organisations. Many of these organisations do not have a mandate to assist countries directly, but can be important standard-setters or providers of frameworks and knowledge.

A total of 20 **non-DAC donors** report their multilateral assistance to DAC. Brazil, India, China and Russia are not among them. The total reported multilateral commitment from non-DAC donors was USD 1,096 million, corresponding to 4.15 per cent of all donor contributions reported. Many new donors are middle-income countries, acknowledging the assistance they themselves received from the organizations. Based on indications from different sources, the total ODA contribution from BRIC countries can be estimated to be USD 3.9 billion, corresponding to approx. 3 per cent of ODA in 2009. How large a proportion is channelled through the multilateral organisations is unknown.

In addition, **private funds and companies** increasingly contribute to the financing of multilateral organisations. Different estimates indicate that the annual contributions from these sources for development could total between USD 22 billion and USD 53 billion. These actors do not participate in executive board work and contribute predominantly with earmarked funds. However, models should be developed to allow them to participate in relevant discussions and gain access to the necessary reports on the use of their funds.

Lastly, there is growing **South-South** cooperation and tripartite cooperation, in which the multilateral organisations often play the role of catalyst or coordinator. New donors and partners are often middle-income countries who believe that multilateral organisations should not focus only on low-income countries and conflict-affected states, but also respond to the needs of middle-income countries – countries that are home to more than half of the people living in absolute poverty and some of which appear to be caught in a middle-income trap.

## Specific challenges

In the following sections two particular sets of challenges for the multilateral system are examined, namely those related to fostering stability and development in conflict-affected and fragile states and those associated with supporting developing countries in their transition to a green economy. These two rapidly emerging issues are expected to strongly affect the work of multilateral organizations and test their ability to adapt to a changing global agenda. At the Rio+20 Conference to be held in June 2012 it is anticipated that new directions will be decided for the transition to a green economy and sustainable development.

### *Conflict-affected and fragile states*

Fragile and conflict-affected states constitute **one of the greatest development challenges today**. The latest MDG report makes this abundantly clear. Whilst considerable progress has been made by many developing countries, fragile and conflict-affected states lag far behind economically and have not achieved any of the MDG. Indications are therefore, that **an increasingly larger proportion of total development assistance will go to conflict-affected and fragile states**. There is a need for innovative approaches and genuine change, if peace, stability and development are to gain a strong foothold in countries affected by conflict and fragility. Geographically, **the focus is likely to be on Africa, where seven of the world's ten most fragile states are situated**. Bilateral donors often lack the necessary legitimacy as well as technical and administrative capacity to operate in conflict-affected and fragile states, and therefore act primarily through multilateral organisations.

The need for a new international approach is documented in a number of pioneering reports such as the World Bank's World Development Report 2011, the Report of the Secretary-General on peace building in the immediate aftermath of conflict from 2009, the UN review of civilian capacities from 2011, and a number of reports from the conflict network in OECD/DAC, including the monitoring of fragile state principles, which unfortunately shows that there is still a long way to go in terms of putting the principles into practice.

As an innovation, a group of fragile states (G7+) have taken the initiative to engage in discussions regarding a new international structure. The International Dialogue on Peace Building and State building, comprising G7+ and donors, has launched the **"New Deal"** – a new international approach to fragile states – at the High-Level Forum on Aid Effectiveness held in Busan. Five goals for peace building and state building have been identified that must be accomplished as a prerequisite for achieving the MDGs. The "New Deal" calls for much greater national ownership and strengthened cooperation between international actors and national actors within the framework of a simple agreement structure under multilateral leadership – typically provided by the UN.

It is difficult to operate in fragile states. Lack of security as well as insufficient legitimacy and accountability of governments that are often politically and economically marginalised contribute to the challenge. Efforts in conflict-affected and fragile states are therefore complex and often very politically sensitive. This has led to **a state of affairs in which the international community's engagement in fragile states is fragmented and primarily based on short-term interventions**. Therefore, the multilateral system needs to work more effectively in fragile states. The multilateral organisations play a pivotal role in delivering aid in these countries and in the dialogue with national actors. This is partly due to their particular legitimacy in situations characterised by precarious security and sensitive political and social controversies, and partly because few countries have bilateral missions in fragile states.

The multilateral organisations provide unique platforms for cooperation with new actors, particularly the emerging economies such as China, India, Brazil, South Africa, which play a major role in many fragile states. The opportunities for engaging in dialogue with new actors and influencing their policies as part of the total international engagement in fragile states should be used. Strengthening the linkage between peace-making, peace building and state building requires **a sharp division of labour as well as enhanced cooperation and coordination between the different multilateral actors** – the UN, the World Bank, the EU and the regional organisations and development banks. In the WDR11, the World Bank recognizes that the UN should play the leading role in the transition phase. The review of the UN's civilian capacities underpins and operationalizes this recommendation. This is an important step in the right direction. In addition, a greater recognition of the importance of the regional organisations and development banks for ensuring regional stability is needed. It is particularly important that Denmark works in a targeted way to strengthen the international architecture – also through our influence in the EU.

The dialogue on the international architecture has a tendency to become centred at headquarter level. It is, however, important to hold on to the notion that the key objective is to deliver concrete results for the people who are affected by instability and poverty on the ground. The success of the efforts to create a more effective structure should consequently be monitored through the **performance of actors at the country level**. On the one hand, we must become better at feeding lessons learned from country-level activities into the policy dialogue. On the other hand, we must also have the courage to wholeheartedly support policy decisions and provide key multilateral actors with the real means to deliver results.

**Peacekeeping is key** in conflict-affected states. Security is a precondition for development, and the linkage between peace building and state building is two-way. **Coordination** between the different types of operations is therefore of great importance. The individual UN mission mandates have gradually become more ambitious, and the emphasis now is primarily on integrated operations rather than on conventional peacekeeping buffer missions. Integrated missions require intensive cooperation – between the military and civilian components of the mission.

A key task in fragile states is to prevent unstable and fragile situations from developing into conflicts. **Conflict prevention** is supported, among other things, by strategic regional efforts or through the UN and other actors who are working to reduce tensions and strengthen dialogue, mediation and capacity building. The interplay between preventive diplomacy and development intervention is central. The challenge in relation to preventive efforts is to make the link between activities and results clear.

In the UN review of **civilian capacities** particular attention was paid to constraints associated with rapid deployment of people with the right personal profile in fragile and conflict-affected states. Experience shows that the difference between success and failure in many cases is highly dependent on individuals – particularly those in leading positions. We must focus much more on identifying people with the right technical, cultural and interpersonal skills through targeted efforts to recruit, train and deploy Danish civilian personnel – to the EU, the OSCE, the UN and NATO – and persuade multilateral organisations to do the same. The UN itself identifies a number of inappropriate administrative procedures and rules that should be eliminated. In addition, the prospects of intensified South-South cooperation bring new opportunities. The UN, and in particular the UNDP, is in a perfect position to contribute to building capacity in the South. A stronger effort should also be made to promote more exchange of staff between organisations – e.g. the World Bank and the UN – partly to facilitate more flexible and versatile use of human and other resources, and partly to enhance mutual cooperation.

**The normative sphere** plays an immensely important role in relation to conflict-affected and fragile states – as demonstrated by Responsibility to Protects (R2P) and other initiatives related to protection of civilians, children and women in conflict situations, as well as peace and security (SR1325). In relation to protection of civilians, prevention is a key element. Closer cooperation between the UN, regional organisations and states in responding to early signs of ethnic cleansing, war crimes, genocide and crimes against humanity is crucial for the success of the R2P standard.

### *Rio+20 with focus on green economy*

The UN Conference on Sustainable Development (Rio+20) will be held in Rio de Janeiro in June 2012 during the Danish EU Presidency. **The two key themes will be the green economy in the context of sustainable development and poverty eradication as well as the institutional framework for sustainable development.**

The major challenge is to reach a common global understanding of the fact that the economic, social and environmental dimensions of development need not be mutually exclusive but can be mutually reinforcing. The G-77 countries are sceptical about the green economy, which is viewed as a Western concept that may lead to imposition of new conditionality and green trade barriers obstruct them in their efforts to pursue economic growth and job creation through industrialisation.

The G-77 countries claim that the new commitments accompanying the transition to a green economy should be accompanied by economic compensation in the form of development assistance, capacity building and technology transfers from the Western countries, particularly if they are to be subject to more stringent standards than the advanced economies were subject to at the time of their own take-off.

The countries in the G-77 group, including countries such as China, India and Brazil, have so far steadfastly maintained the principle of common, but differentiated responsibility (CBDR principle). According to this principle countries have different responsibilities according to their level of development. Advanced economies must provide the development aid necessary to allow them to make the transition to a green economy. Traditional donor countries, on their part, demand that middle-income countries contribute to the transition. The COP17 reconfirms that the CBDR principle. This will hopefully make it easier to reach agreements in Rio that also commit the BRICs.

EU Member States, and particularly Denmark with inspiration from the work of the Global Green Growth Fund (3GF), argue in favour of a model in which growth and sustainability go hand in hand and require the involvement of the private sector as a partner in Rio+20.

Denmark believes that Rio+20 will focus on scarcity of resources such as water, energy and foods, in addition to the general issue of preventing irreparable damage to the ecosystems.

Denmark therefore also supports the UN Secretary-General's **Sustainable Energy for All (SE4ALL)** Initiative which proposes a new global goal for sustainable energy comprising three objectives: universal access to electricity, doubling the rate of improvement in energy efficiency globally, and doubling the share of renewable energy in the global energy mix. All three objectives are to be achieved by 2030. In multilateral organisations, Denmark will work to ensure that all three elements in the current dialogue about energy – access, improved efficiency and renewable energy – are addressed.

The Secretary-General's energy initiative can be seen as a significant contribution to the debate on setting global sustainable development goals (SDGs), which has become an overriding theme in the prepa-



rations for Rio+20. The Danish Government will work to ensure that Rio+20 makes progress in defining such goals, including as a minimum agreeing on a process to identify and specify SDGs.

The Secretary-General's High-Level Panel on Global Sustainability, which has been set up and tasked to provide political recommendations for Rio+20, looks set to publish a report that as one of its main recommendations will advise the international community to agree on global sustainable development goals.

Some EU Member States have viewed the green economy and the sustainable development goals as competing agendas and have therefore not directly addressed the SDG their contributions to Rio+20. Instead they have promoted the idea of a "green economy roadmap" with "specific goals, objectives and actions at international level...". However, there seems to be a growing openness towards working with sustainable development goals as building blocks for a green economy.

The discussion about SDGs is linked to the discussions about the eight **Millennium Development Goals** (MDGs). The UN has been cautious to initiate a discussion of what is to follow the MDGs out of fear of shifting political attention away from implementing the outstanding MDGs. The debate about sustainable development goals, however, is gaining ground, and there is general agreement that the present MDG-focus on the social dimensions should be balanced with more attention being paid to the environmental dimension and the question of tackling the rising resource scarcity.

It would not be helpful to separate the discussion of **Sustainable Development Goals** (SDGs) from the discussion of the MDGs, even though the SDGs are universal goals for all countries whereas the MDGs have until now been viewed as goals applying primarily to the developing countries. The two processes must be interlinked. One option is to anchor the SDGs in the MDGs, with the MDGs as the core in a new set of goals to which a sustainable development dimension is added.

Several **different models for a better structure of the institutional framework for sustainable development** are being discussed, including a reform of ECOSOC and CSD (the closure of CSD has also been proposed); the creation of a sustainable development council and a strengthening of the UNEP, including its potential upgrading into a specialised agency, as favoured also by the EU.

Denmark has generally underscored that form must follow function. In addition, Denmark will focus on how better multilateral implementation at country level can be achieved.

With respect to **financing**, the World Bank in particular has worked on developing models of financing and governance structure for climate and sustainable development, with the climate funds and the Green Fund as the most significant examples.

Finally, there remains a considerable challenge in relation to ensuring **better coordination** of the efforts between different multilateral actors such as UN organisations, the World Bank, the IMF and regional organisations. Denmark will engage in work aimed at improving coordination of these efforts.



## Part 2 – Denmark’s engagement in the multilateral organisations

### General Remarks

Since 2005, the responsibility for the daily management of Denmark's relations with most multilateral organizations has been **decentralized** to the UN missions in Geneva and New York as well as the embassies in Rome and Washington, whereas responsibility for relations with regional development banks has been vested in the regional departments in the Ministry of Foreign Affairs. In 2010, cooperation with UNRWA was decentralized to the representative office in Ramallah. The role of responsible units covers the entire spectrum from defining the objectives for cooperation over strategic planning, implementation and financial management to monitoring and evaluation of cooperation and assessment of the results achieved.

In their management of Denmark’s relations with multilateral organizations representations and units are guided by the strategic orientation and monitoring framework as set out in **organizational strategies and associated annual action plans** developed and updated for each organization receiving more than DKK 35 million a year. The progress achieved by individual organizations is monitored on the basis of a number of agreed indicators, which reflect their contribution to delivering concrete development or humanitarian outcomes, their effectiveness as part of the international institutional machinery, their internal institutional efficiency as well as their relevance in relation to Denmark’s development priorities. Strategies are developed for a 3-5 year period and as far as possible **synchronised with the organisations' own strategic cycle**. When the common practice of developing organizational strategies was established in 2003, strategies were required for all organizations receiving DKK 20 million or more a year. In 2011 the threshold was raised to DKK 35 million. Strategies and action plans may still be drawn up for organizations that receive less than DKK 35 million annually, if these are considered to have particular strategic importance for Denmark.

The preparation of new organizational strategies builds on the recommendations made in Denmark’s annual multilateral review and on the outcome of the annual strategic consultations held in the organizations themselves. The draft strategy is discussed and commented on in the Programme Committee.

A key mechanism for monitoring multilateral organizations is the **MOPAN** "Multilateral Organization Performance Assessment Network," a network Denmark helped create in 2002 and which today consists of 16 like-minded donor countries united around the common goal to jointly assess the performance of major multilateral organizations. Within the framework of MOPAN an analytical model has been developed in which the efficiency of individual organizations is measured based on a number of agreed indicators covering such parameters as the administrative system, command and control systems, as well as partnership behavior. This is the basis for deciding whether conditions are in place for the organization to deliver development impact.

MOPAN relies on perception analysis based on subjective views and not on objective criteria. However, in 2012 MOPAN will expand the analysis to include performance of goals at the aggregate level and in partner countries as well as their relevance to the development agenda. The ambition of MOPAN is to replace member states’ individual assessment of the multilateral organizations. This is already the case on Denmark’s part. The plan is to annually analyze 6 multilateral organizations in 8-10 different countries. This allows for a 3-5 year cycle comprising 20-25 of the main organizations.

Up till now Denmark's monitoring of multilateral organizations has consisted in submissions from responsible representations and units on the performance of individual organizations measured against the relevant strategy and annual action plans. These reports - mainly retrospective in nature and focused on individual organizations – have not provided a basis for obtaining a coherent picture of Denmark's multilateral effort. Below, **a comprehensive account of the performance of the 17 multilateral organizations receiving a minimum of DKK 35 million a year and drawn up by responsible representations and units on the basis of a common methodology** is submitted for the first time. The figures for the Danish multilateral contributions cover 2010, since the figures for 2011 were not available at the time of reporting.

In addition to monitoring the performance of organizations against agreed targets contained in the organizational strategies, **a table with seven cross-cutting indicators** has been introduced with the aim of enabling staff to provide a quick overall assessment of the relevance, effectiveness and efficiency of the 17 organizations. The tables are inserted in the sections on individual organizations. The ratings are marked as green for "very satisfactory", yellow for "fairly satisfactory", and red for "not satisfactory". This is not an assessment based on objective criteria for the organizations' actual performance in terms of contributing new ideas, achieving specific development results or raising the institutional efficiency. Rather, it is **a first step towards strengthening the comparative, performance-based element of the assessments underlying the Danish policy for engagement in multilateral organizations**. It makes it possible to form an idea across organizations about their relative performance on indicators common to all of them. It also helps to create a sharper policy focus for a more forward looking and strategic-oriented process. The ambition is to **strengthen the performance assessment through the selection of indicators and targets that as far as possible allow for comparative assessments individual organizations**.

The annual multilateral review and strategic orientation as well as the formulation of organizational strategies will build on the systems of management for and measuring of results already in place in the organizations. Meta-analyses based on comparison of different assessments and evaluations are also valuable tools and will be used in this process. Denmark cooperates with like-minded countries on multilateral issues, including under the auspices of the Utstein Group and Nordic +<sup>8</sup>.

## UN Funds and Programmes, WHO, GFATM and UNAIDS

UNDP, UNFPA, UNICEF, UNEP, WHO, UNAIDS and GFATM are key organisations in the multilateral architecture for the development, stabilisation and humanitarian efforts. The UN Funds and Programs act with the **legitimacy** conferred on them by their global mandate and membership based on one country one vote and may serve as **leading and convening partners** in situations characterised by lack of or weak state capacity and in areas perceived as political or otherwise sensitive. Underpinning their role, these organizations are backed by the **UN's security mandate and normative role** in the formulation of universal rights, standards and goals for the international community efforts, and they can often help in situations where, for example IFIs have difficulties in operating because of the limita-

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<sup>8</sup> The Utstein group was formed in 1998 by women development ministers from Norway, UK, The Netherlands, and Germany as an informal forum of consultation on development policy questions. The number of member countries has since then risen to 13. Besides Denmark, the group today includes Belgium, Canada, Finland, France, Ireland, Sweden, Switzerland and Spain. Nordic + includes UK, Ireland and The Netherlands as well as the Nordic countries.

tions imposed by their mandates or their performance-based system for allocating resources.

The UN organizations' ability to bring these advantages into play depends critically on the international community's support of their mandates and programs - including with sufficient financial contributions to enable them to maintain a critical mass of administrative and technical capacity to pursue their core mandates. The escalating **earmarking** of multilateral funding over the last ten years has made it increasingly difficult for many organizations to focus their efforts on their core mandate - a development that calls for a reaction from responsible donors.

**Dynamic developing economies increasingly engage in multilateral organizations**, including as contributors. This widening of active membership further underscores the need to protect the organizations' specific strengths and ability to provide relevant multilateral solutions within their mandates. A reversal of this trend requires greater discipline from both member states and the organizations themselves based on respect for mandates and governance structures. It also requires a change of attitude away from one that encourages organizations to offer their assistance in an ever widening field of interventions.

The classic conflict concerning **resource allocation between middle-income countries and low income countries** persists. In the UN it revolves around the issue of the presence and support offered by funds and programs to middle-income countries, still home to more than half of the world's absolute poor. The Arab Spring fanned the flames of this debate, and middle-income countries have used this opportunity to emphasize their need for external assistance to help remedy their lack of administrative capacity and the general inequality in society.

Implementation of the comprehensive reform complex - Delivering as One (DaO) – is key to ensuring that the various organizations will deliver a better coordinated and orchestrated contribution to development in the future. The negotiation of the four-year policy review (QCPR), which sets the framework for UN's operational activities, is an important milestone in the strategic dialogue and priority setting with the organizations. Here, Denmark will exercise its influence, including aligning its own organizational strategies to the QCPR cycle.

## UNDP

### *UNDP's current and expected future role.*

With representation in more than 160 countries, UNDP is a key multilateral player. With its broad policy and executive mandate, including in democratic governance and sustainable development, UNDP can serve as a lead and convener in relation to the overall development efforts made in the relevant fields by multilateral as well as bilateral agencies. As a global centre of knowledge, UNDP also plays a central role in collecting, processing, and dissemination of results from research and practical experience from development cooperation.

In 2010, the Danish core contribution was DKK 320 million. In addition, DKK 12.5 million is given annually to UNDP's trust fund for fragile and conflict affected states. Further funding to the tune of DKK 276.2 million was provided to UNDP country offices by Danish bilateral embassies in 2010.

The latest Danish assessments of UNDP concluded that **UNDP has delivered satisfactorily** in the priority areas for the DK-UNDP cooperation (the five areas are: 1. System Wide Coherence / Delivering as One, 2. governance, 3. Conflict affected and fragile states, 4. the Millennium Development

Goals, and 5. sustainable development and climate change). However, there are still examples of unfocused UNDP activities, typically when UNDP is acting as the "*provider of last resort*" - i.e. outside of UNDP's main area of competence and without the appropriate competencies on the ground. A more strategic focus on governance work - especially in fragile states and on sustainable development - is required to make UNDP 'the partner by choice - not by default'.

**UNDP is under pressure** because of dwindling funding of its core budget, increasingly intense competition for resources with other actors such as the World Bank and a growing demand for documenting results. UNDP has seen a dramatic change in the funding of the organization, where the share of earmarked funds has increased from 1/3 to 2/3 over the past decade. This development challenges the organization's ability to deliver on its strategic plan, including on its coordination role.

This calls for an active and strategically focused UNDP which acts as a relevant partner for new and traditional players, an outcome that underlines the need for organizational reform. A stronger strategic focus will constitute an important objective for the adoption of the new strategic plan for 2014-2017. However, efforts to sharpen UNDP's focus are challenged by developing countries reluctant to see a more focused UNDP and by donor countries continuing to undermine this effort by earmarking their funding, despite concerns expressed over the implications.

As part of the preparation of a new strategic plan in 2013 (covering the years 2014 to 2017) intensive discussions concerning UNDP's comparative advantages, weaknesses and ability to deliver results are on-going.

UNDP plays a crucial role not only because of its broad mandate and global presence, but also in relation to internal UN coordination on development which take place in the so called **UN Development Group** (UNDG), counting all 32 UN agencies, funds and programs, etc.

UNDP's global presence needs to be supported by relevant partnerships with both low- and middle-income countries and by new and traditional donors. For this to happen, UNDP must be able to adjust to the fact that emerging countries often reject the traditional donor-recipient relationship by supporting partnerships centered on South-South cooperation. UNDP enters an increasing number of strategic partnerships with emerging economies (e.g. Mexico and Brazil), most often with the aim of provision of technical assistance. Similarly, UNDP is focusing increasingly on the potential for South-South cooperation and triangular cooperation in countries such as South Sudan, where UNDP orchestrates capacity building of the Southern Sudanese administration in collaboration with mentors from Ethiopia, Kenya and Djibouti.

From a Danish perspective, UNDP must continue to focus its efforts on low income countries and conflict-affected and fragile states, while its programs in middle-income countries should be financed by the host countries themselves. A model for middle-income countries whereby the country director is financed by UNDP while the program is financed by the country is likely to contribute to enhancing the quality of the organization's work. Emerging economies should contribute to financing interventions, for instance in conflict-affected and fragile states in their neighbourhood where they have a self-interest in stability.

As a global knowledge-based organization UNDP also contributes significantly to development thinking as for instance with its agenda-setting annual Human Development Report. And UNDP is expected to play a leading role in the formulation of the "post-2015 goals" with the anticipated strengthening of

the sustainability dimension. Thus, the UN Secretary General has tasked UNDP, together with the UN Secretariat, UNDESA, to spearhead the preparation of the post-2015-framework.

**Priorities for Denmark's future cooperation with UNDP.**

An interim organizational strategy is being developed to orient Denmark's cooperation with UNDP in the period leading up to the launch of the new and synchronized strategic plans for the funds and programs in 2014. From a Danish perspective, UNDP's comparative advantages can be summarized under the heading "Governance for Sustainable Development". Within governance, UNDP has comparative advantages in terms of supporting 1) the development of legitimate and effective institutions and processes especially in conflict-affected and fragile states, and 2) the sustainability agenda.

Denmark will work to ensure that UNDP uses its comparative advantages in supporting political governance, incl. parliaments and civil society and media as well as the justice sector, and that it assumes a leading role in aid coordination in these areas whenever called upon to do that. In providing support to public sector reform in general UNDP should work in partnership with the IMF, the World Bank, bilateral donors, civil society organizations and others.

Cross cutting multilateral indicators	UNDP
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

UNDP should particularly concentrate on supporting **conflict-affected and fragile states**, where UNDP and the UN system in general, have comparative advantages in terms of political legitimacy, its coordinating role and ability to combine peace building, peacekeeping, humanitarian efforts and development. Here, UNDP will typically be present before, during, and after the crisis and should be the preferred institution taking the lead in an orderly transition from humanitarian relief towards recovery and development-oriented assistance, ensuring a strong and unified UN response and that action is coordinated with new players as they enter the stage. Denmark will focus on assessing UNDP's performance in countries such as Afghanistan, Burma, Somalia, South Sudan and Zimbabwe, including its ability to coordinate and catalyse efforts by the international community and integrate financial contributions and technical assistance from third parties in larger, strategically oriented pools. Denmark will work to ensure that UNDP's institutional capacity to act in conflict-affected and fragile states is strengthened through reforms as well as adequate and reliable funding and consider seconding staff at both junior and senior levels.

Denmark will work for engagement of UNDP in the sustainable development agenda and in the development of a broadly accepted methodological basis for green economy and sustainable development. In addition, UNDP should use its leverage and close relationship with national governments to press for progress on the environmental front, particularly in middle-income countries. UNDP serves as the focal point for coordination of support to institution-building, planning, legislation, data-collection and processing in the environmental field with inputs from UNEP, MDBs and bilateral donors. Also, sustainable energy must figure higher on UNDP's own internal agenda, with a focus on upstream activities and not on electricity supply.

**Funding strategy:** With its high and stable contributions to core funding Denmark is considered a trustworthy and loyal partner, and Denmark will work actively with the aim of raising contributions to

the core budget through the QCPR negotiations and in the Executive Board in dialogue with the organization and in cooperation with like-minded countries. Sustainable, long-term funding must be put in place consistent with the visions for UNDP and the need to maintain sufficient critical mass to fulfil the Strategic Plan and UNDP's coordinating role. In those cases where earmarking can be justified because there is no institutional alternative for handling the resources and no alternative steering mechanism has been agreed with partners, funds held in trust should fall squarely under the organization's overall management structures and be delivered strategically, coherently and aligned with partner countries' national systems. Tackling the funding question is burdensome and time-consuming and fast results cannot be expected. Maintaining Denmark's strong influence on the organization will require large Danish core contributions and willingness to second staff as appropriate.

**Active involvement in the UNDP Executive Board:** In recent years Denmark has been actively engaged in the Executive Board, both as President in 2007-2008, but also by continuously engaging in strategically important decision-making processes as for instance the new strategic plan, and Denmark has successfully brought important issues (such as the response in South Sudan) on the agenda. Denmark will work for its priorities based on this position of strength.

**Strategic Dialogue:** Denmark will continue its close, effective and informal dialogue with UNDP, maintain a prominent role in the donor community and continue choosing topics to which Denmark pays particular attention as the basis for the strategic dialogue with the organization. Specifically, Denmark will take advantage of its position relative to the discussions on funds and programs' interventions in fragile states, including in the Danish priority countries Afghanistan, Somalia and South Sudan, through selective and committed participation in the work of the Executive Board, hosting of important meetings and close cooperation with relevant bilateral embassies.

## UNICEF

### *UNICEF's current and expected future role.*

UNICEF is a key multilateral player due to its' clear and strong mandate, decentralized model and global presence with programs in 156 countries. The twin humanitarian and development mandate of the organization provides it with a comparative advantage in relation to providing a consistent and stable response at the intersection of humanitarian and development interventions. UNICEF's work is based on a cross-cutting normative mandate - guided by the 1989 Convention on the rights of the Child, and on its reporting and monitoring in relation to the mandates of the UN Secretary General's special representatives on sexual violence, children in armed conflicts and violence against children.

The Danish core contribution to UNICEF in 2010 was DKK 155 million (reduced from DKK 180 million in 2009). In addition a contribution of DKK 20 million was made to UNICEF's humanitarian work as part of the humanitarian partnership agreement for 2010-15. Furthermore, Denmark contributed earmarked funds to a number of specific projects and countries. In total, DKK 298.2 million was channelled to UNICEF in 2010 by Denmark. Among the official donors Denmark was UNICEF's seventh largest core budget contributor in 2010, and ranked as the tenth largest donor overall.

In general, UNICEF's work and focus is well aligned with Danish development priorities, and the organization has achieved a **satisfactory level of performance** in terms of accomplishing the priority goals set out in the current action plan. In general terms, the organization maintains a well-run operation, which adapts and manages to stay relevant to the overall development agenda.



Like other UN agencies UNICEF is **challenged by the global financial situation**. In 2010, UNICEF's income from core budget contributions was reduced by 9 per cent, accounting for only approximately 26 per cent of UNICEF's total income (compared to 33 per cent in 2009). The remaining 74 per cent was comprised of thematically earmarked funds, humanitarian contributions and funds earmarked for use in specific projects. The declining level of core budget funding poses a challenge to UNICEF, as it complicates the fulfilment of its overall mandate, including the humanitarian emergency response, the normative element, and the strategic plan.

This context calls for a visible UNICEF, able to deliver within its mandate and its strategic plan and to demonstrate rapid and easily measurable results. UNICEF has traditionally performed well in these areas and the organization is very conscious of defining clear limits and remaining within the given mandate. Denmark will work for an increase in the core funding of UNICEF as a means of enhancing financial predictability for the organization. Denmark will also advocate for more support to UNICEF's longer term and normative upstream efforts - not an easy task, given the opposite signals coming from many other donors.

UNICEF has a **broad and diversified donor base**, and a third of the organization's budget comes from private funds. Compounded by the general trends to earmark multilateral funding, this has made it difficult for the organization to disengage from delivery of stable, visible, and well-tested interventions, where there are clear results and lower risk of damaging the reputation of the organization. For the same reason, UNICEF is very careful when selecting partners for collaboration. Not surprisingly, UNICEF has gained a reputation for being quite conservative and sometimes inflexible compared to other partners in terms of coordination and division of tasks at country level.

UNICEF is a **highly experienced and robust development actor** with a very well-tested business model. The opportunity to demonstrate tangible and meaningful results helps UNICEF attract widespread support from the donors. UNICEF has a strong stake in the fulfilment of the MDGs, especially in relation to halving hunger, access to primary education, girls' access to education, reducing child and maternal mortality, access to clean drinking water and sanitation, and a strengthened global partnership for development. UNICEF is one of the key sources for data collection at the household level.

#### *Priorities of Denmark's future cooperation with UNICEF.*

A bridging strategy has been developed for UNICEF covering the period 2012-2013 leading up to the implementation of the new generation of strategic plans for funds and programs in 2014. UNICEF's current strategic plan 2005-2013 focuses on the most vulnerable groups as a means of more effectively addressing the MDGs – a dimension highlighted with the introduction of a new equity-based focus in 2010. The health sector and particularly the reduction of infant mortality is central to UNICEF's program and Denmark will work to ensure that this orientation emerges as a key element of the new strategic plan. The current MDGs have a clear focus on the social sectors and the thrust of UNICEF's program is therefore well aligned with the MDG. For the same reason, the organization has been reluctant to accept the idea new and additional sustainable development goals. Denmark will encourage UNICEF to continue to engage constructively in the discussion of the international development goals and to make its considerable expertise and extensive data available in this process.

UNICEF is present with active program in many **conflict-affected and fragile states**. Denmark will work to ensure that UNICEF continues to prioritize and allocate a considerable part of its core resources to interventions in these states, including through provisions in UNICEF's new strategic plan for 2014-17. UNICEF's twin mandates provided it with an obvious advantage for engaging in fragile situations, including in peace-building. Especially in the softer and at times overlooked elements of this

agenda - such as education - UNICEF has potential to play an even stronger role than today. However, this requires that UNICEF becomes better at integrating its work within broader UN efforts in fragile states -something which Denmark will encourage the organization to do. Furthermore, Denmark will pay particular attention to UNICEF's efforts in priority countries such as Afghanistan, Burma, Somalia, Sudan and Zimbabwe. UNICEF has kept a low profile as regards the environment agenda - an area which at first glance does not appear to have a clear link to the organization's mandate. UNICEF is currently working to identify the organization's role in the Rio +20 agenda. Denmark will work to ensure that UNICEF continues to strengthen its rights-based approach to development, while recognizing that UNICEF can also play a prominent role in strengthening people's resilience to shocks. Finally, UNICEF is an important actor as regards education of children and young people to understand climate changes.

**Funding strategy:** With its relatively high level of core budget funding (although reduced in 2010) Denmark is considered a trustworthy and loyal partner - especially in difficult times, where the proportion of core budget funding generally is under pressure. Denmark will work actively to strengthen the overall contributions to the core budget through the QCPR process and in the Executive Board in its bilateral dialogue with the organization and in cooperation with like-minded countries. Denmark will work for a stable and long-term funding framework, consistent with UNICEF's vision, and including contributions to the core budget sufficiently large to maintain the critical mass required to achieve the priorities of the strategic plan and deliver on the normative aspect of UNICEF's mandate. This is a challenge, since donors with increased focus on results and visibility of their own contributions push the organization further towards the easy and quickly measurable initiatives and away from the more demanding upstream efforts.

Cross cutting multilateral indicators	UNICEF
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

In those cases where earmarking can be justified because there is no institutional alternative for handling resources, funds held in trust should fall squarely under the organization's overall management structures and be delivered strategically, coherently and aligned with partner countries' national systems. Tackling the funding question is burdensome and time-consuming and fast results cannot be expected.

Denmark has engaged very actively in the work of the Executive Board. Denmark resigned from the Board in 2012, but re-joins in 2013. Denmark has been successful in bringing important issues on to the Board's agenda in cooperation with other donor countries. This includes initiatives related to fragile states, and UNICEF's humanitarian responses.

**Strategic Dialogue:** Denmark will continue its close, well-functioning and informal dialogue with UNICEF, and retain its prominent role in the donor community, supplemented by annual consultations with UNICEF which takes stock and discusses future strategic priorities for cooperation. Denmark will pick additional topics for the strategic dialogue with the organization, such as the role of funds and programs in fragile states in general and specifically in Afghanistan, Somalia and South Sudan. Here, Denmark has succeeded in influencing UNICEF through a targeted and committed effort in the Executive Board, by working closely with the relevant bilateral embassies and through commissioning of consultancy reports on the subject. The fact that UNICEF's Supply Division is located in Co-



penhagen provides special opportunities, also concerning the more specialized functions covered by the Supply Division (including product innovation).

## UNFPA

### *UNFPA's current and expected future role.*

UNFPA's mandate and strategic orientation include population and development, reproductive health and rights, and gender equality. The UN's rights-based population policy agenda was established based on the program of action of the International Population Conference (ICPD PoA) in Cairo in 1994 (in 2010 extended indefinitely). UNFPA was given a **leaner and more strategic focus** as a result of the mid-term review in 2011, and reproductive health and rights now figure even more prominently in its program, in accordance with the Danish priorities. Denmark is in the process of developing an interim strategy for the collaboration with UNFPA for 2011-2013, building on the mid-term evaluation and other inputs.

In 2010, the Danish core contribution to UNFPA was DKK 205 million. In addition, DKK 15 million is allocated annually through the humanitarian Partnership Agreement 2010-2015. In 2010, Denmark contributed a further DKK 5million to UNFPA's response to the earthquake in Haiti. Altogether, Danish development assistance corresponding to DKK 421 million was channelled through UNFPA in 2010, including funds allocated by bilateral embassies. This made Denmark UNFPA's fifth largest overall donor in 2010.

UNFPA's work and efforts are in line with the overall Danish development priorities. In 2010 the organization **performed satisfactorily** in relation to targets in priority areas agreed with Denmark.

Like many other multilateral organizations UNICEF is under pressure due to a generally constrained funding environment and the fact that the organization has a politically sensitive mandate, making **fundraising a special challenge**. The more stringent demands for documentation of results coming from the donor community may provide an incentive for diverting the organization's attention and operations away from important interventions in the areas of information, education and behavioural change where results are more difficult to document. A robust and predictable funding model is important for UNFPA. It enhances its ability to deliver in relation to the strategic plan, including the Danish priority area of SRHR. Through successful information campaigns UNFPA has raised awareness about maternal mortality - the MDG furthest from being achieved.

There is a need for an active UNFPA who can generate the necessary political and financial support for its mandate without compromising core elements such as SRHR. The mid-term evaluation paints a picture of an organization capable of doing that.

The main challenge will be the preparation of a **new strategic plan for 2014-2017** with the negotiations of the quadrennial comprehensive policy review (QCPR) as an important milestone. Also, the preparations for the twenty-year review of the adoption of the ICPD Programme of Action in 2014, is a key strategic event which may feed into the formulation of new post-2015 objectives.

There is **no consensus among UN member states on key elements of UNFPA's mandate and work**, such as SRHR, gender equality, and women's empowerment. The organization manoeuvres in a highly sensitive political environment with regards to these issues, which has high priority for Denmark, and it will be necessary to mobilize like-minded support to secure reaffirmation of the ICPD agenda in 2014. Denmark has taken several initiatives with this aim, which it also pursues in relevant negotiations

in the annual sessions of the Population Development Commission and the Commission for the Status of Women, as well as in General Assembly Resolutions and - statements. The EU is generally divided in these matters with the Nordic countries and Holland on one side, and Poland and Malta on the other. The disagreement is so profound that the European Union often has to refrain from negotiating collectively.

Denmark is involved in a longer-term coordinating effort in response to the well-orchestrated attacks on the ICPD. During the fall, Denmark established a multi-regional ICPD network, in collaboration with Brazil and UNFPA, with the aim jointly defending the ICPD agenda. The Danish UN Mission in NY also participates in a working group together with UNFPA's Executive Director with a view to establish a High Level Task Force (HLTF) for the ICPD, consisting of about 25 prominent persons. HLTF is expected to be instrumental in relation to mobilizing and creating political support for the ICPD up to 2014. It is a Danish priority to be represented in that group due to the expected strategic importance of the HLTF.

UNFPA has **asserted itself strongly on the Rio +20 issues**, where the organization views itself as a bridge between the population- and sustainability agenda. Denmark supports this view - an agenda for sustainable development, which does not include a population dimension, will fail - and Denmark is in close dialogue with UNFPA to sort out how these elements are best incorporated into the Rio agenda.

The study on UNFPA, UNDP and UNICEF's work in fragile states funded by Denmark demonstrated that UNFPA was **not very visible in the UN efforts in fragile states**. The study also identified challenges in terms of ensuring a proper coordination of the interventions of the various funds and programs. On the basis of this study and the considerable interest voiced by Denmark and other donors, UNFPA has developed a strategy for the organization's work in fragile states through extensive consultations within the organization.

*Priorities for Denmark's future cooperation with UNFPA.*

Denmark will actively pursue a reconfirmation of the ICPD agenda in 2014 and Denmark wishes to see a UNFPA which focuses on this agenda and engages freely on issues of SRHR and gender equality. Denmark will support UNFPA's efforts to position the population dimension at the center of work on sustainable development, including in relation to Rio +20, and the ambition to formulate a stronger strategy for the organization's work in conflict-affected and fragile states.

**Contributions Policy:** With its high and stable core budget contribution Denmark is considered as a trustworthy and loyal partner. Denmark will work actively to promote core budget funding through the QCPR negotiations, the Executive Board and in dialogue with the organization as well as with like-minded countries. Efforts should be made to build a funding base consistent with the visions of UNFPA. This includes a general geared to maintaining sufficient critical mass for the organization to achieve the priorities as restated in the mid-term evaluation and to be agreed in the new strategic plan. Strategic cooperation

Crosscutting multilateral indicators	UNFPA
Is the organization innovative and agenda-setting within its mandate?	X
To what extent is the organization relevant and responsive with respect to Danish development priorities?	X
Does the organization have adequate systems in terms of financial accountability - including risk management and anti-corruption?	X
Does the organization provide adequate information to its members and stakeholders about its performance and challenges?	X
Does the organization meet its commitments in The Paris Declaration and Accra Agenda for Action?	X
Does the organization participate actively and constructively in the reform efforts of the international development system?	X
Does the organization actively seek to involve new development actors in its work?	X

tion and a stable high level of the Danish contributions could provide enhanced Danish influence in both New York and at country level. Similarly, strategic seconding of staff can both support the close partnership with UNFPA and a prioritized strategic dialogue.

**Active involvement in UNFPA's Executive Board:** Denmark will continue its activist line from the time of its presidency of the Board in 2007-2008 as well as its ongoing involvement in key decision making such as the preparation of the new strategic plan and the negotiations on UNFPA's mid-term review (MTR, 2011). Denmark will continue the successful cooperation with other Nordic countries and the Netherlands, and build on previous successes in bringing important issues, such as the work of funds and programs in fragile states, on the Board's agenda.

**Strategic Dialogue:** Denmark has a close, effective and informal dialogue with UNFPA and a prominent place in the donor community. SRHR plays a key role in Denmark's dialogue with the organization, and Denmark has an important position in relation to the discussion of funds and programs' work in fragile states, including Danish priority countries (Afghanistan, Somalia and South Sudan) in New York. Denmark will strive to maintain this role, achieved through a focused and committed effort in the board's work, working closely with the relevant bilateral partners on the subject.

## UNEP

### *UNEP's current and expected future role*

UNEP is a relatively small organization with an annual budget in 2010 of USD 206.6 million supplemented by funding for specific non-programmed tasks. UNEP's financial base is modest and unstable as the organization is almost entirely funded by voluntary contributions partly to UNEP's Environment Fund and partly by earmarked contributions to different programs. Denmark's contribution to UNEP in 2010 was DKK 82.9 million (hereof 62.9 million earmarked) and in 2011 DKK 76.4 million (DKK 51.4 million earmarked). Overall, Denmark is the third largest donor, and number ten in terms of core budget contributions.

Previous criticism of the organization's work on results-based management and evaluation has been noted and UNEP now generally appears as **a stronger and more efficient organization** although there is still room for improvement. UNEP's program relates to the challenges ahead and the organization will have an important role in relation to the world's transition to a green economy.

UNEP is the UN system's focal institution for environment, and its core functions are analytic, normative, coordinating and consultative. UNEP's vision is to be the leading global environmental authority which sets the global environmental agenda, promotes a coherent approach to the environmental dimension of sustainable development within the UN system and is the authoritative voice of the global environment. UNEP operates in a complex institutional system of over 50 multilateral environmental agreements and approx. 40 multilateral organizations with fragmented and overlapping mandates related to the environment.

UNEP's strategy for the period 2010-2013 focuses on six areas: 1. Climate change, 2. disasters and environmental interventions in post-conflict situations, 3. ecosystem management, 4. international environmental governance, 5. harmful substances and hazardous waste, and 6. resource efficiency, including sustainable consumption and production.

UNEP is responsible for the coordination of environmental efforts in the UN crisis response capability, and the organization is actively working to integrate environmental considerations into humanitarian and peacekeeping operations. It provides support at country level to address environmental impacts of disasters and conflicts in close cooperation with national authorities and international organizations, including the joint UNEP-OCHA environmental unit and the Initiative for Environment and Security.

With the 2010-2013 strategy UNEP has taken an important step towards becoming a **more streamlined organization** that does away with silo-thinking, duplication and which works strategically and measures its performance against agreed indicators. The new workflow has periodically led to a lack of clarity in relation to responsibility, problems with reporting, communications, etc., and the organization may still occur cumbersome and bureaucratic internally in some areas. It is also necessary for UNEP to improve its budget reporting. Denmark has highlighted these outstanding tasks to UNEP, and has also commissioned a consultancy report on the issue. The report identifies challenges, but also praises UNEP for significant improvements in its results-based work. Previous criticism of UNEP's evaluation work has led to efforts to improve its performance. Preliminary results from, among others, MOPAN and OIOS evaluations are in general positive.

Historically, it has been difficult for UNEP to attract the attention of UN's funds and program and specialized organizations and to establish effective working relationships with these entities. Denmark works for the implementation of a model for UNEP's "strategic presence" at country level (One UN) to enable it to strengthen cooperation with other multilateral organizations and other partners. In recent years UNEP has strengthened its regional presence in accordance with the geographic priorities established in the work program.

The organization, naturally, is keenly interested in the **upgrading of UNEP, possibly into a designated environmental organization with global membership** (UNEO), an issue featuring high on the agenda for the Rio+20 conference. A consequence of such a decision might be a stronger role for UNEP at the country level. In relation to this, Denmark and the Nordic countries have pointed out that they do not envisage UNEP provided with an "implementing arm" because of the risk of further fragmentation of global environmental governance. It is important that UNEP maintains its comparative advantage as a normative and catalytic organization, while exploiting the potential of cooperation with other UN organizations, especially UNDP.<sup>9</sup>

With considerable political attention paid to sustainable development globally as a result of frequent natural disasters, climate change and continued environmental degradation, and an impending Rio+20 Conference, UNEP's **relevance is clear**. UNEP has a central role in the Rio+20 preparations, including in developing a paradigm for green economy and in convincing sceptic developing countries that green economy need not lead to green conditionality.

The Rio+20 conference is important for UNEP as it will focus on sustainable development and green economy as well as on reform of the international institutional framework for sustainable development. The EU prioritizes the establishment of a designated environmental organization in the UN, based on UNEP and a revised and strengthened version of its mandate. It is therefore likely that UNEP after

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<sup>9</sup> The PEI programme implemented by UNEP and UNDP is an illustrative example of opportunities inoffered by DaO and joint programming, and the programme. The program has increased integration of helped integrate environment and poverty reduction at country level. Results and The PEI approach of PEI and results should be integrated in several of UNEP's other UNEP efforts and general work, as well as in other relations such as relation to the development of UNDAF's and PRSP's. PEI has also obtained considerable results in Bhutan in cooperation, with involvement of Denmark.

Rio+20 will have a stronger position, be it as a designated organization or not. In any event, UNEP must continue to make its significant normative contributions to international environmental cooperation, also in relation to the analytical work needed prior to the possible adoption of sustainable development goals.

For the program period 2010-11, allocations under the Environment Fund amounted to USD 166 million, while financial contributions added up to almost USD 163 million. 82 per cent of all contributions to the Environment Fund came from Europe. UNEP should work to ensure greater predictability of contributions and to expand the number of its donors in order to move away from being overly dependent on a small group of donors. The donors and UNEP also need to address the imbalance between general and earmarked contributions with the latter currently constituting more than half of the UNEP budget (USD 180 million in overall contributions and USD 228 million in earmarked contributions for 2010-2011). A stronger UNEP with broader international support and a stronger global impact will not come about as a result of further earmarking, but requires stable and transparent core budget contributions to fund the negotiated mandate.

Denmark has reached agreements with UNEP to support the organisation's strategic priorities in energy and water, and Denmark has accumulated a valuable resource of knowledge in these areas. Without jeopardizing these advances, Denmark will work for an increase in the core budget funding of UNEP, including through a better balance in its own contributions.

*Priorities for Denmark's future cooperation with UNEP*

The current organizational strategy for UNEP covers the period 2009-2013. In UNEP Denmark prioritizes: 1. Development, 2. implementation of a robust results-based management and monitoring system, 3. "strategic presence" including through strengthening UNEP's regional offices, 4. a strengthened financial base for UNEP, and 5. seconding Danish experts at P5 level and above in positions of strategic importance to Denmark. Furthermore, Denmark supports UNEP's ability to help states to strengthen their capacity to take climate change into account in their national development strategies and to integrated ecosystem management and UNEP's efforts to enhance environmental governance nationally, regionally and globally.

Cross cutting multilateral indicators	UNEP
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

Denmark encourages UNEP to press ahead with its work on the green agenda, including the provision of solid knowledge on environmental matters, advising on environmental policy, supporting the coordination of international environmental policy making and assisting countries to build institutional foundations for a transition to green economy. Promoting **green economy** is a clear Danish priority. In recent years UNEP has worked to conceptualize and operationalize green economy, and Denmark will use this in its follow-up on the Global Green Growth Forum (3GF) in 2011 and in preparation for the 3GF in 2012.

Denmark will work to ensure that UNEP has a prominent role in relation to **integration of environmental concerns and poverty reduction**. The predominantly positive results achieved through UNEP's work within DaO should be replicated in all of UNEP's core activities. UNEP must play an

important coordinating role to ensure that all UN organizations and other actors incorporate sustainable development into their work.

## WHO

### *WHO's current and expected future role*

WHO is the leading global organization on health and development? It has a potentially very relevant role in achieving the health-related MDG's, through its norm and standard-setting function and its advice to developing countries on building health systems. Denmark contributes with DKK 40 million annually and ranked as number 19 in terms of contributions in 2010.

A thorough reform of the WHO has been needed for a long time. The purpose is to streamline and adapt the organization to the current and emerging global health challenges. The agenda of WHO is greatly **affected by the on-going reform processes**. Director-General Dr Margaret Chan has launched a comprehensive process which also seeks to address two of the biggest challenges: 1) Defining the core functions of WHO in the global and complex health architecture. 2) Linking funds and priorities. The MOPAN survey of WHO (published January 2011) acknowledges that the WHO in recent years has strengthened its focus on results-based management and that progress is registered in some areas.

WHO's role in relation to other partners in the global health architecture is also part of the reform discussions. Thus, there is a need for a clearer division of labour amongst the most important health organizations. WHO wants to play a role as a global platform for health but has found it difficult to position itself. Recently, however, WHO has managed to define a role for itself related to non-communicable diseases, which are attracting growing international attention.

**75 per cent of WHO's voluntary contributions are currently earmarked for specific program that are not necessarily in line with agreed priorities.** This is obviously a major challenge for the organization in the implementation of the agreed medium-term plan, where some areas are constantly under-funded, including Danish priority areas such as maternal and child health. As one of a few countries Denmark in 2010 decided to make its voluntary contribution as a contribution to WHO's general budget motivated by aid effectiveness considerations and a desire to support the Director-General's reform program and create more flexibility.

Since 2005 WHO has been a cluster leader on health in relation to humanitarian crises. The EU will propose a review of this role. A restructuring of WHO's work in this area is currently underway with the aim of securing an enhanced role for its regional offices amongst other things. The EU will follow this closely. In general the WHO is not particularly transparent about activities and resources allocation and use at the regional level.

WHO will play a role in the discussions on global sustainability goal in particular with respect to strengthening the health aspects in relation to urbanization, climate change, migration, and food security as well as non-communicable diseases and the associated future health burden for developing countries.

Monitoring of the annual action plan indicates preliminary progress concerning the targets set for 2011, including in the areas of fighting communicable diseases, maternal and child health, sexual and reproductive health, as well as WHO's lead of partnerships within the UN and in the countries.



## Priorities for Denmark's future cooperation with WHO

WHO will remain a key partner for Denmark and is expected to play an important role in improving health in developing countries. This will require a successful reform outcome which leads to **increase focus and efficiency at all levels within the organization**. In a member-driven organization where specific reform issues will be subject to inter-governmental negotiations, this will probably be a long and difficult process.

Denmark will work actively to create continued momentum in the reform process. With a fully flexible contribution to WHO, Denmark has a special interest in influencing priorities and funding to ensure that Danish funds are used to promote the areas where the WHO is believed to provide added value. This is in particular **in the development of norms and standards** to support the achievement of health-related MDGs, including rights-related issues such as women's equality and sexual and reproductive health and rights.

Denmark's priorities in relation to WHO are pursued in close cooperation within the EU in a wide range of areas. EU positions are voiced (via the EU member on the board, at present Estonia) during board meetings and in connection with the World Health Assembly. In addition, Denmark has an on-going bilateral dialogue with the WHO on development, and there is a tradition of close Nordic coordination and dialogue. Denmark will work to strengthened coordination of cooperation between like-minded donors, for example in connection with the reporting on strategies and action plans and in relation to selected topics such as gender equality.

Cross cutting multilateral indicators	WHO
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

## The Global Fund

### *The Global Fund's current and expected future role*

The Global Fund's first decade was characterized by **rapid growth, significant successes, and billions of USD invested in fighting hiv/aids, tuberculosis, and malaria**. However, experience has also shown that the Fund with its own structures and procedures often was incapable of adjusting to the overall efforts to harmonize and align external assistance in-country, and sometimes contributed to delaying progress in this area. With the release of information on extensive corruption problems in GFATM in 2011, the Fund faces a severe crisis which requires implementation of a number of **radical reforms**. An independent expert panel was appointed to review the case. It concluded that there was an urgent need to improve several of the Fund's business processes and procedures. The panel made several recommendations for strengthening management and enhancing the future effectiveness of the Fund. These recommendations are linked to existing reform processes in the Fund concerning such dimensions as management and the Fund's new strategy (2012-2016).

A timetable has been agreed for a thorough reform of the Fund through enhanced overall management, handling of risks and contributions, allocation of resources, alignment with partner country systems, investment and evaluation, organization at the Secretariat, as well as resource mobilization.

The **new strategy** "Investing for Impact" obliges the Fund to work closely with countries and partners to fulfil the internationally agreed targets concerning hiv/aids, tuberculosis, and malaria. It has five strategic objectives: to invest more strategically, to develop new models for funding, to ensure effective implementation of programs, to promote human rights, and to consolidate achievements and mobilize resources. The strategy is in keeping with Danish priorities.

The Fund has not yet positioned itself explicitly in relation to the Rio+20 agenda or the discussions of sustainability, but will nevertheless play a prominent role in fighting hiv/aids along the lines of MDG6, as well as TB and malaria.

In the past decade huge amounts of money were mobilized to fight hiv /aids (reaching USD 15.6 billion in 2008 of which a large part went through the Fund). However, funding for hiv/aids is now declining, and the Fund is forced to consider the viability of future application rounds because of declining commitment and lack of fulfilment of existing commitments from several donors. In the period 2007-2010, Denmark was 17th largest donor to the GFATM. The Danish contribution in 2010 was DKK 175 million.

Cross cutting multilateral indicators	GFATM
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

The monitoring of the annual action plan for Denmark's cooperation with GFATM in 2010 shows generally **satisfactory results**, including in the management of contributions, delivery of results, the involvement of civil society and contribution to fulfilment of MDG's. Performances in terms of the Fund's **response time are less satisfactory**, reflecting a lack of capacity and harmonization with partner country processes and systems.

The Fund will remain a key partner for Denmark in the effort to fight hiv/aids and achieving MDG6 on hiv/aids but also in relation to MDG5 on maternal mortality and MDG 4 on reducing child mortality (the elimination of mother-to-child transmission).

The Fund's new strategy builds on existing initiatives aimed at improved handling of gender and rights aspects of the Fund's work. Denmark will work to ensure that focus is maintained on building capacities and policies in these areas - including in relation to the most vulnerable groups (sex workers, men who have sex with men and drug addicts). In addition, Denmark will emphasize follow-up related to the Fund's specific strategies for equality and working with sexual orientation.

It is estimated that the Fund will continue to be a model for public-private- partnerships with close involvement of civil society. The Fund has shown a willingness and resolve to change during the crisis triggered by the corruption problems.

#### *Priorities for Denmark's future cooperation with The Global Fund*

Denmark will closely follow the reform process, including follow-up on the major management challenges. In view of the tendency for funds to dwindle Denmark will emphasize the need for the Fund to



focuses its energy on the poorest countries and follow recommendations from UNAIDS to channel funds to where they are most needed. And Denmark will underscore the need for the Fund to comply with agreed international principles of aid effectiveness, particularly as regards the use of national systems and strategies and the need to work in partnership, including within the UN system.

Denmark works to promote its priorities and interests in collaboration with other partners in its constituency in GFATM, namely Ireland (currently on the board), Sweden, Norway, the Netherlands, and Luxembourg. Preparation of positions takes place in close coordination in the coalition as well as through meetings with like-minded donors in a wider circle, especially in Geneva. Denmark will work to further strengthen cooperation between like-minded donors, for example in connection with reporting on GFATM performance and in relation to selected the rights based approach to development.

## UNAIDS

### *UNAIDS' current and expected future role*

UNAIDS is the UN's joint program established to promote concerted action among the ten organizations involved in the fight against hiv/aids (UNICEF, UNDP, UNFPA, UNESCO, WHO, the World Bank, UNODC, ILO, WFP, and UNHCR). UNAIDS mobilizes political support and financial resources, designs global strategies and provides advice. Monitoring the epidemic on a global scale and capacity building at country level are also key tasks for UNAIDS.

With its **new strategy** "Getting to Zero" (2011-2015) UNAIDS has formulated the framework for the UN hiv/aids response towards the expiry of the MDGs in 2015 and positioned itself on a global development agenda characterized by "competing" priorities. UNAIDS is committed to bringing "aids out of the isolation" and believes hiv/aids efforts should also be exploited as a platform for a broader development policy by improving social justice and living conditions for the most vulnerable.

UNAIDS's focus and **rights-based approach** is in keeping with Danish priorities. The Executive Director sees UNAIDS as an organization which can and should be the catalyst of the fight against discrimination. Unlike for example WHO, UNAIDS is not controlled by member states and can therefore more easily handle sensitive topics - such as sexual and reproductive rights as well as the most vulnerable groups: Men who have sex with men, sex workers, and drug addicts.

The strategy's goal to bring the number of infections, aids-related deaths, and the extent of discrimination to a zero may seem unrealistic. But in a time of economic crisis and focus on delivery of results, UNAIDS insists on a drastic change of course by streamlining and focusing resources in areas with high infection rates and adopting approaches which have already proved useful.

Along with the strategy, a **comprehensive new framework of results based management and monitoring** was recently developed through close involvement of partners, donors, and civil society, and eventually adopted. The challenge is still to turn the objective of securing more effective interaction amongst the ten agencies into reality at the country level.

UNAIDS is expected to actively engage in the process to develop a post-2015 MDG-type framework. The planned review in 2013-14 of the recently adopted declaration on hiv/aids at the UN Summit in June 2011 can contribute importantly to the work on updating the MDG6 on hiv/aids.

Like other multilateral organizations UNAIDS faces **significant challenges in relation to its funding**. In the past decade huge amounts of money were mobilized for the fight against hiv/aids, but since 2009 contributions have declined. Denmark was 7th largest donor to UNAIDS in 2010 and makes an annual contribution of DKK 40 million.

In terms of performance UNAIDS has demonstrated **progress on key indicators**, including global advocacy, support to countries in the promotion of rights and the fight against stigma, and in connecting hiv/aids with sexual and reproductive health and rights.

*Priorities for Denmark’s future cooperation with UNAIDS*

UNAIDS will continue to be a relevant partner for Denmark in relation to hiv/aids. Along with like-minded donors, Denmark will work to ensure effective implementation of the new strategy for UNAIDS, and thus actively provide a counterbalance to more conservative tendencies particularly in relation to the promotion of rights for the most vulnerable groups.

Denmark will underline that UNAIDS needs to continue to fill its key coordinating role amongst the ten relevant organizations in partner countries. Denmark will also continue to focus on effective follow-up on the evaluation from 2009, including on leadership and management.

Finally, UNAIDS will be instrumental in relation to the follow-up on review of Danish hiv/aids efforts (conducted in spring 2011), with more focus on UNAIDS’ technical support facilities.

Cross cutting multilateral indicators	UNAIDS
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

**The International Financial Institutions**

The IMF, the World Bank and the regional development banks are indispensable financial, organizational, and professional wheels in the institutional machinery for development. As global institutions with considerable financial weight and global oversight mandates and as advisors of the G20, the IMF and the World Bank contribute significantly to international financial and monetary stability and to facilitating the structural adjustment of the world economy, which has led to widespread global prosperity in the past decade. These two institutions have been instrumental in making the interdependence of nations resulting from an increasingly interwoven global economy clear to decision makers. In addition, the regional development banks serve increasingly as fora for discussion and development of regional solutions, and IFAD is playing an important niche role as IFI in relation to agricultural development.

The IFIs have **considerable funds** at their disposal which they lend to countries to help stabilize economies during crises and to fund investment in infrastructure and development of human capital. For several years the IFI’s have targeted the achievement of the MDGs in their operations. The special feature of this part of the family of multilateral institutions is that the IFIs lend money to member

countries<sup>10</sup> – often with very long maturities (up to 50 years). This creates a **binding long-term partnership** focused on promoting development and sustainability in public finances. The IFI concentrate on investments in human and physical preconditions for growth and on strengthening key institutions through reform of the civil service and public financial management to enhance the effectiveness of public spending. The IFI often provide or help service platforms for negotiations between government and donors on the aforementioned issues - a role which underpinned by the IFIs' support to the preparation of poverty reduction strategies, economic and financial policies and sectorial strategies. IFI funding is generally integrated in the partner country budgets, and the predictability which historically has been associated with the institutions' contributions has helped to create the policy space necessary for partner countries to exercise ownership of their development.

The IFIs have no mandate to promote civil and political rights, and the provisions on non-interference in their articles of agreement restrict their ability to act independently on politically or culturally sensitive parts of the development agenda, such as democracy, human rights as well as interventions in conflict-affected and fragile states. In these areas, the IFIs must leave the initiative or the leadership to the UN. But the IFI can contribute significantly to putting peoples' social and economic rights at the center of development and to ensuring that these rights are respected. Despite the aforementioned restrictions, it is essential that the MDBs focus on the underlying social tensions in their analyses as the World Bank has announced that it intends to do in conflict-affected and fragile states. The Nordic trust fund on human rights in the World Bank is an example of how it is possible to create new platforms in the institutions.

## The World Bank

### *The World Bank's current and expected future role*

In the next decade, **the World Bank will continue to be a key player** in the international effort to promote growth and development worldwide. The Bank's *raison d'être* is to provide funding and advice to developing countries on the broad set of development interventions that make up the state budgets. The Bank's lending to infrastructure often happens in close partnership with the private sector, and the private sector is specifically targeted by the International Finance Corporation the Multilateral Investment Guarantee Agency.

Following the latest voice reform in the World Bank developing countries will hold 47 per cent of the share capital in IBRD - a proportion which is expected to increase in the coming decade. Denmark will work to ensure that the dynamic economies increasingly contribute to the funding of IDA. Denmark has contributed approx. DKK 190 million to the capital expansion in IBRD which was part of the voice reform.

The World Bank also plays a central role as a **global knowledge bank** with a significant capacity to provide research based evidence on emerging development issues and ability to rapidly produce and disseminate new knowledge amongst countries and between regions through its representation in over 100 countries. The World Bank's influence in the coming decade will depend on its ability to use its own financial resources to leverage funding for development from the private sector and new devel-

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<sup>10</sup> Loans to low-income countries contain a significant grant element and assistance to severely indebted countries is provided completely or partially as grants.

opment actors such as the BRICS<sup>11</sup>. Also, there is a strong desire to see the World Bank play **a central role in contributing to the generation of global public goods and preventing and minimizing the damage from global public “bads”**.

The World Bank is considered an efficiently run organization, also in relation to demonstrating the results of its efforts in partner countries.<sup>12</sup> The World Bank's strategic orientation is to contribute to poverty reduction through support for inclusive and sustainable economic growth, human capital development, gender equality and enhanced environmental management. The Bank also helps to mitigate the impact of crises and other shocks to developing countries.

IDA covers an average of 20 per cent of the need for ODA among the 79 poor countries who have access to IDA, and plays a leading international role in fighting poverty. During the coming 10-15 years it is expected that about half of IDA countries will become middle-income countries. They will then no longer have access to the very favourable IDA loans, but go on to draw on loans, guarantees, and advisory services from IBRD, IFC and MIGA. The majority of the remaining IDA countries are expected to be in Africa.

In recent years there has been considerable progress in **the World Bank's cooperation with other key development actors** including the UN, the EU Commission, other international institutions, and bilateral donors. The Bank contributes as part of the "shadow secretariat" to the G20 cooperation and is one of the proponents of greater involvement of the emerging economies in international development. The World Bank has been a strong supporter of partner country ownership of development, but the Bank's participation in donor coordination at country level is sometimes less convincing.

#### *Priorities for Denmark's future cooperation with the World Bank*

Denmark's future cooperation with the Bank will be outlined in the **new organisational strategy** for the period 2013-2017 to be formulated in 2012. In the following, considerations and priorities are suggested that may form the basis for the new strategy.

##### **a. Growth and employment**

The Bank has a central role in advising developing countries on their strategies for growth and as a source of funding growth. Through the IFC, the Bank also catalyzes private investment. Denmark will work to ensure that the Bank supports countries in their efforts to promote more inclusive patterns of growth, where the vast majority of citizens have the opportunity to improve their income by engaging as entrepreneurs or employees. Development in agriculture combined with the generation of more jobs in the manufacturing and service sectors are prerequisites for inclusive growth that benefit the poor, including through improved food security. The World Bank has **raised its lending to agriculture**, and Denmark will work to ensure that the Bank maintains a high level of commitment and helps to strengthen donor cooperation in this field.

It is important that the Bank works closely with the IMF, the regional development banks, the UN, and bilateral donors on investment and capacity building in low- and middle-income countries. Denmark will work to ensure that specific mechanisms for better donor coordination on the jobs agenda are identified in the forthcoming World Development Report 2013 on jobs.

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<sup>11</sup> Brazil, India, China, Russia, and South Africa.

<sup>12</sup> The Bank's new result measurement system is considered to be one of the most advanced among the multilateral organisations and the system is expected to be further expanded in the coming years, along with new tools to publish development data and results

### **b. Good Governance**

Denmark will work to ensure that the Bank maintains its leading role in supporting developing countries in their efforts to strengthen central institutions of governance in relation to economic policy and public spending. This also implies an obligation to take the lead in initiatives aimed at limiting the risk of corruption and misuse of funds. The Bank must work with IMF in particular, but also with the other MDB, the UN, the EU and bilateral donors.

### **c. Post-conflict and fragile states**

Through IDA, the World Bank has doubled its support to conflict affected and fragile states since 2000, and Bank support to this group of countries is one of four priority areas in IDA16 (2012-2014). The Bank also manages a number of trust funds established to cover operations in conflict-affected and fragile states. Denmark will work to ensure that the Bank follows the recommendation of WDR2011 on conflict-affected and fragile states, including. 1. That UN should have the leading role in the transition phase between peace building and reconstruction, and 2. that the Bank focuses on identifying the stress factors which lead to conflict and supports government structures which can promote security, a sense of justice and development, and opportunities for breaking the spiral of violence.

The Bank aims to support efforts to build robust and legitimate institutions based on a long-term perspective and maintaining its assistance also in the face of temporary set-backs in performance. The Bank will support job creation and concrete improvements in living standards through investments in both the private and the public sector. In addition, the Bank has declared itself ready to take on more risks, including developing new instruments for managing risks. The Bank will have to coordinate closely particularly with the UN, but also with regional organizations such as the AU in the political-normative field, and with other donors. The UN must basically take the lead in creating the right environment for the Bank's investments in post-conflict and fragile states.

### **d. Environment and Climate**

In recent years the World Bank has increased its work on environment and climate significantly. This includes the publication of the World Development Report 2010 on climate, the Bank's role as manager of the climate funds and more attention paid to climate and environment in the institution's overall work. The World Bank also leverages significant private investments which help to promote green growth. Denmark will work for a

strengthening of the Bank's integration of the environment and climate dimensions in country and sector strategies and in specific projects and programs, and for the Bank to increase its investments in renewable energy and energy efficiency. Finally, the Bank is expected to further step up its effort to help partner countries strengthen their capacity to handle and prevent natural disasters.

### **e. Gender equality**

Assessments and evaluations made in recent years show that, despite progress, there is still room for improvement in the Bank's mainstreaming of gender equality. Denmark will work to ensure that the Bank follows up on recommendations from the World Development Report 12, which focuses on gender equality and economic growth. This implies that the Bank strengthens the gender dimension in the design, implementation and evaluation of program and projects, especially in the economic sectors, and that it intensifies its dialogue with partner countries on this issue, also in middle-income countries. Finally, specific targets need to be developed for gender integration in country strategies and for women's participation in economic growth. The choice of gender equality as a priority area for IDA16 represents a golden opportunity to promote this agenda.

## f. Reforms and Funding

In order to achieve the aforementioned thematic objectives the Bank must continually adapt to changing circumstances and become more efficient. Denmark will support reforms geared to enhance monitoring of performance, decentralization of staff and decision making and improved knowledge sharing.

The World Bank has also experienced a clear trend towards increased earmarking of funding of its program during the past decade. This has created confusing signals, undermined the strategic focus and led to internal tensions in the organization. The Bank manages approx. 720 different trust funds. While the Bank's administration of trust funds for the CGIAR, GEF, the climate funds, GFATM, the Global Partnership for Education / FTI, and the special funds for conflict-affected states can be justified, there are also numerous examples of overlap or unhealthy competition relating to other trust fund arrangements.

Denmark will work for a reversal of the trend to earmark funding of the Bank's operations. Trust funds that either fall outside the Bank's mandate or directly overlap should be closed down and funds allocated through IDA instead. Management of the remaining trust funds should be subject to the principle of partner country ownership and these trust funds should support the Bank's overall vision and goals. The on-going internal reform of the trust funds aims at a **strategic integration of related trust funds under the so-called "umbrella facilities"**. Areas to be targeted here include funding of private sector development, gender equality, conflict-affected and fragile states, and climate.

Cross cutting multilateral indicators	WB
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

## The African Development Bank

### *The African Development Bank's current and expected future role*

The African Development Bank (AfDB) has undergone reform and increasingly appears as a modern development institution which makes an important contribution to the development of the African continent. 60 per cent of the African Bank's share capital is owned by the 53 African member countries and the remaining 40 per cent by 25 countries outside the continent, including Denmark. This ownership structure gives AfDB **considerable political legitimacy** and influence for African member countries. The African Bank is popularly speaking an *African* development institution with the African Union (AU) and the UN Economic Commission for Africa (UNECA) as the other two fix points in an emerging pan-African architecture.

As a result of the reform work in AfDB in the last 4-5 years **significant progress has been made in the formulation of clear and more focused policies and strategies**. In 2007, a comprehensive medium-term strategy was approved with four focus areas in line with the African heads of states' policy priorities, namely infrastructure, good governance, private sector development and higher education. In addition, timetables have been set for implementation of key institutional reforms such as decentralization, policies for the use of instruments such as budget support have been formulated, a results-based system for resource allocation from the African development Fund (AfDF) has been introduced, and a results based management and monitoring system established for the purpose of monitoring progress on institutional reforms and in delivering development results.



Securing a **stronger presence in partner countries** as a means to enhance quality and efficiency in the Bank's programs has been one of the major challenges. Twenty-five country offices, including in all Denmark's partner countries, have been established and will be supplemented by regional offices with strong sectorial expertise, initially in Nairobi and Johannesburg. A good example of the "New Africa Bank" is seen in North Africa, where AfDB has played an active and valued role - including a political role behind the scenes. A MOPAN evaluation from 2010 concluded that considerable progress regarding strategies and organizational development had been made, while challenges remained in terms of the delegation of decision making authority, in the areas of general HR policy and in relation to adapting to local context and using partner countries' own systems, including in procurement.

*Priorities for Denmark's future cooperation with the AfDB*

A new **organizational strategy** for Denmark's cooperation with AfDB will be finalized in 2012 within the framework of Denmark's new Development Strategy. In terms of content, focus is on the themes examined below. These themes have been chosen based on consideration of development needs, Denmark's development priorities and AfDB's absolute and comparative advantages.

**a. Inclusive growth and employment with an emphasis on agriculture**

The African continent has experienced strong economic growth in the last decade with rising commodity prices, economic diversification, and the emergence of a middle class. Sound economic policies have helped facilitate this development. However, in many countries high rates of growth have not translated into the expected reduction in poverty. AfDB is in a good position to help countries nurture growth patterns that involve a wider portion of the population in the creation and distribution of wealth. Events in North Africa and growing youth unemployment on the Continent have made governments more apprehensive and open to the need for this approach. Denmark has a valued partnership with the AfDB on private sector development through the African Guarantee Fund. Denmark will work to ensure that the AfDB: 1. Supports economic development based on an inclusive approach with an emphasis on creating good jobs in both the formal and the informal sector, 2. advocates the inclusion of the voices of all citizens in national development processes, 3. draws attention to Africa as an attractive business area for investors, 4. works to attract private and other sources of financing for development, and, 5. actively participates in the AGF.

**b. Green growth, energy, climate**

The Bank has engaged in the green growth agenda, including in promotion of renewable energy, which it endeavours to internalize by building a strong policy profile and strengthening its expertise in handling issues at the intersection of energy, environment, and climate. A new energy policy is scheduled for completion in early 2012 and work is underway on a broader strategy for green growth. The Africa Commission's initiative for renewable energy - Sustainable Energy Fund for Africa, SEFA - is anchored in the African Development Bank with an initial Danish contribution of DKK 300 million for the period 2011-15. In 2012, Denmark will work to ensure that the AfDB actively contributes to the Rio+20

Cross cutting multilateral indicators	AfDB
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

follow-up, strengthens integration of the green agenda in the Bank's strategies and work, prioritizes cooperation with emerging donors on climate funding, reinforces its green growth advocacy amongst the African member states and implements SEFA effectively and as agreed.

### **c. Conflict-Affected and Fragile States**

It is a strategic objective for the Bank to strengthen its efforts in fragile and post-conflict countries. This is so, both because the majority of the world's fragile states is to be found on the African continent, but also because AfDB with its legitimacy as a regional institution can contribute significantly to economic reconstruction and strengthening of key institutions in these countries. In March 2008, a separate fragile state department was established in the Bank alongside a separate funding mechanism, the Fragile States Facility (FSF). The FSF provides grants to eligible countries in areas such as governance, capacity building and infrastructure rehabilitation, as well as for settlement of arrears to the Bank. The African Bank's office in Harare manages a joint multi-donor trust fund, the Zim-Fund, to which Denmark has so far allocated DKK 75 million.

In future, Denmark will work for a stronger AfDB engagement in the reconstruction of specific conflict affected and fragile states. This engagement would involve support from the FSF as well as allocation of sufficient administrative resources through establishment or strengthening of country offices and staff expertise in areas such as conflict analysis. I would also involve the Bank's active participation in international efforts to develop and implement standards for effective interventions in fragile countries, a strengthening of the integration of policy objectives concerning fragile states in operations, and effective implementation of projects under the Zim-Fund.

### **d. Good Governance**

The uprisings in several North African countries underscores the need for better governance, and the African Bank may, again with its unique regional backing, play a key role in helping countries enhance transparency in public administration and fight corruption and nepotism. The topic is sensitive, and several member countries do not believe that the AfDB should deal with political and distributional issues. Denmark will work for a stronger role for the AfDB in promotion of good governance - both analytically and in the country programs – through intensified advocacy role targeting governments and a reinforcement of its internal capacity in this area.

### **e. Equality**

Today, Bank management fully supports the institution's engagement in gender equality and pursues better performance for the Bank in this area. Only two out of seven country strategies approved in 2011 had treated gender satisfactorily. Denmark will work to ensure that the AfDB increases its analytical and operational capacities in gender equality, integrates gender equality in all relevant activities, collaborates with partners with greater expertise in this field, such as UNWOMEN and the World Bank, and strengthens incentives to work with gender equality for Bank staff.

### **f. Development Effectiveness, Funding and Communication**

Denmark wants to be seen as a responsible and credible partner who supports the African Bank's own objectives and work program. Consequently, most of the Danish funding of the Bank must be made in the form of long-term core budget contributions through support to ADF replenishments and AfDB capital increases.

Denmark will work for a greater concentration and focus on AfDB's country program, and - despite



opposition from countries such as France and the U.S. – for AfDB’s intensified use of partner countries’ own systems and abolishment of project implementation units.

Denmark will work to strengthen AfDB’s focus on results, harmonization and alignment of its operations to the country system. Denmark will contribute to the international debate on development effectiveness, decentralization and delegation of responsibility, development of results based management in cooperation with other multilateral actors and a strengthening of the Bank’s evaluation function. Denmark will also work to ensure that AfDB manages its capital in a manner which ensures a robust financial base and maintains the Bank's AAA credit rating. And Denmark will actively pursue achieving an appropriate balance between core budget and earmarked contributions in the funding of the AfDB as well as implementation of the agreed trust fund reforms<sup>13</sup>, such as closure of trust funds that do not contribute to the Bank's core mandate. In addition, Denmark will work for a relevant and effective mid-term review of ADF12, and to ensure that AfDB strengthens its dissemination of experience and results to relevant audiences.

## The Asian Development Bank

### *The Asian development Bank’s current and expected future role*

AsDB's overall objective is to fight poverty and promote sustainable development in Asia and the Pacific. AsDB is both **an efficient and effective development bank** which - in addition to being financially sound - enjoys the confidence, respect, and sense of ownership from the countries of the region.

Denmark has been a member of the Asian Development Bank (AsDB) since its founding in 1966. The Bank has grown to be one of the most important sources of funding for development in Asia, and in many poor Asian countries AsDB is the largest active development partner. Furthermore, AsDB functions as a development policy think tank with **strong regional ownership**. It was decided in 2009 to increase AsDB's share capital by 200 per cent, corresponding to approx. USD 105 billion. This tripling of the capital means that the AsDB will continue to be a leading institution for development funding in Asia and the Pacific. Denmark holds 0.39 per cent of the total paid-in share capital. Denmark's share of callable capital represents a similar percentage and DKK 2.9 billion in commitments.

Negotiations have been launched on a replenishment of the Banks’s concessional lending window for low income countries the Asian Development Fund (AsDF), based on an indicative figure of US\$ 12.9 billion. Through AsDF, AsDB is directly supporting comprehensive development programs in Asia's poorest countries. Negotiations for the replenishment are expected to be completed with two meetings in March and May 2012. AsDB is expected to contribute 63 per cent of the replenishment from its own resources. The remaining 37 percent will be paid by donors to the AsDF.

AsDB supports not only the implementation of infrastructure programs, but also reforms, modernization and capacity building. As a regional organization, AsDB helps bridge the gap between countries with latent or open conflicts and contributes also to post-conflict reconstruction, for example in Afghanistan and Pakistan. In connection with the latest capital expansion, AsDB has undergone a reform and was seen as **the world's most effective development organization** in a review conducted by the

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<sup>13</sup> The bank had twenty major trust funds with a total balance of approx. DKK 2 billion at the end of October 2011. The funds are mainly used to fund analysis and information products. There is an on-going reform process to ensure that they trust funds are better aligned to the Bank's general mandate and approved work program. The reform includes promotion of multi-donor funds, the untying of tied bilateral funds, and standardization of administrative procedures.

World bank in 2010 ("Aid Quality and Donor Rankings"). The satisfactory AsDB performance in relation to the Paris Declaration indicators may be explained by a very strong ownership (50 per cent of the shares) among the countries of the region. The strong ownership frequently contributes to reinforcing disagreements with the traditional donor countries over policy issues such as environment, gender equality, and poverty eradication. The ranking of AsDB as the most effective development organization must therefore be taken with a grain of salt. It is a constant challenge to ensure that the Bank remains not only a considerable source of funding, but must also an important source of knowledge about development.

In the spring 2008 the AsDB Board adopted a **new long-term strategy** for the institutions work until the year 2020 ("Strategy 2020"). The strategy outlines AsDB's vision of an Asia-Pacific region freed from poverty. According to the strategy the Bank should focus on five core areas: infrastructure, the environment, regional cooperation and integration, financial sector development and education. The Bank considers agriculture as very important, but its comparative advantage is not in a direct engagement in the sector. Nevertheless, the strategy envisages a considerable increase of the AsDB's support to the private sector, including agriculture, through appropriate infrastructure such as transport, etc.

Denmark manages its membership of the AsDB through a multi-country constituency in the board with Canada, Norway, Sweden, Finland, Ireland, and the Netherlands. Through active input and dialogue this like-minded group has achieved an influence in the bank which goes beyond its total shareholding of approx. 8 per cent. For Denmark, the membership of AsDB provides possibilities for participation, insight and influence in development cooperation in an important region.

*Priorities for Denmark's future cooperation with the Asian Development Bank*

Asia is home to 60 per cent of the world's population, contains vast differences, and continues to have the largest number of poor people in the world as well as some of the world's most fragile states posing a risk to global security. Seven countries (Asia-7) generate the bulk of growth in Asia: China, India, Japan, Indonesia, Korea, Malaysia, and Thailand. **But Asia is also home to 31 countries with limited or moderate growth.** Asia's share of world GDP amounted to 27 per cent in 2010. AsDB estimates that this could grow to 51 per cent in 2050, provided that the countries in the region make sound political and economic choices and avoid falling into what is referred to as the "middle-income trap" through investments in education and infrastructure, fighting of corruption and lifting of large numbers of people out of poverty. This is where the AsDB plays its partner role.

In its constituency, Denmark pays particular attention to ensuring a coherent policy on the part of AsDB to its interventions in conflict-affected and fragile states, with a top priority to Afghanistan and Pakistan. In addition, Denmark will prioritize and actively pursue the constituency's work in the areas dealt with below.

Cross cutting multilateral indicators	AsDB
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

Denmark will work to ensure that AsDB maintains its role as a development institution and not merely as a source of funding in the region. The Bank ensures that the poorest countries can borrow on favourable terms, and that the program for the largest borrowers (China and India) continue to meet the

requirements (such as CSR, environment) specified in the terms for AsDB's ordinary loans. Russia - who intends to apply for admission as a regional member of the Bank - should be included with the provision that Russia cannot borrow and that Russia also contributes proportionally to the ADF.

Denmark will work for a successful outcome of the replenishment of the ADF expected to close in May 2012 as a prerequisite to maintaining the required flow of grants and soft loans to the poorest countries in the region, including fragile and conflict-affected states. Denmark will work to ensure a major financial contribution to the ADF from the strong economies in the region as well as continuously high contributions from traditional donors such as Japan, South Korea, and the U.S.

**Conflict-Affected and Fragile States:** Denmark will work to ensure that AsDB maintains quality and volume in its assistance to Afghanistan and Pakistan. Afghanistan is scheduled to receive USD 550 million in 2011-2012 and AsDB is the largest contributor to Pakistan with planned annual disbursements of up to USD 1.4 billion. Yet, Pakistan and AsDB need to work together to resolve the difficulties that have hampered program execution and timely disbursements.

**Green growth, energy and climate:** Sustainable development is one of AsDB's strategic priorities, and Denmark will work with the aim of raising the institution's investment in energy, the mainstreaming of environmental considerations in its operations and a stronger effort in support of adaptation to and prevention of climate change. In 2009 the board adopted a new energy policy replacing the previous policy formulated 15 years ago. After much discussion between regional and non-regional member states, it was agreed that the Bank would continue to fund coal-fired power plants whilst promoting clean technology which significantly reduces emissions of greenhouse gasses.

**Inclusive growth:** Denmark will work to ensure that AsDB invests in education and supports equitable distribution policies – including through taxation - as well as infrastructure and anti-corruption and continues to fund programs for lifting large numbers of people out of poverty.

**Good Governance:** In 2006 AsDB adopted a new action plan on good governance and anti-corruption after a period in which it had lagged behind in these areas. Since then, the Bank has made considerable progress and now has a leading role in the assessment of corruption risks at country, sector, and project level. The AsDB report "Asia 2050 - Realising the Asian Century" points to corruption and poor governance as the biggest threat to development in the region. The regional ownership of AsDB makes it easier to discuss this sensitive issue openly in the institution.

**Gender equality:** The progress registered earlier on in terms of the Bank's work in gender related capacity building in member states and in strengthening gender in the AsDB's operations has lost momentum. Furthermore, the making and follow up of gender related decisions in the institution itself has lost steam. Thus, the proportion of women in the Bank's workforce is about 30 per cent and has not changed significantly since 2007. Denmark will work to ensure that gender equality, also a priority for the rest of the constituency, is put back on top of the agenda.

**Development Effectiveness:** AsDB has come a long way in implementing the principles of the Paris Declaration. As part of the reform process the Bank has developed a results based management and monitoring system designed to track the AsDB's and ADF's performance at the institutional, regional and country level and Denmark will work to ensure that the positive trend continues.

## The International Fund for Agricultural Development

### *IFAD's current and expected future role*

IFAD occupies a **niche position** in the global development architecture as the only international financial institution which directly targets the poorest farmers, many in remote areas where other agencies are not operating directly. In the on-going eighth replenishment of IFAD with an indicative budget of USD 3 billion, Denmark is the 19th largest donor. In the coming three-year replenishment period (IFAD9) 2013-15 Denmark expects to increase its contribution over that of IFAD8. The precondition to this increase is a fair burden-sharing in which the new donors also take on more responsibility. For every dollar IFAD hands out, two are raised from other sources, particularly from emerging economies.

The assessment of the institution's performance against indicators and targets included in the 2010 action plan for Denmark's cooperation with IFAD indicates a **high degree of target achievement**. 19 out of 20 targets were met or satisfactory progress was registered, including in poverty orientation, focus on Africa, gender equality and mobilization of resources from other actors. IFAD spends more than 45 per cent of its funds in Sub-Saharan Africa and achieves good results on gender equality and poverty alleviation, just as IFAD has strengthened its **results-based focus** through, among other things, systematic follow-up on recommendations from the independent evaluation unit. Environmental and natural resource management is however an area where IFAD should strengthen its efforts in 2011. **IFAD's organizational efficiency, accountability, and results-based management receive a positive assessment in a number of external evaluations from 2010-11.**<sup>14</sup>

Despite the positive reviews, IFAD is confronted with a number of challenges, including in relation to management of natural resources, decentralization, scaling up of its successes, participation in harmonization and alignment, sustainability of efforts particularly in fragile states and HR reform. The financial crisis increases the risk associated with IFAD lending. The complex global food situation is one of the key challenges.

IFAD's core mandate is 2015-Goal Number 1 – reduction of hunger and poverty by 50 per cent - and the fund is focused on improving particularly poor small-holders food security, resilience and livelihood through sustainable farming and commercialization. Approximately 60 per cent of IFAD-supported small-holding farmers are women, and IFAD has developed an "Adaptation of the Small holder Agricultural Program" expected to provide support to **small-holders' adaptation to climate** change as from 2012.

IFAD cooperates closely with implementing partners through national and local governments, regional development banks, NGOs, and local organizations as well as the target groups themselves. In addition, IFAD actively participates in the UNDAF and DAO in countries where it is present. **IFAD's "light" country presence** is an interesting model within the framework of "One UN". IFAD's projects and programs are developed in close cooperation with national authorities and relevant actors as building blocks in national agricultural programs. These programs are implemented by national institutions through national systems.

IFAD's own country offices are small, usually housed by other international organizations. IFAD's country programs are assessed by national and international partners through annual client surveys.

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<sup>14</sup> Three **external evaluations** in 2010-2011, including "Multilateral Organisation Performance Assessment Network" (MOPAN) co-lead with Denmark, and the Danish action plan debriefing, give a positive overall assessment of IFAD

IFAD plays an increasingly strategic role within the framework of the international system's handling of **food security**. IFAD hosts the Secretariat of the UN secretary-general's "High Level Task Force on Global Food Security", coordinating responses among the 22 multilateral organizations involved. IFAD's President is also chairman of the "Global Agenda on Food Security" under the auspices of the "World Economic Forum". IFAD participates in the World Bank's agriculture and food security program in Africa. IFAD cooperates with WFP on issues such as promoting local food production through the purchase of food products for humanitarian needs, while IFAD and FAO work together on sector analyses and project design.

IFAD is working consistently to raise awareness on gender equality. IFAD's independent evaluation office in 2010 assessed IFAD's overall work on gender equality. As a follow-up, IFAD is in the process of drafting a gender equality policy to be adopted by the governing bodies in April 2012.

A new climate strategy for IFAD was adopted in 2010, supplemented by a new policy on environmental and natural resource management in 2011. This includes assistance to small-holders in managing risks and improving disaster preparedness and resilience, enhancing seed production, processing and storage, information about and access to markets, capacity building, and development of mechanisms to counter the negative influences on food production from climate change.

*Priorities for Denmark's future cooperation with IFAD*

A **new three-year organizational strategy** covering Denmark's cooperation with IFAD in the period 2013-15 will be prepared in 2012. It will cover cooperation with IFAD until the expiry of IFAD's existing strategic framework in 2015. At IFAD's Council meeting in February 2012, a multi-year framework for measuring of IFAD's results for the period 2013-15 was introduced. It will also form the basis for selection of indicators, targets, and priorities in the Danish strategy.

Denmark will work to ensure that IFAD in accordance with its strategic framework (2011-15) concentrates its efforts in low-income countries, fragile states and Sub-Saharan Africa and focuses more on climate alignment, value chain development, and market access for small businesses in rural areas as well as women. Decentralization and donor harmonization are important Danish priorities. IFAD9 focuses on the Fund's relevance and efficiency, achievement and documentation of results, improved knowledge management, innovation, continued improvement of IFAD's development effectiveness, consolidation of achievements, South-South cooperation and involvement of new actors.

<b>Cross cutting multilateral indicators</b>	<b>IFAD</b>
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

Denmark will work to ensure that new actors contribute to funding. This includes an expectation that the OPEC countries will increase their current share of 10 per cent of the financing in view of the fact that the fund was originally created based on an understanding that the OPEC countries would cover 40 per cent of its financing needs. With the exception of Saudi Arabia and Nigeria, OPEC is not very enthusiastic, and IFAD's focus on such matters as gender equality and climate efforts may be the reason.



The primary points of leverage for **Denmark's strategic priorities** include participation in the governing bodies and in on-going informal consultations and donor fora. Denmark has been a steady representative in the IFAD Executive Board for a number of years and will continue so also during IFAD9.

## The Humanitarian Organisations

Humanitarian aid is intended to meet fundamental needs for help and protection of people in distress as a result of external shocks. The so-called **humanitarian imperative** means that the international community has an obligation to seek to prevent or minimise human suffering caused by conflict or disaster. As in the field of development, the multilateral system has obvious advantages for contributing to solve humanitarian tasks, and it has similar obligations to help forge the vital links between the various humanitarian instruments at the disposal of the international community.

Humanitarian crises are often provoked by **a combination of causes**. Humanitarian crises can occur as a consequence of armed conflict, political instability, poor governance and weak infrastructure, human rights violations, problems with food security and natural disasters. Often, one will find several of these factors at work simultaneously, thus exacerbating the overall impact. That is also why it is often difficult to distinguish sharply between types of crisis. Yet, crises are categorized as either complex crises triggered primarily by anthropogenic factors or one-dimensional crises which are generally seen in connection with natural disasters. The humanitarian crises are becoming increasingly complex. This underscores the need to consider the humanitarian dimension together with the development dimension to raise the chance of covering the entire continuum of interventions that span relief, reconstruction and development.

There has been a **growing need for humanitarian assistance** in recent years. Therefore, it is an area characterized by strong competition amongst agencies for available funds. Humanitarian non-governmental organisations account for the largest share of global relief and also play a significant role in Denmark's humanitarian efforts. Yet, the UN organisations have a pivotal position in Denmark's humanitarian engagement because of their global capacity, normative role, privileged status under international law and their technical expertise. In terms of the overall coordination of relief efforts, the UN Office for Emergency Aid Coordination – OCHA plays an increasingly important role.

**Competitors / partners are numerous.** Historically, International Red Cross and Red Crescent Societies have played a key role in global humanitarian efforts. They occupy a special position in the humanitarian architecture, between the UN system and civil society organisations. The ICRC is the single most important organisation providing anchorage for the international humanitarian system in international humanitarian law. The International Federation (IFRC) plays a similar central role in disaster preparedness, early warning, relief, and disaster prevention.

In addition, **a large number of civilian society organisations**, Danish and international, have accumulated technical and operational expertise coupled with detailed knowledge of specific geographical areas and capacity to provide the right assistance to the most vulnerable populations. In specific situations one or more IFIs may participate in relief efforts. It will generally be one of the regional banks due to their almost universal presence at country level in their respective regions - exemplified by the very active role that the IDB played in connection with disaster relief and reconstruction efforts following the earthquake in Haiti in early 2010. Because of the IDB's massive presence in Haiti, the Bank's employees played an unusual role as information providers in the first chaotic time after the earthquake

and until the usual operators were mobilized. Also IFAD, a hybrid between the IFI and the UN, with its special mandate may play a role - not least in the transition from emergency relief to development.

Denmark works in partnership with all types of actors in the field of humanitarian assistance. However, seen from a Danish perspective, it is particularly **important to ensure that the UN system carries the necessary weight to play its key role.** Therefore, a substantial proportion of Denmark's total humanitarian contributions are given as core budget contributions to organisations such as UNHCR, UNRWA, OCHA, WFP, ICRC, OHCHR, UN Joint Disaster Relief Fund (CERF) and UNMAS. In addition, funding is directed at strategic partnerships with selected UN agencies like UNICEF and UNFPA, and a part of the Danish humanitarian contributions goes to acute emergency relief operations carried out by relevant UN agencies.

**OCHA's growing role** is not only related to stronger global demand. At the country level OCHA's coordinating role is crucial - especially in connection with work in the humanitarian cluster. The focus here is primarily on acute, one-dimensional relief operations, but also to some extent on coordination of long-term conflict and disaster prevention in cooperation with development agencies. The UN is in a special position as it alone can influence the linkage and balance between humanitarian assistance and development efforts. It is also clear that so-called **New Deal** agreement made in Busan on involvement of the international community in conflict affected and fragile states, with its five objectives (legitimate government, justice, security, economic opportunities, and revenues and services) for enhanced cooperation between actors and a greater involvement of national governments in the prioritisation and planning of interventions, involves special obligations for the UN system as well as a requirement to keep the humanitarian principles alive and safeguard humanitarian space.

Denmark has developed **organisational strategies and action plans** with all key humanitarian organizations in the UN system, i.e. UNFPA, UNHCR, UNICEF, UNRWA, and WFP), in addition to OHCHR, which plays a central role in the legal field. Recently, OCHA has also been included (first strategy concluded in cooperation with Ireland in early 2011). Outside the UN system, strategic cooperation includes the ICRC.

The long-term humanitarian implications of food insecurity and large-scale natural disasters provoked among others by climate change are expected to raise the demands on humanitarian and development actors and their ability to build emergency response capabilities through cooperation. This is one of the challenges that the international system needs to find workable solutions for.

## **OCHA**

### **OCHA's current and expected future role**

OCHA is part of the UN Secretariat and derives its mandate from the UN General Assembly Resolution 46/1182 from 1991, which aimed to strengthen and streamline the UN response to humanitarian crises. The resolution also forms the basis for the creation of the Inter-Agency Standing Committee (IASC) with OCHA as chairman and the establishment of the Central Disaster Relief Fund CERF (Central Emergency Response Fund). The UN Under-Secretary General for Humanitarian Affairs is the head of OCHA with direct reference to the UN Secretary General. In connection with an institutional reform in 1998, OCHA expanded its mandate to include coordination of humanitarian efforts at country level, advocacy and policy developments in the humanitarian field.



**OCHA has a key role in the implementation of the humanitarian reforms** adopted in 2005. Highlights of the humanitarian reforms are:

1. Establishment of formal structures for coordination at country level (Cluster Coordination System).
2. Strengthened leadership at country level through the Humanitarian Coordinators.
3. Ensuring adequate, flexible, and predictable funding of humanitarian efforts.
4. Building up partnerships with regional organisations, NGOs, private companies, etc.

OCHA plays a **key role in coordinating humanitarian efforts** in both acute and complex emergencies. In addition, through the preparation of joint appeals, OCHA has a central role in mobilising contributions to fund humanitarian efforts. On-going work to improve the common needs assessments and to develop joint work plans with clearer indicators are expected to increase efficiency and improve the monitoring of the overall humanitarian effort.

Cross cutting multilateral indicators	OCHA
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

OCHA demonstrated **good results in 2010** within the overall objectives of the action plan for Denmark's cooperation with OCHA and in accordance with the joint donor strategy 2010-13. Of a total of 18 selected targets 10 were fully met and 5 partially so. 3 targets have been deferred to 2011, which is acceptable considering the very large tasks OCHA has tackled in 2010.

In 2010 Denmark was number 16 on the list of contributors to OCHA with DKK 20 million in non-earmarked contributions and earmarked contributions totalling DKK 2.5 million. In addition, Denmark contributed DKK 60 million to CERF and DKK 110 million to UN's country funds in Sudan, Ethiopia, Zimbabwe, Yemen, and Somalia. These funds are very important in ensuring a rapid and coordinated response to the joint appeals and play a significant role in the strengthening of OCHA and the humanitarian coordinators.

OCHA's coordination mandate is unique and the organisation has in recent years managed to establish itself as **the central actor** through quick response to crises, as well as sending expert teams to undertake needs assessment, preparation of joint appeals, fast funding from CERF and an ever stronger role in coordinating at country level. Another force is OCHA's information products which are indispensable tools for many humanitarian actors.

#### *Priorities for Denmark's future cooperation with OCHA*

The Danish humanitarian strategy emphasises the importance of a coordinated, principled and well-informed humanitarian response and highlights in particular OCHA's central coordinating role. OCHA is generally recognised for its special contribution to coordination in humanitarian crises, not least through its role in cluster coordination. Under the new leadership OCHA has taken important steps towards strengthening the international humanitarian advocacy and in building stronger partnerships with regional organisations.

The challenges for OCHA in the coming years lie mainly in securing a streamlining of the organisation which includes **improved monitoring and reporting systems**. In 2009, an analysis of OCHA's structure and capacity identified a number of ambiguities in the allocation of responsibilities between offices in New York and Geneva. Despite some efforts, these problems are not yet solved satisfactorily and a continued dialogue with OCHA is needed on the issue.

Another challenge is to ensure adequate acceptance of and support for OCHA's coordinating role from other UN organisations as some of them do not support the coordination system with the necessary vigour. However, during 2011 significant progress has been made through the IASC. Its members have committed to a number of specific agreements on financing of coordination functions at sector level, greater emphasis on the obligation to obtain collective job descriptions, more systematic use of common assessments and implementation of peer reviews. There is also agreement to develop joint strategic plans at country level and a commitment to strengthen leadership and coordination.

Denmark works closely with OCHA. A close dialogue and a significant contribution to the core budget puts Denmark in a good position in terms of influencing OCHA's strategic priorities. The cooperation is anchored in the joint donor strategy entitled "Joint Institutional Strategy 2010-2013", which Denmark and Ireland have agreed with OCHA. Importantly, Denmark also participates in the OCHA Donor Support Group (ODSG), which is called for regular briefings in Geneva and New York, as well as in the annual High Level Meeting in ODSG where OCHA reports on its work and introduces the main priorities for the coming year. As OCHA's overall management is available for two full days, it gives the donors a unique opportunity to discuss key strategic issues and to reach agreements on future cooperation with management.

Overall Denmark considers OCHA with its **clear comparative advantages** is a key actor within the field of humanitarian assistance.

## UNFPA

UNFPA's role as a development actor was dealt with above in the section on multilateral development agencies. UNFPA is a relatively new humanitarian actor but fills an important gap in the landscape of humanitarian organizations. In 2011, Denmark signed a multi-year partnership agreement with UNFPA for the protection of women and youth in conflicts and protracted crises. The agreement is part of the implementation of the new Danish humanitarian strategy for 2010-2015. It stipulates allocation of DKK 25 million covering the second half of 2010 and 2011. In the following years the expected annual financial frame is DKK 15 million. During the past year, UNFPA has developed a free-standing instrument for working with humanitarian assistance (Results Framework on Humanitarian Assistance), providing the organization with a **better and more coherent basis for its work in this field**. At country level, UNFPA works closely with major UN organizations responsible for the overall UN effort in humanitarian situations. Denmark's cooperation with UNFPA in the humanitarian field includes a humanitarian partnership agreement with a focus on a number of priority countries, determined annually in dialogue with UNFPA.

UNFPA wishes to distinguish itself more clearly as a humanitarian actor. The organization's humanitarian contributions are still largely handled by other organizations, and UNFPA feels that there is a lack of visibility of its efforts. Denmark shares the assessment that UNFPA plays a significant role on the humanitarian stage and performs essential tasks that otherwise would not be carried out.

## UNHCR

UNHCR's mandate is to protect refugees and provide humanitarian assistance until durable solutions are found for return, integration in the host country / local integration in the regions or resettlement in third party countries. As part of the reform to improve the division of work between humanitarian organizations, UNHCR has strengthened its focus on helping internally displaced people (IDPs). According to the latest global figures, UNHCR provides protection and assistance to 14.7 million IDPs and 10.6 million refugees. However, efforts in this and other areas of humanitarian reform need to be strengthened further. IDP constitutes a grey zone in relation to UNHCR's mandate, and affected countries do not always accept UNHCR involvement. Denmark's contribution to UNHCR amounted to DKK 293 million in 2010 (8th largest donor).

On the basis of the assessment of performance against the action plan for Denmark's engagement in UNCHR in 2010, the organization's overall effort can be described as **satisfactory**. Out of the five main priority areas, three (emergency preparedness in humanitarian crises, protection of IDPs as well as the dimensions of age, gender and diversity) are largely met. The target on durable solutions for refugees is partially fulfilled, while targets on results-based management and monitoring are completely (evaluation) or partially met (RBMM).

UNHCR's main strengths are: A politically skilled High Commissioner and a **good reform process** which yielded progress in **results-based management and monitoring**, though it is not fully implemented. The main weaknesses are: UNHCR's large and **complex organization** and need to respond to many acute emergencies, and the fact that decentralization and central cooperation remains a challenge for the organization.

Cross cutting multilateral indicators	UNHCR
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

## UNICEF

UNICEF's role as a development actor is described above. UNICEF's dual humanitarian and developmental mandate provides it with a **comparative advantage** in providing consistent and sustained support in countries in the transition from humanitarian to development assistance. The Danish contribution amounts to DKK 20 million to UNICEF's humanitarian work. This is part of the humanitarian partnership agreement, providing 40 million annually from 2011. UNICEF's work and focus are **generally** aligned with Denmark's development priorities, and the organization **performs satisfactorily** in relation to the targets agreed in the annual action plan.

UNICEF's decentralized business model and massive country presence, the organization's dual mandate, and its experience in relation to service delivery, make it a **prominent humanitarian actor**. About one third of UNICEF's total interventions are humanitarian. UNICEF had its humanitarian response and effectiveness as an organization tested in 2010 in connection with the disasters in Pakistan and Haiti. In the wake of these crises some criticism was voiced of UNICEF's coordination effort.

It was felt that the organization did not live up to its responsibilities and was slow and disorganized in reacting.

UNICEF has responded openly to critique. Based on an external evaluation it has initiated a number of **initiatives to improve its mechanisms and instruments**. Preliminary experience suggests that the new capability has worked. UNICEF is expected to continue to play an essential role as a humanitarian actor. Provided that the mentioned initiatives produce the desired results, UNICEF has comparative advantages in the humanitarian field due to its capacity, presence, experience, and legitimacy. It is anticipated that Danish investments in UNICEF's humanitarian efforts will continue to provide good value for the money.

## UNRWA

### *UNRWA's current and expected future role*

Monitored against the targets in the annual action plan for Denmark's engagement with UNRWA, the organization's **performance was weak**. Indicators of improved reporting on humanitarian assistance for UNRWA's target group, budget reforms and efficiency, and improved dialogue with relevant actors were only fulfilled to a limited degree. UNRWA operates in **fragile and difficult conditions**, frequently characterized by armed conflict.

The organization's core activities in education, health, and job creation are designed with a rights-based approach and the need to reduce poverty among the most vulnerable Palestinian refugees in mind. UNRWA's activities are thus very much in line with Denmark's development priorities. Seen from this perspective, UNRWA is a **highly relevant and unique actor** providing essential social and rights-related safety nets for the Palestinian refugees in the region. UNRWA's **lack of effectiveness and management for results** is a major concern. It is essential that UNRWA's management addresses these issues in the coming years - not least to preserve the massive support among the large traditional donors who account for the bulk of funding of UNRWA's core activities.

Growing demand for UNRWA services arising as a result of deteriorating conditions for Palestinian refugees and population growth has put the organization under pressure. At the same time, the organization is **financially squeezed** due to stagnating donor contributions. Traditional donors all seem affected by the global financial crisis (about 80 per cent of UNRWA's General Fund consists of contributions from ten major donors). This affects the organization's ability to meet future challenges and cuts in its services have provoked local criticism of the organization. However, the tight financial situation seems also to have provided incentives for UNRWA to streamline and prioritize its tasks. As part of the reform, cooperation with other UN agencies (mainly WFP) is strengthened. And a vigorous outreach is underway to expand the funding base, primarily aimed at Arab donors, BRICS countries and private companies. The reform may have started late, but the plan is ambitious and has the support of UNRWA's donors, including Denmark. Denmark supported UNRWA in 2011 with DKK 70 million in core budget contributions. The amount for 2012 is expected at least to be the same.

Cross cutting multilateral indicators	UNRWA
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

### *Priorities for Denmark's future cooperation with UNRWA*

For Denmark, UNRWA is the key institution securing a degree of social and rights-related protection of the Palestinian refugees in the region. As long as a political solution to the Israeli-Palestinian conflict is outstanding, and millions of refugees thus continue to live in uncertainty, UNRWA will be among the most important partners for Denmark in the developmental and humanitarian field in the region.

In order to enable UNRWA to continue its role Denmark wishes to work for a strengthening of UNRWA's viability under increasingly difficult conditions. Efforts to reform cooperation among UNRWA donors and host countries along with a continued focus on improving UNRWA's "humanitarian access" in the occupied territories will be pivotal in the medium term. In the short term, UNRWA must make progress in the development of a **transparent and consolidated budget** and improve its openness and dialogue with donors.

Beginning in 2012 Denmark will exclusively contribute to UNRWA's General Fund (core budget contribution) to strengthen UNRWA's capacity for long-term planning. It is believed that this will help increase budget transparency and diminish the temptation to fund long-term development with short-term (emergency) funds. Furthermore, Denmark will make the release of a small part of the Danish contribution dependent on progress on transparent budgeting. The conditional contribution policy will be developed in close consultation with the United Kingdom and Australia who have adopted similar modalities.

## **WFP**

### *WFP's current and expected future role*

As the **world's largest humanitarian organization** in the fight against hunger in developing countries, WFP is an indispensable partner for Denmark. The main aim of the Danish humanitarian strategy is to save and protect lives, identical with the objective given the highest priority in WFP's strategic plan. WFP's approach is **rights-based**, focusing on the right to life, including a life without hunger. 80 per cent of WFP's total resources are spent on relief. The non-earmarked Danish contribution to WFP's humanitarian action provides Denmark with a strong voice in the dialogue with WFP. This is not so much in quantitative terms - the core contribution of DKK 185 million annually puts Denmark as number 16 in 2010 of the bilateral donors and a share of less than 1 per cent of WFP's total revenues. But in qualitative terms, Denmark's untied, predictable, and transparent core budget contribution adds considerable value which is publicly acknowledged by WFP's senior management. Core budget contributions provide strategic influence and opportunity for dialogue which surpasses Denmark's relatively modest rank as a donor. This should also be seen in light of the fact that about 90 per cent of WFP's budget is still in the form of earmarked contributions.

WFP's humanitarian role is under pressure, not least because of limitations in the humanitarian space imposed primarily by non-state actors in fragile states and conflict situations. WFP's performance is challenged by rising safety concerns and by more and often coinciding crises and disasters, including mega-crises. It all affects WFP's ability to secure adequate transport capacity and supply networks and avoid bottlenecks and breaches in the supply lines resulting in loss of human lives. As a response, WFP is currently strengthening its organization-wide capacity to manage crises and disasters through a **program to improve response capability**.



WFP's role in protracted crises and development efforts is a constant challenge and a concern to Denmark. Generally, up to 70 per cent of WFP's humanitarian assistance is targeted at ten countries with protracted crises, including several recurrent crises. This state of affairs has provoked disagreement between WFP's management and donor and recipient countries on the balance between the organization's role as a humanitarian actor and development actor respectively. WFP's dual mandate carries a risk to WFP's ability to prioritize its relief efforts and engage in areas where the organization has comparative advantages. In extreme cases it leads to attempts to "cannibalise" other UN organizations (e.g. on climate change or nutrition). This will affect WFP's ability to prioritize its limited resources and to phase out in protracted crises. Cooperation between the UN organizations within and across the different coordination clusters is hampered by a tendency to compete for funding, particularly in high-profile crises with international media attention. Also in areas attracting major funding, such as climate, WFP tends to expand its "business model" in an effort to attract new funding, even though its core competencies lie elsewhere seen from a Danish perspective. This is an example of how the combination of growing competition amongst organizations for resources and the tendency to increasingly earmark multilateral funding may pull organizations away from their core mandate.

*Priorities for Denmark's future cooperation with WFP*

There are strong similarities between the principles embedded in Denmark's humanitarian policy and those guiding WFP's humanitarian work. WFP has integrated the international humanitarian principles, including humanitarian protection in its strategic plan, operational procedures, and guidelines. WFP's responds to humanitarian crises and disasters, often as the sole actor and under very difficult political and safety conditions, and enjoys global recognition. This goes for WFP's logistical expertise and ability to analyze the food situation and to target assistance to particularly vulnerable populations. WFP's targeted food assistance boosts the resilience of vulnerable groups of people.

In **fragile states** WFP's food relief may play a role in relation to conflict management and discourage the use of food as a weapon against civilians. Denmark's humanitarian strategy emphasizes the importance of well-orchestrated, robust and well-informed humanitarian responses and supports the UN's key coordinating role in this respect. Denmark will work to ensure that WFP continues to make a significant contribution to the effective coordination related to humanitarian crises, not least through its UN cluster-responsibility within logistics, telecommunications, and food security as well as through its participation in the humanitarian country teams during emergency situations. This collaboration helps to avoid gaps, duplications, and parallel structures in the humanitarian response. Denmark will also focus on WFP's on-going transition towards more strategic food assistance with the use of new instruments such as cash and food coupons and increased reliance on local and regional food production and markets.

Cross cutting multilateral indicators	WFP
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

## ICRC

### *ICRC's current and expected future role*

ICRC is an impartial, neutral, and independent private organization whose overall humanitarian mission is to protect and assist victims of armed conflicts. ICRC's mandate is defined in the Geneva Conventions and Additional Protocols and in the Red Cross Societies' statutes. ICRC also has a role in strengthening and publicizing international humanitarian law (IHL) and universal humanitarian principles. The organization manages and coordinates the international Red Cross operations in approx. 80 countries affected by conflict around the world.

The ICRC is generally viewed as a **highly professional and efficient organization** able to deliver - even under difficult conditions of safety. The organization acts on the basis of its mandate in relation to both individual states and other humanitarian actors. In 2008 the ICRC established a special Rapid Deployment System, which has enabled it to rapidly respond to new crises.

### **Strengths:**

Strong and credible leadership which defends the mandate by strenuously maintaining dialogue with all warring parties and other stakeholders (local authorities, etc.) with a view to gain access to and protect all victims. At the same time a well-functioning and independent organization which contributes to effective coordination among all humanitarian actors, both at HQ and country level.

### **Weaknesses:**

Results-based management is part of ICRC's organisational strategy for 2011-2014, but is not completely implemented. In the coming years, focus is on expanding and integrating RBM in all areas of ICRC's work.

Most of the ICRC's operations take place in fragile and conflict-affected states, and the organisation's eleven major operations in 2012 also include Afghanistan, Somalia, Iraq, Pakistan, the Sudan, Congo DRC, Israel / occupied territories, Yemen, Colombia, and South Sudan. Over the years the organisation has gained enormous experience in operating in countries / regions marked by lawlessness, corruption, and weak or absent civil structures.

In DFID's assessment of multilateral organizations, conducted in 2010-11 (The Multilateral Aid Review), the ICRC comes out among the best 9 of 43 organizations. The very positive assessments of ICRC's work covered criteria such as ability to work and demonstrate results in fragile states. ICRC's unique status and right to take humanitarian initiatives gives it unparalleled access to regions and populations that would otherwise be left without assistance. No case has been registered where the ICRC has failed to exercise its humanitarian mandate, but the work in conflict areas is closely related to the impartial and neutral reputation (acceptance) ICRC must uphold through regular dialogue with civil / military authorities, armed militias, and local communities.

ICRC views the humanitarian sector as undergoing fundamental change. It considers the crises of Côte d'Ivoire and Libya as examples of how certain humanitarian players have lost the ability to respond during the emergency phase of armed conflicts. There is an awareness of the protracted conflicts which is not driven by ideological motives, but rather by an economic and even, at times, a criminal rationale.

According to the ICRC strategy 2011-2014 the ambition is to intensify access for populations and individuals in complex emergencies. Besides acute relief there will be an increased focus on the "early recovery" phase.



ICRC will assert itself as a reference organization for development and expansion of the IHL. It will seek to influence the political agenda on issues related to the human cost of armed conflict and other violent situations as well as questions concerning future humanitarian operations and other IHL-related issues.

With a contribution of CHF 13 million, Denmark was 15th largest country donor in 2010. This level of funding is expected to be maintained in 2011. ICRC's total budget for 2010 was CHF 1.144 billion. ICRC came out of 2010 with a deficit - for the first time in ten years - of CHF 84,3 million. Shrinking contributions from large donors due to the financial crisis, significant decline in exchange rates, and the ICRC's high implementation rate of 91 per cent, were underlying factors of the deficit.

The budget for 2012 is CHF 963 million, of which 41 per cent covers operations in Africa, 24.2 per cent in Asia and the Pacific, 14.6 per cent in Europe and America and 19 per cent in the Middle East. 5 per cent of the annual contribution comes from the national Red Cross Societies, with whom the ICRC has a close cooperation wherever the organization is active.

#### *Priorities for Denmark's future cooperation with ICRC*

ICRC appreciates Denmark's engagement and understanding of its work and wants to continue to explore common thematic interests, where Danish technical and diplomatic involvement may help boost ICRC's humanitarian response. ICRC considers the following areas suitable for bilateral cooperation:

- Support ICRC's work on detainees and protection of its confidentiality.
- Support to identify new potential donors.
- International Humanitarian Law (IHL): The Copenhagen Process on handling of prisoners.
- "Other Situations of Violence" as described in the ICRC policy paper from 2011.
- "Health care in danger"- campaign (access to health care in conflict and in OSV).
- Disarmament (cluster arms and light weapons).

ICRC's Donor Support Group (DSG) consists of around 19 donor countries, including Denmark, which contribute at least CHF 10 million annually to the organization's relief appeals. This is the most important and effective forum for debate and exchange of information between ICRC's leadership and the donor community. The purpose of the annual two-day DSG meeting is to create space for in-depth debate on humanitarian issues, common interests, and proposal of new initiatives in operational policy and IHL. ICRC's leadership attaches great importance to the open dialogue at these meetings and through the years it has demonstrated readiness to adapt its work to suggestions made by donor representatives. Denmark will host the DSG meeting in 2013 and will thus have the opportunity to contribute to the agenda with items of its own interest.

The UN mission in Geneva participates in the ICRC's regular briefings for donors both in connection with the outbreak of new crises, budget adjustments or special briefings for the donor countries.

It is of great importance to the ICRC that the major donors (DSG) continue to provide non-earmarked funds. Denmark intends to continue this practice. ICRC is an important player in the humanitarian

Cross cutting multilateral indicators	ICRC
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

area; the **organization is quick to react when it comes to identifying and responding to new emergencies** which requires considerably financial flexibility.

## OHCHR

OHCHR struggles to strike a meaningful balance among the many different human rights related issues with which the organization deals. Though the organization suffers from **inadequate funding** it is still expected to continuously take on new duties.

OHCHR is under constant pressure from countries who want more focus on economic, social, and cultural rights at the expense of the more sensitive political and civil rights.

The organization also faces a challenge in that several countries seek to intensify the dialogue with the High Commissioner with the aim of bilaterally controlling and monitoring OHCHR's work.

In 2010 Denmark's contribution amounted to approx. USD 2.8 million and it was the 12th largest donor (in 2009 Denmark was 11th largest). **OHCHR's performance as measured against the targets agreed in the 2010 action plan 2010 is satisfactory overall.** However there is scope for OHCHR to improve its performance, and there is a need to try to tackle the general political challenges that continue to play a role in the work of the office. From Denmark's point of view support to treaty bodies may be improved but this work is hampered by countries who wish to restrict the operation of these bodies. OHCHR's work on transitional justice is important, and Denmark's supports initiatives related to the International Criminal Court aimed at ensuring that countries are able to handle matters on their own.

Denmark will oppose attempts by certain countries to restrict the High Commissioner's independence and ability to act in unforeseen situations involving serious human rights violations, with the Arab Spring **being** a case in point. Possible ideas for cooperation with Denmark could be torture, integration of human rights considerations in UN efforts in conflict-affected countries, vulnerable groups such as women, children and indigenous people, and issues related to developments in the Middle East and North Africa during the Arab Spring, including transitional justice, freedom of expression, and freedom of association and assembly.

Cross cutting multilateral indicators	OHCHR
Is the organisation innovative and agenda setting within its mandate?	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X
Does the organisation actively attempt to include new development actors in its work?	X

## Part 3 – Conclusions and recommendations

In Part 2 Denmark's involvement in individual multilateral development and humanitarian organizations was reviewed. It took its point of departure in the assessment of specific dimensions of the policy and financial framework of multilateral cooperation made in Part 1. Overall, the multilateral review leads to a number of conclusions and recommendations. The general conclusions and cross-cutting recommendations are presented in this part. Specific recommendations for Denmark's engagement in individual organizations are included in Part 2.

### Alignment with Denmark's development policy priorities

The review of Denmark's cooperation with individual organizations in Part 2 indicates that there is a high degree of alignment with Danish priorities overall. In addition to assessing performance against the targets agreed with each organization, staff members were also asked to respond to a number of cross-cutting questions designed to allow for a comparative assessment of the performance of organizations seen against Denmark's development priorities. The table below combines the outcomes of these assessments of individual organizations.

While recalling the emphasis on the limitations of the method used as explained in the introduction to Part 2, the ratings in the table indicates a **high degree of satisfaction with the general ability of organizations to be innovative and agenda-setting and a high degree of satisfaction with their responsiveness to Denmark's priorities**. Only four out of sixteen organizations - three of them IFIs - have very satisfactory systems for ensuring financial accountability, which indicates a need to improve. Half of the organizations provide very satisfactory information about their work and could serve as a model for others.

Cross cutting multilateral indicators	UNFPA	UNICEF	UNDP	IFAD	WFP	UNEP	GFATM	OHCHR	UNAIDS	WHO	ICRC	UNHCR	WB	UNRWA	AsDB	AfDB	OCHA
Is the organisation innovative and agenda setting within its mandate?	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
To what extent is the organisation relevant and approachable to Danish development priorities?	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Does the organisation have satisfactory systems for economic responsibility – including risk management and anti-corruption?	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Does the organisation provide their members and interested parties with a satisfactory level of information on results and challenges?	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Does the organisation comply with the obligations in the Paris Declaration and the Accra action plan?	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Does the organisation participate actively and constructively in the reform efforts in the international development system?	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Does the organisation actively attempt to include new development actors in its work?	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Only five organizations follow up in a very satisfactory way on the **Paris and Accra action plans for alignment and harmonization**, and here there is room for improvement. Participation in efforts to **reform the multilateral system** is very satisfactory as far as ten organizations are concerned. Only four organizations perform very satisfactorily on **involvement of new actors in cooperation**, and

others should learn from their example. Only one organization - UNRWA – fails in five of the seven indicators. The organization is however irreplaceable and the need to rectify its performance unquestionable. The diagram on next page shows the relative position of organizations drawn from the table above, combined with an assessment of their organizational efficiency derived from MOPAN and DFID's multilateral analysis. Furthermore, the diagram shows the relative size of the Denmark's total contributions and as well as its core budget contributions indicated as the size of the bubbles for each individual organization.<sup>15</sup>

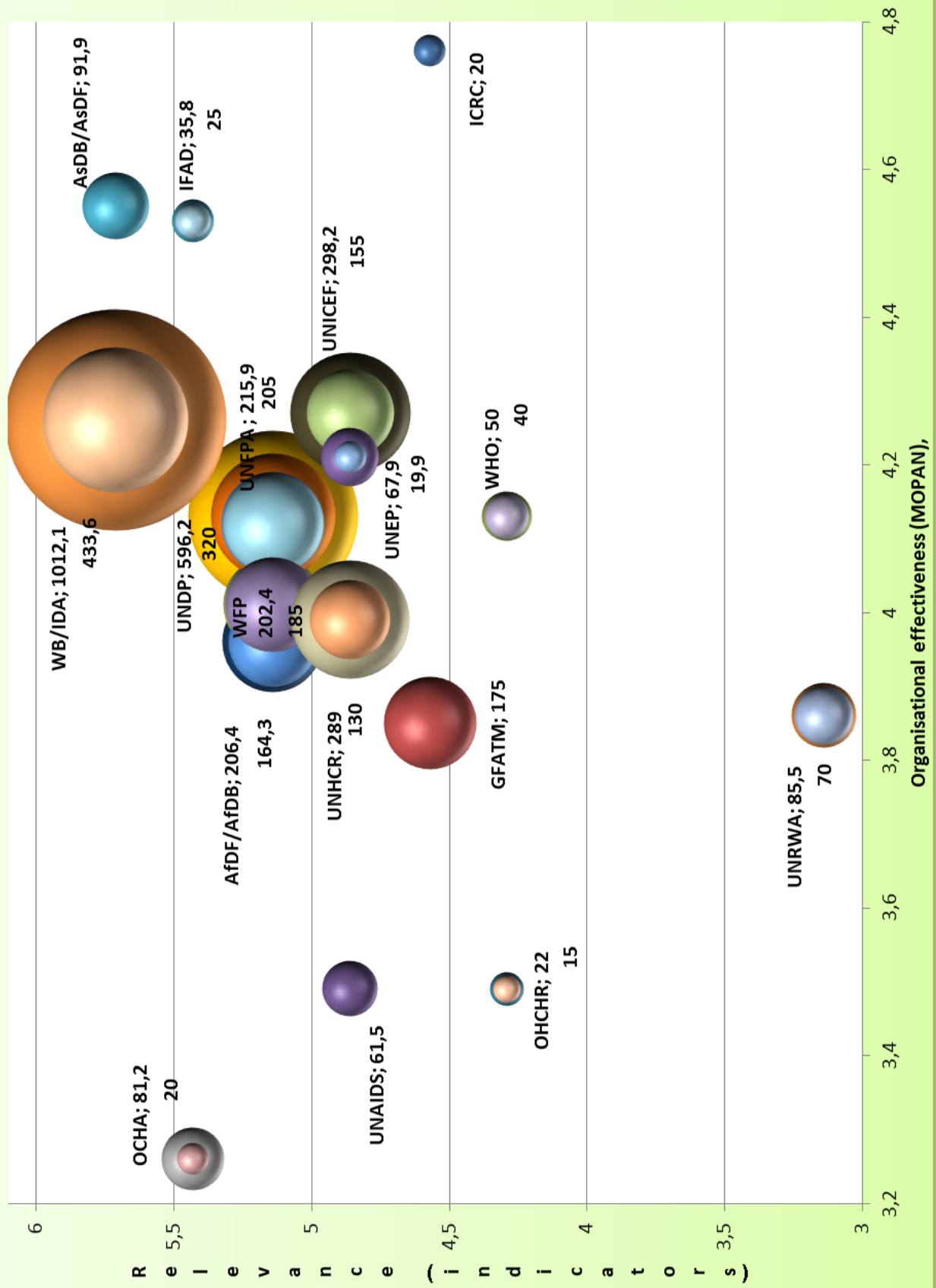
Despite the methodological limitations, the table and the diagram nevertheless contribute to illustrating a **relatively good degree of correspondence between the strength of Denmark's engagement in individual organizations and their relevance and organizational efficiency**. However, it needs to be taken into account that the diagram does not reflect the development effectiveness of organizations or the political factors that also influence decisions on Denmark's cooperation with the individual organizations. As mentioned earlier, these elements will be strengthened in the forthcoming multilateral presentations.

In conclusion the multilateral review has indicated **that there is a good correlation between the work of multilateral organizations and Denmark's priorities for development cooperation**. At the same time there seems to be a good correspondence between **the strength of Denmark's cooperation with individual organizations and their organizational efficiency and relevance**. Thus, the analysis provides no justification for recommending substantial immediate realignment of financial contributions among organizations.

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<sup>15</sup> The efficiency axis in the chart indicates for each organization an estimated average value of its overall score on a scale from 1 to 6 in the latest MOPAN Common Approach assessment from 2009 or later. (For some organizations such assessments are not yet available, and values are calculated from DFID's Multilateral Aid Review 2011). The relevance axis is based on the table with 7 cross-cutting indicators on page 67. Bubble size indicates the relative size of Denmark's multilateral contribution in 2010 for each of the 17 organizations, ranging from around 16 to 720 million DKK. The total contribution to the 17 organizations in 2010 was: Core contribution DKK 2.131 million and total contribution DKK 3.569 million.

# DK's Multilateral Core- and Total Contributions 2010: Effectiveness-Relevance-Size of Contribution



## Adaptation to new framework conditions and new challenges

The analysis of the policy and financial environment in Part 1 focused on trends in multilateral funding and the special challenges organizations face in relation to conflict-affected states and the sustainability agenda.

The analysis of **multilateral funding** paints a picture of a multilateral system which is **squeezed in terms of funding of core budgets** and subject to a **rising inflow of earmarked funds**. The degree to which trust fund financed activities fall within the mandates, steering mechanisms and reporting structures of organizations and are administered in accordance with the principle of the partner country ownership varies considerably. This is a difficult agenda to influence. It requires perseverance, energy, and a differentiated approach rather than universal solutions, as reflected in the more specific recommendations contained in Part 2 on cooperation with individual organizations. The analysis further indicates that maintaining an effectively functioning multilateral system is one where organizations are not asked to deliver in areas outside their core mandate but are supported to uphold their specificity and specialization on the basis of their absolute and comparative advantages. At the same time **the multilateral system's ability to act in a coordinated and coherent fashion must be strengthened**.

Examination of the challenges in relation to interventions in **conflict-affected and fragile states** shows a clear need for a reliable, flexible and adequate response from the international community. Extensive research in recent years has contributed new knowledge on the importance of targeting efforts to different communities and needs, and the enormous value for stabilization and development which an integral and well-orchestrated approach to fragile states provides. This has further underscored the need for a **holistic approach to security, humanitarian needs and development**, and to ensure a concerted effort by the entire international community aimed at building up home-grown country capacity. With their **mandates and legitimacy** multilateral organizations are the natural starting point for orchestrating a coherent response from the international community in accordance with the countries' varying needs. The World Development Report 2011 on conflict-affected and fragile states has contributed particularly to a growing explicit recognition among relevant organizations of their own particular roles and the need to work together to exploit the synergy and maximize impact.

For Denmark's and the EU's ambition for **a transition to a green global economy** to materialize, multilateral organizations must act purposefully to **set the norms, provide the platforms for negotiation and be strong partners for developing countries**. The main priorities for Denmark on the multilateral agenda in this field are: 1. To have the MDGs supplemented with sustainable development goals or a sustainable development dimension; 2. To reach international agreement on a common methodical framework for green economy; 3 To create of a **more powerful organ in the UN** for advising countries and monitoring their follow up of international agreement; 4. To ensure better orchestration of multilateral support to developing countries in their efforts to transit to sustainable forms of production and consumption. In particular, UNEP, but also other UN funds and program, the World Bank and the regional development banks have central roles to play in this effort.

## Recommendations

The analysis contained in this paper covers the financing of multilateral organizations, their role in conflict-affected and fragile and in promoting sustainable development as well as at Denmark's cooperation with individual organisations. The analysis demonstrates a need for a continued **active engagement by Denmark in the work of multilateral organizations**. Denmark will work to **influence the development of the overall multilateral institutional machinery and the individual organisations** to ensure that these institutions can effectively deliver their part of the international agenda in relation to stabilisation, humanitarian efforts and development in general, and more specifically on the Danish policy priorities. Denmark will work for a more **efficient, well-coordinated and flexible system of multilateral organisations**, capable of effectively meeting emerging security, development and humanitarian challenges and of ensuring a better transition between peace-making, stabilisation, humanitarian interventions and development, with the **required legitimacy and capacity to respond globally** wherever and whenever necessary.

Denmark will seek influence in organisations through its work on the executive boards, its funding policy, bilateral contacts and a sharper focus on secondment of staff in areas of strategic importance to Denmark. The impact of Denmark's views and priorities will be enhanced through cooperation with like-minded countries, including within the Nordic+ and the Utstein Group, as well as through the EU. Denmark will work across executive boards and other decisions-making bodies to ensure that mandates and divisions of labour are respected and built upon to create added value in the overall effort. This also applies to bilateral programmes at country level, where Danish embassies will be expected to help pull organisations in the right direction in accordance with their core mandates. Engaging effectively in the strategic dialogue in the organisations requires professional involvement and input from the entire Danish Foreign Service, including at times participation from headquarters in important meetings.

The overall approach outlined above will be followed while observing the following specific recommendations for Denmark's engagement in the multilateral cooperation.

### *Funding*

- **The analysis contained in this review does not provide justification for significant immediate realignment of the financial contributions to the various organisations.**
- **Denmark will cooperate with Nordic and other like-minded countries to ensure adequate financing of core budgets to enable these organisations to effectively execute their mandate and bring their absolute advantages into play.**
- **With the objective of securing a sound financial framework for multilateral organisations Denmark will work to:**
  - **Create clarity and consensus regarding the size of resources necessary to maintain a critical mass in individual organizations;**
  - **Ensure that the growing tendency to earmark multilateral contributions is reversed and that attention is paid to securing sufficient funding of general budgets to enable organisations to deliver on their core mandate;**



- Ensure that the remaining trust funds are aligned with core mandates and streamlined within governance structures and processes, and that the agreed mandates and governance mechanisms are fully respected in those cases where institutions have been asked to administer multi-donor trust funds in the absence of a designated organisation.
- The modality of Danish multilateral assistance will be decided on following the same philosophy that guides allocation of bilateral assistance, namely that generalised contributions are best suited to strengthening development effectiveness through promotion of partner ownership and use of country systems. Denmark's contributions to multilateral organisations will be provided as core contributions as a default, and deviations from this principle – in the form of earmarking – should be the exception requiring justification in each specific case.
- Earmarked contributions through multilateral organisations must be focused on delivery of support in conflict-affected and fragile states and generation of global public goods (GPG) within climate, health and education, in areas not covered by existing institutions.
- Denmark will work to ensure that emerging economies contribute to financing multilateral organisations in line with their economic standing and that the multilateral organisations attract financing from private funds and serve as facilitators for South-South and triangular cooperation.

### *Results-based management*

- In its efforts to help enhance the effectiveness of multilateral organisations, Denmark will pay particular attention to: 1) establishment of satisfactory systems of financial accountability, 2) strengthening of the organisations' own systems of results-based management, monitoring and evaluation, 3) follow-up on action plans for alignment and harmonisation, and 4) intensification of the efforts on the part of the organisations to involve new actors.
- Denmark will work for an agreement within the UN on a new set of global goals for international development that takes into account the need to follow through on the unfinished agenda in relation to the Millennium Development Goals after 2015, supplemented with goals for addressing new challenges, including specific sustainable development goals.
- Denmark will work to ensure that the UN strengthens its global norm-setting function in relation to the formulation and promotion of internationally recognised rights and that it brings its recognised advantages in relation to pursuing a rights-based approach to development at the country level fully into play.

### *Conflict-affected and fragile states*

- Denmark will work to ensure that relevant multilateral organisations more effectively bring their particular advantages in conflict-affected and fragile countries into play through a clearer division of labour and observance of mutual respect for this division among organisations. Among the most important organisations within the humanitarian and development fields are OCHA, UNDP, UNICEF, OHCHR, the World Bank and the regional development banks. This ambition will also be pursued in the context of the EU.
- Denmark will increasingly build on the advantages offered by the multilateral framework in post-conflict and fragile states, including in countries such as Afghanistan, Somalia, South Sudan and Zimbabwe.
- Denmark will work to strengthen the coherence among security, humanitarian and development efforts – both within and between organisations - and to ensure that efforts to prevent conflicts are intensified. Deeper analysis of the underlying conflict factors, use of joint risk assessment and greater willingness to run a calculated risk are important elements of this agenda.
- Denmark will support the implementation of the New Deal in Afghanistan, Liberia and South Sudan and help ensure that multilateral organisations contribute to the implementation of the New Deal generally. Denmark will also work for an outcome in which the UN assumes the key role in the rebuilding of Afghanistan, acting on the recommendations of the cross-cutting analysis of the performance of the various UN actors in Afghanistan currently underway.

### *Sustainability and the green economy*

- Denmark will work to ensure that the multilateral system of organisations intensifies its efforts to support the transition of the global economy in general, and the economies of developing countries in particular, to forms of production and consumption that safeguard the planet's natural resource and ecosystems. Organisations should support countries in their efforts to develop specific responses to the challenges caused by poverty, unequal distribution of wealth and intensified consumption of resources and assume leadership in providing advice and support to countries making the transition.
- Denmark will work to ensure that global sustainable development goals (SDGs) are formulated in the context of the UN as part of the transition to a green global economy and as a supplement to the MDGs, and that all the multilateral organisations subsequently contribute to achieving these goals.

- **Denmark will call on multilateral organizations to cooperate in the effort to develop and achieve international recognition of a common methodological framework for the green economy, building on methodological advances already made with regards to green national accounting, cost-benefit analyses and similar instruments.**
- **Denmark will use the multilateral system to forge closer cooperation with new donors (the BRICS countries and second-wave economies) with a view to attract more financial support for programmes with a green dimension.**

*Follow-up*

- **Denmark will evaluate the degree of alignment between Denmark’s development priorities and the core mandate of organizations continuously as part of future reports on its engagement in multilateral organizations, and strengthen its monitoring of their contributions towards achieving agreed development results.**

The above mentioned recommendations will serve as the basis for structuring Denmark’s cooperation with multilateral organisations. The specific strategies for Denmark’s cooperation with individual organizations will include indicators that reflect these aspects. The follow-up will be monitored through future annual reviews. The recommendations listed above are medium and long term in scope and may re-appear in future multilateral reviews, adjusted to changes in the circumstances as need be. Denmark will address these issues and encourage collective action in consultation with like-minded donors in the Nordic+ and Utstein contexts, and in connection with joint reviews and evaluations of the multilateral organisations, including MOPAN.

## Appendix 1 – List of abbreviations

AfDB/AfDF	African Development Bank/Fund.
AsDB/AsDF	Asian Development Bank/Fund.
CBDR	Common But Differentiated Responsibility.
CERF	Central Emergency Response Fund.
CGIAR	Consultative Group for International Agricultural Research.
CSD	Commission for Sustainable Development.
DAC	Development Assistance committee.
DaO	Delivering As One.
DFID	Department for International Development.
DSG	Donor Support Group.
FSO/IDB	Facility for Special Operations.
GEF	Global Environment Fund.
GFATM	The Global Fund to fight Aids, Tuberculosis and Malaria.
IBRD	International Bank for Reconstruction and Development.
ICRC	International Red Cross and Red Crescent Society.
IDB	Inter-American Development Bank.
IDA	International Development Association.
IFAD	International Fund for Agricultural Development.
IFC	International Finance Cooperation.
MAR	Multilateral Aid Review.
MDB	Multilateral Development Banks.
MDG	Millenium Development Goals.
MOPAN	Multilateral Organizations Performance Assessment Framework.

OCHA	Office of the Coordination of Humanitarian Affairs.
ODA	Official Development Assistance.
OHCHR	Office of the High Commissioner for Human Rights.
R2P	Responsibility to Protect.
SE4ALL	Sustainable Energy for All.
UNAIDS	United Nations
UNDG	United Nations Development group.
UNFPA	United Nations Fund for Population Activities.
UNHCR	United Nations High Commissioner for Refugees.
UNICEF	United Nations Children and Education Fund.
UNEP	United Nations Environment Program.
UNDP	United Nations Development Program.
UNRWA	United Nations Relief and Works Agency.
WDR	World Development Report.
WHO	World Health Organization.