



**MINISTRY OF FOREIGN AFFAIRS  
OF DENMARK**

**DECEMBER 2025**

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# **EVALUATION OF MANAGEMENT OF DANISH DEVELOPMENT COOPERATION - 20 YEARS AFTER DECENTRALISATION**

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# TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b>	<b>7</b>
<b>1 INTRODUCTION</b>	<b>21</b>
1.1 Background	21
1.2 Purpose and scope	24
1.3 Approach and methods	27
1.4 Data sources	29
1.5 Limitations	30
<b>2. TRENDS IN INTERNATIONAL AND DANISH CONTEXTS (EQ1)</b>	<b>32</b>
2.1 Multilateralism under strain	32
2.2 New goals and alliances emerging	34
2.3 Trends in Danish development cooperation	36
<b>3. CHANGES IN THE MANAGEMENT OF DANISH DEVELOPMENT COOPERATION (EQ2)</b>	<b>51</b>
3.1 Retrenchment on decentralisation	53
3.2 Choice of instruments – trends, relevance, and effectiveness	57
3.3 Denmark as a partner	60
3.4 The Aid Management Guidelines are working well but gaps remain	63
3.5 How Denmark manages development cooperation – four examples	66
<b>4. DOING DEVELOPMENT DIFFERENTLY (EQ3)</b>	<b>80</b>
<b>5. LESSONS (EQ4)</b>	<b>94</b>
5.1 Strengths and enabling factors	94
5.2 Weaknesses and constraining factors	95
5.3 Trade-offs	96
<b>6. CONCLUSIONS AND RECOMMENDATIONS</b>	<b>102</b>
6.1 Conclusions	102
6.2 Recommendations	103

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## LIST OF ABBREVIATIONS

<b>AMG</b>	Aid Management Guidelines
<b>ATI</b>	Agricultural Transformation Institute
<b>BDP</b>	Bilateral Development Programme
<b>BRICS</b>	Brazil, Russia, India, China, and South Africa
<b>COP</b>	Conference of Parties – Climate Change Conference
<b>CSO</b>	Civil Society Organisation
<b>CRS</b>	Creditor Reporting System
<b>DAPP</b>	Danish-Arab Partnership Programme
<b>DDD</b>	Doing Development Differently
<b>DE</b>	Danish Embassy
<b>DEPP</b>	Danish Energy Partnership Programme
<b>DIHR</b>	Danish Institute for Human Rights
<b>DIIS</b>	Danish Institute for International Studies
<b>DKK</b>	Danish Kroner – Currency
<b>EEP</b>	Employment and Entrepreneurship Programme
<b>EHRC</b>	Ethiopian Human Rights Commission
<b>EQ</b>	Evaluation Question
<b>EU</b>	European Union
<b>GDP</b>	Gross Domestic Product
<b>GNI</b>	Gross National Income
<b>GSP</b>	Green Strategic Partnership
<b>HRIP</b>	Human Rights and Inclusion Programme
<b>IFI</b>	International Financial Institution
<b>IFU*</b>	Investment Fund for Developing Countries, now Impact Fund Denmark
<b>KLIMA*</b>	Green Diplomacy and Climate (MFA Department)
<b>KVA*</b>	Quality Assurance Office
<b>LIC</b>	Low-Income Country
<b>LMIC</b>	Lower-Middle-Income Country
<b>LÆRING</b>	The department for Evaluation, Learning, and Quality (MFA department)
<b>M&amp;E</b>	Monitoring and Evaluation

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<b>MEAL</b>	Monitoring, Evaluation, Accountability and Learning Unit (MFA Department)
<b>MENA</b>	Middle East and Northern Africa (MFA Department)
<b>MFA</b>	Ministry of Foreign Affairs
<b>MIC</b>	Middle Income Countries
<b>MOPAN</b>	Multilateral Organisations Performance Assessment Network
<b>ODA</b>	Official Development Assistance
<b>OECD DAC</b>	OECD Development Assistance Committee
<b>SDCF</b>	Sustainable Development Cooperation Framework
<b>SDG</b>	Sustainable Development Goal
<b>SPA</b>	Strategic Partnership Agreement
<b>SRHR</b>	Sexual and Reproductive Health and Rights
<b>SSC</b>	Strategic Sector Cooperation
<b>UMIC</b>	Upper-Middle-Income Country
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNFPA</b>	United Nations Population Programme
<b>UNICEF</b>	United Nations Children's Programme
<b>UPR*</b>	Council for Development Policy

\* Acronym for Danish term

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The following annexes and case studies to the Evaluation Report can be downloaded as separate PDF files from [um.dk](http://um.dk).

### **Annexes**

Annex A:	Terms of Reference
Annex B:	Methodology
Annex C:	Evaluation matrix
Annex D:	Additional survey data
Annex E:	Additional figures
Annex F:	Comparative study – Denmark and peers – trends in ODA and management
Annex G:	Summary of main changes to Aid Management Guidelines
Annex H:	Evolution in Danish development cooperation strategies 2009–2021
Annex I:	Procedures for presentation and approval of projects, programmes, multilateral organisation strategies, and strategic frameworks
Annex J:	List of interviewees
Annex K:	Documents reviewed

### **Case studies**

Ethiopia, Morocco, Niger, UN New York, Uganda, Vietnam.

## EXECUTIVE SUMMARY

From 1 August 2003, the responsibility for management of Danish bilateral development cooperation was decentralised to several Danish Embassies (DEs), and in 2005, the decentralised management was extended to multilateral development cooperation. Since then, there have been major changes globally in the international context for development cooperation, and within Denmark in how Danish development cooperation has been managed and delivered.

Decentralisation was implemented in earnest for several years and had many positive effects. The first evaluation of decentralisation undertaken in 2009 (see the summary in Box 1) noted various positive impacts on development cooperation effectiveness, including improved flexibility, responsiveness, and ownership. Decentralisation was also viewed positively by staff, increasing their sense of ownership of country programming, their flexibility to make decisions, and their job satisfaction. However, constraints were also becoming evident in key areas such as human resource capacity and skills.

The intent of decentralisation was then undermined by strong countervailing pressures in support of domestic and national priorities and fiscal and political pressures to cut costs in the Danish Ministry of Foreign Affairs (MFA). Although decentralisation still features in the Aid Management Guidelines (AMG) and has never formally ended as a policy objective, it was effectively put into reverse by the focus on other policies and the closure of many embassies where a decentralised approach could be applied.

This independent evaluation commissioned by the MFA covering the period from 2009 considers:

- Whether and how changes in the context of development cooperation have been addressed by the way Danish development cooperation has been managed in a relevant and appropriate manner.
- Whether this has been done in line with the intentions behind the decentralisation of the management of Danish development cooperation.

- Whether the changes made in recent years have been conducive to the intentions behind the introduction of Doing Development Differently (DDD) and adaptive management.

The evaluation considers strengths and weaknesses of the management system for Danish development cooperation and identifies lessons for the future to inform delivery of the Danish policy and strategy for development cooperation. (See Terms of Reference (TOR) in Annex A).

The methodology is described in the first chapter of the main report and in Annex B. In brief, it draws evidence from and triangulates across a variety of sources including strategy and portfolio analysis, documentary review and mapping of key indicators, key informant interviews with MFA<sup>1</sup> staff and partners in Copenhagen and in six case study countries/missions, and an electronic survey of MFA staff. The evaluation was initially managed by the MFA Evaluation Team in the Department for Evaluation, Learning, and Quality (LÆRING), and from October 2024, by an external evaluation manager hired by the MFA. At each stage, comments were provided by an Evaluation Reference Group including external experts and representatives of different parts of the MFA.

Because of the wide scope of the subject of the evaluation, it was necessary to delineate what could be considered in any depth, and the main report notes key areas that are excluded as well as other limitations. For example, support to the private sector, the EU, Ukraine, and humanitarian development cooperation were all deemed out of scope, despite their undoubted importance.

The first task of the evaluation was to map the changes in context and in the management of Danish development cooperation. The key changes in the global context include the following:

- Retrenchment on multilateralism has been a major trend. Countries have increasingly focused on domestic priorities as geopolitical tensions have risen. There has also been a sharp increase in/resumption of conflict situations with global consequences. For instance, the financial crisis, the COVID-19 pandemic, and the outbreak of war in Ukraine have put the international system under huge strain.

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1 With the preliminary findings presentation it became clear that the evaluation would focus more than expected not only on LÆRING but also on the evaluation function (which is part of LÆRING). To avoid risks related to the dual role of being both the subject of the evaluation and the evaluation manager, it was decided to engage an external evaluation process manager to provide process management and oversight for the rest of the evaluation process.

- There has been a move away from the previous discourse on development cooperation effectiveness, represented by the 2005 Paris Declaration on Aid Effectiveness. The Sustainable Development Goals (SDGs) provide a broad consensus direction for the international system but are very wide-ranging. Meanwhile, there has also been a more specific focus by donors on climate change, humanitarian response, fragility, and migration linked to nationalism and concerns over global security and terrorism.
- Despite some progress on UN reform, policy coherence, and alignment of UN/International Financial Institution (IFI) systems around the SDGs, systems coherence has not been helped by the shift away from multilateral and towards domestic priorities.
- The donor landscape has diversified significantly with the emergence and influence of new donors, and development cooperation delivery models have shifted.
- More countries have attained middle-income status and have become less development cooperation-dependent (while continuing to express a strong need for support in some respects).
- Meanwhile, there has been a focus on influencing reform of decision-making mechanisms in the multilateral system to allow for developing countries and emerging economies to have a greater voice.
- The earlier consensus on the Paris principles<sup>2</sup> on aid effectiveness, programmatic development cooperation, and national ownership has largely disappeared.
- Poverty reduction remains enshrined in the SDGs together with global priorities around climate action, gender, and inclusion.
- There has recently been new attention to localisation, increased voice for developing countries, and DDD.

Against this backdrop, Danish development cooperation also changed very significantly:

- Denmark is one of the few donor countries that has consistently achieved or exceeded the 0.7% Official Development Assistance (ODA)/Gross National Income (GNI) target, although from 2009 to

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2 OECD (2005), Paris Declaration on Aid Effectiveness, OECD Publishing, Paris, <https://doi.org/10.1787/9789264098084-en>.

2022, Danish ODA decreased as a proportion of national income, from 0.85% to 0.7% of GNI.

- However, Danish ODA has become increasingly couched in the context of Danish national interest, significantly influenced by policies on climate change, migration and security, and international crises responses.
- Thematic approaches and Danish political and economic interests have gradually replaced long-term partnerships with national governments for development cooperation.
- The number of countries where Denmark has large bilateral development cooperation programmes managed by its embassies is now much smaller than in the days when the policy of decentralisation was conceived.
- At the level of Denmark's strategies for development cooperation, there has been a degree of continuity (e.g. gender, human rights) but in terms of implementation, there have been shifts in emphasis and in levels of spending in response to political pressures.
- In particular there has been increasing attention to climate action, which is entirely in line with global trends and priorities. At the same time, it provides opportunities for furthering Danish national interests given its comparative advantage in expertise and commercial terms.

Denmark's role as a partner in development cooperation remains widely respected but there have been changes in focus, as in other countries, away from a direct focus on the effectiveness of development cooperation for its own sake and towards furthering national and strategic foreign policy and security interests:

- Increased attention is being paid to fragile states where cooperation with the government is often impeded by lack of capacity or legitimacy (perceived or real).
- In allocating ODA, the focus on fragile states and climate led to more use of third-party implementation channels, including the multilaterals, civil society organisations (CSOs), the private sector, and institutional cooperation, for example, between Danish line ministries and their counterparts in various countries.
- Recent trends indicate a renewed focus on country partnerships. The most obvious example of this is in the new Africa strategy: 'Africa's century – Strategy for Strengthened Danish engagement with African

countries'. Africa remains the priority region but development assistance to Asia, the Middle East, and Latin America remains high, and development cooperation in Europe (Ukraine) has been increasing.

- There have been various shifts in development cooperation modalities: From 2010 to 2022, bilateral development cooperation remained stable at around 70% of total ODA. However, the share of bilateral development cooperation channelled through multilateral organisations increased from 8% to 23%, while other bilateral development cooperation declined from 65% to 50%. Today, more than 80% of ODA (excluding core contributions to multilateral organisations) is managed from Copenhagen compared to 50% in 2009.
- This shift is mainly due to increased Danish contributions to the EU, Financial Intermediary Funds for climate and environment, and multi-bi projects through UN agencies.
- There has also been a shift in cooperation partners from primarily partner governments towards multilateral actors and non-state actors of which many were Danish.

Two important trends have been observed, both of which are highly relevant for effective management of Danish development cooperation:

- First, there was a proliferation and fragmentation of instruments and actors involved in development cooperation. In later years, the growing attention to this issue has led to a decline in new engagements (see Annex E, figures 10–14).
- Second, there has been a recentralisation of Danish development cooperation, by default rather than by strategic intent.

These changes have come about for the following reasons:

- Capacity constraints within the MFA due to budget cuts have created powerful incentives to push development cooperation through third parties. Staffing retrenchments started to play a role within a few years of initiation of the decentralisation policy, driven by sustained MFA budget reductions that continued for much of the period. Available HR data, covering the period from 2009 onwards, shows a steady decline in development staff between 2009 and 2019 when numbers began to rise again. This applies to both home-based staff in Copenhagen and out-posted staff in embassies (see Figure 9). The decline in staff numbers also reduced the number of embassies

through which decentralised management of (large) bilateral development cooperation programmes could be implemented.

- These cutbacks effectively slowed down or even reversed the decentralisation process from 2011 onwards, draining development expertise and capacity at both the MFA in Copenhagen and the missions and impacting the capacity of the MFA to perform its quality assurance role adequately.
- The capacity issue is particularly important as a truly decentralised approach is staff-intensive since it involves managing programmes directly with implementing partners rather than working through third parties. According to stakeholder interviews, which were strikingly clear on this point, particularly in the MFA in Copenhagen, fewer staff and resources led to technical and sectoral deskilling in relation to development cooperation.
- The integration of development cooperation with other policies, the increased focus on climate, migration, and fragility, and shifts towards third-party channels, all effectively recentralised Danish development cooperation management.
- Overall, the priority shifts and the stronger integration of development cooperation into the foreign, security, trade, and climate policies led to a proliferation of Danish partners and instruments.

These trends run directly counter to the original intentions of decentralisation over 20 years ago, which were seeking to move management of development cooperation closer to national beneficiaries and to make it more harmonised, aligned, and driven by development objectives and considerations on aid effectiveness.

In contrast, the main drivers had shown themselves to be the need to reduce staffing in the MFA, closure of embassies, and the need to bring development into the orbit of foreign policy priorities and geopolitical developments given the shocks to the international system.

The relevance and effectiveness of Danish support through multilaterals is increasingly central, given the increasing use of this funding channel and multi-bi cooperation as compared with bilateral development cooperation managed by embassies.

- One issue this raises is how Denmark can best help drive multilateral effectiveness. This evaluation suggests that Denmark plays an important role in UN reforms and through provision of substantial core funding, and that the decentralised decision-making of the

missions in relation to Denmark's role on the Executive Boards has advantages.

- But capacity is constrained, and Denmark also needs effective mechanisms to gather detailed and granular evidence from the ground on how well the multilaterals are doing.
- Bilateral presence is an important part of ensuring effectiveness of multilateral engagement. This could be part of a deliberate strategy of using a range of different development cooperation modalities in a synergistic way.
- In any case, presence on the ground is also needed for Denmark's international contribution to be visible in countries, particularly where geopolitical considerations are important.
- The need for visibility of Danish ODA is also a challenge in relation to multilateral funding, since other things equal, it might lead to more thematic earmarking, while development cooperation effectiveness considerations would on the contrary tend to argue against earmarking.
- The hollowing out of the MFA's technical capacity has also tended to weaken the quality assurance role required for both decentralised and centralised arrangements across different modalities (bilateral and multilateral).

Despite these tensions, there are some broadly positive developments in Danish development cooperation management:

- Based on the six case studies for this evaluation, Denmark's role as a partner in development cooperation is assessed positively. Denmark is still able to call on the social capital developed over many years through the role that Danida<sup>3</sup> played in bilateral cooperation.
- The AMG, which were initiated in 2003 (see Annex G for an overview of major changes), are found to have been working reasonably well, evolving and responding to contextual changes. However, the share of Danish ODA has declined for the types of cooperation for which they were originally developed. There remains a need to adapt and

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3 From 1971 onwards, the term Danida referred to the 'Danish International Development Agency', but in 1991 the agency was merged with the Danish Ministry of Foreign Affairs. The term Danida is thus no longer an acronym but is still used as a proxy for Denmark's official development cooperation, which is an area of activity under the Ministry of Foreign Affairs of Denmark. (see: <https://um.dk/en/danida/about-danida>).

develop the AMG to tailor them further to newer and non-traditional instruments.

- The Danish focus on climate change is well aligned with global and national interests, so relevance is high. However, effectiveness is less clear in this area, not least because it is dependent on how effectively the resources are used by third parties through which Denmark is working on climate action.
- The increasing use of Strategic Sector Cooperations (SSCs) provides an additional important instrument that is useful in certain contexts and can showcase and share Danish expertise. This is part of Denmark playing a significant role as a partner in new middle-income countries (MICs) that had previously benefitted from long-term Danish ODA.
- The case study in Morocco on the Danish–Arab Partnership Programme (DAPP) for this evaluation shows how working through civil society partners can help further development objectives such as supporting inclusion, gender, and human rights.
- The Niger case study raises questions about whether Denmark has found the right approach to management of development cooperation in fragile contexts. Specifically, relying on delegated partnerships used in this way has drawbacks.

The evaluation also looked at Denmark’s approach to DDD, including adaptive management, focus on results, and coherence across different instruments.

- There is every reason to think that this was a highly relevant approach, because of its emphasis on results, adaptive learning in response to local needs, and coherence.
- Unfortunately, the evidence from this evaluation suggests that DDD as an approach was not well understood. Primarily, it was not seen as bringing anything particularly new to the table. Management of Danish development cooperation had already sought to be flexible, adaptive, and focused on results before DDD, so MFA employees were left asking themselves what exactly was different.
- At the same time, DDD was not fully implemented and assimilated in terms of substance, despite concerted efforts at rolling out relevant training. In one key area there was a significant gap i.e. in the ability to ensure operational learning. Here, the capacity constraints and deskilling of the MFA in terms of development expertise have been crucial factors.

- There was also significant evidence of a gap in terms of how far DE staff are able to use MFA data systems to get the full picture of Danish engagement within a country and for local partners to track coherence. For example, the Danish MFA has a long tradition of outsourcing data collection to external consultants, think tanks, and universities. Internal systems are designed to meet only basic needs (focused on financial management and fulfilling annual OECD Development Assistance Committee (DAC) reporting requirements) with insufficient attention to preserving historical data to, inter alia, serve the purpose of future analysis. Until 2013, the MFA relied on siloed systems, after which it adopted standard government financial systems and is now using an externally hosted bookkeeping platform called Navision (see sections 1.5 and 5.3).

**The lessons** from this evaluation can be summarised below

1. The intent of decentralisation was conceptually strong and highly relevant to the needs of developing countries, but it was practically constrained.
2. DDD, including adaptive management, was also highly relevant but was not fully assimilated or well understood, not least because of staffing constraints.
3. Denmark's role as a partner remains highly appreciated in its bilateral development cooperation.
4. Similarly, its work through and with multilateral organisations was also viewed positively by those interviewed for this evaluation. There is, however, a need to find the most effective ways to harness on-the-ground intelligence to inform multilateral effectiveness.
5. The management system for handling Danish ODA has various positive features – particularly that the AMG are fit for purpose and continue to evolve, that Denmark is a valued partner, and that Danish missions and DEs (where still in place) provide a solid foundation for management of development cooperation.
6. Denmark's focus on climate change is well aligned with global and national priorities, making it highly relevant and an opportunity to showcase Danish expertise and leadership. However, since it involves directing funds through climate funds, an engagement that is managed from Copenhagen rather than at embassy level, it has also led to a more centralised approach.
7. There is a continued need to find ways to effectively address development cooperation management in fragile contexts.

8. When used in the right contexts, the SSC instrument has demonstrated its value, is well appreciated, and could be sustained and developed further.
9. Through the DAPP, the CSO partners can play a central advocacy role on Danish development priorities within agreed results frameworks. On the other hand, service contracts are not working well in their current design.
10. MFA data systems are not optimally configured to support management of Danish ODA, being unable to provide timely, reliable, and easily accessible data for managing the development cooperation portfolio at embassy level.

The evaluation has identified the following **key strengths** of the way in which Danish development cooperation is managed: Denmark has a good reputation among in-country national and local partners. It has built a reputation for its work and influence on gender and climate. Management of Danish development cooperation was adaptive before DDD and remained so. Denmark's adaptability is also supported by the broad range of instruments available.

In terms of **key weaknesses**: as already noted, reductions in MFA staff and the closure of embassies have reduced the ministry's technical capacity<sup>4</sup>. There is also an issue around the coherence across the different instruments now used by the MFA. One gap noted is that the tools available for working in fragile contexts are more limited, particularly in regions where Denmark has closed embassies, such as the Sahel. Other weaknesses include the fact that there is untapped potential for learning and adaptation beyond the formal channels of adaptive management at DEs.

**The conclusions** of the evaluation are as follows.

1. Denmark has a strong reputation internationally as a flexible and capable partner that plays an important role in supporting effective development cooperation. Much of this reputation was built on the quality and long-term nature of its bilateral and multilateral engagements.
2. The Danish management system and guidance for development cooperation/use of ODA are found to work reasonably well, at least in relation to traditional bilateral and multilateral development

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4 In this context, technical capacity refers both to sector specialists and more broadly to development specialists.

cooperation modalities. However, several important challenges for effective development cooperation management were also evident.

3. The first challenge is that Denmark is working within an increasingly fragmented international system, characterised by a proliferation of actors and instruments. This makes it more and more complex to manage development cooperation well. It requires a strategic, intentional, and balanced approach rather than a more reactive one, notwithstanding political drivers.
4. Second, managing development cooperation has been made much more difficult by the long-term hollowing out of technical capacity<sup>5</sup> within the MFA, which came up frequently in the evaluation.
5. Third, recognising its own capacity constraints, Denmark has (not surprisingly) shifted towards increasingly delivering development cooperation through third parties. Working through the multilateral partners is a very important route towards effective development cooperation, particularly in fragile states and given Denmark's relatively small size. However, the evaluation concludes that the pendulum may have swung too far. Danish bilateral cooperation requires a critical mass to work effectively and play its complementary role.
6. This evaluation also considered to which extent the management system for Danish ODA meets the original intent of decentralisation. Decentralisation remains implicitly a policy objective in the framing of the AMG, but it has been undermined by other trends and has fallen out of view. As a policy, nevertheless, it still has considerable merit and could do with being brought back into focus.
7. DDD was a relevant approach, but it was not fully assimilated, although many of its key elements are a natural fit to how Denmark likes to work. Importantly, a capacity gap remains for rapid loop learning for adaptive management, although other types of learning are well supported.

In summary, to ensure development cooperation effectiveness in a rapidly changing world, it is vital to retain a strategic and balanced approach in choices of instruments and partners and to keep an eye on development cooperation effectiveness overall. In contrast, it appears that Denmark has been more reactive, somewhat piecemeal, and political, which could be improved. An example of this is the effect of

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5 Both staff who are trained as sector specialists and staff who are development specialists.

decisions aimed at showing Danish commitment to tackling climate change which themselves are highly relevant and make sense but have stretched the development cooperation management system.

The evaluation makes the following recommendations:

**Recommendation 1:**

**Re-establish a more explicit focus on effectiveness of development cooperation in how it is managed, as part of a balanced and strategic approach to the choice of instruments used in development cooperation that recognises the particular strengths and risks of each instrument.**

Denmark should seek to develop a more balanced and strategic approach when choosing which modalities and instruments to use – and this should be explicitly informed by development cooperation effectiveness considerations. This is in contrast to the present approach which has more obviously tended to be driven by other important objectives and ended up relying too heavily on third-party channels. It should aim for synergy across all Danish engagements with a particular country or partner (see lessons 1, 3, and 4 and Conclusion 3).

**Recommendation 2:**

**Ensure coherence and synergies through better planning and data.**

In pursuing Recommendation 1, and in line with the intent of DDD, Denmark should continue to aim for synergy across all Danish engagements with a particular country or partner. As the foundation for this, Denmark should ensure enhanced coherence through strengthened strategic planning processes, data, and oversight that can enable looking across diverse instruments for development cooperation, especially at the country level. In particular, it would be helpful to further improve the staff's understanding of what data are available and how to find them for this purpose (links to lessons 2 and 10 and conclusions 3 and 7).

**Recommendation 3:**

**Maintain a critical mass of bilateral country programmatic development cooperation.**

Bilateral development cooperation managed at the embassy level is an important route for maintaining the asset that is Danish reputation, knowledge, and expertise based on first-hand experience of what makes development cooperation effective. However, it has dwindled as the number of embassies with a large development cooperation portfolio has been reduced. Opportunities should now be taken to protect and build this asset and, in the process, rediscover the importance of decentralised management of development cooperation. This may be timely in the sense that it could fit well with the need for increased Danish visibility in a geopolitical sense, which is a high priority in, for

example, the new Africa Strategy (see lessons 1, 3, and 4 and conclusions 1, 5, and 6).

**Recommendation 4:**

**Prioritisation: Continue to aim for fewer, larger interventions with a less fragmented approach.**

Managing development cooperation effectively has upfront costs, although it should save resources too. Several of the recommendations of this evaluation (particularly recommendations 2, 5, and 8) would require additional resources to be implemented. One way to afford this would be if the MFA prioritises fewer, larger interventions, while also using smaller engagements selectively when it makes sense to do so (see conclusions 3 and 4 and recommendations 2, 5, and 8).

**Recommendation 5:**

**Strengthen capacity for influencing multilateral partners in the UN.**

Effective use of the multilateral channel is also vitally important as Denmark cannot be present in every country or situation, and pooling resources is often the most efficient choice. Denmark already has strong relationships with multilaterals and there was very positive feedback on how it works in the UN in New York for this evaluation. To help further in that context, it would be valuable to consider:

- reviewing the level of technical support provided to Danish multilateral missions from the MFA in Copenhagen to help cover the full range of issues that come up at board meetings
- further improving arrangements for DEs in countries where Denmark is present with considerable bilateral development cooperation to share relevant intelligence on how multilaterals are working on the ground so that Denmark can speak authoritatively in the boards of the multilaterals.

(See Lesson 4, Conclusion 5, and UN New York case study.)

**Recommendation 6:**

**Effective management of the increasingly large share of development cooperation resources channelled through climate funds.**

Concerning climate action, and given its importance for Denmark and globally, the MFA should review arrangements for ensuring effective allocation and quality monitoring of the large resources being channelled centrally through climate funds, e.g., the Green Climate Fund (see Lesson 6).

**Recommendation 7:**

**Using SSCs to their full, but only in the right contexts.**

Be clear on the potential (and limitations) of SSC when deciding where to use and how to apply it in different settings. SSC projects can be catalytic and an excellent way for Danish expertise to be shared, but the

conditions need to be right. They are particularly suitable for use in MICs that have transitioned following long-term support from Denmark (see Lesson 8 and Vietnam and Ethiopia case studies).

**Recommendation 8:**

**Learning in support of adaptive management.**

Strengthen the development cooperation management capacity by specific measures to underpin and incentivise learning, in support of adaptive management. LÆRING should design a coherent approach to learning to support fast learning loops, exchanges across countries and modalities including by establishing a repository of tools and approaches (see Lesson 2, Conclusion 7, and the Uganda case study).

**Recommendation 9:**

**Reconsider use of service contracts for CSOs in the Danish–Arab Partnership.**

As observed in the Morocco case study, the DAPP works through NGO-led consortia to deliver a relevant and effective partnership for advocacy work on central issues such as human rights. However, the MFA should re-consider the use of service contracts for CSO support under the DAPP. They create high transaction costs for the NGOs, reduce flexibility, prolong response times for subcontractors, and tend to focus attention on compliance rather than learning. Service contracts with detailed outputs and timelines are also not conducive to advocacy work targeting politically driven reform processes (see Lesson 9 and Morocco case study).

# 1. INTRODUCTION

## 1.1 Background

Management of Danish bilateral development cooperation was decentralised to several Danish Embassies (DEs) in August 2003. In 2005, this decentralisation was extended to development cooperation channelled through multilateral organisations. The decentralisation of Danish development cooperation was last evaluated in 2009,<sup>6</sup> and in the years since then there have been major changes in both the international context for development cooperation and in how Danish development cooperation has been managed and delivered.

### **BOX 1: SUMMARY OF EARLIER EVALUATION OF DECENTRALISATION: MFA DENMARK 2009**

The 2009 evaluation found that decentralisation came after a relatively long period of reflection but then moved ahead quickly. Decentralisation had a number of positive aspects and was viewed positively by staff overall. However, certain key gaps were revealed, particularly in relation to skills, communication, and human resources.

The benefits included increased flexibility and responsiveness at local level, while also increasing job satisfaction and ownership of development cooperation programming. Denmark was viewed as one of the most decentralised agencies, particularly in terms of timeliness and responsiveness during programme implementation. The decentralisation process was seen as effective, enabled by strong senior management support, rapid implementation, and adequate pre-existing policies, procedures, and tools (Aid Management Guidelines – AMG).

One gap was ongoing communication. Comprehensive guidance was offered at the time of decentralisation, and the AMG were made available prior to the launch, together with support from Copenhagen through the Quality Assurance Office (KVA). However, there was insufficient ongoing communications to help staff through the change as it took effect.

A second gap was that the impacts on human resources and HQ operations were not fully anticipated. An ideal staffing model was developed but not fully implemented due to government resource cuts. Some embassies received additional resources, but not all. It was assumed that existing staff

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6 <https://web-archive.oecd.org/derec/denmark/43960403.pdf>

competencies were sufficient to initiate decentralisation, with training courses to enhance skills over time. Staff had mixed views on their skills, with many indicating a lack of non-sector-specific skills needed for the new effectiveness agenda. Concerns were also raised about the management skills of embassy managers.

Danida's decentralised model generally supported alignment with national partners and harmonisation with other development partners. However, some policies and procedures gave the impression of Danida imposing its own processes. The 2009 evaluation found that a rigid approach to appraisals undermined national ownership and harmonisation. In terms of quality control mechanisms, embassy staff felt they were primarily responsible for this, but the evaluation found there were significant variations in their capacities to ensure quality programming.

However, subsequently, the AMG were revised and efforts were made to strengthen communication between embassies and HQ, including through videoconferencing during resource planning. Overall, the conclusions of the evaluation in 2009 were that decentralisation brought flexibility, improved ownership, and responsiveness, but it also highlighted the need for better communication, adequate resources, and enhanced staff competencies.

Internationally, the focus has shifted away from a consensus around the Paris Principles for Development Cooperation Effectiveness and the use of development cooperation instruments associated with the Paris principles.<sup>7</sup> These principles focused on national ownership, harmonisation and alignment, results, and use of programmatic instruments. In terms of traditional bilateral development cooperation programming, there has been a decline in the use of general and sector budget support and of sector programmes/sector wide approaches (SWAPs), and less emphasis on alignment with partner strategies and strengthening country ownership (while on the other hand there has been a new emphasis on localisation).<sup>8</sup>

As donors increasingly respond to various domestic demands, development cooperation delivery has become increasingly fragmented<sup>9</sup>. During the evaluation period, the global system has been buffeted by shocks including the global financial crisis, the COVID-19 pandemic,

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7 OECD (2023), Development Cooperation Report 2023: Debating the Aid System  
8 The Global Partnership for Effective Development Cooperation (2019), Making Development Co-operation More Effective 2019 Progress Report,  
9 Taggart, J. (2022), A decade since Busan: towards legitimacy or a 'new tyranny' of global development partnership? Journal of Development Studies. <https://doi.org/10.1080/00220388.2022.2032672>

major conflicts in Ukraine, Gaza, and Sudan and across the Sahel (among others), democratic backsliding, and an increase in or return to autocratic regimes.<sup>10</sup>

These various factors have led to a general view that multilateralism is in retreat (see Section 2.1 for a more detailed analysis), and democracy is also threatened.<sup>11</sup> Other important trends include ongoing debates around decolonising development and the attention given to increasing migration. Nevertheless, development cooperation funding for developing countries has shown resilience overall, despite the largest increases in ODA going to humanitarian support overall, in-donor refugee costs, and humanitarian support to Ukraine. According to the OECD, since 2019, ODA has risen by 34% from USD 160 billion to USD 214 billion (in constant 2022 prices), as Development Assistance Committee (DAC) members mostly maintained or increased ODA budgets to support developing countries.

In Denmark, there have also been significant developments affecting how development cooperation is managed. Reductions in ODA as a share of Gross Domestic Product (GDP) and in staffing of the Ministry of Foreign Affairs (MFA), increasing integration of development cooperation with foreign and trade policies, more centralised management of ODA within the MFA and a marked increase in multilateral relative to bilateral development cooperation have all influenced the type of development cooperation as well as how development cooperation is managed and delivered.<sup>12</sup>

While certain underlying policy goals such as poverty reduction, human rights, gender, and sustainable development have featured consistently, focus has shifted towards climate change, migration, fragility, security, and Denmark's geopolitical influence. Another shift relates to the role of the private sector as the mobilisation of private investments is anticipated to significantly contribute to the achievement of the Sustainable Development Goals (SDGs). This has led to an increase in business and infrastructure-related financial instruments to de-risk private sector participation, which again has impacted both the poverty focus of Danish ODA and the access of low-income countries (LICs) to such instruments<sup>13</sup> (see Figure 3 in Annex E for the shifts in focus countries).

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10 OECD. (2022), *States of Fragility*.

11 International Peace Institute (2022), *Multilateralism Index: Pilot Report*.

12 OECD DAC (2016), *OECD Development Co-operation Peer Review: Denmark*.

13 Engberg-Pedersen, L. and Fejerskov, A. M. (2021). *Danish development cooperation: withering heights*. In Puyvallée, A.B. and Bjørkdahl, K. (eds.). *Do- DIIS WORKING PAPER 2023: 08 23 goaders at the end of aid: Scandinavian humanitarianism in the twenty-first century*. Cambridge: Cambridge University Press.

This evaluation seeks to understand those changes in context; how they have affected Danish policy objectives<sup>14</sup> and how development cooperation management has changed in response. It assesses how relevant and appropriate the shifts in the Danish approach to development cooperation management were in the light of the (changing) objectives, policies, and development strategies. It considers to which extent Denmark met its intended approach in relation to decentralisation and adaptive management, identifying strengths and weaknesses of the development cooperation management system.

The main findings and lessons then form the basis of recommendations which are intended to be useful for strategic and policy decisions. The report is timed so that it can feed into work to update Denmark's development policy and strategy as well as ongoing adjustments to the management of development cooperation.<sup>15</sup> There is also some reach across to implementation of the Africa strategy.

This report is structured as follows:

- Introduction – including purpose, scope, approach, limitations
- Changes in the international context
- Changes in Danish development cooperation context and development cooperation management
- Relevance and effectiveness of development cooperation management
- Adaptive management and Doing Development Differently (DDD)
- Conclusions and lessons learned
- Recommendations

## 1.2 Purpose and scope

The evaluation is mainly forward looking, for lesson learning. Its purpose is to investigate, assess, and learn from the experience with Danish management of development cooperation since 2009, informed by the

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14 The four Danish development strategies during the period of this evaluation are shown in Annex H.

15 Notably the Keep It Simple exercise in the Danish MFA, which has just started.

context of the increasingly complex global challenges faced by Denmark and partner countries.

The first stage, which was completed mainly during the inception phase was:

- to establish a descriptive overview of the **main developments in the management of Danish development cooperation** (Evaluation question (EQ) 1) since the 2009 evaluation of decentralisation of Danish development cooperation management to include
  - o developments in Danish development cooperation and support,
  - o developments in policies and principles that have guided Danish development cooperation management, and
  - o the broader donor landscape/development cooperation architecture and international development agenda.

During its main phase, the evaluation focused on three main objectives:

- To assess whether and how changes in development cooperation since 2009 have been addressed by **management of development cooperation** in a relevant and appropriate manner. Specifically, this has been done in line with the intentions behind the decentralisation. (EQ2)
- To assess whether and how the management changes since 2018/2019 were conducive to **DDD and adaptive management**. (EQ3)
- To provide **lessons** regarding strengths and weaknesses in the management of Danish development cooperation. This included examining enabling and hindering factors, identifying dilemmas or trade-offs, and making recommendations on adjustments if relevant. (EQ4)

The evaluand is the MFA's management of support to development cooperation, which includes:

- Systems and practices for managing both bilateral and multilateral support.
- Management of development cooperation from various departments in the MFA in Copenhagen.
- Management of development cooperation in embassies and missions at the UN.

- Targeted partnerships including SSC and expanded partnerships.
- Use of ODA for climate change, which is an increasingly important part of the MFA's work.

To provide insight into management at these different levels, the evaluation conducted interviews at the MFA in Copenhagen and implemented a series of six case studies to explore different issues. The six case studies were: Ethiopia, Morocco (regional support to the Danish-Arab Partnership Programme (DAPP)), Niger (remote data collection methods), Uganda, Vietnam, and New York (the Danish Mission to the United Nations (UN)).

The evaluation sought to draw on other evaluations and reviews, including for example, the evaluation of Danish multi-bilateral interventions and the stocktaking review of Doing Development Differently.<sup>16</sup> At the inception stage it was also agreed that the evaluation would not have a primary focus on any of the following areas, some of which have been separately evaluated:

- Civil society (except for the DAPP)
- Humanitarian support and support to Ukraine
- Private sector support
- Management arrangements concerning ODA managed by line ministries<sup>17</sup> and the Investment Fund for Developing Countries (IFU, now Impact Fund Denmark)
- ODA that relates to domestic support to refugees
- The results of development cooperation. A key focus was, however, whether the conditions for achieving results were supported by how development cooperation was managed, particularly concerning adaptive management and DDD.

While these are all areas of considerable interest, it was essential to narrow the scope in some way to make the evaluation tractable, hence the decisions on scope.

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16 Ministry of Foreign Affairs of Denmark (2023), Evaluation of Danida Multi-bilateral Interventions; and Ministry of Foreign Affairs of Denmark (2024), Stocktaking on Doing Development Differently (DDD).

17 With the exception of SSCs, which were explicitly kept in scope for the evaluation.

This does impose limitations, for example, given the increasing importance of private sector related instruments and support and the prominence of the support for Danish CSOs, which is an important part of the story of the changes to Danish development cooperation since 2009. In some instances, however, issues emerged naturally in the country case studies that did relate to these points. For example, support to civil society via strategic partnerships turned out to be an important part of the discussion on coherence and synergies between various instruments.

Whereas the evaluation period covered the last 15 years, the evaluation has paid more attention to the latest five years, to make the lessons learned as currently relevant as possible and to make the evaluation scope more manageable.

### 1.3 Approach and methods

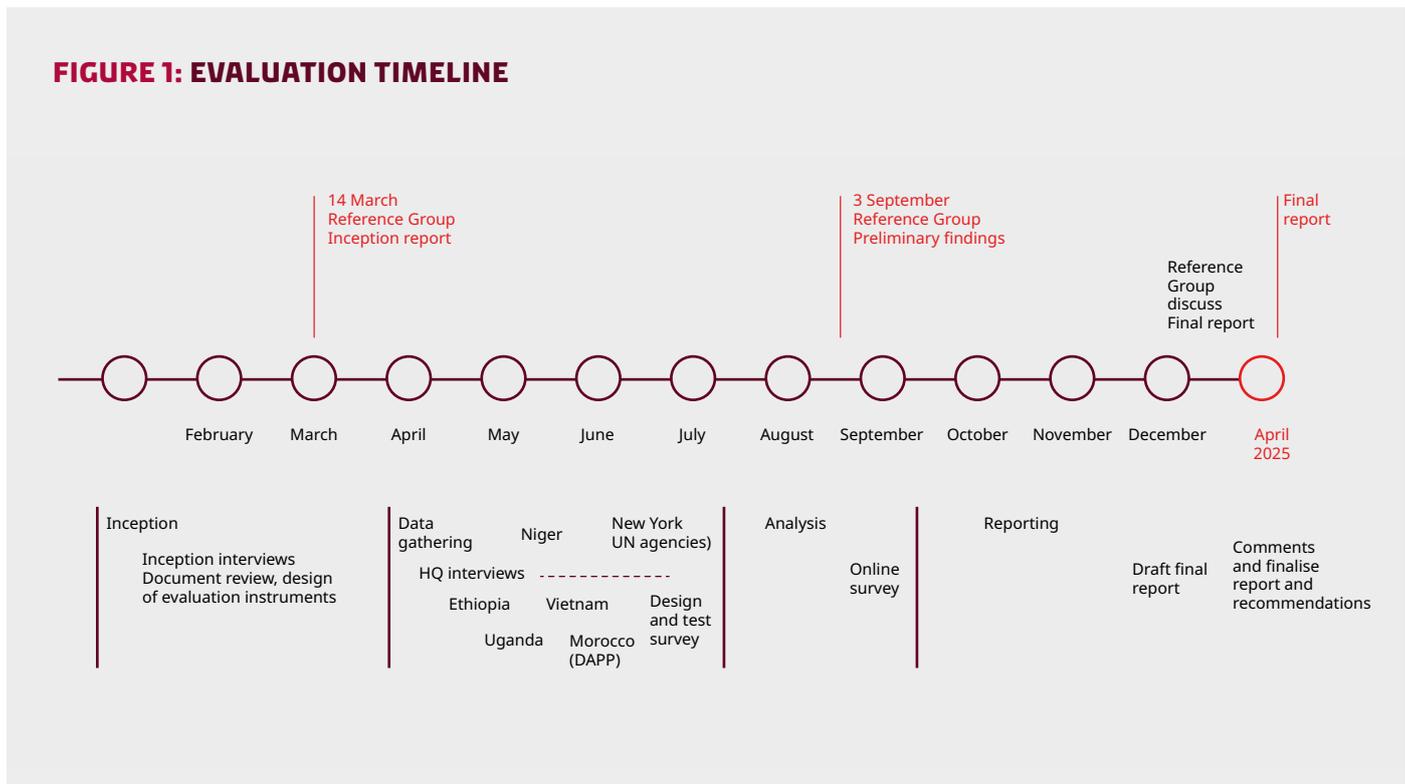
The evaluation was structured around the DAC evaluation criteria of relevance, coherence, effectiveness, and efficiency, which are integrated across the four evaluation questions. The evaluation did not have a primary focus on impact or sustainability. The evaluation questions and proposed methods and data sources for answering the questions are set out in more detail in an evaluation matrix in Annex C.

The evaluation used mixed methods, including a document review (focusing mainly on documents, evaluations, assessments, and reviews provided by the Danish MFA but also incorporating, e.g., OECD DAC peer reviews and – to a more limited extent – research and online materials/reports related to development trends in Danish development cooperation and the management of Danish development cooperation), a portfolio analysis, a detailed review of the development cooperation management guidelines, mapping and development of timelines, key informant interviews with staff in Copenhagen and in embassies/missions, six case studies, and an electronic survey. The case studies focused on five countries (Ethiopia, Uganda, Vietnam, Niger, and Morocco) and one multilateral study on Danish cooperation with the UN through the mission in New York. In addition, the evaluation included an analysis of the learning and knowledge management mechanisms in the MFA and a comparative analysis of Danish development cooperation management and management by Nordic peers (see Annex F). The information obtained was triangulated and analysed for the following purposes:

- Mapping and investigating **what changed** – in the international context, in Danish policy goals, and in development cooperation management practices – and why.

- Investigating what the **underlying intent** was in terms of **policy goals** around development cooperation, in terms of effectiveness criteria and how they evolved. These provide the basis for evaluative judgements of what was relevant or effective.
- Assessing how **relevant and appropriate** (effective, efficient) those changes were.
- Identifying **strengths and weaknesses** of management practices as they evolved.
- Identifying **lessons** to inform adjustments in management.

Figure 1 below outlines the timeline and progress of the evaluation. More detailed information on the methodology is included in Annex B. The approach and methods, and an analysis of main trends globally and for Danish development cooperation, were shared for comments by the Evaluation Reference Group during the inception phase of the evaluation.



## 1.4 Data sources

The evaluation made use of a large variety of data sources that are outlined in Table 1 below and in more detail in Annex B.

**TABLE 1: DATA SOURCES**

<b>Document review</b>	During the evaluation, more than 190 documents were reviewed, including strategic documents and policy papers, guidelines and tools, evaluations, studies and reports, discussion notes, meeting minutes, and more. The list of documents is provided in Annex K.
<b>Interviews</b>	A total of 183 people were interviewed for this evaluation (7 external experts/consultants, 50 interviewees at the MFA in Copenhagen, 20 interviewees from other Danish public institutions, Danish NGOs and other donors, 20 posted and locally-employed staff and representatives of partner organisations for the Ethiopia case study, 14 for the Uganda case study, 26 for the Vietnam case study, eight for the Niger case study, 20 for the Morocco case study, and 18 for the multilateral case study). The interviews were conducted in a semi-structured manner using an interview guide which was based on the evaluation matrix. The list of interviewees is provided in Annex J.
<b>Electronic survey</b>	The aim of the online survey was to gather data for EQ3 of the evaluation matrix (Annex C) that focuses on DDD. The survey explored MFA staff's experiences working with adaptive management approaches in practice. It was published in September and was open for approximately three weeks. It was shared with 13 development embassies, 11 units at the MFA in Copenhagen and three multilateral missions (Geneva, New York, Paris), targeting a total of 551 recipients. A total of 148 people participated in the survey, leading to a response rate of 27% <sup>18</sup> . The survey data is presented in the main report with additional figures provided in Annex D.
<b>Portfolio analysis</b>	A portfolio analysis was carried out drawing on the following data sources: <ul style="list-style-type: none"> <li>• Data from the Danish MFA</li> <li>• Data from the OECD.stat<sup>19</sup> website, the OECD Data Explorer<sup>20</sup>, and OECD iLibrary<sup>21</sup></li> <li>• Data provided by the Human Resources Department of the Danish MFA.</li> </ul>

18 Two reminders were sent out to the recipients to encourage participation.

19 <https://stats.oecd.org/Index.aspx?DataSetCode=MULTISYSTEM>

20 <https://data-explorer.oecd.org/?lc=en>

21 [https://www.oecd-ilibrary.org/sites/9b77239a-en/index.html?itemId=/content/component/5e331623-en&\\_csp\\_=b14d4f60505d057b456dd1730d8fcea3&itemIGO=oecd&itemContentType=chapter](https://www.oecd-ilibrary.org/sites/9b77239a-en/index.html?itemId=/content/component/5e331623-en&_csp_=b14d4f60505d057b456dd1730d8fcea3&itemIGO=oecd&itemContentType=chapter)

## 1.5 Limitations

There are **five** limitations to the report.

- **The first** and most important limitation relates to **data on MFA staffing**. The evaluation obtained data on how the MFA's human resources had changed over time, including the split between the MFA in Copenhagen, missions, and embassies. This was important to validate evidence from interviews on how the capacity for management of Danish development cooperation has evolved. However, it was not possible to get to an exact figure of staff working on ODA management due to the following limitations:
  - A. Changing departmental structures and roles over time:**

The constitution, naming, and functions of departments in the MFA in Copenhagen have evolved, making it difficult to consistently track staff involved in ODA management versus those involved in related but different functions (e.g., parliamentary information flows).
  - B. Changing embassy-level categorisation and shifting mandates:**

Over time, some embassies that used to focus heavily on development cooperation either closed or shifted their focus to other areas as bilateral ODA was phased out. This means that simply labelling them as 'development-focused' throughout their entire existence would be misleading. To address this, the analysis set clear points in time (cut-off points) to mark when these embassies stopped being development-focused and started playing a different role. This adjustment helped give a more realistic view of how many staff were working on development at different times. However, even with these corrections, the data is still not fully precise, because it is impossible to capture all the nuances of changing responsibilities and staff roles over time. For example, the cut-off year used reflects when the phase-out was reported to be complete, though related staff adjustments may have occurred earlier or later.
  - C. Uncertainty around the proportion of staff engaged in ODA at partially focused embassies:**

For embassies where development cooperation is only a minor part of the portfolio, there was no reliable data on how many staff were actually involved in ODA management. Only a minor share of staff at these embassies are involved in ODA management, but it cannot be assessed how many, going back in time.
- **Secondly**, data limitations also apply to information on ODA. The evaluation relied on two data sources: OECD DAC data and internal MFA data. However, both sources had limitations that impacted the analysis.
  - o OECD DAC data presented several challenges. Before 2010, the reporting in Denmark's Creditor Reporting System (CRS) was incomplete and often did not align with the aggregated DAC

tables, primarily due to the exclusion of small grants caused by reporting thresholds. Furthermore, Denmark's definitions of various categories of development cooperation, such as the classification of Multilateral vs. Bilateral ODA, have evolved over time, which may have influenced the analysis. Older datasets may not have consistently applied these classifications.

- o Internal MFA data, available from 2000 onwards, also had its limitations. The migration from older systems was partial, leading to gaps in financial records. Additionally, the pre-2013 systems were fragmented and purpose-built for specific functions, making long-term data storage and analysis challenging.
- **Thirdly**, the timing of the **electronic survey** was later than would have been ideal. The evaluation team designed and implemented an electronic survey to obtain views from a wider range of MFA staff than the evaluation team could speak to in face-to-face interviews, again with the aim of triangulation and validation. The team was unable to send out the survey until relatively late in the evaluation process, after all other data collection had been completed, due to scheduling coinciding with MFA summer vacation. Therefore, the survey data was used retrospectively to inform analysis. However, the response rate was adequate after the usual follow up, and the survey findings generally confirmed what had already emerged through other evidence sources.
- **Fourthly**, the **Niger case study had to be conducted remotely** because of the ongoing security situation, and there were relatively fewer interviews as the relevant staff's time was currently spent dealing with the crisis.
- **Finally**, as agreed at the inception stage and explained above under Purpose and scope, **various areas were agreed as being out of scope**. As all are important in different ways this affects the breadth (e.g., excluding private sector) and depth (e.g., civil society confined to issues as they arose in case studies) of the analysis.

## 2. TRENDS IN INTERNATIONAL AND DANISH CONTEXT (EQ1)

The following sections address Evaluation Question 1. The sections set out the main developments in an international context, in Danish development cooperation, in distribution of development support, and in the approach to partnerships since 2009. They also assess how far and in what ways the management of Danish development cooperation has adapted to changes in the international and Danish contexts during the same period.

### 2.1 Multilateralism under strain

#### Geopolitical shifts

There has been a major shift in international cooperation since the 2000s when multilateralism was at its peak. Globally, multilateral cooperation is currently under strain, and international consensus on what constitutes 'aid effectiveness' has faded. In addition, multiple concurring crises, shifting geopolitical alliances, and the rise of new powers (e.g., China, India, Russia) that challenge the dominance of the West are impacting development cooperation models.

*"Multiple global crises and the growing urgency of containing climate change have put current models of development cooperation to, perhaps, their most radical test in decades."*<sup>22</sup>

**Geopolitical tensions have been rising** with the relations of the global 'giants' at their worst since the Cold War. The global order has shifted with emerging economies forming new geopolitical alliances (e.g., BRICS (Brazil, Russia, India, China and South Africa)) and playing a greater role on the world stage, including in shaping the development narrative and increasingly contesting western approaches and their legacies (e.g., the critiques of colonial legacies and systemic racism). This is a positive development from the perspective of developing countries themselves. The shifts in the global order and economy were extended in different

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22 OECD: Development Cooperation Report 2023: Debating the Aid System.

ways by global shocks, such as in the aftermath of the 2008 financial crisis and the COVID-19 pandemic in 2020.

Alongside this, there has been **a sharp increase in the breakout or resumption of (often extremely complex) conflict situations with global consequences** (e.g., the conflicts in Ukraine, Gaza, Syria, Myanmar, Sudan, and across the Sahel and Afghanistan)<sup>23</sup>, accompanied by a global rise in authoritarianism. Despite calls for conflict prevention and disarmament, an increasing escalation of national and international tensions, growing military spending, and proxy wars have been witnessed.<sup>24</sup> There have also been large increases in migration and displacement driven by the conflicts and insecurity mentioned above (including the rise of organised crime as a driver of violent conflict) but also climate events/hazards and economic drivers.<sup>25</sup>

Despite these rather challenging global events and trends, **there has been a rise in the number of countries attaining middle-income status** during this period, and there has been a general shift in the profile of development cooperation recipients.<sup>26</sup> On the one hand, fragility, humanitarian needs, and economic and social inequality have increased<sup>27</sup>, whilst, on the other, many countries have become less ODA-dependent and now have different distinct concerns, e.g., on climate and environment. Countries from the global south are increasingly grouping together to defend their particular interests internationally, e.g., in the debate on climate reparations or on climate change adaptation.<sup>28</sup>

## Changes to the multilateral system

**Since the 2005 Paris Declaration, there have been numerous shifts in the discourse on aid effectiveness.** The international context for development and the framework for delivering ODA have moved sharply away from the Paris Principles, replaced by the broad goals of the SDGs and global challenges around climate, migration, and fragility. There is a dominant narrative that ‘the system is broken’ with issues of trust, legitimacy, and coherence of the global governance architecture.<sup>29</sup>

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23 OECD (2023), Tracing the impacts of Russia’s war of aggression against Ukraine on official development assistance (ODA).

24 OECD (2022), States of Fragility; Modern Diplomacy (2024), Proxy Wars and the Global Stage: How Major Powers Fight Without Fighting.

25 IOM (2024), World Migration Report 2024.

26 UN DESA Policy Brief No. 155: Accelerating middle-income countries’ progress towards sustainable development (2023) - <https://www.un.org/development/desa/dpad/publication/un-desa-policy-brief-no-155-accelerating-middle-income-countries-progress-towards-sustainable-development/>

27 UNDP (2024), Human Development Report 2023-24: Breaking the gridlock.

28 UNFCCC (2024). Party Groupings, <https://unfccc.int/process-and-meetings/parties-non-party-stakeholders/parties/party-groupings>

29 H+S Davidson Trust (2022), Increasing Impact in International Development Research Report.

Whilst development cooperation effectiveness was a strong driving force in the 2000s, there is currently little evidence that the principles of alignment (e.g., convergence of bilateral development cooperation and aggregated impact) are a major focus area, although the importance of local ownership remains in a different guise, through the focus on localisation.<sup>30</sup>

Amidst these challenges, there has been a focus on influencing **reform of decision-making mechanisms to allow for developing countries and emerging economies to have a greater voice** in global decision-making and in shaping their development (e.g., ongoing discussions on UN Security Council reform, International Financial Institution (IFI) boards and senior leadership nomination, and the recently adopted UN Pact for the Future).<sup>31</sup> There have also been discussions on the reform of the international financial architecture and debt restructuring, with the current system running counter to the SDGs with the public expenditures of many developing countries being directed to reimbursing debts. The current system is seen as entrenching social and gender inequalities and as unfit to tackle global issues such as climate change and pandemics.<sup>32</sup>

**Despite some progress on UN reform<sup>33</sup> and policy coherence and alignment of UN/IFI systems around the SDGs<sup>34</sup>, systems coherence has not necessarily progressed.** For example, while many countries have expressed support for the SDGs and national development plans in principle, the extent to which this commitment is being implemented in practice varies considerably.<sup>35</sup>

## 2.2 New goals and alliances emerging

### New donors and alliances

**Since 2009, the donor landscape has diversified significantly with the emergence and influence of new donors.**<sup>36</sup> Developing countries now have greater options other than traditional donors. For

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30 DEVEX. (2024), Emerging Donors 3.0.

31 UN Pact for the Future, 22 September, 2023: Pact for the Future, Global Digital Compact and Declaration on Future Generations.

32 United Nations (2023), Our Common Agenda Policy Brief 6: Reforms to the International Financial Architecture.

33 UNSG (2021), Review of the functioning of the resident coordinator system : rising to the challenge and keeping the promise of the 2030 Agenda for Sustainable Development : report of the Secretary-General.

34 World Bank (2023), UN – World Bank Group Partnership in Crisis-Affected Situations : 2022 UN-WBG Partnership Monitoring Report.

35 Multilateral Organisation Performance Assessment Network (MOPAN) (2021), Is this time different? UNDS Reform: progress, challenges, and opportunities, Lessons in Multilateral Effectiveness, Paris.

36 DEVEX. (2024), Emerging Donors 3.0.

example, they can get finance from China, India, or the Gulf States, or can increasingly use domestic resources and the private sector. This reduced dependence has posed questions as to how Denmark (and other western donors) can stay relevant in the face of new donors that do not impose or represent western concepts and/or heavy compliance requirements. In this context, redefining added value in different types of settings has been key for Denmark and other donors. For example, language in Denmark's two most recent international development strategies points towards an approach focused on maximising impact beyond its size, e.g., by influencing how multilateral organisations work, combined with targeted thematic and regional initiatives.<sup>37</sup>

Stakeholders interviewed for this evaluation linked this fragmentation and related trends to five main factors:

1. As countries become less dependent on western ODA, donors have found different routes to influence partners and to ensure geopolitical presence and relevance.
2. Locally led development is increasingly a priority.
3. A related trend is that multilaterals and civil society organisations are increasingly the recipients of ODA as opposed to national governments, as bilateral donors have channelled support through third parties.<sup>38</sup>
4. The growing politicisation of development cooperation in Denmark and other western countries, whereby ODA is increasingly spent according to domestic policy priorities (see the following section) at a time when ODA budgets have also been cut relative to national income.
5. As fragile and conflict-affected contexts have proliferated, western countries have increasingly worked through intermediaries such as UN agencies and civil society organisations while also increasingly earmarking funding.<sup>39</sup>

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37 Ministry of Foreign Affairs of Denmark (2021), *The World We Share: Denmark's Strategy for Development Cooperation*; Ministry of Foreign Affairs of Denmark (2017), *The World 2030: Denmark's strategy for development cooperation and humanitarian action*.

38 OECD Development Cooperation Directorate (2024), *From global to local: Multilateral actors and the pivot to locally led development*.

39 Publish What You Fund. (2023). *Development Finance Institution Transparency Index*.

## New goals of international development

**There has also been a shift in the focus and emphasis of the various goals of development cooperation. Overall, there has been an increasing focus on climate** as countries increasingly make climate commitments at the national level including through the United Nations Framework Convention on Climate Change (UNFCCC)/Paris Agreement. These include financial commitments (e.g., COP15 commitments in 2009) for climate support in addition to ODA. However, despite the increasing focus on and level of climate financing in recent years, the amount of climate finance is still far below the levels required to avert the worst impacts of climate change,<sup>40</sup> and there are also questions regarding the demonstrable results at the global level.<sup>41</sup> In parallel, there are growing concerns regarding the goals related to gender equality and women's rights. Many note that these goals are less in focus and that there has even been a reversal in gender equality and women's rights with the coordinated and mounting pressure on gender norms and Sexual and Reproductive Health and Rights (SRHR) globally.

**In terms of national-level goals, donors are increasingly focusing development spending on issues related to national interest such as migration and security.** This speaks to the increased trend of donor countries integrating foreign policy and development cooperation in an effort to bring together development cooperation and policy influence. This comes amidst decreasing international support for ODA due to factors such as fiscal pressure, COVID-19 recovery, and populist inward-looking governments.<sup>42</sup> Whilst the actual ODA figures tell a different story and are at the highest level ever across DAC members<sup>43</sup>, this has largely been driven by significant increases in support to Ukraine and the use of ODA for in-country refugee costs. This has led to debates on what constitutes ODA.

## 2.3 Trends in Danish development cooperation

### Shifting strategic focus of Denmark's development cooperation

**The strategic priorities of Denmark's development cooperation have shown some continuity over the past decade specifically in terms of which issues (e.g. gender, human rights) are given prominence in published strategies. However, there have been major shifts in**

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40 Climate Policy Institute (2023), Global Landscape of Climate Finance 2023.

41 OECD Secretary-General. (2023), Climate Finance Provided and Mobilised by Developed Countries in 2013–2021.

42 OECD (2023), Development Co-operation Report 2023: Debating the Aid System.

43 OECD (2023), Development Cooperation Profiles.

**emphasis. Danish ODA has become increasingly couched in Danish national interest, significantly influenced by policies on climate change, migration and security, and international crisis response.**

This evaluation included a review of Danish Development Strategies 2009–2021, which indicated that the overall objective of Danish development cooperation remains poverty reduction, in accordance with the law on development cooperation (see Annex H for a comparison of the four relevant Development Strategies). Although poverty reduction is less clearly articulated in recent development strategies, addressing the root causes of poverty has remained a key objective in Danish ODA. The other primary thematic priorities (i.e., human rights and democracy, gender equality, stability, and fragile states (often linked to migration), climate, sustainable green growth, and employment) were largely maintained over the past decade <sup>44</sup>.

**Danish development strategies and policies increasingly reflect wider trends and events in international development, particularly the increased attention to climate change and international shocks (as outlined in sections 2.1 and 2.2 above) as well as the increasing influence of Danish national interest, mirroring trends of other DAC members.** Figure 2 below presents a timeline of these events and corresponding Danish strategies, policies, and other developments. The 2012 development strategy<sup>45</sup> - despite the financial crisis that preceded it - maintains optimism about globalization and the prospects of global growth and its ability to lift millions out of poverty.

The two most recent strategies from 2017 and 2021, respectively<sup>46</sup>, are increasingly couched in terms of Danish self-interest in development cooperation and reflect the incorporation of Denmark's development cooperation policy into Denmark's foreign policy. According to research, this shift was aimed at ensuring broad national political support in Denmark.<sup>47</sup> The 2017 strategy reflects the heightened turmoil in the Middle East and the increasingly diverse profiles of ODA-receiving countries. Although this strategy uses the SDGs as an overarching framework, Denmark's national interests are evident, highlighted in the selection of the priority areas such as peace and security and migration and forced displacement.

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44 Data are not available to show the breakdown of funding used according to objectives; hence it is difficult to determine to what extent the funding is following policy intentions.

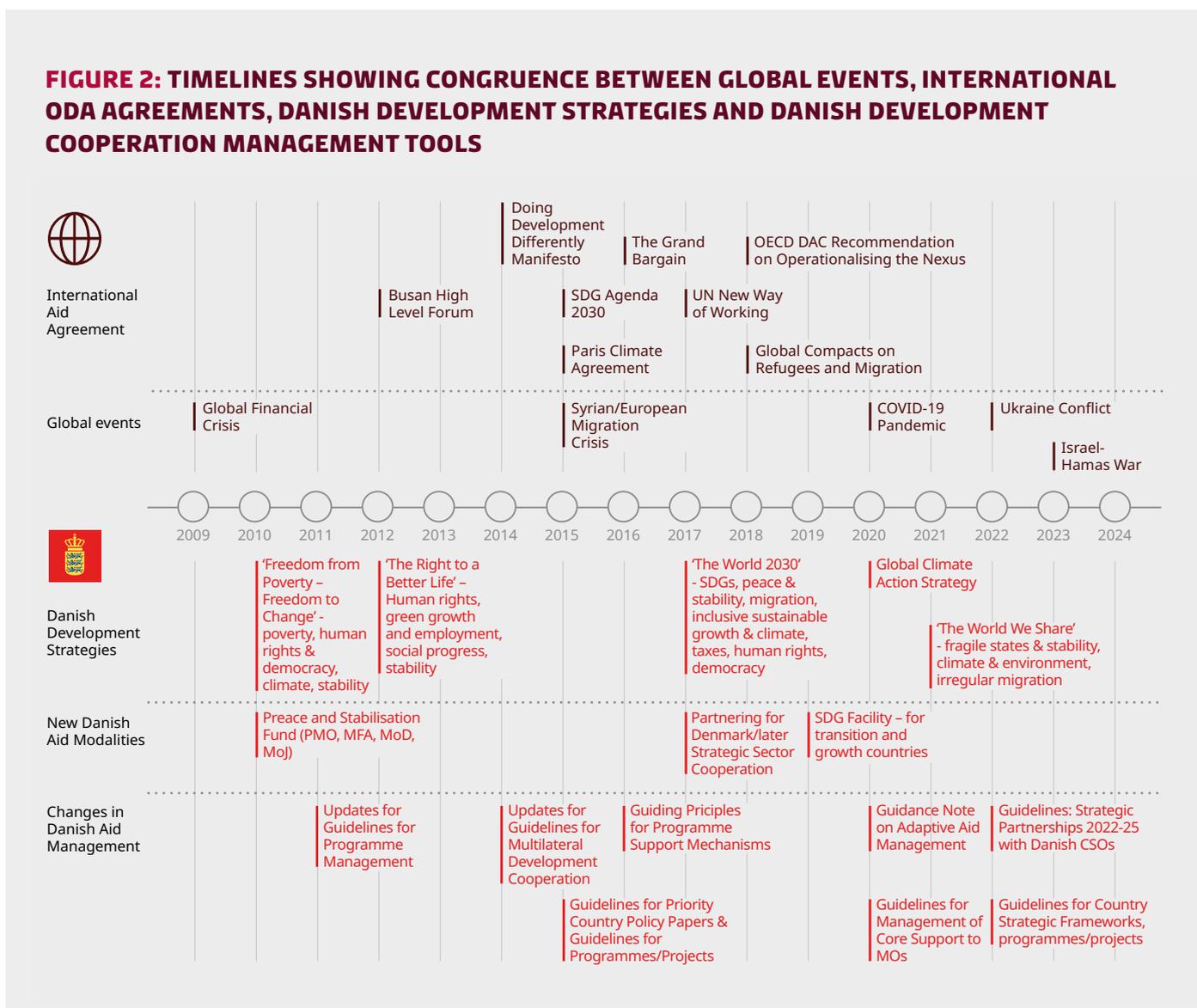
45 MFA Denmark (2012, June): The Right to a Better Life. Strategy for Denmark's Development Cooperation.

46 MFA Denmark (2017) Denmark's strategy for development and humanitarian cooperation "The World 2030", and MFA Denmark (2021), The World We Share. Denmark's Strategy for Development Cooperation.

47 See e.g., Anne-Mette Kjær et al: Diverging Like-mindedness – Development Policy among the Nordics (2022).

The 2021 strategy presents a bleaker outlook with more countries teetering towards fragility and/or authoritarianism, while inadequate responses to the climate crisis pushes increasing numbers of people into poverty and migration or displacement. The strategy has two overarching goals: 1) fighting poverty, fragility, and irregular migration; 2) fighting climate change and restoring balance to the planet. Where goal one relates to Danish interests in stability and peace through working in fragile countries, goal two opens up ODA for diverse types of cooperation with MICs based on Danish interests and expertise.

**FIGURE 2: TIMELINES SHOWING CONGRUENCE BETWEEN GLOBAL EVENTS, INTERNATIONAL ODA AGREEMENTS, DANISH DEVELOPMENT STRATEGIES AND DANISH DEVELOPMENT COOPERATION MANAGEMENT TOOLS**



**These thematic approaches and Danish political and economic interests have gradually replaced long-term partnerships for development cooperation.** The allocation of funds based on thematic priorities (rather than countries), as aforementioned, implied a

preference over long-term government-government partnerships with the explicit assumption that development cooperation should benefit Danish interests directly. Central thematic areas include reducing migration, climate change, and promoting Danish green solutions. Denmark's thematic approaches were reflected in its global engagement on climate finance and humanitarian development cooperation and its commitments in areas of geopolitical interest such as Afghanistan, Ukraine, and the central Sahel.

**The changes in strategy have led to debate on whether poverty reduction is still a key priority in Danish ODA, although it still features prominently in the legal framework governing development cooperation**<sup>48</sup>. For example, the 2021 DAC peer review highlighted the need to safeguard the integrity and coherence of Danish ODA and clarify the focus on poverty reduction.<sup>49</sup> The recent Nordic comparative study on development cooperation referred to the poverty focus of Danish development cooperation as having become 'diluted' by competing priorities, with poverty reduction mostly linked to fragility and migration<sup>50</sup>. Whereas another study concluded that Danish development cooperation "has given way to short-term interests that ... allocate development cooperation resources for purposes only distantly related to poverty reduction and sustainable development".<sup>51</sup> In the same vein, Denmark made increased use of ODA funds to cover domestic refugee expenses. Although this has been practised since 1992, the significant inflow of refugees in recent years and related increases in this funding has reduced ODA for developing countries considerably.<sup>52</sup>

48 The International Development Cooperation Act came into force on 1 January 2013 and states that 1(1). The objective of Denmark's development cooperation is to fight poverty and promote human rights, democracy, sustainable development, peace, and stability in accordance with the United Nations Charter, the Universal Declaration of Human Rights and the United Nations' human rights conventions. (2). Danish development cooperation shall contribute to promoting Denmark's interests in a more peaceful, stable, and equal world. Consequently, development policy is a central and integral element of Danish foreign policy, which recognises that developing countries are not only affected by development policies but also by other policy areas. (3). The objective stated in Subsection (1) above shall be pursued through partnerships with developing countries and within the framework of internationally recognised principles and objectives for development cooperation and principles of humanitarian development cooperation.

49 OECD (2021): OECD development Co-operation Peer Reviews. Denmark. 2021.

50 Anne-Mette Kjær et al: Diverging Like-mindedness – Development Policy among the Nordics (2022).

51 Engberg-Pedersen, L. and Fejerskov, A. M. (2021). Danish development cooperation: withering heights. In Puyvallée, A.B. and Bjørkdahl, K. (eds.). Do- DIIS WORKING PAPER 2023: 08 23 goaders at the end of aid: Scandinavian humanitarianism in the twenty-first century. Cambridge: Cambridge University Press.

52 See e.g., <https://globalnyt.dk/dramatisk-udvikling-i-dansk-bistand-i-2022/>. Due to the arrival of Ukrainian refugees, ODA allocated for domestic refugee expenses grew almost ten-fold between 2021 and 2022 (from DKK 375 million to DKK 3.3 billion). In turn, ODA for Africa declined from DKK 3.5 billion in 2021 to DKK 2.3 billion in 2022.

## Changing development cooperation delivery models

**Large country programmes with relatively stable low and lower-middle-income countries based on decentralised country frameworks were at the core of the decentralised development cooperation delivery model in 2009.** Denmark's main development paradigm remains sustainable socio-economic development driven by market forces, albeit with increased attention to the externalities related to growth, notably climate change. Here, the role of the state is paramount for setting framework conditions, ensuring law and order, and delivering basic services.

**However, over time these large country programmes have been increasingly phased out.** Since 2009, bilateral development cooperation was phased out with Zambia, Benin, Ghana, Mozambique, Bolivia, Nicaragua, Nepal, and Vietnam, and cooperation with Afghanistan changed.<sup>53</sup> Political decisions to phase out these country programmes were based on country-specific contexts as well as the political situation in Denmark, including a wish to focus on fewer countries.<sup>54</sup> For example, the decision to phase out Vietnam and Ghana was primarily based on positive developments in the countries, as were decisions to phase out Bolivia and Zambia (improved fiscal situations based on natural resource income). In contrast, the decision to phase out Nicaragua was political, while the urgency to cut costs in the MFA appears to have influenced decisions to phase out Nepal, Benin, Mozambique, and Tanzania (here, though, the decision was changed and cooperation continued). Moves to add new priority countries such as Myanmar and Zimbabwe were hampered by political developments in both countries.

In 2023, ten countries with 'extended development cooperation' remained: Ethiopia, Niger, Somalia, Kenya, Uganda, Burkina Faso, Mali, and Tanzania in Africa, as well as Palestine and Bangladesh. The phasing out of 'stable countries' (in the terminology of development strategy 2021 – The World We Share) implied that most Danish priority countries in 2023 were categorised as fragile.<sup>55</sup> Meanwhile, developments in the Sahel led to the closure of the embassies in Mali and Burkina Faso.

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53 A first phasing out of large country programmes happened much earlier, in 2002, as country programmes with Eritrea, Malawi and Zimbabwe were abruptly terminated. This was the first time the MFA had had to make changes in this way.

54 See MFA (2009), Regeringens udviklingspolitiske prioriteter – Plan for udgiftsrammer for bistandssamarbejdet for 2010–2014.

55 Annex E, Figure 9 gives an overview of the transformation of the country focus of Danish ODA exemplified by an analysis in the evolution of the top 10 recipient countries. Bilateral ODA for fragile countries among the 10 largest recipients increased from about 12% in 2009 to over 50% in 2021 and, due to increased assistance to Ukraine, spiked to 85% in 2023.

<sup>56</sup> More recently, as part of the new Africa Strategy, Denmark has announced (in August 2024) the opening of new embassies in Senegal, Rwanda, and Tunisia, and confirmed that the embassy in Tanzania would remain.

**Over the evaluation period, this paradigm has been increasingly complemented with another for fragile states where cooperation with the government is often impeded by lack of capacity or legitimacy** (perceived or real). In these settings, Denmark has increasingly relied on non-state implementing partners including CSOs (international and local), the private sector, and multilateral organisations. This model has also been seen in more stable states, e.g., Uganda where the main part of the country frame contribution is implemented outside the government.

In some contexts (e.g., Somalia), the approach is to combine humanitarian, development, and peace efforts with a strong focus on local community ownership, flexibility, and multi-stakeholder collaboration. This understanding of development as a bottom-up approach tallies well with the more people-centred human rights-based development approach encompassed in Leave No One Behind. It also fits with the redefinition of 'country ownership' to 'localisation'.

**Recent trends indicate a renewed focus on country partnerships but in forms that differ from previous country programmes.** For example, with fewer embassies with a traditional development role, Denmark sought to work through the UN and other partners to influence varied groups of countries, i.e., fragile states and MICs. Denmark also wants to pursue its development objectives through equal partnerships, although it is less obvious how such equal partnerships are to be pursued with a reduced country presence. For example, the Niger case study showed decreasing influence and visibility when delegated partnership is in place, especially where stakes are high such as in the peace process.

Notably, Denmark's new Africa Strategy<sup>57</sup> acknowledges the need for a renewed focus on Africa, driven by geopolitical motives, and a stronger (bilateral) presence as one of the means to achieve this. As already mentioned, the strategy entails new embassies in Senegal, Rwanda, and Tunisia, while embassies in Mali and Burkina Faso are being considered for closure.<sup>58</sup> Embassies in Egypt, Kenya, South Africa, and Nigeria will

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56 <https://via.ritzau.dk/pressemeddelelse/14002345/regeringen-styrker-dansk-engagement-med-de-afrikanske-lande?publisherId=2012662&lang=da> The extent to which cooperation with Mali and Burkina Faso is continued is not clear. This is also not clarified in the New Africa Strategy 'Africa's Century'.

57 Government of Denmark (2024), Africa's century – Strategy for strengthened Danish engagement with African countries.

58 This reflects political changes and security issues rather than a strategic decision to have fewer embassies in the region.

be upgraded so they can better serve the region of Africa where they are based. In addition, a regional 'innovation centre' – Denmark's first in Africa – will be opened in Kenya. The decision to retain the embassy in Tanzania and extend the development cooperation with Bangladesh can also be seen as a recognition of the importance of bilateral partnerships, even if these partnerships are likely to pivot around fewer focal areas, similar to Denmark's targeted partnership countries (e.g., climate and the green agenda, human rights and civil society, and development cooperation for trade).

## Allocation of ODA

**Denmark is one of the few donor countries that has consistently achieved or exceeded the 0.7% ODA/GNI target, although between 2010 to 2023, Danish ODA reduced as a proportion of national income, from 0.9% to 0.7% of GNI.** The target for Danish ODA was reduced to 0.7% in 2015, and there is now broad political consensus behind the 0.7% target. A budget-balancing mechanism was implemented in 2017 to ensure that Danish ODA commitments consistently equal 0.7% of GNI.<sup>59</sup> However, as the 2021 DAC peer review notes, Denmark has followed trends in other Western countries of using ODA domestically.<sup>60</sup> ODA declined between 2012 and 2016, partially due to the allocation of ODA for domestic expenses related to refugees arriving in Denmark. It has since gradually recovered (see Figure 3 below for Danish ODA trends during the evaluation period).<sup>61</sup>

**Funding through bi- and multilateral development cooperation channels also changed.** From 2010 to 2022, overall bilateral ODA as a share of total ODA remained stable at around 70% (see Figure 3). However, the share of bilateral ODA through multilateral organisations has seen a steady increase over this period, from 8% in 2010 to 23% in 2022. At the same time, other bilateral ODA has decreased, from 65% in 2010 to 50% in 2022. This increase in bilateral ODA channelled through multilateral organisations is mainly related to the increase in the Danish share of ODA channelled through the EU and Financial Intermediary Funds for climate and environment, driven by increased bilateral ODA channelled through primarily UN agencies in different countries (multi-bi projects). Denmark is a generous donor to the multilateral system.

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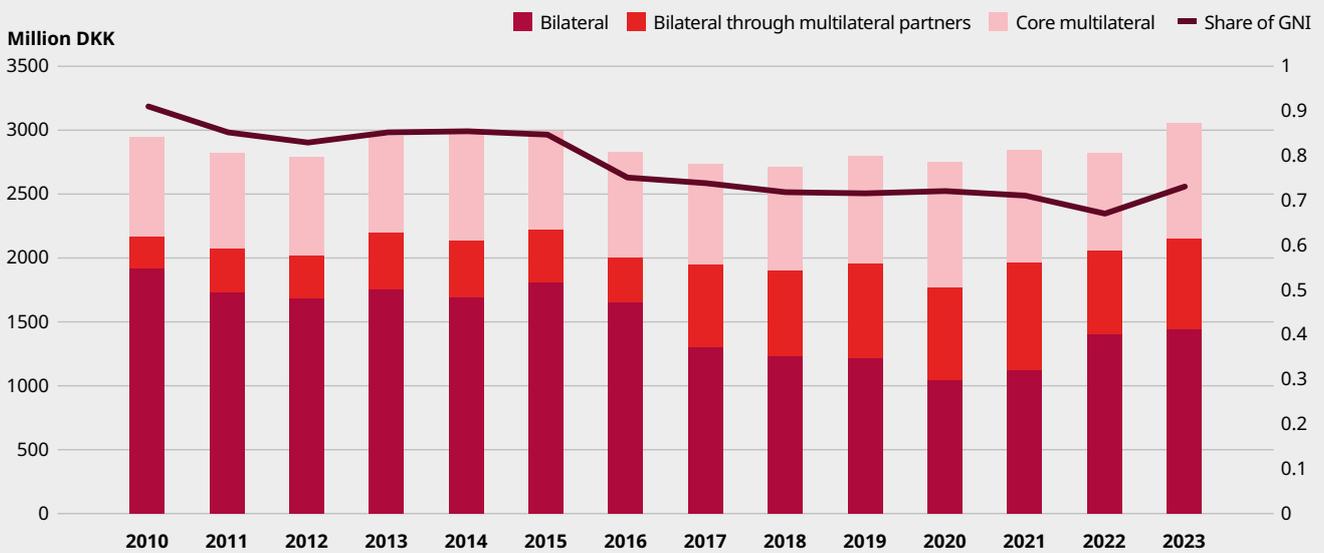
59 OECD DAC (2021), OECD Development Co-operation Peer Reviews: Denmark.

60 OECD DAC (2021), OECD Development Co-operation Peer Reviews: Denmark.

61 Prior to the 2001 change of government, a long-standing political consensus in Denmark had maintained a 1,0% ODA target. Since the Rio summit, Denmark had also honoured the commitment to provide 'additional resources, on top of ODA', for various purposes. During the 1990s, these funds were provided under separate accounts in the annual National Budgets. As some of these activities were also ODA eligible, Denmark reported more than 1,0% as ODA to OECD DAC for several years.

It has provided a stable level of core funding (on average USD 770 million per year, or 29% of ODA between 2011 and 2019), alongside increasing multi-bi. The top 10 multilaterals supported by Denmark have remained consistent, with the same nine multilaterals making up the list in 2019 and 2014 <sup>62</sup>. They received about 70% of Danish aggregate multilateral support in 2019.

**FIGURE 3: TOTAL ODA, BILATERAL AND MULTILATERAL (DISBURSEMENTS)**



Source: OECD (ODA) and OECD Library (GNI)<sup>63</sup>

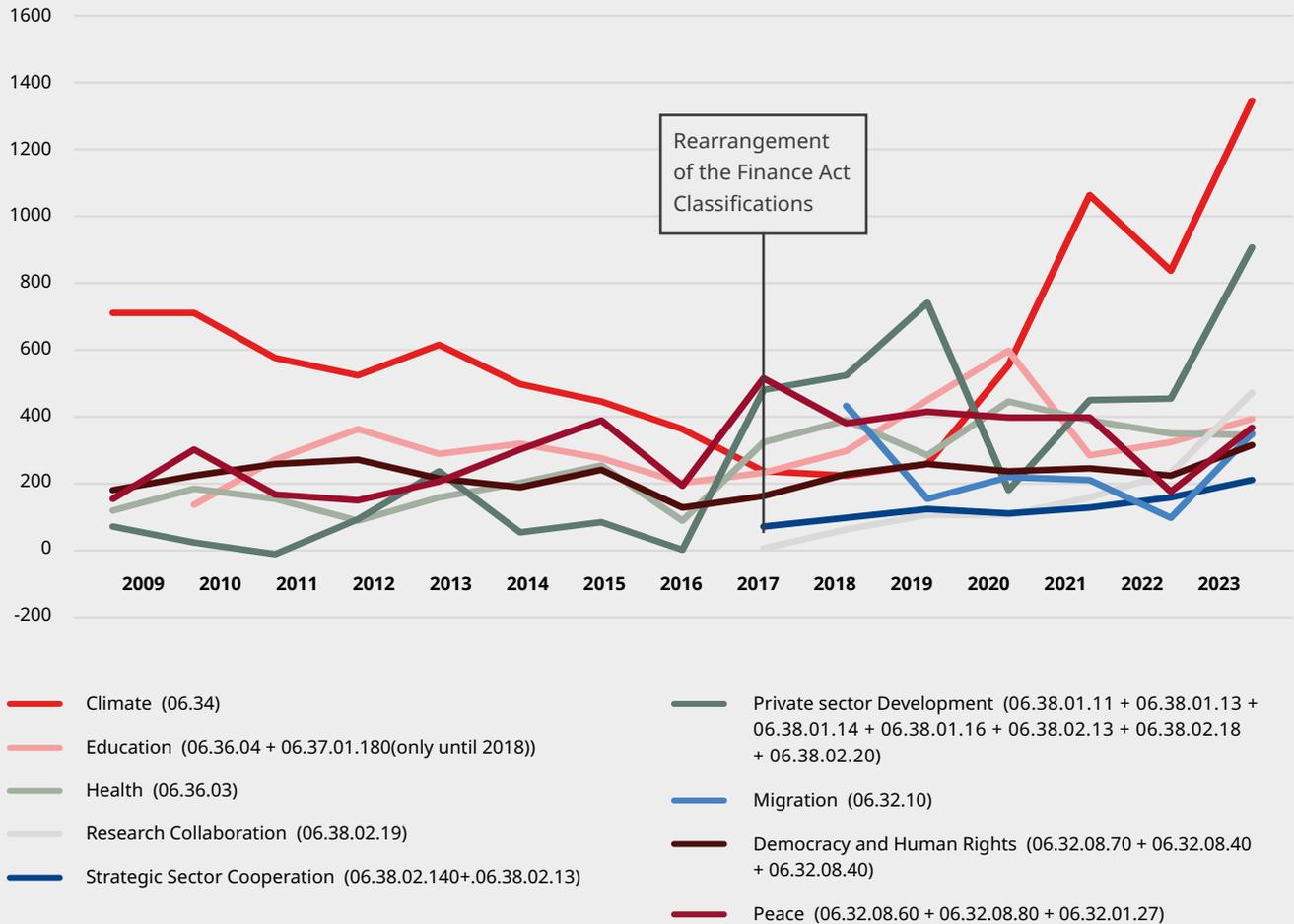
**In allocating ODA, the focus on fragile states and climate led to more use of third-party implementation channels, including the multilaterals, CSOs, the private sector, and institutional cooperation, e.g., between Danish line ministries and their counterparts in various countries.** The shifts in Danish ODA impacted funding channels for various Danish policy priorities. It increased funding for climate change through multilateral and private sector channels (see Figure 4 below) as well as fragile countries along key migration routes. For example, large amounts of funding were channelled to the global funds on climate such as the

62 European Commission, UNDP, European Development Fund, UNICEF, International Bank for Reconstruction and Development, UN Office of the United Nations High Commissioner for Refugees, International Development Association, UNFPA, World Food Programme (OpenAid).

63 The bilateral category includes both 'in-country' and bilateral, programmed and managed out of Copenhagen.

Green Climate Fund, managed from the MFA in Copenhagen, as well as green private sector initiatives, some of which are managed by IFU.

**FIGURE 4: ODA FUNDING OF SELECTED THEMATIC AREAS 2009-2023 (DISBURSEMENTS<sup>64</sup>)**



Source: Danish MFA, internal note: Disbursement of ODA based on Finance Act Classifications 2009-2023

### Shifts in modalities for development cooperation

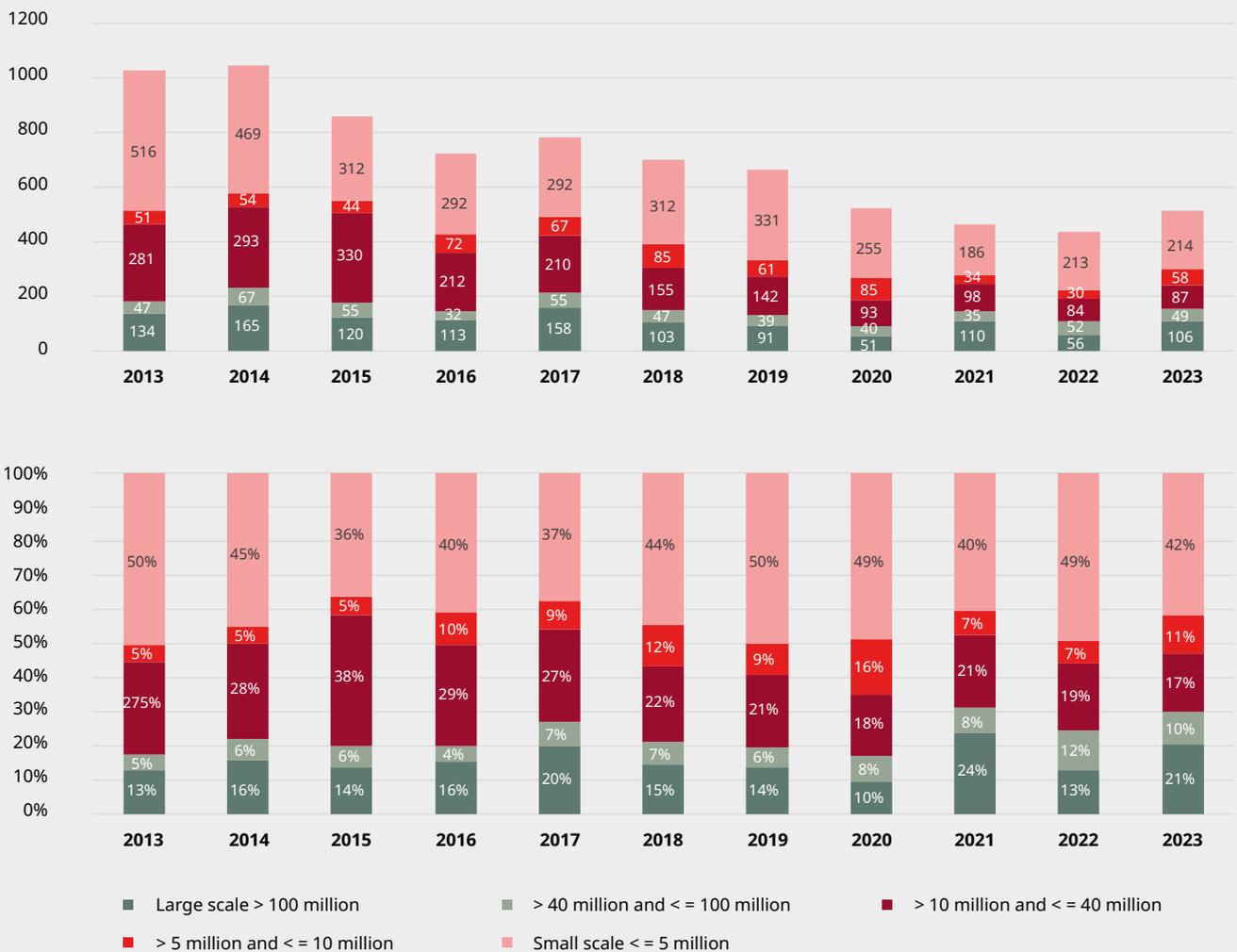
**There have been shifts in development cooperation delivery models, instruments, and management structures.** Bilateral development cooperation moved away from governments and budget support<sup>65</sup>

64 The figures are not in fixed prices.

65 Budget support is defined by the EU as the transfer of financial resources to the National Treasury of a partner country. European Commission (2017), Budget Support Guidelines.

and towards more fragmented approaches <sup>66</sup>. Overall, the number of engagements, including small-scale engagements, dropped by more than half between 2013 and 2023. This may partly reflect the outsourcing of the portfolio to IFU. However, in relative terms, the share of small-scale engagements (less than DKK 5 million) has remained fairly stable: 42% in 2023 compared to 50% in 2013 (see Figure 5 below and Annex E, figures 10-14).

**FIGURE 5: DISTRIBUTION OF ENGAGEMENTS ACCORDING TO APPROVAL THRESHOLDS FOR THE PERIOD 2013 – 2023**

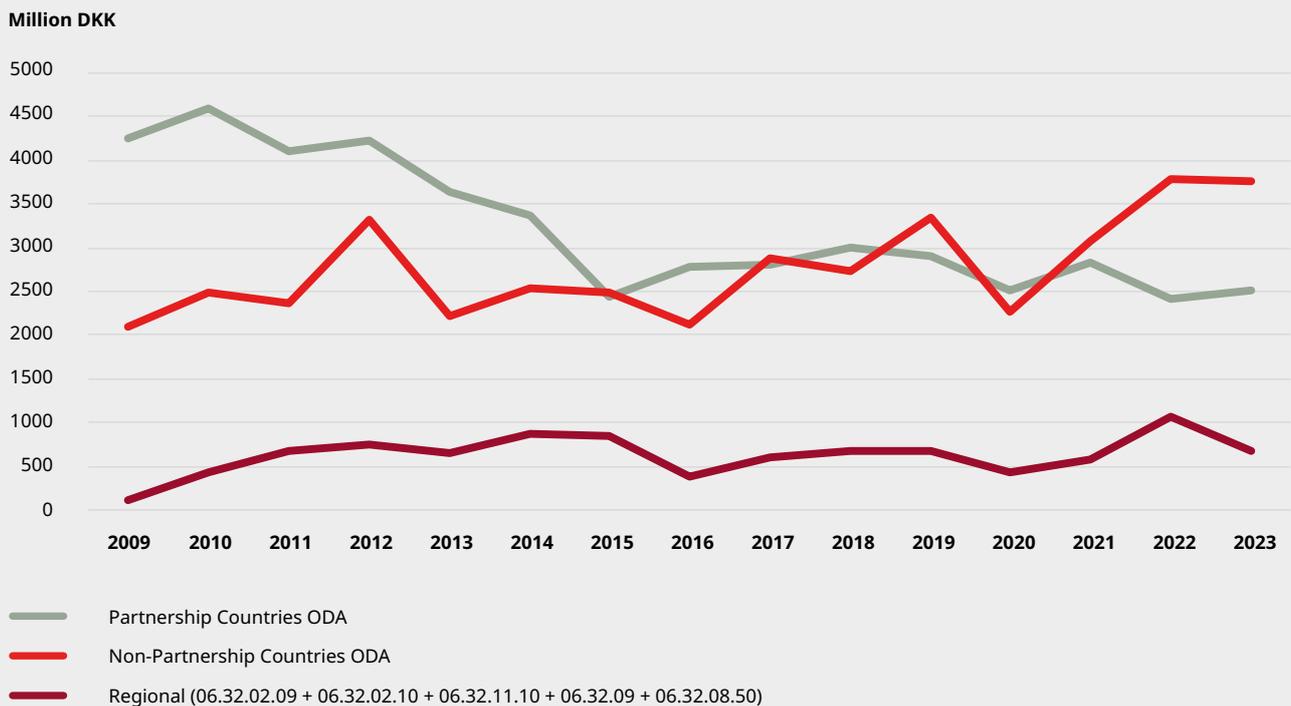


Source: Danish MFA, internal note: Disbursement of ODA based on Finance Act Classifications 2009-2023

66 Decentralised aid management today: perspectives on an evaluation. DIIS, 2023.

**The geographical distribution of funding:** Two overall trends can be observed with regard to the geographical distribution of bilateral ODA: 1) the share of funding allocated to priority countries (later renamed to extended partnership countries) was reduced over the period, and, by 2018, was surpassed by funding directed to non-priority countries (see Figure 6), 2) Africa remains the priority region but development assistance to Asia, the Middle East, and also Latin America remains high, and as ODA to Europe (Ukraine) increased in 2022–2023, the most significant reduction is found in development cooperation with priority countries (extended partnerships) in Africa, most likely linked to the coups in the priority countries in the Sahel and the decision to phase out Tanzania.

**FIGURE 6: BILATERAL ODA FOR PRIORITY COUNTRIES (EXTENDED PARTNERSHIPS) OVER THE 2009-2023 PERIOD COMPARED WITH BILATERAL DEVELOPMENT COOPERATION TO NON-PRIORITY COUNTRIES AS WELL AS REGIONAL DEVELOPMENT COOPERATION.<sup>67</sup>**



Source: Danish MFA categories (Partnership Countries ODA & Non-Partnership Countries ODA) and Finance Act classifications (Regional), internal note

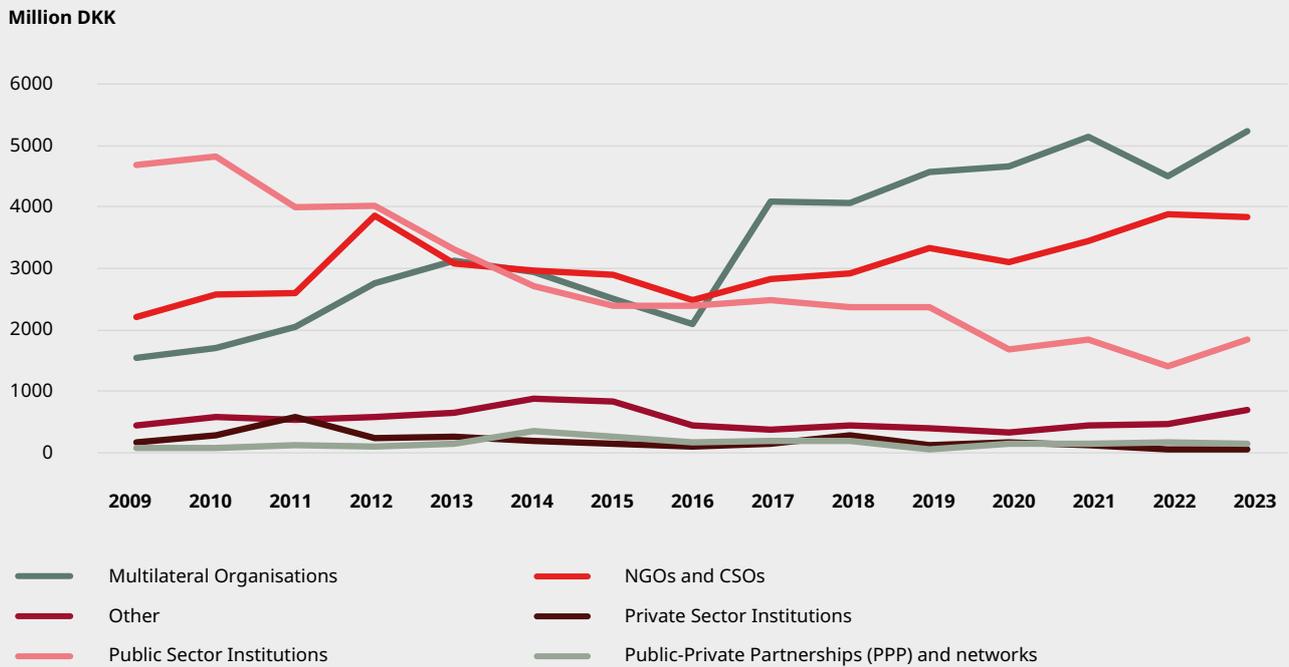
67 The terminology ‘extended partnerships/targeted partnerships’ is new. Over the period under evaluation, priority countries have had different names. Extended partnerships are the previous programme countries mainly funded through the country frames in the Finance Bill complemented with funding through various instrument budget lines, e.g., private sector instruments (as always been the case). Targeted partnerships are countries with more targeted activities, e.g., strategic sector cooperation and private partnerships.

**The priority shifts also entailed a shift in cooperation partners from primarily partner governments towards multilateral actors and non-state actors of which many were Danish** (see Figure 7 below). In countries that transitioned out of traditional development cooperation, ODA was used to support economic and environmental framework conditions and help position Danish solutions and competences, particularly within climate and green growth. Accordingly, Danish ODA now comes in four broad categories, each with its own development cooperation management rationale reflecting the context and the development paradigms:

1. Poverty-oriented bilateral development cooperation – an increasingly small share channelled through embassies in long-standing development partner countries (e.g., Kenya), managing traditional development programmes and/or bilateral development cooperation through non-state actors, typically in relatively stable LICs and LMICs (e.g., Ethiopia, Uganda). This is the category to which decentralisation of decision-making to country level originally applied in the most obvious sense.
2. Support for fragile countries and situations where development cooperation often linked with humanitarian development cooperation, delivered in partnerships, primarily with non-state actors, NGOs, and multilateral organisations to save lives and improve livelihoods and share risks.
3. Cooperation with Upper-Middle-Income Countries (UMICs) primarily in the area of climate and involving Danish partners from the public and private sectors but also support for civil society in the area of democratisation and human rights, as evidenced by the DAPP.
4. Cooperation with multilateral organisations to exert influence on the global development and humanitarian agendas, not least related to climate, and engaging them where Danish competences and presence are insufficient, and where risks need to be reduced, as evidenced by the multilateral case study. See Figure 7 on next page.

**The priority shifts and the stronger integration of development cooperation into the foreign, security, trade, and climate policies led to a proliferation of Danish partners and instruments.** The proliferation of partners included more Danish partners, where sectoral ministries became active participants in delivering Danish development cooperation. For example, the Ministry of Defence (MOD) in the context of stabilisation and capacity-building efforts, and the Ministry of Energy and Climate in the area of greenhouse gas emissions reduction initiatives. These new partnerships came with the development of new

**FIGURE 7: IMPLEMENTING PARTNERS: BILATERAL ASSISTANCE, 2009-2023 DISBURSEMENTS**



Source: Danish MFA, internal note

modalities, e.g., the Peace and Stabilisation Fund<sup>68</sup> (jointly funded and managed by the MFA and the MoD) and the SSC. Also, engagement of the private sector led to new innovative instruments, which have now been delegated to IFU. In recent years there has been increasing attention to this proliferation of partners and engagements, leading to a decline in new engagements (see Figure 5 and Annex E, figures 10–14) brought about by changes in development cooperation management, including the reduction of direct partners in the DAPP and the transfer of private sector instruments to IFU. At the same time, the phase-out of country programmes led to a reduction in the number of public sector partners. Between 2015 and 2023, Denmark engaged with a total of 811 individual partners, with annual new partnerships ranging between 250 and 170. From 2015 to 2024, the number of active engagements<sup>69</sup> dropped from 2093 to 977 (see Annex E, Figure 10). However, these data are hard to interpret as they are affected by the statistical

68 Note however that this fund, which started in 2020, was preceded by substantial funding allocated through MIFRESTA to line ministries, notably in relation to the environment and for peace and stability.

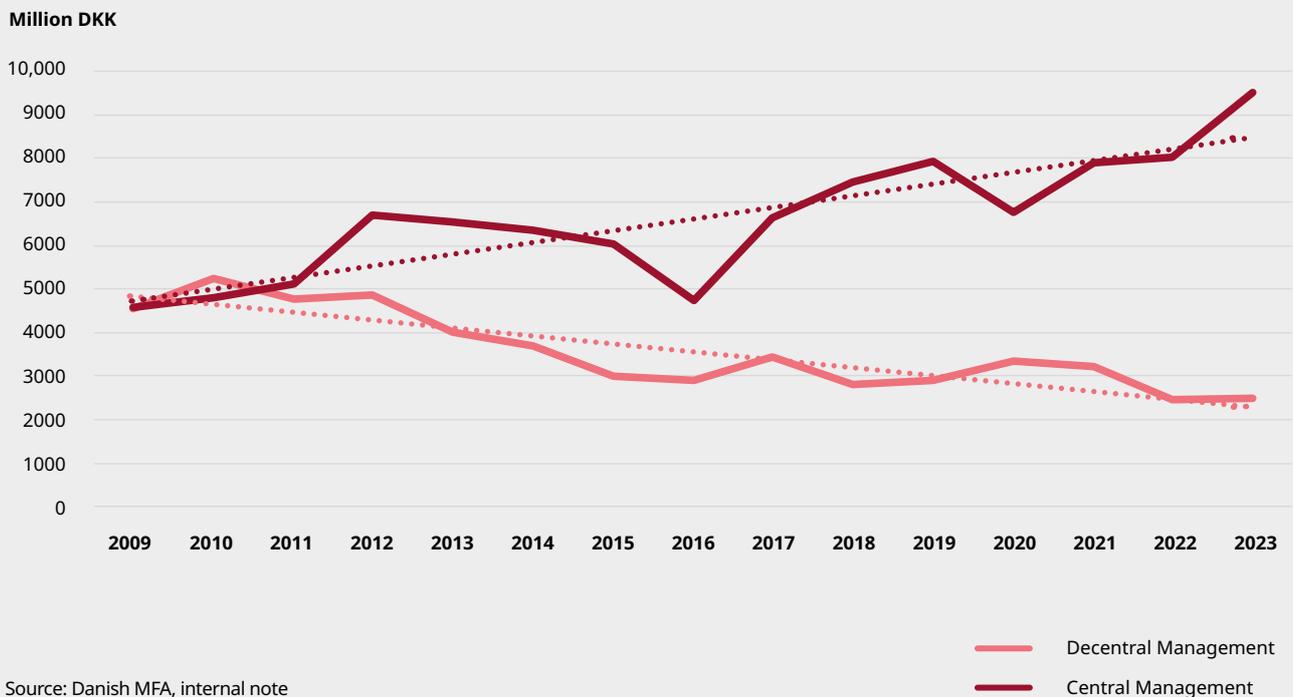
69 The specific definition of an 'active engagement', is based on whether a contribution has been paid in the last year rather than a broader definition of whether a commitment agreement is in place.

definition of 'active engagements'.<sup>70</sup> Changes underway to the Financial Management Information system made last year will make it possible for management to monitor this more closely going forward.

### Recentralisation of Danish development cooperation

**The integration of Danish development cooperation with other policies, the shifts towards thematically driven development cooperation, and shifts towards third-party development cooperation channels effectively recentralised the management of Danish ODA.** The trends above hugely impacted the way Danish development cooperation is managed. Contrary to the decentralisation efforts introduced in 2003, the increased use of third-party management arrangements, not least in Denmark and with multilateral organisations, has effectively recentralised Danish development cooperation. Today, more than 80% of ODA (excluding core contributions to multilateral organisations) is managed from Copenhagen compared to 50% in 2009 (see Figure 8), greatly distancing decisions from the developing countries

**FIGURE 8: ODA (EXCLUDING CORE CONTRIBUTIONS TO MULTILATERAL ORGANISATIONS) MANAGED AT CENTRAL LEVEL VERSUS DECENTRAL LEVEL 2009-2023**



70 This implies that the number of active engagements is much higher – e.g., a Trust fund contribution covering a 5-year period may only be counted as active in the 2 years where an actual payment is made.

where the development cooperation funds are intended to have its effect. Stakeholder interviews and the case studies conducted in Uganda and Vietnam highlight that the increased use of third-party delivery channels has increased development cooperation fragmentation and the risk of diluting Danish influence, unless robust and well-resourced management arrangements can be established.

Judging from the case studies conducted for this evaluation, re-centralisation of the management of development cooperation in Copenhagen has meant that there is less room for being agile and close to partners in terms of how development cooperation is managed at DE level. This was exemplified in the Vietnam case study (see boxes 3 and 6). There is also less agency for DEs in driving priorities, even when managing large portfolios, as highlighted in the Ethiopia case study (see Box 2 below). This has contributed to a proliferation of small-scale engagements across Danish development cooperation, e.g., as found in Denmark's support for climate and the green agenda and as also reflected in the DDD stocktaking report.<sup>71</sup>

### **BOX 2: ETHIOPIA CASE STUDY - BILATERAL SUPPORT IN THE CONTEXT OF A RECENTLY EXPANDED PARTNERSHIP COOPERATION**

Denmark's bilateral engagement (centralised and decentralised bilateral development cooperation) in Ethiopia is substantial and currently the largest bilateral programme (apart from Ukraine). The case study found that the DEs, along with development and project partners, consider the Danish development cooperation management principles and the AMG relevant and conducive to achieving results. Key enabling factors include flexibility and local ownership, and the adaptability reserve is considered a critical programming tool in the Ethiopian context.

The regional importance of Ethiopia entails substantial political reporting to Copenhagen and logistical support for country visits. This leaves less time for bilateral partner engagements and exploration of potential synergies such as climate mainstreaming opportunities. It also prevents the DEs from managing delegated development partner funds despite opportunities to do so. Management of multi-bi engagements is another source of resource drain. According to the DEs, the effectiveness of multi-bi development cooperation varied greatly across multilateral organisations, and multi-bi support was less effective and efficient when initiatives lacked scale and hard earmarking was applied.

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71 See for example the fragmentation of the climate portfolio into many smaller projects, which the KLIMA department seeks to mitigate (UPR minutes, 23 Nov 2023; and Ministry of Foreign Affairs Denmark (2024), Stocktaking on Doing Development Differently (DDD).

### 3. CHANGES IN THE MANAGEMENT OF DANISH DEVELOPMENT COOPERATION (EQ2)

This section responds to Evaluation Question 2 by considering to what extent the overall changes in management of Danish development cooperation since 2009 have been relevant and appropriate in light of the intentions behind the (original) decentralisation<sup>72</sup> efforts and subsequent changes in the international and Danish development cooperation context. This includes the distribution of roles and responsibilities across the MFA, decisions on which multilateral engagements to decentralise, the extent to which key changes in development cooperation and instruments have been reflected in development cooperation management, and the extent to which decentralisation has contributed to achieving results.

In summary, the main themes in relation to the evolution of development cooperation management as uncovered in this evaluation, based on document reviews, interviews, and an electronic survey, are:

- Despite the original positive intent behind decentralisation, going back to 2003, there has since been a **retrenchment of decentralisation**. This is due to the changing international and Danish development cooperation contexts (as described in EQ1), along with declining ODA and administrative budgets leading to the closure of embassies and reductions in capacity. In two areas, the intent of decentralisation is still evident; in the few remaining large development embassies and in how the relationship with the UN is managed. There are also, however, some indications that the need for Danish presence at country level is starting to get increased recognition again, notably as far as African countries are concerned.
- During the evaluation period, there has been a marked proliferation in instruments and actors in Denmark involved in development cooperation, making the **management of development cooperation** more complex. The evaluation finds that choices of development cooperation instruments have been driven by shifts in policy priorities, Danish national priorities, resources, and capacity, **not primarily by development cooperation effectiveness**.

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72 Namely, to improve development cooperation effectiveness by bringing decisions closer to where development cooperation is actually delivered and to improve local ownership and results

- **Aid management guidelines have evolved over time** to capture changes in context and policy and **have broadly been fit for purpose but could still be adapted further** to reflect non-traditional and multilateral instruments and the shift away from large-scale bilateral programmes.
- Despite these changes, a relatively constant reference point in interviews with partners and secondary sources is that **Denmark's role as a partner is greatly and widely appreciated. This came out clearly from** government counterparts and multilateral organisations interviewed for this evaluation. They pointed out that Denmark was building on its long history of engagement at country level with governments and civil society and as a supportive multilateral donor, which provides trust and demand for Danish expertise. This provides a solid platform for effective development cooperation management and implementation in various contexts.
- **The evaluation finds that experience of management of development cooperation varies considerably with the specific instruments** and how they are being implemented, as shown by the examples considered below.
  - o Increased prioritisation of climate action is an important area and has encouraged use of different instruments and partnerships such as the Danish Energy Partnership Programme (DEPP), while also bolstering Denmark's reputation globally.
  - o The use of multi-bi cooperation has increased but is turning out to be of mixed effectiveness, and it comes with high transaction costs.
  - o SSCs are also increasingly used and are shown to be effective, provided they are used in the right contexts. They are not suitable in the poorest and most fragile contexts.
  - o The DAPP is important when engaging through civil society but there is scope for development of better contracting arrangements, as shown in the case study from Morocco (Box 7).
- **The underlying principles for management of Danish development cooperation, including (a) ownership of the recipients including national governments (b) alignment with national strategies and priorities, and (c) development cooperation coordination between external development partners play a less prominent role in today's delivery of development cooperation, compared with delivering on Denmark's own strategic interests.** The understanding of ownership has evolved as it no longer only refers to governments

but partners in general. This is more reflective of the diversity of partners that Denmark works with but means that alignment has shifted from a focus on national strategies (most often formulated by national governments) to the SDGs, which offer a comprehensive framework involving many different types of stakeholders in development processes. Meanwhile, coordination of development cooperation among bilateral donors has substantially reduced, although among UN actors it has survived and shifted into the new Sustainable Development Cooperation Frameworks (SDCF).

The rest of this section considers these trends and their development cooperation management consequences in more detail.

### 3.1 Retrenchment on decentralisation

At the outset of the evaluation period, **the conceptual foundation for decentralisation (i.e., the transfer of decision-making to embassies and missions and greater autonomy at country level in support of local ownership and alignment) was clearly conceived as a key route to improved development cooperation effectiveness.** The process was launched in 2003 and was intended to underpin Danish commitments to effective development cooperation that delivers results. The conceptual foundation and intent of the policy decision to decentralise away from Copenhagen to the embassy level was to deliver ODA in a way that aligned with the Paris Principles by supporting local ownership, alignment, and harmonisation of development cooperation at country level. In many ways, the large bilateral country programmes that dominated Danish ODA around 2003 also made decentralisation a more obvious choice: the MFA needed to have more capacity on the ground in countries with large programmes to be able to follow these closely. It was expected that an increase in staff would help foster more effective development cooperation. The decentralised model, however, also came with substantial quality control from the MFA in Copenhagen with an emphasis on quality and delivering results.<sup>73</sup>

**However, recentralisation of the management of Danish development cooperation materialised later<sup>74</sup>, driven by the overall shift towards implementation through third-party channels steered from the MFA in Copenhagen. This took place as the trends noted in**

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73 Danida (2009), Evaluation of the decentralization of the Danish bilateral development cooperation.

74 Since around 2011 i.e., for most of the period covered by this evaluation, there has been emerging recentralization and particularly in the last decade with the use of multilateral support and trust funds, much of which are centrally managed.

**Section 2.3 had their effect**, most significantly the budget and staff cuts and the change in emphasis away from traditional development goals. Staffing retrenchments started to play a role at roughly the same time as the decentralisation policy was initiated and continued throughout much of the period.<sup>75</sup> This also impacted the number of embassies – a key element in supporting decentralised development cooperation management.

According to researchers such as Engberg-Pedersen (2023)<sup>76</sup> and the 2016 DAC peer review, **these cutbacks effectively slowed down or even reversed the decentralisation process from 2011 onwards**, draining development expertise and capacity at both the MFA in Copenhagen and the missions, and impacting the capacity of the MFA to perform its quality assurance role adequately. The capacity issue is particularly important because a truly decentralised approach is staff-intensive since it involves managing programmes directly with implementing partners rather than working through third parties.<sup>77</sup>

According to stakeholder interviews conducted for this evaluation, particularly those in the MFA in Copenhagen, which were strikingly clear on this point, fewer staff and resources resulted in a reduction in the number of personnel with technical and sectoral expertise in development cooperation. Interviewees also recalled a sharp drop in staff working with development cooperation. Increasingly, generalists took over tasks previously carried out by sector specialists or staff with long-term development cooperation experience. This decline in internal capacity contributed to the growing reliance on third-party development cooperation delivery channels. The MFA's own data on development staff reinforces these trends, showing a steep decline in staff numbers until 2019. From that point onward, the number of staff working on development cooperation began to rise, driven by an increase in home-based staff, while the number of out-posted staff has remained stable at around 100 since 2019 (see Figure 9 below). However, the figures presented are indicative and should be interpreted with caution. The data should be seen as a proxy measure rather than an exact representation (see limitations in Section 1.5).

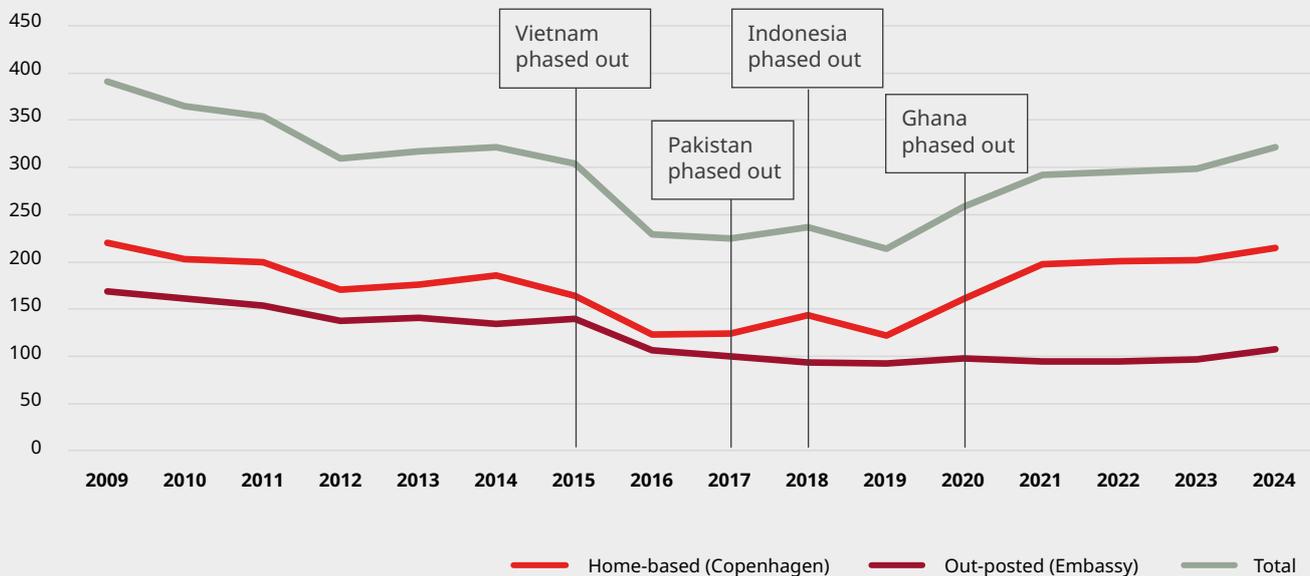
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75 Lars Engberg-Pedersen (2022): Decentralised Aid Management Today: Perspectives on an Evaluation DIIS Working Paper: DAC Peer review of Denmark 2021.

76 Lars Engberg-Pedersen (2022): Decentralised Aid Management Today: Perspectives on an Evaluation DIIS Working Paper: DAC Peer review of Denmark 2021.

77 Engberg-Pedersen, L. (DIIS) (2023), Decentralised Aid Management Today: Perspectives on an Evaluation. DIIS Working Paper 2023(8).; OECD (2016) OECD DAC Peer Review Denmark; and OECD (2011) OECD DAC Peer Review Denmark.

**FIGURE 9: DEVELOPMENT OF MFA DEVELOPMENT STAFFING (2009–2024), EXCLUDING EMBASSIES WHERE DEVELOPMENT COOPERATION IS A MINOR PORTFOLIO COMPONENT<sup>78</sup> OR HAS BEEN PHASED OUT<sup>79</sup>**



Source: Danish MFA, internal note

Recently, the MFA has started hiring additional staff, including development specialists, but a reversal of the deskilling trend is a long-term endeavour, which depends on stable resources and staff turnover in the coming years. The shifts in management of development cooperation have been partly driven by strategy (and overall policies on development cooperation) and have been partly incremental. Interviews with senior managers, as well as those with other MFA staff who have witnessed the changes over time, made it clear that decisions on how development cooperation was managed were themselves responding to what was now feasible given changes in staffing budgets.

The focus on financial management and reducing fiduciary risks has also been an important factor. For example, strict rules to ensure that Denmark reaches the annual 0.7% ODA target have created unintended incentives to allocate money through multilateral organisations with better spending capacity and offering an opportunity with large and flexible instalments, due to a lighter approval process at the MFA

78 For embassies where development cooperation is only a minor part of the portfolio, there was no reliable data on how many staff were actually involved in ODA management - only a smaller share of staff at these embassies are involved in ODA management, but it can not be assessed how many, going back in time.

79 Indicates the cut-off years, with embassies that phased out development cooperation excluded from the figure starting the year after the reported phase-out.

compared to the scrutiny of bilateral development cooperation.<sup>80</sup> This aspect was also linked to increased attention to corruption at political level in recipient countries that again increased attention to financial management, leading to reduced risk taking or emphasis on risk sharing.

**Greater recentralisation also responded to the increased integration of development cooperation with foreign, security, and climate policies and therefore Danish and multilateral partners** rather than local partners. One example of this is in the Vietnam case study in relation to the SDG Facility (see Box 3). Centralisation goes hand in hand with responding to political priorities of ministers at the MFA in Copenhagen and paying relatively less attention to development cooperation effectiveness including national and local priorities. Similarly, the need to quickly scale support for climate was also better steered from the MFA in Copenhagen rather than relying on lengthy processes of integrating climate into mainstream development at country level. With a unified foreign service, the MFA is used to balancing trade-offs between politics and development. But the MFA's capacity to manage and influence a growing and more fragmented development cooperation portfolio is stretched.<sup>81</sup>

**BOX 3: CENTRALISATION REDUCED THE EFFECTIVENESS OF THE SDG FACILITY IN VIETNAM.**

The former small grant facility funded short-term activities and workshops with up to DKK 100,000. In the Vietnam case study, the DE in Hanoi found the small grant facility very useful for maintaining bilateral engagements with government partners, CSOs, multilaterals, etc. when the bilateral development support was phased out. In 2019, the small grant facility was succeeded by the centrally managed SDG Facility, and funding ceilings increased with a preference for large long-term projects. While this enabled the support of valuable engagements in Vietnam such as CSO-driven social enterprises for improvement of urban environments, centralisation and a preference for large long-term projects also meant that funding became less flexible. Consequently, minor activities and workshops could no longer be funded. In contrast, relevant funding opportunities in Vietnam often just mean allocation of small seed grants, since government partners can scale up activities at a later stage. In addition to the opportunity loss caused by less flexible granting criteria, the centralisation of the funds management in Copenhagen also creates a slower handling process with fewer opportunities for partner dialogues in Vietnam.

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80 In Annex I, flow charts illustrate the approval procedures of bilateral development cooperation and multilateral strategies. They are based on MFA Denmark (2024, April): Guidelines for approval of projects, programmes, multilateral organisation strategies, and strategic frameworks.

81 The evidence for this came from interviews with various sources: including interviews with staff in different departments in the MFA Copenhagen, at embassy level, and documentary sources such as the minutes from UPR and the DDD Stocktaking Review.

**In two areas, decentralised decision-making was fully implemented, bucking the overall trend.** First, decision-making related to the management of core funding to the UN has been delegated to Denmark's missions to UN offices, with only limited day-to-day guidance and support from Copenhagen. The UN case study conducted in New York for this evaluation found many positive aspects of this decentralised approach, including being close to the day-to-day dialogue with partners and allowing a flexible, well-informed, and responsive relationship.

Second, **in the handful of embassies with extensive development programmes<sup>82</sup> there is considerable autonomy for decision-making** within the overall agreed frameworks for the country programme.<sup>83</sup> For example, in Uganda, after the government had narrowed the space for civil society, the DE withdrew direct support to government institutions and substituted the decentralised management unit of the Democratic Governance Facility with a new unit/instrument in the DE (Promotion of Accountability, Civic Engagement, and Rights) to ringfence civil society support. Political decision-makers in Copenhagen and the advice of the embassy influenced the decision to move away from directly supporting the government. Meanwhile, the long-term presence, capacity, and expertise in the DE, and their relationships in Uganda meant there was capacity and therefore an option to work with civil society and other partners managed from the embassy. This illustrates that a decentralised approach is valuable for embassies that retain the capacity to implement it.

### 3.2 Choice of instruments – trends, relevance, and effectiveness

**The change of emphasis from traditional bilateral ODA towards using a wider range of instruments has been a key feature that has not been driven by considerations around development cooperation effectiveness.** Instead, the evaluation found that other decisions have been the main drivers such as the shifting context of development cooperation (EQ1), reductions in MFA staffing, fewer embassies or – more recently – increased funding of climate change and support to Ukraine. These findings are supported by interviews with multiple MFA

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82 Mali, Burkina Faso, Tanzania, Ethiopia, Uganda, Kenya, Bangladesh, Brazil, Morocco, Egypt, Vietnam, Ghana, Ukraine.

83 Of note, this is not the case in Ethiopia, where Denmark relatively recently complemented its regional and multilateral support with a bilateral development programme (BDP), and where priorities remain largely driven by Copenhagen, due to the magnitude of the development cooperation.

staff across different locations and development cooperations as well as documentary sources that have reviewed the changes in development cooperation management<sup>84</sup>. Nevertheless, each instrument has its own strengths and role to play, and development cooperation management offers a route for ensuring they complement each other and are used in an appropriate context.

**The relevance and effectiveness of Danish support through multilateral partners is particularly important, given the increasing use of this funding channel.** The case study of engagement with UN partners highlighted that thematic and core support to agencies such as United Nations Children’s Programme (UNICEF), United Nations Population Fund (UNFPA), UN Women, and United Nations Development Programme (UNDP) provides a way to support agencies in key areas according to their comparative advantage whilst simultaneously supporting normative and other aspects of their mandates.

One key objective highlighted in the World We Share is multilateral reform. In addition, the increase over time in resources spent through multilaterals means that Denmark has a big stake in ensuring multilateral effectiveness, e.g., by influencing the boards of IFIs, global funds, and financial intermediary and multi-donor trust funds. There is a balance to be struck here between different, potentially competing goals. Denmark’s desire to push for stronger linkages to Danish priorities tends to favour thematic earmarking. However, other things being equal, use of earmarking would normally be associated with low development cooperation effectiveness for multilateral funding, and Denmark’s other priorities around supporting UN development system reform.

**Influencing multilaterals also depends on being able to cite detailed and granular evidence from the ground,** i.e., firsthand experience on how the multilateral programmes are working in practice at country level. Evidence on what works in multilateral interventions can come from the evaluation systems of the multilaterals, the MFA, or other donors – or it can come from Denmark’s embassies and partners in the respective countries. This is a potential area of synergy between multilateral and bilateral cooperation, but interviews at country level and in New York suggested that it is not always fully achieved. Some presence on the ground in developing countries is desirable to gather intelligence on what is working and how the multilaterals can improve in addition to other sources such as the Multilateral Organisations

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84 See Lars Engberg-Pedersen (2022): Decentralised Aid Management Today: Perspectives on an Evaluation DIIS Working Paper: DAC Peer review of Denmark 2021.

Performance Assessment Network (MOPAN), the shared mechanism for assessing multilateral effectiveness, established by bilateral donors.<sup>85</sup>

**Presence on the ground enabled the relevance and effectiveness of bilateral development cooperation. It is also needed for Denmark to be visible in countries, particularly where geopolitical considerations are of weight.** The country case studies presented strong evidence that a strong local presence is key for bilateral cooperation in both development and transitional contexts. In Uganda, Ethiopia, and Vietnam, the embassies have leveraged long-term partnerships with governments and/or civil society to tailor development cooperation with a high degree of local ownership and alignment with local partner priorities. In Vietnam, institutional cooperation between Danish and local authorities was also key to consolidating strong bilateral relations with Denmark as Vietnam emerged as a middle-income country.

However, as noted in Section 2.3, Denmark now has fewer embassies with a traditional development role, which limits Danish visibility and presence in many countries. For example, the Niger case study found that Denmark's lack of presence creates distance to national stakeholders and limits opportunities for close diplomacy.

Embassies play an important role (among their many other roles) that support development cooperation in-country:

1. Dialogue with the government about policies and priorities, including those arising from the development cooperation where the scaling of the impact hinges on changes to policies and frameworks complementing the actual development activities
2. A bridging role in helping other Danish partners understand the context in countries, e.g., the Vietnam case study highlighted the role that the Danish sector advisors working in Vietnam play in linking Danish partners with the government
3. Coordination of development partner support with the government to promote ownership, and development cooperation coordination with other donors to ensure complementarity of action
4. A leading role in supporting joint instruments, as evidenced by the role Denmark played in the Democracy Governance Fund in Uganda.

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85 As also noted in: Ministry of Foreign Affairs of Denmark (2023), Evaluation of Danida Multi-Bilateral Interventions.

**Another key aspect of development cooperation management is the system of quality assurance of design, appraisal, and approval as well as follow-up.** The MFA has a well-developed system for this, as set out in the AMG, including the roles of LÆRING, the Programme Committee, and the Council for Development Policy (UPR) in providing input and scrutiny at key stages. These are set out in more detail in Section 4 below. The main changes in the AMG are summarised in Annex G.

However, interviews for this evaluation also consistently indicated that **the hollowing out of the MFA's technical capacity has tended to weaken the quality assurance role required for both bilateral and centralised arrangements.** This role requires technical capacity, and the MFA has shifted significantly towards employing staff with other types of skills (e.g., foreign policy and diplomacy) as opposed to technical or field experience in development. For example, the comparative study and multilateral case study highlighted that capacity in MFA Copenhagen to support staff working in New York, Geneva, and Rome, representing Denmark on the boards of multilaterals, is significantly smaller than that of comparable Danish counterparts such as Sweden or Norway.

### 3.3 Denmark as a partner

**Overall, judging from interviews conducted, Denmark generally has a good reputation amongst in-country national and local partners (such as NGOs, CSOs, and government agencies).** In countries where Denmark has long-term presence, partner interviewees underlined the value of their long-standing successful cooperation (see the Morocco, Uganda, Vietnam, and Niger case studies). They viewed Denmark as a committed, solution-oriented partner that actively listens to its national partners to understand their needs and respond with targeted, strategic interventions. Denmark was seen to show mutual respect and understanding in their collaboration, which fosters trust and transparency. Denmark was also seen as a leader when it comes to innovative cooperation instruments, such as the SSC, or regarding thematic issues such as gender equality<sup>86</sup>.

As shown in Figure 10, 90% of MFA staff agree/somewhat agree that localisation and local ownership are important for effective development

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86 Denmark's support to gender equality was recently evaluated (2023). One area it assessed was how AMG and tools support gender – this presents a mixed picture. On the one hand, gender equality is a priority; policy documents refer to Danish leadership in the pursuit of it. Guidelines require gender analysis at the design phase of organisation strategy and country programme and also require considerations of gender equality in presentations to the Programme Committee. On the other hand, findings of this evaluation confirm known challenges in updating tools, in momentum, and in the systematic documentation of results in gender programming.

cooperation and it is in focus in their practices, especially at country level, although there is less agreement as to the follow-up on changes during implementation. At the same time there is focus on localisation among staff dealing with core multilateral contributions as approx. 70% work to ensure flexibility in the way multilaterals work to adapt to local circumstances.

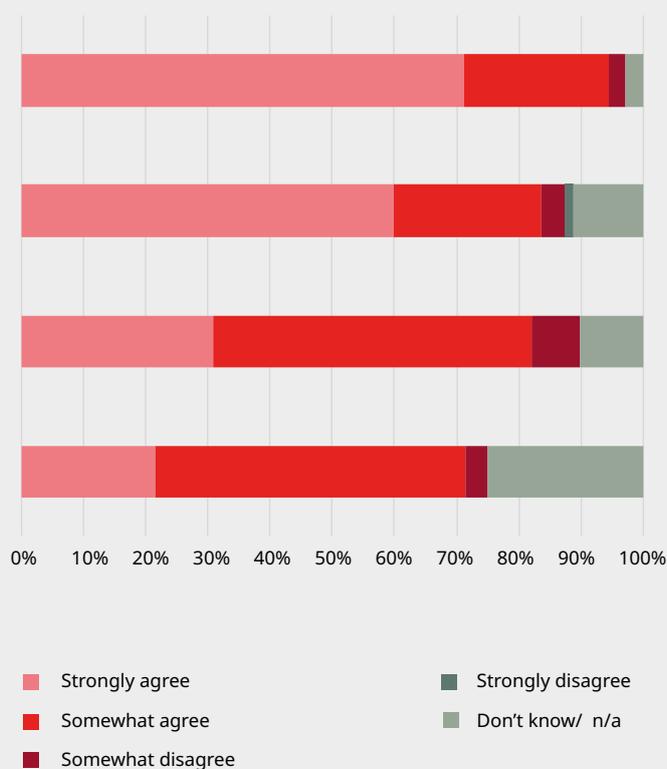
**FIGURE 10: SURVEY DATA AS TO THE IMPORTANCE OF LOCAL OWNERSHIP AND ADAPTING TO LOCAL CONTEXT**

Bi- and Multi-bilateral replies - Close collaboration with local or multilateral partners to promote local ownership and adapt the programme to the local context leads to better cooperation effectiveness

Bi- and Multi-bilateral replies - During implementation, I keep informed about changes in the operating environment that may have implications for the programme/project

Multi-bilateral replies - I promote localization and local ownership with the multilateral partner

Core multilateral replies - In governing body meetings of the multilateral organisations, I argue for flexibility and adapting to local circumstances



**Similarly, Denmark is viewed positively among the UN agencies as a well-balanced and engaged donor that resists micro-management.**

Denmark is seen to be flexible in funding, rooted in Denmark’s continued advocacy for core funding and soft thematic earmarking. Whereas, Denmark has not been immune from the broader trend among donors (incl. Denmark) towards greater earmarking, it has held its core funding at the same level but has increased its multi-bi funding. However, it is seen as a relatively flexible donor. For example, Denmark, unlike many other donors, supports multilateral agency cash flow by

transferring funding early in the year and providing high levels of core funding through multi-year agreements. Denmark is also principled in its approach, e.g., by advocating for appropriate monitoring and reporting and supporting UN reform. Interviewees reported that Denmark prioritises well according to its strategic direction, is active on the boards of multilaterals, and can be highly constructive in challenging situations. Therefore, partners often turn to Denmark for advice. **Denmark also**

#### **BOX 4: MULTILATERAL CASE STUDY – DENMARK’S ENGAGEMENT WITH UN PARTNERS IN NEW YORK**

The case study on Denmark’s mission to the UN in New York showed that the decentralised approach of the Danish engagement is highly appreciated, flexible, trusted, and responsive.

On the other hand, the mission’s capacity is stretched with less than one full-time staff member per UN agency to manage each relationship. The engagement in New York depends partly on the availability of advice and information from embassies at a country level – a potential synergy which is not always fully achieved. Denmark is a strong advocate for core funding but also uses thematic (‘soft’) and geographic earmarking. A challenge that Denmark faces with core funding is limited visibility of Denmark’s contribution at country level – something which the mission is working with UN partners to address through different types of communication vehicles but could create perverse incentives to earmark further.

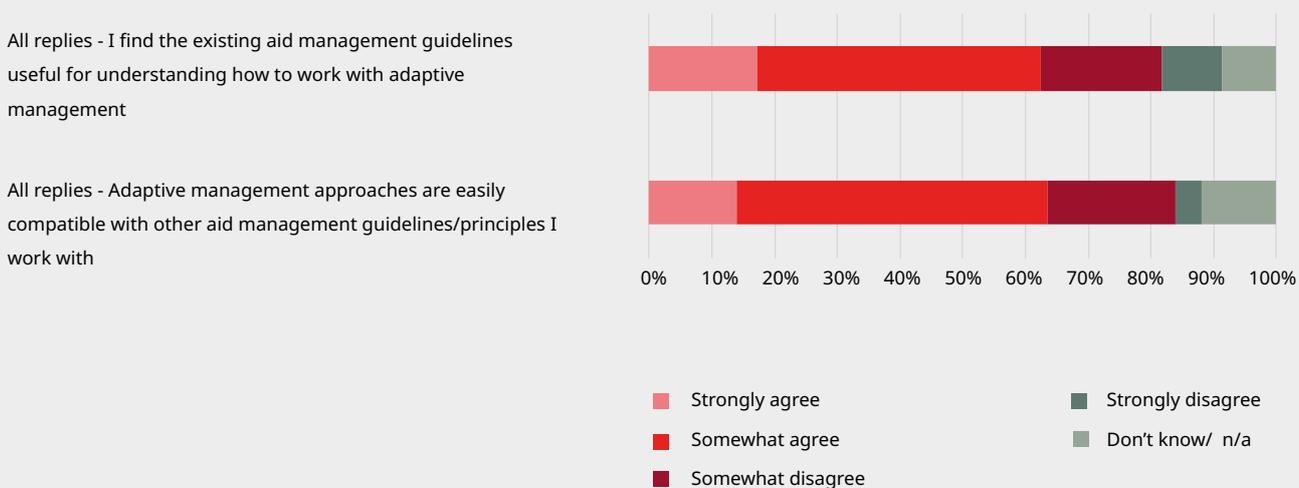
**has a good reputation among like-minded donors**, despite more mixed experiences in Niger (see Box 5). The case studies highlight that Denmark has a close working relationship with other like-minded donors in its bilateral and multilateral missions. External interviewees noted that Denmark works strategically and flexibly (when needed) but is principled in its approach and has a clear vision of goals. This builds on a long history of discussion in Denmark and the MFA on how to monitor the effectiveness of multilaterals (both pre- and post-MOPAN) and influence them to improve performance. The Danish strategies on multilateral organisation have evolved from this process.

In interviews for this evaluation, Denmark was seen as engaged in donor activities, having good relationships with local partners, and is known to take on a mediator role. In general, MFA staff were described as professional and knowledgeable. However, the Niger case study found some more critical voices, largely due to a lack of presence in the country since the embassy to Niger was closed. This has harmed Denmark’s engagement and collaboration with its peers. For example, Denmark did not attend a high-level meeting concerning the peace process in Niger, which hurt its reputation within the donor community.

### 3.4 The Aid Management Guidelines are working well but gaps remain

The evaluation found that the AMG are transparent, relevant, and useful. The current AMG are regarded by MFA staff as more streamlined and easier to understand/navigate than in the past. This was confirmed by a documentary review – examining how the AMG have evolved over time (see Annex G) – and by feedback in the electronic survey. For example, the AMG project cycle structure or the updated financial management guidelines provide direct access to relevant information and specific sections of a project or programme. Staff also found the How-to notes a useful improvement of the AMG, especially in the programming phase or as a point of reference. The guidelines also underscore the need for comprehensive analysis, stakeholder consultations, and identification of synergies with other Danish projects and priorities.

**FIGURE 11: SURVEY DATA COMPARISON ON AMG**



In terms of use of the AMG, the multilateral case study highlighted that mission staff consult the existing AMG when useful, e.g., when a new issue arises, although they found no need to consult them regularly. Although new staff members are introduced to the relevant AMG when they join the embassy, staff still lack clarity of which guidelines are available and where. Staff noted that the AMG are relevant but there have been instances of operational challenges during which they did not provide an answer or clarification that was sufficiently specific. One example to mention is that the AMG did not cover a specific fund Denmark engaged with, so the procedures were unclear. Mission staff

therefore suggested establishing a platform at LÆRING to capture comments regarding what information is missing and how the AMG can be improved.

**The evaluation finds that there is room for the AMG to adapt further to fully cover the wider range of instruments and approaches now being used for Danish development cooperation.** These areas include multilateral, private sector/IFU, Strategic Partnership Agreements (SPAs) approaches and SSC. Between them, they introduce complexities that the AMG do not yet fully address. This lack of alignment and integration can result in overlapping initiatives, low impact, and challenges in maintaining a consistent strategy across different projects, programmes, and sectors, which is contrary to the intent of DDD. One challenge, which goes beyond the agreed scope of this evaluation, is that this involves decisions taken outside the MFA, e.g., IFU, line ministries, and trust funds.

**The decentralised programming of bilateral support is seen by some staff as bureaucratic and lengthy,** particularly during the initial stages of the project and programme cycle. The evaluation found evidence of this in the Morocco and Uganda case studies. The perspective from Copenhagen staff was that such checks and balances on quality and legal aspects are a necessary part of the control process. However, while this may be true for new programmes, even adjustments to an existing project or partner – such as scaling up or down – are subject to the same extensive programming requirements as an entirely new programme. The uniformity of procedural demands in the AMG can challenge flexibility and adaptability, especially related to evolving needs and opportunities during implementation. As a result, there is a contrast between the need for streamlined processes and the current AMG, which may limit the effectiveness and efficiency of implementation of Danish development cooperation, e.g., in complex contexts such as Niger (see Box 5).

**Relevance of the Programme Committee (PC) and UPR.** The role of the PC is to provide internal quality assurance of programmes of significant scale, including to ensure that Danish mainstreaming objectives are adequately reflected in the proposals at the approval stage, complementing the external role of the UPR. Both the PC and the UPR provide important checks and balances within the development cooperation management system. There is a view that the PC meetings could play a stronger role by providing space for deeper reflections on development cooperation, including what works and what does not work, and why. The role of the UPR is to provide strategic and professional advice to the minister responsible for development cooperation. The composition of the UPR reflects the broad coalition behind Danish development cooperation. Interests represented include

industry and trade, agriculture, trade unions, civil society (including youth), and research. See box 5.

**BOX 5: NIGER CASE STUDY – HOW THE AMG GUIDES DANISH DELEGATED COOPERATION IN A FRAGILE CONTEXT**

The Niger case study was an opportunity to understand how Danish delegated cooperation in a fragile context is managed from Ouagadougou within the framework of the AMG, since the Danish mission in Niamey closed in 2014.

Overall, the DE expressed satisfaction with the delegated cooperation arrangements and the quality of reporting provided by the lead partners involved in the delegated partnerships. The DE found the delegated cooperation model effective in achieving its objectives and appreciated the transparency and accountability demonstrated by the lead partners in their reporting practices.

However, MFA staff pointed to the absence of MFA guidelines to establish frameworks for delegated cooperation, with the agreement governed by an ad hoc Memorandum of Understanding. As internal guidelines for delegated cooperation exist, it is important that these are used to ensure consistency and avoid ad hoc'ism.

The delegated partnership was also perceived by MFA staff at the DE to come with high transaction costs, although a detailed comparison to test this perception is beyond the scope of this case study. While delegated cooperation offers the advantage of shared responsibilities and streamlined processes, it is important to recognise that successful implementation and quality monitoring still require careful attention and dedicated staff resources at the DE.

### 3.5 How Denmark manages development cooperation – four examples

This section considers four different examples of how development cooperation management has evolved during the period under evaluation: prioritisation of funding for climate action, use of multi-bi cooperation, SSC, and the DAPP.

#### Targeting of climate action

**The MFA has increasingly prioritised climate change in its management of Danish ODA, reflecting increased international focus on climate change and UNFCCC/Paris Agreement commitments.** For example, one of the two overarching goals of the 2021 Danish development strategy is to address climate change through collaborations with MICs. This is also reflected in country strategic frameworks including in the countries selected for the case studies as part of this evaluation. All four countries (Niger, Uganda, Ethiopia, and Vietnam) had an overarching strategic objective related to climate change.<sup>87</sup> It was noted by partners that Denmark plays a pivotal leadership role in the coordination of the multilateral climate change response alongside other likeminded donors. This increasing focus on climate marks a shift in Danish development funding. For example, the Uganda case study highlighted that 60% of the DKK 650-million country programme budget is to contribute to the green agenda, mostly climate change adaptation.

**The shifts in funding have had knock-on effects to Danish development cooperation delivery models. In allocating ODA, the focus on climate has led to increased use of third-party implementation channels, including the multilaterals** (for example, through the EU and global climate funds such as the Green Climate Fund), CSOs, the private sector, and institutional cooperation, e.g., between line ministries such as the Ministry of Energy and Climate and their counterparts in various countries. The multilateral funding for climate is largely managed through the MFA in Copenhagen while the green private sector initiatives are managed by IFU.

**The evaluation found that the increased focus on climate change as well as the promotion of Danish green solutions and expertise, particularly in MICs, has encouraged a shift towards non-traditional**

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87 For example, in Uganda 'Promotion of a sustainable, inclusive, and green economic transformation to adapt to the global climate crisis' is one of three strategic objectives in the Country Strategic Framework 2023–2028, and in Ethiopia, green energy and enhanced resilience is one of four priorities in the country policy strategy 2018–2022.

**instruments** such as SSC, which are smaller in terms of volume than more traditional development assistance. As climate funding is also applicable for countries that have transitioned out of traditional development cooperation, Denmark has used ODA to support climate or environmental frameworks and to position Danish competences in climate and green growth. For MICs, partnerships increasingly involve the private sector and Danish expertise, emphasising climate and green growth initiatives. In particular, the SSC Initiative, launched in 2015, exemplifies Denmark's focus on transitional development cooperation.

This was evident in several of the case study countries. For example, the joint DEPP between the Danish Energy Agency and the Ministry of Industry and Trade in Vietnam was launched in 2013. The partnership has been funded by the Climate Envelope, part of ODA. Furthermore, in 2023, a Green Strategic Partnership (GSP) agreement was signed between Vietnam and Denmark to deepen political cooperation and economic relations relevant to green growth, job creation, green transition, and climate change. Denmark is one of only four countries to sign a GSP agreement with Vietnam, with the action plan intended to accelerate bilateral trade and investments. This has led to results including the DE facilitating the inclusion of climate-related statistics in the SSC project between Statistics Denmark and the General Statistics Office of Vietnam.

### **Climate change is also a focus in several of the more 'traditional' bilateral country programmes studied as part of this evaluation.**

For example, in 2020, the embassy in Addis Ababa was selected as one of Denmark's new green frontline missions to enhance the promotion of green Danish solutions in the country. It was noted in the case study that the DE is seeking to build on SSC to strengthen Danish climate change support in Ethiopia in the next years. It was also noted that the DE in Uganda has strong cooperation with the Government of Uganda on climate change priorities, aligning the agricultural and private sector support with greening priorities. However, the case study highlighted that Uganda does not receive SSC support despite there being an important opportunity to support on meteorology/disaster risk reduction to inform crisis response and mitigate slow onset disasters related to climate change.

Despite the increasing focus on climate change, there remain challenges in implementing the climate action agenda across the MFA, as detailed below:

1. **Staffing and capacity:** The introduction of the priority on climate mainstreaming has strained MFA resources. **Embassies reported limited capacity for managing innovative climate interventions or leveraging global knowledge effectively.** For example, in Ethiopia, resource constraints limited the capacity of embassies to maximise synergies by, for example, integrating climate initiatives. It was reported that scarce staff resources imply a risk of overlooking

potential climate change mainstreaming opportunities within the current portfolio. Meanwhile, the 2023 gender evaluation<sup>88</sup> found that opportunities were overlooked to integrate gender considerations in green and climate engagements.

2. **Fragmentation: The growing range of partners and instruments for climate-related assistance has fragmented Danish climate support, complicating development cooperation management and reducing its coherence.** With the integration of climate funding into development assistance, the MFA is increasingly having to balance trade-offs between politics and development in its management of climate spend. The involvement of Danish line ministries and local authorities in Danish development cooperation adds complexity to climate ODA management.
3. **Centralisation: It was found that the need to quickly scale support for climate action was often steered from the MFA in Copenhagen rather than relying on lengthy processes of integrating climate into mainstream development at country level.** The centralisation of much of the climate funding in Copenhagen prioritises political responsiveness but limits local ownership and engagement, potentially undermining long-term development outcomes.
4. **Multilateral concerns:** For many UN agencies, pursuing climate as a thematic area integrates well with their previous and ongoing work. UNICEF, for example, has previously already worked a lot with climate. However, other multilateral partners voiced minor concerns about difficulties that Denmark's and other donors' increased focus on climate might cause. For example, one concern is that this could lead to a decrease in core funding and an increase in tighter earmarking to allow donors to report on their climate goals.
5. **Transitioning current project engagement:** The case study in Ethiopia highlighted that **Rio markers<sup>89</sup> are not always easy to increase within current project engagements**, even if the country is severely impacted by climate change. It was highlighted that a request from Copenhagen to aim for 50% greening of the next bilateral development programme (BDP) is limiting for the full potential of ongoing project collaborations.<sup>90</sup>

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88 Evaluation of support to gender equality in Danish Development Cooperation 2014–2021, MFA Denmark (2023).

89 The Environment and Rio markers are a set of policy markers used in reporting to OECD to indicate if a project or activity is relevant to five objectives (biodiversity, desertification, environment, climate change adaptation, climate change mitigation).

90 For example, it is a challenge for the DE to convince the Agricultural Transformation Institute (ATI) to increase the present 20% greening of the ATI support to 50% (i.e. increasing the Rio marker value from 0 to 1), without imposing a Danish climate change adaptation target on ATI, which ATI is not willing to comply with.

In summary, Denmark's increasing prioritisation of climate change within its ODA framework represents a strategic shift toward aligning development assistance with national and global priorities. Denmark's consistent focus on climate has bolstered its international reputation. While this realignment has expanded partnerships and supported Denmark's global climate commitments, it has also introduced challenges in managing development cooperation effectiveness, partner engagement, and resource allocation.

### Multi-bi cooperation

**Multi-bi cooperation is increasingly used by Denmark but shows mixed effectiveness and high transaction costs.** As elaborated on in Section 2.2, an increasing share of Danish development cooperation funding is channelled through multilateral organisations, in particular UN agencies, as 'multi-bi' contributions. The multilateral case study highlights that multi-bi engagements have several advantages. Firstly, UN agencies have solid networks and programmes in most areas of the world, including those where Denmark is not present bilaterally, e.g., Afghanistan and Iraq. Secondly, the multilateral institutions hold the mandates to implement and follow through in their respective areas which can potentially be more influential and hold more weight than bilateral programmes. Finally, multi-bi contributions can often also be processed quickly with a lower effort on due diligence than bilateral engagements according to MFA guidelines as found on the AMG.

**However, the present evaluation found the effectiveness of multi-bi engagements to be mixed.** In general, where scale is lacking and hard earmarking is applied, the performance of the funding, multilateral ownership, and Danish influence tend to be low. The 2023 evaluation of Danish multi-bilateral interventions also found that the effectiveness of these types of engagements was mixed. Engagement size and structure were factors that correlated with performance. For small, earmarked, one-on-one projects, ownership of the engagement by the multilateral partner appeared not to be strong enough to deliver the intended results <sup>91</sup>.

For the present evaluation, the country case studies suggest that the effectiveness of multi-bi contributions varies across countries and between multilateral agencies. For example, as indicated by the Ethiopia case study, UN agencies are often not able to explain in detail which results they have contributed to. This could be partly due to the use of sub-granting, but the general perception of DE staff is that multi-bi

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91 Ministry of Foreign Affairs of Denmark (2023), Evaluation of Danida Multi-Bilateral Interventions.

contributions are often not well implemented. DE staff have also found that they have little influence on (or visibility of) project implementation through UN agencies, especially when the contributions are relatively small as found in the Ethiopia case study. The Uganda case study similarly conveys that the DE has less influence over multilaterals than other partners, i.e., Strategic Partnership Agreements with CSOs. However, where Denmark had the right capacities and influence, and the Danish engagements were large enough and well-structured, the multilateral partners could be and often were effective delivery partners.

**Contrary to expectations, multi-bi engagements come with considerable transaction costs for Denmark.** This evaluation (in line with the multi-bilateral evaluation) found that the monitoring of multi-bi engagements demands considerable resources, regardless of the level of earmarking and how well the partnership with a particular UN agency is established and therefore does not necessarily save costs.<sup>92</sup> For example, in Uganda and Ethiopia, DE staff noted that UN results reporting and, especially, audits of multi-bi contributions are often of low quality, and do not meet their requirements.

Likewise, the Uganda case study suggests that topping up of multilateral contributions from unspent allocations assumes that solid arrangements for compliance/control are in place, which may or may not actually be the case. Therefore, DEs often use more capacity and time than expected in monitoring and managing multi-bi engagements, further stretching the capacity of the DEs. This constitutes a critical barrier to effectively managing multi-bi engagements.

**The high transaction costs also apply to UN and other partners, especially in single-donor, hard earmarked contributions.**<sup>93</sup> In Ethiopia, the UN agencies and project partners commented that Denmark applied stricter reporting and audit requirements than other development partners. The partners in Ethiopia noted that the requirements created high transaction costs, particularly at the beneficiary end. This issue was not limited to small multi-bi contributions. In the case of UNFPA, the issue of Danish reporting requirements has been referred to New York to be addressed in the Global Strategic Partnership Agreement between UNFPA and Denmark.

**Finally, the evaluation finds that the MFA lacks a functioning mechanism – and DEs capacity – for sharing evidence and learnings from multi-bi engagements with both the MFA and the Danish**

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92 Ministry of Foreign Affairs of Denmark (2023), Evaluation of Danida Multi-Bilateral Interventions.

93 Ministry of Foreign Affairs of Denmark (2023), Evaluation of Danida Multi-Bilateral Interventions

**multilateral missions, affecting the ability to ensure synergies and coherence with UN core funding.** The Ethiopia case study especially highlighted the need for improving the dialogue to ensure synergies and coherence between multi-bi and core funding to the UN system. This echoes the finding of the multi-bi evaluation, which noted that the arrangements to enable learning and information sharing between DEs, the MFA in Copenhagen, and Danish missions to UN agencies were inadequate and poorly resourced.<sup>94</sup> The multilateral contact groups, established in 2020, have, to some extent, helped to address the issue of poor communication. They have changed from online meetings to written procedures but are still seen as valuable. As conveyed by the management response to the multi-bi evaluation, the MFA is committed to exploring new formats for improved information management related to multilateral partnerships at both the MFA in Copenhagen and at country level.<sup>95</sup>

### Strategic Sector Cooperation (SSC)

The SSC Initiative was launched in 2015 and refers to the Danish development strategy and the climate action strategy. It provides funding for institutional partnerships ('projects') between Danish public authorities and partner authorities in transition economies and MICs. The projects aim to contribute to sustainable growth and development by improving the framework conditions of the SDGs. More specifically, projects are funded in sectors where Denmark has unique expertise and solutions, which can be tailored to the local context to remedy institutional and organisational capacity gaps. SSC projects are based on local demand and ownership, and the SSC Initiative applies three set modalities:

1. The SSC projects/partnerships
2. Deployment of Sector Counsellors at the embassies
3. Since 2017, SSC was amended with funding for sector research and access to Danida fellowships.

Beyond the technical cooperation, SSC projects are also intended to strengthen and expand bilateral relations between Denmark and the partner countries and, in the long term, open opportunities for the transfer of Danish expertise and technologies on more commercial terms. The SSC Secretariat at the MFA in Copenhagen coordinates the

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94 Ministry of Foreign Affairs of Denmark (2023), Evaluation of Danida Multi-Bilateral Interventions.

95 Ministry of Foreign Affairs of Denmark (2023), Management Response to the Evaluation of Danida Multi-Bilateral Interventions.

SSC Initiative. It was closed in 2021 but subsequently reopened in 2024. The management of the SSC projects is based on a shared triangular cooperation between the MFA, Danish line ministries, and the partner authorities; from design and priority setting to implementation.

**Overall, the evaluation found that the SSC Initiative is an effective tool for transitional development cooperation.** The Danish SSC Evaluation as well as the Vietnam and Morocco case studies conducted for this evaluation find that SSC projects are effective tools for addressing critical global challenges such as capability gaps related to climate change and green transition<sup>96</sup>. In countries where Denmark is phasing out its broad bilateral development cooperation programme, SSC projects can capitalise on results, mutual trust, and credibility established over many years while providing highly specialised expertise and solutions suitable for a middle-income context. Successful SSC interventions feature the following attributes:

- They are timely and demand-driven with emphasis on strong local ownership.
- They draw on adaptable Danish solutions.
- Ideally, they contribute to a partner's change strategy (reform, roadmap, etc.) rather than defining one for individual projects.
- They are adaptable to contextual change without changing priorities and direction too frequently.
- They strengthen bilateral relations and partnerships, and where appropriate, showcase Danish technology and private sector contributions.<sup>96</sup>

**Mutual trust allows Denmark to contribute more broadly to sector reforms and engage in high-level policy forums, which the modest SSC funding would not otherwise achieve through other routes** (see Vietnam case study). Thus, the trust built through many years of bilateral cooperation and the additional goodwill achieved through the SSC Initiative have spearheaded bilateral partnership agreements at government level, such as Denmark's GSPs with India (2020) and Vietnam (2023), respectively.

The case studies in Vietnam and Morocco also confirmed the findings from the SSC Evaluation that Danish authorities – through the SSC

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96 Ministry of Foreign Affairs of Denmark (2020), Evaluation of the Danish Strategic Sector Cooperation.

projects – are able to empower their partners beyond the formal objectives of a project cooperation.<sup>97</sup> Hence, Danish authorities are invited to contribute within somewhat sensitive areas, since they do not push a Danish set of objectives, while certain enablers such as change management, transparency, good governance, and anti-corruption are inherent aspects of the peer learning. This strengthens partner authorities' capacity to manage sector reforms, mitigate siloed sector approaches, address institutional barriers, and engage with civil society and the private sector.<sup>98</sup> While such underlying contributions are key to fully appreciating the strengths and achievements of the SSC Initiative, they are often underreported or not captured by the regular progress reporting of individual SSC projects.

**Decentralisation is key to making SSC projects relevant and effective, but tools and resources on the ground are not always underpinning project implementation.** While the performance of SSC projects does not feature in embassy key performance indicators (except for those relating to the Trade Council), proactive participation of the DE is key to leveraging the full partnership potential and guiding Danish partners. For example, in Vietnam, the DE facilitated the inclusion of climate-related statistics in the SSC project between Statistics Denmark and the General Statistics Office of Vietnam. In addition, embassies can draw on local knowledge through their local staff, who have often been with the embassy for a long time.

Some DEs host several SSC projects, adding to the resources needed for the management of SSC interventions. In Vietnam, this meant that the DE transferred the SSC portfolio oversight from the Trade Council staff at the embassy to the Deputy Head of Mission, even though this position is not fully resourced for this task. In addition, the promotion of synergies and coherence of SSC projects and similar partnerships such as the DEPP projects, is constrained by a lack of data which can support them. The available data on financial expenditure and project interventions from different sources do not make it easy for embassies to gain a clear overview of the range of Danish interventions through development partners or government authorities.

**However, the evaluation also found that SSC has several trade-offs.** The comparative advantage of the SSC Initiative is that it avails highly specialised and unique sector expertise which is relevant in addressing climate change, the green agenda, and other global challenges. Based

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97 Ministry of Foreign Affairs Denmark (2020), Evaluation of the Danish Strategic Sector Cooperation, p 44.

98 See for example how the SSC project improved the Ministry of Health in Brazil's capacity to manage its public health reform through strengthened internal co-ordination and stakeholder engagement; Ministry of Foreign Affairs Denmark (2020), Evaluation of the Danish Strategic Sector Cooperation p.44.

on the SSC Evaluation and the case studies in Vietnam and Morocco, one challenging aspect of the SSC is that the involvement of Danish line ministries and local authorities in Danish development cooperation adds complexity to development cooperation management. This relates to the fact that, by design, the Danish authorities have the overall management responsibility, but there are also requirements to refer certain issues to the MFA and the Council for Development Policy (UPR). This setup, in addition to the geographical distance, can in turn constrain the coordination role of the DEs.

Efforts have been made to strengthen the strategic programming of SSC projects, while the design and implementation of new partnerships are decided through broad collaboration among individual Danish authorities, their partners, the MFA, and the host embassies. Whilst the project management is anchored in a steering committee with all public stakeholders represented, the Vietnam case study also found that such management arrangements were not always adequate for quick decisions on the ground. In particular, it was not always possible for the embassy to intervene proactively when progress slowed, as the interaction between the DE and individual Danish authorities varied depending on the experience and backing of the SSC coordinators within the Danish authorities.

On the other hand, the SSC Secretariat maintains that some variation in progress and commitment is to be expected in this type of cooperation. It is seen as an acceptable trade-off, provided long-term objectives can still be achieved. Notwithstanding, another critical issue is emerging relating to the termination of the first fully completed SSC projects: Some projects seem to neglect the need for an exit strategy in anticipation of continued cooperation beyond the allowed ten years.

**The application of SSC projects needs careful consideration.** The SSC evaluation found that the SSC Initiative has most catalytic potential in middle-income contexts, where mature, stable, and well-resourced frameworks underpin and sustain Danish solutions. In more traditional development contexts, such preconditions may be less prevalent and the absorption capacity more challenged. SSC projects were also more likely to compete with more comprehensive, well-resourced development programmes in such contexts.

The importance of the SSC Initiative is increasing, not least driven by high ambition levels regarding climate and the green transition agenda. Hence the instrument also features in the new Africa Strategy as a means of addressing such challenges through equal partnerships. Nordic development partners also increased the use of institutional cooperation, including in more traditional or fragile development contexts. Sweden for example, supports sector cooperation within climate change and environmental protection in Zambia, Tanzania,

Uganda, and Palestine. Not all initiatives are successful, however.<sup>99</sup> This suggests the need for quite favourable preconditions to underpin the success of institutional cooperation in such contexts, especially if it is linked to broader sector reforms.

#### **BOX 6: VIETNAM CASE STUDY - A PARTNERSHIP BUILT ON A HISTORY OF BILATERAL COOPERATION AND MUTUAL TRUST**

The Vietnam case study was an opportunity for the evaluation to draw on lessons learned from a targeted partnership in a transitional economy context. A key message emerging from the case study is that Denmark's history of cooperation in Vietnam enabled a high degree of local ownership and alignment to national strategies. SSC and energy partnerships are in high demand, and they are an effective way to sustain a visible Danish presence in Vietnam. The effectiveness of these instruments is underpinned by the comprehensive bilateral cooperation in the past, which has forged mutual trust and enabled Danish expertise and solutions to be tailored and applied in a relevant and context-sensitive manner. Mutual trust also allows SSC projects and the DEPP wider access to sector reform support and engagement in high-level policy forums, which the modest funding would otherwise not warrant.

#### **The Danish-Arab Partnership Programme (DAPP)**

The DAPP was launched in 2003 to underpin Danish foreign and development policy in the Middle East and Northern Africa (MENA) region. The programme is now in its sixth implementation phase and has evolved from a civil and political rights programme to a programme that also addresses economic opportunity. It has been implemented in various iterations and priority countries, supporting both government and non-government partnerships. The DAPP 2022–2027 is a more focused programme targeting NGOs. It supports human rights and job creation in Morocco, Tunisia, Egypt, and Jordan under two programmes:

1. The Human Rights and Inclusion Programme (HRIP)
2. The Employment and Entrepreneurship Programme (EEP)

**The DAPP has undergone several management shifts**, including the reduction of a number of smaller direct MFA contracts to two NGO consortia contracts (led by Dignity and PlanBørnefonden, respectively, which are responsible for the management of some 150 CSO subcontractors in total), the introduction of third-party monitoring, and

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99 See for example Pillars Consulting (2023), Evaluation of the Swedish support for the Strengthening Palestinian Environmental Action Program (commissioned by Sida).

the replacement of grants with EU-tendered service contracts.<sup>100</sup> The drivers for these changes included a demand for greater incentives for innovation, results and accountability, greater efficiency to accommodate MFA staff reductions, and compliance with EU regulations.<sup>101</sup>

Prior to the current programme phase, the MFA also employed country-based DAPP advisors, who coordinated and monitored the programme. The advisors could be posted staff from the MFA in Copenhagen or externally recruited staff on timebound contracts. The DAPP advisors have now been succeeded by a Monitoring, Evaluation, Accountability, and Learning (MEAL) unit, established through a separate EU tender. With a presence in each DAPP country, the unit monitors the performance of DAPP, provides monitoring and evaluation (M&E) capacity support to DAPP partners, and supports MFA reviews and audits. The oversight of the MEAL unit is amended by country-based Youth Sounding Boards with four members in each, identified by the Danish Youth Council.

**The strengths of the DAPP include partnerships based on local demand and ownership, long-term commitments, and lead-in to allow robust project design, continuity, and flexibility.** The Morocco case study suggests that Danish NGOs can add strong value to local partnerships, while acknowledging that many stakeholders may already have sufficient capacity and hence less need for generic training. The case study also found that Denmark is perceived as a flexible partner, and thanks to strong relationships on the ground, DAPP partners engage easily with the embassy in Rabat or the MENA Department in Copenhagen when issues emerge (see Box 7 for further details).

Examples of how the DAPP has added value in Morocco<sup>102</sup> include:

- Contributions to the new Moudawana (family code) including an influential mapping of child marriages which helped to reveal the extent of the problem.
- Contributions to the penal code reform through input on the alternative sentencing bill (fines, community work, electronic surveillance, etc.) that was adopted in June 2023 to alleviate overcrowding in prisons and strengthen human rights protection.

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100 The service contract format targets all types of services and is not tailored specifically to development cooperation. It entails payments against results and set workplans, with annual budget ceilings and quarterly disbursements based on submission of invoices.

101 MFA Denmark (2023, September): Danish-Arab Partnership Programme 2022–2027 (DAPP). Programmes and Projects. Annual Stocktaking Report.

102 For this evaluation we were only able to visit one of the DAPP countries, and the experience varies considerably for other countries.

- Training in human rights to the prison administration and other public authorities.

**However, the service contract format combined with the bundling of subcontracts under two consortia creates high transaction costs, reduces flexibility, and prolongs response times for DAPP subcontractors.** All DAPP partners interviewed recognised the need for competitive tendering based on theories of change, results frameworks, and innovative approaches.<sup>103</sup> However, the service contract format with detailed outputs and payment tranches tends to constrain flexibility and responsiveness. While contractual adjustments are inevitable given changing contexts and needs, the contract format makes such changes bureaucratic compared to traditional grant mechanisms. Challenges include limited budget flexibility, requirements for insurance guarantees, disbursements against invoices, and registration of financial approvals, which are difficult to manage for smaller CSOs. The centralised management approach with two large consortia also entails a more layered line of communication and decision-making, which moves the time required for compliance (now through contractual obligations of the third party) down the chain from the MFA.

**The service contracts tend to incentivise compliance rather than learning, and they are less conducive to political advocacy work.**

Another consequence of the service contracts is that they tend to incentivise compliance with contractual obligations by creating a strong focus on the legal and financial aspects of programme management. The perspective of managers of the programme is that this is important for control. However, while noting both perspectives, the evaluation finds that this can come at the cost of adaptation and learning. Notably, DAPP partners interviewed for the evaluation questioned the conduciveness of the service contract format for advocacy work targeting high-level reform processes. This line of work is inherently political and dynamic in nature and often quite unpredictable and difficult to plan and budget for, making service contracts with detailed outputs and timelines less suitable. Stakeholders noted that once the present programme phase is up for evaluation, it would be relevant to revisit the contract format and reconsider whether the interest of the MFA and the CSOs could be met through results-based grants, subject to competitive calls for proposals.<sup>104</sup>

**The third-party monitoring/MEAL approach of the DAPP is at an early stage. Interviewees noted the need to assess the value added of this approach compared to the former approach with country-**

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103 'This was evidenced by interviews with representatives of the two consortia as well as local partners in Morocco and some representatives of the Danish MFA in Copenhagen. The findings are in line with findings of the DAPP Mid-Term Review 2025'

104 See also the DAPP Mid-term review, March 2025, which makes a similar recommendation.

**based DAPP advisors.** The Communication Fund and the Youth Sounding Boards are meant to complement DAPP oversight and the inhouse learning by the DAPP partners. Observations by DAPP partners in Morocco indicate that the abolishment of DAPP advisors could have left a gap in MFA presence, even in countries where Denmark has an embassy. Hence, DAPP partners in Morocco called for more programme visibility and advocacy support, and better programme communication. The evaluation agrees with this view. DAPP partners also suggested that a better country presence may improve the MFA's knowledge on new intervention opportunities, including in MENA countries not part of the present programme. It was also suggested that network meetings at the DE, like those hosted by the Swedish embassy in Rabat, would benefit DAPP. The evaluation agrees with this view. It is also worth noting that the recent DAPP Mid-Term Review found the MEAL unit to be expensive compared to other similar units.

**The regional dimension and the potential for south-south learning may need more attention.** DAPP partners noted that there could be potential for more regional and south-south learning between the DAPP countries. For example, in Morocco, the Danish Institute for Human Rights (DIHR) has provided training on human rights education for justice professionals and social workers in courts, including a module on gender-based approaches, and six workshops for training managers, supported by the Ministry of Justice. This in turn has been an inspiration for DIHR work in Tunisia and Jordan. However, the courses are driven by DIHR's own offices in Tunisia and Jordan, not the DAPP consortium. There is an opportunity for achieving critical regional synergies through peer learning between the DAPP countries.

**BOX 7: MOROCCO CASE STUDY – USING THE DAPP TO SUPPORT REFORM ON HUMAN RIGHTS IN A FAVOURABLE LOCAL CONTEXT**

Morocco was selected as a case country to assess the DAPP. Both the MFA in Copenhagen and the embassy perspective on development cooperation management were voiced in interviews during and in advance of the case study. These gave insights on the relevance and coherence of the interventions, and the triangular working relationship between the MFA, the DAPP consortia, and the embassy.

Following recent reforms in Morocco, Danish DAPP partners in collaboration with local partners have been able to engage on reform initiatives within the justice and human rights sector, green jobs creation, and entrepreneurship. The relatively long presence of the DAPP programme in Morocco enabled Danish NGOs to adapt to the local context and build trust and partnerships with local partners. The staying power of the DAPP is a comparative advantage, as other donors prefer shorter-term support. However, the case study also noted that the service contract format is not fit for purpose in an advocacy programme adapting to shifting dynamics. Moreover, careful mapping of Danish NGOs' value added to local partnerships is key to preventing competition and overlaps, and to forging synergies and coherence.

## 4. DOING DEVELOPMENT DIFFERENTLY (EQ3)

This section deals with Evaluation Question 3. It assesses the extent to which the more recent changes to management (since 2018–2019) supporting conditions are conducive to the intentions behind the DDD approach and adaptive management principles. This includes: the extent that management of Danish development cooperation underpins cohesion between the various development instruments, supports strategic influence on multilateral organisations; facilitates documentation, monitoring, knowledge management, dialogue, and learning; and adaptation of management procedures based on relevant information.

In 2019, the MFA introduced DDD as an overarching management approach for Danish development cooperation. The principles entail two pillars:

1. Improved synergy and coherence across development instruments, development cooperation, and Danish foreign policy, regardless of the MFA entity managing these
2. Adoption of adaptive management approaches, with a greater focus on long-term sustainable results, learning, and local ownership, especially in complex and politically difficult situations (note: the learning element will be addressed in the next section).

The DDD principles were inspired by the 2014 DDD Manifesto<sup>105</sup> and are rooted in recognised approaches from the last decades, including the Paris Declaration on Aid Effectiveness, theory-based interventions, good enough approaches/‘working with the grain’, and Problem-Driven Iterative Adaptation. The Danish version of DDD is outlined by the Guidance Note on Adaptive Management.<sup>106</sup> The note builds on the flexibility and adaptability already included in decentralised country programming, and guidelines developed over the past decade to increasingly situate development cooperation in the political economy context of partner countries and clarify risks. At the same time, the guidance note sought to solve a particular issue with lack of

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105 More information about the DDD Manifesto is available at: <https://bsc.hks.harvard.edu/the-ddd-manifesto/> Key elements from the DDD Manifesto are summarised in Table 2.

106 MFA (2020), Guidance Note: Adaptive Management.

coherence and synergy between the many Danish activities and actors in each priority country <sup>107</sup> (see Table 2 for a comparison of Danish and international development cooperation principles).

**TABLE 2: VARIATION IN KEY PRINCIPLES FOR DEVELOPMENT COOPERATION MANAGEMENT IN PURSUANCE OF DEVELOPMENT COOPERATION EFFECTIVENESS**

Danida decentralisation 2003/2005 rationale	Paris Declaration 2005	DDD Manifesto 2014	MFA Adaptive management 2018
<p><b>2003</b></p> <ul style="list-style-type: none"> <li>· Proximity/responsiveness to the client</li> <li>· Country ownership</li> <li>· Alignment with country strategies</li> <li>· Alignment with other development partners</li> <li>· Focus on results and mutual accountability</li> </ul> <p><b>2005</b></p> <p>Decentralisation of multilateral assistance to reinforce strategic influence</p>	<ul style="list-style-type: none"> <li>· Ownership by countries</li> <li>· Alignment with countries' strategies, systems, and procedures</li> <li>· Harmonisation of donors' actions</li> <li>· Managing for results</li> <li>· Mutual accountability</li> </ul>	<ul style="list-style-type: none"> <li>· Solving local problems defined by local people</li> <li>· Locally owned and legitimised</li> <li>· Blend design and implementation through rapid cycles of planning, action, reflection, and revision</li> <li>· Foster learning</li> <li>· Manage risks – small risks</li> <li>· Foster real results – real solutions, build trust, and promote sustainability</li> </ul>	<ul style="list-style-type: none"> <li>· Ensure larger coherence and synergies between Danish cooperation instruments</li> <li>· Adaptive approach to development cooperation</li> <li>· Context driven response to complexity and uncertainty</li> </ul> <p><b>Operational principles:</b></p> <ul style="list-style-type: none"> <li>· Strategic portfolio level perspective</li> <li>· Locally led, building on existing local ownership – equal partnerships</li> <li>· Goals- and results-oriented focusing on tangible results, short feed-back loops, and learning</li> <li>· Recognise dilemmas</li> </ul>

At the time the Guidance Note on Adaptive Management was introduced, the major shift out of priority countries and re-centralisation of development cooperation was well underway. A comparison of the guidelines for country strategies and programming before and after the adaptive management approach was introduced does not

107 Engberg-Pedersen, L. (DIIS) (2023): Decentralized Aid Management Today: Perspectives on an Evaluation. DIIS Working Paper 2023(8). Country Strategic Frameworks for priority countries with a significant engagement will be elaborated by an MFA task-force with members from different offices in Copenhagen and from the embassy in question. Engberg-Pedersen notes, that this points towards a stronger cooperation between the MFA in Copenhagen and embassies but could also indicate a weakening of the delegated management authority.

indicate significant changes in the level of flexibility and adaptability in country programming.<sup>108, 109</sup> This point is also made in the DDD Stocktaking Review and illustrated by simplification initiatives in the MFA.<sup>110</sup> Danish management of multilateral cooperation is guided by multilateral organisation strategies. A comparison of the Guidelines for Management of Danish Cooperation with Multilateral and International Organisations (2014) and the post-Adaptive Management 2020 Guidelines for Management of Danish Core Support for Multilateral Organisations also does not reveal major changes to Danish priorities to be pursued, except for the additional focus on multilateral organisations “taking a learning and adaptive approach”.<sup>111</sup> Apart from this addition, synergies between various Danish initiatives, and alignment between multilateral organisations and Danish strategies are major objectives in both guidelines.

**MFA staff, including some senior managers, are generally not well-versed in the DDD agenda and adaptive management principles and procedures, thereby limiting its influence on their work.** This came out primarily in interviews, where staff consistently said that they felt the principles did not play a prominent role. Some were not even aware of it. MFA staff interviewed in Copenhagen and the embassies said that the DDD principles are not new ideas, since Danish development cooperation was always flexible, adaptive, and highly localised.

This finding is also corroborated by the DDD stocktaking report, which highlights that MFA staff generally support the DDD principles, and its emphasis on good development cooperation management, however DDD is “not seen as new”.<sup>112</sup>

The electronic survey for this evaluation did, however, suggest a degree of buy-in to the concepts of adaptive management, if not the DDD label itself. Both posted and locally employed staff at country level and staff at the MFA in Copenhagen also noted that they had never been formally introduced to the DDD principles, or how to deliver on the objectives of The World We Share strategy. The converging findings on the lack of clarity and/or understanding of the DDD’s added value point to a deficit in dialogue and communication plan for the roll-out of the policy to ensure buy-in and ownership across the MFA after its adoption.

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108 This can be seen by comparing the Aid Management Guidelines for 2015 with those for 2022

109 All development cooperation management guidelines available on <https://amg.um.dk/> It has not been possible to get access to development cooperation management guidelines prior to 2014.

110 MFA Denmark (2024, March): Stocktaking on Doing Development Differently (DDD). Final report.

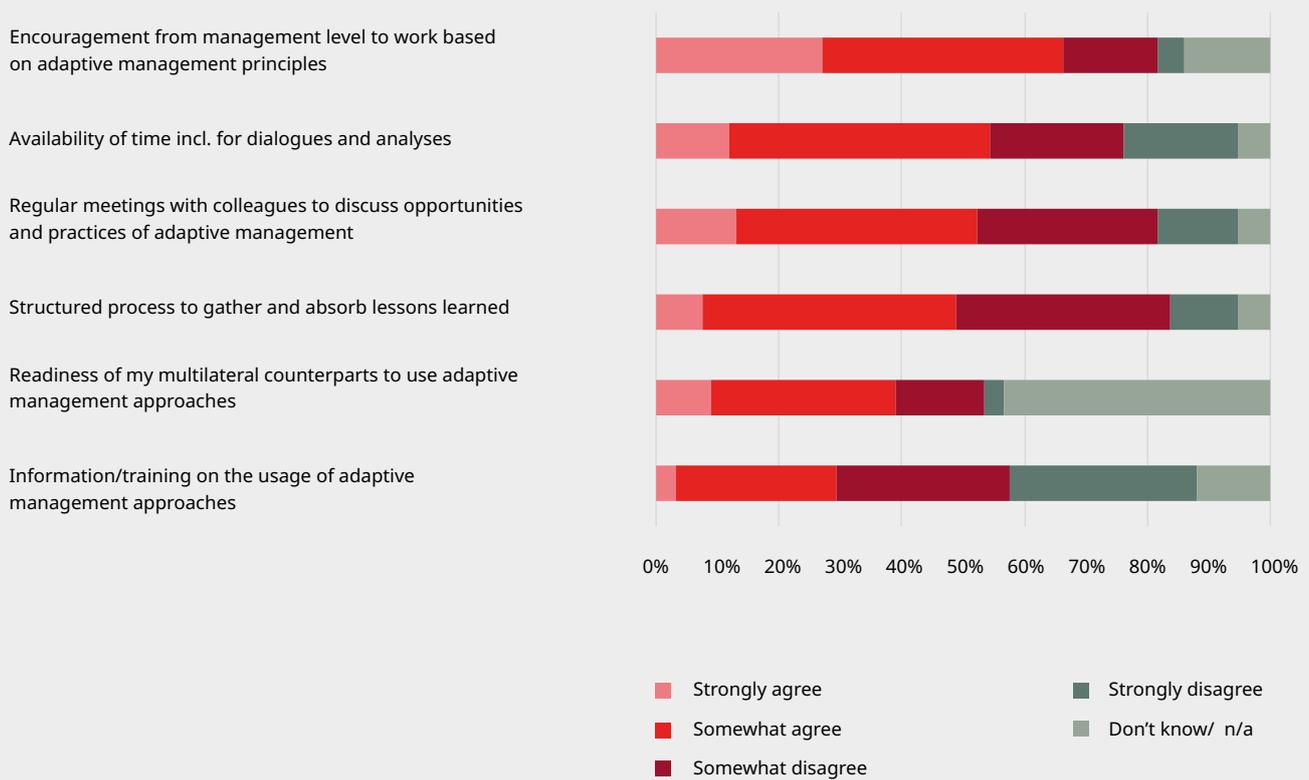
111 MFA Denmark (2023, March): Evaluation of Danida Multi-bilateral Interventions.

112 Ministry of Foreign Affairs of Denmark (2024), Stocktaking on Doing Development Differently (DDD).

This evaluation considers that the DDD concepts – while not entirely new in all respects - do have relevance and added value in emphasising local ownership, results, and adaptive learning. The main challenge is how they were assimilated and the lack of capacity for learning.

The survey confirms that resources (e.g. information, training, or time available for analyses) are judged to be scarce by MFA staff. While most confirm that they receive encouragement from their managers to engage with adaptive management principles, most survey participants do not think they have sufficient information available on how to use these principles. The survey also confirms that other resources, such as opportunities for discussing practices and a structured process for learning are not sufficiently accessible.

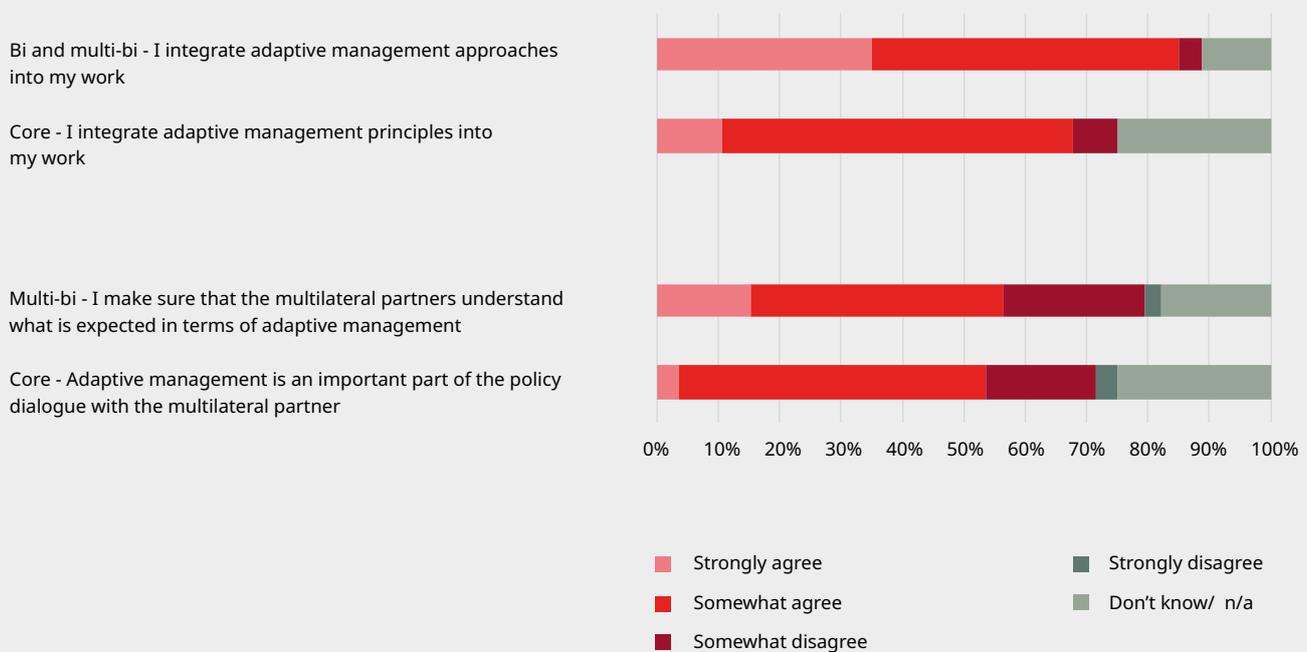
**FIGURE 12: AVAILABILITY OF RESOURCES BASED ON SURVEY DATA (ALL STAFF REPLIES)<sup>113</sup>**



113 Note: All respondents were asked to reply to the point on “readiness of multilateral counterparts to use adaptive management approaches”, hence the large percentage of grey responses indicates that many do not work with multilateral organisations.

While most respondents confirm that they integrate adaptive management principles into their work, the engagement is weaker when it comes to communicating with multilateral partners on adaptive management. This could either be because discussing adaptive management approaches with multilateral partners is seen as less relevant in this context, or because the staff are unsure what adaptive management approaches really entail. Some uncertainty around how to utilise adaptive management when working together with multilateral partners could also explain the higher percentage of don't know/n/a replies to the statements in Figure 13.

**FIGURE 13: SURVEY DATA COMPARISON ON ADAPTIVE MANAGEMENT**



Nevertheless, both this evaluation and the DDD stocktaking report found that attention to ‘adaptive management’ understood narrowly as related to the financial reserve has increased significantly across the MFA.<sup>114</sup> This was confirmed to some degree in the survey. However, it is understood and implemented as ‘flexibility’ and is mostly perceived as synonymous with the 25% unallocated reserve. Units and embassies value the increased flexibility, but use it for a variety of purposes, not all intended, to temporarily alleviate the

114 Ministry of Foreign Affairs of Denmark (2024), Stocktaking on Doing Development Differently (DDD).

programming workload and maintain responsiveness to political needs, rather than for a larger strategic purpose. For some, this is a pragmatic response, while others are concerned about the effects of growing unallocated funds on project quality and long-term strategic focus. The Uganda and Ethiopia case studies found that the unallocated reserve was a real opportunity to adapt programmes and areas of focus in dynamic country contexts and valued the increased flexibility, in line with the intent behind decentralisation.

The DDD approach is, however, a lot more than just increased flexibility and the unallocated reserve, it is also about adaptive learning and iteration, recognising dilemmas and risks, and result orientation across the entire project management cycle, see Table 2 above.

**Many interviewees, however, argue that DDD is not easy to understand and apply.** Moreover, some interviewees in the MFA in Copenhagen worried that DDD has become a vehicle to shortcutting processes (i.e., central guidelines) rather than promoting local adaptation. Adaptive management is also seen as easier to operationalise systematically in bilateral programmes than in other channels. However, the multilateral case study shows that at least some of the principles of DDD are being applied, i.e., adaptability and pursuit of synergies (see Box 4 above). The DDD stocktaking report also finds that the DDD “label” is abstract, while its underlying principles – adaptive management, learning, and coherence – are more easily understood and communicated.<sup>115</sup> However, these principles also tend to be narrowly understood: adaptive management is largely being equated to increased flexibility; while coherence is seen as relating to alignment of Danish instruments, rather than alignment with national development or partner strategies.

**The marginal impact of the DDD approach is partly explained by wider trends, particularly the somewhat reduced (but still very significant) share of Danish ODA, which consists of traditional bilateral development cooperation to partner countries managed by DEs.** According to the OECD, the share of country programmable development cooperation now stands at 30.1% in the latest figures (2022)<sup>116</sup> with USD 150 million going to Ukraine (Figure 14). The stocktaking report concludes that “the MFA has moved forward towards achieving the ambitions set on greater dialogue and coherence of Danish development cooperation in certain limited areas, and some DDD

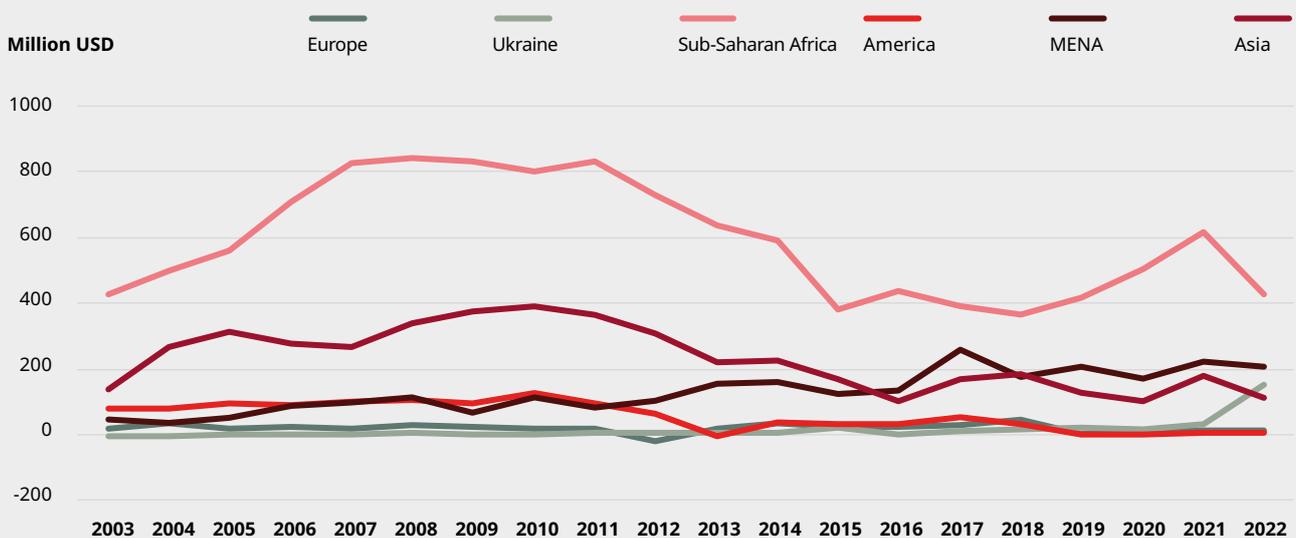
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115 Ministry of Foreign Affairs Denmark (2024), Stocktaking on Doing Development Differently (DDD).

116 OECD Development Cooperation Profile 2024 Denmark [https://www.oecd-ilibrary.org/sites/9b77239a-en/index.html?itemId=/content/component/5e331623-en&\\_csp\\_=b14d4f60505d057b456dd1730d8fcea3&itemIGO=oe.cd&itemContentType=chapter](https://www.oecd-ilibrary.org/sites/9b77239a-en/index.html?itemId=/content/component/5e331623-en&_csp_=b14d4f60505d057b456dd1730d8fcea3&itemIGO=oe.cd&itemContentType=chapter)

tools show potential to continue to build on, however, the MFA’s context has shifted towards centralisation and even more fragmentation, which presents new management needs that DDD’s goals and tools in practice largely bypass”. In addition, the report states that the fragmentation of the development cooperation portfolio, largely driven by frequently shifting and multiple political priorities, continues to hamper the possibility of achieving DDD’s aims<sup>117</sup>

**FIGURE 14: GEOGRAPHIC DISTRIBUTION OF DANISH DEVELOPMENT COOPERATION BASED ON OECD/DAC CLASSIFICATIONS CLUSTERED, DISBURSEMENTS 2003- 2022.**



Source: OECD

**Overall, the reduced capacity in the MFA (discussed in Section 2) has constrained the resources available for management of Danish development cooperation, including for DDD.** This is important, specifically for the intent of DDD, because the capacity to look across different channels to ensure coherence and synergies has reduced at a time when the tools and channels of cooperation have multiplied. Another major gap has been the types of rapid loop learning<sup>118</sup> needed for DDD to work; as the evaluations of multi-bi cooperation and the

117 Ministry of Foreign Affairs Denmark (2024), Stocktaking on Doing Development Differently (DDD).

118 On the other hand, there is evidence elsewhere of other types of reflective and institutional learning in the MFA, e.g., Institutional and operational learning from MFA reviews and evaluations, learning through the UPR and Programme Committee, public sharing of lessons and reflections by senior MFA staff in social media ‘blog’ posts.

ongoing evaluation on trust funds show, there continues to be a heavy input in the design phase of interventions but much less on the follow-up and learning aspects during delivery itself.

Nevertheless, the DDD approach has had a moderately positive impact on dialogue on and with multilaterals and in settings where bilateral cooperation continues to be pursued. Mirroring the overarching finding on the impact of Danish development cooperation's reprioritisation to focus on climate or the partnership with Africa, the DDD stocktaking report indicates that, overall, Danish development cooperation is moving towards less coherence, learning-based adaptive management, and focus on long-term sustainable results.<sup>119</sup> Where progress in dialogue and synergies is identified, it only applies to a shrinking proportion of Danish development cooperation settings and it is also very much about internal coherence, rather than greater coherence with country partners.

The stocktaking report found that the dialogue between the MFA, embassies, and missions, has improved in level and depth, and it identified Country Strategic Frameworks and Country Task Forces as the two main avenues for underpinning improvements in dialogue.<sup>120</sup> As demonstrated by the Uganda and Ethiopia case studies conducted as part of this evaluation, Country Task Forces have become valued avenues for dialogue and for providing a shared understanding of the balance between political and development priorities. However, the evaluation also found that their use tends to be limited to the process of developing the Strategic Framework and they do not appear to play a substantial role in guiding eventual decisions on projects and instruments.

**These avenues for supporting dialogue are mostly used for bilateral development cooperation, which, as this report has already noted, is now a much smaller part of Danish development cooperation.**

In addition, the main planning and reporting tools – Organisation Strategies, Action Plans, Project or Country stocktaking reports – are described in the DDD stocktaking report as being applied mainly for compliance and information sharing, rather than to guide strategic engagement and dialogue.<sup>121</sup> In addition, the present evaluation found (for example in Uganda) that partner meetings provide an opportunity for adaptation and learning, albeit one where time is short because they are mainly dominated by operational issues. Adding to this, interviewees consulted as part of the Vietnam case study for Vietnam, noted an

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119 Ministry of Foreign Affairs of Denmark (2024), Stocktaking on Doing Development Differently (DDD).

120 Ministry of Foreign Affairs of Denmark (2024), Stocktaking on Doing Development Differently (DDD).

121 Ministry of Foreign Affairs of Denmark (2024), Stocktaking on Doing Development Differently (DDD).

information gap in that they could not easily get an overview from MFA data of activities across different modalities, as would be needed to ensure coherence.

**More positively, the multilateral case study noted the existence of a Danish strategy for each multilateral organisation, identifying comparative strengths and opportunities relative to Denmark's strategies and priorities.** The strategies<sup>122</sup> are a useful tool that enables greater coherence across partners and thematic areas. In New York, Denmark plays a pivotal role in the coordination and 'burden-sharing' mechanism with other like-minded donors (Nordic countries, the EU, etc.), while in Uganda, other development partners delegate their resources to Denmark to create scale and coherence. These are both positive examples of Denmark achieving synergies with partners.

The multilateral case study of this evaluation also indicates that the DDD approach in some respects helped promote dialogue with multilateral partners. For instance, the guidelines for core and softly earmarked multilateral support, updated in 2017, reflect the DDD approach. MFA/mission/embassy dialogue on development cooperation through the multilaterals is also described by the stocktaking report as more active but remains low and irregular.<sup>123</sup> The report notes that there is renewed attention to dialogue from relevant MFA units and missions, and a process is underway to address the gaps identified, building on the momentum of the multi-bi evaluation.

**The aim of synergy and coherence deriving from the larger set of cooperation instruments and adaptive management approaches is not supported by adequate DE capacities.** As far as resources are concerned, DE capacities are not always aligned with the demand for synergy and coherence driven by new instruments and the workload caused by political reporting back to the MFA in Copenhagen, as exemplified in the Uganda and Vietnam case studies of this evaluation. Moreover, there appears to be no set mechanism for providing necessary additional capacity/staffing for DEs when new instruments and priorities are introduced, such as climate mainstreaming or other interventions beyond the bilateral development programmes.

The evidence gathered for this evaluation also highlights that pressure on staff impacts the quality and follow-up in project management. This creates perverse incentives for staff to favour light-touch project

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122 These organisation strategies date back long before DDD, so are of course not attributable to this policy.

123 Ministry of Foreign Affairs of Denmark (2024), Stocktaking on Doing Development Differently (DDD).

management and focus on grant approval at the expense of project implementation and learning.<sup>124</sup> Increased delegation of management through intermediary partners also constrains the possibility of monitoring and adapting to achieve results. The stocktaking report also points to limited understanding of financial management modalities in general across the MFA and concludes that, in the immediate term, tackling basic challenges in the MFA's development project management systems, practices, and staff competencies seems more critical than implementing new management paradigms to ensure the adequate quality, delivery, and financial accountability in the development cooperation.

**BOX 8: UGANDA CASE STUDY - A LONG-TERM DEVELOPMENT COOPERATION ADAPTING TO CONSIDERABLE CHANGE IN THE LOCAL CONTEXT**

Uganda is an expanded partnership country where Danish bilateral development cooperation across various sectors has been complemented with other types of engagements, including political dialogue, private sector cooperation, humanitarian development cooperation, and strategic partnerships. The deteriorating human rights situation in Uganda has impacted how Denmark and its partners support the country. The adaptability of Danish development cooperation principles has therefore been tested to fit the changing national context. The most significant shift entails a change from direct cooperation with the Ugandan government to parallel support through third-party organisations and multilaterals.

At the DE in Uganda, the Aid Management Guidelines are seen by MFA staff as relevant and useful - but there is also a sense that bilateral programming still demands considerable resources compared to other support channels. Notably, adaptive management is practised beyond the formal programme and project reviews as learning and adaptation is part of regular partner meetings. The adaptability reserve and the possibility to reallocate funds between projects are key to underpinning this process.

Notwithstanding this, the case study also showed there is untapped potential for learning and adaptation, provided the necessary incentives and resources are secured – for example, for holding shared events and organised spaces for reflection and learning on key issues across the region as well as within the DE along with support for peer learning and retreats.

**Learning within the context of DDD**

DDD and adaptive management require **effective channels for learning, and adaptation to new evidence on what works is an essential prerequisite for managing development cooperation**

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124 This point is also made in the report: Stocktaking on Doing Development Differently (DDD), The Ministry of Foreign Affairs of Denmark, 2024.

**effectively.** Learning and knowledge management takes place across MFA departments in Copenhagen and embassies. The Department for Evaluation, Learning and Quality (LÆRING or LEARNING) plays a particularly important role given its ownership of the AMG and its mandate to provide technical advice and quality assurance as well as plan and manage evaluations. The Council for Development Policy (UPR) and, especially, the Programme Committee (PC) also have cross-cutting learning and knowledge management functions.

**The evidence gathered for this evaluation suggests that organisational changes and staff reductions have left the MFA with reduced capacity and development expertise to ensure effective knowledge management and learning.** The past 15 years have seen several MFA restructurings that have resulted in the merger and creation of new departments with key responsibilities within learning and knowledge management. These changes have brought the evaluation function closer to programming (the former Evaluation Office is now part of LÆRING), but, compounded by staffing cuts, they have also left the MFA with less dedicated development expertise. Many development specialists (formerly housed in a department dedicated to providing development specialist support to embassies and other departments) have been moved to thematic and regional departments, and their profiles and roles have changed.

**There are several in-built opportunities for learning in the programme development and implementation process.** For example, the evaluation found that project-level stocktaking reports are rarely used to spur learning. Capacity constraints in this area have been found by the 2021 DAC peer review and several earlier as well as more recent evaluations.<sup>125</sup> Faced with resource constraints, DEs have often opted for third-party monitoring and external M&E support, in particular for bigger country programmes, e.g., in Uganda.

**While mid-term reviews tend to serve their primary purpose of informing programme adjustments, they are not sufficiently oriented towards capturing lessons for wider use at the organisational level. Thematic reviews seem to offer more potential in this regard.** Similar observations are made in other evaluations. For instance, the 2022 evaluation of the peace and stabilisation fund found that mid-term reviews had not had a deliberate learning function, as they mainly focused on assessing programme progress on the ground.<sup>126</sup> The 2023

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125 OECD DAC (2021), OECD Development Co-operation Peer Reviews: Denmark; Ministry of Foreign Affairs Denmark (2024), Stocktaking on Doing Development Differently (DDD); and Ministry of Foreign Affairs Denmark (2023), Evaluation of Danida Multi-bilateral Interventions.

126 Ministry of Foreign Affairs of Denmark (2023), Evaluation of the Peace and Stabilisation Fund.

evaluation of Danish support to framework conditions for private sector development found that mid-term reviews at thematic and country programme levels were mainly process-oriented and did not focus on results or implementation challenges, although they did inform programme adjustments.<sup>127</sup>

**The MFA's evaluation function has evolved and for a period was further strengthened, including through an increased focus on learning.** The MFA's evaluation function was subject to two reviews in 2014. Both reviews conveyed that evaluations were generally relevant for programme design, policy, and strategy development but that more could be done to improve their use, including for learning purposes<sup>128</sup>. A new evaluation policy was launched in 2016 and has been commended for having an increased emphasis on the timing of evaluations and innovative approaches to improve learning and inform decision-making. In the 2020 evaluation policy, new procedures were introduced to strengthen the PC's role in learning.

**There are numerous mechanisms and procedures for promoting the use of evaluations. Actual evidence of how evaluations have promoted learning, especially beyond the evaluated interventions, is mixed.** The evaluation found that knowledge management has not been sufficiently systematised, and while investments have been made in knowledge products, the demand/time to digest and apply these products is limited. Several reviews and studies have commented on the need to establish a wider knowledge management system in the MFA.<sup>129</sup> The DDD stocktaking report notes that there is a lack of resources for knowledge management and learning, and that there is no process for compiling organisation-wide information or lessons, including from the various stocktaking reports. The continued lack of a more systemic approach to knowledge management is also identified as a major weakness by interviewees consulted for this evaluation. However, they also commonly recognise that there are more knowledge products today than in the beginning of the period being covered by this evaluation. One of the more recent types of such knowledge products are the How-to notes, i.e. thematic guidelines on how to implement Denmark's strategy for development cooperation, which also reflect lessons learned and good practice. In 2022, 12 such notes were produced. At the same time, interviews indicate that the notes are probably not used to the

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127 Ministry of Foreign Affairs of Denmark (2023), Evaluation of Danish support to framework conditions for private sector development, 2008–2021.

128 Ministry of Foreign Affairs of Denmark (2014), Peer Review of the Ministry of Foreign Affairs' Evaluation function.

129 Ministry of Foreign Affairs of Denmark (2014), Peer Review of the Ministry of Foreign Affairs' Evaluation function; OECD DAC (2016), OECD Development Co-operation Peer Review: Denmark; and Ministry of Foreign Affairs Denmark (2024), Stocktaking on Doing Development Differently (DDD).

extent expected, with several staff citing time constraints as one of the main reasons for this.

**DDD has influenced MFA programming and flexibility but has had a relatively limited effect on adaptive learning.** The DDD project involved updating the AMG and the preparation of dedicated guidelines on adaptive management, which were issued in 2021. The guidelines on adaptive management have an explicit focus on planned and visible learning, including ensuring that monitoring is conducted for the sake of learning and decision-making and that dedicated processes are in place to collect and reflect on lessons. This intention has not been realised to any greater extent. Interviews suggest that adaptive management is mostly seen as synonymous with budget flexibility, and that adjustments made 'on-the-go' are often not learning-based. This observation aligns with those of the 2024 DDD stocktaking report. The sentiment of interviewees is that there is a lack of resources, but also will and incentives, to invest in learning-based adaptive programming.

However, where DEs are well resourced, adaptive management and learning were found to be addressed beyond annual country and project stocktaking reviews, for example, in regular partner meetings and stocktaking exercises (such as in Uganda where stocktaking reviews are used to set out progress on synergies across the overall footprint of Danish development cooperation in Uganda). The reworked approach towards NGO Strategic Partnerships is one attempt to embed greater learning and adaptation.

The survey data presented in Figure 15 below underline that most MFA staff actively draw lessons learned from their work and agree that generating and disseminating lessons improves the effectiveness of development cooperation. In most cases, the extracted information is also used to improve implementation and in dialogue with multilateral partners. However, there is also a larger portion of survey participants who agree that there is room for improvement when it comes to establishing a process to support systemic knowledge gathering and dissemination in both the MFA and the multilateral partners.

**FIGURE 15: SURVEY DATA COMPARISON ON LEARNING**



## 5. LESSONS (EQ4)

In line with Evaluation Question 4, this section considers the strengths, enabling factors, weaknesses, and constraining factors in the management of Danish development cooperation as well as the trade-offs identified, before summarising the main lessons of the evaluation, including issues for relevant adjustments in the management of Danish development cooperation.

### 5.1 Strengths and enabling factors

Various key strengths of the management of Danish development cooperation were already noted in Section 4. **Overall, Denmark has a good reputation among in-country national and local partners** (such as NGOs, CSOs, and government agencies). Similarly, Denmark is viewed positively among the UN agencies as a well-balanced and engaged donor that resists micro-managing. Denmark also has a good reputation among likeminded donors. In addition, the evaluation found that the AMG are transparent, relevant, and useful.

Denmark has therefore maintained a strong reputation in the bilateral development and multilateral space, markedly as a smaller donor. With its development cooperation and well-aligned policy influence it has continually punched above its weight.

In particular, **Denmark has built a reputation for its work and influence on gender and climate**. This is due, in part, to the consistency in Danish strategic priorities over the evaluation period. For example, gender (including SRHR) has been described in the Evaluation on Support to Gender Equality in Danish Development Cooperation (2014–2021) as a ‘north star’ of Danish development cooperation, with political will translated into funding commitments and Denmark working to keep the issue high on the agenda of all partners. Denmark also remains one of the few donor countries hitting the ODA target of 0.7% of GNI and adheres to several principles of good donorship including an emphasis on core and pooled funding.

Despite the evaluation finding that DDD has not been fully assimilated or implemented as intended, it is clear that **the management of Danish development cooperation was adaptive before DDD and**

**remained so.** The Uganda case study provided an example of Denmark adapting to major shifts in the local context by changing modalities (see Box 8). The decentralisation of Danish development cooperation management has supported this adaptability where it was actually implemented, but this was only in a few places since, as already noted, around 80% of Danish development cooperation (excluding core contributions to multilaterals) is now channelled centrally.

**Denmark's adaptability is also supported by the range of instruments available** (e.g., SSC for MICs and NGO consortia such as the DAPP for advocacy-focused programming) and several useful programming tools such as the adaptability reserve. The AMG, guiding MFA staff on managing development cooperation, are seen as useful and relevant and have been improved with additions such as the How-to notes.

## 5.2 Weaknesses and constraining factors

As noted in multiple Sections of the report, there are clear indications from interviews and documents reviewed, that the **reductions in MFA staff and the closure of embassies have reduced the ministry's technical capacity** over the evaluation period, with a significant impact on the ability to use bilateral development cooperation instruments while also ensuring development cooperation effectiveness. This has influenced the choice of modalities and presented challenges including Denmark's ability to influence multilaterals, ensure programme quality, track results, use country-level information for decision-making, and a reduction in Denmark's visibility in country. For example, Denmark increasingly relies on partners for learning and knowledge and misses opportunities to be visible in developing countries. Furthermore, the evaluation finding that development cooperation has effectively been re-centralised means that (remaining) DEs have less autonomy in the management of development cooperation.

Despite the relevance of the AMG, they do not yet fully capture the range of new instruments and modalities used by the MFA. The MFA is not yet achieving coherence across its instruments and, more specifically, there is only limited attention paid to alignment with country policy and strategies.

In relation to fragile contexts, the Niger case study in particular highlighted **that the tools available for working in fragile contexts are more limited, particularly in regions where Denmark has closed embassies, such as in the Sahel.** In general, the evaluation found a lack of focus on the root causes of issues such as instability and migration

(e.g., closing Danish missions in Niamey, Bamako, and Ouagadougou), despite these issues becoming an increasingly strategic focus for Denmark. The evaluation also found that there is a lack of regional focus, e.g., in DAPP programming, which is particularly important in addressing instability, migration, and the effects of climate change.

There is also **untapped potential for learning and adaptation beyond the formal channels of adaptive management at DEs**. This evaluation and multiple previous evaluations found that the lack of systematic learning impacts Denmark's development cooperation effectiveness including the MFA's ability to fully implement adaptive management. Monitoring and learning are also not currently well linked.

Finally, a significant constraint for development cooperation management was the **fragmentation** of development cooperation. In recent years, the number of engagements has been steadily declining, though this partly reflects the outsourcing of projects to IFU. The number of small-scale engagements remains relatively high as a share of the overall portfolio (see Figure 5 and Annex E, figures 10–14).

### **5.3 Trade-offs**

Increasing use of third-party channels and multilateral funding has presented a series of trade-offs in managing Danish development cooperation. For example, the use of large multilateral, pooled funds and core funding makes it harder to report on and demonstrate Danish results and to ensure visibility of Danish development cooperation. However, by doing so, Denmark does lead the way in adhering to principles of good multilateral donorship and development cooperation effectiveness through its core funding, which is greatly appreciated by UN partners interviewed in this evaluation.

The need to channel more resources with fewer staff/reduced capacity favours multilateral rather than local partners at country level, which tend to have less absorptive capacity, particularly within the short timescales that political decisions dictate. In principle, this could reduce transaction costs for Denmark (since third parties take on the management), but the evaluation found evidence that this assumption does not always hold true. For example, in several cases, multi-bi engagements were found to come with considerable transaction costs for both Denmark and the multilateral partners. DEs were also found to have less influence over multilaterals compared with other partners, i.e., strategic partnership agreements with CSOs.

An important trade-off exists between the priority attached to financial management and fiduciary risks on the one hand, which is driven by domestic political considerations; and on the other hand, the devolved management of ODA to third parties via multilateral organisations and CSOs, which helps improve local ownership but reduces direct control over risks.

The evaluation also found that several of the MFA's measures for rationalisation, greater efficiencies, financial management and reducing fiduciary risks have actually created unintended consequences. For example, strict rules to ensure that Denmark reaches the annual 0.7% ODA target have created unintended incentives to allocate funds through multilateral organisations or IFIs with better spending capacity, due to a lighter approval process at the MFA compared to the scrutiny of bilateral development cooperation. The incentives to go through multilateral routes run contrary to other aims including adaptation to local contexts and use of local CSOs and their knowledge.

The main lessons from this evaluation are as follows:

### **Lesson 1:**

***The intent of decentralisation was conceptually strong but practically constrained.*** Twenty years on from the original decision to go for a decentralised approach to management of development cooperation, the conceptual underpinning remains as valid as ever, in terms of ensuring development cooperation effectiveness and supporting poverty reduction. Where it was actually implemented it allowed Danish development cooperation to better respond to the needs of developing countries and ensured visibility of Denmark as a partner at the country level. Initially, it was underpinned by quality assurance, accountability and control systems managed from Copenhagen.

However, the trend more recently (and for much of the period of this evaluation) has been one of recentralisation driven by various factors, some contextual and political and some relating to resources.

- First, changes in the Danish and international contexts have tended toward recentralisation. These include the integration of development cooperation with other foreign policy objectives, such as security, climate change, trade and migration and the rising importance of climate change and of working with fragile countries and MICs.
- Second, resource constraints and closure and downscaling of large-scale bilateral programmes and embassies with a strong focus on development cooperation have meant that when Denmark wants to act at scale it has needed to use multilateral channels or other third parties. In turn, the increasing use of multilateral funding

and routing of development cooperation through third parties has pushed decision-making back to Copenhagen.

**Lesson 2a:**

***Doing Development Differently, including adaptive management, was also highly relevant but was not fully assimilated or well understood.***

Adaptive management and DDD were neither entirely new nor fully assimilated. This may partly reflect the fact that Danish development cooperation management has always been seen as flexible by partners, according to interviewees, and that the label was not universally understood. In any case, it seems clear that there were (significant) weaknesses in communication, planning, and resourcing of the DDD policy/approach and in establishing the processes for synergy and coherence.

**Lesson 2b:**

***Adaptive management as part of DDD requires strong systems and capacity for systematic learning (and quality assurance). These have been impacted by reduced technical development capacity in the MFA at various levels.***

An essential prerequisite is sufficient capacity for systematic learning – it appears there are gaps in this area, in terms of staff not having sufficient time for reflection and support for programmatic learning, although strategic learning does appear to be well supported.

The current state of affairs of Danish development cooperation management entails imbalances in quality assurance of bilateral development cooperation versus the centralised channels and risks around development cooperation effectiveness and compliance linked to having fewer staff with development/development cooperation management experience.

**Lesson 3:**

***Denmark's role as a partner remains highly appreciated, which is important given the steadily increasing focus on working through third parties.***

Denmark's role as a partner is highly appreciated and provides an important channel for development cooperation effectiveness and Danish political influence. As already mentioned, Denmark has a strong reputation and global influence through its role as a partner with multilaterals, flexible and decentralised decision-making at the missions, and focusing on long-term objectives. Regional and bilateral cooperation spearheaded by Danish authorities (the SSC Initiative and the DEPP) and Danish NGOs (the DAPP) feature similar traits and are appreciated by local partners as demand-driven, flexible, and context-sensitive. In the case of multilateral partnerships, there are some areas where lessons can be learned:

- Attention to visibility and showcasing of Denmark's added value is paramount, particularly from thematic earmarked and core funding. This is best achieved through effective communication materials (some of which are already being developed in collaboration with UN agencies), which can be used by Danish Ministers and locally with ambassadors.
- The decentralised approach of Danish representation in the UN missions is working well, but Denmark can learn from other donors and provide stronger support from the MFA in Copenhagen and backup to staff in the missions to help them play an effective role on the boards.

### **Lesson 4:**

***There is a need to find the most effective ways to harness on-the-ground intelligence to inform multilateral effectiveness.*** An effective approach to using the multilateral channel for development cooperation depends on having a critical mass of country presence to gather intelligence on impact and provide on-the-ground feedback which can be used to influence multilateral actors with challenging advice and ideas:

- Ensuring development cooperation management effectiveness, including coherence and synergies, requires further investment in DE capacity and resources. Years of MFA cutbacks increased cost savings through delegated, third-party management arrangements but then triggered unexpected new transaction costs for the ministry (e.g., board meetings, contract management, increased complexity, etc).
- In addition, the Niger case study shows that delegated development cooperation management risks reducing Denmark's visibility, influence on development cooperation delivery and quality, and opportunities for in-house learning. The case also shows that for delegated cooperation it is important to find a like-minded lead partner which resembles the Danish MFA, especially in terms of size of grant, modality, and general modus operandum.

### **Lesson 5:**

***The strategic shift to focus more on climate action is highly relevant but has created challenges in development cooperation management and a more centralised approach.*** Denmark's increasing prioritisation of climate change within its ODA framework represents a strategic shift that aligns with global and national priorities but has created some challenges as the capacity and skills available at embassies in this area are stretched, for example, on the Rio markers. It has also encouraged centralised decision-making in Copenhagen, shifts in resource allocation through the new climate funds, and use of non-traditional instruments.

**Lesson 6:**

***Denmark's focus on climate change is well aligned with global and national priorities, making it highly relevant and an opportunity to showcase Danish expertise and leadership.*** However, since it involves directing funds through climate funds, an engagement that is managed from Copenhagen rather than at embassy level, it has also led to a more centralised approach.

**Lesson 7:**

***There is a continued need to find ways to effectively address development cooperation management in fragile contexts.*** As the Niger case study showed, the tools available for working in fragile contexts are more limited, particularly in regions where Denmark has closed embassies such as in the Sahel.

**Lesson 8:**

***When used in the right contexts, the SSC instrument has demonstrated its value and could be sustained and developed further as a complementary instrument to more traditional development cooperation modalities.*** SSC can be a catalytic instrument delivering highly specialised expertise and solutions with lean tools. It offers a good way to showcase Danish know-how while helping countries to transition to e.g., green energy.

- The SSC instrument is best suited for stable, middle-income contexts with mature frameworks and a high absorption capacity, but the promotion of the instrument often seems delinked from such preconditions, for example, in the new Africa Strategy, whereas the overall capacity of Danish authorities to expand their international engagements needs to take into consideration the challenges of retaining core competencies.
- SSC also entails an inherent risk to manage as it adds complexity and fragmentation due to the involvement of multiple line ministries and local authorities. For that reason, it also works best if there is sufficient capacity in embassies to help tailor and bridge to local contexts.

**Lesson 9:**

***Through the DAPP, CSO partners can play a central advocacy role on Danish development priorities within agreed results frameworks. On the other hand, service contracts are not working well in their current design.*** The DAPP provided a strong example of an NGO-led consortia that provided a relevant and effective partnership for advocacy work. In Morocco, for example it allows timely and relevant support to reform on key issues such as women's rights, that is well aligned to national and regional priorities.

- However, the service contracts which it is now based upon are too rigid, create high transaction costs and do not provide obvious benefits. They reduce flexibility, prolong response times, and forge attention to compliance rather than learning.
- Moreover, service contracts with detailed outputs and timelines may not be very conducive to advocacy work targeting politically driven reform processes.

### **Lesson 10:**

***MFA data systems are not optimally configured to support management of Danish development cooperation.*** Despite Denmark's important role internationally on digital innovation, the MFA is surprisingly weak on use of digital data to ensure the right kind of data for management overview and strategic steering of development cooperation. This includes but is not limited to data on staff and competences, data on partners and engagements to promote coherence and development effectiveness, overview of spending for priorities and whether those priorities are met. These represent significant gaps, particularly given that the MFA is overseeing an increasingly fragmented portfolio of development cooperation.

- The MFA has not invested enough in the IT infrastructure to manage ODA in a way that corresponds to the need for data to have a strategic overview of development cooperation and being able to use this in the strategic management of development cooperation over time.
- The MFA has a long tradition of outsourcing data collection to external consultants, think tanks, and universities. While these externally produced reports are often used until they become outdated, there has been little investment from the MFA's own administrative budget in maintaining and ensuring the quality of internal data systems. As a result, although many MFA staff are skilled in using and interpreting data, the MFA has only limited internal data on its own operations.
- Internal systems are designed to meet only basic needs – focused on financial management and fulfilling annual OECD DAC reporting requirements – with little attention to preserving historical data or enabling future analysis. Financial data exists from 2000 onwards, but system migrations and fragmented legacy structures have limited the continuity and usability of this data. Until 2013, the MFA relied on siloed systems, after which it adopted standard government financial systems. Now the MFA uses an externally hosted bookkeeping platform (Navision). This has led to a more coherent and simplified grant management architecture.

## 6. CONCLUSIONS AND RECOMMENDATIONS

This evaluation has considered how the international and Danish contexts have shifted since 2009; how Danish development cooperation has been managed and how well it has responded to these shifts. It has looked at whether and how the original intentions of decentralisation and DDD have survived and how relevant and appropriate the decisions on how to manage Danish development cooperation have been.

The following section presents the conclusions of the evaluation with the related recommendations underneath, detailing the possible ways forward for the MFA and the management of Danish development cooperation in light of these conclusions.

### 6.1 Conclusions

The **conclusions** of the evaluation are as follows

1. Denmark has a strong reputation internationally as a flexible and capable partner that plays an important role in supporting effective development cooperation. Much of this reputation was built on the quality and long-term nature of its bilateral and multilateral engagements.
2. The Danish management system and guidance for development cooperation/use of ODA are found to work reasonably well, at least in relation to traditional bilateral and multilateral development cooperation modalities. However, several important challenges for effective development cooperation management were also evident.
3. The first challenge is that Denmark is working within an increasingly fragmented international system, characterised by a proliferation of actors and instruments. This makes it more and more complex to manage development cooperation well. It requires a strategic, intentional, and balanced approach rather than a more reactive one, notwithstanding political drivers.
4. Second, managing development cooperation has been made much more difficult by the long-term hollowing out of technical capacity<sup>130</sup> within the MFA, which came up frequently in the evaluation.

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130 Both staff who are trained as sector specialists and staff who are development specialists.

5. Third, recognising its own capacity constraints, Denmark has (not surprisingly) shifted towards increasingly delivering development cooperation through third parties. Working through the multilateral partners is a very important route towards effective development cooperation, particularly in fragile states and given Denmark's relatively small size. However, the evaluation concludes that the pendulum may have swung too far. Danish bilateral cooperation requires a critical mass to work effectively and play its complementary role.
6. This evaluation also considered to which extent the management system for Danish ODA meets the original intent of decentralisation. Decentralisation remains implicitly a policy objective in the framing of the AMG, but it has been undermined by other trends and has fallen out of view. As a policy, nevertheless, it still has considerable merit and could do with being brought back into focus.
7. DDD was a relevant approach, but it was not fully assimilated, although many of its key elements are a natural fit to how Denmark likes to work. Importantly, a capacity gap remains for rapid loop learning for adaptive management, although other types of learning are well supported.

In summary, to ensure development cooperation effectiveness in a rapidly changing world, it is vital to retain a strategic and balanced approach in choices of instruments and partners and to keep an eye on development cooperation effectiveness overall. In contrast, it appears that Denmark has been more reactive, somewhat piecemeal, and political, which could be improved. An example of this is the effect of decisions aimed at showing Danish commitment to tackling climate change which themselves are highly relevant and make sense but have stretched the development cooperation management system.

## 6.2 Recommendations

The evaluation makes the following recommendations:

**Recommendation 1:**

**Reestablish a more explicit focus on effectiveness of development cooperation in how it is managed, as part of a balanced and strategic approach to the choice of instruments used in development cooperation that recognises the particular strengths and risks of each instrument.** Denmark should seek to develop a more balanced and strategic approach when choosing which modalities and instruments to use – and this should be explicitly informed by development cooperation effectiveness considerations. This is in contrast to the present approach

which has more obviously tended to be driven by other important objectives and ended up relying too heavily on third-party channels. It should aim for synergy across all Danish engagements with a particular country or partner (*see lessons 1, 3, and 4 and Conclusion 3*).

### **Recommendation 2:**

#### **Ensure coherence and synergies through better planning and data.**

In pursuing Recommendation 1, and in line with the intent of DDD, Denmark should continue to aim for synergies across all Danish engagements with a particular country or partner. As the foundation for this, Denmark should ensure enhanced coherence through strengthened strategic planning processes, data, and oversight that can enable looking across diverse instruments for development cooperation, especially at the country level. In particular, it would be helpful to further improve the staff's understanding of what data are available and how to find them for this purpose. (*links to lessons 2 and 10 and conclusions 3 and 7*).

### **Recommendation 3:**

#### **Maintain a critical mass of bilateral country programmatic development cooperation.**

Bilateral development cooperation managed at the embassy level is an important route for maintaining the asset that is Danish reputation, knowledge, and expertise based on first-hand experience of what makes development cooperation effective. However, it has dwindled as the number of embassies with a large development cooperation portfolio have been reduced. Opportunities should now be taken to protect and build this asset and, in the process, rediscover the importance of decentralised management of development cooperation. This may be timely in the sense that it could fit well with the need for increased Danish visibility in a geopolitical sense, which is a high priority in, for example, the new Africa Strategy (*see lessons 1, 3, and 4 and conclusions 1, 5, and 6*).

### **Recommendation 4:**

#### **Prioritisation: Continue to aim for fewer, larger interventions with a less fragmented approach.**

Managing development cooperation effectively has upfront costs, although it should save resources too. Several of the recommendations of this evaluation (particularly recommendations 2, 5, and 8) would require additional resources to be implemented. One way to afford this would be if the MFA prioritises fewer, larger interventions, while also using smaller engagements selectively when it makes sense to do so (*see conclusions 3 and 4 and recommendations 2, 5, and 8*).

### **Recommendation 5:**

#### **Strengthen capacity for influencing multilateral partners in the UN.**

Effective use of the multilateral channel is also vitally important as Denmark cannot be present in every country or situation, and pooling

resources is often the most efficient choice. Denmark already has strong relationships with multilaterals, and there was very positive feedback on how it works in the UN in New York for this evaluation. To help further in that context, it would be valuable to consider:

- reviewing the level of technical support provided to Danish multilateral missions from the MFA in Copenhagen to help cover the full range of issues that come up at board meetings.
- further improving arrangements for DEs in countries where Denmark is present with considerable bilateral development cooperation to share relevant intelligence on how multilaterals are working on the ground so that Denmark can speak authoritatively in the boards of the multilaterals.

*(See Lesson 4 and Conclusion 5 and the UN New York case study.)*

### **Recommendation 6:**

**Effective management of the increasingly large share of development cooperation resources channelled through climate funds.** Concerning climate action, and given its importance for Denmark and globally, the MFA should review arrangements for ensuring effective allocation and quality monitoring of the large resources being channelled centrally through climate funds, e.g., the Green Climate Fund *(see Lesson 6)*.

### **Recommendation 7:**

**Using SSCs to their full, but only in the right contexts.** Be clear on the potential (and limitations) of SSC when deciding where to use and how to apply it in different settings. SSC projects can be catalytic and an excellent way for Danish expertise to be shared, but the conditions need to be right. They are particularly suitable for use in MICs that have transitioned following long-term support from Denmark *(see Lesson 8 and the Vietnam and Ethiopia case studies)*.

### **Recommendation 8:**

**Learning in support of adaptive management.** Strengthen the development cooperation management capacity by specific measures to underpin and incentivise learning in support of adaptive management. LÆRING should design a coherent approach to learning to support fast learning loops, exchanges across countries and modalities, including by establishing a repository of tools and approaches *(see Lesson 2, Conclusion 7, and the Uganda case study)*.

### **Recommendation 9:**

**Reconsider use of service contracts for CSOs in the DAPP.** As observed in the Morocco case study, the DAPP works through NGO-led consortia to deliver a relevant and effective partnership for advocacy work on central

issues such as human rights. However, the MFA should re-consider the use of service contracts for CSO support under the DAPP. They create high transaction costs for the NGOs, reduce flexibility, prolong response times for subcontractors, and tend to focus attention on compliance rather than learning. Service contracts with detailed outputs and timelines are also not conducive to advocacy work targeting politically driven reform processes (see *Lesson 9 and the Morocco case study*).

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