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OF DENMARK**

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STRATEGIC SECTOR COOPERATION GUIDELINES

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Abbreviations and Acronyms

AMG	Aid Management Guidelines
DAC	Development Assistance Committee (OECD)
DDD	Doing Development Differently
DKK	Danish Kroner
FP	Framework Programme
EIFO	Export and Investment Fund of Denmark
EU	European Union
IFDK	Impact Fund Denmark
LEARNING	Department for Evaluation, Learning, and Quality
NGO	International Non-governmental organisation
MEAL	Monitoring, Evaluation, Accountability, and Learning
MFA	Ministry of Foreign Affairs
MoV	Means of Verification
MYNSEK	The Secretariat for Government-to-Government Cooperation, Sekretariatet for Myndighedssamarbejde
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PAP	Process Action Plan
PMG	Programme Management Group
PSC	Project Steering Committee
PPP	Public Private Partnership
QA	Quality Assurance
SDG	Sustainable Development Goal
SMG	Strategic Management Group
SSC	Strategic Sector Cooperation
ToR	Terms of Reference
ToC	Theory of Change
UN	United Nations

Chapter 1 Introduction

These guidelines for Strategic Sector Cooperation (SSC) align with the Danish strategies for foreign and security policy, Africa, development cooperation, and economic diplomacy. The guidelines are applicable to the full project cycle of Framework Programmes (FP) and SSC projects under FPs, as well as SSC projects outside of FPs (stand-alone projects)¹. The guidelines and templates are available on Danida's Aid Management Guidelines (AMG) SSC website, and replace all previous SSC guidelines and templates.

1.1 Strategic Sector Cooperation

SSC is a central instrument in the Danish foreign and security policy, economic diplomacy and development cooperation toolbox. **Cooperation between Danish public authorities and partner authorities** in prioritised developing countries, including in the European Union's (EU) neighbouring countries, promotes equal partnerships, and creates strategic alliances for mutual benefit by sharing expertise and experiences within policy development, regulation, planning, enforcement, and implementation, including through public-private partnerships.

The objective of the SSC instrument is to **help strengthen the capacity** of the partner authorities to **improve framework conditions** and the related **product or service delivery** to enhance their countries' inclusive and sustainable² social and economic development and green transition, and through this, to **strengthen Denmark's bilateral diplomatic relations**, including green diplomacy, and **pave the way for further engagement of the Danish private sector and use of Danish technology and knowledge on a commercial basis in the countries in the longer term**. The SSC instrument focuses on sectors where Danish public authorities have knowledge and expertise that are in demand in partner countries and where Danish companies have relevant competitive solutions to offer. By strengthening framework conditions and leveraging private sector solutions over time, the strategic sector cooperation contributes to a joint goal of sustainable growth, job creation, stability and prosperity.

Sector counsellors posted to the Danish embassies support the cooperation between the authorities. They integrate the individual SSC projects in the wider activities of the Danish embassies in the partner countries, including bilateral relations, trade, investments, and job creation, aiming at increasing the Danish contribution to the implementation of partner countries' own policies and priorities. In this way, the strategic sector cooperation constitutes a valuable sector diplomatic tool and is an important element of the relations between Denmark and the partner countries.

¹ When a Danish authority is responsible for more than three stand-alone SSC projects, the Danish authority can enter into a four-year programme agreement with the MFA. An FP provides strategic direction for the Danish authority's SSC projects and constitutes the basis for the grant appropriation (see Chapter 5).

² This document uses two definitions of sustainability. The first is sustainability, in terms of international development. Sustainability is defined by the United Nations (UN) as: "meeting the needs of the present without compromising the ability of future generations to meet their own needs". The UN, The Sustainable Development Agenda. UN, New York, United Nations sustainable development agenda. The second definition of sustainability is in relation to the sustainability of an SSC's project results, whereby sustainability means that the results are long-lasting and capable of being maintained.

The foundation of the SSC instrument is **equal partnerships** based on peer-to-peer collaboration between public sector experts, working for similar authorities in their respective countries, and with the sharing of experiences and mutual learning as cornerstones. This requires a high-level of commitment from all parties involved. The starting point of each cooperation is a match between the **demand and priorities** of the authority in the partner country based on nationally identified issues in the local context, and Danish best practices and solutions in line with the Danish public authorities' competencies and expertise. In reality, this translates into a close collaboration between Danish and partner authorities, building mutual trust and knowledge throughout the project, when jointly identifying collaboration areas; formulating project objectives; preparing work plans; implementing activities, monitoring and adapting the project, when needed; results reporting, and evaluation; and eventual closure of the project. The emphasis on **equal partnerships and local demand driving the cooperation** is critical to the success of each SSC project and is a key principle throughout the cooperation.

The SSC instrument is funded by Danish **development cooperation** and can take place in countries that have a Danish embassy and are eligible for official development assistance (ODA). A subset of activities can be carried out in side-accredited countries to the Danish embassy, if they are eligible for ODA. The SSC instrument is aligned to the objectives and principles of Danish development cooperation.³ The Finance Act is the legal basis for the Ministry of Foreign Affairs (MFA) SSC instrument grants. The Finance Act outlines the types of activities which can be financed.

Each SSC project should consider how, and if, it can contribute to reducing the structural causes of **inequality and poverty**⁴, and support the green transition. Furthermore, the SSC project should protect human rights and not directly or indirectly harm impoverished or vulnerable groups or lead to inequality of choice and opportunity. How this will take form in individual SSC projects depends on the sector, theme, and demands of the partner authorities, and partner countries' policies.

The SSC instrument aligns with international best practice in committing to catalyse **lasting institutional improvement** that enables partner authorities to achieve improved, measurable results consistent with their mandate, and in **support of the partner country's policies and reform agendas**, including the attraction of investments and creation of jobs. The SSC projects' capacity development outcomes and the partner's related results should be possible for the partner to sustain politically, financially, and organisationally after the SSC project has ended. This means Danish experience, expertise, and solutions should be adapted to suit the local context, and that improved capacities should lead to lasting changes to the products and services of the partners.

The SSC instrument promotes coherence between partner countries' institutions and activities, as well as with interventions by other development partners, financial institutions, the private sector, and civil society. SSC projects often depend on cooperation with other partners sharing the same agenda **to scale results** of the instrument's three objectives. This requires considering how the SSC project can build on

³ See the MFA's "Guidelines For Programmes, Projects, Country Strategic Frameworks & Hard Earmarked Multilateral Support", [Guidelines for programmes, projects, country strategic frameworks & hard earmarked multilateral support](#)

⁴ Poverty is defined as multidimensional, see the MFA's "Approach Note on Fighting Poverty and Inequality", [How to notes for implementation of the Danish Strategy for Development Cooperation](#)

other relevant activities, and how the project can **act as a catalyst and promote synergy**, to further positive change towards social and economic development and green transition. This also includes aligning with existing and future Danish, EU, and EU member states supported activities in the country, to create more impact and bringing in other private sector instruments funded by Danish development cooperation and the Danish economic diplomacy toolbox.

Each SSC project is **designed with the partner authority** and is grounded in a **Theory of Change** and a **Logical Framework Approach** (LFA) that states realistic and robust cause-and-effect connections from inputs to activities on to outputs, outcomes, and objectives. Project design is based on comprehensive analyses of relevant sector issues and the institutional framework, partner authority capacities, and joint assessments with the partner of assumptions and risks to project success. Key to the analysis is the identification of the partner products and services that will be the focus of the cooperation and the joint formulation of the changes or improvements to be achieved.

The SSC instrument is **adaptive**. The cooperation should be adjusted together with the partner authority if, and when, needed to achieve the agreed outcomes and objectives. This is based on continuous monitoring and learning, focusing on progress regarding capacity development outcomes and practical results achieved.

The SSC instrument is divided into phases. It typically starts with a one-year inception phase, followed by three project phases, each of a three to four-year duration. A fourth phase is possible as an exception. Each phase should deliver on its own planned capacity development outcomes and partner performance results. **Demonstrable changes in partner authority capacities and ideally institutional performance results** are a prerequisite for suggesting a new phase and the design of the new phase should build on lessons learnt from the previous phase, as well as on analyses and assessments updated together with the partner authority. Still, the expected outcomes of each phase must also reflect upon the process and perspective of the entire SSC throughout the potential 10 years or more of cooperation. The last project phase must include a transition strategy.

One **key lesson** from SSC projects implemented over the past 10 years is that building successful partnerships at institutional and individual level requires a substantial **investment of time in the partnership**. Experience shows that the time used during preparation for developing a shared understanding of the challenges and opportunities, building common goals, trust, and mutual understanding pays off during implementation.

In the same vein, **trust is a key ingredient** of any successful SSC. Critical factors for building trust are: close and frequent peer-to-peer interactions; continuity in the assignment of staff and experts; relevance, quality and credibility of the advice given; transparency in decision-making; and jointly planned activities of high relevance and quality – all leading to a shared understanding and vision of the changes that are being pursued and how success should be measured.

1.2 Overall SSC objective

The aim of the SSC instrument is to contribute to improved framework conditions for partner countries' inclusive and sustainable social and economic development and green transition. **There are three overall**

objectives of the SSC, which are different in nature. The first objective is the foundation for the other two objectives and a prerequisite for their success. Objectives 2 and 3 are equally important but cannot stand alone and are linked to Objective 1. The three objectives are:

1. Strengthened capacity of partner countries to develop, implement, and enforce framework conditions, including, but not limited to sector-specific and multi-sector policies and policy coherence, laws, regulations, strategies, plans, programmes, services and tools;
2. Strengthened bilateral relations between Denmark and partner countries on sector-related issues, through bilateral agreements, wider cooperation, increased exchanges, and common action in multilateral fora; and
3. Enhanced engagement of the Danish private sector in partner countries' inclusive and sustainable social and economic development and green transition in the longer term, by working on improved framework conditions, sharing sector-related knowledge and demand for possible solutions and communicating opportunities for sector-related investments and trade.

The following sections outline ideas and inspiration for how to work towards the three overarching objectives of the SSC in specific country contexts.

1.2.1 Objective 1: Capacity development

The SSC adheres to the following definitions for the three capacity development levels⁵:

- The **individual** level relates to individual people's skills, knowledge, and performance capacities. SSC projects can work to develop and strengthen the skills, experience, and knowledge that allow each person to perform.
- The **organisational** level relates to organisational strategies, plans, rules, and regulations, partnerships, leadership, organisational politics, and power structures, and strengthening organisational systems, processes, roles, and responsibilities. SSC projects can advise and promote change processes that relate to one or more of these elements, including helping with better coordination with other local authorities, thereby enhancing sector organisations and other stakeholders' impact, accountability, and effectiveness.
- The **institutional level** relates to key policy frameworks to address economic, political, environmental, and social factors including economic growth, financing, labour markets, the political context, the policy and legislative environment, but also class structures and socio-cultural aspects that influence how all the above interact and function. SSC projects can contribute directly or indirectly to laws and policies, among others, by engaging and bringing together public or private stakeholders, related partners, and civil society.

The levels are connected, but the starting point for change in each of them is always the individual. It is the **purpose** (e.g., the change it aims to make) of the capacity development support that determines the level at which it will contribute to bringing about change. The level at which change is wished, that is individual, organisational or the institutional level, defines the level of influence of an SSC project and

⁵ UNDG (2017), "Capacity Development: UNDAF Companion Guide" and UNDP (2009) "Capacity Development: A UNDP Primer".

defines how much an SSC project can **realistically contribute to change** in the partner authority context. It also shapes the timelines for change and measurable product or service delivery results, i.e., it will take longer to change the institutional level than capacities at the individual level. Awareness of this complexity is critical to formulating realistic SSC project design, results chains, and assumptions (see Chapter 2.1.8 for more insights on this). Equally important is the understanding that often nationally driven external factors are likely to significantly influence the partner authority, while internal factors and individuals in the partner authority itself may also drive or hinder change processes.

The SSC Theory of Change for capacity development is grounded in the idea that changes in institutional capacities, products, and services can only be accomplished if change agents in the partner authorities can take the lead in identifying, formulating, and implementing them. Hence, it is important to carefully assess who has the formal and informal mandates, positions and means to make a change come through and what group of people or organisations are needed to create and maintain results.

Different countries and institutional situations may require different levels and types of capacity development support. Depending on what is deemed realistic in terms of goals for change in the partner authority's context, the **cooperation can aim more modestly to increase awareness and knowledge in order to prepare for future changes or, more ambitiously, to catalyse specific changes in the partner authorities' products and services**. At the same time, the partner authority's level of trust in the SSC partnership is integral to the project's success, and takes time to build up. The aim of the support can therefore also change during the different phases of the SSC. Key steps for identifying realistic changes in partner authority products and services and identifying possible capacity development support entry-points are outlined in Chapter 2.

With the three levels of capacity development as a fundament, the SSC instrument has a Theory of Change that focuses on **catalysing gradual, strategically relevant changes to partner authority capacities, and supporting their institutionalisation, contributing over time to improving partner authority performance**. Institutionalisation means that the desired change has become permanent and integrated into the partner authority's organisation and operations in such a way that the partner authority can achieve the desired product and service delivery results in a **sustainable and autonomously** manner – i.e., by themselves over time. Thus, the SSC instrument uses capacity development as a longer-term engagement strategy, **to help institutionalise change**, and not just as a singular activity type for transferring skills or knowledge in the short-term (e.g., training, workshops, exposure visits, etc.).

To achieve this, SSC capacity development efforts should contribute to partner authority **ability** and **results**, two related outcomes.

Ability

This is the increased **ability of partner authorities to carry out necessary functions on their own** over time (sustainably) and is expressed as a **sustained change in relevant behaviours and practices**. This is achieved by:

- 1) A **stakeholder-centred design** meaning Danish SSC practitioners must ensure partner authorities are provided with the information and guidance necessary to allow them to lead all

decision-making, as well as what action will be required to sustain changes within their own institutional set-up. Thus, SSC practitioners will not carry out tasks on behalf of the partner authority nor will they agree to support the completion of other tasks partners may require that fall outside the scope of the SSC agreement. If SSC agreements include the transfer of tangible assets, i.e., a technical tool or software system, to partner authorities, this will always have to be accompanied by a capacity development plan that ensures proper and sustainable asset management and institutionalisation.

- 2) The **institutionalisation** of capacities takes time, and it has its own lifecycle showing how they go from newly acquired skills into everyday institutional practices. This lifecycle is important to keep in mind, when thinking about how to engage in capacity development, and how best to support each phase. The **lifecycle of capacity phases** is:
- **Creation** is achieved when partner authorities get specific technical or functional skills and competencies through targeted time-bound information sharing capacity development activities (e.g., on-the-job training, workshops, seminars, events, etc.).
 - **Utilisation and retention** is achieved when people or organisations have opportunities to use their newly acquired skills in their everyday work.
 - **Availability** is achieved when organisations ensure that they have enough capacity to meet planned and unanticipated organisational needs.
 - **Modernisation** is achieved when concrete efforts are made to ensure skills and competencies remain updated and aligned with changing contexts, needs, technologies etc., over time.

These phases show that **capacity creation, i.e. sharing information and workshops, alone does not guarantee** sustainable change for partner authorities. Additional actions to promote utilisation, retention, availability, and/or modernisation should be integrated into the SSC project design to make changes sustainable after the project has ended. These considerations should factor into the partner dialogue, analyses, and planning in all phases and should create a robust transition strategy.

Results

Results are the **measurable product or service delivery targets** that partners will be better able to achieve **because of the ability catalysed by SSC support**. Metrics defined for results are often key performance indicators identified by the partner authorities for the products and services in question.

When implementing the SSC instrument, Denmark is the **enabling party**, responsible for providing effective capacity development support to help the partner authority's **abilities**; partner authorities are the **implementers**, accountable for converting capacity development support into concrete actions to further **national development results**.

This means that, ideally, the results of an SSC project must also include results that demonstrate the partner authority's ability to deliver in a sustainable manner. These results may be proved by related partner authority product or service delivery results, if and when these happen within the SSC project's timeframe and reporting period. If they do not i.e., because their realisation depends upon factors beyond the SSC's influence or simply require more time, the underlying Theory of Change for capacity

development can be used to specify cause and effect statements on the expected value-added to the partner authority's ability to achieving longer-term development objectives.

The SSC instrument also acknowledges that the development and proper implementation of framework conditions for inclusive and sustainable social and economic development and green transition are part of **complex organisational ecosystems**, often requiring a whole-of-government⁶ response for their realisation. It acknowledges that well-performing systems rely on a mix of capacities at the institutional, organisational, and individual levels. Examples of how the SSC approach to capacity development can take shape in practice and be integrated into SSC project design are provided in Chapter 2.

1.2.2 Objective 2: Bilateral Relations

An SSC project gives both the partner country and Denmark the opportunity to become familiar with the wider society of each other e.g., key actors, roles, responsibilities, strengths and gaps. The long-term peer-to-peer interaction and the trust and relations built between the partner authorities bring valuable insights into perspectives, dynamics, and practices in the political, economic, environmental, and social areas, all of which are key for fostering **strong bilateral ties and forming strategic alliances** to advance common agendas in the geopolitical realm.

In this way, the SSC projects grow additional in-country avenues for the embassy, the Danish authority, and sector counsellors **to leverage their relationship** with partner authorities to advance dialogue in favour of strengthening complementary bilateral relations with Denmark, and contributing to Objective 2.

Similarly, the close relations between authorities in Denmark and partner countries can be beneficial in a multilateral settings and international negotiations – like the Conference of the Parties (COP), specialised UN agencies, such as the International Maritime Organisation (IMO), the World Health Organisation (WHO), the World Intellectual Property Organisation (WIPO), and others. Advancing common agendas with the partner country in these fora can advance SSC Objective 1 as well as Objective 2. Pursuing such opportunities are **an integral part of an SSC** and can be supported by dedicated project activities as long as they contribute to the overall objectives of the SSC instrument and are agreed with the partner authority.

Simultaneously, the bilateral relations created through an SSC project should lead to **pro-actively identifying other ongoing initiatives** of relevance to the sector that might be led by multilateral actors, such as the UN, international and regional financing institutions, development banks, and particularly the EU. Identifying such initiatives on the ground can create opportunities for Denmark and the partner country to engage in or benefit from multilateral agreements and initiatives.

⁶ A Whole-of-Government approach refers to “a process where government actively uses formal and/or informal networks across the different agencies within that government to coordinate the design and implementation of the range of interventions that the government's agencies will be making in order to increase the effectiveness of those interventions in achieving the desired objectives”. (OECD 2007)

High-level indicators of policy dialogue may include: Enhanced dialogue and strengthened relationship with partner countries on sector policy issues; joint action in multilateral fora, achieved synergies with other local Danish or international authorities, especially the EU, additional interventions for the fulfilment of the SDGs, the Paris Agreement, Nationally Determined Contributions (NDCs), and other international commitments. Examples of means of verification could be joint or coordinated local initiatives and work plans, official high-level visits, minutes of high-level diplomatic meetings, partner countries' reported measures on fulfilment of SDGs, etc.

Examples of how the SSC can advance bilateral relations and be integrated into SSC project design are provided in Chapter 2, alongside with examples of activities that can be financed by the SSC.

1.2.3 Objective 3: Engagement of the private sector

Achieving inclusive and sustainable social and economic development and green transition requires a Whole-of-Society⁷ approach that engages all parts of society in seeking a generalised agreement about policy goals and the means to achieve them⁸. An SSC project cannot by itself foster an enabling environment for inclusive private sector development, trade, investment, and job creation. But by contributing to the **ability of partner authorities to carry out necessary functions** within important areas of the regulatory environment, the SSC can assist in its advancement as per Objective 1. Working with the partner authority to identify other critical gaps in the regulatory environment and working with other partners to address these gaps, could scale the impact of the SSC on framework conditions and facilitate the engagement of the private sector.

Partner countries typically have an **interest in strengthening their private sectors and attracting foreign investment and trade** that can contribute to the transformation of their economies based on their national comparative advantages and contributing to sustained social and economic development and a green transition in the country, including job creation. Private sector engagement will depend on entrepreneurship and individual companies' assessment of the framework conditions and their progress at any given time for example as documented in **Doing-business indexes**, but also on specific market insights, relations, risk assessments, availability of attractive financing and export guarantees.

Although many Danish companies have knowledge and technologies that are of relevance to the SSC partner countries, their knowledge of, and commercial interest in, these countries vary widely between sectors and geographies. The partner authorities may also not know which technical solutions are available and at what cost from companies, including Danish companies. To achieve Objective 3, the Danish authorities and all relevant colleagues at the embassy (management, the sector counsellor, trade colleagues, and the finance adviser (see Chapter 1.3.5)) have a joint responsibility to engage with Danish

⁷ A multi-stakeholder Whole-of-Society approach where a wide range of actors participate in a meaningful way is needed to achieve effective implementation, review and follow-up development commitments. This can include, but is not limited to: civil society, faith-based groups, special groups, academia, media, and the private sector, among others. Their participation requires a genuine interest for engagement, space for collective work and the co-creation of knowledge and they must be able to participate as equal conversation partners that are taken seriously as relevant to the confines of their mandates and functions. A Whole of Society approach requires transparency, commitment and accountability and must be inclusive and representative. (Cázarez-Grageda, Karina (2018) "The Whole of Society Approach: Levels of Engagement and Meaningful Participation of Different Stakeholders in the Review Process of the 2030 Agenda." Partners for Review.)

⁸ See an example of a Whole-of-Society approach here: United Nations, The United Nations World Water Development Report 2023: Partnerships and Cooperation for Water. UNESCO, Paris. Available online: <https://unesdoc.unesco.org/ark:/48223/pf0000385215>

companies to highlight the opportunities and **stimulate the interest** of Danish companies to contribute to partner country social and economic development on a **commercial basis** by sharing sector-related knowledge, partner country demand for specific solutions, and opportunities for sector-related trade and investments.

The technical experts from the Danish authorities, the finance adviser and the sector counsellors are funded by Danish development aid. Their main aim is to strengthen the partner authorities and the partner countries' development based on national policies and regulations, while furthering and respecting partner country interests and self-determination. Trade colleagues at the embassies are part of Denmark's economic diplomacy, which aims at assisting Danish companies' export, sourcing and investments. The **different purposes** should direct the daily cooperation, but there is room for closer integration and more synergy. Tender requirements, de minimis limits⁹ to state aid to companies, ODA-principles for private sector involvement and the fact that Danish development cooperation is untied should be observed by all. However, information-sharing and close cooperation is a requirement for identifying areas of potential mutual benefit of the partner countries and of Danish companies which can be pursued on a commercial basis. **Facilitating the inclusion of perspectives and possible solutions from the private sector is an integral part of SSC** and is important throughout implementation of the SSC to achieve Objective 3.

Sharing information with trade colleagues at the embassies about an official SSC-delegation trip to Denmark is crucial, both prior to and following the visit. For example, when partner authorities meet Danish companies as part of an official SSC-delegation visit to Denmark, this information should be shared in order to enable follow-ups on potential commercial opportunities resulting from meetings. When Danish companies start showing an interest in commercial opportunities based on new sector insights coming from an SSC, or when partner authorities grow an interest in getting to know more about specific Danish solutions based on peer-to-peer exchanges, **private sector instruments funded by Danish development cooperation** and the **economic diplomacy toolbox** can be brought into play to explore potential commercial cooperation, supporting a Whole-of-Government approach.

Sharing relevant information and reports with colleagues at the embassies, such as sector reports and feasibility studies, is always strongly encouraged, unless it is very sensitive and trust between the SSC counsellors and partner authority is at risk. Similarly, SSC counsellors are encouraged to join embassy meetings with Danish companies, as this will illustrate to the companies that the embassy has various policy instruments at hand and relevant sector knowledge. When an embassy meets SSC partner authorities and bring Danish companies along, it may be relevant to explain the different aims of the SSC and trade and investment promotion, so that roles remain clear and are communicated openly and transparently.

It is important to handle the interface between the SSC and the commercial interests with care. An equal SSC-partnership requires **trust and transparency about motivations and interests**. This is even more important, when the interests of companies become associated with an SSC cooperation. The Danish

⁹ A small amount of public aid that can be granted to businesses without needing to notify the European Commission.

technical experts and the sector counsellors should always keep the partner authority fully informed about Danish commercial interests and follow-up actions, e.g. by the embassies including trade colleagues.

The options for **minor demonstration projects**, which can include technical solutions and products of Danish companies, should be pursued, when relevant, as decided by the partner authority in pursuit of Objective 1. A limited amount of the SSC budget can be allocated to this. A limited budget can likewise be allocated for (pre) feasibility studies and other concrete activities, if these pilot activities are considered to be crucial to the three overall objectives. The funding for demonstration projects, (pre) feasibility studies and other pilot activities should be approved by the Strategic Management Group (SMG – Chapter 3.1.2), and must comply with ODA-rules, de minimis limits and tender regulations. Other options for funding of (pre-) feasibility studies and demonstration projects outside of the SSC-budget should be pursued when requested by the partner government.

When Danish companies have insights to share on the strengths and gaps in the local regulatory environment, these insights could also be communicated to the partner authority for their decisions on regulatory reforms to the benefit of all companies, whereas individual case handling and servicing of Danish companies remains the primary responsibility of the trade colleagues.

Additionally, Danish experience shows that public-private partnership and cooperation is critical in the development of sector specific conducive policies and strategies. **Public-private sector partnerships** can also bring best-in-class technical expertise and innovation to the policy, product, and service delivery discourse – especially since public services are increasingly being produced and delivered to citizens by public-private partnerships.¹⁰

A close engagement of financial institutions can be beneficial to scale positive development in the sector. **Financial institutions** could include the Impact Fund Denmark (IFDK) and the Export and Investment Fund of Denmark (EIFO), but also national and international institutions.

Commercial leads derived from SSC activities should be reflected in the regional Trade Council strategies and be considered in regional board meetings, when relevant. This is supportive of collaboration with trade colleagues, including with regard to **following up on opportunities** arising from the SSC, and supporting Denmark's economic diplomacy. The sector counsellors and finance advisers could also be invited to the regional Trade Council meetings (or participate online), depending on the budget situation, reflecting a whole-of-embassy approach. Examples of how the SSC engagement with private sector can take shape in practice and be integrated into SSC project design are provided in Chapter 2.1.6.

1.3 Collaboration - Roles and Responsibilities

1.3.1 Partner Country's Public Authorities

The partner country's public authorities are the foundation of the SSC, as it is their demand for assistance with development challenges in their country that should be matched with Danish competencies.

¹⁰ OECD (2008), Public-Private Partnerships: In Pursuit of Risk Sharing and Value for Money, OECD Publishing, Paris, <https://doi.org/10.1787/9789264046733-en>.

Although trust and equal partnerships take time to build, the partner authorities should be considered co-drivers of the SSC from the onset. They are integral to defining the focus of the SSC projects, based on existing assessments and visions for development and enforcement of conducive structures such as national development plans, national SDG-strategies, and NDCs. Based on national priorities, needs, and capacities, the partner authorities contribute to the design of the SSC project, including the results framework (see Chapter 2.1.8). Partner authorities should be able to take ownership of achieving the agreed results, supported by the Danish authority, and provide the necessary resources such as human resources for the cooperation. The partner authority should have a good management system for the project and appoint a project manager/contact person who will be available for regular discussions. Each SSC project has a Project Steering Committee (PSC - see Chapter 3.1.2 for further information), which consists of high-level representatives from the partner country public authorities, Danish authority, and the Danish embassy, and here the partner authority plays a decisive role.

1.3.2 Danish Public Authorities

Potential Danish partners include Danish public authorities, including all government ministries and their agencies, as well as municipalities and regions. Semi-independent public institutions may be included on a pilot basis.

Danish authorities with an international vision and strategy aligned with the Danish Government's relevant international strategies and with high-level commitment and institutional capacity to manage an SSC project will be eligible for SSC collaboration. The authority's international strategy should ideally specify its core competences.

The Danish authority will be responsible for the establishment of an equal partnership with its partner authorities, and will be responsible towards the MFA for the management of its SSC projects in accordance with these guidelines. Danish authorities with three or more SSC projects will create a four-year FP with the MFA, which will set strategic direction for all of the authority's SSC projects.

Partner countries' needs and requests for capacity development might require cross-sector competences, collaboration among two or more Danish authorities or involvement of other competences within the Danish authority's mandate such as relevant utility companies. It will be possible for Danish authorities to deliver on such partner countries' requests e.g. by including other Danish authorities as subcontractors.

The Danish authority will establish a solid management system for the project, including appointing a qualified project manager to each SSC project, ensuring continuity in project management, who will work closely with the sector counsellor. The Danish authority will establish incentives for mobilising the necessary internal expertise for implementation of the project. They will describe the objectives and expected outputs of all missions for their own staff and external consultants in dialogue with the partner authority (either specific terms of references or similar documents) and ensure that follow-up reporting is prepared. The Danish authority will nominate a high-level representative to the PSC.

The Danish authority will take part in the onboarding of new sector counsellors and take the initiative in engaging the sector counsellor and the embassy in the formulation of SSC projects and FPs e.g., in regard to expected inputs and capacities of the embassy to engage in bilateral sector relations and the embassy's and sector counsellor's role in the SSC projects and achievement of each of the three objectives.

Likewise, they will ensure timely reporting on the SSC project and FP, and are also responsible for the financial management and auditing of accounts. The Danish authority will take a pro-active role in internal and external communication of activities and results to Danish and partner country stakeholders and coordinate closely with the Secretariat for Government-to-Government Cooperation (See Chapter 1.3.7) about joint communication initiatives.

1.3.3 Danish Embassies

Danish embassies are key partners in the development and implementation of the SSC projects, and the three SSC objectives. The Danish embassy will support the Danish authority with relevant country and sector insights as well as assist in establishing and maintaining relations. It will also advise the Danish authority on synergies in relation to the wider activities of the embassy, including in the trade area, other bi- and multilateral sector activities and relations to other countries' activities in the partner country.

The sector counsellor will be contracted by the MFA and posted to the embassy. The embassy has the responsibility to onboard and integrate the counsellor into the embassy as any other posted MFA staff, while respecting the special mandate and funding of the position to facilitate the SSC, and the sector counsellor's responsibilities towards both the Danish authorities and the partner authorities. The embassy can employ a half time local project officer who can support the project with administrative tasks and the implementation of project activities, including translation if needed (see Chapter 1.3.6 and 6.5). The Embassy will nominate a high-level representative to the PSC, preferably the ambassador or deputy ambassador.

The Danish embassy will support the implementation of the SSC project and will ensure close cooperation and division of work between the sector counsellor and other embassy units and clear reporting lines, based on a whole-of-embassy approach. The embassy will ensure that there is a joint written understanding of the role and responsibilities of the sector counsellor – both internally at the embassy and in relation to the Danish authority and the local partner authority. The Danish embassy will ensure that SSC project activities are well integrated in the embassy's priorities for the country, e.g. sector diplomacy initiatives, country programmes and strategies etc., and thereby lift the technical cooperation to the political level. The embassy can leverage the impact of the SSC by applying for funding for activities to support the three SSC objectives from the SDG Facility, another Danish development instrument. The SDG Facility can provide funding for projects of up to 5 million DKK.¹¹

1.3.4 Sector Counsellors

The sector counsellor is a Danish specialist posted to the Danish embassy to facilitate and support the individual SSC project, strengthen and share country and sector knowledge, enhance trust building between Denmark and the partner country, and create broad networks. The sector counsellor will work closely together with the Danish authority, the partner authority, other embassy teams, including trade colleagues, other sector stakeholders, the private sector, and other relevant parties to the SSC, incl. research institutions and the Danida Fellowship Centre (DFC). As such, the sector counsellors are key

¹¹ See this website for further information: [SDG-Facility](#)

to catalyse and scale impact of the SSC. If there is a concrete demand, an additional counsellor/adviser can be deployed to the partner country's authorities as in-house long-term adviser to the authority. In situations when there is no sector counsellor, such as during a vacancy, the Danish authority has the responsibility for the project's continuation, with the embassy helping where possible. For details on sector counsellors' employment, see Chapter 6.8.

1.3.5 Finance Advisers

The finance adviser is a Danish specialist posted to the Danish embassy or a partner institution to further the goals of the SSCs, and other related in-country political instruments, in supporting the partner country's sustainable and inclusive development, through identification of relevant investment and financing opportunities, including but not only of relevance to Danish companies in the partner country. The finance adviser will be anchored to relevant Danish authorities and will work closely together with sector counsellors, relevant partner authorities, other embassy staff, and the private sector, financial institutions and other relevant stakeholders. For details on finance advisers' employment, see Chapter 6.8.

1.3.6 Local Project Officer

The half-time local project officer is a national generalist or specialist who will be employed by the Danish Embassy (see Chapter 6.5) to support implementation of the SSC project activities. They will also assist with practical and administrative elements during the project implementation, including translation if relevant.

1.3.7 Secretariat for Government-to-Government Cooperation

The Secretariat for Government-to-Government Cooperation (Sekretariatet for Myndighedssamarbejde - MYNSEK) is anchored in the MFA. MYNSEK is responsible for the strategic direction and further development of the SSC instrument and its guidelines and for the overall quality and delivery on the three objectives in accordance with the Finance Act and Danish government policies. MYNSEK provides quality assurance and approval of project documents, technical backstopping on development issues, and overall financial administration. The Secretariat coordinates and takes part in recruitment and onboarding of sector counsellors and finance advisers, facilitates country selection for SSCs, coordination with DFC, and promotes external and internal communication of results and case studies. The head of MYNSEK is a member of the Strategic Management Committees (SMGs) between the MFA and the Danish authorities and the responsible desk officers from MYNSEK are members of the relevant Programme Management Committees (PMGs), see Chapter 3.1.2. In addition to the SSC, MYNSEK provides strategic guidance for the commercial sector diplomacy in OECD countries.

1.3.8 Danida Fellowship Centre (DFC)

DFC, a self-governing institution with funding from the MFA, manages learning programmes, scholarship/master programmes and research collaboration grants. The instruments are funded directly by DFC with separate budgets from the MFA and should not be included in the SSC project budgets. Effective use of DFC instruments can contribute to targeted capacity development, and lessons learnt

demonstrate the value of DFC programmes to Objective 1. The SSC provides the majority of DFC's alumni, and the DFC alumni network in partner countries can be activated for Objective 2 and 3.

Learning activities

The learning activities are tailor-made for partners in SSC (and other programmes). These learning programmes are developed in collaboration with sector counsellors, project managers and education institutions with the aim to support individuals to become change agents, to support institutions to develop the capacity of their staff and to support collaboration across disciplines, sectors and countries. Learning programmes bring relevant partners from different SSC projects to Denmark, or provide training on a country- or regional level. If a single SSC project asks for a DFC learning activity only for the use of that SSC project, it may require co-financing by the SSC project. If this is the case, MYNSEK/PMG should be informed. The application process is ongoing throughout the year.

The main responsibility of the sector counsellor towards DFC is three-fold: to identify capacity needs, to help tailor the content of the learning programmes, and to identify the most suited candidates. The DFC relies heavily on the sector counsellors for candidate selection as it requires sector- and SSC project knowledge to identify candidates. If the demand for a programme is greater than the supply, it will be the responsibility of the Danish authority to ultimately prioritise the candidates. In these circumstances, DFC will coordinate with authorities and sector counsellors. The aim should always be to identify the candidates globally, who can have the most positive impact on the given SSC projects. As the variables for selection are very broad and context specific, it is the responsibility of the sector counsellor to thoroughly explain why a given candidate should be selected. It is the responsibility of the sector counsellor to ensure that the candidate has a sufficient level of English to participate actively in the programme. DFC can be contacted at capacity@dfcentre.dk with any queries.

The DFC and the place of study adjust the content of the programmes to the needs of the SSC projects. The DFC strongly encourages the sector counsellors and Danish authorities to share requests with the DFC. Sector counsellors should first share their ideas for learning programmes with the Danish authorities, to ensure that a first round prioritisation is made by the Danish authorities.

Scholarship/Master Programmes

Every year, the DFC master programmes (lasting two years) is offered to a total of 28 applicants affiliated to an SSC project, with a relevant bachelor degree, who do not already have a master's degree and are below the age of 33. The process starts in August where the DFC opens the call for applicants. A spring application round for the universities' winter intake may also be initiated, if the budget allows. Calls for applications will include a list of master programmes available to the applicants. The DFC encourages the sector counsellors to contact the DFC early in the process for discussions on eligibility. After the applications are received, the DFC evaluates the candidates for eligibility to receive an advance pledge of scholarship. After the applicants receive an advance pledge of scholarship, the applicants apply to the desired university or universities and for a study permission from Danish immigration authorities. If accepted, the applicants will receive a formal acceptance scholarship letter. The DFC scholarship covers tuition fees, travel to and from Denmark, accommodation, insurance, visa fees, and allowances. For more information, contact DFC at capacity@dfcentre.dk.

Research collaboration grants

In low-income countries with SSC projects, Danish research institutions¹² can apply for research grants in partnership with Global South-based research institutions. Applicants are encouraged to consider synergies with SSC projects when their research focus falls within the topic of the SSC. Eligible countries and themes for the research grants are updated annually by the department LEARNING in the MFA.

The application process is just over a year, beginning in Q4. In Q1 the following year, embassies, and sector counsellors in coordination with project managers are invited to comment on the relevance of applications to the SSC projects as part of the selection process. The researchers may also reach out to the embassy prior to sending the application. The embassy's contact to applicants is important to facilitate relevant links, e.g. to SSC projects, from the onset of the research projects. However, embassies and sector counsellors must not have a direct influence on the content of applications. Sector counsellors are expected to actively contribute to the assessment of applicants that fall within their area of expertise and are encouraged to follow ongoing projects as interaction and knowledge exchange underway can benefit all parties. Sector counsellors can explore ongoing projects per country and theme on the Danida Research Portal¹³. Any queries regarding research collaboration projects can be sent to research@dfcentre.dk.

1.4 SSC Instrument Ground Rules

1. An SSC project must **address a well-defined development challenge** as identified by a partner authority in the partner country and **aim to develop said partner's capacity** to improve framework conditions and enhance relevant products and service delivery performance.
2. With the collaboration on the capacity building effort as its core, the SSC project should serve as a **catalyst for a wider sustainable development impact** beyond the strengthening of local framework conditions and pursue cooperation with other partners, including the EU, to scale impact. It should leverage **bilateral relations and promote deeper cooperation in international fora**, and it should pave the way for sharing of knowledge and solutions on a commercial basis leading to **public-private partnerships, trade, investments, and job creation**.
3. The **SSC projects must support policies or reforms with strong ownership at the political level** in the partner country and at the **top management level** in the partner authority.
4. The **Danish authority must have experience, expertise, and a comparative advantage** in addressing the identified need for change in the partner authorities' products and services and the associated framework conditions.

¹² Research institutions in countries with Danish development cooperation/SSC, which have been involved in prior Danida funded research projects, can equally apply.

¹³ See this website for further information: <https://drp.dfccentre.com/>

5. The **Danish authority's participation** in SSC **must be anchored at a high level in the Danish public authority**, to ensure the necessary resources can be allocated to the cooperation. The SSC projects should be part of the international strategy of the authority, and management should allocate relevant experts to the SSC projects.
6. A **successful project design requires a clear objective shared by the Danish and the partner authorities** and agreement on how these may be achieved in the short and long term. The objective and assumptions on how to reach it should guide the design of the project. **Trust and an equal partnership is a prerequisite for success. Close collaboration and transparency** between the Danish and partner authority, and the embassy are key. The commitments from both authorities should be clear, written down, and approved at a high level.
7. The success of an SSC project depends on its **lasting effect**. The project's focus should be on ensuring clear and identifiable changes in relevant practices within the partner authority, evidence of their proper institutionalisation and sustainability, and ideally evidence of **partner product or service performance results** that stem from the documented changes in capacities. This logic should inform project design and implementation throughout the cooperation.
8. **Preparation and implementation of sector policies involve several stakeholders**, e.g., other ministries, local authorities, the private sector, and civil society, which are critical to the project's success. Together with the partner authority, **these actors should be identified and consulted/involved already at the preparation stage**. It is important to realistically define the influence area of the partner institutions and of the SSC support, and define which products and services the partner institution will be able to deliver on a sustainable basis as a result.

Chapter 2 The SSC Project Preparation Process

The purpose of the SSC project preparation process is to establish a solid basis for the cooperation with the partner authorities leading to the desired results. The Danish authority and the partner authority are responsible for planning and implementing the project preparation process described in this chapter, which covers both stand-alone projects and projects under an FP. Close liaising with the Danish embassy in the process is expected. The process depends on whether a new partnership is being established (Chapter 2.1) or if the project preparation is to transition into a new phase of an existing SSC project (Chapter 2.2). All new projects and projects phases are subject to a quality assurance process and approval (Chapter 2.3).

2.1 Establishment of a New Partnership

Establishment of a new partnership is undertaken before and during an Inception Phase. It involves the steps illustrated in Figure 1.

For projects under an FP, the SMG should be involved in the process, including in the following:

- Decision to initiate an SSC project preparation;
- Approval of Inception Phase project document and budget; and
- Discussion of the context analysis.

The process for stand-alone projects is the same, apart from the fact that the head of MYNSEK will be the approving entity, rather than the SMG.

Products:

- Application for a new SSC project (Template 1)
- Inception Phase project document and budget (Template 2 and 4c)
- Context analysis
- Phase 1 project document (Template 7)

Responsible:

Danish authority and partner authority

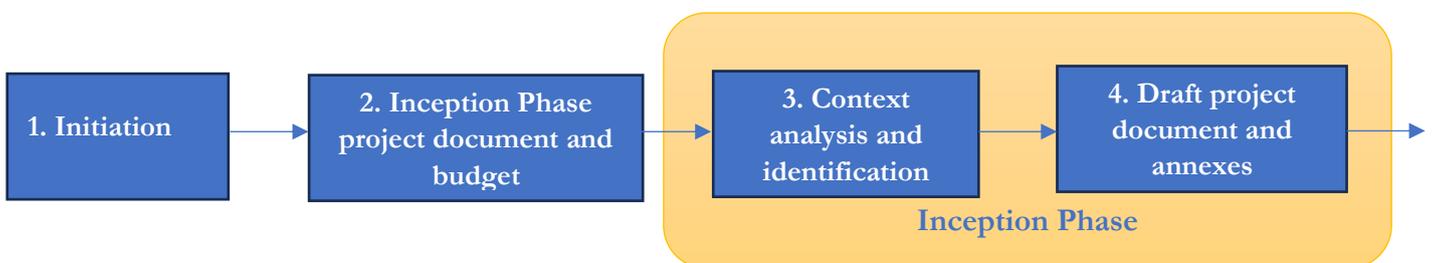
Approval:

- PSC / partner representatives
- SMG / head of MYNSEK

When:

Before initiating Phase 1 of a new project

Figure 1: Project preparation steps



2.1.1 Country selection criteria and overall prioritisation

The SSC instrument is available for ODA eligible countries with a Danish embassy. Selection of partner countries is based on several criteria. One of the most important criteria is the match between the verified and concrete expression of demand for support, from the local authority, and the capacity and interest of the relevant Danish authority to provide the necessary expertise within the requested areas.

As total global demand for SSC projects exceeds the number of experts available for international cooperation in the Danish authorities, overall prioritisation between partner countries is necessary even where there is a match. This prioritisation will be informed by the preferences of the Danish authority, the potential contribution of the SSC to the bilateral relationship, Denmark's strategic developmental and foreign policy objectives such as geopolitics, EU agendas, multilateral alliances, socio-economic development, and the commercial potential. The ability and readiness of the partner authorities to commit to an SSC agreement that is expected to last for a number of years and revolves primarily around capacity development should also be taken into account.

The prioritisation process will be initiated by MYNSEK. Proposals for new projects will be collected from Danish authorities and Danish embassies. The proposals will be cross-matched with Danish strategic political priorities as well as the commercial potential. After testing demand and commitment from partner countries, final agreement on the prioritisation will be reached in dialogue with all stakeholders. The prioritised list of new projects will be approved by the MFA senior management and/or minister responsible for Danish development cooperation.

2.1.2 Side accredited countries

To a limited extent, it is also possible to engage with authorities in side accredited countries of Danish embassies. This can only take place as an add-on to a pre-existing SSC project in a country with a Danish embassy, and include activities such as visits and workshops in the side accredited country and in Denmark.

2.1.3 Initiation of the preparation process for new projects

If a new project is under an FP with a budget allocated for that particular new project in that particular country, the initiation of the preparation is a confirmation of what has already been approved as part of the FP and initiation can move ahead following confirmation from the SMG. For Danish authorities without an FP – or if a new project has not been explicitly allocated to a particular country in the FP document – the Danish authority will be asked to submit a justification to MYNSEK for the suggested choice of country and SSC project (Template 1) as part of the final steps of the overall prioritisation process (described in Chapter 2.1.1) and prior to initiating the inception phase preparation.

If the cost for the Inception Phase of a new SSC has not been allocated in the FP budget, unallocated funds should be used for the preparation process. For stand-alone projects, and projects under FPs without remaining unallocated funds, an application should be submitted to MYNSEK following Template 1. MYNSEK will, as early as possible, initiate the SSC counsellor recruitment process (see Chapter 6.8).

2.1.4 Inception Phase project document and budget

The objective of the Inception Phase is to better understand the sector context and articulate potential partner authorities' demand for support in key focus areas, establish cooperation structures and jointly prepare the Phase 1 project document and first annual workplan and budget. The activities in the Inception Phase depend on the level of previous contacts and cooperation between the Danish authority and the partner authority.

Note that in all cases, changes in institutional products and services can only be accomplished and sustained if change agents within the partner authority can and do take the lead in identifying, formulating and implementing the cooperation. This underlines the key principle of mutual partnership from the outset of project identification and formulation, and also the need to invest in building trust and relations.

The Inception Phase can have a duration of up to one year and a maximum budget of DKK 1.5 million. In exceptional cases, the Inception Phase can take up to 18 months. The Inception Phase budget may include expenses in relation to the preparation of the context analysis and the project document, including consultancies and activities such as workshops, travel to the partner country, and visits to Denmark by the partner authority.

Before receiving funding for the Inception Phase, the Danish authority must prepare an Inception Phase application and a project document, which is submitted to SMG/the head of MYNSEK for approval. As described below, the Inception Phase includes the preparation of a context analysis and the formulation of a Phase 1 project document. The activities should be organised around these two outputs, and the context analysis should ideally be finalised at least six months before the end of the Inception Phase to allow the analysis to feed into the project formulation. The Inception Phase project document should be prepared following Template 2 and include:

- Envisaged focus thematic areas for the project and preliminary stakeholder mapping;
- A description of the two outputs envisaged: Context analysis and Phase 1 project document;
- Activities envisaged (analyses, workshops, consultations, document preparation), their timing and who is responsible (See the Process Action Plan (PAP) Template 3);
- An output-based budget, see Template 4c; and
- An updated SSC project application (Template 1).

Following approval of the Inception Phase project document and budget, the Danish authority can submit a disbursement request in accordance with Chapter 6.1, and begin the hiring process of the sector counsellor together with MYNSEK and the embassy (see Chapter 6.8).

The Danish authority and the partner authority(s) must jointly take the lead in the activities during the Inception Phase to emphasise the peer-to-peer and demand-driven aspects of the SSC, while the Danish embassy, including the sector counsellor, plays an important role in-country. Specific technical expertise can be included through international and local consultants and other Danish partner authorities.

Applications for an Inception Project grant should be signed by the Danish authority, and accompanied by some form of confirmation from the partner country of their willingness to enter into a partnership

and take active part in further identification of the needs and content of a full-scale cooperation project. This could be in the form of a letter of intent from the primary dialogue partner, copies of exchange of letters about the intended process or minutes from high-level consultations between the embassy and the relevant ministry or local government.

2.1.5 Context analysis and identification

The Danish authority is responsible for the preparation of a context analysis preferably within the first six months of the Inception Phase. The potential partner authorities should ideally be an integral part of its formulation, as they are the key information holders on most topics. It should be a maximum of 20 pages, and should not cover the whole sector but remain focused on the issues and organisations directly influencing the expected cooperation. The main purpose of the context analysis is to identify and describe:

- Potential thematic focus areas of national priority and linked development challenges;
- Potential partner authorities and provide a preliminary (high-level) capacity assessment that identifies both strengths and weaknesses; and
- The wider perspectives, coherence, and linkages of the envisaged cooperation.

Context analysis

The context analysis should have a clear focus on potential partner authorities, thematic focus areas and related development challenges, and should as a **minimum attempt to address the following aspects**:

Development challenges related to the thematic focus areas

- Description of the key policy issues in the country, relevant for future sector cooperation given the partner authorities' mandates and needs, and the Danish authority's thematic expertise, including reference to relevant organisations and administrative/legislative framework.
- Analysis of the technical, social, and political economy aspects of the development challenges in the sector with importance for the potential thematic focus areas.
- Aspects in the thematic focus areas related to social and economic development and fulfilment of the SDGs.

Description of potential partner authorities

- Description of key stakeholders in the sector, the potential partner authority(s) and initial capacity assessment, as relevant to the changes desired for their products and services. To the extent possible, information relating to the elements listed below should be gathered, noting that a full understanding of the partner authority's capacities cannot usually be achieved during the Inception Phase. An in-depth capacity assessment is generally recommended as part of implementation, when mutual trust and knowledge have been established, so the project can be adapted as relevant. However, an effort should be made at the outset to identify any relevant critical factors. This includes, but is not limited to:
 - Capacities relevant to the different institutional focus areas, as each will require different intervention strategies. The areas range from the policy and regulatory sphere; institutional effectiveness; strategic planning and sustainable financing strategies; to technical and operational capacities (see also figure 2 in Chapter 2.1.6, which lists out different areas).

- Within and across these areas of institutional performance, a range of **soft** and **hard capacities**. Soft capacities include adaptive, collaborative, influencing, innovative, leadership and strategic capacities, while hard capacities can include analytical, technical, and operational ones.
- Readiness to take on capacity development support to institutionalisation efforts (as described under the different phases of the capacity development lifecycle in Chapter 1.2.1).
- Identification of the main driving forces and constraints for the potential partner authority and thematic focus areas.
- Recommendations of the thematic focus issues and the potential partner authority(s) for the SSC project. The recommendation should outline which potential changes in partners outputs can be achieved.
- Information on relevant existing initiatives and programmes in the country, including those supported by other donors and multilateral organisations. Consideration on relevance for cooperation and coordination.

Wider perspectives, coherence, and linkage of the envisaged cooperation

- Description of how Danish expertise could be relevant/has comparative advantage to address key sector development challenges and the expected changes in outputs of the partner authorities.
- Possible linkages to the embassy's bilateral work in relation to the sector/thematic focus area and work in multilateral organisations and forums, and the embassy's mapping of potential links to other Nordic/EU/other countries cooperating with the partner country in the specific sector/focus area (as per Template 1).
- Key challenges in framework conditions for the private sector, the role of the national private sector and Public-Private Partnerships (PPPs); and how involvement of Danish private sector expertise and financial tools can be relevant at a larger stage.
- Baseline data and information in relevant project results areas, if possible.
- Analysis of possibilities for sustaining the effects of the partnership beyond the SSC project duration in relation to all three SSC overall objectives.

Based on the context analysis and the dialogue process, a PSC (or equivalent) for the project formulation should be proposed and agreed with the relevant partner(s). Following dialogue and consensus with the prospective partner authorities, the context analysis will be led by the Danish authority, but ideally in close collaboration with the partner authority(s). The embassy should likewise, where possible, share its expertise. This should result in a document that identifies all partner authorities of the project and the specific issues to be addressed within the thematic focus areas. It is important that the partner authority(s) selected are demanding the desired change and ready to drive the process. The context analysis should, whenever possible, draw on and refer to already existing documentation, including the specific plans of the partner authority(s) and the government.

The thematic focus areas considered for the SSC cooperation should be linked to themes and activities already reflected in priorities, policies, and strategies of the partner country/organisation. For Danish authorities with an FP, the sector issues should furthermore be selected within the thematic focus areas indicated in the FP document. It should be ensured that there is a common understanding with the potential partner authority(s) regarding the analysis' basis and the constraints identified for the focus areas. These should be thoroughly discussed with the partner authority(s). Structural causes of poverty and inequality, relevant human rights, climate, and environmental issues should inform the context analysis in order for the SSC to be designed to work towards fulfilling the SDGs.

The context analysis and the recommendations should be discussed as part of the Phase 1 approval process in the SMG, or directly with MYNSEK in case of a stand-alone project, and it will subsequently be attached as Annex 1 to the project document. The context analysis is a living document and is expected to be further developed during the formulation of the project document. For each new phase, the context analysis should be updated before the formulation of the project document for the next phase (see Chapter 2.1.6).

2.1.6 Project scope and design

Once the partner authority(s) have been identified, the Danish authority should initiate a dialogue through which the high-level project objective and related areas for capacity development can be identified and defined. At this early stage of the relationship with the partner, it is important to be responsive to the partner authorities' demands to start building trust and a collaboration on an equal footing. This will help both parties discuss, identify, and agree on which areas to focus on and which types of support to be integrated into the project design and preliminary work plan, as well as determine the most effective and efficient ways of meeting objectives whilst optimising available resources (including human resources). Complementary discussions to advance bilateral relations and future strategic private sector engagement can be initiated at this stage, although these objectives may be a more natural part of later SSC project phases. Key steps to consider in formalising project scope and design may draw on the below, as relevant to context, partner authority priorities and needs, and Danish authority expertise and capacity:

i) Establish a clear project objective and project outcome statement

Clearly defining the development objective and the outcome of the SSC project is crucial to ensuring project scope and design remains coherent, feasible, and realistic.

The **project objective** must clearly state “the lasting change within the sector and society that the partner authority aims to achieve through the strengthened capacity and improved framework conditions” (see Chapter 2.1.8 for technical guidance on objective formulation). The objective is not intended to be achieved by the SSC project alone or within the timeframe of the project. Thus, the SSC project will contribute to the objective, external factors may also play a role in its realisation.

Therefore, the **SSC project outcome statement** states what and how the partner authority will contribute to this objective, as a result of the SSC support. The project outcome is the change we are looking for within the project, which we are able to influence. Formulation of the **project outcome** on capacity development should answer three questions: 1) whose capacity will be strengthened through the project, 2) why their capacity is being strengthened, e.g. to achieve what, and 3) which capacities specifically will be strengthened. This formulation is vital to ensure the project outcome aligns with the overarching SSC Objective 1 which lays the foundation for the project's capacity development strategy. To achieve the objective and outcomes, there are several outputs, which are the tangible and measurable products or services achieved within the project. This is explained in depth in Chapter 2.1.8.

Example from public health:

SSC Objective statement

The incidence of undernutrition, micronutrient deficiencies, and overnutrition in [Country] is reduced to XX%, YY%, and ZZ% respectively, by 2030.

SSC Outcome statement:

Enhanced capacity of the Nutrition Department (Ministry of Health) to contribute to reducing the triple burden of malnutrition by overseeing and coordinating multi-sectoral implementation of the national food fortification policy and increasing availability of, access to and consumption of fortified foods among the most vulnerable, particularly women and children.

Who? Nutrition Department (Ministry of Health)

Why? To reduce the triple burden of malnutrition (...)

Which capacities? To oversee and coordinate multi-sectoral policy implementation; to increase availability of fortified foods on the market; increase consumer access to fortified foods; increase consumer uptake and consumption; to target the most vulnerable groups affected by the triple burden.

ii) Identify specific capacity development focus areas for the project design:

The purpose of the SSC project outcome statement is to make the project design realistic, relevant and concrete. Once it is set, identifying specific focus areas for support on a more detailed level e.g., in terms of practical and recognisable issues, helps ensure all parties are clear on what the partnership will focus on.

Thus, sector counsellors and Danish authorities can use the **overview of institutional focus areas** in Figure 2 to explore different areas for capacity development support in line with the partner authority's needs and current capacity and the Danish authority's expertise and own organisational experiences. Once these have been identified, they must be shared and discussed with the partner authority and adapted further to their needs and priorities, and a realistic, needs-based project design and engagement plan finalised together.

To support capacity institutionalisation and sustainability, project design should also have support for strengthening capacity utilisation, retention, availability, and/or modernisation mechanisms within the partner authority context (see Chapter 1.2.1) e.g., supporting recruitment procedures, on-the-job incentives, partnerships to advance continuous professional development or investments in sector professionalisation etc. In these spaces, Danish authorities can share guidance from their own organisational experience.



Figure 2: Sample overview of institutional focus areas that can be chosen to aid capacity development.

iii) Identify opportunities to strengthen bilateral relations for the project design:

Building on the findings of the context analysis that explores the wider landscape of sector-specific initiatives led by other development organisations and national entities, sector counsellors, and the Danish authorities should also consider some of the following tasks:

- Preparing a baseline of existing (or in the pipeline) sector-specific bilateral relations relevant for SSC projects;
- Completing a stakeholder mapping of key partner country policy-level decision makers to identify potential entry-points;

- Completing a mapping of potential scaling opportunities with other cooperation partners including the EU - such as Team Europe, TAIEX and Global Gateway¹⁴, the fulfilment of SDGs, the Paris Agreement, NDCs, and other international commitments;
- Arranging for internal dialogue and coordination to streamline the SSC project(s) with the embassy's wider portfolio of activities and bilateral relations e.g., to pro-actively advocate for the participation in and contribution to ongoing bilateral initiatives and vice versa; and
- Coordinating SSC technical support from Danish authority and the embassy with existing multilateral and/or bilateral support in relevant sector, and identifying future avenues for possible joint action between the Danish authority and the partner authority in multilateral fora to scale impact.

See also Chapter 1.2.2.

iv) Identify potential future Danish private sector engagement entry points in the project design:

The context analysis should inform the Danish embassy and the Danish authority's considerations – leveraging their own experience and knowledge of the Danish commercial sector – around potential future private sector collaborations that could help address key needs in the partner country and advance progress towards the overarching SSC Objective 3 (see Chapter 1.2.3).

Initial project design considerations should also focus on determining **the future possible role for the national and Danish private sector** and articulating how private sector engagement could contribute to the realisation of the development objective statement i.e., is private sector support required to produce, procure or deliver public services to citizens or is private sector support more appropriately sought to leverage innovation, market penetration, and economic growth as relevant to advancing thematic area objectives. It is advisable to discuss this with the trade colleagues at the embassy. Consider the following list of private sector engagement entry-points to help identify those that best match context analysis findings and partner authority requests and needs:

- **Landscape mapping and analysis:** through dialogue with partner authorities, and if relevant the finance adviser, explore prevailing public-private platforms, participation and partnership trends; in collaboration with the Danish authority and trade colleagues at the embassies, as well as the MFA's posted international business advisers in the Danish Business Hubs¹⁵, map major private sector players in the country, and in Denmark, operating in the thematic area of interest with the potential to meaningfully engage, especially those already engaged in public-private partnerships.
- **Information sharing:** In close cooperation with trade colleagues at the embassies, and potentially the finance adviser, help information sharing with potential private sector players in Denmark and financial institutions when relevant; ensure that the trade colleagues are informed of any solicitation of interest from local entities or Danish companies; when relevant, organise events for interested parties to convene and explore partnership opportunities.

¹⁴ See this website for further information: [Global Gateway - European Commission](#)

¹⁵ See this website for further information: <https://thetradecouncil.dk/services/eksport/erhvervshusene>

- Consider the potential value for the partner authorities of **small demonstration projects** using Danish private sector solutions to address development issues as part of coming project phase(s).

All private sector participation costs will need to be covered by the companies themselves.

2.1.7 Project document formulation

The project document presents the project design and provides the basis for the SSC project implementation. It constitutes a reference for work planning, budgeting, reporting, project management, monitoring and evaluation, risk reduction, adaptations to new developments, and assumptions about external factors critical for its success. A project document should be jointly prepared with the partner authority for each phase of the cooperation and serves as the basis for a project agreement with the partner authority(s). This could be supplemented with exchange of letters or an MoU. If the project is not part of an existing FP, the project document will be the basis for the MFA grant appropriation to the Danish authority. With the exception of the Inception Phase, each phase of an SSC project is planned for a three- to four-year duration within a maximum budget of DKK 15 million.

The project document should follow Template 7, and include six annexes:

1. Context Analysis;
2. Partner Assessment (see Template 8 for inspiration);
3. Risk Management (see Template 9);
4. Terms of References for the PSC (Template 10a);
5. Annual Workplan for the first year (Template 11); and
6. A detailed Budget (see Template 4a).

The Danish authority is responsible, in close collaboration with the sector counsellor, for preparing the SSC project document together with the partner authority(s). Consultants can be contracted to support this process. Preparation of a project document requires extensive engagement with the relevant partner authority(s) starting with a joint identification and common understanding of the objectives and scope of the cooperation. It is therefore important to establish a formal dialogue structure, including the PSC, for frequent discussions during the project document formulation process. The dialogue mechanisms should be agreed at the initiation of the formulation process. Further, the day-to-day management and governance structure of the project should be clear (see Chapter 3.1.2). The project document must be prepared in English. The draft project document is shared with MYNSEK/Programme Management Group (PMG – see Chapter 3.1.2) for comments (see Chapter 2.3 on quality assurance and approval).

Considerations for project formulation

Equal partnerships and localisation/local ownership: Strengthening equal partnerships and local ownership is done through integration of development cooperation into the national/local context in economic, social, and political terms. Local stakeholders, and not least the intended partner authority(s), 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 the SSC and other Danish supported development cooperation, private sector instruments, and bilateral relations. If the MFA has a specific Country Strategic Framework, the SSC project should be aligned with this to the greatest extent possible. Also, consider possible coherence with other development partner engagements and opportunities for cooperation.

Adaptive management/adaptability: Consider how the support can respond to possible changes in context, risks, opportunities during implementation and adapt to new conditions to achieve intended results. Thinking through various scenarios and possible responses mitigating measures is an important part of adaptive management.

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 document.

The project should be formulated based on analyses undertaken as documented in the context analysis and lessons learnt. New information obtained during the process should be included in the context analysis, which is likely to be amended during the formulation process.

2.1.8 Results, adaptability, and theory of change

The SSC project document should clearly explain how it will help develop partner authorities' abilities which will be critical to achieving agreed performance results and targets. There should also be flexibility for adapting the SSC project during implementation, which is what is meant by adaptability. As part of the formulation process, a theory of change (ToC) and a results framework are prepared in collaboration with the partner authority and project objective, outcomes, and outputs, as well as their indicators and targets for the duration of the project are agreed to. The ToC and results framework are based on the context analysis of the development issues i.e., the specific problem(s) the project intends to work on. The detailed project activities and workplans are not described in the project document but approved by the PSC in the annual planning process.

The project level results framework should reflect and contribute to the three overarching objectives of the SSC instrument. For Danish authorities with an FP, the project level results framework should also reflect the specific thematic areas and targets that have been established in the FP document.

The change processes the project engages in are often very complex. The ToC is used to analyse and describe how the often relatively small Danish support can be most helpful in contributing to the longer-term goals identified with the partner. The ToC describes the intervention logic and defines how and why the problem or challenge identified during the identification phase will be solved. It provides the reasoning behind the design of programmes or projects by pointing out the mechanisms or pathways through which the intended change is expected to happen. Further, it describes the assumptions which need to be fulfilled in order to reach the defined outcomes.

Thus, the ToC should explain how and why the outcomes, outputs, and interventions defined in the Danish support will contribute to the identified longer term objectives and should clearly describe the sector-specific areas of institutional change so that partner authorities, as **implementers**, can easily react to what needs to happen. SSC projects designed in alignment with the SSC Guidelines will implicitly be grounded in and benefit from the SSC ToC for capacity development (Chapter 1.2.1) which outlines

“how” the **enablers** (Danish authorities and sector counsellors) can ensure they are most effective in supporting partner authorities achieve their goals.

The results of the Danish SSC support will be dependent on interventions from several other players including government, the private sector, civil society, as well as support from other development partners. It is thus important to identify the most important assumptions for project success and risks. Assumptions could be e.g. sufficient budget and staff available for partner authorities to absorb support and lead change process; support from key government and sector players; or timely support from other donors as agreed. Risks should be revisited in each annual report and the project should be adapted as needed to meet changes in the implementation environment.

The objectives and expected outcomes should be SMART (specific, measurable, achievable, realistic, and timebound). A results framework tracks progress towards realising change as set out in the ToC, using indicators with baselines and targets. Indicators are a way of measuring actual progress against planned or expected progress in terms of quantity, quality, and timelines. Baseline values and annual targets should be defined for outputs, while outcomes should have baseline values and final targets. The indicators used should also be SMART. See further definitions in the textbox below.

Definitions and examples of key elements of the results framework (see also Chapter 2.1.6)

1) Project Objective

Project objectives are realised over the **longer-term** and are usually realised through multi-actor, multi-sectoral collaborations. The project objective must clearly state the lasting change within the sector and society that the partner authority aims to achieve by strengthening its capacity and related framework conditions (examples below). It is often expressed in terms of changes in key development conditions and their related indicators. Formulation of the objective statement should be SMART (Specific, Measurable, Achievable, Relevant, Timebound).

2) Project Outcomes

Project outcomes are the change we are looking for within the project and is realised over the **medium-term**. Depending on the context and issue at hand, may be more or less directly related to the SSC’s partner authority products and services; project outcomes may still rely on a combination of partner authorities working in unison to contribute to the enhanced performance of a wider system or service. A project can have multiple outcomes, which contribute to the project objective. This rationale underpins the three overarching SSC Objectives stated in Chapter 1.2 above. Project Outcome statements should also be SMART and should reflect measurable changes in the ability and/or performance results of partner authority products or services. Outcomes are within the sphere of influence of the SSC project, but not entirely within its control. They are shaped by the actions and decisions of the partner authority and the wider institutional ecosystem within which it operates. Thus, SSC projects can only **influence** outcome realisation.

Project Outcome indicators: Outcome indicators must be SMART in their formulation, and they may be quantitative or qualitative. Defining indicators for outcomes that rely on an enabling, capacity development partnership should have indicators that reflect both abilities as well as more tangible results (examples below).

3) Project Outputs

Outputs are realised over the **short- to medium-term** and are the tangible and measurable results (e.g. products or services) whose realisation can be fully **attributed** to partner authority engagement in – and benefit from – the SSC project activities. Ideally it should be a result which is possible to “guarantee” and should be measurable and observable. This also means their realisation should fall fully within the scope and mandate of the partner authority in question without requiring decision-making or actions by other actors operating outside the partner authorities’ space. Where such decision-making or engagement is required to realise the output (e.g., the endorsement of a national-level policy or regulation, the articulation of a new institutional service, both of which are by nature complex systemic responses), the output no longer meets the condition of being fully due to the partner authority’s engagement in the SSC and would be better as an outcome (see above).

When outputs are properly formulated, they can **suggest capacity development effectiveness** in relation to **capacity creation, utilisation and short- to medium-term retention** as they demonstrate what partner authorities have been able to achieve thanks to the SSC activities they participated in. Outputs must align directly with the project's outcomes and objectives. They serve as the practical steps that lead the project towards achieving the outcomes and objectives.

Output indicators: In line with the concept of pursuing both partner authority’s abilities and results presented in Chapter 1.2 above, outputs may take the shape of **specific products, services** or singular individual or organisational **behaviours and practices**. In all cases, outputs indicators must be SMART in their formulation, and they may be quantitative or qualitative.

Examples include tangible products like new legislation, directives, standards, evidence-based policy initiatives, new educational curriculum, improved data collection systems, digital governance systems, joint resolutions in multilateral fora, or a feasibility study derived from an SSC project, or specific services like augmenting telephone lines for constituent complaints and feedback mechanisms, reduced processing times for patent or pharmaceutical approvals, longer health centre operating hours, better access to statistics, more equitable cash transfers for the most vulnerable; specific practices can include spearheading dialogue, leading coordination efforts, managing reforms, taking on advocacy, engaging other institutions, civil society and the private sector. In all cases, outputs must refer to achievements that the partner authority has been able to realise 1) specifically because it has benefited from Danish support through the SSC and 2) independently, leveraging its own authority and decision-making.

4) Project Activities

Activities encompass the actions taken by the SSC enabling parties to provide partner authorities with capacity development, discussions around strengthening bilateral relations or public-private sector relationship-building support. They are the practical operational means through which capacities or opportunities are created so that partner authorities are better equipped to take action and generate their desired outputs. Activity completion can be measured in quantifiable or qualitative terms, but activity completion **does not imply nor guarantee capacity creation, utilisation nor retention** by partner authorities; **activity completion is not a measure of capacity development effectiveness** –i.e., an activity can be fully completed without the desired output being realised (for reasons that may or may not relate to the activity itself). Activity completion is simply a measure of progressive operational implementation.

Activity completion indicators: Number of exchange visits organised, training sessions delivered, conferences facilitated, etc. Note that a qualifier can be added to activity completion indicators to give a sense of the range of their reach e.g., number of people trained, number of participants at a workshop, collecting sex-disaggregated figures where relevant, but these are not implicit measures of quality or effectiveness.

Example results chain¹⁶ (objective, outcome, outputs and indicators in line with the above):

Objective: The occurrence of undernutrition, micronutrient deficiencies and overnutrition in [Country] is reduced to XX%, YY%, and ZZ% respectively, by 2030.

Outcome 1: Enhanced capacity of the Ministry of Health Nutrition Department (MoH-ND) to contribute to reducing the triple burden of malnutrition by overseeing and coordinating multi-sectoral implementation of the national food fortification policy and increasing availability of, access to and consumption of fortified foods among the most vulnerable, particularly women and children.

Outcome indicator (results): % of households reporting increased consumption of fortified staple foods on a regular basis as a result of having engaged in social-behavioural change communication (SBCC) (Means of verification (MoV): contribution analysis).

Outcome indicator (abilities): % of public health facilities equipped with and regularly using the SBCC package distributed by MoH-ND (MoV: SBCC strategy implementation monitoring and Health Centre inventory records).

Output indicator (results): SBCC strategy and corresponding nutrition awareness materials on the importance of fortified foods developed by the MoH-ND.

Output indicator (abilities): Specialised Community Communications Coordinator recruited by the MoH-ND.

Activity indicators: Technical meetings and workshops held between the MoH-ND and Danish Authority experts; SBCC drafting and testing sessions carried out. (MoV: calendar of events and meeting documentation).

Outcome 2: Increased learning, visibility and engagement of the MoH-ND and other sector players critical to the national fortification agenda in international and regional nutrition fora as a result of strengthened bilateral relations with the DTU National Food Institute.

Outcome indicator (results): Number of international events jointly attended by the DTU and the MoH-ND in which the latter reported on country progress in relation to food fortification and prospective collaboration with the Danish Authority (MoV: event records).

Outcome indicator (abilities): Number of international events jointly attended by the DTU and the MoH-ND that led to concrete and documented decisions and/or the adoption of new behaviours and practices by the latter upon re-entry (MoV: contribution analysis).

Output indicator (results): MoH-ND/Danish Authority partnership action plan jointly articulated and approved by both parties.

Output indicator (abilities): Focal Point officially designated to coordinate MoH-ND regular representation in international and regional nutrition fora.

Activity indicators: Bilateral agreement articulated and signed; calendarised mapping of relevant nutrition events completed; travel to events undertaken. (MoV: internal MoH-ND documentation).

Outcome 3: Paving the way for enhanced engagement of Danish Food Fortification manufacturers in sharing innovative and environmentally sustainable approaches to food fortification.

Outcome indicator (results): Danish private sector counterparts participate in demonstration projects. (MoV: Danish private sector records and documentation of technology transfer or equipment used for demonstration project donated to partner with maintenance plan).

Outcome indicator (abilities):	MoH-ND (or other, as relevant) more informed about the Danish PPP system (MoV: MoH-ND creates an internal note about the Danish PPP system for inhouse inspiration).
Output indicator (results):	Local manufacturers more aware of Danish best private sector's technical solutions.
Output indicator (abilities):	Community of Practice between Danish private sector counterparts and participating local manufacturers established to support learning and application.
Activity indicators:	Study trips to Denmark including visits to relevant Danish companies, Danish companies traveling to [Country], networking events with participation of both the public and private sector.

2.1.9 Communication

The SSC projects offer plenty of opportunities for communicating stories about what is being done and how, what has been achieved and the difference it makes for the partner countries and its people.

The Danish authority and the sector counsellor are responsible for the development and execution of the communication plan for their SSC projects and FP. A minimum of two external communication initiatives or products, such a one-pager, article or updated webpage, should be planned and implemented per SSC during its project lifetime of typically 3 years. A summary of the communication activities should be included in the FP Results Framework and be reflected in the budget. For ongoing projects, the summary should be included in the updated workplan and budget, which are submitted to the PMG/MYNSEK. The plan may include communication products targeting internal learning to be disseminated via internal channels as well as products targeting external audiences to be disseminated via social media, print media in the partner country and in Denmark. The plan should include collaboration with the partner authority, the embassy or MYNSEK where relevant. Partner authorities should be encouraged to offer their views on the SSC in the communication. The Danish authority may use their own communications department or contract external consultants to assist with the production of communications products.

¹⁶ Note that the formulation of Outcomes 2 and 3 should present clear and evident language that illustrates how they are related to and will contribute to the realisation of Outcome 1. Note that the list of indicators is not exhaustive and may relate to only one of the many elements being addressed by the SSC in pursuit of the stated outcome.

2.2 New Phase of an Existing SSC Project

A new phase of an existing project is considered new support and the approval process and documentation requirements for a new project and for an additional phase are the same. However, once the decision is taken to initiate the process of preparing a new phase, the project preparation is limited to updating the context analysis and formulating a new project document (Figure 3).

The Danish authority is responsible for planning and implementing the transition to the next phase of an SSC project in close cooperation with the partner authority(s) through the PSC. The project preparation process will be an integrated part of the workplan of the on-going project phase and budgeted accordingly.

The SMG, if there is an FP, or MYNSEK for stand-alone projects, should be involved where relevant, including the following steps:

- Decision to initiate preparation of a new phase; and
- Discussion of updated context analysis.

Deliverables:

- Decision to initiate a new phase of an SSC project
- Project document (Template 7) and annexes (Template 8, 9, 10a, 11, and 4a)
- Updated context analysis

Responsible:

- Danish authority

Decision making:

- PSC
- PMG/SMG or MYNSEK

When:

The process should be initiated at least nine months before the end of the current phase.



Figure 3: New phase of existing SSC project

2.2.1 Decision to initiate preparation of a new project phase

The preparation of a new project phase should always start with a discussion with the partners, in the PSC, about the possibility of a new phase and whether aspects of the cooperation (including for example the thematic focus areas) should be modified. It is important to bring in documentation of results and lessons learned during the previous cooperation in this discussion, and to assess if previous progress justifies a new phase.

If the new project phase is part of an FP, the Danish authority should seek confirmation from the SMG to initiate preparations for the envisaged new phase by presenting a justification based on results obtained and lessons learned during the previous cooperation. Furthermore, in connection with the approval of the annual work plan and budget of the final year of the on-going project phase, the PMG should approve the activities and budget necessary for preparing the envisaged new phase.

For Danish authorities without an FP, or in case the new project phase is not envisaged in the FP document, a decision to initiate preparation of a new phase should be agreed with the head of MYNSEK (or the SMG) based on a request and justification from the Danish authority (see also Chapter 2.1). Likewise, in connection with the approval of the annual work plan and budget of the final year of the ongoing project phase, the MYNSEK desk officer should approve the activities and budget necessary for preparing the envisaged new phase of a stand-alone project.

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

2.2.2 Updating the context analysis

The Danish authority should update the context analysis in close cooperation with the partner authority(s) and the sector counsellor, finished by latest at the same time as the project document. The process and the considerations follow the guidelines indicated in Chapter 2.1.

The updated context analysis should include the identification of key constraints to be addressed in the next phase of the project. It is important to ensure that there is a common understanding with the partner authority(s) regarding the analysis and the envisaged change that the new phase of cooperation can contribute to **in addition** to the results of the ongoing phase. It is possible to change partner authority(s) and thematic focus areas based on a common understanding with the partner authorities, but a change of partner should also be reflected in the context analysis (see Chapter 3.3.1 for the approval process for changes in partner).

The context analysis should result in a recommendation of the specific focus areas for the next phase of the cooperation and the relevant partner authority(s). The context analysis and the recommendations should be discussed in the PSC and subsequently in the PMG, or directly with MYNSEK. The updated context analysis will be attached as Annex 1 to the new project.

2.2.3 Project document formulation

The project document presents the project design and provides the basis for the SSC project implementation. It constitutes a reference for work planning, budgeting, reporting, project management, risk reduction, adaptation to new developments, and assumptions about external factors critical for its success. The process and the considerations of a new project document formulation follow the guidelines indicated in Chapter 2.1.7. A project document template is provided in Template 7.

2.3 Quality Assurance and Approval

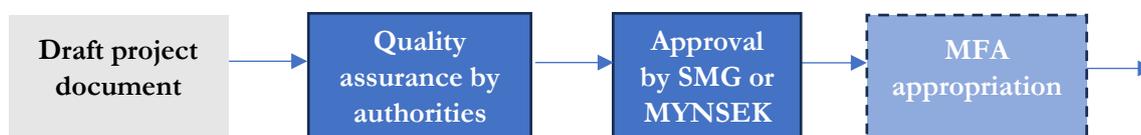
Quality assurance of the draft project document must involve both the partner authority(s) and MYNSEK. The quality assurance and approval process involve the steps outlined in Figure 6:

- Approval of the project document by the SMG/the head of MYNSEK; and
- MFA appropriation cover page (if there is no FP).

The first draft project document should be discussed by the PSC. For Phase 1 projects, the PSC should be established before the initiation of the project document formulation.

If there is no FP, an appraisal of the draft project document should be undertaken by MYNSEK. In case the project phase is covered by an existing FP document, the PMG and subsequently the SMG should discuss and approve the project document.

Figure 6: *Quality assurance and approval*



2.3.1 Approval and quality assurance by management in authorities

As described in Chapter 2.1, the preparation of a project document includes a comprehensive engagement from the partner authority(s). The common understanding of the project is a prerequisite for its successful implementation. It is therefore important that the project document is discussed and agreed at high level in both the partner authority and the Danish authority to ensure management support for its implementation. The Danish authority can use the AMG's Quality Assurance checklist, as an internal guidance (see the SSC section on the AMG website) to its quality assurance of the project document **before** it is submitted to SMG/MYNSEK for approval. Sharing of experiences on good project development between more

Deliverables:

- Appropriation cover page
- Grant letter (Template 5)

Responsible:

- Danish authority, the sector counsellor, and the MFA

Decision making:

- PSC
- PMG/SMG or MYNSEK

When:

The process should be initiated at least 9 months before the end of the current phase.

The six OECD/DAC criteria for evaluation of development cooperation should be considered before submitting the final project document to approval.

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

experienced and less experienced project managers in the Danish authority should be an integral part of the internal quality assurance process.

2.3.2 Final Approval by the SMG or MYNSEK

The Danish authority should forward the draft project document to MYNSEK for comments, before submitting it to final approval.

If the project phase is under an FP, the final project document is submitted to the SMG for final approval. In case there is no FP, the final project document is submitted to the head of MYNSEK for final approval. SMG/MYNSEK may request additional information to clarify project design, results framework, budget details, etc. The head of MYNSEK may approve grants for phases relating to the same SSC project cumulatively of up to 20 million DKK over four years.

After the documents' approval, the approved final project document is signed by both the Danish authority and the partner authority(s). If it is not possible for the partner authority to sign the project document, a signed Memorandum of Understanding (MoU) with specific reference to the project document, or an exchange of letters, may alternatively be attached to the project document.

2.3.3 Appropriation cover page (only relevant for stand-alone projects)

If the new project phase is not under an existing FP, the appropriation should be approved by the head of MYNSEK (see the SSC AMG website for the cover page). The appropriation should be filled out by the Danish authority and the sector counsellor, whereafter the draft can be sent to their MYNSEK desk officer for comments, together with the rest of the new project phase documents.

Chapter 3 Project Implementation

Project implementation is what creates change and the desired results. This chapter provides guidelines on implementation procedures for FPs as well as stand-alone projects. This chapter includes the following subchapters:

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

3.1 Initial Actions

3.1.1 Agreement and registering of grant

Following approval of an FP or a stand-alone project, the head of MYNSEK signs a Grant Letter to the Danish authority (see Chapter 6.1 and Template 5). If the project is part of an FP, there is no need for a grant letter.

For each new phase of a project (both stand-alone projects or under an FP), the Danish authority has to make a formal agreement with the partner authority with reference to the agreed project document (see Chapter 2.3.2). Thereafter, the Danish authority can submit a disbursement request (Template 6) in accordance with Chapter 6.1, and MYNSEK and the Danish authority can begin hiring the sector counsellor if she/he has not been posted during the previous phase.

Products:

- Grant Letter from MYNSAM to the Danish authority (Template 5)
- Signed letter or MoU between the Danish authority and the partner authority
- Disbursement request (Template 6)

Responsible:

- MYNSEK and the Danish authority

Approval:

- MYNSEK

3.1.2 Governance and management

The partner authority

As the SSC is an equal partnership, the partner authority should create a solid organisation to support the project, including having a clear governance and management structures (see Chapter 1.3.1).

The Danish authorities

The Danish authority is likewise responsible for establishing a clear organisation to support the project including the governance and management structures, appointing a qualified project manager for each project, and set-up procedures for stand-alone projects in accordance with the project document, and for projects under FPs in accordance with both the FP document and the project document.

The Danish authority should ideally prepare a procedures manual (if 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. The governance framework should ensure a distinct allocation of decision-making responsibilities and the functioning of the day-to-day management and collaboration with the partner authority. This includes the PSC, the PMG, and the SMG.

The Project Steering Committee (PSC)

In the following, it is assumed that the implementation year of all projects follow the calendar year. For each SSC project, a PSC is formed in the Inception Phase (see Chapter 2.1.4). The PSC consists of high-ranking representatives from the partner authority, the Danish authority, the Danish embassy, and the sector counsellor who acts as the secretary. It is also possible to share the secretary role with the project managers from the Danish authority and the partner authority, if the PSC prefers this. If there is more than one partner authority in the project, they should, if possible, be united in one PSC. The representative from the Danish authority and the Danish embassy should be of equivalent rank to the representative from the partner authority, typically a deputy director or their delegate and the ambassador or the deputy ambassador, respectively. The PSC is co-chaired by the partner's representative and the Danish authority.

The PSC is responsible for reviewing progress reports, approving the annual work plan and budget, and monitoring the delivery progress of the SSC project document, including its outcomes, outputs, and budget. The PSC also discusses risk assessment developments and proposed changes to the work plan and content of new phases of the cooperation. The PSC convenes at least once a year, for example: A meeting in September-October (should ideally be in advance of the PMG meeting) to discuss and agree on next year's work-plan and a meeting in first quarter to discuss and approve progress reports. Terms of Reference for the PSC should be included in the project document (see Template 10a). The PSC shall recommend on a project's continuation with a new phase based on a thorough assessment of the achievement of agreed results and lessons learnt, the satisfaction with the cooperation between the partners, and finally developments related to the partner authority(s) or wider context that justifies a new phase. The PSC likewise recommends if a project should discontinue.

The Programme Management Group (PMG)

For Danish authorities with an FP, the PMG convenes twice a year to discuss the progress of the FP and of the underlying SSC projects. For stand-alone projects an appropriate structure must be established to facilitate decision making between the Danish authority and MYNSEK.

The PMG consists of representatives from the Danish authority and from MYNSEK at project management level. Depending on the agenda, participation of representatives from the Danish embassies in countries with a project under the FP is encouraged.

The PMG gathers in March-April or at the earliest one month after the PSC meetings to review the annual progress report and the annual financial expenditure report at the FP level, including any deviations and challenges encountered during the implementation of the individual SSC projects. Furthermore, the PMG will be responsible for discussing ongoing project relevant matters,

communication and media efforts, the annual monitoring, evaluation, accountability, and learning (MEAL) plan reporting in particular regarding concrete results and learning including activities related to DFC.

In November-December, the PMG will meet to discuss the following year's FP and budget planning, including the capacity and contributions of all stakeholders involved. It will also consider new project phases and discontinuation of projects following the PSC's recommendations.

The PMG is responsible for endorsing changes at the programme and project levels and ensuring that all stakeholders are informed and comply with all requirements. The PMG is chaired by the Danish authority. Terms of Reference for the PMG should be included in the FP document (see Template 10b).

The Strategic Management Group (SMG)

For Danish authorities that have an FP, the SMG convenes annually to discuss sector-specific developments and trends in relation to the overall vision and objectives of the FP, and other cooperation outside the SSC, if applicable. The SMG is composed of the Head of the MYNSEK and a high-level representative of the Danish authority, both from the relevant ministry and agency. The Danish authority is the chair of the SMG.

The SMG serves as a platform for strategic discussions and advice, aiming to maximise the impact of Denmark's international engagement (both bilateral and multilateral) in the specific sector and other related areas. The SMG is responsible for agreeing on the strategic direction of the FP and ensuring that all stakeholders are properly informed and guided.

Additionally, the SMG approves the annual FP progress reporting (see Chapter 3.2.5) and discusses other strategic matters relevant to the FP, including potential engagement or disengagement at the country level, the continuation/discontinuation/challenges of projects, costed extensions and the utilisation of unallocated funds in the FP document (see Chapter 3.3).

In situations where a decision at the programme level needs to be made but the PMG or the SMG does not convene, decisions are made between the Danish authority and the MFA in a written exchange. This also applies for approval of project documents after quality assurance (see Chapter 2.3.2). Terms of Reference for the SMG shall be included in the FP document (see Template 10c).

3.2 Recurrent Activities

3.2.1 Monitoring, evaluation, accountability, and learning (MEAL)

It is the responsibility of the Danish authority to consider how best to keep track of progress towards their objectives and outcomes and adapt and improve their projects and FPs based on lessons learnt. The

Danish authority is responsible for implementing MEAL, including planning for evaluations¹⁷ and learning across their projects. The engagement of partner authority(s) in evaluation and learning should be ensured. MEAL consists of the following elements:

- **Monitoring:** On-going process undertaken by project/programme management to regularly collect information on data on the implementation progress, including developments in the context and in risk factors.
- **Evaluation and review:** Independent assessment that provides the opportunity for reflection and for identifying need for changes in programme design.
- **Accountability:** Accountability is a commitment to respond to and balance the expectations and requirements of all project stakeholders.
- **Learning:** On-going process of analysing the implementation, including information from monitoring, evaluation, and reviews.

Outcome and output indicators are the backbone for tracking and reporting on progress. Too often, projects are only monitored at activities and output level, whereas outcome indicators are not monitored. However, outcome indicators are essential, and if anything, more important than the output indicators since they measure the change that the project contribute to – the changes in the partner authority outputs. Hence, they should be systematically monitored.

3.2.2 MEAL at project level

At the project level, focus should be on the monitoring and accountability aspects of MEAL. Monitoring includes project results monitoring and monitoring of risks. The tools are the Results Framework with its indicators and targets, the annual workplan, and the annual report. A distinct MEAL framework should not be developed at the project level. The focus on accountability is between the project partners.

Projects in a FP should benefit from learning across the programme, i.e., from national experiences related to the sector and from the other projects in the FP. This is to a large extent expected to be channelled through project managers and sector counsellors engaged in the project and through links to international organisations.

3.2.3 MEAL in FPs

It is the responsibility of the Danish authority to establish a MEAL framework for FPs, which includes a plan for evaluation and learning across the FP. The engagement of partner authority(s) in evaluation and learning in the SSC projects should be ensured. Specific learning events across the countries could be included. The MEAL framework should include a timeline, what to monitor, how to monitor, responsible party, and costs (staff time, funds, need for external inputs, reporting mechanism) for the different elements of the MEAL framework. The MEAL framework is approved as part of the FP.

¹⁷ Evaluation is here used in a broader sense, encompassing an assessment that have a broader scope than the implementation of a single project, but is not necessarily independent from the project/programme management. This includes impact studies, outcome harvesting, qualitative studies, thematic reviews, etc.

In FPs, most information and data will be collected at project level but should at the same time inform the monitoring of the overall FP. Each project does not necessarily have to respond to all programme indicators or the entire programme risk matrix. But collectively, the portfolio of projects must respond to all programme indicators and report on the programme risks.

The focus is on accountability between the MFA and the Danish authority through the programme-level planning and reporting tools. The Danish authority is responsible for the project management and project performance as well as developing good working relations with partners with a view to undertaking professional and constructive project implementation. MYNSEK's main responsibility is to monitor and follow up on each project as member of the PMG and the SMG. The main recurrent administrative activities during project implementation (a) include annual planning and budgeting and (b) annual reporting. Information from MEAL activities is directed to programme management and the representatives in the project and programme governance organs (PSC, PMG, and SMG). Monitoring, evaluations, and reviews furthermore provide information for external communication efforts.

3.2.4 Annual planning and budgeting

The annual planning and budgeting provide the basis for day-to-day implementation of the cooperation in a way that ensures funds are spent on activities that contribute to the approved outputs and outcomes.

Project annual workplan and budget

An annual workplan and budget for the SSC project is prepared by the Danish authority, with the partner authority consulted when needed. The sector counsellor will often be engaged in this process. For each of the project outcomes, the annual project workplan should indicate the envisaged activities under each project output, their timing, the participants, and who is responsible.

Based on the annual workplan, the Danish authority prepares an annual budget for the SSC project, including the budget for each activity and the total annual cost per project output (see Chapter 6.3, figure 7 below and Template 11 and 4a/13a). For projects within an FP, the annual project budget update constitutes the basis for the annual FP budget update and should be made available to MYNSEK upon request.

The annual workplan and budget is approved in the PSC before the start of the year. For Danish authorities without an FP, the annual workplan and budget should be approved by the PSC and subsequently by the MYNSEK desk officer.

Framework Programme activity plan and budget

The FP budget is updated annually as part of the February consultation (see FP Chapter 6.2 and figure 7 below). The activities at the FP level, which are not budgeted as part of the individual projects, are

Products:

- Project annual workplan (Template 11)
- Project Budget (Template 4a/13a)
- Framework Programme Budget (Template 4b/13b)

Responsible:

- The Danish authority and MYNSEK

Approval:

- PSC, PMG or MYNSEK

activities related to MEAL and communication. As part of the annual budget update on FP-level, the Danish authority prepares an activity plan and budget for MEAL and communication activities at the FP level, for annual approval in the PMG, reflected in the FP budget (Template 13b).

3.2.5 Annual progress report

Annual progress reporting provides documentation of the results achieved and the basis for learning and course-correction. The progress reporting provides a status of the implementation compared to plans and thereby how to adapt, if the implementation is not progressing as envisaged. It provides an opportunity for analysing implementation experience and for documenting and communicating results and lessons learned. Progress reporting also includes an assessment of the development of project risks, which may provide reason for modifying project activities or changing the emphasis of the implementation.

Project progress report

An annual project progress report should be prepared by the Danish authority in collaboration with the SSC counsellor and the partner authority (see Template 14a/14b and figure 7 below). The templates differ slightly for stand-alone projects and projects under an FP. The project progress report includes:

- Project progress for outcomes and outputs, linked to the three SSC overall objectives, including reporting on indicators in the results framework;
- Major achievements and challenges;
- Recommendations for decisions and follow-up on earlier recommendations;
- Assessment of status of project risk matrix and assumptions; and
- Status on the transition strategy (where relevant).

For stand-alone projects, the Danish authority must prepare an annual financial report for each project jointly with the project progress report (see Chapter 6.6, Template 13a).

The annual project progress report is approved by the PSC. For stand-alone projects, the progress report should be finally approved by the MYNSEK desk officer. For projects in an FP, the annual project progress report feeds into the annual FP progress report (see below). Annual project progress reports and financial reports are to be kept by the Danish authority and made available to MYNSEK if requested.

Products:

- Annual project progress report (Template 14a or 14b)
- Annual FP progress report (Template 14c)
- Annual case report (Template 15)

Responsible:

- The Danish authority and MYNSEK

Approval:

- PSC, SMG

FP progress report

The annual FP progress report (Template 14c) provides the basis for monitoring the implementation of all projects under an FP. The template differs slightly for FP starting before or after 2026. It includes:

- Progress on FP outcomes and outputs, including reporting on indicators in the results framework (for FPs starting before 2026); or progress on FP strategic goals (for FPs starting after 2026);
- Narrative description of progress in relation to the FP thematic areas;
- Recommendations for decisions and follow-up on earlier recommendations;
- Two-page summary on the progress of each project under the FP;
- Status of risks and assumptions;
- Programme MEAL plan progress; and
- Programme communication plan progress.

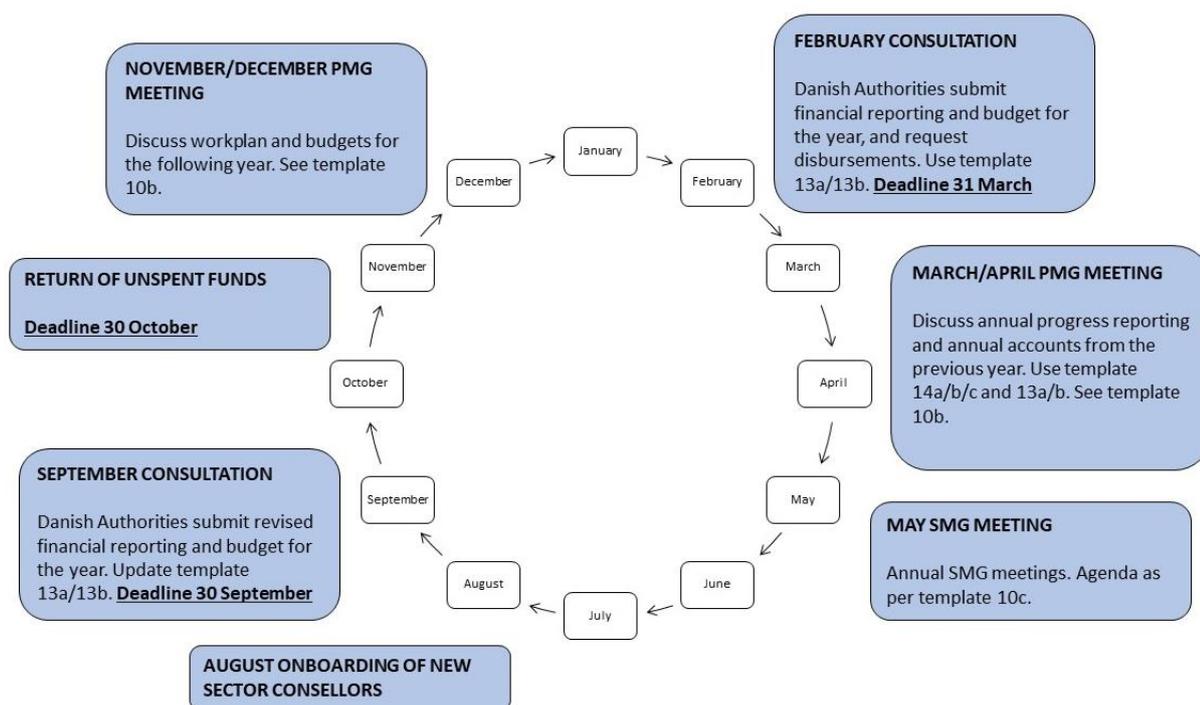
As part of the progress report, the Danish authority should prepare an annual financial report at FP level (annual financial statement, template 13b) as per Chapter 6.6.

The annual FP progress report, including the financial report, is submitted to the SMG for approval (see figure 7).

Annual case report

Each Danish authority should select at least one project from their annual reporting to be a case study and fill out Template 15. Selected cases are then published on MFA's OpenAid website. These cases are an important part of the MFA's public diplomacy efforts and accountability towards Danish taxpayers, simultaneously showcasing the results and importance of Danish development cooperation.

Figure 7: Key annual events



3.3 Specific Actions for Adjusting Projects and Programmes

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

3.3.1 Adjustments of projects and programmes during implementation

Adjustments of projects and FPs are undertaken if they can be justified based on changes in the context or new knowledge on how to achieve better results, or if there are implementation delays. All changes at project level are expected to be made based on dialogue with the partner authority. 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 relating to the SSC¹⁸.

Change in objectives

Changes to the objectives require approval according to programme/project size, but any request should include updated relevant documentation, such as the project document, results framework, budget, etc. Proposed changes in stand-alone projects are approved by the head of MYNSEK. The SMG approves proposed changes in projects under an FP. For FPs, proposed changes in objectives are approved according to the MFA's internal processes.

Changes in outcomes and outputs

Changes in outcomes and outputs of a project can be approved by the MYNSEK desk officer for a stand-alone project and by the PMG for a project that is part of an FP, irrespective of the size of the project. The PSC should ideally discuss substantial changes and, at the least, be informed prior.¹⁹ If it is a change in an FP's outcomes and outputs, this must be approved by the SMG. For outputs, the change must align with the related outcome. Where it is found that changes in outputs/outcome(s) will change the project or the programme substantially or the prioritisation of the funding, it can be decided to discuss the case with the SMG, or the head of MYNSEK if a stand-alone project, based on an in-depth explanation for why the changes are needed by the Danish authority.

Change of implementing partner

In very rare cases and after careful deliberation, the implementing partner authority can be changed, if this does not change the objectives of the project. The Danish authority can submit a request, alongside relevant updated documentation. If the project is a stand-alone project, it can be approved by the head of MYNSEK. If the project is a part of an FP, then SMG can approve it. Legal issues related to the MoU

¹⁸ §06.38.02.13. and §06.38.02.14

¹⁹ Applies for both stand-alone projects or projects under an FP.

with the partner, including required notice, should be considered at an early point as a change in partner may imply the cessation of a MoU with the partner authority.

No-cost extension

Projects and programmes can be extended within reasonable timelines. The main justification would be that there are reasonable and credible prospects for achieving the objectives within the extended implementation period. Alternatives should, however, be considered e.g. reduction in scope or combination hereof. The head of MYNSEK can approve any extension. All extension arrangements should ideally first be discussed with the PSC and must be confirmed by an exchange of letters, including emails, between MYNSEK and the Danish authority. Extensions usually require additional narrative and financial reporting.

Costed extension

A costed extension is an increase of the total budget of a stand-alone project or an FP. Costed extensions can occur for instance in connection with bridging arrangements, additional new countries added to the FP, or other major changes to a project. A costed extension of a project or an FP should be mirrored in additional activities, outputs and outcomes as compared to the already approved project or FP. Each case must be assessed individually, and authorisation depends on the specific circumstances and the budget. However, the standard practices outlined in these guidelines should be followed, as much as possible, including preparing or revising the corresponding supportive documentation, such as project documents and budget templates, when relevant. For example, if a Danish authority would like to expand their FP with an additional new country and this has been approved in the country selection process, their application for a costed extension should be submitted alongside the standard templates required for an inception phase project document, including a budget (see Chapter 2.1.4). Concordance with objectives, relevance, absorption capacity, and results to be produced, including updates of the results framework during the costed extension period, must be considered. For costed extensions of projects, the PSC should be notified in advance, and actual extensions should be approved by the PMG and SMG. A final approval of extensions up to 10 million DKK is carried out by the head of MYNSEK for stand-alone projects and for FPs, after it has been approved by the SMG. Extensions above 10 million DKK have to be approved according to the MFA's internal processes.

Unforeseen decrease in the number of projects under an FP

If due to an unforeseen change in political priorities, or other unexpected high-level strategic changes, a Danish partner authority is no longer able to enter into the new additional countries agreed in the FP, the Danish partner authority should inform the SMG, explaining why they are deviating from the FP, and this change must be approved by the SMG. If this change in planned countries has an effect on the FP's budget, because the Danish partner authority would like a reallocation, see Chapter 3.3.2. Alternatively, the Danish partner authority may want to decrease its budget. This new proposed budget must be approved by the SMG.

Early transitioning out of a project

If a Danish partner authority or the implementing partner, due to unforeseen circumstances, would like to transition out of a project earlier than planned, they should immediately inform the SMG and PSC and make every effort to continue project activities to the greatest extent possible, until the planned end

of the project phase. Simultaneously, the Danish partner authority should together with the partner authority and the Danish embassy make a plan for how best to transition the project (see Chapter 4). In terms of reallocation of money and/or changes in activities, please see the other relevant sections in this chapter.

3.3.2 Reallocations between projects in an FP

Based on a request from the Danish authority, the PMG may approve reallocations between projects in an FP. The reallocation may be up to 15% of the total budget of the expanded and reduced projects' budgets, with a maximum of 1.5 million DKK. Above this limit, it will follow internal MFA approval processes, based on a recommendation from MYNSEK and the responsible Danish authority. The request should clearly outline the reasons for the requested reallocation and the implications for the outcomes and workplans of all involved projects and partner authorities, because of budgets either strengthened or reduced by the reallocation, the size of the reallocation, and demonstrate that the reallocation will not lead to changes in project or FP objectives. If there is a change in objectives, outcomes or outputs see Chapter 3.3.1. Reallocations to projects under FPs are closely related to costed extensions and can affect objectives, outcomes, or outputs (see Chapters 3.1.1 and 6.3.6). The Danish authority must keep track of and document all budget changes.

The PSC of all affected projects must be informed in advance. If the provisions of the Finance Act do not provide the basis for the reallocation, the proposed changes must be submitted to the Finance Committee of Parliament by MYNSEK.

3.4 Additional Quality Assurance During Implementation

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

3.4.1 Technical and cross-cutting reviews

The purpose of a technical or cross-cutting review is to assess in detail specific aspects, thematic areas, regional or sector specific developments with the aim to improve the SSC modality. These reviews will be undertaken across FPs, and projects without an FP, to assess issues of common interest for learning. MYNSEK will initiate and finance a technical or cross-cutting review every third year, to ensure learning across and to assess the SSC modality. MYNSEK will ask LEARNING to undertake the reviews if available resources allow. Alternatively, it can be agreed that MYNSEK will recruit external consultants to undertake such reviews. MYNSEK, in cooperation with relevant Danish authorities and embassies, must initiate the review and handle the logistics and detailed planning of the review. Likewise partner authorities can also give suggestions. All reviews will include recommendations recorded in a separate document "Summary of Recommendations for Reviews and Mid-term Reviews" found at the Danida AMG site, Tools and Templates. MYNSEK, in consultation with the relevant Danish authority and embassies, will state the follow-up activities in the "Summary of Recommendations for Reviews and Mid-term Reviews", including arguments for not following specific recommendations.

Reviews can also be used to assess a project or an FP and recommend improvement with a view to enhancing results. FP and project specific reviews are the responsibility of the Danish authority. The Danish authority may recruit external consultants to undertake such reviews.

3.4.2 Evaluations

To promote learning across the entire SSC instrument portfolio and as part of public accountability, LEARNING may decide to undertake evaluations. 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 website²⁰). Evaluations provide learning and document results - not least at outcome and impact level - but are also used as inputs to adjustment of on-going activities, and as preparation of new activities or the preparation of new phases of support. They can take place at all stages of the development cooperation support. Evaluations will often address thematic areas, strategies, modalities etc., and as such contain lessons and recommendations of relevance, also for engagements that have not been specifically addressed by an evaluation. Making effective use of experience and lessons learnt from evaluations is thus essential in all stages of programme preparation and implementation.

²⁰ See this website for further information: [Evaluation website](#)

Chapter 4 Completion, Closure, and Transition

Considerations related to project completion starts at the project identification stage and should be taken fully into account during the formulation phase. It is important to envisage how the strengthened and sustainable organisational abilities of the partner authority, in terms of its changed outputs, will be sustained independently of the cooperation with the Danish authority. Furthermore, it should be considered how the cooperation and relationship between Denmark and the partner authorities will be maintained after the SSC. In principle, if the project design has successfully integrated the key elements of the capacity transformation process, which speak to facilitating the institutionalisation of newly acquired capacities for long-term sustainability, the answers to these questions should already be available.

There are three elements of the completion and closure procedures:

- Develop a shared understanding among project partners about the end-of-project situation (what does success look like?) and include a description of this in the project document (see Chapter 2 on project preparation);
- In Phase 2, or when the decision to end the SSC is taken, prepare a transition strategy, which includes a road map of the goals, and the specific activities related to project completion/transition efforts to ensure sustainability of results and/or a strategy for transition to a cooperation without a project; and
- Completion and administrative closure (see Chapter 6.6) of each project phase.

The first element is described in Chapter 2 on project preparation. The other two elements are described in the following.

4.1 Preparation of a Transition Strategy Note

The guidance note on the AMG site “Exiting from bilateral development cooperation” outlines the general considerations related to country exits and/or transitions from bilateral development cooperation and includes reflections, which are relevant for transitions from SSC projects as well.

The note outlines 7 principles:

1. Exit strategies should be developed alongside entry strategies;
2. At exit it is critical to consolidate and sustain rather than expand;
3. Involvement of partners and other related stakeholders is a key requirement for an exit strategy’s success, thus exit strategies should be developed in consultation with partners;
4. Funding shall be long-term and relatively shielded, so long-term funding is secured;
5. Timely communication about exits should be provided;
6. Exit should as far as possible be in sync with national planning cycles in countries with strong planning systems; and
7. Identify areas of mutual engagement for future cooperation as early as possible such as geo-strategic, commercial, cultural, and political drivers.

The MFA (embassy, MYNSEK and LEARNING) can be consulted regarding aspects related to the planning of phase-out and transition.

Considerations about project closure, sustainability, and how best to transition should be included in a project document from Phase 2, while a full transition strategy note shall be prepared by the Danish authority in cooperation with the partner authority(s) as early as possible, once a decision has been made to discontinue the project-based cooperation, or during implementation of Phase 2. The transition strategy note is developed with the partner authority(s), approved in the PSC, and finally approved by the SMG or by the head of MYNSEK, if a stand-alone project.

The scope of a transition strategy note should match the volume of support provided, and a realistic timeframe should be set for the phase-out processes considering issues related to sustainability.

There are three overall considerations, aligned with the three objectives, when transitioning to another form of collaboration: 1) The consolidation and sustainability of the organisational strengthening results of the SSC; 2) How the bilateral relations between Denmark and the partner authorities can be maintained after project closure; and 3) How to best foster Danish commercial solutions to support the partner country's social and economic development and green transition in the future through Danish economic diplomacy. The responsibility for ensuring that the three overall objectives are sustainable beyond an SSC are: Objective 1 – the Danish authority; Objective 2 – the embassy in cooperation with Danish authority; and Objective 3 – the embassy, in particular trade colleagues. The sector counsellor will support preparation of activities for all three objectives and support their implementation in the final SSC phase. No sector counsellor will be present if a dedicated transition phase is added to the SSC (See Chapter 4.2).

The transition could be a move away from cooperation being primarily aid-related to becoming more private sector related, related to cooperation in international fora and/or bilateral diplomatic relations. In countries eligible for other forms of Danish financed development cooperation, the relevance and possibility of continuing cooperation through other channels should be considered. The continuation of cooperation should be sought if there is a mutual interest and commitment. Thus, the strategy note should take into consideration how best to transition to a new type of cooperation between Denmark and the partner country. When preparing a transition strategy note, the questions in the textbox below should be considered.

Product: Transition strategy note

Responsible: Danish authority in cooperation with partner authority(s) and the Danish embassy

Decision making: PSC, finally approved by SMG/the head of MYNSEK

When: In Phase 2, during the formulation of the last phase of the SSC (Phase 3)

Issues to respond to in the transition strategy note:

- How will the transition impact the development gains for the partner authority and for the beneficiaries of the partner authority's products and services? Will there be any negative effects?
- What are the alternative resources available for activities to continue (user fees, revenue, grants from other partners etc.)?
- If the sustainability is jeopardised 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 project to ensure certain results or to sustain these before completion?
- Check remaining funds and consider whether the Danish authority will realistically be able to use the remaining funds (especially if these are not yet disbursed to the Danish authority) and potential reallocation of the funds to another project.
- 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 transition.
- Are there opportunities for supporting interventions that promote the transition towards other types of partnerships, including trade-related partnerships, bilateral cooperation, cooperation in international fora, research cooperation, innovation centres?
- Are there opportunities for other sources for funding to further consolidate or expand results e.g. from other development partners, governments own resources, fees etc.
- Should a review or evaluation be suggested to document results and collect lessons learned for use in future development cooperation?

4.2 Transition Phase

If, as part of the transition strategy note, the partner authority, the Danish authority and the embassy agree that it is necessary, the Danish authority, in close coordination with the embassy, can apply to MYNSEK for a budget of up to DKK 1.5 million to support the transition process. The application must include an MFA appropriation cover note, transition project document (Template 12), activities envisaged (Template 3), and budget (Template 4a). This transition phase can last a maximum of two years after the termination of the SSC project. The process for a completion report and accounts follows the same procedure as other projects (see below – Chapter 4.5). In the transition phase there is no sector counsellor. The budget, which will be managed by the Danish authority, could be used to fund activities such as visits to the partner country, workshops, joint activities on common agenda in international fora, follow-ups on demonstration projects and the like.

4.3 Phase 4

In exceptional cases, a phase 4 can be considered to consolidate and sustain important, documented results of the previous SSC phases. Further, there should be a high-level of demand and concrete wish from the partner country's authority, and a compelling bilateral argument for a continued presence in the partner country. This additional phase should not be seen as another third phase, but has to be justified with opportunities for new, important results supporting the sustainability and consolidations of achievements. In addition, it is essential that the previous phases have delivered impactful, positive results and managed to adhere to the planned budgets. Decision to enter into a phase 4 is included in the overall country prioritisation process (see Chapter 2.1.1) based on a good explanation for why a phase 4 is needed. An application and project document formulation for a phase 4 follows the same procedure as seen in Chapter 2.2.

4.4 Preparation of a Completion Report and Accounts

The completion process for FPs and for project phases entails producing a completion report by the Danish authority no more than six months after the termination of the FP or the project phase. For projects, the completion report should be discussed with the PSC and approved by the SMG if part of an FP, or by the head of MYNSEK for a stand-alone project. For FPs, the completion report must be approved by the SMG.

The purpose of the completion report is to ensure that:

- Development results are documented;
- Documentation for the use of Danish funds in accordance with general principles for financial management of public resources is provided;
- Lessons learned are generated, discussed and, to the extent possible, integrated into partner activities;
- The process contributes to the MFA's wider reporting on results achieved through Danish ODA funding;
- The administrative, financial, and technical closure of project or programme support is completed in a coherent workflow; and
- A transition process to a next phase, if foreseen.

The completion report for FPs and project phases must follow Templates 16b and 16a, respectively. In addition to the information in the annual reports, the completion reports must document lessons learnt and assess the prospects for continued sustainable progress.

Product:

- FP completion report or project completion report (Template 16b or 16a)
- Final accounts (Template 13a3 or 13b3)

Responsible:

- *For FPs* – the Danish authority
- *For projects* - the completion report for each phase, the Danish authority in cooperation with partner authority(s) and the Danish embassy

Decision making:

- PSC/PMG/SMG/MYNSEK

When: Should be completed at the most six months after finalisation of the FP or project phase

Based on the completion report for an FP and for a stand-alone project phase, MYNSEK prepares a project completion summary with a final reflection of achievements submitted directly in RFI.

Closure of accounts

When the FP or project has been completed, the Danish authority must also provide the final accounts (see Chapter 6.6 for further guidance).

Chapter 5 Framework Programme Preparation

The FP document provides strategic direction for the Danish authority's SSC projects in line with Danish development cooperation policies and the SSC instrument's overall objectives; demonstrates the capacity of the Danish authority to implement the SSC projects; and constitutes the basis for the grant appropriation, when a Danish authority is responsible for more than three stand-alone SSC projects. The FP document is the basis for a four-year programme agreement between the MFA and the Danish authority. The Danish authority has the responsibility for planning and implementing the FP document as described in these guidelines.

Most of the Danish authorities have established an FP for their SSC projects. This requires that:

- The Danish authority has documented capacity to manage a volume of at least three SSC project
- The Danish authority has, or will, develop an international strategy, or has shown commitment to politically and administratively prioritise it;
- The strategy should specify how the SSC will be a suitable instrument for implementing their strategy; and
- The strategy should specify the Danish authority's areas of core competencies applied in the SSC, where the Danish authority has a comparative advantage and sufficient capacity and capability.

Products:

- FP document (Template 17)

Responsible:

- Danish authority

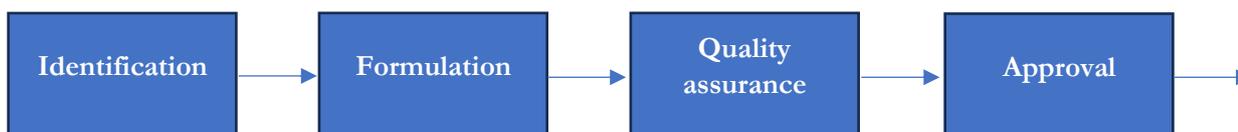
Approval:

- Internal MFA approval processes.

Preparation of an FP document follows the process described in AMG for identification, formulation, and quality assurance of projects and programmes:

- Fill in two-pager identification note ahead of internal MFA kick-off meeting;
- Preparatory analysis and formulation of an FP document with the contents outlined below;
- Quality assurance, including an independent appraisal of the draft FP document. The appraisal is commissioned by the MFA and either internal or external depending on the budget size;
- For FPs with a total budget above DKK 100 million, the External Technical Panel will review the draft FP document;
- Revision of draft FP document based on appraisal recommendations and comments from the External Technical Panel; and
- Approval of the final FP document following internal MFA approval processes.

Figure 8: FP preparation steps



The preparation process is led by the Danish public authority in collaboration with the designated MYNSEK desk officer. The Danish public authority should engage the relevant Danish embassies, including the sector counsellors and trade colleagues. As a starting point, external consultants will not be engaged to assist in the formulation process. There is no maximum number of SSC projects under an FP and therefore also no upper limit for the total number of partner authorities in the SSC projects under the FP. If the Danish authority already has an FP, the Danish authority should begin the formulation process for a new FP a year before their current one runs out. Lessons learnt from the ongoing FP should be key part of the formulation.

Contents of the FP document

As of January 2026, template 17 (Framework Programme Document) should be used when formulating new FPs. The FP document should be a maximum of 15 pages. The content of the FPs includes:

- Part 1: Framework Programme Management, describing:
 - The organisational set-up of the Danish public authority implementing the FP, including how to ensure effective and efficient FP management and quality assurance, and lessons learned;
 - The FP governance, i.e., PMG and SMG set-up and feedback mechanisms to the PSCs (see also Chapter 3.1.2);
 - Monitoring, learning and review mechanisms for the FP;
- Part 2: Framework Programme Goals and Strategic Direction, describing:
 - The thematic context and strategic direction of the FP, including the main policy issues from the Danish development strategy, past results and lessons learned in the SSC projects and partnerships, considerations about the potential involvement of Danish companies, and opportunities for cooperation with partner authorities in e.g. multilateral fora to advance common agendas;
 - The relevant competencies and capacities of the Danish authority to be applied in the cooperation based on the authority's international strategy, and how these respond to the demand from partner authorities;
 - The strategic goals of the FP that progress should be measured against;
 - Risks at FP level and risk response;
- Part 3: Framework Programme Portfolio, providing:
 - An overview of existing SSC projects and new, proposed projects or phases under the FP, including reflections on proposing new countries under the FP;
 - A four-year budget with a budget line for each country and cross-cutting items. A detailed budget should be included as annex using Template 4b. Up to 25% of the total FP budget can be unallocated at the time of approval. The FP document should describe what the unallocated funds potentially could be allocated to and the process for fund allocation;

Chapter 6 Administrative Guidance

This chapter describes processes relating to the budget, disbursements, accounting and audits. Furthermore, it also has guidance about administration and recruitment of sector counsellors, finance advisers and other administrative processes.

6.1 Initial Request for Transfer of Funds

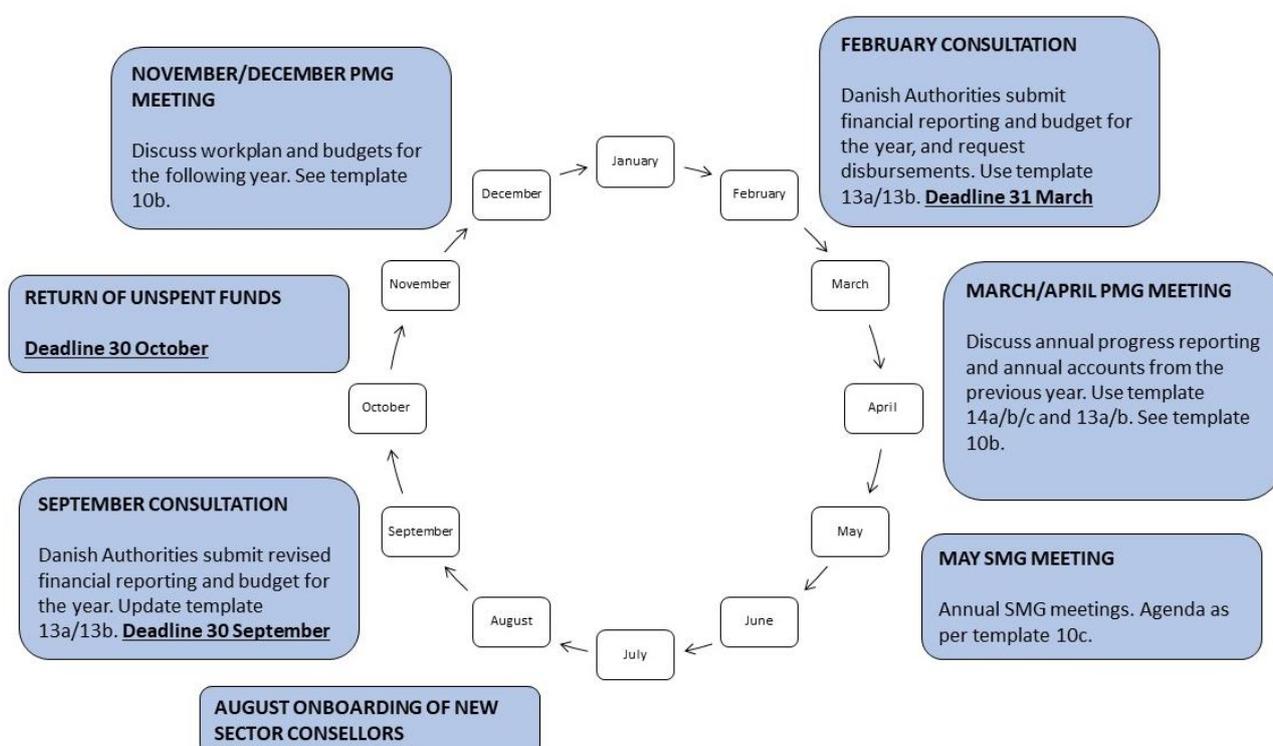
The head of MYNSEK will send a formal grant letter to the Danish authority, when a new grant has been approved (see Template 5). The Danish authority must acknowledge the acceptance of the grant and the conditions mentioned in the grant letter via email. The acceptance must refer to the project title and the file-number of the FP or project (as found on the grant letter). When the grant letter is received, then the Danish Authority can request MYNSEK to transfer funds to cover the budget of the activities planned for the current calendar year. The request should have the following attachments:

- The first annual workplan and budget approved by the PMG or by MYNSEK; and
- Initial disbursement request form (Template 6).

6.2 Subsequent Requests for Transfer of Funds

MYNSEK will twice a year ask the Danish authorities to request a transfer of funds.

Figure 7: Key annual events



February Consultation

In February, MYNSEK will ask the Danish authority to request for funding to cover the current year's budget. The request must be based on the budget for the year approved by the PMG, and be regulated for the balance of funds from the previous year's transfer. The request should have the following attachments:

- Annual accounts with a management declaration and including a budget for the current and following years (Template 13a1 for stand-alone projects, and Template 13b1 for FPs).
- Annual disbursement request signed by the management of the Danish authority (same signatory as the FP/project document) (Template 13a2 for stand-alone SSC projects, and template 13b2 for FPs).

September Consultation

In September, MYNSEK will ask the Danish authority to regulate the budget according to the spending incurred and the planned spending for the remainder of the year. The request must be based on the regulated budget for the year. The Danish authority will either request further funds or inform MYNSEK about an expected refund as per template 13a (for stand-alone project) or 13b (for FPs). Precise and timely feedback from the Danish public authority is of utmost importance for the overall administration of the Danish development cooperation.

The request should have the following attachments:

- Budget for the year and balance of annual spending approved by the PMG (Updated template 13a2 for stand-alone SSC projects, and template 13b2 for FPs):
- Disbursement request signed by the management of the Danish authority (if relevant).

Due to special requirements from the Ministry of Finance based on the budget law and the national budget guidelines (Budgetvejledningen), the Danish authorities are required to return any unspent funds to MFA before the end of the current financial year. Unspent funds must be returned by ultimo-October to the bank account of the MFA²¹.

A/c holder: Udenrigsministeriet

Bank: Danske Bank

Sort code: 0216

Account no.: 4069172962

Swift code: DABADKKK

IBAN: DK62 0216 4069 1729 62

Upon conducting any return of unspent funds to the MFA to the above-mentioned bank account, please include the MFA's Job ID number as part of the bank transfer.

²¹ Umbrella link to bank details: <https://umbrella/policies-and-procedures/pages/specific-instructions-on-financial-issues.aspx>

6.3 Preparation of the Budget

The annual budget for the individual SSC project or FP is approved in the PMG and should be prepared in accordance with template 4a/13a (for projects), template 4b/13b (for FPs) or Template 4c (for inception phase projects). The individual SSC project budget, which also is used to build up the FP budget, must be output based and include the four following expenditure categories:

- Danish authority human resources (personnel type man-days) based on agreed fee rates;
- Reimbursable costs for Danish authority personnel;
- Activities – reimbursable; and
- Local and international consultancies.

The following sections explains the different budget categories.

6.3.1 Salary for personnel from the Danish authority

Salary costs (incl. overhead) for the technical/specialist staff of the Danish authority as well as its agencies or subsidiary bodies under its direct control, should be budgeted according to the time allocated for mission preparation, participation in missions, production of documents directly related to project implementation as well as time spent with the partner in Denmark. Costs for programme management, planning of missions, development of Terms of Reference and professional supervision of activities can also be included in the budget. Salary costs for senior management (e.g. directors, state secretaries etc.) of the Danish authority are covered by the overheads and cannot be included in the salary budget. It should be noted that the staff time spent with partners should be at least 50% of all budgeted staff time, and should ideally be spent in the country.

The SSC does not provide budgets for salary costs for staff from the partner country authority. The partner country authority is expected to cover the budget for their staff needed for the jointly agreed activities (see also Chapter 6.3.3.).

The personnel related cost has two elements – the **direct salary cost** and an **overhead** to cover indirect costs:

Salary cost per working hour is calculated from the gross annual salary divided by the number of effective working hours defined as 1387 hours/year based on the following standard calculation²²:

Working Hours in full year	1924
Ordinary holidays (5x37)	-185
Special leave days (5x7.4)	-37
Official bank holidays (average)	-53
Lunch (½ hours, 220 workdays)	-110
Training and capacity development (1 week)	-37
Time off due to illness ²³	-71

²² See this website for further information: [Få kendskab til dine medarbejders tilstedeværelsestid](#)

²³ See this website for further information: [Statistikbanken](#)

Internal meetings etc.	-44
Effective working hours/year	1387

The Danish authority may choose to use a different number of working hours based on documented historical data on time registration. In this case, documentation for using a different number of working hours must be provided to the MYNSEK.

Ideally, budgets should be based on the actual salaries of the individual staff members participating in the implementation. For budgeting purposes, the salary cost may however be based on either average salaries for relevant categories of staff or average salaries of all staff engaged in the project in question. The Danish authority must document the approach used for the calculation.

Overhead per working hour should be calculated based on the total indirect costs incurred by the Danish authority. Indirect costs include both general common costs of the institution (fællesudgifter) and specific, indirect costs at the unit level. The total indirect costs per employee should be calculated and subsequently divided by the number of effective working hours per year (see above) to reach the cost-based overhead amount per working hour.

All Danish authorities, incl. central government institutions and municipalities and other Danish authorities must calculate their specific overhead in accordance with this model. The overhead calculation must be documented and made available to the MFA upon request.

The standard guidelines for calculation issued by Ministry of Finance, the Agency for Public Finance and Management (Økonomistyrelsen) can be found here:

- Budgetvejledning 2021;
- The general guidelines for calculation of prices Vejledning om prisfastsættelse; and
- The guidelines for the calculation of common costs Regelgrundlag for generelle fællesomkostninger.

6.3.2 Reimbursables for Danish authority personnel

Budgets for reimbursables must be based on estimated unit costs in order to calculate the overall budget, while accounting should be done according to actual costs. Deviations from unit costs during implementation will not require approval from the MFA.

The SSC budget can cover the following reimbursables, which can be incurred by Danish authority personnel working for the SSC project incl. senior management of the Danish authority:

- Air tickets (Economy Class);
- Local transportation;
- Hotel accommodation;
- Per diem;
- Health and travel insurances;
- Vaccinations;
- Communications costs; and
- Visa fee, etc.

Booking of flights and hotel must be done according to Staten og Kommunernes Indkøbsservice (SKI).²⁴

Under special circumstances the Head of Department of the Danish authority can approve deviation from the requirement to travel on Economy Class:

- Business Class can be booked if the traveller has a physical disability or other health issues; or
- Economy Plus can be booked if the traveller is required to work within 12 hours after arrival.

As an alternative to Economy Plus or Business Class, the traveller can choose to add a day for rest and recreation at the destination on the official travel terms (hotel and per diem). In many cases, this would reduce the total cost of the travel. Per diems and accommodation for Danish personnel must be budgeted according to current rates issued by the Danish Ministry of Finance (Medarbejder- og Kompetencestyrelsen).

6.3.3 Activities

The planned activities under the project – including capacity development and study tours for partner authority staff must be budgeted according to the planned events. Typical examples are:

- Renting of venues;
- Food and beverages at workshops, meetings and training sessions;
- International travel and hotel costs for partner authority staff during study tours to Denmark;
- Per diem for partner authority staff during study tours to Denmark;
- Training material; or
- Small scale demonstration projects and/or (pre) feasibility studies on a pilot basis.

It should be noted that local travel, accommodation, and per diem for partner authority staff for activities in the partner country should be covered from the budget of the partner authority. However, travel costs, accommodation, and per diem can be included, when there is a need to involve staff from decentral local authorities, NGOs, representatives from local communities as participants in workshops and training. Per diem rates and hotel costs for partner authority staff must follow the Danish regulations unless the Danish embassy has a local agreement with other donors on other common standards (i.e., national rules, EU rules, etc.). The flight rules specified above for the Danish authority also applies to international flight rules for partner authority staff.

6.3.4 Local and International Consultancies

The Danish authority can use up to 30% of the total project budget to contract external, local or international consultants from the private sector. However, the essence of the SSC is to build strong relations between the Danish authority and their counterparts in the partner country through peer-to-peer cooperation. The first choice should always be to use the expert in-house knowledge, and therefore the use of external consultants should be limited. Provision of services from the Danish authority and its subsidiary agencies or branches can, in most cases, be considered as “in-house” services not subject to tender regulations. Other public Danish entities, publicly owned utility companies, laboratories, sector

²⁴ See this website for further information: www.ski.dk

research institutions, etc. may or may not be considered in-house and will require a specific consideration of legal aspects, such as if they are covered by public tender rules. Arrangements with organisations, which can be considered Danish public entities should be budgeted as a subcontractor and will not count as part of the maximum 30% budget ceiling.

External consultants may be contracted for specialist assignments, which cannot be covered by the Danish authority or its subsidiary agencies. Consultants cannot be used for administrative tasks. These consultants can also be technical experts from another EU-member state, some of which can be potentially funded via the EU's Technical Assistance and Information Exchange instrument.²⁵

The Danish authority is responsible for the administration of the external consultants and that the procurement process is in compliance with Danish and EU procurement regulations²⁶. Tendering rules apply to the provision of services or equipment from private companies for demonstration projects.

This budget is for specialist inputs needed for the preparation or implementation of the project. The budget for external consultancies must reflect the total expected cost of the consultancies – including reimbursable costs such as cost of transport, visa, per diem, etc. If a translator is hired on consultancy contract, this should be budgeted as a reimbursable and is not part of the 30% consultancy ceiling.

6.3.5 Budget margin for contingencies

It will not always be possible to budget the cost accurately for all activities during a 3-year project and a budget margin for contingencies of 10% is therefore allowed for each SSC project phase (except inception phases and transition phases due to their short duration). The budget margin may be used to cover unforeseen or increased costs for already planned activities (i.e., increases in salaries and prices). The budget margin cannot be used to cover new activities, which should preferably be covered through reallocation of funds from within the SSC project.

6.3.6 Unallocated funds

Unallocated funds only apply for an FP. The PMG proposes the allocation of unallocated funds to the SMG for approval (see also Chapter 3.3).

Funds in the FP budget, which were unallocated at the time of approval, can be allocated either to (a) a project in a new country (b) the formulation of a new phase (c) a costed extension of a project phase (d) a new phase of an existing project (if not budgeted in the FP document) or (e) activities at FP level (e.g., communication and MEAL activities).

²⁵ See this website for further information: [TAIEX - European Commission](#)

²⁶ See this website for further information: [Directive - 2014/24 - EN - EUR-Lex](#)

6.4 Time Registration and Accounting for Danish Authority Personnel

The budgeting guidelines from the Agency for Public Finance and Management (Økonomistyrelsen) require state institutions to account for actual costs, but reaching 100% accuracy will be very complicated and time-consuming to administrate. In order to simplify the administration, the MFA will accept accounting based on average salaries for personnel categories or average salaries for all personnel involved in the specific project rather than the exact salaries of the specific staff member involved. The Danish authority may, however, choose to account according to actual salaries, see Chapter 6.3.

Most of the specialist staff involved in the SSC projects also perform other tasks for their institution, which cannot be financed by the SSC budget. The Danish authority must therefore maintain a time registration system, to document the total hours used for SSC project related activities as well as hours used in direct interaction with partner authority staff (Time with Partner – TWP). Peer-to-peer contact and cooperation is a core element of the SSC concept, and the Danish authority must be able to document the standard requirement of minimum 50% of total hours spent directly on interaction with partner authority staff in the partner country or in Denmark (e.g., in relation with study tours, meetings, videoconferences, training courses, etc.). Travel time spent by the Danish authority on missions to the partner country may be counted as TWP. This calculation should exclude the time spent by the Sector Counsellor posted at the Embassy, who is employed by the MFA.

Following general government regulations, travel time can be included up to a maximum of 13 hours (see current rules for travel times from the Ministry of Finance, the Agency for Public Finance and Management (Økonomistyrelsen).

Working hours during missions to the partner country will in some cases exceed the 7.4 hrs of a standard working day. Only hours spent in relation to the SSC project should be registered – i.e., time spent on reading and responding to mails, drafting documents, etc. in relation to the general tasks of the institution may not be charged. It should be noted that the MFA will reimburse costs for personnel entitled to compensation for overtime according to the rules applying for the institution and employee in question. Overtime calculations should be based on SSC related work only. Overtime should be limited as it is an expensive and an inefficient way of using the limited resources available. The Danish authority should consequently try to keep overtime to an absolute minimum through careful planning and management of activities. Example of time registration during a mission for an employee entitled to overtime payment of 1.5 times hourly salary for working hours exceeding the daily norm of 7.4 hours:

	SSC related	Not SSC related
Travel time	5	
Workshop	5	
Reading mails and writing a speech for the minister		3
Total workhours	10	3
Regular work hours	7.4	
Overtime on SSC work	2.6 hours x 1.5 = 3.9 hours	
Chargeable to SSC	11.3 hours	0

6.5 Administrative Support from the Embassy

The Danish authority is responsible for managing and implementing all activities of the SSC project. Activities taking place in-country should to a large extent be administered by the Danish Partner Authority and paid from Denmark. The embassy may submit a request to the MFA (R-direkte) for funds covering a half-time local project officer position (salary and local non-project related expenses) per sector counsellor (see Chapter 1.3.6). If deemed relevant by the Danish Embassy and the Danish authority, and if project-related (e.g., accompanying on a study-trip to Denmark), expenses related to the local project officer's international travels (i.e., flights, per diem and accommodations) may be covered by the SSC project budget.

To a very limited extent, the embassy may facilitate implementation of SSC project activities, and the embassy may assist with payment of costs or management of petty cash in local currency for later reimbursement by the Danish authority. In these cases, the procedures must be clearly defined and agreed in writing between the Danish authority and the embassy.

In rare cases, the Danish authority may wish to delegate the responsibility for implementation of an activity to the embassy. This should only take place for limited and well-defined tasks with a clear budget and based on a clear agreement between the Danish authority and the embassy. Examples could be assisting with contracting local consultants or implementing a demonstration project, workshops, etc., where the embassy may be better placed to plan, manage, and make payments in local currency. Services and consultancies must be procured according to the procurement rules of the Danish authority and contracts must be signed by the Danish authority (see Chapter 6.7). The embassy can make payments on behalf of the Danish authority in local currency if international transfers are not possible. The embassy must forward documentation for the payments to the Danish authority, as the overall responsibility for the implementation and accounting for the activity is with the Danish authority.

6.6 Accounting and Auditing

The Danish authority carries the full responsibility for accounting and auditing for the grant according to Danish law. State institutions are audited by the Danish National Audit Agency (Rigsrevisionen), while municipalities are audited by private external auditing companies. Semi-independent public institutions are audited by the Danish National Audit Agency or private external audit companies. The private external audit companies must audit the financial statement and issue a project specific audit report according to the Instruction for External Auditors (see the SSC AMG website - Revisionsinstruks).

The MFA has an oversight responsibility (tilsynspligt) of the SSC instrument. The oversight responsibility is limited to ensuring that the funds have been used according to the approved budgets. The Danish authority must provide MYNSEK with an expenditure report with the same level of budget information as the approved budget. Specific documentation of individual expenses should not be included but must be filed according to the rules of the Danish authority.

Annual Accounts

The Danish authority must prepare annual accounts for the grant according to the latest approved budget. Annual accounts must be submitted by e-mail to MYNSEK no later than March 31 the following year -

together with a request for funds (see Chapter 6.2). Both e-mail and accounts must include clear reference to the Danish authority, the FP or SSC project title, and the country of implementation as well as the relevant Public360 file number as per the template. Annual accounts must be signed by the project manager and the finance officer and include a management declaration. Formats for annual accounts and disbursement requests are provided in Template 13a or 13b.

Final Accounts

After completion of the SSC FP or SSC project, the Danish authority is responsible for preparing final accounts for the grant based on the latest approved budget.

The final accounts must be submitted by e-mail to MYNSEK no later than 6 months after completion of the project phase. Unspent funds must be repaid to the MFA. Both the e-mail and accounts must include clear reference to the Danish authority, the FP or SSC project title, and the country of implementation as well as the relevant Public360 file number as per the template. Final accounts must be signed by the project manager and the finance officer and include a management declaration. Formats for final accounts are provided in Template 13a or 13b.

Management declaration

There are two different types of management declarations:

1) **Central Government Institutions:** must provide a management declaration (“ledelsespåtegning”) with the following text in Danish:

”Ledelsespåtegning:

Regnskabet for projektet [projektets navn og Public360 nr.] bliver ikke særskilt revideret af Rigsrevisionen, men derimod reviderer Rigsrevisionen [institutionens navn] regnskab.

På [institutionens navn] vegne kan jeg som økonomiansvarlig erklære at regnskabet er opstillet efter de retningslinjer, der er anført i Udenrigsministeriets tilsagnsskrivelse, og at regnskabet i øvrigt stemmer overens med det godkendte budget.

Jeg har endvidere påset, at der foreligger projektrelateret bilagsmateriale til dokumentation for de i projektregnskabet anførte udgiftsposter, og at intet bilag udviser omkostninger, der ikke kan føres tilbage til de af Udenrigsministeriet godkendte budgetposter.

[sted, dato, navn og stillingsbetegnelse]”

2) **Municipalities and institution outside central Government:** are usually audited by private auditor companies. The annual financial statement (template 13a/13b) must include a management declaration (“Ledelsespåtegning”) with the following text in Danish:

”Ledelsespåtegning:

Årsregnskabet for projektet [projektets navn og Public360 nr.] bliver ikke særskilt revideret, men derimod reviderer [navn på ekstern revisor] det samlede regnskab for [myndighedens navn].

På vegne af [myndighedens navn] kan jeg som økonomiansvarlig erklære, at regnskabet er opstillet efter de retningslinjer, der er anført i Udenrigsministeriets tilsagnsskrivelse, og at regnskabet i øvrigt stemmer overens med det godkendte budget.

Jeg har endvidere påset, at der foreligger projektrelateret bilagsmateriale til dokumentation for de i projektreghskabet anførte udgiftsposter, og at intet bilag udviser omkostninger, der ikke kan føres tilbage til de af Udenrigsministeriet godkendte budgetposter.

[sted, dato, navn og stillingsbetegnelse og underskrift]"

6.7 Reporting Requirements

The Danish authority is always responsible for informing the MFA in case of major problems and delays in implementation or changes to the outputs stated in the application. The following formal reporting requirements apply to grants under the SSC.

6.7.1 Irregularities

The MFA regards theft, fraud, corruption, and support to terrorism or similar irregularities, during the implementation the grant agreement, as misuse. In case the Danish authority has suspicion or proof of misuse or comes across cases of illegal action or corruption involving SSC funds, then the MFA must be informed immediately. In case the Danish authority chooses to initiate an internal audit of activities or administration, the MFA must also be notified.

As part of the notification, the Danish authority must account for the circumstances and explain why the existing supervision and internal control have been unable to prevent the misuse or irregularity in question.

6.8 Employment of Sector Counsellors and Finance Advisers

6.8.1 Sector counsellors and finance advisers

The role of the sector counsellors and finance advisers are described in the Danish Finance Act §06.38.02.13. They are an employee of the MFA on a time-limited contract. The employment and posting of the sector counsellor and finance adviser will take place according to standard MFA terms and conditions for temporary staff members.

The sector counsellor and finance adviser reports to the ambassador, who will be responsible for their onboarding, determine the best position for them in the local organigram and ensure a written understanding with the sector counsellor on the roles and responsibilities, while respecting the special mandate and funding of the position to facilitate the SSC, and the sector counsellor's responsibilities towards the Danish and partner authorities (see Chapter 6.9.2). The embassy is responsible for requesting a budget from the MFA's Department of Finance (ØKO) to finance the running costs of the sector counsellor and finance adviser, incl. travel to Denmark and, if relevant, side-accredited countries.

6.8.2 Sector counsellors' Terms of Reference

Terms of Reference (ToR) for the sector counsellor should be developed by the Danish authority in close collaboration with the relevant embassy as early as possible. The ToRs are expected to include at least the following tasks:

- Facilitating and supporting the Danish authority in the identification, development, and implementation of SSC projects, incl. regular dialogue and coordination with the Danish authority and the partner authority;
- Developing broad networks and facilitating contacts, building knowledge about the sector, incl. in-depth knowledge about the framework conditions in the partner country and sharing this knowledge with colleagues at the embassy and with the Danish authority;
- Taking part in implementation as relevant and agreed in the SSC work plan, incl. acting as secretary to the PSC and be called upon for particular PMG agenda issues;
- Promoting wider strategic sector partnerships in close collaboration with political, development and trade colleagues at the embassy, and engage in bilateral relations required to scale impact and support a successful implementation of the SSC, as relates to the overall SSC Objective 2;
- Sharing information, networks, reports etc. with trade colleagues to contribute to the overall SSC Objective 3, identifying and communicating commercial opportunities and potentially participating in the Trade Council's regional meetings. Transparently informing partner authorities about commercial interests and activities;
- Developing country progress reporting in cooperation with the Danish authority; and
- Contributing to identification of scholarship opportunities and research partnerships in coordination with the Danish authority and the DFC.

The sector counsellor is a fully integrated member of embassy staff. The sector counsellor will spend 80% of the time on specific SSC project related matters. The remaining 20% of time may be used on other sector relevant activities, including activities in support of engagement of the private sector in the SSC project.

If there is a specific demand, and based on an assessment by all involved parties, an adviser can be posted to the partner authority, in addition to the sector counsellor already posted at the embassy.

6.8.3 Finance advisers' Terms of Reference

In case it is decided to hire a finance adviser, the ToRs should be developed by the embassy, MYNSEK, and the affiliated Danish authorities. The ToRs are expected to include at least the following tasks:

- Facilitating and supporting the sector counsellors, the embassy, and Danish authority in the identification and development of opportunities for private sector investments that support sustainable development, within the context of the pre-existing local SSC projects;
- Coordinate and collaborate with EIFO and IFDK, in addition to other investors and financing sources relevant for the partner country;
- Developing broad networks and facilitating contacts, building knowledge across sectors, incl. mapping the opportunities and difficulties of local framework conditions for international sustainable development investments in the partner country and sharing this knowledge with colleagues at the embassy; and
- Liaise between the SSC projects, trade colleagues at the embassy, investors, and financing sources.

6.8.4 Recruitment and onboarding of sector counsellors and finance advisers

MYNSEK will coordinate the recruitment process. The sector counsellor and finance adviser may be recruited directly by the MFA HR Department or by a contracted external recruiter. In either case, the recruitment will take place in close coordination with the relevant Danish authority, the Danish embassy, and the MFA, and the contract is issued by MFA.

The sector counsellor or finance adviser should be able to meet the requirements of the ToRs and preferably have in-house experience from the relevant Danish authority and/or have sufficient sector experience to facilitate the SSC project implementation as well as the broader cooperation, including extensive knowledge of the Danish public and private sector strongholds in regulation, policies, technologies, and solutions. The final selection is made by a consensus decision between the Danish authority, the embassy, and the MFA.

The recruitment process – from the time initiated and until the sector counsellor or finance adviser takes up his/her post at the Danish embassy may take up to eight months.

In some cases, the decision about issuing a sector counsellor contract must be made before a final decision about a new phase of the SSC Project. Since there is no provision for funding of a sector counsellor without an SSC project, the contract for a replacement may have to be limited to the remaining project period or it can be agreed that the contract's end date is subject to the approval of the new phase.

The Danish authority, MYNSEK, and the embassy each have a joint responsibility to ensure that the sector counsellor is fully onboarded. Prior to their posting, the sector counsellor will be onboarded by the Danish authority and the MFA in Copenhagen. When posted in the country, the embassy will ensure that the sector counsellor is fully integrated into the embassy. After their initial onboarding, there will be opportunities for training, supplied by the MFA and the Danish authority.

6.8.5 Replacement of a sector counsellor or finance adviser, or contract extension of the current sector counsellor or finance adviser

In order to ensure smooth implementation of the SSC projects it is important to have an early dialogue about the replacement of a sector counsellor. A new recruitment must be initiated no later than nine months before the termination of the current contract to ensure a smooth transition. The responsibility for starting the dialogue with the Danish authority and MYNSEK rests with the embassy.

In special situations and based on a dialogue with the sector counsellor or finance adviser, the embassy can formally request the MFA for an extension of the current contract. But due to special conditions related to the temporary contracts, extensions can only be approved in few cases, based on objective reasons such as delays in the implementation, or other unforeseen events such as sickness, maternity leave, etc.

To ease onboarding, contracts starting early August are generally preferred.