



A
N
N
U
A
L

R
E
P
O
R
T

2014

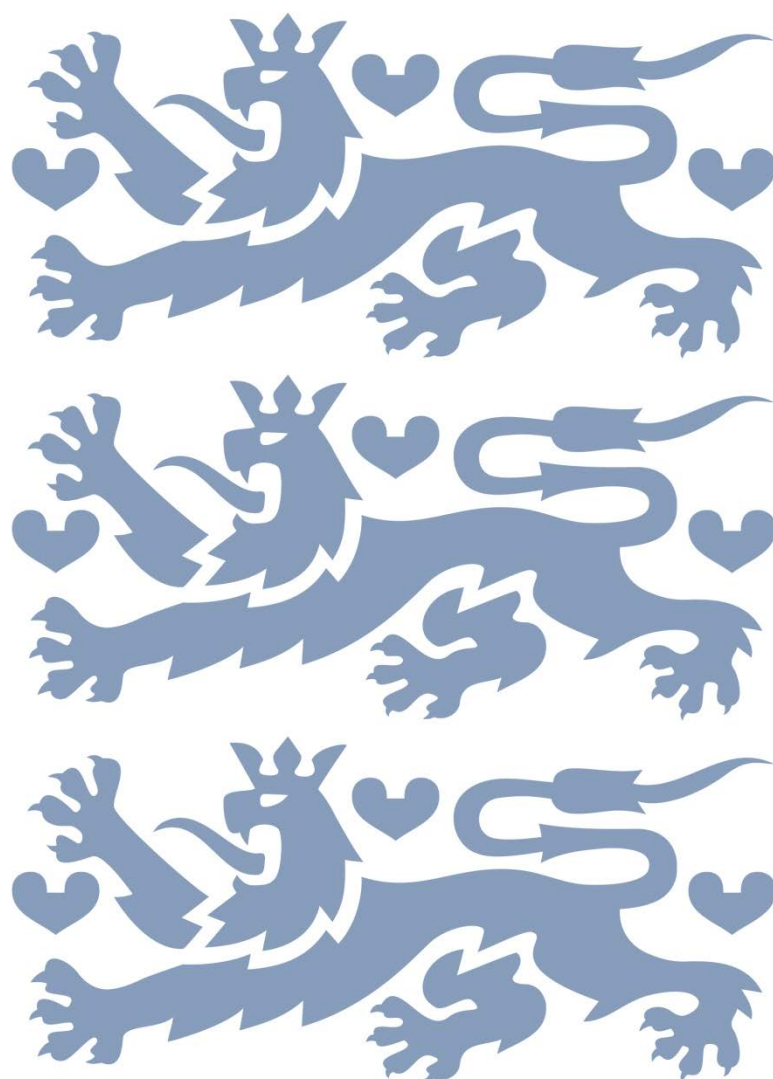


Table of contents

1. INTRODUCTION.....	2
2. MANAGEMENT REPORT.....	3
3. OPERATIONS REVIEW.....	4
3.1 Presentation of the Ministry of Foreign Affairs of Denmark	4
3.1.1 Primary functions.....	4
3.1.2 Organisation.....	4
3.2 Scope of business activities.....	5
3.3 The operational results in 2014.....	5
3.4 The financial results in 2014.....	5
3.5 Functions and resources.....	6
3.5.1 Functions and resources: a schematic overview.....	6
3.6 Performance reporting.....	7
3.6.1 Performance reporting - Part 1: Schematic overview.....	8
3.6.2 Performance reporting - Part 2: In-depth analyses and assessments	8
3.7 Explanation of reserved appropriations	14
3.8 Expectations to the coming year	14
3.8.1. The budget framework and its importance for the coming year.....	14
3.8.2. Main priorities.....	14
4. FINANCIAL REVIEW.....	17
4.1 Applied accounting procedures.....	17
4.2 Profit and loss account, etc.....	17
4.2.1 Explanation of reversed provisions and accrual items.....	19
4.3 The balance sheet	19
4.4 Explanation of equity.....	20
4.5 Separate cash flow and borrowing limit	20
4.6 Follow-up on the payroll ceiling	21
4.7 The appropriation accounts.....	21
4.8 Cost-based main accounts.....	22
5. ANNEXES.....	23
5.1 Notes to the profit/loss account and the balance sheet.....	23
5.1.1 Notes to the balance sheet.....	24
5.2 Commercial activities	25
5.3 Fee-financed activities.....	25
5.4 Presented investments	25
6.1 Overview – Priorities and Goals.....	26

MINISTRY OF FOREIGN
AFFAIRS OF DENMARK
ANNUAL REPORT 2013
MARCH 2013
PUBLISHER:
MINISTRY OF FOREIGN
AFFAIRS
ASIATISK PLADS 2
1448 COPENHAGEN K.

PHONE: +45 3392 0000
FAX: +45 3254 0533
E-MAIL: UM@UM.DK
INTERNET: WWW.UM.DK
THE TEXT MAY BE
FREELY QUOTED
ISBN 978-87-7087-787-9

1. INTRODUCTION

Herewith is presented the Annual Report of the Ministry of Foreign Affairs of Denmark (MFA) for 2014.

The MFA is an integrated organisation comprising one single department without subordinates agencies or institutions and with more than 100 Diplomatic Missions and Trade Offices as well as around 400 Honorary Consulates abroad. In addition, the Danish Institute for International Studies (DIIS) and the Danish Institute for Human Rights (DIHR), which are self-governed organisations, belong under the MFA in respect to appropriations, although they each present their own separate annual reports.

In accordance with the practice of previous years, the MFA's Annual Report reports on all MFA tasks and functions that are an integral part of the MFA's activities, including the departmental functions and responsibilities. This provides all those with a professional or personal interest in the MFA's activities a coherent and cross-cutting financial picture of the MFA's most important results in 2014. Moreover, it documents the governance that has laid the foundation for their achievement.

The Annual Report has been prepared on the basis of the guidelines for writing annual reports published by the Agency for the Modernisation of Public Administration (*Moderniseringsstyrelsen*). It is divided into four parts: a management report, an operations review, a financial review and an annex section. Further information about the MFA's activities can be found on the MFA's website at www.um.dk.

The performance reporting comprises the six priorities and underlying goals and initiatives of the past year upon which the MFA's performance management has been based.

In addition, information regarding activities and target achievement within Danish development assistance can be found in Danida's annual reports (<http://aarsberetninger.danida.um.dk/>) and OpenAid.dk (<http://openaid.um.dk/>). Information regarding activities within export and investment promotion can be found on the Trade Council website (<http://um.dk/da/eksportraadet/>).

Questions concerning the MFA Annual Report can be addressed to the MFA's Finance Department at OKO@um.dk.

2. MANAGEMENT REPORT

The Annual Report comprises the main accounts on the Finance and Appropriation Act for which the Ministry of Foreign Affairs of Denmark is responsible, CVR number 43 27 19 11: Section 06.11.01 – The Danish Foreign Service and Section 06.11.05 – Revenue from Consular Services, including the accounting principle explanations, which are to be presented to Rigsrevisionen (National Audit Office of Denmark) in connection with the appropriation audit inspection for 2014. In addition, the Ministry of Foreign Affairs of Denmark is responsible for the administration of a number of grant accounts, cf. table 14 in section 4.8.

It is herewith stated:

- that the Annual Report is true and accurate, i.e. the report does not contain significant misinformation or omissions, and the presentation of goals and performance reporting in the Annual Report is comprehensive.
- that the expenditure detailed in the presented accounts conforms to the announced appropriations, laws and other rules as well as entered agreements and normal practice.
- that procedures have been established which ensure proper financial management of funds and operations in the Ministry of Foreign Affairs of Denmark.

Ministry of Foreign Affairs of Denmark, 19 March 2015.



Ulrik Vestergaard Knudsen
Permanent Secretary of State, Ministry of Foreign Affairs of Denmark



Jesper Kammersgaard
Head of Department, Finance

3. OPERATIONS REVIEW

3.1 Presentation of the Ministry of Foreign Affairs of Denmark

3.1.1 Primary functions

The MFA's primary responsibility is to implement the Danish Government's foreign and security policy, EU policy, export and investment promotion policy, and development policy. This entails that the MFA:

- Ensures a flexible and global network for the entire Government through coordination of Denmark's official relations with foreign countries, including a number of international organisations, such as the EU, the UN and NATO, as well as the Nordic cooperation.
- Administers Danish development assistance.
- Assists the Danish business community in their export activities, internationalisation and other commercial activities abroad where there is a clear Danish commercial interest for Denmark, and attracts foreign investments to Denmark.
- Handles and coordinates Denmark's international economic relations with other countries, including within the trade policy sphere.
- Assists Danes who find themselves in difficult situations abroad and performs tasks relating to the issuance of visas, residence permits and passports.
- Contributes to providing sound information to the outside world about Denmark, Danish culture and Denmark's special competencies (public diplomacy).

In terms of appropriations, the MFA's primary functions fall into four general main areas: General foreign policy, Administration of development assistance, Export and investment promotion and Consular services.

3.1.2 Organisation

The MFA comprises the Ministry in Copenhagen and Embassies, Consulates-General and Trade Offices, etc. abroad as well as Missions at the most important international organisations. Added to this are a large number of Honorary Consulates. In 2014, the entire organisation had a total of 2,584 employees, of whom 888 were located at the Ministry in Copenhagen and 1,696 were located at the Missions. Of the 1,696 employees based abroad, 1,268 were locally employed staff.

The MFA is an integrated organisation. This means that the staff all work together in one and the same organisation, regardless of where they are located. It also implies that a single-stringed approach is adopted in regard to the safeguarding and promotion of Denmark's international interests, whether it be in the realm of foreign and security policy, EU policy, development policy, trade policy, support given to promoting the internationalisation of Danish companies, assistance to Danes in distress abroad or public

diplomacy. The organisational structure makes it possible to deliver solid responses to international and global challenges across operational areas, without organisational or administrative obstacles.

The global network of Missions is the hallmark of the MFA and provides the basis for enabling the MFA to safeguard and promote Denmark's international interests. With in-depth knowledge of local conditions and the right networks, the Missions contribute to ensuring the quality and validity of the flow of information that serves as the basis for shaping Danish foreign policy and a number of other policy aspects in Denmark. The number, size and location of the Danish Missions are reviewed and prioritised on an ongoing basis according to Denmark's foreign policy interests and goals.

As part of the reform and modernisation of the Danish Foreign Service launched in 2013, the Danish presence in over 25 countries was adjusted during 2014. A number of Missions were opened, and Denmark's presence in, for example, emerging economies and the EU's decision-making centres was strengthened. In addition, a number of Missions were closed, primarily in Europe. At the end of 2014, Denmark had 71 Embassies, as well as 35 other Missions, including 6 Multilateral Missions, 13 Consulates General, 1 Consulate, 2 Mission Offices, 6 Trade Offices and 6 Innovation Centres. Denmark also had over 400 Honorary Missions.

The Ministry in Copenhagen is organised according to a central structure with seven centres. Each centre has either a functional, geographical or customer-oriented focus. The purpose of this structure is to ensure a clear and up-to-date division of tasks. In addition, the centre structure aims at enhancing the integrated approach to task performance, which is the MFA's comparative advantage and prerequisite for being able to tackle present and future challenges effectively.

The Danish Government's Strategy on Export Promotion and Economic Diplomacy published in May entails cooperation between government authorities within two focus areas in the period 2015-2017: growth counsellors and sector collaborations. The cooperation between authorities will focus on sectors where particular Danish core competencies in the form of expertise or technology can make a difference to the selected countries' sustainable development. The cooperation is organised jointly between the Danish Embassies, local authorities, posted Danish growth counsellors and Danish specialist authorities. The majority of initiatives is financed through development assistance and encompasses the OECD-DAC list of developing countries.

More information about the MFA's organisational set-up can be found on the MFA website at www.um.dk, including the above-mentioned information as well as, for example, the earlier annual reports.

The MFA Annual Report 2014 is submitted for the following two main accounts on the Finance and Appropriation Act:

- Section 06.11.01. The Danish Foreign Service
- Section 06.11.05. Revenue from Consular Services
- The MFA is also responsible for the administration of a number of grant accounts, cf. table 14 in section 4.8.

3.2 Scope of business activities

Table 1 shows the MFA's total activity in 2014 broken down by two categories: operations and administrative arrangements. Operations encompasses the MFA's operating appropriations related to the MFA as a government department, including operation of Missions abroad, and revenue from consular services. Administrative arrangements, etc. encompasses development assistance and export promotion as well as contributions to international organisations, etc.

Table 1. Total business activity in 2014

	DKK million	Appropriation	Account
Operations	Expenditure	1,973.3	1,959.8
	Revenue	-287.3	-298.7
Administrative arrangements, etc.	Expenditure	14,393.6	13,947.8
	Revenue	-212.9	-224.2
Plant and machinery	Expenditure	-	-
	Revenue	-	-

3.3 The operational results in 2014

According to the guidelines for writing annual reports issued by the Agency for the Modernisation of Public Administration (*Moderniseringsstyrelsen*), "all goals that have been agreed or determined by another party than the organisation" must be reported on. The external determination of goals takes place for the MFA primarily through ministerial and Government decisions, foreign policy and development policy reports, parliamentary decisions, and decisions adopted within international fora. In 2014, these goals were internally operationalised in line with the MFA's strategic priorities and underlying goals, which emerged from a general political priorities paper drawn up on the basis of the Government Platform from October 2011. The goals are designed to ensure the delivery of concrete results, products and services of benefit to the Government, public authorities, citizens and enterprises in Denmark and abroad, and to safeguard and promote Danish interests in general. The goals for 2014 are incorporated into a strategic priorities plan for the entire MFA. Section 3.6 reports on the level of goal attainment regarding the six priorities through the 12 underlying strategic goals for 2014.

3.4 The financial results in 2014

The MFA's operating profit/loss for 2014 shows a surplus of DKK 24.1 million after an adjusted provision for reserved appropriations, cf. table 2. Consequently, an accumulated surplus of DKK 314.3 million has been carried forward to 2015, cf. table 9. The year-end surplus reflects the MFA's strong focus on regularly adjusting the level of activity to its falling appropriations.

The MFA's payroll expenditure under the payroll ceiling totalled DKK 586.8 million in 2014. If the expenditure is compared with the payroll ceiling of DKK 571.2 million stipulated in the Finance and Appropriation Act for 2014 (incl. supplementary appropriations), the increased expenditure totalled DKK 15.6 million. As a result, an accumulated payroll saving of DKK 74.6 million has been carried forward to 2015, cf. table 11.

Table 2. The MFA's main and key financial figures (DKK million)

Profit/Loss Account – Main Figures	2012*	2013	2014
Ordinary and other operating revenue, total	-2,187.4	-1,944.2	-1,887.8
Appropriations booked as revenue	-1,986.2	-1,739.7	-1,686.0
External revenue	-201.2	-204.5	-202.6
Other operating revenue is booked under other operating entries			
Ordinary operating costs, total	2,099.8	1,812.2	1,830.1
Salaries and wages plus other personnel costs	656.6	602.8	604.9
Depreciation	312.7	87.0	132.8
Other costs	1,130.5	1,122.3	1,092.4
Result of ordinary operations, total	-87.6	-132.0	-57.7
Other revenue	-103.7	-80.1	-94.8
Other costs	15.6	16.9	17.9
Result of ordinary operations, total	-175.7	-195.2	-134.5
Financial revenue	-2.1	-1.3	-1.4
Financial costs	114.4	69.8	111.7
Year-end profit/loss	-63.3	-126.7	-24.1
Balance	2012	2013	2014
Fixed assets	1,871.0	1,796.9	1,720.7
Current assets	672.0	303.3	327.0
Equity	-316.9	-322.9	-347.1**
Provisions	-87.8	-93.6	-83.4
Long-term liabilities	-1,899.3	-1,778.8	-1,755.5
Short-term liabilities	-239.0	-232.0	-371.2
Borrowing limit	2,528.6	2,528.6	2,528.6
Borrowing limit (FF4) -balance 31.13.	1,897.3	1,796.9	1,720.7
Financial key figures (obligatory)	2012	2013	2014
Rate of utilisation of borrowing limit	72.7 %	71.1 %	68.1 %
Negative fluctuation	5.0	8.8	9.6
Profit margin	7.7 %	6.5 %	1.3 %
Appropriation proportion	91.7 %	89.5 %	89.3 %
Personnel information	2012	2013	2014
Full-time equivalents	1,242.0	1,134.7	1,122.3
Full-time equivalent cost (DKK thousand)	520.0	517.8	522.9
Payroll cost percentage	26.8 %	30.7 %	31.3 %***
Payroll ceiling	682.2	622.3	571.2
Payroll expenditure in relation to payroll ceiling	645.9	587.6	586.8

Note: A positive (+) figure = expenditure/deficit, and a negative (-) figure = revenue/surplus.

* The data excludes the impact of the Danish EU Presidency (1 January 2012 – 31 July 2012) on the financial results.

** Equity includes adjusted equity of DKK 32.8 million.

*** The payroll cost percentage in 2014 has been calculated by dividing payroll expenditure in relation to payroll ceiling with ordinary and other operating revenue (excl. the MFA Competence Centre).

3.5 Functions and resources

This section reports on the MFA's functions and the allocated resources for performing them. The first part presents the resource consumption for each of the MFA's functions, calculated according to the specification of functions stipulated in the Finance and Appropriation Act. The second part reports on the functions to which a reserved appropriation was earmarked when the financial accounts were completed.

3.5.1 Functions and resources: a schematic overview

Table 3 below shows the entire MFA's resource consumption for each and every MFA function. The division of functions has been carried out with a point of departure in table 6 of the Finance and Appropriation Act, "Specification of expenditure on functions". The table covers the MFA's entire operations, incl. commercial activities.

Table 3. Outline of the MFA's economy under Section 06.11.01 and Section 06.11.05 (DKK million)

	Appropriations booked as revenue	Other revenue	Expenditure	Proportion of year profit
Support functions	610.6	0.0	679.5	68.9
General foreign policy	362.5	119.1	403.6	-78.1
Administration of development assistance	331.3	0.0	368.7	37.4
Export and investment promotion, etc.	270.0	76.5	301.3	-45.2
Consular services	186.6	3.0	207.7	18.1
Fee-financed activities, consular services	-75.0	100.2	0.0	-25.2
Total	1,686.0	298.8	1,960.7	-24.1

Note: A positive (+) figure = expenditure/deficit, and a negative (-) figure = revenue/surplus. The breakdown of functions has been made on the basis of table 6 of the Finance and Appropriation Act.

3.6 Performance reporting

The MFA's performance management encompasses both the MFA's outward functions, such as the delivery of services to the general public and companies, and the MFA's departmental functions that involve servicing Ministers, the Government and the Folketing (Danish Parliament). This method of reporting promotes balanced governance across the MFA's main areas of activity.

The MFA's performance management is based on a general political priorities paper drawn up on the basis of the Government Platform. Each political priority is owned by a member of the Corporate Management Forum (KLF), who formulates goals and follows up on the goal attainment, with assistance provided by so-called stakeholders in the MFA's centres.

The MFA's performance management follows the main principles set out in the Agency for the Modernisation of Public Administration guidelines, "*Strategisk styring med resultater i fokus*" (*Strategic governance with focus on results*). The performance reporting covers the selected corporate strategy goals and initiatives, which are not a comprehensive description of all MFA tasks and functions.

In connection with the performance management process for 2014, six-monthly dialogue meetings between KLF members and the respective Heads of Mission were introduced. The objective of these meetings is to follow up regularly on progress and take any relevant action to ensure goal attainment. In 2014, progress reports on the underlying goals and initiatives are also submitted each quarter to the KLF in order to ensure strategic ownership and regular follow-up. In connection with setting the goals for 2015, additional focus is placed on setting fewer, but clearer goals and evaluation criteria.

In 2014, six priorities were laid down for the MFA's overall sphere of activity. For each priority, 1-3 underlying goals were attached (12 in total). For each goal, 1-3 major concrete initiatives were attached (20 in total), which make a significant contribution to goal attainment.

The six priorities are as follows:

1. A balanced security policy
2. Growth and employment in Denmark and Europe
3. Transition to a green economy and green growth
4. The Arctic
5. Everybody has the right to a better life in which his/her complete set of rights are respected
6. An open, communicating and cooperating foreign service with focus on the individual

3.6.1 Performance reporting - Part 1: Schematic overview

Table 4 below provides a summary in schematic form of the overall level of goal attainment for the six priorities through the 12 underlying strategic goals. As a rule, a grade 'A' is required (full attainment). The level of goal attainment is measured on the basis of full-year reporting for 2014 for each specific goal, with contributions from the relevant MFA units responsible for their attainment.

Table 4. Goal attainment 2014

Political priorities and strategic goals	Goal attainment broken down as follows: A= attained B= partially attained C= not attained			
	Total number of strategic goals	Attained goals	Partially attained goals	Unattained goals
Priority 1. A balanced security policy	2		2	-
Priority 2. Growth and employment in Denmark and Europe	2		2	-
Priority 3. Transition to a green economy and green growth	1	1		-
Priority 4. The Arctic	2	2		-
Priority 5. Everyone has the right to a better life where his/her complete set of rights are respected	2	1	1	-
Priority 6. An open, communicating and cooperating foreign service with focus on the individual	3	2	1	-
Total attainment of strategic goals	12	6	6	-

3.6.2 Performance reporting - Part 2: In-depth analyses and assessments

The following section elaborates and comments on the level of goal attainment for each of the MFA's six priorities and 12 underlying strategic goals. For each strategic goal, a summary is provided initially of the level of goal attainment, cf. table 4. For an overview of the strategic goals linked to the priorities, refer to section 6.

Priority 1: A balanced security policy

The overall level of goal attainment for **strategic goal 1.1** is classified as 'B' (partial attainment).

In 2014, Denmark continued its multifaceted efforts to fight terrorism and violent extremism. Denmark remained actively involved in global collaboration fora such as the Global Counter Terrorism Forum (CGTF). In the Middle East, Denmark joined the international coalition fighting the terrorist movement, ISIL. Denmark also contributes to countering the radicalisation threat through programmes in other regions – the Sahel, the Horn of Africa and Afghanistan/Pakistan. Denmark remained actively involved in the counter-piracy efforts off the Horn of Africa – through military contributions, capacity building and activities targeted at the underlying causes of piracy. In 2014, Denmark formulated a new Strategy for the Danish Counter-Piracy Effort (2014-2018), which also introduced the Gulf of Guinea as a

The MFA has followed up on the progress towards achieving the strategic goals on a quarterly basis.

Where the goal has been achieved, an 'A' is given; a 'B' is given for a goal that has been partially achieved; while a 'C' is given for a goal that has not been achieved. As table 4 shows that 6 out of the 12 strategic goals in general were deemed to be fully attained, whilst 6 strategic goals were deemed to be partially attained. The MFA's goal attainment for 2014 is therefore deemed in general to be satisfactory.

new focus area. The strategy was not launched officially until February 2015, which is one of the reasons for only the partial attainment of strategic goal 1.1. Denmark also made an active contribution to the formulation of EU and NATO policies on maritime security. In order to strengthen coordination of Denmark's international actions on cyber security issues, the MFA established a new 'cyber security team' in 2014.

In 2014, Denmark left important fingerprints on the international disarmament and non-proliferation agenda. Work was carried out to finalise and seek support for a new code of conduct on arms transport, which is expected to be launched in 2015. Denmark, Germany and Poland jointly presented input regarding a potential, new conventional arms regime in Europe. However, the repercussions of the situation in Ukraine had a detrimental effect on the efforts to make progress on this matter and is one of the key reasons for only the partial goal attainment of strategic goal 1.1.

The overall level of goal attainment for **strategic goal 1.2** is classified as 'B' (partial attainment).

2014 saw Denmark maintain a strong profile in regard to the stabilisation of fragile and conflict-affected states, partly through programmes in priority regions. On the basis of a new strategic framework for 2014-15, Denmark

contributed to the stabilisation of the opposition-controlled areas in Syria. There was a general focus on continuously adjusting the programme in light of the changing security situation. A new Danish Afghanistan Strategy for 2015-2017 was finally approved and published in October 2014. Denmark made an important contribution to the dialogue with Somalia by means of an international high-level meeting in Copenhagen in November 2014. The launch of a strategic country policy paper had to be postponed due to a political crisis in Somalia, which is the primary reason for the only partial goal attainment of strategic goal 1.2. In the Sahel, Danish efforts focused on the situation in Mali, in which Denmark, in addition to providing military contributions to the UN operation in the country (MINUSMA), continued to implement its multiannual Peace and Stabilisation Programme for the Sahel.

Priority 2: Growth and employment in Denmark and Europe

The overall level of goal attainment for **strategic goal 2.1** is classified as 'B' (partial attainment).

In 2014, the MFA contributed to promoting Danish interests and specific initiatives on growth and employment in Denmark and the EU. This applies, for example, to the MFA's role in positioning Denmark as closely as possible to the core of the EU through effective coordination and cooperation with EU institutions and Member States. In 2014, the MFA promoted the building of strong relations with the newly appointed EU Commission and the newly elected European Parliament. In December 2014, Denmark also entered into an agreement with the 'Yes' parties in the Folketing (Danish Parliament) to hold a referendum on the Danish opt-outs, which would likewise move Denmark closer to the core of the EU.

The MFA worked to promote growth through specific initiatives in Europe: firstly, through influencing the formulation of the European Council's five strategic priorities from June 2014, in which Denmark helped to ensure that growth and employment was a main EU priority; and secondly, through supporting the Commission's Investment Plan for Europe presented in December 2014, with emphasis on projects particularly within sustainability and new technology. The plan represents an ambitious investment plan for the whole of the EU. Denmark continued to support the path of structural reform aimed at securing the stabilisation of the European economy as an important foundation for Danish growth and employment.

Through rapid national ratification (December 2014) of association and free trade agreements (AA/DCFTA's) with Ukraine, Georgia and Moldova, Denmark sent a clear message of Danish support for the European orientation of these countries. In addition, the bilateral support through the Neighbourhood Programme was pri-

marily directed at reforms aimed at underpinning implementation of the association and free trade agreements. Under the Danish Neighbourhood Programme, close collaboration has been fostered with both the Kosovo and Ukraine ministries of agriculture. In accordance with the countries' national priorities, Denmark provides, among other things, support to small and medium-sized farms and agro-industries. This has promoted productivity and efficiency, and thereby growth and employment.

In 2014, the goal of improving the framework conditions for Danish companies in Russia was difficult to achieve due to the EU's economic sanctions against Russia and the Russia's counter-sanctions against the EU. This is the key reason for only the partial attainment of strategic goal 2.1. The MFA provided advice to Danish business organisations and major companies on how best to navigate the sanctions and new framework conditions for bilateral trade with Russia.

The overall level of goal attainment for **strategic goal 2.2** is classified as 'B' (partial attainment).

Denmark's foreign-economic conditions are changing. Particularly, the shift of global growth towards markets outside Europe and the USA pose new challenges and opportunities. It is a high priority for the MFA to help Danish enterprises gain a better foothold in the new emerging economies, which in the coming decades are expected to be responsible for 60-70 per cent of global growth. It is also a major priority to ensure the best conditions for the Danish business community in the largest, traditional export markets, where purchasing power remains strong and which for many businesses serve as a springboard for exports.

The Danish Government presented its first comprehensive Strategy on Export Promotion and Economic Diplomacy in 2014. The strategy strengthens economic diplomacy in the MFA and across government ministries. The objective is to significantly upgrade the value of official governmental support for Danish businesses in relation to the global growth markets. Therefore, a number of initiatives will be launched to promote greater synergy between development and commercial activities, so that Danish knowledge and technology can deliver solutions to local development needs, and also to create the basis for commercial activities. This applies in relation to cooperation between Danish and international public authorities in a number of selected countries. The strategy contains 40 specific initiatives, most of which were launched in 2014. This includes the establishment of the Foreign Economic Forum, which serves as a broader advisory body for the Minister for Trade and Development Cooperation and the Minister for Foreign Affairs. Likewise, the MFA has established a joint team on official business promotion campaigns between the Trade Council, the Confederation of Danish Industry

and the Danish Agriculture and Food Council in order to raise the quality of the campaigns.

The Strategy on Export Promotion and Economic Diplomacy also aims to ensure that the business community benefits from the growth orientation incorporated in the MFA's restructuring of the Danish Mission network in 2014. Embassies were established in Nigeria, Colombia, the Philippines and Myanmar, as well as a Trade Office in Lagos. The new Mission structure will in general enhance Danish access to markets containing approx. 300 million inhabitants.

The continued focus on emerging economies in the Government's strategy aims to underpin the MFA's ongoing growth market efforts and contribute to increasing Danish goods exports to BRIC countries and "second-wave" emerging economies (Indonesia, Mexico, South Africa, South Korea, Turkey and Vietnam) by 50 per cent in the period 2011-16.

The export figures for the first 11 months of 2014 are approx. two per cent below the growth rate required to meet the target by 2016. The partial goal attainment for strategic goal 2.2 is thus due to this deviation in relation to the 2016 target and should be seen in light of the significant falls in the exchange rate and the declining economic growth in several of the ten selected countries. In addition, the situation in Russia and Ukraine has had an adverse impact on the considerable exports of Danish goods to Russia. Similarly, the exports of mink furs to Hong Kong have been affected by a significant fall in price. On the positive side, Denmark was able to increase its market share in relation to the competitors despite contraction in demand in several emerging markets. Particularly exports of goods to China, South Korea, Indonesia, Mexico and Turkey contributed positively to reaching the target of minimum DKK 75 billion in Danish goods exports to the ten selected emerging markets by the end of 2014.

In parallel with the scaled-up efforts in emerging markets, the MFA maintains its focus on ensuring Danish businesses good export opportunities in the traditional volume markets. In this respect, volume market action plans were adopted in 2014 for the USA, Japan and Germany, with specific initiatives developed for selected sectors.

In 2014, the MFA was involved in 47 investment projects which led to the creation or retention of 1,250 jobs in Denmark. This surpassed the target set by Invest in Denmark. Investments particularly from Europe and North America contributed positively. Besides the direct job effect, the foreign investments contribute to increasing competitiveness and exports as well as creating better access to new technology and knowledge.

Priority 3: Transition to a green economy and green growth

The overall level of goal attainment for **strategic goal 3.1** is classified as 'A' (full attainment).

Throughout 2014, the MFA actively participated in several international and bilateral initiatives aimed at facilitating the transition to a green economy and green growth. Green growth and a green economy promote an inclusive and sustainable development that has low greenhouse gas emissions and uses the planet's resources efficiently.

In 2014, the MFA launched bilateral initiatives in, for example, Bolivia, Afghanistan, Ethiopia, Niger, Uganda and Zimbabwe for DKK 1.5 billion with the aim of promoting green transition. This was supplemented by a number of other contributions through, for example, the Global Environment Facility. In total, commitments were made for DKK 3.3 billion within the priority area of green growth. In the EU, the MFA also worked actively for the adoption of ambitious energy and climate targets. At the European Council in October 2014, agreement was reached on an EU climate and energy policy framework for 2030 which set an internal target of reducing CO₂ emissions by at least 40 per cent. This provides a good basis for the EU to maintain a leading role in the run-up to COP21 in Paris.

Financing will be a major challenge at the upcoming COP21 and in the efforts to reach consensus in the UN on the new sustainable development goals. In this context, the MFA's contribution to the Green Climate Fund in 2014 is highlighted, including the focus on private sector involvement. In 2014, the MFA contributed to developing partnerships and business models that focused on private sources of funding, for example through the Danish Climate Investment Fund, the Sustainable for All (SE4AL) initiative and the Global Green Growth Forum (3GF).

The MFA has striven to ensure that energy becomes an item on the post-2015 agenda with sustainable development goals adopted on increased access, efficiency improvements and quality. In 2014, the MFA entered into a partnership with the German Marshall Fund focusing on energy security and held a high-level meeting - The Copenhagen Energy Security Dialogues - in Copenhagen in November 2014. In 2014, the MFA also devoted focus to strengthening efforts to address global water scarcity, including translating Danish competencies in the water field to new initiatives and investments in developing countries. In order to support access to water as well as sustainable transition through the Danida Business Finance facility in 2014, Denmark approved financing for projects for water supply and wastewater treatment plants in Zambia for approx. DKK 600 million.

Increasing the involvement of the Danish business community in order to promote sustainable development

in developing countries was a focus area in 2014. The MFA held the Rana Plaza conference and launched a six-point plan to promote corporate social responsibility. A key activity in the six-point plan was the work on strengthening corporate social responsibility and sustainable value chains as key action areas in the new EU Council conclusions on the cooperation with the private sector in the field of development cooperation. These conclusions were adopted in December 2014.

Priority 4: The Arctic

The overall level of goal attainment for **strategic goal 4.1** is classified as 'A' (full attainment).

The efforts in relation to the Arctic were further strengthened in 2014. This was facilitated by the creation of a special Arctic department in the MFA in 2013. In order to improve the implementation of the Kingdom of Denmark Strategy for the Arctic, the MFA began outreach and coordinating work in relation to a wide range of relevant authorities in Denmark, Greenland and the Faroe Islands. In 2014, these efforts led to the preparation and/or launch of specific initiatives within the five main areas identified in the strategy, including 14 specific targets in the action plan attached to the strategy.

In the communication field, the MFA, in partnership with the Natural History Museum of Denmark, began work on preparing an Arctic Public Diplomacy campaign. This is expected to be rolled out to the service abroad at the beginning of 2015 and targeted at countries with significant interests in the region.

The overall level of goal attainment for **strategic goal 4.2** is classified as 'A' (full attainment).

A substantial part of the scaled-up activities with relevant authorities in Denmark, Greenland and the Faroe Islands subsequently provided the basis for intensified dialogue with the Kingdom's partners in the Arctic on specific cooperation initiatives. In 2014, meetings were held with all the key actors in the Arctic Council. Particularly the efforts in relation to new observer states in the Arctic Council, such as China, Japan and South Korea, were intensified. In addition, concrete and operational input was delivered to the upcoming US chairmanship of the Arctic Council.

In relation to the Arctic Council, the MFA continued its active support in 2014 to strengthening the Council's capacity through the secondment of a staff member to the Arctic Council Secretariat. In 2014, close cooperation took place with the Faroe Islands and Greenland in connection with safeguarding and promoting the foreign interests of the two parts of the Kingdom. This cooperation is closely linked to, and to a large extent an integral part of, the Arctic Strategy's implementation.

In relation to the Faroe Islands, the MFA continued to provide assistance in the herring stock dispute with the EU. This dispute was resolved in August 2014, resulting in the lifting of EU sanctions. The Faroese's also dropped their legal proceedings against the EU within WTO and the UN Convention on the Law of the Sea. The MFA also assisted the Faroe Islands in securing a free trade agreement with Turkey.

In relation to Greenland, raw material mining remained a key issue in 2014. In this regard, the follow-up work on the working/coordinative group on uranium mining had an important role in the cooperation. However, the work was temporarily suspended in connection with the Greenland elections, although it is expected to resume as quickly as possible in 2015.

In addition, the matter concerning the setting of whale fishing quotas for Greenland within the International Whaling Commission (IWC) entered a crucial phase in 2014. Based on a long and intense process of international negotiations, the MFA and the Greenland Home Rule Government secured endorsement of Greenland's quota wishes for 2015-2018. An extremely difficult matter was resolved following sustained Danish-Greenlandic efforts.

Priority 5: Everyone has the right to a better life where his/her complete set of rights are respected

The overall level of goal attainment for **strategic goal 5.1** is classified as 'A' (full attainment).

In 2014, the MFA, particularly through two initiatives, worked to achieve the goal of ensuring a constant focus in horizontal policy formulation on promoting the international rule of law, human rights, democracy and good governance, with the aim of maintaining Danish leadership in the international efforts in multilateral organisations and in Denmark's bilateral partnerships.

Firstly, Denmark contributed to promoting the international development and implementation of the Responsibility to Protect (R2P) concept – the principle of the State's responsibility to counter serious international crimes, such as genocide and ethnic cleansing. Denmark has maintained its leadership in this area through two ongoing national processes – the preparation of a report on the operationalisation of R2P in Danish foreign policy and a mapping of the R2P-related activities of Danish authorities. For example, Denmark held a meeting in the Global Network of National R2P Focal Points and was also co-organiser of an EU meeting of experts on R2P and an international conference on R2P attended by representatives from more than 50 countries. Denmark also helped organise a course on the practical implementation of the R2P concept at the Kofi Annan Peacekeeping Centre in Ghana.

Secondly, the Convention Against Torture Initiative (CTI) was launched at high-level events in Geneva, New York and Brussels. The first annual CTI Forum was held, attended by representatives from 18 geographically dispersed countries, and a Group of Friends was established, which by the end of 2014 had 20 member countries from five world regions. Parallel to this, Danish Missions engaged in major efforts to draw attention to the CTI among countries that have not yet ratified the Convention, such as Vietnam and Myanmar. The CTI was also promoted in connection with travels by the Minister for Foreign Affairs and the Minister for Trade and Development Cooperation.

The overall level of goal attainment for **strategic goal 5.2** is classified as 'B' (partial attainment).

Applying the human rights-based approach to development cooperation, Denmark strove to produce solid results in the multilateral and bilateral work to build societies where everyone, regardless of gender, has the right to basic services.

Through entering into new development contracts, Denmark contributes to promoting the accountability of governments to their citizens. Development contracts are contributions to a developing country's general budget combined with an agreement on specific improvements in key areas, typically within good governance and delivery of services to the country's citizens. The goal for 2014 was to enter into two development contracts. However, due to firm suspicion of irregularities, it was decided to postpone the contract with Mozambique to 2015, which explains the partial attainment of strategic goal 5.2.

In Tanzania, as a key element of the five-year country programme, a development contract worth DKK 550 million was signed. The development contract supports the Tanzanian government's implementation of its National Strategy for Growth and Reduction of Poverty.

As part of Denmark's efforts to promote an ambitious international agenda that reflects sexual and reproductive health and rights (SRHR), targeted efforts were made throughout 2014 to build alliances and engage in advocacy activities. There was strong cooperation and frequent contact with leading like-minded EU Member States. Similarly, in connection with the spring sessions of the UN Commission on the Status of Women and the UN Commission on Population and Development, targeted contact was made with selected countries in the south. In the post-2015 negotiations, Denmark, in partnership with allied countries and civil society organisations, actively contributed to ensuring that the final report contained positive elements on gender equality and SRHR. In the subsequent follow-up, Denmark highlighted SRHR during the UN General Assembly in September through a number of high-profile events, including the launch of the new SRHR Multi-donor Fund, 'Amplify Change',

which supports the use of civil society advocacy to promote universal recognition of sexual and reproductive health and rights.

Priority 6: An open, communicating and cooperating foreign service with focus on the individual

The overall level of goal attainment for **strategic goal 6.1** is classified as 'B' (partial attainment).

On 1 August 2014, two MFA departments, Press and Public Diplomacy, were merged to optimise synergy within the press and communication field. In 2014, the MFA conducted a strategic campaign on the social media to attract greater attention and create active user interfaces. By the end of 2014, 65 out of 79 Embassies and Multilateral Missions were accessible on social media, and the number of 'followers' increased by 64 per cent.

In its communication activities, the MFA contributed to generating 'more growth and employment of benefit to Denmark' by establishing new partnerships. One example is partnerships with Jyllands Posten on Ambassador analyses as well as the partnership with 3GF and State of Green regarding Danish and international media coverage. There was also focus on media coverage of growth, exports, the new Danish Missions and a new foreign policy reality. The MFA launched a partnership initiative with the Danish business newspaper, Børsen, on a near-market project entitled "Around Denmark" (as a follow-up to the "Around the World" project in 2013), which contained initiatives spotlighting potentials for Danish growth and exports.

In 2014, the MFA enhanced its proactive media activities through open access, media training of staff, and better timing of news items. Press briefings were called on highly topical issues on the foreign policy agenda regarding ISIL, the High-Level Partnership Forum on Somalia and the continental shelf north of Greenland, whilst media coverage was generated in Danish and international media in connection with official visits to Poland and Canada as well as state visits to China and Croatia.

The partial goal attainment for strategic goal 6.1 is due to difficulty in enhancing the MFA's proactive media-related activities in international media, including the development of effective models for monitoring international and social media. In 2015, the MFA will implement a common management tool for monitoring and following up on social media and also maintain its focus on conducting proactive media-related activities targeted at international media.

The overall level of goal attainment for **strategic goal 6.2** is classified as 'A' (full attainment).

The Government Platform presented in October 2011 specifies the Danish Government's wish to undertake a

sweeping reform of the Danish visa rules in order to strengthen the business opportunities of Danish enterprises in relation to foreign business partners as well as the Danish tourist sector. In accordance with this objective, the Government set up an inter-ministerial working group to review the Danish visa rules, in which the MFA participated from 2012-13.

The working group's main recommendations were to assign the Missions authority to issue immediate rejections of visa applications, to implement the Red Carpet Program (fast-track business visas) and to increase focus on ensuring greater accessibility regarding the submission of visa applications for entry into Denmark.

By the end of 2014, it is possible to submit visa applications for entry into Denmark at a total of 149 locations in 97 countries – 53 of which are Danish Missions authorised to issue visas. Denmark has outsourced the submission of visa applications to 93 locations in 29 countries, and Denmark is represented by other Schengen missions in 49 countries at 51 locations. In relation to 2013, the number of Missions authorised as submission locations and outsourcing offices increased by around 19 per cent.

In 2014, the MFA made a total of 283 Red Carpet agreements, which represents an increase of 45 agreements solely for the 4th quarter of 2014. Efforts are constantly made by Missions to enter new Red Carpet agreements, and the scheme was publicised in connection with the opening of the new Embassies in 2014.

On 1 March 2015, all Danish Embassies were assigned authority to reject visa applications. In autumn 2014, five regional courses were held to provide the necessary training to all affected staff and upgrade their competence to administer the new rules. This measure puts Denmark in line with the other Schengen countries – and will make it possible in a number of cases to shorten the case processing time.

The overall level of goal attainment for **strategic goal 6.3** is classified as 'A' (full attainment).

In autumn 2014, the MFA conducted a staff satisfaction survey in all parts of the home service and service abroad. The survey showed a small improvement from an already relatively high level. Specifically, staff satisfaction measured 73 points compared to 72 points the previous year. In comparison with other public authorities, this is a relatively high score. However, the survey also showed a continued need to focus on stress management and prioritisation. Targeted measures to address both these challenges were launched in 2014 and additional measures are in the pipeline for 2015.

In 2014, an analysis of gender equality in the MFA was completed, including the promotion of women into management positions. Based on proposals submitted by

a broad-based internal group of "change agents", a number of initiatives on promotion and recruitment with particular focus on gender diversity were implemented. Initiatives were also implemented aimed at strengthening individual awareness of barriers and habitual thinking that can obstruct greater diversity and better utilisation of the MFA's leadership talent pool.

Alongside these initiatives, work is continuing to clarify career paths for the MFA's staff. Discussion of mobility and career development has now been incorporated as a fixed element of the MFA's staff development interview concept. The work on identifying career paths for local staff has also begun, although this is not expected to be completed until the middle of 2015, as the MFA has prioritised broad-based involvement and dialogue with selected local staff in this work.

There was focus on implementing the MFA's salary reform, which was adopted at the end of 2013. The salary reform has led to increased use of performance-based remuneration and more strategic use of salary, allowances and adviser appointments with the aim of supporting, among other things, the MFA's need for staff mobility. 2014 also marked the start of the implementation of a new pay structure in the service abroad – a process that is taking place in step with the identification of new staff for posted positions at Danish Missions.

3.7 Explanation of reserved appropriations

In connection with the completion of the financial accounts for 2014, the MFA has reserved several appropri-

ations for specific purposes in the coming year. These are specified in detail in table 5 below.

Table 5. Reserved appropriations for specific purposes under Section 06.11.01. The Danish Foreign Service (DKK million)

Reserved appropriations - Section 06.11.01

Function	Reserved year	Reserved appropriation/Openin g Balance	Year Ex- penditure	Reserved appropria- tion/Closing Balance 2014	Expected Expiry
Enhanced promotion of Denmark	2011	1.1	1.1	0.0	-
Growth market strategies I	2012	3.6	3.9	0.0	-
Green export promotion	2013	0.3	0.0	0.3	2015
Growth market strategies II	2014	-	-	3.7	2015
Enhanced export and investment promotion activities within the welfare and health sector	2014	-	-	0.2	2015
Promotion of exports of Danish energy technology, etc.	2014	-	-	0.6	2015
Attraction of foreign journalists	2014	-	-	1.0	2015
Total		5.0	5.0	5.8	

Remarks on large reserved appropriations:

As part of the Agreement on a growth plan between the Danish Government (SRSF) and the Liberal Party, the Liberal Alliance and the Conservative Party on further strengthening the export and investment promotion

efforts, DKK 12 million was earmarked annually in 2014 and 2015 under the MFA's operating appropriation. Of this amount, DKK 8.3 million was used in 2014, whilst DKK 3.7 million is reserved for use in 2015.

3.8 Expectations to the coming year

3.8.1. The budget framework and its importance for the coming year

In 2015, the MFA will continue to focus on adjusting its activity level to the MFA's falling appropriation, including adjustments as a result of reprioritising part of Danish development assistance for 2015 in order to tackle the additional expenditure required for reception of asylum seekers that has been stipulated in the Finance and Appropriation Act agreement for 2015. A subsequent consequence will be a further reduction of the MFA's operations and administration of development assistance of DKK 27 million in 2015.

3.8.2. Main priorities

At the end of 2014, the Minister for Foreign Affairs and the Minister for Trade and Development Cooperation presented the foreign policy vision paper "More Denmark in the World", which takes its premise in a broad debate and dialogue on Denmark's role in the world, including the foreign, development and trade policy priorities in the future. Viewed from a foreign policy perspective, 2014 was a landmark year; a year characterised by the crisis in Ukraine, the fight against ISIL and violent extremism, as well as the Ebola epidemic in West Africa. The vision paper outlines three general bench-

marks for Danish foreign policy – security, prosperity and values – and proposes what Danish foreign policy should focus on and prioritise in order to safeguard and promote Denmark's interests in the best possible way.

The MFA's strategic goals are formulated on the basis of a general priorities paper, "Priorities and Action Areas for the Ministry of Foreign Affairs of Denmark". The priorities paper is rooted in the Government Platform from October 2011 as well as a number of adopted policies and strategies for the MFA's task performance and service delivery. The paper is adjusted in step with political developments and was most recently updated in December 2014 against the background of the vision paper, "More Denmark in the World". The updated paper constitutes the framework for the MFA's general performance management in 2015. It contains six political priorities, for each of which between one and three centrally formulated strategic goals (a total of 9 strategic goals in 2015) have been assigned. For each strategic goal, between one and three specific initiatives, which significantly contribute to goal attainment (a total of 24 initiatives in 2015), have been assigned. The sections below provide a brief description of the six main priorities for 2015.

1. A balanced security policy

In a global society, all parties are collectively responsible for and dependent on promoting peace and security in

the conflict areas of the world and in contributing to solving a number of global threats. The MFA will work for a balanced security policy and ensure that Denmark continues to show an active engagement in tackling international conflicts and peacebuilding in both the near abroad and on other continents.

Denmark's will continue to adopt a multifaceted approach to security policy and, among other things, focus on the interplay between energy and security.

The MFA will prevent and fight terrorism and violent extremism – through targeted efforts in global fora such as the UN, the EU and the Global Counter Terrorism Forum and through efforts at regional and country level, including in Iraq.

The MFA will also contribute to stabilising the situation in Ukraine through specific initiatives aimed at involving the Ukrainian population in political decision-making processes, including national minority issues and rights issues, supporting freedom of the press and strengthening civil society and human rights organisations. Lastly, Denmark will contribute to strengthening the international sanctions system through effective Danish handling of sanctions and effort to improve protection of legal rights of individuals and groups targeted with sanctions.

2. Growth and employment in Denmark and Europe

In recent years, Europe has experienced the most serious economic crisis since the European cooperation was established in the 1950s. The crisis has particularly affected the framework conditions of the EU and the Danish economy. The MFA will work to promote active involvement in the formulation and negotiation of Denmark's priority issues in order to strengthen growth and employment in Denmark and Europe. In the coming years, it will be vital to reinforce the common EU efforts to promote an economically strong and job-creating Europe, in which necessary reforms are implemented, competitiveness is restored and international trade agreements can link the EU to the global growth centres. Denmark is best able to promote this development by positioning itself as closely as possible to the core of the EU and by playing an active role in the formulation, coordination and negotiation of Denmark's position.

In 2015, the MFA will focus in particular on generating increased growth and employment through promoting ambitious trade agreements and ensuring the legal basis for, and implementation, of the European Fund for Strategic Investments (EFSI) in a way that benefits Danish interests. As part of Denmark's presidency of the Nordic Council of Ministers, the MFA will work for fewer border obstacles in the Nordic region. Preparations are also underway for holding a referendum on a restructuring of the Danish opt-out on EU justice and home

affairs to an opt-in arrangement, as a firm indication that Denmark is moving closer to the core of the EU. Lastly, the MFA will continue to create jobs and growth in Denmark by continuing to implement the Government Strategy on Export Promotion and Economic Diplomacy and by boosting the quality of foreign investment projects in Denmark.

3. Transition to a green economy and green growth

The world faces global challenges in the climate and environmental field. These are challenges that require being solved in a world undergoing major changes. In 2015, efforts to secure the transition to a green economy and green growth will focus on promoting more sustainable development aimed at reducing emissions, consuming resources more efficiently and increasing the access of the world's poorest to basic resources. Based on the foreign policy strategy, the MFA will prioritise activities that strengthen sustainable natural resource management, mitigate the impact of climate change and improve people's access to necessary resources such as water and energy. 2015 will also be a year that requires the negotiation of an international climate agreement in Paris (COP21), which is expected to attract great attention and active participation.

In 2015, the MFA will enhance focus on involving the private sector in initiatives and new partnerships that promote the green transition. In this context, Danish development cooperation and Danish business competencies can deliver important contributions, where we must take advantage of the opportunities that Denmark has as a green destination country for technologies that can drive the transition to a green economy. Focus will also be placed on promoting corporate social responsibility and sustainable value chains.

4. The Arctic

During these years, the Arctic is undergoing extensive changes as a result of global climate change. This development brings with it increasing awareness of new opportunities, but also of challenges posed by these changes. The MFA has enhanced its focus on the Arctic region. In 2015, the implementation of the Kingdom of Denmark Strategy for the Arctic will, among other things, be promoted through efforts under the US chairmanship of the Arctic Council 2015-2017, with focus on sustainable development and environmental protection. The MFA will also work actively to strengthen the involvement of the observers in the Arctic Council in order to promote the Kingdom's priorities and to strengthen relations with important countries with observer status.

5. Active engagement for values and rights

The rule of law and respect for the rights of the individual are fundamental principles in Danish society. Therefore, the MFA will prioritise an active engagement for values and rights. In order to promote these values glob-

ally, the MFA will strengthen efforts to reach the UN Millennium Development Goals and secure Danish priorities in the development of the post-2015 goals. Children's access to quality education is an important instrument in the fight for democracy and poverty reduction. The MFA will maintain its prioritisation of the poorest and most vulnerable children's education, including children in fragile situations and girls' access to education. In addition, there will be a particular focus on promoting the international rule of law through contributing to the universal ratification and more effective implementation of the UN Convention against Torture.

6. An open, communicating and cooperating foreign service

Essentially, Danish foreign policy is about people. The MFA is to have an open, communicating and cooperating foreign service. The MFA works to strengthen international cooperation. This applies both in relation to Danish bilateral relations, including Danish development cooperation, and in relations with civil society in other countries. This applies also to multilateral organisations.

Through increased openness and communication, there will be focus on the cooperation with the business community and civil society, including the non-governmental

organisations, media and other stakeholders. This will partly be achieved through greater use of social media platforms and in 2015 through particular focus on promoting the Nordic region as a region during the Danish presidency of the Nordic Council of Ministers.

Activities within the consular field and the performance of tasks for Danish nationals will be strengthened by means of developing new methods of communication in the form of a new app for Danish nationals travelling abroad. The efforts to provide greater accessibility in connection with submission of visa applications will continue. Similarly, the process of achieving more flexible case processing will be continued with the rolling out of the authority to reject applications at relevant Missions.

In 2015, focus will be maintained on building the MFA's capacity to produce results of high professional standard. Some of the tools used are designed to generate greater clarity on career development and staff mobility, to ensure improved strategic governance and to streamline workflows. This will enable the MFA to remain an attractive workplace that offers exciting professional challenges and high staff satisfaction in both the home service and the service abroad.

4. FINANCIAL REVIEW

The scope of accounting concerning the revenue and cost accounts comprises Section 06.11.01. The Danish Foreign Service and Section 06.11.05. Revenue from Consular Services.

4.1 Applied accounting procedures

- The MFA adheres to the general government accounting rules for cost-based accounts and cost-based appropriations, with the following comments: In conformity with the agreement with the Ministry of Finance, all transferable or partially transferable properties are valued on the basis of a market valuation carried out in 2005, whereas non-transferable properties are valued on the basis of the acquisition price. No revaluations are made regularly in relation to market developments in relation to the transferable and partially transferable properties, although in 2014 the booked value of the Embassy building in Dublin was adjusted. This was done with the Ministry of Finance's specific approval, which was given on the grounds of an expected sale of the property in 2015. The value of all properties is divided according to three categories: land, buildings and installations. The value of installations is fixed at 10 per cent of the value of the building.
- Assets that fall under the grants/subsidies sphere are not included in the cost-based accounts.
- The MFA has changed its accounting procedures in relation to the ongoing exchange rate adjustment in the accounts. Until 2013, each Mission adjusted the exchange rate on an ongoing basis in connection with transfer of cash and cash equivalents. At a given time, therefore, there were several exchange rates per currency in the accounts. From 2013, an annual exchange rate per currency is set. This annually fixed exchange rate is used also when setting the budget frame.
- In 2005, the MFA entered into agreement with the Ministry of Finance and the Danish Agency for the Modernisation of Public Administration to use joint bank and cash holdings in the service abroad in the cost and expenditure-based sphere. From 2013, the cash and cash equivalents in both the service abroad and the home service are separated in these areas. There are however, grant appropriations that are registered in the cost-based accounts and subsequently settled.

4.2 Profit and loss account, etc.

The MFA's profit and loss accounts for the years 2012-2014 are presented below in table 6.

Table 6. The MFA's profit and loss account 2012 – 2014 (DKK million)

Profit/loss as of 31.12.2014	Accounts 2013	Accounts 2014	Budget 2015
Ordinary operating revenue			
Appropriations booked as revenue			
Appropriations	-1,731.5	-1,686.0	-1,660.70
Amount spent of previous year's reserved appropriations	-13.2 ¹	-5.0	5.8
Amount reserved of current year's appropriations	5.0	5.8	-5.8
Appropriations booked as revenue, total	-1,739.7	-1,685.2	-1,660.70
Sale of goods and services	-110.0	-102.4	-87.6
Fees/charges	-94.6	-100.2	-100.0
Ordinary operating revenue, total	-1,944.2	-1,887.8	-1,848.30
Ordinary operating costs			
Consumption costs			
Rent	235.9	226.6	221.9
Consumption costs, total	235.9	226.6	221.9
Personnel costs			
Salaries and wages	600.9	605.6	622.7
Pension	95.9	98.5	101.3
Reimbursement of pay	-103.2	-109.3	-112.4
Other personnel costs	9.1	10.1	10.4
Personnel costs, total²	602.8	604.9	622
Depreciation and amortisation	87.0 ³	132.8	85.8
Other ordinary operating costs	886.5	865.8	998.94
Ordinary operating costs, total	1,812.2	1,830.1	1,928.60
Result of ordinary operations, total	-132.0	-57.7	80.30
Other operating entries			
Other operating revenue	-78.7	-94.8	-170.1
Other operating costs	16.6	17.9	0.0
Result before financial items, total	-194.1	-134.6	-89.80
Financial items			
Financial revenue	-1.3	-1.4	0.0
Financial costs	69.8 ⁴	111.7	89.8
Financial items, total	68.6	110.3	89.8
Result before extraordinary items, total	-125.6	-24.1	0.0
Extraordinary items			
Extraordinary costs	0.3	0.0	0.0
Extraordinary revenue	-1.4	0.0	0.0
Extraordinary items, total	-1.1	0.0	0.0
Year-end profit/lost, total	-126.7	-24.1	0.0

Note: A positive (+) figure = expenditure/deficit, and a negative (-) figure = revenue/surplus.

² The MFA's personnel costs contain salary related to commercial activities as well as subsidies for individuals, and therefore exceed the salary expenditure under the payroll ceiling, cf. section 4.6, table 11.

Table 7. Distribution of year-end profit (DKK million)

	2014
Year-end profit for transfer	-24.1
Appropriated earned surplus	0,0
Transferred to dividends to Treasury	0,0
Transferred to carry-forward surplus	-24.1

4.2.1 Explanation of reversed provisions and accrual items

The MFA's provisions were adjusted as of 31.12.2014. All provisions below have been reduced in relation to balances the previous year, which has led to revenues on the profit side.

Provisions in 2014	DKK million
Holiday pay	101.0
Severance pay for locally employed staff in the service abroad	28.9
Refurbishment of leased properties	52.5
Loss on debtors	0.4
Availability pay*	1.6

*Note: The provision for "Availability pay" stems from an EU judgment in 2013. This judgment meant that the MFA has obligations towards civil servants who have transferred from availability pay to pension. The DKK 1.6 million specified above is a calculated residual balance, which will be paid out during 2015.

4.3 The balance sheet

The MFA's balance sheet for 2013 and 2014 is presented below in table 8. Notes to the balance sheet can be found in section 5.1.1.

Table 8. The MFA's balance sheet 2013-2014 (DKK million)

Balance as of 31.12.2014	2013	2014
Assets		
Fixed assets		
Intangible fixed assets		
Completed development projects	113.1	116.2
Acquired concessions, patents, licences, etc.	2.6	2.6
Development projects in progress	0.6	6.3
Intangible fixed assets, total	116.3	125.0
Tangible fixed assets		
Land, space and buildings	1,546.6	1,491.1
Transport equipment	15.9	25.5
Plant and machinery	8.3	6.8
Fixtures and fittings, tools and IT equipment	64.6	49.9
Work in progress at own cost	45.4	22.3
Tangible fixed assets, total	1,680.7	1,595.7
Financial fixed assets		
Government bonds	32.8	32.8
Other financial fixed assets	0.0	0.0
Financial fixed assets, total	32.8	32.8
Fixed assets, total	1,829.7	1,753.5
Current assets		
Accounts receivable	243.9	237.6
Prepayments and accrued revenue	59.4	89.3
Cash and cash equivalents		
FF5 Non-interest-bearing account	104.9	-181.5
FF7 Financing account	-25.4	489.0
Other cash and cash equivalents	214.9	169.2
Cash and cash equivalents, total	294.4	476.7
Current assets, total	597.7	803.7
Assets, total	2,427.3	2,557.2

Balance as of 31.12.2014	2013	2014
Liabilities		
Equity		
Adjusted equity	-32.8	-32.8
Carry-forward surplus	-290.1	-314.3
Equity, total	-322.9	-347.1
Provisions	-93.6	-83.4
Long-term liabilities		
Mortgage debt and other long-term debt	-0.5	0.0
FF4 Long-term debt	-1,778.3	-1,755.5
Long-term liabilities, total	-1,778.8	-1,755.5
Short-term liabilities		
Suppliers of goods and services	-77.1	-111.9
Other short-term debt	-34.4	-21.2
Holiday pay due	-102.9	-101.0
Reserved appropriation	-5.1*	-5.8
Prepayments, liabilities	-1.9	-2.3
Work in progress and liabilities	-10.6	-129.0
Short-term liabilities, total	-232.0	-371.2
Debt, total	-2,010.8	-2,126.7
Liabilities, total	-2,427.3	-2,557.2

*Note: Of this amount, DKK 0.1 million of the reserved appropriation that related to the Danish EU Presidency in 2012 was appropriated.

4.4 Explanation of equity

The MFA's equity totalled DKK 347.1 million at the end of 2014. Of this amount, the accumulated surplus carried forward totalled DKK 314.3 million and the adjusted equity totalled DKK 32.8 million, cf. table 9.

The carry-forward surplus totalled DKK 29+1.1 million at the beginning of 2014, which together with the year-end profit of DKK 24.1 million thus increased to DKK 314.3 million.

Table 9. Explanation of the MFA's equity (DKK million)

	R-1 2013 mio. kr.	R 2014 mio. kr.
Equity, year-beginning	-196.2	-322.9
Adjusted equity, opening balance	-32.8	-32.8
Changes in adjusted equity	0.0	0.0
Adjusted equity, closing balance	-32.8	-32.8
Revaluations, opening balance	0.0	0.0
Changes in revaluations	0.0	0.0
Revaluations, closing balance	0.0	0.0
Carry-forward surplus, opening balance	-163.4	-290.1
Changes in carry-forward surplus related to account changes	0.0	0.0
Existing carry-forward surplus appropriated	0.0	0.0
Year-end profit/loss	-126.7	-24.1
Year-end profit/loss appropriated	0.0	0.0
Dividends to the State	0.0	0.0
Carry-forward surplus, closing balance	-290.1	-314.3
Equity, year-end	-322.9	-347.1

4.5 Separate cash flow and borrowing limit

The MFA's operating appropriations fall under the scope of the separate cash flow scheme. The scheme is tailored to the special organisational conditions at the Missions of the Danish Foreign Service.

Table 10. Utilisation of the borrowing limit (DKK million)

	2014
Intangible and tangible fixed assets, total	1,720.7
Borrowing limit	2,527.2
Rate of utilisation in %	68.1 %

4.6 Follow-up on the payroll ceiling

The MFA's payroll expenditure under the payroll ceiling totalled DKK 586.8 million in 2014, which meant an expenditure increase of DKK 15.6 million in relation to the payroll ceiling of DKK 571.2 million. The total payroll saving subsequently amounted to DKK 74.6 million by the end of 2014, cf. table 11.

Table 11. Follow-up on payroll ceiling (DKK million)

Main account	2014
	Section 06.11.01
Payroll ceiling FL (Finance and Appropriation Act)	571.0
Payroll ceiling incl. TB (Supplementary Appropriation/Appropriation Notes)	571.2
Payroll expenditure under payroll ceiling	586.8
Difference	-15.6
Accumulated saving, year-end 2013	90.2
Accumulated saving, year-end 2014	74.6

4.7 The appropriation accounts

The appropriation accounts for Section 06.11.01 and Section 06.11.05 are presented below in table 12. The MFA's year-end result for 2014 shows a surplus of DKK 24.1 million after adjusted provisions relating to reserved appropriations. Consequently, an accumulated carry-forward surplus totaling DKK 314.3 million is transferred to 2015.

The year-end results is viewed primarily as a reflection of the MFA's focus on tailoring the activity level to the MFA's falling appropriations, cf. also section 3.4 – The financial results in 2014.

Table 12. MFA appropriation accounts for Section 06.11.01. The Danish Foreign Service and Section 06.11.05. Revenue from Consular Services (DKK million)

	Accounts 2013	Budget (FL+TB) 2014	Accounts 2014	Difference	Budget 2015
Net cost appropriation	1,612.9	1,686.0	1,661.1	24.9	1,660.7
Net expenditure of reserved appropriation	8.2	-	-0.8	-0.8	
Revenue	-285.9	-287.3	-298.7	11.4	-315.8
Expenditure	1,898.9	1,973.3	1,959.8	13.5	1,976.5
Year-end result	-126.7		-24.1		

Note: Rounding up procedures caused discrepancies between the individual figures and the totals.

4.8 Cost-based main accounts

The table below presents the cost-based main accounts of the MFA.

Table 13. The MFA's administered cost-based main accounts (DKK million)

Main account	Type of appropriation	Revenue/Expenditure	Appropriation	Accounts 2014
06.11.06 Interest revenues from diverse receivables	Revenue appropriation	Revenue	-10.0	-16.4
	Revenue appropriation	Expenditure	40.2	40.4
06.11.15 Non-statutory grants	Revenue appropriation	Expenditure	0.0	-0.3
06.11.19 The Bilateral Neighbourhood Programme	Revenue appropriation	Revenue	-125.0	-125.0
06.11.21 Repayments from the Investment Fund for Central Europe (IØ) and the Investment Fund for Developing Countries (IFU)	Statutory	Expenditure	118.3	107.0
06.21.01 The Nordic Council of Ministers	Statutory	Expenditure	333.4	273.3
06.22.01 Peacekeeping operations, etc. under the UN	Statutory	Expenditure	251.2	234.4
06.22.03 Other organisations	Other appropriation	Revenue	-2.0	-7.1
		Expenditure	1.9	0.0
06.32.01 Developing countries in Africa	Revenue appropriation	Expenditure	2,528.4	2,329.0
06.32.02 Developing countries in Asia and Latin America	Revenue appropriation	Expenditure	1,231.2	1,050.7
06.32.04 Personnel assistance	Revenue appropriation	Expenditure	275.2	284.5
06.32.05 Danida Business Programmes	Revenue appropriation	Expenditure	355.1	360.9
06.32.06 Mixed credits	Revenue appropriation	Expenditure	-0.6	0.0
06.32.07 Loan assistance	Revenue appropriation	Revenue	-50.4	-46.8
		Expenditure	-4.5	1.3
06.32.08 Other assistance	Revenue appropriation	Expenditure	424.7	416.9
06.32.09 The Danish-Arab Partnership Programme	Revenue appropriation	Expenditure	275.0	274.8
06.32.11 The Neighbourhood Programme	Revenue appropriation	Expenditure	193.2	193.3
06.33.01 Assistance through civil society organisations	Revenue appropriation	Expenditure	1,007.5	1,011.8
06.34.01 Environment and climate assistance in developing countries, etc.	Revenue appropriation	Expenditure	1,203.6	1,203.6
06.35.01 Research and information in Denmark, etc.	Revenue appropriation	Expenditure	239.8	236.7
06.35.02 International development research	Revenue appropriation	Expenditure	12.0	12.0
06.36.01 The UN Development Programme (UNDP)	Revenue appropriation	Expenditure	614.8	615.8
06.36.02 The UN Children's Fund (UNICEF)	Revenue appropriation	Expenditure	290.0	290.0
06.36.03 HIV/AIDS, Population and Health Programmes	Revenue appropriation	Expenditure	801.7	802.0
06.36.05 Global environment programmes	Revenue appropriation	Expenditure	-1.3	-0.3
06.36.06 Other UN development programmes and various multilateral contributions	Revenue appropriation	Expenditure	295.4	297.5
06.37.01 The World Bank Group	Revenue appropriation	Revenue	-1.2	-1.7
		Expenditure	897.7	898.7
06.37.02 Regional development banks	Revenue appropriation	Expenditure	-5.1	-0.1
06.37.03 Regional development funds, debt relief initiatives and other funds	Revenue appropriation	Expenditure	175.4	176.2
06.37.04 Assistance through the European Union (EU)	Other appropriation	Revenue	-1.0	-1.0
		Expenditure	485.5	485.7
06.38.01 Multilateral regional and reconstruction assistance	Revenue appropriation	Expenditure	-0.5	0.0
06.38.02 Stability and security-oriented efforts	Revenue appropriation	Expenditure	-7.1	0.0
06.38.03 Various multilateral contributions	Revenue appropriation	Expenditure	-2.6	0.0
06.39.01 General contributions to international humanitarian organisations	Revenue appropriation	Expenditure	610.0	610.0
06.39.02 Humanitarian contributions to acute and protracted crises	Revenue appropriation	Expenditure	-3.9	-8.3
06.39.03 Humanitarian contributions to partners in acute and protracted crises	Revenue appropriation	Expenditure	1,631.0	1,631.0
06.41.02 Trade Commissioners and Trade Office	Revenue appropriation	Revenue	-23.3	-26.3
		Expenditure	72.2	72.9
06.41.03 Special export promotion grants	Revenue appropriation	Expenditure	54.8	46.3

5. ANNEXES

5.1 Notes to the profit/loss account and the balance sheet

Extraordinary items

In 2014, the MFA had no extraordinary revenue nor extraordinary expenditure.

Loss on receivables (Balance sheet)

In 2014, the MFA reduced its provisions for loss on debtors in 2014 from approx. DKK 1 million in 2013 to approx. DKK 0.35 million in 2014.

Inventories (Balance sheet)

The MFA had no inventories for the purposes of resale.

Provisions (Balance sheet)

Within the MFA, provisions are made annually for more than 500 leases in the service abroad. A number of leases change during a calendar year as a result of different accommodation needs under the “new housing policy”. As of 31 December 2014, these provisions totalled DKK 52.5 million. In 2014, the balance was adjusted downwards by DKK 2.0 million.

5.1.1 Notes to the balance sheet

Note 1. Intangible fixed assets (DKK million) – discrepancies may occur due to rounding

	Completed development projects	Acquired concessions, etc.	Total
Cost price as of 1.1.2014	215.0	3.2	218.2
Opening balance adjustments and transfers between scopes of accounting			
Acquisition	36.3	0.0	36.3
Disposal	-4.8	0.0	-4.8
Cost price as of 31.12.2014	246.4	3.2	249.6
Accumulated depreciation	-130.2	-0.6	-130.9
Accumulated amortisation			
Accumulated depreciation and amortisation 31.12.2014	-130.2	-0.6	-130.9
Financial value as of 31.12.2014	116.2	2.6	118.7
Annual depreciation	-28.4	-0.1	-28.4
Annual amortisation			
Annual depreciation and amortisation	-28.4	-0.1	-28.4

Development projects in progress

	DKK million
Opening balance as of January 2014	0.4
Acquisition	9.0
Amortisation	
Transferred to completed development projects	-3.1
Cost price as of 31.12.2014	6.3

Note 2. Tangible fixed assets (DKK million)

	Land, space and buildings	Infrastructure	Plant and machinery, etc.	Transport equipment	Fixture and fittings, tools and IT equipment	Total
Cost price as of 01.01 2014	1,921.9		37.9	67.0	176.8	2,203.6
Opening balance adjustments and transfers between scopes of accounting						
Acquisition	12.0		0.8	24.9	5.9	43.6
Disposal	-0.7		-1.6	-14.8	-18.1	-35.1
Cost price as of 31.12.2014	1,933.2		37.2	77.1	164.6	2,212.1
Accumulated depreciation	-286.0		-30.4	-51.5	-112.6	-480.5
Annual amortisation	-156.1		0.0	0.0	-2.1	-158.3
Annual depreciation and amortisation	-442.1		-30.4	-51.5	-114.7	-638.7
Financial value as of 31.12.2013	1,491.1		6.8	25.5	49.9	1,573.4
Annual depreciation	-33.2		-0.7	-0.4	-2.5	-36.8
Annual amortisation	-33.6					-33.6
Annual depreciation and amortisation	-66.8		-0.7	-0.4	-2.5	-70.4

Work in progress at own cost

	DKK million
Opening balance as of 1 January 2014	45.4
Acquisition	26.0
Amortisation	
Transferred to completed tangible fixed assets	-49.1
Cost price as of 31.12.2014	22.3

5.2 Commercial activities

A statement of the commercial activities under the MFA Competence Centre (UMKC) is presented below in table 14.

Table 14. Commercial activities 2011-2014 (DKK million)

	2011	2012	2013	2014
Language training, year-end profit/loss ("-" sign = surplus)	-2.1	2.4	1.1	-0.2
Language training, accumulated year-end profit/loss ("-" sign = surplus)	-7.4	-5.0	-4.0	-4.2

5.3 Fee-financed activities

A statement of fee-financed activities in the MFA under Section 06.11.05 is presented below in table 15. The legislative framework has been respected and observed.

Table 15. Fee revenue 2011-2014 (DKK million)

	2011	2012	2013	2014
Fee - passports	-7.7	-16.5	-16.7	-16.2
Fees - legalisation	-11.4	-12.3	-13.4	-13.9
Fees – assistance cases	-0.4	-0.4	-0.2	-0.2
Fees – visas and residence/work permits	-46.2	-57.9	-62.9	-67.7
Other fee revenue	-1.3	-1.7	-1.5	-2.2
Total	-66.9	-88.7	-94.6	-100.2

5.4 Presented investments

Table 16. Capital projects in progress (DKK million)

Capital projects in progress	Most recently presented	Commencement of construction	Expected completion	Incurred expenditure, total	Incurred expenditure, current year	Approved total expenditure
Embassy building, Dhaka*	2005		2015	0.2		DKK 7.0, cf. Appropriation Note 178, 2005
Embassy and residences, New Delhi**		2015/16	2017/18	7.0	1.1	DKK 136.0, cf. Appropriation Note 48, 2008

* The case is expected to be closed as a result of the decision to work towards a Nordic joint location in Dhaka, cf. Appropriation Note 11 of 23/10 2014.

** The cost incurred with the acquisition of land rights amounts to DKK 136 million and was defrayed in 2010. Start of engineering design activity (EDA) incl. EU procurement in 2010. Commencement of construction originally announced for 2012, but has been changed to 2015/16.

6.1 Overview – Priorities and Goals

Political priorities and strategic goals	Goal attainment broken down as follows: A = attained B = partially attained C = not attained
Priority 1. A balanced security policy	
Goal 1.1: Denmark engages in targeted efforts and strategies – particularly in multilateral fora such as the UN, NATO and the EU – aimed at countering threats on the modern security policy agenda such as cyber-attacks, piracy and terrorism and tackling current threats in the field of disarmament and arm control.	B
Goal 1.2: Formulate consolidated plans/strategies during 2014 for Denmark's overall engagement in a number of fragile states with the aim of promoting the stabilisation agenda.	B
Priority 2. Growth and employment in Denmark and Europe	
Goal 2.1: The MFA promotes a constructive and engaged Danish approach to EU cooperation and the cooperation with EU neighbours with the aim of maximising stimulation of growth and employment. This is a cross-cutting issue that pervades Danish positions in relation to sector policy reforms, prioritisation of resources, enlargement negotiations, partnership policy and trade policy.	B
Goal 2.2: The MFA must contribute to creating jobs and growth in Denmark through increased Danish exports and attraction of foreign investments, including through optimal organisation of the Danish Government's export promotion efforts, high prioritisation of economic diplomacy and continued focus on the Government's Growth Market Strategy.	B
Priority 3. Transition to a green economy and green growth	
Goal 3.1: Based on the strategy for Denmark's development cooperation, the MFA will prioritise interventions that strengthen sustainable natural resource management, mitigate the impact of climate change and improve people's access to water and land/food and energy. In this respect, the MFA in 2014 will devote greater effort to involving the private sector in initiatives and partnerships that promote the green transition.	A
Priority 4. The Arctic	
Goal 4.1: Strengthen the implementation of the Arctic Strategy in close coordination with relevant actors in the Central Administration as well as in Greenland and the Faroe Islands.	A
Goal 4.2: Engage in closer political dialogue with the most important countries in the Arctic Council with the aim of promoting the strategic interests of the Kingdom of Denmark.	A
Priority 5. Everyone has the right to a better life where his/her complete set of rights are respected	
Goal 5.1: Ensure that horizontal policy formulation includes focus on promoting the international rule of law, human rights, democracy and good governance with the aim of ensuring continued Danish leadership in the international efforts both in multilateral organisations and in Denmark's bilateral partnerships.	A
Goal 5.2: Through the human rights-based approach to development cooperation, the MFA produces solid results in the multilateral and bilateral efforts to build societies where everyone regardless of gender has the right to basic services as an important precondition for being able to create a better life for themselves.	B
Priority 6. An open, communicating and cooperating foreign service with focus on the individual	
Goal 6.1: The MFA delivers better communication through partnerships, network building, proactive media efforts and dialogue on social media. The activities related to the goal will be carried out as part of the implementation of the MFA's Communication Policy.	B
Goal 6.2: Visa processing procedures strengthen the business opportunities of companies in relation to foreign business partners	A
Goal 6.3: Promote the MFA as an ambitious and attractive workplace offering exciting professional challenges and a high level of satisfaction.	A

