

# **ROAD MAP FOR THE IMPLEMENTATION OF THE STRATEGY FOR DENMARK'S DEVELOPMENT COOPERATION IN 2012**

## **GROWTH AND EMPLOYMENT**

## 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 further growth and employment.

A strategic framework, or sub-strategy, for Growth and Employment was launched in 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.

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 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, 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.

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.

Numerous activities to enhance sustainable growth and create more decent jobs will be initiated at country level during 2012:

In **Bangladesh**, a new phase of the agricultural programme will commence in 2012. The programme will focus on developing the capacity of small farmers in meeting international standards and quality requirement within freshwater fish farming. Further the programme will support value addition to production of fruit and vegetables through application of the value chain approach.

In **Nepal, Mali and Burkina Faso** a new Growth and Employment Programme will be prepared during 2012 with implementation from 2013. In Mali the programme is built on the experiences gained through the on-going business programme, and the agricultural sector programme. Integrated in the new programme is an emphasis on enhancing capacities of different actors working along potential value chains. In

Burkina Faso, the programme will focus on green growth and private sector growth and hence improved employment potential in rural areas.

### **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 private sector development in Africa. This includes business sector programmes, Danida business instruments and bilateral follow up on Africa Commission recommendations.

In 2012, Denmark will contribute with additional 150 million DKK to the African Guarantee Fund and 57 million DKK to NORSAD – a joint financing initiative between the Nordic and Southern African (SADC) countries - in order to promote investments in Southern Africa.

In light of the development in the Middle East and Northern Africa, a new Freedom Investment Fund (FIF) under the Industrialization Fund for developing countries (IFU) will be established. A total of 100 million DKK will be allocated to FIF to promote growth and job creation in this region, of which 50 million DKK will be provided in 2012.

### **Priority areas within Growth and Employment**

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

<b>1. Work towards increased free trade, market access for developing countries and better integration in the global economy</b>		
<b>Goal</b>	<b>Actions in 2012</b>	<b>Indicator 2012</b>
1.1. Work through the EU for regulatory, transparent and liberal trade regimes that meet the needs and special challenges of the poorest countries.	1.1.1. As part of 2012 EU Presidency ensure that Danish priorities on Trade and Development e.g. trade capacity building, diversification of exports and regional integration are addressed.	1.1.1. Council Conclusions on Trade and Development reflect Danish priorities.
1.2 Promote regional market development and strengthen trade-related capacity building.	1.2.1. Assessment of opportunities for strengthening regional economic integration in Southern Africa carried out by a group of local and international experts.	1.2.1. Regional study approved by the Ministry.
<b>2. Support partner countries in establishing the framework for market-based economic growth with a focus on employment</b>		
<b>Goal</b>	<b>Actions in 2012</b>	<b>2012 Indicator</b>
2.1. Work for raising industrial policy and investment climate needs up in the political hierarchy among partner country governments.	2.1.1. Mandatory to address the need for improved industrial and business policy to support market-led growth in all high level consultations and budget support dialogue.	2.1.1. Business sector needs 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.	2.2.2. Support activities to remove barriers to offering mobile banking in rural areas in Tanzania. This includes facilitation of commercial linkages to expand agent networks into rural areas.	2.2.2. Bank of Tanzania develops a legal framework for the use of merchants for banks to offer financial services by end of 2012.

<b>2. Support partner countries in establishing the framework for market-based economic growth with a focus on employment</b>		
<b>Goal</b>	<b>Actions in 2012</b>	<b>2012 Indicator</b>
2.3. Promote and enforce private property rights, securing land tenure and women's equal access to property, credit, labour market, training and technology.	2.3.1. Support economic and legal justice for women in Uganda through the U-Growth programme's Gender for Growth fund which supports two organisations to provide legal aid services and advocacy on land reform.	2.3.1 500 women benefit from the services offered.
2.4. Focus on youth educational programmes, technical and vocational training and strengthening the links between education and employment in the private sector.	2.4.1. Support to Graduate Internship Programme (GRIP) at Dar es Salaam Business School 2.4.2. Support to establishing the Skills Development Fund (SDF) under the Council for Technical and Vocational Education and Training in Ghana.	2.4.1. Career counselling centre at University of Dar Es Salaam Business School established. GRIP promoted and at least 250 graduate internships secured by the end of 2012. 2.4.2. 60 grants delivered to private or public companies or training institutions under the four windows of the SDF (formal, informal, innovative, technology).
2.5. Promote an open dialogue between private sector organizations and the public sector.	2.5.1. Support to Advocacy and Business Research through strengthening of business associations in Mozambique. 2.5.2. Capacity building of business organizations in Kenya, Ghana and Bangladesh to strengthen guidance to members on implementation of the UN Global Compact Principles and to increase numbers of Global Compact signatories. 2.5.3. The Business Sector Advocacy Challenge Fund (BUSAC) in Ghana will work to strengthen advocacy capacity among business, trade and labour associations, farmer based organizations and business media.	2.5.1. Ease of doing business ranking/score improved by 2 points in 2012 and at least 4 major national advocacy initiatives launched in 2012 by benefitting PSOs (private sector organizations). 2.5.2. Increase in number of company participants in the Local Network. Target is 12 new members in each network in 2012. 2.5.3. Business Sector Advocacy Challenge Fund approves 150 grants with an outreach of more than 1 million stakeholders in Ghana in 2012.

<b>3. Advance developing countries' access to new technology and innovation</b>		
<b>Goal</b>	<b>Actions 2012</b>	<b>2012 Indicator</b>
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.	3.1.1. Establish Climate Innovation Centre in Kenya.  3.1.2. Targeted effort to transfer Danish competences within Cleantech to relevant Vietnamese stakeholders and investors.	3.1.1. 4 Venture-capital investments in CT-technology in 2012 (and 16 more by the end of 2015).  3.1.2. 3 partnership agreements between Vietnamese and Danish Cleantech companies approved for support under DB Partnership in 2012.
3.2. Promote Danish investments, trade and transfer of technology to developing countries	3.2.1. Establish Investment Fund for targeted investments in the Middle East and North Africa of a total of 100 mill. DKK.	3.2.1. 5 investment projects in the Middle East and North Africa approved for funding in 2012.
3.3. Improve the knowledge-base in developing countries by contribution of Danish research and education institutions in areas where Danish research has a high international standard.	3.3.1. Strengthen PhD education in Tanzania and Ghana by establishing PhD schools at two universities in Tanzania and Ghana. The programme is implemented by the "Growth & Employment" platform under the Universities of Denmark initiative.	3.3.1. Threefold indicator; At least 8 PhD courses developed and implemented at universities in Tanzania and Ghana. At least 8 PhD projects agreed upon in Ghana and Tanzania on Growth and Employment relevant topics. 4 research proposals developed jointly between Tanzanian, Ghanaian and Danish universities.

<b>4. Work with all aspects from production to processing so that jobs are created and a more versatile production is established in partner countries</b>		
<b>Goal</b>	<b>Actions for 2012</b>	<b>2012 Indicator</b>
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.	4.1.1. Formulation, appraisal and presentation to the Danida Board and the Development Minister of new Growth and Employment Programmes in Mali, Burkina Faso and Nepal all with emphasis on value creation in the agricultural sector.	4.1.1. Approval of Growth and Employment Programmes in Mali, Burkina Faso and Nepal in 2012.
4.2 Support creation of a good business climate for the established formal sector to activate resources in the informal sector	4.2.1. Market facilitation projects in the manufacturing sector with emphasis on agro-processing and inclusion of micro, small and medium enterprises (MSMEs) in larger manufacturers' supply-chains in Kenya.	4.2.1. Five value chain companies with growth potential identified and cooperation between micro-finance institution and manufacturing sector commenced for provision of access to financing for MSMEs in the manufacturing sector.
<b>5. Strengthen tax systems so that over time developing countries become capable of financing their own development</b>		
<b>Goal</b>	<b>Actions in 2012</b>	<b>Indicator</b>
5.1. Support the creation of more effective tax systems.	5.1.1. Implementation of Programme to support Tanzania's authorities in their efforts to modernize tax administration and broaden the tax base (15 mill. DKK until 2013).	5.1.1. Domestic Revenue collection increases in the fiscal year of 2011-2012 compared to the previous fiscal year.
5.2. Support international initiatives to counter tax havens and illegal financial transfers.	5.2.1. Provide financial support to the Extractive Industries Transparency Initiative (EITI).	5.2.1. In 2012, an increase in the number of supporting countries, compliant countries, and supporting companies.

<b>6. Contribute to a safety net that provides the poorest members of society with an opportunity to improve their living conditions</b>		
<b>Goal</b>	<b>Actions in 2012</b>	<b>2012 Indicator</b>
6.1. Contribute to a safety net or insurance schemes which gives the poorest people tools to improve their own situation.	<p>6.1.1. Co-financing of social sector initiative in Ethiopia under the Productive Safety Net Programme (PSNP).</p> <p>6.1.2. Weather-indexed crop insurance schemes initiated in minimum one country in East Africa.</p>	<p>6.1.1. 75% of PSNP households have their asset levels stabilized or strengthened their use of health and education services improved and they have improved access to employment opportunities.</p> <p>6.1.2.1 Pilot insurance scheme established, products developed and 500 farmers insured against risks of weather - in particularly drought in Tanzania. The scheme will link weather insurance products to lending.</p> <p>6.1.2.2. Ugandan insurers offer a minimum of two new micro-insurance products addressing risks faced by the rural population.</p>