GUIDELINES FOR
THE PEACE AND
STABILISATION FUND

April 2023

File no. 2022-10154.

1 Introduction

The present Guidelines constitute the overarching administrative framework for the Danish Peace and Stabilisation Fund (PSF or Fund). The main target group is staff working with the formulation and implementation of funded programmes, projects, and advisory support. The purpose of the Guidelines is to facilitate coherence and integration of peace and stabilisation initiatives across the Danish authorities involved while allowing for differences in mandates, operational arrangements and thematic focus.[1]

The Guidelines are supplemented by other guidelines that are more detailed on specific areas of interest. Annex 2 provides a list of reference documents. This relates mainly to the MFA's "Aid Management Guidelines" (AMG), which are the guidelines for Danish ODA funds not stemming from the PSF. When specific reference is made in this document to other guidelines, the guidance in the referenced documents should be followed. Issues not covered by the present guidelines should follow the AMG.

The PSF follows the same overall administrative rules as all Danish state expenditures.[2] For MFA programmes and projects, the Grant Management Guidelines (GMG[3]) and Financial Management Guidelines (FMG) are mandatory. For programmes and projects that include non-ODA funding from the Ministry of Defence (MoD), the MoD Financial Guidelines and additional PSF Guidelines are mandatory.[4]

The Guidelines take their point of departure in the Strategic Framework for the Fund 2023-27, which provides guidance on the role and purpose of the Fund, including how the Fund understands and works with peace and stabilisation. The Strategic Framework highlights that the Fund is a unique mechanism, which brings together Danish diplomatic, development, military, justice, and security instruments in a Whole-of-Government approach. This is done through joint financing, planning and implementation, drawing from both Official Development Assistance (ODA) and non-ODA funding sources. The Fund is governed by an inter-ministerial Peace and Stabilisation Steering Group (PSSG) (see section 3.1).

2 Peace and Stabilisation Fund Structure

The Fund is implemented through three lines of effort: 1) larger, multi-year peace and stabilisation programmes; 2) a Strategic Response Facility of unallocated ODA and non-ODA funds that enables decision makers to react quickly to emerging crises and opportunities in line with Danish foreign and security policy priorities; and 3) deployment of advisors from the Danish National Police, agencies under the Ministry of Defence, and the MFA Deployment

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[1] Responsible programme coordinators and desk officers must in addition to the present Guidelines follow the legal and administrative rules and regulations of the respective authorities.

[2] Finansloven and Vejledning for effektiv tilskudsforvaltning. Budget Guidelines/"Budgetvejledningen" and Financial Management Guidelines/"Økonomisk Administrativ Vejledning

[3] The MFA GMG is an internal document and can be forwarded to relevant persons upon request.

[4] The MoD Financial and additional PSF Guidelines are internal documents and can be forwarded to relevant persons upon request.

Facility for Peace and Democracy (DFPD) This section provides an overview of the modalities, and the relevant processes and considerations follow in the remainder of the Guidelines.

2.1 PSF programmes and projects

Peace and stabilisation programmes are the core of the Fund's activities. They are medium to large scale and have a national or regional perspective over multiple years. PSF programmes are constituted by a number of projects managed by the relevant Danish authority based on which authority the funding is coming from. Projects focus on a particular theme and with a single implementing partner. They may have short or medium to longer term durations. Programmes and projects may be co-funded through both ODA and non-ODA funds provided that, in the case of programmes, there is a clear division between the projects and, in the case of projects, a clear division between the project outputs supported by the two sources of funding. Programmes and projects may include unallocated funding to be used during the implementation phase.

2.2 Strategic Response Facility

The purpose of the Strategic Response Facility is first and foremost to meet urgent needs and newly emerged opportunities to bolster on-going programmes and to support inter-ministerial thematic prioritised areas as agreed by the PSSG or described in the Strategic Framework. The Facility may be used to fund new projects, either as stand-alone projects or as additions to existing programmes.

As an extraordinary measure, the Facility may employ a fast-track process. The fast-track allows for quick pre-approval of funding to enable a swift response to emerging crises where Denmark decides to provide support. Such projects still need to be well-documented before final approval and, as with other projects, they should describe the longer-term perspectives of the initiatives and how they contribute to sustainable outcomes. For further advice on this, see Annex 1.

2.3 Advisory Support Facility

Civilian experts and advisors (using ODA funds) deployed through the DFPD and experts from the Danish Police will be included in Fund decision-making in line with the Whole-of-Government approach so that Danish expertise is effectively utilised. The PSSG will approve numerical targets for deployment in terms of geographic priorities, and may also prioritise partner organisations to receive the advisors. The PSF is also able to fund civilian advisors and military advisors (using non-ODA funds). Advisors who will support MoD non-ODA funded projects/programmes are managed by the MoD.

The use of civilian and/or military experts and advisors should be considered by the lead department during the preparation of all new or continuing PSF programmes/projects with a view to maximize possible political benefits and influence, synergies, and learning.

3 Overview of PSF management and decision-making structure

The PSF is governed by the PSSG, which allocates funding to programmes and projects and provides strategic guidance, including on deployment of advisors. The ministries involved provide the allocated funding to subordinate authorities or external implementing partners, and monitor implementation. The PSSG is supported by a secretariat (the Peace and Stabilisation Secretariat – PSS or Secretariat), which also provides technical advice to programme coordinators and project officers within the ministries. Financial and narrative reporting on individual projects is provided by implementing partners to the responsible ministries, which then aggregate and add analysis in reporting to the Secretariat, which receives it on behalf of the PSSG. The roles and responsibilities at each level are illustrated in Figure 1 and described in more detail in the sections that follow.

Figure 1: Overall PSF management structure
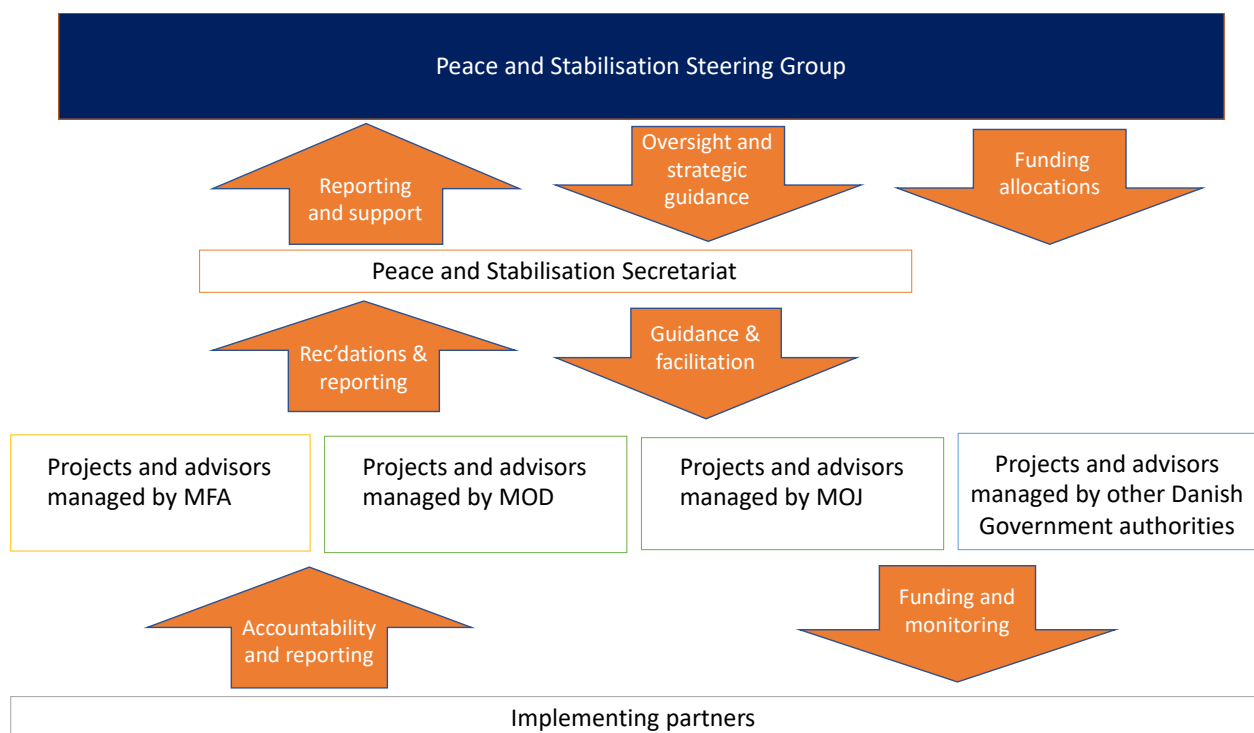
3.1 The Peace and Stabilisation Steering Group (PSSG)

The members of the PSSG are senior officials from the Ministry of Foreign Affairs (MFA), Ministry of Defence (MoD), and Ministry of Justice (MoJ). The members represent their respective ministries in their capacity as civil servants. The PSSG convenes as needed to discuss the strategic direction of the Fund, to make recommendations for approvals and decisions regarding the use of the Fund's modalities, and provide guidance in specific cases as needed.

Chairmanship of the PSSG and the Secretariat rotates on an annual basis between the MFA and MoD. The chairing ministry leads the Steering Group meetings, takes lead on drafting the PSF annual report, and on preparing seminars or other activities to strengthen learning between PSF contributing actors and programmes.

The PSSG has the following responsibilities as part of its role in implementing Danish policies and strategies through the Fund:

- Overall direction of the Fund, including the overall strategic "mix" of Danish PSF resources and their interface with other Danish contributions (e.g., humanitarian, development assistance and military deployments) as well as issues cutting across several PSF programmes. The PSSF makes recommendations for approval according to the overall approval thresholds (see Figure 2).

- Decisions concerning overall geographic and thematic prioritisation for the Fund, including prioritisation of deployment of advisors. This includes inputs from departments concerning possible upcoming needs and opportunities where a PSF contribution could be made, as well as incorporation of learning across PSF programmes.

- Oversight and decisions relating to financial allocations and approval of programme identification notes. The PSSG recommends appropriations for approval, but final approval rests with the relevant Ministry.

- Approving significant changes to existing programmes and projects.

- Decisions on whether relevant parliamentary committees should be informed about particularly risk prone projects.

3.2 The Peace and Stabilisation Secretariat (PSS)

The Secretariat is composed of staff from the MFA and MoD with responsibility for stabilisation policy. Chairmanship follows the rotation for the PSSG. The Secretariat convenes regularly as needed.

The main functions of the Secretariat are:

- Preparing PSSG meetings, including by agenda-setting strategic discussions through soliciting inputs from departments across the Danish Government (Whole of Government approach). Arranging pre-meetings as necessary to ensure PSSG meetings are prepared and kept focussed on strategically important questions. Drafting and disseminating summaries of PSSG meetings.

- Maintaining an overview of PSF funds available for programming and of the programmes in preparation or being planned (the PSF pipeline).

- Advising on allocation of funds to programmes and projects for Steering Group decision.

- Maintaining an overview of the reporting (thematic and financial) from approved programmes.

- Providing guidance on whether reporting from programmes and projects contain questions that need to be elevated to the PSSG.

- Advising programme coordinators regarding procedures related to adaptations required to programmes and projects, including facilitating approvals necessary from PSSG.

- Supporting programme facilitators to ensure that potential synergies and learning, including organisational learning, across PSF programmes, deployed advisors, or other programmes are optimised. This can include, for example, by organising the annual Peace and Stabilisation Forum.

- Facilitating that relevant findings and learning from reviews and evaluations can be communicated to the Steering Group and support that learning is fed back into PSF programmes and projects.

- Preparing the Annual Report of the Fund as well as updates to be shared with relevant parliamentary committees and published on the websites of the relevant ministries.

- Promoting awareness of the Fund across the MFA, MoD, MoJ, other Danish authorities, and with external stakeholders. Management of the PSF website and organisation of PSF learning events.

- Supporting the induction of new programme facilitators defence attachés etc. by sharing information about the Fund and guidelines as required

4 Management of programmes and projects

4.1 Role of the lead unit

All PSF programmes must be anchored in a single <u>lead unit</u> that takes overall responsibility for managing and coordinating the programme or project. A lead unit is a department within one of the Danish ministries concerned, where embassies are included as units in the MFA.[5] 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.

The head of the lead unit has overall responsibility for its respective PSF portfolio, as described further below. The lead unit holds the overall responsibility for managing the PSF programme and/or project(s) throughout the programme cycle; including initiating conceptual work for programme/project preparation and approval, including presentations to the PSSG, and obtaining ministerial approval. The lead unit is also responsible for coordinating with other departments (see also section on Task Forces below), initiating and managing reviews and completion of the programme/project, including for collecting lessons learned that will be fed into other programmes/projects and/or a potential continuation. Where relevant, it is the head of the lead unit who signs the programme/project agreements/commitment letter with implementing partners (see section 5).

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[5] Hereafter, these guidelines include representations within the term "lead unit"

4.2 Specifically for programmes

4.2.1 Programme Facilitator

For peace and stabilisation programmes, a <u>programme facilitator</u> must be appointed by the head of lead unit as overall coordinator of the programme. Programme facilitators are responsible for:

- Coordinating programme conceptualisation, formulation, approval process, quality assurance, monitoring, result reporting, and closure.
- Recurrent risk monitoring and management
- Set-up and initiating a Task Force for the programme.
- Ensuring programme-wide coordination with other interested departments and authorities and joint analysis where needed.
- Recommending programme adjustments to the Secretariat or PSSG as relevant, e.g. budget reallocations, use of unallocated funds, changes to the theory of change or results framework, etc.
- Promoting synergies between the PSF programme and other Danish programmes, projects, deployed advisors, and other engagements in the geographic areas concerned.
- Pro-actively establishing and nurturing external networks with allies and partners working in the same field as the PSF programmes and/or that have added or complimentary value.
- Ensuring the linkages between the PSF programmes and diplomatic and political efforts by assisting the head of unit in acting on pertinent issues relevant to the programme and where Denmark can play an active role.
- Coordinating programme level reporting, including financial reporting, and forwarding it to the Secretariat. Conducting quality assurance of project level reporting that feed into programme level reporting.
- Ensuring that activities and results are communicated by developing a communications plan.
- Contracting external assistance when needed (only relevant for MFA).

4.2.2 Task Force to promote coordination, complementarity and synergies

PSF programmes must establish a <u>Task Force</u> with relevant units from MFA, MoD and other authorities represented. Members usually include project officers, relevant policy departments in the involved ministries and agencies, a representative for other Danish instruments in the region (civilian and military), a development specialist, and a financial specialist. The specific composition should be adapted to the nature of the programme. The purpose of the Task Force is to underpin the Whole of Government approach to ensure that Denmark's strategic interests in a certain area are pursued based on a shared analysis and understanding of objectives and a clear prioritization of how to reach those objectives. The Task Force ensures that relevant Danish authorities are consulted and have an opportunity to highlight learning, complementarity and synergies from other instruments and thematic areas. The Task Force also functions as a reference group for the lead department and the Programme Facilitator.

The Task Force will be chaired by the lead unit and will meet at key points during the conceptualisation, preparation and throughout implementation of a programme to ensure that all concerned departments are informed of progress and that opportunities for complementarity and synergies with other programmes and policy areas are promoted.[6] The programme facilitator is responsible for calling for Task Force meetings and ensuring that a record of decisions is taken and distributed. Model Terms of Reference for Task Forces can be found on the AMG, but should be adjusted to the specific programme, and include a role for the Task Force during implementation.

Coordination, complementarity and synergy aspects must be described in programme/project documentation and reflected in reporting. In addition, these aspects must be assessed during PSF programme reviews (e.g. Mid Term Reviews – MTR) and included in the terms of reference for such.

4.3   Management at project level

Each project must have a designated project officer to oversee the implementation of the individual project, whether the project is part of a programme or funded by the Strategic Response Facility as a stand-alone project. Project officers are staff members of the ministry that funds the project.[7] Programme facilitators may also function as project officers for one or more projects under the programme. Project officers have responsibility for:

- Overseeing project implementation and, together with implementing partners, monitoring progress and challenges, risks, reporting on results and financial monitoring.
- Providing input to programme level reporting and analysis that is arranged by the programme facilitator, if the project is part of a programme.
- For single projects, organise project level reporting to the PSF Secretariat, based upon inputs from implementing partners.
- Recommending adjustments to projects as necessary (see adaptive management section below), which should be through the programme facilitator if the project is part of a programme.
- Organising communication activities relating to the specific project, under the oversight of the programme facilitator and the Secretariat, as appropriate.
- Project officers will participate in Task Force meetings. At the project level they will ensure coordination and regular consideration of complementarities and synergies with other Danish (and partner) activities in the thematic area concerned.

4.4   Implementation modalities

The management effort relating to the PSF programme/project concerned will vary according to the implementing partner chosen. PSF programmes and projects (including those funded from the Strategic Response Facility as stand-alone projects) may utilise any one of several types of partnerships. The different types of partnership modality have consequences for the

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[6] For example, information about specific PSF engagements should inform Danish positions within UN, EU and NATO fora

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

degree to which the Danish authorities concerned are involved in dialogue and monitoring, as shown in Table 1 below:

Table 1: Overview of main types of implementation modality

Type of partnership	Role of partner in monitoring and reporting
Bilateral cooperation (where there is a direct agreement with an implementing partner). This can involve either a core contribution (i.e. to the whole of the implementing partner's programme/project) or an earmarked contribution (i.e. to only part of it). In the PSF, this includes earmarked support to UN and other multilateral organisations.[8]	Full monitoring and reporting by the partner using PSF formats* directly to the programme facilitator/project officer, who monitors at an overall level and submits reporting to PSF Secretariat. * Where partner formats are closely aligned to PSF formats, the former may be used but the programme facilitator/project officer will need to then transfer the data to the PSF reporting format
Delegated cooperation (where Denmark provides its funding directly to another bilateral or multilateral partner who takes the responsibility for managing implementation, keeping the Danish authority concerned informed of overall progress).	Full monitoring and reporting by the multilateral or bilateral partner using their own formats. How active Denmark will be during implementation together with the partner we have delegated to will vary and will depend on agreement with them. The programme facilitator/project officer monitors overall progress and transfers key results to PSF format and submits reporting to PSF Secretariat.
Direct implementation by Danish authorities	Full monitoring and reporting by the partner directly to programme facilitator/project officer who then reports to PSF Secretariat
Joint cooperation (where Danish funding is pooled with that of other donors to support an implementing partner, including multilateral partners).	Full monitoring and reporting by the partner using own formats. Programme facilitator/project officer monitors overall progress and transfers key results to PSF format and submits reporting to PSF Secretariat.

There are advantages and disadvantages with each type and the balance between them needs to be carefully considered based upon experience and justified in the programme/project documentation. The decision on partner choice will depend on partner assessments.

4.5 Implementing partners

PSF programmes and projects are implemented through one or more implementing partners, which can be either "internal" or "external". For most MFA projects, implementation is conducted by external implementing partners, such as UN agencies, civil society organisations, regional mechanisms or organisations, national authorities, and contractors. The possibility for using joint or delegated partnership agreements with like-minded countries should be considered in order to contribute to common efforts, especially if there is a risk of duplicating efforts. Implementation may alternatively be delegated to a Danish authority – often from MoD to Defence Command Denmark (DCD) – which then functions as the internal

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[8] Specific guidelines regarding core support to multilateral organisations can be found here.

implementing partner. Internal implementing partners may sub-delegate further to sub-ordinate authorities.

Implementing partners have responsibility for:

- Implementing the approved project according to an approved work plan setting out the goals and objectives, implementation methods, monitoring of progress towards results, risks, and budget etc.
- Developing and presenting recommendations and proposals for possible adjustment/adaptation of existing projects
- Contracting and managing any sub-partners
- Financial and narrative reporting according to requirements and schedule in the project plan (see also section 9.2 on reporting below)
- Recommending adjustments to the project officer as necessary
- Danish authorities will often also be asked to contribute more strategically, e.g. through Task Force membership or in consultation with the ministries.

5 Approval flows and documentation requirements

Once there is a decision to prepare PSF funding to a project or programme, a number of processes have to be completed. The Secretariat should be consulted to ensure expectations are aligned regarding the type and amount of funding available and the approval flow to be followed. The various approval flows that may apply are illustrated in Figure 2 and described further in this section.

The different approval flows involve a number of common steps: 1) the responsible unit leads the process, and ensures production of the necessary documentation, 2) the PSSG is involved, at a minimum when asked to recommend that funding is approved or not, 3) there is also always a quality assurance process (an appraisal), which depending upon the value may be conducted internally or externally. Once these steps have been completed, final approval is made by the relevant minister for all support above DKK 10 million (DKK 5 million for MoD funding) or if deemed necessary for other reasons. Below DKK 10 million, the PSSG approves on behalf of the minister[9].

For appropriation up to and including DKK 200.000, the relevant MFA and MoD Head of Department can approve extra funding under already approved programmes or projects or initiatives that has been approved in principle by the PSSG. This will be coordinated closely with the Secretariat and the Secretariat will inform the Steering Committee as appropriate.

The flows have different documentation requirements according to the size of the planned funding. Programmes, which are above DKK 43 million, follow the most rigorous process and require the most thorough documentation. Projects, whether funded as stand-alone projects or as new projects formulated to be part of an existing programme, follow one flow if below DKK 10 million and another if between DKK 10-43 million. There is an extraordinary option

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[9] For the MoD, the PSSG approves funding below DKK 5 million on behalf of the minister.

to use a fast-track for projects below DKK 10 million, which allows the responsible unit to commit to support a certain project before the full documentation has been developed and where the PSSG is asked to give an early recommendation for later approval. All programmes and projects above DKK 10 million, as well as projects assessed as high-risk, require ministerial approval. For the MoD, the PSSG can only approve funding to programmes and projects up to and including DKK 5 million. Programmes and projects above DKK 5 million, as well as projects assessed as high-risk, require MoD ministerial approval.

The approval and documentation flows for PSF funding are summarised in the figure below. The text in each arrow describes a milestone, with a summary of the required documentation listed below the arrow. It is the responsibility of the lead unit to ensure that all steps involved in the preparation and submission of documentation are undertaken correctly. The PSF Secretariat is available to provide advice where needed.

Figure 2: Overview of approval and documentation requirements
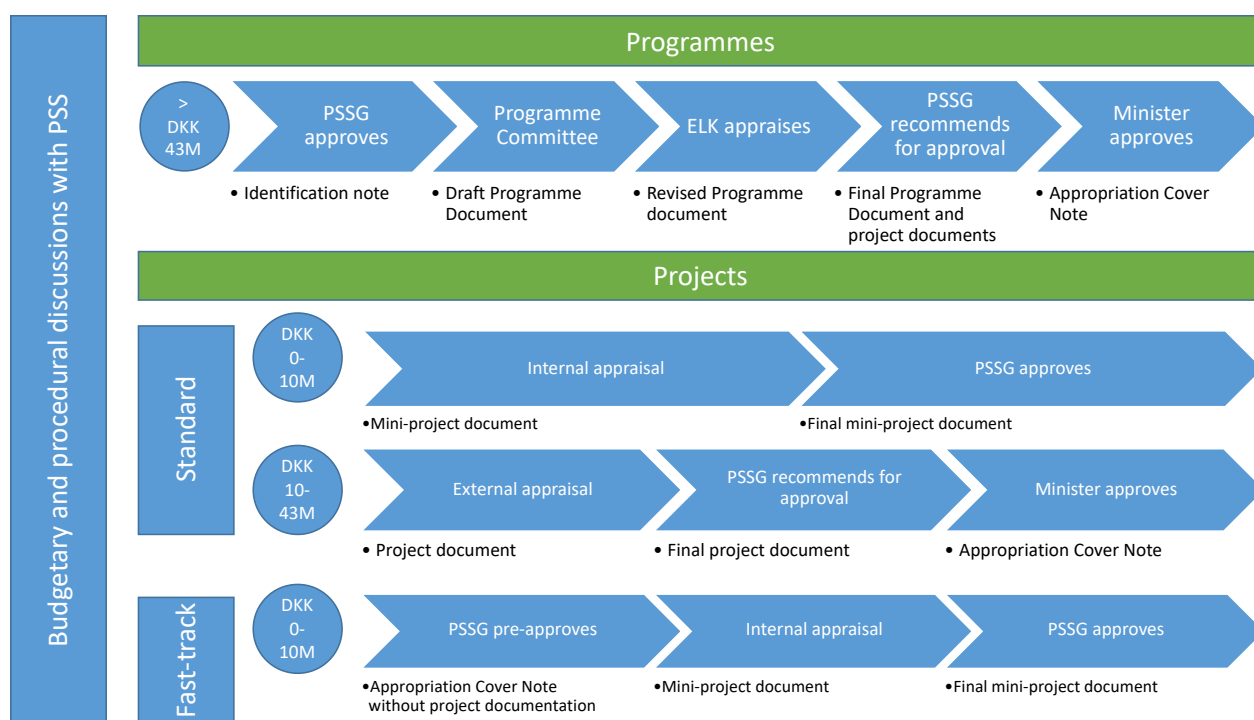
For MoD programmes and projects, the PSSG can only approve funding up to and including DKK 5 million. Programmes and projects above DKK 5 million require MoD ministerial approval.

Once approved, the PSSG can consider whether to notify Parliament. This may be relevant for projects and programmes above DKK 43 million, but also smaller appropriations, usually as a result of high reputational risks. Notification could be through the appropriate Parliamentary Committee (such as the Foreign Affairs Committee (URU), Defence Committee (FOU) or the Foreign Policy Committee (UPN).

5.1 Programme and project documents
All PSF programmes and projects are described and presented in a set of documents. The PSF uses the standard AMG templates, including relevant annexes. The documents set out the

purpose, context, objectives, background, implementation modalities, risks, budget, monitoring plan, result frameworks, and reporting arrangements for the intended support. The documentation provides the basis for programme/project approval and management. Links are provided in this section to the AMG where further guidance regarding documentation can be found.[10] For MoD, formats in Danish are available and may in certain exceptional cases be used following agreement with the Secretariat.

In cases where the formulation builds upon a previous phase, it may be feasible to re-use or update parts of the previous documentation provided it remains relevant. This may save time and resources, e.g., consultants' time.

That said, the planning, preparation and approval process should not be rushed. Typical pressure points come during programme document preparation and appraisal. An important lesson from previous experience is therefore to ensure that the initial context analysis work and concept development is started well in advance. See Annex 1 for further guidance on preparing programme and project documents and Annex 2 for a model Process Action Plan (PAP) for programming.

5.2 Identification Notes

For appropriations with a budget frame above DKK 43 million (including ODA and non-ODA funding), the unit responsible shall develop an identification note as a basis for the PSSG to discuss and review the proposed programme/project prior to the development of full programme or project documentation (see here).

The Secretariat must be consulted in the initial concept phase before (as well as after) the approval of the identification note. The Secretariat will provide feedback, assess whether the intended programme/project falls within the purpose of the Fund, and advise whether there are resources available for it.

In order to ensure that the proposed PSF programme is compatible with the core principles of the PSF, the identification note shall include a justification based on the following core principles: *1) PSF programmes will follow a Whole-of-Government Approach, 2) Where relevant, PSF programmes will be used to support strategic alliance building and partnerships; 3)A regional approach must be considered in PSF programmes.* If these principles are not adhered to, it must be elaborated in the identification note.

The identification note should also entail a brief contextual analysis with specific focus on political economy and drivers of conflict and fragility; rationale and justification; ideas for potential partners and complementarity with other Danish engagements and capacities (e.g. civilian and military advisors); preliminary considerations regarding management set-up, and budget frame. The identification note should also consider Humanitarian-Development-Peace (HDP) nexus aspects to ensure that PSF programming is not siloed. Information on the HDP Nexus can be found in the Approach Note for the Implementation of "The World We Share".

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[10] Preparation of programme documents for the MFA is normally outsourced to consultants under the oversight of the lead unit. Contracting of external experts takes place in accordance with procurement rules.

A PAP should be attached to the identification note. The identification note is discussed and approved by the PSSG, which may also recommend changes.

5.3 Fast-track

If especially urgent, the PSSG may decide to approve projects below the 10 million threshold (For the MoD, the threshold is below DKK 5 million) based on an Appropriation Cover Note and a project proposal from the intended partner organisation.

The decision to fund the project may then be communicated to the partner and made public if appropriate. After the decision, project documents will still have to be developed and signed by the relevant Head of Unit, who remains responsible for the quality of the project and its implementation. The template for mini-projects may be used, and only Annexes 2 (partner assessment) and 9 (quality assurance checklist) are strictly required, although it is recommended to use all annexes. When using the fast-track, responsible units run the extra risk that they commit to funding before they have full clarity about the project. They may also find it challenging to align expectations with the partner organisation once funding has been communicated.

6 Quality Assurance

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

For draft programme and project documents, quality assurance takes place in the form of an appraisal. Responsibility and scope of appraisals depend on the size of the appropriation (summary in Figure 2). Appropriations for programmes above DKK 43 million (ODA and non-ODA combined) are subject to an appraisal made externally from the responsible unit. ELK is responsible for these appraisals. Appropriations between DKK 10 million to DKK 43 million should also follow an external appraisal, either by ELK, an external consultant, or as exception by a development specialist from the responsible unit. Appropriations of DKK 10 million and below should follow an internal appraisal process. For further guidance on the above-mentioned appraisal processes, see here. An appraisal report will need to be prepared for all types of appraisals described above, although the internal appraisals are documented in Annex 9 only.

Appraisal recommendations and the responses from the responsible unit should be included in material presented to the PSSG.

7 Extensions, re-allocation and use of unallocated funds

Changes during programme or project implementation may require various types of adjustment to the programme/project documentation and approvals basis. Typical forms of

adjustment are described below and a more comprehensive overview is provided in the AMG. The proposed adjustment must be appropriately documented and approved at the relevant level, as described below. Requests for time and cost extensions will be presented to the relevant approval authority using the template at Annex 3. For MoD, a Danish version is also available and may be used following agreement with the Secretariat.

7.1 Time extensions

The implementation time frame of ongoing programmes/projects can be extended where deemed necessary. The need for an extension should be apparent from the on-going monitoring, highlighted in the regular reporting, and outweigh the disadvantages of extending. Where there is no additional cost involved, the responsible head of unit has the authority to extend the timeframe. The Secretariat must be formally consulted and will notify the PSSG (always in the case of PSF programmes and depending on the case for projects).

7.2 Cost extensions

The need for cost extensions (also known as "top-up") can occur; for instance, in connection with bridging arrangements or other major changes. A cost extension can only be used to top up existing activities. Each case has to be assessed individually and authorisation depends on the specific circumstances and the budget (see para 7.3 below). In developing a case for a cost extension, the programme facilitator/project officer will ensure alignment with already approved objectives, relevance, absorption capacity and results to be produced, including possible updates of the results framework during the costed extension period, must be considered. Where additional cost is involved, the relevant approval procedures described in section 7.3 on reallocations will be followed. In addition, the accumulation principle will apply whereby the previous grant(s) during the past 4 years and the forthcoming grant amounts must be added together to determine which appraisal (see section 6)/approval process to use. See AMG.

7.3 Reallocation of funds

In certain cases, reallocations of funds between budget lines may be required; for instance, away from a project that is not performing to one that is. Reallocations thus concern adjustments of already approved budgets for projects and programmes and follow MFA Financial Guidelines.

The head of the lead unit responsible for a PSF programme may each year during the implementation period approve accumulated reallocations between projects within a programme of a) DKK 5 million, or b) up to 15% of the annual budget (as specified in the approved programme document) – whichever is greater (in both cases this includes ODA and non-ODA funding). Beyond these limits, the PSSG has the mandate to approve reallocations. The request to the PSSG from the responsible unit should clearly outline from which projects the reallocation is requested, the size of the reallocation, and whether the reallocation will lead to changes in the programme objective.

7.4 Use of unallocated funds and contingencies in programmes and projects

Unallocated funds can be included in PSF programme and project budgets. This reflects a recognition that some programmes and projects, especially in volatile contexts, may need to react to new situations as they develop, which can necessitate additional funding. For PSF programmes and projects, unallocated funds up to 25% of the total programme/project budget are acceptable (i.e. taking into account also any contingencies – see below).

The programme or project document should outline a clear process and criteria for how such funds will be allocated. The aim should be to programme most unallocated funds by around the mid-point in a programme/project's life – and in this respect the possibilities will be considered during the Mid Term Review (MTR) (see below), at which point a plan for the remaining unallocated funds should be prepared.[11] Situations where a large proportion of the unallocated funds remain unallocated towards the end of the programme/project should be avoided.

Within a programme, the head of the lead 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 objective of the programme document. Allocations above DKK 10 million or for new objectives are subject to PSSG approval. Where PSSG approval is not required, the Steering Group will be informed of decisions regarding use of unallocated funds, for instance through annual programme reporting.

All new PSF projects not included in the approved programme document are subject to quality assurance and approval processes according to the same rules as for stand-alone projects (see section 5).

In addition, it should be considered whether to provide a budget line for contingencies in project budgets in order to cover unforeseen expenses for planned activities, such as extraordinary price increases, foreign exchange losses and unforeseen expenses. The budget for contingencies can be maximum 10% of the total budget (i.e. including any unallocated funds). For more information on contingencies see here.

8 Grant agreements

Once a programme/project has been approved, the next step is to enter a formal agreement with the implementing partner(s). The agreement must include a specification of the requirements for monitoring, financial and progress reporting (incl. requirements for accounting and auditing), as well as arrangements for dialogue and possible adaptation, as required by the MFA Financial Management Guidelines[12], for MFA-led programmes/projects.

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[11] For MoD funds, programming of unallocated funds may take place on an annual basis throughout the programme/project life, while bearing in mind that utilisation should be completed by programme/project completion.

[12] 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.

The agreement will refer to the programme and project documents and any other pertinent documents as integral parts of the agreement.

The agreement must include a disbursement plan (preferably specifying in which quarter the disbursements will be made). The responsible project 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 agreement must include text drawing attention to Denmark's zero-tolerance policies towards (i) Corruption; (ii) Child labour; (iii) Sexual exploitation, abuse and harassment (SEAH); and, (iv) Terrorism should be applied and included in the legal agreement with implementing partners to the degree possible. See [Guidelines for Country Strategic Frameworks Programmes and Projects](#).

The programme facilitator/project officer is also responsible for following the requirements regarding programme and project management (i.e., either MFA or MoD regulations respectively). For all ODA funding, and for MFA non-ODA funding, FRU should be consulted on all grant agreements. The earlier FRU is notified of a grant agreement being negotiated with a potential partner, the better they will be placed to advise on the process.

For projects that are co-funded by the MoD and MFA, the MoD should refer to MFA administrative guidelines in the grant agreement. This is to ensure that the partner is not obliged to draft separate project reports and financial statements to be approved by the MoD and MFA respectively. If the project consists of non-ODA and ODA funds, it is important to ensure that the partner has an administrative setup that allows for separate results framework and financial reporting for ODA and non-ODA funds.

9 Management tasks during implementation

9.1 Monitoring

Monitoring provides a continuous assessment of progress towards objectives, changes in context, risks etc. and it involves both formal (e.g., use of result indicators) and informal methods (e.g., dialogue with implementing partners). As an integral part of all PSF programme/project implementation, it takes place at various levels:

- PSSG maintains strategic oversight of the PSF and provides strategic guidance, including in response to specific issues arising (and as advised by the PSF Secretariat).
- PSF Secretariat maintains oversight of PSF programmes and projects being prepared and under implementation. This draws from its regular dialogue with programme facilitators and monitoring of reporting.
- Programme facilitators monitor the overall financial and programmatic performance of the PSF programmes under their responsibility. The programme facilitator also provides reporting to the PSF Secretariat based upon inputs from the project officers responsible for individual PSF projects.
- Project officers monitor the financial and programmatic performance of the partner(s)

involved in each project as well as ongoing changes in the risk and conflict environment, which may impact on the programme/project. Project officers compile reporting on at least an annual basis for the programme facilitator, who then submits it to the Secretariat.

- Implementing partners manage the projects on a daily basis, including day-to-day monitoring of progress against expected results, monitoring of contextual changes, assumptions and risks as per the agreements and programme and project documentation. They report to the project officer according to the arrangements set out in the funding agreements and project and programme documentation.

Further guidance regarding monitoring is provided in Annex 1.

9.2 Reporting requirements to Fund management

In order for the PSSG and the Secretariat to have an overview of the status of the programmes and projects, including commitments and disbursements, the programme facilitators/project officers should provide the reporting according to Table 2. Note that this reporting will draw from the regular reporting being provided by the implementing partner(s) in accordance with the agreements with them. It is recommended that programme facilitators and project officers arrange for regular reporting from implementing partners so that they are able to maintain a good overview of progress and possible risks.

Written annual stocktaking reports are mandatory for all programmes and projects; however, for projects below DKK 43 million the standard format may be substituted by annual reports from implementing partners when available. Along with the written report, the Secretariat requires an oral presentation drawing on the elements in the annual stocktaking report format, together with written points on any issues requiring PSSG attention. The timing of the annual narrative report should take account of the need to incorporate Q4 reporting from the partner concerned. If the circumstances warrant closer monitoring (e.g. in cases of high risks or where there are new partners), biannual reporting may also be needed.

Table 2: overview of reporting requirements to PSS and the PSSG

Frequency	Type	Content	Responsible
Annual or bi-annual (timing to allow for Q4 reports to be received from implementing partners)	Stock-taking reports	Narrative and financial. Standard format Draws from project inputs but provides strategic overview	Programme facilitator submits to Secretariat. Feedback provided to programme coordinator
As needed	Adaptive management	Proposals for adaptation, including major deviations (non-urgent to be included in standard reporting)	Programme facilitator or project officer to Secretariat. Secretariat assesses the need for PSSG involvement.
Annual	Results Frame Interface (RFI) (MFA only)	Results	Programme facilitator /Project officers
At completion	Completion report (end of programme/project)	Overall results, lessons, audited financial report, etc	Programme facilitator /Project officers to Secretariat

9.3   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. Evaluations are larger scale exercises that are commissioned periodically at overall Fund-level. They may be commissioned by the PSSG and/or by ELK as part of the MFA's evaluation process. An evaluation should enable the incorporation of lessons learned into the decision-making processes of both beneficiaries and donors. However, independent evaluations will not be conducted for every single project. Further information regarding guidelines for evaluation can be found here.

Reviews, on the other hand, will be undertaken at PSF programme (and sometimes project level) in order to provide an independent perspective on progress and learning that can feed into possible adaptation. Reviews are a standard element of all multi-year programmes and should be provided for in the programme documentation and budget.

An *inception review* or a *programme support mission* may be requested by the responsible department or recommended by the Secretariat or PSSG. Such reviews 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.

Programmes above DKK 43 million (including ODA and non-ODA funding) are subject to a *Mid Term Review (MTR)*. The purpose of MTRs is to assess, among other things, performance on results, challenges, developments in risk factors and context, efficiency and effectiveness. Coordination, complementarity and synergy aspects should also be assessed. The review will provide recommendations for further implementation, including possible adaptation (extensions, reallocations etc), and use of unallocated funds. PSF reviews will be conducted by a review team led by MFA ELK, and should include MoD (or DDC) personnel where projects include Danish defence contributions. Further guidance and information on midterm reviews can be found in the AMG.

9.4   Learning

Learning will be promoted at programme and project level through including specific learning objectives and opportunities within the programme/project design. Such opportunities should include regular dialogue with project/programme partners and other relevant stakeholders, inputs and dissemination of data from monitoring activities, reviews and evaluations. Lessons learned should be explicitly highlighted in PSF reporting and may also be included in communications activities and contributions to studies and research. In this way, learning is both fed back into the project/programme, thereby facilitating its adaptation and continued progress, and contributes to other programme areas.

9.5   Preparation of exit strategies

Proper exit-preparation is important and should be considered during programme/project preparation as well as during implementation 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. This should also take account of the progress made towards outcome level results in the results framework and the expectations set out in the ToC at project level. See here for considerations related to phase-out and exit strategies. Considerations relating to sustainability and exit strategy should be discussed during midterm reviews.

9.6   Programme and project completion

All appropriations must undergo a formal completion process that assesses results and captures lessons learned. Closure follow the rules and regulations of the ministry that provided the funding.[13] For ODA-funding, a Final Results Report (FRR) must be made. The same template is useful for non-ODA funding.

- The lead unit 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 programme/project document. The report generates lessons learned and evaluates the prospects for continued sustainable progress. The final report will draw from contributions made by the implementing partner.

- The report must be submitted to the Secretariat within 6 months after completion of the programme/project. It is important to plan the 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 PSSG.

9.7   Communication and public diplomacy

There should be external communication regarding peace and 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, including the PSF website. Programme facilitators and project officers should consider potential communication/promotion of results achieved. The PSF Secretariat will manage the PSF website and ensure that it is maintained with up-to-date information on PSF programmes/projects, once approved.

Communications strategies should be included as a standard element of all PSF programme/project documentation, with specific initiatives being coordinated across MFA/MoD/MoJ and others where necessary to ensure cohesive messaging.

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[13] For MFA projects, see Sagsbehandlervejledningen [LINK]GMG. The MFA GMG is an internal document and can be forwarded to relevant persons upon request.

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).[14]

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[15], 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.

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

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[14] 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.

[15] "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.

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).[16] 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

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[16] See https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/officialdevelopmentassistancedefinitionandcoverage.htm

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. [17] 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 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.[18] 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

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[17] A relevant tool is [OECD ODA Casebook on conflict, peace and security activities](#), 20.10.2017
[18] 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.

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 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 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.

Annex 2: Model Process Action Plan for Programme Formulation

The table below should be read as an illustrative example of how a process action plan may look. It may serve as a template to be amended as needed for the individual process. For smaller PSF projects and reserve fund projects, the lead unit should consult the PSF Secretariat regarding possible abbreviated processes in order to speed up identification, formulation and approval. See AMG for

	Event/action	Deliverable	Involved parties	Approx. timing
Step 1	Consultation with Secretariat		• Programme facilitator • PSF Secretariat	Start minus X months
Step 2	Initiation of background context analysis (including conflict analysis, political economy analysis/stakeholder analysis)	ToR/contracting Report	• Programme facilitator to commission inputs (often outsourced) • Consultant/researcher	Month 1
Step 3	Formation of Task Force		Programme facilitator	Month 1
Step 4	• Identification Note development, review context, identifies options, modalities, lessons, risks etc • Presentation to PSSG	Identification Note	• Programme facilitator • Project officers • PSF Secretariat • Task Force • Consultant* Approval by PSSG	Month 3
Step 5	• Draft programme document & project documents prepared • Incl. Formulation mission & consultation with potential partners	Draft programme & project documents	• Programme facilitator (oversight function) • Project officers • Task Force • PSF Secretariat • FRU • Consultant*	Month 5
Step 6	Presentation of draft to Programme Committee		• Programme facilitator • MFA Programme Committee with inclusion of MOD/MOJ and others as relevant	Month 6
Step 7	Appraisal	Appraisal report	• Programme facilitator/project officer • ELK Appraisal team • FRU	Month 7
Step 8	Finalisation of programme and project documents	Final documents	• Programme facilitator (oversight function) • Project officers • Consultant*	Month 9

Step 9	Presentation to External Reference Group	Approval to proceed	• Programme facilitator	Month 10
Step 10	Consultation and approval in PSSG	Recommendation for approval	• Programme facilitator • Secretariat	Month 10
Step 11	Ministerial approval	Approval	Programme facilitator	Month 11
Step 12	Preparation and Signing of agreements with partners	Draft and final agreements	Programme facilitator	Month 12

Annex 3: Templates

Links to templates are included here:

[Appropriation cover note (projects)](#)

[Appropriation cover note (programs)](#)

- [Annual Stocktaking Report](#)
- [Identification Note](#)
- [Programme/project document](#) (over 10 million)
- [Mini-project document](#)
- Time/cost (top up) Annex 4 (English)
- [Final results report](#)

Templates for standard annexes can be found [here](#)

Annex 4: Format for project time/cost (top up) extension.

Can be found separately on the [AMG website](#).