



**MINISTRY OF FOREIGN AFFAIRS  
OF DENMARK**

*Danida*

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# **BILATERAL GUIDELINES**

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GUIDELINES FOR PROGRAMMES, PROJECTS,  
COUNTRY STRATEGIC FRAMEWORKS &  
HARD EARMARKED MULTILATERAL SUPPORT

*Version 2.2*

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## **ABBREVIATIONS AND ACRONYMS**

AMG	Aid Management Guidelines
APD	Department for Africa, Policy and Development
BDP	Bilateral Development Programme
CDP	Council for Development Policy
CFO	Chief Financial Officer
CSF	Country Strategic Framework
CSO	Civil Society Organisation
DAC	Development Assistance Committee (OECD)
DDD	Doing Development Differently
DKK	Danish Kroner
DSIF	Danida Sustainable Infrastructure Finance
LEARNING	Department for Evaluation, Learning and Quality
EU	European Union
FMI	Financial Management Interface
FRRAT	Fragility Risk and Resilience Analysis Tool
TILSKUD	Department for Financial Management and Support
GAD	Gender, Age and Disability
GRAM	Grant Accounts Management
HLC	High Level Consultations
HQ	Headquarters
HRBA	Human Rights-Based Approach
INGO	International Non-governmental organisation
ISA	International Standards on Auditing
LNOB	Leaving No One Behind
MEAL	Monitoring, Evaluation, Accountability and Learning
MFA	Ministry of Foreign Affairs
MPN	Mission Preparation Note
MRD	Human Rights and Democracy (in Danish)
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PAP	Process Action Plan
PC	Programme Committee
PEFA	Public Expenditure and Financial Accountability
PMI	Project Management Interface
PPP	Public Private Partnership
QA	Quality Assurance
RF	Results Framework
RFI	Results Framework Interface
SDG	Sustainable Development Goal

SEAH	Sexual exploitation, abuse and harassment
TOR	Terms of Reference
ToC	Theory of Change
UN	United Nations
UNFCCC	United Nation Framework Convention on Climate Change

## VOCABULARY LIST<sup>1</sup>

*For a more elaborate vocabulary list and translation of terms to Danish, please see the 'Grant Management Dictionary' at the Grant Management Platform (GMP) at UMBrella (only for the MFA internally).*

**Accountability:** Ability to be held accountable. Obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results, mandates roles and/or plans.

**Activities:** In the MFA context it can be understood as 1) an activity is the specified string in the Danish Finance Act granting the legal basis for frame management. I.e. an activity in the finance act is the legal ground on which commitments can be made to give funds etc. to a (development) partner. 2) an activity can refer to specific actions i.e. in a results framework or elsewhere in a project.

**Appraisal:** Impartial assessments of a project or programme prior to final approval.

**Bilateral Development Programme:** Portfolio of projects at country-level (in few cases also regional level) managed by an embassy under a Country Strategic Framework.

**Countries with expanded partnerships** are countries with a close bilateral partnership, where all Danish development policy instruments can be utilised.

**Countries with targeted partnerships** are countries where the involvement may be narrower and focus on specific issues of particular relevance to Danish interests and expertise.

**Country Strategic Framework:** A framework for Denmark's strategic approach and entire engagement in a country; i.e. foreign and security policy, development cooperation, climate policy and commercial relations.

**Development objectives:** Intended impact contributing to benefit to a society or a community in a project or programme.

**Doing Development Differently:** MFA initiative to strengthen the relevance and effectiveness of its development cooperation through: 1) reinforcing the holistic approach, 2) an adaptive approach with an increased emphasis on results, learning and local ownership.

**Earmarking:** Contributions used by a partner organisation in specific projects for specific regions, countries, themes, or sectors, as opposed to core funding.

**Effect:** Intended or unintended change due directly or indirectly to an intervention

**Effectiveness:** The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance. Also used as an aggregate measure of or judgement about the merit or worth of an activity.

**Efficiency:** A measure of how economically resources/inputs (funds, expertise, time etc.) are converted to results.

**Engagement:** The level at which an agreement is made with one partner. Following, one project can in principle have several engagements i.e. one engagement per partner. In the MFA IT systems each engagement has one specific action card. If a project only has one partner, the project and engagement are the same.

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<sup>1</sup> The OECD/DAC maintains a more complete glossary of key terms and concepts at: <http://www.oecd.org/dac/dac-glossary.htm>

**Grant:** The broader OECD-DAC definition of grant refers to transfers made in cash, goods or services for which no repayment is required. Internally in the MFA, grant refers to the legal basis behind a commitment. A grant in that context has its own string of accounts on the Finance Act, i.e. development aid, other subsidies, and activities for export promotion.

**Indicator:** Quantitative measure or qualitative observation that serves as a proxy for comparing whether planned activities or results have been achieved.

**Impact:** Long-term and positive changes at the societal or community level; the 'impact' represents the ultimate goal for the intervention and should benefit target groups. Should generally be linked to Sustainable Development Goals (SDGs). Input: Financial, human and material resources used.

**Localisation:** Ensuring that our development engagement puts local actors in the lead, strengthens local systems, and is responsive to local communities.

**Multi-bi:** Earmarked bilateral contributions through multilateral organisations.

**Outcome:** The intermediate effects on individuals, communities, or systems connected with an intervention (i.e. a development project). NB: Outcomes are not activities undertaken during the intervention and cannot be directly controlled.

**Outcome harvesting** collects ("harvests") evidence of what has changed ("outcomes") and, then, working backwards, determines whether and how an intervention has contributed to these changes. It is especially useful in complex situations to investigate whether an intervention has led to unintended effects, positive as well as negative.

**Outcome mapping** helps a project/programme be specific about the actors it intends to target, the changes it hopes to see and the strategies appropriate to achieve these. It measures changes in behaviour, actions or relationships that can be influenced by the project or programme.

**Output:** Immediate and tangible results from the intervention (i.e. the development project). NB: Outputs are within direct control of the intervention and contribute to the change pathway. They typically focus on target groups, policy makers, or others that interact with the intervention.

**Partner:** Entity with whom the MFA has entered into a legal agreement for joint development cooperation (a state, a non-state, or multilateral organisation).

**Programme:** Broadly understood within development cooperation as a larger portfolio of projects in a specific area, such as a thematic, regional, or global programme. The 'programme' is the narrative combining inter-related projects designed to contribute to a joint development objective. In the MFA IT systems there is no overall 'programme level'. Rather projects are the top level in the systems, under which comes grants and then engagements.

**Project:** Development cooperation implemented by one partner in a well-defined thematic and/or geographical area having a fixed timeline for implementation. In the MFA, a project should in principle only have one partner, while exceptions can be made. *See also:* [Guidelines for Country Strategic Frameworks Programmes and Projects \(um.dk\)](#)

**Public procurement procedures:** They apply to contracts for financial interest between one or more economic operators and one or more contracting authorities and having as their object the supply of goods or the provision of services.

**Result:** The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention.

**Review:** A quality assurance assessment that takes place during the implementation of a programme or project based on DAC criteria. Different types of reviews are projected in the AMG, ranging from mandatory mid-term reviews for large programmes/projects to technical reviews with a more specific scope.

**Strategic objective:** Only used for Country Strategic Frameworks. Strategic objectives are the intended impacts of the Bilateral Development Programme as well as other Danish instruments applied in a country. A strategic objective in a Country Strategic Framework may also link to Danish interests beyond the development cooperation sphere.

The **MFA case management system Public 360°** should be used for all workflows related to approval processes described in these guidelines and for filing as per MFA instructions.



## CHAPTER 1 – INTRODUCTION

**These guidelines constitute the basic set of rules and procedures for all Danish bilateral development cooperation.** The purpose is to provide a framework for bilateral development cooperation underpinning the overall strategic objective of fighting poverty and promoting rights. The guidelines outline the procedures and requirements for the preparation, implementation and completion of Danish bilateral development cooperation projects and programmes at country, regional and global level. They also apply to earmarked contributions to multilateral organisations<sup>2</sup> as well as core contributions to organisations not on the OECD/DAC list of ODA-eligible international organisations<sup>3</sup>. The guidelines apply to projects and programmes of all financial sizes, complexities and durations. There are, however, different requirements with respect to quality assurance and approval depending on the size of the programme or project, reflected throughout the guidelines. The main target group for the guidelines is the Ministry of Foreign Affairs (MFA) staff responsible for the various phases of bilateral cooperation.

**Danish development cooperation includes a broad range of bilateral instruments, including in specialised areas.** These guidelines also apply to such specialised funding modalities by providing the basic rules and procedures, while specialised guidelines or guiding principles cater for the specific needs in particular areas. Such specific guidance concerns [support to Fund Structures](#)<sup>4</sup> and investment arrangements or facilities. Specific guidelines apply to the [Danida Sustainable Infrastructure Finance](#) (DSIF) in terms of preparation and implementation whereas appropriation procedures follow these Bilateral Guidelines. Specific guidelines also exist for special initiatives such as the [Strategic Sector Cooperation](#) and the [Peace and Stabilisation Fund](#), as well as for the [SDG Facility](#) and for [Support to civil society through Danish organisations](#). Humanitarian aid also has its own guidelines.

The [AMG-website](#) provides access to key Danish policies and strategies including [notes for how to implement Denmark’s strategy for development cooperation](#) as well as standard annexes, tools and templates. The standard annexes include explanations of concepts and guidance to the respective themes.

### 1.1 How to use the guidelines

**The guidelines are structured in accordance with the main phases of the project/programme management cycle:** identification, formulation, implementation, and completion/closure. For each phase, the relevant chapters outline the mandatory requirements

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<sup>2</sup> See Guidance Note for earmarked contributions to multilateral organisations (under preparation)

<sup>3</sup> Core contributions to multilateral and international organisations on the [OECD/DAC list](#), are categorised as multilateral and the guidelines for [core support to multilateral and international organisations](#) apply. All other contributions, including core contributions to organisations not on the OECD/DAC list, are categorised as bilateral and these guidelines apply unless other specific guidelines exist, e.g. for the Strategic Sector Cooperation, Peace and Stability Fund, etc.

<sup>4</sup> Specific guidelines exist for allocation of development assistance through fund structures (<https://amg.um.dk/en/Tools/fund-structures/>) and a focal point (GDK) can be consulted on legal and institutional structures for setting up such arrangements.

in terms of processes and templates as well as the product(s) to be delivered. It is specified when there is flexibility to deviate from the standard procedures. The relevant guidelines, tools and templates pertaining to the specific phase are listed in a box at the beginning of the chapter.

The guidelines start with two parallel chapters related to the initial phase of development cooperation: Chapter 1 deals with the legal and political framework as well as core principles for Danish development cooperation. Chapter 2 deals with the development of Country Strategic Frameworks and the associated Bilateral Development Programme prepared by embassies in countries with expanded partnerships. Chapter 3 deals with the identification of stand-alone projects and programmes. Chapter 4 deals with formulation, quality assurance and approval of all projects and programmes (both stand-alone and as part of a Bilateral Development Programme under a Country Strategic Framework). Chapter 5 on implementation and Chapter 6 on completion and closure likewise deal with all projects and programmes.

## 1.2 The overall framework for Danish development cooperation

### 1.2.1 The legal basis

**The legal basis for Danish development cooperation primarily consists of two bills : The Act on International Development Cooperation and the Finance Act.** Together with Denmark's Strategy for Development Cooperation, "The World We Share",<sup>5</sup> and Denmark's international commitment to the UN Sustainable Development Goals (SDGs), as well as the Danish Foreign and Security Strategy Policy they provide the overall framework for all bilateral and multilateral development cooperation, which is grounded in an internationally agreed framework through OECD/DAC. Other laws, such as the Climate Law, provide the legal basis for specialised development cooperation.

**The Act on International Development Cooperation:** Denmark's development cooperation is based upon and administered according to the [Danish Act on International Development Cooperation](#). The act states that Danish development cooperation aims to fight poverty and promote human rights, democracy, sustainable development, peace and stability in accordance with the United Nations Charter, the Universal Declaration of Human Rights, the United Nations' human rights conventions, and the UN Sustainable Development Goals (SDGs).

**The Finance Act:** The [Finance Act](#) provides the annual frames and legal basis for all development engagements, bilateral and multilateral. The text accompanying most appropriations<sup>6</sup> describes the specific purposes for which funds can be spent. These purposes - approved by the Parliament and promulgated as law - define the legal basis for spending and engaging in new commitments. A number of appropriations in the Finance Act are 'frame appropriations' ('rammebevillinger' in Danish), which is indicated in the accompanying text. Frame appropriations above DKK 43 million must be presented to the Parliament's Finance Committee before final approval. Once appropriated, the funds cannot be spent on other

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<sup>5</sup> A number of '[How-to Notes](#)' which form a shared framework of reference have been prepared to support the implementation of the Danish strategy for development cooperation

<sup>6</sup> In Danish: "tekstanmærkninger".

purposes without additional procedure of approval, and possible excess funds must be appropriated anew if they are to be spent.

Only the Minister for Development Cooperation and Global Climate Policy can approve changes to specific purposes. There are specific rules for reallocations of funds, including for other purposes than originally foreseen (see Chapter 5).

### 1.2.2 Official development assistance

The reporting of all development cooperation is based on an internationally agreed framework (Statistical Reporting Directives for the Creditor Reporting System) through [OECD/DAC](#), the international forum of the world's largest providers of aid. One of its main tasks is setting standards, for instance on what can qualify as official development assistance (ODA). **ODA-eligibility must be dealt with up front**, when starting identification of new projects and programmes to avoid the risk that the activity cannot be approved as ODA eligible, thus affecting the Danish Governments goal of providing 0.7% of GNI for development cooperation.

**What is ODA?** ODA funds to countries and territories on the [DAC List of ODA Recipients](#) and on the [Annex 2 List of ODA-eligible international organisations](#) are:

- (i) **Provided by official agencies**, including state and local governments, or by their executive agencies;
- (ii) **Concessional**; i.e. grants and soft loans, and administered with the **promotion of economic development and welfare of developing countries** as the main objective.

To assess whether funds qualify as ODA, the first step is to assess whether the development/main objective is to promote economic development and welfare of developing countries. The actual wording of the development/main objective is critical for the analysis and it is important that the content of the activities is underpinned by the development/main objective.

**In reporting their ODA**, donor countries refer to the mentioned List of ODA-eligible international organisations (multilateral agencies, INGOs, networks and PPPs) where OECD/DAC has resolved that core funding constitutes ODA. For multilateral organisations it is a necessity to be placed on the list to receive core funding that constitutes ODA either 100 pct. ODA or partially.

INGOs listed on the OECD/DAC annex 2 list can receive core funding that can be reported as ODA. Furthermore, development partners can, based on their own assessment for ODA eligibility, decide to allocate core funding to INGOs.

**Earmarked contributions<sup>7</sup> to multilateral agencies whether on the list or not may also be ODA-eligible** provided the contribution has a sufficient main objective in relation to the ODA criterion. Such contributions would be reported by members under **bilateral ODA**.<sup>8</sup>

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<sup>7</sup> Under the current rules, for soft earmarking to be accepted, the organisation's financial and narrative reporting must clearly distinguish between support for countries on the DAC List of ODA Recipients and non-ODA countries. Thereby, the financial contribution becomes technically earmarked and is counted as bilateral ODA assistance.

<sup>8</sup> See Guidance Note for earmarked contributions to multilateral organisations (under preparation)

**What is not ODA?** Military aid, equipment or services, and promotion of donors' security interests; anti-terrorism activities; peacekeeping; and transactions that have primarily commercial objectives; e.g. export credits are not classified as ODA. However, some development related activities within peacekeeping operations are eligible as well as the costs of using donors' armed forces to deliver humanitarian aid. **Certain thematic areas** are subject to detailed rules: In-donor refugee costs, migration, peace and security, and private sector instruments. Certain thematic areas are subject to ongoing debates in OECD regarding their ODA eligibility, such as global public goods.

Responsible units are accountable for all ODA-eligibility aspects in their contributions. Contact TILSKUD for assistance if in doubt or for general introduction, if working with the more complex areas mentioned above.

More information can be found at OECD/DAC: [What is ODA](#)

### 1.3 Development effectiveness

Development effectiveness refers to the degree to which development programmes and projects achieve their intended objectives, including how impact is achieved for those targeted. Over time different principles have been considered particularly important by the international community to promote this agenda, most prominently the Paris Principles on Development Effectiveness.

Denmark applies a holistic approach, including coherence between Danish instruments, ensuring local ownership and leadership, focus on long-term sustainability and using adaptive management for continuous learning. These principles have been incorporated under the umbrella of ***Doing Development Differently (DDD)*** based on:

- *Synergies and coherence between the various development instruments and between development cooperation and broader Danish foreign and security policies.* This implies consideration of various instruments and types of co-operation; i.e. the bilateral development programme managed by embassies, regional and global programmes, multilateral partnerships, humanitarian aid, private sector instruments as well as strategic partnerships with Danish civil society organisations and strategic sector cooperation in the public sector. This approach also encourages working closely together across development instruments regardless of whether they are managed by an embassy, a UN-mission or a department in Copenhagen.
- *Adaptive management,*<sup>9</sup> is about responding to complexity, uncertainty, changes in the political or economic context and the risks as well as opportunities associated with development cooperation. Adaptive management is not a tool for correcting

#### Fundamental Principles in the MFA DDD approach

- Holistic approach during preparation and implementation
- Strategic coherence and synergies across development cooperation
- Local ownership and leadership
- Focus on long-term sustainable results
- Adaptive approach based on continuous monitoring and learning

<sup>9</sup> For further details see the [Guidance Note on Adaptive Management](#), MFA, November 2020.

poor planning, but an acknowledgement that the path towards a goal must be identified based on lessons learnt as implementation unfolds in a dynamic context. Adaptive management is also integrated into the way the MFA quality assures projects and programmes through appraisals and reviews.

➤ *Focus on local ownership and leadership – localisation*

Partnerships between Denmark and local actors support local leadership, while being based on realism, mutual trust and transparency. A key principle guiding the identification, formulation and implementation of all projects and programmes is that partners are in the lead and that development cooperation supports locally led efforts. Experience shows that development co-operation is most effective when based on local ownership with leadership that is solidly embedded and can act in the local context and adapt to changes in this context. It is recognised that local ownership can be fluid and consequently, there is a need to continuously observe the local drivers of change and the relations to partners. Local ownership is strengthened through solid context analyses, by basing projects and programmes on partner strategies and plans, and through regular and mutually respectful dialogue with local stakeholders and partners throughout the identification, formulation and implementation phases. Denmark supports the global localisation agenda which puts emphasis on strengthening local actors, channeling more assistance through local partners with strong safeguards for accountability.

### ***Transparency, mutual accountability and anti-corruption***

**Denmark has high transparency standards** as outlined in the [Danida Transparency Initiative](#). In addition to statistical reporting to the OECD/DAC, Denmark updates and publishes digital management data on a daily basis in compliance with the IATI standard.<sup>10</sup> This data is visualised in the portal [openaid.um.dk](#). Country Strategic Frameworks and grants above DKK 43 million undergo public consultation in Denmark prior to submission to the Danida Programme Committee, which precedes presentation to the Council for Development Policy.

**Mutual accountability** is addressed through effective partnerships with implementing partners based on specific monitoring and learning about the achievements of, and obstacles to, development cooperation and through institutions responsible for checks-and-balances, such as state auditors, the ombudsman and other independent institutions. Organisations receiving development aid from Denmark are accountable to local partners as well as to the Danish authorities and the public in Denmark.

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<sup>10</sup> International Aid Transparency Initiative (IATI) is a global initiative to improve the transparency of development and humanitarian resources and their results to address poverty and crises. The IATI Standard is a set of rules and guidance about what data organisations should publish, and in which format it should be presented. The IATI registry <https://iatiregistry.org/publisher> provides a list of organisations, NGOs, private firms, etc. having set up accounts for publishing information about their development cooperation.

**Zero tolerance** towards corruption<sup>11</sup> means that all cases of corruption as well as the mere suspicion hereof are immediately dealt with up front and closely followed up upon. Danish development cooperation is based on awareness of risks and identification of corresponding means of mitigation. Anti-corruption measures should be strategically integrated into projects and programmes for all phases of the programme management cycle, including prevention, control and sanctions.<sup>12</sup>

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<sup>11</sup> Throughout these guidelines the term 'corruption' is used. Corruption takes many forms. It includes bribery, fraud, embezzlement and extortion. However, corruption does not exclusively involve money changing hands; it may also include providing services to gain advantages, such as favourable treatment, special protection, extra services or quicker case processing. The [Anti-Corruption Policy](#) describes the different forms.

<sup>12</sup> For further guidance check U4 [Corruption risk management \(u4.no\)](#).

## CHAPTER 2 - COUNTRY STRATEGIC FRAMEWORKS

**The aim of a Country Strategic Framework is to enhance policy coherence in countries with an expanded partnership** through a single integrated presentation of Denmark's entire engagement and strategic direction in a partner country; i.e. foreign and security policy, development cooperation, climate policy and commercial relations. This also provides a strategic and holistic approach to development engagements and instruments, including strong coherence between bilateral, multilateral and humanitarian engagements, regional engagements, private sector instruments, strategic partnerships with Danish NGOs, etc.

Danish development cooperation constitutes an integral part of Denmark's foreign and security policy. Danish foreign and security interests therefore play an important part in shaping Danish strategic priorities and ways of working in countries with expanded partnerships, so that Denmark intervenes where Denmark has a comparative advantage and in areas which benefit Denmark's security and prosperity as well. The Country Strategic Framework thus analyses possible synergies between Danish supported development actors and instruments and between Danish development cooperation and the broader foreign and security policy, including Danish commercial interests. The Country Strategic Framework should lastly reach out to sectors across the whole of Danish society and where relevant include synergies with other Danish policy areas; e.g. climate policy.

**This chapter outlines the procedures related to formulation, quality assurance and approval of the Country Strategic Framework.** The embassy is the main responsible unit for the formulation and implementation of the Country Strategic Framework, in close collaboration with other MFA units engaged in the country. If a MFA unit in exceptional cases wishes to apply the format for Country Strategic Frameworks to other types of interventions, for instance regional and thematic engagements, beyond the normal scope of a development programme, the responsible unit must forward a substantiated request to the State Secretary for Development Policy through Evaluation, Learning and Quality (LEARNING) for approval before initiating the preparation process.

The **final product** is an approved Country Strategic Framework with the following outline:

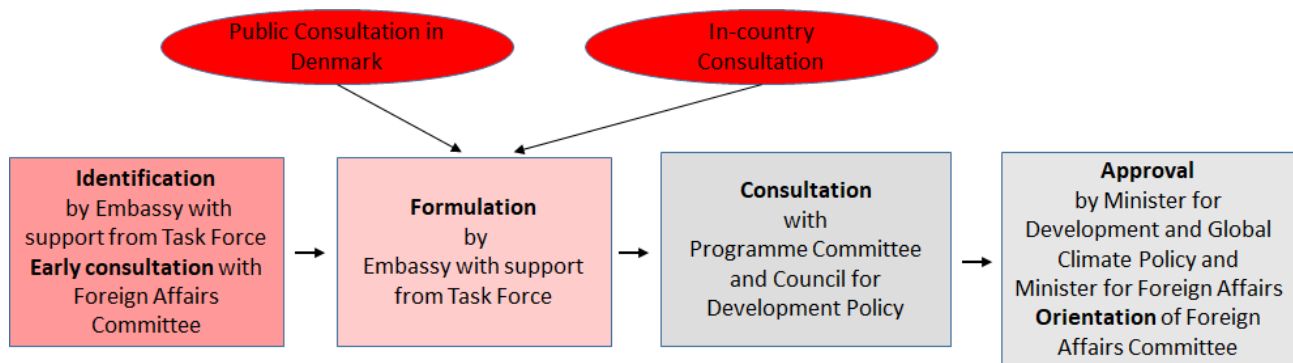
- Vision and strategy for Denmark's engagement in the country, including a number of specific strategic objectives; coherence with national policy priorities
- Analysis of context, challenges and risks
- Danish political priorities, past achievements and strengths
- Outline of the Bilateral Development Programme<sup>13</sup>

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<sup>13</sup> Denmark's Strategy for Development Cooperation outlines that across the entire development cooperation, Denmark will take the lead on implementing the Paris Agreement and contribute to creating sustainable development and growth for the world's poorest. This implies that the climate and green agenda is to be a key priority in all country strategic frameworks, relevant organisational strategies, relevant development projects and programmes and as a crosscutting consideration in all Danish-funded engagements. This is obtained through targeted screening of all potential development projects and programmes with a view to either targeting or mainstreaming climate change, nature and environment related issues in response to Denmark's international climate commitments, including on climate finance.

Please find a more elaborate template for the Country Strategic Framework under [Tools and Templates](#). Here you will also find more specific guidance on how to integrate thematic priorities, such as climate change and environment into projects and programmes.

**Figure 1: Overview of the process of developing a Country Strategic Framework**



## 2.1 Identification

Prior to the formulation, a number of tasks are to be completed:

**Task 1: Establishing a Country Task Force**, guided by [terms of reference](#). The aim of a task force is to ensure that Denmark’s strategic interests in a country are pursued based on a shared analysis and understanding of strategy, objectives and priorities and a clear prioritization of the instruments needed to reach those objectives. The Head or Deputy Head of the responsible unit chairs the task force. The embassy leads the formulation process based on contributions from task force members.

**Task 2: The first item on the agenda of the Country Task Force is to agree on a Process Action Plan (PAP).** The purpose of the PAP is to inform all involved parties about key activities and the time required to prepare and approve the Country Strategic Framework. The PAP is a living document to be revised throughout the entire formulation processes. Key action elements include preparation of analyses and studies, contracting of consultants, drafting of documents, consultation and approval, including support required from MFA development specialists and task force members. The PAP should also contain a timeline for contracting consultants for the formulation of the Country Strategic Framework as well as the future Bilateral Development Programme early in the process to determine whether there is a need for an EU tender, as this requires a tender period of 6-8 months. [The Procurement Portal](#) (for MFA staff only) provides specific guidance.

**Task 3: The embassy collects studies and analyses in order for the task force to decide whether additional analytical inputs are required.** The EU strategy and programme in-country should be included with a view to contributing to the objective of a more coordinated EU and Member States approach to development, promoting cooperation and joint actions. The



[European Consensus](#) (2017) defines a shared vision in the EU and an action framework for development cooperation.

**Task 4: The embassy, with the support of the task force, maps out a complete overview** of Danish instruments and Danish-supported actors and institutions in the country.

## 2.2 Political consultation, Formulation and Approval of the Country Strategic Framework

**Political consultation:** Prior to initiating the formulation process, **the Minister** for Development Cooperation and Global Climate Policy **undertakes an early consultation with the Foreign Affairs Committee** (Udenrigsudvalget – URU) for the members to provide input into the subsequent formulation process of the Country Strategic Framework. In practical terms, the responsible embassy submits the Paper for Consultation (Notat til Folketingets Udenrigsudvalg vedr. Country Strategic Frameworks (CSF)) for the Minister for Development Cooperation and Global Climate Policy’s approval. Once approved, the embassy ensures that the Minister’s reply is dated the very same day. Subsequently, the responsible HQ unit forwards the approved Paper for Consultation to the Foreign Affairs Committee (see Ministerbetjeningsvejledning/Guide for Ministerial Services).

### Relevant specific guidelines, tools and templates for development of the country strategic framework

[Model Terms of Reference for Task Forces](#)

[Template: Process Action Plan for CSF](#)

Mapping of Danish supported actors, partners and instruments in country/region

[How-to Notes and Approach Notes](#)

[Guidance Note on Fragility Risk and Resilience Analysis](#)

[Guidance Note for Adaptive Management](#)

[Annex 1: Context analysis](#)

[Annex 3: Theory of Change, Scenario and Results Framework](#)

[Template: URU notat \(in Danish\)](#)

[Template: Two-pager for consultations](#)

[Template: Country Strategic Framework](#)

[Procurement Portal](#) (for MFA staff only)

### Outline of a brief Paper for Consultation to the Foreign Affairs Committee (max. 3 pages)

- Background and process
- Context and main challenges
- Partnership and engagements with the partner country
- Vision for the Danish country engagement

The outcome of the consultation process with the Foreign Affairs Committee provides the basis for the formulation.

**Formulation:** To ensure deep contextual understanding and buy-in, early stakeholder consultations - both in-country and in Denmark - should be undertaken at the beginning of the formulation process. Prior to drafting the Country Strategic Framework, the embassy conducts in-country consultations with key state and non-state stakeholders. The policy/regional

department in cooperation with the embassy will further host a first public consultation in Denmark with relevant stakeholders. The task force members, including the embassy (via video link), take part in the meeting with the Danish stakeholders.

**The embassy should consider the implications with regard to managerial capacities and competencies** available (or planned) at an early point during the development of the CSF including the formulation of the Bilateral Development Programme, to ensure that capacity matches the portfolio of projects.

**To guide the discussions during the two consultation meetings, the embassy should prepare a [two-page summary document](#)** (based on the above-mentioned briefing paper) to be agreed with the task force. The summary should build on a first analysis of the country context, the development problems to be addressed and the identification of opportunities and value-added of Danish engagement in the country. The analysis should be guided by a context analysis, including analysis of risks and scenarios.

**Content of 2-page summary document for consultations:**

- Vision for the Danish country engagement
- Background and strategic framework process: Box with Strategic questions
- Denmark's partnership and engagement with [country X]
- Country context: Key challenges and opportunities
- Opportunities and considerations about the future relationship considering lessons learnt from previous engagements, Danish value-added and interests, as well as the range and nature of Danish engagements in the country and complementarity with other donors
- Possible focus areas for the future relationship

**The embassy leads the drafting of the Country Strategic Framework**, once a clearer picture of context analysis, challenges and opportunities, Danish priorities and relevant instruments emerges. The task force is closely involved in the process related to the drafting and will discuss, align and adjust the draft. The embassy will share brief summaries of conclusions from each task force meeting, reflecting agreements and follow-up required.

**Public consultation in Denmark: The draft Country Strategic Framework undergoes a process of public consultation through publication on [um.dk](#).** The Embassy must share the draft strategic framework with colleagues in LEARNING who will upload the document on um.dk. The public consultation will last for 10 days, starting approximately one week before the meeting in the Programme Committee, where the strategic framework will be discussed. In a country with an expanded partnership, regular dialogue and meetings with government, potential partners and stakeholders should be organised.

**The Programme Committee (PC) discusses the draft Country Strategic Framework.** The draft Country Strategic Framework will be presented by the embassy and the task force will take part in the PC meeting. The embassy in collaboration with the task force follows up on the decisions from the Programme Committee and finalises the draft Country Strategic Framework.

**Presentation to the Council for Development Policy for recommendation to the Ministers:** The final draft of the Country Strategic Framework is submitted to the Council for Development Policy for discussion and recommendation to the Minister for Development Cooperation and Global Climate Policy and the Minister for Foreign Affairs. At the Council meeting, the embassy will present the draft Country Strategic Framework, and task force members will attend to assist in responding, as relevant, to comments from the Council for Development Policy.

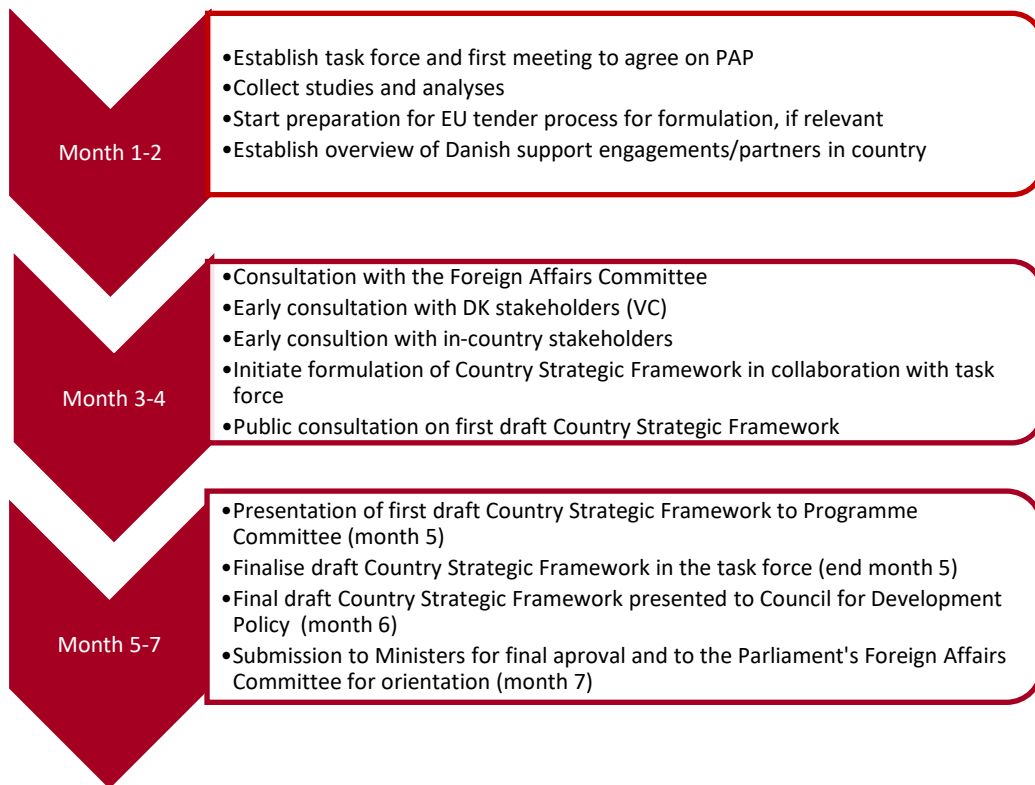
**Approval by the Ministers:** Following the meeting of the Council for Development Policy the embassy reviews and adjusts the Country Strategic Framework as appropriate. Subsequently, the Country Strategic Framework is submitted by the embassy to the Minister for Development Cooperation and Global Climate Policy and the Minister for Foreign Affairs for final approval. Once approved, the Country Strategic Framework provides the foundation for all development activities and other Danish engagements in the country, whether managed by the embassy or by a unit at HQ.

**The approved Country Strategic Framework is presented to the Foreign Affairs Committee of Parliament *for orientation* in a Danish language version** (the Embassy is responsible for the translation).

**Public access:** Finally, the Embassy ensures that the approved Country Strategic Framework is published on [um.dk/Danida](http://um.dk/Danida).

**Start of formulation process for Bilateral Development Programme:** The political approval of the Country Strategic Framework by the ministers allows the embassy to start the formulation of the Bilateral Development Programme. This will be based on the outline in the Country Strategic Framework. It consists of a number of individual projects, each contributing to one (or more) of the strategic objectives of the Country Strategic Framework. Formulation of these projects follows the same guidelines as projects and programmes managed by other MFA units. The quality assurance and approval processes, however, differ (see Chapter 4).

## 2.3 Tentative timeline for developing a Country Strategic Framework



## CHAPTER 3: PROJECTS AND PROGRAMMES - IDENTIFICATION

The purpose of the identification phase is to establish a sound and solid basis for the subsequent formulation of projects and programmes. It is equally important to avoid an ad hoc approach to identification, which often leads to single-annual interventions and to engagements too limited in scope.

This chapter outlines the steps in the identification phase for stand-alone projects above DKK 10 million, for programmes not managed by an embassy with a Country Strategic Framework and for portfolios managed by HQ, encompassing contributions to trust funds, INGOs, etc. within a thematic or regional area.

Projects below DKK 10 million can follow a lighter identification process adapted to the level of complexity of the project and will therefore normally apply the format for formulation of projects below DKK 10 million directly. Projects that follow after a previous phase, may also follow a lighter identification process, but possible developments in the context as well as lessons learned from the previous phase should be carefully analysed and taken into consideration in the design together with the accumulation principle (see text box on definition below, page 3).

### 3.1 Processes during the identification phase

The preparatory phase spans from practical start-up tasks to the drafting of a short **Identification Note**. It consists of the following main steps:

- (i) Preparation of a process action plan (PAP)
- (ii) Establishment of a task force, if relevant
- (iii) Recruitment of consultants, if relevant
- (iv) Preparatory analyses
- (v) Drafting of a two-page Identification Note.

The final product of this phase is a two-page **Identification Note** describing an outline of the proposed project or programme and the associated process action plan (PAP), supported by well-documented analytical work.

#### Relevant specific guidelines, tools and templates in the identification phase

[Fragility Risk and Resilience Analysis Tool](#)

[Guidance Note for Adaptive Management](#)

[Guidelines for Risk Management](#)

[Model TOR for task forces](#)

[Template: Identification Note](#)

[Template: Project/Programme Background Documentation](#)

[Template: Process Action Plan for projects up to 10 million](#)

[Template: Process Action Plan for projects/programmes between DKK 10-43 million](#)

[Template: Process Action Plan for projects/programmes above DKK 43 million](#)

[Procurement Portal](#) (for MFA staff only)

### 3.2 Preparation of a Process Action Plan

**The purpose of a Process Action Plan (PAP) is to establish a realistic picture of the time required** to prepare and implement a programme or project, highlighting key activities in the process, including activities during implementation. A format for a PAP including key milestones and activities is found under [Tools and Templates](#).

### 3.3 Establishing a task force

**It is optional to establish a task force for stand-alone programmes.** The aim of the task force is to ensure that Denmark's strategic interests in a certain policy area are pursued based on a shared analysis and understanding of objectives and a clear prioritization of instruments needed to reach those objectives. It will depend on the nature of the programme, political significance and/or other pertinent aspects whether it is relevant to establish a task force.

The membership should be adapted to the nature of the programme but will normally comprise the responsible MFA unit, representatives of selected policy/regional departments and embassies as relevant, as well as LEARNING and possibly TILSKUD. The responsible MFA unit will chair the task force and lead the work. The members of the task force provide inputs and quality assurance in order to ensure a ministry-wide consensus on the proposed programme. Model ToR under [Tools and Templates](#) describe the composition and the functioning of a task force.

### 3.4 Recruiting external consultants

**Consultants to assist MFA units with mapping, identification, formulation, appraisal, and review of programmes and projects are selected in accordance with the Danish Public Procurement Act,** the Circular on announcement of public procurement and the Danish Public Administration Act. The [Procurement Portal](#) provides specific guidance (*intranet, only available to MFA employees*).

It is important to determine early in the process whether there is a need for an EU tender, as this requires a tender period of 6-8 months (may only be relevant for very large programmes).

### 3.5 Preparatory analyses

**The purpose of the preparatory analyses is to ensure that the resulting project or programme is built on solid knowledge and as objective information and evidence as possible.** To the extent possible, the analyses should build on existing analyses. Key elements typically include political economy analysis; climate change risk and vulnerability analysis; fragility analysis; stakeholder analysis; assessment of partners' change readiness; PEFA analysis;<sup>14</sup> etc. Considerations about target groups and the Human Rights Based Approach (HRBA), including the PANT principles (Participation, Accountability, Non-discrimination and Transparency), as well as the central principle of the Sustainable Development Goals (SDGs) of Leaving No-one Behind (LNOB) will furthermore be applied. Annex 1, Context Analysis, under Standard Annexes in [Tools and Templates](#) contains specific guidance for the respective subjects.

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<sup>14</sup> Public Expenditure and Financial Accountability (PEFA) framework is a methodology for assessing and reporting on the strengths and weaknesses of public financial management (PFM) performance. Source: <https://www.pefa.org>. They are primarily relevant when funds for the intended project or programme are planned to be channelled through the partner country's ministry of finance, sector ministries or local government.

Informed by the preparatory analyses, **the scoping of possible interventions will include** a problem analysis, donor mapping, input from relevant strategies and policies (at national, thematic, regional or other level as relevant), including an overview of relevant implementing partners (trust funds, INGOs, etc.) and international agreements.<sup>15</sup> Lessons learnt from previous, similar projects and programmes, as well as coherence with Danish development cooperation priorities, will also be part of the scoping exercise. Based on this, a limited number of relevant options will be selected for further consideration.

If implementing partners are identified at this stage, their capacity should be considered in order to take possible needs for capacity building into account in the further design process (including budgeting) and also consider the resources required from the responsible unit for this.

### 3.6 Identification Note

**The purpose of the Identification Note is to establish an outline of the intended project or programme, which - together with the underlying analyses - provides the basis for the subsequent formulation phase.** The Identification Note is an internal working document and should identify the development challenge which the proposed project or programme is to address, with an indication of preliminary development objective and a very brief description of the proposed project or programme in the form of bullet points. The document should contain references to priorities in [Denmark's Strategy for Development Cooperation](#) as well as to the SDGs. Under [Tools and Templates](#) more specific guidance can be found on how to integrate key thematic priorities as outlined in How-to-Notes including on e.g. climate change and environment and gender into the projects or programmes.<sup>16</sup>

Taking into account the complexity of the project or programme, the **capacity and resources of the responsible unit to manage** the proposed project or programme should be carefully considered at this stage in the preparation process.

**At this early stage, it should also be considered whether close programmatic collaboration with other multilateral and bilateral donors is relevant** and worth initiating based on the findings of the preparatory analyses. Early involvement of other donors, not least relevant EU Delegations, UN agencies and the big climate funds (e.g. the Global Environment Facility or the Green Climate Fund) is important to enhance development effectiveness.

The detailed PAP for the subsequent phase should be attached to the Identification Note.

### 3.7 Tentative timeline for the preparatory phase

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<sup>15</sup> For instance the Paris Agreement on Climate Change.

<sup>16</sup> Denmark's Strategy for Development Cooperation outlines that across the entire development cooperation, Denmark will take the lead on implementing the Paris Agreement on Climate Change and contribute to creating sustainable development and growth for the world's poorest. This implies that the climate and green agenda is to be a key priority in all country strategic frameworks, relevant organisational strategies, relevant development projects and programmes and as a crosscutting consideration in all Danish-funded engagements. This is obtained through targeted screening of all potential development projects and programmes with a view to either targeting or mainstreaming climate change, nature and environment related issues in response to Denmark's international climate commitments, including on climate finance.

Month 1-2

- Prepare a first draft PAP for the identification phase
- Establish a task force, if relevant
- Collect studies and analyses
- Start preparation for EU tender process for formulation, if relevant.

Month 3-4

- Conduct preparatory analyses
- Undertake scoping exercise
- Discuss in task force, if established
- Draft Identification Note
- Tender for formulation work, if relevant



## CHAPTER 4 – FORMULATION, QUALITY ASSURANCE, AND APPROVAL

This chapter describes the processes for formulation of projects and programmes, quality assurance and final approval. Projects and programmes can be managed by an embassy as part of the Bilateral Development Programme under a Country Strategic Framework; by an embassy or HQ unit as stand-alone interventions (i.e. outside the scope of a Bilateral Development Programme); within the framework of a thematic or regional programme (including earmarked supports to multilateral partners and programmes); or by a Danish UN mission. The **final product** is an approved project or programme document on which implementation can be based. A tentative time line for these processes is shown at the end of the chapter.

### 4.1 Overview of processes for formulation, quality assurance and approval

There are three distinct, but inter-related sub-phases:

- (i) **Formulation** of projects and programmes based on the outline in the Identification Note (for stand-alone projects and programmes) or the Country Strategic Framework (for projects under the Bilateral Development Programme);
- (ii) **Quality assurance** – the process can have various forms depending on the size of the project or programme (see Figure 2);
- (iii) **Approval** – the process depends on the size of the project or programme and the appropriation base.

#### Relevant guidelines, tools and templates in the formulation, quality assurance and approval phase

[Guidelines for Approval of Projects, Programmes, Multilateral Organisation Strategies, and Strategic Frameworks](#)

Guidance Note for earmarked contributions to multilateral organisations (**under preparation**)

[Financial Management Guidelines](#)

[Financial Monitoring Guidelines](#)

[Guidelines for Risk Management](#)

[Guidance Note for Adaptive Management](#)

[Fragility Risk and Resilience Analysis Tool](#)

[Guidelines for Youth in Development](#)

[Toolbox for development effectiveness](#)

[Template: Presentation to the Programme Committee \(draft project/programme document\)](#)

[Template: Standard project/programme document and annexes](#)

[Template: Project/Programme Background Documentation](#)

[Template: Standard appraisal document](#)

[Template: Development cooperation agreement](#)

[Template: Mini Project Document for projects below DKK 10 million](#)

[Procurement Portal](#) (for MFA staff only)

Figure 2: Overview of the quality assurance and approval process

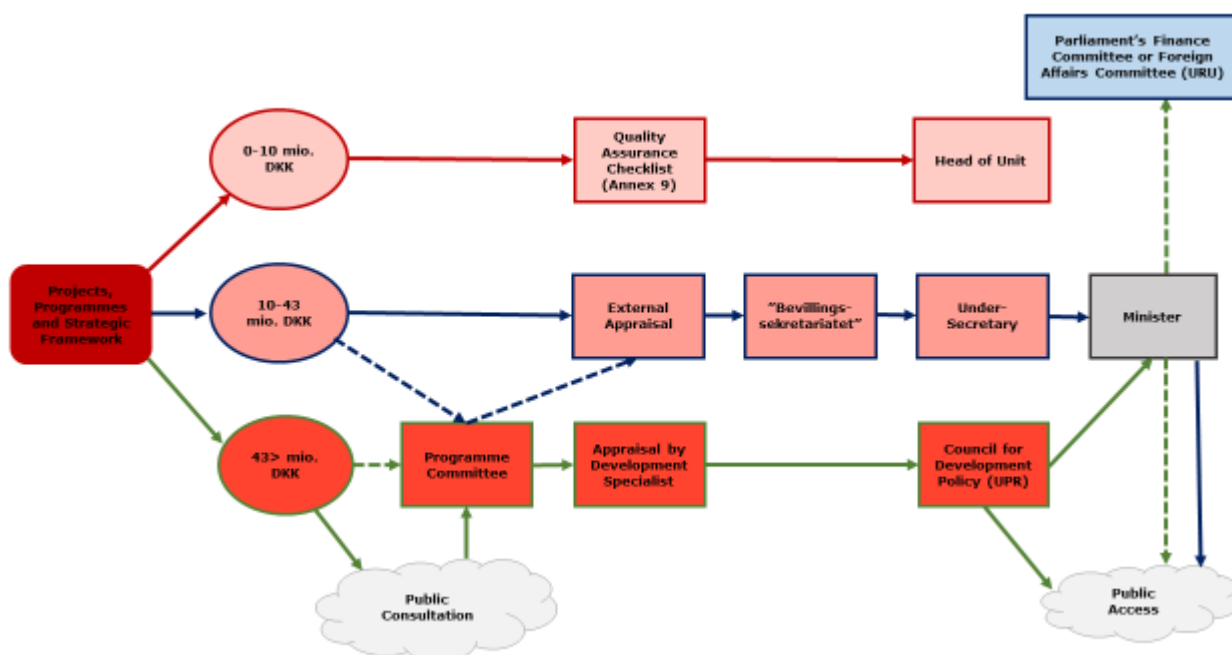


Figure 2 presents an overview of the processes attached to quality assurance and approval of grants. The processes differ according to the size of the grant.

**Programmes<sup>17</sup> can only have a limited number of partners:**<sup>18</sup>

- The Bilateral Development Programme managed by an embassy under a Country Strategic Framework can have a maximum of 10 partners
- Programmes above DKK 43 million can have up to 8 partners
- Programmes between DKK 10 and 43 million can have a maximum of three partners
- Projects only have one partner, though exceptions can be made.

A **Programme** comprises a portfolio of projects in a specific area, such as a thematic, regional, or global programme. The ‘programme’ is the narrative combining inter-related projects designed to contribute to a joint development objective.

In the MFA IT systems there is no overall ‘programme level’. Rather projects are the top level in the systems, under which comes grants and then engagements.

<sup>17</sup> In the project database PMI (Project Management Interface), all programmes and projects are called “projects” and all constituent parts (e.g. agreement with implementing partner) are called ‘engagements’. In FMI (Financial Management Interface), engagements that encompass supporting activities, such as for example contracts, conferences, advisors, unallocated funds, are distinguishable and each follow different specific management-patterns.

<sup>18</sup> There are cases, where the nature of the programme is such that the legal agreement is with one partner, which subcontracts implementation to a number of partners, but it counts as one partner.

**The MFA operates with limited resources and must take transaction costs of managing projects and programmes into consideration.** The aim is to have fewer and larger, multi-annual projects and programmes.

Individual projects whether stand-alone or as part of a programme or a bilateral development programme should as a standard be of a minimum budget of DKK 5 million.

## 4.2 Formulation

**The objective of the formulation phase is to prepare the project or programme document on which the implementation can be based.**

**The programme or project should be formulated based on analyses undertaken** as documented in the annexes and/or previous analyses undertaken during the identification phase. The results of the analyses should underpin the justification of the choices made, including the managerial aspects considering Denmark's experience as well as complementarity with other donors. The formulation process will often be an iterative process reflecting consultations with the intended partner and with other stakeholders as well as developments in context and risks. The project and programme documents must be prepared in English or French.<sup>19</sup>

If the programme or project is based on a partner's existing programme/project documentation, the responsible MFA unit should still complete the standard project document format ensuring that Danish priorities and considerations are reflected, including justification for strategic choices made, assessment of implementing partner, risk analysis including potential risks for the MFA, selected elements of the results framework for entering into the RFI system etc. For further guidance see the standard format for programmes and projects under [Tools and Templates](#).

The following list of issues refers to elements in the project or programme document format and serves to highlight some important considerations and concerns to take into account during formulation.

### Initial considerations

#### *Choice of implementing partners and modality of support:*

The choice of implementing partner is closely related to the modality of support, i.e. how funds are managed and disbursed. Special attention should be given to the issue of whether funding can be considered a grant or should be provided through public procurement.<sup>20</sup> Options for programming and implementation jointly with other bilateral and multilateral partners, including delegated co-operation with the EU, should also be considered. Consult the [guideline for delegated partnerships](#) for further information. Other aspects to take into consideration include

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<sup>19</sup> The standard language for documents submitted to the Council for Development Policy is English unless special circumstances suggest otherwise.

<sup>20</sup> The decision about whether an anticipated support is subject to grant or public procurement procedures can be guided by two main considerations: (i) Who defines the activities and outputs of the intended support: the MFA or the potential recipient of support? And (ii) Is the potential recipient of support an economic operator in the specific context? See the [Guidelines on the distinction between grant agreements and public procurement contracts](#) June 2023 (only available at the Procurement Portal).

effectiveness,<sup>21</sup> possibilities for scaling up the interventions, sustainability of activities, the scope for policy dialogue, and possible risk sharing.

When intended grant recipients are not mentioned directly in the Finance Act, the MFA has the responsibility to ensure that grant recipients are selected based on principles that are in line with the Danish Public Administration Act. This implies that the MFA is required to ensure an open process for selection of grant recipients through which relevant criteria for selection are applied and the basis for the selection decision is documented.

Furthermore, if partners are selected for direct award of a grant, i.e., without going through a competitive procedure or a limited call for proposals, the MFA is required to document the justification for not allowing other potential applicants to enter the selection process. The less specific the formulation is in the Finance Act, the higher the requirements for the MFA to document the process of selecting grant recipients.

Multilateral organisations and government institutions in partner countries will often qualify for a direct award of grant due to their unique mandate combined with a geographic and thematic focus of relevance to a specific appropriation in the Finance Act.

If the envisaged grant recipient is a non-governmental organisation, there will often not be sufficient basis for justifying the selection of a single potential recipient and a call for proposals procedure should be considered.<sup>22</sup>

When the call for proposals procedure is used to select the partner, the responsible unit in the MFA should define the overall objectives and intended outcomes of the support in a draft Information Note. This will serve as a basis for the call for proposals and for quality assurance (appraisal) as required. Applicants will be requested to present their approach to achieving the intended outcomes through outputs and activities. When an applicant has been selected as the grant recipient, a final project document will be drafted based on the applicant's proposal.

If the MFA defines the activities and outputs of the intended support and the potential grant recipient is an economic operator in the specific context,<sup>23</sup> the procurement procedure must be applied. In this case, the implementing partner will function as a service provider for the MFA.

Regardless of the partner selection mode, the partner assessment should serve as central part of the justification of the choice of implementing partner. When the intended grant recipient is specified in the Finance Act or conditions are met for a direct award of the grant, the partner assessment including both technical and administrative capacity (Annex 2) must be part of the programme/project documentation submitted for quality assurance before approval. The final choice should only be made once the analytical framework is in place and should be based on

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<sup>21</sup> OECD/DAC definition: Effectiveness: The extent to which the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups.

<sup>22</sup> Consult the Guidelines for award of grants for more information (revised version under preparation).

<sup>23</sup> See the [Guidelines on the distinction between grant agreements and public procurement contracts](#) June 2023 (only available at the Procurement Portal).

clear criteria and analysis of their capacity, including capacities in procurement and financial management (see chapter 2 in [Financial Management Guidelines](#)). During the partner assessment process, the legal status and local registration of the partner should be established to ensure compliance with Danish requirements in this regard.

**Level of MFA resources required for implementation** of the project/programme should be considered at an early point during preparation and choice of modality.

### **Other basic considerations**

- **Localisation/local ownership:** Strengthening local ownership is done through integration of development cooperation into the national/local context in economic, social and political terms. Where assistance is channelled through public partners, alignment to and use of the partners' management systems also promotes national/local ownership and reduces the administrative burden for the national/local partner. Local stakeholders, and not least the intended project or programme partners, must therefore be actively involved in the formulation process. Only in this way will it be possible to arrive at realistic solutions that will yield transformative changes during implementation.
- **Holistic approach:** Consider how to strengthen links between Danish supported multilateral and bilateral development cooperation, humanitarian and development interventions, national, regional and global projects and programmes, private sector instruments, strategic partnerships with Danish NGOs and institutions as well as various diplomatic efforts. Stand-alone projects and programmes which are to be implemented in countries with expanded partnerships with an existing Country Strategic Framework are to be aligned with this strategic frame to the extent possible.<sup>24</sup> Also, consider possible coherence with other development partner engagements and opportunities for joint programming.
- **Adaptive management:** Consider how the support can respond to possible changes in context, risks, opportunities etc. during implementation and adapt to such new conditions to achieve intended results.
- **Lessons learnt:** Experiences from previous phases or other existing evidence in the field or sector concerned - e.g. through evaluations, research work and studies into the project design - should be identified, analysed and reflected in the project/programme document.
- **Scenario analysis and planning:** Scenarios are often relevant, and are mandatory if the project or programme takes place in a fragile context. In fragile situations, the context is most often fluid and dynamic, and changes may be required during the implementation period. The process of thinking through various scenarios and possible responses or mitigating measures is an important part of adaptive management.

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<sup>24</sup> Certain projects funded through specialised arrangements, such as the Climate Fund and business instruments, will not always have been considered at the time of preparation of the Country Strategic Framework, and, consequently, become additional interventions.

- **Risk analysis:** Based on the preparatory analyses in the identification phase, a [risk management matrix](#) containing contextual, programmatic, and institutional risks is an integral part of project formulation. In fragile settings, the [Fragility Risk and Resilience Analysis Tool](#) might be helpful.
- **Sustainability and exit strategy:** It is important to envisage the situation at the end of the project or programme, where structures, policies and partner activities are to continue without foreign assistance thereby incorporating considerations about long-term sustainability into the project or programme design (see section 6.1 for further references). For other types of support, e.g. to special initiative funds, it could be relevant to consider the end of Danish support even if the funds continue.

### Justification of the choices made

- **Poverty orientation and target group considerations; LNOB; GAD; HRBA; climate change and environmental considerations** (targeting or mainstreaming based on a **preliminary screening**) should inform the formulation of the development problems to be addressed, the choice of partners, development objective and the results framework. Consult relevant [How-to Notes](#) for implementation of the Danish Strategy for Development Cooperation.
- **Theory of Change (ToC):** The ToC describes the intervention logic and defines how the problem or change challenge identified during the identification phase is solved. It provides the reasoning behind the design of programmes or projects by pointing out the mechanisms or pathways through which the intended change is expected to happen. See [Annex 3A](#) for details.
- **Objectives and outcomes:** The objectives and expected outcomes should be concise and measurable and should strive to achieve the best possible match between the strategies of the partner in question and Denmark's policies and strategies. To maximise the likelihood of success, objectives and outcomes should derive from a thorough understanding of local dynamics and incentives of key stakeholders. Preferably, they will already have been formulated or outlined in a key policy or strategic document of the partner country or partner entity, indicating that they reflect a shared priority.
- **Results framework :** A results framework tracks progress towards realising change as set out in the ToC, using indicators with associated baselines and targets. A draft results framework should be outlined during the planning of programmes and projects, while it must be finalised by the end of any inception period and before the implementation starts. See [Annex 3B](#) for details.
- **Red lines:** Implementing partners must accept Denmark's zero-tolerance policies towards (i) Anti-corruption; (ii) Child labour; (iii) Sexual exploitation, abuse and harassment (SEAH); and, (iv) Anti-terrorism. Specific articles on this are included in the legal agreement, where it is specified that violations hereof are grounds for immediate termination of the agreement.

## Managerial aspects<sup>25</sup>

- **Management set-up:** Together with the implementing partners, formalise the management set-up between the various actors, possible other international development partners and the relevant MFA unit. It should cover issues as authority, responsibility, division of labour and formal procedures for joint consultation and decision-making in the form of joint decision making bodies; key administrative procedures, including regular reporting; financial management and reporting; procurement as well as decision-making and approval procedures related to revision and adjustments during implementation.
- **Budget:** The purpose of the budget is to determine the estimated cost of the engagement, control expenditures, measure performance through the comparison of actual cost against budget and enforce financial accountability. Project and programme budgets are to be broken down to outcome areas and output level. The budget should be comprehensive and periodized. Where relevant, they should include unallocated funds. An outline of the procedures and scope for budget adjustments must be part of the financial management arrangement, see [Financial Management Guidelines](#).
- **Monitoring:** Partners have their own systems for monitoring including progress and financial reporting and internal evaluation and should be encouraged to adopt a deliberate strategy for learning and adaptation during implementation. In cases of co-financing, the MFA should support joint progress and financial monitoring and reporting mechanisms. As part of the programming of development cooperation grants, the appropriate financial monitoring framework for the particular grant and its entire project or programme period must be considered. The responsible MFA unit should prepare a preliminary plan for monitoring and learning, including dialogue with partners and field visits, supplemented by reviews, studies and learning uptake (see Chapter 5 for further details and the [Financial Monitoring Guidelines](#)).

## Finalisation of formulation

- **Communication Plan:** A communication plan is to be prepared identifying results, key activities and/or milestones that may represent good opportunities for sharing and communicating results with stakeholders and the public in Denmark. The plan is annexed to the programme/project document.
- **Process Action Plan (PAP):** update the PAP with key actions to prepare the initial phase of implementation and for the implementation phase itself until exit, to ensure that the project or programme gets off to a good start. This includes signing of the agreement, partner meetings, recruitment and procurement activities, inception reviews if relevant, disbursements, etc. The PAP should thus include the concrete monitoring plan for the

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<sup>25</sup> See [format for Management and MEAL](#) of the Bilateral Development Programme under a CSF for further guidance on overall management set-up in relation to the BDP.

full project or programme period. Depending on the size and nature of the project or programme, allow 2-6 months for the start-up phase before full-fledged implementation can start.

**The result of the formulation** is a draft project or programme document, including annexes for stand-alone interventions, or a series of project documents for a Bilateral Development Programme under a Country Strategic Framework. In terms of the latter, a “Summary of Bilateral Development Programme” is developed. Furthermore, a document specifying the overall management and monitoring of a Bilateral Development Programme should be prepared – see format under [Tools and Templates](#).

The project and programme documents – whether stand-alone interventions or as part of a Bilateral Development Programme – are submitted for quality assurance (QA). The “Summary of Bilateral Development Programme” (without annexes and Programme background Documentation) serves as an annex to the legal agreement with a partner government.

#### 4.3 Quality Assurance

**The objective of MFA quality assurance is to ensure the best possible quality of projects and programmes.** For programmes and projects above DKK 43 million, that are not part of a Bilateral Development Programme, the final step is presentation to the Council for Development Policy. They in turn provide recommendations to the Minister for Development Cooperation and Global Climate Policy for the final funding approval.

Development specialists may be involved in giving guidance and quality assurance throughout the formulation process. This is primarily relevant for more complex programmes and projects.



## *Programme Committee and Public Consultation*<sup>26</sup>

The Programme Committee (PC) provides strategic guidance and advice at an early stage in the process. The presentation to the PC takes place prior to appraisal. The PC meets and discusses an early draft of programme and project documents involving grants

### **Presentation to the Programme Committee: List of key contents of the [draft version of the programme/project document](#)**

- Appropriation cover note
- Rationale and justification, including lessons learned from previous support
- Objective
- Theory of change and key assumptions
- Short summary of project/programme content, incl. major outcomes
- Choice of implementing partner and aid modalities
- Poverty orientation and target group considerations; LNOB; HRBA; climate change and environmental considerations (targeting or mainstreaming)
- Overall considerations pertaining to organisational set-up, financial management arrangements (incl. reporting, timelines, etc.)
- Budget
- Major risks and risk response
- Annexes: Context Analysis, Partner Assessment and Process Action Plan

above DKK 43 million. On request by the responsible unit or the Under-Secretary for Development Policy, programmes/projects between DKK 10-43 million can also be presented to the PC. At the time of the PC meeting, programme and project documents are subject to a process of public consultation (see [Guidelines for Approval of Projects, Programmes, Multilateral Organisation Strategies, and Strategic Frameworks](#)). The PC will, among other things, focus on the strategic importance of the intervention; its complexity; risks, including financial risks; whether it is a new programme/area/partner, as well as on the preparation process. The PC concludes and provides recommendations to be followed up during the final formulation of the programme/project prior to appraisal.

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<sup>26</sup> Note that projects under a Bilateral Development Programme under s Country Strategic Framework is not presented to the Programme Committee.

## ***Appraisal processes***

The scope and type of the appraisal process depend on several aspects, including the size of the grant (applying the accumulation principle), the complexity of the project or programme, previous experience with the partner as well as the nature of the grant proposal (see the [Standard Appraisal Document](#)). Appraisals may be conducted as desk or field appraisals. In both cases, they result in recommendations to be considered by the responsible MFA unit, and if relevant, the task force.

### **The accumulation principle**

When a project/programme is continued or extended, for example through a new phase, and the objectives are unchanged, the accumulation principle applies. This means that the previous grant(s) during the past four years and the forthcoming grant amounts must be added together to determine which appraisal/approval process to use. The accumulation principle also applies to multilateral hard earmarked contributions.

*Example 1:* If a project has received a total appropriation of DKK 35 million and a new phase with the a new additional appropriation of 35 million the combined size exceeds DKK 43 million and consequently the new phase of the project/programme is subject to the approval procedures for grants above DKK 43 million.

*Example 2:* If a project has received annual appropriations of DKK 9 million over a period of four years and a new phase with the same yearly appropriation is considered, the combined size exceeds DKK 43 million which means that the new phase of the project/programme is subject to the procedures for grants above DKK 43 million.

If a larger programme that has been appraised and approved according to the guidelines for grants beyond DKK 43 million, a top up to the same partner will normally not be counted as accumulation but as a new grant. A new grant used as top up will generally follow the usual quality assurance and approval requirements for new grants, but concrete exceptions to this can be made with the approval of the Under-Secretary for Development.

If in doubt, consult with LEARNING.

With the exception of the Bilateral Development Programmes (see below), appraisals take place after the presentation to the PC, once the programme or project documentation, including all required annexes, is complete and agreed with the partner(s) in the form of a final draft to be submitted for quality assurance. Partners will be consulted during appraisal, but appraisal is primarily an internal QA process.

### ***Appraisal of grants up to DKK 10 million***

**An internal appraisal is conducted by the responsible MFA unit.** The appraisal process is documented by completing and attaching the Quality Assurance Checklist (Annex 9), approved by the Head of Unit in Public 360, to the project documentation and the appropriation note. See [Tools and Templates](#).

### *Appraisal of grants between DKK 10 and 43 million*

#### **Programmes and projects in this interval are**

**subject to external appraisal.** External means that the appraisal is undertaken by external consultants hired by the responsible MFA unit. External appraisals must always take place based on ToR prepared by the responsible MFA unit. A [standard appraisal report](#) documents the appraisal. Recommendations are listed in the table “Summary of Recommendations of Appraisal above DKK 10 million” found on

[Tools and Templates](#) in which the responsible MFA unit will subsequently formulate its responses. Following an external appraisal, the responsible MFA unit must complete and sign the standard Quality Assurance Checklist (Annex 9) to document the appraisal process. See [Tools and Templates](#).

#### **‘Forundersøgelseskontoen’**

The responsible MFA unit can apply for funding of external assistance for activities pertaining to formulation, appraisal, studies etc. if funds are not available within existing appropriations. Funds are allocated through two yearly rounds (May and November) which are announced by TILSKUD. For further information contact [fcforundersogelse@um.dk](mailto:fcforundersogelse@um.dk).

### *Appraisal of grants above DKK 43 million*

#### **Programmes and projects above DKK 43 million are appraised by a development specialist from LEARNING or a development specialist placed within the responsible MFA unit.**

In the latter case, the development specialist must not have been involved in the identification and/or formulation of the project or programme to safeguard an independent assessment of the draft project/programme documentation. The appraisal ToR are prepared by the responsible MFA unit and subsequently finalised by LEARNING, if LEARNING is responsible for the appraisal. A [standard appraisal report](#) documents the appraisal. The recommendations are listed in the table “Summary of

Recommendations of Appraisal above DKK 10 million” found under [Tools and Templates](#) in which the responsible MFA unit will subsequently formulate its responses and detail necessary follow-up. The responsible MFA unit will forward the signed table, signed by the unit, to LEARNING grant Secretariat with a copy to the Under-Secretary for Development Policy. The responsible MFA unit submits the programme/project documentation for approval together with the appraisal report’s signed table with the summary of recommendations and follow-up actions taken.

The six [OECD/DAC criteria for evaluation of development cooperation](#) will be applied during appraisal, and should be considered during formulation across the programme/project, where relevant.

- **Relevance:** is the intervention doing the right things?
- **Coherence:** how well does the intervention fit?
- **Effectiveness:** is the intervention achieving its objectives?
- **Efficiency:** how well are resources being used?
- **Impact:** what difference does the intervention make?
- **Sustainability:** will the benefits last?

### ***Exceptional cases***

**For grants above DKK 43 million, external consultant(s) may undertake the appraisal** in case a development specialist has been involved substantially during the identification and formulation phases, thereby having contributed to ongoing QA. The responsible MFA unit remains responsible for managing the appraisal, but has to leave all technical aspects of the assignment to the contracted consultant, including the formulation of recommendations. Recommendations are listed in the table “Summary of Recommendations of Appraisal above DKK 43 million” found on [Tools and Templates](#) in which the responsible MFA unit will subsequently formulate its responses and necessary follow-up. The completed and signed standard Quality Assurance Checklist (Annex 9) will serve as documentation for the appraisal process and must be submitted along with the external appraisal report, the summary of recommendations table for grants above DKK 43 million.

**The responsible MFA unit may propose to undertake the appraisal internally** if the programme or project falls within the criteria listed in the box. This applies to all grants above DKK 10 million, i.e. also above DKK 43 million. This requires that a development specialist from the MFA unit will undertake the internal appraisal, which consists of a standard appraisal report that documents the appraisal, including the summary of recommendations table. Based on the appraisal report and follow-up actions taken, the responsible MFA unit must complete and attach the signed Quality Assurance Checklist (Annex 9) to the programme/project documentation submitted for approval (see [Tools and Templates](#)).

#### **Criteria for internal appraisal by development specialist placed within the responsible MFA unit**

Programmes/projects above DKK 43 million, where one or more of the following criteria apply, may be exempt from the standard requirement for LEARNING or external appraisal :

- Low complexity of the programme or project (no. of projects, partner composition etc.) and low perceived risks combined with prior knowledge or programme/project support;
- The grant intends to support a continuation of previous phases of a programme or project with well-known partners and documented results;
- The support is provided through delegated partnerships, or as earmarked contributions to multilateral organisations where quality assurance follows the procedures of the partner;
- Good technical capacity within the responsible unit within the area of support.

The proposal for undertaking an external appraisal (without LEARNING) or an internal appraisal by the MFA unit for appropriations above DKK 43 million has to be approved by the Programme Committee during presentation of the draft programme or project document. If the responsible MFA unit decides to propose such a type of appraisal after the presentation of the draft programme project document to the Programme Committee, the Under-Secretary for Development Policy must approve the proposal. In the case of a project within a Bilateral Development Programme under a Country

Strategic Framework, approval by the Under-Secretary for Development Policy through LEARNING is required.

### ***Appraisal of a Bilateral Development Programme***

**Appraisal of a Bilateral Development Programme under a Country Strategic Framework is conducted in two stages** – pre-appraisal and final desk appraisal – led by a development specialist from LEARNING and (where possible) with participation of a Financial Management Specialist from TILSKUD. The two steps are documented in a pre-appraisal report and a final desk appraisal report, respectively. The pre-appraisal takes place when draft project documents have been prepared.

**A pre-appraisal will include a field appraisal.** A standard appraisal report documents the appraisal and recommendations are listed in a table “Summary of Recommendations of Appraisal above DKK 43 million” found under [Tools and Templates](#). The responsible MFA unit will formulate its responses and forward the signed table to LEARNING with a copy to the Under-Secretary for Development Policy.

**The final desk appraisal** report is a brief desk report focusing on whether and how the responsible MFA unit has followed up on the recommendations contained in the pre-appraisal report. The final desk appraisal report might have additional recommendations for follow-up by the responsible MFA unit. A signed table of final, consolidated appraisal recommendations and follow-up actions to be taken by the responsible MFA unit must be enclosed with the programme/project documentation submitted to the State Secretary for Development Policy for approval. The embassy will also share this documentation with the Country Task Force for information.

The **Council for Development Policy** is the final step in the quality assurance process for projects and programmes above DKK 43 million. Projects that are part of a Bilateral Development Programme under a Country Strategic Framework are not presented to the Council for Development Policy but approved by the State Secretary for Development Policy.

**The objective of a pre-appraisal of the Bilateral Development Programme** is to provide quality assurance at an early stage. The pre-appraisal may be preceded by a dialogue between the embassy and a MFA development specialist for guidance i.e. during the identification and formulation phases.

The pre-appraisal report will assess the relevance, effectiveness and sustainability of the individual projects under the Bilateral Development Programme as well as the relevance and justification of the overall programme vis-à-vis the Country Strategy Framework. In line with the principles of adaptive management, it further includes an assessment of the embassy’s planned monitoring and learning strategy. Templates for ToR for pre-appraisal and final desk appraisal of Bilateral Development Programmes can be found at [Tools and Templates](#).

The [Guidelines for Approval of Projects, Programmes, Multilateral Organisation Strategies, and Strategic Frameworks](#) describe the mandate and role of the Programme Committee and the Council for Development Policy as well as the procedures and associated deadlines to follow.

#### 4.4 Approval

**The final version of the programme or project documentation is submitted to the relevant authority for approval:**

##### ***Grants up to DKK 10 million***

The final approval of projects below DKK 10 million is made by the Head of Unit of the responsible MFA unit. The Head of Unit is responsible for the content and quality assurance of the project document. The project document should include the appropriation cover note and be based on the mini-project document format<sup>27</sup> including existing partner documentation where relevant. The project document should include relevant annexes (Annex 1-8) and a signed Quality Assurance Checklist (Annex 9).

##### ***Grants between DKK 10 and 43 million***

The final approval of programmes and projects between DKK 10 and 43 million is made by the Minister for Development Cooperation and Global Climate Policy. The Head of Unit is responsible for the content and quality assurance of the programme/project documentation. The first step in the approval process is endorsement by the Under-Secretary for Development Policy followed by presentation to the Minister for final approval. The documentation must include the appropriation cover note, the programme or project documentation, including all mandatory annexes (Annex 1-8) and a signed Quality Assurance Checklist (Annex 9) or a signed summary of appraisal recommendations table. The programme/project document is based on the mandatory standard programme/project document, supplemented by partner documentation, as relevant. Grants under the Strategic Sector Cooperation (SSC) should follow the [SSC guidelines](#) and include the mandatory annexes for SSC projects.

The documentation must be submitted to the Under-Secretary for Development Policy through “Bevillingssekretariatet” (for more information, see the [Guidelines for Approval of Projects, Programmes, Multilateral Organisation Strategies, and Strategic Frameworks](#)).

##### ***Grants above DKK 43 million***

The final approval of programmes and projects above DKK 43 million is made by the Minister for Development Cooperation and Global Climate Policy. The Head of Unit is responsible for the content and quality of the programme/project documentation while LEARNING is responsible for the quality assurance (apart from in certain exceptional cases – see Chapter 4.3 above). Following presentation to the Programme Committee and subsequent appraisal, the programme/project document with the appropriation cover note and mandatory annexes will be presented to the Council for Development Policy. The responsible unit will finalise the documents following the Council’s comments. LEARNING as Secretariat for the Council for

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<sup>27</sup> The Mini-project document is a special version of the project document and includes relevant articles from the legal agreement to function as a legal document. It can only be utilised for grants below DKK 10 million.

Development Policy is responsible for presenting the Council for Development Policy's recommendations to the Minister for final funding approval. Grants are published on the Danida Transparency webpage following the Minister's approval.

Note that grants above DKK 43 million included in the Finance Act under 'Frame Appropriations' ('rammebevillinger' in Danish) must be presented to the Parliament's Finance Committee. See the [Guidelines for Approval of Projects, Programmes, Multilateral Organisation Strategies, and Strategic Frameworks](#) for further guidance.

### ***Grants under a Country Strategic Framework***

Projects within a Bilateral Development Programme under a Country Strategic Framework are submitted to the State Secretary for Development Policy for approval. The documentation must include appropriation cover notes for each project, signed summary of recommendations from the pre-appraisal and final appraisal and a presentation note ('forelæggelsesnotits'). There is flexibility in submitting individual projects for approval at later stages to allow for coordination and co-operation with actors outside the control of the embassy as well as for new projects financed through the adaptability reserve. These projects should undergo the same appraisal procedures as described above and be approved by the State Secretary for Development Policy.

## 4.5 Tentative timeline for formulation, quality assurance and approval



## CHAPTER 5 – IMPLEMENTATION

The following procedures on implementation are valid for all projects and programmes, including projects managed by an embassy within a Bilateral Development Programme under the umbrella of a Country Strategic Framework, global and regional programmes as well as stand-alone projects and programmes managed by departments at HQ level or Danish UN missions.



## 5.1 Processes during the implementation phase

The implementation phase includes:

- (i) Initial actions following minister approval
- (ii) Recurrent activities, annually/quarterly/daily
- (iii) Specific actions for adjusting projects/programmes
- (iv) Possible reviews and studies

### Relevant specific guidelines, tools and templates during the implementation phase

[Fragility Risk and Resilience Analysis Tool](#)

[Guidance Note for Adaptive Management](#)

[Financial Management Guidelines](#)

[Financial Monitoring Guidelines](#)

[Guiding principles for Danida support to fund structures](#)

[Guidelines for use of the SDG facility](#)

[Toolbox for development effectiveness](#)

Template: [Summary Document for Bilateral Development Programme](#)

Template: [Management and MEAL](#) of the Bilateral Development Programme

Template: [Development cooperation agreement](#)

Template: [Annual Stocktaking Report](#)

## 5.2 Initial actions

### 5.2.1 Agreements and registering of commitments

**Following approval of a grant, an agreement with the implementing partner<sup>28</sup> must be signed before MFA funded activities can commence.** The type of agreement depends on the type of project and/or partner. However, for all development cooperation activities, an agreement consists of up to three parts: a standard legal document (bilateral, joint or delegated), a project or programme document<sup>29</sup> and relevant partner documentation. Together, they constitute one agreement document. The legal document on which the particular Danish contribution is based can either be the [Development Cooperation Agreement](#),<sup>30</sup> or the partner's template<sup>31</sup> as long as the latter fulfils the fundamental requirements of the former, especially the Danish red lines<sup>32</sup> mentioned above in Section 4.2. The agreement is signed with the relevant

<sup>28</sup> An agreement with an implementing partner is different from a consultancy contract for instance with a fund manager, who is an auxiliary entity, not an implementing partner.

<sup>29</sup> A Danish project/programme document is mandatory, which may be supplemented by a partner project/programme document.

<sup>30</sup> The Danish format is designed for agreements with public entities in partner countries

<sup>31</sup> Most development banks, UN organisations, larger INGO and other international organisations normally have their own format, which Denmark normally accepts with the caveat mentioned.

<sup>32</sup> E.g. anti-corruption, child labour, SEAH and anti-terrorism.

partner; e.g. the partner ministry or concerned organisation. **In the case of joint support or pooled funding**, Joint Financing Agreements are signed by all participating donors and the partner(s). In any case, there can only be one responsible partner to the agreement with the MFA.

**For a Bilateral Development Programme under a Country Strategic Framework, the signed legal document with the annexed “Summary of Bilateral Development Programme” serves as the commitment document<sup>33</sup> for the entire programme.** It might be replaced by an exchange of letters. Should it not be possible to sign a comprehensive agreement for a Bilateral Development Programme, agreements can be signed with the individual implementing partners. In this case, commitments can only be registered for each agreement at a time in the supporting grant management systems.

**For programmes and projects, the legal document with the annexed programme/project document is signed with the partner, as described above.** The signed document serves as the commitment document. For projects under DKK 10 million, the combined format for project document and legal agreement, the so-called mini project document, may be used for signing with the partner and subsequently for registering the commitment in the grant management systems.

**MFA units implementing projects and programmes must ensure that:**

- All programmes/projects are captured in the Grant Management Systems: PMI, FMI, GRAM, and RFI
- A Responsible Desk Officer is designated for the specific programme or project in the systems
- Adequate descriptions of outcome, outputs, and activities are present, relevant, and updated in the systems
- All indicators are developed and entered into the system – the Results Framework Interface (RFI) - reflecting the result frameworks in the documentation
- Indicators are updated with latest available data on results in RFI
- Status on performance, risk etc. is included in the aid management systems
- Quality control of the data entered has been undertaken

Following signing of the agreement and registering of the commitment, the programme or project information is entered into the various systems (see the box to the right).

### 5.2.2 Management Set-up

**The responsible MFA unit must establish structures and procedures for management of its projects and programmes, including for learning.** The purpose at this stage is to put into practice the management arrangement agreed between the MFA, the implementing partner and possible other partners and donors and in agreement with the monitoring plan established during the preparation of the support. This specifies the responsibility for overseeing that activities lead to the expected results. It should ensure clear lines of communication and division of responsibilities. Earlier considerations regarding the capacity and resources of the responsible MFA unit should be taken into account when operationalising the management set-up. The role

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<sup>33</sup> To register a commitment in the aid management system; i.e. to activate the commitment in the Finance Act, there must be a legal agreement with a partner outlining the use of funds in accordance with the Finance Act.

of intended target groups should be considered with a view to giving a voice to them and providing accountability.

**The joint decision making body will vary in size and participation**, ranging from a joint government-donor set-up to direct dialogue with a smaller civil society organisation. It will often be in the form of a steering committee. For larger multi-partner programmes, an overall management arrangement could be in form of a consultative arrangement and/or a larger steering committee. Often, there will also be a joint set-up for coordination between donors. Formal procedures and rules have to be prepared for the functioning of the decision-making body. It should be noted, that the decision making body at this level does not have the authority to approve changes such as changing partner, reallocations at commitment level, changes that affect the objective or outcome. Such changes can only take place according to the directives under sections 5.4.1 and 5.4.2 on adjustments during implementation.

**When cooperating with a number of individual partners within a thematic, global or regional programme**, or where the partners have a joint interest in commonly pursuing an objective, a joint steering committee could be established and/or joint meetings could be held between partners and the donor(s).

**The implementing partner prepares a procedures manual** (in case it does not already exist from a previous phase) outlining key administrative procedures, reporting and procurement as well as decision-making and approval procedures related to revision and adjustments during implementation. Procedures and principles related to financial management can be found in the [Financial Management Guidelines](#) and the [Financial Monitoring Guidelines](#).

### 5.3 Recurrent activities

The MFA units' main responsibility is to monitor and follow up on the project or programme performance as well as to develop good working relations with partners with a view to undertaking professional and constructive policy dialogue.

#### 5.3.1 Annual planning and budgeting

**Annual planning and reporting should as far as possible be aligned with, or fully integrated into, the planning and reporting cycles of implementing partners.** In the case of public institutions in countries with expanded partnerships, planning will normally be linked to the national budget preparation process. For other projects and programmes the partner might be an international or private organisation, so planning and budgeting will depend on the funding modality (earmarked or core). Work planning and budgeting at activity level are primarily of concern to the partner institution responsible for the day-to-day implementation. Work plans, budgets and progress reports at output level should be submitted for endorsement in joint decision-making fora. Specific learning events should be planned and included in the work plan; e.g. such events could be done in connection with regular dialogue meetings.

#### Main recurrent activities:

- Annual planning and budgeting
- Monitoring, accountability and learning
- Compliance and Anti-corruption measures (see section 5.3.3 for further guidance)

**For the first year of implementation, special attention in terms of budgeting should be given to the start-up phase, which typically takes 4-6 months in bigger projects and programmes.** During the start-up phase the implementing partner responsible for project and programme management will likely be busy establishing the management set-up, recruiting staff, undertaking more detailed studies of beneficiaries etc. The ability of the partner to properly apply and manage procedures relating to budgeting, accounting, internal controls, governance, financial reporting, and auditing should in this context be (re)-assessed.

### **5.3.2 Monitoring, Evaluation, Accountability and Learning (MEAL)**

A Monitoring, Evaluation, Accountability and Learning system enables tracking of progress, continuous learning, making adjustments, discovering unintended effects of projects and programmes, and judging the impact on the ground. It also ensures accountability towards stakeholders through information sharing combined with a complaints/feedback mechanism, which can help guide programme/project implementation. At the same time, key stakeholders, taxpayers and politicians are provided with information through transparent results reporting.

The MFA is responsible for monitoring progress during the implementation of programmes and projects. This helps ensuring that partners work to meet agreed objectives and respond to changes in the operating environment.

#### ***A.1. Monitoring***

**Monitoring is divided into two parts, one part undertaken by the partner and another part undertaken by the responsible MFA unit.** Day-to-day monitoring is conducted by the partner and involves ongoing collection and review of data by programmes managers, donors and other stakeholders with indication of progress against programme/project plans, including programme/project results framework and towards outcomes and objectives.

The responsible MFA unit should conduct monitoring through meetings with partners, progress reports by the implementing partner, field visits to triangulate reporting through reality checks on the ground, meetings with other donors in the same field or sector and more formal meetings, as described under section on “Dialogue” below.

**Monitoring could include third party monitoring<sup>34</sup> or dedicated monitoring mechanisms, depending on the circumstances.** It is always the responsibility of the partner and the MFA unit to ensure sufficient and relevant monitoring and follow-up. If relevant, technical assistance can be engaged to assist partners with enhancing the quality of monitoring and learning.

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<sup>34</sup> Third party monitoring can take many forms, but the basic principle is to hire an external entity (e.g. a company) to monitor on behalf of the donor. In specific contexts or circumstances such as security concerns and resource constraints, this can be particularly relevant.

## Dimensions of monitoring

- **Results monitoring** to assess the efficiency and effectiveness of the project and/or programme and whether performance is as expected.
- **Monitoring of Theory of Change (ToC) and assumptions backed up by evidence** to assess if the ToC and the underlying assumptions are still valid, or whether the project or programme must adapt its intervention logic. It is important to assess the wider context and changes occurring, not just the Danish supported intervention.
- **Risk monitoring** to assess to what extent the project or programme's achievement of its objectives is in danger of being compromised. In fragile situations, the Fragility Risk and Resilience Analysis Tool will be useful for understanding the contextual fragility risks.
- **Scenario analysis and planning.** Especially in situations of conflict and fragility, it is important to maintain a good monitoring framework to assess if there has been a shift in the planning scenarios, and whether this will have consequences for implementation modality, choice of partners, resource allocations and/or focus of the project or programme.
- **Monitoring of financial management, including procurement by the partner** to ensure compliance in the administration of Danish funds.

## *Financial monitoring*

**To ensure proper financial monitoring of the administration of Danish funds,** a financial monitoring framework should be developed by the responsible MFA unit encompassing regular financial monitoring through meetings with the partner, scrutinising narrative reports, financial reports, annual audits, as well as carrying out on-site financial monitoring visits, special audits and reviews. Financial monitoring is an essential element of the overall monitoring framework in order to achieve the results and outcomes intended by the grant and should be understood broadly and in the larger context of the programme or project. Special attention shall be given to procurement by the partner to ensure that these fulfil Danish minimum requirements. The degree and frequency of the financial monitoring of any grant recipient must be based on the nature and amount of the grant, the grant modality, the grant recipient's capacity, and the risks associated with the specific grant. For more on this, please refer to the [Financial Management Guidelines](#) and the [Financial Monitoring Guidelines](#).

## *A.2. Reporting*

**Reporting by the partners:** The Danish minimum requirement is one annual narrative progress report, an audited annual financial statement and a budget monitoring report. In practice, however, semi-annual work plans and progress reports may be required, and at times quarterly financial reports are used. The frequency depends on the nature of the project and should be clearly stated in the project document and in the legal agreement. There is no Danish requirement as to a specific format or template. The Danish requirements in terms of content are summarised in the box. Separate planning and reporting documents should be avoided if partner procedures cover all Danish requirements to reporting. It should be ensured, however,

that the agreed outcome and output indicators and targets described in the results framework are included in the reporting. For financial reporting the [Financial Management Guidelines](#) should be consulted.

**MFA reporting:** It is the responsibility of concerned MFA units to ensure reporting against the overall project/programme results framework, at least annually, ensuring that adequate information is entered into the aid management systems. OpenAid ([openaid.um.dk](http://openaid.um.dk)) is the formal communication tool for progress reporting to the Danish Parliament and the public on development cooperation and it draws information automatically from the MFA's aid management systems. OpenAid is updated on a daily basis with development results and financial data directly from internal MFA systems. **The deadline for entering targets for the year is end January** and the deadline for **updating the aid management systems on results from the previous year is 30 April**. The basis for

reporting by MFA units includes the financial and narrative progress reporting by partner(s), the outcome of dialogue with partner(s), including possible adaptation of the results framework, as well as the unit's own monitoring activities.

***Annual stock-taking reviews*** are mandatory for all projects and programmes above DKK 43 million. Annual stocktaking reviews are undertaken by the responsible MFA unit before 15 June as an internal exercise, not requiring external assistance. An annual stocking review has a qualitative focus and should assess progress and strategic developments, challenges, learning, financial aspects (disbursements and consumption), new entry points and possible adjustments. The intervention logic as formulated in the Theory of Change is reviewed to assess whether the programme is still relevant, including implications of changes in assumptions and risks. Lessons learnt will be assessed with a view to deciding possible actions. The stocktaking review is based on input from available partners' reports, dialogue with partners and other stakeholders, outcome of reviews, studies and evaluations carried out during the year, as well as other relevant sources. The output of the annual stock-taking review is an Annual Stock-taking Report of 3-5 pages (see format for the Annual Stock-Taking report for projects and programmes under [Tools and Templates](#)). These annual stock-taking reviews will be part of the internal annual stock-taking with Senior Management.

#### Content of annual progress reports

- Assessment of developments in the national or sector framework during the past year
- Progress as compared to the defined (original or revised) outcome and output targets for the reporting period
- Explanations of challenges encountered and how these have been handled
- Progress to date compared to output and outcome targets for the entire project/programme period, as stipulated in the results framework
- Reporting expenditure as compared to approved budgets
- Reporting linkage between outputs and expenditures
- Lessons learnt during the year with an analysis of what works and what has worked less well and why supported by evidence, including updated risk-analysis if relevant
- Specification of recommended changes and adjustments, including budget re-allocations for approval by the relevant authorities
- Follow-up on prior recommendations

**For Bilateral Development Programmes under a Country Strategic Framework**, the responsible MFA unit should involve the Country Task Force on relevant issues, e.g. Danish policy changes, potentials for additional support to the country, synergies with other activities undertaken by Denmark. As a general rule, findings from these annual stocktaking reviews are presented to the Council for Development Policy for information to allow for dialogue and follow up on the progress of a Bilateral Development Programme.<sup>35</sup> If findings are of broader relevance, these can be shared with the Programme Committee, as part of the internal learning process. See format for the annual stock-taking review report for Bilateral Development Programmes under [Tools and Templates](#).

### ***A.3. Dialogue***

***Recurrent dialogue with implementing partners:*** The responsible MFA unit will undertake recurrent dialogue with the implementing partner at programme or project level, whether it is part of a Bilateral Development Programme or is a stand-alone programme or project. The guiding principles for decision-making procedures at programme and project level are that they involve all participating donors and partners, are transparent and formalised, and that decisions reached are recorded in minutes of meetings. In case of multi-donor implementation set-ups or intermediaries working with more partners, the dialogue will take place with the board of the intermediary or similar set-up. In case of multi-donor implementation set-ups or intermediaries working with more partners, the dialogue will take place with the board of the intermediary or similar set-up.

#### **Issues for recurrent dialogue with implementing partners**

- Review of annual progress reports on project/programme implementation with emphasis on outcome against targets
- Review the Theory of Change to assess that it is still valid, including assumptions and risks and their possible effect on achieved results
- Lessons learnt and consequent changes to strategies, partner cooperation and/or strategic direction, reallocations, changes in output, outcomes, indicators, etc.
- Review of the partner's learning and adaptation strategy, including whether the partner has a deliberate strategy for how to collect evidence for what works and subsequent adaptation of the project or programme, if needed
- Consider issues of mismanagement or risk thereof and revisit MFA zero-tolerance policy regularly
- Approval of work plans and corresponding budgets
- Approval of ToR for audits and of audit reports as well as monitoring of audit follow-up
- Approval of ToR for possible reviews or evaluations and endorsement of review recommendations as well as recommendation follow-up.

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<sup>35</sup> LEARNING may be consulted regarding timing of the presentation of CSF annual stocktaking reports to UPR.

Minutes from formal partner meetings should include agreed follow-up actions to be undertaken by partners or the MFA with deadlines for delivery. Follow-up should be reviewed in subsequent dialogues.

***Annual consultations with programme partners.***<sup>36</sup> At the level of a Bilateral Development Programme, the responsible MFA unit will have periodic dialogue meetings with national partners regarding overall progress in implementation, typically once a year. This dialogue addresses:

- (i) Broader political, economic, environmental/climate change, social and human rights developments in the country of relevance to the programme. In case of a regional or global programme, the equivalent developments at the regional or global level should be included in the discussions.
- (ii) Progress towards expected programme results with a strong focus on outcomes;
- (iii) New developments in the context requiring review of assumptions and risks underpinning the Theory of Change and possible adjustments to the programme;
- (iv) Total expenditures during the past year or period, and budgets for the coming year or period; issues of mismanagement or risk thereof and revisit the MFA zero tolerance policy and,
- (v) Possible reallocation of funds between projects in a programme, use of unallocated funds and other decisions at overall project/programme level.

During project completion and exit it will often be necessary to intensify the dialogue with the partner to discuss final adjustments of activities, final budgets and payment and audit as well as other reporting requirements including input to the Project completion summary submitted in RFI.

***High Level Consultations:*** In countries with expanded partnerships, High-Level Consultations (HLC) will be conducted approximately every second year or in case of a specific situation in the country. The purpose is to create a forum for an open, frank and focused policy dialogue on issues of mutual interest. Generally, the consultations should focus on:

- Danish policy priorities in the areas contained in the Country Strategic Framework and the country's responsiveness
- Synergies between various development and policy instruments, including trade, political issues, security, etc.
- The country's performance, including progress on relevant reform processes
- Performance of the various development and policy instruments since the latest HLC

The Danish delegation is usually headed by a representative of the MFA's senior management, but can also on certain occasions be headed by the Minister for Development Cooperation and Global Climate Policy. The responsible MFA unit is represented by the Head of Mission/Department. Other MFA units may participate as deemed relevant.

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<sup>36</sup> It will often be the Ministry of Finance or Ministry of Planning.



The overall responsibility for initiating, planning and organising the HLC rests with the embassy in the country with inputs from relevant MFA headquarter units. The embassy must establish the HLC agenda in cooperation with the country's authorities. The final agenda should be agreed upon at least three weeks in advance to allow both sides to prepare properly.

The HLC are conducted on the basis of a mandate note. The note sets out the objective of the consultations and explains the Danish positions and the position of the country on the issues to be discussed. After the HLC, agreed minutes should be prepared or whether other forms of reporting or communication on the outcomes of the consultations are more useful.

### ***B. Evaluation***

The MFA operate with a number of different assessment instruments. This includes various types of "Reviews", providing structured and time-bound reflections to assess results and progress of individual projects and programmes. "Evaluations" are seen as independent in-depth systematic/structured and objective assessments of an on-going or completed programmes or projects to date with regards to design, implementation and results. Evaluations can also assess approaches, modalities or engagements across a thematic areas. These instruments are described in section 5.5. of this document.

It should be noted, that partners may refer to project and programme "evaluations", which the MFA defines as a "review" because they have a more narrow scope and/or are intended as management tools in the ongoing monitoring of development activitie.

### ***C. Accountability***

**External accountability takes place through information to the Danish Parliament and the public.** Publishing of results through [OpenAid](#) is linked to the appropriations granted by the Finance Act and is according to the law prepared for the Finance Committee and the Foreign Affairs Committee of the Parliament. The publication of results, budgets and disbursements provide the possibility for the Parliament and the Danish public to hold the MFA accountable for the use of state funds for development cooperation.

**The internal accountability system consists *inter alia* of the Annual Corporate Report<sup>37</sup> and for programmes and projects above DKK 43 million, of the Annual Stock-taking Report** (see section A.2 above).

**The purpose of the Annual Corporate Report is to provide Senior Management and the Council for Development Policy with information about the state of Danish development cooperation with emphasis on results.** The report is prepared by LEARNING and describes the main results of Danish development co-operation in the form of dashboards to provide a quick overview of the performance of the entire development portfolio.

**The purpose of the Annual Stock-taking report is to provide a status of programmes and projects above DKK 43 million.** The report is based on an internal review by the responsible unit.

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<sup>37</sup> Still under development as part of improvements in results reporting.

## ***D. Learning***

**It is the responsibility of the MFA unit to encourage learning from both positive and negative experiences during the implementation phase.** Especially, if the programme/project is not progressing satisfactorily, it is important to discuss and agree with partners on timely adaptation or changes to the programme/project, including its results framework. It is important to substantiate lessons learned with concrete evidence of what works and what works less well.

**Monitoring provides inputs for learning**, not least by the partner and by the MFA, of results obtained under the given circumstances, negative and positive, with a view to adapting the project or programme to the best-suited option(s). The basic instrument for monitoring is the Theory of Change and an operational and realistic results framework.

### **5.3.3 Anti-corruption**

Anti-corruption efforts fall in different categories. First, preventing corruption in the use of development aid provided by Denmark from a risk perspective. Second, helping to combat corruption in countries targeted through Danish development aid from a development perspective. This could either be in the form of direct support to national anti-corruption agencies or anti-corruption NGOs, but more generally it should be considered whether anti-corruption measures should be strategically integrated in the design of the project/programme. Guidance on the latter is among others provided by the [anti-corruption resource center U4](#). Conclusions of relevant analyses related to corruption and its implications for the project/programme should be documented in the standard context analysis annex.

With regard to preventing corruption in the use of development aid provided by Denmark, measures include actively working with risk management, capacity development of partners as well as strengthening the partners' own procedures and control systems. Special emphasis should be given to procurement and contract management. Furthermore, contracts with partners include standard clauses on anti-corruption, including clauses, which stipulate that any form of corruptive practice will be grounds for claiming repayment or immediate cancellation of agreements.

Control measures include different types of monitoring, such as monitoring for results, financial audits, compliance audits, value for money audits, financial control visits and procurement controls. Corruption risks should always be analysed and highlighted together with mitigation measures in the risk matrix at the programme level.

The zero-tolerance stance of the MFA implies that all cases of substantiated suspicion must be followed up. Any case of reasonable suspicion of irresponsible management, corruption or fraud must lead to an immediate reaction. Often, this means ensuring that additional funds are not put at risk, while investigations to confirm or reject suspicion are ongoing. Following up on a case of corruption can take many forms. It can be through enforcing more restrictive control mechanisms on a partner's administration of funds, freezing further transfer of funds, demanding disciplinary action taken by an organisation towards staff, demanding refunds of payments and requiring the partner to report the case to the police. For further guidance on how to manage if

there are suspicions of irregularities, see [Guidelines](#) for the management of cases of irregularities, including corruption (c-cases).

#### **Reporting irregularities and corruption (C-Cases)**

According to The Auditor General's Act, The National Audit Office of Denmark must be notified on matters relating to financial accounts and other matters deemed to be of significance for the audit of authorities administering government funds.

The MFA continuously notifies The National Audit Office of Denmark of cases of irregularities or other misuse of Danish development assistance causing reasonable suspicion of irresponsible management, corruption or fraud. Notifications are with few exemptions published on the Ministry's website. Cases concerning irregularities must be reported to TILSKUD no later than two weeks after the case has come to the attention of the MFA unit. The notification is done in the c-case system if the MFA unit is in doubt whether to report or not, TILSKUD must be consulted.

In addition to notifying The National Audit Office, the Minister for Foreign Affairs and/or the Minister for Development Cooperation and Global Climate Policy are informed of cases involving a potential loss of DKK 5 million or more or if special reasons for potential losses below DKK 5 million warrant this (political aspects, publicity, reputational risks, etc.). The Foreign Affairs Committee and The Finance Committee of the Danish Parliament is informed of cases involving a potential loss of more than DKK 10 million *and* cases of principal significance, e.g. cases that involve members of the government of the recipient country. See the *Instructions on Reporting Information to KONTROL, TILSKUD and the National Audit Office of Denmark* for further guidance

## **5.4 Specific actions for adjusting projects and programmes**

Adjusting projects and programmes during implementation requires as a general rule an assessment of the situation leading to the decision to undertake adjustments as well as justification for the proposed action(s) which must be properly documented and filed on the case.

### **5.4.1 Adjustments of Projects and Programmes during Implementation**

**Adjustments of projects and programmes are to be undertaken if they can be justified based on changes in the context or new knowledge on how to achieve better results or if additional funds from the MFA are made available.** Focus must be on continuous learning to react to opportunities for positive change and to enable rapid action to identify alternatives, when conditions and partnership relations change unfavourably. Any adjustment must be in compliance with the legal basis provided in the Danish Finance Act.

If the **proposed changes do not comply with the legal basis in the Finance Act**, an amendment (in Danish aktstykke) must be presented to the Finance Committee in the Parliament through the Under-Secretary for Development Policy.

#### ***Change in objectives***

**Changes to the objectives require approval according to programme/project size:**

- Projects below **DKK 10 million**: the Head of MFA unit approves the proposed change.

- Programmes and projects between **DKK 10 and 43 million**: the Under-Secretary for Development Policy must recommend the change for approval by the Minister for Development Cooperation and Global Climate Policy.
- Programmes and projects **above DKK 43 million**: the proposed change in objective is to be presented to the Council for Development Policy, which recommends it for subsequent approval by the Minister for Development Cooperation and Global Climate Policy.

For programmes/projects above DKK 10 million, the responsible MFA unit should always consult with the Finance Act Team in APD to ensure that the revised formulation of objectives is in accordance with the text in the Finance Act.

### *Change in outcomes and outputs*

**Changes in outcomes and outputs can be approved by the Head of the responsible MFA unit, irrespective of the size of the project or programme.** The implementing partner is always to be consulted. For outputs, the change must align with the related outcome. Where it is found that changes in outputs/outcome(s) will change the programme substantially or the prioritisation of the funding, it can be decided to refer the case to the Under-Secretary for Development Policy. The changes in outputs/outcome(s) must under all circumstances fit within the objectives already approved.

### *Change of implementing partner*

**Change of implementing partner can be decided by the Head of the responsible MFA unit.** Legal issues related to the implementing partner agreement should be considered at an early point as a change in implementing partner may imply the cessation of an agreement with the partner. Consultations with DKJUR, TILSKUD and OKO may be required in case of service contracts.

### *Change in modality*

**Changes in modalities can be decided by the Head of the responsible MFA unit,** if such changes improve the prospect of achieving the objectives of the project or programme. Such change can for example be a shift from core to earmarked funding or the opposite.

### *No-cost extension*

**Projects and programmes can be extended within reasonable timelines.** The main justification would be that there are reasonable and credible prospects for achieving the objectives within the extended implementation period. Alternatives should, however, be considered e.g. reduction in scope or combination hereof. Long extension periods will have implications for the resource use by the responsible MFA unit and even though the grant is not increased, there is a potential change in the cost-structure of the programme or project as extended implementation usually shift funds from activities that generate results towards administration. The Head of the responsible MFA unit can approve an extension of up to 6 months. Extensions of projects above DKK 10 million beyond 6 months should be presented to the Under-Secretary for Development Policy for endorsement. It is advisable to consult with TILSKUD. All extension arrangements

shall be confirmed by formal exchange of letters between the signatories of the original development cooperation agreement, establishing an addendum to the agreement in question. Remember extensions usually demand additional narrative and financial reporting.

### *Costed extension*

**Costed extensions<sup>38</sup> can occur for instance in connection with bridging arrangements or other major changes, where the total budget is increased. Each case has to be assessed individually and authorisation depends on the specific circumstances and the budget.**

Concordance with objectives, relevance, absorption capacity and results to be produced, including possible updates of the results framework during the costed extension period, must be considered. Proposals for costed extensions are to be approved by the Under-Secretary for Development Policy and the Minister for Development Cooperation and Global Climate Policy, and often the Parliamentary Committee for Foreign Affairs (URU) is to be informed. However, extensions below DKK 10 million can be approved by the Head of the responsible MFA unit.

### 5.4.2 Reallocations

**The responsible MFA unit may approve reallocations between projects in a programme including a Bilateral Development Programme under a CSF of up to fifteen (15) percent of the total budget over the implementation period.** Partners are to be consulted regarding the intended reallocations and an addendum to the development cooperation agreement should be signed by the two parties. The Head of the responsible MFA unit must formally approve the reallocation. Above this ceiling, the Under-Secretary for Development Policy has the mandate to approve reallocations based on an assessment and recommendation from the responsible MFA unit. The request should clearly outline the reasons for the requested reallocation, the size of the reallocation, and demonstrate that the reallocation will not lead to changes in the objective for the programme. If the provisions of the Finance Act do not provide the basis for the reallocation, the proposed changes have to be submitted to the Finance Committee of Parliament.

**Reallocations within projects** follow the general rules outlined in the [Financial Management Guidelines](#), i.e. the implementing partner can reallocate up to 10% of the budget line to other budget lines, whereas changes exceeding 10% must be presented to and approved by the steering committee or other relevant decision-making body.

### 5.4.3 Unallocated funds

**For programmes and projects above DKK 43 million, unallocated funds can be reserved for later use.** The need to adapt to new situations will often necessitate reservation of funds to be programmed later. In such cases, the non-programmed part of the budget is set aside at the time of appropriation. All funds not programmed and appraised at the time of presentation to the Council for Development Policy are regarded as unallocated funds.

The maximum amount of unallocated funds is in each case endorsed by the Programme Committee during presentation of a draft programme/project document. Unallocated funds can

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<sup>38</sup> Costed extensions are not reallocations of funds within programme (See Section 5.4.2), but augmentation of the total budget.

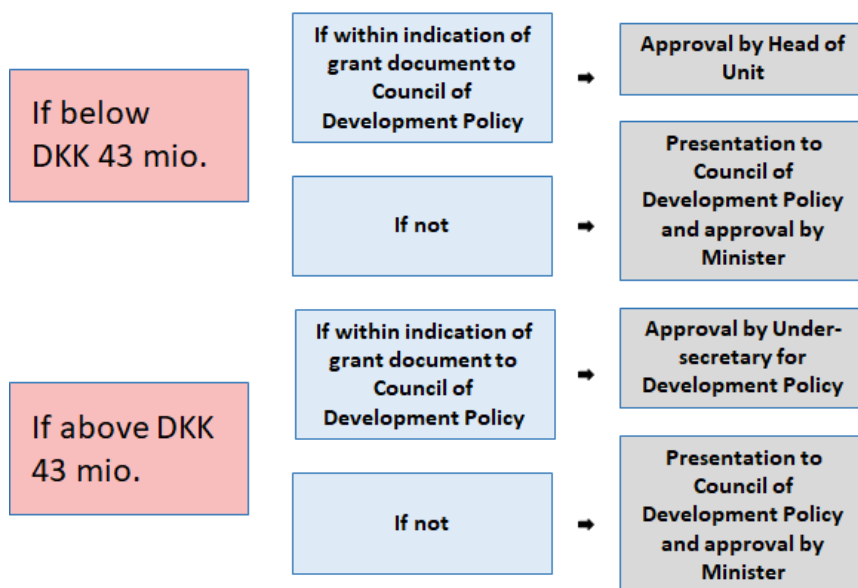
reach 25% of the total budget of programmes above DKK 43 million.<sup>39</sup> The quality assurance/appraisal and approval process for allocation of un-allocated funds follow normal guidelines for new appropriations and thus depends on whether the unallocated amount is between DKK 10 and DKK 43 million, or above DKK 43 million, and whether it follows the objective in the grant document, as presented to the Council for Development Policy, or not.

**For Bilateral Development Programmes under a Country Strategic Framework,** unallocated funds may also reach 25%. The quality assurance and approval process for allocation of the unallocated funds follow normal guidelines for new appropriations and thus depend on whether the unallocated amount is between DKK 10 and DKK 43 million, or above DKK 43 million.

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<sup>39</sup> The budget for Bilateral Development Programmes is considered as fully committed, despite part of it not being fully programmed. For engagements where political decisions will determine the future course of action, the rule for unallocated funds only apply to the committed part of the budget, not the pledges in future budget years (BO-årene).

**Figure 3: Overview of approval process of unallocated funds**



If the objective of the proposed use of unallocated funds is not covered by the text in the Finance Act, a new appropriation has to be applied for through a request to the Parliamentary Finance Committee (aktstykke). At the time of midterm review (see below), most unallocated funds should be programmed, and a plan for the remaining unallocated funds prepared to ensure sufficient time for implementation.

#### 5.4.4 Use of contingencies

**It is recommended to provide a budget line for contingencies – also called budget margin – in project budgets.** The budget for contingencies can be maximum 10% of the total budget. Contingencies can only be used to cover unforeseen expenses for planned activities, such as extraordinary price increases, foreign exchange losses and unforeseen expenses. Use of contingencies for unforeseen expenses and losses is to be decided in joint decision-making body or other types of management arrangement. Contingencies can only be used within the same project. Should the amount of contingencies be insufficient in a project, the rules for reallocation between projects apply.

#### 5.5 Additional quality assurance during implementation

To support quality assurance (QA) during implementation in addition to the recurrent processes described above, a number of additional QA measures may be applied during implementation, including:

- Implementation support - optional
- Inception review - optional
- Technical review - optional
- Midterm programme review - mandatory for programmes and projects above DKK 43 million
- Evaluations - optional as a source of lessons and information.

### ***Implementation support***

**The responsible MFA unit can request technical support** from LEARNING at any time during programme implementation with focus on appropriations above DKK 43 million or for complex programmes/projects. This type of support may be requested to assess significant changes in context, risks and/or scenarios and other developments requiring major adjustments in a strategic direction.

### ***Inception reviews (for programmes and projects above DKK 10 million)***

**The purpose of inception reviews is to follow up on recommendations from the appraisal, or to complete an appraisal**, if the documentation was incomplete at time of appraisal. An inception review may be agreed upon in advance of programme approval as part of the quality assurance process of a new project or programme. Focus can be on programmatic issues or processes still outstanding at the time of formal approval, such as results frameworks not yet consolidated in terms of baselines and targets, management and partnership structures, etc. Within the first 18 months of programme implementation, the responsible MFA unit may conduct an inception review. It should be thoroughly argued why an inception review is required. For projects and programmes under DKK 43 million, the responsible MFA unit prepares draft ToR for inception reviews outlining the main issues and detailing the input expected from possible external consultants. For programmes and projects above DKK 43 million LEARNING will normally undertake the inception review and therefore finalise the ToR.

### ***Technical reviews***

**The purpose of a technical review is to assess in detail specific aspects of a project or a programme and recommend improvement with a view to enhancing results.** Technical reviews are the responsibility of the responsible MFA unit together with national partners and other development partners in case of joint funding or joint implementation. The responsible MFA unit may recruit external consultants to undertake such reviews.

**Technical reviews vary in scope and substance depending on the size and complexity of the programmes or projects.** In some cases, the project or programme review will take place annually; e.g. joint sector reviews. In other cases, the programme or project follows joint governance structures; e.g. a board for UN or World Bank managed funds or a specific implementation unit basket fund, where regular reviews are undertaken. In some cases, governance structure meetings replace technical reviews. The responsible MFA unit will assess whether a specific Danida review is needed at programme/project level or whether joint reviews or governance structure meetings are sufficient to ensure adequate follow-up. Technical reviews can also be used during the preparation of mid-term reviews to allow for more in-depth analyses of specific projects or areas.

### ***Mid-term reviews***

**The purpose of a mid-term review (MTR) is to undertake independent quality assurance of a give programme or project.** For programmes or projects exceeding DKK 43 million, it is mandatory to undertake an LEARNING -led MTR of the entire programme or project. For



programmes, the MTR includes all the constituent projects. In the case of a Bilateral Development Programme under a Country Strategic Framework, the MTR should also, to the extent possible, take into consideration other Danish-funded interventions in the country, such as multilateral support, civil society projects, private sector engagements and HQ-projects in the country, but not undertake a review of them per se. Focus should be on major implementation-related issues, including changes in the context and based on this, exploring alternative ways to meet or adapt objectives.

**The responsible MFA unit must initiate the MTR and handle the logistics and detailed planning of the review.** The responsible MFA unit ensures that all relevant documents are shared with LEARNING well in advance of the MTR. In preparation of the MTR, the responsible MFA unit may undertake technical reviews of selected programmes and projects e.g. based on their complexity, particular issues related to the implementing partner etc. which will form part of the documentation for the MTR. In case of multi-donor arrangements, the MTR should preferably be planned as a joint exercise with the other donors. The responsible MFA unit prepares draft ToR for the MTR, outlining the main issues to be reviewed. LEARNING is responsible for finalising the ToR.

The MTR team will debrief the responsible MFA unit and partners (the latter as deemed relevant) based on a debriefing note (often in the form of a PowerPoint presentation). A draft MTR Report of approximately 15 pages will be forwarded by the MTR team to the responsible MFA unit no later than two weeks after the field mission (or end of consultation process if the MTR is desk based) with the recommendations recorded in a separate document “Summary of Recommendations for Reviews and Mid-term Reviews” found at [Tools and Templates](#). The responsible MFA unit can correct factual errors in the draft MTR Report. LEARNING will then issue the final MTR Report to complete the process.

**The responsible MFA unit states the follow-up activities in the “Summary of Recommendations for Reviews and Mid-term Reviews”,** including arguments for not following specific recommendations, and forward this to the Under-Secretary for Development Policy and to LEARNING. MTR’s of larger programmes, including the Bilateral Development Programme, will be presented to the Council for Development Policy for information following the endorsement by the Under-Secretary for Development Policy of the “Summary of Recommendations for Reviews and Mid-term Reviews”.

### ***Evaluation***

**To promote learning across the entire MFA development cooperation portfolio and as part of accountability to the public, a number of evaluations are carried out each year.** Evaluations are independent in-depth analyses of results and processes and the assessments are based on the DAC evaluation criteria of relevance, coherence, effectiveness, efficiency, impact and sustainability (the Danida Evaluation Guidelines can be found at the [evaluation website](#)). Evaluations serve to provide learning and document results - not least at outcome and impact level - but are also used as inputs to adjustment of on-going activities, and as preparation of new activities or the preparation of new phases of support. They can take place at all stages of the

development cooperation support. Evaluations will often address thematic areas, strategies, modalities etc., and as such contain lessons and recommendations of relevance, also for engagements that have not been specifically addressed by an evaluation. Making good use of experience and lessons learnt from evaluations is thus essential in all stages of programme preparation and implementation. This can be done by accessing evaluation reports and studies at the [evaluation website](#) and at the OECD/DAC database on evaluations, [DEReC](#).

## CHAPTER 6 – COMPLETION AND CLOSURE

Considerations related to the completion of a project or programme start at the identification stage and should be taken fully into account during the formulation phase.

It is important to envisage the situation where structures, policies and partner activities are to continue independently of donor funding. The processes related to winding down, eventually leading to completion of a project or a programme and finalised by the formal closure is thus to be prepared well in advance. For larger programmes such a completion process could take up to a year. The processes are guided by an exit strategy based on discussions with partners.

The processes consist of two main phases:

- Preparation of an exit strategy
- Completion and closure

### Relevant specific guidelines, tools and templates in the completion phase

[Financial Management Guidelines](#)

[Financial Monitoring Guidelines](#)

[Grant Management Guidelines](#)

[Guidance Note on Country Exit from Bilateral Development Cooperation](#)

### 6.1 Preparation of exit strategy

The scope of an exit strategy should match the volume of support provided, and a realistic timeframe should be set for the phase-out processes taking into account issues related to sustainability. If relevant, the exit strategy should be considered during the midterm review. The financial exit plan is an integrated part of the overall exit strategy. The guidance note: [Exiting from Bilateral Development Cooperation](#) outlines the general considerations related to country exits from bilateral development cooperation, but it contains reflections, which are relevant for exit from projects and programmes as well.

**In the case of a Bilateral Development Programme,** the exit could be a transition from cooperation being primarily aid-related to becoming, for instance, more trade-related. In those cases, a strategy for the exit should take into consideration how best to pave the way for the new type of cooperation between Denmark and the partner country.

**The responsible MFA unit should ensure that an actual exit note is prepared as early as possible,** once a decision has been made to discontinue projects and programmes, and to begin discussions with partners in relevant forums. In cases where exit from projects or programmes is planned, LEARNING can provide assistance with regard to the formulation of exit note and other aspects related to the planning of phase-out.

### The issues to consider in the preparation of an exit strategy include:

- How will the exit impact the development gains in terms of e.g. rights, livelihoods, gender equality, resilience etc. for the ultimate beneficiaries of the support? Will there be any negative effects?
- What are the alternative resources available for activities to continue (user fees, revenue, grants from other partners etc.)?
- If the sustainability is jeopardized by phasing out the cooperation, can some activity areas be supported with funding from other sources?
- What are the human resource implications of a phase-out for the partner?
- How should the partner ensure or strengthen capacity to sustain the activities supported or to sustain achievements?
- Is there a need to refocus capacity development support in the remaining funding period?
- Is there a need to undertake reallocations within the programme in order to ensure certain results or to sustain these before completion?
- It is very important that the unit in close cooperation with the partner agree on specific tasks that are related to the closure of the project such as handing over of assets, final audit report, return of unspent funds etc. The dialogue should be initiated minimum 6 months before the end date of the project and be reflected in a detailed PAP with clear division of responsibilities.
- Check remaining funds and consider whether the partner will realistically be able to use the remaining funds (especially if these are not yet disbursed to the partner) and potential reallocation of the funds to another project.
- Establish an overview of any ongoing c-cases and develop individual PAPs for how they will be managed and ultimately resolved.
- Specific communication efforts should be considered, including to partner staff concerned, to facilitate dissemination of lessons learned and results obtained, to counter any potential reputational risk issues that may arise from a decision to exit.
- Are there opportunities for supporting interventions that promote the transition towards other types of partnerships, including trade-related partnerships?
- Should a review or evaluation of project or programmes be promoted to document results and collect lessons learned for use in future development cooperation?
- In situations where an exit is linked to an actual downscaling or closure of an embassy, a dialogue mechanism will be established between all relevant MFA units to support the process (the so-called 'REP-NED'-process).

## 6.2 Completion and closure of projects and programmes

**All activities, which have a Danish bilateral contribution of more than DKK 1 million<sup>40</sup> must undergo a formal completion process.** The completion process entails the submission of a final report by the implementing partners to the responsible MFA unit and, based on this, a Project completion summary with a final reflection of achievements submitted directly in RFI by the responsible MFA unit.

New phases of project or programme support will always be considered as new support, as it requires new documentation and new appropriation. Overlapping implementation of support to

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<sup>40</sup> As a general rule programmes and projects should have a budget of minimum DKK 5 million, but this is in the understanding that there are a few instruments which produces smaller grants.

two phases of the same project or programme should be avoided to the extent possible, while at the same time ensuring that there is no major gap in implementation between phases.

### *Implementing partner's final report*

The implementing partner's final report includes an assessment of effectiveness and efficiency obtained through the development partner's contribution (Danish or joint), measured against the results framework in the project or programme document. The report must document lessons learnt and evaluate the prospects for continued sustainable progress. The final report should follow the format of the partner's own reports, as used during the implementation. The final report is submitted for assessment to the joint decision making body, such as a steering committee, no less than three months prior to the termination of the legal agreement between the parties.

#### **The purpose of the completion phase is to ensure:**

- That development results are documented.
- That documentation for the use of Danish funds in accordance with general principles for financial management of public resources is provided.
- That lessons learned are generated, discussed and, to the extent possible, integrated into partner activities.
- That the process contributes to the overall Danish reporting on results.
- That the administrative, financial and technical closure of project or programme support is completed in a coherent workflow.
- A transition process to a next phase, if foreseen.

### *Responsible MFA unit's Project completion summary*

The responsible MFA unit shall prepare a Project completion summary with a final reflection of results achieved as part of the completion and closure process covering programme or project level as relevant. The Project completion summary should highlight the main lessons learned based on the implementing partner's final report. This can also be used for possible guidance for future cooperation. The MFA Unit should also reflect on the conclusions by the joint decision making body regarding the achievement of the expected results, including the theory of change, assumptions, risk development, and wider impact, such as the prospect of replication or upscaling. The Project completion summary must be approved by the Head of Unit before it is submitted in RFI.

### *Closure of accounts*

**When support to a project or programme is about to end, a final audit must be conducted.**

The audit will normally cover the latest year, but the period can in some cases for practical reasons be extended by a few months. A project is administratively closed when all grants registered under the programme or project are completed in PMI. When the audit report has been received, the responsible MFA unit must register the received accounts in GRAM and fill in the cover note. Closing a project can only take place when all accounting periods have been completed in GRAM, when any remaining balance between the commitment and total disbursements to the partner has been returned to the Danish Ministry of Finance (reversal of provision), and when the














necessary archiving of documentation has taken place in 360, PMI and GRAM. Unspent funds and accrued interest must be returned before the accounts can be closed. Prior to the closure, it must be ensured that no more expenses, such as advisor salaries and audit fees, will be incurred. When accrued interest and unspent funds have been returned and the final audited accounts have been received and approved, the project can be closed financially by reversing the remaining provision in FMI. See the [Grant Management Guideline](#) (“Sagsbehandlervejledningen”) for specific guidance on how to close down a programme or project in the MFA grant management systems.

## SUMMARY OF KEY PROCEDURAL ISSUES FOR PROGRAMMES AND PROJECTS


Process, documentation	Programmes and Projects			Projects
<b>Type of intervention</b>	Country Strategic Framework (CSF)/ Bilateral Development Programme (BDP) <sup>41</sup>	Programmes <sup>42</sup> / Projects above DKK 43 million	Programmes/ Projects DKK 10-43 million	Projects up to DKK 10 million
<b>Task force</b>	✔ Will meet regularly to discuss Country Strategic Framework and Bilateral Development Programme	✔ Will meet (if established), as relevant, to discuss programme/ Project	✔ Will meet (if established), as relevant, and discuss programme/project	NA
<b>Presentation to the Programme Committee</b>	✔ Draft Country Strategic Framework	✔ Draft programme/ project documents	Only if requested by responsible MFA unit or the Under-secretary for Development Policy	
<b>Appraisal</b>	Pre-appraisal followed by Final desk appraisal By LEARNING	Appraisal by LEARNING	Appraisal by external consultants; QA Checklist to be signed	Responsible MFA unit; QA Checklist to be signed
<b>Number of partners</b>	Max. 10 managed by the embassy	Max. 8 for programmes; only 1 for projects	Max. 3 for programmes; only 1 for projects	Max. 1
<b>Programme/Project document</b>	Max. 15 pages per project document Max. 10 pages for Summary of Bilateral Development Programme	Max. 25 pages per programme or project document	Max. 15 pages per programme or project document	Max. 8 pages project document
<b>Results framework</b>	✔ Strategic objectives and expected outcomes only in Country Strategic Framework; full results frameworks	✔ Programme/ project document	✔ Programme/ project document	✔ Project document

<sup>41</sup> Portfolio of projects managed by the embassy under the Strategic Framework

<sup>42</sup> Programmes may include regional programmes, thematic programmes etc.

	for projects under the Bilateral Development Programme.			
<b>Risk management framework</b>	 Analysis of key risks and scenarios in Country Strategic Frameworks plus contextual risk matrix in annex; Risk matrix on programmatic and institutional risks in all project documents	 Programme/ project document	 Programme/ project document	 Project document
<b>Context Analysis</b>	 Context analysis in Country Strategic Framework plus in project document annexes for projects under the BDP	 Programme/ project document plus annexes	 Programme/ project document plus annexes	Project document
<b>Approval</b>	CSF: Minister through Council for Development Policy; BDP: Projects of the BDP are subsequently approved by the State Secretary for Development Policy	Minister through Council for Development Policy	Minister through Under-Secretary for Development Policy	Head of Unit of responsible MFA unit
<b>Annual results reporting</b>				
<b>Mandatory midterm review</b>				
<b>Unallocated funds</b>	Max. 25% of total budget for Bilateral Development Programme	Max. 25% of total of programme/project budget	NA	NA
<b>Reallocation of funds by the responsible MFA unit</b>	15% between projects	15% between projects of a programme	15% between projects of a programme	NA



<b>Approval of changes in outcomes</b>	10% per budget line in a project	10% per budget line in a project	10% per budget line in a project	10% per budget line
	Head of Unit	Head of Unit	Head of Unit	Head of Unit
<b>Approval of adjustment in objectives</b>	Minister through Council for Development Policy	Minister through Council for Development Policy	Minister through Under-Secretary for Development Policy	
<b>Possible development specialist support</b>	Identification, formulation, implementation & completion	Identification, formulation, implementation & completion	Advisory services on request	Advisory services on request
<b>Inception Review</b>	If requested or assessed necessary	If requested or assessed necessary		
<b>Annual stocktaking review</b>	 By responsible unit	 By responsible unit		
<b>Project completion summary</b>		