### [Template for development engagement document for projects below DKK 10 mill.]

***[Instruction: after completion the guiding text in square brackets [ ] should be deleted]***

**Development engagement document**

1. **Introduction**

The present development engagement document details the objectives and management arrangements for the grant to [*name of engagement/project and time frame*] as well as the conditions under which it shall managed. The development engagement document together with the documentation specified below constitutes the conditions for the grant from the Danish ministry of foreign affairs, DANIDA.

1.1 Grantor and Grantee

[*Specify MFA department or representation*] and [*name of grantee*]

1.2 Documentation

“The Documentation” refers to the partner documentation for the supported intervention, which is [*title of partner’s action plan, programme document, joint programme document, etc*.]

1.3 Contributions

Denmark, represented by [*insert responsible unit*] of the Danish Ministry of Foreign Affairs, 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*].

1. **Background and project description**

[*The background could include: brief context setting the scene for the support, justification for the selection of the development engagement and the implementing partner, including a description of the theory of change, how the development engagement contributes to the objective of the project, assumptions made for change to happen, lessons learned from earlier interventions, evidence for what works from studies and evaluations etc.*]

*[The description of the project should be more elaborated in those cases where no project document or other partner documentation is attached.]*

1. **Development Engagement Objective and results framework**

The objective of the development cooperation is [*specify objective*].

The [*responsible unit*] will base the actual support on progress attained in the implementation of the engagement as described in the documentation provided by the grantee. Progress will be measured through the [*name of implementing partner*]’s monitoring framework.

For reporting purposes to MFA/responsible unit, the following objective, key outcome and outputs have been selected from the grantee monitoring framework to document progress:

[*Objective, outcome and 1-5 key outputs and indicators for all levels - adjust table accordingly*]

|  |  |
| --- | --- |
| Project title |  |
| Project objective | [The intended impact contributing to benefit to a society or community] |
| Impact Indicator | [Priority Country’s indicator – if applicable] |
| 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 outcome 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 deliverables 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] |
| Annual target | Year 1 |  | [Intended situation after first year of implementation] |
| Annual target | Year 2 |  | [Intended situation after two years of implementation] |
| Annual target | Year 3 |  | [Intended situation after three years of implementation] |
|  |
| Output | [Short-term result in the form of deliverables 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] |
| Annual target | Year 1 |  | [Intended situation after first year of implementation] |
| … | … |  | … |
| Target | Year |  | [Intended situation when activity under the engagement ends ] |
|  |
| Output | [Short-term result in the form of deliverables 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] |
| Annual target | Year 1 |  | [Intended situation after first year of implementation] |
| … | ... |  | … |
| Target | Year |  | [Intended situation when activity under the engagement ends ] |
|  |

1. **Risk Management**

*[Risk management measures agreed, if required by risk analysis in project documentation. Reference to guidance note on risk management]*

1. **Budget**

[*Budget at output/activity level by year and in total*. *Budget and supporting text* *must also reflect inputs from partner and other development partners*].

Funds cannot be transferred between the above budget lines without prior approval from [*responsible unit*]. Expenditures beyond the total grant cannot be reimbursed to the [*implementing agency*].

1. **Management arrangement**

The grantee have agreed to the following management arrangement with the aim to ensure adequate dialogue and timely decisions in regard to this development engagement.

[*Summary of management arrangement as described in documentation. If not applicable, management arrangement should be detailed, specifying how often progress reporting is expected, timing of dialogue meetings etc. In case of Joint Financial Agreement (JFA), reference is made to JFA agreement*].

1. **Financial Management**

The grantee can utilize own rules and procedures, while adhering to the minimum requirements as stipulated in the Ministry of Foreign Affairs’ Guidelines for Financial Management and conditions specified for the grant, that must be considered an integral part of the conditions for this grant.

7.1 Procurement of goods and services

*[Specify procurement arrangement to be applied, e.g. that flight tickets are on economy class and per diem is based on Danida standards].*

7.2. Transfer of funds

*[Specify form and number of instalments and procedure for release of funds, including funds for contingencies and audit. Funds should be transferred from [responsible unit] in the currency of the budget].*

The funds shall be kept separate from other funds covering other activities. [*The implementing partner]* shall open a special bank account for this purpose only [*delete this sentence in case of UN organisations or other high capacity partners*]. [*However, in case of jointly financed project/basket arrangement with multiple development partners funding the same activities there is no need for a separate account*].

[*Grantee*] must return a letter or email with acknowledgement of receipt of funds.

Any loss due to the variation of exchange rates between the grant in DKK and the national currency must be covered within the grant.

7.3 Accounting requirements

Accounts shall be kept in accordance with internationally accepted accounting principles and the organisation must follow the basic four-eye principles for all payments. [*Reference can be made to Danida’s “General Guidelines for Accounting and Auditing of Grants”, if attached as annex*].

The accounts shall at all-time be kept updated according to international standards.

The accounts shall be drawn up to the same level of detail as is done in the budget.

The total budget cannot be exceeded and shall be used for the agreed purposes only.

7.4 Financial reporting requirements

Statement of accounts shall be submitted to [*responsible unit*] [*specify interval, minimum once a year*]*.*

A final statement of accounts/audit (covering the entire project period) shall be submitted [*specify date, maximum 3 months after completion of project*].

Statement of accounts shall be drawn up to the same level of detail as is done in the budget (reflecting any agreed changes made). The statements shall clearly state the disbursements made by the [*responsible unit*] as well as the outstanding balance at the time of reporting. The statements shall be signed by the responsible authority and shall include a bank statement and a bank reconciliation.

7.5 Unspent funds

Any unspent balance or any savings of project funds shall be returned to the Danish Ministry of Foreign Affairs (MFA) [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*].

7.6 Audit requirements

 [*Specify audit arrangement*].

7.7 Obligation to report on changes and irregularities

*[The grantee]* is obliged to inform the [*responsible unit*] immediately if any changes, including overspending of budget lines, or irregularities in the management of funds are foreseen or have occurred.

1. **Monitoring and Evaluation**

*[Agreed procedures and mechanisms for monitoring of progress, and dialogue concerning implementation. Reference can be made to the section on management arrangement].*

A project completion report shall be submitted to the [*responsible unit*] no later than [*end date of project]*.

MFA shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the programme. To facilitate the work of the person or persons instructed to carry out such monitoring missions, the [*grantee*] shall provide these persons with all relevant assistance, information, and documentation.

After the termination of the programme support the Danish MFA reserves the right to carry out evaluation in accordance with this article.

Representatives of the Auditor General of Denmark shall have the right to:

i) Carry out any audit or inspection considering necessary as regards the use of the Danish funds in question, on the basis of all relevant documentation,

ii) Inspect accounts and records of suppliers and contractors relating to the performance of the contract, and to perform a complete audit

1. **Anti-corruption clause**

No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made, promised, sought or accepted - neither directly nor indirectly - as an inducement or reward in relation to activities funded under this grant, incl. tendering, award, or execution of contracts. Any such practise will be grounds for the immediate cancellation of this grant and for such additional action, civil and/or criminal, as may be appropriate. At the discretion of the Danish MFA, a further consequence of any such practise can be the definite exclusion from any projects funded by the Danish MFA.

1. **Child labour clause**

The authority, organisation and/or consultant shall abide by the local laws and by applicable international instruments, including the UN Convention on the Rights of the Child and International Labour Organisation conventions.

1. **Prevention of sexual exploitation, abuse and harassment**

The Grantee agree to ensure that the engagement is implemented in an environment free from all forms of harassment, exploitation, abuse and harassment, sexual or otherwise, especially in case of vulnerable groups. Sexual abuse is defined as actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions. Sexual exploitation is defined as any actual or attempted abuse of position of vulnerability, differential power or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another. Sexual harassment is defined as any form of unwanted verbal, non-verbal or physical conduct of a sexual nature with the purpose or effect of violating the dignity of a person, in particular when creating an intimidating, hostile, degrading, humiliating or offensive environment.

The above definitions are referred to as Sexual Exploitation, Abuse and Harassment (SEAH).

The [grantee] confirms:

(1) that it has adequate policies/standards or frameworks in place to prevent SEAH[[1]](#footnote-1);

(2) that all employees have been informed about these policies/standards/frameworks; and

(3) that there are appropriate SEAH reporting procedures and complain mechanisms in the organisation including the protection of victims of SEAH and that prompt and adequate action is taken if SEAH is observed, reported or suspected.

In case the development engagement includes subgrantees, the grantee is responsible for ensuring the prevention of SEAH also at the level of subgrantee.

MFA has zero-tolerance towards SEAH and will consider non-adherence to point 1,2 and 3 as grounds for immediate termination of grant.

1. **Transfer of ownership**

The grantee/subgrantees responsible for the implementation of development engagements shall maintain updated inventories of all equipment financed by earmarked support from government of Denmark, e.g. vehicles, computers, furniture and tools.

Equipment, material, supplies and facilities purchased by Denmark, which are used during the implementation of the programme, e.g. vehicles, computers, furniture and tools, remain the property of Denmark, until such time as it has been agreed otherwise.

Transfer of ownership of the above-mentioned assets to the grantee may take place during the programme period. Before programme termination, the grantee and MFA will assess and agree on final transfer of such assets, which can be justified on the basis of a final request from the grantee. Any remaining assets will be disposed of by Denmark.

1. **Suspension**

In case of non-compliance with the provisions of this DED/Development Engagement Document and /or violation of the essential elements mentioned in this DED MFA reserves the right to suspend with immediate effect further disbursements to the grantee under this contribution.

1. **Entry into force, duration and termination**

The contribution will be announced in a letter of commitment referring to this DED and programme documentation.

The grant will have the duration of [...] months in accordance with the project period stated under 1.3. The duration of the grant may be extended by mutual arrangement and within the agreed budget.

Notwithstanding the previous clause MFA may terminate the grant upon 6 months written notice.

1. In line/adherence with the Inter Agency Standing Committee’s Minimum Operating Standard on prevention of SEA and/or the elements on prevention of SEA of the Core Humanitarian Standard on Quality and Accountability [↑](#footnote-ref-1)