

MINISTRY OF FOREIGN AFFAIRS • MINISTRY OF DEFENCE

GUIDELINES

The Peace and Stabilisation Fund

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Abbreviations

AFR	Africa Department
ALO	Asia, Latin America and Oceania Department
AMG	Aid Management Guidelines (Danida)
EUN	Europe and North America Department
KVA	Quality Assurance and Financial Management of Development Cooperation (Kvalitetssikring og økonomistyring af udviklingssamarbejde)
MENA	Middle East and Northern Africa Department
MFA	Ministry of Foreign Affairs
MoD	Ministry of Defence
MoJ	Ministry of Justice
PMO	Prime Minister's Office
PSF	Peace and Stabilisation Fund
SSP	Security and Stabilization Department
UFT	Technical Advisory Services (Udviklingsfaglig Tjeneste)
UGS	Development Policy and Global Cooperation (Udviklingspolitik og Globalt Samarbejde)

Guidelines for the Peace and Stabilisation Fund

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1. INTRODUCTION TO THE PEACE AND STABILISATION FUND

The Guidelines for the Peace and Stabilisation Fund (“the Guidelines”) provide a common overarching framework for the management of activities financed by the Peace and Stabilisation Fund (“the Fund”). The purpose of the guidelines is to facilitate coherence and integration of stabilisation initiatives across authorities despite differences in mandates and operational measures and processes. The Guidelines is the principal management and administration framework for preparation, management and completion of all activities under the Fund.

The Guidelines provide guidance on how to prepare and manage activities financed by the Fund whilst drawing on existing guidelines such as the “Danida Aid Management Guidelines” (AMG) and where relevant “OECD DAC Guidelines” for engagement in fragile and conflict-affected situations (for details regarding relationship between complementary guidelines please see section 3.3). Furthermore, it defines the requirements for approval processes and administrative procedures and includes links to all relevant complementary administrative guidelines. Where there are special processes regulating the Fund these will be mentioned explicitly. The overall principles and considerations behind the Fund as well as the programming processes and cycle are described.

The Fund is the financial pillar for the implementation of the Danish integrated approach to stabilisation of fragile and conflict-affected areas of the world. The framework seeks to develop integration between the areas of diplomacy, defence and development to enhance the impact and sustainability of Danish stabilisation efforts. The Fund is an integral part of the Danish government's ‘New Security Policy’. It focuses on strengthening Denmark's contribution to international peace and security through integrated efforts to assist in the stabilisation of fragile states as a precondition for reconstruction and development as well as an essential foundation for democracy and human rights. The Fund allows for a strategic approach, where Danish foreign and security policy interests and priorities can be considered when deciding on the allocation of resources. The Fund is also an important contribution to the government's development strategy and its special focus on stability and protection.

The integrated *stabilisation* approach is qualitatively different from conventional development assistance and military engagements separately and necessarily implies that objectives, guiding principles and quality criteria may differ. The concrete application of the Guidelines, however, must take into account the various procedures and regulations, quality criteria as well corporate cultures in the organisations and departments that the Fund brings together.

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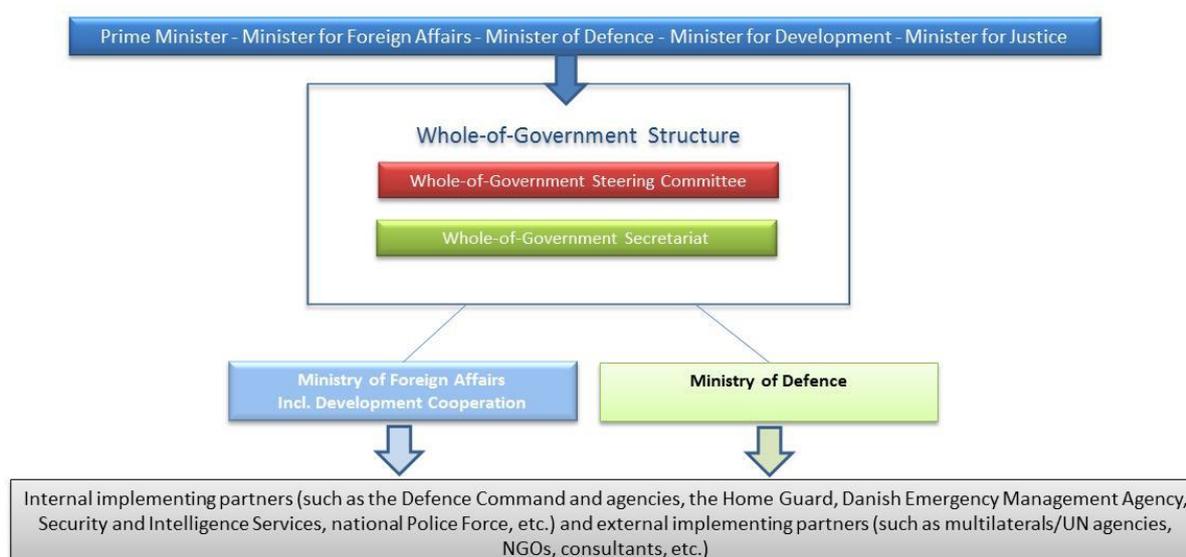
1.1. Rationale for the Fund

Resonating with global concerns such as international security and crime and chronically low human development, fragile and conflict-affected areas have increasingly become a preoccupation of Denmark and the international community. Fragile states face problems in a wide range of domains (e.g., provision of physical security, legitimate political institutions, sound economic management and the delivery of social services), indicating the need for a mix of actors, instruments, incentives and interventions. Accordingly, the Ministry of Foreign Affairs and the Ministry of Defence in coordination with the Prime Minister's Office (PMO) and the Ministry of Justice (MoJ), have set up an inter-ministerial *Whole-of-Government Steering Committee* (Samtækningsstyregruppen, "the Steering Committee") to ensure coherent, integrated government stabilisation policy and action.

1.2. The Whole-of-Government Steering Committee

The principal decision-making body of the Fund is the Steering Committee which is responsible for ensuring the coherence of policies and strategies affecting the Danish stabilisation agenda. The Steering Committee approves programme and project appropriations and shall provide overall guidance for the implementation of the activities financed by the Fund. The Steering Committee is responsible for general Fund oversight including monitoring overall progress and performance of activities. The Steering Committee is made up of high-ranking officials from the Prime Minister's Office, the Ministry of Foreign Affairs, the Ministry of Defence and the Ministry of Justice and convenes for regular meetings (minimum on a quarterly basis). The Steering Committee has a rotating chairmanship.

Peace and Stabilisation Fund Management Structure



1.3. The Whole-of-Government Secretariat

The Steering Committee is supported by the *Whole-of-Government Secretariat* ("the Secretariat"), which is composed of staff from the MFA (SSP, AFR, ALO, MENA) and

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MoD (International Department). The Secretariat is composed of staff from the MFA's Department for Stabilisation and Security Policy (SSP) and the International Department of MoD. The Secretariat is responsible for overseeing the implementation of the stabilisation policy and Fund coordination and management. The Secretariat performs day-to-day duties related to the Fund and oversees stabilisation and fragile states policy implementation. The Secretariat convenes once a week and on a needs basis.

1.4. The financial structure of the Fund

The Fund is established under the Danish Defence Agreements 2010-2014 and 2013-2017, and is made up of funds provided in the annual Finance Act. While the overall financial frames for the Fund are regulated by the Defence Agreements, the Finance Act determines the overall allocation of resources to regional peace and stabilisation programmes and resources available for strategic projects etc. In accordance with OECD's recommendations, the Fund includes both Official Development Assistance (ODA) and non-ODA financing to be able to react with the necessary and broad-based stabilisation measures. The Fund is listed in the Finance Act under three different accounts:

- § 06.32.08.80. – Ministry of Foreign Affairs (ODA) (pre-2012 § 06.32.08.60.)
- § 06.11.15.40. – Ministry of Foreign Affairs (non-ODA)
- § 12.21.01.50. – Ministry of Defence (non-ODA)

The annual allocations and description of the Fund can be found in the Finance Act.

2. PRINCIPLES FOR THE FUND

When planning activities financed by the Fund, a range of principles and considerations should be taken into account. The Policy Paper for “Denmark’s integrated engagement in fragile and conflict-affected areas of the world” as well as Denmark’s Policy towards Fragile States “Peace and Stabilisation” outline key priorities and principles for Danish cooperation in fragile states and situations. Drawing upon the work by the OECD/DAC and Danish and international experience, the policies focus on contributing to stabilisation, state- and peace-building in fragile states through integrated efforts that make use of all the assets available to the Danish government. In addition, the Danish Government’s development strategy “The Right to a Better Life” has stability and protection as a focus area.

2.1. Specific principles

In addition to the overall Danish Policies and Strategies, the Ministers for Foreign Affairs, of Defence, and for Development have agreed on a range of principles applicable to the use of the Fund to avoid overlap and to enhance the efficiency of Danish assistance and complementarity between instruments. The following is a summary of these principles (described in detail in Annex A):

- **Integrated approach (comprehensive).** Activities financed under the Fund must be integrated and comprehensive, meaning that they must take into consideration other Danish and international interventions in the same area and ensure a comprehensive coordination with other actors. The Fund’s mix of ODA and non-ODA funds makes it especially suited for a comprehensive approach.
- **Regional focus.** Regional conflict and fragility situations occur as the result of interlinked processes with local causes and trans-national connections. The Fund is not country specific and is thus suitable to be used to address regional destabilising factors, such as transnational crime, illicit financial flows, regional reconciliation etc.
- **Risk.** The Fund can be used for risk prone activities where possible gains of the engagement outweigh the risks of the activities. When designing activities under the Fund, it is an essential requirement to undertake a thorough analysis of the whole spectrum of risks (i.e. contextual, institutional and programmatic), consider level of risk tolerance explicitly, and to develop a strategy for how to manage the identified risks (see section 3.4).
- **Flexibility.** The activities financed by the Fund must be designed in a way to ensure sufficient flexibility to take advantage of windows of opportunity and respond to changing conditions on the ground, including adaptation to a deteriorating security situation or similar changes in the engagement context. The flexibility principle cannot compromise adherence to administrative requirements.
- **Programmatic approach.** In order to ensure the best utilisation of resources the majority of the funds is used for larger, programmed activities in Danish priority regions, but pilot initiatives and seed financing is also a priority under the Fund. Significant funds are reserved for smaller, targeted interventions, in accordance with responses to emerging situations and political priorities. In this respect, the Fund is a rather flexible, quick-response finance mechanism.

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- **Ensure complementarity and avoid duplication.** The Fund shall avoid financing activities that are funded by other Danish instruments, such as international peace operations, general development funds, humanitarian funds etc., unless very specific reasons exist that makes the Fund the only relevant funding option. On the other hand, it is paramount that complementarity and synergies are pursued, to the extent possible, when activities financed under the Fund are planned and implemented within geographic and thematic areas subject to other Danish assistance.

2.2. Danish Strategic Approach

Along with the key principles outlined above, the Danish considerations for stabilisation activities under the Fund should involve the principle of a strategic approach. This term refers to Danish strategic interests and relevance as a key consideration when deciding on a stabilisation activity, i.e. activities, geographic and thematic focus, and partner choice should add value from a Danish perspective. This will in some cases entail a more pragmatic approach.

2.3. International principles

The OECD DAC Principles for Good International Engagement in Fragile States from 2008 as well as the New Deal for Engagement in Fragile States, emphasize that the political, security, economic and social spheres are interdependent: failure in one risks failure in all others. More specifically, the OECD/DAC principles for “Good International Engagement in Fragile States and Situations” require to:

1. Take context as the starting point.
2. Ensure all activities do no harm.
3. Focus on state building as the central activity.
4. Prioritise prevention.
5. Recognise the links between political, security and development objectives.
6. Promote non-discrimination as a basis for inclusive and stable societies.
7. Align with local priorities in different ways and in different contexts.
8. Agree on practical co-ordination mechanisms between international actors.
9. Act fast... but stay engaged long enough to give success a chance.
10. Avoid pockets of exclusion (“aid orphans”).

In order to meet those 10 principles a thorough understanding of conflict and fragility is essential. The causes of conflict differ from country to country. Recognising the incomplete state of knowledge of the links between development assistance and conflict, a context analysis, not least in the initiation phase of an intervention, is extremely important. It is critical to understand who are the key actors and their interest; what are the root causes, catalysts, indicators, and policy implications of conflict and post-conflict recovery; as well as which other donors are engaged and what is Denmark’s comparative advantage; and which unintended effects, including on the dynamics of a (potential) conflict, an activity could have.

The New Deal and the Peace-building and State-building Goals

Taking the OECD/DAC principles forward, the forum of the International Dialogue on Peace-building and State-building the g7+ and development partners established the

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“New Deal for Engagement in Fragile States” in 2011. The New Deal includes three interconnected pillars:

1. The five “Peace-building and State-building Goals” (PSGs) are: (1) Legitimate and Inclusive Politics; (2) Security; (3) Justice; (4) Economic Foundations; and (5) Revenue and Services.
2. FOCUS (a new way of engaging): Fragility Assessment, One Vision one plan, Compact, Use PSG to monitor, Support political dialogue.
3. TRUST (a set of commitments by donors and recipient countries alike): Transparency of Aid, Risk Sharing, Use and strengthen country systems, Strengthen Capacity, Timely and predictable aid.

Fund activities shall take duly into account the New Deal principles where relevant.

2.4. Integration human rights and gender

Promotion of human rights is a fundamental pillar of the Danish foreign policy and should be considered accordingly in stabilisation engagements. Within the areas of rights, gender is a specific priority in Danish international engagement. Women and men tend to be affected differently by violent conflict. Furthermore, they tend to have different roles and levels of information in stabilisation activities and to be able to wield different influence for stabilisation. This needs to be taken into account in the context analysis and when designing and implementing activities. Moreover, to comply with UNSCR 1325 and UNSCR 1889 as well as other international law to which Denmark is a party, it is imperative that those engaging in stabilisation activities are aware of the gender implications of their initiatives.

2.5. Geographic priorities

In order to maximize the leverage of Danish engagement and create opportunities for more depth and a targeted Danish engagement the Fund is generally allocated to specific geographic focus regions. This is based on Danish foreign, security, defence and development interests with an emphasis on creating synergies with other Danish civil and military operations. This prioritisation is subject to continuous evaluation and adjustment according to the developments in Danish foreign policy.

3. PROGRAMME AND PROJECT PREPARATION, APPROVAL, AND MANAGEMENT

This chapter specifies the processes for programme and project preparation, approval, management and completion. The Fund distinguishes between *Peace and Stabilisation Programmes* (“*Programmes*”) and *Projects*. It should be reemphasised that present guidelines constitute the overarching administrative frame for the Fund and that other administrative guidelines for the respective authorities complements present Guidelines.¹

3.1. Programmes – structures and responsibilities

Programme structure

Programmes are integrated arrangements of *thematic programmes*² and underlying *Peace and Stabilisation Engagements* (“*Engagements*”) ³ comprising various activities that are managed together in order to achieve broader stabilisation objectives. Usually a programme will comprise a limited number of thematic programmes with adjacent Peace and Stabilisation Engagements that are subsets of interlinked activities with a narrower, specific stabilisation objective. Programmes take into consideration – but do not necessarily always apply - the full spectrum of peace and stabilisation instruments such as diplomatic, development assistance and military means. Programmes under the Fund are generally regional in nature.

Programme responsibilities

Programmes are anchored in a unit in Copenhagen (at the regional departments in MFA such as ALO, AFR or MENA or potentially the MoD International Department). The Deputy Heads of Department are overall responsible for their respective programme portfolios. A designated *Programme Coordinator* of the programme-responsible department conducts programming, programmatic and financial management, monitoring and reporting of the *programme*.

The unit which is responsible for the programme is also responsible for all parts of the programme cycle. This includes preparation and presentation of a Concept Note to the Steering Committee, preparation of a Programme

A Thematic programme is a set of programmed and budgeted Peace and Stabilisation Engagements in support of a thematic programme objective. If relevant, the individual development engagements should be mutually reinforcing in achieving the thematic programme objective.

Peace and Stabilisation Engagements are defined at partner level and specifies the agreed results, activities and the budget for the cooperation with the partner concerned. An engagement can only have one partner, one partner agreement, one recipient of funds. For each engagement, there will be defined one or a few engagement outcomes. Several development engagements can support the same outcome. The outcome should contribute to the achievement of the thematic objective.

¹ For MFA managed projects consult “[Sagsbehandlervejledningen](#)” and “[Guidelines for Programme Management](#)” that should be applied with flexibility and where relevant.

² Correspond to what was previously termed “Components”

³ Correspond to what was previously termed “Sub-components”

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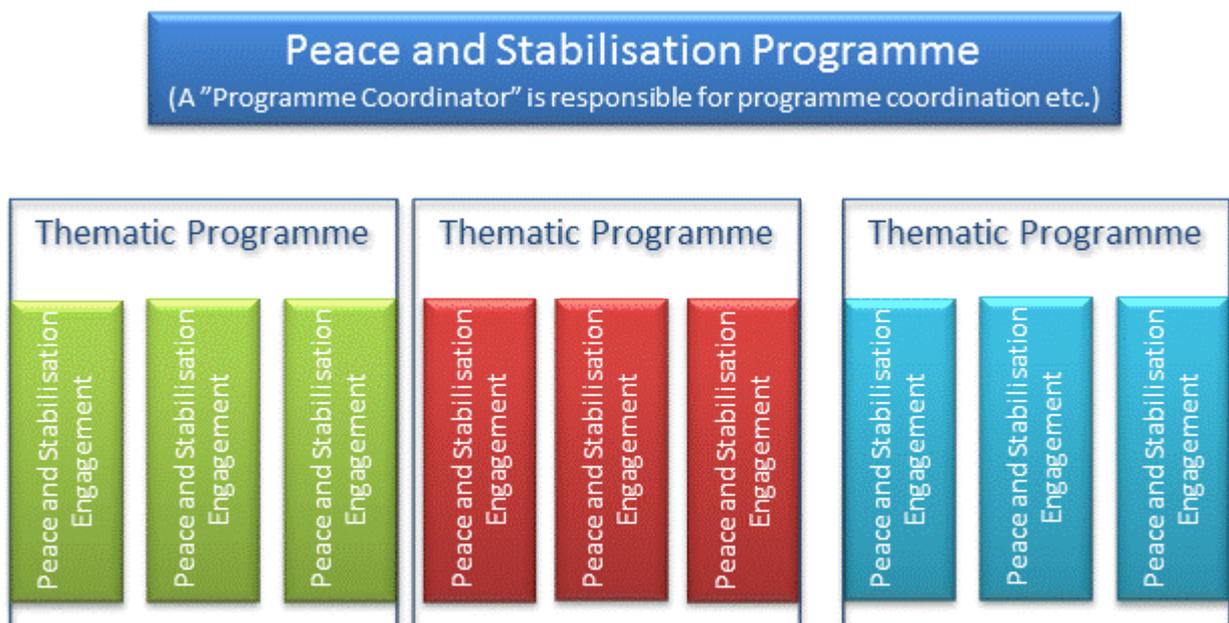
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Document and its presentation to the Steering Committee and for obtaining a Minister approval.

Further, the unit is responsible for completion of the programme, including for collecting lessons learnt that will be fed into a potential next cycle of preparation of a stabilisation programme.

In some instances, for example where the administrative capacity of the local Danish representation is not sufficient to administer a Peace and Stabilisation Programme, a *stabilisation advisor* can be contracted to provide technical assistance to partners and administer the programme (as is the case with the Peace and Stabilisation Programme for the Sahel-region). In this case the stabilisation advisor, and the setup of the advisor, may take on the role of both programme coordinator and desk officer. The advisor will report to the head of the local Danish representation and the Head of the unit responsible for the programme. Specific terms of reference will be made for the advisor.

The unit that coordinates the *programme* is not necessarily responsible for implementation of the individual Peace and Stabilisation Engagements under the programme. The implementation of the individual Peace and Stabilisation Engagements are decentralised to the representations as appropriate. For MoD financed activities the MoD agencies are responsible for the management of Peace and Stabilisation Engagements but this responsibility can be delegated to posted staff (including advisors). A *Desk officer* of the responsible unit (representations/departments/agencies) must be designated to manage each Peace and Stabilisation Engagement under the programme. Once the appropriation has been approved the relevant unit is principally responsible for all aspects of *management, financial management and reporting*.



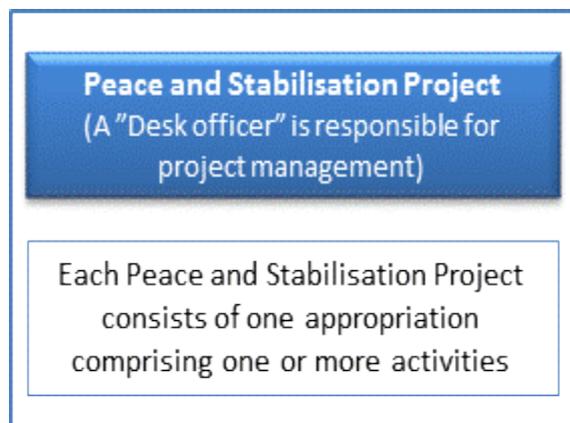
A "desk officer" is responsible for management of each Peace and Stabilisation Engagement.
Each Peace and Stabilisation Engagement consists of one or more activities

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To exemplify the structure, the Regional Stabilisation Programme for the Wider Horn of Africa is anchored in the Africa Department as the unit overall responsible for the programme. The Deputy Head of the Africa Department is principally responsible for the programme (cf. “Centerhåndbogen”). Within the Africa Department a programme coordinator is designated to coordinate the programme. Under the Regional programme the implementation of the Peace and Stabilisation Engagements is decentralised to representations and agencies such as the Danish Embassy in Nairobi or the Defence Command that have delegated responsibility for the management of selected Peace and Stabilisation Engagements to posted advisors. At the embassy or the Defence Command a *desk officer* is responsible for the Peace and Stabilisation Engagements and their activities.

3.2. Projects – structures and responsibilities



Projects are specific sets of activities often with a single (implementing) partner, such as support to Security Sector Reform in South Sudan or support to track II dialogues. Each project has its own file no. Designated *desk officers* in the responsible units manage the projects. Hence, responsibility for project management, monitoring and reporting lies in the unit. It is the head of the responsible unit who signs the project **agreements/commitment letter with the**

implementing partners (where relevant⁴). After the approval of a project the desk officer is responsible for all aspects of project management (including financial follow-up). For further information on desk officers’ responsibilities in relation to managing projects financed by §06-funds consult the general MFA “Sagsbehandlervejledningen” (Guidelines for Desk Officers).

3.3. Observance of other administrative regulations

The responsible programme coordinators and desk officers must in addition to present Guidelines generally follow the legal and administrative rules and regulations of the respective authorities. While the Peace and Stabilisation Fund falls under the same overall administrative rules as all state expenditures (cf. Budget Guidelines/”Budgetvejledningen” and Financial Management Guidelines/”Økonomisk Administrative Vejledning”), the present guidelines lays out other formats, processes etc. than other grants under the development assistance as reflected in the MFA Aid Management Guidelines (AMG). In case of divergence with AMG in relation to MFA DAC financed activities present Guidelines will apply.

⁴ As an example, the Ministry of Defence implements the vast majority of stabilisation and capacity-building activities ‘in-house’ through subordinate agencies. The Ministry of Foreign Affairs usually uses external implementing partners such as UN agencies, regional organisations NGOs, consultants, etc.

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3.4. Preparation of Programme and Project proposal documents

The preparation of programmes and projects lie in principle in the respective, responsible units. Representations and agencies involved or affected by the activity proposed must be involved closely in the preparation phase and will contribute to the preparation/formulation of the interventions.

Concept Note (for Programmes only)

For appropriations with a budget frame above DKK 35 million, the unit responsible shall develop a Concept Note. The note shall include contextual analysis with specific focus on political economy and drivers of conflict and fragility; rationale for the choice of thematic programmes and development engagements; potential partners; preliminary considerations regarding management set-up, results framework, risk management and budget etc. The Concept Note is discussed and adopted by the Steering Committee.

Quality Assurance

The Secretariat must be consulted in the initial Programme and Project development phase before as well as after the approval of the Concept Note. The Secretariat will provide substantive feedback; assess whether it falls within the purpose of the Fund; and if there are resources available for the activity. The Secretariat will provide feedback on the proposal and provide and/or facilitate technical assistance on particular aspects of the proposal, such as how to integrate a gender and human rights approach, how to conduct a risk analysis etc. All appropriations financed by MFA DAC-funds are subject to KVA Quality Assurance before submission to the Steering Committee. The proposal should also introduce a tentative timeframe for the planned financial commitments and disbursements. For programmes a time frame should be accompanied by considerations regarding the need for front loading (providing a larger proportion of the financial support early in the programme) and initial implementation requirements.

Apart from the on-going dialogue with the Secretariat, it is paramount to enter into a continuous dialogue with partners and beneficiaries. This dialogue aims at ensuring local ownership to the activities and intended outcomes. The dialogue should also be used to inform the risk analysis, and minimize potential negative side effects (“do-no-harm”), and mainstream gender and human rights into the planned activities.

Responsibility for appraisals depends on the size of the appropriation. MFA Technical Advisory Services (UFT) is responsible for appraising appropriations comprising more than DKK 35 million DAC-funds. Major non-DAC appropriations may be appraised or reviewed externally.

Structure of programme and project documents

Present Guidelines do not specify in detail the requirements of the programme and project documents. A template for appropriation notes (“bevillingsnotits”) can be found at Annex B. This template must be used for all projects financed by the Fund. A detailed *project document* specifying the thematic programmes/elements in the appropriation note shall generally accompany the appropriation note.

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For Peace and Stabilisation *Programme* documents, the Danida Country Programme format shall inform the structure of the Programme document.

As a general standard, however, programme and projects must be tailored to the specific fragile and conflict-affected situation as well as clearly demonstrate how the selection of activities and approaches meet the Principles for support under the Peace and Stabilisation Fund (section 2) and will enhance *synergies* with other instruments (civilian as well as military); existing development programmes; as well as other partner's engagement in an integrated approach.

Determining ODA eligibility

The Fund is financed by ODA and non-ODA sources. ODA-funding and non-ODA funding are subject to distinct financial management and reporting procedures. Therefore, it is important to determine at the outset of a programme whether activities are ODA eligible. The Programme Coordinator/Desk Officer shall therefore make an initial assessment of the draft programme proposal which will then form a basis for dialogue between programme coordinator, the Secretariat and, when needed, the MFA Quality Assurance Department (KVA) in order to make a final assessment. In [Annex F](#) a list of examples of DAC-able projects is found.

Further information on the definition of ODA can be found in the fact sheet "[Is it ODA](#)" and in the "[ODA Casebook on Conflict, Peace and Security activities](#)".

Results and risks frameworks

When drafting the programme/project proposal to the Steering Committee it is important to ensure that the expected *results* of the programme can be conveyed through an appropriate results framework, such as a matrix or log frame, that includes relevant, realistic and reportable indicators. It is *recommended* to consult the Danida *guidelines* for results framework when formulating programmes.

An appropriate risk framework, including a risk assessment and *risk management* mechanism, should be given due consideration during the formulation phase. Danida *guidelines* and *template* for risk assessments are applicable to programmes and should guide the risk assessment for projects. The Risk section shall specify how risk monitoring will feed into management information and adjustments in results expectations as developments in risks affect activity performance.

3.5. Approval processes

The responsible unit submits the final programme or project proposal to the Steering Committee through the Secretariat. All new appropriations (programmes and projects) must be approved by the Steering Committee. This will be done on the basis of proposals that the responsible unit and the Secretariat jointly consider appropriate for submission to the Steering Committee. The actual submission will be done in the form of an Appropriation Note through the Secretariat.

- As general rule appropriations must be covered by direct legal basis of the Finance Act (text in the Finance Act).

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- Appropriations below DKK 5 million are subject to a written silence procedure of the Steering Committee, unless special circumstances demand further discussion.
- Appropriations of and above DKK 5 million will always be subject to discussion and approval at Steering Committee meeting. In addition to Steering Committee approval, appropriations of and above DKK 5 million will require approval by the respective Ministers. The relevant unit with facilitation from the Secretariat is responsible for the submission of a Note to the relevant Minister seeking approval (Ministernotits) and ensure that other relevant ministers are informed.
- If the proposed appropriation is not covered by the current Finance Act, it shall in addition to Steering Committee approval and minister approval be adopted by the Parliament's Finance Committee (Finansudvalget).

The MFA (UGS) and MoD Finance Act teams may be consulted on the technical questions.

Any Appropriation Notes ("bevillingsnotits") shall upon approval by the Steering Committee be signed by the Head of the Responsible Unit (see template for appropriation note, annex B). Appropriation Note and the Minutes of the relevant Steering Committee meeting as well as a possible Minister Appropriation Note and Parliament Finance Committee Appropriation shall be filed in the archive and when financed by DAC-funds uploaded in the PDB.⁵

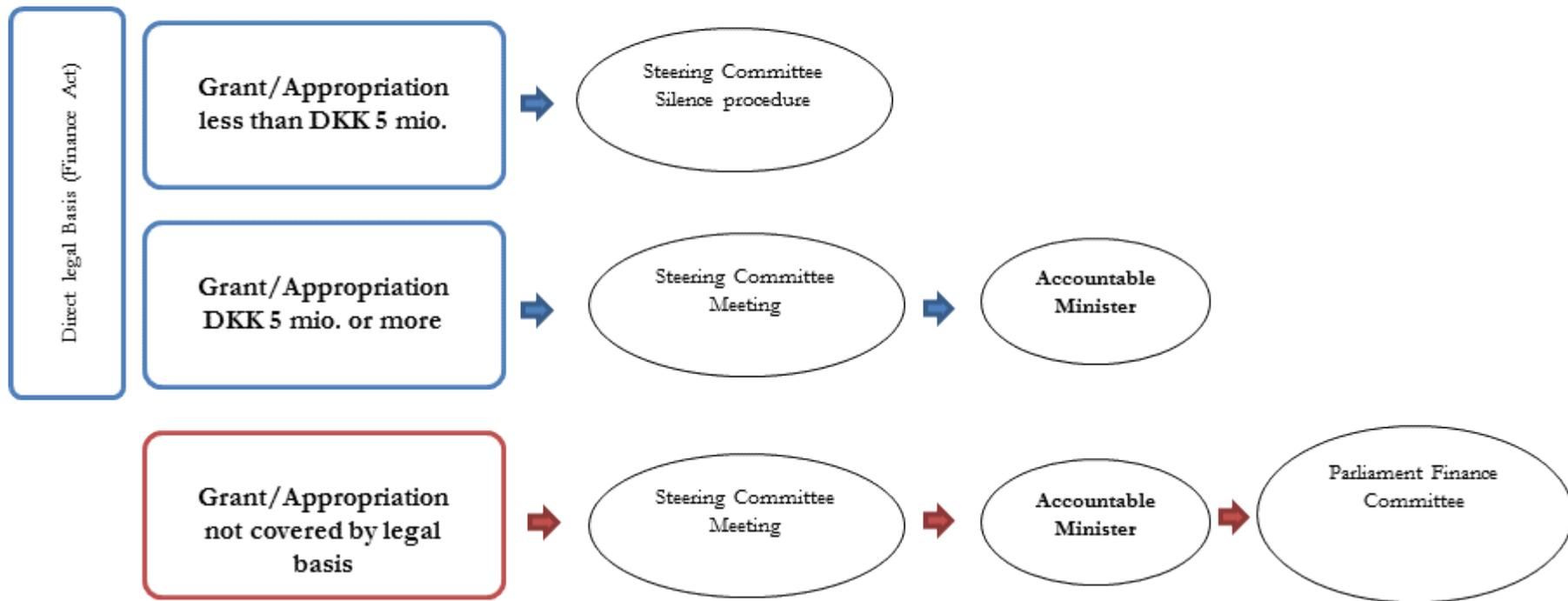
3.1. Reallocation and supplementary appropriations

Reallocations can be made administratively up to DKK 5 million within an on-going thematic programme based on approval by the Head of the responsible unit; subject to consultation with the responsible programme unit and the Secretariat; as well as subsequent notification of the Steering Committee describing the rationale for the reallocation, new activities and new risk profile.

Supplementary appropriations of up to DKK 250,000 per fiscal year can be granted administratively to on-going activities based on joint approval by the Head of the responsible unit and the Secretariat. A Supplementary Appropriation Note signed by the Head of the responsible unit and the Secretariat must be made; as well as subsequent notification of the Steering Committee. Identified, available resources such as unused or unallocated (contingencies) funds are a precondition for supplementary appropriations grants on this basis. Supplementary appropriations above DKK 250,000 are subject to normal approval procedures described in section 4.3.

⁵ For Stabilisation and Development Engagements that are implemented by the Defence but financed by MFA DAC funds (§06.32) the appropriation should be registered by the Programme Coordinator of the relevant programme in the PDB with the (1) legal basis (appropriation note etc.) (2) Agreement between the MFA and MoD on the transfer along with additional documentation (3) [Progress and Completion reports](#) and [annual and final accounts](#) upon finalisation. Accordingly, staff of MoD and MoD agencies shall not use the PDB.

PSF approval process



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3.2. Programme and Project management and financial management

As emphasized in previous sections, all activities financed by the Fund are managed decentralized, i.e. by the relevant departments or representations of the MFA and MOD/MOD agencies. When resources have been allocated from the Fund, the Programme Coordinators (for Programmes) and Desk Officers (for Engagements) are responsible for all aspects of management, financial management and reporting.

Once an activity has been approved by the Steering Committee the next step is to enter a formal agreement with the implementing partner (where relevant)⁶ and ensure that the partner makes a request for disbursement of the first tranche of funds. The agreement must include a specification of the requirements for both financial and progress reporting, incl. requirements for accounting and auditing.

The agreement must include a disbursement plan (preferably specifying in which quarter the disbursements will be made). The responsible desk officer will need to decide on a realistic disbursement plan based on an assessment of, *inter alia*, the implementing partner's absorption capacity and the risk analysis. The Secretariat must be consulted with respect to the disbursement plan in order to ensure overall Fund management (overall disbursements frame).

The responsible desk officer is also responsible for following the requirements regarding Programme and Project management (i.e. either MFA or MoD regulations respectively). This includes but is not necessarily limited to the following steps that must be completed (the Secretariat and the Ministry of Foreign Affairs Department for Quality Assurance (KVA) can assist in securing the correct implementation of these steps):

- All Programmes, Peace and Stabilisation Engagements, and Projects (financed by ODA and non-ODA), must have a unique file number in the Ministry of Foreign Affairs' archive system. The file number (j.nr.) will be assigned by the Secretariat upon request. The general Fund file number is 46.H.1-6-0.
- Activities involving ODA-funds must be registered with all the correct documentation (final versions) in the PDB-database ("ProjektDataBase"), incl. as a minimum Concept Note including annexes (larger appropriations), programme and project documents, Appraisal Report (larger appropriations), signed Appropriation Notes (incl. possible Minister Notes and Finance Committee document), Grant Agreements, financial and thematic reporting, budget and budget-revisions, re-allocation notes, relevant Whole-of-Government Steering Committee minutes in case of significant changes, reviews, register final accounts, Project Completion Reports etc. Updated PPO information where needed.

⁶ Financial management and reporting of activities using § 12.21.01.50. – Ministry of Defence funds will take place according to the specific existing rules and procedures for management of this fund. In these cases a formal agreement is not needed. When the MOD uses an external partner to implement programmes/activities, the general requirement of a formal agreement still applies.

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- For all activities (ODA and non-ODA) the documentation under the previous item as well as all case forming documentation must be *archived*.
- Each activity must be correctly entered into the relevant financial systems, including with a budget.

An overview of tasks required to correctly register a new activity is found in [Annex D](#).

3.3. Reporting requirements

In order for the Secretariat to have an overview of the status of the programmes and projects, including commitments and disbursements, the project managers have to provide the Secretariat with the following information:

- A copy of the Grant Agreement, incl. the disbursement plan, must be submitted to the Secretariat immediately after signing.
- The Secretariat must be informed on actual and expected commitments (for ODA only) and disbursement of funds (based on a dialogue with the implementing partner) quarterly, incl. final end-of-year, and upon request.
- Responsible units must report to the Secretariat on overall portfolio progress annually (incl. submission of copies of programme/project progress reports and considerations about risk analysis). Progress reports shall specify delivery of planned outputs against targets as well as financial progress in terms of expenditures as compared to the budget for period concerned and in total (see annex C7). The desk officer should indicate explicitly whether the activity is on track and which measures are taken to bring implementation back “on-track” if behind schedule.
- The Secretariat will on an annual basis compile a Results Report for the entire Fund that will be presented for the Steering Committee.

The Secretariat must be informed immediately in case of major deviations from the implementation plans and in case of administrative or financial irregularities. The Secretariat shall in turn inform the Steering Committee. With regards to activities being managed by agencies subordinate to the Ministry of Defence, the reporting to the Secretariat will follow the normal chain of command, i.e. through the Ministry of Defence and subsequently to the Secretariat.

3.4. Payment of specific auxiliary costs by the Fund

It is possible to pay specified auxiliary costs through the Fund to cover certain types of expenses. [Annex E](#) “Principielle overvejelser vedr. afholdelse af omkostninger over Freds- og Stabiliseringsfonden” covers this in detail.

⁷ Annex C provide a template for progress and financial reporting. This format is not mandatory for engagements/Projects implemented by partners that have other reporting format as long as the same information is provided.

3.5. Monitoring and evaluation

The responsible unit should ensure that projects and programmes are properly monitored and evaluated. This implies that a result framework is developed in order to measure the results of the projects and programmes.

Monitoring

Monitoring of programmes and projects is an important management tool. Monitoring is a continuous assessment and it takes place at all levels of management through both formal (e.g. use of specified indicators) and informal methods (e.g. internal communication). Monitoring comprises:

- Whether/how resources are being utilised as expected (financial).
- Whether/how activities are performing (programmatic/substantive).
- Whether the intended outputs and outcomes are being achieved (programmatic).
- On-going risk analysis and updates on risk mitigation.
- Updated conflict analysis.

Monitoring is an integral part of all activities financed by the Fund and is normally performed by the implementing partner. The monitoring system depends on the activity (implementing partners may have specific systems) but feedback on financial status and overall programme progress is, as described in the previous section, compulsory.

Review and Evaluation

While monitoring is routine and ongoing, review and evaluation are systematic and objective assessments of the design, implementation and results of an on-going or completed intervention. An evaluation should enable the incorporation of lessons learned into the decision-making processes of both beneficiaries and donors. Furthermore, for civil/military engagements it is essential that learning takes place in a continuous, integrated and systematic way to allow the experience gained both by military and civilian actors to be shared and fed into the planning and implementation of further joint stabilisation efforts. However, independent evaluations will not be conducted for every single project. Further information regarding guidelines for evaluation can be found at Evaluation.dk.

Responsibility for *review* depends on the size of the appropriation. MFA Technical Advisory Services is responsible for reviewing appropriations of more than DKK 35 million (DAC). Major non-DAC appropriations may be appraised or reviewed externally.

The Evaluation Department of the MFA independently initiates evaluations of activities financed by DAC funds, but activities funded by non-DAC funds can be evaluated and reviewed based on the consent of the responsible authorities.

3.6. Programme and project completion

All appropriation of more than DKK 500.000 must undergo a formal completion process. To assess results and capture lessons learned upon finalisation, a completion reports should be made.

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- The implementing partner shall make a final report including the assessment of effectiveness and efficiency obtained by the donor's investment (Danish or joint). The report is measured against the original envisaged results in the Engagement document. The report generates lessons learned and evaluates the prospects for continued sustainable progress (see annex C). The completion report must be submitted to the Secretariat within 3 months after completion of the activity.
- For programmes a more comprehensive completion report should be made when a Programme is finalised. The report should be presented and discussed in the Steering Committee.
- When support to a Peace and Stabilisation Engagement is about to end, a final audit must be conducted. The audit will normally cover the last year, but the period can in some cases be extended with a few months. When the audit has been received, the responsible unit must register the received accounts in the respective finance systems.

3.7. Communication and public diplomacy

The Danish government is committed to openness and transparency. As such, it is envisaged that there will be a high level of external communication regarding stabilisation efforts under the Fund, including to the parliamentary parties that have signed up to the Danish Defence Agreement, use of external media such as the ministries websites and regular engagement with the media. Responsible units should consider potential communication/promotion in relation to new appropriations. In addition, the desk officers should work with local partners in the best interests of public diplomacy at the local, national and regional level in line with the Danish engagement.

4. GENERAL PROVISIONS

- The Peace and Stabilisation Fund was established under the Defence Agreement 2010-2014 and continued with the Defence Agreement 2013-2017. The Defence Agreement defines the Whole-of-Government Steering Committee as the principal organ for coordination and steering of the Fund. The Steering Committee is established by resolution of the involved ministries.
- The Guidelines for the Peace and Stabilisation Fund ("the Guidelines") constitute the principal management framework for all activities under the Peace and Stabilisation Fund ("Fund"). Appertaining annexes may be subject to adjustments based on a decision by the Secretariat. The same applies for update of hyperlinks in the document.
- The Guidelines supersede any previous guidelines and other management documents of the Fund. In case of inconsistency between present Guidelines vis-à-vis programme and project documents present Guidelines apply.
- The Guidelines are to be revised based on the outcome of the evaluation of the Fund that will be conducted during the first half of 2014.

Approved by the Whole-of-Government Steering Committee 17 February 2014

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5. ANNEXES

- A. Principper for støtte over Freds- og Stabiliseringsfonden. [Principles for support by the Peace and Stabilisation Fund]
- B. Template for Appropriation Note (Kontorchefsnotits)
- C. Template for feedback and financial reporting.
- D. Overview of tasks and project documentation for projects funded by the Peace and Stabilisation Fund.
- E. Principielle overvejelser vedr. afholdelse af omkostninger over Freds- og Stabiliseringsfonden (Principle considerations concerning expenditures covered by the Peace and Stabilisation Fund - not available in English).
- F. List of examples of DAC-able projects.

General Policies

- Denmark's Policy towards Fragile States "Peace and Stabilisation"
- Denmark's Integrated engagement the fragile and conflict-Affected Areas of the World
- The Right to a Better Life – Strategy for Denmark's Development Cooperation
- The OECD/DAC principles for "Good International Engagement in Fragile States and Situations"
- New Deal for Engagement in Fragile States

General Administration Guidelines – MFA

- Sagsbehandlervejledningen ("Desk Officer Guidelines" - Not available in English)
- Guidelines for Programme Management
- Danida Aid Management Guidelines
- Centerhåndbog – Global Sikkerhed og Politik (Not available in English)
- Mandatory Documents in PDB (annex of "Centerhåndbogen" p. 34).
- Danida guidelines and template for risk assessments