



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**

Danida

Guidelines for Country Strategic Frameworks, Programmes & Projects

**Ministry of Foreign Affairs of Denmark
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Abbreviations and Acronyms

AMG	Aid Management Guidelines
APD	Department for Africa, Policy and Development
APPR	Annual Portfolio Performance Report
BDP	Bilateral Development Programme
CDP	Council for Development Policy
CEDAW	Convention to Eliminate All Forms of Discrimination against Women
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
EIA	Environmental Impact Assessment
ELK	Department for Evaluation, Learning and Quality (in Danish)
EU	European Union
FMI	Financial Management Interface
FRR	Final Results Report
FRRAT	Fragility Risk and Resilience Analysis Tool
FRU	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
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
JFA	Joint Financing Agreement
KPPI	Key Portfolio Performance Indicators
LNOB	Leaving No One Behind
MEAL	Monitoring, Evaluation, Accountability and Learning
MFA	Ministry of Foreign Affairs
MIS	Management Information System
MPN	Mission Preparation Note
MRD	Human Rights and Democracy (in Danish)
NAMA	Nationally Appropriate Mitigation Action
NAPA	National Adaptation Programme of Action

NWOW	New Way of Working
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
PIU	Programme Implementation Unit
PMI	Project Management Interface
PPP	Public Private Partnership
QA	Quality Assurance
RAM	Review Aide Memoire
RF	Results Framework
RFI	Results Framework Interface
SDG	Sustainable Development Goal
SEA	Strategic Environmental Assessment
SEAH	Sexual exploitation, abuse and harassment
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TOR	Terms of Reference
ToC	Theory of Change
UN	United Nations
UNFCCC	United Nation Framework Convention on Climate Change

Vocabulary list¹

Accountability: 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: Actions taken or work performed to transform inputs into outputs.

Bilateral Development Programme: Portfolio of projects at the country level managed by the Embassy under a Country Strategic Framework.

Collective outcome: Central to the New Way of Working (NWOW), designed for contexts where short-term humanitarian action and medium- to long-term development programming are required simultaneously in areas of vulnerability; i.e. in the Humanitarian-Development-Peace nexus. It is a concrete and measurable result that humanitarian, development and other relevant actors want to achieve jointly, usually over a period of 3-5 years to reduce people's needs, risks and vulnerabilities and increase their resilience by utilizing the comparative advantages of a diverse set of actors.

Core contribution to NGOs, other private bodies, Private-Public Partnerships (PPP) and research institutes (DAC category B01): Funds to NGOs (local, national and international) for use at the latter's discretion, and which contribute to programmes and activities which NGOs have developed themselves, and which they implement on their own authority and responsibility. Core contributions to PPPs, funds paid over to foundations (e.g. philanthropic foundations), and contributions to research institutes (public and private) are also recorded as core contributions. [Annex 2 of the DAC Directives](#) provides a list of INGOs, PPPs and networks core contributions to which may be reported under B01. This list is not exclusive.

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.

Earmarking: Funds earmarked by the donor to be used by a partner organisation in specific countries, in specific projects or for a specific theme or sub-programme. Earmarked funding follows the same requirements as bilateral projects or programmes in terms of reporting and accounting.

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: A project can consist of one or more engagements of which one is the development part in addition to a number of auxiliary activities, which could be contracts, conferences, advisors, un-allocated funds, etc.

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

Grant: Appropriation amount defined by being a financial contribution, which do not entail purchase of goods or services or exchange of non-financial assets

Indicator: Quantitative or qualitative factor or variable that provides a simple, and reliable, means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.

Impact: Positive and negative, primary and secondary long term effects produced by a development intervention, directly or indirectly, intended or unintended.

Input: Financial, human and material resources used.

Multi-bi: Bilateral assistance implemented by a multilateral organisation.

Outcome: Likely or achieved short-term and medium-term effects on the target group. Outcome only be influenced by the project/programme, together with other factors outside the project/programme, and are thus not within direct control of the program/program managers (e.g. % increase in safer birth deliveries for the women in the area by year X).

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: Short-term results in the form of products, capital goods and services resulting from a project activity and relevant to outcomes. Outputs are achieved immediately after implementing an activity and is thus what is created at the end of a process. It is within control of the project. It is linked to the activity but it is for example not just the number of people trained. The output is also that they have actually required new skills or knowledge (e.g. 200 traditional midwives are trained and are able to use a mobile app to guide them in their work by XX).

Partner: A MFA partner is the entity with which MFA has entered into a legal agreement for joint development cooperation. It can be a state or a non-state organisation, often called an implementing partner.

Pre-appraisal and final appraisal: Impartial assessments of a project or programme prior to final approval.

Programme: Development cooperation in a specific area, such as a thematic, regional or global programme consisting of several projects, which are inter-related and designed to contribute to a joint development objective.

Project: Development cooperation implemented by one partner in a well-defined thematic and/or geographical area having a fixed timeline for implementation.

Public procurement procedures: They apply to contracts for pecuniary 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.

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.

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 at country, regional and global level. They also apply to earmarked contributions to multilateral organisations as well as core contributions to certain organisations², including Human Rights and Democracy (MRD) organisations.³ 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](#)⁴ and investment arrangements or facilities. In terms of appropriation procedures, the [Danida Sustainable Infrastructure Finance](#) (DSIF) follow these guidelines, whereas specific guidelines apply to DSIF in terms of preparation and implementation. Specific guidelines also exist for special initiatives such as the [Strategic Sector Cooperation](#) and the [Peace and Stabilisation Fund](#). There are [Guiding Principles for the Danish Climate Envelope](#), guidelines for the [SDG Facility](#) and for [Support to civil society through Danish organisations](#) as well as information on [EU development cooperation](#). Humanitarian aid also has its own guidelines. Finally, the Danida Fellowship Centre (FDC) provides training and learning programmes and collaborative research in countries priorities by Denmark: <https://dfcentre.com/>.

The [AMG-website](#) provides access to key Danish policies and strategies as well as standard annexes, tools and templates. The standard annexes include explanations of concepts and guidance to the respective themes.

² Official Development Assistance (ODA) in the form of core contributions to multilateral and certain international organisations on the [OECD/DAC list](#) are the only funds classified by OECD/DAC as multilateral ODA (DAC category B02). All other categories fall under bilateral ODA according to the OECD/DAC classification, whether core contributions or earmarked support. Specific guidelines apply for [core support to multilateral and international organisations](#).

³ Human Rights and Democracy Organisation that have their own specific budget line in the Finance Act.

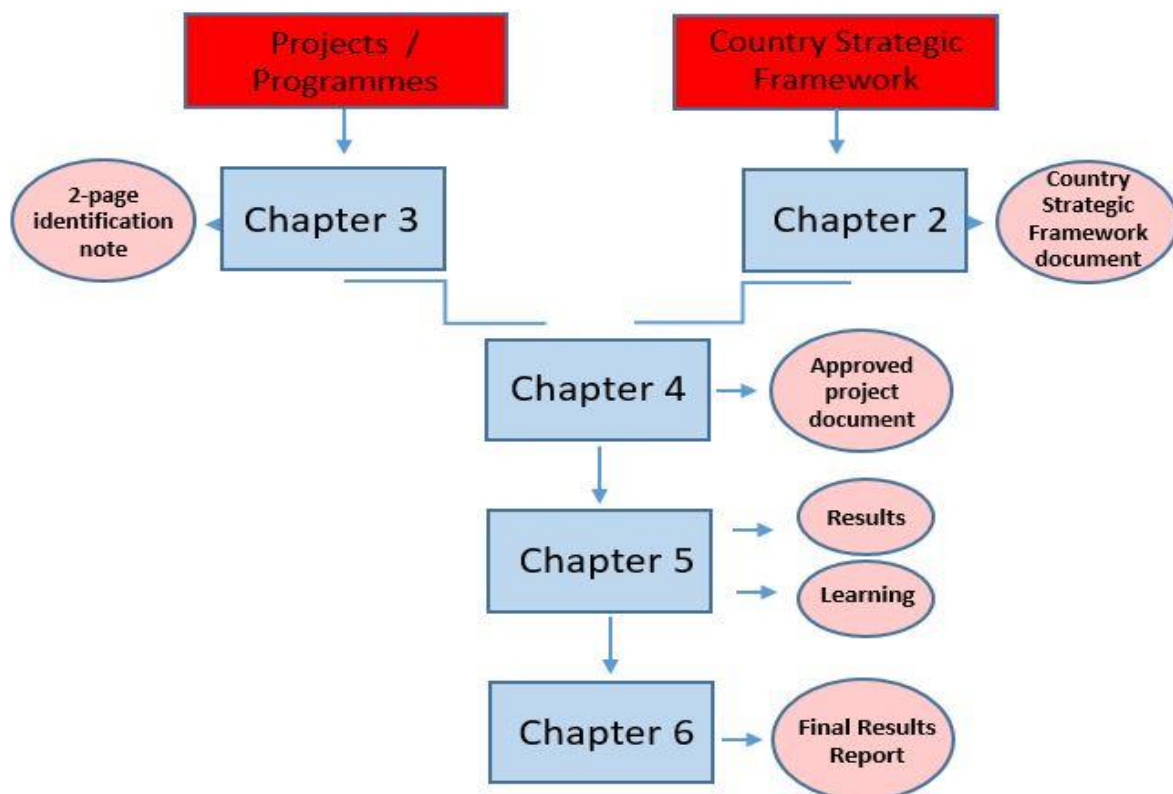
⁴ Specific guidelines exist for allocation of development assistance through fund structures (<https://amg.um.dk/en/Tools/fund-structures/>) and a focal point (GJL) can be consulted on legal and institutional structures for setting up such arrangements

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 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 2 deals with the development of Country Strategic Frameworks and the associated Bilateral Development Programme prepared by embassies in priority countries, and 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. Chapter 5 is on implementation and Chapter 6 on completion and closure likewise deal with all projects and programmes. The flow chart below illustrates the process with the ovals indicating the final product or results at the end of each specific phase.

Figure 1: Flow chart showing how to use the guidelines:



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 laws: The Act on International Development Cooperation and the Finance Act. Together with the Strategy for Danish Development and Humanitarian Co-operation and Denmark's international commitment to the Sustainable Development Goals (SDG), 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](#), which came into force on 1 January 2013 (the latest and second amendment 1 January 2017), replacing the previous act of 1971. 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 and the United Nations' human rights conventions. The act includes an enhanced focus on human rights and sustainable growth, which henceforth constitute the foundation for Denmark's development cooperation.

The Finance Act: The [Finance Act](#) provides the annual budget frames for all development engagements, bilateral and multilateral. The text accompanying all appropriations⁵ 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. Budgets are the supporting means for achieving the defined purposes. Consequently, possible excess funds cannot be spent on other purposes without additional appropriation. Only the Minister 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

All development cooperation is based on an internationally agreed framework through [OECD/DAC](#), which is an 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 explorative work related to new projects and programmes to avoid the risk that it cannot be approved by DAC as ODA, thus affecting the Danish goal of providing 0.7% of GNI for development cooperation.

What is ODA? ODA flow of funds to countries and territories on the [DAC List of ODA Recipients](#) and to the [DAC List ODA-eligible International Organisations](#) are:

⁵ In Danish: "tekstanmærkninger".

- (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.

In reporting their ODA, donor countries refer to the mentioned List of ODA-eligible international organisations, including multilateral agencies, INGOs, networks and PPPs. Core budget (un-earmarked) contributions to these organisations may be reported as ODA in whole or in part. A listing of INGOs, networks and PPPs is circulated to members for reporting but is not exhaustive. Only INGOs with annual budgets above USD 50 million will be examined by OECD/DAC for inclusion on the List.

Core contributions to multilateral agencies on the List are reportable, in whole or in part, under multilateral ODA.⁶ The share which can be reported depends on whether the organisation has a normative mandate, thus providing global public goods. The ODA-eligibility assessment, done by OECD/DAC, involves estimating the developmental share of the agency's total programme.

Core contributions to multilateral agencies not on the List are not ODA-eligible.

Earmarked contributions⁷ to multilateral agencies whether on the List or not may also be ODA-eligible provided the contribution meets the ODA criterion of having the promotion of economic development and welfare of developing countries as the main objective. Such contributions would be reported by members under **bilateral ODA**. The same applies to contributions (both core and earmarked) to INGOs, networks and PPPs, which are reportable under bilateral ODA, provided the main objective of the organisation is the promotion of economic development and welfare of developing countries

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 closely defined developmentally relevant activities within peacekeeping operations are eligible as well as the costs of using donors' armed forces to deliver humanitarian aid. Cultural programmes are eligible, if they build the cultural capacities of recipient countries, but one-off tours by donor country artists or sportsmen, and activities to promote the donors' image, are excluded.

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

⁶ Organisation strategies are prepared for multilateral and international organisations, where Denmark is member of the board or similar governing body, provided that the organisation is on the DAC-list and the Danish contribution is provided as core contribution.

⁷ Soft earmarking is currently not defined by OECD/DAC, but work is underway to create reporting subgroups allowing for some kind of soft earmarking. 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.

1.3 Development effectiveness

Denmark applies a holistic, flexible and adaptive approach to the management of development programmes and projects based on:

- (i) Synergies and coherence between the various development instruments and between development cooperation and broader Danish foreign and security policies;
- (ii) [Adaptive management](#)⁸, where relevant, with its focus on results, continuous learning and decision-making and local ownership; as well as,
- (iii) Transparency, mutual accountability and anti-corruption.

Under the umbrella of Doing Development Differently (DDD) the MFA intends to strengthen the relevance and effectiveness of its development cooperation through two broad strands: 1) Reinforcing the holistic approach; and 2) Introducing an adaptive approach with an increased emphasis on learning.

Key ingredients of adaptive management include focus on outcomes, a solid theory of change, regular monitoring of results and tests of risks and assumptions as well as a deliberate learning strategy. The overall principles of adaptive management is further integrated into the way the MFA continuously quality assures projects and programmes through appraisal and reviews.

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

A holistic approach to and strategic coherence and synergies across Denmark's development co-operation. 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. To enhance development effects and outcomes, synergies are to be facilitated through a holistic approach in programming and the choice of instruments and partners. This approach implies working closely together across development instruments regardless of whether they are managed by an embassy, an UN-mission or a department in

⁸ Adaptive Management is not be applied across the board, ref. Guidance Note, p. 6, but would primarily be applied in settings and programmes, where it is judged to be the most appropriate approach. It is primarily relevant in complex and fragile settings, crisis situations or in complex programmes, such good governance programmes, but the overall principles may also be relevant in other contexts and settings.

Copenhagen. In priority countries, the approach is materialised in the country strategic framework.

Focus on local ownership and leadership. Partnerships between Denmark and local actors must 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/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.

Adaptive approach to enhance long-term sustainable results based on continuous learning and decision-making. Adaptive management is a response, which is particularly relevant in complex situations to respond to frequent changes and new information, but it should not automatically be applied across all programmes/projects. The higher the complexity and uncertainty, the more difficult it is to plan in detail upfront and the more flexibility is needed. In some cases, it might be necessary to test the intended approach through a pilot project followed by a better defined scaled-up project, when more knowledge has been acquired. In other cases, a more appropriate approach is to build in flexibility in the budget for subsequent adaptations. Adaptive management can thus be applied in different manners for different situations. The best fit will depend on the complexity of the context and the nature of the project/programme, but the capabilities of partners and MFA units also have a bearing on the choice. The adaptive approach is a means to enhance the prospects for sustainable results for programmes/projects implemented in complex or political difficult situations.

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 DAC, Denmark updates and publishes digital management data on a daily basis in compliance with the IATI standard⁹. This data is visualised in the portal <https://openaid.um.dk>. Country strategic frameworks and grants above DKK 39 million undergo public consultation in Denmark prior to submission to the 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,

⁹ 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.

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.

Zero tolerance towards corruption¹⁰ 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 are strategically integrated into projects and programmes for all phases of the programme management cycle, including prevention, control and sanctions.

¹⁰ 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.

CHAPTER 2- COUNTRY STRATEGIC FRAMEWORKS

The objective of a Country Strategic Framework is policy coherence regarding a given priority country through a single integrated presentation of Denmark's entire engagement and strategic direction in a 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 priority countries, 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 Framework¹¹. The Embassy is the main responsible entity for the development and implementation of this Framework, in close collaboration with other MFA units engaged in the country.

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

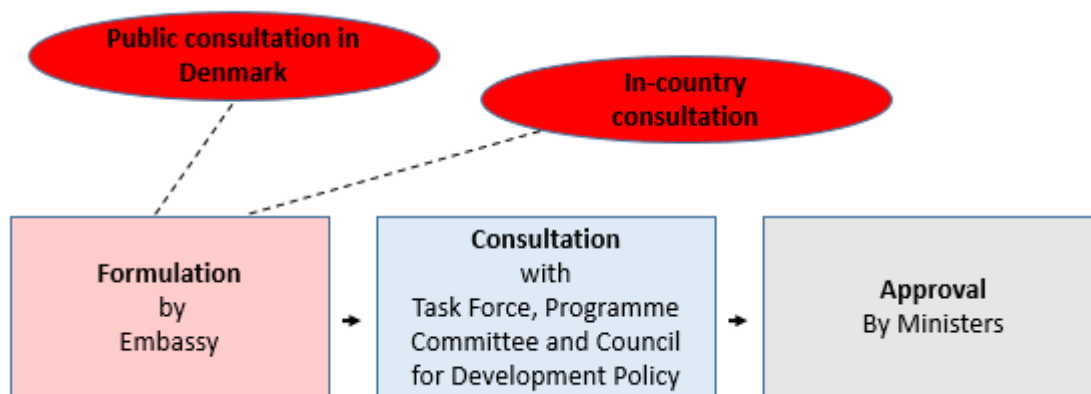
- Analysis of context, challenges and risks
- Danish political priorities, past achievements and strengths
- Vision and strategy for Denmark's engagement in the country, including a number of specific strategic objectives
- Monitoring of the strategic framework
- Outline of the Bilateral Development Programme¹²

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, programmes and portfolios.

¹¹ The format for Country Strategic Framework can be applied to other types of interventions, for instance regional and thematic engagements, which do not constitute a programme proper; the latter is by definition a thematic set of inter-related projects designed to contribute to the same development objective.

¹² 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/programmes/portfolios and as a crosscutting consideration in all Danish-funded engagements. This is obtained through targeted screening of all potential development projects/programmes/portfolios 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.

Figure 2: Overview of the process of developing a Country Strategic Framework



2.1 Identification

Prior to the formulation proper, 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 Task Force is ultimately responsible for the formulation of the Country Strategic Framework, while the Embassy leads the formulation process.

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

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

Model Terms of Reference for Task Forces

Template: Country Strategic Framework

Template: Process Action Plan for CSF

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

Procurement Portal (for MFA staff only)

Task 2: The first item on the agenda of the 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 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 provides specific guidance.

Task 3: The embassy is to collect 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 proper, **the Minister undertakes an early consultation with the Foreign Affairs Committee** (Udenrigsudvalget – URU) for the members to provide input into the subsequent formulation process of the strategic country framework. In practical terms, the responsible embassy submits the Paper for Consultation (Notat til Folketingets Udenrigsudvalg vedr. Country Strategic Frameworks (CSF)) for the Minister’s approval. Once approved the Embassy ensures the Minister’s reply is dated the very same day. Subsequently, the Embassy forwards the approved Paper for Consultation to the Ministers’ and Executive Secretariat (MLS) with request for onward submission to the Foreign Affairs Committee (see Ministerbetjeningsvejledning/Guide for Ministerial Services).

Outline of a brief presentation paper to the Foreign Affairs Committee (max. 3 pages)

- Background and process
- Partnership and engagements with the partner country
- Context and main tendencies
- Options for cooperation and potential areas of focus

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 from relevant external stakeholders, consultations - both in-country and in Denmark - should be undertaken at an early stage of the formulation process. Prior to drafting the Country Strategic Framework, the embassy conducts an in-country consultation with key state and non-state stakeholders. The policy/regional department 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.

To guide the discussions during the two consultation meetings, the embassy should prepare a [two-page summary document](#) to be agreed with the task force. It includes a brief summary of the context for development co-operation and a number of strategic questions. 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 broader context analysis, including analysis of risks and scenarios.

Content of 2-page summary document for consultations:

- 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. It is important not to immediately dive into discussing objectives, intervention areas and design of the future projects. The task force is closely involved in the process related to the drafting. Several meetings in the task force will be needed to 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.

Consultation: The draft Country Strategic Framework undergoes a process of public consultation through publication on [um.dk](#). In the priority country regular dialogue and meetings with government, potential partners and stakeholders should be organised.

The Programme Committee (PC) discusses the draft Country Strategic Framework once the public consultation is concluded. The draft Country Strategic Framework will be presented by the embassy and the task force will take part in the PC meeting. Written inputs from the public consultation will also be available prior to the meeting and will inform the discussions. 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 draft Country Strategic Framework is submitted to the Council for Development Policy for discussion and recommendation to the ministers. At the Council meeting, the embassy will present the draft Framework, and task force members will attend to assist in responding, as relevant, to comments from the Council for Development Policy.

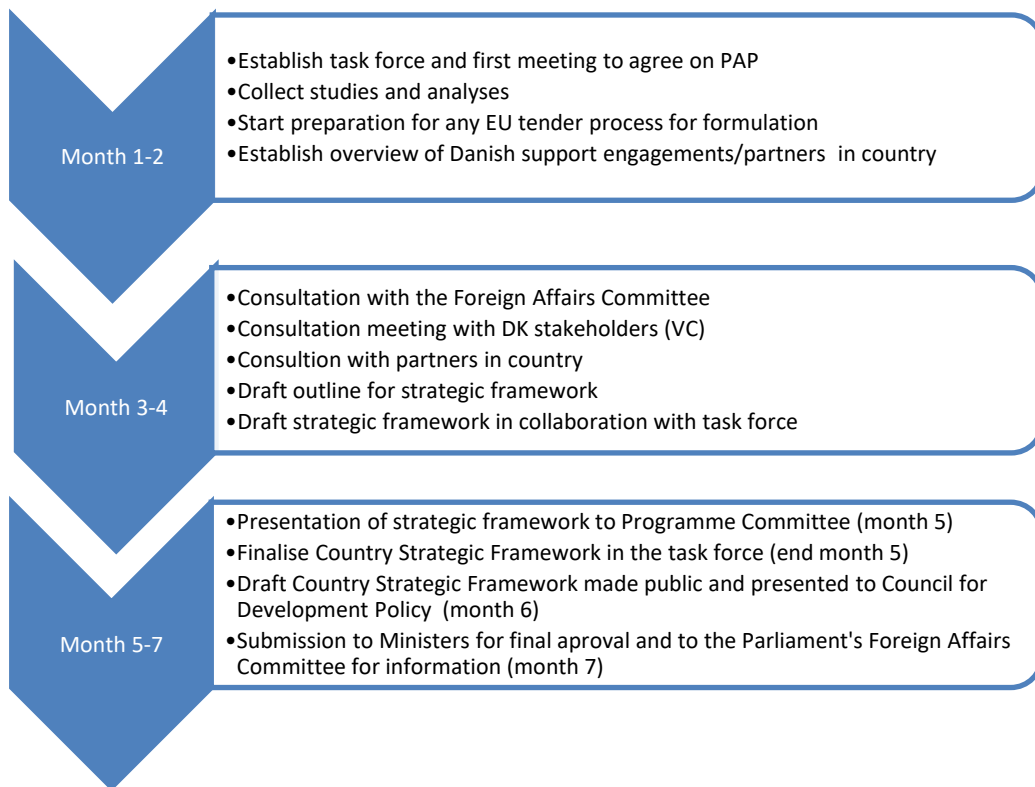
Approval by the Ministers: Following the meeting of the Council for Development Policy the embassy reviews and adjusts the document, as appropriate. Subsequently, the document is submitted to the Minister for Development Cooperation and the Minister for Foreign Affairs for final approval. Once approved, the Country Strategic Framework provides the foundation for all development activities in the country, whether managed by the embassy or by an MFA unit.

Presentation to the Foreign Affairs Committee of Parliament *for information* in a Danish language version (the embassy is responsible for the translation).

Public access: The approved Country Strategic Framework will be published on 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. It consists of a number of individual projects each falling under one (or more) of the strategic objectives of the Country Strategic Framework. Formulation and quality assurance of these projects follow the same guidelines as projects managed by other MFA units. The approval process however differs (see Chapter 4).

2.3 Tentative timeline



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. Going to scale in a multi-annual manner normally leads to better quality development cooperation.

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. For projects below DKK 10 million the identification can follow a lighter process adapted to the level of complexity of the project.

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: (a) problem analysis; (b) mapping of interventions by other donors and partners; (c) input from relevant strategies; (d) analyses of lessons learnt; (e) scoping exercise;
- (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.

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. Key elements include analyses and studies, contracting, drafting of documents, consultation, appraisal and key decision points, such as submission, if relevant, to the Programme Committee, the Council for Development Policy and the Finance Committee of the Danish

Relevant specific guidelines, tools and templates in the initiation 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 10-39 million

Template: Process Action Plan for projects/programmes above DKK 39 million

Procurement Portal (for MFA staff only)

Parliament. It should also include the main steps in the implementation. The PAP should be discussed with partners and other MFA units involved in the process with a view to obtaining a common understanding of the way forward.

The PAP is a living document to be revised throughout the entire lifetime of a project or programme. In addition, it is recommended to prepare a detailed PAP separately for each phase; i.e. identification, formulation, quality assurance, approval and implementation. These should be based on an overall time line for the various phases.

3.3 Establishing a task force

It is optional to establish a task force for stand-alone programmes - contrary to the Bilateral Development Programme under a Country Strategic Framework for which it is mandatory. 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. A task force will oversee the preparation of the programme, including during the initial phase.

The membership will normally comprise the responsible MFA unit, the policy/regional department, if different from the responsible MFA unit, a development specialist, a Chief Financial Officer (CFO), and representatives from the Trade Council and embassies, but the specific composition should be adapted to the nature of the programme. 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

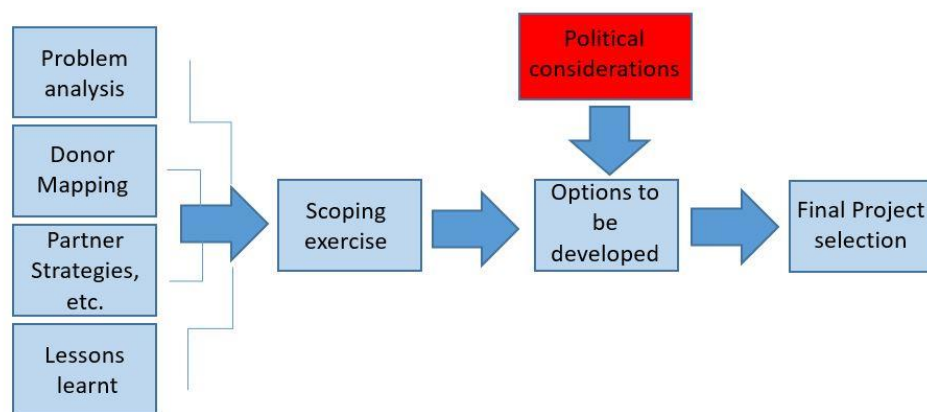
Consultants to assist MFA units with mapping, identification, formulation, appraisal, and review of programmes and projects are selected in accordance with the Danish Public Procurement Act, the Circular on announcement of public procurement and the Danish Public Administration Act. The Procurement Portal provides specific guidance (*intranet, only available to MFA employees*). It is important to determine early on in the process whether there is a need for an EU tender, as this requires a tender period of 6-8 months.

3.5 Preparatory analyses

The purpose of the preparatory analyses is to ensure that the resulting project, 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 and only be undertaken by the MFA unit as a last resort. The level and depth of the analyses will depend on the size and the nature of the project or programme. Key elements typically include political economy analysis; fragility analysis; stakeholder analysis; assessment of partners' change

readiness, PEFA analysis¹³, assessment of local procurement regulations, as well as considerations about target groups, applying the principles of the Human Rights Based Approach (HRBA) and the central principle of the Sustainable Development Goals (SDGs): Leaving No-one Behind (LNOB). The Annexes contain specific guidance for the respective subjects.

Figure 3: Overview of preparatory analyses



The scoping of possible intervention is based on four analyses; i.e. problem analyses, donor mapping, input from relevant strategies, including an overview of relevant implementing partners (trust funds, INGOs, etc.) and international agreements¹⁴ as well as lessons learnt. It will lead to the selection of a limited number of relevant options for further consideration. It is advisable to retain more options and analyse each of these options in terms of their relevance, effectiveness and efficiency as well as their potential impact and prospects for sustainability. In the case of global projects or programmes with international partners, the scoping exercise could include analysis of the partners’ niche and speciality and their comparative advantages as well as analyses of managerial abilities.

It is in the identification phase that the appropriateness of applying adaptive management should be considered. The higher the complexity and uncertainty of the situation, the more adaptive management is likely to be relevant. If the political and institutional context or the security situation is very

Considerations related to the selection of project/programme

- Problems to be solved based on local needs
- Considerations about target group(s), including LNOB
- Considerations about HRBA
- Prospects for environmental and financial sustainability
- Prospects for scaling up and replicability
- Prospects for cooperation with other donors, incl. EU; multilateral organisation(s); civil society; and private sector actors
- Complementarity to other donors’ engagements

¹³ 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 local ministry of finance, sector ministries or local government.

¹⁴ For instance the Paris Agreement on Climate Change

complex, it may for example be relevant to initiate a pilot project or to have more flexibility in results frameworks, budgets and contracts or to develop well thought-through scenarios.

It is recommended to compile all preparatory analyses in one single document, called **Project/Programme/Portfolio Background Documentation**, see [Tools and Templates](#). Analyses, studies and annexes prepared and used in the subsequent phases should be added to this paper; i.e. it should act as a living document during preparation and implementation. The purpose of the Project/Programme/Portfolio Background Documentation is to underpin the subsequent management of projects and programmes.

3.6 Identification Note

The purpose of the identification note is to establish an outline of the intended project, programme or portfolio¹⁵, which - together with the underlying analyses - provides the basis for the subsequent formulation phase. It is an internal working document. Formulating an outline of an intervention will often be an iterative process, going back and forth between analysis and identification of objectives, preliminary formulation of engagements and identification of possible partners, risks as well as other key project/programme elements. The identification note should identify the development challenge which the proposed project or programme is to address, with an indication of preliminary strategic objective(s) 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 the Denmark's Strategy for Development Cooperation as well as to the SDGs. In [Tools and Templates](#) more specific guidance can be found on how to integrate the thematic priorities of climate change and environment into projects, programmes and portfolios.¹⁶

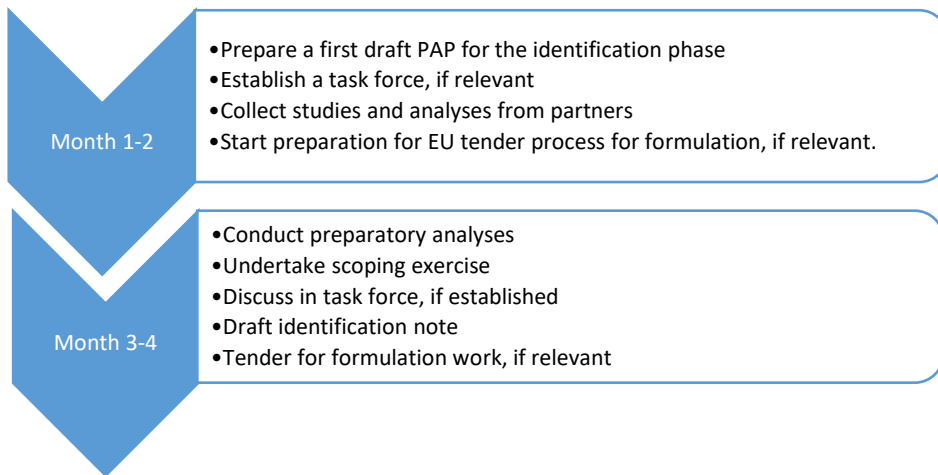
At this early stage, it should also be considered whether close programmatic collaboration with other multilateral and bilateral donors is relevant and worth initiating based on the findings of the preparatory analyses. Early involvement of other donors, not least the EU Delegation, is important to enhance results and to avoid administrative complications.

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

¹⁵ A portfolio could for instance be major engagements in climate change mitigation/adaptation and environment.

¹⁶ 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/programmes/portfolios and as a crosscutting consideration in all Danish-funded engagements. This is obtained through targeted screening of all potential development projects/programmes/portfolios 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.

3.7 Tentative timeline for the preparatory phase



CHAPTER 4 – FORMULATION, QUALITY ASSURANCE, AND APPROVAL

This chapter describes the formulation of identified projects and programmes, quality assurance hereof followed by final approval, thus marking the end of the preparatory phases. Projects and programmes can be managed by an embassy as part of the Bilateral Development Programme, by a MFA unit in Copenhagen within the framework of a thematic or regional portfolio or by a UN mission. The **final product** of this phase is an approved project or programme ready for implementation. A tentative time line for these processes is shown at the end of the chapter.

4.1 Processes during the formulation, quality assurance and approval phase

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 in the Bilateral Development Programme);
- (ii) Quality assurance starts by presentation of an early draft to the Programme Committee, followed by appraisal, which can have various forms depending on the size of the project or programme, and finalised by consultation with the Council for Development Policy following the prevailing rules (see Figure 4 below);
- (iii) Approval process consisting of various steps depending on the budget 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 Grant Appropriations, Strategies and Policies

Guidelines for Financial Management

Guidelines for Risk Management

Guidance Note for Adaptive Management

Fragility Risk and Resilience Analysis Tool

Guidelines for Youth in Development

Toolbox for development effectiveness

Working with the EU

Template: Presentation to the Programme Committee

Template: Standard project/programme document

Template: Project/Programme Background Documentation

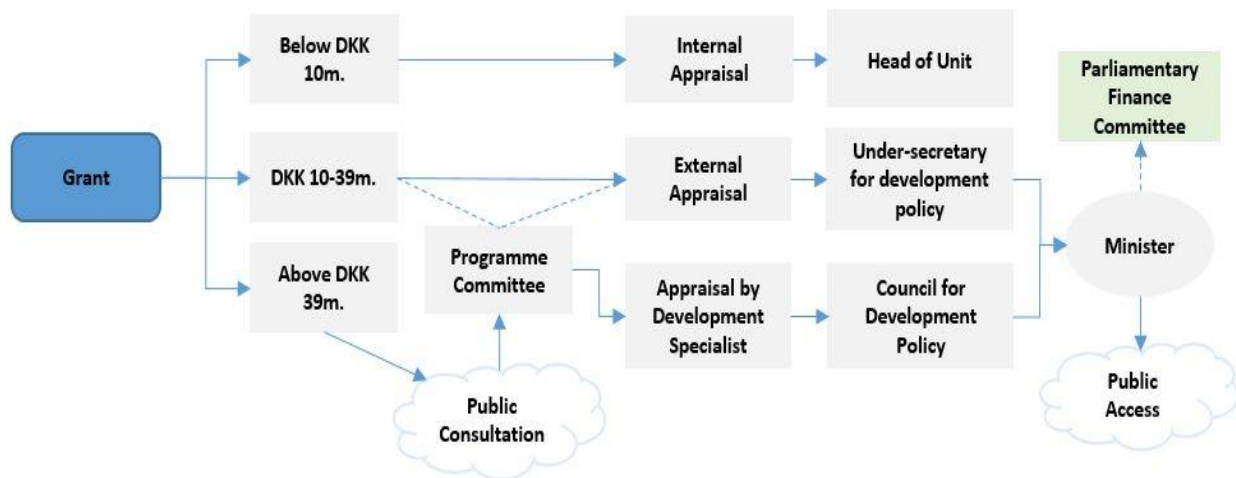
Template: Standard appraisal document

Template: Development cooperation agreement

Template: Mini Project Document for projects below DKK 10 million

Figure 4 below presents an overview of the processes attached to quality assurance and approval of grants. The processes differ according to the size of the grant.

Figure 4: Overview of the quality assurance and approval process



Overview of quality assurance of results frameworks

Preparatory planning typically is done in several steps and includes both the implementing partner and Danida. Consequently, the overall quality control and approval process cannot capture all the steps to arrive at a full-fledged results framework (RF). Consequently, a separate QA process is needed for RF:

1. Formulation stage: Preliminary version of RF prepared by the Implementing Partner
2. Appraisal stage: Preliminary donor version to be included in the project document; i.e. a subset of the implementing partner's version is prepared based on Danish priorities;
3. Inception Phase: Finalisation of both the Implementing Partner's RF and the donor version
4. Prior to the start of implementation: Final quality control by ELK, followed by uploading of the donor version in PMI/RFI
5. During implementation: Adaptation of RF and possibly the TOC based on lessons learnt after each year of implementation and following MTR.

The quality assurance will primarily consist of an assessment of the overall logic based on the Theory of Change, including an assessment of the realism and logic linkages between outputs, outcomes and objectives as well as the formulation of these as such. Finally, a check will be made of the comparability of the set-up to the Danish format.

Programmes¹⁷ can only have a limited number of partners: ¹⁸

- The Bilateral Development Programme managed by an embassy under a Country Strategic Framework can have a maximum of 10 partners
- Programmes above DKK 39 million can have up to 8 partners
- Programmes between DKK 10 and 39 million can have a maximum of three partners
- Projects can per definition only have one partner
- Engagements are defined as the constituent parts of a project in FMI

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, programmes and portfolios, which will free up resources for dialogue with partners, overall policy dialogue, coordination with other donors, continuous learning and adaptation of strategy and activities during implementation, thereby improving the prospects for better quality development cooperation with clearer and relevant results. At the country level, embassies are expected to allocate sufficient resources to follow the implementation of other Danish funded projects and programmes in the country, including projects funded by Danish CSOs, private sector instruments, support to research as well as multilateral and humanitarian assistance.

4.2 Formulation

The objective of the formulation phase is to prepare a management cooperation document for projects and programmes on which the implementation can be based. They should be properly justified and based on solid contextual analysis, including from consultation with relevant stakeholders. The most appropriate managerial set-up has to be identified considering Denmark's experience as well as complementarity with other donors.

The formulation process transforms the outline description of project(s) or programme – the Bilateral Development Programme under the Country Strategic Framework (Chapter 2) or the Identification Note for stand-alone projects and programmes (Chapter 3) - defined during the identification phase into a full-fledged description in the form of a programme or a project document, based on which the partner(s) and the responsible MFA unit can carry out their respective functions in the management of the project/programme implementation.

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. The formulation process will often be an iterative process reflecting

¹⁷ In the project database PMI (Project Management Interface), all programmes and projects are called "projects". In FMI (Financial Management Interface), all constituent parts of a project are called engagements and they encompass the development part of a project as well as auxiliary activities, which could be contracts, conferences, advisors, un-allocated funds, etc.

¹⁸ 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.

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.

The following list of issues refers to elements in the project/programme document format found under [Tools and Templates](#) and serves to highlight some important considerations and concerns to take into account when drafting the document.

Fundamental considerations:

- ***Local ownership:*** Strengthening local ownership is done first and foremost - to the extent possible - 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 local/national ownership and lessens the administrative burden for the national/local partner. Local stakeholders, and not least the intended project/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 institutes. Projects and programmes which are to be implemented in priority countries with an existing Country Strategic Framework are to be aligned with this strategic frame to the extent possible¹⁹.
- ***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.
- ***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.
- ***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 with a view to incorporating considerations about long-term sustainability into the project or programme design.

Justification of the choices made:

¹⁹ 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.

- ***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, strategic objectives and the results framework.
- ***Theory of Change (ToC)***: The ToC is an intervention logic presenting the way the development problem or challenge identified during the identification phase is expected to be solved. The ToC provides the reasoning behind the design of the project's/programme's intervention by pointing out the mechanisms or pathways through which the intended change is expected to happen, and by highlighting the assumptions behind and the risks associated with the desired change process.
- ***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.
- ***Choice of implementing partners***: The final choice should only be made once the analytical framework is in place and should be based on clear criteria and analysis of their capacity, including capacities in procurement and financial management. The analysis must take into account that relations with implementing partners built on mutual trust take time to develop, that implementing partners are directly responsible for spending large amounts of funds for results in the field and that development cooperation by nature is a long-haul exercise, which does not lend itself to frequent change of implementing partner. Consequently, it will often be implementing partners from previous phases that will continue as they have demonstrated their capacity and capability. The choice, however, must be deliberate.
- ***Red lines***: Implementing partners must be informed about 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 is included in the legal agreement, where it is specified that violations hereof are grounds for immediate termination of the agreement.
- ***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.
- ***Modality of support***: An aid modality or aid instrument describes a way of delivering ODA. Different modalities are defined according to 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.²⁰ Options for programming and implementation with other bilateral and multilateral partners, including delegated co-operation with the EU should also be considered. Other aspects to take into consideration include effectiveness²¹, possibilities for scaling up the interventions, the scope for policy dialogue, and possible risk sharing.

Managerial aspects

- ***Results Framework:*** The results framework is based on the ToC and the associated objectives and outcomes. It provides an overview of objectives, outcomes, outputs and key indicators at project and/or programme level. To allow monitoring of progress and prompt adaptation, baselines and targets are entered into the results framework. Activity and/or process indicators to ensure learning and administrative progress during implementation should be included in the results framework.
- ***Management set-up:*** Clarify the management set-up between the various actors, including the implementing partner, possible other donors and the MFA, covering such issues as authority, responsibility, tasks 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; procurement as well as decision-making and approval procedures related to revision and adjustments during implementation.
- ***Budget:*** Project and programme budgets are to be broken down to outcome areas and output level. 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 [Guidelines for Financial Management](#).
- ***Monitoring:*** Partners have their own systems for monitoring and evaluation and should be encouraged to adopt a deliberate strategy for learning and adaptation during implementation. Based on the MFA MEAL system (see Chapter 5), the responsible MFA units should prepare a preliminary plan for monitoring and learning, including dialogue with partners and field visits, supplemented by reviews, studies and learning uptake.

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.

²⁰ The decision 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?

Source: The Procurement Portal: “Guidelines For Awarding Grants in Danish Development Co-operation”, July 2019.

²¹ 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.

- **Process Action Plan (PAP):** update the PAP with key actions to prepare the initial phase of implementation and for the implementation phase itself, 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, conduct of inception reviews if relevant, disbursements, etc. Depending on the size and nature of the project or programme, allow 4-6 months for the start-up phase before full-fledged implementation can start.

The result of the formulation is a final draft project or programme document, including annexes for stand-alone interventions, and a series of project documents for a Bilateral Development Programme as well as a “Summary of Bilateral Development Programme” to which can be annexed the “Programme Background Documentation” from the preparatory phases and the annexes. It is the project documents – whether stand-alone interventions or as part of a Bilateral Development Programme – and programme documents, which are submitted for quality assurance (QA). The “Summary of Bilateral Development Programme” (without annexes and 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. Quality assurance implies that that more pairs of eyes review the intended intervention. MFA units responsible for development cooperation have the overall responsibility for carrying out adequate quality assurance, including involving in-house development and financial management specialists, partners and/or external consultants, as required. Quality assurance can take many forms, such as discussions with colleagues from other units in a task force or a thematic network, sparring with development specialists, presentation to the Programme Committee and appraisal. For programmes and projects above DKK 39 million, the final step is presentation to the Council for Development Policy, which in turn provides recommendations to the Minister for the final funding decision.

In line with the principles of adaptive management, development specialists may be involved in sparring and quality assurance throughout the formulation process, which is primarily relevant for more complex programmes and projects.

Appraisal processes

The scope and type of the appraisal process depend on several aspects, such as 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 and activities are unchanged, the accumulation principle applies. This means that the previous grant(s) and the forthcoming grant amounts must be added together to determine which grant process to use. The accumulation principle applies to bilateral and multilateral earmarked contributions.

Example: If a project has received annual appropriations of DKK 8 million over a period of four years and a new phase is considered, the combined size of DKK 40 million meaning that the new phase of the project/programme is subject to the procedures for grants above DKK 39 million.

With the exception of the Bilateral Development Programmes (see below), appraisals take place once the programme/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 internal QA.

Grants up to DKK 10 million

An internal appraisal is conducted by the responsible MFA unit and the appraisal process documented by completing, signing and attaching the relevant Quality Assurance Checklist (Annex 9) to the project documentation and the appropriation note. See [Tools and Templates](#).

Grants between DKK 10-39 million

Programmes and projects in this interval are subject to external appraisal; i.e. they are 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. Following 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](#).

FRU has a budget ("Forundersøgelseskontoen") for funding procurement of consultants to assist in the formulation or appraisal activities. FRU approval is required.

Grants above DKK 39 million

Programmes and projects above DKK 39 million are appraised by a development specialist from ELK or from the responsible MFA unit. In the latter case, the development specialist must not have been involved in the identification and formulation of the project or programme to safeguard an independent view of the project/programme proposal. ELK is fully responsible for the appraisal, including the resulting recommendations. The appraisal TOR are prepared by the responsible MFA unit and subsequently finalised by ELK. A standard appraisal report documents the appraisal. The recommendations are listed in a table "Summary of Recommendations of Appraisal above DKK 39 million" found on [Tools and Templates](#) in which the responsible MFA unit will subsequently formulate its responses and forward the table to ELK 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 and the table with the summary of recommendations and follow-up actions taken.

Exceptional cases

External consultant(s) may undertake the appraisal, in case a development specialist has undertaken substantial tasks 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. As for standard appraisals for grants above DKK 39 million, the recommendations are listed in a table “Summary of Recommendations of Appraisal above DKK 39 million” found on [Tools and Templates](#) in which the responsible MFA unit will subsequently formulate its responses. The completed and signed Quality Assurance Check List for appraisals will serve as documentation for the appraisal process and must be submitted along with the external appraisal report, the summary of recommendations and follow-up actions taken for grants above DKK 39 million and the standard programme documentation for subsequent approval.

The responsible MFA unit may propose to undertake the appraisal internally, if the programme or project falls within the criteria listed in the box. A development specialist from the MFA unit will in this case undertake the internal appraisal. A standard appraisal report documents the appraisal, including the summary of recommendations. 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.

Grants, where one or more of the following criteria apply, may be exempt from the standard requirement for appraisal as indicated above:

- Low complexity of the programme or project (no. of projects, partner composition etc.) and low perceived risks combined with prior knowledge or 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 an external or internal appraisal has to be endorsed by the Programme Committee, or the Under-Secretary for Development Policy, if proposed later in the process. ELK will make the final decision on the format for quality assurance.

The Bilateral Development Programme

Appraisal of the Bilateral Development Programme managed by an embassy in a priority country is to be conducted in two stages - pre-appraisal and appraisal - by a development specialist from ELK and a CFO from FRU and, where relevant, in collaboration with external consultants. The two steps are to be documented in a pre-appraisal report and a final appraisal report, respectively. The pre-appraisal takes place when draft project documents have been prepared.

A pre-appraisal may include a field appraisal.

The appraisal team, led by an MFA development specialist, will prepare a mission preparation note (MPN) and discuss it with the responsible MFA unit, and if relevant, with partners and task force members, prior to the pre-appraisal mission. At the end of the mission, the appraisal team will prepare a debriefing note, including all major recommendations. The draft pre-appraisal report is to be submitted no later than two weeks after the mission. The recommendations are listed in a table “Summary of Recommendations of Appraisal above DKK 39 million” found on [Tools and Templates](#) in which the responsible MFA unit will subsequently formulate its responses and forward the table to ELK with a copy to the Under-secretary for Development Policy. The task force and, if found relevant, the Programme Committee will then meet and discuss the final pre-appraisal report.

The objective of a pre-appraisal of the bilateral development programme is to provide quality assurance at an early stage. The pre-appraisal is preceded by continuous sparring by a MFA development specialist with the embassy throughout 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 appraisal of Bilateral Development Programmes can be found at [Tools and Templates](#).

The final appraisal report is a brief desk report focused on whether and how the responsible MFA unit has followed up on the recommendations contained in the pre-appraisal report. The appraisal report might have additional recommendations for follow-up by the responsible MFA unit and/or task force. A signed table of final appraisal recommendations (not pre-appraisal) and follow-up actions taken by the responsible MFA unit must be enclosed with the programme/project documentation submitted for approval.

Presentation and Consultation

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 projects and programmes above DKK 39 million and, on request by the responsible unit or the Under-Secretary for Development Policy, programmes between DKK 10-39 million. The PC will, among others, 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 follow-up during the final formulation of the programmes/projects prior to appraisal.

Presentation to the Programme Committee: List of main points in an early version of the programme/project document INDSÆT LINK

- Rationale and justification, including lessons learned from previous support
- Strategic objective
- Theory of change and key assumptions
- Short summary of project/programme content, incl. major outcomes (results)
- 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
- Major risks and risk response
- Annex: Process Action Plan

The Council for Development Policy is the final step in the quality assurance process for programmes above DKK 39 million. It recommends projects and programmes for approval by the Minister.

The Guidelines for Approval of Grant Appropriations, Strategies and Policies 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 for the presentations.

4.4 Approval

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

Grants up to DKK 10 million

The head of unit approves grants below DKK 10 million and is responsible for the content and quality assurance of the grant proposal. The documentation should include the appropriation cover note and the project documentation, which can consist of the mini-project document²² and of partner documentation. The documentation also includes relevant annexes (Annex 1-8) and a signed Quality Assurance Checklist for appraisal of programmes and projects (Annex 9).

Grants between DKK 10-39 million

The Minister makes the final approval. The head of unit is responsible for the content and quality assurance of the grant proposal. 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 is to include the appropriation cover note, the programme or project documentation, including annexes (Annex 1-8) and a signed Quality Assurance Checklist for appraisal of programmes and projects (Annex 9). Depending on the case, the project documentation can consist of a standard project/programme document and/or of partner documentation. A specific format is not required, but the content must correspond to the required documentation in the Danish standard project/programme document.

Grants above DKK 39 million

The Minister makes the final approval. The head of unit is responsible for the content of the grant proposal and ELK for the quality assurance hereof. Following presentation to the

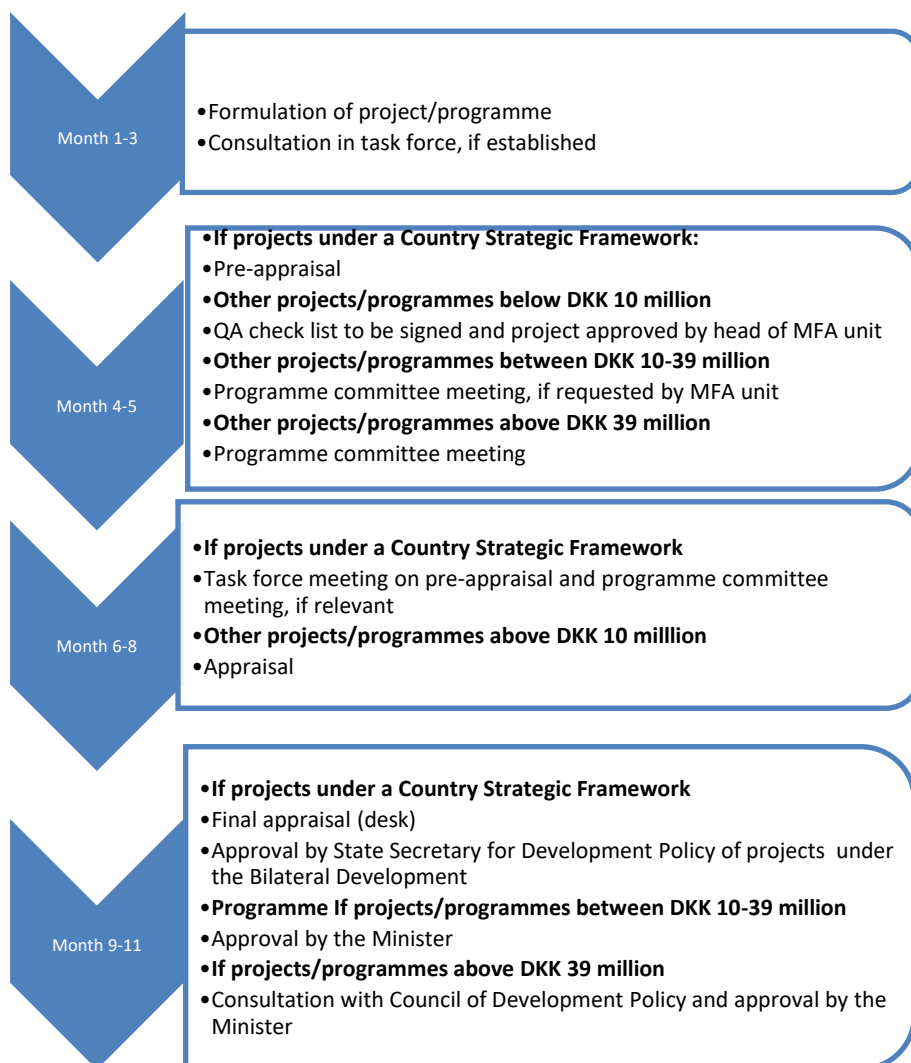
²² The Mini-project document is a special version of the project document and includes relevant articles from the legal agreement to function as a legal document. It can only be utilised for grants below DKK 10 million.

Programme Committee and subsequent appraisal, the programme/project document with mandatory annexes will be presented to the Council for Development Policy. The responsible unit will finalise the documents following the Council's comments. ELK as Secretariat for the Council for Development Policy is responsible for presenting the Council for Development Policy's recommendations to the Minister for final funding decision. Grants are published on the Danida Transparency webpage following the Minister's approval.

Grants under a Country Strategic Framework

The projects under a Bilateral Development Programme are submitted to the State Secretary for Development Policy for approval. There is flexibility in submitting individual projects for approval to allow for coordination and co-operation with actors outside the control of the embassy.

4.5 Tentative timeline for formulation, quality assurance and approval



CHAPTER 5 – IMPLEMENTATION

The implementation phase is where results are to be achieved following the principles of local ownership, continuous learning and timely adaptation based on evidence, while complying with administrative rules and regulations. Results are also communicated during this phase. The implementation phase can cover less than a year and typically up to five years for larger programmes. The following procedures on implementation are valid for all projects and programmes, including projects managed by an embassy 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 UN missions.

5.1 Processes during the implementation phase

While processes in the preparatory phases follow a fairly straightforward and well-defined line, processes during the implementation phase are characterised by different types of actions at different points in time:

- (i) Initial actions following minister approval
- (ii) Recurrent activities, annually/quarterly/daily
- (iii) Specific actions for adjusting projects/programmes
- (iv) QA during implementation

Relevant specific guidelines, tools and templates during the implementation phase

Fragility Risk and Resilience Analysis Tool
Guidance Note for Adaptive Management
Guidelines for Financial Management
Guiding principles for Danida support to fund structures
Guiding principles for special initiative funds
Evaluation Guidelines
Working with the EU
Toolbox for development effectiveness
Template: Summary Document
Template: Development cooperation agreement
Template: Annual Portfolio Performance Report

5.2. Initial actions

5.2.1 Agreements and registering of commitments

Following approval of a grant, an agreement with the implementing partner²³ must be signed. 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 and relevant partner documentation. Together, they constitute one agreement document. The legal document on

²³ 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.

which the particular Danish contribution is based can either be the [Development Cooperation Agreement](#)²⁴, or the partner's template²⁵, as long as the latter fulfils the fundamental requirements of the former, especially the Danish red lines²⁶ mentioned above in Section 4.2. This document is signed with the relevant 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).

For a Bilateral Development Programme in a priority country, the signed legal document with the annexed “Summary of Bilateral Development Programme” serves as the commitment document ²⁷for 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 in a priority country, agreements can be signed with the individual implementing partners. In the latter case, commitments can only be registered for each agreement at a time in the aid management system (FMI).

For projects, the legal document with the annexed 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, is used for signing with the partner and subsequently for the registering the commitment in the Danish aid management system.

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

MFA units implementing projects and programmes must ensure that;

- All programmes/projects are captured in the relevant systems: PMI/FMI
- A Chief Financial Officer and a Desk Officer are designated in the FMI system
- 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 continuously updated with latest available data on results
- Status on performance, risk etc. is included in the aid management systems
- Quality control of the data entered has been undertaken

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. This specifies the responsibility for overseeing that activities lead to the expected results. It should ensure clear lines of communication and

²⁴ The Danish format is designed for agreements with public entities in partner countries

²⁵ Most development banks, UN organisations, larger INGO and other international organisations normally have their own format, which Denmark normally accepts with the caveat mentioned.

²⁶ Anti-corruption, child labour, SEAH and anti-terrorism.

²⁷ 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.

division of responsibilities. The role of end beneficiaries should be considered with a view to giving a voice to them and provide 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.

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 related to financial management can be found in the [Financial Management Guidelines](#).

5.3 Recurrent activities

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 priority countries, planning will normally be linked to the national budget preparation process.

Main recurrent activities:

Annual planning and budgeting

Monitoring, evaluation, accountability and learning (MEAL)

Anti-corruption measures

For other projects and programme 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.

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 be concerned with setting up the management set-up, recruiting staff, undertaking more detailed studies of beneficiaries, etc. It will normally not be possible to start implementation proper. Consequently, the budgetary requirements are typically significantly lower in comparison with the foreseen implementation level.

5.3.2 Monitoring, evaluation, accountability and learning - MEAL

A monitoring, evaluation, accountability and learning (MEAL) system allows real-time tracking of progress, continuously learning, making adjustments, discovering unintended effects of project and programmes, and judging the impact on the ground. It also helps to be accountable to stakeholders through information sharing combined with a complaints/feedback mechanism, which can help guide programme implementation. At the same time, it provides beneficiaries, taxpayers and politicians to act upon information through transparent results reporting.²⁸

It is the responsibility of the MFA unit to encourage learning from both positive and negative experience 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 back up lessons learned with concrete evidence of what works and what works less well. The partners should be encouraged to use tools such as outcome mapping and outcome harvesting to ensure focus at the outcome level.

The following sections describe the main elements of the MEAL system.

A: 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 objectives. The responsible MFA-unit conducts 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 “Dialogue with partners”.

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 (ToC) and an operational and realistic results framework. It is important to include

²⁸ The MEAL system at MFA is built on its long-term M&E work with partners and it is currently being strengthened on the accountability and learning aspects. This would enhance learning and adaptation for better results and thus provide feedback to the operational level, where activities, output and outcome materialises through different modalities.

indicators related to learning efforts and events in the results frameworks, for instance in the form of an activity indicator, and that the ensuing result of learning is captured in the annual reports.

Monitoring could include third party monitoring²⁹ or dedicated monitoring mechanisms, depending on the circumstances. It is, however, always the responsibility of the partner and the MFA-unit to ensure sufficient and relevant monitoring and proper follow-up. If relevant, technical assistance can be engaged to assist partners with enhancing the quality of monitoring and learning.

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** 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.

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. 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. Reference is made to the [Guidelines for Financial Management](#).

²⁹ 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.

B: Reporting

Reporting by the partners: The Danish minimum requirement is one annual narrative progress report and one financial report. In practice, however, semi-annual work plans and progress reports are not uncommon, 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 are summarised in the box. Separate planning and reporting documents should be avoided if partner procedures cover all Danish-funded activities. It should be ensured, however, that the agreed outcome and output indicators and targets described in the results framework are included in the reporting.

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 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
- Specification of recommended changes and adjustments, including budget re-allocations for approval by the relevant authorities
- Follow-up on prior recommendations

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.dk is the formal communication tool for progress reporting to the Danish Parliament and the public on development cooperation and draws information automatically from the Ministry's aid management systems. OpenAid.dk is updated on a daily basis with development results and financial information. **The deadline for entering targets for the year is end January** and preferably end of the previous year and **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 own monitoring activities.

C: Dialogue

High Level Consultations: In priority countries 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. The responsible MFA unit is represented by the Head of Mission/Department. Other MFA units may participate as deemed relevant.

The overall responsibility for initiating, planning and organising the HLC rests with the MFA unit responsible for Denmark's cooperation with the country. The MFA unit 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 is 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. The responsible MFA-unit drafts the note, which is considered a strictly internal document and is not shared with the country's authorities. 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.

Annual stock-taking with Senior Management: (content under preparation)

Annual consultations with programme partners³⁰: 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; and,
- (v) Possible reallocation of funds between projects in a programme, use of unallocated funds and other decisions at overall project/programme level.

³⁰ It will often be the Ministry of Finance or Ministry of Planning.

Recurrent dialogue with implementation partners: The responsible MFA unit will undertake recurrent dialogue with the implementing partner at project level, whether the project is part of a programme, a Bilateral Development Programme or a stand-alone project. The guiding principles for decision-making procedures at 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.

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
- 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

D: Evaluation

To promote learning across the entire MFA 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](#)).

Making good use of experience and lessons learnt from evaluations is essential in all stages of programme implementation. This can be done through evaluation reports and studies at the [evaluation website](#) and at the OECD/DAC database on evaluations, [DEReC](#). 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 and as such they can take place at all stages of the development engagement support.

Evaluations are undertaken by ELK; but embassies and other implementing MFA units are encouraged to promote impact studies, which normally have a more narrow scope than evaluations. To help ensure that evaluations are useful, relevant and timely, the embassies should discuss possibilities for evaluations with their partners and suggest topics. This can be done either in connection with the annual hearing on the rolling evaluation programme (two-year coverage) or on an ad-hoc basis. Joint evaluations with partners and with other donors are encouraged.

When an evaluation has been finalised, a Management Response and a Follow-up Note is prepared by the responsible MFA unit and discussed in the Programme Committee. The discussion of the evaluation in the Programme Committee serves to promote internal knowledge sharing of the evaluation and to discuss the draft responses to the evaluation's recommendations. Management will follow-up on the implementation of the recommendations from the evaluation after two years.

E: Accountability

The accountability architecture consists of (i) an external accountability system and (ii) an internal accountability system.

The purpose of external accountability is to inform 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 and the associated budgets and disbursements provides the possibility for the Parliament and the public to hold the MFA accountable for the use of state funds for development cooperation. It is the responsibility of MFA units to enter all results frameworks of projects and programmes via the result framework interface (RFI), so they can be shown on OpenAid. MFA units must update the system with recorded results at least once a year and undertake quality assurance³¹ hereof. The deadline is 30 April for update of results from the previous year.

The internal accountability system³² consists of two reports: the Annual Portfolio Performance Report and the Annual Concern Report.

The Annual Portfolio Performance Report (APPR) is a brief report based on development results at unit level as recorded in the aid management system. Focus of the APPR is on overall performance of the unit's development portfolio, changes in assumptions and risks, strategy for enhancing learning, and issues that may influence the achievement of results. Currently, the APPR is being integrated into the general Compliance Report prepared for units with a development portfolio and it is gradually being rolled out to all entities. A dialogue process between the Senior Management and the unit management will take place on the basis of the Compliance Report followed by a more in-depth dialogue on results reporting based on a revised APPR format.

Content of Annual Portfolio Performance Report

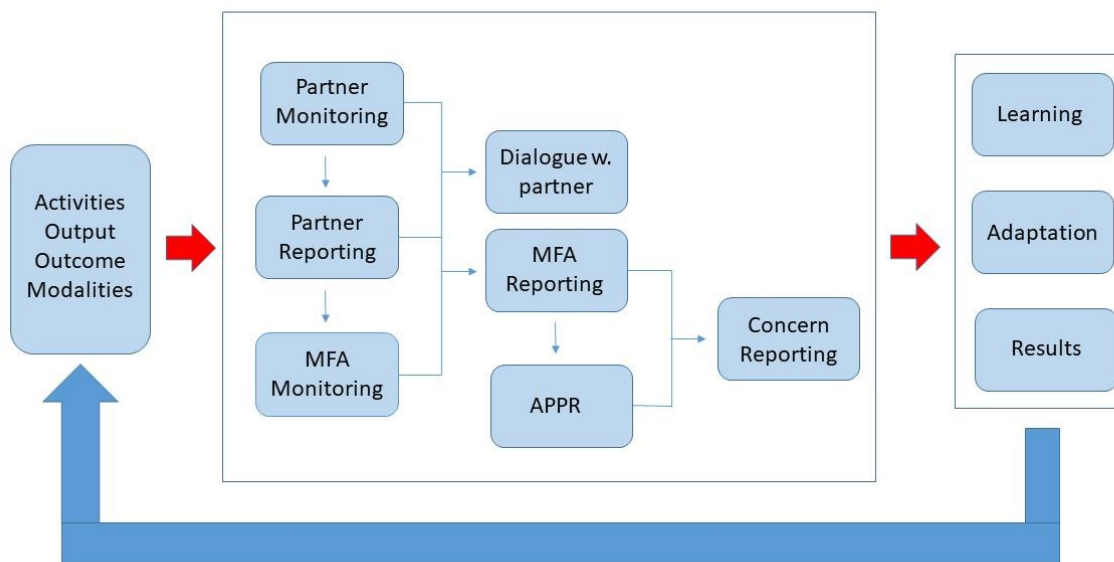
- Status of the MFA-unit's indicators across its portfolio in terms of coverage, registration of results and classification of results relative to targets
- Key developments over the previous year (the reporting period) affecting portfolio performance
- Process action plan for improving results orientation and performance through enhanced learning and adaptation during implementation

³¹ All data entered into the aid management system, including the RFI, is shown unfiltered in OpenAid.

³² The internal accountability system is work-in-progress, as compliance reports are being rolled out in the Ministry replacing the previous APPR format. Currently, HQ units are covered by the new format of the compliance report with embassies to follow during spring 2022.

The purpose of the Annual Concern Report³³ 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 should describe 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 as well as the APPR results for relevant MFA units to allow for comparison across the entire portfolio. A Corporate Results Framework linked to the SDGs is expected to be part of the report. The Annual Concern Report should encompass all types of development co-operation; i.e. bilateral and multilateral co-operation, humanitarian aid and aid channelled through civil society organisations. The report will provide the Management and the Council for Development Policy with an instrument to exercise their respective functions based on full results information.

Figure 5: The MFA MEAL system



³³ Still under development as part of improvements in results reporting.

Reporting 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 FRU through the c-case system no later than two weeks after the case has come to the attention of the MFA unit. If the MFA unit is in doubt whether to report or not, FRU must be consulted.

In addition to notifying The National Audit Office, the Minister for Foreign Affairs and/or The Minister for Development Cooperation are informed of cases involving a potential loss of DKK 1 million or more, if special reasons 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.

5.3.3 Anti-corruption

Measures for preventing corruption 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. In fragile areas, it may be necessary to use a variety of third party monitoring. Corruption risks should always be analysed and highlighted together with mitigation measures in the risk matrix at the programme level. Whether a project may actually fuel corruption (do-harm) should be assessed against the expected development result (do-good) of the activity, which could lead to acceptance of higher risks. Mitigating measures must be taken to

reduce the risk of corruption. This could for instance be support for civil society and investigative journalism and/or support for relevant national institutions, such as the national state auditor, anti-corruption institutions and/or a national ombudsman institution.

The zero-tolerance stance of the MFA implies that all cases 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. Often a variety of reactions will be necessary to ensure that a case is fully investigated, to avoid the risk of further losses and to decide on proportionate sanctions. If it is concluded that Danish funds have been lost due to corruption, these funds will as a rule have to be refunded by the partner. MFA staff can consult the on-line anti-corruption resource centre (for MFA staff only) for more information on anti-corruption.

5.4. Specific actions for adjusting projects and programmes

Adjusting projects and programmes during implementation requires as a general rule that an assessment of the situation leading to the decision to undertake adjustments as well as justification for the proposed action(s) 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. 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 Undersecretary for Development Policy.

Change in objectives

Changes to the objectives require approval above unit level. The MFA unit should always consult with the FL-Team in APD to ensure that the revised formulation of objectives is in accordance with the text in the Finance Act. For projects below DKK 10 million, the Head of MFA unit presents the proposed change to the Under-secretary for Development Policy for approval. For programmes and projects between DKK 10-39 million, the Under-secretary for Development Policy must approve the change and present it to the Minister for final approval. For programmes and projects above DKK 39 million, the proposed change in objective is to be presented to the Council for Development Policy, which is to recommend it for subsequent approval by the Minister.

Change in outputs and outcomes

Changes in outputs and outcomes 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 fit within the related outcome. The number of changes in outcome indicators during the year shall be included in the APPR for information to the Under-secretary for Development Policy (ref. Section E on Accountability above).

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 of 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 MFA unit. This can, however, be a rather delicate exercise, as the implementing partner is the basis for development cooperation. Consequently, it will normally imply cessation of a contract with the partner followed by possible redesign of the development intervention.

Change in modality

Changes in modalities can be decided by the Head of the MFA unit, if such changes improve the prospect of achieving the objectives of the project or programme. But as for change of partner it is a very fundamental change, which most likely implies redesign of the project or programme, including the administrative procedures.

No-cost extension

Financing agreements 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), as long extension periods will have implications for the administrative costs and late closure. The Head of the MFA unit can approve the extension. It is advisable to consult with FRU. All extension arrangements shall be confirmed by exchange of letters between the signatories of the original agreement.

Costed extension

Costed extensions can occur for instance in connection with bridging arrangements or other major changes. 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, and often the Parliamentary Committee for Foreign Affairs (URU) is to be informed. However, for extensions below DKK 10 million it can be approved by the Head of Unit.

5.5.2 Reallocations

The responsible MFA unit may approve reallocations between projects in a programme up to fifteen (15) percent of the total budget over the implementation period. Partners are to be consulted regarding the intended reallocations and, if necessary, an addendum to the co-operation agreement should be signed by the two parties. The Head of the MFA unit must formally approve the reallocation. Beyond these limits, the Under-secretary for Development Policy has the mandate to approve reallocations based on an assessment and recommendation from the 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 [Guidelines for Financial Management](#), 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.

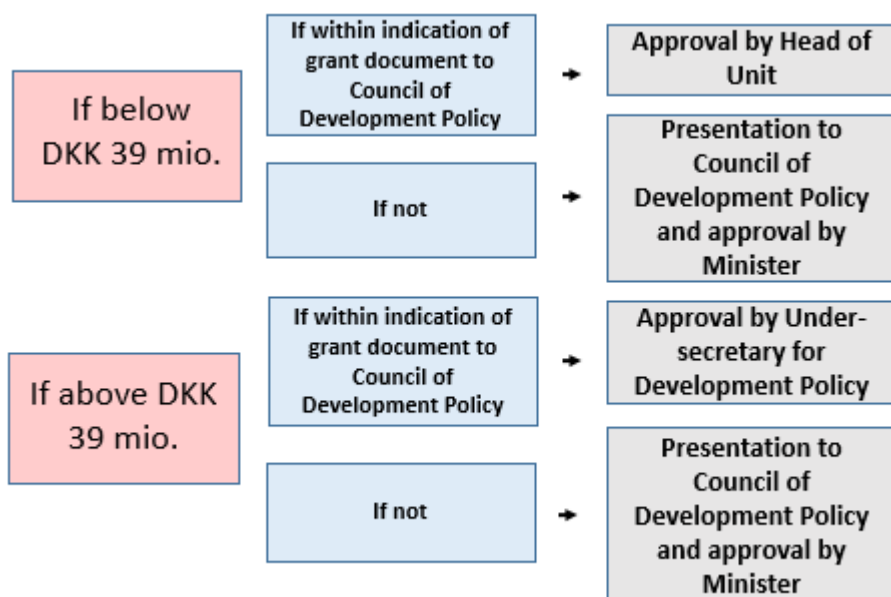
5.5.3 Unallocated funds

For programmes above DKK 39 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 decided by the Programme Committee. Unallocated funds can reach 25% of the total budget of programme above DKK 39 million.³⁴ The quality assurance and approval process for allocation of un-allocated funds depends on whether the unallocated amount is above or below DKK 39 million, and whether it follows an indication of the objective in the grant document, as presented to the Council for Development Policy, or not.

Figure 6: 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). Allocation of unallocated funds follows normal appraisal procedures as for any new appropriation. At 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.

³⁴ The budget for Bilateral Development Programmes is considered as fully committed, despite part of it being technical pledges. 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).

5.5.4 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 Quality assurance during implementation

The purpose of quality assurance (QA) is to ensure that results are achieved in a cost-effective manner and that projects and programmes are still relevant, grounded in local ownership and continuously adapted to an evolving context. The MEAL system provides the basis to ensure that there is a deliberate process for reflecting on lessons learnt and a system which enables timely decision-making based on these lessons learned. Reviews provide recommendations concerning the implementation focusing on *effectiveness*: i.e. whether expected results are achieved given developments in risk factors and in the context; *efficiency* with respect to costs and value for money and to implementation modalities; and, continued *relevance*.

There are five types of QA during implementation:

- Inception review
- Annual stocktaking review
- Midterm programme review
- Technical review
- Implementation support

Annual stocktaking and midterm programme reviews are mandatory. Annual stocktaking is undertaken by the responsible MFA unit, whereas ELK development specialists are responsible for the mid-term reviews. Review teams are composed to reflect the subject matter(s) of the project or programme, but should always include professional competences in administrative and financial matters, typically provided by a CFO from FRU.

Inception reviews

The purpose of inception reviews is to follow up on recommendations from the appraisal, or to complete an 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. Within the first 18 months of programme implementation, the responsible MFA unit may request an inception review. It should be thoroughly argued why an inception review is required. The responsible MFA unit prepares draft

TOR for inception reviews outlining the main issues and detailing the input expected from ELK, which finalises the TOR.

Annual Stocktaking Review

There will be annual stocktaking reviews undertaken by the responsible MFA units of all programmes. These are internal and lean exercises, not requiring external assistance. The annual stocktaking review will assess progress, financial aspects (disbursements and consumption) and strategic developments, lessons learnt, challenges, 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. These reviews will be part of the internal annual stock-taking with Senior Management. They should be undertaken early in the year prior to 1 April.

The input to the annual stocktaking review will come from the MEAL system continuously tracking progress and judging the impact on the ground. There will also be input from partner reports, from dialogues with partners and other stakeholders, outcome of learning reviews, studies and evaluations carried out during the year. The responsible MFA unit will produce a summary of the stocktaking review as documentation of the stocktaking review as well as for follow up.

For Bilateral Development Programmes, the responsible MFA unit should involve the country task force. Findings from these annual stocktaking reviews are to be presented to the Council for Development Policy for information to allow for dialogue and follow up on the progress of a Bilateral Development Programme. Deadline for presentation to the Council for Development Policy is end May, preferably earlier. If findings are of broader relevance, these can be shared with the Programme Committee, as part of the internal learning process.

Midterm reviews

The purpose of a midterm review (MTR) is to undertake independent quality assurance.

For programmes or projects exceeding DKK 39 million, it is mandatory to undertake a MTR of the entire programme or project, and led by ELK. For programmes, the MTR includes all the constituent projects. In the case of a Bilateral Development Programme, the MTR should also 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 proper of them. 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 ELK well in advance of the MTR. In case of multi-donor arrangements, the MTR should preferably be planned as a joint exercise. The responsible MFA unit prepares draft ToR

for the MTR, outlining the main issues to be reviewed, including issues both at programme and project level. ELK is responsible for final TOR.

The midterm review team will prepare a mission preparation note (MPN) prior to commencement. The MPN will outline the team's take on the key issues to be addressed based on the documents reviewed as well as the TOR. The midterm review team prepares a Review Aide Memoire (RAM) of max. 15 pages. A draft version will inform the team's debriefing of the responsible MFA unit and partners. The final draft RAM will be forwarded to the responsible MFA unit no later than two weeks after the field mission 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 final RAM. ELK will then issue the final RAM to complete the process.

The responsible MFA unit presents 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 ELK. The Under-secretary for Development Policy takes the final decision as to following or not RAM recommendations. Reviews 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".

Technical reviews

The purpose of technical reviews 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 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 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 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.

Implementation support

The responsible MFA unit can request technical support from ELK at any time during programme implementation with focus on appropriations above DKK 39 million or for complex programmes. 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.

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 without foreign assistance. The processes related to winding down 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

Guidelines for Financial Management

Guidance Note on Country Exit from Bilateral Development Cooperation

Template: Final Results Report below DKK 10 million

Template: Final Results Report above DKK 10 million

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 midterm review. 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 more generic relevance also for exit from projects and programmes.

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 development cooperation between Denmark and the priority country.

It is recommended that the MFA unit ensures 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, ELK 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:

- 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?
- Focus on outputs and outcomes directly assisting beneficiaries.
- 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 500,000, must undergo a formal completion process.

The completion phase entails the submission of a final report by the implementing partners to the responsible MFA unit and a final report by the responsible MFA unit, the Final Results Report (FRR). The FRR is to be submitted to pcr@um.dk for quality assurance by ELK. Based on the comments from ELK the

responsible MFA unit will finalise the FRR and have it signed by the Head of the unit before it is uploaded in PMI and F2 by the unit.

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.

New phases of project or programme support will always be considered as new support, as it requires new documentation and new appropriation. Simultaneous implementation of support to two phases of the same project or programme should be avoided to the extent possible, while ensuring that there is no major gap in implementation.

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, three months prior to the termination of the legal agreement between the parties.

Responsible unit's final results report

The responsible MFA unit shall prepare a [Final Results Report \(FRR\)](#) as part of the completion and closure procedures. The FRR covers either the programme or project level. There are FRR templates for below and for above DKK 10 million in grant amount. The FRR should highlight the main lessons learned based on the implementing partner's final report as well as conclusions by the joint decision making body regarding the achievement of the expected results, including how outputs and outcomes have contributed to the achievement of the objectives. A completed results framework for the programme/project is a mandatory part of the Final Results Report. The report is to be submitted to pcr@um.dk, for quality assurance by ELK. In case of insufficient reporting, the draft FRR will be returned to the responsible unit for finalisation. The final and approved FRR is signed by the Head of the unit before it is uploaded in PMI and F2 by the unit.

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. When the audit report has been received, the responsible MFA unit must register the received accounts in GRAM and fill in the cover note. 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.

Summary key procedural issues for programmes and projects.

Process, documentation	Programmes and Projects			Projects
Type of intervention	Country Strategic Framework/ Bilateral Development Programme ³⁵	Programmes ³⁶ / Projects above DKK 39 million	Programmes/ Projects DKK 10-39 million	Projects up to DKK 10 million
Task force	✔ 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
Presentation to the Programme Committee	✔ Draft Strategic country framework and (later) draft Bilateral Development Programme	✔ Draft programme/ project documents	Only if requested by responsible MFA unit	
Appraisal	Pre-appraisal followed by Desk appraisal By ELK	Appraisal by ELK	Appraisal by external consultants; QA Checklist to be signed	Responsible MFA unit; QA Checklist to be signed
Number of partners	Max. 10 managed by the embassy	Max. 8 for programmes; only 1 for projects	Max. 3 for programmes; only 1 for projects	Max. 1
Programme/Project document	Max. 15 pages per project document Max. 10 pages for Summary of Bilateral	Max. 25 pages per Programme or project document	Max. 15 pages per Programme or project document	Max. 8 pages Project document

³⁵ Portfolio of projects managed by the Embassy under the Strategic Framework

³⁶ Programmes may include regional programmes, thematic programmes etc.

Results framework	Development Programme			
	 Strategic objectives and expected outcomes only in Country Strategic Framework; full results frameworks for projects under the Bilateral Development Programme.	 Programme/ Project document	 Programme/ Project document	 Project document
Risk management framework	 Analysis of key risks and scenarios in Country Strategic Framework 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
	Context Analysis	 Context analysis in Country Strategic Framework plus annex	 Programme/ Project document plus annexes	 Relevant elements annexed to the Programme/ Project document
Approval	Minister through Council for Development Policy; Projects subsequently approved by the State Secretary	Minister through Council for Development Policy	Minister through Under-Secretary	Head of MFA unit

Annual results reporting				
Mandatory midterm review				
Unallocated funds	Max. 25% of total budget for Bilateral Development Programme	Max. 25% of total programme budget	NA	NA
Reallocation of funds by the responsible MFA unit	15% between projects 10% per budget line in a project	15% between projects 10% per budget line in a project	15% between projects 10% per budget line in a project	NA 10% per budget line
Approval of changes in outcomes	Head of Unit	Head of Unit	Head of Unit	Head of Unit
Approval of adjustment in objectives	Minister through UPR	Minister through UPR	Minister through Under-secretary for Development Policy	
Possible development specialist support	Identification, formulation, implementation & completion	Identification, formulation, implementation & completion	Advisory services on request	Advisory services on request
Inception Review	If requested or assessed necessary	If requested or assessed necessary		
Annual stocktaking	By responsible unit	By responsible unit, but only for programmes		
Final Results Report				