

MINISTRY OF FOREIGN AFFAIRS OF DENMARK



Guidelines for Strategic Sector Cooperation

Danish Authorities in International Cooperation

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Preface

The Guidelines describe the Strategic Sector Cooperation (SSC) Initiative and provide guidance on the preparation and implementation as well as specific administrative procedures for SSC Projects funded with development assistance. The Guidelines are a living document and may be revised as needs arise. The latest version available on the internet should always be consulted for the most recent update (<https://um.dk/danida/danida-business/myndighedssamarbejde/>). This version of the Guidelines comes into force on 1 October 2020 and replaces the Guidelines of November 2017 for all ongoing¹ and future projects.

Chapter 1 briefly introduces the SSC Initiative and its main elements, eligible countries and eligible Danish Partners. It also describes the objectives of the overall Initiative, the expected sustainable development results of SSC projects, and presents the Ground Rules and Quality Criteria for engaging in SSC projects.

Chapter 2 describes the role and responsibilities of the key stakeholders involved in the Strategic Sector Cooperation: The Danish Public Authority, the Partner Authority, the sector counsellor, the Danish embassy, the Danish private sector, the Secretariat, and the Danida Fellowship Centre.

Chapter 3 focuses on achieving results and impact and introduces the Results Framework, including the Theory of Change.

Chapter 4 describes the process involved in identification, preparation and implementation of a concrete proposal for a sector cooperation project from initial allocation through the Inception Phase to the full SSC Project.

Chapter 5 describes the processes and principles for decision on continuing the cooperation into later phases – including extension of the associated sector counsellor positions.

Chapter 6 outlines the general administrative requirements for application, budgeting, reporting etc., which in most cases are identical for the preparation phase and the implementation phase.

The Guidelines include four annexes (I-IV), which supplement certain sections of the Guidelines. These are included in the main document. In addition, a number of templates (1-16) to be used for SSC project management in relation to application, planning, budgeting, accounting and reporting are uploaded with the Guidelines and can be accessed individually and directly on the website.

The SSC Guidelines form part of Danida's Aid Management Guidelines (AMG). With regard to administrative procedures, the SSC Guidelines may deviate from the main AMG framework due to, among

¹ Projects granted earlier than November 2017 will continue to follow the guidelines at the time of appropriation, including with regard to the approach to calculation of administrative overheads.

other things, the fact that the recipients of grants under the SSC Initiative are Danish Public Authorities. Deviations from the rules and regulations of the main AMG are marked with a *.

1. Introduction to the Strategic Sector Cooperation

Global fulfilment of the 17 United Nations Sustainable Development Goals (SDG's) will require massive public and private investments and active involvement of a broad range of partners and actors to promote sustainable growth in developing countries. This will not be possible without a more enabling environment of improved framework conditions.

The Danish public sector plays and has for many years played a central role in establishing favorable framework conditions for the Danish society. This happens through policies and regulation, research and technology development and by securing incentives for the private sector to provide state of the art solutions. Partnerships based on trust, flexibility and mutual respect between the public and private sector are used actively in the development of advanced solutions in many sectors, such as energy, education, environment, health, and food production. Other countries may also benefit from these experiences.

The Strategic Sector Cooperation (SSC) Initiative – launched in January 2015 - provides Danish development funding for partnerships between Danish Public Authorities and their counterparts in strategically important developing countries and growth economies to work together to improve the framework conditions for furthering sustainable development in various sectors.

Through this cooperation, the Initiative also aims to strengthen bilateral relations, and to open doors for the Danish private sector by facilitating their positioning for delivering solutions to the SDG challenges in partner countries.

The underlying policy framework for the Strategic Sector Cooperation Initiative is the Danish strategy for development aid and humanitarian assistance, “The World 2030” (2017), and the Danish Government’s Strategy for Economic Diplomacy (2018).

Furthermore, since 2017 when the SDGs were incorporated in to the Danish Act on International Development Cooperation², the SDGs - which were adopted by world leaders in September 2015 as part of the 2030 Agenda for Sustainable Development - have formally provided the overall frame for the SSC Initiative. For that reason, the SSC Initiative has an explicit reference to particular SDGs bringing forward the agenda within a particular sector. The 2030 Agenda is a plan of action for people, planet and prosperity with 17 goals and 169 targets which are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental.

Strategic Sector Cooperation engagement at the country level includes two closely linked elements:

² <https://amg.um.dk/en/policies-and-strategies/new-law-development-cooperation/>

1. Strategic Sector Cooperation (SSC) projects between Danish Public Authorities and Partner Authorities. The projects address sector challenges identified by the partner authority and within areas where Denmark has relevant experience and expertise to offer for improving the framework conditions.
2. Posting of Sector Counsellors with strong sector expertise to Danish embassies hosting SSC projects. The Sector Counsellor is responsible for coordinating the SSC project locally, for promoting wider strategic sector partnerships in close collaboration with the political/development section, and works closely with the Trade Section of the Embassy. The Embassy is responsible for determining the best position of the sector counsellor in the local organigram.

In addition, Danida funds for scholarships and research cooperation are also available for countries with SSC projects as a supplement and opportunity for deepening the cooperation in relation to training and academic institutions. Both are managed by the Danida Fellowship Centre.

The Danish Authorities contribute with experts that share knowledge and lessons learned with the aim of developing local capacities and providing input to new regulation and policy reforms for sustainable development in partner countries.

The Danish Ministry of Foreign Affairs (MFA) contributes with development funds and long-term experience with development policy and cooperation, diplomatic network, strong knowledge of country contexts as well as of trade associations, Danish companies, and promotion of trade and investment.

It is the expectation that the co-creational cooperation between Danish Authorities, The Danish Ministry of Foreign Affairs and local authorities will be of mutual benefit by bringing in Danish experiences and state-of-the-art solutions to solving development challenges in a given partner country, while at the same time providing a platform for increased Danish public and private sector cooperation with the partner country.

1.1 Eligible Countries and Eligible Danish Partners

Support for Strategic Sector Cooperation may be granted in countries eligible for official development assistance according to OECD DAC criteria and where Denmark has an embassy.

Potential Danish partners comprise all Danish Government ministries and their associated agencies and from 2017, also municipalities and regions.

For more on selection of countries and sectors and on allocation of projects, please refer to Section 4.1.

1.2 Objectives and Expected Sustainable Development Results

The Strategic Sector Cooperation Initiative has three objectives:

- a) To contribute to inclusive, sustainable growth and development in partner countries by supporting conducive framework conditions for the fulfilment of the SDGs;
- b) To strengthen and expand relations between Denmark and partner countries;

- c) To facilitate the positioning of the Danish private sector in delivering solutions to the SDG challenges motivated through improved framework conditions, local network, knowledge and exposure of the partner country to resource efficient, high-quality solutions.

The first objective is derived from § 06.38.02.14 of the Danish Finance Act and is at the core of the Initiative and at the basis of the associated projects. To meet this objective, Danish public authorities will work with their counterparts to improve the framework conditions for sustainable development in the sector supported by a jointly agreed SSC Project prepared through an inception phase. The Cooperation will be tailor-made to address a specific development challenge and achieve results in that area through the Project.

Concrete development-results that would support conducive framework conditions, could be revised policies and regulatory frameworks including for private sector engagement, organisational restructuring and institutional reform, individual capacity development, implementation of strategic sector initiatives, development of monitoring and enforcement systems, support for planning and mobilisation of investments or more technical system development (e.g. integration of wind energy in the power grid).

As also outlined in the Finance Act, the means to achieve the development-results would be activities in the form of targeted and tailored knowledge sharing activities such as seminars, workshops, training (of trainers), scholarships, expert advice and input as well as continuous dialogue among peers. Pilot-activities may serve to illustrate and test solutions with a view to preparing the ground for changes at the national level.

Through spin off, the trust and relations built under the Strategic Sector Cooperation projects and the development results achieved, should also contribute to building closer relations and networks between Denmark and the partner country beyond the project itself in line with *the second objective*. The project should thus serve as a stepping-stone for dialogue on broader policy issues in relation to the sector, as a vehicle for bilateral agreements such as the Strategic Partnership agreements and for closer cooperation in other fields of common interest – such as negotiations in UN and other international fora.

Likewise, and in line with *the third objective*, the Embassy, the Danish Public Authority and the Danish Ministry of Foreign Affairs will actively seek advice from and share knowledge with trade associations in order to mobilize and benefit from Danish private sector competencies and solutions. This will benefit the partner country by making a broader variety of state-of-the-art solutions available within the sector. For Danish companies it will provide opportunities to gain networks, knowledge and insights into the partner country and sector, which can lead to future expansion of engagement and partnerships via trade and investment.

1.3 ‘Ground Rules’ and Quality Criteria for SSC Projects

1.3.1 The Nine ‘Ground Rules’

Authority-to-Authority cooperation, twinning arrangements etc. is not a new phenomenon internationally. Considerable lessons have been learned over the years including from implementation of the Danish Strategic Sector Initiative since 2015.

The lessons learned are unambiguous and relate to trust-building, ownership and commitment, engagement of stakeholders, and achieving results. They transform into nine ‘Ground Rules’ for ensuring quality and results from the projects granted under the Strategic Sector Cooperation Initiative:

- 1. The project must address a well-defined development challenge identified by the partner country and aim for improving related framework conditions.** The selected area of cooperation should preferably be directly linked to themes and activities *already* prioritized in approved policies and strategies of the partner country/institution. As far as possible, clear indicators of expected results should be developed together with the partner.
- 2. Denmark and the Danish Partner Authority must have a comparative advantage for addressing the identified development challenges and the associated framework conditions.** The comparative advantage relates to legislation, strategies, structure, to the quality and availability of public expertise required as well as to experience from addressing similar development challenges in the Danish contemporary or historic context.
- 3. Strong ownership of the project in the partner country is a prerequisite of success.** It also matters who has ownership to the project. As an example it is often not enough that a line ministry or an individual within that ministry has ownership, it would be important to also look for commitment from players such as the Ministry of Finance or Prime Minister’s Office which have a say across the government, e.g. on the national budget and/or plan.
- 4. The project must be anchored at a high level in the Danish and partner country authorities, ideally also politically, to ensure access to the necessary (human) resources in the two organisations.** It is critical that top management and preferably the political level signal importance to the project and establish the right incentive system for the organisation to provide the needed resources. Management in the Danish and in the partner organisation should be clearly informed about the staff needed in terms of length and frequency of engagement.
- 5. A successful project design requires a clear and common vision of the desired changes and how they may be achieved in the short or long term.** The project is only relevant if it contributes to some level of positive change in the partner country. The vision of the changes, of how they may be achieved and under which assumptions should be captured early on and guide the design of the project. Co-creation and close collaboration between the Danish Authority and the Ministry of Foreign Affairs / the embassy is key in this regard.
- 6. The Danish Authority and the Partner Authority must jointly agree on the objectives, approach, division of labour and responsibilities.** As the project should be a joint venture or partnership with obligations and inputs from both partners, it is critical that there is a mutual understanding of which development results should be achieved and how, and that the inputs and commitments from both public institutions are clear, written down and approved at a high level.
- 7. Systematic involvement of multiple stakeholders with due respect for their respective roles is a prerequisite for successfully tackling complex issues.** In most cases, preparation and implementation of sector policies involve several stakeholders e.g. local authorities, private sector and civil society, which are thus critical for its success. These actors should be consulted/involved already at

the preparation stage. This is critical for designing and implementing positive changes in a sector framework.

8. **Building successful partnerships at institutional and individual level takes time.** Time is a constraint in projects with an initial duration of 3-5 years. However, experience shows that time used during preparation for developing a shared understanding of the project, build common goals, trust and mutual understanding pays off during implementation.
9. **Last but not least: Trust is a key ingredient of any successful SSC Project.** Critical factors for building trust are close and frequent peer-to-peer interactions between the partner authorities, continuity in the assignment of staff and experts, credibility of the advice given, 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.

1.3.2 The OECD/DAC Quality Criteria

Beneath the Ground Rules, the SSC projects must adhere to the overall OECD definition of Official Development Assistance (ODA) since they **are financed via funding from the Danish Development Cooperation** (Danida). This means that the funding must have “*the promotion of the economic development and welfare of developing countries as its main objective*” and that the high quality standards of Danish development cooperation must be maintained regardless of the characteristics of the development engagement or the choice of modalities and partners.

There is no blueprint for the ideal project design suitable for all circumstances. There is, however, a universal requirement for quality as represented by OECD/DAC’s criteria of: relevance, effectiveness, efficiency, impact and sustainability (See textbox).

OECD-DAC Quality Criteria for Development Cooperation:

RELEVANCE: This refers to the extent to which the strategic objective of the project is consistent with global priorities, partners' and Danida's policies, beneficiaries' requirements and country needs. Overall relevance is related to whether we are doing the right thing.

EFFECTIVENESS: Effectiveness denotes the usefulness of the outputs expected to be produced by the project, as means of achieving the intended results. Effectiveness also relates to whether the proposed project design is considered the most effective in terms of meeting strategic objectives.

EFFICIENCY: Efficiency relates to whether the project is considered the most efficient in terms of applying the least costly resources (including human resources) as productively as possible in attaining the outputs of the project. This may include comparing alternative approaches to achieving the same outputs.

IMPACT: Impact refers to positive and negative changes produced by a project, intended or unintended. This will include, at the national level, an assessment of the expected impact on social, economic, environmental and other relevant development indicators.

SUSTAINABILITY: Sustainability concerns the lasting effects of the project – more specifically the institutional, social, environmental and economic sustainability. Ensuring sustainability means ensuring that results of the project in terms of improved capacity lead to lasting improvements of the performance of partners concerned, continued delivery of services and social progress and enhancing any opportunities for synergy effects.

1.4 Overall Management of the SSC Initiative and SSC projects

The minister responsible for development cooperation in the Danish Ministry of Foreign Affairs has the overall responsibility for development cooperation funds and results. The Minister for Development Cooperation approves overall budgets and lists of countries and sectors targeted by the Initiative.

The Ministry of Foreign Affairs is responsible for approval of grants, coordination, support to the activities in general, and recruitment of the Sector Counsellors. On a daily basis, these activities are anchored in the SSC Secretariat. The Head of the Department for Green Diplomacy approves individual applications for grants for SSC projects below a certain funding threshold. The Minister for Development Cooperation approves applications for grants above the threshold (cumulative).

The Danish Public Authority is the formal project owner and signing party to the cooperation agreement (= project document) with the partner country. The Danish Public Authority is responsible for the development of project proposals and the implementation and management of the project in close cooperation with the Sector Counsellor and the Danish Embassy in the specific country.

The SSC Project Steering Committee (PSC) is the formal mechanism for strategic dialogue and joint decision-making concerning the Strategic Sector Cooperation between the Danish Public Authority, the Danish Embassy and the Partner Authority in accordance with a MoU, government programme or other overarching agreements or legal documents. The PSC is also the formal forum for dialogue and decisions in relation to the SSC project implementation. The PSC will assess overall progress and relevance of

activities and planned outputs and revisit key assumptions at regular intervals. Establishment of the PSC is part of the Inception Project.

An Inter-Authority Working Group with representation from the participating Danish Public Authorities acts as needed as a consultative forum for discussion of experiences and the future development of the SSC approach. The working group facilitates a coordinated approach between the involved Danish Public Authorities and participates in developing the SSC approach. The group also provides advice on the distribution of SSC engagements between countries and recommendations on selection of new SSC cooperation projects and posting of Sector Counsellors to the Ministry of Foreign Affairs.

The group is a key target group for lessons learnt, assessment of progress and reviews and evaluations. The group is further expected to actively share knowledge with other Danish public authorities based on lessons learnt. Each group member is responsible for institutionalising the knowledge, experiences and decisions made by the group in his/her own organisation. When relevant, the meetings may be called specifically for Head of Department/Director level representatives. The Ministry of Foreign Affairs chairs the Inter-Authority Working Group.

Strategic Dialogue Meetings are held at Head of Department/Director level between MFA and each sector ministry or municipality and their associated authorities as deemed necessary, to discuss the strategic direction and anchoring of the Strategic Sector Cooperation with a focus on the sectors under the auspices of the Public Authority in question.

Project-focused consultations (by video conference) are held at least once a year between the Secretariat, the Project Managers of a particular Danish Public Authority, and the concerned Sector Counsellors abroad. The purpose is to take stock of developments of the sector and of overall progress in implementation of the projects managed by that particular Danish Public Authority. When relevant, staff of the Danish Embassy will also take part in the consultations.

2 Roles and Responsibilities of the Participating Institutions and Staff

2.1 The Danish Public Authority

The Danish Public Authority works closely with the Ministry of Foreign Affairs and the Danish Embassy on all aspects of the strategic sector cooperation from initial identification of sectors and countries for engagement to implementation. The Danish Public Authority and the Danish Embassy must maintain close and frequent dialogue and exchange of information in order to achieve a coordinated Danish Government approach and to increase the knowledge and networks on the sector of relevance to the Danish private sector.

The key responsibilities of the Danish Public Authority are to:

- Build relationships with Partner Authorities and other relevant stakeholders
- Identify development challenges together with partners
- Develop SSC projects while observing the Quality Criteria and Ground Rules outlined in Section 1.3. for ensuring quality and results
- Develop Terms of Reference for the Steering Committee jointly with the Partner Authority – including clear agreements on chairmanship and appoint members of SSC Steering Committee at sufficiently high level to enable mutually binding decisions
- Establish a clear organisation behind the project including by recruiting/appointing a qualified Project Manager and ensuring continuity in project management, and by establishing incentives for mobilizing the necessary internal expertise for implementation of the project.
- Describe the objectives and expected outputs of all missions of own staff and external consultants in dialogue with the Partner Authority (either specific Terms of Reference or similar documents) and ensure that Back-to-Office reports for follow-up are prepared.
- Progress reporting and completion reporting on the SSC project
- Financial management and auditing of accounts.
- Ensure that all relevant documents and communications during the project are on file and available upon request.
- Take a pro-active role in internal and external communication of activities and results to Danish stakeholders and keep the SSC Secretariat informed about communication initiatives
- Consider how the SSC cooperation may benefit from the scholarship and research cooperation instruments and where relevant liaise with the relevant Danish research institutions
- Participate in the Inter-Authority Working Group
- Share knowledge and networks with the relevant Danish business associations in Denmark and in the partner country
- Provide input to policy/international cooperation dialogue related to the sector.
- Participate in the general work with developing the SSC program and guidelines and contribute to reviews evaluation of the SSC program.

If more Danish public authorities will be involved in the implementation, extra care must be taken to define roles and responsibilities, and the partners must agree on one lead agency. The Lead Agency will

receive the grant, be formally responsible for the SSC project and host the Project Manager who may be recruited/appointed in consultation.

Before formally entering into an SSC agreement (i.e. signing the Project Document), it is crucial that the Danish Public Authority ensures adequate institutional ownership and commitment within its own organisation. Strategic Sector Cooperation is not just about implementing a specific project, but entails a commitment to a long-term partnership. The cooperation should, as far as possible, be an integrated part of the international strategy and linked to other international activities of the Danish Public Authority. Commitment from the top-level management as well as from the political level (i.e. relevant minister or mayor) is crucial to ensure long-term prioritization of the partnership in terms of financial and human resources.

The Danish Public Authority manages the project and is the key stakeholder on the Danish side and recipient of the grant from the Ministry of Foreign Affairs. It is actively involved in the selection of Sector Counsellors and responsible for designing the project, planning and implementation of activities and achieving results according to the Results Framework (Section 3.3) in partnership with its counterparts in the partner country (i.e. the Partner Authority). It is also responsible for results monitoring, reporting and financial management (including financial reports and audits).

The key staff of the Danish Partner Authority for ensuring professional and smooth handling is the Project Manager. The Project Manager is appointed by the Danish Authority. The Project Manager may be appointed directly or may be recruited through an open internal selection process based on a formal job description. Concrete examples of SSC Project Manager Job Descriptions are available from the Secretariat upon request.

The Danish Public Authority will contribute with expertise and lessons-learned and facilitate transfer of Danish know-how, experience and technology relevant and tailored to local priority issues, local conditions, and capacity development needs, as agreed with the partner authorities.

In the spirit of the peer-to-peer relationship, the Danish Public Authority will provide its own staff to the cooperation. To a limited extent, it may supplement own staff with external experts for specific inputs requiring skills not available in-house. This could be experts from other Danish agencies, parastatals, public utility companies or municipal and regional authorities³ or private consultants – including peer authorities from other countries or consultants from the partner country with a good understanding of local conditions.

Continued and close peer-to-peer interaction is a crucial element of the SSC concept. In order to reach the full potential of SSC cooperation it is important to invest sufficient time in building trust and personal relations between the Danish staff and counterpart staff. Particularly in the early stages of the cooperation, the Danish staff should spend a number of longer periods of time together with counterpart staff

³ The contracting of other Danish Authorities or organisations considered publicly mandated bodies can be omitted from the calculation of a maximum of 30 % of budget spent on consultancies

through visits to the partner country and where relevant through longer time interaction during study tours/training in Denmark. In later stages of cooperation direct contact in person may be partly substituted with regular interaction through videoconferences or e-mail consultation, but maintaining dialogue at regular intervals is crucial to ensure continuity of work and to provide a platform for broader dialogue and trust-building.

Missions by experts from the Danish Public Authority, associated institutions and external consultants must have a clear and well-defined purpose in relation to the agreed work-plan. If not reflected in detail in the work plan, a concrete Terms of Reference (ToR) for each mission/consultancy covering preparations, the mission, and envisaged follow-up should be developed in dialogue with the Partner Authority. This will ensure mutual understanding of purpose, timing, planned activities and expected outputs from the mission. TEMPLATE 14: ToR for experts and external consultants can be used for that purpose but other formats are also acceptable.

After the mission, Danish Authorities are encouraged to develop a brief Back-to-Office Report (BTOR) which can be a useful instrument to ensure that the lessons are captured about what worked and what did not and what needs to be done and by whom to follow-up.

In order to obtain the maximum benefit and impact of the strategic cooperation, the Danish Public Authority should (at an institutional level), consider how to secure resources to follow-up on emerging opportunities for cooperation not covered by the specific project budget (i.e. willingness and capacity to benefit from interesting political or commercial spin-offs).

2.2 The Partner Authority

The SSC is a partnership between a Danish Public Authority and a counterpart in the partner country (the Partner Authority). During the SSC inception phase, the Partner Authority must contribute to the specification of the development challenge and the identification of the potential match with Danish competences, and contribute to the design of the SSC project and the preparation of the SSC application together with its Danish partner. It is crucial that the Partner Authority engages actively and takes responsibility for the identification and formulation of the results framework including activities in order to ensure that the objectives are shared, the results are achievable and that activities are relevant and realistic - also in relation to other tasks and priorities.

The Partner Authority must provide the necessary staff resources as an in-kind contribution and as far as possible – and in upper middle income countries⁴ in particular - also cover travel expenses and per diem for its own staff. Where budget-constraints make this impossible, the project may finance costs related to study tours this should be documented and available upon request. Project funds may also, where necessary, be used for local travel and accommodation for staff from local authorities and other

⁴ according to the OECD_DAC list of ODA recipients for reporting on aid : <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm>

partners with limited budgets. The obligations of the Partner Authority should be clarified in the project document.

During implementation, the Partner Authority must take a prominent role in planning and implementation of activities to ensure that the project meets partner priorities. The Partner Authority should be actively involved in preparation of visits and formulation of Terms of reference for Danish experts and external consultants. The Partner Authority is also responsible for ensuring that staff is available to work together with the Danish experts according to the mutually agreed work plan and that relevant staff is designated for training courses and study tours.

The Partner Authority must also ensure close dialogue with the Danish counterparts in case of changes in policies, strategies or legislative framework, which may have an impact on the implementation. New developments may render planned activities less relevant or open new opportunities, which could be integrated in a flexible approach during implementation.

The key responsibilities of the Partner Authority are to:

- Secure high-level commitment to a long-term partnership with the Danish authority
- Identify relevant contact persons and networks in relation to the agreed focus areas
- Take lead to ensure that the selected area of cooperation is in line with core country priorities and the overall strategic priorities of the authority
- Participate actively in formulation of project document to ensure relevance of objectives, outputs and activities and agreement on joint responsibilities in relation to management, resource allocation etc.
- Develop Terms of Reference for the Project Steering Committee (PSC) jointly with the Danish authority – including agreements on chairmanship
- Appoint members of the PSC at sufficiently high level to enable mutually binding decisions in the PSC
- Establish a clear organisation behind the project and appoint a project manager/focal person from the main implementing agency who be available for dialogue on a regular basis
- Participate in planning of visits and development of Terms of Reference for experts from the Danish Partner Authority and external consultants
- Commit the staff resources necessary to perform and take part in the planned activities
- Secure funding to cover travel expenses and per diem for participating national staff as far as agreed in connection with the project document and approval of annual work plans and budgets.

2.3 The Sector Counsellor

The role of the Sector Counsellor is described in § 06.38.02.13 of the Danish Finance Act. The Sector Counsellor is a sector specialist posted to the Danish Embassy to facilitate and support the SSC project, share knowledge and work closely together with Project Managers from the Danish Authority, the Partner Authority, relevant sections of the Danish Embassy, including the trade section as well as the Danida Fellowship Centre.

The Sector Counsellor facilitates the broader strategic sector cooperation and creates linkages and synergies with other Danish and international development initiatives. The Sector Counsellor facilitates and supports the SSC project including through coordination and facilitation of activities, development of in-depth knowledge of the framework conditions (including the political and legal context) in the sector, and contributes to sector analysis. The Sector Counsellor will also proactively help to identify and address specific development challenges that could be addressed through more conducive framework conditions, and where the Danish public authorities and private sector can provide solutions. Furthermore, the Sector Counsellor may also depending on his or her particular sectoral knowledge, take part in the technical implementation of the project. The Embassy finances travels to Denmark through its own budget.

The Sector Counsellor will provide information about Danish private sector competences and solutions to the partner authorities. The Sector Counsellor must also develop in-depth knowledge on development/opportunities in the sector in the partner country and share this knowledge with the Danish Public Authority and Embassy colleagues – in particular the Trade Section. [Dele viden med trade associations/business clubs in coordination with local SAT team/TC dep.]. Due to the regional organisation of the Danish Trade Council, it may also be relevant to share information with other embassies in the region.

As a rule of thumb, 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 green diplomacy and Government Public Affairs (GPA).

The key responsibilities of the Sector Counsellor are to:

- Build up broad networks and facilitate contacts
- Facilitate and support the Danish Public Authority in the identification, development and implementation of SSC projects
- Build knowledge about the sector including in-depth knowledge about the framework conditions in the partner country and share this knowledge with colleagues in the embassy and with the Danish Public Authority
- Facilitate and support project implementation through regular dialogue and coordination with the Danish Public authority and the Partner Authority
- Take part in implementation as relevant and agreed in the Work Plan.
- Work closely with the Trade Department of the Embassy and when relevant take part in the global sector work of Trade Council through participation in the Sector Advisory Teams (SAT)
- Develop country progress reporting in cooperation with the Danish Public Authority
- Contribute to identification of scholarship opportunities and research partnerships in coordination with the Danish Public Authority and the Danida Fellowship Centre (DFC)
- Make sure to leave handover notes for the successor and the files including lists of upcoming tasks, what to look out for, who is who with contact details etc. and any other information deemed necessary.

2.4 The Danish Embassy

The Danish Embassy is responsible for supporting the progress of the overall SSC Initiative at country level. The Embassy plays a key role in the early dialogue with the partner country for identification of possible areas of cooperation and feeds recommendations into the strategic matchmaking process. When

an SSC project has been allocated, the Embassy also takes part in the preparations together with the Danish Public Authority. The Danish Embassy is responsible for the activities of the Sector Counsellor and plays a key role in identifying and developing synergies with other political, commercial and development initiatives, including other SSC projects, and the counsellors/staff responsible.

The Danish Embassy must ensure smooth and efficient cooperation with the Danish Public Authority in relation to the concrete project activities as well as in relation to a broader strategic sector dialogue. Early dialogue and decision on a mutually agreed approach to the cooperation between the Embassy and the Danish Public Authority is highly recommended, and key principles and mechanism to ensure coordination and strategic dialogue should ideally be formalized in writing soon after the arrival of the Sector Counsellor. Moreover, the Embassy should ensure a joint written understanding of the role and responsibility of the Sector Counsellor for example through revision or extension of the job profile used during the recruitment of the Sector Counsellor. The Embassy is expected to accommodate and provide administrative and managerial support where this is necessary for the smooth operation of the SSC Project. This could for example be to assist with contracting of local consultants or sharing/hiring support staff such as interpreters or administrative officers. In cases where direct transfers from the Danish Public

The key responsibilities of the Danish Embassy are to:

- Host the Sector Counsellor and ensure clear reporting lines between the Sector Counsellor and other embassy units
- Secure smooth and efficient cooperation between the embassy and the Danish Public Authority
- 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 Public Authority and the local Partner Authority.
- Facilitate smooth and efficient cooperation between the Embassy sections, including the Political and Trade Section, the Sector Counsellor(s) and the Danish Partner Authority to secure maximum synergy and mutual benefit of the cooperation
- Support the implementation of the SSC through the Sector Counsellor by providing managerial and administrative support as needed to facilitate the process
- Ensure coordination of the SSC project with other donor efforts where relevant
- Liaise regularly with the Danish Public Authority about broader policy issues in the sector and support the dialogue as needed by assisting in opening doors and securing access to key stakeholders
- Provide an annual report about the overall progress of the sector cooperation at country level
- Communicate proactively about activities and results to stakeholders in the partner country

Authority are not feasible, the Embassy is expected to assist with transfer of funds and payment of local bills through a simple agreement with the Danish Public Authority.

The Embassy should promote synergy through an institutional setup that enables crosscutting coordination between the SSC activities and other relevant development, foreign policy and/or commercial activities. It is particularly important to facilitate that the networks and sector insight of the Sector Counsellor are fully utilized by the Embassy Trade Council staff to identify new leads and options for market development. The Embassy is also expected to identify potential political spin-offs, which can feed into bilateral or multilateral sector policy dialogue (i.e. EU and UN negotiations).

2.5 The Danish Private Sector

Following the third objective of the SSC Initiative, cooperation under the SSC Initiative is expected to lead to increased commercial interest and knowledge about the sector. In the medium to long-term perspective, the “goodwill” created by the SSC Project is also expected to pave the way for increased export and investments from the Danish private sector. It is therefore important that the sectors and countries selected for strategic sector cooperation also reflect the competencies and priorities of the Danish private sector.

In some countries, the embassies will establish “Growth councils” with participation of Danish companies represented in the countries and the relevant Danish public authorities. In other countries, existing associations of Danish private sector companies will be utilised or the contact will be less formalised.

The SSC concept is based on partnerships and peer-to peer cooperation between public authorities and will usually not involve individual Danish private sector companies directly in the SSC projects.

In special circumstances, the direct involvement of private sector companies may be relevant for the implementation of activities (i.e. as a service provider or other consultants). This requires an open and transparent process of selection in accordance with the Danish regulations for public tender.

2.6 The SSC Secretariat

A small secretariat in the Ministry of Foreign Affairs in Copenhagen has the responsibility for overall management of the Initiative and oversees that applications and reporting from the implementing partners are in accordance with the 'ground rules' and formal requirements for Danish development assistance. The Secretariat provides a number of different both normative and supporting functions and is responsible for overseeing the overall function and results of the Initiative through regular dialogue with the stakeholders and collecting and sharing lessons learned and organizing reviews. Based on this the Secretariat will provide advice to the MFA senior management and the ministers on the future development of the Initiative.

Key responsibilities of the SSC Secretariat are to:

- Organize recruitment of Sector Counsellors in cooperation with the Embassies, the Danish Public Authorities and the HR Department of MFA.
- Organize introduction seminar and training sessions for new Sector Counsellors as well as regular seminars for Danish Public Authorities and Sector Counsellors.
- Develop and maintain the Guidelines for the SSC Initiative in close dialogue with the Danish partners.
- Support the Danish Public Authorities and their partners in developing SSC documentation by commenting on documents before final approval.
- Processing and quality assurance of applications for SSC project grants.
- Process requests for major changes in activities and budgets.
- Provide general support to Danish Public Authorities and Sector Counsellors during implementation
- Ensure regular information about the Initiative and the individual projects through maintenance of webpage and facilitation of targeted news stories.
- Oversee and quality assure annual reports from the implementing partners and prepare an annual report on the overall progress of the Initiative.
- Organise reviews of the Initiative
- Collect lessons learned and best practices and share them with participating Danish authorities, Danish private sector organizations and other stakeholders
- Organize regular structured dialogue with the Danish Public Authorities and the embassies about the progress of the Initiative, including meetings as needed, of Inter Authority WG.
- Organize regular strategic dialogue meetings with the Danish Public Authorities
- Liaise with the Trade Council and the regional departments about lessons learned and future de-

2.7 The Danida Fellowship Centre

The Danida Fellowship Centre (DFC) is a self-governing institution under the Danish Ministry of Foreign Affairs. DFC manages the scholarships and research cooperation grants, which have been available for countries with SSC projects since 2017.

Scholarships and research grants provide an opportunity to supplement and deepen the cooperation in relation to training and cooperation with academic institutions in the sector. Both are funded directly by DFC and should not be included in the SSC Project budgets.

Regarding **scholarships**, Sector Counsellors and Danish Partner Authorities may at all times approach DFC for support to the identification of opportunities to meet additional training and education needs among their partners in addition to taking part in DFC's annual mapping of partners' needs for continued education and learning. For more information on scholarships, please refer to the supplementary guidelines in ANNEX II

In the area of **research**, Danish research institutions can apply for research collaboration projects in partnership with institutions in selected growth and transition countries within selected thematic areas associated with the SSC projects. The thematic areas for research cooperation in each of these selected countries are determined in collaboration with the Sector Counsellors together with the Danish Public Authorities and announced in annual competitive calls for applications. For more information on research grants, please refer to the supplementary guidelines in ANNEX III

3 Achieving Results and Impact through the SSC Project – the WHY and WHAT

The overall objective of an SSC Project is to improve the framework conditions for sustainable development and for achievement of the SDG’s in the sector. **This means that an SSC Project is only relevant if it contributes to some level of positive change in the partner country.**

The questions for the partners engaged in the preparations/planning of a specific SSC Project are which particular positive changes the Project should contribute to and what can be done through the means available to the Project for (some of) these positive changes to happen.

These questions should be considered from very early on in the preparations/planning process.

The answers should be captured in the Project Document (TEMPLATE 3) under the headlines Project Logic/the Theory of Change, Assumptions and Risks, and The Results Framework with Objective, Outcomes, Outputs and Indicators, elements for which guidance is provided in the following sections.

3.1 The Theory of Change

A successful project design requires a clear and common vision of the desired changes and how they may be achieved in the short or long term. This is commonly expressed through the Theory of Change.

The Theory of Change (ToC) is about getting from A to B with A being the current situation facing or even causing development challenges and B being the desired, future situation. An example could be a need to improve food safety by improving the framework conditions, e.g. the food control system. This could be illustrated as a journey from A to B:

A. EXISTING FOOD CONTROL	B. FUTURE FOOD CONTROL
<p>The Partner country has a multi-functional food safety system involving three ministries and ten public institutions with overlapping mandates. Control is conducted on end products/consumer goods by several institutions.</p>	<p>One national food control agency/authority is responsible for enforcing risk management. The Food Business Operators (FBOs) are responsible for documenting how they handle food safety.</p>

In this case, the Theory of Change would be the narrative about what to do when, how, and with whom and what to look out for on that journey.

The Theory of Change (ToC) is an approach to explain how activities and results of a project will contribute to changes and why. The ToC determines the activities and the outputs in the work plan, and at the same time provides the narrative that underpins the underlying project logic including the assumptions and potential risks. The ToC tells the contribution story for the Danish support to facilitate the desired change and the rationale/justification for the Danish engagements.

The approach is not meant to be a cumbersome theoretical exercise, but a simple structured way of establishing and explaining the logic of the project.

There is no standard template for the ToC, but it is mandatory to produce a clear and simple narrative to be inserted in the Project Document to explain the rationale of the project. The narrative should be short, preferable no more than one page. It is useful to describe the logic as a chain of actions and results. This can for example be done by constructing sentences using “so-that”.

The narrative does not replace a description of objectives, outputs, activities, structure for project management etc.

The textbox below provides some useful tips and questions to kick off the Theory of Change approach and develop the logic of the SSC Project.

Tips when drafting a Theory of Change narrative

- Start with the long-term objective of the project
- Describe what needs to change (the preconditions/outputs you need to create) to reach the goal, test whether you give a reply to the seven questions.
- Describe the logic in “change flows” when relevant. This can be done by constructing sentences using “so-that”.
- Articulate key assumptions and risks in the Theory of Change

Seven questions to guide your Theory of Change

1. **What is the transformation we want** to contribute to?
2. **Which are the main changes** that will need to take place in order for this transformation to happen?
3. **Who** – or which developments or factors - **will be the most important drivers** of these changes?
4. **How will we contribute** to the changes? Will we contribute to all of them? Are we a main contributor?
5. **Why do we think that the changes will happen?** Which are the main conditions for them to happen;
6. **Which are the main assumptions** that will need to hold true for the changes to happen?
7. **Which are the main factors that may hinder** the achievement of the planned changes?

3.2 Assumptions and Risks

The planning and implementation of a project will always rest on a number of assumptions. These are based on the dialogue with the partners and on the information collected and analyzed for the Background Study (Section 4.5.2).

Some assumptions may be critical for the success of the project. If these assumptions turn out not to be realistic, they may turn into a risk. Examples could be availability of qualified staff from the Danish Public Authority, continued political commitment from the Partner Authority, or partner funding available to pay for travel costs for national staff or for procurement critical for the implementation of the project. An assumption could even be a ‘killer assumptions’, if the entire project becomes at risk should the assumption fail to hold true.

Whenever an *assumption* seems doubtful or unrealistic it is important to openly realize it as a *risk* and discuss possible *mitigating measures*. An example could be a project designed to support implementation of new legislation not yet approved by parliament. What happens if the legislation is delayed? Can activities be adjusted to make them meaningful anyway or will the work plan need to be completely revised? An upcoming election also warrants a critical discussion of the effects of the election process itself (i.e. how much will it affect the timing of workshops and study tours) and the possible outcome (i.e. can major political changes be expected for the policy and priorities related to the sector?) The textbox below provides an example of the assumption-risk-mitigation nexus likely to be relevant for some SSC Projects.

A Generic Assumption and Risk relevant to consider for SSC Projects

Assumption

- The knowledge exchanged will lead to outputs in the form of jointly developed and concrete proposals to strengthen framework conditions in the specified areas of co-operation.

Risk factor

- There will be little or no follow-up to these proposals in the partner country, and therefore limited outcomes or impact if any.

Mitigation measures

- The SSC Steering Committee will discuss the matter and the underlying reasons, assess the quality and relevance of the outputs (results) produced, and discuss and agree on revisions or other measures that would enhance the prospects of achieving the agreed outcomes

Continuous monitoring and analysis of assumptions and risks is an important management task in order to ensure that the activities and outputs are realistic and relevant. The project document should consequently list the key assumptions behind the project logic and the work plan, and the project management and the Project Steering Committee should revisit the assumptions regularly. With time things often turn out differently due to a better understanding of the challenges and the context or changes in internal or external factors.

3.3 The Results Framework and Work Plan

The Results Framework and Work Plan is derived from the Theory of Change and should be an operational and systematic overview of the objective, outcomes, outputs and activities, and include a few key indicators for the project. Please see the textbox on page 23 for more on these concepts.

Discussions between the partner authorities about the development of the Results Framework and Work Plan will help shape up a common understanding of the joint project. For others, the Results Framework and Work Plan should give an intuitive understanding and overview of the project, what it aims to achieve and how. During implementation, the Results Framework and Work Plan will be used to focus the dialogue with partners on progress towards achieving the agreed results and possible changes to the implementation and for reporting progress of the project.

OBJECTIVE

The objective of the project provides the overall purpose and rationale for the engagements by Denmark within the sector. It will often be on a generalized level – for instance “Improvement of food safety in Kenya” in line with the Kenyan Policy X or Strategy Y. Reaching the objective is usually beyond the scope of an individual project.



OUTCOME

An outcome is the effect of one or several outputs. This is usually not under the control of the Danish Public Authority, but will depend on the Partner Authority or other national stakeholders. Examples may be how the training has affected the working procedures in an organization or if and how the guidelines are applied in practice. Outcomes should as far as possible be derived from the strategies and policies of the Partner authority. One or a few indicators at outcome level should be chosen, which could inform on quantity and quality of the achievement.



OUTPUT

An output is the direct result of one or more activities, which is more or less under control of the Danish Public Authority. The outputs are the concrete results of the activities and should as far as possible be linked to the work plans of the Partner Authority. When defining an output it is important to consider how to document that the output has been delivered successfully. Clear output indicators should be developed and included for each output – e.g. number of persons trained, workshop report with recommendations, guidelines produced etc.



ACTIVITIES

Activities are the concrete actions planned as part of the project. This could be workshops, training activities, study tours, studies etc. These are necessary for making progress towards delivering outputs (results) but the activity is not an end in itself.

Indicators are used to enable monitoring on both quantitative and qualitative aspects of the engagement and should as far as possible be Specific, Measurable, Achievable, Relevant and Timebound (SMART). It is important to revisit indicators on a regular basis, and assess whether the identified assumptions are still valid and adjust activities as needed. Indicators at outcome level can be difficult to establish and follow during implementation of a project, but it is still important to try to find ways of assessing the expected outcome. In many cases, this can only be done as qualitative statements or narrative about the expected impact of the project activities.

4 The Strategic Sector Cooperation in Practice - the HOW

4.1 Allocation of Engagements at the Country Level

Since the Strategic Sector Cooperation Initiative was launched in 2015, the number of projects, countries, Sector Counsellors, and Danish partners has expanded through three separately launched rounds of selection so-called “matchmaking” through which Danish public authorities, Danish embassies, and business associations expressed their interests.

To apply for allocation of a new SSC engagement in a given country and sector, the Danish Partner Authority should fill-in Template 1 and submit it to MFA after prior consultation. The built-in questions serve as a guide to the nature of the information required for MFA to give a green light for the allocation of a new country engagement.

The application will serve as decision-making basis for initiating an SSC project and opening a sector counsellor position.

4.2 Overview of Support Available for the Country Engagement

Once the country engagement has been allocated by MFA, the following support is available under the SSC Initiative:

- 1) Funding for a Sector Counsellor post at the Danish Embassy for the duration of the entire project (all phases) and recruitment of the initial and possibly later incumbents on temporary, usually, three-year contracts. For the initial recruitment, please refer to Section 4.3. For later recruitments, please refer to Section 5.4.
- 2) Funding for SSC Projects as follows - all subject to individual approval by Danish MFA:
 - a. Funding for a new SSC project consisting of:
 - a. An Inception Project of up to 1.5 million DKK with a maximum duration of one year with the purpose of planning and preparing a full SSC Project for approval by Danish MFA. Please refer to Section 4.4;
 - b. A full SSC Project (Phase I) with a budget of 5-10 million DKK for a three year project. Please refer to Section 4.5.
 - b. Possible funding for later stages of the cooperation - each phase with a budget of 5-10 million DKK for a project of a duration of up to 5 years, depending on MFA’s initial approval of a concept note with justification on the part of the Danish Partner Authority and submission of expressed written interest by the Partner Authority⁵. The planning and preparation of later

⁵ Budgets for phase II projects with a duration above 3 years may be higher than 10 million DKK.

stages will not require a separate Inception Phase, but will be an integrated part of the activities of the ongoing phase once the concept note has been approved by the Secretariat. Please refer to Section 5.2 and 5.3.

4.3 Recruitment of the Sector Counsellor

The Sector Counsellor is an employee of the Danish Foreign Service serving on a time-limited contract. He/she serves as an integral part of the Embassy staff and reports to the Ambassador.

The Sector Counsellor may be recruited directly by the HR Department of the Danish Ministry of Foreign Affairs or by a contracted external recruiter. In either case, the recruitment will take place in close coordination with the relevant Danish Public Authority, the Danish Embassy and the SSC Secretariat and the contract is issued by MFA.

The Danish Embassy will develop the job description of the Sector Counsellor in cooperation with the Danish Public Authority and the SSC Secretariat. The job description must define the role and responsibilities of the Sector Counsellor and the expected results of his/her work. It must also describe how he/she will be expected to develop in-depth knowledge of the framework conditions of the sector, and how he/she will facilitate private sector engagement in relation to solving the identified development challenges taking into account the different country and sector specific opportunities and barriers.

The Sector Counsellor should have sufficient substance matter insight in the sector to facilitate the project implementation as well as the broader cooperation, including extensive knowledge of the Danish public and private sector strongholds in regulation, policies, technologies, know-how and products. Practical experience from both public administration and the private sector will be prioritized in the selection of candidates.

Selection is made by consensus. The employment and posting of the Sector Counsellor will take place according to standard Ministry of Foreign Affairs terms and conditions for temporary staff members.

The recruitment process – from the time initiated and until the Sector Counsellor takes up his/her post at the Danish Embassy may take up to eight months.

4.4 The SSC Inception Project

In most cases the activities start when the Sector Counsellor is in place but expenses for the Inception Phase can be covered by the Strategic Sector Initiative as soon as the grant for the Inception Project has been approved by the Danish MFA.

In order to receive funding for the Inception Project, the Danish Public Authority must prepare an SSC Inception Project Document. The SSC Inception Project should have a maximum duration of one year and a maximum budget of 1.5 million DKK. The Inception Project may include concrete activities, workshops and identification missions.

Application and approval of grant: The Danish Public Authority will apply for the SSC Inception Project by forwarding project documentation to the Secretariat. Projects can be approved on a continuous basis. However, In order to facilitate a common understanding and ensure a smooth processing, it is

advisable to consult with the Secretariat prior to submission of the application. See Chapter 6 for details on administrative rules.

The application consists of the following documents:

1. The Inception Project Document (TEMPLATE 2)
2. Planning and Budget (TEMPLATE 5)

If more Danish public authorities will be involved in the implementation, extra care must be taken to define roles and responsibilities, and the partners must agree on one lead agency. The Lead agency will submit Template 1, be the recipient of the grant, be formally responsible for the SSC project, and host the Project Manager who may be recruited/appointed in consultation.

Output and reporting: The main output (result) of the Inception Phase is the full SSC Project Proposal, jointly agreed and signed by the parties (for more detail see below under Section 4.5 “The full SSC project”). On completion of the Inception Phase, the Danish Public Authority must forward the final accounts and a brief completion report in order to formally close the grant.

If a project is not found feasible, the completion report must explain why the full Phase 1 SSC project cannot be developed (see Chapter 5 for more details on reporting and accounting).

4.4.1 Purpose and Implementation of the Inception Phase

The output (result) of the Inception Project is a full SSC Project Proposal (please see Section 4.5) to be presented to MFA for approval and funding. The documentation required for a full SSC Project Proposal should therefore guide the implementation of the Inception Phase under the responsibility of the Danish Public Authority. The Sector Counsellor will work closely with the Danish Public Authority and the partner authorities during the Inception Phase.

The Inception Grant enables the Danish Public Authority to recruit/appoint a Project Manager, allocate other personnel and as needed contract local and international consultants to assist in preparing the documentation for the full SSC project.

The Inception Grant also allows for carrying out the activities necessary for initiating and deepening the partnership and for jointly preparing the full project document. It is highly recommended to prioritize activities, which can promote trust, mutual understanding and a common vision for the partnership and what it is aiming to achieve. This could be in the form of study-tours and workshops with a broader content than just preparing a project document. This way the partners will also feel that they start getting some immediate benefit from the cooperation.

The iterative process of developing the SSC Project will initially focus on identifying the main thematic areas and identifying the match between development challenges and priorities of the partner country and the relevant Danish experiences, core competences, legislation, systems and technologies in the public and private sector. Based on this, the question about what change the full Project would seek to incur should be borne in mind from the early stages of the process, please see Section 3.1 above on the Theory of Change.

The Inception Phase could take different forms, depending on the level of previous contacts and cooperation between the Danish Public Authority and the partner institutions. The process will include problem identification, undertaking background analyses, establishing partnership, assessment of potential for private sector involvement, and organization of workshops, where staff from the Danish Public Authority and the Partner Authority jointly formulate the full Phase I SSC Project Document. Frequent and/or longer visits from Denmark to the partner country are important to secure the deeper understanding of the local sector context, culture and key challenges needed for identification and design of relevant activities.

Selection of relevant partners and identification of the relevant scope of the full project requires a reasonably deep understanding of the framework conditions of the sector in terms of political priorities, existing legislation, administrative structures (including role and responsibilities of different tiers of government etc.). The Sector Counsellor has an important role in building the knowledge of the framework conditions which should also guide the formulation of the Project Document and be captured in the Background Analysis (see Section 4.5.2 and the supplementary guidelines provided in ANNEX I).

The Sector Counsellor shall also assist in identification of the right partner(s), who has: 1) the formal mandate and power, 2) personnel and resources to work on the development challenge and 3) ownership and commitment to enter into a partnership with the Danish authority. Once the core Partner Authority has been identified, it can be useful to develop a joint agreement, Memorandum of Understanding or Letter of Intent confirming the institutional commitment to cooperate.

4.5 The Full SSC Project Phase I

Funding for a full SSC Project Phase I will be based on an application formulated jointly by the Danish Public Authority and the Partner Authority during the Inception Phase. A full SSC project Phase I will have a budget of 5-10 million DKK and a duration of 3 years. For preparation of later phases, this section should be read in conjunction with Chapter 5: Continuation of Cooperation after Phase I, as many but not all of the requirements are the same.

The application consists of the following **mandatory documents**:

- 1) Full SSC Project Document (TEMPLATE 3)
- 2) Results Framework and Work Plan with tentative planning of activities on a quarterly basis for the entire project period (TEMPLATE 4)
- 3) Planning and Budget (TEMPLATE 5)
- 4) Background Document developed according to ANNEX I of these Guidelines
- 5) Terms of reference for SSC Steering Committee (TEMPLATE 13)

Document 1), 2), and 5) should be developed jointly between the Danish and partner authorities.

4.5.1 The Full SSC Project Document

The full SSC Project Document (please refer to TEMPLATE 3) shall

- describe the relevant background and content (based on the Background Document),
- explain why and how the project is relevant for achieving sustainable development and reference relevant SDG targets (no need for full quotes)

- present the overall logic through a narrative of the Theory of Change,
- provide the 'Results Framework' with main objective, outcomes, outputs and indicators (from TEMPLATE 4),
- present the assumptions, risks, and mitigation measures
- describe the management set-up including the composition of the Steering Committee,
- list the contributions from both parties, and
- provide an overview of the aggregated budget (from TEMPLATE 5)

4.5.2 The Background Analysis and Document

A solid background analysis is a prerequisite for selecting the relevant partners, defining a relevant thematic focus for the project and understanding the framework conditions (including the political and legal context and the organizational/administrative structure). As such, the background analysis is an important part of the documentation needed to understand the overall project logic/the Theory of Change and reasons for selecting a particular theme and partner for the cooperation. At the same time, the Background Document will serve as an important reference document for the participating Danish experts and consultants, as it should enable them to understand the sector context, the key challenges in the sector, the legal and institutional framework in the sector, role and responsibilities of key authorities in the country, key stakeholders including private sector, etc.

The analysis presented in the Background Document should whenever possible draw on and refer to already existing documentation. In many cases, most of the necessary information can be drawn from existing sector analyses conducted by the World Bank, EU or other donors. In countries with previous Danish development engagements, relevant information may also be found in programme documents and reports.

As far as possible, the Background Document should also identify baseline data/information in areas relevant to the results the project is aiming to achieve. The baseline presents the situation prior to the engagement, (e.g. lack of structured planning processes, poor organization of inspection services, lack of quality assurance of training, lack of standard procedures for sampling and testing etc.), while the targets present the outcome (i.e. change in. number or staff applying the outputs or a qualitative assessment of how new procedures are applied).

The baseline should be used for development of indicators for monitoring progress. An indicator should ideally be measured against a baseline, end of project targets, and for output indicators also annual targets.

The Background Document is an important output of the Inception Project and input to the full SSC Project application Phase I. For later phases, the Background Document must be updated with regard to the status and implementation of legislation and regulation relevant to the scope of the project, supplemented with other information relevant to that stage of cooperation including a brief capture of the results of previous phases.

Additional guidance on the Background Document is provided in Annex I.

4.5.3 Communications

The first 20 SSC projects were initiated in 2015. Since then, the total number of projects has been almost doubled involving existing and new Danish authorities, partner countries and sectors. By early 2020, the SSC Initiative offers 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.

All full SSC projects should therefore develop a brief communications plan for the project. The plan may include communications products targeting internal learning to be disseminated via internal channels as well as products targeting external audiences to be disseminated via social media, business magazines in the partner country and in Denmark. The Danish partner authority in collaboration with the Sector counsellor is responsible for the development and execution of the communications plan, the plan may include collaboration with the Partner authority, the Embassy or the SSC Secretariat where relevant.

A minimum of two communications initiatives or products should be planned and implemented per new full SSC Project, for already ongoing projects, at least one. A summary of the communications activities should be included in the Results Framework and Work Plan and reflected in the budget. For ongoing projects, the summary should be included in the updated work plan and budget, which are submitted to the Secretariat along with a request for the annual installment. The Danish Authorities may contract their own communications department or use external consultants to assist with the production of communications products.

4.6 Implementation of the SSC Project

The implementation of the SSC Project will take place in a partnership between the Danish Public Authority and the Partner Authority, but the formal responsibility lies with the Danish Public Authority as grant holder.

The Sector Counsellor and the Danish Public Authority will work closely together with the partner institution during the implementation of the SSC. Actual implementation of activities will involve staff from the Partner Authority, a varying number of experts from the Danish Authority, experts from associated Danish public entities as well as external consultants. Careful planning and clear agreements about responsibilities are needed to make the cooperation successful.

In order to maintain a good flow and progress in activities as well as building good and strong relations and open dialogue, it is often an advantage to work with a rather small team of Danish experts. This will enable a workflow, where each expert has multiple visits during the year and is available for dialogue and support via e-mail, skype etc. between visits.

4.6.1 Flexibility in Implementation and Certain Requirements in That Regard

Changes in external and internal factors during implementation will inevitably have an impact on partner priorities and the relevance of the planned activities. It is therefore pertinent to adopt a flexible approach to project implementation in order to maintain the relevance of the activities.

The SSC should not be seen as a pre-defined project, which must be implemented precisely according to agreed plans, but rather as a strategic framework of cooperation, where outputs and activities can be adjusted as the work progresses. An important role of the project management is to continually assess progress, discuss the relevance of the activities, and when relevant or necessary provide recommendations for revision of outputs, activities and work-plans to the SSC Steering Committee.

The SSC Steering Committee can approve changes in activities without prior consultation with the Ministry of Foreign Affairs. Unless this requires major budget revisions (see Section 6.6), it normally suffices to inform the SSC Secretariat of such changes in connection with the requests for annual instalments (see Section 6.3).

However, changes to the outputs that were defined at the time when the Project Document was drafted and agreed will require approval from the SSC Secretariat, and changes in the overall objective and the outcomes of the cooperation may require a completely new application process and a new grant.

In case of major changes or problems in relation to implementation of the project – for instance political or legal changes, which may have an impact on the project, major delays or major deviations from the agreed budget etc. the Danish Public Authority is responsible for informing the Secretariat and seeking guidance on how the situation should be handled.

4.7 The Completion Phase

The last 3-6 months of the agreed project period is the Completion Phase, where focus should be wrapping-up of activities and closing down the current project. The Completion Phase takes place in parallel with finalization of the planning of the next phase or the planning of the exit from the cooperation.

The purpose of the Completion Phase is to ensure that:

- Development results are documented
- Documentation for 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 in the partner's activities.

Within 6 months after the completion date, i.e. the end of the agreed project period, the Danish Public Authority must forward the final accounts and the Completion Report to the SSC Secretariat. Please refer to Section 6.11.1 and Section 6.12.3 for more on these requirements.

4.8 Governance and Management of the SSC Activities at the Country Level

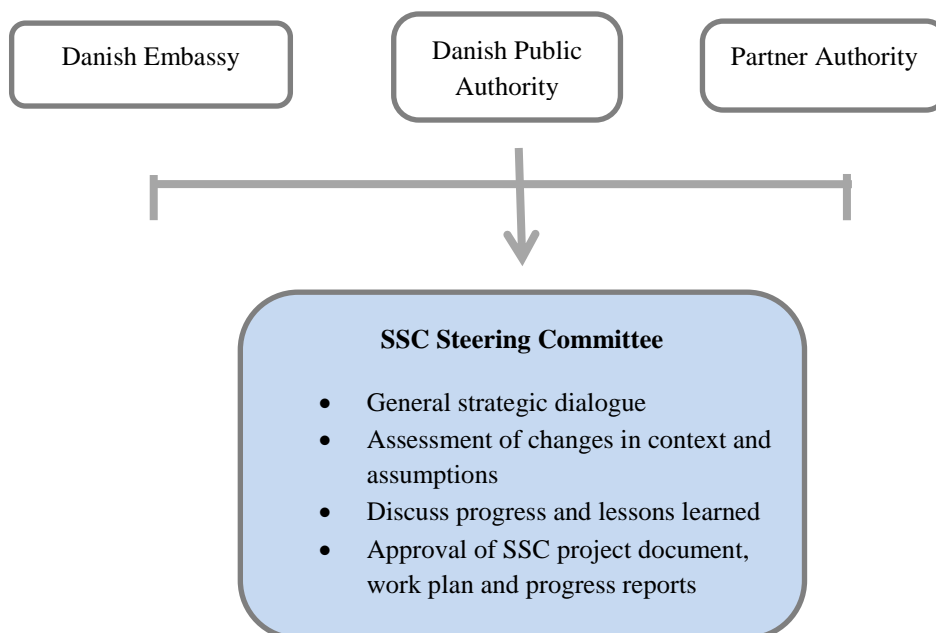
Clear structures for governance and management are crucial for successful implementation of the Strategic Sector Cooperation. Three different levels of management are needed: 1) high level strategic management through a SSC Steering Committee, 2) operational management of activities, and 3) coordination between the Danish Public Authority and the Embassy.

Level 1: Governance

An SSC Steering Committee must be established between the Embassy, the Partner Authority and the Danish Public Authority. The Steering Committee should be formed as early as possible during the Inception Phase– i.e. as soon as agreement on the Partner Authority has been reached. In order to secure high-level commitment and confirm the strategic direction of the project, the Steering Committee must discuss and approve the final Project Document before submission to the Secretariat.

Formal Terms of Reference for the SSC Steering Committee must be developed jointly between the Danish Public Authority, the Danish Embassy and the Partner Authority for approval at the first meeting of the Committee. The standard roles and tasks are described in Template 13, which is available for development of the ToR.

During implementation, the Steering Committee should focus on strategic issues in relation to the project implementation as well as to the broader strategic cooperation. Relevant issues to discuss would be changes in context with implications for the assumptions and the project logic and planned activities, changes in partner priorities and synergies in relation to other Danish and international initiatives. Based on the strategic discussions the PSC should approve annual work plans and progress reports for the SSC Project implementation and decide on adjustments of activities, as needed. Before completion of a project/phase, the Steering Committee should assess lessons learned and discuss results of the project to inform both potential new phases of the project and a Completion Report.



The Steering Committee must have at least one annual meeting, but two annual meetings are recommended. Written procedures or extraordinary meeting may be used in case of a need to make decisions between meetings. The Sector Counsellor is responsible for organizing the meetings and should always take part in the meetings.

Level 2: Management

Successful implementation requires close cooperation and continuous dialogue and involvement of the Partner Authority in the operational management of the project. It is therefore important to establish a clear and mutually agreed structure for the joint management of activities.

It is recommended to establish a formal operational management team with clear terms of reference. The Management Team should as a minimum consist of the Project Manager from the Danish Public Authority, the project manager(s) from the Partner Authority and the Sector Counsellor. The Management Team should be empowered to make decisions on changes in the timing of activities, and discuss and agree on specific Terms of Reference and timetables for visits by staff from the Danish authority and external consultants.

The main criterion is that the Management Team should represent the key persons assigned with responsibility for the implementation of the activities. The Team should meet regularly (physically or via video-conference) during implementation to ensure timely planning and execution of activities and prepare the meetings of the project Steering Committee. The specific composition of the Management Team must be tailored to the concrete structure of the cooperation and may include representatives from more than one Partner Authority (for instance, where a project involves both central and local level authorities).

In some contexts and depending on the structure of the cooperation, a less formal set-up may be preferable. The important issue is to ensure a clear and mutually agreed mechanism for cooperation between the Danish Public Authority, the Partner Authority and the Sector Counsellor.

Level 3: Coordination between Embassy/Sector Counsellor and the Danish public authority

The Danish Public Authority is responsible for the implementation of the SSC Project and the implementation of activities will take place in co-operation between the Danish Public Authority, the Partner Authority and the Sector Counsellor. While referring to the ambassador, the Sector Counsellor plays a crucial role in facilitating the cooperation and securing linkages to other Danish priority areas.

It is important to ensure early dialogue between the Danish Public Authority and the Embassy at management level to agree on a joint approach to coordination and reach a common understanding of the role and responsibilities of the Sector Counsellor in relation to implementation of SSC project.

It is recommended to establish a clear and mutually agreed framework for dialogue and coordination between the Danish Embassy and the Danish Public Authority with participation of the Sector Counsellor and other relevant staff from the embassy. The coordination mechanism is also important for exchange of information, discussions and coordination in relation to broader issues relevant to the sector.

5 Cooperation After Phase I

The first SSC projects were designed as pilot activities, but with an implicit understanding of longer-term cooperation. The intended combined impact of SSC cooperation on conducive framework conditions for the fulfilment of SDGs and a stronger and deeper relationship between Denmark and the partner country cannot be achieved through 2-3 year projects, but will in most cases require a much longer engagement.

5.1 Exit or Continuation to a New Full Phase Project?

When the end of Phase I is approaching, there are several options to consider depending on the particular circumstances of the Project. One option is to continue to a new full phase project, e.g. Phase II, please see Section 5.2-5.4, if this is the option.

Another option could be to exit from/terminate the cooperation entirely and maybe to agree with the Partner Authority to organize a teleconference or two in the years to come if there is a need felt for any follow-up. There could be several reasons not to continue the cooperation in its present form. The interest of the Partner Agency has faded for reasons that have not been disclosed; the Danish Partner Authority has had difficulties making the required Danish expertise available; for those or other reasons, the implementation level has been low; the results of Phase I have been negligible, if any. It may also be that the partners from the onset expected that the project would be terminated after the first or second phase or simply decides that the project has obtained what the partners hoped for.

If any of the above developments characterize the implementation of Phase I, the Danish Partner Agency should raise the issue to the level of a formal discussion in the SSC Steering Committee to seek agreement on the way forward. It is also advisable to discuss the situation with the Secretariat and seek their guidance.

5.2 Phase II and Later Phases of SSC Projects

The main purpose of Phase 2 or later phases should be to deepen cooperation, consolidate already established relationships, follow-up on results achieved, and adapt the project to new country contexts while maintaining the focus on improvement of the framework conditions.

When considering the scope for the next phase, it is important to critically assess the concrete results and experiences from the first phase while observing that progress along the three objectives of the SSC Initiative (i.e. support to conducive framework conditions for the SDGs, general strengthening of relations and opening doors for commercial cooperation) will inevitably vary in nature.

However, when considering moving to Phase II, there should at least be indications from Phase I that the framework conditions have been impacted by the SSC Project, or that this is likely to happen in Phase II. When moving to later phases, reflections on results and impact from earlier phases on the framework conditions is a pre-requisite. The assessment should be made in consultation with the Partner Authority and form the basis for an open dialogue with the partner institution about different options for continued cooperation or exiting.

To achieve lasting improvement of framework conditions, the core partners in both Denmark and the partner country should preferably remain the same in a new phase. Inclusion of additional partners and new themes of cooperation may be considered. However, some level of continuity is crucial in order to consolidate and deepen the impact.

The focus on continuity and building on existing partnerships and themes does not mean that the extension is just three more years of the same. Focus should be on strengthening the impact of the cooperation within the same sector, for instance by:

- Consolidating the results of the current project by moving from initial in capacity building and training at the individual level to support for actual change and enforcement of legislation, regulations, institutional reform, and compliance approaches etc.
- Strengthening and widening the impact of the SSC by harvesting results and experiences from activities in pilot areas and translating them into changes at the level of framework conditions for the sector at provincial or national level.
- Ensuring implementation of for instance new legislation impacted by the cooperation under previous phases.
- Extending cooperation to other parts of the same value chain, and/or to new partners who are relevant for ensuring impact.

Other changes that could be included in a new phase of a project justified by the reasons above, are:

- Extending cooperation to facilitate increased dialogue between public authorities and key private sector entities such as industry associations, trade unions, financial sector institutions, civil society organisations etc. in order to facilitate long term changes.
- Increased engagement of key Danish stakeholders such as industry associations, trade unions, financial sector institutions, civil society organisations etc. where relevant in order to facilitate demonstration and adaptation of Danish approaches, solutions and technologies to local conditions.
- Introduction of economic instruments to support desired changes in the sector.
- Institutionalisation of capacity building by supporting system development, curricula development at training institutions or human resource development in Partner Authority.
- Assistance to development of concrete, bankable investment projects in dialogue with Partner Authorities.
- Development of and support to strategic alliances in relation to global agendas and networks of relevance to the sector.

An on-going engagement of a Danish Partner Authority in a given country and sector does not automatically 'pre-qualify' Phase 2 and later phases of that engagement. The less a new phase builds on the results, experiences, and partners of the previous phase, the more likely that it may be considered a new engagement. In each case, this should be discussed with the SSC Secretariat. New engagements are selected and prioritized through an Application for Allocation of a New SSC Engagement at Country and require proper preparations through an Inception Phase.

5.3 Process for Continuation of SSC cooperation

The transition between phases should be as smooth as possible in order to maintain relations and work processes already established. The design of a new phase should be an integral part of the activities of the current phase and financed within the budget for that phase. New project applications beyond the Inception Phase should always include either a budget for preparation of the next phase or a budget for preparing an exit strategy, in both cases this should be an activity in the last part of the work plan⁶.

The table below outlines the main steps to take to continue the cooperation after Phase 1:

Main steps in preparation of a new SSC phase				
Step	Purpose	Timing	Responsible party	Output
0.	Internal assessment of results achieved clarification of interest and commitment on the Danish side.	12 months before end of current phase.	Danish Public Authority in dialogue with embassy and private sector and - particularly regarding the assessment of results achieved – with the SSC Secretariat	Either an outline of Danish ideas for possible Phase II, where capacity and commitment has been confirmed, OR a decision not to continue based on an assessment of the results achieved during previous phase(s) and the prospects of turning the current phase into a truly strategic partnership.
1.	Initial informal dialogue with partner country authorities.	9 -12 months before end of Phase I	Danish Public Authority supported by the embassy.	Formal request or firm expression of interest in a new phase from the Partner Authority.
2.	Clarification of process and budget needed for formulation of Phase II.	To be initiated no later than 9 months before end of Phase I. Submission of concept note no later than 6 months before end of Phase I.	Danish Public Authority with support from Sector Counsellor. (in dialogue with the partner country authority). Consultations with the SSC Secretariat on the draft prior to submission is advisable.	Submission of brief concept note (2-3 pages, see TEMPLATE 12) containing: Brief summary of results and lessons learned with particular focus on the framework conditions; Broad ideas of next phase focus; Outline of activities, budget and timeline needed for formulation.

⁶ Where preparation of a second phase was not foreseen at the time of formulation (i.e. for projects approved during the pilot phase or before the guidelines of November 2017 came into force), the Danish Public Authority may apply for an increase of the existing project budget not exceeding 300.000 DKK.

				Where relevant, the concept note should also include recommendations regarding the need for extension of current contract or recruitment of a new Sector Counsellor. The Concept Note should be signed by the Danish Public Authority.
3	Approval of concept note and budget – including possible extra funding as needed if not foreseen as part of current phase.	No later than 4 months before end of Phase I	SSC Secretariat	Approval of budget for preparation as new activity funded under current phase – including possible extension of existing grant
4	Formulation of Phase II objectives, expected results and activities in accordance with Section 5.2	Last 3-4 months of Phase I	Danish Lead Authority and Partner Authority. Consultations with the SSC Secretariat on the draft prior to submission strongly recommended.	Draft project document for next phase pre-approved by the SSC Secretariat, approved by Steering Committee and submitted for formal approval
5	Processing of application for next phase project	No later than 1 month before planned start of new phase	SSC Secretariat	Approval and grant for new phase

The formal requirements for applications for Phase II and later projects are the same as for Phase I projects – i.e. similar level of project description, work-plans and budgets. The Background Document will need to be updated with developments relevant to the cooperation and should also include an overview of results achieved in Phase 1/the previous phase as well as lessons learned. Inclusion of new partners not covered by existing background documentation will also require some basic description of role and capacity.

5.4 Process for Contract Extension/Recruitment of a New Sector Counsellor

There is no provision for funding of a Sector Counsellor post without an SSC project. At the same time, the contract period of the posted Sector Counsellor is not always synchronized with the duration of the SSC project. Hence, a Sector Counsellor contract may terminate before the finalization of the SSC project.

In this case, there are two options:

- a) The temporary contract of the posted Sector Counsellor may be extended based on objective reasons (see Section 5.4.1) and if agreed among the parties.
- b) A new Sector Counsellor may be recruited.

In order to ensure smooth implementation of the SSC projects it is important to have an early dialogue on the Sector Counsellor position well before his/her contract ends. To this end, a dialogue involving

the ambassador, the Danish Public Authority (at management level) and the current Sector Counsellor about possible extension/new recruitment must be initiated no later than 9 months before the termination of the current contract. The responsibility for starting the dialogue rests with the ambassador. Before entering into dialogue with the Sector Counsellor, the ambassador should informally discuss the issue with the Danish lead Agency at management level and ensure that the views of the Partner Authority are also considered.

Based on the dialogue, the Embassy must send a formal request by e-mail to the SSC Secretariat for extension of the current contract or recruitment of a new Sector Counsellor. The e-mail should provide a brief summary of the expected needs and time span in relation to the current and possible future project periods as well as a clear recommendation on the preferred option.

The request should as far as possible be based on consensus between the embassy and the project partners, but since the Sector Counsellor is an employee of the Ministry of Foreign Affairs and reports to the ambassador, the ambassador will have the final say.

5.4.1 Extension of the Contract of the Sector Counsellor

Extension of the contract of the Sector Counsellor may be a preferred solution for the sake of continuity of work and relations to partners and private sector stakeholders and plans for the next phase of cooperation, while also taking into account the actual performance of the Sector Counsellor and his/her relations to the Danish Authority and the partner authorities.

However, due to the complicated legal framework for temporary contracts, extension of such a contract is only possible if motivated by objective criteria, which will have to be assessed by MFA HR on a case-by-case basis at the request of the SSC Secretariat.

5.4.2 Recruitment of a New Sector Counsellor

Recruitment of a new Sector Counsellor to fill an existing post will follow the same procedures as outlined in Section 4.3.

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 agreed under the current SSC Project, but with an option for extension if and when the next phase of the SSC Project has been approved.

6 Administrative Rules and Procedures

This chapter describes the formal rules and procedures for grants for strategic sector cooperation. Most of the rules and procedures apply to all projects and partners, but in a few cases, different rules apply for different types of partners and projects. All grants should be managed using sound economic administration cf. guidance from the Agency for Public Finance and Management (Økonomistyrrelsen):⁷.

Please note that these guidelines do not apply fully to projects approved before mid-2017. Until completion, these project grants will continue to be governed by the guidelines in effect at the time of the project grant.

6.1 Legal Basis of Grants

Grants for Inception projects and full projects are financed under §06.38.02.14. of the Finance Act, while Sector Counsellors are financed under §06.38.02.13. The text in the Finance Act specifies the purpose and describes the types of activities, which can be financed.

6.2 Submission and Approval of Applications

Applications for funding of an Inception Project, a full Phase I Project as well as projects of later stages should be sent by e-mail by the Danish Public Authority to the SSC Secretariat, Department for Green Diplomacy (GDI), Danish Ministry of Foreign Affairs (gdi@um.dk). No fixed application dates apply and applications are processed by the SSC Secretariat as they are received.

Applications for an Inception Project grant should be signed by the Danish Public Authority, and accompanied by some form of confirmation from the partner country of the 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(s), 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.

The application should follow TEMPLATE 2 with attachment of the planning- and budgeting formats in TEMPLATE 5. The maximum grant for inception projects is 1.5 million DKK.

Applications for a full project grant should follow TEMPLATE 3 with the annexes stated in Section 4.5 and be signed by both the Danish Public Authority and the Partner Authority (or authorities when relevant). A signed Memorandum of Understanding (MoU) with specific reference to the project document may alternatively be attached to the application.

The Secretariat may request additional information to clarify project logic, work plans, budget details etc. The Danish Public Authority is advised to forward the draft project document to the Secretariat for pre-approval before the partner authorities sign it. Once there is agreement on the application and once the final project document has been signed by both parties, the Secretariat will prepare an appropriation note

⁷ https://oes.dk/media/17886/god-adfaerd-i-det-offentlige_web.pdf

for approval by the Head of the Department for Green Diplomacy at the Ministry of Foreign Affairs or – if the accumulated amount having been appropriated to the project over the last five years exceeds 10 million DKK – by the Minister for Development Cooperation.

6.2.1 Grant Letter

Once the grant has been approved by MFA, the Head of Department of Green Diplomacy signs a formal Grant Letter for the Danish Public Authority. The Grant Letter includes the total budget as well as a breakdown of the budget lines according to the standard budget format in TEMPLATE 5. The Grant Letter specifies the project period based on the date of approval of the grant by MFA. The grant recipient may request a later start of the project period. Activities funded by the grant may only take place after the start date. The letter also includes a general reference to the administrative guidelines and specific deadlines for submission of annual work-plans, annual budget estimates, annual accounts and final accounts and reporting. Grants are always in Danish Kroner (DKK).

6.2.2 Acceptance of Grant

The Danish Public Authority must acknowledge the acceptance of the grant and the conditions mentioned in the grant letter. The acceptance should be in the form of an e-mail to gdi@um.dk with a clear title with reference to the project title and the file-number of the project (as found on the grant letter).

6.3 Request for Transfer of Funds

Based on the Grant Letter, the Danish Public Authority can request for transfer of funds by sending a formally signed letter saved in PDF by email to the Secretariat with the following attachments:

- the Bank Account identification Form (TEMPLATE 15) signed by two authorized staff OR a bank statement
- An update of planned activities (in the Results Framework and Work Plan) and an updated budget
- Final annual accounts for the previous year (see section 6.11.1 about annual accounts)
- Disbursement request (TEMPLATE 7B)

Funding can only be requested for expected expenses in the current or coming financial year adjusted with any outstanding balance from the previous year. The updated work-plan and budget must be based on a realistic estimate of the funding needed for activities during the year in question. For ongoing grants, the funding request must be submitted no later than 1 March of the financial year in question. When funds have been received in the bank account, the Danish Public Authority must acknowledge the payment by sending an e-mail to the Secretariat (gdi@um.dk).

6.4 Repayment of Unspent Funds in the Current Financial Year

Due to special requirements from the Ministry of Finance based on the Budget Law and the national budget guidelines (Budgetvejledningen), the participating Danish Public Authorities (i.e. the grant holders) are required to return any unspent funds in the current financial year to the Ministry of Foreign Affairs. Unspent funds will be included in the overall adjustment of disbursement frames, which must take place well before the end of the financial year.

The Danish Public Authority must provide the SSC secretariat with information about the total spending in the current financial year by early November using TEMPLATE 6: Balance of Annual Spending and Repayment of funds. The figure should be based on the actual spending at the day of reporting plus an estimate of additional expected expenditure in the remaining part of the year. The calculation of expenditures and remaining balance must be sent to the secretariat (gdi@um.dk). The SSC Secretariat will circulate separate instructions in October each year – including the specific deadlines for the current year.

If the expected total expenditure is less than the amount received for the financial year, the unspent funds must be returned by ultimo-October of the current year to the Ministry of Foreign Affairs bank account, which can be found here: <https://um.dk/da/om-os/organisation/oko/bank-details-skb-of-mfa-in-denmark/>.

If expected expenditure is higher than the amount received during the year, the Danish Public Authority may request for disbursement of the outstanding balance. The request, including information about bank account and the MFA file number, must be forwarded to the secretariat (gdi@um.dk) by primo-October.

6.5 Preparation of the Budget

The budget for approval should be specified according to the five budget lines defined in the last sheet of TEMPLATE 5: Planning and Budget. The following sections provide explanations about the use of the different budget-lines.

6.5.1 Salary Budget for Personnel from the Danish Authority

This budget line is primarily for payment of salary costs (incl. overhead) for time allocated by technical/specialist staff for mission preparation, participation in missions and production of documents directly related to project implementation, but may also be used to cover the cost of program management, planning of missions, development of Terms of reference and professional supervision of activities. Salaries of senior management (e.g. director generals, state secretaries etc.) of the Danish Partner Agency are generally covered by the overheads and should not be included in the salary budget.

Staff from the Danish Public Authority as well as directly associated entities should be included under this budget line (for instance staff from different agencies under the same ministry or subsidiary bodies under direct control of the DPA). The Initiative does not provide funding for payment of salaries of staff from the partner country authority. The Partner Authority is expected to provide the necessary staff needed for the jointly agreed activities free of charge.

The budget for staff salaries for Danish Authority staff must not exceed 2/3 of the total budget and the Ministry of Foreign affairs will only reimburse 90% of the aggregated cost incurred under this budget line. The reduced payment reflects that the Strategic Sector Cooperation is a joint Government initiative and considered a partnership, which serves not only the mandate of the Ministry of Foreign Affairs, but also the interests of the Danish Public Authority. Co-financing of personnel costs is also a way of reflecting, that part of the work of the Danish Authorities (i.e. promotion of Danish foreign policy/commercial interests) is outside the scope of the OECD-DAC definition of development assistance

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 1390 hours/year based on the following standard calculation:

Working Hours in full year	1924
Ordinary holidays (5x37)	-185
Special leave days (5x7,4)	-37
Official bank holidays (average)	-59
Lunch (½ hours, 220 workdays)	-110
Training and capacity development (1 week)	-37
Time off due to illness (average 2016)	-62
Internal meetings etc.	-44
Efficient working hours/year	1390

The Danish Public Authority may choose to use a different figure based on documented historical data on time registration. In this case, documentation of the institution specific figure must be provided to the Secretariat.

Overhead per working hour should be calculated from the total indirect costs incurred by the authority, agency or unit involved in provision of the personnel resources. 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 a cost based figure for overhead per working hour. The documentation for the overhead calculation must be available for the Ministry of Foreign Affairs on request.

Central government institutions must use the following standard guidelines for calculation issued by Ministry of Finance and the Agency for Public Finance and Management (Økonomistyrelsen):

- The budget guidelines (<https://fm.dk/arbejdsomraader/finanslov-og-offentlige-finanser/budget-og-bevillingsregler/>)
- The general guidelines for calculation of prices (<https://oes.dk/oekonomi/ocav/bevillingsregler/2-dispositioner-over-givne-bevillinger/bevillingstyper/26-driftsbevilling/268-indtaegtsdaekket-virksomhed/2683-prisfastsaettelse-af-varer-og-ydelser/>)
- The guidelines for the calculation of common costs (<https://oes.dk/oekonomi/ocav/generelle-faellesomkostninger/>)

Municipalities and other grant holders outside of central government must use an approach based on the same overall principles. The specific approach to overhead calculation must be documented and made available for scrutiny by the Ministry of Foreign Affairs.

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. In either of the latter cases, the Danish Public Authority must document the approach used for the calculation.

The planning and budgeting tools in TEMPLATE 5 are designed to assist in the calculation of salary costs and overhead and generate the final reduced total for inclusion in the total budget.

6.5.2 Reimbursable Expenses for Danish staff

The budget line for reimbursable costs applies to various running costs associated with the involvement of the Danish staff in the project:

- Air tickets
- Local transportation
- Hotel accommodation
- Per diem
- Health and travel insurances
- Vaccinations
- Communications costs
- Various fees and taxes (visa, airport tax etc.)

Reimbursable costs (but not salaries/time) for senior management of the Danish Partner Authority may be included in the budget line.

Budgets must be based on estimated unit costs in order to justify the overall budget, while accounting should be done according to actual costs. Deviations from unit costs during implementation will not require approval from Ministry of Foreign Affairs. Per diem rates and accommodation for Danish staff must follow the general regulations for per diem and hotels issued by the The Agency for Public Finance and Management(Økonomistyrelsen).

For air travel outside Europe funded by an SSC Project, the following applies in line with Danish MFA travel rules:

Air travel is required to be Economy Class, if possible.

Under certain circumstances the Head of Department of the Danish Partner Agency can approve a deviate from the requirement for use of Economy Class:

- Economy Plus can be booked if the traveler is required to work within 12 hours after arrival.
- Business Class can be booked if the traveler has a physical disability or other health issues that may necessitate another cabin class than otherwise prescribed by the MFA travel rules.

As an alternative to Economy Plus or Business Class, the traveler 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.

If the Head of Department of the Danish Partner Agency authorizes Economy Plus or Business Class or a day added for rest and recreation, he/she is required to simultaneously inform the SSC Secretariat by email of the reasons why.

6.5.3 Activities

This budget-line is used for costs related to the actual activities under the project – including capacity development and study tours for partner staff. Typical examples would be:

- Renting of venues
- Food and beverages at workshops, meetings and training sessions
- International travel and hotel costs for partner staff during study tours to Denmark
- Per diem for partner staff during study tours to Denmark
- Training material
- Small scale demonstration projects and/or (pre) feasibility studies on a pilot basis⁸

Local travel, accommodation and per diem for staff of the national level partner institutions for activities in the partner country should as far as possible be covered from the budget of the partner institution – and this is seen as an important sign of the commitment of the partners. Travel costs, accommodation and per diem can however be included, when there is a need to involve staff from decentral local authorities, NGO's, representatives from local communities as participants in workshops and training.

Per diem rates and hotel costs for partner staff must follow the Danish regulations unless the Danish Embassy has entered into an agreement with other donors to use a different, common standard (i.e. national rules, EU rules etc.). The air travel rules specified in Section 6.5.2 above also applies to international air travel for partner staff.

6.5.4 Local and International Consultancies

Up to 30% of the total budget can be used for external local or international consultants from the private sector. The essence of the SSC is however the building of strong relations between the Danish authority and their counterparts in the partner country through peer-to-peer cooperation. The first choice should always be in-house staff and the use of external consultants should be limited as much as possible.

The budget line is mainly for specialist inputs needed for the preparation or implementation of the project. This could be national consultants to provide background studies of the sector or Danish or international experts needed for capacity building or analytical work in fields, where the Danish Authority does not have sufficient in-house expertise. The budget line can also be used for hiring of interpreters and translators. 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.

In some cases, it will be relevant to involve public entities, which cannot be considered in-house by the Danish Public Authority, through a consultancy agreement. This could be independent government institutions not covered by rules about public tender processes. Such arrangements with organisations, which can be considered publicly mandated bodies should be budgeted as consultancies, but will not

⁸ A limited budget can be allocated for (pre) feasibility studies and other concrete activities if these pilot activities are considered to be crucial for policy development.

count as part of the maximum 30% budget ceiling for consultancies. Similarly, expenses for necessary translation and interpretation will be considered outside of the ceiling-

6.5.5 Budget Reserve (only for full scale SSC)

It will not always be possible to identify and cost all activities during a 3-year project. The budget may therefore include an unallocated budget reserve of maximum 20% of the total budget. The budget reserve may be used to cover, unforeseen costs of already planned activities (i.e. increases in salaries and prices) or to fund new activities. The Secretariat must always be notified, when unallocated funds are allocated for new activities, i.e. activities that were not included in the original project document or a later approved update of the work plan.

6.6 Budget revisions

In the spirit of partnership, it is important to be able to adjust activities and budgets flexibly in order to respond to the needs and wishes of the partner institution. The Ministry of Foreign Affairs approves the budget at an aggregate level, but based on information about underlying activities, unit costs etc.

The Danish Public Authority may reallocate funds between or within budget lines of up to 10% of the total budget without prior approval by the Secretariat, given that the reallocation does not result in the total budget lines exceeding the pre-set limits for personnel and consultancies. The Secretariat must always pre-approve reallocations of funds that exceeds 10% of the total budget.

The Danish Public Authority is responsible for:

- Keeping track of and documenting all budget changes
- Forwarding latest revised budget to Ministry of Foreign Affairs
- Requesting approval from the Ministry of Foreign Affairs when making budget changes in which the change in budget for any given budget line exceeds 10%.

6.7 Time registration and accounting for use of staff from the Danish Institution(s)

The budgeting guidelines from the Agency for Public Finance and Management (Økonomistyrelsen) requires 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 Ministry of Foreign Affairs 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 grant holder may however choose to account according to specific salaries.

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 Partner Authority must therefore maintain a system for registration on file, which can document the total time used for project related activities as well as time used in direct interaction with partner staff (Time With Partner – TWP). Peer-to-peer contact and cooperation is a core element of the SSC concept, and the Danish Public Authority must be able to document the standard requirement of minimum 50% of total time spent directly on interaction with partner staff in the partner country or in Denmark (e.g. in relation with study tours, meetings, videocon-

ferences, training courses etc.) Travel time spent by the Danish Public Authority on missions to the partner country may be counted as TWP. This calculation should exclude the time spent by the Sector Counsellor whose salary is financed from a separate account of the Financial Act.

Following general government regulations, travel time can be included up to a maximum of 13 hours (see current rules for travel times from the Agency for Public Finance and Management (Økonomistyrelsen) on the following link: <http://pav.perst.dk/Publikation/Arbejdstidsregler%20mv/Tjenestemaend/Arbejdstidsopgoerelsen.aspx>

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. The Ministry of Foreign Affairs will also reimburse extra costs for staff entitled to compensation for overtime according to the rules applying for the institution and employee in question. Overtime calculation should be based on SSC related work only. Payment for overtime is however an expensive and an inefficient way of using the limited resources available. The Danish authorities 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 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

6.8 Administrative Support from the Embassy

The embassy may facilitate implementation of the SSC Project by providing limited administrative support in cases, where direct management from the Danish Public Authority is impossible or overly complicated. This could for instance be payment of bills or management of petty cash in local currency for later reimbursement by the Danish Public Authority, but procedures must be clearly defined and agreed in writing between the Danish Public Authority and the embassy.

In some cases, the Danish Public Authority may wish to delegate the responsibility for parts of the funding 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 Public Authority and the embassy. Examples could be contracting of local consultants or implementation of specific activities in the partner country (demonstration projects, workshops etc.), where the embassy may be better placed to plan, manage and pay for the activities within a predefined budget. The embassy would be obliged to forward a full account for the

delegated funds to the Danish public authority. Still the overall accounting responsibility would be at the Danish Public Authority, as would the responsibility for the activity.

The embassy may submit a request to the MFA (R-direkte) for funds covering a local half-time Programme Officer position per Sector Counsellor. The local Programme Officer can support the implementation of project activities.

6.9 No-Cost Extension of Projects

The Grant Letter states the expected time period of the project and, based on this, the deadline for final accounting and completion reporting. In case of delays in implementation, the Danish Public Authority can request a no-cost extension of the project by sending an e-mail with an explanation of the reasons for delay and the expected new time of completion.

6.10 Tendering of Contracts with External Consultants, Service Providers etc.

Provision of services from the Danish Public Authority and its subsidiary agencies or branches can, in most cases, be considered as “in-house” services not subject to tender regulations. Publicly owned utility companies, laboratories, sector research institutions etc. may or may not be considered in-house and will require a specific consideration of legal aspects before inclusion in the project.

The Danish Public Authority receiving the grant is responsible for ensuring that any contracting of external consultants and service providers is in accordance with existing Danish regulations and the EU Procurement Directive (http://ec.europa.eu/environment/gpp/eu_public_directives_en.htm). Tendering rules apply equally to provision of services or equipment from private companies for demonstration projects

6.11 Accounting and Auditing

The grant holder (i.e. the Danish Public Authority) carries the full responsibility for accounting and auditing according to Danish law. State institutions are responsible towards the Danish National Auditors, while municipalities are audited by external, private auditing companies.

The Ministry of Foreign Affairs has an oversight responsibility (tilsynspligt), which will be performed by the Secretariat. The oversight responsibility is limited to ensuring that the funds have been used according to the approved budgets. The grant holder must provide the Secretariat with an expenditure report according to the main approved budget lines. Specific documentation of individual expenses should not be included, but must always be available with the grant holder.

6.11.1 Annual Accounts

The Danish Public Authority/grant holder must prepare annual accounts according to the budget lines of the latest approved budget. Annual accounts must be submitted to the Secretariat no later than March 31 the following year - together with the request for funds. Annual accounts must be signed by the project manager and the finance officer and include a management statement (“ledelsespåtegning”). Formats for annual accounts and disbursement requests are provided in TEMPLATE 7A & B.

Two slightly different procedures apply for the annual accounts and the management statement:

Central Government institutions covered by the Auditor General (Rigsrevisionen) must provide a management statement (“ledelsespåtegning”) with the following text in Danish:

”Ledelsespåtegning:

Regnskabet for projektet [projektets navn og F2 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 projektrejskabets anførte udgiftsposter, og at intet bilag udviser omkostninger, der ikke kan føres tilbage til de af Udenrigsministeriet godkendte budgetposter.

[sted, dato, navn og stillingsbetegnelse]”

Municipalities and other grant holders outside central Government are usually audited by private auditor companies. An annual financial statement stating total income and expenses following the format of the approved budget must be provided. An audit report is not needed, but the funding received from Ministry of Foreign Affairs should be reflected in the annual audited financial report of the municipality as an income and an overall expense corresponding to the expenses recorded in the project accounts.

The financial statement must include a management statement (“Ledelsespåtegning”) with the following text in Danish:

”Ledelsespåtegning:

Årsregnskabet for projektet [projektets navn og F2 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 projektrejskabets 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]”

6.11.2 Final Accounts and Audit

After completion of the project the Danish lead Agency/grant holder is responsible for preparing final accounts based on the latest approved budget and using the format of Annex 3.3.

The final accounts must be submitted no later than 6 months after completion of the project. Unspent funds including any interest accrued must be repaid to the Ministry of Foreign Affairs. Accounts must be sent by e-mail to vbe@um.dk. Both e-mail and accounts must include clear reference to the responsible lead agency, the project title and the country of implementation as well as the relevant file number.

Two different procedures apply for final accounts and audits:

Central Government institutions covered by the Auditor General (Rigsrevisionen): The final statement of accounts should be signed by the project manager and the responsible finance officer responsible for the accounts and include a management statement (“ledelsespåtegning”) with the following text in Danish:

”Ledelsespåtegning

Regnskabet for projektet [projektets navn og F2 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 projektrejskabets anførte udgiftsposter, og at intet bilag udviser omkostninger, der ikke kan føres tilbage til de af Udenrigsministeriet godkendte budgetposter.

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

Municipalities and other partners outside central Government must provide final project specific accounts for the full project period in accordance .The accounts must be accompanied by a project specific audit report from an external auditor (See annex 17 for instructions in Danish (revisionsinstruks) to the external auditor).

6.12 Reporting Requirements

The Danish Public Authority is always responsible for informing the Ministry of Foreign Affairs 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 from the SSC Initiative

6.12.1 Irregularities

Misuse and illegal actions are defined by Danida as theft, fraud, corruption and support for terrorism or similar irregularities in the use of entrusted funds. In case the Danish Public Authority has suspicion or proof of misuse, or comes across cases of illegal action or corruption involving funds from Danida, the Ministry of Foreign Affairs must be informed immediately. In case the Danish Public Authority chooses to initiate an internal audit of activities or administration, the MFA must also be notified.

As part of the notification, the Danish Public 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.

6.12.2 Annual Reporting

Annual reporting is needed to: 1) Formally document progress in relation to the agreed Results Framework and Workplan, 2) Capture broader impact of the cooperation, highlight success stories and lessons learned, 3) Provide easily accessible information about the projects for a broader audience.

The Project Manager/Danish Partner Agency is responsible for providing the following annual reports to the Secretariat for each ongoing SSC Project by 1st March the following year:

- 1) An update of the Results Framework and Work Plan (TEMPLATE 4) with the right status column filled-in to take stock of each activity and, when relevant, a short description of the reasons for deviation. The report must also be shared with the Project Steering Committee for discussion of overall progress. This report is used for internal monitoring purposes. **It is only required for ongoing full-scale SSC projects, with implementation in the reporting year.**
- 2) A narrative report on progress made with regard to the three objectives of the SSC Initiative. The embassy/Sector Counsellor prepares this report with input from the Danish Project Manager using TEMPLATE 8. The narrative report is primarily for internal use among the direct stakeholders of the SSC Initiative.
- 3) Information about the total use of Danish staff time and the percentage of staff time spent on interaction with partner staff during the reporting year.

6.12.3 Completion Reports

At the end of a grant period, the Danish Partner Authority must prepare and submit a Completion Report to the Ministry of Foreign Affairs. The Completion Report must be submitted together with a final update of the Results Framework and Work Plan (TEMPLATE 4) and the final accounts (TEMPLATE 11) no later than 6 months after the end of the grant period.

Completion Reports for Inception Projects should include a brief summary of key activities during the preparation phase and the final account. It should also list consultancies and any early actions financed under the grant. TEMPLATE 9 should be used.

SSC Project Completion Reports must be prepared by the Danish Public Authority including the assessment of effectiveness and efficiency measured against the results framework in the project document. The report must document lessons learned and evaluate the prospects for continued sustainable progress. The Completion Report should be submitted for assessment by the SSC Steering Committee before submission to the Secretariat. Completion reports must include status relating to the objective, outcomes, outputs and indicators included in the Project Document and follow the format in TEMPLATE 10.

Annex I-IV: Supplementary Guidelines

Annex I: The Background Study

The Background Study is a key product of the Inception Phase, initially provided for Phase I of the project. For each new phase of the project, the background study should be updated/revised as relevant for that phase.

The background study must provide basic information about the sector in general and more detailed information on the specific area of intervention. It must contain the basic documentation of the current framework conditions of the sector needed to understand the theory of change/project logic as well as information about current status and future prospects of increasing involvement of Danish companies in commercial cooperation in the sector

To the extent possible, the background study should also identify relevant baseline information, which can be used for monitoring progress in relation to the development objectives and outcomes of the SSC.

As far as possible, the following areas must be covered by the background study:

Sector framework and key development challenges

- Overall structure and key development challenges in the sector.
- Description of the general administrative framework related to the sector with identification of key government institutions and their role in regulation and development of the sector.
- Approach to concrete choice of focus of the project.
- Specific regulatory framework, government strategies and planned reforms of relevance to the selected focus area.
- Key areas where Danish approaches and experiences would be relevant for changing the framework conditions.
- Key stakeholders in the sector, including brief capacity assessment if relevant and identification of main driving forces (or constraints).
- Other Danish and international initiatives and instruments of relevance to the sector (including financing instruments).
- Main donors and financing institutions involved and possible synergy with SSC activities.
- Government investment plans in the sector.
- Identification of relevant baseline data and indicators in relation to the selected focus area.

Current and future commercial opportunities for Danish companies

- Size of the sector (production, trade, export/import, no. employees etc.) in the partner country.
- Key areas, where Danish products, services, and technologies would be relevant.
- Structure of the Danish business sector of relevance for the SSC project (Small or large enterprises, branch organization, existing innovation networks and export organizations in the field).

- Danish parastatals of relevance for the sector (production, export/international activities, no. employees etc.).
- Export orientation/Share of export of the Danish sector - is there a critical mass?
- Current private sector engagement in the partner country and prospects for expansion.
- Key challenges in framework conditions for the private sector including Danish companies in the partner country/the sector in question.
- Options for changing framework conditions of critical relevance for the Danish companies.

Possible baseline data and indicators for tracking progress in relation to expansion of commercial cooperation

Annex II: Scholarships

To support targeted and strategic competence development for key staff in partner organizations or affiliated organizations of the SSC projects, the Scholarship Programme offers scholarships for tailor-made courses, existing courses or degree studies of up to 2 years duration at Danish institutions for higher education. All courses take place in Denmark. With a grant from the Ministry of Foreign Affairs, DFC handles and covers tuition fees, travel arrangements, residence permit applications, insurance, accommodation and allowances during the study period. Course participants apply for visas, but visa fees are refunded by DFC.

DFC makes an annual mapping of the partners' needs for continued education and learning through a survey sent to the Sector Counsellors. The Sector Counsellors are expected to complete the survey in dialogue with the Danish Public Authorities involved in SSC. In addition to the mapping exercise, Sector Counsellors and Danish partner authorities may at all times approach DFC for support to identification of opportunities to meet additional training and education needs among their partners.

Based on the in-coming identified needs, DFC engages with Danish institutions of higher education to identify or develop relevant courses and degree studies. In most cases, the courses will be tailor-made to meet the needs of partners. The courses include academic lectures, practice-based learning, visits to relevant institutions and companies, teamwork and action planning. DFC develops new tailor-made courses in collaboration with the relevant Sector Counsellors and Danish Public Authorities. A few courses are developed for participants from one country only; however, most courses are developed for participants from several countries. In case that existing courses already meet the needs of partner institutions, DFC will not develop new courses.

To be eligible for a scholarship, candidates must be a national of a partner country and employed by an institution linked to a SSC project. The course candidates must be endorsed by his/her organization and the Sector Counsellor.

If the number of candidates for a course exceeds the number of seats available, DFC selects the most eligible candidates for the course with a view to a fair distribution among projects and countries. The selection of participants is based on an assessment of the following criteria: to which degree may the applicants be considered as change agents, and the applicants' qualifications vis-à-vis course content, course language and academic requirements.

DFC communicates the result of the selection process to the relevant Sector Counsellors for final confirmation.

For existing degree courses or studies, e.g. summer courses offered by Danish institutions of higher education as part of their regular portfolio, DFC will only pre-approve scholarships; the final approval is subject to admission by the institution of higher education. Pre-approved candidates for scholarships need to apply through the regular application process of the institution in question. DFC does not have any option to influence the admission process.

More information on the identification of needs, the selection of courses and studies and the application process can be found in DFC's Guidelines for the Scholarship Programme.

As part of promoting and facilitating capacity development, as well as connecting users and providers of knowledge within the SSC framework, DFC offers financial support for knowledge sharing meetings among SSC partner institutions, other public authorities, research based institutions, private companies, and other relevant stakeholders within an SSC country specific theme.

To be eligible for support from DFC, the focus of a knowledge sharing event must be to facilitate the application of knowledge relevant to the SSC derived from scholarships in Denmark (SSC Danida alumni) and from relevant ongoing research projects.

The Danish Public Authorities and Sector Counsellors may draw on DFC's expertise for advice concerning assessment of partner capacity needs, identification of the most relevant capacity development methodologies and approaches, and integration of specific capacity development initiatives, some of which may be supported through the DFC Scholarship Programme or via other DFC services. For more information on the Scholarship Programme, please contact eval@um.dk or dfc@dfcentre.dk.

Annex III: Research Cooperation

Research collaboration is considered an important element in deepening the cooperation in areas where Denmark has internationally recognized knowledge and experience. The research projects are expected to generate new knowledge relevant to the SSC projects, strengthen research capacity, and generally respond to the needs and strategies of the growth and transition countries.

Danish research institutions apply for research collaboration projects in partnership with institutions in selected growth and transition countries within selected thematic areas associated with the SSC projects. The thematic areas for research cooperation in each of these selected countries are determined in collaboration with the Sector Counsellors at the embassies together with the Danish Public Authorities and announced in annual competitive calls for applications.

The Evaluation and Research Department (EVAL) of the MFA is responsible for strategic considerations associated with research cooperation, while DFC administers the application rounds and the actual grants. The Consultative Research Committee for Development Research (FFU) assists the MFA with professional and scientific advice in relation to research applications and projects.

The annual application round consists of two phases: a prequalification phase and a full project proposal phase. Sector Counsellors are involved in the assessment of applications during the first phase of the application round, in which the relevance of the project idea with respect to the SSC project in each selected country is assessed. The Sector Counsellor must consult the Danish Public Authority in this process. In the second phase, international peer reviewers are involved in assessing the scientific quality of the research project proposals. The FFU is involved in the assessment in both phases. The full project proposals are selected on the basis of their relevance, scientific quality and expected development effects. The Innovation Fund Denmark approves the scientific quality assessment conducted by the FFU before EVAL takes the final decision on which project proposals to grant.

The duration of projects is 18 to 36 months with a maximum grant of DKK 5 million for each project.

As a transitional provision between the initial pilot phase and the current research grant scheme, projects granted in 2017 that fall within the geographic and thematic areas specified in the 2020 call for research proposals, may be eligible for an extension phase based on submission of a new application.

When the research project grants have been approved, DFC is responsible for the administration and contact to the project holders, including monitoring of implementation, which is done in collaboration with EVAL and FFU. It is also expected that the researchers link directly with Sector Counsellors, e.g. through a project advisory committee together with other relevant stakeholders and that Sector Counsellors are invited to relevant research project events.

Open calls for individual mobility grants is announced annually to facilitate the creation and development of international networks and research collaboration through research stays in Denmark by researchers from the selected growth and transition countries. The Danish host institution apply for the grant in collaboration with the visiting researcher. The grants can be used to finance stays in Denmark for up to three months duration. DFC is responsible for the administration of the mobility grants including the

application process and granted stays, while the Sector Counsellors are asked for assistance in assessing the relevance of the mobility grant applications.

For more information on calls for research applications, mobility grants, and on-going projects, please consult <http://dfcentre.com/research/> or contact eval@um.dk or research@dfcentre.dk.

Annex IV: Instructions for External Auditors (Revisionsinstruks, Danish only)

Instruks

vedrørende

udførelsen af revisionsopgaver i forbindelse med ikke-statslige myndigheders forvaltning af tilskud fra Udenrigsministeriet til projekter under det strategiske sektorsamarbejde i udviklingslande

Nærværende instruks omfatter de revisionsopgaver, som Udenrigsministeriet (UM) kræver, at ikke-statslige myndigheder, der modtager tilskud fra UM til enkeltprojekter mv. i udviklingslande, foranlediger udført af deres revisor i forbindelse med den statslige tilskudsfinansiering. Hjemlen til at give instruktioner på revisionsområdet er indeholdt i tekstanmærkning nr. 101 til de årlige finanslove.

§ 1. Myndighedens revisor udpeges af myndighedens kompetente forsamling. Revisionen udføres af en statsautoriseret eller registreret revisor.

Stk. 2. I tilfælde af revisorskift skal den tiltrædende revisor rette henvendelse til den fratrædende revisor, der har pligt til at oplyse myndigheden, UM og den tiltrædende revisor om grundene til fratrædelsen.

Stk. 3. Såfremt revisionen af aktiviteter i udlandet udføres lokalt i modtagerlandet, skal den udføres af et internationalt anerkendt revisionsfirma.

§ 2. Revisionen i Danmark foretages i overensstemmelse med god offentlig revisionsskik, således som dette begreb er fastlagt i § 3 i lov om revisionen af statens regnskaber m.m. (lovbekendtgørelse nr. 3 af 7. januar 1997) og nærmere præciseret i stk. 2 og i §§ 3-7 og beskrevet i SOR 2017. For kommuner henvises desuden til styrelseslovens §42.

Stk. 2. Ved revisionen efterprøves, om projektreghskabet er retvisende, og om de dispositioner, der er omfattet af regnskabsaflæggelsen, er i overensstemmelse med de meddelte bevillinger, love og andre forskrifter (herunder) og sædvanlig praksis. Revisor foretager endvidere en vurdering af, hvorvidt der er taget skyldige økonomiske hensyn ved forvaltningen af de tilskudsmidler, der er omfattet af projektreghskabet.

§ 3. Revisionens omfang afhænger af myndighedens administrative struktur og forretningsgange, herunder den interne kontrol og andre forhold af betydning for regnskabsaflæggelsen. Desuden har tilskuddets størrelse betydning for revisionens omfang.

§ 4. Ved revisionen skal revisor efterprøve:

1. om projektregnskabet er retvisende, dvs. uden væsentlige fejl og mangler,
2. om tilskudsbetingelserne er opfyldt, herunder bestemmelserne i projektaftalen med UM og Udenrigsministeriets retningslinjer for strategisk sektorsamarbejde,
3. om tilskuddet er anvendt i overensstemmelse med formål og bevillingsgrundlag,
4. om tilskudsmodtager har udvist sparsommelighed,
5. om myndigheden har meddelt UM korrekte og fyldestgørende oplysninger om opfyldelsen af resultatkravene,
6. om myndighedens ledelse har tilvejebragt pålidelige data om produktivitet og effektivitet, jf. regler om lovpligtig forvaltningsrevision. Revisors rapportering herom kan ske i myndighedens overordnede revisionsprotokollat,
7. om evt. regnskabsaflæggelse fra udlandet er indsendt og revideret efter anerkendte internationale standarder (ISA/ISSAI) samt bærer påtegning af den lokale revisor. Revisor foretager en generel vurdering af omfang og kvalitet af den udenlandske revision og undersøger, om den i udlandet foretagne revision har givet anledning til væsentlige bemærkninger eller forbehold. Såfremt der er taget forbehold af revisorerne i udlandet, skal dette nævnes i revisionserklæringen,
8. om projektregnskabet tal er afstemt med myndighedens almindelige årsregnskab.

Stk. 2. Revisionen udføres ved stikprøvevise undersøgelser, bl.a. ud fra en vurdering af væsentlighed og risiko.

Stk. 3. Revisor skal kontrollere, at de statslige tilskudsmidler holdes regnskabsmæssigt adskilt fra myndighedens øvrige aktiviteter (eksempelvis på klart afgrænsede kontoafsnit), så der kan dannes projektspecifikke regnskaber. Bevægelserne skal afstemmes med betalingsanvisningerne fra UM. Det skal ligeledes kontrolleres, at tilskudsmidler, der af myndigheden videresendes til partnere eller afdelinger i udlandet, holdes på separate kontoafsnit. Revisor skal herved sikre sig, at der ikke forekommer sammenblanding af tilskudsmidlerne og myndighedens egne midler.

§ 5. Myndighedens ledelse skal give revisor de oplysninger, som må anses af betydning for bedømmelsen af regnskabet samt for revisors vurdering af forvaltningen, herunder mål og opnåede resultater. Myndighedens ledelse skal give revisor adgang til at foretage de undersøgelser, som revisor finder nødvendige og sørge for, at revisor får de oplysninger og den bistand, som må anses for påkrævede for udførelsen af revisionshvervet.

§ 6. Bliver revisor i forbindelse med tilskudsmidlernes forvaltning opmærksom på lovovertrædelser eller væsentlige tilsidesættelser af projektaftale eller bevillingsgrundlag, påhviler det revisor straks underrette myndighedens ledelse og kompetente forsamling samt påse, at underretning om de konstaterede forhold med revisors bemærkninger fremsendes til UM inden 3 uger. I modsat fald er det revisors pligt at orientere UM. Revisors bemærkninger indsendes sammen med meddelelsen.

Stk. 2. Det samme gælder, hvis revisor under sin revision eller på anden måde bliver opmærksom på, at fortsættelse af driften er usikker af økonomiske eller andre grunde.

§ 7. Det reviderede projektregnskab forsynes med en revisionserklæring, hvoraf det skal fremgå, at regnskabet er revideret i overensstemmelse med reglerne i denne instruks. Forbehold skal fremgå af påtegningen. Væsentlige mangler og/eller en begrundet formodning om overtrædelse af bestemmelser og vilkår for bevilling og anvendelse af tilskud skal fremgå af revisionserklæringen.

Stk. 2. Revisor skal afgive en revisionsberetning med revisors vurdering og konklusion vedrørende den udførte revision, jf. § 4. Beretningen kan afgives i tilslutning til revisionserklæringen eller i en revisionsprotokol.

Stk. 3. Genpart af revisionsberetningen indsendes af myndigheden til UM sammen med det på tegnede projektregnskab.

§ 8. Nærværende instruks og efterfølgende supplement er bilag til projektaftalen mellem myndigheden og UM og træder i kraft samtidig med denne.

List of Templates 1-15

The following templates to be used for SSC project management in relation to application, planning, budgeting, accounting and reporting are uploaded separately at the website and can be accessed individually:

TEMPLATE 1: Application for Allocation of a New SSC Engagement at Country Level

TEMPLATE 2: Inception Project Document

TEMPLATE 3: Full SSC Project Document (Phase 1)

TEMPLATE 4: Results Framework and Work Plan

TEMPLATE 5: Planning and Budget (five templates: 5.A – 5.E)

TEMPLATE 6: Balance of Annual Spending and Repayment

TEMPLATE 7: Annual Accounts

TEMPLATE 8: Annual Narrative Report

TEMPLATE 9: Completion Report for Inception Project

TEMPLATE 10: Completion Report for full SSC Project

TEMPLATE 11: Final Accounts

TEMPLATE 12: Concept Note for Phase II Project

TEMPLATE 13: Terms of Reference for SSC Steering Committee

TEMPLATE 14: Terms of Reference for SSC Missions, Experts, and Consultants

TEMPLATE 15: Bank Account Identification Form