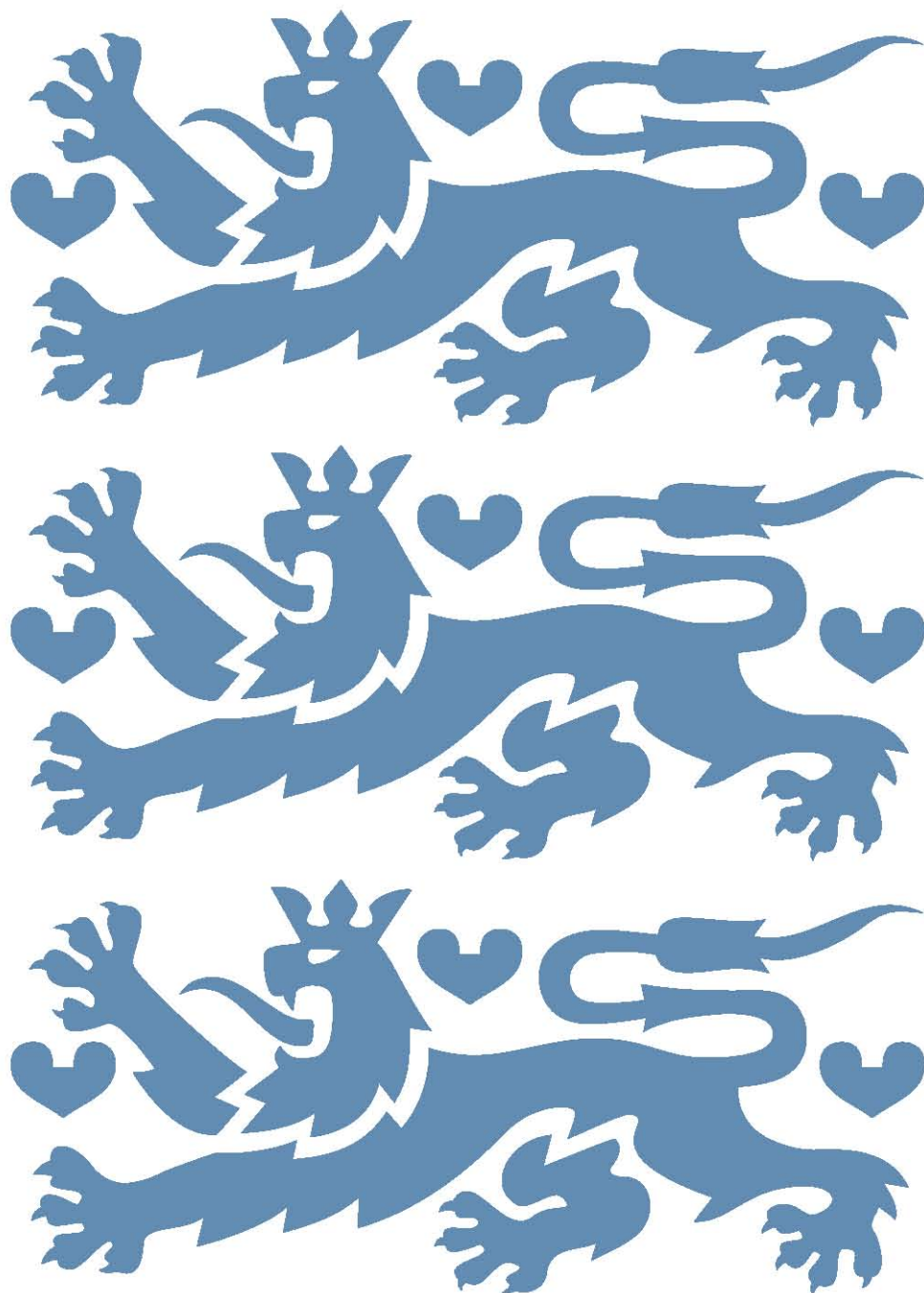


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1. INTRODUCTION

Herewith is presented the Annual Report of the Ministry of Foreign Affairs of Denmark (MFA) for 2011.

The MFA is an integrated organisation comprising one single department and associated Missions abroad without subordinate agencies or institutions. However, in respect to appropriations, the Danish Centre for International Studies and Human Rights (DCISM) belongs under the MFA, although the centre publishes a separate annual report.

In accordance with the practice of previous years, the MFA's Annual Report reports on all MFA tasks and functions, including the departmental functions and responsibilities, which are an integral part of the MFA's activities. 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 2011 and documents the governance that has laid the foundation for their achievement.

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

Performance reporting solely comprises the strategic goals of the past year upon which the MFA's target and performance management has been based. Information with particular regard to activities and goal attainment within Danish development assistance can be found in Danida's annual reports and other reports (www.um.dk/da/danida/det-goer-vi/).

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

2. REPORT

2.1 Presentation of the Ministry of Foreign Affairs of Denmark

2.1.1 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:

- Handles and coordinates Denmark's official relations with foreign countries; a number of international organisations, including the EU, the UN and NATO; and in respect to 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 commercial interest for Denmark, as well as attracts foreign investments to Denmark.
- Handles and coordinates Denmark's international economic relations with other countries, including within the trade policy sphere.
- Assists Danish citizens who find themselves in difficult situations abroad.
- Contribute 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 policy, Export and investment promotion, and Consular services.

2.1.2 Organisation

The MFA comprises of the Ministry in Copenhagen and Embassies, Consulates General and Trade Commissions abroad, as well as Missions at the most important international

organisations. Added to this are a large number of Honorary Consulates. In 2011, the entire corporation has approx. 2,700 employees, of whom approx. 850 are located at the Ministry in Copenhagen and approx. 1,850 are employed at the Missions. Of the 1,850 employees based abroad, approx. 1,350 are locally employed staff.

The MFA is an integrated organisation, which means that the staff all work together in one and the same organisation, regardless of where they are located. This means 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 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.

At the end of 2011, Denmark had 76 Embassies, 7 Multilateral Missions, 8 Consulates General, 17 Trade Commissions/Innovation Centres and 4 Mission Offices.

The Ministry in Copenhagen is organised according to a central structure with 11 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, with the aim of, among other things, creating strong structural embeddedness in relation to the new themes of globalisation, such as climate change, the new types of security threats and the financial crisis. In addition, the centre structure aims at enhancing the integrated approach to task performance that is the MFA's comparative advantage and prerequisite for being able to tackle present and future challenges effectively.

More information about the MFA's organisational set-up can be found on the MFA website at www.um.dk.

The MFA Annual Report 2011 is submitted for the following three main accounts on the Finance and Appropriation Act:

- Section 06.11.01 - The Danish Foreign Service
- Section 06.11.02 - The Government's Joint Expenditure Related to the Danish EU Presidency
- Section 06.11.05 - Income from Consular Services

2.2 The operational results in 2011

According to the guidelines for writing annual reports issued by the Agency for the Modernisation of Public Administration (*Moderniseringsstyrelsen*), "all goals and performance requirements 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. These goals are communicated internally via the announcement of the MFA's strategic goals and priorities, specifically in the form of a priority plan for 2011. The goals are designed to ensure the delivery of concrete results, products and services of benefit to the Government and other public authorities as well as citizens and enterprises in Denmark. The goals are specified in concrete in one-year performance contracts between the MFA's Senior Management and all Heads of Unit at home and abroad. Chapter 3 of the Annual Report reports on the aggregate level of attainment regarding all strategic goals set out in the announcement for 2011.

2.3 The financial results in 2011

The MFA's operating profit/loss in 2011 shows a surplus of DKK 44.9 million after an adjusted provision concerning reserved appropriations. The MFA's total payroll expenditure in 2011 totalled DKK 680.4 million. This is to be compared with the payroll ceiling of DKK 689.6 million stipulated in the Finance and Appropriation Act 2011. In relation to 2010, a fall in payroll expenditure of approx. DKK 6.5 million can be observed. This was caused by, among other things, a recruitment freeze and position closures that had been implemented in autumn 2010 and which consequently were not registered in the accounts until 2011. The difference between the payroll expenditure and the payroll ceiling means that DKK 9.2 million can be carried forward to the MFA's payroll saving.

The preparations for the Danish EU Presidency, which will take place in the first half of 2012, was a central task for the entire MFA in 2011. The Government's joint expenditure related to these preparations were partially financed in 2011 by an Appropriation Note of DKK 88.1 million earmarked for financing of expenditure in 2011. DKK 24.5 million of this provisioned appropriation was spent in 2001 alone, and thus

DKK 63.6 million is reserved for use in 2012. Added to this is DKK 151.3 million, earmarked in Section 06.11.02 of the Finance and Appropriation Act 2012, which similarly is to be used towards covering joint expenditure related to the Danish EU Presidency. The total expenditure used in connection with the Danish EU Presidency under Section 06.11.02 will be incorporated in the MFA Annual Report for 2012.

Table 1. The MFA's main and key financial figures (DKK million)

Profit/Loss Account – Main Figures	2009	2010	2011
Ordinary and other operating income, total	-2,481.4	-2,049.5	-2,068.2
Appropriations booked as income	-2,308.8	-1,862.2	-1,880.4
External income	-172.6	-187.3	-187.8
<i>Other operating income is booked under other operating items</i>			
Ordinary operating costs, total	2,345.8	2,064.9	1,987.6
Salaries and wages plus other personnel costs*	692.6	696.3	692.6
Depreciation	98.6	101.8	118.8
Other costs	1,554.5	1,266.8	1,176.2
Result of ordinary operations, total	-135.6	15.5	-80.6
Result before financial items, total	-188.0	-53.5	-148.0
Year-end profit/loss**	-95.0	50.2	-44.9
Balance	2009	2010	2011
Fixed assets	2,193.3	2,151.4	2,136.7
Current assets	941.2	609.3	1,101.9
Equity	-158.3	-107.6	-134.6
Provisions	-52.0	-50.5	-90.1
Long-term liabilities	-2,144.1	-2,112.7	-2,109.1
Short-term liabilities	-780.1	-490.0	-904.7
Borrowing limit	2,217.6	2,503.6	2,503.6
Borrowing limit (FF4) – balance 31.12.	2,137.8	2,107.8	2,105.6
Financial key figures (obligatory)	2009	2010	2011
Rate of utilisation of borrowing limit	96.4%	85.9%	84.1%
Negative fluctuation	3.8	2.3	3.1
Profit margin	3.8%	-2.4%	2.2%
Appropriation proportion	93.0%	90.9%	90.9%
Personnel information	2009	2010	2011
Full-time equivalents	1,450	1,439	1,380
Full-time equivalent cost (DKK thousand)	478	484	502
Payroll cost percentage	27.9%	34.0%	32.9%
Payroll ceiling	689.4	668.8	689.6
Payroll expenditure in relation to payroll ceiling	683.0	687.0	680.4

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

*) This figure also contains salary relating to commercial activities and therefore exceeds the actual payroll, cf. section 4.6, table 11.

***) In addition, DKK 2.2 million was appropriated in connection with the appropriation settlement for 2011.

2.4 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 functions to which a reserved appropriation was earmarked when the financial accounts were completed.

2.4.1 Functions and resources - a schematic overview

The table 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 2. Outline of the MFA's economy under Section 06.11.01, Section 06.11.02 and Section 06.11.05 (DKK million)

	Appropriations booked as income	Other income	Expenditure	Proportion of year profit
General foreign policy*	-635.5	-28.6	660.9	-3.1
Administration of development assistance	-759.2	0.0	755.9	-3.3
Export and investment promotion, etc.	-294.5	-84.3	373.2	-5.6
Consular services	-221.7	0.0	203.0	-18.7
MFA Language Centre	0.0	-16.6	14.5	-2.1
Government's joint expenditure related to the Danish EU Presidency	-24.5	0.0	24.5	0.0
Fee-financed activities, consular service fees	55.0	-66.9	0.0	-11.9
Total	-1,880.4	-196.4	2,031.9	-44.9

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

*) General foreign policy includes the MFA Competence Centre (UMKC).

2.4.2 Explanation of reserved appropriations

In connection with the completion of the financial accounts for 2011, the MFA has reserved a number of appropriations for specific

purposes in the coming years. These are specified in detail in table 3 below.

Table 3. Reserved appropriations for specific purposes under Section 06.11.01 - The Danish Foreign Service, Section 06.11.02 - The Government's Joint Expenditure Related to the Danish EU Presidency (DKK million)

Reserved appropriations –

Section 06.11.01

Function	Reserved Year	Reserved Appropriation/Opening Balance	Appropriation	Year Expenditure	Reserved Appropriation/Closing Balance 2011/Opening Balance 12	Expected Expiry
Enhanced promotion of Denmark	2011	6.9	19.6	17.4	9.0	2012
VIS	2011	5.0	0.0	5.0	0.0	
Security measures at MFA Missions	2011	24.4	85.5	104.8	5.2	
Total		36.2	105.1	127.2	14.1	

Reserved appropriations - Section 06.11.02

Function	Reserved Year	Reserved Appropriation/Opening Balance	Appropriation	Year Expenditure	Reserved Appropriation/Closing Balance 2011/Opening Balance 2012	Expected Expiry
The Government's joint expenditure related to the Danish EU Presidency 2012	2011	0.0	88.1	24.5	63.6	2012
Total		0.0	88.1	24.5	63.6	

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

Remarks on the specific reserved appropriations:

- In connection with an agreement between the Government in office at the time (the Liberal Party and the Conservative Party) and the Social Democratic Party, the Danish People's Party and the Social Liberal Party concerning the Action Plan for the Global Marketing of Denmark, the MFA was allocated funds in the period 2007-2010 for strengthening public diplomacy and promoting export and investment. See Appropriation Note 126 of 24 May 2007 and Finance and Appropriation Act 2008 for a more detailed statement of the objectives concerning the allocations and appropriations for the individual years.
- It was agreed between the Government in office at the time (the Liberal Party and the Conservative Party), the Social Democratic Party, the Danish People's Party and the Social Liberal Party to continue the Action Plan for the Global Marketing of Denmark in the years 2011 and 2012. *Out of a total appropriation of DKK 19.6 million in 2011 and a reserved appropriation of DKK 6.9 million from 2010, DKK 17.4 million was used in 2011. As a result, a reserved appropriation of DKK 9 million has been provisioned.*
- In the Supplementary Appropriation Act for 2009, the MFA was allocated DKK 10.9 million from Section 18.11.79 -

Reserves and budget adjustments for the purpose of financing expenditure incurred in connection with the common European Visa Information System (VIS). The reserved appropriation of DKK 5 million was spent in 2011.

- In extension of previously earmarked appropriations, the MFA is to be allocated DKK 85.5 million annually from 2011 onwards towards implementing security measures at Danish Missions. Of the DKK 85.5 million and a reserved appropriation of DKK 24.4 million, DKK 104.8 million was spent in 2011. As a result, a reserved appropriation of DKK 5.2 million has been provisioned.
- For the purposes of covering cross-ministerial expenditure incurred in connection with preparing and holding the Danish EU Presidency in the first half of 2012, the MFA was allocated DKK 88.1 million by means of an Appropriation Note 6 of 24 November 2011. Of this appropriation, DKK 24.5 million was spent in 2011. As a result, a reserved appropriation of DKK 63.6 million has been provisioned. The expenditure decrease stems from the deferral of a number of payments from 2011 to 2012 as a result of postponed or delayed deliveries, additional purchases on contracts and delayed invoicing by suppliers.

2.5 Cost-based main accounts

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

Table 4. The MFA's administered cost-based main accounts (DKK million)

Main account	Type of appropriation	Income/Expenditure	Appropriation	Accounts 2011
06.11.03 Foreign Service buildings	Capital appropriation	Income	0.0	0.0
		Expenditure	0.0	0.0
06.11.06 Interest	Income	Income	-28.0	-24.8

revenues from diverse receivables	appropriation	Expenditure	0.0	0.0
06.11.15 Non-statutory grants	Reserved appropriation	Expenditure	38.0	43.4
06.11.19 The Bilateral Neighbourhood Programme	Reserved appropriation	Expenditure	0.0	-1.9
06.11.21 Repayments from the Investment Fund for Central and Eastern Europe (IØ) and the Investment Fund for Developing Countries (IFU)	Income appropriation	Income	-575.0	-575.0
06.21.01 The Nordic Council of Ministers	Statutory	Expenditure	137.9	138.4
06.22.01 Peacekeeping operations*	Statutory	Expenditure	248.8	342.5
06.22.03 Other organisations	Statutory	Expenditure	252.8	258.8
06.22.05 The European Investment Bank	Income appropriation	Income	-4.8	0.0
		Expenditure	4.7	0.3
06.31.79 Reserves	Reserved appropriation	Expenditure	38.7	0.0
06.32.01 Developing countries in Africa	Reserved appropriation	Expenditure	3,409.1	3,155.0
06.32.02 Developing countries in Asia and Latin America	Reserved appropriation	Expenditure	1,114.7	827.9
06.32.04 Personnel assistance	Reserved appropriation	Expenditure	286.8	92.3
06.32.05 The Business-to-Business Programme, etc.	Reserved appropriation	Expenditure	286.5	209.8
06.32.06 Mixed credits	Reserved appropriation	Expenditure	350.0	350.0
06.32.07 Loan assistance	Reserved appropriation	Income	-10.0	5.9
06.32.08 Other assistance	Reserved appropriation	Expenditure	560.8	525.0
06.32.10 Transitional assistance to the Western Balkans	Reserved appropriation	Expenditure	0.0	-0.5
06.32.11 The Neighbourhood Programme**	Reserved appropriation	Expenditure	243.4	247.4
06.33.01 Assistance	Reserved	Expenditure	1,039.4	1,002.2

through private organisations	appropriation			
06.34.01 Environment and climate assistance in developing countries, etc.	Reserved appropriation	Expenditure	550.7	544.9
06.35.01 Research and information in Denmark, etc.	Reserved appropriation	Expenditure	298.6	284.8
06.35.02 International development research	Reserved appropriation	Expenditure	60.0	60.0
06.36.01 UNDP **	Reserved appropriation	Expenditure	437.6	447.5
06.36.02 The UN Children's Fund (UNICEF)	Reserved appropriation	Expenditure	178.0	177.5
06.36.03 HIV/AIDS, Population and Health Programmes	Reserved appropriation	Expenditure	490.0	489.2
06.36.04 FN Agricultural, Food and Nutrition Programmes	Reserved appropriation	Expenditure	0.0	0.0
06.36.05 Global Environmental Programmes	Reserved appropriation	Expenditure	0.0	-1.9
06.36.06 Other UN development programmes and various multilateral contributions	Reserved appropriation	Expenditure	134.3	126.9
06.37.01 The World Bank Group	Reserved appropriation	Expenditure	879.0	876.2
		Income	0.0	-1.1
06.37.02 Regional development banks	Reserved appropriation	Expenditure	18.0	-0.2
06.37.03 Regional development funds, etc. **	Reserved appropriation	Expenditure	346.6	346.7
06.37.04 Assistance through the European Union (EU)	Reserved appropriation	Income	-2.0	-2.2
		Expenditure	508.7	501.2
06.38.01 Regional and construction assistance	Reserved appropriation	Expenditure	0.0	-4.9
06.38.02 Stability and security-oriented efforts	Reserved appropriation	Expenditure	0.0	-0.9
06.38.03 Various multilateral contributions	Reserved appropriation	Expenditure	0.0	-0.2

06.39.01 Humanitarian organisations	Reserved appropriation	Expenditure	490.0	490.0
06.39.02 Extraordinary humanitarian contributions **	Reserved appropriation	Expenditure	555.9	559.7
06.41.02 Trade Commissioners ***	Reserved appropriation	Income	-26.2	-32.9
		Expenditure	72.6	73.0
06.41.03 Special export promotion grants	Reserved appropriation	Expenditure	57.3	55.8

*) In Section 06.22.01, there is a total expenditure increase of DKK 97.3 million. The increased expenditure reflects an adjustment of the UN budgets for conducting peacekeeping missions. In 2011, the peacekeeping missions were more expensive than expected partly due to the need to procure additional air transport capacity on the civil market.

**) The increased expenditure under Section 06.32.11, Section 06.36.01, Section 06.37.03 and Section 06.39.02 is financed by a carry-forward surplus from 2010.

***) In 2011, the Ministry for Research, Innovation and Higher Education carried forward DKK 4 million to the Trade Commissioner appropriation for the purpose of financing the Innovation Centres for 2010. This explains the relatively high income in 2011.

2.6 Expectations to the coming year

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

On the basis of reduced appropriations in 2012 and 2013 resulting from the Government objective to ensure more efficient administration, the MFA will enhance efficiency of case procedures and reduce payroll costs by approx. 10 per cent from 2011 to 2013. In autumn 2011, specific plans were therefore drawn up in this regard, as a result of which it is expected that in 2012 it will be possible to ensure balance between expenditure and appropriations.

2.6.2. Main priorities

In 2012, the MFA's activities will primarily concentrate on implementing the Government Platform from October 2011 in respect to an active and responsible foreign policy. First and foremost, Denmark's greatest foreign policy task in 2012 will be the implementation of the EU Presidency. However, in parallel with this task, work will be initiated on a number of the main priorities set out in the Government Platform. After the Danish EU Presidency has ended in July 2012, the MFA will turn its focus

to strengthening the work on pursuing Denmark's long-term international priorities in the light of the far-reaching global changes that the world is experiencing.

In 2012, the MFA will focus in particular on placing **an active Denmark in a strong Europe** by enhancing involvement in EU economic governance and development. This goal is underlined by the appointment of a Minister for European Affairs. In close collaboration with EU institutions, the Danish EU Presidency will engage in concerted effort to create the momentum required to break free of the crisis. The Presidency will work for a strong European economy, renewed growth in the EU and a strengthened EU.

There are four key priority areas: 1) a responsible Europe, which through focus on implementing a responsible economic policy and the necessary structural reforms aims to pull Europe safely out of the crisis and to create the basis for sustainable growth and job creation; 2) a dynamic Europe, which through focus on reforming the Single Market creates the other part of the basis for dynamic growth; 3) a green Europe, which through focus on facilitating a transition to a green economy

creates the basis both for investments and job creation in the short term and for sustainable economic development in the longer-term; and 4) a safe Europe which through focus on implementing a well-managed asylum and immigration policy as well as fighting terrorism and cross-border crime promotes the safety of EU citizens.

These priorities apply not only to the Presidency, as the work on creating the basis for sustainable and economic growth as well as job creation will also determine the direction of Denmark's work in the EU in the period after the Presidency. Both during and after the Presidency, the MFA will work in a targeted way to strengthen the European External Action Service with the aim of enhancing EU relations with other countries and as an important component of Denmark's foreign policy.

This foreign policy aims at placing **increased focus on Danish exports**, and this goal is emphasised by the appointment of a Minister for Trade and Investments. In the EU, the MFA will press for the adoption of growth-enhancing policies and future-oriented reforms both during and after the Presidency. Danish strongholds within, for example, water and environment, climate and energy, sustainable food, health and welfare, as well as creative industries and the experience economy are to be exploited. Focus will be placed on increasing the number of export-bearing Danish enterprises, on integrating the MFA's commercial activities targeted at enterprises with the public diplomacy work and other political work at the Embassies, and not least on developing The Trade Council's sector competencies strategically as well as strengthening the outreach of The Trade Council's services through the provision of free services.

An important goal is to increase exports to the BRIC (Brazil, Russia, India and China) countries and the second-wave emerging economies (such as Indonesia, South Africa,

South Korea, Turkey, Vietnam, Mexico and the Gulf States). Currently, the vast majority of exports go to the neighbouring markets, but in the longer term the greatest potential lies in growth markets further beyond Denmark's borders. The cooperation with these countries must be enhanced in 2012, both commercially and politically. At the same time, EU cooperation with emerging economies must be strengthened, particularly in order to secure a better framework for Danish exports. In 2012, Invest in Denmark will take assertive action to attract investments to Denmark and to strengthen the overall Danish efforts in regard to investment attraction, including the reception service for investors in Denmark.

The activities and interventions in Danish development cooperation are to be targeted at **reducing poverty and global inequality, and Danish development cooperation is to adopt a rights-based approach**. Two funds have been established for financing Danish development assistance: a poverty-oriented fund and a stabilisation fund, which will comprise development cooperation that is not necessarily directly poverty-oriented and which will cover, for example, stabilisation efforts as well as climate and refugee-related expenditure. The key tasks in 2012 will be to modernise the legislative framework for Denmark's development cooperation since 1971 through the presentation of a parliamentary bill for a new Danish Act on International Development Cooperation. At the same time, work will begin on formulating a new strategy for Denmark's development cooperation which will aim at restoring broad parliamentary support for development policy and ensuring that Denmark's development cooperation is focused and targeted at the current challenges to global development.

In 2012, Danish development assistance is to be increased by DKK 234 million and targeted at the following four priority areas: rights, good governance and democracy; food safety, agricultural development and strengthening the resilience of communities to withstand crises

and disasters, particularly in the Horn of Africa; green growth and sustainable development, including access to energy; and promoting stability and protection of the civilian population in fragile and conflict-affected states.

In 2012, Danish foreign policy is to place greater focus on **democracy and human rights**, particularly through enhanced efforts to promote societies based on the rule of law and justice. Diplomacy and dialogue are to be actively used as key instruments of change, and therefore a new Human Rights Ambassador is to be appointed and a genuine action plan for the human rights work formulated. The grants allocated to supporting the struggle of progressive popular movements for democratic reforms and social justice in North Africa and the Middle East are to be significantly increased. Particular focus is to be placed on supporting young people and their opportunity to participate actively in the development of their societies. Activities that promote freedom of the media and women's opportunities and improve the situation of torture victims are to be upgraded. The Danish Institute for Human Rights is to be strengthened.

In 2012, a **security policy in balance** is to be created that focuses on causes and not just symptoms. In this regard, three priority areas will determine the direction of the work in this respect. The first area is the interplay between security, development and stabilisation, and a special Peace and Stabilisation Fund totalling DKK 750 million up to 2014 is to be created to facilitate this interplay. Particular priorities will be the multi-pronged efforts in relation to the Horn of Africa, Libya, South Sudan and Lebanon.

The second area is preventive security, which addresses the causes of conflicts before they erupt. Particular priority will be to formulate and implement a new strategy for disarmament and non-proliferation, which, among other things, focuses on controlling the sale of arms to repressive regimes and on strengthening the

ability of regional organisations to engage in effective crisis management.

The third area is the transition to a green economy and green growth that substantially reduces emissions and resource consumption and also addresses the security policy implications of climate change, which, among other things, will result from the pressure of a growing global population on water and natural resources. Particular priorities will be to place focus on the cooperation with the private sector regarding green growth during the Global Green Growth Forum in Copenhagen in 2012 (3GF), to step up efforts to reach agreement on new global sustainable development goals at the UN Conference on Sustainable Development (Rio +20) in 2012, to enhance the focus of Danish development assistance aimed at promoting climate investments in developing countries, and to build up a Danish green growth "brand" in Asia and Latin America.

In 2012, the MFA will upgrade the work in the **Arctic Region**, particularly in relation to speeding up the implementation of the new Kingdom of Denmark Strategy for the Arctic 2011-2020 and by appointing a new Arctic Ambassador and formulating an action plan. A key priority will be to strengthen cooperation between the three parts of the Realm – Denmark, Greenland and the Faroe Islands – in the key elements of the strategy, but also to pave the way for closer cooperation with the USA, for example regarding Thule as an "Arctic Hub", and with Canada in reaching a final resolution of the border dispute regarding the waters lying between Canada and Greenland and around Hans Island.

3. PERFORMANCE REPORTING

3.1. Goals and performance

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

Six strategic goals have been laid down for the MFA's overall sphere of activity:

1. A competitive, visible and active Denmark in a globalised world
2. Denmark at the heart of Europe
3. International security and stability
4. A freer, fairer and more economically and environmentally sustainable world
5. The citizens' Foreign Service
6. A flexible, well-driven global network for the entire Government

These goals constituted the strategic framework for the entire Foreign Service's activities in 2011.

3.2. Goals and performance – a schematic overview

The table below provides a summary in schematic form of the overall level of goal attainment for the six strategic goals.

Table 5. Goal Attainment and Performance in 2011

Strategic goals	Number of units at home and abroad with individual performance objectives that contribute to attaining the strategic goal	Goal attainment for the individual performance objectives broken down as follows: A=goal attained B=goal partially attained C=goal not attained	Overall level of goal attainment and performance
		A B C	

The strategic goals are realised by the units – i.e. Missions, Centres and Departments – in a limited number of self-formulated tasks and performance objectives as well as success criteria that constitute the units' contribution to the MFA's overall fulfilment of the Government Platform. After dialogue with the MFA's senior management, the individual performance objectives are incorporated in a performance contract for each specific unit. Within the spheres of export and investment promotion and consular services, centrally determined performance objectives have been established that are to be incorporated in the performance contracts of all relevant units.

The MFA's overall performance reporting is carried out for each of the six strategic goals. As a basis for this, the goal attainment results for the year for all units are collected, and a consolidated score for each strategic goal is calculated. The quantitative element of the performance reporting is described in detail below, after which a qualitative elaboration and assessment of the results that serve as the basis for determining the overall level of goal attainment is provided in section 3.3.

1. A competitive, visible and active Denmark in a globalised world	96	261	34	22	A
2. Denmark at the heart of Europe	66	151	6	0	A
3. International security and stability	87	192	8	2	A
4. A freer, fairer and more economically and environmentally sustainable world	81	169	22	6	A
5. The citizens' Foreign Service	74	112	12	6	A
6. A flexible and well managed global network for the entire Government	80	142	15	5	A

The level of goal attainment is measured on the basis of full-year reporting of the particular Missions' and units, in relation to which the relevant units in the home service have conducted an overall assessment and qualification. Where the performance objective has been achieved, an 'A' is given; a 'B' is given for a performance objective that has been partially achieved; while a 'C' is given for a performance objective that has not been achieved. On the basis of the units' individual performance assessment results, an overall level of goal attainment has been calculated for each strategic goal according to the following model: An 'A' is given for a strategic goal when > 80% of the units' performance objectives have been classified as 'A'. A 'B' is given when > 80% of the performance objectives have been classified as either 'A' or 'B'. A 'C' is given when \leq 80% of the performance objectives have been classified as either 'A' or 'B'. The number of Missions and units that have contributed towards achieving the performance objectives under the strategic goals varies because, as mentioned earlier, individual performance contracts have been formulated for each Mission and unit

MFA's goal attainment for 2011 is therefore deemed in general to be satisfactory.

As the table shows, all six strategic goals have either been fully attained or partially attained when the individual results are consolidated. The

3.3. Performance reporting: in-depth analyses and assessments

The following section elaborates on and comments on the level of goal attainment for each of the MFA's six strategic goals. For each goal, a summary is provided initially of the overall level of goal attainment, cf. table 5, and an indication is given of the number of units (Missions in the service abroad and Centres in the home service) that have contributed to the goal attainment.

STRATEGIC GOAL 1:

A competitive, visible and active Denmark in a globalised world

The overall level of goal attainment and performance for Strategic Goal 1 is classified as 'B' (partial attainment), to which 94 units contributed.

In 2011, multi-faceted efforts were made in relation to export promotion and internationalisation, attraction of foreign investments, marketing of Denmark and Danish strongholds, as well as in the broad foreign policy work, both bilaterally and regionally.

In 2010, The Trade Council launched a **new strategy** towards 2015: Value, Growth and Knowledge for Denmark. The strategy contains clear strategic targets for the MFA's contribution to promoting growth and employment in Denmark, defined as helping Danish companies to increase their exports by DKK 30 billion and to create more than 1,000 knowledge-intensive jobs each year. Another target is to provide consulting support to more export companies. Besides general consulting support, The Trade Council has launched a number of free services aimed at making it easier for companies to obtain answers to the most frequently asked and immediate questions. 2011, was the second year of the strategy's implementation. In 2011, the MFA provided advice to almost 5,600 enterprises and contributed to increased exports of DKK 30.1 billion over a three-year period.

The Trade Council delivers customised consulting support to companies on political, economic and commercial matters in the export markets. A special priority is the **small and medium-sized enterprises**, in relation to which The Trade Council continued to develop the Vitus Programme in 2011. In this regard, the Vitus Programme was expanded 2011 with a Vitus Growth module aimed at facilitating the ability of enterprises to enter growth markets.

With the new strategy, The Trade Council will focus the efforts in the most important markets for Danish export. This applies to traditional neighbouring markets, which also in the future are expected to account for a large percentage of Danish exports. In addition, there exist a number of new growth markets that have the potential to comprise a considerable part of the growth in export of goods.

In 2011, **Invest in Denmark**, contributed to attracting 47 foreign companies to Denmark, resulting in the creation or retention of 1,296 jobs. Consequently, Invest in Denmark far surpassed the 2011 target of creating or retaining 1,050 jobs. The job figure represents an increase of 49 per cent in relation to 2010. As 2011 continued to be dominated by the economic crisis, this figure represents significant improvement. Broken down by sector, 27 per cent of the jobs came from ICT companies, 18 per cent from Life Science companies and 31 per cent from Cleantech companies. Furthermore, in 2011 Denmark opened its fourth **Innovation Centre** in Hong Kong, with focus on design.

In 2011, the MFA continued its efforts in relation to public diplomacy, the international media, web communication, Invest in Denmark and export promotion as part of the implementation of the Action Plan for the **Global Marketing** of Denmark abroad (2011-2012).

In 2011, the MFA facilitated over 150 visits to Denmark by **foreign journalists**, which constituted a substantial contribution to increasing and enhancing the quality of the publicity about Denmark in significant

international media and supported the broader efforts to promote Denmark.

In 2011, a **new, up-to-date platform for all MFA websites** was established. The total website portfolio has been minimised as a result of the goal of fewer, but better websites.

The **regional strategies for Asia, Latin America, Africa and analysis documents for the Middle East and North Africa** provided the point of departure for continued broad foreign policy work, which involved particularly the Missions in these regions, with the aim of strengthening bilateral relations with a large number of countries and regions, partly through visits and consultations. In addition, concerted efforts were made to implement the ambitious action plans for enhancing relations with China and India, and a partnership agreement was signed with Brazil. The work with second-wave emerging economies, including Mexico, Indonesia, South Africa, Vietnam and South Korea was also assigned high priority. In connection with the state visit of South Korea's President, a strategic partnership agreement was signed with South Korea. A number of initiatives were implemented in African countries. In 2011, Denmark's relations with the Arab region were affected by the Arab Spring, and as a consequence no direct work was carried out in regard to relations with the Gulf States. At the same time, it must be noted that the relations with some of the Gulf countries were strengthened through cooperation on development in the region.

STRATEGIC GOAL 2: **Denmark at the heart of Europe**

The overall level of goal attainment for Strategic Goal 2 is classified as 'A' (full attainment), to which 66 units contributed.

An absolutely key task of the MFA in 2011 was to undertake the preparations for **the Danish Presidency of the Council of the European Union** in the first half of 2012.

In June 2011, the General Affairs Council approved the 18-month **Trio Presidency Programme** for the work in the Council from 1 July 2011 to 31 December 2012, which Poland, Denmark and Cyprus had jointly drawn up. The MFA worked on the logistical and practical planning and preparation of the Presidency, including the planning of the informal meetings of ministers and officials due to take place in Denmark during the Presidency.

The MFA prepared the centralised **communication and information activities**, and in December 2011 was able, among other things, to launch the Presidency website, eu2012.dk, and publish the first communication of the Danish EU Presidency priorities. After the Government took office in October 2011, a major effort was also made to build up networks at Minister-level to relevant Commissioners of the European Commission, Members of the European Parliament as well as Minister colleagues in other countries. The MFA also coordinated the drafting of a **Presidency Programme**, and in December 2011 a parliamentary decision was passed in the Folketing (Danish Parliament) regarding the priorities of the Danish Presidency. In general, the preparations proceeded smoothly, and on 1 January 2012 the MFA and the Danish Government were fully ready and prepared to take over the Presidency.

In 2011, the **economic and financial crisis** was again at the top of the EU agenda and set the framework for the MFA's work, particularly with the escalation of the European national debt crisis from summer 2011 onwards. Throughout the year, the EU adopted several measures designed to contain the crisis, which continued, however, to gather strength during 2011. In autumn 2011, agreement was reached in the European Parliament regarding six legislative proposals (the "six-pack"). Negotiations were initiated on the legislative proposals (the "two-pack"), which aimed to strengthen budget discipline in the Eurozone countries, and a Europlus Pact (also called the Competitiveness Pact) was adopted, which required the signatories

of the Pact at top political level to choose and commit themselves to implementing national economic policy measures and reforms aimed at enhancing competitiveness, promoting higher employment, strengthening fiscal sustainability and supporting financial stability. Heads of State and Government at the European Council on 9 December 2011 agreed on a new transnational agreement on a strengthened economic union (“the fiscal pact”, which was signed by all 27 EU Member States, with the exception of the UK and the Czech Republic at the beginning of March 2012). In addition, the so-called European Semester was implemented for the first time in 2011. The European Semester is a six-monthly cycle that aims at strengthening economic oversight and coordination in the Member States and at ensuring consolidation and structural reforms.

Lastly, **the growth agenda**, which focuses on measures designed to create renewed growth and employment in the EU, was the centre of focus. This applied not least in relation to the Commission’s 12 key proposals for re-launching the Single Market, aimed at contributing to the creation of a more efficient and modern internal market for companies, employees and consumers.

The work with the negotiations regarding the next Multiannual Financial Framework (MFF) for the **EU budget 2014-20** quickly gathered pace with the presentation of the Commission’s proposals at the end of June 2011. The Presidency preparations specifically in relation to the MFF were quite extensive in 2011, and included a full bilateral capital-based round of consultations with all 26 other Member States.

The EU enlargement also characterised the work of the MFA in 2011. This applied in particular to the Western Balkans, which saw the completion of the negotiations with Croatia during the first half of 2011 and since then the drafting of an Accession Treaty, which was signed by the Member States on 9 December 2011. The Commission assessed that Montenegro and Serbia in particular had made

good progress in their EU approximation process. Against this background, the Council decided in December 2011 that the questions regarding the start of accession negotiations with Montenegro and the award of candidate status to Serbia was to be discussed during the Danish EU Presidency in the first half of 2012.

In the course of the enlargement negotiations with **Turkey**, the Commission launched the proposal for a “positive agenda” with the country. The specific contents of this agenda are, among other things, to be determined during the Danish EU Presidency. Without substituting the enlargement negotiations, the agenda aims to strengthen EU relations to Turkey in a number of policy areas where both parties have a strong interest in engaging in greater dialogue.

During the further development of the **Eastern Partnership**, the EU placed particular importance on promoting a merit-based approach with emphasis on democracy and human rights. At the end of 2011, the negotiations regarding an association and free trade agreement between the EU and Ukraine were technically completed, but the EU has postponed the signing of the agreement package in reaction to politically motivated court trials conducted against the opposition. The EU negotiated association agreements with Moldova, Georgia, Armenia and Azerbaijan in 2011, and preparations were made to commence free trade agreement negotiations with Moldova and Georgia. As a result of the deteriorated situation in Belarus, the EU tightened its sanctions against the country and at the same time endeavoured to increase the cooperation with civil society.

Denmark has assumed a lead role in relation to the implementation of the **EU Baltic Sea Strategy**, which the European Council adopted in October 2009. Denmark has coordination responsibility for six of the strategy’s 15 priority areas (climate change, energy, growth, safe shipping, clean shipping, and maritime accident response and protection), three of them in cooperation with Latvia, Germany and Finland, respectively. In June 2011, the Commission

presented a progress report on the strategy's implementation, which showed that the work continued to show good progress. As a follow-up on 15 November 2011, the Council adopted conclusions along with recommendations for strengthening the strategy on a number of points, including with respect to establishing more operational goals and indicators for the strategy, ensuring better utilisation of the financial resources, promoting greater involvement of local level, private sector and voluntary organisations, incorporating the Europe 2020 Strategy, and strengthening communication and cooperation with non-EU Member States, particularly Russia.

Within **Nordic** foreign policy cooperation, substantial progress continued to be made in implementing the proposals contained in the Stoltenberg Report regarding Nordic foreign policy and security policy cooperation. In this regard, Denmark chaired a working group on a Nordic digital network, and a new and long-term Nordic declaration of solidarity was successfully adopted.

Denmark also participated actively in the on-going **Nordic/Baltic cooperation**, including the follow-up on the 38 proposals of the Gade/Birkavs Report. As part of the celebrations to mark the 20th anniversary since the Baltic Countries regained their independence, the Danish Crown Prince hosted a dinner as the end of August 2011 in which the three Baltic Foreign Ministers were the guests of honour. This dinner was also attended by a number of prominent Baltic figures.

**STRATEGIC GOAL 3:
International security and stability**

The overall level of goal attainment for Strategic Goal 3 is classified as 'A' (full attainment), to which 87 units contributed.

In 2011, Denmark engaged in substantial, wide-ranging efforts to promote international security and stability, with military force contributions in

Africa and Asia and the deployment of civilian experts to EU missions in Europe, the Middle East and Asia. The total goal attainment for the area is 'A' (full attainment), to which 87 units contributed.

In 2011, Denmark was among the first countries to join the operation in **Libya**, which anchored in UN Security Council Resolution 1973, had the objective of protecting the civilian population. At the beginning of 2011, a two-year agreement was signed regarding the total Danish engagement in **Afghanistan** in 2011-2012. The plan entails a significant restructuring of the military efforts in the direction of providing increased training and advisory support to the Afghan security forces, significantly enhancing the efforts to train the Afghan police, and strengthening the civilian and development efforts.

The high Danish profile in relation to **counter-piracy** was further enhanced in 2011, when the Government formulated a multiannual and coherent strategy for the Danish efforts to combat piracy. Danish support to the UN Interim Force in Lebanon (UNIFIL) was phased out at the end of 2011. However, Denmark supported other UN peacekeeping operations, including for the first time in South Sudan, where the UN Mission in the Republic of South Sudan (UNMISS) was established after the country gained independence.

Danish EU Presidency tasks within the field of security and defence were prepared in 2011. This entailed the preparation of an extensive Presidency Programme, which was presented at the end of 2011, with main geographical focus on efforts in relation to Pakistan, East Africa and Sahel. Thematically, the main focus was on **counter-terrorism** and **human rights** as well as **tackling the financing of terrorism**.

In 2011, the International Humanitarian Service (IHS) was reorganised into the **Peace and Stabilisation Response (FSB)** with an enhanced focus on stabilisation capacities within legal sector development, state-building, integrated team leadership and "South-South"

capacity building. In the second half of 2011, a major task was implemented to develop a new Danish **Whole-of-Government concept**, which presented a number of recommendations for strengthening Danish coordination, including improved lesson learning as well as finding new ways in which to cooperate with NGOs and the private sector.

The inter-ministerial **Whole-of-Government Structure**, which was established in 2010 with participation from the Prime Minister's Office, the Ministry of Foreign Affairs, the Ministry of Defence and the Ministry of Justice, continued its work in 2011, and the coordination between the Danish efforts was further strengthened. This took place, among other things, in connection with the evacuation and treatment of 50 wounded Libyans and in connection with the continued implementation of the Danish Peace and Stabilisation Fund (previously called the Danish Stabilisation Fund), whose funds are used for implementing stabilisation efforts in the field of tension between security and development. As part of this work, two major multiannual programmes, amounting to DKK 400 million, were formulated in 2011, focusing on stabilisation and preventive efforts in the Horn of Africa/East Africa and in the Afghanistan-Pakistan region, where the unstable situation poses a threat to international peace and security.

The Programme for the **Wider Horn of Africa/East Africa** focuses on building up the regional capacity for stabilisation, partly in the form of contributions to regional security structures, and on supporting the military counter-piracy efforts with a long-term campaign on land, which, among other things, comprises training of police, prosecution authorities, defence lawyers and judges. This programme was launched in December 2011.

The international community recognises that long-term stabilisation in Afghanistan requires a regional approach. Therefore, a **Stabilisation Programme for the Greater Afghanistan-Pakistan Region** was drawn up in 2011 which with a targeted regional effort can function as a

supplement to the Danish engagement in Afghanistan. The principal objective of the programme is to contribute to promoting stability in the region by supporting the efforts to build effective and accountable security structures and by supporting regional trust-building measures. The programme will be finalised at the beginning of 2012 and is expected to be launched in spring the same year.

The work on implementing the projects of the Danish Peace and Stabilisation Fund in Europe continued during 2011.

The active Danish profile in relation to **counter-terrorism** was emphasised by the invitation for Denmark to participate in the new multilateral initiative, the UN Global Counter-Terrorism Forum, which was launched at a high-level meeting in New York in September 2011. Denmark continued its active involvement in capacity building measures in a number of third countries, particularly East Africa.

An active effort was made to contribute to **Smart Defence**, which is viewed by Denmark as a core element of future security policy cooperation in NATO. The MFA and the Missions also worked actively with the implementation of NATO's new Strategic Concept, which was adopted in November 2010, and which has, among other things, led to a modernisation of NATO's Partnership Policy, the value of which was partly demonstrated by the Libya operation. The MFA drew up a security policy report in 2011 in collaboration with the Ministry of Defence.

In 2011, Denmark made an active and substantial effort in relation to **disarmament, non-proliferation and export control**, among other things through its membership of the Governing Boards of IAEA and OPCW, and in connection with the negotiations regarding a tightening of EU sanctions against Iran in light of Iran's atomic energy programme. The Government formulated a new policy for this area, which was applied already during negotiations within the UN on a protocol for cluster munitions, in connection with an offer to contribute to the

UN's preparedness and response to biological weapons, and on the issue of the Conventional Forces in Europe (CFE) Treaty. Denmark has also achieved results within the Wassenaar Export Control Regime, and in 2011 actively contributed to the EU's efforts within the area of disarmament, non-proliferation and export control. The preparations of negotiations regarding an Arms Trade Treaty (ATT) in 2012 also had considerable Danish focus.

STRATEGIC GOAL 4:

A freer, fairer and more economically and environmentally stable world

The overall level of goal attainment for Strategic Goal 4 is classified as 'A' (full attainment), to which 81 units contributed.

The activities in 2011 focused on the main priorities set out the 2010 strategy for Denmark's development cooperation, "Freedom from Poverty – Freedom to Change".

The efforts to promote **growth and employment** were strengthened on the basis of the Africa Commission's recommendations, and a new strategic framework was launched. The work on enhancing the access of developing countries to markets for their products and on improving integration in the global economy involved active participation in the formulation of the new EU Communication on Trade and Development and the creation of a programme designed to strengthen regional economic integration in East Africa.

In the political dialogue with the partner countries, Denmark has emphasised the importance of improvements in the countries' **business and investment climate** as a precondition for market-based growth. In Danish development cooperation, programmes that aim to increase the income of farmers and farming-based enterprises through increased production, improved processing and marketing have increasingly used the value chain approach as the bearing principle. At the same time, the poorest

and most vulnerable farmers have been included in this development through farming-related training activities.

The Danish business community was introduced to new business opportunities and encouraged to enter into partnerships with local enterprises and in this way contribute with knowledge, green technology and responsible business behaviour.

Gender equality and women's rights remained high on the agenda for the MFA's work in international organisations such as the UN, the World Bank and the EU. Denmark maintained a high profile in relation to the UN's landmark Security Council Resolution 1325 on Women, Peace and Security which was manifested in significant contributions to ensuring the EU's adoption of the resolution and its application during operations under NATO leadership. Also within reproductive health and rights, the MFA, through lobbying activity and project grants, contributed to the maintenance of an international agenda that builds on international agreements. In the partner countries, particular focus was placed on strengthening gender equality through a wide range of programmes adapted to local contexts.

In the political dialogue with partner countries, importance was attached to speaking out **against discrimination** based on sexual orientation, and the long-term work aimed at promoting well-functioning legislation and legal systems was given priority in many of the partner countries.

Strengthening and promoting **human rights** remained a priority in the MFA's activities.

In May 2011, Denmark underwent its first examination by the UN Human Rights Council under the so-called Universal Periodic Review (UPR). In December 2011, a cross-ministerial working group was set up with the task of conducting a renewed review of the recommendations received during the examination.

The work in the UN Human Rights Council and the Third Committee of the UN General Assembly was a central component of the international work on protecting human rights. In 2011, Danish influence contributed to the achievement of positive results on traditionally sensitive and controversial areas, such as freedom of religion, sexual orientation and country mandates.

In the EU in 2011, particularly strong focus was placed on human rights, in that the High Representative of the Union for Foreign Affairs and Security Policy launched a major review of the EU's Human Rights Policy, which was inspired by the common initiative presented by the Danish and German Foreign Ministers in 2010 on the challenges and opportunities facing the EU with regard to the promotion of human rights and global values.

The Arab Spring, gave surprisingly new opportunities to promote freedom, democracy and human rights, and the MFA supported popular initiatives through the Danish-Arab Partnership Programme supplemented by a new Freedom Fund. In addition, success was achieved in establishing respect for human rights and good governance as a criterion for EU budget support to third countries.

In the period leading up to the High-Level Meeting on Aid Effectiveness in Busan, Denmark helped formulate what became known as a "New Deal" for **Engagement in Fragile States**. The New Deal comprises goals for state-building and peace-building that extends previous cooperation between the MFA and OECD. Denmark also played a lead role in the international cooperation to encourage greater risk-taking and promote better risk management in order to achieve better results with the activities implemented in fragile states. In the national coordination work in fragile states, a major programme for the Wider Horn of Africa was approved and a corresponding programme for the Greater Afghanistan-Pakistan region was prepared. At the same time, Denmark's existing engagement in Afghanistan remained a top

priority, with enhanced focus on building the capacity of country's civil administration (cf. description under Strategic Goal 3).

New partner agreements were entered into with Danish and international organisations with the aim of improving the effectiveness, predictability and flexibility of **Danish disaster and emergency relief aid**.

In the international work for **climate and environment**, the MFA focused on promoting and maintaining ambitious agendas for the UN Conference on Sustainable Development (Rio+20) and Denmark's EU Presidency in the first half of 2012. As part of the preparations, support was awarded to a number of initiatives from the UN, civil society organisations and other international organisations. Access to sustainable energy was put onto the agenda both internationally and in Denmark's partner countries through contributions to UN initiatives and renewed support for the 'Sustainable Energy Fund for Africa'.

High priority was given to providing support for the implementation of specific activities in relation to the environment, natural resources and climate. At national and regional level, support was provided to facilitate joint management of natural resources in the areas around two major rivers, the Mekong in South-East Asia and the Zambezi in southern Africa. Support was channelled through the Danish Climate Pool to major multilateral initiatives to protect small island states, to mobilisation of private funds for climate investments and to promotion of green growth in developing countries. In addition, bilateral climate programmes were launched in several developing countries.

During the Danish Chairmanship of the **Arctic Council**, agreement was reached regarding the creation of a joint Arctic Council Secretariat, regarding a resolution of the difficult issue of observers, and, lastly, regarding a Search and Rescue (SAR) Agreement – the first legally binding agreement in the Arctic Council's history.

With the launch of the Kingdom of Denmark Strategy for the Arctic 2011-2020, a number of political objectives were established for the cooperation among the three parts of the Realm – Denmark, Greenland and the Faroe Island - regarding the many opportunities and challenges in the Arctic.

STRATEGIC GOAL 5:

The citizens' Foreign Service

The overall level of goal attainment for Strategic Goal 5 is classified as 'A' (full attainment), to which 74 units contributed.

Within the field of consular services, the first half of 2011 was characterised by **crises and natural disasters**, in which the MFA's Consular Services department and the crisis preparedness and response capability of many Danish Embassies was activated. The Arab Spring led to large-scale disturbances in Tunisia, Bahrain, Egypt, Libya and Syria, which meant that Danes who were travelling around or who lived in the region needed assistance over the winter and the spring. Also the earthquake in New Zealand, and not least the extremely violent earthquake and subsequent tsunami as well as the radiation leak at a nuclear power plant in Japan required a coordinated emergency response effort, in which the Danish Embassy in Tokyo, the MFA's Consular Services department, the Danish Emergency Management Agency and the National Institute for Radiation Protection cooperated on providing assistance and help to Danes.

In 2011, the MFA provided assistance to more than 5,000 **Danes in distress** abroad. The Danish Embassies, the MFA's 24/ Operations Centre in Copenhagen and the Honorary Consulates contributed to resolving a wide range of consular problems, including illness and injury whilst travelling abroad, death and imprisonment. In addition, Consular Services and the consular sections at Missions abroad provide ongoing assistance to Danish nationals living in the country, which includes processing applications

for passports, legalisations, certificates and other matters relating to family and civil law.

Each year, the MFA contributes to the handling of difficult **consular cases** abroad, including cases concerning abduction of children, imprisonment and forced marriage. Added to this are kidnapping and piracy cases involving Danish nationals.

As part of the action taken to develop the MFA's crisis preparedness and response capability, a new improved and integrated system for registering Danes abroad and for crisis response purposes was introduced at the end of 2011:

"Danskerlisten" (The Dane List). Both Danes with permanent residence abroad and Danes on temporary stays abroad may register their names on the list. The Dane List is a key tool in the MFA's crisis preparedness and management response to major crises abroad in which Danes are potentially affected.

In 2011, preparations were carried out at Missions to enable them to register **biometric data** in connection with issuing visas and passports as of 1 January 2012. This entailed the development of new IT systems and the training of more than 100 employees; the upgrading of the physical set-up at Missions with, for example, the installation of biometric stations; and communication regarding the new passport regulations for Danish special interest groups, local authorities, etc. in the host country.

In 2011, the Danish Missions received approx. 95,000 **visa applications** and approx. 16,000 applications for **residence and work permits**. Visa inspection visits were carried out at five selected Missions, and the work on communicating best practice and improving the efficiency of visa processing procedures at the Missions continued. The planned new IT solution for employment card applications was delayed by external factors, but is expected to be rolled out in the middle of 2012.

In step with the continued increasing number of asylum seekers, the volume of cases to be

processed by the MFA grew significantly with respect to the work of collecting information in **specific asylum cases**. In addition, collaboration with the Danish National Police was intensified in relation to removals as well as collection of information in cases concerning humanitarian residence permits and family reunification.

As a consequence of the requirement regarding **tight prioritisation of tasks and resources**, both human and financial, it was, among other things, decided to assign lower priority to emergency response exercises and crisis response seminars in the service abroad organised by the MFA's Contingency Planning Unit. The public diplomacy work in the consular services field also had to be assigned lower priority, including with respect to participating in the annual travel fairs in Denmark and the creation of a Consular Services profile on Facebook.

**STRATEGIC GOAL 6:
A flexible and well-driven global network for the entire Government**

The overall level of goal attainment for Strategic Goal 6 is classified as 'A' (full attainment), to which 80 units contributed.

In 2011, the MFA, both in the home service and the service abroad, continued the work on strengthening dialogue and cooperation with the other Ministries and public authorities with the aim of fulfilling the strategic goal of ensuring that the MFA is **the entire Government's Foreign Service**.

An absolutely key task was the **technical and logistical preparation of the Danish EU Presidency** for the Council of the European Union in the first half of 2012 (cf. the description under Strategic Goal 2). In the media field, the MFA provided media training to spokespersons and other key persons in the Ministries as well as ran a large number of courses for government department employees as part of their competence development training prior to the

Presidency. The tasks were undertaken in close collaboration with the other Ministries. The other Ministries expressed great satisfaction with the way in which the preparations for the EU Presidency had been carried out.

In addition, a number of **practical preparations** for the Danish EU Presidency needed to be carried out in 2011. At the Permanent Representation to the EU in Brussels, extensive work was carried out to replace the ventilation system, and new office space for the Presidency reinforcements and a new reception area for outside visitors were created. Also at Asiatic Plads in Copenhagen, technical installations were replaced, conference rooms were restructured and security was upgraded.

The efforts to improve **security for MFA service abroad staff** in 2011 concentrated on the Missions that are located in countries with a high risk of terrorism. Particularly, the efforts in Kabul required considerable resources. At the same time, the physical surroundings at a large number of Danish Missions were improved in countries with a "medium" threat level. In these countries, security measures focused on enhancing control of access to grounds and buildings. In addition, a new and strengthened approach to the competence development of MFA staff, especially prior to a posting in conflict areas, was launched. In 2011, the regional security advisers continued their efforts to heighten the security awareness of staff and enhance the duty rosters and emergency procedures of Missions.

At the end of 2011, the new Global WAN II, which is the physical **IT network** that hooks up all Missions to Asiatic Plads, was installed. It also contains free telephony and video-conferencing. With this system, many Missions have gained better communication connections and higher speed, and the system also will provide considerable financial savings in the coming years.

The roll-out of an **electronic archive system** continued in 2011, as a result of which 66

Missions have now transferred to digital case creation, whilst a further 31 Missions use the new system for filing of documents. In autumn 2011, it was decided to procure a new system that is designed to support the work procedures more effectively in the service abroad. The procurement of this system is under preparation, and the MFA's digital administration will therefore enter a new phase.

A number of initiatives were taken to improve the efficiency of **resource management** throughout the corporation. During 2011, an administrative service centre was established at the Embassy in Tallinn for the purpose of handling bookkeeping, payments, etc. on behalf of 21 European representations. The service centre ensures overall a quality boost and a more robust discharge of bookkeeping and accounting tasks and provides also a number of economies of scale. At the same time, preparations for the MFA's transition to common central government standard systems (the "Four-Leafed Clover Project") within the financial administration sphere in both the home service and the service abroad will be intensified as of 1 January 2013.

In order to support resource management more effectively at the individual Missions, a number of simplifications in the MFA's internal rules and procedures were implemented, and heads in both the home service and the service abroad were assigned resource partners for sparring, advice and trouble-shooting on resource-related matters in a broad sense. Both initiatives were evaluated extremely positively by heads and staff in a satisfaction survey. The LEAN method as an instrument for streamlining and simplifying work procedures was used to good effect in several projects.

Effort was made to address an ongoing need for tight and precise **budget and appropriations management** through, among other things, a professionalisation of payroll and staffing management. Through the "LønNorm" (payroll and staffing) project, easily accessible, user-friendly centre and unit reports were produced on staffing levels, full-time-equivalent

expenditure and payroll expenditure. The reports are in circulation, but work remains to be done on communicating a deeper understanding and utilisation of data. In the same connection, the work procedures in connection with recruitment, transfers and exits were digitalised.

In March 2011, the MFA's Central Joint Consultation Committee approved a new **flexitime agreement** that clarifies the rules for registration and management of flexitime and overtime. In addition, a proposed catalogue was drawn up of instruments that could be used to limit overtime and deal with structurally-related overtime. A number of the central instruments in relation to, among other things, management of structurally-related overtime are to be negotiated with the trade unions. Agreement was reached with these unions on the handling of a part of the structurally-related overtime during the Danish EU Presidency. It is the MFA's hope that the lessons learned from this area could open up for the possibility to reach a general agreement during 2012 on the handling of structurally-related overtime.

As part of the implementation of the MFA's HR Strategy, particular focus in 2011 was on the development and implementation of a new and more targeted **concept for staff interviews**. The new staff interview system was approved by the MFA's Central Joint Consultation Committee in June 2011 and was implemented in autumn 2011. With the new system, all staff in the organisation, including local staff, will be assessed on their performance once a year and have the opportunity at the same time to discuss their future career wishes, development needs and salary with their head of unit. The results of the interviews are collected in a digital system, which will make it possible to ensure quick and targeted follow-up and enhance management reporting in this area.

Lastly, in relation to **courses and other forms of competence development**, a standardisation of learning goals was made, which in general has contributed to improving the quality and learning outcome from the competence development

activities. A learning outcome measurement was conducted on five specific activities within strategic focus areas, namely head of department courses, project management training, the “Negotiating in an EU context” language training course, as well as two security-oriented courses, “Basic Security e-learning” and “Hostile Environment Awareness Training”. The results reflect a significant learning outcome that naturally shows a certain variation depending on the target group, theme and learning method. The results, at the same time, indicate the need for continued efforts to improve, among other things, questioning skills in the approach to measuring learning outcome.

4. ACCOUNTS

As of 2007, the MFA follows government accounting rules for cost-based accounts and cost-based appropriations. The bookkeeping unit for the operation and maintenance accounts comprise Section 06.11.01 - The Danish Foreign Service, Section 06.11.02 - The Government's Joint Expenditure Related to the Danish EU Presidency), and Section 06.11.05 - Income 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 remarks:

- In conformity with the agreement with the Ministry of Finance, all properties were valued at market price according to a valuation carried out in 2005, the reason being that there exist no public valuations of all MFA properties abroad. No revaluations are made regularly in relation to market developments. 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.
- Only assets that fall under the operation and maintenance sphere are included and depreciated.
- As a rule, IT equipment is depreciated in accordance with the guidelines laid down by the Danish Agency for the Modernisation of Public Administration (*Moderniseringsstyrelsen*). However, on the basis of a technical assessment, a number of the MFA's IT equipment items are determined to have a lifespan of longer than three years and thus a longer depreciation period. The reason is that the MFA uses special equipment for encryption and that the replacement of the IT equipment in the service abroad is a very expensive undertaking and therefore happens less frequently than is the norm in Denmark.
- In 2006, the MFA introduced a *de minimis* figure of DKK 3,000 for activation of acquisitions. This *de minimis* figure entails that certain types of acquisition (IT, AV and communication equipment), which according to previous practice had to be activated as "bundled assets", are depreciated fully in the year of acquisition if the acquisition price per item lies under the *de minimis* figure.
- Security equipment is entered in the accounts as "fixtures and fittings, tools and (IT) equipment"/(building components) with a 10-year depreciation period. On the basis of a technical assessment, certain security components are determined to have a lifespan of 15, 20 or 30 years and thus naturally a longer depreciation period.
- The MFA has entered into agreement with the Ministry of Finance and the Agency for the Modernisation of Public Administration regarding the continued use of joint bank holdings and cash holdings in the service abroad. Financing of the service abroad, calculation of bank balances, etc. as well as the distribution of interest within the operation/maintenance and grants sphere, respectively, is carried out according to a distribution key.
- With effect as of the 2011 financial year, the MFA made a change to the accounting principles to allow provisions to be set aside made for overtime, etc. For the 2011 financial year, the alteration in the provision is calculated to be approx. DKK 20 million.
- With effect as of the 2011 financial year, the MFA made a change to the accounting principles in relation to the coverage of school fees in the service

abroad. These fees are accrued from the 2011 financial year in relation to the actual expenditure. In the 2011 financial year, pre-paid school fees for DKK 13.5 million were accrued to the financial year to which the fees belong.

4.2. The profit and loss account

The MFA's profit and loss account for the years 2010-2012 is presented below in table 6.

Table 6. The MFA's profit and loss account 2010 – 2012 (DKK million)

Profit/loss as of 31.12.2011	Accounts 2010	Accounts 2011	Budget 2012
Ordinary operating income			
Appropriations booked as income			
Appropriations	-1,833,0	-1,921,9	-1,980,3
Amount spent of previous year's reserved appropriations	-65,4	-36,2	-77,7
Amount reserved of current year's appropriations	36,2	77,7	77,7
Appropriations booked as income, total	-1,862,2	-1,880,4	-1,980,3
Sale of goods and services	-119,0	-120,8	-115,0
Fees/charges	-68,2	-66,9	-55,0
Ordinary operating income, total	-2,049,5	-2,068,2	-2,150,3
Ordinary operating costs			
Consumption costs			
Rent	257,0	260,2	271,5
Other consumption costs	11,0	3,5	
Consumption costs, total	268,0	263,7	271,5
Personnel costs			
Salaries and wages	680,8	690,9	703,0
Pension	108,8	105,3	107,2
Reimbursement of pay	-93,9	-109,9	-111,8
Other personnel costs	0,5	6,2	6,3
Personnel costs, total*	696,3	692,6	704,7
Depreciation and amortisation	101,8	118,8	99,1
Other ordinary operating costs	998,7	912,5	1,052,5
Ordinary operating costs, total	2,064,9	1,987,6	2,127,8
Result of ordinary operations, total	15,5	-80,6	-22,5
Other operating items			
Other operating income	-94,5	-93,0	-108,3
Other operating costs	25,5	25,6	22,8
Other operating items, total	-69,0	-67,5	-85,5
Result before financial items, total	-53,5	-148,0	-108,0
Financial items			
Financial income	-1,0	-1,9	0,0
Financial costs	109,7	104,5	108,0
Financial items, total	108,7	102,5	108,0
Result before extraordinary items, total	55,2	-45,5	0,0
Extraordinary items			
Extraordinary costs	2,0	3,0	0,0
Extraordinary income	-7,0	-2,4	0,0
Extraordinary items, total	-5,0	0,6	0,0
Year-end profit/loss, total	50,2	-44,9	0,0

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

Note 2: A discrepancy is observed between the MFA's accounts in the National Concern System (SKS - Statens KoncernSystem) and the MFA's Navision Stat (NS) accounts. The accounts for the cost-based accounts in the MFA's main accounts Section 06.11.01, Section 06.11.02 and Section 06.11.05 in SKS are not accurate, as the two transfers of accounting figures from NS to SKS by mistake were not entered. The error in SKS is corrected in the financial year for 2012. The 2011 Annual Report is published on the basis of correct accounting figures from NS.

*) Personnel costs contain also salaries and wages concerning commercial activities and exceed the actual payroll, cf. section 4.6, table 11.

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

	2011
Appropriated earned surplus	0
Transferred to reserve equity	0
Transferred to dividends to Treasury	0
Transferred to carry-forward surplus (retained earnings)*	44.9

*) In addition, DKK 2.2 million was appropriated in connection with the appropriation settlement for 2011.

Table 8. The MFA's balance sheet 2010 – 2011 (DKK million)

Balance sheet as of 31.12.2011	2010	2011
Assets		
Fixed assets		
Intangible fixed assets		
Completed development projects	51.2	34.7
Acquired concessions, patents, licences, etc.	2.9	2.9
Development projects under implementation	48.2	90.3
Intangible fixed assets, total	102.3	127.8
Tangible fixed assets		
Land, space and buildings	1,835.9	1,793.3
Transport equipment	25.2	16.1
Plant and machinery	13.3	11.1
Fixtures and fittings, tools and IT equipment	132.8	124.7
Projects in progress financed by own capital	9.2	30.9
Tangible fixed assets, total	2,016.3	1,976.1
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

4.3. The balance sheet

The MFA's balance sheet for 2010-2011 is presented below in table 8. Notes to the balance sheet can be found in section 6.1.1.

Fixed assets, total *	2,151.4	2,136.7
Current assets		
Accounts receivable	208.7	189.3
Securities	0.0	0.0
Liquid assets		
FF5 Non-Interest-Bearing Account	21.3	283.4
FF7 Financing Account	331.0	519.3
Other liquid assets	48.4	109.9
Liquid assets, total	400.6	912.6
Current assets, total	609.3	1,101.9
Assets, total	2,760.8	3,238.6

*) Fixed assets are specified in separate notes 2 and 3 in section 6.1.1.

Balance sheet as of 31.12.2011	2010	2011
Liabilities		
Equity		
Adjusted equity	-	-
	32.8	32.8
Carry-forward surplus	-	-
	74.8	101.8
	-	-
Equity, total	107.6	134.6
	-	-
Provisions	50.5	90.1
Long-term liabilities		
Mortgage debt and other long-term debt	-4.9	-3.5
	-	-
FF4 Long-term debt	2,107.8	2,105.6
Long-term liabilities, total	-	-
	2,112.7	2,109.1
Short-term liabilities		
Suppliers of goods and services	-	-
	85.0	83.6
Other short-term debt	-	-

4.4. Explanation of equity

The MFA's equity is calculated below in table 9. As a result of the decreased expenditure in 2012, equity rose from DKK 107.6 million to DKK 134.6 million.

Table 9. Explanation of the MFA's equity in 2011 (DKK million)

	2010	2011
Equity, year-beginning	158,3	107,6
Initial capital, year- beginning + alteration of the amount of initial capital	-	-
Initial capital, year- end	158.3	107.6
Revaluations, year- beginning	-	-
+ change in revaluations	-	-

**	111.3	600.3
Annual leave money payable ***	-	-
	144.8	99.8
	-	-
Reserved appropriation	36.2	77.7
	-	-
Pre-payments, liabilities	112.7	43.2
Short-term liabilities, total	-	-
	490.0	904.7
	-	-
Debt, total	2,602.6	3,013.8
	-	-
Liabilities, total	2,760.8	3,238.6

**) The increase in other short-term debt at the end of 2011 is due to the outstanding balance between operations/maintenance and grants not being equalised until January 2012, cf. large liquid asset stocks.

***) In 2011, DKK 37.8 million was transferred from annual leave provisions to provisions. The amount concerns owed liabilities to locally employed staff in the service abroad.

Revaluations	-	-
Reserved equity, year- beginning	-	-
+ change in reserved equity sum	-	-
Reserved equity, year- end	-	-
Carry-forward surplus, year-beginning	-	-
+ adjustment, year- beginning/transfer between bookkeeping units	-	-
+ adjustment of the carry-forward surplus *	0.5	0.3
+ carried forward from the year-end result	50.2	44.9
- appropriated earned surplus **	-	-
- dividends to the State	-	-
Carry-forward surplus, year-end	-	-
	50.7	27.0
Equity, year-end		

	107.6	134.6
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*) Correction from 2010 included, cf. remarks in MFA Annual Report 2010

**) The amount relates to 2010, as it could not be calculated before the end of the year 2010.

4.5. Follow-up on the liquidity scheme during 2011

The MFA's operating appropriations fall under the scope of the liquidity scheme concerning independent liquidity. The scheme is tailored to the special organisational conditions at the Missions of the Danish Foreign Service, where it does not make sense to physically separate grant funds from operation/maintenance funds, as this would lead to heavily increased transaction and administration costs. In order to ensure that the scheme is administered correctly in relation to the rules laid down for independent liquidity, the MFA has chosen a scheme where the specific SKB (National Concern Payment System)/FF accounts are adjusted at centralised level.

Table 10. Rate of utilisation of borrowing limit (DKK million)

	2011
Balance on FF4 as of 31.12.2011	2,105.6
Borrowing limit on FL11	2,503.6
Rate of utilisation in %	84.1%

4.6. Follow-up on the payroll ceiling

Table 12. MFA appropriation accounts for Section 06.11.01 - The Danish Foreign Service, Section 06.11.02 - The Government's Joint Expenditure Related to the Danish EU Presidency, and Section 06.11.05 - Income from Consular Services (DKK million)

	Accounts 2010	Budget (FL+TB) 2011	Accounts 2011	Difference	Appropriation/Budget 2012
Net cost appropriation	1,912.4	1,921.9	1,835.5	86.4	1,981.0
Net expenditure of reserve	29.2		41.5	-41.5	
Income	289.7	266.1	285.2	-19.1	278.3
Expenditure	2,202.2	2,188.0	2,120.7	67.3	2,259.3

The MFA's payroll expenditure totalled DKK 680.4 million, which meant an expenditure decrease of approx. DKK 9.2 million. The total payroll saving subsequently amounted to DKK 19.2 million by the end of 2011.

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

	2011
Main account	Section 06.11.01
Payroll ceiling (FL – Finance and Appropriation Act)	686.7
Payroll ceiling, including supplementary appropriation/appropriation notes	689.6
Payroll expenditure under payroll ceiling	680.4
Difference (year-end expenditure decrease)	9.2
Accumulated saving, year-end 2010	10.0
Accumulated saving, year-end 2011	19.2

4.7. The appropriation accounts

The appropriation accounts for Section 06.11.01, Section 06.11.02 and Section 06.11.05 are presented below in table 9. See also section 2.3 on the financial results for 2011.

Year-end profit/loss	50.2
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Note: Rounding-up procedures have caused discrepancies between the individual figures and the totals.

It is herewith stated:

5. MANAGEMENT REPORT

The Annual Report comprises the main accounts on the Finance and Appropriation Act for which the Ministry of Foreign Affairs of Denmark, CVR number 43 27 19 11, has responsibility: Section 06.11.01 - The Danish Foreign Service, Section 06.11.02 - The Government's Joint Expenditure Related to the Danish EU Presidency, and Section 06.11.05 - Income from Consular Services, including the accounting principle explanations¹, which are to be presented to Rigsrevisionen (National Audit Office of Denmark) in connection with the appropriation audit inspection for 2011.

- 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, 13 April 2012




6. ANNEXES

6.1. Notes to the profit/loss account and the balance sheet

Note 1. Extraordinary accounting items in 2011 (Profit/Loss Account)

	Income (DKK million)	Expenditure (DKK million)
Loss on deposits related to foreign leases		0.4
Income reductions from previous financial year		0.7
Extraordinary expenditure related to Expo 2010 in Shanghai		1.4
Other extraordinary expenditure		0.6
Extraordinary reimbursements of directors' fees	-0.3	
Special VAT reimbursement in the service abroad	-0.6	
Reimbursement of old deposits	-0.7	
Other extraordinary income	-0.8	
Total	-2.4	3.0

Extraordinary items

Extraordinary income in 2011 totalled approx. DKK 2.4 million, whilst extraordinary expenditure was incurred for a total of approx. DKK 3.0 million. Both items are specified in the main groups above.

Loss on receivables (Balance sheet)

The entered loss on receivables for 2011 amounted to approx. DKK 1.6 million. Of this amount, DKK 0.25 million is entered as loss on other accounts receivable, and DKK 0.23 million is entered concerning depreciation in relation to previous debts. Even though the loss is reduced in relation to 2010, repercussions from the financial crisis continued to be seen, in which small and medium-sized enterprises in particular have payment problems.

Inventory balance sheet (Balance sheet)

The MFA has no stocks 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 accommodation policy". The amount totalled DKK 51.5 million as of 31.12.2011. In 2011, the balance was adjusted with an additional expenditure of approx. DKK 1.2 million.

Mortgage debt (Balance sheet)

Mortgage debt was incurred in regard to the Embassy in Berlin, which falls due in 2014.

New financial data after balance date

A discrepancy is observed between the MFA's National Concern System (SKS - Statens KoncernSystem) accounts and the MFA's Navision Stat (NS) accounts. The accounts for the cost-based accounts in the MFA containing the main accounts Section 06.11.01, Section 06.11.02 and Section 06.11.05 in SKS are not accurate, as the two transfers of accounting figures from NS to SKS by mistake were not entered. The error in SKS will be corrected in the financial year for 2012. The 2011 Annual Report is published on the basis of correct accounting figures from NS.

6.1.1. Notes to the balance sheet

Note 2. Intangible fixed assets (DKK million)

	Completed development projects	Concessions, patents, licences, etc.	Total
Cost price as of 01.01.2011	141.3	3.3	144.6
Adjustments and transfer from bookkeeping units, year-beginning	0.1	0.0	0.1
Additions	0.0	0.0	0.0
Disposals			0.0
Cost price as of 31.12.2011	141.4	3.3	144.7
Accumulated depreciation	-106.7	-0.4	-107.2
Accumulated amortisation			0.0
Accumulated depreciation and amortisation 31.12. 2011	-106.7	-0.4	-107.2
Financial value as of 31.12.2011	34.7	2.9	37.5
Annual depreciation	-16.6	-0.1	-16.7
Annual amortisation	0.0	0.0	0.0
Annual depreciation and amortisation	-16.6	-0.1	-16.7
Depreciation period/year	5-8	80	

Development projects under implementation

	DKK million
Opening balance as of 01.01.2011	48.2
Additions	42.1
Amortisation	0.0
Transferred to completed development projects	0.0
Cost price as of 31.12.2011	90.3

Note 3. Tangible fixed assets (DKK million)

	Land, space and buildings	Infrastructure	Plant and machinery	Transport equipment	Fixture and fittings, tools and IT equipment	Total
Cost price as of 01.01.2011	2,004.2	0.0	45.0	64.2	465.0	2,578.4
Adjustment and transfer between bookkeeping units, year-beginning	0.0		0.0	0.0	0.0	0.0
Additions	6.2		1.5	6.8	35.6	50.1
Disposals	-10.4		-1.5	-6.5	-2.7	-21.2
Cost price as of 31.12.2011	2,000.0	0.0	45.1	64.5	497.8	2,607.4
Accumulated depreciation	-199.8		-34.0	-48.3	-368.8	-650.8
Accumulated amortisation	-6.9			-0.0	-4.4	-11.3
Accumulated depreciation and amortisation	-206.6	0.0	-34.0	-48.3	-373.2	-662.1
Financial value as of 31.12.2011	1,793.3	0.0	11.1	16.1	124.7	1,945.2
Annual depreciation	-31.4	0.0	-2.2	-9.3	-36.3	-79.2
Annual amortisation	-6.9		0.0	0.0	0.0	-6.9
Annual depreciation and amortisation	-38.3	0.0	-2.2	-9.3	-36.3	-86.0
Depreciation period/year	50 / 20 / 0	None	10	5 / 8	3 / 5 /10/10+	

Projects in process financed by own capital

	DKK million
Opening balance as of 01.01.2011	9.2
Additions	28.2
Amortisation	-0.4
Transferred to completed tangible fixed assets	-6.2
Cost price as of 31.12.2011	30.9

6.2. Commercial activities

A statement of the commercial activities under the MFA Competence Centre (UMKC) is presented below in table 13.

Table 13. Commercial activities 2008-2011 (DKK million)

	2007	2008	2009	2010	2011
Language training, annual net profit/loss (“-” sign = surplus)	-0.5	1.5	-1.5	-2.2	-2.1
Language training, accumulated annual net profit/loss (“-” sign = surplus)	-3.1	-1.7	-3.1	-5.3	-7.4

6.3. Fee-financed activities

A statement of fee-financed activities in the MFA under Section 06.11.05 is presented below in table 14. The legislative framework has been respected and observed.

Table 14. Fee income 2008-2011 (DKK million)

	2008	2009	2010	2011*
Fees - passports	-8.3	-7.3	-8.6	-7.7
Fees - legalisations	-11.3	-10.4	-11.1	-11.4
Fees – assistance cases	-0.4	-0.3	-0.3	-0.4
Fees - visas and work/residence permits	-38.6	-41.7	-47.0	-46.2
Other fee income	-1.4	-1.7	-1.3	-1.3
Total	-60.0	-61.5	-68.2	-66.9

*) On Section 06.11.05 there is an additional income totalling DKK 11.9 million. This added income stems from a greater demand for consular services than expected. In 2010, the additional income totalled DKK 13.2 million. In relation to the budgeting of the main account for 2011 presumed that the demand would fall as a result of the economic crisis and that the income therefore would hit the appropriation level of DKK 55 million in 2011.

6.4. Presented investments

Table 15. Capital projects in progress (DKK million)

	Commencement of construction	Expected completion	Annual expenditure	Expected total expenditure
Embassy building, Dhaka	2013	2015	0.0	DKK 7.0 million, cf. Appropriation Note 178, 2005
Embassy and residential dwellings, New Delhi	2012	2013	2.7	DKK 136 million, cf. Appropriation Note 48, 2009