

## ANNEX 1: Guidance relating to content of programme and project documents

PSF programme and project documents must be guided by the PSF Strategic Framework LINK. Two cross-cutting programming priorities must also be considered: [The Human Rights-Based approach](#) and [Doing Development Differently \(DDD\)](#).<sup>1</sup>

In addition, the [MFA's Financial Management Guidelines](#) should be followed for MFA programmes/projects and these will be a useful source of guidance for MoD programmes/projects.

Where PSF programmes comprise two or more projects, the programme document will provide an overall summary of the programme, including the overall context, rationale, HDP Nexus issues, overview of constituent projects, choice of partners, implementation modalities, key results expected, past experience and lessons learned, complementarities and synergies<sup>2</sup>, management arrangements, risk management etc. This document needs to be written at a higher, strategic and more summative level than the accompanying project documents (see Annex XX). The number of project documents will depend upon how many separate projects there are within the programme.

Project documents provide the basis for a decision by the Danish approval authorities. They describe the specific engagement to be supported, its rationale and justification, choice of partner(s) and implementation modality, the specific theory of change that relates to the project, complementarities and synergies (including nexus issues), expected results, risks, management etc. PSF project documents should normally be accompanied by a project document from the partner. Note that in some cases (typically with UN agencies, NGOs), the proposed implementing partner may already have prepared their own project plan and, in these cases, this will be a key source for the PSF project document and the two should be closely aligned in key aspects (such as expected results).

When a draft programme or project document is forwarded for approval to the PSSG, it should be accompanied by an *appropriation cover note*, which summarizes the proposed engagement. Templates for appropriation cover notes for programmes can be found [here](#). For programmes, the appropriation note is accompanied by the programme document and separate cover notes for projects are not needed. For stand-alone projects, the appropriation note is accompanied by the project document or mini-project document.

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<sup>1</sup> The NATO guidelines on stabilisation and reconstruction can also be useful in preparation and implementation. Other sources, such as the "[OECD DAC Guidelines](#)" for engagement in fragile and conflict-affected situations may also be useful.

<sup>2</sup> "Complementarities and synergies" means that the design of PSF programmes and projects must take into account the full range of Danish interventions and capacities in a given locality so that PSF interventions add value. A similar perspective needs to be taken regarding interventions supported by other partners and donors, again so that PSF adds value.

Programme facilitators must ensure they draw from relevant technical assistance on particular aspects of the proposed programme/project, such as how to integrate a gender, youth and human rights approach, how to conduct a risk analysis etc. These include [“How to” notes](#) and other guidance.

Project officers should aim to maintain regular dialogue with potential *implementing partners* during the identification and formulation process. It will often be preferable to base project documents on information from prospective partners. The dialogue should also be used to inform the risk analysis, and minimize potential negative side effects (“do-no-harm”), and integrate gender as well as apply the human rights-based approach (HRBA). The dialogue also aims at ensuring local ownership of the activities and intended outputs and outcomes.

### **Context analysis for PSF programming**

PSF programmes and project documents must include a context analysis that identifies key conflict drivers and dynamics, as well as entry points for peace and stabilisation support. Political, security, fragility, HDP Nexus and other factors relevant to the programme/project and the issue, should be addressed as relevant. The context analysis may include a political economy (PEA) perspective and it will also be relevant that it includes aspects relating to the resilience of stakeholder groups. Regional aspects should also be included. It should also be sufficiently explicit in key areas to provide indicators that can be monitored and thereby support scenario planning and risk management.

The context analysis provides a key input for understanding and explaining the programme/project and thus underpins the programme/project logic, its theory of change and expected results, choice of partners and implementation modalities, and risk assessment and management. The scope and level of depth of this analysis will vary according to the size of the programme/project and whether there exists partner analysis that can be utilised. Already existing analysis and assessments found relevant can also be used.

For programmes/projects continuing into a further phase, the analysis may build on analysis from previous phases, thus simplifying the research and drafting.

For projects to be funded through the Strategic Response Facility, a context analysis should be included that covers the specific political, security/conflict factors that the project is intended to address. Provided that key factors are covered, this analysis may be shorter than for other types of PSF programming.

Based upon input from the lead unit, the scope and depth of the context analysis should be considered during the initial PSF strategic prioritisation discussions at PSSG and departmental level. The lead department will then be responsible for taking forward the work required.

Consideration must be given to whether the context analysis needs to be commissioned by the lead unit from external sources (such as researchers/consultants). An element of this consideration should be the availability of such analysis from either Danish or like-minded sources. Examples could be Danish Country Strategic Frameworks, studies by Danish Institute for International Studies, Royal Danish Defence College and Centre for Military Studies (CMS) at Copenhagen University, or recent analyses conducted by our allies or from institutions in the relevant regions.

Useful additional guidance relating to context analysis can be found in the [Guidelines for Country Strategic Frameworks for Programmes and Projects](#)

### **Partner assessments**

Where PSF projects are not to be implemented directly by Danish authorities, careful consideration of potential partners and their relative strengths and weaknesses must be undertaken. This will include an assessment of factors such as their thematic capacity, access to stakeholders, management, and financial capacity. In cases where the partner is well known (for example, where it is an existing partner), this may be a “light touch” assessment providing an update on existing assessments. The same applies to delegated partnership arrangements, NGOs operating under Danish framework agreements, and multilateral organisations, such as UN agencies. A format for assessing partners is available [here](#).

For partners that receive Danish capacity building or advisory support, due diligence must be applied in order to ensure that risks are identified so that mitigating action can be taken. An assessment of the organisation, which includes a risk matrix from the perspective of Danish authorities must be included in the project documents. Special attention will be given to reputational risks related to the Danish support to the partner. Mitigation measures will be put in place as relevant. Dialogue with close partners (allies and like-minded donors) will be useful to identify and manage certain risks; for example, human rights violations. See also section XX on risk management.

### **Use of ODA and non-ODA funding in PSF programmes**

A key distinguishing feature and benefit of the Fund is that it includes both ODA and non-ODA sources of funding. This opens opportunities for projects and partnerships that are not possible to support with ODA funding alone. Non-ODA funding may, for example, be used to finance the work of the Danish Defence for capacity development of strategic partners. Non-ODA funding may also be useful for projects that are in Danish interests, but do not fulfil the criteria for ODA eligibility, such as certain CVE activities. PSF programmes should be designed to take advantage of the funds available, including potential synergies between ODA and non-ODA funding. The aim should be to optimise the complementarity between the two forms of funding. This can be facilitated through discussions in the PSSG, Task Force, and regular working level discussions.

ODA refers to funds that qualify as official development assistance according to the OECD Development Assistance Committee (DAC).<sup>3</sup> Official development assistance is defined as government aid that promotes and specifically targets the economic development and welfare of developing countries. It follows that most military aid and promotion of donors' security interests are not ODA, although there are some exceptions. In general, most MFA PSF funding is ODA eligible and most MoD funding is non-ODA. In general, the MFA's non-ODA funding will be used in cases where there is a strong justification for the funding, but where MoD non-ODA funds are unavailable. See also the description of ODA/non-ODA in the [AMG](#).

It is critical that ODA funding is not inadvertently used for activities which are later found not to be ODA-eligible. Responsibility for ensuring that all ODA-funded activities are compatible with OECD- DAC guidelines lies with the head of the lead unit responsible for a given project or programme.<sup>4</sup> It is therefore important to determine at the outset of an appropriation whether activities are ODA eligible. The programme facilitator/project officer shall make an initial assessment of engagements under consideration, which will then form a basis for dialogue with the MFA's Financial Management and Support Unit (FRU) and PSF Secretariat to make a final assessment.

### **Incorporating a Theory of Change approach**

PSF identification notes, programme and project documents should explain the rationale and assumptions upon which the programme/project is based. The level of detail required will vary. In programme documents a detailed theory of change is not needed but the rationale should be included to help explain the overall programme logic. For project documents, a Theory of Change should be included to explain the logic of the project and the assumptions upon which it based.

Theory of change is an approach explaining why the results expected from an activity occur. At its simplest, this requires explaining that if we do X (action) then Y (result) will happen because of Z (our assumptions about the reason the change happens). The major assumptions being made should be listed so that they can be monitored. If, for example, an assumption does not hold true, it may mean that the project will fail to produce the results expected. Making the main assumptions explicit, therefore provides important information for project management.

It is useful to distinguish between pre-conditions and causal assumptions. Pre-conditions are contextual factors that need to be in place for the programme/project to function as planned (e.g. ability to access target groups). Causal assumptions explain why a change occurs (e.g. target groups find the training useful and are able to apply it in practice). By making assumptions

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<sup>3</sup> See <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/officialdevelopmentassistance/definitionandcoverage.htm>

<sup>4</sup> A relevant tool is [OECD ODA Casebook on conflict, peace and security activities](#), 20.10.2017

explicit, they can be tested and monitored. For more on theory of change, see [here](#). Results and indicators

All PSF programmes and projects irrespective of their size should show their intended results in a results framework – the format for which can be accessed via this [link](#). PSF programmes should include an impact statement that describes the overall strategic level result or situation to which the programme will contribute.<sup>5</sup> Below this, selected outcome and output results must be described in both the programme and project documents with a full set of results and qualitative and/or quantitative indicators. This requirement also applies to projects under the reserve fund window. In order to facilitate monitoring and reporting, indicators should be specific and measurable and include a corresponding baseline against which change can be assessed. It is normal to set a measurable “target” for each indicator on an annual basis as this provides a mechanism for monitoring progress and reporting on result achievement. Further guidance on establishing results indicators can be found [here](#).

### **Scenario planning**

It will be useful to develop various scenarios derived from the context analysis, possibly along the lines of best case, most likely case, and worst case. The criteria used to define the cases should be described in the programme/project documentation so that any changes can be monitored. They will draw from the political, security, economic, and other aspects highlighted in the context analysis, emerging trends, as well as existing and emerging risks (see also below). In general, PSF programming should be based on a most likely case where possible risks are identified and considered manageable.

### **Managing risk**

All PSF programme and project documents, including those under the Strategic Response Facility, should outline the approach taken to risks in sufficient detail to provide a basis for subsequent monitoring.

The PSF is willing to accept higher levels of risk in its programming and implementation if the potential impact merits the risk. Especially in fragile and conflict affected environments, political and security developments are unpredictable and assumptions being made at one point in time may not hold later. There may be higher than normal risks due to challenging operating contexts where access to stakeholders may be limited and which could result in difficulties in assessing partners, trainees, monitoring and compliance etc. For this to be acceptable, there is a need for robust context analysis and strong risk management mechanisms that highlight the foreseen risks and mitigating mechanisms that will be used. Dialogue with close partners (allies and like-minded

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<sup>5</sup> Being normally smaller and more focused, a project does not need an impact statement. For projects, the focus should be on the outputs and outcomes expected.

donors) will be useful to identify and manage certain risks; for example, avoiding situations where sub-partners may have been involved or linked to human rights violations.

Risks fall into three categories: 1) contextual risks (being external to the programme but influencing the environment in which it is located); 2) programmatic risks (concerning risk directly affecting the programme's ability to deliver its results); and 3) institutional risks (affecting the safety, health, credibility or reputation of the Danish authorities or partners involved).

An appropriate risk framework, including a risk assessment and risk management mechanism, should be developed during the formulation phase. The AMG's risk [template](#) is applicable to all PSF programmes and projects and should guide the risk assessment. 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 and projects, given the relatively high tolerance for risk under the PSF.

The risk assessment should be informed by the theory of change assumptions and consider whether specific risks will occur if the assumptions are not upheld in practice.

### **Monitoring, Evaluation, Accountability and Learning (MEAL)**

All PSF programme and project documents must outline the approach to be taken to Monitoring, Evaluation, Accountability and Learning (MEAL). The four elements are inter-connected; for example, monitoring provides the data and feeds into accountability and learning, evaluation also contributes to accountability and learning. The following provides an overview of the aspects that should be included in MEAL practice and described in the documentation. Further guidance is set out in [the Guidelines for Country Strategic Programmes and Projects](#).

- Monitoring will include assessment of any changes in the context, risks and assumptions and will be reflected in narrative progress reports and annual stocktaking. It comprises observation and assessment of:
  - Progress and challenges towards planned results.
  - 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).
  - Whether assumptions in the ToC are upheld in practice?
  - On-going risk analysis, and assessment of the scenario planning and updates on risk mitigation and the scenario planning matrix.
  - Updated context analysis.
  - Coordination, complementarity and synergy aspects.
  - Identification of possible adjustments needed (re adaptive management).

- Monitoring may be supplemented by external evaluations and reviews (see section XX). For larger and longer-term programmes a Mid Term Review (MTR) is mandatory.
- Accountability concerns compliance with regulations and guidelines (in financial terms an audit) and is documented through reporting.
- Learning concerns ensuring that programmes and projects have the ability to identify and utilise and adapt to lessons and good practice from implementation and that this is shared amongst Danish actors as well as externally.

During the formulation process, consideration must be given to how programmes/projects will ensure that MEAL is provided. This is likely to draw from project partners' observations and reporting but programme facilitators and project officers have responsibility for consolidating this reporting so that it provides a meaningful input to the PSSG (via the Secretariat). Direct monitoring by MFA/MoD staff is not always possible due to inaccessibility or security reasons. In such cases, it is essential to be able to monitor indirectly and to make the most of the monitoring opportunities provided by the context. Options include third-party monitoring, delegated partnerships with actors who have better access, triangulation of reports from independent sources, etc.

During the formulation process, it is important to match the complexity of a programme or project with human resources to do MEAL. Contracting external MEAL support is also an option.

#### **Arrangements for adaptive management**

All PSF programme and project documents must outline the approach to be taken to adaptive management. As a flexible and risk willing foreign and security policy tool, the PSF must be able to adapt to changes in circumstances and the arrangements for this must be described in programme/project documents (including those under the Strategic Response Facility window, to the extent relevant).

Adaptive management concerns making use of available monitoring data and lessons to ensure that programmes and projects remain relevant and able to deliver results. This may mean making adjustments to activities and outputs during implementation to enable outcomes to remain achievable. It may mean reallocating resources from some activity/output areas to others. It may mean drawing from unallocated funding lines to increase funding to project areas that are making greater than expected headway. It may also mean establishing new (additional) projects within a programme and/or closing others that are not delivering. Where warranted (e.g., due to non-performance) it may entail a change of partner.

Decisions about adaptation will be taken during implementation on the basis of monitoring data and dialogue with implementing partners but the approach to it and decision-making responsibilities should be described in the programme/project documentation. For further

information on adaptive management and the rules regarding reallocation, adjustment of results, changes in partners, please see the [AMG](#).

See also section 7 of the main guidelines concerning reallocation of funds and use of unallocated funds.

### **Budgets**

PSF programmes and projects should include a budget in DKK million at output level across each year of the intended programme/project. The preferred format for budgets [follows this template](#). Where relevant, programme budgets should include unallocated funds (up to 25% of total budget). Unallocated funds enable the programme/project to respond to new opportunities. A budget line for contingencies may also be included in projects (up to 10% of the total budget). Contingencies allow budgets to respond to unforeseen costs of planned activities during implementation. It should be noted that provision for unallocated funds and contingencies together may not exceed 25% of the budget total. See also section 7.4 regarding use of unallocated funds and contingencies.

It should also be noted that extensions of programmes/projects may be affected by the accumulation principle. This means that the value of the new programme/project needs to be added to that of its predecessor in order to determine the approval (and appraisal) threshold that applies [\[LINK\]](#).

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