

# Road Map for the Implementation of the Strategy for Denmark's Development Cooperation in 2011

Growth and Employment priority theme

May 2011

## Introduction

Growth and employment constitutes one of five political priorities in the Strategy for Denmark's Development Cooperation: "Freedom from Poverty, Freedom to Change". The recommendations of the Africa Commission (May 2009) have in particular influenced the decision to strengthen Denmark's efforts to enhance sustained economic growth and job creation.

A new strategic framework, or sub-strategy, for Growth and Employment was recently launched (February 2011). The strategic framework outlines priorities and direction in more detail than the overall strategy including approaches and tools for initiatives focused on growth and employment creation. Hence, for more details on the goals outlined in this road map, reference is made to the strategic framework.

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

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

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

The Danish business community can contribute strongly to the creation of growth and employment by transferring knowledge, technology and management tools. Such transfer is confidently expected to be done with due respect for

climate change and environmental considerations, human rights, labour rights, working environment, and the fight against corruption. These principles and guidelines are encompassed in the Global Compact principles and in the ILO's Decent Work Agenda.

Numerous activities to enhance sustainable growth and create more decent jobs will be initiated at country level during 2011 and onwards. This roadmap only captures some of these activities. Examples have been selected with particular focus on new types of activities, and an attempt to illustrate actions at various levels and in various partner countries. New phases of the business sector programmes in Ghana and Kenya are being implemented and a new private sector programme in Mozambique will be initiated second half of 2011. Moreover, new Growth and Employment programmes will during 2011 be prepared in Mali, Burkina Faso, Bangladesh and Nepal for commencement in 2012.

## **Financial Framework**

Danida funds allocated to promote growth and employment creation will be doubled compared with the 2009 level over the coming few years to reach 2 billion annually by 2014 for agri-business and private sector development. This includes business sector programmes, Danida business instruments and bilateral follow up on Africa Commission recommendations.

Besides total budgets for business sector programmes and Danida Business instruments, additional 50 mio DKK has been allocated in 2011 for supporting new initiatives to strengthen growth and employment. The focus of the 50 mio DKK frame will be support to generate increased regional trade, transfer of green technology, innovative partnerships and value chain developments to the benefit of poor producers. This additional pool of money will also include support to the ongoing development of international standards and initiatives, for instance support to the Extractive Industries Transparency Initiative (EITI) that can create more effective tax systems to the benefit of the entire society in poor countries. Support to EITI is an action part of a broader initiative on tax and development launched by the Minister for Development Cooperation and Minister for Taxation in February 2011.

The roadmap is structured according to the six focus areas that Denmark will prioritize to create sustained economic growth reaching all levels of society, empowering the individual to take charge of and improve her or his own life:

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

Goal	Actions in 2011	Indicator
<p>1.1. Work through the EU for regulatory, transparent and liberal trade regimes that meet the needs and special challenges of the poorest countries.</p>	<p>a) As part of preparation for 2012 EU Presidency, carry out analysis to provide future directions for Danish priorities for trade and development in light of changes in the global economy</p>	<p>a) Analysis completed including clear recommendations for Danish bilateral and multilateral priorities for trade and development, which will be provided as input to the communication on Trade and Development</p>
<p>1.2 Promote regional market development and strengthen trade-related capacity building.</p>	<p>a) Prepare Danish support to regional economic integration in East Africa (EAC)</p>	<p>a) Danish support to EAC formulated and approved by the Minister for Development Cooperation and ready for implementation</p>

Goal	Actions in 2011	Indicator
2.1. Work for raising industrial policy and investment climate needs up in the political hierarchy among partner country governments	a) Mandatory to address the need for industrial and business policy to support market-led growth in all high level consultations and budget support dialogue	a) Ensure that the action is reflected in minutes from High Level Consultations or reflected in agreed budget support indicators in all partner countries
2.2. Provide better access to financial services	a) Roll out of the African Guarantee Fund in selected African countries  b) Through strategic partnership with IFC, provide better access to finance in fragile states in Africa	a) First loans provided to African small and medium sized companies with guarantees from the African Guarantee Fund  b) In South Sudan, at least 2 leasing companies established, generating 1,000 leasing transactions
2.3. Promote and enforce private property rights, securing land tenure and women's equal access to property, credit, labor market, training and technology	a) Promote youth and women's competitiveness in agribusiness in Uganda.  b) Burkina Faso: Partnership with the " Maison de l'Entreprise" to implement pilot project aiming to ease women and youth access to capacity and finance to run their businesses through capacity building.	a) 1000 women farmers and entrepreneurs benefit from trainings in entrepreneurship, market development, advocacy and mediation.  b) 150 business promoters trained and 25 new, unemployed women and youth under 35 in Ouagadougou, Bobo Dioulasso, Kaya, Ouahigouya have access to financial institutions.
2.4. Focus on youth educational programmes, technical and	a) Support to Save The Children and Underprivileged Childrens Education	a) Project to be initiated in 2011 with the first batch of student enrollment in a 9 month training course

<p>vocational training and strengthening the links between education and employment in the private sector.</p>	<p>Programme (UCEP) in Bangladesh on textile education for children and creation of safe workzones.</p>	<p>combined with a 3 months trainee position at a local textile company.</p>
<p>2.5. Promote an open dialogue between private sector organizations and the public sector</p>	<p>a) The Business Sector Advocacy Challenge Fund (BUSAC) in Ghana will offer grants to association for advocacy cases.</p> <p>b) Establishment of a 2nd round of the Business Advocacy Fund (BAF II) in Kenya to improve the business environment through reform of policies, laws and regulations that hinder private sector development.</p>	<p>a) Approval of at least 100 grants in 2011 with an outreach of 1 mill. members and other involved stakeholders</p> <p>b.1) BAF II has engaged with 6 business membership organizations (not part of BAF I) to increase their capacity to initiate and advocate for policy changes.</p> <p>b.2) At least 10 policy changes initiated by business-led dialogue and advocacy processes by end 2011</p>

Goal	Actions 2011	Indicator
<p>3.1. Promote international research and technology development and innovative partnerships to enhance the developing countries' opportunities for utilizing new, green technology and innovative solutions.</p>	<p>a) Danida Business (DB) instruments will be modernized with a view to engaging the business community more than before in transferring knowledge to partners in developing countries.</p> <p>b) Mapping of needs and opportunities for energy supply in Kenya with a view to financing, possibly through DB Finance, in compliance with roll out of component 3 of the Kenya business sector programme on "Innovation and piloting green energy".</p> <p>c) International agricultural research (CGIAR); Approve CGIAR Strategic Results Framework and initiate Danish support to CGIAR Research Programme on Climate Change, Agriculture and Food Security</p>	<p>a) DB Partnerships and DB Finance will be modernized including new possibilities for support to development of regional projects</p> <p>b) Mapping carried out including identification of 3-6 potential projects that could be included in the DB Finance pipeline; projects that would increase access to energy for businesses and households, including rural areas, thereby improving living conditions and the enabling environment for private enterprise.</p> <p>c) Strategic Results Framework approved by CGIAR donors</p>
<p>3.2. Promote Danish investments, trade and transfer of technology to developing countries</p>	<p>Seminars and events in Denmark with focus on business opportunities in Africa, including strengthened dialogue with Danish companies and business organizations</p> <p>b) Delegations with focus on business opportunities in Danida partner countries, in particular within agro-processing.</p>	<p>a) A total number of min 500 companies have been introduced to new business opportunities</p> <p>b) A minimum number of 75 Danish companies have participated in delegations in 2011.</p>

<p>3.3. Improve the knowledge-base in the developing countries by contribution of Danish research and education institutions in areas where Danish research has a high international standard.</p>	<p>a) Initiate capacity building programme with focusing on strengthening of PhD education at universities in Tanzania and Ghana as part of programme under Universities Denmark' platform "Growth &amp; Employment".</p>	<p>a) Specific activity plan and budget developed and approved in June 2011; implementation phase initiated from August 2011</p>
<p><b>Goal</b></p>	<p><b>Actions for 2011</b></p>	
<p>4.1. Work to create value addition in all links of the chain between the producer and the consumer by using the value chain approach as framework for analysis and implementation of efforts at all levels.</p>	<p>a) U-Growth in Uganda; The aBi Trust supports development of the coffee, maize, oil seeds and high value export horticulture value chains, implemented by applying global best practice for enterprise support</p> <p>b) In Bolivia, support the work of rural and urban enterprises in different productive sectors such as Quinoa and oregano through e.g. organization of seminars and guides for poor, but economically active, farmers in export value chains with special emphasis on social and environmental aspects.</p>	<p>a) By end-2013: in excess of 100,000 farming families and 300 firms and farmers organizations have significantly improved economies; 35,000 new bank loans have been made to farmers and agribusinesses; and, the aBi Trust is internationally certified as complying with best practice.</p> <p>b) 10% income increase in 25% of the rural or urban enterprises through the added value to the products.</p>
<p>4.2 Support national initiatives to strengthen organization of the agricultural and manufacturing sector and its commercialization.</p>	<p>a) In Mali: Workshops and training programme started to enhance the regional agricultural chamber's (CRA) capacity to support activities related to main value chains</p>	<p>a) 5 workshops organised to establish a road map to organise the farmer associations related to a value chain, and services provided by the CRA for the farmer association to enhance value chains included in their work plan.</p>

<b>Goal</b>	<b>Actions in 2011</b>	<b>Indicator</b>
5.1. Promote the creation of more effective tax systems	a) Support to the Mozambican tax authority for the development of an e-Tax system that will greatly ease the private sectors ability to access the tax authority and pay taxes.	a) Tax business procedures in the tax authority redesigned and simplified. Procurement process initiated for purchase of IT equipment.
5.2. Promote international initiatives to increase transparency and openness regarding financial transactions and to counter tax havens and illegal financial transfers	a) Financial support to Extractive Industries Transparency Initiative (EITI)	a) In 2011, an increase in the number of: <ul style="list-style-type: none"> <li>- supporting countries,</li> <li>- compliant countries, and</li> <li>- supporting companies</li> </ul>
<b>Goal</b>	<b>Actions in 2011</b>	<b>Indicator</b>
6.1. Contribute to a safety net or insurance schemes which gives the poorest people tools to improve their own situation.	a) ) Ensuring timely access to farm inputs for small scale farmers in Zimbabwe and provision of financial services and capacity building of clients and banks  b) Improving livelihoods for poor farmers in Northern Uganda and revitalizing the economy through agricultural training and public works activities.	a) Contributing to the reestablishment of farm input supply system through a network of 600 agrodealers reaching approximately 200.000 small scale farmers.  b) More than 20,000 farmers will be trained in agricultural practices for one season in order to improve agricultural livelihoods and to reduce the fragility of the region.

