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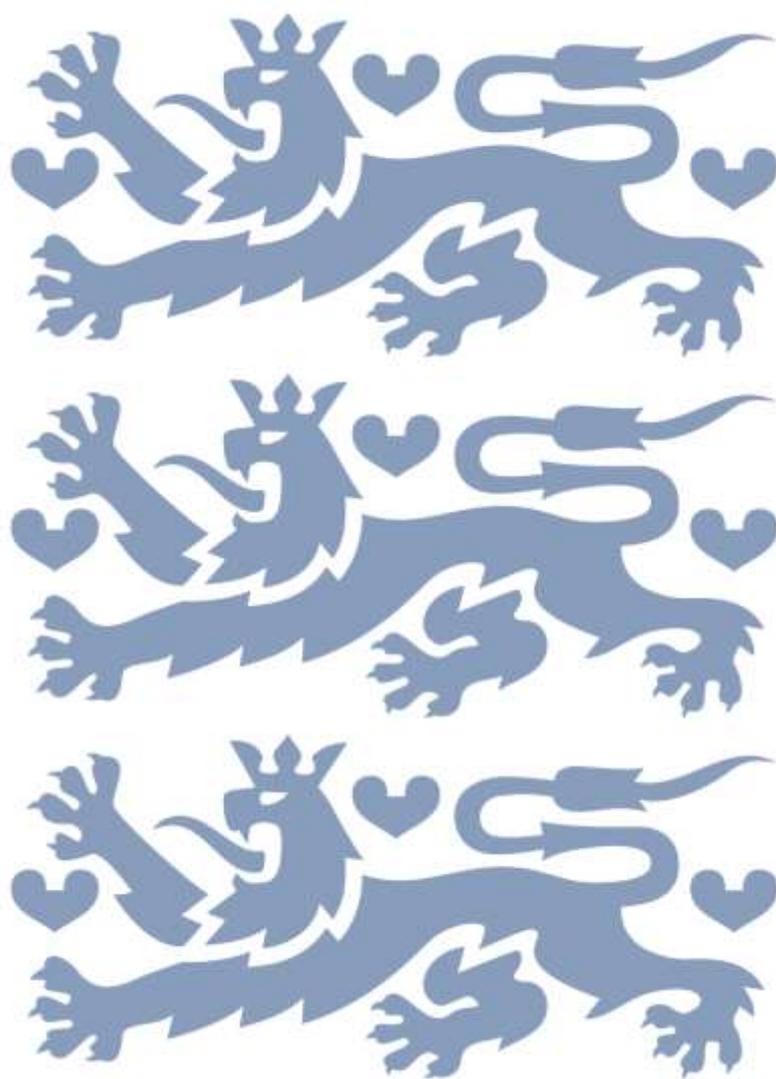


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MINISTRY OF FOREIGN
AFFAIRS
ASIATISK PLADS 2
1448 COPENHAGEN K.

PHONE: +45 3392 0000

FAX: +45 3254 0533

E-MAIL: UM@UM.DK

INTERNET: WWW.UM.DK

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1. INTRODUCTION

Herewith is presented the Annual Report of the Ministry of Foreign Affairs of Denmark (MFA) for 2013.

The MFA is an integrated organisation comprising one single department without subordinates agencies or institutions and with more than 100 Diplomatic Missions and Trade Offices as well as around 400 Honorary Consulates abroad. In addition, the Danish Institute for International Studies (DIIS) and the Danish Institute for Human Rights (DIHR), which are self-governed organisations, belong under the MFA in respect to appropriations, although they each present their own separate annual reports. DIIS and DIHR were established as two self-governing institutions at the beginning of 2013 in connection with the closure of the Danish Centre for International Studies and Human Rights (DCISM).

In accordance with the practice of previous years, the MFA's Annual Report reports on all MFA tasks and functions that are an integral part of the MFA's activities, including the departmental functions and responsibilities. This provides all those with a professional or personal interest in the MFA's activities a coherent and cross-cutting financial picture of the MFA's most important results in 2013. Moreover, it documents the governance that has laid the foundation for their achievement.

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

The performance reporting comprises the strategic priorities and underlying goals of the past year upon which the MFA's performance management has been based. Information with particular regard to activities and target achievement within Danish development assistance can be found in Danida's annual reports and other reports (www.um.dk/da/danida/det-goer-vi/). In addition, information regarding activities within export and investment promotion can be found on the Trade Council website. (<http://um.dk/da/eksportraadet/>)

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

2. MANAGEMENT REPORT

The Annual Report comprises the main accounts on the Finance and Appropriation Act for which the Ministry of Foreign Affairs of Denmark is responsible, CVR number 43 27 19 11: Section 06.11.01 – The Danish Foreign Service, Section 06.11.02 – The Government's Joint Expenditure Related to the Danish EU Presidency, and Section 06.11.05 – Revenue from Consular Services, including the accounting principle explanations, which are to be presented to Rigsrevisionen (National Audit Office of Denmark) in connection with the appropriation audit inspection for 2013.

Ministry of Foreign Affairs of Denmark, 20 March 2014



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

It is herewith stated:

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



Grete Sillasen
Head of Department, Finance

3. OPERATIONS REVIEW

3.1 Presentation of the Ministry of Foreign Affairs of Denmark

3.1.1 Primary functions

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

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

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

3.1.2 Organisation

The MFA comprises the Ministry in Copenhagen and Embassies, Consulates-General and Trade Offices, etc. abroad as well as Missions at the most important international organisations. Added to this are, a large number of Honorary Consulates. In 2013, the entire organisation had approx. 2,500 employees, of whom approx. 830 were located at the Ministry in Copenhagen and approx. 1,670 were located at the Missions. Of the 1,670 employees based abroad, approx. 1,250 were locally employed staff.

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

companies, assistance to Danes in distress abroad or public diplomacy. The organisational structure makes it possible to deliver solid responses to international and global challenges across operational areas, without organisational or administrative obstacles.

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

In 2013, the MFA launched the largest reform and modernisation of the Danish Foreign Service in recent times. This launch emerged from an extensive dialogue and analysis process incorporating a number of external experts and partners. In a nutshell, the reform can be described as 'More focus on the World, less on Europe – but more on the EU'. The reform entails an adjustment of our presence in more than 25 countries. Among the main elements of the reform, Denmark will open Embassies in Nigeria, the Philippines, Colombia and Myanmar as well as a Trade Office in Lagos, Nigeria. It will also entail the closure of a number of Missions, particularly in Europe. In addition, our presence will be strengthened in several fast-growing economies and in the EU decision-making centres, but it will also be reduced in several locations. In total, the reform will provide global access to 300 million more people than before. The reform will be implemented during 2014.

At the end of 2013, Denmark had 73 Embassies as well as 38 other Missions, including 6 Multilateral Missions, 12 Consulates General, 1 Consulate, 6 Mission Offices, 7 Trade Offices and 6 Innovation Centres. Denmark also had more than 400 Honorary Missions.

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

In 2013, the MFA switched to new central government finance systems and subsequently introduced standardised workflows within financial management. As part of the transition, a new governance model was implemented. It is designed to provide the basis for more efficient and transparent financial management throughout the MFA organisation in a new and more modern IT platform.

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

The MFA Annual Report 2013 is submitted for the following three main accounts on the Finance and Appropriation Act:

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

3.2 Scope of business activities

Table 1 shows the MFA's total activity in 2013 broken down by two categories: operations and administrative arrangements. Operations encompasses the MFA's operations appropriations related to the MFA as a government department, including operation of Missions abroad, and revenue from consular services. Administrative arrangements, etc. encompasses development assistance and export promotion as well as contributions to international organisations, etc.

Table 1. Total business activity in 2013

	DKK million	Appropriation	Account
Operations	Expenditure	1,977.7	1,898.9
	Revenue	-246.2	-285.9
Administrative arrangements, etc.	Expenditure	13,945.2	14,102.2
	Revenue	-375.6	-660.5
Plant and machinery	Expenditure	-	-
	Revenue	-	-

3.3 The operational results in 2013

According to the guidelines for writing annual reports issued by the Agency for the Modernisation of Public Administration (*Moderniseringsstyrelsen*), "all goals and performance requirements that have been agreed or determined by another party than the organisation" must be reported on. The external determination of goals takes place for the MFA primarily through ministerial and Government decisions, foreign policy and development policy reports, parliamentary decisions, and decisions adopted within international fora. In 2013, these goals were internally operationalised in line with the MFA's strategic priorities and underlying goals, which emerged from a general priorities paper drawn up on the basis of the Government Platform from October 2011. The goals are designed to ensure the delivery of concrete results, products and services of benefit to the Government, public authorities, citizens and enterprises in Denmark as well as Danish interests in general. The goals for 2013 are incorporated into a strategic priorities plan for the entire MFA. Section 3.6 reports on the level of

goal attainment regarding the strategic priorities and underlying goals for 2013.

3.4 The financial results in 2013

The MFA's operating profit/loss for 2013 shows a surplus of DKK 126.7 million after an adjusted provision for reserved appropriations. Consequently, an accumulated surplus of DKK 290.1 million has been carried forward to 2014, cf. table 9.

In 2013, the MFA's payroll expenditure totalled DKK 602.8 million. In relation to 2012, this represents a fall in payroll expenditure of DKK 53.8 million, which is partly due to the implementation of the MFA's efficiency enhancement programme in 2012 and 2013. The MFA's payroll expenditure under the payroll ceiling totalled DKK 587.6 million in 2013. If the expenditure is compared with the payroll ceiling of DKK 622.3 million stipulated in the Finance and Appropriation Act for 2013, the reduced expenditure totalled DKK 34.7 million. As a result, an accumulated payroll saving of DKK 90.2 million has been carried forward to 2014, cf. table 11.

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

Profit/Loss Account – Main Figures	2011	2012*	2013
Ordinary and other operating revenue, total	-2,068.2	-2,187.4	-1,944.2
Appropriations booked as revenue	-1,880.4	-1,986.2	-1,739.7
External revenue	-187.8	-201.2	-204.5
Other operating revenue is booked under other operating entries			
Ordinary operating costs, total	1,987.6	2,099.8	1,812.2
Salaries and wages plus other personnel costs	692.6	656.6	602.8
Depreciation	118.8	312.7	87.0
Other costs	1,176.2	1,130.5	1,122.3
Result of ordinary operations, total	-80.6	-87.6	-132.0
Result before financial items, total	-148.0	-175.7	-194.1
Year-end profit/loss	-44.9	-63.3	-126.7
Balance	2011	2012	2013
Fixed assets	2,136.7	1,871.0	1,796.9
Current assets	1,101.9	672.0	303.3
Equity	-134.6	-316.9	-322.9
Provisions	-90.1	-87.8	-93.6
Long-term liabilities	-2,109.1	-1,899.3	-1,778.8
Short-term liabilities	-904.7	-239.0	-232.0
Borrowing limit	2,503.6	2,528.6	2,528.6
Borrowing limit (FF4) -balance 31.13.	2,105.6	1,897.3	1,796.9
Financial key figures (obligatory)	2011	2012	2013
Rate of utilisation of borrowing limit	84.1%	72.7%	71.1%
Negative fluctuation	3.1	5.0	8.8
Profit margin	2.2%	7.7%	6.5%
Appropriation proportion	90.9%	91.7%	89.5%
Personnel information	2011	2012	2013
Full-time equivalents	1,380.0	1,242.0	1,134.7
Full-time equivalent cost (DKK thousand)	502.0	520.0	517.8
Payroll cost percentage	32.9%	26.8%	30.7%
Payroll ceiling	689.6	682.2	622.3
Payroll expenditure in relation to payroll ceiling	680.4	645.9	587.6

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

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

3.5 Functions and resources

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

3.5.1 Functions and resources: a schematic overview

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

Table 3. Outline of the MFA's economy under Section 06.11.01, Section 06.11.02 and Section 06.11.05 (DKK million)

	Appropriations booked as revenue	Other revenue	Expenditure	Proportion of year profit
General foreign policy*	-558.3	-91.5	560.7	-89.1
Administration of development assistance	-766.6		703.4	-63.2
Export and revenue promotion, etc.	-254.4	-86.1	368.5	28.0
Consular services	-215.3	-2.9	254.3	36.1
MFA Language Centre	0	-10.9	12.0	1.1
The Government's joint expenditure related to the Danish EU Presidency	-0.1		0.1	-
Fee-financed activities, consular services	55.0	-94.6	-	-39.6
Total	-1,739.7	-286.0	1,899.0	-126.7

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

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

3.6 Performance reporting

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

In 2012, it was decided that the MFA's performance management concept was to be gradually reformed in the direction of strategic priority and resource management (SPR). The objective is to ensure that performance management in the MFA underpins the organisation's overarching priorities more strongly. The MFA's strategic goals will continue to be based on a general plan of priorities that is drawn up on the basis of the Government Platform.

The first steps of the reform were taken in connection with the performance management process for 2013. In 2013, the process saw three new elements. Firstly, common goals were formulated for the entire organisation

that reflected the political priorities, which meant that the units would no longer formulate their own goals. Secondly, performance follow-up was carried out at corporate level and not at unit level, as had previously been the case. Thirdly, a coordinator role was introduced in the MFA's Corporate Management Forum (KLF), such that each political priority is owned by a KLF member, who formulates goals and follows up on the goal attainment, with assistance provided by so-called stakeholders in the MFA's centres.

Nine strategic priorities were laid down for the MFA's overall sphere of activity in 2013. For each strategic priority, 2-4 underlying goals were attached. The nine strategic priorities are as follows:

1. Focused expenditure control
2. Growth and employment in Denmark and Europe
3. Transition to a green economy and green growth
4. The Arctic
5. A balanced security policy
6. Everybody has the right to a dignified life in freedom and safety
7. Our neighbourhood
8. A strengthened EU debate in Denmark
9. A foreign service with focus on the individual

3.6.1 Performance reporting – Part 1: Schematic overview

The table below provides a summary in schematic form of the overall level of goal attainment for the nine strategic priorities. As a rule, a grade A is required for full goal attainment.

Table 4. Goal attainment 2013

Strategic priorities and goals	Priority and goal attainment broken down as follows: A= attained B=partially attained C= not attained				
	Goal 1	Goal 2	Goal 3	Goal 4	Overall Priority
Priority 1. Focused expenditure control	B	A	B	-	B
Priority 2. Growth and employment in Denmark and Europe	A	B	A	C	B
Priority 3. Transition to a green economy and green growth	A	B	A	-	B
Priority 4. The Arctic	A	A	C	-	B
Priority 5. A balanced security policy	A	A	A	A	A
Priority 6. Everybody has the right to a dignified life in safety and freedom	A	A	A	-	A
Priority 7. Our neighbourhood	A	B	A	A	A
Priority 8. A strengthened EU debate in Denmark	A	A	-	-	A
Priority 9. A foreign service with focus on the individual	A	A	-	-	A

The level of goal attainment is measured on the basis of full-year reporting for each specific goal, with contributions from units in the organisation. The contributions are coordinated and evaluated by selected stakeholders in the centres in the home service.

Where the goal has been achieved, an 'A' is given; a 'B' is given for a goal that has been partially achieved; while a 'C' is given for a goal that has not been achieved. Based on the individual performance evaluations, an overall level of goal attainment has been calculated for each strategic priority according to the following model: An

'A' is awarded for a strategic goal when at least 75% of the units' underlying goals have been classified as 'A'. A 'B' is awarded when more than 50% of the individual goals have been classified as minimum 'B'. A 'C' is awarded when up to 50% of the goals have been classified as 'A' or 'B'.

As the table shows, five out of nine strategic priorities overall were fully attained, whilst four strategic priorities were partially attained. The MFA's goal attainment for 2013 is therefore deemed in general to be satisfactory.

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

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

STRATEGIC PRIORITY 1:

Focused expenditure control

The overall level of goal attainment for Strategic Priority 1 is classified as 'B' (partial attainment).

In 2013, the MFA's expenditure ceiling totalled approx. DKK 15,667 million. **The year-end financial profit/loss** for the main accounts that belong under the expenditure ceiling totalled approx. DKK 15,406 in 2013

and thus lays approx. DKK 261 million under the expenditure ceiling of the MFA. However, the MFA does not comply with all the individual budget frames for 2013, in that the year-end profit/loss for the individual main accounts exceeds the stipulated core budget for the particular accounts, including, for example, Section 06.22.01. Peacekeeping operations under the United Nations, etc. and Section 06.39.03. Humanitarian contributions to partners in acute and protracted crises.

In 2013, the **MFA salary policy** was reviewed and revised with the aim of ensuring that it underpins the wishes for clear and attractive career paths, improved development opportunities and flexibility. Similarly, the new salary policy provides a platform for rolling out a new location allowance system on which agreement was reached with the Ministry of Finance in 2013. In connection with implementing a new **HR strategy**, a career project was launched in 2013 aimed at clarifying **career opportunities for staff** through developing clear, formalised and flexible career paths. The project is due to be

completed in 2014. In addition, a development project on gender equality was launched, which includes a focus on **women in management**.

In the second half of 2013, a **staff satisfaction survey** was conducted for all staff in the home service and the service abroad. The survey shows that the level of job satisfaction was unchanged in relation to the latest survey in 2011, and thus remained at a high level in comparison with both the public and private sector labour market. All units participated in the follow-up work with the aim of maintaining and improving the level of job satisfaction and motivation.

In order to be an attractive workplace, **good managers** are an essential prerequisite. As an indicator of whether MFA heads continue to develop as good personnel managers, the goal in 2013 was to conduct 90 per cent of all StaffPLUS interviews before May. The assessed overall level of goal attainment has thus been affected by the fact that the MFA in certain main accounts did not comply with the budget frames as specified by the core budget, and that between 80 and 90 per cent of PLUS interviews were conducted within the specified timeframe.

STRATEGIC PRIORITY 2:

Growth and employment in Denmark and Europe

The overall level of goal attainment for Strategic Priority 2 is classified as 'B' (partial goal attainment).

In the **EU**, through active efforts to safeguard and promote Danish interests, the MFA contributed to achieving solid results that helped promote growth and employment in Denmark and in Europe. Significant progress was made in the **implementation of the Compact for Growth and Jobs**, which was adopted during the Danish EU Presidency. It applied to the **modernisation of the Single Market** and the efforts to combat high youth unemployment; it applied to the work in connection with the **European Patent Convention and the Unified Patent Court**, in which the latter will be subject to a referendum in May 2014; and it applied to the work on the "European Semester", which provides the framework for the enhanced coordination of economic policy in the EU. In the economic and fiscal sphere, the MFA contributed to ensuring that Denmark, despite our non-participation in the euro, was positioned as closely as possible to the core of the EU, and which in 2013 saw Denmark exert influence in the negotiations on, among other things, the **Banking Union**.

The MFA contributed to fostering continued forward momentum in the **EU enlargement agenda**, which in relation to the south-eastern neighbours influenced the general framework conditions of most of the countries in a positive direction. This influence benefits general Danish priorities concerning development and rights, but also specifically in relation to growth and employment, both

in the individual countries and potentially also in Denmark through improved access to new markets.

Regarding the EU's multilateral and **bilateral trade and investment agreements**, the MFA actively contributed to promoting Danish interests in connection with the commencement of negotiations with, respectively, the USA and Japan, in connection with the investment agreement with China and in connection with the finalisation of the free trade agreement with Canada. During the 9th Ministerial Conference held on Bali, the WTO concluded a ground-breaking multilateral agreement that harmonises well with Danish priorities.

A significant proportion of **the global growth** in the coming years is expected to take place outside Europe. In order to draw benefit from this growth, a joint initiative, for example, has been launched between the MFA and the Ministry of Business and Growth aimed at devoting greater focus to the new emerging economies. As part of the initiative, commercial **strategies** were drawn up in 2012 and 2013 for the **BRIC countries as well as six important "second-wave countries"**, namely Indonesia, Mexico, South Africa, South Korea, Turkey and Vietnam. The strategies set out specific targets for export and investment promotion activities in the period 2012-2016, including specific initiatives within areas such as relationship building, dismantling of barriers and marketing of Danish strongholds.

An important objective of Denmark's **Growth Market Strategy** is to achieve an increase of 50 per cent in Danish commodity exports to the ten selected countries during the strategy period. The export figures for the first eleven months of 2013 lie above the level of goal attainment set for 2016, albeit slightly lower than in 2012. The positive growth figures can primarily be attributed to increased commodity exports to China and Brazil. The Growth Market Strategy has succeeded in raising awareness among the Danish corporate sector of the new market opportunities and has thereby opened up for new growth opportunities. It is also positive that the first two years of the Growth Market Strategy have developed at a level that lies above the annual interim targets needed to achieve the goal of lifting commodity exports to the ten countries from approx. DKK 60 billion to approx. DKK 90 billion by 2016.

Work is being done to develop a new method for measuring the effects of the **export promotion activities** to replace the present method of measuring the "gross effect" in the form of a total export effect over three years in the region of DKK 30 billion. The new measurement method will focus on the "net effect" rather than the gross effect, but it was not ready for use in connection with a measurement for 2013. The analysis is expected to provide the basis for an effect measurement from 2014 onwards.

In 2013, the MFA was involved in more than 50 **investment projects**, which led to the creation or retention of over 1,200 jobs. The positive development in relation to Chinese investments appears to continue, in which the last two years have been record years. Besides the direct effect on jobs, foreign investments contribute to enhancing competitiveness and increasing exports as well creating better access to new technology and knowledge. With the aim of strengthening cooperation between relevant public authorities in relation to attracting and retaining foreign investments, the **Network for Investment Promotion** was established under the MFA. The network comprises a number of ministries and external actors, such as Local Government Denmark (KL) and Danish Regions, and its task is to enhance dialogue between municipal, regional and national authorities in connection with specific investment matters and in relation to strengthening the Danish framework conditions. In accordance with the Government's **innovation strategy and growth market strategies**, three new Innovation Centres were opened in Brazil, India and South Korea, respectively.

In 2013, measures were taken to enhance the interplay between **development cooperation and commercial activities** in order to meet more effectively the demand of developing countries for trade and investments and the increasing demand of Danish enterprises for market and business opportunities in some of the new growth markets. The Danish commercial strengths harmonise broadly with the challenges faced by developing countries in relation to water, energy, agriculture, food, climate, environment and health. Meetings, for example, were held with Danish enterprises regarding the initiatives launched to enhance the interplay between "development assistance and business". There has been support for ensuring that all Danish Embassies in developing countries offer a single point of access to business consultancy support and a diverse range of advisory services. In addition, two initiatives have been developed that are designed to help Danish businesses to pursue business opportunities in developing countries with linkage to the Export Credit Fund and the Investment Fund for Developing Countries.

The assessed overall level of goal attainment is affected primarily by the fact that the enhanced interplay between development assistance and commercial activities fell short in terms of the number of specific partnerships established with Danish enterprises. This is due to a fall in the number of business partnerships in Vietnam from 2012 to 2013.

STRATEGIC PRIORITY 3:

Transition to a green economy and green growth

The overall level of goal attainment for Strategic Priority 3 is classified as 'B' (partial attainment).

Throughout 2013, Denmark participated actively in several international and bilateral initiatives aimed at promoting transition to a green economy and green growth. In 2013, as part of the follow-up on the UN Conference on Sustainable Development in 2012 (Rio+20), Denmark participated in the UN working group charged with presenting recommendations for **new, global sustainable development goals** to replace the MDGs in 2015. The objective is to achieve consensus on an overall goal framework that unites poverty reduction with sustainable development.

In the **climate and energy field**, the Danish key role was strengthened by the opening of the Climate Technology Centre and Network (CTCN) and a knowledge and centre on energy efficiency in the UN City in Copenhagen under the UN Secretary-General's Sustainability Energy for All (SE4All). The opening of these UN units strengthens the cooperation between Danish and international key institutions that possess expertise within climate and energy efficiency. It also contributes to supporting a highly prioritised international development agenda and facilitates efforts to utilise Danish competencies and strongholds.

In extension of the creation of the Danish **Climate Investment Fund** (KIF) in 2013, a public-private partnership was established between the Industrialisation Fund for Developing Countries (IFU), which administers KIF, and a number of Danish institutional investors. The agreement entails that the total state investment of DKK 525 million into the fund is supplemented by investment contributions from private investors totalling DKK 675 million. IFU funds are to be used to conduct activities in developing countries aimed at reducing CO₂ emissions and strengthening resilience through climate change adaptation measures.

Through **3GF**, Denmark also made an important contribution in 2013 to promoting green growth as a solution to national growth needs and the global resource challenges. In 2013, efforts were made to promote specific public-private partnerships within energy, water, food waste and the green value chain.

In 2013, the MFA launched a **support scheme to promote corporate social responsibility and fair trade**. The scheme supports initiatives within corporate social responsibility and fair trade, partly in Denmark and partly in developing countries, with the aim of strengthening responsible, green growth as well as better working and living conditions in developing countries. The supported projects comprise, for example, focus on the use of sustainable wood in the Danish construction industry and responsible clothing and textile manufacturing in Bangladesh.

Through **bilateral programmes** in a number of Danish priority countries in 2013, the MFA prepared and

launched a number of new activities aimed at supporting green growth and employment, agriculture, natural resource management/water and climate/energy. These activities were implemented in, for example, Ethiopia, Ghana, Bangladesh, Bolivia, Nepal, Uganda, Tanzania and Niger.

Greater **involvement of the Danish business community** in the efforts to promote green growth and employment in developing countries was in focus in 2013. This applies to, for example, **Mozambique**, in which approx. two-thirds of the partnerships supported by Danida Business Partnerships contained initiatives, technologies or goals to promote greener production. The green projects include, for example, a project aimed at promoting wider use of bicycles rather than motorised personal and goods transport in nearby areas. In addition, a Danida Business Finance project contributes to improving access to natural gas-generated electricity in rural areas as a substitute for other more polluting and less sustainable energy sources. In **Indonesia** and **Ghana**, green technology transfer and green investments are elements incorporated in, respectively, 75 per cent and 60 per cent of the ongoing partnerships supported by Danida Business Partnerships.

In **Nepal and Uganda**, the Danida Business Partnerships facility contributes to promoting selection of greener solutions. The support comprises, for example, promoting the use of alternative energy sources such as solar energy for manufacturing purposes, providing information about the benefits of using better ovens for cooking and of using natural resources in a sustainable manner, and providing support on how to obtain better occupational health and safety conditions.

With the aim of increasing **commercial cooperation**, action plans were drawn up for ten specifically selected markets – Brazil, India, Indonesia, China, Mexico, Russia, South Africa, South Korea, Turkey and Vietnam. Each action plan contains specific activities for green technology. Furthermore, in 2013 seven specific strategic sales alliances within green technology were launched with Poland, Russia, the USA, Taiwan and Vietnam within energy efficiency, green construction, water supply, water conservation in agriculture, optimisation of water consumption, and aquaculture.

Danish Embassies and Missions in a number of countries conducted public diplomacy and marketing activities and provided consultancy support to Danish enterprises in the green sector, particularly within energy and water.

The assessed overall level of goal attainment is affected by the fact that it was not possible in all projects supported by Danida Business instruments to promote the transition to a green economy in developing countries.

STRATEGIC PRIORITY 4:

The Arctic

The overall level of goal attainment for Strategic Priority 4 is classified as ‘B’ (partial attainment).

In 2013, the **Kingdom of Denmark and developments in the North Atlantic** became an increasingly prominent part of the MFA’s focus and task delivery. During 2013, there was close dialogue with the Greenland Home Rule Government and the Faroese Home Rule Government in connection with safeguarding and promoting the foreign interests of the two parts of the Kingdom. In relation to the Faroe Islands, the MFA provided ongoing assistance in the handling of the **herring stock dispute with the EU**, which in late summer led to the imposition of sanctions against Faroese fishing following disagreement regarding the division of fishing quotas. The MFA gave, for example, full authority to the Faroe Islands to institute arbitral proceedings against the EU under the WTO and the UN Convention on the Law of the Sea.

In 2013, **the cooperation with Greenland** continued to be characterised by two major challenges. The first challenge concerning the issue of raw material mining, particularly in relation to the potential mining of uranium, which gained renewed interest due to the newly elected Home Rule Government’s wish to abandon the zero-tolerance policy. As a result, the Government set up an MFA-led working/coordinative group on uranium mining in spring 2013 to shed light on the implications of potential mining and export of uranium from Greenland. In 2013, agreement was reached between Denmark and Greenland on the working/coordinative group’s report. The report set out the parameters for the further process, which among other things would include the signing of a partnership agreement during 2014 and the subsequent implementation of the report’s recommendations within a two-year timeframe, which included the potential creation of new legislation and new administrative systems. The second challenge concerned the ongoing issue of whale fishing quotas for Greenland within the International Whaling Commission (IWC). In 2013, Denmark and Greenland agreed to resume efforts to find a negotiated settlement within the IWC. The MFA together with the Greenland Home Rule Government thereafter initiated international negotiations. The negotiations will continue during 2014.

The activities in relation to the Arctic were strengthened in 2013. The MFA established a separate Arctic Department under the leadership of the Arctic Ambassador, which contributed to strengthening the coordination of the work in the Arctic Council and the implementation of the **Kingdom of Denmark’s Strategy for the Arctic 2011-2020**. The strengthening thus facilitated an increased focus on implementing the action plan drawn up in 2012 to operationalise the Arctic Strategy. In the communication field, the MFA established a dialogue with Greenland and the Faroe Islands. Agreement was

reached regarding, for example, the regular delivery of articles from Greenland and the Faroe Islands to the weekly electronic newsletter *Denmark Digest*, which is distributed to all Danish Missions abroad. As in the previous two years, a report was drawn up in 2013 for the Folketing (Danish Parliament) on the activities in the Arctic, which was followed up by a debate in the Folketing.

In relation to the **Arctic Council**, the MFA contributed actively to the creation and financing of a permanent secretariat in Tromsø designed to strengthen the Council's work. In addition, agreement was reached at the Arctic Council's Ministerial Meeting in May 2013 to grant observer status in the Arctic Council to several countries, which was a key priority for Denmark.

Considerable efforts were made to influence the EU's Arctic policy in 2013. The assessed overall level of goal attainment is affected negatively by the fact that it was not possible to achieve the specific goal of influencing the content of EU Council conclusions on EU Arctic policy, as it was decided not to adopt Council conclusions on this issue in 2013.

STRATEGIC PRIORITY 5:

A balanced security policy

The overall level of goal attainment for Strategic Priority 5 is classified as 'A' (full goal attainment).

In September 2013, the Government launched the strategy "**Denmark's integrated engagement in fragile and conflict-affected areas of the world**", focusing on fragile and conflict-affected states. A focal point for the specific initiatives in 2013 was the goal of strengthening coordination between conflict prevention, the fight against extremism, and peace-supporting operations.

Denmark enhanced its efforts to contain **the threats in the Sahel region** – particularly by **alleviating the deteriorating crisis in Mali**. Denmark provided increased humanitarian assistance, contributed military support to a French operation (Serval) and later a UN operation in the country (MINUSMA), provided financial support to the African peace-supporting operation (AFISMA), and offered political support to the reconciliation process. A multiannual, multifaceted peace and stabilisation programme for the entire Sahel region was launched. Specifically with the regional conflict dynamics in mind, Denmark worked for a coherent approach within the UN and EU domain.

From autumn 2013, Denmark contributed to the **stabilisation of the opposition-controlled areas in Syria** through support to the police and justice sector. The programming of a new comprehensive Syria Stabilisation Programme for 2014 was initiated, and Denmark remained one of the largest humanitarian donors. Lastly, a

special Danish representative was appointed to the Syrian opposition.

The Afghanistan Plan, "Towards full Afghan responsibility", was adopted by the parties to the agreement behind the Danish engagement in Afghanistan and published in January 2013, and a strategic partnership between Denmark and Afghanistan was signed by the Danish Prime Minister and the Afghanistan President in May 2013.

The multifaceted Danish contributions to promote peace and stability on the **Horn of Africa** continued throughout 2013, partly with a focus on building the capacity of regional forces and the Kenyan navy to tackle regional security threats emerging from the conflict in Somalia. In periods in 2013, Denmark participated in NATO's counter-piracy mission, Ocean Shield, in the Indian Ocean with a frigate and a reconnaissance aircraft.

With focus on promoting the rule of law and human rights, Denmark contributed to fighting **terrorism** and violent extremism at a global level. Within the framework of the UN global counter-terrorism strategy, priority is assigned to the prevention aspect and to efforts to tackle terrorist financing. Denmark, for example, supported regional efforts to combat illegal money flows and anti-radicalisation activities in **Somalia, Kenya and Ethiopia**.

Denmark participated actively in international fora with focus on the **stabilisation agenda** – particularly through the **co-Chair of the International Dialogue on Statebuilding and Peacebuilding**, which is a partnership between donors and governments for a number of the fragile states. In 2013, Denmark, in cooperation with the UK and the USA, further developed the **Senior Stabilisation Leaders' Forum**, with focus on policy development and lesson learning in relation to conflict prevention and containment.

The year was characterised by **active Danish involvement in the strengthening of the EU Common Security and Defence Policy (CSDP)** within the constraints of the defence opt-out. It is a key priority for Denmark that the EU becomes more effective at using the entire toolbox in its crisis management efforts. The release of the joint communication by the Commission and the European External Action Service in 2013 on the integration of the EU's external instruments represented a step forward. Denmark also assigned priority to improving the quality of its deployments to EU civilian crisis management missions. Through targeted recruitment and competence development, concerted effort was made to build up the expertise and competencies required for these missions.

The year was characterised by greater Danish involvement in **UN peacekeeping operations**. On Danish initiative, the Nordic countries decided to contribute to projects specifically designed to enhance the UN's capacity, for example through establishing uniform training standards. Denmark **contributed to two new UN operations** – both characterised by other Nordic contributions. Denmark deployed a C-130 transport aircraft and an intelligence cell to the UN Multidimensional Integrated Stabilisation Mission in Mali (MINUSMA) as well as a staff contingent to the mission headquarters. Denmark was the principal donor to the operation under UN mandate, which was to identify and destroy Syrian's chemical weapons. Transport and escort ships, an aircraft and a personal protection team were made available, and Denmark led a naval group that also included Norwegian and British vessels.

Denmark continued its active role in the **international disarmament and non-proliferation agenda**. The Government's strategy was updated in June 2013. Within in the **conventional field**, a robust arms trade treaty (ATT) was adopted with significant Danish fingerprints. Initiative was taken to draw up a voluntary **code of conduct for arms transport** as well as acceleration of **destruction of the Danish stockpile of cluster ammunition**. Danish involvement pushed forward discussions concerning a **new regime for conventional disarmament** in Europe. Close cooperation with Germany and Poland led to a number of common document and initiatives.

In relation to the **nuclear agenda**, Denmark actively supported the efforts to turn the Middle East into a zone free of weapons of mass destruction (WMD). After years of deadlock, movement was registered in relation to **Iran's nuclear programme**, and in November 2013 a provisional agreement was reached. This development represents a victory for the Danish-supported EU policy of pursuing a dual track policy of sanctions and negotiations.

STRATEGIC PRIORITY 6:

Everybody has the right to a dignified life in freedom and safety

The overall level of goal attainment for Strategic Priority 6 is classified as 'A' (full goal attainment).

Denmark has established a **strong profile** in this field both in international fora and in bilateral development cooperation. A strong Danish international profile in the **fight against torture** was maintained with the election of a Danish expert to the UN Committee Against Torture and the adoption of UN resolutions in Geneva and New York which, among other things, uphold the right of torture victims to rehabilitation. The work on establishing **new global sustainable development goals to**

replace the UN Millennium Development Goals began in earnest in 2013 and was assigned high Danish priority, with the aim being to secure influence in accordance with the Government's priorities. Two of the key milestones of the work during 2013 included the report published in May 2013 by the UN Secretary-General's High-Level Panel and the Secretary-General's report from July 2013, both of which accorded well with Danish priorities and focused on human rights, gender equality, sexual and reproductive health and rights (SRHR), sustainable development, water and energy, education and peaceful societies. These priorities also lie at the heart of the EU's position towards the post-2015 process, which was laid down in June 2013. At the intergovernmental UN meeting, Denmark and the EU secured acknowledgement of the need to ensure peace and security, democratic governance, rule of law, gender equality and respect for human rights.

Also in 2013, as part of the Danish prioritisation of the work on the post-2015 agenda, Denmark secured a seat in a special SDR working group in the UN together with Ireland and Norway. In September, this working group is to present recommendations for future sustainable development goals and its report can be expected to lay the tracks for the subsequent intergovernmental negotiation process in the period between the end of 2014 and the UN summit in September 2015.

In 2013, the development policy efforts primarily focused on the work in implementing sub-elements of the **Strategy for Denmark's Development Cooperation** and the **new Act on Denmark's Development Cooperation**, which took effect as of 1 January 2013. The Act contains a new objects clause for Denmark's development cooperation that make poverty reduction and promotion of human rights the centre of focus. The roll-out focused on the establishment of internal tools and capacity building of the staff team.

Securing Danish leadership in the international efforts to promote human rights, democracy and good governance was also endeavoured by means of innovative Danish pilot initiatives and concrete political input. For example, Denmark supported the **democracy process in Myanmar** through a new Responsible Business Programme and maintained dialogue with both government and opposition. In **Nepal, action was taken to build the capacity** of the justice sector, ministries and the country's human rights commission along with support for peacebuilding and democratic development. Denmark also led the group of donors that provide support towards initiatives aimed at promoting human rights, and Denmark was among the leading energies in the formulation of a new Nepalese policy for local governance, with partial focus on ensuring inclusion, transparency and women's rights. As co-lead in the **New Deal process in South Sudan**, Denmark was positioned in the engine room in the formulation phase of a New Deal compact.

Here, Denmark ensured that the human rights field was a prominent issue and that clear goals were set in relation to good governance and security sector reform. Specifically in Sudan, Denmark supported capacity building of states and the drafting of a new constitution. Lastly, in **Zimbabwe** Denmark supported the holding of elections and gave support to monitoring and the justice sector.

STRATEGIC PRIORITY 7:

Our neighbourhood

The overall level of goal attainment for Strategic Priority 7 is classified as 'A' (full attainment).

Denmark seeks to promote democracy and prosperity throughout the world, but has a particular interest and responsibility in our near abroad. In 2013, the MFA actively worked to maintain and strengthen Denmark's and the EU's engagement in, and relations with, our neighbouring countries to the east and south. In 2013, the MFA commenced **implementation of the new strategy for the Neighbourhood Programme** for 2013-2017, with the aim of supporting the development of democratic societies, accountable public authorities, active civil societies, well-functioning markets and promotion of growth and employment in the EU's neighbouring countries to the east and south-east. In 2013, the following major programmes were launched: a new agricultural sector support programme in **Albania**; support for ensuring compliance with European human rights standards in **Armenia**; support for implementing public sector reforms in **Bosnia-Herzegovina**; and support for young entrepreneurs in **Moldova**.

Through the **Neighbourhood Programme, the EU enlargement process and the EU Eastern Partnership** as well as bilateral political dialogue, the MFA worked on strengthening the economic integration and political association of eastern and south-eastern neighbours with the EU. In April 2013, Serbia and Kosovo entered into a historic normalisation agreement facilitated by the EU, which resulted in the initiation of negotiations in October 2013 regarding a Stabilisation and Association Agreement as well as an EU decision in December 2013 to initiate accession negotiations with Serbia. In addition, the EU's accession negotiations with Turkey gained new momentum with the opening of a new chapter (chapter 22 on regional policy) in November 2013 as well as the signing of an EU/Turkey readmission agreement with the EU in December 2013, and at the same time the launch of dialogue on visa liberalisation between the two parties.

At the Eastern Partnership summit in Vilnius in November 2013, Georgia and Moldova took a substantial step in a European direction by formally concluding the negotiations with the EU regarding association and free trade agreements. In addition, the summit resulted in an agreement with Georgia on the framework conditions for Georgian participation in EU crisis management activi-

ties as well as signing of the EU's visa facilitation agreement with Azerbaijan.

In relation to the **Southern Neighbourhood**, the MFA throughout 2013 actively supported the implementation of the **EU's revised Neighbourhood Policy** with a view to supporting democracy, reforms and economic growth in the southern partner countries. Throughout 2013, the MFA, for example, advocated the use of the "more-for-more" principle, in which the countries that implement deep and extensive democratic reforms are rewarded with relatively more economic support from the EU. As a direct consequence of this, Tunisia was in relative terms the largest recipient of the special SPRING funds in 2013. With support from the Danish-Arab Partnership Programme, focus was also on providing **capacity support to the EU through secondment of experts** to relevant EU institutions, including EU delegations in selected partner countries in the MENA region. The MFA also supported the established of so-called **mobility partnerships** between the EU and southern partner countries. The partnership is an instrument under the EU's overall strategy for migration and mobility that aims to contribute to ensuring well-managed and secure migration and mobility between the EU and partnership countries. In 2013, agreement was reached between the EU, Tunisia and interested EU Member States, including Denmark, regarding a mobility partnership that integrates all the measures.

The MFA contributed to the achievement of the above-mentioned results through **targeted safeguarding and promotion of interests** in Brussels among Member States and in relation to the European External Action Service and the Commission, as well as through extensive dialogue and meeting activity with public authorities and civil society in the eastern and southern neighbours.

STRATEGIC PRIORITY 8:

A strengthened EU debate in Denmark

The overall level of goal attainment for Strategic Priority 8 is classified as 'A' (goal attainment).

In 2013, focus was on strengthening the EU debate in Denmark. In this connection, the two consecutive Ministers for European Affairs, among other things, **travelled around Denmark** visiting enterprises and educational institutions. The objective of this tour was to **promote a wide and accessible public debate** in enterprises and educational institutions about the advantages and disadvantages of EU cooperation.

The Minister for European Affairs also participated in the **EU debate in different media in 2013** through articles and interviews on various EU policy issues in daily newspapers and TV programmes, etc. It is thus the assessment that the initiatives contributed to promoting the debate in the media in general as well as amongst

opinion formers both at political level and among experts.

STRATEGIC PRIORITY 9:

A foreign service with focus on the individual

The overall level of goal attainment for Strategic Priority 9 is classified as 'A' (full goal attainment).

In 2013, the MFA delivered a quite exceptional communication effort in connection with the **Global Green Growth (3GF) event**, which brought together representatives of leading international enterprises, multilateral organisations and government representatives in Copenhagen in order to promote the agenda of green growth and green transition in the global economy. The MFA also **organised state visits** from Vietnam and Finland, **the Crown Prince Couple's official visit** to Chile and Australia, as well as a large number of other incoming and outgoing official visits that required particular communication activities regarding the Government's foreign policy priorities and about Denmark.

Within the field of **public diplomacy**, the MFA manages, among other things, Denmark's official website *Denmark.dk* and approx. 10 other websites, including the main website *UM.dk*, which supports and supplements the Missions' public diplomacy efforts through the local foreign media and contact with opinion formers, etc. In 2013, *UM.dk* and the other approx. 100 websites received around seven million visits, whilst *Denmark.dk* received 2.5 million visits. At the end of 2013, the MFA was widely represented on the social media, including Facebook, and a **new communication policy as well as a strategy for the use of the social media** were formulated, which will be implemented in 2014.

In 2013, the MFA provided **assistance to more than 5,000 Danish nationals in distress abroad**. Consular service cases attracted large media coverage and in many ways was the outward face of the MFA. In cooperation with the Embassies and the 24/7 Global Operations

Centre, difficult consular cases were dealt with on a variety of matters, including child abductions, illness, accidents, forced marriages and hostage situations. The emergency response capability was activated at the end of the year when a **typhoon hit the Philippines**. The MFA coordinated the Danish authorities' efforts and deployed, among other things, a search-and-rescue team to localise and assist Danish nationals in the area.

The Danish Missions received approx. 106,000 **visa applications**, approx. 20,000 applications for residence and work permits, 22,000 applications for passports and 53,000 requests for legalisation of documents. As of 2013, the MFA also participates as a member of the Refugee Appeals Board. In 2012-2013, as part of the follow-up on the Government Platform, the MFA participated in a **cross-ministerial visa working group**, whose objective was to ensure up-to-date Danish visa rules that can contribute to strengthening the competitiveness of Danish enterprises and the tourist industries.

The report presented by the working group on a revision of the Danish visa rules recommended, among other things, that the Danish Missions were allocated greater independent authority to decide certain visa cases (i.e. the authority to reject), and that the communication efforts regarding the Danish visa rules for business visits and tourists were strengthened. The recommendations have been subsequently implemented in an **amendment to the Aliens Act** concerning the allocation of authority to reject proposed by the Ministry of Justice and in the Red Carpet programme regarding so-called fast-track business visas to Denmark.

3.7 Explanation of reserved appropriations

In connection with the completion of the financial accounts for 2013, the MFA has reserved several appropriations for specific purposes in the coming year. These are specified in detail in table 5 below.

Table 5. Reserved appropriations for specific purposes under Section 06.11.01 – The Danish Foreign Service, Section 06.11.02 – The Government's Joint Expenditure Related to the Danish EU Presidency (DKK million)

Reserved appropriations – Section 06.11.01

Function	Reserved year	Reserved appropriation/Opening Balance	Year Expenditure	Reserved appropriation/Closing Balance 2013/Opening Balance 2014	Expected Expiry
Growth market strategies	2012	5.4	1.8	3.6	2014
Enhanced promotion of Denmark	2011	7.7	6.6	1.1	2014
Green export promotion	2013	-	-	0.3	2014
Total		13.1	8.3	5.0	

Reserved appropriations – Section 06.11.02

Function	Reserved year	Reserved appropriation/Opening Balance	Year Expenditure	Reserved appropriation/Closing Balance 2013/Opening Balance 2014	Expected Expiry
The Government's joint expenditure related to the Danish EU Presidency 2012	2011	0.2	0.2	0	
Total		0.2	0.1	0	

Remarks on the specific reserved appropriations:

- In 2011, the Danish Government decided to formulate operational strategies for promoting extensive Danish trade with the BRIC countries (Brazil, Russia, India and China) and other fast-growing economies. For this purpose, DKK 25 million was earmarked annually in 2012 and 2013 to implementing the strategies, with an annual amount of DKK 9 million on Section 06.11.01 and DKK 16 million on Section 06.41.03. Of the reserved appropriation of DKK 5.4 million at the beginning of 2013, DKK 1.8 million was used in 2013. The remaining DKK 3.6 million has been carried forward to 2014.
- Of the appropriation earmarked for the continued implementation of the Action Plan for the Global Marketing of Denmark in the years 2011 and 2012, DKK 7.7 million was reserved for 2013, of which DKK 6.6 million was used in 2013. The remaining DKK 1.1 million has been reserved for use in 2014.
- In connection with the Finance and Appropriation Act Agreement for 2013, DKK 5.0 million was earmarked under Section 06.11.01 for enhanced efforts to promote green exports. DKK 4.7 million of this was used in 2013, whilst DKK 0.3 million has been reserved for use in 2014.
- For use in connection with financing outstanding payments concerning the Danish EU Presidency, DKK 0.2 million was reserved for use in 2013. Of this amount, DKK 0.1 million was used, whilst the remaining DKK 0.1 million was appropriated.

3.8 Expectations to the coming year

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

In 2014, the MFA will continue to devote focus to adjusting its activity level to the MFA's falling appropriations.

3.8.2. Main priorities

The MFA's strategic focus and prioritisation of resource use takes its point of departure in an overarching, multi-annual priority paper, "Priorities and action areas for the Ministry of Foreign Affairs of Denmark". The paper provides the framework for the MFA's general performance management and is adjusted in line with the political developments.

The priority paper is based on the Government Platform from October 2011 as well as a number of established policies and strategies for the MFA's administration and service delivery. It contains six political priorities, and for each priority there are between one and three centrally formulated operational goals, making a total of 12 goals. For each operational goal there are between one and two specific initiatives, making a total of 20 initiatives for 2014.

At the end of 2013, it was decided to carry out a reform of the Mission structure in the Danish Foreign Service, which is due to be implemented during 2014. The objective of the reform is to modernise and streamline the Danish presence abroad, and the MFA will also in the future pay attention to the weighting of resource prioritisation both in the individual units and across the organisation.

In a global society, we all stand together and depend on fostering peace and stability in the world's conflict areas and on contributing to the resolution of global threats. The MFA will work for a **balanced security policy** and ensure that Denmark engages actively in the handling of international conflicts and peacebuilding in both neighbouring regions and other continents. This is to be achieved through an enhanced integration of diplomatic, development and military activities in line with the Government's new policy for Denmark's stabilisation efforts. Stabilisation as well as statebuilding and peacebuilding in fragile states will be a key pivotal point. The MFA will also pursue a security policy that protects and defends Denmark and Danish interests. This will take place through targeted efforts, particularly in multilateral fora such as the UN, NATO and the EU, aimed at tackling threats registered on the modern security policy agenda, such as cyber-attacks, piracy and terrorism.

In recent years, Europe has experienced the most serious economic crisis since the creation of the European cooperation in the 1950s. The crisis has particularly impacted on the framework conditions for the EU and the Danish economy. The MFA will work to promote a constructive and active Danish approach to EU cooperation as well as the cooperation with the EU's neighbours with the aim of strengthening **growth and employment in Denmark and Europe** to the greatest possible extent. It will be vital in the coming years to strengthen the joint efforts in the EU to promote an economically strong EU, where jobs are created, where necessary reforms are implemented, where competitiveness is restored and where international trade agreements can link the EU to the global growth centres. Denmark can best promote this development by positioning itself as closely as possible to the core of the EU and by engaging actively in the formulation, coordination and negotiation of Denmark's position. In 2014, there will also be focus on further developing Denmark's strong engagement in fostering economic development, political stability and democracy in EU neighbouring countries to the East. Lastly, the MFA will contribute to creating jobs and growth in Denmark by prioritising the implementation of the Growth Market Strategy as well as through enhanced economic diplomacy targeted at promoting Danish strongholds by flexibly combining tools across the MFA and in collaboration with other government departments.

The world faces global challenges posed by a climate/environmental crisis. These are challenges that must be resolved in a world characterised by huge changes. In 2014, focus will be placed on facilitating the **transition to a green economy and green growth** through promoting a more sustainable development with a focus on the reduction of emissions, more efficient resource consumption and improved access to basic resources for the world's poorest people. With a point of departure in the Strategy for Denmark's Development Cooperation, the MFA will prioritise efforts that enhance sustainable natural resource management, reduce the impact of climate change and improve people's access to essential resources such as water and energy. A number of country programmes will be launched that create growth, jobs and contribute to a sustainable management and utilisation of natural resources. In 2014, the MFA will also devote sharper focus to involving the private sector in initiatives and partnerships that promote the green transition. In this regard, Danish development cooperation and Danish business expertise can deliver important contributions, where we must make use of the opportunities that Denmark possesses as a green demonstration country for the technologies that will drive the transition to a green economy. In addition, there will be ongoing focus

on the security and energy policy consequences of climate change and resource scarcity that are some of the new global threats.

These years, **the Arctic** is experiencing drastic change as a consequence of global climate change. With this development, increasing attention is being paid to new opportunities, but also the challenges arising in the wake of these changes. The MFA will therefore in the coming years enhance its focus on the Arctic Region. In 2014, the implementation of the Strategy for the Arctic Region - in close cooperation with Greenland and the Faroe Islands - will prove a crucial pivotal point in these efforts.

Everybody has the right to a better life in which his/her complete set of rights is respected. The rule of law and respect for the individual's rights are fundamental principles in Danish society. In order to promote these values globally, the MFA will focus on Danish leadership in the international efforts, both in multilateral and bilateral cooperation, to promote human rights, democracy and good governance. The rights-based development strategy provided a solid foundation for a strengthened Danish effort to achieve a world free of poverty, where human rights are a top priority. This will partly be achieved through Danish support for the building of democratic societies, in which non-discrimination, participation and openness are at the centre. In 2014, there will also be focus on implementing specific efforts within the development policy strategy's four priority areas: human rights and democracy; green growth; social progress; and stability and protection.

Foreign policy is first and foremost a matter of people. The MFA must have **an open and cooperative foreign service with focus on the individual.** The efforts in the consular field and the tasks performed in relation to the individual Dane will therefore be strengthened. Through increased openness and communication, the MFA will also focus on the collaboration with the business community and civil society, including NGOs, media and other stakeholders. In addition, the MFA will work to strengthen international cooperation. This applies both in relation to Danish bilateral contacts, including in our development cooperation, and in our contact with civil society in other countries. And it applies in relation to multilateral organisations. Focus will be maintained on being an ambitious foreign service that produces results of high professional quality based on commitment, trust and inclusion of staff. This will also enable us to maintain the MFA as an attractive workplace with exciting professional challenges and a high degree of staff satisfaction in both the service abroad and the home service.

4. FINANCIAL REVIEW

The scope of accounting concerning the revenue and cost accounts comprises Section 06.11.01 The Danish Foreign Service, Section 06.11.02 – The Government's Joint Expenditure Related to the Danish EU Presidency, and Section 06.11.05 – Revenue from Consular Services.

4.1 Applied accounting procedures

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

sult of discrepancies between SKS (National Concern System/*Statens Koncernsystem*) and Navision at the 4-digit account level.

4.2 Profit and loss account, etc.

The MFA's profit and loss accounts for the years 2011-2013 is presented below in table 6.

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

Profit/loss as of 31.12.2013	Accounts 2012 ¹	Accounts 2013	Budget 2014
Ordinary operating revenue			
Appropriations booked as revenue			
Appropriations	-1,985.2	-1,731.5	-1,667.0
Amount spent of previous year's reserved appropriations	-14.1	-13.2 ²	-5.0
Amount reserved of current year's appropriations	13.1	5.0	5.0
Appropriations booked as revenue, total	-1,986.2	-1,739.7	-1,667.0
Sale of goods and services	-112.4	-110.0	-87.6
Fees/charges	-88.8	-94.6	-93.0
Ordinary operating revenue, total	-2,187.4	-1,944.2	-1,847.6
Ordinary operating revenue			
Consumption costs			
Rent	252.6	235.9	224.2
Consumption costs, total	252.6	235.9	224.2
Personnel costs			
Salaries and wages	665.2	600.9	593.2
Pension	101.4	95.9	94.7
Reimbursement of pay	-118.2	-103.2	-101.9
Other personnel costs	8.2	9.1	9.0
Personnel costs, total³	656.6	602.8	595.0
Depreciation and amortisation	312.7	87.0 ⁴	83.0
Other ordinary operating costs	878.0	886.5	939.9
Ordinary operating costs, total	2,099.8	1,812.2	1,842.1
Result of ordinary operations, total	-87.6	-132.0	-5.5
Other operating entries			
Other operating revenue	-103.7	-78.7	-90.4
Other operating costs	15.6	16.6	19.4
Result before financial items, total	-175.7	-194.1	-76.5
Financial items			
Financial revenue	-0.7	-1.3	-
Financial costs	111.0	69.8 ⁵	95.0
Financial items, total	110.4	68.6	95.0
Result before extraordinary items, total	-65.4	-125.6	18.5
Extraordinary items			
Extraordinary costs	3.4	0.3	-
Extraordinary revenue	-1.4	-1.4	-
Extraordinary items, total	2.1	-1.1	-
Year-end profit/lost, total	-63.3	-126.7	18.5

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

¹In 2012, the MFA incurred costs related to the Danish EU Presidency. This expenditure has been deducted in this column, so that the year-end profit/loss presented is more easily comparable with a normal operating year.

² Of this amount, DKK 0.1 million of the reserved appropriation related to the Danish EU Presidency in 2012 was not carried forward.

³ The MFA's personnel costs contain salary related to commercial activities, subsidy for individuals and deductions for project salaries, and therefore exceeds the salary expenditure under the payroll ceiling, cf. section 4.6, table 11.

⁴ Depreciation in 2012 primarily reflected the demolition of UNIPAC buildings in the Free Harbour (Copenhagen) totalling DKK 178.2 million.

⁵ Financial items in 2013 reflects an exchange rate gain of DKK 22.8 million.

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

	2013
Appropriated earned surplus	0.0
Transferred to reserve equity	0.0
Transferred to dividends to Treasury	0.0
Transferred to carry-forward surplus	-126.7

4.2.1 Explanation of reversed provisions and accrual items

In 2013, the MFA reversed in full a provision of DKK 0.5 million, which at the end of 2012 has been reserved for expenditure related to the sale of a property in Lusaka. At the end of 2013, no other provisions were made for expenditure relating to the sale of real estate.

All other provisions in 2013 were adjusted in size and contain the following year-end balances:

Provisions in 2013	DKK million
Holiday pay	102.9
Severance pay for locally employed staff in the service abroad	30.0
Refurbishment of leased properties	54.5
Loss on debtors	1.0
Availability pay*	8.2

*Note: The provision for "Availability pay" stems from an EU judgment in 2013. This judgment meant that the MFA has obligations towards civil servants who have transferred from availability pay to pension..

In addition, DKK 5.0 million was provisioned as a reserved appropriation for three different purposes. (Growth market strategies, Strengthened marketing of Denmark and Green export promotion).

4.3 The balance sheet

The MFA's balance sheet for 2012-2013 is presented below in table 8. Notes to the balance sheet can be found in section 5.1.1.

Table 8. The MFA's balance sheet 2012 – 2013 (DKK million)

Balance as of 31.12.2013	2012	2013
Assets		
Fixed assets		
Intangible fixed assets		
Completed development projects	95.3	113.1
Acquired concessions, patents, licences, etc.	2.7	2.6
Development projects in progress	22.5	0.6
Intangible fixed assets, total	120.5	116.3
Tangible fixed assets		
Land, space and buildings	1,580.1	1,546.6
Transport equipment	19.7	15.9
Plant and machinery	9.8	8.3
Fixtures and fittings, tools and IT equipment	74.4	64.6
Work in progress at own cost	33.7	45.4
Tangible fixed assets, total	1,717.7	1,680.7
Financial fixed assets		
Government bonds	32.8	32.8
Other financial fixed assets	0.0	0.0
Financial fixed assets, total	32.8	32.8
Fixed assets, total	1,871.0	1,829.7
Accounts receivable	276.2	243.9
Prepayments and accrued revenue	67.2	59.4
Cash and cash equivalents		
FF5 Non-interest-bearing account	150.7	104.9
FF7 Financing account	-421.8	-25.4
Other cash and cash equivalents	599.6	214.9
Cash and cash equivalents, total	328.6	294.4
Current assets, total	672.0	597.7
Assets, total	2,543.0	2,427.3

Balance as of 31.12.2013	2012	2013
Liabilities		
Equity		
Adjusted equity	-32.8	-32.8
Carry-forward surplus	-349.7	-290.1
Equity, total	-316.9	-322.9
Provisions		
	-87.8	-93.6
Long-term liabilities		
Mortgage debt and other long-term debt	-2.0	-0.5
FF4 Long-term debt	-1,897.3	-1,778.3
Long-term liabilities, total	-1,899.3	-1,778.8
Short-term liabilities		
Suppliers of goods and services	-66.0	-77.1
Other short-term debt	-42.5	-34.4
Holiday pay due	-107.3	-102.9
Reserved appropriation	-13.3	-5.1*
Prepayments, liabilities	-2.2	-1.9
Work in progress and liabilities	-7.7	-10.6
Short-term liabilities, total	-238.9	-232.0
Debt, total	-2,138.3	-2,010.8
Liabilities, total	-2,543.0	-2,427.3

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

4.4 Explanation of equity

The MFA's equity totalled DKK 322.9 million at the end of 2013. Of this amount, the accumulated surplus carried forward totalled DKK 290.1 million and the adjusted equity totalled DKK 32.8 million, cf. table 9.

The carry-forward surplus totalled DKK 163.4 million at the beginning of 2013, which together with the year-end profit of DKK 126.7 million thus increased to DKK 290.1 million.

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

	R-1 2012 DKK million	R 2013 DKK million
Equity, year-beginning	-132.9	-196.2
Adjusted equity, opening balance	-32.8	-32.8
Changes in adjusted equity	0.0	0.0
Adjusted equity, closing balance	-32.8	-32.8
Revaluations, opening balance	0.0	0.0
Changes in revaluations	0.0	0.0
Revaluations, closing balance	0.0	0.0
Carry-forward surplus, opening balance	-100.1	-163.4
Changes in carry-forward surplus related to account changes	0.0	0.0
Existing carry-forward surplus appropriated	0.0	0.0
Year-end profit/loss	-185.0	-126.7
Year-end profit/loss appropriated	121.7	0.0
Dividends to the State	0.0	0.0
Carry-forward surplus, closing balance	-163.4	-290.1
Equity, year-end	-196.2	-322.9

4.5 Separate cash flow and borrowing limit

The MFA's operating appropriations fall under the scope of the separate cash flow scheme. The scheme is tailored to the special organisational conditions at the Missions of the Danish Foreign Service. Until the end of 2012, there was no physical separation of grant funds and operating funds. This scheme expired as of 31 December 2012, after which time payment with and without separate cash flow is separated.

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

	2013
Intangible and tangible fixed assets, total	1,796.9
Borrowing limit	2,528.6
Rate of utilisation in %	71.1%

4.6 Follow-up on the payroll ceiling

The MFA's payroll expenditure under the payroll ceiling totalled DKK 587.6 million in 2013, which meant an expenditure decrease of DKK 34.7 million in relation to the payroll ceiling of DKK 622.3 million. The total payroll saving subsequently amounted to DKK 90.2 million by the end of 2013, cf. table 11.

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

2013	
Main account	Section 06.11.01
Payroll ceiling FL (Finance and Appropriation Act)	624.4
Payroll ceiling incl. TB (Supplementary Appropriation/ Appropriation Notes)	622.3
Payroll expenditure under payroll ceiling ¹⁾	587.6
Difference (year-end expenditure decrease)	34.7
Accumulated saving, year-end 2012	55.5
Accumulated saving, year-end 2013	90.2

¹⁾ Excl. Sub-account 90: Commercial activities

4.7 The appropriation accounts

The appropriation accounts for Section 06.11.01, Section 06.11.02, and 06.11.05 are presented below in table 12. See also section 2.3. on the financial results for 2013.

The MFA's appropriation accounts for 2013 show an expenditure decrease of DKK 126.7 million in relation to the appropriation earmarked for the fiscal year. The expenditure decrease stems partly from lower costs under Section 06.11.01 - The Danish Foreign Service and partly from increased revenue under Section 06.11.05 - Revenue from consular services in relation to the appropriation for the fiscal year.

The expenditure decrease under Section 06.11.01 - The Danish Foreign Service is due to several reasons: the MFA budgeted for lower payroll expenditure than the payroll ceiling in order to address the MFA's falling payroll appropriation abroad as a result of the fall in the exchange rate in a number of foreign currencies; and lower depreciation-related costs. The increased revenue under Section 06.11.05 - Revenue from consular services stems can be attributed to a greater demand for consular services than expected, partly manifested in requests for passports and visas.

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

	Accounts 2012	Budget (FL+TB) 2013	Accounts 2013	Difference	Appropriation/Budget 2014
Net cost appropriation	2,023.6	1,731.5	1,612.9	118.6	1,667.0
Net expenditure of reserved appropriation	64.4	-	8.2	-8.2	-
Revenue	-306.9	-246.2	-285.9	39.7	-247.7
Expenditure	2,330.5	1,977.7	1,898.9	78.8	1,914.7
Year-end result	-185.0*		- 126.7		

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

*The figures in table 12 do not take account of the DKK 121.7 million in decreased expenditure under Section 06.11.02, which was appropriated in connection with the appropriation settlement.

4.8 Cost-based main accounts

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

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

Main account	Type of appropriation	Revenue/Expenditure	Appropriation	Accounts 2013
06.11.06 Interest revenues from diverse receivables	Revenue appropriation	Revenue	-25.0	-10.5
		Expenditure	0.0	0.0
06.11.15 Non-statutory grants	Reserved appropriation	Expenditure	39.7	43.7
06.11.19 The Bilateral Neighbourhood Programme	Reserved appropriation	Expenditure	0.0	-0.1
06.11.21 Repayments from the Investment Fund for Central Europe (IØ) and the Investment Fund for Developing Countries (IFU)	Revenue appropriation	Revenue	-275.0	-275.0
06.21.01 The Nordic Council of Ministers	Statutory	Expenditure	142.9	136.6
06.22.01 Peacekeeping operations	Statutory	Expenditure	324.1	397.6
06.22.03 Other organisations	Statutory	Expenditure	255.4	230.7
06.22.05 The European Investment Bank	Other appropriation	Revenue	-2.0	0.0
		Expenditure	1.9	0.1
06.31.79 Reserves	Reserved appropriation	Expenditure	0.0	0.0
06.32.01 Developing countries in Africa	Reserved appropriation	Expenditure	2,226.9	2,211.9
06.32.02 Developing countries in Asia and Latin America	Reserved appropriation	Expenditure	1,549.6	1,302.0
06.32.04 Personnel assistance	Reserved appropriation	Expenditure	307.4	302.0
06.32.05 Danida Business Programmes	Reserved appropriation	Expenditure	518.4	498.8
06.32.06 Mixed credits	Reserved appropriation	Expenditure	0.0	-0.2
06.32.07 Loan assistance	Reserved appropriation	Revenue	-51.0	-349.4
		Expenditure	-20.0	298.2
06.32.08 Other assistance	Reserved appropriation	Expenditure	780.3	830.7
06.32.11 The Neighbourhood Programme	Reserved appropriation	Expenditure	202.8	206.5
06.33.01 Assistance through private organisations	Reserved appropriation	Expenditure	1,010.9	986.3
06.34.01 Environment and climate assistance in developing countries, etc.	Reserved appropriation	Expenditure	714.0	739.7
06.35.01 Research and information in Denmark, etc..	Reserved appropriation	Expenditure	349.6	381.9
06.35.02 International development research	Reserved appropriation	Expenditure	110.0	110.0
06.36.01 UN Development Programme (UNDP)	Reserved appropriation	Expenditure	523.8	524.1
06.36.02 The UN Children's Fund (UNICEF)	Reserved appropriation	Expenditure	169.5	175.0
06.36.03 HIV/AIDS, Population and Health Programmes	Reserved appropriation	Expenditure	565.0	565.0
06.36.04 UN Agricultural Development Programmes	Reserved appropriation	Expenditure	0.0	0.0
06.36.06 Other UN development programmes and various multilateral contributions	Reserved appropriation	Expenditure	165.3	167.4
06.37.01 The World Bank Group	Reserved appropriation	Revenue	-1.2	-2.7
		Expenditure	784.6	786.6
06.37.02 Regional development banks	Reserved appropriation	Expenditure	4.4	-0.8
06.37.03 Development funds, etc.	Reserved appropriation	Expenditure	547.3	546.4
06.37.04 Assistance through the European Union (EU)	Other appropriation	Revenue	-2.1	-3.4
		Expenditure	475.0	479.7
06.38.01 Regional and construction assistance	Reserved appropriation	Expenditure	0.0	-2.8
06.38.02 Stability and security-oriented efforts	Reserved appropriation	Expenditure	0.0	-8.9
06.39.02 Humanitarian contributions to acute and protracted crises	Reserved appropriation	Expenditure	-12.0	-11.2
06.39.03 Humanitarian contributions to partners in acute and protracted crises	Reserved appropriation	Expenditure	1,477.9	1,477.8
06.41.02 Trade Commissioners	Reserved appropriation	Revenue	-19.3	-19.4
		Expenditure	62.7	60.1
06.41.03 Special export promotion grants	Reserved appropriation	Expenditure	52.8	52.1

5. ANNEXES

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

Extraordinary items

In 2013, the MFA had no extraordinary revenue nor extraordinary expenditure. Unfortunately, amounts have been entered into these accounts which subsequently proved to be amounts that could not be characterised as such.

Loss on receivables (Balance sheet)

The MFA had no significant losses on receivables in 2013.

Inventories (Balance sheet)

The MFA had no inventories for the purposes of resale.

Provisions (Balance sheet)

Within the MFA, provisions are made annually for more than 500 leases in the service abroad. A number of leases change during a calendar year as a result of different accommodation needs under the “new housing policy”. As of 31 December 2013, these provisions totalled DKK 54.5 million. In 2013, the balance was adjusted downwards by DKK 0.8 million.

After the closing of the financial accounts, it was observed that provisions for availability pay, cf. section 4.2.2, should have been booked with DKK 4.6 million instead of the registered entry of DKK 8.2 million.

Mortgage debt (Balance sheet)

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

5.1.1 Notes to the balance sheet

Note 1. Intangible fixed assets (DKK million)

	Completed development projects	Acquired concessions, etc.	Total
Cost price as of 01.01.2013	220.3	3.3	223.6
Opening balance adjustments and transfers between scopes of accounting	0.0	0.0	0.0
Acquisition	44.8	0.0	44.8
Disposal	-50.1	-0.1	-50.2
Cost price as of 31.13.2013	215.0	3.2	218.2
Accumulated depreciation	-101.9	-0.5	-102.4
Accumulated amortisation	0.0	0.0	0.0
Accumulated depreciation and amortisation 31.12. 2013	-101.9	-0.5	-102.4
Financial value as of 31.12.2013	113.1	2.6	115.8
Annual depreciation	23.1	-0.1	23.0
Annual amortisation	0.0	0.1	0.1
Annual depreciation and amortisation	23.1	0.0	23.1

Development projects in progress

	DKK million
Opening balance as of 01.01.2013	22.5
Acquisition	0.0
Amortisation	-0.4
Transferred to completed development projects	-21.7
Cost price as 31.12.2013	0.4

Note 2. Tangible fixed assets (DKK million)

	Land, space and buildings	Infrastructure	Plant and machinery, etc.	Transport equipment	Fixture and fittings, tools and IT equipment	Total
Cost price as of 01.01 2013	1,991.2	0.0	42.7	67.2	517.8	2,618.9
Opening balance adjustments and transfers between scopes of accounting	0.0		0.0	0.0	0.0	0.0
Acquisition	0.9		0.9	3.8	9.5	15.0
Disposal	-70.1		-5.6	-4.0	-350.5	-430.2
Cost price as of 31.12.2013	1,921.9	0.0	37.9	67.0	176.8	2,203.6
Accumulated depreciation	-252.8		-29.7	-51.1	-110.1	-443.7
Annual amortisation	-122.5		0.0	-0.0	-2.1	-124.7
Annual depreciation and amortisation	-375.3	0.0	-29.7	-51.1	-112.2	-568.3
Financial value as of 31.12.2013	1,546.6	0.0	8.3	15.9	64.6	1,635.3
Annual depreciation	-26.8	0.0	3.2	-3.6	328.9	301.7
Annual amortisation	62.6		0.0	0.0	2.3	64.9
Annual depreciation and amortisation	35.8	0.0	3.2	-3.6	331.2	366.6

Development projects in progress

	DKK million
Opening balance as of 01.01.2013	34.1
Acquisition	11.7
Amortisation	0.0
Transferred to completed tangible fixed assets	-0.4
Cost price as of 31.12.2013	45.4

5.2 Commercial activities

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

Table 14. Commercial activities 2010-2013 (DKK million)

	2010	2011	2012	2013
Language training, year-end profit/loss (“-” sign = surplus)	-2.2	-2.1	2.4	1.1
Language training, accumulated year-end profit/loss (“-” sign = surplus)	-5.3	-7.4	-5.0	-4.0

5.3 Fee-financed activities

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

Table 15. Fee revenue 2010-2013 (DKK million)

	2010	2011	2012	2013
Fee - passports	-8.6	-7.7	-16.5	-16.7
Fees - legalisation	-11.1	-11.4	-12.3	-13.4
Fees – assistance cases	-0.3	-0.4	-0.4	-0.2
Fees – visas and residence/work permits	-47.0	-46.2	-57.9	-62.9
Other fee revenue	-1.3	-1.3	-1.7	-1.5
Total	-68.2	-66.9	-88.7	-94.6

5.4 Presented investments

Table 16. Capital projects in progress (DKK million)

Capital projects in progress	Most recently presented	Commence-ment of construction	Expected completion	Incurred ex-penditure, total	Incurred ex-penditure, current year	Approved total expenditure
Embassy building, Dhaka*				0.2		DKK 7.0, cf. Appropriation Note 178, 2005
Embassy and residences, New Delhi**		2014	2016	5.9	2.9	DKK 136.0, cf. Appropriation Note 48, 2008***

*In the declaration from the Nordic Foreign Ministers’ Meeting on 31.10.2012, it was decided to work towards a Nordic joint location solution in Dhaka. The capital project is under deliberation.

** Start of engineering design activity (EDA) incl. EU procurement = 2010. Commencement of construction originally announced for 2012, but changed to 2014. Expected completion = 2016

*** The cost in connection with the acquisition of land rights amounts to DKK 136 million, which was defrayed in 2010.

6. OVERVIEW – PRIOTITIES AND GOALS

Strategic priorities and goals	Priority and goal attainment broken down as follows: A= attained B=partially attained C= not attained
Priority 1. Focused expenditure control	B
Goal 1.1: Ensure effective, ongoing financial control in the MFA, both in the individual units and at corporate level. This will ensure that the MFA as an organisation complies with the Danish Budget Act and that the MFA complies with the specified budget frames.	B
Goal 1.2: Maintain the MFA as an attractive workplace with exciting professional challenges and a high degree of staff satisfaction in both the home service and the service abroad.	A
Goal 1.3: Continue to develop the MFA's heads as good personnel managers (extension of Goal 1.2).	B
2. Growth and employment in Denmark and Europe	B
Goal 2.1: The MFA must contribute to boosting Danish exports and to attracting increased foreign investments, e.g. by means of targeted marketing of Danish strongholds and by optimising the interplay between the instruments within export and investment promotion as well as public diplomacy.	A
Goal 2.2: The objective of the Growth Market Strategy is to increase Denmark's commodity exports to the ten selected growth markets by 50 per cent (from DKK 57.7 billion to DKK 86.6 billion) in the period 2012-2016 in relation to 2011. In 2011, Denmark's exports to these growth markets totalled DKK 57.7 billion. By the end of 2013, the exports must reach DKK 67.5 billion in order to be on track to achieve the goal within the five-year perspective.	B
Goal 2.3: The MFA must work in a targeted way in the EU and Europe to promote concrete results that have great potential and which directly foster European growth, including green growth, and employment, through a reform of the EU's financial framework, policy reforms, stronger confidence among citizens and enterprises in the European economy, enlargement negotiations as well as through multilateral and bilateral trade and investment agreements.	A
Goal 2.4: The MFA must launch activities in Danida priority countries designed to ensure synergy between efforts within the field of export and investment promotion and development assistance to developing countries. The objective is to increase trade with developing countries on a commercial basis with the associated development effects and at the same time create new market opportunities for the Danish business community as well as increased employment in Denmark.	C
3. Transition to a green economy and green growth	B
Goal 3.1: The MFA must work bilaterally and multilaterally to improve the international and national frameworks so as to enable poor developing countries and fast-growing economies to fight poverty and foster sustainable development through green growth. Based on the strategy for Denmark's development cooperation, the MFA will cooperate with the priority countries and international partners on interventions that enhance sustainable natural resource management, mitigate the impact of climate change and improve people's access to water and land/food and energy.	A
Goal 3.2: The MFA incorporates the Danish business community through partnerships and investments in the efforts to promote the transition to a green economy in developing countries.	B
Goal 3.3: The MFA contributes to the transition to a green economy and green growth partly through a sustained focus on the Danish business opportunities within this area. The goal is to launch five projects in 2013 that market and sell Danish system solutions within green technology abroad. The project can, among other things, take the form of joint export promotion drives, strategic sales alliances and focused corporate consultancy support.	A
4. The Arctic	B
Goal 4.1: Achieve progress in implementing the action plan for the Kingdom of Denmark's Strategy for the Arctic within the MFA's sphere of responsibility.	A
Goal 4.2: Strengthen cooperation in the Kingdom of Denmark in the foreign and security policy sphere.	A
Goal 4.3: Influence the development of the EU Arctic Policy, and specifically the content of EU Council conclusions based on the Commission's communication on the Arctic.	C
5. A balanced security policy	A
Goal 5.1: Strengthen Danish UN involvement in peacekeeping operations, with particular focus on Nordic cooperation.	A
Goal 5.2: Strengthen Denmark's contribution to the CSDP through increased prioritisation and coherence in national contributions to EU civilian missions that reflect overarching Danish geographical focus areas.	A
Goal 5.3: Denmark will work at international and national level for integrated efforts in fragile and conflict-affected states, in which the entire palette of instruments is employed – from development assistance and stabilisation to peacekeeping operations and sanctions. The efforts will focus on the Horn of Africa, Sudan/South Sudan, the Sahel region, Afghanistan/Pakistan, Libya, the Palestinian Areas and, if possible, Syria.	A
Goal 5.4: Denmark will work at international and national level for integrated efforts in fragile and conflict-affected states, in which the entire palette of instruments is employed – from development assistance and stabilisation to peacekeeping operations and sanctions.	A

6. Everybody has the right to a dignified life in freedom and safety	A
Goal 6.1: Work to secure Danish influence in the work on establishing a post-2015 development agenda that integrates the follow-up on the Rio+20 and contributes to building a more just world within the framework of the priorities set by the Government.	A
Goal 6.2: Focus on maintaining and further strengthening Denmark's unique international profile in relation to developing the international rule of law where relevant and ensuring compliance with existing international rules, including human rights.	A
Goal 6.3: Work for Danish leadership in the international efforts to promote human rights, democracy and good governance, partly through promoting innovative Danish pilot initiatives that can be taken up by major donors such as the EU or the World Bank, and partly through concrete political input incorporating the expansion of Danish cooperation with new political and regional actors. There must be focus on the opportunities and challenges created by the upheavals in the Arab world, on supporting the democratisation process in Burma and on supporting peace and development in Nepal, South Sudan, Zimbabwe and Somalia.	A
7. Our neighbourhood	A
Goal 7.1: The MFA contributes to building close relations between Denmark and the countries in the EU Southern Neighbourhood, in 2013 with particular focus on promoting a democratic and economic development in Moldova.	A
Goal 7.2: The MFA contributes to building close relations between Denmark and the countries in the EU Southern Neighbourhood, in 2013 with particular focus on promoting democratic and economic development in Egypt.	B
Goal 7.3: The MFA contributes to strengthening EU relations to the countries in the Eastern Neighbourhood, in 2013 with particular focus on supporting the progress of Serbia's and Kosovo's continued integration through the EU enlargement process.	A
Goal 7.4: The MFA contributes to strengthening EU relations to the countries in the Southern Neighbourhood, in 2013 with particular focus on implementing the EU's more-for-more principle in relation to Tunisia.	A
8. A strengthened EU debate in Denmark	A
Goal 8.1: The MFA contributes to promoting a wide and accessible public debate in enterprises and educational institutions about the advantages and disadvantages of EU cooperation. This will enhance the opportunity for citizens to engage in discussions on EU matters and for the Minister for European Affairs to engage in direct dialogue with citizens.	A
Goal 8.2: The Minister for European Affairs contributes to promoting the debate in the media as well as among opinion formers at political level and among experts about the advantages and disadvantages of EU cooperation. This will enhance the opportunity for broad public debate on an objective and informed basis.	A
9. A foreign service with focus on the individual	A
Goal 9.1: In order to advance the political goals of strengthening the competitiveness of Danish enterprises and the tourist industry and supporting the efforts to attract and retain foreign investments as well as the presence of international organisations in Denmark, the MFA will particularly focus on Denmark's accessibility as a tourist and business destination. In 2012, visa applications for entry into Denmark could be submitted at 175 locations around the world. In 2013, the MFA will seek to expand the number of locations for submitting visa applications.	A
Goal 9.2: In autumn 2012, as part of the work in the Ministry of Justice's visa working group, the MFA conducted a questionnaire survey at the most important Missions authorised to issue visas in order to identify the perceptions of Denmark's accessibility as a tourist and business destination. In the second half of 2013, the MFA will conduct a similar survey via the Missions and the Mission network. In addition, external parties in Denmark will likewise be included in the survey.	A

DENMARK'S MISSIONS

1 January 2014

■ Embassies (73)

- | | |
|---------------|--------------|
| Abu Dhabi | Hanoi |
| Accra | Helsinki |
| Addis Ababa | Islamabad |
| Ankara | Jakarta |
| Athens | Kabul |
| Bamako | Kampala |
| Bangkok | Kathmandu |
| Beijing | Kiev |
| Beirut | Kuala Lumpur |
| Belgrade | La Paz |
| Berlin | Lisbon |
| Bern | Ljubljana |
| Brasilia | London |
| Bratislava | Luxembourg |
| Brussels | Madrid |
| Bucharest | Maputo |
| Budapest | Mexico DF |
| Buenos Aires | Moscow |
| Cairo | Nairobi |
| Canberra | New Delhi |
| Cotonou | Nicosia |
| Danasscus | Oslo |
| Dar Es Salaam | Ottawa |
| Dhaka | Ouagadougou |
| Dublin | |

□ Multilaterale Missions (6)

- | | |
|------------|--|
| Brussels | Permanent Representation to the EU |
| Geneva | Permanent Representation to NATO |
| New York | Permanent Mission to the UN |
| Paris | Permanent Delegation to the OECD and UNESCO |
| Strasbourg | Permanent Representation to the European Council |

■ Mission Offices (6)

- | | | |
|--------|----------|---------|
| Harare | Ramallah | Tripoli |
| Niamey | Thimphu | Yangon |

■ Consulates General (12)

- | | | |
|-----------|-----------|------------------|
| Chicago | Guangzhou | Shanghai |
| Chongqing | Istanbul | Saint Petersburg |
| Dubai | New York | Sydney |
| Flensburg | São Paulo | Toronto |

■ Consulates (1)

- Munich

■ Trade Offices (7)

- | | | |
|-----------|-----------|--------|
| Auckland | Barcelona | Taipei |
| Atlanta | Hamburg | |
| Bangalore | Milan | |

■ Innovation Centres (6)

- | | | |
|-----------|-----------|----------------|
| Munich | São Paulo | Shanghai |
| New Delhi | Seoul | Silicon Valley |

