

MINISTRY OF FOREIGN AFFAIRS OF DENMARK

**DANIDA** | INTERNATIONAL  
DEVELOPMENT COOPERATION



## GUIDELINES FOR COUNTRY PROGRAMMES

# **GUIDELINES FOR COUNTRY PROGRAMMES**

Ministry of Foreign Affairs of Denmark

July 2013 (web 1.0)

## Contents

BOX 1: Key Concepts in Country Programmes .....	vi
<b>CHAPTER 1: INTRODUCTION .....</b>	<b>1</b>
<b>1.1 The Guidelines .....</b>	<b>1</b>
1.1.1 Templates and tools .....	1
1.1.2 Complementary guidelines and strategies .....	1
1.1.3 Regional programmes.....	2
<b>1.2 The Country Programme .....</b>	<b>2</b>
1.2.1 Relation to country policy .....	3
1.2.2 Quality criteria .....	7
1.2.3 Decentralised responsibility .....	7
1.2.4 The Danish finance act and the country programme.....	8
<b>CHAPTER 2: THE PREPARATION PHASE .....</b>	<b>10</b>
<b>2.1 Identification .....</b>	<b>11</b>
<b>2.2 Formulation .....</b>	<b>13</b>
2.2.1 Country programme document outline .....	14
2.2.2 Development engagement documentation .....	15
<b>2.3 Key considerations in country programme formulation.....</b>	<b>15</b>
2.3.1 Management set-up .....	15
2.3.2 Country programme results framework.....	17
2.3.3 Budget.....	19
2.3.4 Risks .....	20
<b>2.4 Appraisal .....</b>	<b>21</b>
2.4.1 Purpose, responsibilities and practical arrangement for the appraisal .....	21
2.4.2 Subsequent appraisal of engagements funded by unallocated funds .....	22
<b>2.5 Finalization of design and appropriation.....</b>	<b>23</b>
2.5.1 Presentation to External Grant Committee of Danida .....	23
<b>CHAPTER 3: THE IMPLEMENTATION PHASE .....</b>	<b>24</b>
<b>3.1 Implementation arrangements and requirements to partners.....</b>	<b>24</b>
3.1.1 Agreements .....	24
3.1.2 Dialogue and consultation.....	24
3.1.3 Planning, budgeting and reporting.....	25
3.1.4 Progress monitoring .....	26
3.1.5 Accounting.....	27

3.1.6 Auditing .....	28
<b>3.2 Internal management of the country programmes</b> .....	29
3.1.1 Reviews .....	29
3.2.2 Annual Country Report and Annual Strategic Dialogue .....	31
3.2.3 Financing decisions .....	32
3.2.4 Planning of commitments and follow-up .....	33
<b>CHAPTER 4: THE COMPLETION PHASE</b> .....	34
<b>4.1 Preparation of exit strategy</b> .....	34
<b>4.2 Finalisation and closure of country programme</b> .....	35
4.2.1 Implementing partner's final report .....	36
4.2.2 Danida Final Results Report .....	36
4.2.3 Closure of accounts .....	36
<b>4.3 Evaluations</b> .....	36

*These Guidelines were drafted 17-22 March 2013 in Arusha, Tanzania by a team of colleagues from KVA, UGS, TAS and the Danish embassies in Nairobi and Dar es Salaam and further refined and finalised by a sub-team in Copenhagen in May - July 2013. Questions and comments should be directed to KVA at AMG@um.dk.*

## Acronyms and Abbreviations

CEDAW	Convention to Eliminate All Forms of Discrimination against Women
CSO	Civil Society Organisation
DAC	Development Assistance Committee (OECD)
DKK	Danish Kroner
EIA	Environmental Impact Assessment
EU	European Union
EVAL	Department for Evaluation
GCP	Guidelines for Country programmes
GUS	Centre for Global Development and Cooperation
HRBA	Human Rights-Based Approach
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
INGO	International Non-governmental Organisation
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
JFA	Joint Financing Agreement
KVA	Department for Quality Assurance and Financial Management in Development Cooperation
MFA	Ministry of Foreign Affairs
MIS	Management Information System
MT-RAM	Mid-term Review Aide Memoire
NAMA	Nationally Appropriate Mitigation Action
NAPA	National Adaptation Programme of Action
OECD	Organisation for Economic Co-operation and Development
PAP	Process Action Plan
PDB	Danida's Project Data Base
PEFA	Public Expenditure and Financial Accountability
PIU	Programme Implementation Unit
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
SEA	Strategic Environmental Assessment
SPR	Strategic Management of Priorities and Resources
ToR	Terms of Reference
TAS	Technical Advisory Services
UGS	Department for Development Policy and Global Cooperation
UN	United Nations
UNFCCC	United Nation Framework Convention on Climate Change
UPR	Universal Periodic Review

## **BOX 1: Key Concepts in Country Programmes.**

### **Context – The Strategy for Denmark’s Development Cooperation**

The Strategy for Denmark’s Development Cooperation “The Right to a Better Life” with its dual objective of reducing poverty and promoting human rights - expressed through four strategic priority areas: Human Rights and Democracy, Green Growth, Social Progress, Stability and Protection - is the overarching framework for the country programmes.

### **Context – Country Policy Papers**

The Danish Ministry of Foreign Affairs prepares country policy papers for the cooperation with each of its Danida priority countries. The country policy paper provides a single integrated presentation of Denmark’s policy towards the priority country concerned. The country policy paper encompasses foreign and security policy, development cooperation, climate policy and commercial relations. As an important subset of this, the country policy paper sets the strategic direction for all parts of Danish development cooperation, and specifies the key areas and main strategic objectives for the Danish development cooperation with the priority country. The strategic direction will be guided by the Danish Strategy for Development Cooperation and national priorities of the priority country. The country policy paper defines how links and synergies between Danish development cooperation and other Danish political instruments will be pursued. It also specifies possible synergies between bilateral and multilateral cooperation. The country programmes will reflect the country policy papers’ strategic guidance for synergies.

### **Country programme**

A country programme is a programme with a maximum of 3 thematic programmes and in some countries a development contract (general budget support) in support of the strategic objectives outlined in the country policy paper. For each thematic programme, a concise and measurable thematic objective should be defined. In the country programme document, the point of departure will be the thematic programme objectives. Each thematic programme consists of a cluster of development engagements that contribute to the fulfilment of the specific thematic objective.

### **Thematic programme**

A set of programmed and budgeted development engagements in support of one thematic programme objective. If relevant, the individual development engagements should be mutually reinforcing in achieving the thematic programme objective.

### **Development Engagements**

A development engagement is defined at partner level and specifies the agreed results, activities and the budget for the cooperation between Danida and the partner concerned. An engagement can only have one partner, one partner agreement, one recipient of funds, and one entry in PDB. There can be a maximum of 30 active engagements in a country programme. For each development engagement, there will be defined one or a few development engagement outcomes. In some cases several development engagements can support the same outcome. The outcome should contribute to the achievement of the thematic objective. Based on this outcome, a number of development engagement outputs will be defined.

### **DAC Quality Criteria**

The OECD/DACs five quality criteria for use of development cooperation funds will apply during preparation, implementation and evaluation. The criteria are: impact, relevance, effectiveness, efficiency and sustainability. The criteria should guide decision-making and the application of the quality criteria should be demonstrated in all documents.

**Busan**

The development effectiveness agenda, including the four core principles in the Busan Outcome Document: ownership of development by development countries, results focus, inclusive development partnerships and transparency and accountability, remain central to Danish development cooperation. Denmark supports the broadening of focus from effective aid to a focus on cooperation for effective development with a strong emphasis on results and efficiency in all forms of cooperation.

**LEAN documentation**

The documentation throughout the planning process should be kept consistent and lean. Therefore, the country policy paper, country programme document, and development engagement document are complementary documents. Together, the documents form one coherent package with as little duplication as possible.

The country programme document is subject to appraisal. It is the core document for grant proposals submitted to the External Grant Committee of Danida and for programme support and agreement with a government institution in the priority country. Development engagement documents are subject to appraisal together with partner documents. Development engagement documents are part of the implementing partner agreement and are available to the External Grant Committee on request.

Furthermore, the structure of the concept note for the Programme Committee and the structure for the country programme document will be almost identical. An increasing level of details is expected as the preparation process unfolds. The same logic of gradual detailing will be applied in establishing the results framework and risk management.

**Overall monitoring and strategic dialogue**

Country programme mid-term reviews and an annual strategic dialogue between the Head of Mission and the senior management in Copenhagen will assess progress and discuss prioritization. The annual strategic dialogue is part of the SPR process.

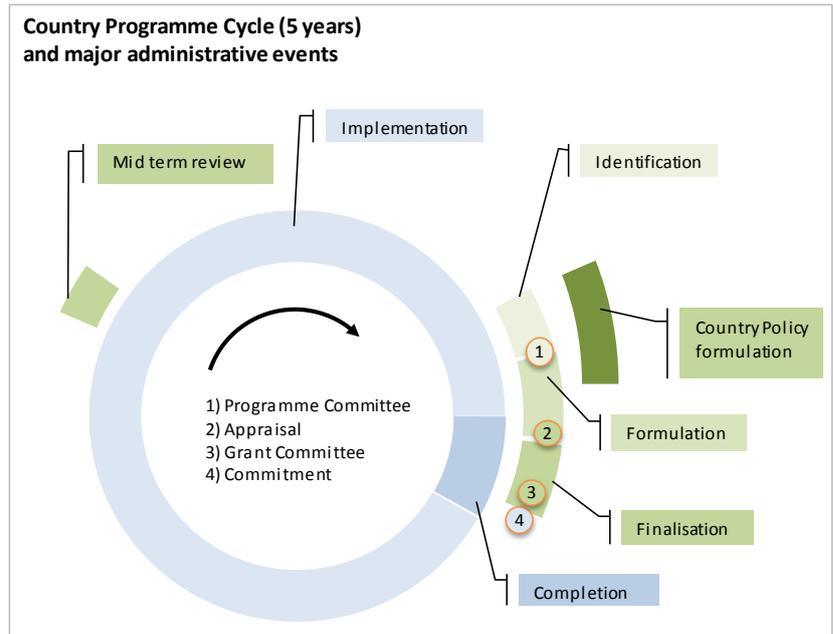
# CHAPTER 1: INTRODUCTION

## 1.1 The Guidelines

The Danida Guidelines for Country Programmes (GCP) apply to country programmes in the priority countries for Danish development cooperation. In the interim period until development cooperation with all priority countries has been synchronised to the country programme cycle, new “stand alone” programmes should also, to the extent possible, be prepared and implemented according to Guidelines for Country Programmes. On-going programmes that have been approved according to the Guidelines for Programme Management will continue to be administrated under the Guidelines for Programme Management.

**Fig. 1 Country programme cycle**

The GCP provide the overarching methodological framework for preparation, implementation and completion of bilateral Danish development cooperation in priority countries. Furthermore, it defines the requirements for approval processes and administrative procedures and includes links to all relevant complementary guidelines for country programmes. The guidelines are to a large degree focused on Danish procedures and requirements in development cooperation.



The focus on Danish procedures does not entail disregard of partners’ procedures and requirements – on the contrary, the GCP facilitate alignment to partners’ strategies and procedures.

### 1.1.1 Templates and tools

Templates for for a number if mandatory documents in the process cycle is available from the grey box in the right column. The yellow box contains a number of tools that provide more detailed guidance for sub-processes in the preparation and implementation of country programmes. In some cases a tool also contains a template.

### 1.1.2 Complementary guidelines and strategies

The overall approach to Denmark’s development cooperation is outlined in the Strategy for Development Cooperation” The Right to a Better Life”.

The GCP and Danida’s “Guidelines for Priority Country Policy Papers” supplement one another and should be seen as complementary. The “Guidelines for Priority Country Policy Papers” for example list

requirements for background analyses (13 areas are included) to be conducted and/or applied during the preparation of the country policy paper. The GCP takes the presence of these background analyses as a point of departure for the further preparation of the country programme in cooperation with partners.

Other guidelines, tools and technical notes for Danish bilateral development cooperation should be applied together with the GCP in developing the country programme. These are available on the Danida website: [www.amg.um.dk](http://www.amg.um.dk).

An overview of relevant Danida policies and strategies that should inform the design of the country programme is provided in the yellow toolbox.

### **1.1.3 Regional programmes**

The GCP can apply to regional programmes like the Danish-Arab Partnership Programme and the Neighbourhood Programme. In these cases, the country policy paper is replaced with the relevant regional strategy and the GCP should be applied with necessary adaption.

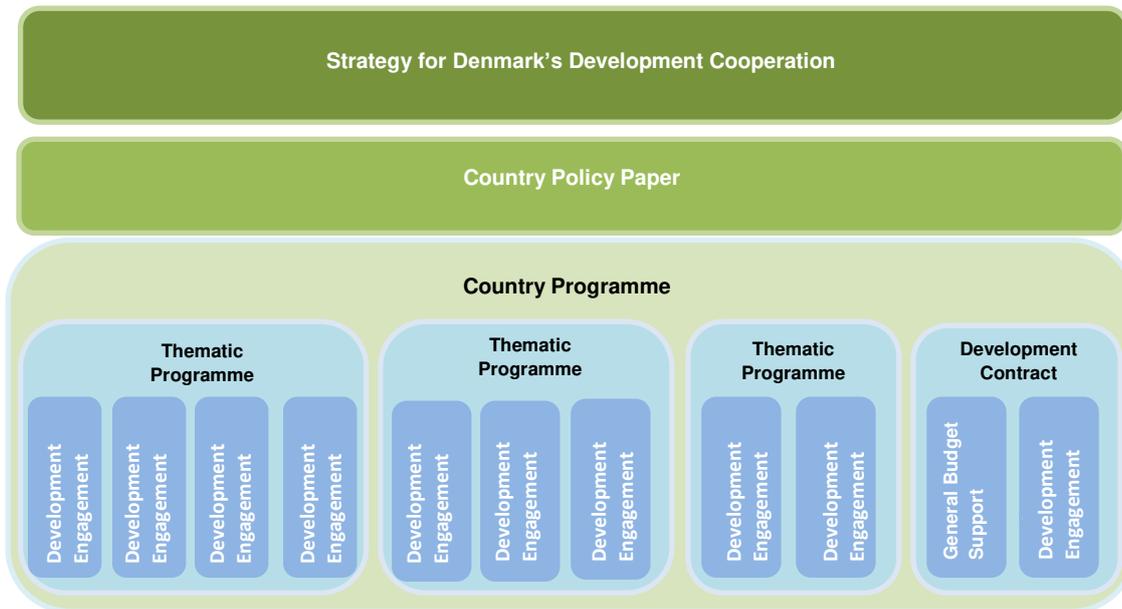
For other regional activities, the responsible department in the Danish Ministry of Foreign Affairs will initiate the preparation process in close consultations with the relevant Danish Missions and within the framework provided by the relevant country policy papers. The department will aim at aligning the regional activities to the activities already on-going under the relevant country programmes and will as much as possible leave preparation and implementation to the relevant Danish Missions in order to benefit from synergies and reduce administration costs.

## **1.2 The Country Programme**

A country programme can consist of maximum 3 thematic programmes in support of the strategic objectives of the country policy paper. If Denmark enters into a development contract (general budget support) with a priority country, this can be in addition to the 3 thematic programmes. The selection of the thematic programmes will be guided by the Danish Strategy for Development Cooperation and national priorities of the priority country. For each thematic programme, a concise and measurable thematic objective should be defined.

In the country programme document, the point of departure will be the thematic objectives. The thematic programme with its thematic objective consists of a cluster of development engagements that contribute to the fulfilment of the specific thematic objective. For the whole country programme, the maximum number of active development engagements should be no more than 30.

**Fig. 2 Key elements of a country programme**



**1.2.1 Relation to country policy**

The priority countries for Danish development cooperation are diverse<sup>1</sup>. Some are fragile, others more stable developing countries and some are graduating into middle income countries. The Danish overall engagement with the priority countries is, therefore, equally diverse in terms of objectives, partnerships and modalities for support. The Danish overall engagement with a specific country will depend on Danish political priorities, including priorities stipulated in the Strategy for Denmark's Development Cooperation, and the specific context and priorities of the country concerned and will to varying degrees encompass foreign and security policy, development cooperation, climate policy and commercial relations. The country policy paper sets out the overall strategic direction and objectives for the Danish foreign policy engagement with the priority country, including for Danish development cooperation. The country policy paper also defines how links and synergies between Danish development cooperation and other Danish political instruments will be pursued. It also specifies possible synergies between bilateral and multilateral cooperation. The country policy paper reflects joint strategy processes, including where relevant drawing on the EU Joint Framework Document and building on Joint Programming Documents.

<sup>1</sup> An overview of the current Danish priority countries can be found in the Finance Act § 06.32.

Within the strategic direction and objectives given by the country policy paper, the bilateral cooperation will be tailored to match the priorities and development challenges of the priority country concerned. The country programme document will take key national priorities and policy documents, as defined by the priority country and the Danish country policy paper, as the starting point, and will present the total bilateral Danish development cooperation with the priority country in the form of a country programme.

The Danish country policy paper sets strategic objectives and determines in which thematic

areas Denmark will engage through development cooperation, whereas the country programme document will operationalize the objectives based on thematic priorities and determine how, with whom and with what level of funding the objectives will be pursued.

The country policy paper sets the timeframe for the country programme. A country programme will typically be of 5 years duration. If significant changes in the country context occur between the finalization of the country policy paper and the preparation of the country programme there are two options for handling this situation: (i) Either the country policy paper can be revised; (ii) or the country programme document should include a presentation of the changes in the country context and explain how this has influenced the interpretation of the strategic direction and objectives given by the country policy paper.

Denmark adheres to the Busan Partnership for Effective Development Cooperation, other international declarations on aid effectiveness and to the principles laid down in the “New Deal” for fragile states. Ownership, alignment, results focus, inclusive partnerships, division of labour, efficiency, transparency and accountability characterize Danish development cooperation amidst the diversity of the engagements and should be demonstrated by the country programme.

The complete process of formulating the country policy paper and the country programme document is lengthy and complex and involves a broad range of actors. Timely attention to planning of the entire process is crucial to complete the process and begin implementation as expected. Fig. 3 provides an overview of the entire process. A template for the mandatory Process Action Plan to be annexed to the concept note is available from the templates box.

## Key principles for Country Programme

### Preparation

- Key documents should form a coherent package without duplications.
- Alignment to national frameworks and complementarity with work of other donors take precedence over internal synergies in Danish support.
- Background analysis and studies prepared during the preparation of the Country Policy Paper should be applied during the formulation state. It is envisaged that additional analysis might be required.
- To keep the Country Programme at a manageable level, the number of engagements/partners should not exceed 30, including previous non-closed engagements. This will allow the Danish Mission to be able to maintain an informed and focused policy dialogue with partners and follow developments relevant for results in each of the partner institutions.

**Fig. 3 Key elements of preparatory procedures**

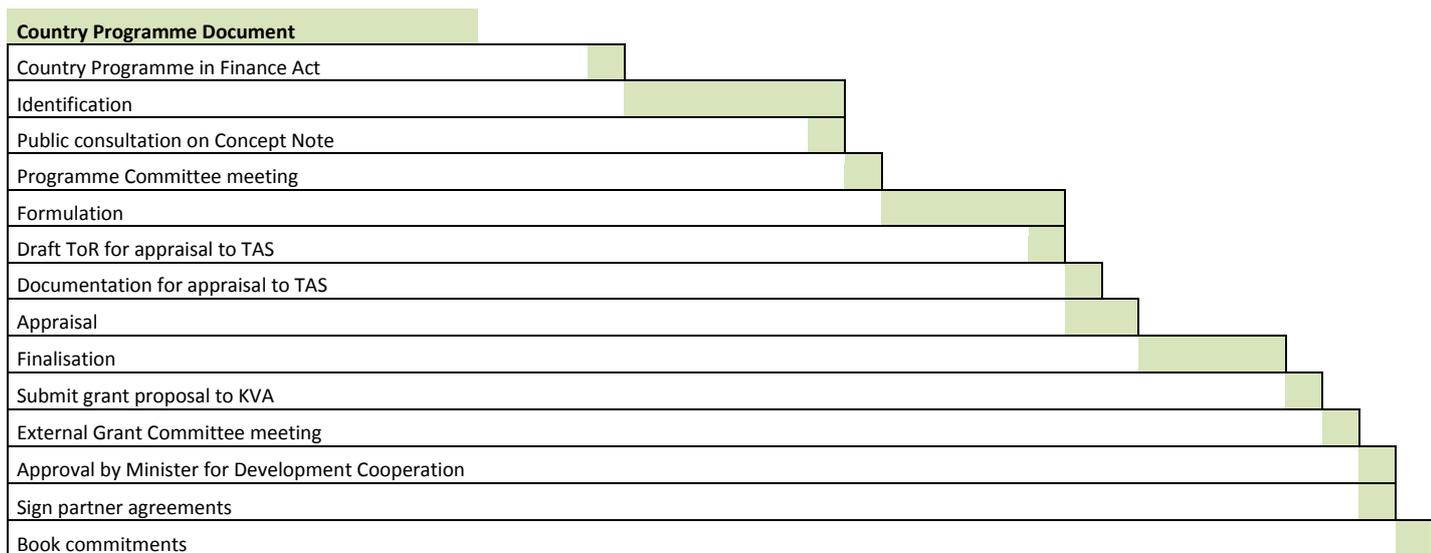
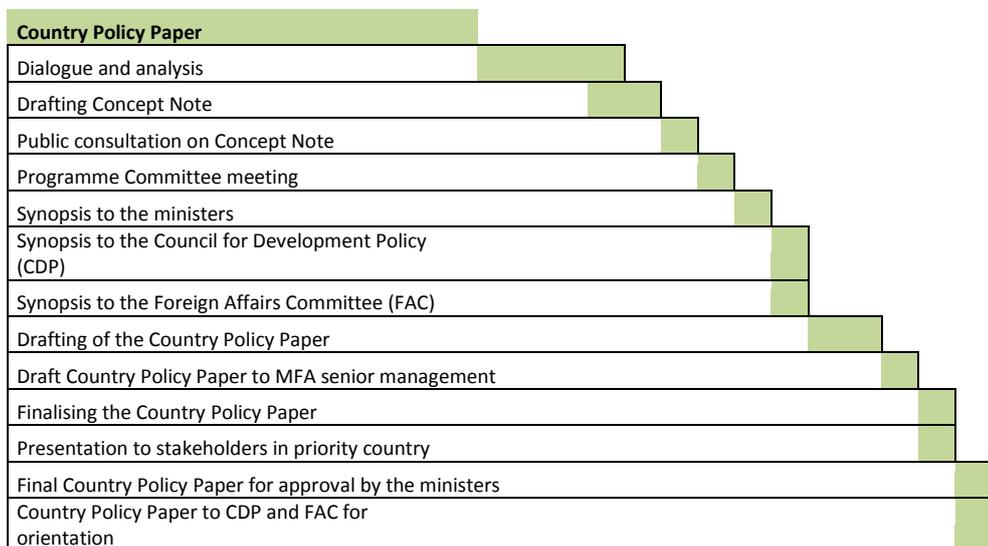
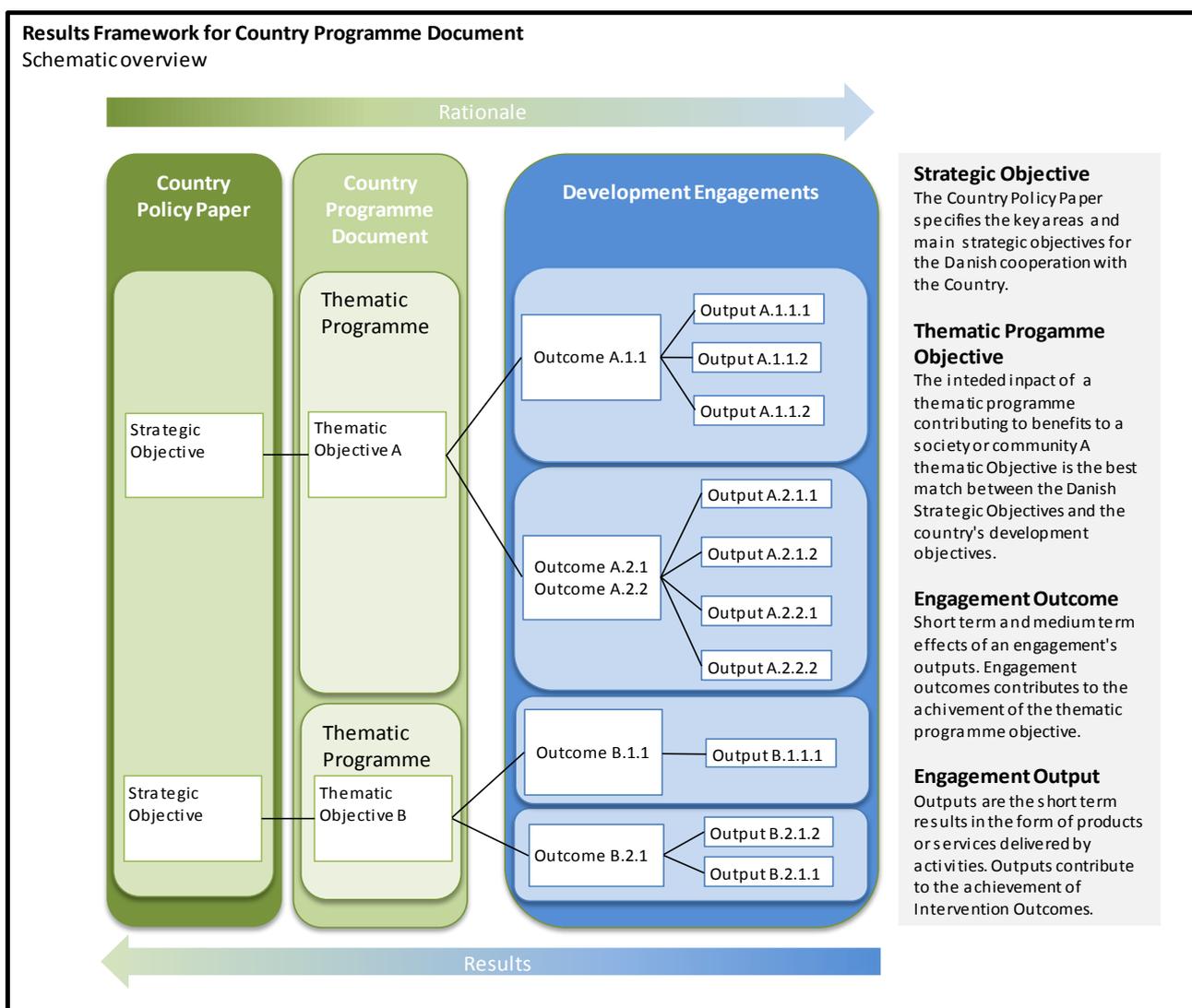


Fig. 4 provides a schematic illustration of several elements and key principles of country programmes. The simplified Results Framework provides a strong overall rationale for the country programme engagements through the strategic objectives of the country policy paper and the thematic objectives of the thematic programmes. The development engagement outcomes and outputs have a similarly strong focus on results to which the development engagement attribute or contribute. The thematic programme level and the development engagement level are firmly linked by the development engagement outcomes, which must support the achievement of the thematic programme objective.

**Fig. 4 Schematic Results Framework**



## 1.2.2 Quality criteria

Regardless of the characteristics of the individual priority country, the specific objectives of the overall Danish cooperation with the country, the form of the relationship between Denmark and the priority country, or the choice of modalities and partners, Danish development cooperation maintains its high quality standards. There is no blueprint for what is the best programme design suitable for all circumstances. But there is a universal requirement for quality as represented by OECD/DAC's criteria of: relevance, effectiveness, efficiency, impact and sustainability. These quality criteria guide design, appraisal, review and evaluation of country programmes in all situations.

## 1.2.3 Decentralised responsibility

The Danish Missions are responsible for all parts of the country programme cycle. This includes preparation and presentation of a concept note to the Danida Programme Committee, preparation of country programme documentation for appraisal by Technical Advisory Services (TAS) and for the finalization of the country programme document and its presentation to the External Grant Committee of Danida. The Danish Mission is also responsible for implementation of the country programme and they are, together with partners, accountable for the achieved results of all development engagements. Finally, the Danish Missions are responsible for completion of the country programme, including for collecting lessons learnt that will be fed into the next cycle of preparation of a country policy paper and country programme.

## Quality Criteria for Development Cooperation

**RELEVANCE:** This refers to the extent to which the strategic objective and thematic objectives of the country programme are consistent with global priorities, partners' and Danida's policies, beneficiaries' requirements and country needs. Overall relevance is related to whether we are doing the right thing

**EFFECTIVENESS:** Effectiveness denotes the usefulness of the outputs expected to be produced by the country programme, as means of achieving the intended results. Effectiveness also relates to whether the proposed country programme is considered to be the most effective in terms of meeting strategic and thematic objectives.

**EFFICIENCY:** Efficiency relates to whether the country programme is considered to be the most efficient in terms of applying the least costly resources (including human resources) as productively as possible in attaining the outputs of the programme. This may include comparing alternative approaches to achieving the same outputs.

**IMPACT:** Impact refers to positive and negative changes produced by a country programme, intended or unintended. This will include, at the national level, an assessment of the expected impact on strategic objectives as defined in the country policy paper, e.g. impact on peace and stability etc. At the thematic programme level the impact will be assessed in terms of expected impact on social, economic, environmental and other relevant development indicators.

**SUSTAINABILITY:** Sustainability concerns the lasting effects of country programmes – more specifically the institutional, social, environmental and economic sustainability. Ensuring sustainability means ensuring that results of the country programme in terms of improved capacity lead to lasting improvements of the performance of partners concerned, continued delivery of services and social progress and enhancing any opportunities for synergy effects.

#### **1.2.4 The Danish finance act and the country programme**

The Danish Finance Act determines the overall allocation of resources to bilateral and multilateral development cooperation. The finance act process will allocate funds for all Danish development cooperation instruments as well as give the overall financial frames for country programmes in priority countries. These are summarized for the next four year period in the publication "[Priorities of the Danish Government for Development Cooperation](#)".

Given these overall frames, country programmes are developed by the Danish Missions and responsible departments in the Ministry of Foreign Affairs (MFA). The country programme gathers and consolidates all parts of Danish bilateral development cooperation with a priority country in one coherent framework, and includes also earmarked multilateral contributions that are part of the thematic programmes, funds from thematic finance act accounts etc. The responsibility for coherent programming with contributions from different budget lines in the finance act rests with the Danish Mission in the priority country. How to handle the different budget lines is presented in the box on the next page.

Strategic levels for the annual average funding of priority countries are once a year revisited by the Centre for Global Development and Cooperation and the Centre for Global Politics and Security in collaboration with the Danish Mission. The strategic levels are discussed in the annual strategic dialogue meeting between the Danish Mission and the MFA Management and subsequently proposed in to the Finance Act decision procedures. The strategic level is made up of funds from: The Country Frame (06.32.01./02.); 06.32.08.60. Stabilisation and Conflict Prevention; 06.32.08.70. Democracy and Human Rights; 06.34.01.70.The Climate Envelope; 06.34.01.80. Other environmental contributions; 06.32.08.80. Peace and Stability Fund, and; funds from regional programmes that are transferred to the country frame. The Danida Business instruments, humanitarian aid, research and aid to civil society organizations in Denmark are not part of the annual funding strategic level.

## **Box: Funds from various Danish Finance Act accounts**

### **Finance Act accounts with transfer to country frames**

To ensure best use and integration of the funds from various Finance Act accounts and make implementation and accountability less complicated, funds from the following Finance Act accounts will in the current finance year be transferred to the country frames. The medium term projections will remain on the thematic finance act accounts:

§ 06.32.08.60. Stabilisation and conflict prevention\*

§ 06.32.08.70. Democracy and Human Rights \*

§ 06.34.01.70. The Climate Envelope

§ 06.34.01.80. Other environmental contributions\*\*

### **Finance Act accounts planned with Country programmes but not transferred to country frames**

In addition to the above mentioned Finance Act accounts where it is possible to transfer the funds to the country frame, there are a number of Finance Act accounts, that as far as possible should be programmed together with the Country programme or in close connection hereto, but where the funds in most cases will have to remain at the thematic Finance Act account:

§ 06.32.01.23. Other initiatives in Africa\*\*\*

§ 06.32.02.15. Other initiatives in Asia\*\*\*

§ 06.32.02.18. Other initiatives in Latin America\*\*\*

§ 06.32.05.12. Danida Business Partnerships

§ 06.32.05.18. Danida Business Finance

§ 06.32.08.80. Peace and Stability Fund

§ 06.33. Assistance through Danish civil society organisations

§ 06.35.01.14. Cultural cooperation

§ 06.35.01.10. Research projects in Denmark

§ 06.35.01.11. Research activities

§ 06.36. Multilateral assistance through UN etc., (when earmarked )

§ 06.39. Humanitarian Assistance

\*Most of the contributions at these accounts are to specific organisations and trust funds. Hence, it will only be in very few situations that funds from these accounts will be transferred to the country frame.

\*\*The majority of contributions from this account are to multilateral organisations and initiatives. Hence, it will only be in few situations that funds from the account will be transferred to the country frame.

\*\*\*If regional programmes and other initiatives financed under the regional finance act accounts contain elements that are directed to a priority country, the funds should be transferred to the country frame.

## CHAPTER 2: THE PREPARATION PHASE

### *Steps in the preparation phase*

The preparation phase comprises a number of key steps: Identification, presentation of the concept note to the Programme Committee, design of programme and formulation of country programme and development engagement documentation, appraisal by TAS, finalization of country programme document and development engagement documentation and presentation to the External Grant Committee of Danida. The Danish Mission is responsible for all steps in the preparation phase apart for undertaking the appraisal, which is the responsibility of TAS.

### *Principles*

Preparation of a country programme in support of the strategic direction and objectives given by the country policy paper and by national objectives and strategies is a complex and iterative process. There is no blueprint for what is the best programme design in all situations. Therefore, the Danish Mission will have to assess the pros and cons of various options for achieving the given objectives. The options will both reflect the specific circumstances and priorities in the country concerned and the specific elements of Danish development policies and strategies.

The Danish Missions must throughout the design process consistently use OECD/DACs criteria of: relevance, effectiveness, efficiency, impact and sustainability including when arguing for the justification for final programme decisions, the specific choice of partners, modalities, management set-up etc. Where relevant, the international declarations on development effectiveness and the principles laid down in the “New Deal” for fragile states must be integrated into the design process. Alignment to national frameworks and complementarity with the work of other development partners should always be sought where relevant.

The Danish Mission will present the rationale for its decisions on which options to pursue in the country programme document. What is important for appropriation decisions and accountability is not a listing of all background findings leading to the programme design, but rather to communicate the application of the quality criteria, analytical considerations and the principles of HRBA, which are behind design decisions and thereby demonstrate that the country programme rests on solid analysis, a solid consultation process, and well-argued decisions.

### *Technical Sparring*

The Danish Mission may request technical sparring from TAS during the preparation of the country programme. TAS will prioritize such requests according to available TAS resources and considering the complexity of the country programming task in the particular priority country, and the technical capacity of the Danish Mission itself.

### *Lean documentation*

Throughout the preparation process, the documentation should be kept consistent and lean. Therefore, the structure of the concept note and the country programme document must to the extent possible be identical. The difference will be the increased level of details as the preparation process unfolds. For example, in the concept note, the country programme budget will only be specified as a percentage split between the chosen thematic programmes, whereas the budget will be fully detailed down to development engagement level within each thematic programme in the country programme document.

## **2.1 Identification**



The identification stage spans from the start of the planning of a new (phase of the) country programme until presentation of the country programme concept note to the Danida Programme Committee. The purpose of the identification phase is, together with partners, to identify thematic programmes and objectives in support of the strategic objectives of the country policy paper and national objectives, and to identify the most relevant, effective, efficient and sustainable development engagements with the best impact towards meeting the thematic objectives (and hence towards meeting the overall strategic objectives of the country policy paper).

The identification will take key national policy documents, the work of other development partners, and the country policy paper as its point of departure and will to a large extent be based upon analysis and studies applied as part of the preparation of the country policy paper. In addition, lessons learnt from past and previous Danish cooperation with the country concerned will be taken into account. This should also include, where relevant, experience and knowledge gained from humanitarian and civil society activities. A programme document will include a maximum of three thematic programmes. If Denmark enters into a development contract (general budget support) with the priority country, this can be in addition to the three thematic programmes. The thematic programmes consist of a cluster of development engagements that contribute to the fulfilment of the specific thematic objective. A development engagement is defined at partner level and specifies the agreed results, activities and the budget of the cooperation between Danida and the particular partner. A country programme should not include more than 30 development engagements, including previous not yet finalized development engagements.

The identification stage will provide the first outline of the country programme document. “Guiding Questions for the Country Programme Preparation Process” from the toolbox provides guiding questions to facilitate the identification process.

### **The identification phase encompasses the following steps:**

1. **Elaboration of a Process Action Plan** planning all preparation steps until presentation of the final country programme to the External Grant Committee of Danida. Depending on the coverage and depth of analysis undertaken to inform the country policy paper, it might be necessary to identify additional, preferable existing, analyzes (political economy analysis, human rights assessment, capacity assessments, drivers of change analysis including an analysis of the role played by the business community, civil society actors etc.) to inform the preparation of the country programme. If so, the collection or preparation of these additional studies should also be scheduled in the Process Action Plan.
2. **Identification of thematic objectives for a maximum of three (3) thematic programmes.** The thematic objectives must contribute to meeting the strategic objectives and themes for the development cooperation defined in the country policy paper, and must, where possible, achieve synergies and coherence with other country policy paper objectives. The thematic objectives should be concise and

measurable objectives for Danish development cooperation in each of the thematic programmes. Each thematic objective must be the best match between the development strategies of the priority country in question and Danida's development strategies. Preferably the thematic objective will be identical to an objective defined in a key policy document by the priority country. If this is not possible, clear links to a well-defined national objective should be established or it should be explained why no national objective is considered relevant or legitimate as might be the case in a fragile state context.

3. **Analysis of the thematic programme areas and establishment of the rationale for how best to achieve the thematic objectives through development engagements.** Use the "Guiding questions for country programme preparation" (from toolbox) in tool G (Annex 12) to start the analysis. Use the "Assessment according to the five budget support principles" (from toolbox) to assess if a development contract (general budget support) is an option. Consider if links between multilateral and bilateral development cooperation should be pursued. Analyse the rationale for your decisions on the outline of the proposed support against the quality criteria; relevance, effectiveness, efficiency, sustainability and impact. Use the Risk Management Guidelines (from toolbox) to integrate risk assessments in your considerations of what is the most suitable design. Analyse how best to achieve development effectiveness (alignment, coordination etc.). Use the HRBA / Gender screening note (from toolbox) to assess how the four principles of HRBA – non-discrimination, accountability, participation and transparency – can be integrated into the country programme. Use the Climate change and green growth screening note (from toolbox) to assess climate change, environment and green growth aspects. Outline the management set-up and assess the expected number of partners. Prepare the indicative budget for the country programme broken down to thematic areas and if possible development engagements. Establish the expected amount of unallocated funds in the country programme and how they are distributed under the thematic objectives (Budget template in template box). Finally, identify what could potentially be 1-2 interesting aspects of the country programme for communication to the Danish and local public during and after the implementation of the country programme.
  
4. **Presentation of the programme concept note to the Danida Programme Committee.** The Danish Mission will present overall strategic considerations in the outline of the country programme in a concept note and request the Danida Programme Committee to provide strategic guidance on key questions. Prior to the meeting in the Danida Programme Committee, the concept note will be subject to public consultations on the internet. The Programme Committee will comment on the strategic direction and proposed overall composition of the country programme; assess the proposed budget, including amount and distribution of unallocated funds in the country programme, and make recommendations and requests to the continuation of the preparation of the programme.

The Danida Programme Committee will provide quality assurance and ensure coherence between the outline of the country programme and overall policies and strategies. It will provide guidance on strategic issues,

#### **Documentation for the Programme Committee**

Concept Note (8 pages)

Annexes:

- Process action plan for the whole country programme preparation process
- Assessment according to the 5 budget principles
- HRBA / Gender Screening Note
- Climate Change and Green Growth Screening Note
- Results Framework
- Risk Management Matrix

technical aspects, the use of best practices, and potential links to multilateral assistance, humanitarian assistance and assistance through framework agreements with Danish civil society organizations. It will assess the Process Action Plan (PAP) and endorse the continuation into the formulation and appraisals stages of the preparation phase.

The chair's main points of conclusion from the discussion, including key observations, recommendations and the response to key issues raised in the public consultation are presented in a short summary. The summary will direct the subsequent formulation of the country programme, and the appraisal will assess the follow-up to the Danida Programme Committee's recommendation by the Danish Mission. The summary from the Danida Programme Committee meeting is published on the Danida transparency website.

The Content of concept note (in toolbox) provides further information of the concept note. Detailed information, including a template for the programme concept note, is included in "Guidelines for Presentations to the Programme Committee, Danida Grant Committees and Council for Development Policy". [\[LINK\]](#).

## **2.2 Formulation**



The formulation stage of the preparation phase spans from the approval of the programme concept note in the Danida Programme Committee to the appraisal by TAS of the draft country programme document and development engagement documentation.

**The formulation will take the concept note as its point of departure.** The basic structure and content of the concept note will be further elaborated in the country programme document by including more details on the rationale for the choice of development engagements, partners, management set-up, results framework, risk management, budget etc.

**The country programme document will summarize the final design for each thematic programme (maximum three + possibly a development contract), the results framework, risk management, and budget.** The main focus will be on providing the rationale for the final design decisions made for each thematic area based on OECD/DACs quality criteria for development cooperation.

**During the formulation stage, the development engagement documentation for each engagement will be prepared.** A thematic programme is made up of a cluster of development engagements. Within a thematic programme each development engagement outcome must contribute to the fulfilment of the thematic programme objective. If relevant, the individual development engagements can be mutually reinforcing. A development engagement document is defined at partner level and specifies the agreed results, activities, management arrangements and the budget for the cooperation between Danida and the particular partner. A development engagement can only have one partner, one partner agreement, one recipient of funds, and one entry in PDB.

The country programme document and in particular the development engagement documentation is made in close collaboration with the relevant stakeholders in the priority country.

### 2.2.1 Country programme document outline

The country programme document will be a maximum of 25 pages. “Contents of country programme document” (in toolbox) presents an outline of the document. The country programme document will consist of the following main sections:

- i) **Country level context:** This section introduces the national context including the contextual risk assessment and sets the scene for the maximum of three thematic programmes and their respective development engagements, and if relevant the development contract (general budget support). It refers to the strategic direction and objectives of the country policy paper, provides the inter-linkages with other Danish foreign policy, human rights, commercial, humanitarian or security instruments and Danish multilateral development cooperation, and summarises the application of the human rights-based approach. This section may refer to background analyzes undertaken as part of the preparation of the country policy paper (i.e. within the 13 areas specified in the “Guidelines for Priority Country Policy Papers”), especially where it is relevant to elaborate on national level policy developments, systems and structures as context for the thematic programmes. Where development engagements are mutually supporting across thematic areas, including where development engagements underpin or address critical assumptions of other engagements, it may be highlighted in the country level section.
- ii) **Presentation of thematic programmes** (the section will be repeated for each of the maximum 3 thematic programmes plus potentially a development contract). The section will expand on the presentation in the programme concept note. This includes the justification for the selected design of the thematic programme and the choice of development engagements. The presentation of the justification will apply the five quality criteria of: relevance, impact, sustainability, effectiveness and efficiency.

Thematic Programme Summary:

- Thematic programme objective
- Choice of development engagement partners, modalities, capacity building and technical assistance to engagement partners
- Summary of selected development engagements and strategic considerations
- Outcome indicators for each of the development engagements
- Monitoring mechanisms
- Budget at outcome level
- Summary of risk analysis and risk response to programmatic and institutional risk factors.

- iii) **Overview of management set-up at country programme level:** this section will present the overall organization and handling of the management of the programme across the thematic programmes. The presentation should demonstrate how management and administration of the country programme will be effective, lean, and support alignment and division of labour with other development partners.

- iv) **The country programme budget:** this section will summarize the budget across the country programme, including a budget break-down of thematic areas by development engagements. It should also present the unallocated funds, including earmarking to thematic area and if possible to engagements. As the country programme document forms the basis for the appropriation, unallocated funds can only be used for the objectives and thematic areas presented in the document.

## 2.2.2 Development engagement documentation

For each development engagement, the documentation consists of three elements:

- i) **A draft agreement** outlining the legal and administrative framework for the collaboration between Denmark and the engagement partner. ii) and iii) are annexes to the agreement;
- ii) **The development engagement document** stipulating the specific obligations of the two parties to the agreement, and defining the substance of the collaboration, including the outcome, results and monitoring framework, activities, inputs, budgets and financial management, management arrangement, monitoring framework, risks management etc.
- iii) **The partner's own documentation.** The Partner's documentation can have various forms and contents ranging from sector plans, thematic strategies, organization strategies, programme descriptions, project descriptions, etc. In special situations where the partner documentation is inadequate and it is not possible to make the required improvements before appraisal, a short development engagement description can be formulated.

## 2.3 Key considerations in country programme formulation

### 2.3.1 Management set-up

The Danida country programmes will be implemented together with a number of partners. For each development engagement there will be one partner. These partners range from government institutions, civil society, multilateral organizations, private sector etc. In order to keep the strategic overview of the country programme and its progress and results and in order to maintain policy dialogue and keep the management burden lean, the total number of partners included in a country programme should be no more than 30 partners, including partners from previous engagements where activities have not been completed. In general, development engagements with a budget below DKK 5 million should be avoided.

#### *Alignment*

The fundamental principle is that to the extent possible Danish support aligns to partner plans, procedures, budgets, monitoring frameworks and organizational set-up. This principle applies to public sector, private sector and civil society partners. This means that Danida supported activities to the extent possible should be integrated into the partner's plan, incorporated into the partner's budget and, in the case of public institutions, reflected in the national budget (or, if relevant, in the budgets of involved local governments). Budget support, basket funding or core funding are preferred modalities. When Danida provides budget support or basket funding to the overall budget line of a sector ministry or the ministry of finance in the

national finance act, full alignment to government plans, procedures, results monitoring, organizational set-up should be pursued. Likewise, core funding to the entire strategy of an organization is the preferred modality when Danida supports multilateral organizations, civil society, trusts etc. In case more alignment becomes an option during the implementation phase, this possibility should be pursued. If partner capacity is low or technology transfer in demand, technical advisers can be an option.

### *Intermediates in programme implementation*

With the priority areas given by the Danish Development Cooperation Strategy, e.g. human rights and democracy and green growth, most country programmes will include a number of development engagements with civil society organizations and private sector players and associations. Development engagements may aim at reaching out to a large number of private sector actors with for example advice or funds, or at supporting civil society actors in working to strengthen government accountability towards its citizens. When the thematic objective aims at strengthening the private sector or civil society at large this requires the Danish Mission to engage with many partners but only on a narrow part of the partners' operations or for a short time-period. If there is no national public or private institution with the mandate, legitimacy or capacity to act as partner in this situation, an intermediate management set-up in the form of a fund manager, umbrella organization, implementation unit or the like will enhance outreach and quality of development cooperation. If other donors are supporting similar activities, joint set-ups are always preferred. When the use of an intermediate set-up is anticipated in a country programme, this should be highlighted in the Concept Note for the Programme Committee.

Many of the Danish priority countries are fragile. These are characterized by a weak public sector with very limited capacity in central government and very limited capacity for service delivery to the population. Sometimes, the government may be strong but without legitimacy. The use of intermediates specialized in effective programme implementation could also be considered in this situation. These could be UN organizations, civil society organizations, private sector providers, fund managers etc. Capacity building to government could be supplemented by working with intermediates in an interim period.

### *No blueprint*

With the diversity of the priority countries, themes and partners, there is no blueprint for what is the best management set-up for the country programme. However, it is important to ensure that the management set-up is robust for the country programme as well as for each development engagement taking capacity and administrative requirements into consideration. The management set-up should clarify the structures for day-to-day management of the country programme and for each engagement (authority, responsibility, tasks, formal procedures for joint consultation and decision-making), key administrative procedures, financial management, procurement and also decision-making and approval procedures for revision and adjustment of the country programme, each thematic programme and the development engagements, including procedures and scope for budget adjustments.

Day-to-day management at development engagement level should be the responsibility of the relevant partner. Danida should to the largest possible extent align to the partner's governance structures. To decide on issues of specific relevance to the Danish support, joint management arrangements should be established and is the preferred option. "Joint management arrangements" (in toolbox) outlines the principles of joint management arrangements.

### 2.3.2 Country programme results framework

The Country Programme Results Framework is a simplified logical framework<sup>2</sup> that builds on objectives and selected indicators from partner’s results frameworks. The framework provides an overview of objectives and key indicators for the Danish country programme and is used to focus the dialogue with partners and for reporting progress of the development cooperation to the public.

The emphasis on alignment to partners’ results framework requires an early attention to establishment of concrete and measurable objectives and indicators in the preparation process with partners. The country programme results framework is a mandatory part of the country programme document. The results framework should be finalised before the country programme is presented to the External Grant Committee of Danida.

Partners’ results frameworks may differ considerable from the country programme results framework in terms of i.e. used terminology, level of detail, logic hierarchy etc. Hence, when selecting objectives and indicators from a partner’s results framework, pay careful attention to the content rather than the terms used when applying to the country programme results framework. It is underlined that the intended use of the country programme results framework is not to dictate the design of partner’s result frameworks, neither should it be confused with day-to-day monitoring of programme implementation.

Definitions and relations in the results framework are defined below.

<b>Results Framework for a Country Programme</b>		<b>Thematic Programme Objective</b>	<b>Country Policy Strategic Objective</b>
		The intended impact contributing to physical, financial, institutional, social, environmental, or other benefits to a society or community via a thematic programme.	Denmark’s strategic objectives for the cooperation with a priority country are defined in the Country Policy Paper. The strategic objectives reflects Denmark’s entire cooperation with the country.
<b>Engagement Output</b>	<b>Outcome</b>	<b>Impact</b>	<b>Impact</b>
Short-term result in the form of capital goods and services which result from an engagement's activities. May also include changes resulting from the engagement which are relevant to the achievement of engagement outcomes. Outputs contribute to the achievement of engagement Outcomes.	The short-term and medium term effects of an engagement’s outputs on the target group. Engagement outcomes contributes to the achievement of the thematic programme objective.	The long-term effects contributed to by a thematic programme, directly or indirectly. Achievement of the priority country’s thematic objectives will be the result of a very broad range of activities and factors that go far beyond the activities supported by Denmark.	Is the long-term effects contributed to by the country programme and any other cooperation between the priority country and Denmark, directly or indirectly. Desired results are defined in the Country Policy Paper and may be a combination of Danish policy goals and the priority country’s development objectives.
<b>Output indicator</b>	<b>Outcome indicator</b>	<b>Impact indicator</b>	<b>Impact indicator</b>
Outputs are measured annually by quantitative indicators and process indicators. Output indicators are drawn from the engagement partner’s results framework.	Outcomes are measured end of programme or end of programme phase. Outcome indicators are drawn from the engagement partner’s results framework.	Impact is measured at national level according to the national monitoring schedule.	Impact is measured at national level.

A graphical illustration is provided in fig. 4.

<sup>2</sup> Terminology is based on ”Glossary of Key Terms in Evaluation and Results Based Management” (OECD/DAC, 2010)

### *The strategic objectives*

Three to four strategic objectives reflects Denmark's entire cooperation with the country, i.e. foreign and security policy, development cooperation, and commercial relations and sets the strategic direction for the cooperation with the priority country for the entire Ministry of Foreign Affairs.

### *The thematic programme objectives*

The objective of a thematic programme is the best match between the Danish strategic objectives given by the country policy paper and national objectives for the theme as defined in a key policy document by the government of the priority country, for example, an overall growth and development strategy, a poverty reduction strategy (PRSP) or similar, and national commitments on fulfilling human rights (Universal Periodic Review (UPR) report). Achievement of the priority country's national objectives will be the result of a very broad range of activities and factors that go far beyond the activities supported by Denmark. It will usually not be possible to document the Danish contribution or attribution to achievement of a national objective at this level. Nevertheless, the thematic objectives provide the overall purpose and rationale for the engagements by Denmark within each theme. There should be one objective per thematic programme in a country programme.

### *Development Engagement Outcome*

The engagement outcome (or a few outcomes) is drawn from the engagement partner's programme documentation. If this is not feasible, the outcomes should be defined together with the partner in the development engagement document. In some cases, the outputs of several engagements can support the same outcome. The outcome must support the achievement of the objective of one or several thematic programmes. Outcomes may stem from factors both within and beyond control of the engagement. Results at outcome level are reported at the end of an engagement phase. One or a few indicators at outcome level should be chosen.

### *Development Engagement Outputs*

The engagement outputs are drawn from the engagement partner's programme documentation. The outputs must support the achievement of the engagement outcome. Progress on output indicators is reported annually. A maximum of five key output indicators per engagement should be chosen.

*The values of an indicator are defined by a* baseline, end of programme targets, and for output indicators also annual targets when feasible. Quantitative indicators are preferred but also qualitative

### **Country programmes in fragile states**

The GCP apply to all priority countries, including countries characterized by conflict and fragility.

Recognizing the need for flexibility during the country programme cycle in these countries, country programme designs may reflect scenarios based on the analysis of contextual, programmatic and institutional risk.

The application of GCP allows for flexibility. In countries characterized by conflict and fragility, there might be a need for an increased frequency of strategic dialogue with senior management in Copenhagen to seek guidance on the flexibility within procedures and requirements of the GCP.

Frequent assessment of development in scenarios will highlight the need for flexibility measures within the framework of the GCP.

The mid-term review is an opportunity to refocus the country programme. Any change in objectives requires approval by the senior management and the External Grant Committee.

indicators can be used. At output level a quantitative indicator could be 'number of persons trained' with annual targets of 10.000 persons in year 1, 25.000 in year 2, etc. A process indicator could be 'establishment of an independent election commission' with targets being 'new law for the commission defined in year 1', 'commission members appointed in year 2', etc. At outcome level a quantitative indicator could be 'number of persons with access to safe drinking water' and a qualitative indicator could be 'performance of independent election commission rated as satisfactory by international election observers'.

For the purpose of reporting on progress to the public, objectives and indicators are presented in the format of a results report for each thematic programme, which is updated annually through the programme database (PDB). At the end of an engagement phase, the completed results report constitutes the thematic programme completion report.

Should the allocation of funds for the various engagements change (due to use of unallocated funds, reallocations etc.), this will influence the results framework which will have to be adjusted accordingly.

### **2.3.3 Budget**

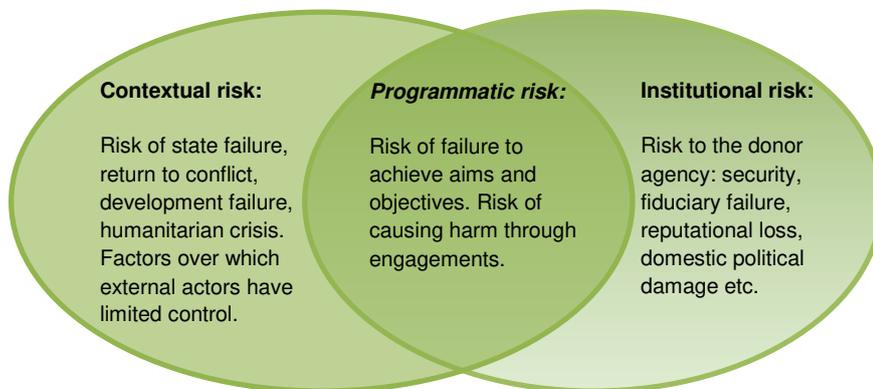
The country programme budget will reflect the thematic programme and the development engagements within each thematic programme. The budget should be presented for the full country programme period and be detailed down to annual sequences (half-year sequences when necessary). The budget must be presented at outcome level for budget support/basket funding/core funding and at output level when Danida is partly financing elements of a partner's budget of a wider partner programme and when Danida is working with implementing partners such as civil society funds, trusts, fund managers etc.

The budget must show partner funds and other sources, as well as Danish and other donor funds, any technical assistance, and contingencies. The contribution from each source should be easily distinguishable. The External Grant Committee will receive budgets with the same level of detail as the budgets agreed for each development engagement (Budget template available from templates box).

### 2.3.4 Risks

Risk management is an integrated part of the country programme cycle, which implies that a preliminary assessment of potential risks and risk responses is presented to the Danida Programme Committee in the concept note. A risk management matrix is annexed to the country programme grant proposal to the External Grant Committee, and the risk assessment and responses are assessed regularly during implementation and discussed during the annual strategic dialogue between the Danish missions and senior management in Copenhagen. Danida's Risk Management Guidelines provides the standard tools for assessing and managing risk including the risk management matrix.

The Risk Management Guidelines operate with three main categories of risks: Contextual risk concerning the general risk factors in the country, programmatic risk concerning risk in regard to achievement of thematic programme outcomes and institutional risks in relation to the interest of Denmark and its partners. Consult the Guidelines for Risk Management.(link in toolbox)



## 2.4 Appraisal



### 2.4.1 Purpose, responsibilities and practical arrangement for the appraisal

The overall purpose of an appraisal is to provide quality assurance of the country programme design and documentation, at a strategic as well as at a technical level and thereby provide the basis for the granting authorities' funding decision. The appraisal comprises the whole country programme package (including country programme document and development engagement documentation), and an assessment of partner strategies, analytical background documents and national policy documents. The appraisal will assess to which extent the country programme fulfils the strategic direction and objectives of the country policy paper, including linkages between development cooperation and the broader engagement in the country concerned, and national policies. It will also assess the rationale provided for the layout of the country programme, and whether the country programme is technically sound by focusing on, among other things, its management, monitoring, and risk management set-up. It will also assess how the Danish Mission has integrated recommendations from the Danida Programme Committee into the design.

It should be noted that every appraisal will take its point of departure in the local context.

The Danish Mission schedules and designs the appraisal process in close consultation with TAS through the rolling semi-annual planning calendar (VPA) and the Process Action Plan. Country programmes expected to be presented to the External Grant Committee within a given calendar year will usually have to be presented to the External Grant Committee during the first 6 months in that same year. To allow time for finalisation of the country programme after the appraisal, the appraisal should take place no later than 4 months before the presentation to the External Grant Committee.

**Country programme documentation to be forwarded to TAS 8 weeks prior to appraisal;**

**Draft country programme document with annexes:**

- a. Country policy paper
- b. Partners – brief descriptions
- c. Results Framework at output level
- d. Budget at output level
- e. Risk Management Matrix
- f. List of supplementary materials.

**Other documentation:**

- g. Development engagement documentation (draft engagement documents and partner's programme documents for all programmed development engagements)
- h. HRBA / Gender Screening Note
- i. Climate Change and Green Growth Screening Note
- j. Assessment according to the five budget support principles
- k. National partner strategies (final or draft versions)
- l. Background analyses, including sub-sector analysis, capacity assessments etc.
- m. Other relevant national documentation like legal framework, public sector management framework, and donor led analysis etc.
- n. Updated PAP covering the period from the appraisal until signing of an agreement
- o. Minutes of the meeting from the Danida Programme Committee

Appraisal of country programmes will be conducted by a cross-sectoral team from TAS supported by external consultants. In addition to leading the team, the Team Leader will have special responsibility for the strategic assessment of the country programme in relation to Danish foreign and security policy, climate policy and commercial cooperation as outlined in the country policy paper. The assessment will take the Danish development cooperation as its starting point and assess to which extent synergies across instruments are reflected.

As part of the preparation for the appraisal mission, the Team Leader will also act as a point of contact for the Danish Mission. Likewise, the Danish Mission should appoint a senior staff to coordinate the preparations across thematic areas at the Danish Mission prior to the fielding of the appraisal.

The appraisal includes a field visit to the country in question. The Danish Mission will draft ToR and submit these to TAS eight weeks before the arrival of the team. The "Appraisal Guide (in toolbox)" outlines the focus of the appraisal.

The aim is to appraise and subsequently present the total country programme, including all proposed thematic programmes and development engagements to the Grant Committee in one step. The appraisal of this package will be undertaken by TAS in one step. However, if not all development engagements are programmed and hence not ready for appraisal, an appraisal can proceed with a certain percentage of the total budget unallocated. The acceptable level of engagements not programmed at the time of appraisal, and hence the amount of the unallocated part of the country programme budget, is defined by the Danida Programme Committee in each case. The amount of unallocated funds can only in exceptional cases reach 25% of the total country programme. In some cases the appraisal of a country programme package may be followed by a desk appraisal of specific development engagements or parts thereof in agreement with TAS.

If joint appraisal has been undertaken of one or more development engagements, TAS will assess whether further appraisal is necessary.

The final appraisal report must be completed within two weeks after the end of the appraisal mission. The general provisions for appraisals entails that for all appraisals of grants above DKK 5 million, a standard "Summary of Recommendations of the Appraisal Report" (from toolbox) is prepared by the appraisal team and completed by the implementing MFA unit. For grants above DKK 35 million, the head of the Mission must forward the completed summary report to the under-secretary for Global Development and Cooperation and TAS at least four weeks prior to the country programme being submitted to KVA for the External Grant Committee of Danida.

The Danish Mission assumes full responsibility for the follow-up on the appraisal report. In case an appraisal recommendation is not followed, the Danish Mission must justify the decision and specify the reasons in the standard Summary of Recommendations of the Appraisal Report. The completed summary will be an annex to the grant note.

#### **2.4.2 Subsequent appraisal of engagements funded by unallocated funds**

For an unallocated budget, approved by the External Grant Committee of Danida, the modality for appraisal of development engagements will follow the general Danida appraisal rules, which states that all new grants above DKK 35 million must be appraised by TAS, while appraisal of grants with a budget below this limit is the responsibility of the implementing MFA unit. For appraisal of activities with a budget between 5 and 35 million DKK, the appraisal must be carried out by external consultants, while minor activities can be appraised by the staff of the implementing MFA unit.

## **2.5 Finalization of design and appropriation**



The finalization and appropriation phase is when the full country programme documentation is finalized and the country programme document with mandatory annexes is presented to the External Grant Committee of Danida.

One of the key tasks in this phase is to revise the country programme design based on the recommendations of the appraisal. This process should include relevant partners to ensure agreement on possible changes in the country programme design.

### **2.5.1 Presentation to External Grant Committee of Danida**

The country programme document with mandatory annexes will be submitted to the External Grant Committee of Danida for approval. Development engagement documentation and other documentation on the development engagements will be made available to the External Grant Committee upon request.

KVA draws up minutes of the External Grant Committee meeting based on contributions from the Danish Mission. The minutes will include the Chairman's summary and conclusions. The minutes are published at the Danida transparency website. KVA will forward the Grant Committee recommendation to the Minister for Development Cooperation for final approval. When the minister has approved the grant, KVA will inform the Danish Mission.

Detailed information regarding presentation to the External Grant Committee is included in Guidelines for presentations to the Programme Committee, Danida Grant Committees and Council for Development policy [\[LINK\]](#).

#### **Country programme documentation**

##### **The following should be submitted:**

Country programme document with cover sheet and the following annexes:

1. Country policy paper
2. Partners – brief descriptions
3. Results Framework at output level
4. Budget at output level
5. Risk Management Matrix
6. Approved response by representation to summary of appraisal recommendations
7. List of supplementary material

##### **To be made available upon request:**

1. Development engagement documentation (draft engagement documents and partner's programme documents for all programmed development engagements)
2. HRBA / Gender Screening Note
3. Climate Change and Green Growth Screening Note
4. Assessment according to the five budget support principles
5. National partner strategies (final or draft versions)
6. Other documents as deemed relevant

## CHAPTER 3: THE IMPLEMENTATION PHASE



### **3.1 Implementation arrangements and requirements to partners**

#### **3.1.1 Agreements**

An overall Programme Support Agreement covering the full country programme is signed with the Ministry of Finance when applicable. In that case, a Government Agreement with the country programme document annexed serves as the commitment document for the entire country programme budget. If a comprehensive country programme agreement cannot be entered into, commitment agreements can be signed at the level of thematic programme or the implementing partner agreement with a development engagement partner can be used as commitment document. In the case of joint (sector) budget support or pooled funding, Joint Financing Agreements are made.

For all development engagements, an implementing partner agreement must be signed as the legal foundation for the cooperation. The agreement consists of a standard agreement (bilateral, joint or delegated) with the development engagement document and relevant partner documentation annexed to the agreement.

Templates and instructions in regard to various agreements are available from ‘The guidelines for agreements on development cooperation’ [[LINK](#)]

#### **3.1.2 Dialogue and consultation**

##### *At national level*

The Danish Missions will – where relevant in the country context – have annual dialogue meetings regarding the overall implementation of the country programme, with the leading ministry for donor coordination, often the Ministry of Finance or Ministry of Planning. This dialogue will more specifically address political, economic, social and human rights developments, progress in the country programme, overview of disbursement during the past year, budgets for the coming year, possible reallocation of funds between thematic programmes, use of unallocated funds and other decisions at overall country programme level.

In addition to the country dialogue, the Danish Mission will conduct at least one annual consultation with each partner at development engagement level. The consultation will include dialogue on progress, planning and budget aspects. In cases, where Danida works with multi-donor implementation set-ups or intermediaries including more partners, the dialogue will take place with the board of the intermediary or similar set-up. When Danida cooperates with a number of individual partners within a thematic programme and the partners have a joint interest in commonly pursuing an objective, a joint steering committee could be established.

Daily implementation is the responsibility of the national partner or the implementing unit adhering to its own procedures to the extent possible and as agreed with donors. The Danish Mission is responsible for ensuring that maximum alignment is pursued and potential additional demands by Danida are met. Regular dialogue with each partner is a crucial element for ensuring an effective policy dialogue.

### *At engagement level*

At development engagement level, the decision making body often varies a lot in terms of size and participation, ranging from a joint government-donor set-up to a one-on-one dialogue with a small CSO. A guiding principle is that the decision making procedures at development engagement level should involve all participating donors and partners, be transparent and formalised and records of decisions taken should be kept. The joint decision making will normally address:

- Approval of work plans and budgets, reviewing annual (progress) reports.
- Monitoring of programme implementation.
- Approval of ToR for audits and audit reports as well as monitoring of audit follow-ups.
- Approval of ToR for reviews or evaluations, and endorsements of review recommendations.
- Decisions regarding deviation from plans, including reallocations, changes in output, indicators, activity plans, etc.
- Planning of possible future collaboration.

Refer to “Joint Management Arrangements” (from toolbox)

### **3.1.3 Planning, budgeting and reporting**

#### *Alignment*

The annual planning and reporting process should be aligned with or fully integrated into the planning and reporting cycles of partner institutions responsible for implementing the development engagement. In the case of public institutions, such planning will normally be linked to the national budget preparation process.

A single plan and budget for the entire partner organization, encompassing all external funding sources and own contributions is the preferred option. When a national agency covers development engagements of several institutions, a complete plan and budget composed of the various institutions’ contributions are recommended at an aggregate level.

The budget items of the Danish appropriation must be consistent with work planning and budgeting of partners. Therefore, to be able to align planning, budgeting and reporting to national systems, it is important to aim for such a match already at the conception stage of the Danish support.

#### *Responsibilities*

Work planning and budgeting at activity level is primarily of concern to the partner institution responsible for day-to-day implementation. The Danish Mission in its capacity to oversee Danish funds should primarily focus on key activities, outputs and outcomes in both planning and reporting. Work plans, budgets and progress reports at output level should be submitted for endorsement in joint decision-making fora. Separate planning and reporting documents should be avoided if partner procedures cover Danish-funded activities and are of an acceptable standard. If the partner is unable to produce financial reporting based on outputs, Danida should consider assisting the partner in developing the reporting capacity.

Funding of each development engagement will be governed by an agreement between the Danish Mission and the partner. The management of the partner institution is responsible for planning, budgeting and reporting. The Danish minimum requirement of a development engagement agreement is one annual plan and budget, as well as one annual progress and financial report. It may, however, in some cases be necessary to request semi-annual planning and progress reports or quarterly financial reports. The exact

requirements should be agreed with partner institutions and stated in the development engagement agreement.

### **3.1.4 Progress monitoring**

Danish development cooperation is focused on results. Monitoring progress during implementation is necessary to ensure that thematic programmes and development engagements achieve the objectives agreed at the time of appropriation and signing of development engagement agreements with partners.

#### *Reporting by the partner*

The day to day monitoring is done by the partner. The management arrangement agreed between Danida, the implementing partner and other partners, if any, is responsible for overseeing that activities lead to the expected outputs and outcomes. Progress reporting should always be assessed and balanced against the resources spent. It is the responsibility of the Danish Mission to follow-up on deviations and to agree upon mitigating measures during the implementation phase.

The specific format of the progress report may vary. Separate planning and reporting documents should be avoided if partner procedures cover Danish-funded activities. In joint arrangements, the contents indicated below should serve as a reference in negotiations with partners and other donors about a format for joint reporting. If joint arrangements cannot be established and the reporting is separate for Denmark, the contents indicated below should be used, or adapted to the partner institutions' own reporting. The outline below may apply both for reporting at the level of the thematic programme, and at the level of development engagement support.

Progress reports must be based on and clearly reflect the agreed documentation for the programme, i.e. thematic programme documentation or development engagement documentation, the Government Agreement, if applicable, approved annual work plans, decisions of the joint management arrangement, recommendations of reviews, etc.

The annual progress report should preferably include:

- An assessment of the development of the national framework during the past year (This issue may be covered in other national documents (PRS annual reports or similar), in which case they may not be included in progress report)
- Progress as compared to the defined (original and revised) output targets for the reporting period, including brief explanations of problems encountered and how these have been handled
- Progress to date compared to output targets for the entire programme period
- Reporting on expenditure as compared to budgets
- Reporting on the linkage between output and expenditure
- Problems encountered and specification of recommended changes and adjustments (including budget re-allocations) for approval by the relevant authorities
- Follow-up to prior recommendations

#### *Reporting by Danida*

An outcome indicator and 1 – 5 key output indicators, drawn from the results framework in the partner programme documentation, are stipulated in the development engagement documents. The indicators are defined by a baseline, end of programme targets, and for output indicators also annual targets when feasible. The same indicators are used for Danida's reporting on development cooperation to the public.

### 3.1.5 Accounting

#### *International standards*

In order to produce reliable work plans and budgets, proper accounting must take place. The partner's procedures for financial management are used insofar as they comply with internationally acceptable principles and standards<sup>3</sup>. In cases of shortcomings, the partner's procedures must be strengthened as needed to ensure acceptable fiduciary standards.

The accounts must be kept in accordance with international standards, ensuring:

- That the Danish grant is entered into the accounts as income.
- That reporting on expenditures is of at least the same level of detail as in the grant budget.
- That all expenditures are documented by vouchers, original invoices and original, signed receipts.
- That a register is maintained of equipment and other assets financed from the grant.
- That acceptable control procedures are put in place, and that accounts are signed by responsible institution's management.
- That the administration adheres to established written procedures.

The priority country's financial year should be followed. If the partner's accounting period is different from that of the priority country, the Danish Mission and partner can agree to use the accounting period of the partner. This may entail that the first and last reporting period of a particular development engagement is shorter than 12 months.

Accounting as well as financial reporting should be conducted in the currency of the priority country. Any payments made in other currencies will be converted into local currency in the accounts at the time of transaction. It is important to note, however, that the Danish appropriation is in DKK, and the Danish Mission should monitor currency fluctuations' influence on commitments and disbursements insofar these are made in other currencies. Currency fluctuations will result in increased or decreased expenditures within the funded, on-going engagements, but the balance of the grant will always be measured in DKK.

In the case of (sector) budget support or pooled funding, Danish funds are not kept separate from other donor funds, and hence there is no requirement of separate bank accounts. If there is earmarked funding, it is recommended to keep Danish funds (or pooled donors funds) in a separate bank account unless otherwise agreed.

#### *Conditions for transfer of funds*

In the case of (sector) budget support, the Joint Financing Agreement (or other agreement with the partner) will specify the conditions under which funds will be transferred.

For earmarked funding, the conditions for transfer are:

- Satisfactory financial reporting has been submitted on previous periods.
- No other accounts are unsettled with the same partner.
- There is an approved work plan and budget for the period to be financed.

The transfer of funds to the partner institution will be carried out on the basis of a written request from the partner institution to the Danish Mission. The transfer can cover foreseen expenditures for up to six

---

<sup>3</sup> International Public Sector Accounting Standards, IPSAS or – for non-public partners – International Financial Reporting Standards, IFRS

months. The transfer request must include information on the amount and the bank account into which the funds are to be deposited. A copy of the bank statement with a reconciliation of the bank account will be attached to the request and receipt should be submitted by the implementing partner to the Danish Mission as soon as the funds have been received.

Whenever it is possible to calculate, interest accrued from bank holdings are returned to the Danish Mission on an annual basis, immediately following the end of the foregoing fiscal period, for onward transfer to the Danish Ministry of Finance.

The accounting documents and records must be kept for five years after the completion of the development engagement. The documents and records shall be made available for control purposes to the Danish Auditor General and/or to the Ministry of Foreign Affairs or their representatives, upon request.

More guidance on requirements for accounting and auditing can be found in the “General Guidelines for Accounting and Auditing” [\[link\]](#).

### **3.1.6 Auditing**

Danish contributions to public sector institutions should preferably be audited by the supreme national audit institution. If that is not possible due to resource or capacity constraints, or if the recipients are non-public organizations, the Danish Mission may appoint and pay for an external auditor of international repute. In some cases, there could also be a combination of the two. The supreme audit institution should preferably be involved in formulating the terms of reference and in selecting the external auditor.

#### *International standards*

The accounts must be audited annually in accordance with either International Standards of Auditing (ISA) or audit standards issued by the International Organization of Supreme Audit Institutions, INTOSAI [\[link\]](#).

The annual audit must encompass – but not be limited to – inspection of accounting records, including examination of supporting documentation of the transactions, confirmation of cash and bank holdings, checking of bank reconciliation, direct confirmation of accounts receivables, and verification of physical inventories and fixed assets. The audit will also test compliance with the accounting manual and examine the procurement function.

DAC’s Guidelines on Harmonising Donor Practices for Effective Aid Delivery [\[link\]](#) include guidance on selection of a private sector audit firm and specimen terms of reference for external auditors of donor-supported projects and sector programmes. These should be used as a reference when selecting the auditor and preparing the audit terms of reference. The joint decision-making body or similar must approve the specific terms of reference as well as the appointment of the auditor.

Other audit tools could be included, such as value-for-money audits, procurement audits and tracking studies. Such studies look beyond financial audits, and can be used to assess whether outputs and outcomes were achieved efficiently and effectively. Such audit tools are considered most effective when they are partner-led and undertaken jointly with other donors.

The final annual audit report, including a financial statement for the period audited and a memorandum of examination must be forwarded by the implementing partner to the Danish Mission no later than six months following the end of the accounting period.

## **3.2 Internal management of the country programmes**

### **3.1.1 Reviews**

The purpose of a review is to undertake a periodic assessment of programme performance (either at country programme level, thematic programme level or for one or more development engagements). This includes assessment of results, progress, challenges, developments in risk factors, and need for adjustment due to of developments in the programme context. The review also serves as a quality assurance of the overall monitoring. Against this background, the review provides recommendations on further programme implementation. The scope and procedures of a review depends on its character.

There are two distinct types of periodic reviews:

- A mid-term country programme review by TAS.
- A technical review at development engagement level or thematic programme level, which could be in the form of an annual joint review of e.g. health sector led by the national Government, joint review of a basket fund, Danida specific review, etc.

#### *Mid-Term Reviews*

It is mandatory to undertake a TAS led mid-term review of the entire country programme. The Danish Mission is responsible for initiating the mid-term review and for logistics and planning the review in cooperation with TAS.

The TAS led mid-term review will be conducted by a cross-thematic team headed by a TAS Team Leader. The Danish Mission will appoint a coordinator being responsible for the Danish Mission's preparation of the mid-term review. Technical reviews of thematic programmes and/or development engagements organised by the Danish Mission in cooperation with partners and other donors and conducted by external consultants will feed into the mid-term review. It has to be assessed whether there is a need for technical reviews of all development engagements before the arrival of the mid-term review team. This will depend on how recent a technical review has been undertaken and the size/complexity of the development engagement and its progress.

Draft ToR for the mid-term review must be prepared by the Danish Mission. These draft ToR should detail the input expected from TAS (and possibly TAS-recruited consultants) and outline the main issues to be reviewed from a Danish and Partner perspective, including issues at country programme and development engagement level. The ToR should be forwarded to TAS no later than eight weeks before the commencement of the review in order to allow time for contracting consultants. The ToR will be finalised by TAS.

The mid-term review will assess progress against the five DAC criteria; relevance, efficiency, effectiveness, sustainability and impact. The mid-term review will include the following elements;

- The political, social, economic and human rights developments relevant for the implementation of the country programme. This should include national developments in relation to poverty reduction, human rights, gender equality, climate change, environment, green growth, the role of civil society etc. It should also include major changes in political-economy and drivers of change.
- An assessment of the development in the strategic linkages between the overall objectives as defined in the country policy paper and the objectives at the thematic level.

- Assessment of developments in relevant partner strategies.
- Assessment of the application of a human rights-based approach in the thematic programmes.
- Thematic developments including progress in relation to key thematic indicators.
- Assessment of assumptions and risks
- Assessment of exit strategies
- Disbursements and expenditures, as well as the relationship between physical and financial progress.
- Aid modalities applied and possibilities for further alignment.
- Programme management, including financial management
- Assessment of the results framework.
- Progress in capacity development, including possible Danida advisors
- Use and recommendation on unallocated and re-allocated funds based on a proposal from the Danish Mission and Partners.

The Danish Mission is responsible for providing documentation to the mid-term review (see box). The documents should be uploaded in PDB at least eight weeks prior to the review. Furthermore, a prioritised list with a reader's guide to the available documentation in PDB should be sent to TAS at least eight weeks before the review.

The mid-term review team will prepare a mission preparation note prior to commencement of the mid-term review. The mission preparation note will be discussed with the Danish Mission at a video conference. The mission preparation note outlines the key issues to be addressed by the mid-term review based on documents reviewed and ToR. The mission preparation note will remain an internal document, unless otherwise agreed.

#### **Mid-term review outputs**

The mid-term review team will prepare a Mid-term Review Aide Memoire (maximum 15 pages) which will be presented in a draft form at the end of the mission. The draft will inform the team's debriefing with the Danish Mission and partners. The final Mid-term Review Aide Memoire will be forwarded to the Danish Mission no later than two weeks after the field mission. The summary of recommendations (template in annex 5) will be signed by the team leader. The Head of the Danish Mission will agree on follow-up activities on the recommendations with partners. The Danish Mission will present the follow-up activities in the template for summary of recommendations template and forward it to the Under-Secretary for Global Development and Cooperation no later than four weeks after the final Mid-term Review Aide Memoire has been received from TAS.

The mid-term review of the country programme can be combined with High Level Consultations between Denmark and the priority country.

#### **Technical reviews**

Review at development engagement level or of thematic programmes is the responsibility of the Danish Mission together with national partners and other development partners (in case of joint funding). There

#### **Documentation for mid-term review**

- Relevant documents on the national programme, partner documents and other relevant studies e.g. PEFA reports etc.
- The Annual Country Reports (draft for current year and final for first year(s) of implementation)
- Results reports for each thematic area.
- Progress reports from engagements (including, where relevant, an account in relation to the partner's performance assessment framework).
- Financial reports with a focus on disbursement and expenditures.
- Up-dated risk management matrix.
- Oversight of unallocated funds and plan for their utilization.
- Technical reviews

will be no participation from TAS, unless under very special circumstances and depending upon available staff resources in TAS.

The Danish Mission may recruit external consultants to undertake reviews. Development engagement reviews will vary a lot in scope and substance depending on the size and complexity of the development engagement, choice of partners, governance structures, etc. In many cases the development engagement or thematic programme review will take place annually, e.g. large joint sector reviews. In other cases the development engagement follows joint governance structures, e.g. a board for UN managed funds or a specific implementation unit basket fund, where regular reviews are undertaken. In some cases the governance structures replaces reviews as such.

The Danish Mission will evaluate if a specific Danida review is needed at development engagement level or whether joint reviews or governance structures are sufficient. Specific development engagements which have not been reviewed before the mid-term review will be prioritised during the mid-term review.

If partner-led or nationally-led joint reviews are not established, Denmark will work for this. At development engagement level, the ToR are prepared jointly by the Danish Mission and the partner, possibly together with other donors. The regular joint decision-making forum, board meeting or the like will usually approve the ToR for the review.

If a review reveals major problems or indicate that monitoring is insufficient, the Danish Mission must ensure adequate follow-up, which may include an in-depth review or specific focus during the mid-term review.

### **3.2.2 Annual Country Report and Annual Strategic Dialogue**

Based upon an Annual Country Report on implementation of the Country Policy, an Annual Strategic Dialogue will be held between the Danish Mission and senior management in Copenhagen. The annual meeting will be integrated with the SPR process and should cover Danish development cooperation as well as other policy areas presented in the country policy paper.

The Danish Mission will produce a narrative report of maximum 5 pages, called an Annual Country Report, prior to the annual meeting. The report will provide an overview of annual progress and recommendations for annual disbursements, flexibility measures like allocation of unallocated budget, budget reallocations, strategic decisions etc. in the coming year. The Annual Country Report will include the following;

Part 1: A short narrative presentation of the following issues:

1. Political, economic, social and human rights developments.
2. High-lights of inter linkages between country programme and other policy priorities
3. An overview of changes to the risk assessment and changes to other preconditions for successful country programme implementation, including assessment of the criteria for budget support where relevant.
4. Progress in country programme implementation, including an update on results.
5. MFA internal administrative issues (including issues from the new Management Information System (MIS upcoming 2013)).
6. Commitment and disbursement budgets, including from framework accounts, use of unallocated funds, reallocations between thematic areas and engagements.
7. Suggested prioritization of tasks and staff resources at the Danish Mission in the coming year.

Part 2: Annexes consists of standard reports drawn from the administrative systems: Annex 1: Result reporting; Annex 2: MIS reporting; Annex 3: Disbursements and budgets

### **3.2.3 Financing decisions**

#### *Unallocated funds*

The aim is to have all development engagements under all thematic programmes of the country programme formulated, appraised and approved by granting authorities as one coherent programme. However, there will be situations where some development engagements will not be ready to be fully formulated and appraised in time for the presentation to the External Grant Committee of Danida. Furthermore, with a country programme including all development engagements over a 5 year time span, the need to react to new situations can necessitate reservations of funds to be programmed later. Hence, a part of the budget could be kept for activities not programmed at appropriation. All funds not programmed and appraised at the time of presentation to the External Grant Committee are regarded as unallocated funds.

The acceptable level of engagements not programmed at the time of appraisal and hence the maximum amount of the unallocated part of the country programme budget is defined by the Danida Programme Committee in each case after assessment of the Danish Mission's proposal in the concept note. The amount of unallocated funds can only in exceptional cases reach 25% pct. of the total country programme budget.

In the country programme document presented to the External Grant Committee of Danida, it has to be indicated which thematic objectives and if possible also which development engagements the unallocated funds are intended for.

A decentralized Danish Mission has the mandate to approve allocations of maximum DKK 35 million of unallocated funds in a financial year. This can be done in the case that the use of the unallocated funds follows the indication in the grant document presented to the External Grant Committee. If the Mission intends to use the unallocated funds for thematic objectives (and engagements if this has been specified in the grant document) different from what has been indicated in the grant document, the Mission will have to go back to the External Grant Committee for approval. For allocations of unallocated funds above DKK 35 million, the decision to use unallocated funds must be approved by either the Under-Secretary for Global Development and Cooperation (GUS) or the State Secretary for Development Policy either at the annual strategic dialogue meeting or after the mid-term review. Again, should the new activities suggested by the Mission differ from the indication in the grant document, the Mission will have to present the case for the External Grant Committee for approval. At the mid-term review most unallocated funds should be programmed and a plan for the remaining unallocated funds prepared.

Appraisal of development engagements financed from the unallocated funds will follow standard appraisal procedures (ref. appraisal section). Once the programming and appraisal of the unallocated funds has been finalized, the unallocated funds can be allocated to implementation.

#### *Reallocations*

Reallocations concern adjustment of already approved budgets for thematic programmes.

A decentralized Danish Mission can approve of reallocations between interventions up to 10 pct. of the budgeted expenses (as registered in the finance system) for a thematic programme in that year.

Beyond these limits, the Under-Secretary for Global Development and Cooperation (GUS) has the mandate to approve reallocations.

Proposals regarding reallocations and use of unallocated funds should always be discussed with the Ministry of Finance in the priority country, a joint decision-making body or similar.

### *Use of contingencies*

In the budget, it is recommended to provide a budget line for contingencies – also called budget margin - in development engagement budgets. Contingencies can only be used to cover unforeseen expenses for planned activities (budget margin for extraordinary price increases, money exchange losses, unforeseen expenses etc.). In the dialogue between the Danish Mission and the Ministry of Finance or joint decision-making body (or other management arrangement) it can be decided to cover unforeseen expenses, losses etc. Contingencies can only be used within the same development engagement without limits. Should this be insufficient, the rules of reallocations between thematic programmes and development engagements, as described above, must be adhered to.

### *Other appropriation-related issues during implementation*

The Danish Mission is authorized to approve changes in programme implementation up to the level of outputs, but not to alter the objectives of a development engagement or thematic objective of the thematic programmes.

The Danish Mission has the mandate to change aid modality if the change leads to better alignment and harmonisation. However, a move towards general budget support has to be approved by the External Grant Committee and the Minister for Development Cooperation. Other changes in modalities can only be agreed by the Danish Mission if these have been anticipated in the time of formulation and mentioned in the appropriation note to the External Grant Committee of Danida. If this is not the case, such a decision can be taken by the Under-Secretary for Global Development and Cooperation or the State Secretary for Development Policy either at the annual strategic dialogue meeting or after the mid-term review.

If significant changes in the country context occur during the implementation of the country programme that warrant changes to the thematic programme objectives, approval must be obtained from the External Grant Committee of Danida based on recommendation from annual strategic dialogue meeting and/or the mid-term review.

### **3.2.4 Planning of commitments and follow-up**

The Danish budget law places the MFA under a budget ceiling that is equivalent to the allocation on the Finance Act. The MFA is obliged to report follow-up to the Ministry of Finance on an annual commitment budget distributed on a quarterly basis. Consequently, strict planning at the time of entering the commitment is required from the Danish Missions. The commitment should be made as early as possible in the Danish financial year. In connection with the development of the finance act for the following year, Missions and MFA departments are asked to distribute the annual commitment budgets on quarterly commitments. If the commitment is not made in the quarter it is budgeted, the responsible unit will have to provide an explanation that will be forwarded to the Ministry of Finance.

Also, the budget ceiling means that transferring commitments from one year to the next is as a general rule not possible. If a very special situation forces the Danish Mission/MFA department to consider this option, the contact to the finance act team in the Department for Development Policy and Global Partnerships will have to be made as early as possible.

## CHAPTER 4: THE COMPLETION PHASE

Towards the end of a country programming cycle, and in conjunction with the planning of a new programming cycle, it should be decided whether Denmark in the next country programme cycle should continue to work with the same partners in development engagements as in the previous cycle, or if Denmark should exit from one or more of the development engagements.

### **4.1 Preparation of exit strategy**



When a decision is made to enter into a development engagement, an exit strategy should ideally be part and parcel of the development engagement strategy and inform the sustainability analysis. The earlier the issues related to a phase-out are addressed by the Danish Mission, the better the chances are of ensuring sustainability of the achievements. The scope of the exit strategy should match the volume of support provided, and a realistic timeframe should be set for the phase-out. A note outlining general considerations related to phase out is available from Danida's Aid Management Guidelines.

As stipulated in the EU Code of Conduct on Complementarity and Division of Labor, the exit should always be undertaken in a responsible manner, including full participation of the priority country and institutions and good communication with all stakeholders throughout the process. The exit strategy should be discussed during the mid-term review. It is considered good practice to actively promote that other donors take over the cooperation in case there is a need for this.

In some cases, the exit amounts to a transformation of cooperation with the country or within a development engagement area from being primarily aid-related to becoming, for instance, more trade-related. In those cases, the exit strategy should take into consideration how best to pave the way for the new type of cooperation between Denmark and the priority country.

The issues to consider in the preparation of an exit strategy include:

- What are the alternative resources available for activities to continue (user fees, revenue, grants etc.)?
- If the sustainability is jeopardized by phasing out cooperation, can some activity areas be supported with funding from other sources?
- What are the human resource implications of the phase out for the partner?
- How should the partner ensure or strengthen capacity to sustain the activities supported or to uphold the achievements?
- Is there a need to refocus capacity development support in the remaining funding period in light of the phase-out?
- Is there a need to undertake reallocations between elements in order to ensure certain results before completion?

- Has there been sufficient focus on the last part of the results chain from outputs and outcomes for beneficiaries to potential impacts in society?
- Should specific communication efforts be considered to partner staff concerned and in order to facilitate dissemination of lessons learned and results obtained? Should an evaluation of development engagements or thematic programmes be promoted to document results and collect lessons learned for use in future development cooperation?

It is recommended that the Danish Mission ensures that an exit strategy note is being prepared, and takes up discussions with partners in relevant forums.

## **4.2 Finalisation and closure of country programme**



All activities which have a Danish bilateral contribution of more than DKK 500.000 must undergo a formal completion process. This applies to all bilateral and multilateral activities funded under country programmes.

The purpose of the completion phase is to ensure:

- That development results are documented and accepted by all involved parties.
- That documentation for the use of Danish funds in accordance with general principles for financial management of public resources is provided.
- That lessons learned are generated, discussed and integrated in partner's activities.
- That the process contributes to the overall Danish reporting on results.
- That the administrative, financial and technical closure of an engagement support is completed in a coherent work flow.
- A transfer process to a next phase,

Financing agreements can be extended up to a maximum of 50 pct. of the original planned time frame. All extension arrangements shall be confirmed by letter of exchange between the signatories of the original agreement.

New phases of support to a development engagement will always be considered as new support, which requires new documentation, and a new appropriation. Normally simultaneous implementation of support to two phases of the same development engagement should be avoided.

The completion phase includes the following:

- Implementing partners submit final reports on results and lesson learned to joint management arrangement or the Danish Mission.
- Based on implementing partners final reports, the decision making arrangement assess the overall results and lesson learned. The conclusions are documented in minutes.
- The Danish Mission / department make a financial closure of accounts including final audit.
- The Danish Missions finalize the Programme Results Reports in PDB.

It is mandatory for the Danish Mission to ensure that the implementing partners' final reports, the minutes from the decision making arrangement and the completion reports are available in the PDB .

#### **4.2.1 Implementing partner's final report**

The partner's final report including the assessment of effectiveness and efficiency obtained by the donor's investment (Danish or joint) is measured against the original envisaged results in the development engagement document. The report generates lesson learned and evaluates the prospects for continued sustainable progress. The format for the final report should follow the format of the partner's own report format. The final report is submitted to the management arrangement three months before the letter of commitment expires (e.g. Government Agreement).

#### **4.2.2 Danida Final Results Report**

The final version of the results report summarizes the outputs and outcomes resulting from the investments and highlights main lessons learned and the financial status of the engagement support. The results report is made at the level of thematic programme.

It is the responsibility of the Danish Mission to produce the final results report through PDB. The results report is based on the implementing partners final reports and assessments of the development engagement provided by the management arrangement and documented e.g. by minutes from relevant meetings.

#### **4.2.3 Closure of accounts**

When support to a development engagement is about to end, a final audit must be conducted. The audit will normally cover the latest year, but the period can in some cases be extended with a few months. When the audit has been received, the Danish Mission must register the received accounts in PDB (accounting module) and fill out the cover note. Unspent funds must be returned before the account can be closed.

When interests and unspent funds have been returned and the final audited accounts have been received and approved, the support can be closed in financial terms. Prior to the closure, it must be ensured that no more expenses (advisor salaries, audit fees etc.) will occur. The closure is done by using the Termination of Commitment form, entering the original commitment and total spending as in the approved final accounts in PDB. The calculated remaining amount will then be registered as a cancelled commitment.

### **4.3 Evaluations**

To complement the monitoring activities and the reviews, a more comprehensive evaluation of support to the entire country programme, implementation of the human rights-based approach, thematic programmes or particular topics relevant to the development engagement may be carried out. Evaluations are in-depth analyses of results and processes focusing on relevance, effectiveness, efficiency, impact and sustainability of the activities supported (see the separate Danida Evaluation Guidelines at the [evaluation website](#)).

Evaluations serve to help document results (not least at outcome and impact level), but are also used as inputs to adjustment of on-going activities; and as preparation of new activities or the preparation of new phases of support and as such they can take place at all stages of the development engagement support. To help ensure that evaluations are useful, relevant and timely, the Danish Missions should discuss possibilities for (joint) evaluations with their partners and suggest topics and thematic programmes/development engagements for (joint) evaluations to the Evaluation Department (EVAL). This

can be done either in connection with the annual hearing on EVALs rolling evaluation programme (two year coverage) or on an ad-hoc basis.

Evaluations are conducted by independent, external consultants with EVAL acting as the commissioning body and evaluation manager. Where relevant, evaluations are conducted jointly with partner countries and/or other donors/development agencies. Evaluations commissioned by Danida are published at the evaluation website mentioned above, in DEREc (the OECD/DAC database on evaluations) and on other relevant web-sites e.g. of partners in the development process.

When an evaluation has been finalized, a Follow-up Note is usually prepared and discussed in the Danida Programme Committee. The discussion of the evaluation in the Danida Programme Committee serves a dual purpose: Firstly, to help promote internal knowledge sharing regarding findings, conclusions and recommendations of the evaluation and secondly to discuss the draft Danida/MFA comments to the evaluation (including the more specific implications and follow-up actions) as prepared by the Danish Mission and/or responsible department.