

Danish Strategic Sector Cooperation, SSC

GUIDING PRINCIPLES

1.0 Background and purpose

The Danish Government's Development Policy Strategy¹ and Global Climate Action Strategy² set the direction for the Strategic Sector Cooperation (SSC) supporting the green and sustainable transition, raising global climate ambitions, reducing global greenhouse gas emissions, intensifying the focus on climate adaptation and sustainable development, and increasing the mobilization of financing for climate efforts.

Additionally, the upcoming Foreign and Security Policy Strategy and upcoming new Strategic Plan for Economic Diplomacy, set the context of the SSC in terms of e.g. countries of cooperation; Danish priorities, incl. areas of cooperation; partnerships and bilateral relations.

SSC's strategic focus is aligned with the Global Climate Action Strategy (2020)

"Increased global ambitions and actions are necessary to reach the Paris Agreement's 1.5°C objective. Denmark shall be a green frontrunner in global climate action that inspires and encourages the rest of the world. Our goal is 70% emissions reductions by 2030 and climate neutrality by 2050. We will help lead the green transition, further global ambitions on climate, environment and nature, and actively promote and support the Paris Agreement and sustainable development aligned with the SDGs. We will work for a socially just green transition that creates green skilled jobs and avoids increasing inequality."

SSC is aligned with the Danish development strategy (2021)

"One of the objectives is to significantly enhance the international cooperation and strengthen the strategic focus of the collaboration. We must take action in areas where Denmark is best positioned to contribute with Danish knowledge and technology needed by both poor developing countries and growth economies. We must focus and expand the strategic sector cooperation through comprehensive, integrated programmes where Danish strengths are greatest, such as climate and energy, environment and water, sustainable agriculture and food production as well as shipping and health. At the same time, the linkage to the responsible line ministries in Denmark, the private sector, including green investors and civil society, needs to be strengthened. The strategic sector cooperation forms part of Denmark's climate diplomacy and is tailored to match long-term needs of partners."

Within these strategies, the SSC will contribute to delivering on the Paris Agreement and the SDGs by promoting a socially just green transition³, and contribute to sustainable growth and resilient development for people in partner countries.

The SSC will promote Danish best practices and solutions abroad by mobilizing the competencies of Danish public authorities directly in long-term strategic cooperation with counterpart authorities within sectors and areas that are clear

¹ [The World we share – Denmark's strategy for development cooperation.](#)

² [A Green and Sustainable World. The Danish Government's long-term strategy for global climate action.](#)

³ [The SSC guiding principles defines "green transition" in accordance with the OECD DAC Environment Policy Markers.](#)

priorities in each partner country. Focused on national priority sectors, the Danish authorities will through this cooperation support national partners addressing their own legislative, regulative and policy challenges and needs through promotion of Danish sustainable solutions.

These new SSC Guiding Principles are based on the lessons learned since 2015. In 2020, [the Evaluation of SSC](#) confirmed that the SSC delivers relevant and effective results although the long-term effects and outcomes are still to be verified. A key lesson learned from the first five years of the SSC is the need for a strong institutional set-up where all stakeholders, Danish authorities, Danish embassies, the private sector, research institutions and others, are mutually supportive and engaged with best practices, quality inputs and highly experienced human resources. Additionally, the SSC Guiding Principles reflect the concept of Doing Development Differently commonly applied throughout Denmark's international development cooperation.

With this document, Guiding Principles are specified for the SSC including the overall vision and strategic objectives, Global Results Framework and specific requirements for Danish authorities to deliver under one Framework Agreement with the MFA.

2.0 Principles for the Danish Strategic Sector Cooperation (SSC)

2.1 Vision and Theory of Change (ToC)

The overall vision of the SSC is to promote a socially just green transition and to contribute to sustainable growth and resilient development for people in partner countries. Focus is on the green and socially just transition and selected development priorities⁴ in areas where Denmark has special strengths and demonstrates international best practices e.g. in climate and energy, environment and water, sustainable agriculture and food production, shipping and health. The SSC combines best practice and knowledge from Danish authorities, private sector, bilateral relations and green diplomacy with partner countries' needs and vision for inclusive and sustainable development.

Support for the SSC may be granted [in countries](#) eligible for official development assistance according to OECD DAC criteria. Further, it is a requirement that Denmark has an Embassy in the partner country.

The vision for the SSC is guided by a global Theory of Change (see Appendix 1), and supported by a Global Results Framework (see Appendix 2).

In summary, the **Global Theory of Change** is that:

If Danish authorities through the SSC engage and offer their key competencies, experiences and best practice knowledge on policies, regulations, governance and enforcement to partners in countries of cooperation;

And if Danish bilateral relations and diplomacy at the same time contribute to strengthening and expanding relations on climate ambitions, ambitions for green transition and select political priorities between Denmark and partner countries;

⁴ Selected priorities in the Development Policy Strategy p. 42 and new Action Plan for Economic Diplomacy.

And if Danish authorities and Danish embassies jointly also facilitate cooperation with the private sector on solutions within Danish strongholds, financial flows and investments;

Then Denmark will be able to contribute to the development of conducive framework conditions for a green and just transition and inclusive growth and development in partner countries

And then Denmark and partner countries jointly will contribute to the fulfilment of the SDGs and the Paris Agreement, for a green transition and sustainable development.

The Global Theory of Change provides the global frame. Each Danish Authority will develop a Theory of Change, aligned with the Global Theory of Change, for their specific Framework Agreement with the MFA based on the Authority's international strategy and specified areas of core competences and best practices. Moreover, the Framework Agreement will be based on partner countries' expressed priorities and visions for inclusive and sustainable development, and needs for knowledge and capacities to absorb and utilize the knowledge and support received from the Danish partner.

Each SSC project will continue to have its own Theory of Change linked to the Authority's ToC.

For further information on how to prepare a Theory of Change see also the Aid Management Guidelines, Guidelines for Country Strategic Frameworks, Programmes and Projects ([AMG](#)) Annex 3.

2.2 Global Results Framework

The intermediate objective of the SSC is to contribute to conducive framework conditions in partner countries focusing on the green and inclusive transition and selected development priorities through contributions from the strategic sector cooperation.

The Global Results Framework is structured according to the following three global outcomes:

1. Strengthen partner countries capacity to develop, implement and enforce conducive framework conditions for green transition and selected development priorities e.g. sector specific laws, policies, tools and plans;
2. Increased climate ambitions and ambitions for green transition and sustainable development through strong bilateral relations and green diplomacy; and
3. Enhanced engagement of the Danish private sector in identifying sustainable development solutions and opportunities for the promotion of green financial investments.

Each global outcome is supported by one global outcome indicator. The Global Results Framework also includes specific and guiding targets for the various phases of the SSC projects. See Appendix 2.

The Danish authorities will be guided by the global objective and outcomes in their development of detailed targets and results for the specific SSC projects and the Framework. Danish partners will report against the targets and results in the Global Results Framework.

3.0 Collaboration - roles and responsibilities

3.1 Danish Authorities

Danish authorities with an international vision and strategy aligned with the Danish Government's Development Strategy, Global Climate Action Strategy and other international strategies⁵ and with the capacity to manage SSC collaboration will be eligible for SSC collaboration. The Authority's strategy will specify how SSC collaboration will be a suitable instrument to meet the vision and targets of the strategy. Moreover, the strategy will specify the Authority's 3-4 areas of core competences.

Eligible Danish authorities will sign a four-year Framework Agreement with the MFA. The Framework Agreement will cover all three global outcomes and the collaboration with embassies, private sector and potential investment institutions. It will outline the rationale behind the choice of countries of cooperation based on the specific needs, priorities and capacities of each country. It will specify and describe the focus of individual SSC projects. In addition, the framework agreement will present a robust assessment of needed phases for each project incl. exit strategies where relevant. Finally, an output-based budget must be included for the programme.

The Danish Authority will be responsible for and manage all SSC projects and activities under one Framework Agreement covering a four year timeframe with one budget and one annual report for all SSC activities.

In the design and governance of a Framework Agreement, Danish authorities will follow the guidance of these Guiding Principles and the accompanying SSC Manual for Administration (see Annex 3). Additionally, in preparing and implementing the Framework with the individual SSC projects, Danish authorities will follow MFA [Aid Management Guidelines](#) in particular "[Guidelines for Country Strategic Frameworks, Programmes & Projects](#)" and "[Danida Guidelines for Financial Management](#)". An annex to the Danida Guidelines for Financial Management is regulating financial implications for a Danish authorities engaging in Danish officially financed Development Assistance (Annex 4).

Partner countries' needs and requests for capacity development might require cross-sector competences, collaboration among two or more Danish authorities or involvement of other competences within the Danish Authority's mandate such as relevant utility companies. It will be possible for Danish authorities to deliver on such partner countries requests. To do so, Danish authorities without a Framework Agreement will establish cooperation and align potential SSC projects with another Danish Authority that has a Framework Agreement.

3.2 Partner Country Authorities

Partner country authorities are expected to have a vision for their own development and enforcement of conducive structures supporting the green transition and inclusive growth and sustainable development⁶.

⁵ Foreign Policy Strategy and Strategic Plan for Economic Diplomacy.

⁶ National development plans, national SDG-strategies and/or Nationally Determined Contributions (NDCs).

Based on national visions, development plans, needs and capacities, partners are expected to contribute to the design of the SSC project and be willing and able to commit and take ownership of achieving the agreed targets supported by the Danish Authority.

3.3 Danish Embassies

Danish embassies are key partners in the development and implementation of individual projects in the Framework Agreements. The Danish Authority will take initiative to engage Danish embassies in the formulation of the Framework Agreement e.g. in regard to expected inputs and capacities of the Embassy to engage in bilateral sector relations and green diplomacy; their role in the SSC project and achievement of results; country specific risks; synergies with Trade Council, other bi- and multilateral sector activities and relations to other countries' activities in the partner country, and; role in the SSC management set-up and the Embassy's contribution to the Danish authorities' annual reporting.

The Danish Embassy, represented by the Ambassador or his or her deputy, will be co-chair of the SSC Project Steering Committee⁷ and will support the implementation of the SSC project.

Moreover, the Danish embassies will engage through bilateral relations and diplomacy both contributing to the SSC project and elevating the technical collaboration into a sector and bilateral diplomacy with Danish national interest in view.

The Danish Embassy will ensure that SSC activities are well integrated in the Embassy's priorities for the country, e.g. sector diplomacy initiatives, country programmes and strategies, etc. and thereby through trust building lift the technical cooperation to the political level and thus promote Danish positions.

3.4 Private Sector engagement

In a long-term perspective, private sector engagement is key to deliver sustainable and green solutions ensuring financing of the transformation targeted with the SSC engagement along with the sustainability and long-term endurance of the transformation. Additionally, Danish experience shows that public-private partnership and cooperation is critical in development of sector specific conducive policies and strategies. Respecting the SSC as a development instrument, a close engagement of private sector representatives and financial institutions is important. Financial institutions could include the Danish Investment Fund for Development Countries (IFU) and Denmark's Export Credit Agency (EKF). Engagement is important throughout the preparation, implementation and follow-up of the individual SSC projects adjusted to the concrete circumstances in the sector and the country of operation. Additionally, the collaboration with Trade Council is strengthened, underlining the importance of Trade Council following up on opportunities arising from the SSC.

In line with these intentions, the individual Danish Authority will ensure that dialogue with relevant stakeholders, including the private sector and civil society, takes place on a regular basis.

⁷ Exceptions might be made after consultations with the Embassy and MFA.

3.5 Sector Counsellors

The Sector Counsellor is a specialist posted to the Danish Embassy to facilitate and support the individual SSC project, facilitate knowledge sharing, add technical dimensions to the green diplomacy thereby further enhancing the trust building between Denmark and the partner country. Moreover, the sector counsellor will work closely together with the Danish Authority, the Partner Authority, other Embassy staff, and private sector, investment and other relevant stakeholders, incl. research institutions and the Danida Fellowship Centre.

The Sector Counsellor will support the Danish Authority with the formulation, design and implementation of the SSC project.

4.0 Governance and Management Arrangements

4.1 The Framework Agreement

The Framework Agreement will outline the strategic framework for the cooperation including the specific SSC projects and the required Sector Counsellors (see also the Manual).

Further, the Framework Agreement will outline the various phases of the SSC projects i.e. whether the SSC project is new and in the inception phase, in initial or full implementation, or in process of being completed and phased out.

4.2 Governance of the Danish Authority's Framework Agreement

In close collaboration with partner country authorities, the Danish Embassy and private sector stakeholders, the Danish Authority will develop a draft Framework that will be reviewed by the MFA and endorsed with grant approval according to the approval procedures in AMG⁸.

A Strategic Management Group and a Programme Management Group to the Framework Agreement will be established, led by the Danish Authority and with participation of the MFA. The two Management Groups will be operating in a two-pronged approach:

- An annual high-level strategy meeting for the Strategic Management Group.
- Two annual programme coordination meetings for the Programme Management Group focusing on (i) annual progress in results delivery and budget execution, and (ii) annual programming and budget.

4.3 Governance of SSC Projects

Administration and governance of the individual SSC project in partner countries is the responsibility of the Danish Authority. Each SSC project will have a Steering Committee⁹ comprised of a senior representative of the Partner Authority, the Danish Authority and the Danish Embassy.

⁸ Depending on the financial size of the Framework Agreement, AMG specifies approval procedure for the grant.

⁹ If need be, more than one Steering Committee can be established.

4.4 Financial Management

The Danish Authority will follow the [MFA Guidelines for Financial Management](#) and the Annex on financial implications for a Danish Authority engaging in Danish officially financed Development Assistance.

5.0 Danida Fellowship Centre and MFA Development Research Window 2

5.1 DFC Scholarships and Learning Programmes

To support targeted and strategic competence development for key staff in partner country authorities, the Scholarship Programme offers scholarships for learning programmes. Opportunities for scholarships can be attached to the SSC project and should in that case be part of the strategic discussions conducted by the Steering Committee of the project.

See also [Guideline](#) for Scholarship Learning Programmes and [Danida Fellowship Centre's strategy](#).

5.2 Research Development Window 2

Research collaboration is an important element in deepening the cooperation in areas where Denmark has internationally recognised knowledge and experience. MFA supports collaborative research and research capacity in selected SSC countries of cooperation.

Danish researchers and Danish authorities are encouraged to pursue collaboration and joint learning from research projects ([DFC Window 2 Guidelines](#)).

6.0 Monitoring, Evaluation and Adaptive Learning (MEAL)

6.1 Adaptive Management

It is the responsibility of the Danish Authority to engage Partner authorities in monitoring and adaptive learning activities, and to address learning, risks and emerging opportunities and challenges with the Steering Committee.

The MFA [Guidance Note](#) on Adaptive Management provides further information on MEAL and adaptive learning approaches.

6.2 Reporting

Danish authorities will provide annual outcome and output-based reports on the agreed Framework to the MFA. Annual reports will provide an analysis of annual progress relative to the framework specific Theory of Change and its targets for outcomes as agreed in the Framework Agreement with the MFA. Further, the annual reports will address critical assumptions to the Theory of Change, risks according to the risk management framework and overall learning applied to make required adjustments and changes to the individual SSC projects.

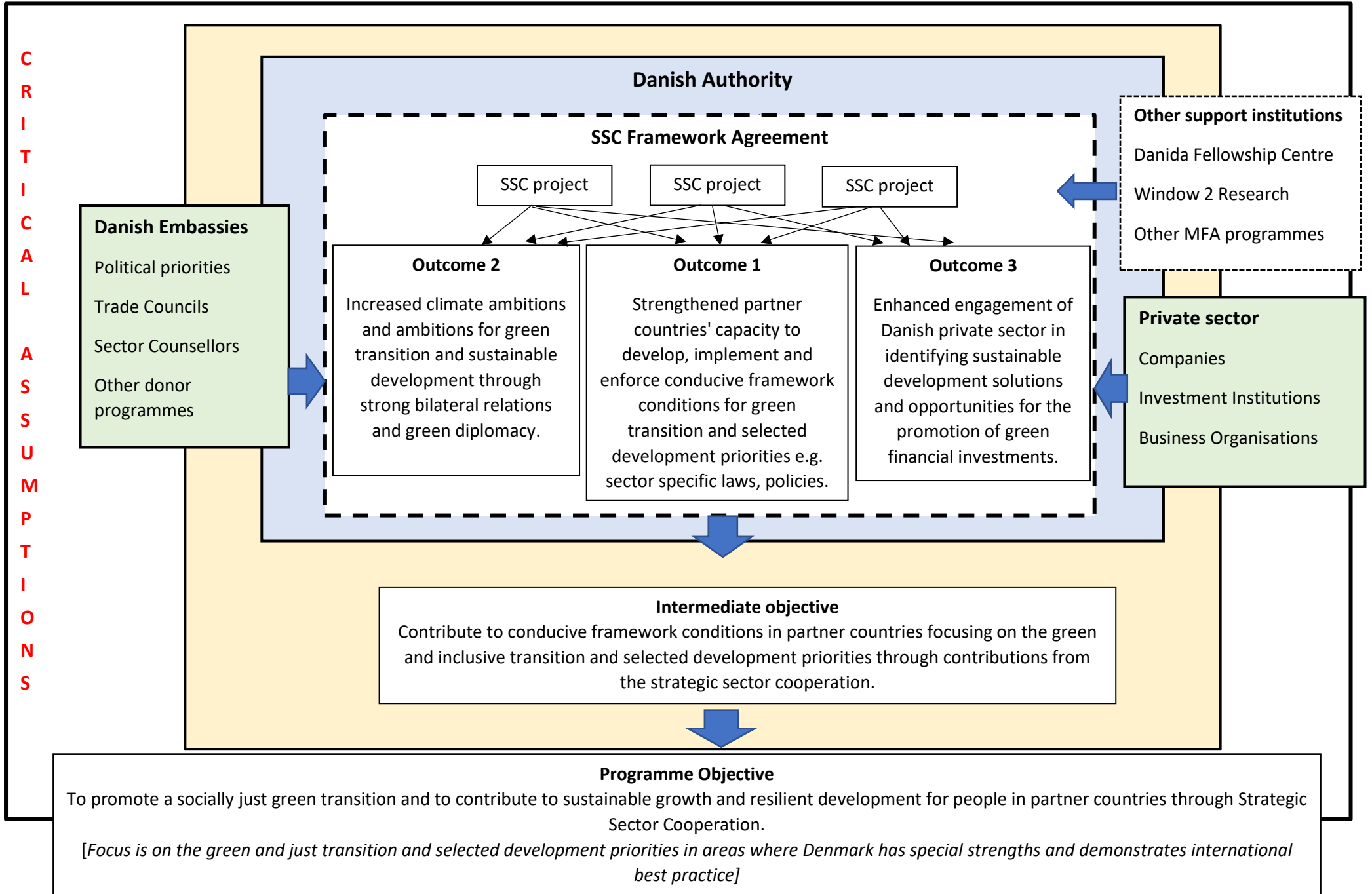
6.3 Mid-term reviews

The MFA will commission mid-term reviews of the Frameworks. The mid-term reviews will have a particular focus on results delivery and learning. It will also look into organisational capacities at the Danish Authority and partner authorities to deliver results according the approved Framework Agreement and on cooperation and dialogue with external stakeholders such as private sector and financial institutions.

Appendix

- App. 1 Global Theory of Change (ToC)
- App. 2 Global Results Framework
- App. 3 SSC Manual on Administration
- App. 4 Annex on financial implications for a Danish Authority engaging in Danish officially financed Development Assistance.

Appendix 1 SSC Global Theory of Change



Appendix 2 SSC Global Results Framework

Programme		Strategic Sector Cooperation	
Long-term SSC Programme Objective		To promote a socially just green transition ¹⁰ and contribute to sustainable growth and resilient development for people in partner countries through Strategic Sector Cooperation. [Focus is on the green and inclusive transition and selected development priorities ¹¹ in areas where Denmark has special strengths and demonstrates international best practice.]	
Long-term impact indicator		<p>Contribution to conducive framework conditions in partner countries focusing on the green and inclusive transition and selected development priorities through the strategic sector cooperation, i.e.</p> <ul style="list-style-type: none"> - Capacity development - Strong bilateral relations and green diplomacy and - Enhanced engagement of Danish private sector in identifying sustainable development solutions and opportunities for the promotion of green financial investments. <p>[Means of verification: review of SSC in 2030 and mid-term review in 2025]</p>	
Intermediate Objective		Conducive framework conditions in partner countries focusing on the green and inclusive transition and selected development priorities through contributions from the strategic sector cooperation.	
Outcome 1		Partner countries capacity to develop, implement and enforce conducive framework conditions for green transition and selected development priorities e.g. sector specific laws, policies, tools and plans strengthened.	
Outcome indicator 1		<p>New and strengthened capacities are used and verifiable in terms of improvements in framework conditions.</p> <p>[Means of verification: e.g. partner authorities own annual reporting, case studies, national statistics, outcome harvesting report, reviews, etc.]</p>	
Inception		Targets	<ul style="list-style-type: none"> - Memorandum of Understanding or similar legal document signed between Danish Authority and Partner Country Authority - SSC project formulation (s) finalised including agreed work plans and budgets - MEAL system agreed - Establish baseline for SSC project on selected key elements of capacity for developing, planning, and implementing policies - Targets set for SSC projects main phases - Steering Committee agreed - End of Inception Phase Report completed and endorsed by the Steering Committee
Phase 1	Year 1	Baseline	- According to assessment (Inception Phase)
	Year 3	Targets	<ul style="list-style-type: none"> - Will be updated with targets set during inception for capacity development of partner authorities and other stakeholders to develop new or improved framework conditions - Exit strategy or new phase defined
Phase 2	Year 4	Baseline	- Updated assessment according to results achieved under Phase 1

¹⁰ The SSC guiding principles defines "green transition" in accordance with the OECD DAC Environment Policy Markers.

¹¹ Selected priorities in the Development Strategy includes climate and energy, environment and water, sustainable agriculture and food production, shipping and health.

	Year 6	Targets	<ul style="list-style-type: none"> - Development, endorsement and implementation of new or improved framework conditions - Exit strategy or new phase defined
Phase 3	Year 7	Baseline	<ul style="list-style-type: none"> - Updated assessment according to results achieved under Phase 2
	Year 9	Targets	<ul style="list-style-type: none"> - Implementation and enforcement of new or improved framework conditions - Exit strategy implemented and completed.

Outcome 2		Increased climate ambitions and ambitions for green transition and sustainable development through strong bilateral relations and green diplomacy.	
Outcome indicator 2		<p>Enhanced dialogue and strengthened relationship with partner countries on sector policy issues related to Danish priorities and synergies materialised with other local Danish or international interventions for the fulfilment of the SDGs, the Paris Agreement, Nationally Determined Contributions (NDCs) and other international commitments.</p> <p>[Means of verification: e.g. joint or coordinated local initiatives and work plans, official high-level visits, minutes of high-level diplomatic meetings, partner countries' reported measures on fulfilment of SDGs, etc.]</p>	
Inception		Targets	<ul style="list-style-type: none"> - Plan for integration of SSC project(s) in the Embassy's work on developing bilateral relations and dialogues prepared and shared with Danish Authority - Outline of potential synergies with other institutional cooperation supporting the fulfilment of SDGs, the Paris Agreement, NDCs and other international commitments - Preparation of baseline for level of sector specific bilateral relations relevant for SSC projects
Phase 1	Year 1	Baseline	<ul style="list-style-type: none"> - According to assessment prepared under the Inception Phase
	Year 3	Targets	<ul style="list-style-type: none"> - Number of bilateral discussions linking technical SSC engagements with sustainability or green policies, and/ or NDC ambitions with partner country authorities involving Ambassador and/or Deputy implemented - Level of Danish Authority and Embassy coordinating SSC technical support with existing multilateral support and/or multilateral sustainability/climate/green diplomacy in relevant sector - Number of new and emerging cross-cutting opportunities planned - Level of synergies and cooperation with other local Danish supported or international programmes established
Phase 2	Year 4	Baseline	<ul style="list-style-type: none"> - Updated according to results achieved under Phase 1
	Year 6	Targets	<ul style="list-style-type: none"> - Bilateral discussions continued (see targets above) and bilateral relations strengthened - New initiatives developed and described
Phase 3	Year 7	Baseline	<ul style="list-style-type: none"> - Updated according to results achieved under Phase 2
	Year 9	Targets	<ul style="list-style-type: none"> - Bilateral relations strengthened and documented in MoU or similar legal documentation on targets as above - New initiatives implemented, completed and evaluated - Synergies materialised with other local Danish or international interventions

Outcome 3	Enhanced engagement of the Danish private sector in identifying sustainable development solutions and opportunities for the promotion of green financial investments.		
Outcome indicator 3	<p>Number of Danish business organisations and private sector companies engaged in SSC projects with sustainable development solutions and/or amount of green financial investments leveraged.</p> <p>[Means of verification: e.g. outlines or plans for feasible sustainable development solutions, minutes of network meetings and other events, analyses of market opportunities, feasibility assessments on green financial investments, reports on volume of investments, Danish private companies annual reports, etc.]</p>		
Inception		Targets	<ul style="list-style-type: none"> - Dialogues and engagement of Danish business organisations and potential interested private companies - Dialogues and engagement of (Danish) financial institutions - Prepare baseline for the level of private sector engagement and investments relevant to the SSC projects
Phase 1	Year 1	Baseline	- According to assessment prepared under the Inception Phase
	Year 3	Targets	<ul style="list-style-type: none"> - Number of local networks shared with groups of local Danish private companies - Number of network meetings with groups of local Danish companies conducted - Number of referrals to Trade Council - Number of exposures of the partner country to Danish private resource efficient and high-quality solutions
Phase 2	Year 4	Baseline	- Updated according to results achieved under Phase 1
	Year 6	Targets	<ul style="list-style-type: none"> - Number of knowledge sharing, network meetings and exposure to Danish solutions - Number of referrals to Trade Council - Number of pre-feasibility studies for investment by DFI initiated
Phase 3	Year 7	Baseline	- Updated according to results achieved under Phase 2
	Year 9	Targets	<ul style="list-style-type: none"> - Number of knowledge sharing, network meetings and exposure to Danish solutions institutionalised and independent of SSC - Number of referrals to Trade Council - Final report on volume of private Danish companies with commercial activities in partner country - Pre-feasible investment prospects conducted and status report of potential investments leveraged