**Annex A**

Template and guidance for preparing Peace and Stabilisation Engagement Documents (PSEDs) for projects and programmes

Updated September 2018 bv the PSF Secretariat

Overall guidance on the PSED:

* Purpose of PSED – The purpose of the PSED is to have a simple communication and management document. It allows for internal *communication* of the purpose and nature of the engagement between the different stakeholders involved (e.g. programme coordinator, desk officer or engagement manager, PSF Steering Committee, PSF Secretariat, etc). And it spells out the core requirements for *management* of the engagement. Where the engagement is implemented by a partner, the PSED outlines key management information relevant to the relationship between the implementing partner and the Danish Government institution.
* Black vs blue text –The **black text** represents *required* text which, unless irrelevant for the specific project, should be maintained (and elaborated). The **blue text** (such as this section) represents *guidance* on how to elaborate the additional content of the PSED. The blue text should be deleted when preparing the final document.
* Use of PSED format – The PSED format may be applied for two different situations, as outlined in the PSF Guidelines: a) as part of a (often larger) PSF *programme*, which will encompass multiple PSEDs that outline the different engagements. In this case, the PSEDs will be accompanied by a programme document, which outlines the full programme. Or b) the PSED may be applied as a *project* document In which case it will be accompanied by a short appropriation note.
* Scope/length of the PSED – the PSED format is developed to encompass any type of engagement, large or small, ODA or non-ODA. However, the scope of the format should be adjusted in terms of length or brevity as relevant according to the size, nature and complexity of the engagement. For engagements consisting purely of non-ODA funding, not all headings may always be relevant (e.g. Theory of Change or results framework). For engagements involving ODA funding, in full or in part, the full PSED format generally applies.

**Peace and stabilisation engagement document**

Annex to *[where relevant, list name of Implementing Partner Agreement]*

# Introduction

The present peace and stabilisation engagement document provides the objectives and management arrangements for the peace and stabilisation cooperation concerning [*name of engagement and time frame*]. [*If relevant:*] The peace and stabilisation engagement document is annexed to the Bilateral Agreement with [*name of* *Implementing Partner*] and constitutes an integrated part hereof together with the documentation specified below. [*For programmes only:*] The Danish support is part of the support provided through the Peace and Stabilisation Fund as part of the [*name of the Peace and Stabilisation Programme*] under its thematic priority [*name of thematic programme priority]*

Implementing Partner Agreement: In terms of the arrangement with the implementing partner(s), the PSED is *not* a stand-alone document and it does not, in itself, constitute the agreement with the implementing partner. As such, the PSED should, whenever the engagement is implemented by a partner, accompany the *Implementing Partner Agreement*, which constitutes the ‘contract’ between the implementing partner and the Danish government institution. The PSED supplements the Implementing Partner Agreement, and the Agreement with the partner should explicitly refer to and attach the PSED as an annex. Exceptionally, if there is an implementing partner but no separate Implementing Partner Agreement, the PSED may take the place of the Agreement as well. In this case, the PSED must be signed by both (or all) parties (see Signatures below).

# Parties

[*name of the Danish governmental institution funding the PSED*] and [*where relevant, add* *name of implementing partner(s)*]

# Documentation

“The Documentation” refers to the documentation for the supported intervention, which is [*title of partner’s action plan, programme document, joint programme document, etc. in some cases documentation might be produced by others than the national partner*].

Project documentation: The PSED should, whenever the engagement is implemented by a partner, be based on and accompanied by the relevant, underlying *partner project documentation*. Primarily, this includes the partner(s) main project document (project narrative), which should include a full/detailed budget and a full/detailed results framework. The PSED is based on the underlying partner project documentation and generally constitutes a concentrated ‘extract’ of this. Moreover, any other relevant documentation, such as NATO documentation, that is directly relevant to the engagement could be mentioned. Documents referred to in this section should be annexed alongside the PSED (see Annex section below).

# Contribution

Denmark, represented by [*insert responsible unit and Danish Ministry*], commits to a contribution to the engagement of:

DKK [*insert amount in numbers* (write amount in words)]

for the period [*insert start date and end date*].

# Strategic considerations and justification

Scope: This section outlines the information required in order to understand the strategic considerations, background and justification/rationale for the envisioned engagement. Where a PSED is part of a broader programme, and is supported by the programme document, the PSED can rely on the programme document to provide the broader contextual understanding and rationale for the overall programme. However, where a PSED stands alone, i.e. where the PSED constitutes a project document in itself and is not supplemented by a ‘wider’ narrative document, the background should be elaborate enough to justify the rationale for the engagement on its own.

The primary reference in terms of justification is the *PSF principles and priorities* outlined in the PSF Guidelines. This section should outline the justification and relevance of the engagement and could include:

* *The context* for the programme and engagements, including in particular the key conflict and stability drivers that the project/engagement seeks to counter or support.
* The *national/regional priorities* of the recipient country(-ies), including how this is aligned with key/relevant stakeholders, strategic frameworks and overall strategic objectives, etc.
* *Danish strengths, priorities, policies and programming,* including Danish strengths, interest and opportunities, Danish strategic interests, alignment with other Danish programming in the region, etc.
* *Lessons learned* from earlier interventions, evidence for what works from studies and evaluations, including results and learning (if any) from past cooperation with the partner(s).
* Relevance of the programme design based on the five *quality criteria*; relevance, impact, effectiveness, efficiency, and sustainability.
* Considerations on how *human rights, gender and youth* have been factored in the design of the project.
* Outline how the *Whole of Government approach* (samtænkning) has been and/or will be applied. See principles for the WoG approach in the PSF Guidelines. This can include examples of how relevant Danish strategic priorities, strategies and policies have been taken into account and how the engagement relates to other Danish programming in the region.

# Engagement partner(s)

This section should include a brief presentation of the partner(s) involved in managing or implementing the programme and its/their respective role(s);

a justification for the choice of partner(s), including consideration of alternative partners and criteria for selecting between these;

an assessment of the partner capacity to manage and implement funds effectively, and, if relevant, any capacity building needs of or technical assistance to engagement partners.

# Theory of Change and assumptions (as relevant)

From an M&E perspective, the theory of change is important as it provides an overview of the changes expected and the factors, which facilitate this (assumptions). The validity of the assumptions should be tested and reported on by implementing partners/party throughout the implementation to ensure that the need for adaptation can be identified in a timely manner. This reporting requirement should be explicitly mentioned in the agreement with implementing partners. Following consultations about the theory of change itself, what core assumptions should be monitored and how their validity is to be tested.

# PSED Results framework (as relevant)

The results framework constitutes the *core of the PSED.* It presents the key results that should be achieved and allows the Danish Ministry to hold implementing partners to account for achieving specified targets. Past PSF experience has shown that PSED results frameworks often display a number of common shortfalls. *See the* ***annex*** *at the end of the PSED for important guidance on how to avoid these shortfalls.*

The objective(s) of the peace and stabilisation cooperation among the parties is [*objective from regional programme and applicable thematic programme*].

The [*Danish Ministry concerned, typically Foreign Affairs, Defence or Justice*] will base the actual support on progress attained in the implementation of the engagement as described in the documentation. Progress will be measured through the [*Name of implementing partner*]’s monitoring framework.

Note, that if the partner’s monitoring framework is insufficient to measure results, additional monitoring may be deployed. This should be elaborated under the Monitoring and Evaluation section below. Generally, it should be avoided to develop a specific, Danish reporting framework. Rather, wherever possible, the PSED results framework should extract from, build on, or elaborate on the partner’s existing results framework.

For Danish reporting purposes, the following key outcome and output indicators have been selected to document progress:

|  |  |
| --- | --- |
| Project title | [Title of Thematic Programme or Project] |
| Project objective | [The long-term intended impact contributing to benefit to a society or community over the duration of the Programme or Project] |
| Impact Indicator | [Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement or to reflect the changes connected to an intervention] |
| Baseline | Year |  | [Situation prior to engagement activities] |
| Target | Year |  | [Intended situation by the end of engagement (phase)] |

|  |  |
| --- | --- |
| Outcome | [The short-term and medium term effects of the engagement’s outputs on the target group] |
| Outcome indicator | [Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement or to reflect the changes connected to an intervention]  |
| Baseline | Year |  | [Situation prior to engagement activities] |
| Target | Year |  | [Intended situation by the end of engagement (phase)] |

|  |  |
| --- | --- |
| Output | [Short-term result in the form of goods and services which result from an engagement activity] |
| Output indicator | [Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement or to reflect the changes connected to an intervention]  |
| Baseline | Year |  | [Situation prior to engagement activity] |
| Target  | Year 1 |  | [Intended situation after first year of implementation] |
| Target | Year 2 |  | [Intended situation after two years of implementation]  |
| Target | Year 3 |  | [Intended situation after three years of implementation]  |

# Risk management

The PSED should include a short description of key risks and how these will be managed or mitigated and who will take the lead on doing so. Risks should be presented in a risk matrix using the format at [www.amg.um.dk](http://www.amg.um.dk) (the website also has a more thorough guide for the risk assessment). The risks should, whenever relevant, be divided into three categories: contextual risk (for example governance failure, competition for resources, natural hazards, or spread of armed conflict), programmatic risk (i.e. the potential for a programme to fail to achieve its objectives *or* to cause harm in the external environment) and institutional risk (the ways in which an organization and its staff or stakeholders may be adversely affected by intervention; this includes operational security risk, financial and fiduciary risk, political and reputational risk).

Risk identification and mitigation:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Risk factor | Likelihood of occurrence | Impact | Risk response (mitigation action)  | Residual risk (following response) | Background to assessment  |
|  |  |  |  |  |  |

# Inputs/budget

Include finance source (MoD or MFA) and budget broken down at an output (or, if relevant, activity level). Budget and supporting text should also reflect inputs from partner and other donors, if relevant, + specific administrative clauses in regard to re-allocation etc. The budget should be divided into years to allow for regular monitoring of the financial situation and reflect the staggered disbursements of funds. Include unallocated budget, if any, and explanation on how this will be administered.

The following indicative disbursement schedule is agreed: [*Insert timing for the entire activity period. Reconcile disbursement schedule with reporting schedule, so that disbursements follow the reception of reporting. An indicative disbursement schedule/table has been included below. Disbursements should be in preferred currency of partner. Total disbursements in currency may not surpass the value of the commitment in DKK.*]

|  |  |
| --- | --- |
| **Date** | **Amount** |
| [August 1st 2018] | [USD XXX.XXX] or [DKK X.XXX.XXX] |
| [February 1st 2019] | [USD XXX.XXX] or [DKK X.XXX.XXX] |
| [xx] | [xx] |
|  |  |
|  |  |

[In case of implementing partner: *Name of* *Implementing Partner*] must return a letter or email with acknowledgement of receipt of funds no later than 14 days after having received the funds.

# Management arrangement

This section should outline the management arrangement with the aim to ensure adequate dialogue and timely decisions in regard to this engagement. As a minimum this should consider:

* The management *setup* (e.g. engagement ownership/management; collaboration between relevant stakeholders involved in the engagement; who carries out the actual implementation; what are the decision-making bodies, how collaboration between donors takes place in a multi-donor engagement, e.g. is there a donor steering group, etc.).
* Management *responsibilities* (e.g. dialogue with the partner; monitoring of the engagement; assessment of the relevant use of resources; assessment of the programme continued relevance including theory of change, assumptions and risks; documentation and communication of results, etc.).

# Reporting frequency and format

From an M&E perspective it is critical that the reporting frequency and format is clearly outlined in the PSED. Reporting requirements can be differentiated by type and frequency and should consider both reporting from the *implementing partner* (where relevant) to the desk officer/engagement manager, as well as reporting from the *desk officer/engagement manager* to the Programme Coordinator (or programme coordination unit). Financial and activity reporting from a partner, for example, may be requested on a monthly or quarterly basis, while bi-annual reporting against the results framework is likely to suffice. An indicative results and financial reporting schedule has been included below, which presents a simple overview of expected reporting.

Results and financial reporting schedule:

|  |  |
| --- | --- |
| **Date** | **Report** |
| [June 30th 2018] | [Audit report for 2017 financial year from partner] |
| [August 1st 2018] | [Narrative report and budget monitoring report for Q1+Q2 from partner] |
| [September 1st 2018] | [Bi-annual reporting to the Programme Coordinator from programme team] |
| [February 1st 2019] | [Narrative report and budget monitoring report for Q3+Q4 from partner] |
| [March 1st 2019] | [Bi-annual reporting to the Programme Coordinator from programme team] |
| [xx] | [xx] |
|  |  |
|  |  |

[In case of implementing partner*: Name of Implementing Partner*]is obliged to inform the [*responsible unit*] immediately if irregularities in the management of funds are foreseen or have occurred.

# Financial Management

This section must contain the following information:

* Timing of financial reporting – usually bi-annual or quarterly reporting, one month after the end of the period. Level of detail of financial reporting – must be drawn up to same level of detail as the agreed detailed budget with the partner.
* Timing of audit – usually to be received no later than six months following the end of the partner’s financial year.
* Scope of audit – refer to MFA AMG guidelines if needed.
* Arrangement for the procurement of the audit – will the audit be conducted by the partner’s own auditor, be procured by the partner or by the Danish entity (MFA/MOD)? Who approves the choice of auditor?
* Arrangement for the approval of the ToR for the audit – e.g. will the ToR be approved by the Danish entity (MFA/MOD), or a steering committee?
* Arrangement on re-allocations – what degree of autonomy is given to the partner? Usual is 10% of output as limit. Who and how are major budget re-allocations approved between the partner and MFA/MOD?

Both parties will strive for alignment of the Danish support to the implementing partner existing rules and procedures, while adhering to the minimum requirements as stipulated in the Ministry of Foreign Affairs’ Guidelines for Financial Management for Development Cooperation, that must be considered an integral part of this agreement.

Any unspent balance or any savings of project funds shall be returned to the [*insert relevant Danish Ministry, e.g. MFA or MOD*] together with any interest accrued from deposit of Danish funds. In case of jointly financed projects and baskets arrangement where a single account is used by multiple development partners, interests accrued need not be returned.

# Monitoring and Evaluation

Outline agreed procedures and mechanisms for monitoring of progress, and dialogue concerning implementation. This should include format, and frequency of reporting, as well as planned reviews and evaluations of the engagement by the implementing partner, other development partners or by Denmark.

The Danish [*insert relevant Danish Ministry, e.g. MFA or MoD*] shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the programme.

After the termination of the programme support the Danish [*insert relevant Danish Ministry, e.g. MFA or MoD*] reserves the right to carry out evaluation in accordance with this article.

# Sustainability and exit

Outline considerations regarding the longer-term sustainability of the engagement as well as considerations around potential Danish exit from the engagement altogether.

# Public Diplomacy

Outline internal and external communications efforts related to the engagement, including communications efforts to the Danish public, the public of the recipient country, collaborating partners, international partners, etc. Recommended maximum of 10 lines – subject to size and complexity of the engagement.

# Prerequisites

The Danish cooperation with the implementing partner will become effective if and when the following prerequisites have been met to the satisfaction of Denmark, if any.

* [*Insert relevant prerequisites, if any*]

# Annexes

List and attach the annexes that are directly relevant to the engagement. This should, as a minimum, include any documents listed in the Documentation section above.

* [*List of annexed documents, if any*]

# Signatures

Partner/Danish MFA

Where the PSED is accompanied by an Implementing Partner Agreement, which is signed by both parties, the PSED should be referenced in and attached to the Implementing Partner Agreement. In this case, the PSED does not need to be signed separately. Where the PSED is a stand-alone document, and where this constitutes an agreement with an Implementing Partner, the PSED should be signed by both (all) parties to the engagement.

# Annex: Guidance on developing an operational results framework

This Annex provides guidance on developing a strong results framework that lends itself to ease of use for the desk officer/engagement manager in monitoring and managing the engagement with the implementing partner.

Lessons from the initial PSF M&E work have shown a number of common shortfalls in relation to the results framework:

1. Mixed interpretations of what constitutes an output and an outcome.
2. A lack of baselines and targets.
3. A disconnect between implementing partners M&E system and that of the PSED.

Guidance follow below on how to avoid each of these common shortfalls when formulating the results framework.

## 1. Differentiating between Outputs and Outcomes

Definitions of Outputs and Outcomes are clearly outlined in the Danida Evaluation Guidelines.[[1]](#footnote-1) In short they can be described as follows.

* **OUTPUT**An output is the direct result of an activity, which is controlled by the implementing partner. The change to the indicator is therefore fully attributable to the implementing partner. This could be number of persons trained, buildings constructed, guidelines produced etc.
* **OUTCOME**An outcome is the utilisation of an output. This is not only controlled by the implementing partner, but in particular by the beneficiary. Examples may be how the training has affected the working procedures in an organisation, how the buildings are being used, or how the guidelines are applied in practice. Again, the baseline presents the situation prior to the engagement, e.g. lack of structured planning processes, prisons not up to international standards, or lack of quality assurance of e.g. pre-deployment training, while the targets present the outcome change in e.g. number or staff applying the outputs or a qualitative assessment (documented) of how the new procedures are applied.

The PSED should aim to *select the number of Outcomes, Outputs and indicators to what is indispensable*, thus keeping the PSED results framework simple. When choosing take into consideration possible Danish earmarkings and priorities. Adjust the table above accordingly.

One engagement should have one or two separate outcome statements. Progress towards each outcome statement can be tracked through one to three outcome indicators with clear baselines and targets. Each outcome can be supported by one to five outputs.[[2]](#footnote-2)

## 2. Formulating indicators, baselines and targets

Key to a good results framework is that indicators are SMART:

* Specific (and simple)

Try to focus on a specific aspect, rather than generating a broad overall statement. Avoid descriptors that involve changes to several variables. Try to be short, clear and focused to avoid misinterpretation. Is it clear what is being observed and is it clear how change is recorded so that it can be done in a consistent manner that allows for replication and comparisons over time?

* Measurable

Ensure that the change to indicators are of a magnitude and type that they can be captured and documented over time (quantitative or qualitative). Make sure that it is clear what direction of change is desired.

* Achievable

Is the indicator reasonable, and credible under conditions expected? Can the needed data be collected with the required volume and coverage, in light of available financial and human resources and is it cost effective? Set targets that are achievable and avoid targets that are bound to fail.

* Relevant

Do measurements and indicators really capture the relevant changes to the relevant variable?

* Time-bound

Make sure that a baseline can be achieve in a timely manner and that a potential noticeable change to the indicator could be captured within the time of the engagement.

PSEDs must include clear baselines and targets (and where appropriate milestones) for all outcome and output indicators to enable the tracking of progress and to ensure that PSF can hold implementing partners to account for delivery and for achieving desired results. By encouraging regular monitoring by the implementing partner, the overall implementation of the engagement can be strengthened.

The baseline indicates the status prior to the engagement activity, such as number of persons trained, guidelines in place etc. at the start of the engagement, while the target reflects the status at the end of the engagement. While being SMART, the targets can usefully indicate changes in terms of # (numbers) and % (change from the baseline) or specified qualitative descriptors. Ideally, annual targets at output level (also called milestones) should be formulated, allowing for continuous tracking of progress.

Once an indicator has been chosen, the baseline value/descriptor needs to be added to the results framework above and based on this an envisaged target value/descriptor.

## 3. Aligning the PSED with implementing partner’s M&E system

PSEDs should align with and reflect the objectives, results and indicators of the implementing partner(s).

While some implementing partners develop and use their own results frameworks (or log frames), others will display weaknesses in this field. During the formulation phase of the PSED, as well as during subsequent reviews, partners should be consulted and supported in this area, with a view to improve the quality of results frameworks where needed, and to ensure that the objectives implementing partners want to pursue and understand are aligned with those articulated in the PSED documentation. A harmonisation of indicators, narrative descriptions and reporting frequencies will ease the burden on implementing partners, reduce potential for misunderstandings, allow them to focus their M&E efforts, and thus enable them to enhance the reliability, quality and utility of PSED reporting.

If the partner’s results framework is not designed with clear baselines and targets, these will have to be retrofitted. This again may influence the ability to actually meet the objectives of the PSED . In this case, the PSED owner will need to assess whether a reformulation is needed to be presented to the PSF steering committee. Such reformulation would have to happen in agreement and close dialogue with the partner, who should ‘own’ the retrofitted results framework.

Partners should also be consulted, or indeed set the direction, on how indicator values are calculated. As activities may be expanded over time (e.g. geographically), it is important that the calculation is conducted in a way that allows for comparison of values to avoid that changes to values are attributed to real change, rather than to a difference in the means of calculation. These descriptions should be captured by adding footnotes to the relevant indicator in the results framework.

1. 2012, Box 5. Can be found at [www.amg.um.dk](http://www.amg.um.dk) [↑](#footnote-ref-1)
2. Compare also with the Aid Management Guidelines ([www.amg.um.dk](http://www.amg.um.dk)). [↑](#footnote-ref-2)