MINISTRY OF FOREIGN AFFAIRS • MINISTRY OF DEFENCE

GUIDELINES
The Peace and Stabilisation Fund

October 2020

Content

Abbreviations

APD	Africa, Policy, and Development Department
ALO	Asia, Latin America and Oceania Department
AMG	Aid Management Guidelines (Danida)
ELK	Evaluation, Learning, and Quality Department
EUN	Europe and North America Department
MENA	Middle East and Northern Africa Department
MFA	Ministry of Foreign Affairs
MNS	Migration, Stabilisation and Fragility Department
MoD	Ministry of Defence
MoJ	Ministry of Justice
PMO	Prime Minister's Office
PSF	Peace and Stabilisation Fund

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1. INTRODUCTION TO THE PEACE AND STABILISATION FUND

The Guidelines for the Peace and Stabilisation Fund ("the Guidelines") provide a common overarching framework for the management of activities financed by the Peace and Stabilisation Fund (PSF or "the Fund")[1]. The purpose of the guidelines is to facilitate coherence and integration of stabilisation initiatives across authorities despite differences in mandates, operational measures and processes. The Guidelines is the principal management and administration framework for identification, preparation, implementation, management, monitoring and evaluation, reporting and completion of all activities under the Fund.

The Guidelines provide guidance on how to prepare and manage activities financed by the Fund whilst drawing on existing guidelines such as the "Danida Aid Management Guidelines" (AMG)[2] and where relevant "OECD DAC Guidelines" for engagement in fragile and conflict-affected situations. For defence engagements, NATO guidelines on stabilisation and reconstruction can also be useful in preparation and implementation.[3] Furthermore, the Guidelines define the requirements for approval processes and administrative procedures and include links to relevant complementary administrative guidelines. Where there are special processes regulating the Fund these will be mentioned explicitly. The overall principles and considerations behind the Fund as well as the programming processes and cycle are also described.

The fund is a financial pillar for the implementation of the Danish approach to stabilisation of fragile and conflict-affected areas. The Fund is an integral part of the Danish "Foreign and Security Policy Strategy 2017-2018" (June 2017). It seeks to develop integration between the relevant areas, including for example diplomacy, security, defence and development, to enhance the impact and sustainability of Danish stabilisation efforts in fragile and conflict-affected regions, countries and areas. The Fund was established as part of the Danish Defence Agreement 2010-2014 and was reconfirmed with the following Defence Agreements, including the current 2018-2023 Agreement.

The Fund is also an important contribution to Denmark's strategy for Development Cooperation and Humanitarian Action ("The World 2030") with its focus on "peace, security and protection". The Fund addresses the UN's Sustainable Development Goals (SDG) and prioritises SDG 16 (peace, justice and strong institutions) by focussing on prevention of conflicts and stabilisation in and around fragile states.

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[1] The Guidelines for the Peace and Stabilisation Fund, June 2018 ("the Guidelines") replaces the Guidelines for the Peace and Stabilisation Fund (February 2014).

[2] The MFA Aid Management Guidelines are frequently updated, the current version as of time of writing is from January 2018. The Secretariat will continue to review future updates to the Aid Management Guidelines to ensure that any changes remain consistent with the Guidelines for Peace and Stabilisations Fund. Any conflict between the two sets of guidelines that may arise in the future will be notified to the Steering Committee.

[3] See for instance Allied Joint Doctrine for the Military Contribution to Stabilization and Reconstruction (December 2015).

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The Whole-of-Government approach to peace and stabilisation is qualitatively different from conventional development cooperation and military engagements separately and implies that objectives and guiding principles may differ. The concrete application of the Guidelines, however, must take into account the various procedures and regulations, quality criteria as well as corporate cultures in the organisations and departments that the Fund brings together. As an example, the Ministry of Defence implements many stabilisation and capacity development activities 'in-house' through subordinate agencies. The Ministry of Foreign Affairs usually uses external implementing partners such as UN agencies, regional organisations, NGOs, consultants, etc.

1.1. Rationale for the Whole-of-Government Approach to the Fund

Resonating with global concerns such as instability, international security, violent extremism, terrorism, and chronically low human development, fragile and conflict-affected settings have increasingly become a preoccupation of Denmark and the international community. Fragile states face problems in a wide range of domains (e.g. provision of physical security, legitimate political institutions, sound economic management and the delivery of social services), indicating the need for a mix of actors, instruments, incentives and interventions. Accordingly, the Ministry of Foreign Affairs and the Ministry of Defence in coordination with the Prime Minister's Office (PMO) and the Ministry of Justice (MoJ), have applied a Whole-of-Government Approach to ensure a coherent, integrated stabilisation policy and action across the relevant Danish government actors. Other government authorities are also engaged in the programmes and projects when relevant.

1.2. The Whole-of-Government Steering Committee

The principal decision-making body of the Fund is the Inter-ministerial Steering Committee. The Steering Committee is made up of high-ranking officials from the Prime Minister's Office, the Ministry of Foreign Affairs, the Ministry of Defence and the Ministry of Justice and convenes for regular meetings (minimum on a quarterly basis). The Steering Committee membership should reflect expertise on foreign, defence, security and development policy. It is possible for the lead member of the ministries on the Steering Committee to invite participants with relevant expertise to attend meetings if relevant.

Chairmanship of the Steering Committee rotates on an annual basis between the Ministry of Foreign Affairs and the Ministry of Defence.

The Steering Committee has the following responsibilities:
- Outlining overall geographic and thematic priorities of the PSF
- Approval of programme concepts, programmes and project appropriations.
- Ensuring activities undertaken by the Fund are aligned with overall Danish policy priorities, in particular foreign, defence and development policy.
- Ensuring the coherence of policies and strategies affecting the Danish peace and stabilisation agenda.

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- General Fund oversight including monitoring overall progress and performance of programmes, projects and engagements through regular reporting to the Steering Committee.
- Monitoring risks of programmes, projects and engagements.
- Ensuring that regular and timely evaluations are conducted.
- Ensuring that lessons learned are adopted across the Fund's programming.

Peace and Stabilisation Fund Management Structure
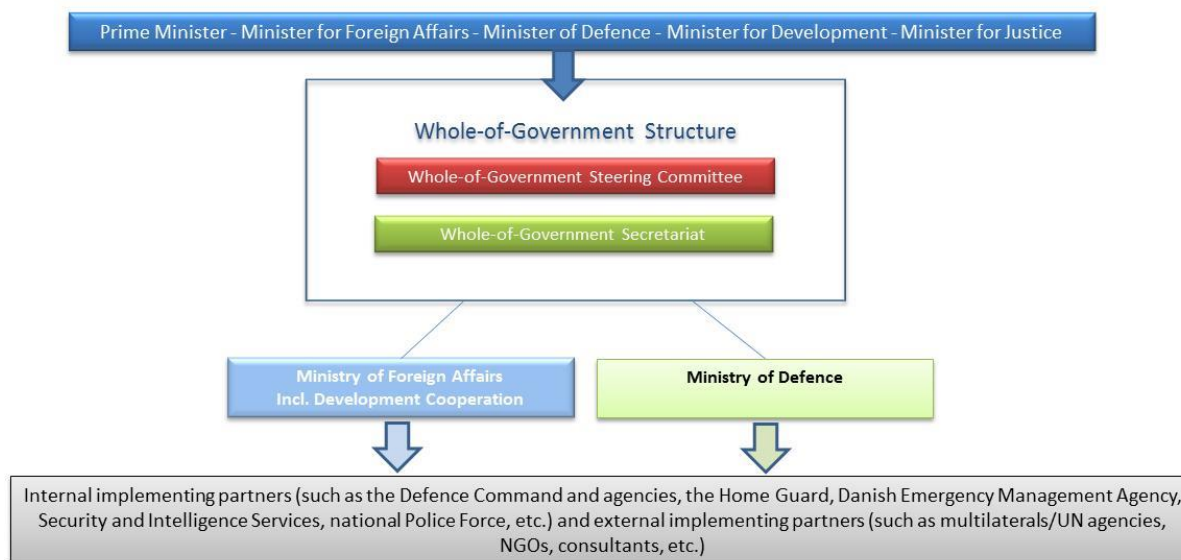
1.3. The Whole-of-Government Secretariat

The Steering Committee is supported by the *Whole-of-Government Secretariat* ("the Secretariat"). The Secretariat is composed of staff from the MFA's Department for Migration, Stabilisation and Fragility (MNS) and the Department for Stabilisation and Operations in the MoD. The Secretariat convenes once a week or on a needs basis.

The main functions of the Secretariat are:
- Providing strategic advice and quality assurance support to the stabilisation programmes.
- Day-to-day duties related to Fund coordination and management including ensuring Fund guidelines are aligned with Danida Aid Management Guidelines as appropriate.
- Supporting the Steering Committee in carrying out its functions, including overview of the status of progress (physical and financial) of approved programmes; funds available for programming, ensuring that mid-term reviews are conducted in a timely manner, overview of programme pipeline, findings and recommendations of reviews, upcoming reviews etc.
- Promoting awareness of the Fund across the MoD, the MFA and with external stakeholders.
- Regular dialogue with entities within the MFA and Danish Armed Forces engaged in Fund activities as well as stabilisation advisors.

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- Promoting cross-programme and project learning for instance through seminars, workshops, VTCs etc.
- Preparing the annual work plan for the Fund and the Steering Committee.

1.4. The financial structure of the Fund

The Fund is made up of funds provided in the Defence Agreements and the annual Finance Act. The Finance Act determines the overall allocation of resources to regional peace and stabilisation programmes and resources available for strategic projects etc. The Fund includes both Official Development Assistance (ODA) and non-ODA financing, which enables it to react with the necessary and broad-based stabilisation measures. The Fund is listed in the Finance Act under three different accounts (§06.32.08.80; §06.11.15.40 and §12.11.02.50) and the annual allocations of the Fund can be found in the Finance Act.

2. CURRENT PRINCIPLES AND PRIORITIES FOR THE FUND

When planning activities financed by the Fund, a range of policy papers, principles and considerations should be taken into account. In regards to policies, the current government policy platform forms the basis of Danish foreign and security priorities.

Relevant policy documents that outline key priorities for Danish stabilisation engagements include the Danish "Foreign and Security Policy Strategy 2017-2018" and Denmark's Strategy for Development Cooperation and Humanitarian Action ("The World 2030"). Looking forward, increased focus will also be directed towards ensuring that activities and programmes under the Fund complement Danish military engagements in international operations when opportune. Whenever possible operational military engagements should not stand alone, but be complemented by efforts focussing on stabilisation and capacity building of relevant security forces both military and police.

In addition to the relevant policies, a number of specific principles and thematic and geographic priorities apply to the Fund. These principles and priorities, which are outlined below, were decided on by the Steering Committee and ministers in May 2017 and may be updated at a later time. Any updates will be adopted into the present Guidelines.

2.1. Current principles

In addition to the overall Danish policies and strategies, the following principles relate specifically to the work of the Fund in order to take advantage of the distinctive features of the Fund in Danish peace and stabilisation engagements:

Whole of Government: Continues to constitute the underlying basis of the Fund and places it in an intersection between security, development and foreign policy, where efforts can be financed with both ODA and non-ODA funds and integrate with other Danish efforts in the areas of development, foreign affairs and defence. The Fund's efforts can also support the coherence between internal and external security.

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Regional focus: Takes advantage of the fact that the Fund is not country-specific since the conflicts the Fund focuses on usually have 'spill-over' effects in the surrounding countries, which means, among other things, that the Fund can also operate where Denmark has no actual development programmes and will in most contexts cover several priority countries.

Danish interests: The PSF shall focus on efforts that are of particular importance to Danish interests, such as efforts to help prevent irregular migration flows and violent extremism as well as to contribute to stabilize regions in close proximity of Denmark. It is also possible to respond to Danish business interests with actions in relation to, for example, maritime security.

Partnerships and alliances: The PSF's efforts ought, where feasible and relevant, to be implemented in partnerships and/or alliances with other relevant countries or international and regional actors, where 'likeminded' interests with Denmark exist, or where Denmark has an interest in strengthening the relationship.

Danish influence: The PSF efforts shall focus on Danish comparative advantages in regards to what Denmark can contribute to and with, and where Danish contributions can make a clear difference and add value.

Achievement of results: The PSF efforts often take place in complex and difficult contexts. Therefore, a realistic level of ambition is necessary regarding the results that the individual engagements and the overall programmes can achieve, also recognizing that results generally require long-term perspectives and time-lines.

Innovation and flexibility: Means that programmes are designed to ensure efforts can be adjusted continuously and remain agile with a fast response capacity. At the same time there is a willingness to test new methods, approaches and relevant thematic areas.

Risk tolerance: Means that the Fund, more so than other efforts, can support particularly risk-prone peace and stabilization efforts of developmental or political nature. It will be important to consider how administrative challenges can be handled when implementing programmes in risk-prone contexts.

Emphasis on a programmatic approach that provides a long-term and predictable framework, where this is appropriate for achieving results with long-term effects and allowing for solid theories of change, but also recognizing the need for flexibility within the timeframe.

Administrative resource base: Experience indicates that the presence of a Danish representation or embassy in or near the area of effort, or the deployment of advisors to anchor the administration of the PSF engagements, strengthens the implementation and monitoring and helps to support the overall Danish influence. Moreover, this helps to secure the necessary resources in regards to security needs.

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Complementarity with other Danish efforts, which includes the avoidance of duplication and overlap.

2.2. Current thematic priorities

The individual programmes and engagements under the Fund will focus one or a few of the following themes depending on the specific context. In the selection of thematic efforts under the individual programmes, it is essential to prioritise engagements that strengthen the effective utilization of resources and focus on concrete and measureable results that ensure an added value compared to other Danish instruments.

- Directly stabilizing efforts, which respond quickly to needs for safety and security, access to basic services, build-up of local resilience and reconstruction efforts in, for example, liberated areas in conflict-affected areas.

- Preventing or countering violent extremism (P/CVE) with focus on e.g. disengagement, preventive efforts, capacity-development of intelligence services and financial intelligence units, and other efforts that aim to counter terror-financing as well as promote human-rights compliant counter-terrorism efforts.

- Conflict prevention and conflict resolution, including capacity- and institution-building as well as political dialogue, reconciliation and potential transitional justice, including securing judicial evidence.

- Security- and justice-sector efforts, focusing on developing the capacity of national and regional security forces, and their democratic oversight, who can partake in ensuring national security, international or regional operations/missions, as well as relevant areas of the justice sector including Responsibility to Protect (R2P) (where possible), as well as focusing on "disarmament, demobilization and reintegration efforts" (DDR).

- Countering transnational, organized crime and illegitimate financial flows, including networks that support irregular migration and human trafficking, which contributes to, among others, countering or preventing destabilization of fragile regions.

- Strengthening maritime security, e.g. through countering piracy and maritime crime by focusing on capacity building relevant authorities and information-collection and sharing. In addition, focus on harmonization of relevant laws, rules and strategies that deal with the countering and prosecution of regional maritime crime.

2.3. Current geographic priorities

In accordance with Denmark's Strategy for Development Cooperation and Humanitarian Action, and based on experience from the Fund's current and previous activities, engagements will be centered around a limited number of fragile countries and contexts, as well as around regional anchors where Danish security policy interests are at stake, and where Danish engagements generate an added value. This especially applies to

'arch' of instability around Europe, which affects Danish security and higher priority is therefore given to areas geographically closer and of particular importance to Denmark.

Similar to the focus areas of the Strategy for Development Cooperation and Humanitarian Action, the Fund's engagements can include efforts in the Middle East and North-Africa (MENA). This region is affected by instability that affects the security situation negatively and which fuels militant Islamists, violent extremists, terror, and irregular migration ultimately endangering the security and stability in Europe and Denmark. Priority is also given to the Sahel region and the Horn of Africa, where radicalization, organized crime and militant Islamism are increasingly adding to the cross-border instability. The effects of these issues are becoming more noticeable through irregular migration, violent extremism, terrorism and for the neighboring countries and Europe. Also included among the Fund's priorities is Afghanistan where the Taliban and other terrorist groups challenge the Afghan defence and security forces endangering the development and progress Afghanistan has experienced, as well as the regional stability. Additionally, Russia's actions, which challenge the European architecture of security have a destabilizing effect that speaks to a Danish engagement within the framework of the Fund in Denmark's eastern geographical proximity. Depending on the development on the ground, a Danish engagement in Libya might also be funded by the PSF.

Lastly, priority will also be given to some specific areas of strategic importance to Denmark which are not included in the regional programmes like contribution to increase maritime security in the Gulf of Guinea. Other strategically priority areas will contribute to multilateral and international organizations, including NATO and the UN, support disarmament and non-proliferation and cooperation with new partners. Contribution to NATO, also within the framework of the Projecting Stability initiative and a possible future CT-initiative can take place in MENA region.

2.4. Human rights, gender and youth

In addition to the principles and priorities specific to the Fund, a number of cross-cutting priorities generally apply and should therefore be reflected in Danish peace and stabilisation efforts. Promotion of human rights is a fundamental pillar of the Danish foreign policy and should be considered accordingly in stabilisation engagements. Within the areas of rights, gender is a specific priority in Danish international engagement. Women and men tend to be affected differently by violent conflict. Furthermore, they tend to have different roles and levels of information in stabilisation activities and to be able to wield different influence for stabilisation. This needs to be taken into account in the context analysis and when designing and implementing activities. The particular role of youth and the impact fragility and conflict have on young people will also be reflected in Fund activities. Moreover, to comply with UNSCR 1325 and subsequent resolutions on women, peace and security, UNSCR 2250 on youth, peace and security as well as other international law to which Denmark is a party, it is imperative that those engaging in stabilisation activities are aware of the implications of their initiatives across gender and youth.

Applying a Human Rights Based Approach, with a focus on participation, accountability, non-discrimination and transparency is of particular importance in a fragile states context as non-inclusion of minority rights is an important destabilising factor.

2.5. Anti-corruption

Corruption is an obstacle for achieving development goals; both in terms of ensuring that development assistance reaches the target group and in terms of creating an environment conducive for economic development and good governance.

There is zero tolerance towards corruption. This means that no form of corruption is accepted. Zero tolerance does not mean that the risk of corruption is not tolerated. Programming is based on awareness of calculated risks and means of mitigation. Measures of anti-corruption are strategically integrated in the planning of development programmes for all phases of a programme cycle, including measures of prevention, control and sanctions.

3. PROGRAMME AND PROJECT PREPARATION, APPROVAL, MANAGEMENT AND COMPLETION

This chapter specifies the processes for programme and project preparation, approval, management and completion.

3.1. Scope of present Guidelines

The present Guidelines constitute the overarching administrative framework for the Fund. However, responsible programme coordinators and desk officers must in addition to present Guidelines generally follow the legal and administrative rules and regulations of the respective authorities. The Peace and Stabilisation Fund falls under the same overall administrative rules as all state expenditures[4].

The Guidelines are intentionally closely aligned with the MFA Aid Management Guidelines (AMG)[5] and make reference to the AMG where relevant. Where a topic is covered in present Guidelines and the AMG, the present Guidelines take precedence. However, the AMG also constitute a central reference point for programmes and projects under the Fund. The AMG provides important guidance for all ODA funding under the Fund and serves as a useful reference point for non-ODA funding as well.

3.2. Definitions – engagements, projects and programmes

Funding from the PSF can either be awarded towards a project or a programme. The building blocks for projects or programmes are entitled *Peace and Stabilisation Engagements* ("Engagements"). For non-ODA funding, an engagement can be made up of one or

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[4] Budget Guidelines/"Budgetvejledningen" and Financial Management Guidelines/"Økonomisk Administrativ Vejledning
[5] http://amg.um.dk

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more partners and activities within a joint thematic or geographic focus. For ODA funding, an engagement will generally be limited to one partner.

A *project* is essentially a narrow programme, consisting of only one *engagement*. As per the above, a project can consist of one or more partners. A *programme* is a broader intervention that consists of multiple engagements. A large programme will often be sub-divided into several more targeted *thematic programmes* when a programme covers several different thematic areas. Programmes take into consideration – but do not necessarily always apply – a wide spectrum of peace and stabilisation instruments such as diplomatic, development assistance, police and military means. In most cases, projects and programmes follow the same principles and guidelines and are managed according to similar procedures.

There is a recommended maximum limit on the number of engagements and thematic programmes that may be included in a programme or project. The AMG provides guidelines on the recommended maximum allowable number of engagements and thematic programmes according to the size of the total appropriation. In determining the appropriation size for this purpose, both ODA and non-ODA funding should be included. Appropriations that consist purely of non-ODA funding may deviate from the AMG guidance.

3.3. Management and responsibilities

Responsibilities for ownership, coordination and management of a programme or project is vital and should be clear from the outset. Below follows the recommended guidance on management structures based on past practice and experience from PSF programming. Alternative management structures can be put in place, as long as they are justified and explained. Generally, the management structure for a programme should be sufficiently robust to ensure good delivery throughout the programming cycle. Refer also to the MFA AMG for good practice on ensuring that a management structure is robust.

Programme or project ownership
In order to have clear ownership and accountability, the overall programme (or project) is anchored within one designated department or representation in the MFA (for MFA funds/engagements) and in the MoD (for MoD funds/engagements). Within the MFA, overall responsibility is, when possible, decentralised to the relevant Danish representation in the programming region. When decentralisation is not possible, for example because there is no Embassy present, overall responsibility for programmes and projects lies with the relevant unit in Copenhagen (e.g. the regional departments such as ALO, AFR or MENA). Within the MoD the overall responsibility for programmes and projects is generally anchored in the Department for Stabilisation and Operations. The head of the designated MFA/MoD department or representation is overall responsible for their respective programme or project portfolio. Where relevant it is the head of the responsible unit who signs the project agreements/commitment letter with the implementing partners.

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Programme and project coordination

To ensure coordination across the MFA, MoD and many other actors involved, the responsibility to *coordinate* the programme (or project) should be clearly anchored, e.g. within one designated department or representation in either the MFA or the MoD. The responsible department/representation is charged with coordinating the programme or project across stakeholders and across all parts of the programme cycle (further outlined in the section below). This may include the preparation of a Concept Note, preparation of a Programme Document, presentations to the Steering Committee, and obtaining ministerial approval. Further, the department or representation is responsible for reviews and completion of the programme, including for collecting lessons learned that will be fed into a potential next cycle of preparation of a stabilisation programme.

For programmes, a designated *Programme Coordinator* should be appointed within the responsible department or representation in order to lift these responsibilities. The Programme Coordinator is the central port of call for the programme and is responsible for coordinating programming, programmatic and financial reporting, monitoring and reporting of the programme. For projects, which are simpler and consist of a single engagement, a designated programme coordinator may not be required. The desk officer (see below) who manages the project can also take on the project coordination responsibilities outlined above.

Managing engagements under a programme/project

While coordination of the programme/project is the responsibility of a department, the *management* of the individual engagements (and implementing partners) can be split across several different parties. Each engagement under a programme should have a designated *desk officer* (in some cases this is entitled an "engagement manager"). The desk officer is responsible for all aspects of managing the individual engagement across the project cycle, including the responsibility for *management*, *financial management* and *reporting*.[6]

A programme, consisting of multiple engagements, will often have several desk officers associated with it. In some cases, a programme coordinator may, in addition to the overall coordination responsibilities, also take on desk officer responsibilities for one or more individual engagements. In the case of a project, the project as a whole will have one designated desk officer, who will also take on the coordination responsibilities outlined above.

For MFA financed activities, the desk officer is appointed from the responsible MFA department (for centralised programmes) or the local representation (for de-centralised programmes). For MoD financed activities, the desk officer responsibility is usually delegated to MoD agencies such as the Defence Command Denmark and the Danish Home Guard. This responsibility can be further delegated to Danish posted staff such as military advisors.

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[6] For further information on desk officers' responsibilities in relation to managing projects financed by §06-funds consult the general MFA "Sagsbehandlervejledningen" (Guidelines for Desk Officers).

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Dedicated stabilisation advisors or units

In some instances, for example where the capacity of the local Danish representation is not sufficient to fully administer a programme, a stabilisation advisor (or, if relevant, a team of stabilisation advisors constituting a unit) can be contracted within the programme to provide technical assistance to partners and follow the day-to-day implementation of the programme.

The location of the stabilisation advisor will differ according to the means of funding. If a stabilisation adviser is financed by ODA-funding from the programme, then the adviser will not be allowed to assume office at the Embassy, unless particular circumstances, such as security, make location at the Embassy a necessity. If, on the other hand, the adviser is financed by the running costs of the Embassy, then the adviser can be located at the Embassy. The advisor reports to the responsible Head of Department or Representation. Advisors will have specific terms of reference.

Figure: Management of programmes and projects under the Fund
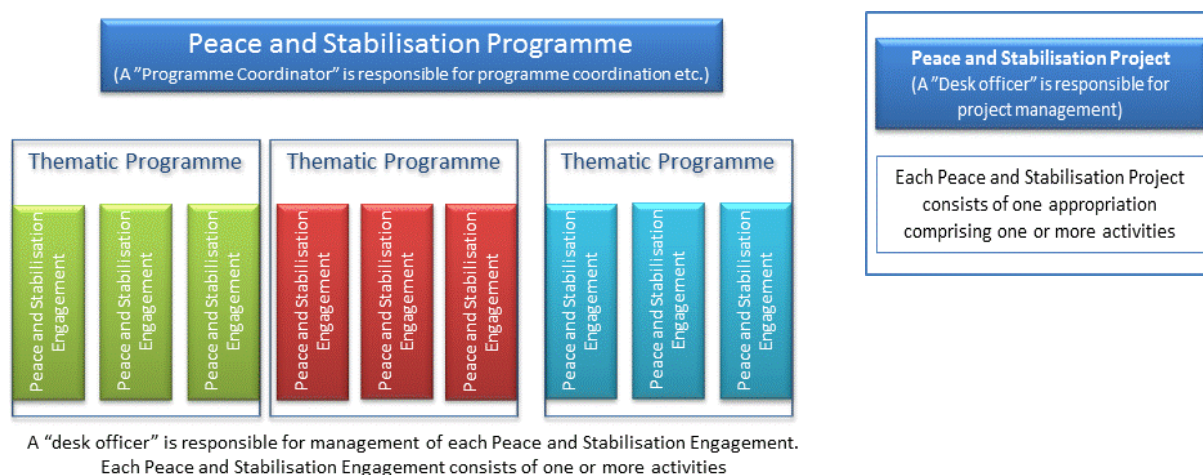
3.4. Preparation of programme and project documents

The relevant department or representation is responsible for coordination of all aspects of the programme cycle. This includes coordinating the preparation of the programme or project documents for presentation to the Steering Committee.

Whole of Government approach

In line with the Whole of Government approach, a programme or project should be developed with the involvement of the relevant Danish government authorities. Representations and agencies involved or affected by the activity proposed must be involved closely in the preparation phase and will contribute to the preparation/formulation of the engagements. The programme coordinator is responsible for this with the assistance of the Secretariat as needed.

Concept Note (for programmes only)

For appropriations with a budget frame above DKK 39 million (including ODA and non-ODA funding), the unit responsible shall as a general rule develop a Concept Note

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as a basis for the Steering Committee to discuss and review the proposed engagement prior to the development of a full programme or project proposal. In exceptional cases, e.g. where a political decision has already been made to fund a particular set of engagements, the requirement for a concept note may be waived by the Secretariat.

The Concept Note shall include contextual analysis with specific focus on political economy and drivers of conflict and fragility; rationale for the choice of thematic programmes and development engagements; potential partners; preliminary considerations regarding management set-up, results framework, risk management and budget etc. The Concept Note is discussed and approved by the Steering Committee, which may also recommend changes. The Concept Note should follow a format similar to the Programme document (see below).

Format and structure of programme and project documents

Concept notes and programme documents should follow the templates and guidance provided in the AMG Guidelines. Every programme document should be accompanied by a relevant Peace and Stabilisation Engagement Document (PSED) for each engagement. The PSED(s) should follow the specific format and guidance provided in Annex A. For projects, which consist of a single engagement, the PSED constitutes the main project document.

In general, programmes and projects must be designed to reflect the specific conflict, security and destabilisation/stabilisation matters and clearly demonstrate an understanding of the *conflict and stabilisation drivers* that affect the conflict, as well as how the proposed programme will address this.

When a draft concept note, programme or project is forwarded for approval to the Steering Committee, it should be accompanied by an *appropriation cover note*, which summarizes the proposed intervention. Templates for appropriation cover notes for programmes can be found in Annex B and for projects in Annex C. For programmes, the appropriation note is accompanied by the programme document, while PSEDs within the programme are made available to the Steering Committee if requested. For projects, the appropriation note is accompanied by the PSED.

Table: Overview of formats required for projects and programmes

Concept Note (project or programme)	Use Appropriation Cover Note format as cover + Concept Note
Project	Appropriation Cover Note + PSED
Programme	Appropriation Cover Note + Programme document (and annexes) + PSEDs

Determining ODA eligibility

The Fund includes ODA and non-ODA funds. ODA-funding and non-ODA funding are subject to distinct financial management and reporting procedures. It is critical that ODA funding is not, inadvertently, used for activities which are later found not to be ODA-eligible. A benefit of the Fund is that it includes both ODA and non-ODA

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funding, which allows financing of both types of activities. The Secretariat will provide advice and guidance on ODA eligibility, also drawing on expertise within the MFA Technical Quality Support department.[7]

Responsibility for ensuring that all ODA-funded activities are compatible with OECD-DAC guidelines lies with the Head of Unit responsible for a given project or programme. It is therefore important to determine at the outset of a programme whether activities are ODA eligible. The Programme Coordinator/Desk Officer shall make an initial assessment of engagements under consideration, which will then form a basis for dialogue with the Secretariat and, when needed, the MFA Technical Quality Support Department (ELK) in order to make a final assessment.

Results and risks frameworks

When drafting the programme/project proposal to the Steering Committee it is important to ensure that the expected *results* of the programme can be conveyed through an appropriate results framework that includes relevant, realistic and measurable indicators. It is recommended to consult the MFA AMG for good guidance on results frameworks when formulating programmes. A results framework should be included in the PSED if relevant.

An appropriate risk framework, including a risk assessment and risk management mechanism, should be given due consideration during the formulation phase. MFA AMG and template for risk assessments are applicable to programmes and should guide the risk assessment for programmes and projects. The risk section shall specify how risk monitoring will feed into management information and possible adjustments in results expectations because developments in risks can affect activity performance. Risk assessment and management is particularly important in peace and stabilisation programmes, given the relatively high tolerance for risk under the PSF.

3.5. Quality Assurance of programme and project documents

For quality assurance prior to presentation to the Steering Committee, the Secretariat must be consulted in the initial programme and project formulation phase before as well as after the approval of the Concept Note. The Secretariat will provide feedback, assess whether it falls within the purpose of the Fund, and advise whether there are resources available for the activity. The Secretariat will provide feedback on the proposal and provide and/or facilitate technical assistance on particular aspects of the proposal, such as how to integrate a gender, youth and human rights approach, how to conduct a risk analysis etc.

Apart from the on-going dialogue with the Secretariat, it is paramount that units enter into a continuous dialogue with *partners and beneficiaries*. This dialogue aims at ensuring local ownership of the activities and intended outcomes. The dialogue should also be

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[7] A relevant tool is OECD ODA Casebook on conflict, peace and security activities, 20.10.2017; https://one.oecd.org/document/DCD/DAC(2017)22/FINAL/en/pdf

used to inform the risk analysis, and minimize potential negative side effects ("do-no-harm"), and mainstream gender and human rights into the planned activities.

<u>All</u> appropriations which include MFA ODA-funds are subject to MFA Technical Quality Support (ELK) quality assurance procedures, as outlined in the MFA AMG, before submission to the Steering Committee. In determining the appropriate thresholds to apply, both ODA and non-ODA funding should be included. Where an appropriation consists purely of non-ODA funding, the responsible department/ representation may waive adherence to the quality assurance guidelines in discussion with the Secretariat.

As a general rule, and in line with these quality assurance procedures, concept notes (over 39 million DKK) should be presented to the MFA Programme Committee (an internal, technical review board) prior to presentation to the Steering Committee. The comments of the Programme Committee will be shared with the Steering Committee for its considerations.

Additionally, for draft project and programme documents (after a concept note is approved), quality assurance takes place in the form of an appraisal. In line with AMG procedures, responsibility for appraisals depends on the size of the appropriation. Appropriations above DKK 39 million (ODA or non-ODA) are subject to an independent appraisal. Technical Quality Support (ELK) is responsible for these appraisals, though the task can be delegated to the Secretariat when certain conditions are in place. Appropriations above DKK 10 million to DKK 39 million should also follow an independent appraisal, either by ELK/Secretariat or an external consultant. Appropriations of DKK 10 million and below follow an internal appraisal process. For further guidance on the above-mentioned appraisal processes, see the MFA AMG. Appropriations that consist purely of non-ODA funding follow the same appraisal process as ODA funding. An appraisal report will need to be prepared for all types of appraisals described above. See annex F and MFA AMG for further details on appraisal reports.

Where an external appraisal has been carried out, the signed summary of appraisal recommendations, should be included in the material presented to the Steering Committee.

3.6. Approval processes
The responsible unit submits the relevant documentation to the Steering Committee through the Secretariat. This will be done on the basis of documents that the responsible unit and the Secretariat jointly consider appropriate for submission to the Steering Committee. The actual submission will be done through the Secretariat in the form of an appropriation cover note. This will be presented alongside the programme document or, in the case of a project, the PSED, while PSEDs which sit within a programme are made available to the Steering Committee if requested.

- As a general rule appropriations must be covered by direct legal basis of the Finance Act (text in the Finance Act).

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- Appropriations up to and including DKK 50.000 can, where the purpose is in accordance with Fund priorities and the overall outlines of the Steering Committee, be approved by the MFA Head of Migration, Fragility and Stabilisation Department (MNS) and/or the MoD Head the Department for Stabilisation and Operations, without prior approval from the Steering Committee. The Secretariat will be informed and notify the Steering Committee as appropriate.
- For appropriation above DKK 50.000 and up to and including 100.000, the MFA Head of Migration, Fragility and Stabilisation Department and/or the MoD Head of the Department for Stabilisation and Operations will use a 24 hour silence procedure to seek the approval of their MFA/MoD counterpart prior to final approval. The Secretariat will receive notification and inform the Steering Committee as appropriate. The Secretariat will be informed and notify the Steering Committee as appropriate.
- Except in the above case, appropriations up to and including DKK 5 million are subject to prior approval by the Steering Committee.
- Appropriations above DKK 5 million are subject to approval by the Steering Committee and subsequent resolution by the relevant ministers. The relevant unit is responsible for ensuring the relevant Minister approval.
- Subject to Steering Committee approval, and, when appropriate[8], approval by the relevant minister, announcements of Fund contributions may be made prior to development and approval of detailed appropriation notices.
- If the proposed appropriation is not covered by the current Finance Act, it shall, in addition to approval by the Steering Committee and relevant minister, be adopted by the Parliament's Finance Committee (Finansudvalget).
- Once approved, it can be considered to notify Parliament in particular of projects and programmes over DKK 39 million and other projects and programmes if deemed appropriate. This could be done through the appropriate Parliamentary Committee (such as the Foreign Affairs Committee (URU), Defence Committee (FOU) or the Foreign Policy Committee (UPN).

The MFA and MoD Finance Act teams may be consulted on the technical questions.

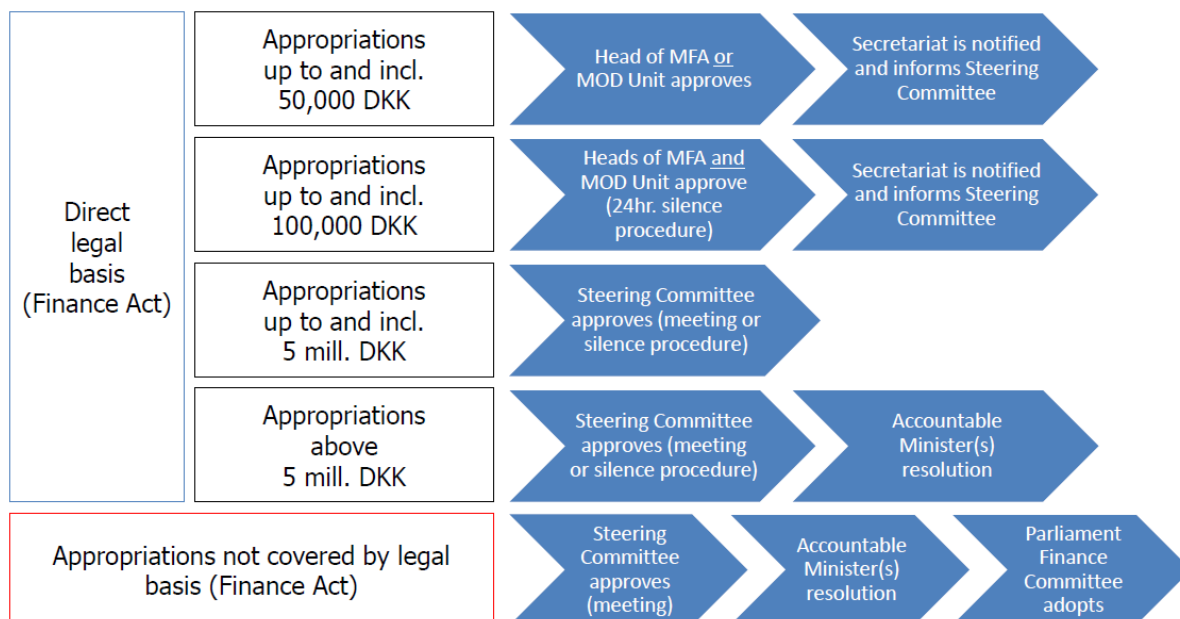Any appropriation notes ("bevillingsnotits") shall upon approval by the Steering Committee be signed by the Head of the responsible unit.

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[8] As defined by relevant guidelines for use of MFA and MoD resources respectively

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Approval processes of the Peace and Stabilisation Fund

Direct legal basis (Finance Act)	Appropriations up to and incl. 50,000 DKK	Head of MFA or MOD Unit approves	Secretariat is notified and informs Steering Committee	
	Appropriations up to and incl. 100,000 DKK	Heads of MFA and MOD Unit approve (24hr. silence procedure)	Secretariat is notified and informs Steering Committee	
	Appropriations up to and incl. 5 mill. DKK	Steering Committee approves (meeting or silence procedure)		
	Appropriations above 5 mill. DKK	Steering Committee approves (meeting or silence procedure)	Accountable Minister(s) resolution	
Appropriations not covered by legal basis (Finance Act)		Steering Committee approves (meeting)	Accountable Minister(s) resolution	Parliament Finance Committee adopts

3.7. Extensions

The implementation time frame of ongoing projects or programmes can be extended where deemed relevant, however, as a general rule this should be avoided as much as possible. Where there is no cost involved, the responsible representation or department can make the decision to extend the timeframe. The Secretariat must be formally consulted and will notify the Steering Committee if deemed necessary. Where additional cost is relevant approval procedures described in chapter 3.6 will be followed.

3.8. Reallocation of funds

Reallocations concern adjustments of already approved budgets for projects and programmes.

For thematic programmes (within programmes), a programme responsible unit may each year during the programme implementation period approve accumulated reallocations between peace and stabilisation engagements within a thematic programme of a) DKK 5 million, or b) up to 10 per cent of the average annual disbursement budget of the thematic programme (as specified in the approved grant document) – whichever is greater (in both cases this includes ODA and non-ODA funding). Reallocations must be agreed with partners and approved by the head of unit. Beyond these limits, the Steering Committee has the mandate to approve reallocations. The request to the Steering Committee should clearly outline from which development engagements the reallocation is requested, the size of the reallocation, and that the reallocation will not lead to changes in the thematic programme objective.

In case the proposed changes involve reallocations between thematic programmes, it should be referred to the Steering Committee for approval based on an assessment and recommendation from the responsible unit confirming that the changes do not contradict the basis for appropriation, the provisions of the Finance Act and/or whether

the changes require re-submission to the Minister, and/or whether it should be submitted to the Finance Committee of Parliament. Reallocations between thematic programmes should always be referred against the basis for the approved programme document as well as with the agreement signed with the national partner.

All new peace and stabilisation engagements not included in the approved programme document are subject to appraisal, according to standard appraisal procedures (ref. appraisal section and annex F).

3.9. Use of unallocated funds and supplementary appropriations

<u>Unallocated funds</u> may be included in project and programmes. This reflects a recognition that some programmes, especially in volatile contexts, may need to react to new situations as they develop, which can necessitate the reservations of a portion of funding to be programmed later. Unallocated funds up to 20% of a programme are acceptable.

For programmes over DKK 39 million, unallocated funds cannot constitute an entire thematic programme. In the programme document presented to the Steering Committee, it has to be indicated which thematic objectives are relevant and, if possible, also which thematic objectives the unallocated funds are intended for.

The proposal should include a clear process for how the funds will be allocated and quality assured. The responsible unit has the mandate to approve allocations of maximum DKK 10 million from unallocated funds in a financial year, if the use of the unallocated funds follows the indication in the grant document presented to the Steering Committee. If the responsible unit intends to use the unallocated funds for thematic objectives different from what has been indicated in the grant document, or for new engagements not included in the document, the responsible unit will have to seek prior approval of the Steering Committee. For allocations above DKK 10 million in a budget year, the decision to use unallocated funds must be approved by the Steering Committee.

For programmes over DKK 39 million most unallocated funds should be programmed no later than at the time of the midterm review (see below), and a plan for the remaining unallocated funds prepared. Allocation of unallocated funds follows normal appraisal procedures as for any new appropriations. Where Steering Committee approval is not required, the Steering Committee will be informed of decisions regarding use of unallocated funds, for instance through annual programme reporting.

3.10.   Programme and project management and financial management

Once an activity has been approved by the Steering Committee and if needed ministers, the next step is to enter a formal agreement with the implementing partner (where relevant)[9]. The agreement must include a specification of the requirements for both financial and progress reporting, incl. requirements for accounting and auditing.

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[9] Financial management and reporting of activities using § 12.21.01.50. – Ministry of Defence funds will take place according to the specific existing rules and procedures for management of this fund. In these

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The agreement must include a disbursement plan (preferably specifying in which quarter the disbursements will be made). The responsible desk officer will need to decide on a realistic disbursement plan based on an assessment of, *inter alia*, the implementing partner's absorption capacity and the risk analysis. The Secretariat must be consulted with respect to the disbursement plan in order to ensure overall Fund management (overall disbursements frame).

The responsible programme coordinator/desk officer is also responsible for following the requirements regarding programme and project management (i.e. either MFA or MoD regulations respectively). This includes but is not necessarily limited to the following steps that must be completed (the Secretariat and the MFA Technical Quality Support Department Assurance can assist in securing the correct implementation of these steps):

- All Programmes, Peace and Stabilisation Engagements, and Projects (financed by MFA ODA and non-ODA), must have a unique file number in the Ministry of Foreign Affairs' archive system. The responsible department or representation will create a file number (j.nr.) and inform the Secretariat hereof. The general Fund file number for the Steering Committee is 2014-7193. The previous general file number has been 46.H.1-6-0.
- Activities involving ODA-funds must be registered with all the correct documentation (final versions) in the PDB-database ("ProjektDataBase"), incl. as a minimum Concept Note including annexes (larger appropriations), programme and project documents, Appraisal Report (larger appropriations), signed appropriation notes (incl. possible Minister Notes and Finance Committee document), Grant Agreements, financial and thematic reporting, budget and budget-revisions, re-allocation notes, relevant Whole-of-Government Steering Committee minutes in case of significant changes, reviews, register final accounts, Project Completion Reports etc.
- For all activities (ODA and non-ODA) the documentation under the previous item as well as all case forming documentation must be archived.
- Each activity must be correctly entered into the relevant financial systems, including with a budget.

3.11.   Reporting requirements
In order for the Steering Committee to have an overview of the status of the programmes and projects, including commitments and disbursements, the programme coordinators/desk officers have to provide the following information if relevant:

- A copy of the Grant Agreement, incl. the disbursement plan, must be submitted to the Secretariat immediately after signing.

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cases a formal agreement is not needed. When the MOD uses an external partner to implement programmes/activities, the general requirement of a formal agreement still applies.

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- The Secretariat must be informed on actual and expected commitments (for ODA only) and disbursement of funds (based on a dialogue with the implementing partner) quarterly, incl. final end-of-year, and upon request.
- An overall programme progress report (format for reporting see Annex D) should be submitted to the Steering Committee at least once a year, or more frequently, should the situation on the ground merit it. Engagement progress reports underpinning the overall programme progress report should be available to the Steering Committee upon request (format for reporting see Annex E). It is recommended that responsible units prepare an engagement progress report at least every six months in order to give input to the annual progress reports outlined above.
- For MFA funding, the Results Frame Interface (RFI) should be updated with year- and results after the preparation of the annual progress report.
- The Secretariat will as a general rule on an annual basis compile a report for the entire Fund that will be presented to the Steering Committee.

The responsible unit must inform the Secretariat immediately in case of major deviations from the implementation plans and in case of administrative or financial irregularities. The Secretariat shall assess the need to inform the Steering Committee. With regards to activities being managed by agencies subordinate to the Ministry of Defence, the reporting to the Secretariat will follow the normal chain of command, i.e. through the Ministry of Defence and subsequently to the Secretariat.

3.12.   Monitoring and evaluation

The responsible unit should ensure that projects and programmes are properly monitored and evaluated. This implies that a result framework is, when relevant, developed in order to measure the results of the projects and programmes. The MFA AMG can be consulted for additional guidance on monitoring and evaluation. The desk officer for each engagement holds primary responsibility for monitoring the specific engagement and partner.

Monitoring

Monitoring of programmes and projects is an important management tool. Monitoring is a continuous assessment and it takes place at all levels of management through both formal (e.g. use of specified indicators) and informal methods (e.g. internal communication). Monitoring comprises:

- Whether/how resources are being utilised as expected (financial).
- Whether/how activities are performing (programmatic/substantive).
- Whether the intended outputs and outcomes are being achieved (programmatic).
- On-going risk analysis and updates on risk mitigation.
- Updated conflict analysis.

Monitoring is an integral part of all activities financed by the Fund and is when relevant performed by the implementing partner, which oversees activities. The monitoring system depends on the activity (implementing partners may have specific systems) but

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feedback on financial status and overall programme progress is, as described in the previous section, compulsory. However, the responsible unit, and in particular the desk officers also play an important role in monitoring the financial and programmatic performance of the partner(s) as well as ongoing changes in the risk and conflict environment, which may impact on the programme.

Reviews and Evaluation
While monitoring is routine and ongoing, reviews and evaluation are systematic and objective assessments of the design, implementation and results of an on-going or completed intervention. An evaluation should enable the incorporation of lessons learned into the decision-making processes of both beneficiaries and donors. Furthermore, for civil/military engagements it is essential that learning takes place in a continuous, integrated and systematic way to allow the experience gained both by military and civilian actors to be shared and fed into the planning and implementation of further joint stabilisation efforts. However, independent evaluations will not be conducted for every single project. Further information regarding guidelines for evaluation can be found at Evaluation.dk.

Programmes above DKK 39 million (including ODA and non-ODA funding) are subject to a *midterm review*. The purpose of a midterm review is to assess, among other things, performance on results, challenges, developments in risk factors and context, efficiency and effectiveness. The review will provide recommendations for further implementation, as appropriate. The review will be conducted by a review team led by MFA Technical Quality Support and the implementing unit. Further guidance and information on midterm reviews can be found in the Danida AMG.

An *inception review* or a *programme support mission* may also be requested by the responsible unit or recommended by the Secretariat or Steering Committee. Reviews and support missions may be relevant in complex or volatile settings or when starting up a new programme. The focus could for example be on programme issues or processes still outstanding at the time of formal programme approval, e.g. results frameworks not yet consolidated in terms of baselines and targets, management and partnership structures, etc. See also MFA AMG for further guidance.

The Evaluation Department of the MFA independently initiates evaluations of activities financed by ODA funds, but activities funded by non-ODA funds can be evaluated and reviewed based on the consent of the responsible authorities.

3.13.   Preparation of exit strategy
Proper exit-preparation is important when it is planned to phase out assistance. The scope of the exit strategy should match the volume of support provided, and a realistic timeframe should be set for the phase-out. See MFA AMG for considerations related to phase-out. Considerations relating to sustainability and, if relevant, exit strategy should be discussed during midterm reviews.

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3.14. Programme and project completion

All appropriations of more than DKK 500.000 must undergo a formal completion process. To assess results and capture lessons learned upon finalisation, a completion report should be made.

- The responsible unit or the implementing partner shall make a final report including the assessment of effectiveness and efficiency obtained by the donor's investment (Danish or joint). The report is measured against the original envisaged results in the Engagement document. The report generates lessons learned and evaluates the prospects for continued sustainable progress.
- The completion report must be submitted to the Secretariat within 6 months after completion of the activity. It is important to plan the completion report prior to the end of a project or programme to ensure that inputs can be planned or received from partners and possible advisors before the project/programme ends.
- For programmes, a more comprehensive completion report should be made when a Programme is finalised. The report should be presented and discussed in the Steering Committee.
- When a Peace and Stabilisation Engagement is about to end, a final audit must be conducted. The audit will normally cover the last year, but the period can in some cases be extended with a few months. When the audit has been received, the responsible unit must register the received accounts in the respective finance systems.

3.15. Communication and public diplomacy

The Danish government is committed to openness and transparency. As such, there should be a high level of external communication regarding stabilisation efforts under the Fund, including to the parliamentary parties that have signed up to the Danish Defence Agreement, use of external media such as the ministries websites and regular engagement with the media. Responsible units should consider potential communication/promotion in relation to new appropriations. In addition, the programme coordinator and/or desk officers should work with local partners to promote public diplomacy at the local, national and regional level in line with the Danish engagement.

As mentioned in section 3.5 it can be considered to notify Parliament of new projects and programmes, in particular those over DKK 39 million, through the appropriate Parliamentary Committee (such as the Foreign Affairs Committee (URU), Defence Committee (FOU) or the Foreign Policy Committee (UPN).

Amended October 2020

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4. ANNEXES

A. Template for PSEDs
B. Template for Programme Appropriation Note
C. Template for Project Appropriation Note
D. Template for Programme Progress Report
E. Template for PSED Progress Report
F. Appraisal check-list projects of and below DKK 10 mio.

General Policies
- Denmark's Foreign and Security Policy Strategy (2017-2018) (June 2017)
- Denmark's Strategy for Development Cooperation and Humanitarian Action, The World 2030 (January 2017)
- Denmark's Policy towards Fragile States "Peace and Stabilisation"
- Denmark's Integrated engagement the fragile and conflict-Affected Areas of the World
- The OECD/DAC principles for "Good International Engagement in Fragile States and Situations"
- Danish Defence Agreement 2018-2023.

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