

**Ministry of Foreign Affairs  
Danida**

**Guidelines for Programme  
Management**

**January 2006**

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## List of Abbreviations

AMG	Aid Management Guidelines
BFT	Department of Technical Advisory Services
DKK	Danish Kroner
EIA	Environmental Impact Assessment
EVAL	Evaluation Department
KVA	Department for Quality Assurance
MDG	Millennium Development Goals
MoU	Memorandum of Understanding
NGO	Non-Governmental Organisation
PAP	Process Action Plan
PC	Programme Committee
PCR	Programme/Project Completion Report
PDB	Programme and Project Data Base
PRS	Poverty Reduction Strategy
SC	Steering Committee
SPS	Sector Programme Support
SWAp	Sector Wide Approach
ToR	Terms of Reference
UDV	Department for Development Policy
VPA	Annual Business Plan

# Introduction

## i Background and purpose of the guidelines

The overriding objective of Denmark's development policy is to create lasting improvements in the living conditions of the poorer sections of the world's population through poverty reduction.<sup>1</sup>

Cross-cutting issues to be considered in all Danish development cooperation include gender equality, environmental issues, and democratisation and respect for human rights. In addition four priority themes should be considered when relevant: globalisation, armed conflicts, children and youth, and HIV/AIDS. The key implementation principles of Partnership 2000 are presented in the document "Modalities for the Management of Danish Bilateral Development Cooperation"<sup>2</sup>. The document stresses the commitment by Denmark to the four key principles of the Paris Declaration<sup>3</sup>: ownership, alignment, harmonisation and managing for results.

The *objective* of "Guidelines for Programme Management" is to provide tools for the preparation, implementation and monitoring of *sector programme support, Special Environment Assurances, activities funded by the Region of Origin Programme, activities funded by the Neighbourhood Programme, and other activities (e.g. good governance, macro-economic support<sup>4</sup>) receiving Danish support of DKK 30 million or more<sup>5</sup>*. The guidelines apply to programmes in both programme countries and non-programme countries.

Acknowledging the varied conditions among the partner countries, these guidelines have the *triple purpose* of providing

1. a reference in negotiations with other donors about formats and checklists to be used in joint arrangements (sector budget support and basket funding);
2. a reference in situations where alignment with partner structures and procedures is considered possible, if necessary with some modifications.
3. formats and check-lists to be adhered to in programmes undertaken as separate Danish-funded activities in situation where joint arrangements with other donors are not possible, and partner procedures are not considered adequate.

In September 2003 the first version of "Guidelines for Programme Management" replaced "Guidelines for Sector Programme Support" (1998). Regular updating of the guidelines takes place, and the most recent version is always found at [www.amg.um.dk](http://www.amg.um.dk)

The *target groups* for the guidelines are staff at Danish Embassies and in the Ministry of Foreign Affairs, government authorities and other partners in partner countries,

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<sup>1</sup> See "Partnership 2000"

<sup>2</sup> "Modalities for the Management of Danish Bilateral Development Cooperation", June 2005.

<sup>3</sup> "Paris Declaration on Aid Effectiveness", March 2005.

<sup>4</sup> The guidelines can only partly be applied to the provision of general budget support (e.g. the request for an output-based budget presentation is not applicable to general budget support).

<sup>5</sup> The guidelines do not cover activities funded by the Private Sector Programme, the Mixed Credit Scheme, NGO activities, research and information activities, humanitarian assistance and other multilateral assistance. Guidelines for activities of less than DKK 30 million (projects) are given in "Guidelines for Project Management".

Danida advisers, the Danish development community (the private sector, researchers, NGOs and other stakeholders) as well as international organisations.

## **ii How to use these guidelines**

Conditions for preparation, implementation and monitoring of Danish-supported programmes vary considerably among partner countries. In some cases (ref. situation 1 above), the application of the Sector Wide Approach (SWAp) is fairly advanced, and Denmark participates in joint funding arrangements with other donors, where the preparation, implementation and monitoring of the activities are carried out jointly. In other cases (ref. situation 2 above), alignment with partner systems is possible (e.g. channelling of funds through treasury, implementation by partner structures, and use of partner systems of monitoring), whereas conditions for joint funding with other donors may not be present. And yet in other cases (ref. situation 3 above), conditions for both alignment and harmonisation are limited, and Danish-funded activities are implemented in a manner very similar to the traditional project modality, where preparation, implementation and monitoring are separate Danish undertakings with varying degrees of use of and adaptation to national systems and procedures<sup>6</sup>.

In situations with a high degree of alignment with partner systems and/or a high degree of harmonisation with other donors (situation 1 and 2), Denmark will not require the use of particular Danish formats and procedures for preparation, implementation and monitoring of activities. Common procedures and joint formats aligned with national procedures must be negotiated and agreed upon among the parties. Hence, the present guidelines serve as a reference point for the Danish Embassy in such discussions.

In situations where conditions for joint activities with other donors are not yet present and it is not possible to align with partner structures and procedures (situation 3), the guidelines must be followed. However, the continuing efforts to move from separate Danish activities towards the application of the SWAp and towards alignment with procedures and formats of the national partner implies that flexibility must be allowed in the use of the guidelines. For instance, where possibilities during a programme phase arise to integrate programme monitoring into the monitoring system of the partner, this should be carried out rather than rigidly following the formats for progress and annual reporting proposed in the present guidelines. Similarly, possibilities arising to improve harmonisation with other donors should be pursued also in situations where this implies deviations from procedures described in the guidelines.

Each of the chapters in the guidelines describes the content of the documents to be produced at a particular step in the programme preparation and implementation cycle. The situation referred to is that of a separate Danish activity where collaboration with other donors is limited, and partner procedures cannot be used.

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<sup>6</sup> Regarding the terminology and definitions to be used in all steps of the programme cycle to describe aid modalities and the degree of alignment with national systems and procedures, see the note on “Including aid funds in the partner country budget” found at [www.amg.um.dk](http://www.amg.um.dk) under Technical Guidelines/Terminology and Aid Modalities.

*Flexibility* is the overriding principle in the application of the guidelines, but all programmes must have poverty reduction at the core of their objectives and must consider cross-cutting issues. Furthermore, it is important to note that the following list of requirements aiming at good quality programme design<sup>7</sup> are considered *mandatory*:

- To ensure focus, a programme should include a maximum of three components (and three sub-components of each component).
- The design of the management set-up must be based on a thorough institutional analysis, and management structures must be clearly described in the programme document. A body for joint decision-making by the Embassy and partners must be identified.
- The monitoring systems, including objectives, targets and indicators, must be clearly defined. Reviews, including field visits, must be conducted at least every second year, and separate Danida reviews must cover a series of mandatory issues.
- The provision of technical assistance must be based on an analysis of partner capacities.
- Budgets must be broken down by output.

In addition to this, a few *Danish internal documents*, meant to ensure the necessary management information at headquarters level, must be produced in all programmes. These include:

- A concept paper to be presented to the Programme Committee at an early stage of the programme preparation process (i.e. before the draft programme document is prepared).
- A format indicating appraisal recommendations and follow-up by the Embassy must be forwarded to the Head of Bilateral Affairs together with the appropriation note to the Board for International Development Cooperation.
- ‘Format for assessing the progress of programme support’ to be filled in after each review of programme activities.
- Programme Completion Report to be prepared at the end of a programme or a programme phase.

### **iii The sequence of planning, programme preparation and implementation**

The approach to the planning and management of programme activities reflected in these guidelines consists of focusing on key strategic issues such as key programme objectives, outcomes, strategies and approaches rather than preparing detailed

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<sup>7</sup> The list refers to issues related to the *design* of the programme, while it is understood that also the need to ensure a high technical quality of the activities supported and the need to ensure sound financial management must be considered.

prescriptive plans for the activities to be undertaken. While thorough preparation in the form of analyses of the specific context and conditions for a programme is important, detailed activity planning should be left to those partner institutions in charge of the daily management of the programme.

Development of sector policy frameworks, implementation of sector-wide national programmes, and adaptation of donor support to the realities of the partner are ongoing processes. Several such processes are likely to proceed simultaneously, i.e. policy development, analytical work, dialogue with partners, preparation of specific programmes, implementation of pilot schemes, as well as implementation of programmes conceived under previous and perhaps quite different policy frameworks.

Because of the complexity of the development co-operation processes, the sequence of programme preparation and implementation presented below should be considered a general overview of the elements in the programme process rather than a strict chronological order of the various steps.

### **Identification/modification of a programme**

In sector programme support, the starting point for identification/preparation will be the national sector policy framework, and the potential impact of support to the sector in terms of poverty reduction will lead to an assessment of the feasibility of Danish support, taking into account the assistance offered by other donors, and identifying possibilities for joint sector support efforts. Based on the programme preparation, an identification/preparation report is elaborated (*Chapter 1*).

### **Concept paper**

The identification/preparation report forms the basis for a short internal Danish concept paper (*Chapter 2*). The Programme Committee in the Ministry of Foreign Affairs must review the concept paper before further preparatory work is undertaken (i.e. before a draft programme document is prepared).

### **Memorandum of Understanding**

If it is found appropriate, a short Memorandum of Understanding (MoU) or a similar document can be prepared in new programmes with relevant partners expressing the preliminary understanding of the main content and general scope of the programme (*Chapter 3*).

### **Feasibility study**

In new programmes and new components a feasibility study must be undertaken to ensure an in-depth assessment of the background, context, strengths and weaknesses of specific proposals for Danish-financed activities (*Chapter 4*). Feasibility studies undertaken as part of the preparation of a new programme or new component must include a base-line study or a review of existing data sources, which provide the necessary basis for definition of targets and indicators.

### **Joint decision-making body/Steering Committee**

In any programme, issues of a more overall and strategic nature must be dealt with by structures for joint decision-making by the Embassy and partners (*Chapter 5*). The

identification of the joint decision-making body/Steering Committee must take place during the preparation phase of the programme.

### **Programme and component documents**

After a new programme, phase or component has been identified and it has been decided to continue preparations, a programme document (*Chapter 6*) and/or component descriptions (*Chapter 7*) are prepared. Through the Government Agreement, the programme document is made a legal document, which can be changed only according to agreed procedures.

### **Appraisal**

The aim of the appraisal is to provide quality assurance at an advanced stage of the preparation process of a programme or a component, but early enough for the recommendations provided by the appraisal to influence the final preparation of programme and component documents (*Chapter 8*). The Embassy assumes full responsibility for the follow-up on the appraisal report, including possible further studies before the programme is presented to the Board for International Development Co-operation.

### **Appropriation and Government Agreement**

Appropriation procedures differ among countries (programme or non-programme countries) and according to the type of programme (different for sector programme support and special environmental assistance)<sup>8</sup>.

### **Inception phase**

In accordance with the process approach to Danish development cooperation, all details regarding implementation and management procedures may not have to be decided upon before a specific support is approved. An inception phase of up to six months must be included in all new programmes and an inception report must be produced (*Chapter 9*).

### **Annual Work Plan and budget**

The inception phase will comprise the production of the first of a series of work plans to be prepared every year during the implementation of the programme (*Chapter 10*). The annual work plan will include an activity-based budget and quantifiable indicators at activity level and will serve as the basis for monitoring and reporting on progress of the programme.

### **Progress and financial report**

The progress and financial report is the key instrument for enabling national partners, the Danish Embassy and possibly involved donors to monitor and assess the progress of the programme/component (*Chapter 11*). The report provides the basis for decisions on necessary adjustments and also serves as documentation for the implementation of the programme.

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<sup>8</sup> Ministry of Foreign Affairs staff is referred to "Vejledning i udarbejdelse af finanslovsforslag for udviklingsbistand og den særlige miljøbistand", marts 2004 (in T-Rex) and "Guidelines for Administration of Commitment Schemes". Procedures for establishing government agreements are described in "Standard Government Agreement" (at the AMG site under 'Management Tools'). For multi-donor arrangements, see "Guide to Joint Financing Arrangements" (at the AMG site under 'Technical Guidelines').

## **Review**

A review is a key management tool that allows national partners, Danish authorities and other donors involved in a programme to assess progress and adjust the support in light of changes in programme context, sector development, and effectiveness (*Chapter 12*). Recommendations in the Review Aide Memoire must be endorsed by the Steering Committee or other structures for joint decision-making by the Embassy and partners. Reviews may be preceded by technical reviews.

## **Process Action Plan**

Process Action Plans (*Chapter 13*) constitute an important tool for all parties, ensuring clarity and agreement about the next steps in the various phases of programming and monitoring of implementation. Process Action Plans will be annexed to the programme and component documents as well as to Review Aide Memoires.

## **Programme Completion Report**

A Programme Completion Report (PCR) is prepared by the programme management by the end of a programme or a programme phase. In programmes with two or more components, completion reports for components must be annexed to completion report for the programme (see “Guidelines for Programme and Project Completion Report” at the AMG site under “Technical Guidelines”).

## **Evaluation**

To complement the monitoring activities, a more comprehensive evaluation of the programme, sector or particular topics relevant to the activities may be carried out. Evaluations are independent, in-depth analyses of results and processes focusing on relevance, effectiveness, efficiency, impact and sustainability of the activities supported (see “Evaluation Guidelines”).

## **iv Responsibility for the programme process**

Within the Ministry of Foreign Affairs, responsibility for execution and approval/clearance of the major steps in the programme process is different in programme countries and the four other countries covered by the bilateral decentralisation, on the one hand, and in non-programme countries, on the other hand.

In programme countries, South Africa, Thailand, Malaysia and Gaza/West Bank, responsibility for preparation and implementation rests with the Embassy (Table 1).

In non-programme countries, Regional Departments and other units in the Ministry of Foreign Affairs headquarters have the same responsibility (Table 2).

When using these guidelines, it is important to consult the “Organisation Manual for the Management of Danish Development Cooperation” concerning details on the

division of responsibilities between the various departments and units of the Ministry of Foreign Affairs.<sup>9</sup>

If documents and reports are marked “for official use” on the front page during the preparation process, the Embassy is responsible for removing the classification in the final version, unless partner institutions have special reason to maintain this classification.

In all partner countries, it is the responsibility of the Embassy to document programme processes by entering all reports and other relevant data into the Programme and Project Data Base (PDB).

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<sup>9</sup> Other guidelines of particular importance include “Guidance Note on the Provision of Budget Support”, “General Guidelines for Accounting and Auditing of Grants through Governmental and Parastatal Organisations”, “Guidelines for Administration of Commitment Schemes”, “Guidelines for Financial Management”, “Guide to Joint Financing Arrangements”, “Danida Procurement Policy”, “Procurement Policy Guidelines”, “Technical Assistance in Danish Bilateral Aid – Policy Paper” and “DAC Guidelines and Reference Series – Harmonising Donor Practices for Effective Aid Delivery”.

**Table 1: Programme countries, South Africa, Thailand, Malaysia, and Gaza/West Bank**

**Division of responsibilities within the Ministry of Foreign Affairs for executing and approving the various steps in the programme cycle**

<b>Programme process</b>	<b>Process execution responsibility</b>	<b>Approval/clearance</b>
<b>Programme preparation and identification</b>	Embassy <sup>10</sup>	Embassy.
<b>Concept Paper</b>	Embassy responsible for presentation of concept paper.	Programme Committee.
<b>Appraisal</b>	Embassy prepares draft Terms of Reference.  Technical Advisory Service (BFT) responsible for appraisal.	BFT.  Embassy ensures integration of recommendations in final programme document.
<b>Approval</b>	Embassy responsible for presentation (appropriation note) to the Board for International Development Co-operation.  Embassy prepares draft and final programme document and finalises Government Agreement.	Board for International Development Co-operation <sup>11</sup>  Embassy signs Government Agreement.
<b>Inception phase</b>	Embassy.	Embassy.
<b>Implementation and monitoring</b>	Embassy responsible for implementation and monitoring.  BFT is responsible for reviews.	Embassy.  Team leader signs Review Aide Memoire. Steering Committee (or similar body) endorses review recommendations.
<b>Programme completion rep.</b>	Embassy.	Evaluation Department (EVAL).
<b>Evaluation</b>	External consultants.	EVAL.

<sup>10</sup> The Technical Advisory Service (BFT) can provide advice during programme preparation and identification, if agreed upon in the Annual Business Plan (VPA).

<sup>11</sup> In South Africa, the Finance Committee of the Parliament must approve all programmes above DKK 30 million. The Policy Development Department (UDV) is responsible for the presentation. In other programme countries, the Finance Committee must approve Special Environmental Assistance, while most other programmes (incl. all sector programme support) are presented only to the Board for International Development Co-operation (for detailed instructions, see “Veiledning i udarbejdelse af finanslovsforslag for udviklingsbistand og den særlige miljøbistand”, March 2004).

**Table 2: Non-programme countries (except South Africa, Thailand, Malaysia, and Gaza/West Bank)**

**Division of responsibility within the Ministry of Foreign Affairs<sup>12</sup> for executing and approving the various steps in the programme cycle**

<b>Programme process</b>	<b>Process execution responsibility</b>	<b>Approval/clearance</b>
<b>Programme preparation and identification</b>	Embassy. <sup>13</sup>	Embassy.
<b>Concept Paper</b>	Embassy responsible for presentation of concept paper.	Programme Committee.
<b>Appraisal</b>	Embassy prepares draft Terms of Reference. Technical Advisory Service (BFT) is responsible for appraisal.	BFT. The Embassy ensures integration of recommendation in final programme document.
<b>Approval</b>	Regional Department responsible for presentation (appropriation note) to the Board for International Development Co-operation.  The Development Policy Department (UDV) is responsible for presentation to the Finance Committee of the Parliament.  Embassy prepares draft and final programme documents and finalises Government Agreement.	Board for International Development Co-operation.  Finance Committee.  Embassy signs Government Agreement.
<b>Inception phase</b>	Embassy <sup>14</sup> .	Embassy.
<b>Implementation and monitoring</b>	Embassy responsible for implementation and monitoring.	Embassy.
<b>Programme review</b>	BFT is responsible for review.	Team leader signs Review Aide Memoire. Steering Committee (or similar body) endorses review recommendations.
<b>Programme completion rep.</b>	Embassy.	Evaluation Department (EVAL).
<b>Evaluation</b>	External consultants.	EVAL.

<sup>12</sup> The Finance Committee of the Parliament is the only actor outside Ministry of Foreign Affairs included in the table.

<sup>13</sup> Technical Advisory Service (BFT) can provide advice during programme preparation and identification, if requested by the Embassy.

<sup>14</sup> BFT can provide advice during the inception phase if requested by the Embassy.

## Chapter 1 The Identification/Preparation Report

### Purpose

The identification/preparation report is a detailed assessment and justification of recommended options, which enables national decision-makers, Danish authorities and possibly other donors to decide on future support or preparatory activities. When new programmes are being initiated, the identification/preparation report should attempt to cover all the issues specified below. When new phases or components of ongoing programmes are being prepared, emphasis in the report can be placed on particular issues agreed upon between the parties involved.

The identification/preparation report should preferably be prepared together with partners and other donors. If conditions do not allow for joint arrangements, the report should consider relevant analytical work done by other donors.

### Location in process

The identification/preparation report is produced during the preparation of a new programme or during the preparation of a new phase in which significant adjustments of strategies and/or components occur. The report assembles available analyses and presents strategic considerations relevant to the decision of whether to proceed with the preparation of a new programme or new phase of a programme.

### Responsibility

The Embassy is responsible for the preparation of the identification/preparation report.

### Content

The identification/preparation report is primarily an analytical presentation of arguments as to why proposed support to a sector is relevant, efficient and effective in contributing to poverty reduction. The report may discuss alternative options, argue why certain choices are recommended, and provide more detailed description and analysis of opportunities and risks.

The report should include:

- **Executive summary.**
- **Introduction**, including the processes leading to this stage of programme preparation and previous Danish support.
- **National and sector context:**
  - Analysis of main challenges confronting the sector, including national macro-economic factors of importance to the sector.
  - Analysis of the national policy framework, including PRS and macroeconomic framework, sector policies and reforms, other ongoing or planned reforms of importance to the programme (e.g. decentralisation, public sector reform), and the legal framework.
  - Analysis of sector budgets, fiscal policies and revenue generation.

- Analysis of the social situation, poverty, gender equality, environment, democratisation and respect for human rights, and the relation of these issues to sector policy and budget framework. Based on the environmental analysis, an environmental screening note should be produced<sup>15</sup>.
  - Analysis of the institutional set-up, stakeholders and donors in the sector, including analysis of the commitment and possible resistance of key national stakeholders to sector development goals and policies. The compatibility of the national and sector context with Danish development policy concerns.
- **Proposed programme**
    - Problems to be addressed through the programme.
    - Strategic choices considered and justification for the options and aid modalities selected.
    - Joint funding arrangements with other donors (or justification for why Danish support is not part of a multi-donor funding arrangement).
    - Expected contribution by the programme to poverty reduction, linkage to PRS.
    - Attention to Millennium Development Goals.
    - Attention to cross-cutting issues and priority themes in the programme.
    - Proposals for programme objectives, expected outcome, strategy and budget.
    - Components: expected outcome, objectives, strategy, results, inputs and budgets.
    - Partners in the programme, including relationship between partners.
    - Institutional set-up of the programme, including outline of structures for daily management and identification of structures for joint management by partners, the Embassy and possibly other donors.
    - Financial management, alignment with national structures and procedures, procurement issues and safeguarding measures, relation to national budget and financial management systems, possible capacity development assistance in this area.
    - National budget contributions to the sector programme, possible gradual take-over arrangement in relation to recurrent costs.
    - Capacity development support based on capacity development analysis<sup>16</sup>, including justification, role, duration, benchmarks, and exit strategy for possible technical advisers (justification for technical advisers should take account of technical advisers provided by other donors to the programme and the sector)<sup>17</sup>.
    - Assessment of monitoring capacity of partners, and outline of monitoring system for the programme, including possibilities of linkage to PRS and national sector targets and indicators. (In cases where the monitoring system is not based on joint monitoring by partners, the Embassy and other donors, justification for this).

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<sup>15</sup> See “Danida Environment Guide. A Guide to Environmental Assessment”, Danida 2006 (at the AMG site [www.amg.um.dk](http://www.amg.um.dk) under ‘Policies and Strategies/Cross-cutting issues/Environment’) and “the Danish Climate and Development Action Programme”, Danida 2005 (at [www.amg.um.dk](http://www.amg.um.dk) under ‘Policies and Strategies/Climate and Development’).

<sup>16</sup> See “A Result-Oriented Approach to Capacity Change”, Danida’s Evaluation Department, 2005.

<sup>17</sup> See “Technical Assistance in Bilateral Danish Aid – Policy Paper”, Danida 2004.

- Assessment of sustainability and replicability issues (financial, technical, institutional).
- **Assessment of risks, risk management and assumptions:**
  - Assessment of risks and assumptions related to the commitment of partners and other stakeholders.
  - Assessment of risks and assumptions related to institutional arrangements of the programme (if arrangements involve several different partner institutions, a more elaborate analysis of risks and assumptions is needed).
  - Assessment of risks and assumptions related to other elements of the programme (e.g. financial management, procurement, monitoring, capacity development support).
  - Assessment of risks and assumptions related to factors at national and sector level (macro-economic conditions, general political situation, national policy framework, sector budget situation).
  - Possible conditions to be fulfilled before Danish support can be approved and possible results-based conditionalities for release of additional funding tranches.
- **Process Action Plan** (see Chapter 13).

## Chapter 2 Concept Paper for Programme Committee

### Purpose of the Concept Paper

The Concept Paper is used to present new proposals for budget support, sector programme support and other programmes (exceeding DKK 30 million) to the Programme Committee (PC) in the Ministry of Foreign Affairs.

The PC was established in 2001 in order to improve the quality of development cooperation by reviewing proposed sector programme support (SPS) and other programmes. Since 2004 the PC also reviews multilateral activities not covered by the present guidelines. The purpose of the review process is to ensure alignment with overall policy priorities and strategies, including cross-cutting issues and priority themes.

The discussions of the PC remain at the strategic level, and it is important that the Concept Paper clearly describes the underlying strategic considerations and choices made. The PC also assesses the proposed Process Action Plan for the final preparation of the programmes/activities.

The number of components and sub-components must be clearly spelled out in the concept paper, including an overall description of all components. If a programme contains more than 3 components - or more than 3 sub-components<sup>18</sup> of each component - specific justification must be presented in the concept paper (thus, a programme can contain a maximum of 9 sub-components). The justification must include an assessment of the additional administrative resources this will require vis-à-vis the expected impact of additional components or sub-components as well as an assessment of how the number of components/subcomponents can be adjusted to a maximum of 3/3 during the proposed programme period.

When describing the aid modalities envisaged for the new programme, the terminology and definitions found in the note “Including aid funds in the partner country budget”<sup>19</sup> must be adhered to, including in the presentation of the degree of alignment with national systems and procedures.

### Location in process

The Concept Paper is the outcome of the identification phase and is presented to the PC before further preparation is carried out (i.e. before drafting the programme document).

### Responsibility

The Embassy is responsible for the preparation of the Concept Paper.

### Content

The Concept Paper should be a relatively short paper (max. 8-10 pages) and should include the following information:

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<sup>18</sup> A sub-component comprises the set of activities needed to produce a major output or cluster of outputs of a component.

<sup>19</sup> The note is found at [www.amg.um.dk](http://www.amg.um.dk) under Technical Guidelines/Terminology and Aid Modalities.

- A clear and concise summary of the reasons for the recommendation to proceed with the programme, including arguments explaining why other options have not been pursued.
- Main objective(s) of the programme (including targets and relevant indicators).
- Summary of proposed components/activities.
- A description of how the programme together with existing activities fulfils the objectives of the country programme.
- Strategic considerations on how the programme helps reduce poverty, including an assessment of its conformity with and support to PRS or other national strategies and an assessment of national ownership to the proposed activities.
- Description of the strategic considerations leading to the justification of the proposed activities, including lessons from past experience and results from evaluations performed.
- Description of the relation to other donors' assistance and of efforts undertaken to combine the envisaged assistance with support from other agencies.
- Specific considerations on how and to what extent the programme addresses the cross-cutting issues and the priority themes in Partnership 2000 and clear arguments for a possible decision not to include one or more of these issues in the programme. Presentation of findings of the environmental screening<sup>20</sup>.
- Specific considerations on how and to what extent the programme relates to and supports the development of the private sector and civil society.
- Description of the integration of the programme into the national institutional environment and government structures at different levels and its conformity with overall reforms in areas such as public sector and decentralisation (including specification of the adherence by the programme to key Danish principles such as avoiding topping up of salaries and the establishment of parallel structures).
- Proposed budget and financial management and procurement procedures, including description and justification of the programme's integration into government financial systems and procedures.
- Description of the monitoring and evaluation system and the degree of its integration into government monitoring and evaluation systems, including targets, indicators, benchmarks, and the envisaged monitoring arrangements.
- Description and justification of the need for technical assistance, including expatriate (Danida and company) and national staff. Description of the role of proposed technical advisers.
- Assessment of major risks and assumptions involved in the programme management.
- A Process Action Plan detailing further steps, responsibilities and the timeframe for finalisation, and specifying when in the process quality assurance will take place (e.g. timing of the appraisal and possible other quality assurance measures).

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<sup>20</sup> See "Danida Environment Guide. A Guide to Environmental Assessment", Danida 2006 (at the AMG site [www.amg.um.dk](http://www.amg.um.dk) under 'Policies and Strategies/Cross-cutting issues/Environment') and "the Danish Climate and Development Action Programme", Danida 2005 (at [www.amg.um.dk](http://www.amg.um.dk) under 'Policies and Strategies/Climate and Development').

Concept papers should fully comply with the requirements listed above. Papers, which do not meet the requirements, will not be considered by the Programme Committee.

## Chapter 3 Memorandum of Understanding

### Purpose

A Memorandum of Understanding (MoU) is a written expression of joint agreement or co-operation between two or several parties. A MoU may be used for several purposes. If it is found appropriate, a short MoU or a similar document can be used in new programmes (new phases of ongoing support or new components) to underline the preliminary understanding between the partner country (normally represented by the institution coordinating external assistance), the Embassy and possibly other donors about the main content and general scope of the assistance provided by each of the parties.

### Location in process

In relation to new activities, the MoU will be preceded by an identification report (Chapter 1), in which case the MoU will express the joint assessment of this report and the agreement between the two governments (and possibly other donors) on follow-up measures. In ongoing programmes, the MoU for new components or a new focus of an existing programme can comprise an annex to the Review Aide Memoire (Chapter 12) to be endorsed by the Steering Committee or other similar body.

### Responsibility

The Embassy prepares the MoU, which must be approved by the partner and possibly other donors.

### Content

The level of detail and specificity will depend on the stage of the support. Normally, a MoU should be limited to max. 5 pages, excluding annexes. The MoU could comprise the following issues, depending on the circumstances:

- A statement confirming the joint commitment and agreement of the parties to proceed as outlined in the MoU.
- National sector context and sector policy objectives, strategies and budget frameworks, relevance, effectiveness and efficiency for poverty reduction of support to the sector.
- Envisaged key outcomes, objectives and components of the programme.
- Description of attention to cross-cutting issues (gender equality, environment, democratisation and respect for human rights), and possible support to address priority themes (globalisation, armed conflicts, children and youth, and HIV/AIDS). Presentation of findings of the environmental screening<sup>21</sup>.
- Description of the national and external partners, institutional and implementation arrangements.

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<sup>21</sup> See “Danida Environment Guide. A Guide to Environmental Assessment”, Danida 2006 (at the AMG site [www.amg.um.dk](http://www.amg.um.dk) under ‘Policies and Strategies/Cross-cutting issues/Environment’) and “the Danish Climate and Development Action Programme”, Danida 2005 (at [www.amg.um.dk](http://www.amg.um.dk) under ‘Policies and Strategies/Climate and Development’).

- Preliminary budget and financial management and procurement aspects, including possible commitments of national funding elements and gradual take-over of certain recurrent cost elements, and their relation to national budget processes.
- Capacity development assistance, including possible use and role of technical advisers.
- Conditions or factors important for Danish and other assistance (e.g. related to general or sector reform, privatisation, cost recovery), envisaged ex-ante or results-based conditionalities.
- Assessment of key assumptions and risks.
- Other issues as relevant.
- A Process action plan, PAP for further steps, responsibilities and timing.

## Chapter 4 Feasibility Study

### Purpose

In new programmes and new components a feasibility study must be undertaken to ensure an in-depth assessment of the background, context, strengths and weaknesses of specific proposals for Danish-financed activities. Feasibility studies can also be undertaken, whenever it is considered necessary by the Steering Committee or similar body (e.g. in case of new phases or modifications of ongoing programmes).

Feasibility studies are used to provide a thorough assessment of specific technical, environmental, institutional or socio-economic issues of importance to the initiation of new programmes (e.g., the applicability of the proposed technology, environmental impact assessments, capacity development issues, poverty reduction or gender equality aspects of the programme). Feasibility studies undertaken as part of the preparation of a new programme or new component must include a base-line study or a review of existing data sources, which provide the necessary basis for definition of targets and identification of indicators.

By providing the analytical background for the proposals presented, the feasibility report aims at ensuring that decisions to proceed with or abandon a proposed programme are made on an informed basis.

It should be attempted to prepare the feasibility report together with partners and other donors or, if conditions for joint arrangements do not permit, to consider relevant analytical work done by other donors.

### Location in process

A feasibility report may be commissioned at any time in the process of preparing or modifying Danish support, whether at sector or at component level. The preparation of all new programmes and new components must include a feasibility study.

### Responsibility

In the case of new programmes, the Embassy in collaboration with national partners is responsible for the preparation of the feasibility report. In ongoing programmes the Steering Committee or similar body will decide the timing and context of the relevant studies to be undertaken.

### Content

A feasibility study summarises the results of the diagnostic and analytical work on which the programme or component proposal is based. It should enable the relevant authorities to assess:

- The adequacy and technical quality of the preparatory work processes.
- The previous experience (including experience with previous support) which have led to the proposal.
- The alignment of the programme to the Sector Wide Approach.
- The relation between the problems or issues that the programme seeks to address and the key contextual factors affecting the outcome of the programme.
- The various options considered.

- The criteria on which choices have been made.
- The key uncertainties and risks involved.
- Commitment of support from all relevant partners.
- The political, social, technical, institutional and financial feasibility of the programme and the administrative and managerial set-up for implementation.
- The adequacy of the proposed financial management system and procurement procedures.
- The relevance, effectiveness and efficiency of the support in relation to poverty reduction.
- The relevant consideration of cross-cutting issues (gender equality, environment, democratisation and respect for human rights) and priority themes.
- The sustainability of the outcomes of the support.

In new programmes and new components, the feasibility study must produce a baseline or a review of existing data sources, which provide the necessary basis for monitoring and evaluation of the programme.

## **Annex 4 A - Indicative List of Individual Analyses Which May Be Included In A Feasibility Study**

- **Socio-economic analyses:**
  - Analysis of general socio-economic conditions of importance to the implementation of the programme.
  - Groups and individuals likely to benefit from or lose as a result of the programme, the level of their acceptance.
  - The impact of the programme on employment of men and women and on skilled and unskilled labour.
  - Division of labour between men and women.
  - Access to resources such as water, land, equipment, capital, labour and knowledge for various social groups and for men/women distribution of income among social groups and within the family.
  - Potential conflicts and models for solving conflicts.
  - Health status and level of education/training for various groups by age, gender and socio-economic status, including disabled persons.
  - The ability and willingness of the target group to contribute to programme activities.
  - Culturally determined conditions of importance to the programme, including religious factors or taboos.
  - Traditional local forms of organisation of relevance to the programme.
  - Human rights aspects, KAP (knowledge, attitudes and practice) analysis.
  - Risks and assumptions.
  
- **Organisational and Institutional analysis:**
  - Analysis of the national policy framework, including PRS, sector policies and reforms, other ongoing or planned reforms of importance to the programme (e.g. decentralisation, public sector reform), and the legal framework.
  - Analysis of the institutional set-up, stakeholders and donors in the sector, including analysis of the commitment and possible resistance of key national stakeholders to sector development goals and policies, stakeholder analysis in relations to the proposed programme.
  - Planned activities regarding consultation and consensus building among major stakeholders (e.g. regional and local level government authorities, the private sector, and civil society).
  - Structure and capacity of the programme implementing body as seen in relation to administrative and technical requirements and the adequacy of the proposed structure for joint management by the partner, the Danish Embassy and possible other donors.
  - Prospects for organised participation by staff and stakeholders.
  - Need for capacity development support, including support to organisational changes in partner institutions, technical advisers, training, etc. (justification for technical advisers should include reference to technical advisers provided by other donors to the programme and the sector).
  - Risks and assumptions.

- **Technical analysis:**
  - Applicability of the proposed technology.
  - Alternatives technologies, e.g., local technical options.
  - Possibilities of standardising demands on manpower, knowledge and skills derived from the proposed technology.
  - Maintenance requirements and possibilities, including access to spare parts.
  - Need to draft technical manuals.
  - Need for additional programme assistance, e.g. to support transfer of technology.
  - Risks and assumptions.
  
- **Financial analysis:**
  - Analysis of sector budgets, fiscal policies and revenue generation (including revenue generation potential).
  - Impact of the programme on the balance of payments, and the financial situation of the sector during the lifetime of the programme and afterwards. The estimation should carefully consider whether assumed government funds are likely to materialise. The assessment should include whether the envisaged use of government funds may be justified in light of opportunity costs.
  - Financial management of the programme, alignment with national structures and procedures, procurement issues and safeguarding measures, possible capacity development assistance in this area.
  
- **Environmental Assessment:**
  - Follow-up on the Environmental and climate screening carried out during the identification phase.
  - Environmental Impact Assessment (EIA) may be relevant for some programmes.

## Chapter 5 Joint decision-making bodies/Steering Committee

### Purpose, form and mandate

In any programme, management is needed at two levels: 1) the day-to-day operation of the programme, for which the programme management is responsible, and 2) issues of a more overall and strategic nature, for which a higher-level body is needed. In the following, this joint decision-making body is called Steering Committee (SC).

In Danish bilateral cooperation, the programme management should be in the hands of the partner organisation (whether assisted by technical advisers or not), while the SC is composed of representatives of both parties to the programme, i.e. the partner and the Danish Government<sup>22</sup>. In addition, other stakeholders may be represented.

SC is aimed at ensuring that the overall and strategic decision-making concerning the programme is transparent and formal (as opposed to informal, ad hoc-based and donor-led). It is also aimed at ensuring proper integration of the programme into partner organisations and their institutional environment and thereby ownership by partners. If an existing body within the partner organisation is found suitable to perform the function of a SC, this solution should be preferred.

The identification of the mandate and the composition of the SC must take place during the preparation phase of the programme, be agreed upon prior to the start of programme implementation and be reflected in the programme document. Detailed Terms of Reference for the SC, in accordance with the Programme Document, should be developed during the inception phase to ensure that the mandate and procedures are clear to all members.

A proposal for such Terms of Reference is attached in annex 5 A. Although they concern a situation where Denmark is the only donor, they should also be used as a checklist in cases where an already existing body (whether partner or joint donor/partner) is supposed to take on the additional responsibility of acting as SC for Danish funding. If the mandate of an existing body identified as SC does not cover all the specific tasks listed in the ToR, the programme document should assess and stipulate whether and how the tasks should be catered for in the management bodies.

### Format

The joint decision-making function can be performed by various types of bodies:

In **programmes co-funded with other donors** (basket funding or sector budget support), a *joint SC* will usually be formed. Even where only part of the Danish support to a programme is joint funding, while the rest is separate and earmarked, the existing joint SC may in principle perform the decision-making function for the total Danish support. In such cases the SC will concentrate on overall strategic decision-making, while issues such as approval of budgets and work plans will usually be left to the relevant partner and the Danish representatives only.

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<sup>22</sup> Or, in relevant cases, the partner government, the Danish government, and other donors involved in the programme.

In **programmes funded separately by Denmark** and for which no arrangement of donor cooperation exists, there are various options of how to deal with the requirement of joint decision-making. In any case there must be a dialogue body for partners to have regular discussions on overall and strategic issues:

In most cases, *existing structures* within the partner Government structure will have decision-making authority for the entire programme (e.g. a ministry's Planning Committee, or a Directors Meeting), and procedures for joint decision-making must be integrated within these structures. If these structures cannot be used, *other types* of joint decision-making bodies dedicated to the Danish-funded programme must be established.

In some cases e.g. in programmes, which includes NGOs, private sector organisations and public institutions, the Embassy must ensure the establishment of an overall decision-making body, including all partners, dealing with strategic issues. However, in these types of programmes, budgets, work plans and reallocations among components may be difficult to decide on in such an overall body. Component Steering Committees consisting of all partners within the component could be a suitable body to decide on these matters.

### **The mandate**

The mandate of the SC or other joint decision-making bodies includes the approval of annual, semi-annual, and in some cases quarterly planning and budgeting documents, overall responsibility for monitoring of programme activities and results, approval of ToR for audits and draft TOR for reviews, approval of audit reports, and usually the responsibility for decisions regarding a variety of other major implementation issues such as procurements, technical advisers, short-term consultants, studies, etc.

The SC endorses Review Aide Memoires, including taking decisions concerning proposed recommendations, in particular reallocations of funds among components.

It is finally the responsibility of the SC to ensure that all activities carried out in the programme lie within the framework of the programme document, the Government Agreement and other relevant legal documents such as minutes from High-Level Consultations between Denmark and the partner country. Where deviations from the programme document are considered necessary, the SC takes the decision. The SC, however, cannot alter programme objectives.

On the Danish side, it is the responsibility of the representative of the Embassy to ensure that s/he has been given the mandate required to take the necessary decisions in the SC<sup>23</sup>.

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<sup>23</sup> If decisions in the SC go beyond the limits of authority of the Embassy defined in the Annual Business Plan (VPA), the Embassy must obtain the necessary mandate from Ministry of Foreign Affairs headquarters. The Embassy can on an annual basis reallocate funds among components of a SPS up to a limit corresponding to 10% of the expected disbursement on the programme in that year. Further, the Embassy can annually allocate up to DKK 10 million from the unallocated funds of a programme. As a main rule unallocated funds must be used for new activities within existing components, but principles for use of unallocated funds in each programme are specified in the programme document as well as in the appropriation note to the Board for International Development Co-operation (Ref. "Vejledning I udarbejdelse af finanslovsforslag for udviklingsbistand og den særlige miljøbistand, marts 2004").

**Composition**

The SC should be composed of a representative of the Embassy and representatives of the partner institutions at an appropriate level to ensure ownership of the decisions taken by SC. A partner institution chairs the SC, while the programme management acts as the secretariat for the SC. This division of labour must be reflected in programme and component documentation

## **Annex 5 A - Terms of Reference for joint decision-making body/Steering Committee for [Name of Programme]**

### **1. Background**

Background linking the Steering Committee (SC) to the programme.

The SC is the formal mechanism for joint decision-making concerning [name of programme] between the [partner institution], the Danish Embassy [in name of country], and [names of possible other donors]

Any other background information relevant to the SC.

### **2. Mandate and scope**

[To be adapted to the specific mandate and scope described in the programme document and Government Agreement].

The SC decides on the overall priorities of the programme in accordance with the programme document, Government Agreement, and other legal documents. Where deviations from the programme document are considered necessary, the SC takes the decisions.<sup>24</sup> Programme objectives cannot be altered by the SC.

The mandate of the SC includes [approval of major planning documents, progress reports, work plans, budgets, audit reports, and decisions regarding major implementation issues such procurement, technical advisers, short-term consultants, studies, etc.].

### **3. Composition**

Members of the SC are:

- [representatives of partner institution(s)]
- [representative of the Danish Embassy]
- [representatives of other donors implicated in the programme, if relevant]

Resource persons, who may be asked to participate in the meetings, are:

- [programme management].
- [other relevant resource persons, e.g. from partner institution, the Embassy, component managers and technical advisers].

### **4. The specific tasks of the SC comprise:**

- Strategic decisions to ensure the continued coherence between the programme and sector development.
- Decisions concerning deviations from the programme document.

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<sup>24</sup> It is the responsibility of the representative of the Danish Embassy to ensure that the mandate to take the necessary decisions in the SC is provided before the meetings. If decisions in the SC go beyond the limits of authority of the Embassy defined in the Annual Business Plan (VPA), the Embassy must obtain the necessary mandate from Ministry of Foreign Affairs headquarters.

- Endorsement of Review Aide Memoires and ensuring follow up, including decisions concerning proposed reallocations among components.
- Approval of timing and TOR of reviews.
- Approval of [annual work plans and budgets, revised semi-annual plans and semi-annual budgets, semi-annual requests for funds<sup>25</sup>] presented by programme management.
- Monitoring of overall progress of the programme with a special focus on delays, problems and bottlenecks [approval of progress and financial reports, decisions on follow-up activities presented by programme management].
- Overseeing audits [approval of the Terms of Reference for the annual audit, overseeing follow-up on recommendations in the annual audit report presented by programme management].
- Approval of revised job descriptions for advisers.
- Approval of Terms of Reference for short-term consultants, if relevant.
- Decisions on local procurement issues.

## 5. Working procedures

- The SC meetings will be chaired by [highest ranking official from partner institution].
- [Programme management] will act as the secretariat for the SC.
- Procedures for joint decision-making [decisions are made by consensus].
- Frequency of meetings [e.g. the SC meets quarterly or according to needs, but extraordinary meetings may be called at the request of any member].
- Notice and procedures for announcing meetings [e.g. the secretariat will announce the meetings with at least two weeks' notice. All documentation for the meetings (plan/budget, reports, proposals for adjustments, etc.) shall be distributed to the members at least one week in advance together with a draft agenda].
- Procedures for documenting decisions [e.g. the secretariat is responsible for drafting the minutes of the SC meetings and distributing these to all participants within a week after the meeting. The SC approves the minutes at the next meeting].

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<sup>25</sup> These and other documents must be presented by the programme management in a brief, concise and executive form to facilitate the strategic decision making by the SC.

## Chapter 6 Programme Document

### Purpose

The programme document is the key reference document describing the agreement between all the parties involved in a programme. The programme document describes the programme's objectives, strategies, implementation modalities (including budget, activities, and programme management), monitoring and evaluation. Through the Government Agreement, the programme document is made a legal document and can be changed only according to agreed procedures.

As a rule, the programme document should be a joint document by partners, Danish authorities and other donors involved in joint funding arrangements. If conditions for joint arrangements are not present, however, the programme document may describe a specific Danish effort, hence reflecting the agreement between partners and Danish authorities only.

### Location in process

The preparation of a draft programme document is the final result of the preparatory work, whether it is a new programme or a new phase of ongoing support. The final programme document will be the result of the subsequent appraisal as described in Chapter 8.

### Responsibility

The Embassy is responsible for preparing the draft programme document and assumes full responsibility for the follow-up on the appraisal report. This includes the integration of recommendations from the appraisal into the final programme document or, in cases where the Embassy chooses not to accept a recommendation, specification of the reasons for this in the format submitted to the Head of Bilateral Affairs together with the appropriation note to the Danida Board (ref. annex 8A). Preferably, national partners should be in charge of the preparation, supported by the Embassy and possible other donors.

### Content

The programme document is prepared on the basis of relevant analytical work, a joint planning process between national partners and involved donors and possible previous experience of co-operation.

The specific format of the document may vary, as the partner government may have its own format, or an agreement may have been reached between the authorities and several donors to adopt a certain format.

For the Danish authorities, it is important that the document contains sufficient details about objectives, strategies, expected outcome related to poverty reduction and about implementation modalities, including the relation between input, planned output and cost of activities and monitoring of progress. The amount of detail will depend on previous experiences of co-operation, the capacity of implementing partners, and expected levels of stability and predictability of the context, policies, partners and persons involved.

The programme document should focus on providing enough relevant information in order to carry out strategic decision-making regarding programme content and processes. Operational issues should not be detailed in the document but can be included as annexes.

In sector programme support and other larger programmes containing several components, component descriptions should be integrated into the programme document. When appropriate, more elaborate component descriptions can be presented in annexed documents (see Chapter 7). The main programme document, however, should contain sufficient information to be a strategic management instrument for the Danish authorities and the national partners.

In cases where multiple donors jointly fund a national programme through a basket funding mechanism, and in cases where budget support is provided, the format indicated below should serve as a reference in negotiations with partners and other donors about a joint format. In cases where joint arrangements cannot be established, the partner does not have a format, and the programme describes a specific Danish effort (direct funding), the format should be followed.

## Format

- **Executive summary.**
- **Cover Page.** A cover page should include the following: country, programme title, national agencies, starting date and duration, overall programme budget listing support by Denmark and other donors, programme components with total budget and indicators, and signature(s) of national partner(s), the Danish Embassy and other donors.
- **Introduction.** Events leading to the programme document, previous Danish and other donor support to the sector, lessons learned from prior phases, outcome of the identification and preparation stages (max. 1 page).
- **National sector context.** This section is based on summaries of findings and conclusions from sector assessments and analyses, policy papers, etc. (max. 5 pages) and would cover:
  - the significance of the sector in the national economic and social context, and specific significance in the poverty reduction strategy of the country;
  - sector policies, legislation and programmes, and their relevance as part of the poverty reduction strategy;
  - key sector institutions and their core mandates, civil society groups, private sector, NGOs and other stakeholders;
  - sector investment plan and budget, fiscal policies, revenues and financial procedures;
  - donor involvement, donor coordination mechanisms and capacities;
  - ongoing and planned reforms, effectiveness of previous and current policies and programmes;

- cross-cutting issues of relevance (gender equality, environment, democratisation and respect for human rights);
  - priority themes of relevance (globalisation, armed conflicts, children and youth, and HIV/AIDS).
- **Agreed assistance.** If several donors are providing joint assistance, this section should describe the combined assistance package and, if possible, list the assistance according to source. If national partners and donors jointly fund a programme through a basket funding mechanism, this section and the next section on components should describe the entire programme and detail the monetary contribution from each party (max. 5 pages). The content of this section should include:
  - development and immediate objectives of the programme, relation to and coherence with other sector activities, PRS and Millennium Development Goals;
  - strategic and methodological approach;
  - a brief summary of the support (aim, scope and levels of support, main content); brief summary of capacity development support, including justification, role, duration, benchmarks, reporting procedures, and exit strategy for possible technical advisers, and adherence by the programme to key Danish principles such as avoiding topping up of salaries and the establishment of parallel structures;
  - objectives and scope for each component;
  - coherence between components;
  - considerations and measures to address poverty reduction;
  - specific measures to address cross-cutting issues and priority themes (possible special plans such as environmental management plans in annexes).
- **Components.** The section provides a summary description of each component and may be supported by more detailed annexes. Where detailed component description(s) are annexed, this section should describe component(s) in sufficient detail so that the programme document can be an adequate management instrument for the national partners and the Danish authorities. The description of each component should include:
  - objectives, strategy and summary of outputs, type of activities and inputs (both national and donor-funded inputs should be included when relevant);
  - sustainability and replicability issues, including capacity development support and exit strategies for possible long term technical advisers;
  - institution and target group involvement, cross-cutting issues and priority themes.
- **Budget.** The budget may include unallocated amounts for activities to be identified later and framework budgets for already identified components to be specified later. Principles for the use of unallocated funds must be specified<sup>26</sup>. The

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<sup>26</sup> Up to DKK 10 million per year of unallocated funds can be used for new activities. As a main rule, the new activities must be within existing components, but principles for the use of unallocated funds in each programme must be specified in the programme document as well as in the appropriation note to the Board for International

budget may include national funds and other sources as well as Danish and other donor funds, and it must include possible technical advisers and contingency. The contribution from each source should be easily distinguishable. The presentation of the budget should comprise the following information:

- the budget (for the whole programme period) of each component broken down by output<sup>27</sup> and to the extent possible also by implementing agency's chart of accounts (may be referred to an annex). See annex 6A for a proposed format;
  - the total budget for the programme and for each component, for the programme period as a whole as well as per calendar year, and if different, the partner country's fiscal year – differentiating the various sources of funds. See annex 6B for a proposed format.
- **Management and Organisation.** This section describes the organisational set-up and management of the programme and of its components. It specifies the responsibilities of national partners, Danish authorities and other donors during implementation of the programme and its components. The section includes descriptions of:
    - structures for daily management of the programme and of each component (i.e. organisation(s), authority, responsibilities, and tasks, composition and role of steering committees etc.);
    - identification of structures for joint management by partners, the Danish Embassy and possibly other donors (Steering Committee or similar body, see Chapter 5);
    - key administrative procedures;
    - decision and approval procedure for revision and adjustment of the programme and of its components, including procedures and scope for budget adjustments.
  - **Financial management and procurement.** The procedures for financial management and procurement at programme and component levels should be specified with reference to the partners' financial management and procurement system, with the modifications required to ensure sound practices and the safeguarding of Danish funds. The section may also include reference to an annex. This section should specify the following:
    - procedures for budgeting, relation to national/institutional budget processes and procedures;
    - procedures for the transfer of funds from donor sources, cash flow management procedures;
    - disbursement authorisation and implementation procedures;
    - bookkeeping and accounting principles and procedures;
    - budget follow-up and financial reporting to national as well as donor authorities;
    - procedures for procurement;

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Development Co-operation (Ref. "Vejledning I udarbejdelse af finanslovsforslag for udviklingsbistand og den særlige miljøbistand, marts 2004").

<sup>27</sup> Not required for budget support.

- auditing procedures;
- **Monitoring, reporting, reviews and evaluations.** The section should describe the following:
  - the organisational set-up of the monitoring system, including a clear description of the division of responsibilities for the various elements of the system and for following-up on monitoring information. (If the monitoring system is not based on joint monitoring by partners, the Danish Embassy and by other donors, justification should be provided);
  - linkage to PRS/MDG and national sector targets and indicators;
  - output, outcome and impact indicators and targets (if indicators at outcome and impact level are not national indicators, justification for this);
  - the reporting system of the programme and its components (if the reporting system is not joint with other parties in the programme, justification should be provided for this);
  - the role of reviews (if reviews are not joint with other donors, justification should be provided for this);
  - main sources of monitoring data, including for baseline data;
  - monitoring of cross-cutting issues;
  - monitoring of risks and assumptions;
  - the timing of key monitoring instruments, including reporting and review activities and planned evaluations, all presented in a bar chart.
- **Assessment of key assumptions and risks.** This section assesses key factors and describes important assumptions and possible conditionalities to be considered during implementation or before certain support elements can be initiated. A risk mitigation plan with clear indication of the responsibility for following up on the various actions should be stated and the procedures to be taken in case conditionalities are not met should be clearly presented (max. 3-5 pages). The assessment of key assumptions and risks includes:
  - commitment and potential participation of sector stakeholders, including possible areas where divergent opinions or disagreements exist;
  - institutional arrangements of the programme (if arrangements involve several different partner institutions, a more elaborate analysis of risks and assumptions is needed);
  - factors at national and sector level (macro-economic conditions, general political situation, national policy framework, sector budget situation);
  - accountability issues (financial, political, administrative and local procurement);
  - sustainability, replicability and capacity development issues (financial, institutional, technical and local procurement);
  - risks and assumptions related to the achievement of programme objectives;
  - risks and assumptions related to each of the components.
- **Implementation Plan,** including specification of scope and activities of a possible inception phase. The implementation plan should provide a general overview of the major component activities during the programme period. Detailed annual plans should be prepared by component management. The plan should be revised in connection with reviews.

**Annexes:**

- Component descriptions.
- Detailed descriptions of management and financial management issues as required.
- The budget (for the whole programme period) of each component broken down by output (if not found in the main body of the document). See annex 6A for a proposed format.
- The total budget for the programme and for each component, for the programme period as a whole as well as per calendar year (if not found in the main body of the document). See annex 6B for a proposed format.
- Job descriptions/Terms of Reference for possible long-term technical advisers.
- Possible Environmental Management Plans and other special measures to ensure attention to cross-cutting issues and priority themes.
- Other information deemed necessary for proper decision-making and/or management of the programme.

## Annex 6 A Proposed format for output-based budget presentation<sup>28</sup>

Components	Budget in DKK million
<b>Component A</b>	
<i>Objective</i>	
Sub-component A.1	
<i>Objective</i>	
Output A.1.1	
Output A.1.2	
Output A.1.3	
Sub-component A.2	
<i>Objective</i>	
Output A.2.1.	
Output A.2.2.	
Output A.2.3.	
Contingency	
<b>Component B</b>	
<i>Objective</i>	
Sub-component B.1.	
<i>Objective</i>	
Output B.1.1.	
Output B.1.2.	
Output B.1.3.	
Sub-component B.2.	
<i>Objective</i>	
Output B.2.1.	
Output B.2.2.	
Output B.2.3.	
Contingency	
Technical assistance	
Sub-total	
Unallocated	
Other (reviews, etc.)	
Contingency	
<b>Grand total</b>	

<sup>28</sup> In this presentation, ‘outputs’ are to be aggregated to a level where the number per sub-component does not usually exceed five. More details can be provided in component descriptions, where also a list of the unit prices applied should be given.

**Annex 6 B Proposed format for programme budget by component and by calendar year<sup>29</sup>**

	2006	2007	2008	2009	2010	Total
Component A						
- Denmark						
- Partners						
- Others						
Component B						
- Denmark						
- Partners						
- Others						
Component C						
- Denmark						
- Partners						
- Others						
Technical assistance						
- Denmark						
- Others						
Sub-total						
Unallocated						
Other (reviews, etc.)						
Contingency						
<b>Grand total</b>						

<sup>29</sup> If the partner country's fiscal year is different from the calendar year, the budget must also be presented according to this.

## Chapter 7 Component Description

### Purpose

Component descriptions outline the objectives and content of support elements of a programme, which because of size, complexity or other reasons merit a more thorough description. The document specifies the agreement between all the parties involved in the component.

### Location in process

A component description may be prepared at the same time as the programme document for the programme of which it is part, or it may be prepared later and used to present new or modified components of ongoing programmes to appropriation authorities.

A draft final component description is the end result of the preparatory work at component level, whether it is for a new programme, for a new phase of ongoing programmes, or for a new or significantly modified component in an ongoing programme. The final component description will be the result of the subsequent appraisal as described in Chapter 8.

### Responsibility

The Embassy is responsible for preparing the draft component descriptions and (based on recommendations from the appraisal) the final component descriptions. Preferably national partners should be in charge of the preparation, supported by the Embassy and other participating donors.

### Format

The level of details of a component description depends on the duration and nature of the assistance. Hence, support to infrastructure investments may be very detailed if technical specifications and feasibility studies have already been made, but less detailed (and with a different focus) if the component is described at an earlier stage in the process, where detailed technical specifications have not yet been made.

- **Executive Summary.**
- **Cover Page.** A cover page should include the following: country, programme title, component title, national agencies, starting date and duration, overall component budget with support itemised for Denmark and other donors, and signature(s) of national partner(s) and donors.
- **Introduction.** Events leading to the formulation of the component, previous Danish or other donor support, results of the identification and preparation activities.
- **Description of the component:**
  - a brief summary statement of the component (aim, scope and levels of support, main content);

- development and immediate objectives (including linkages to PRS and millennium Development Goals);
  - strategy behind the component activity;
  - output(s);
  - activities;
  - inputs and budget itemised by national partners, by Denmark and by other donors (detailed budget in separate annex).
  - Attention to cross-cutting issues and priority themes should be integrated (mainstreamed) in objectives, outputs and activities. Reference should be made to possible detailed management plans for cross-cutting issues, and such plans included as annexes.
- **Budget.** The budget may include an unallocated amount for activities to be identified later<sup>30</sup>. It may include national funds and other sources as well as Danish and other donor funds, and it must include technical advisers. The contribution from each source should be easily distinguishable. The presentation of the budget should comprise the following information:
    - the detailed budget (for the whole programme period) for the component broken down by output and to the extent possible also by implementing agency's chart of accounts (may be referred to an annex). See annex 6A for inspiration;
    - the total budget for the component, for the programme period as a whole as well as per calendar year, and if different, the partner country's fiscal year – differentiating the various sources of funds (see annex 6B for inspiration);
    - a list of the main unit prices applied in the budget.
- **Management and organisation:**
    - management of the component (i.e. organisation(s), authority, responsibilities, tasks, Steering Committee or similar body, etc.);
    - procedures for implementation planning, budgeting and, where relevant, tendering and contracting;
    - decision and approval procedure for revision and adjustment of the component, including procedures and scope for budget adjustments.
- **Financial management and procurement.** The procedures for financial management and procurement at programme and component levels should be presented with reference to the partners' financial management and procurement system, with necessary modifications to ensure sound practices and safeguard Danish funds. If required, reference can be made to an annex. This section should include:
    - procedures for budgeting, relation to national/institutional budget processes and procedures;
    - procedures for transfer of funds from donor sources, cash flow management procedures;

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<sup>30</sup> Up to DKK 10 million per year of total programme unallocated funds can be used for new activities. Principles for the use of unallocated funds in each programme must be specified in the programme document as well as in the appropriation note to the Board for International Development Co-operation (Ref. "Vejledning I udarbejdelse af finanslovsforslag for udviklingsbistand og den særlige miljøbistand, marts 2004").

- disbursement authorisation and implementation procedures;
  - bookkeeping and accounting principles and procedures;
  - budget follow-up and financial reporting to national as well as donor authorities;
  - procedures for procurement;
  - auditing procedures.
- **Monitoring, reporting, reviews and evaluation.** This section should include:
    - the organisational set-up of the monitoring system, including a clear description of the division of responsibilities for various elements of the system and for following-up on monitoring information. (If the monitoring system is not based on joint monitoring by partners, the Danish Embassy and other donors, justification should be provided);
    - linkage to PRS/MDG and national sector targets and indicators;
    - output, outcome and impact indicators and targets (if indicators at outcome and impact level are not national indicators, justification for this);
    - the reporting system (if the reporting system is not organised jointly with other parties in the component, justification should be provided);
    - the role of reviews (if reviews are not joint with other donors, justification should be provided for this);
    - main sources of monitoring data, including for baseline data;
    - monitoring of cross-cutting issues;
    - monitoring of risks and assumptions;
    - the timing of key monitoring instruments, including reporting and review activities, all presented in a bar chart.
  - **Assessment of key assumptions and risks.** This section assesses key factors and describes important assumptions and possible conditionalities to be considered during implementation or before certain support elements can be initiated. A risk mitigation plan with clear indication of the responsibility for following up on the various actions should be stated, and the procedures in case conditionalities are not met should be clearly presented. The assessments should include:
    - commitment and participation of key stakeholders, including possible areas where divergent opinions or disagreements exist;
    - institutional arrangements of the component (if arrangements involve several different partner institutions, a more detailed analysis of risks and assumptions will be needed);
    - accountability issues (financial, political, administrative and local procurement);
    - sustainability, replicability and capacity development issues (financial, institutional, technical and local procurement).
  - **Component Implementation Plan.** The level of detail in the bar chart implementation plan should be kept appropriate for decision-making, not for day-to-day execution. It should include:
    - major component activities including activities related to cross-cutting issues and priority themes;

- benchmarks, milestones and responsibilities of Denmark, other donors and partners including monitoring and review activities, Steering Committee meetings, etc. (see also Chapter 13, Process Action Plan);
  - capacity development support, including training needs and possible provision of technical advisers.
- **Annexes**
    - Organisational set-up (chart).
    - Detailed budget for the component broken down by output (if not found in the main body of the report. See annex 6A for inspiration).
    - The total budget for the component, for the programme period as a whole as well as per calendar year (if not found in the main body of the document). See annex 6B for a proposed format.
    - Detailed descriptions of management and financial management issues as required.
    - Job Descriptions/Terms of Reference for possible long-term technical advisers.
    - Possible Environmental Management Plans and other special measures to ensure attention to cross-cutting issues and priority themes.
    - Other information deemed necessary for proper decision-making and/or management of the component.

## Chapter 8 Appraisal

### Purpose

The aim of the appraisal is to provide quality assurance at an advanced stage of the preparation process of a programme or a component, but early enough for the recommendations provided by the appraisal to influence the final preparation of programme and component documents. An appraisal provides the background for donors' decisions on whether to fund a programme (and as such is 'owned' by the donor), but partners usually participate in the appraisal.

Joint appraisals with other donors should preferably replace separate Danish appraisals. If other quality assurance procedures are in place for assessment of joint programme documents with other donors, Denmark should participate in these where feasible, and separate Danish appraisals should not be conducted.

The description in the following of the timing and responsibility for the appraisal and the content of the report refers to a situation where Denmark undertakes a separate appraisal. In case of joint appraisals, the issues and reporting format have to be negotiated with partners and other donors, and the following will serve as a reference point in these discussions.

### Location in process

The appraisal is undertaken about six to nine months before a programme is presented to the Board for International Development Co-operation,<sup>31</sup> and at a point in time which allows action to be taken on the appraisal recommendations.

### Responsibility

The Technical Advisory Service (BFT) undertakes appraisals of all programmes exceeding DKK 30 million.<sup>32</sup> In cases where the necessary technical expertise is available at the Embassy or where there are other valid reasons, it may be agreed in the VPA that the Embassy itself takes responsibility for appraisal of non-sector programmes. A draft appraisal report is presented to the Embassy before the team leaves the country, while the final appraisal report must be received no later than 14 days later. The final report includes the table in annex 8A specifying the recommendations (second column to be filled in by the BFT team leader<sup>33</sup>).

The Embassy assumes full responsibility for the follow-up on the appraisal report, including possible further studies before the programme is presented to the Board for

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<sup>31</sup> It is important to note that the financial commitments schemes introduced by 1 January 2006 imply that a programme expected to be presented to appropriation authorities before 31 December will usually have to be appraised at latest by 31 March the same year. See also "Guidelines for Administration of Commitment Schemes".

<sup>32</sup> The Embassy is responsible for appraisals of projects below DKK 30 million in programme countries and below DKK 10 million in non programme countries, ref. "Guidelines for Project Management". Components of sector programme support with a budget of more than DKK 30 million must be appraised by BFT. For further details about the division of responsibility between the Embassy and Ministry of Foreign Affairs headquarters, see "Organisation Manual for the Management of Danish Development Cooperation".

<sup>33</sup> In all Danish-separate appraisals, BFT will be team leader, whereas in joint appraisals with other donors, BFT will participate but will not necessarily be the team leader. If BFT is not team leader, the BFT representative will sign annex 8A.

International Development Co-operation. Recommendations must either be integrated into the final programme document, or in cases where the Embassy chooses not to accept a recommendation, the reasons for this must be specified. This is done in the table in annex 8A (third column), which the Embassy must forward to the Head of Bilateral Affairs together with the appropriation note to the Board.

With a view to ensuring an independent assessment of the programme, persons involved in the identification and preparation of a programme are excluded from participating in the appraisal.

### **Content**

The appraisal report is a brief management paper (approx. 10-15 pages excl. annexes), which assesses the draft programme document and complementary component documents (see below on minimum documentation requirements). The report should

- assess the quality of the preparation process against the present Guidelines and the international ownership, alignment and harmonisation agenda,
- assess the analyses carried out and the proposed support against the present Guidelines and other relevant parts of the AMG (including relevant Danish sector policies, strategies for priority issues and cross-cutting issues, etc.), relevant technical criteria, etc.
- assess the quality of the proposed programme in terms of the international agenda on ownership, alignment and harmonisation,
- and clearly state whether the risks associated with the programme are acceptable and whether relevant mitigating action has been included in the draft programme document.

Furthermore, the appraisal should assess if recommendations provided by the Programme Committee have been taken into consideration. The report must specify the further preparation needed before the programme (and its components) can be presented to the relevant authorities for approval.

The appraisal may be conducted as a desk-appraisal or involve field studies.

In order for the appraisal to be a useful input into the preparation process, the documentation to be submitted to the appraisal team must include the following:

- A draft programme document that has been thoroughly consulted with the national partner organisation(s)
- Where relevant, draft component documents that have been thoroughly consulted with the partner organisation(s)
- Where relevant, preparation documents in the form of identification reports, feasibility reports, etc.
- Relevant national documentation, documentation from other donors, and joint donor/government analyses, etc.

The appraisal will focus on three key aspects, which should structure the report<sup>34</sup>:

### **1. The preparation process**

- The appraisal will include an assessment of the content and quality of the preparatory process, i.e. whether the necessary analyses have been prepared and whether the quality of these is sufficient, and whether there has been sufficient consultation with and participation by key stakeholders and target group representatives. The appraisal will also assess if there is an appropriate balance between the depth and length of the preparatory work and the requirements for subsequent analytical and diagnostic work. It will assess if clear milestones are defined, which must be achieved before envisaged funding for certain activities can be provided.

**2. The programme or component in the national and sector context.** This section should assess the following:

- the relevance of the programme when considering the national and sector context (national policy framework, including PRS, sector policies and reforms, other ongoing or planned reforms, the legal framework, macro-economic conditions, the budgetary situation of the sector);
- the adequacy of assistance in relation to the capacity of national partner(s), including the need for and relevance of proposed technical advisers, the proposed lines of reporting and the realism of proposed exit strategies<sup>35</sup>;
- the level of harmonisation of the proposed intervention with the assistance provided by other donors and the existence/effectiveness of relevant donor coordination;
- the consideration by the programme of relevant previous Danish experience in the sector;

**3. The programme and/or components. This section should assess the following:**

- the commitment to the programme by partners and major stakeholders;
- the compatibility of the programme with objectives and policies of Danish development cooperation, including the relevance of the programme in relation to poverty reduction, cross-cutting issues and priority themes (including an assessment of the follow-up on the environmental screening, e.g. an assessment of a possible Environmental Management Plan and/or other preparatory activities undertaken);
- the strategic considerations guiding the design of the proposed programme, including considerations regarding focus and avoidance of institutional complexity;
- the social and technical feasibility of the programme;
- the expected effectiveness and efficiency of the assistance, considering time, input, results and constraints.
- the sustainability of the expected outcome of the programme;

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<sup>34</sup> In cases of joint appraisals, the reporting format is to be decided together with the partner(s) and other involved donors. The format indicated below should in such cases serve as a reference in discussions between partners and donors about a common format.

<sup>35</sup> Ref. "Technical Assistance in Danish Bilateral Aid – Policy Paper".

- the management and organisation of the programme and the institutional analysis providing the basis for the proposed set-up;
- the adequacy of the proposed financial management and procurement system;
- the adequacy of the proposed outline of the monitoring system (including an assessment of whether objectives have been clearly defined);
- the absence of serious distorting effects of the support in relation to good governance, civil service incentives, market mechanisms, etc.;
- the assumptions, risks and pre-conditions, i.e. whether these have been sufficiently analysed and whether relevant mitigating measures are included.

The report should lastly comment on the PAP proposed for the further preparation process and formulate recommendations relating to each of the above key aspects. The recommendations should be written into the table presented in annex 8A.

## Annex 8 A: Recommendations of the appraisal report

The appraisal report must include a table specifying the recommendations regarding the further preparation of the programme or component (second column). The recommendations must relate to the key issues listed below (1-12), and the table must be signed by the team-leader/BFT representative and received by the Embassy no later than 14 days after the team has left the country.

The third column is filled in by the Embassy, when the final programme document has been prepared, and the table is forwarded to the Head of Bilateral Affairs together with the Board appropriation note.

Title of the programme	
File number	
Appraisal report date	
Danida Board meeting date	
Summary of possible recommendations not followed ( <i>to be filled in by the Embassy, when forwarding the table to the Head of Bilateral Affairs</i> )	

### Appraisal recommendations and follow up by the Embassy

Key issues	Recommendation by appraisal	Follow up by Embassy
1. The national and sector context (national policy framework incl. PRS, sector policies and reforms).	1.1.	1.1.
	1.2.	1.2.
2. The overall development objective, immediate objectives and overall budget of programme.	2.1.	2.1.
	2.2.	2.2.
3. Alignment of the programme with national policy frameworks and harmonisation with other donor efforts.	3.1.	3.1.
	3.2.	3.2.
4. Cross-cutting issues and priority themes, including follow up on environmental screening note.	4.1.	4.1.
	4.2.	4.2.
5. Component and budget allocations in relation to planned activities.	5.1.	5.1.
	5.2.	5.2.

6. The management of the programme, including the role of the Steering Committee (or similar body), financial management, flow of funds, financial reporting, procurement, etc.	6.1.	6.1.
	6.2.	6.2.
7. Outline of the monitoring system (including links to PRS and sector targets and indicators, an outline of the division of responsibility among the parties involved).	7.1.	7.1.
	7.2.	7.2.
8. The institutional analysis carried out and the need for capacity development assistance, including justification for possible technical advisers.	8.1.	8.1.
	8.2.	8.2.
9. Risks and assumptions for the programme and for each component, including risk mitigation plan.	9.1.	9.1.
	9.2.	9.2.
10. The extent to which recommendations by the Programme Committee have been considered in the documents available.	10.1.	10.1.
	10.2.	10.2.
11. Other recommendations	11.1.	11.1.
	11.2.	11.2.
12. The PAP for the further preparation, specifying what should be completed before presentation of the programme to appropriation authorities (timing, responsibilities, output).	12.1.	12.1.
	12.2.	12.2.

I hereby confirm that the above-mentioned issues (column 1) have been addressed properly as part of the appraisal and that the recommendations stated in the second column have been provided by the appraisal team

Signed in..... on the .....  
Team leader/BFT representative

I hereby confirm that the Embassy has undertaken the follow-up activities stated in the third column. In cases where recommendations have not been accepted, reasons for this are given either in the table or in the notes enclosed

Signed in.....on the.....  
Ambassador/Head of Representation

## Chapter 9 Inception Report

### **Purpose**

A formal inception phase must be included in all new programmes, but it may also occur in a new phase of an on-going programme.

The inception phase will enable programme management to provide more details for the first annual work plan, details regarding the monitoring system and detailed procedures for the proper management of activities, if this has not been done during the preceding phase. While mandate and composition of the Steering Committee<sup>36</sup> must be defined and agreed upon prior to the start of programme implementation and reflected in the programme document and the Government Agreement, detailed Terms of Reference for the Steering Committee should be developed during the inception phase so as to ensure that its mandate and procedures are clear to all members (ref. Chapter 5).

The inception phase should not compensate for lack of effective programme planning already in the preparation phase. Decisions concerning changes to the programme document must be taken by the Steering Committee or similar body (objectives cannot be altered during the inception phase or subsequent phases).

### **Location in process**

The inception phase begins the moment the Government Agreement is approved. The length of the inception period will be defined in the programme documents and could be up to six months.

The final product of an inception phase will be a report submitted to and approved by the Steering Committee or similar body.

### **Responsibility**

The national programme management is responsible for elaborating and submitting the inception report to the Steering Committee or similar body.

### **Content**

The inception report with a maximum of 15 pages plus possible annexes will include an annual work plan (see Chapter 10), a detailed activity-based budget and listing of planned outputs, activities and inputs for the first year of implementation, and details regarding the monitoring system for the programme (the inception report cannot be approved before the monitoring system is fully designed).

The inception report will also include a clearly specified division of responsibilities among the various stakeholders involved in the implementation of the programme.

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<sup>36</sup> In the following the term Steering Committee (SC) is used to describe the multitude of different bodies, which serve the purpose of ensuring joint management by the partner and donors.

An accounting manual must be prepared at the outset of a new programme and must be revised in a new phase of an ongoing programme. A copy of the accounting manual should be attached to the inception report<sup>37</sup>.

**Table 9.1: Guideline for preparation of inception report**

**Unless otherwise agreed between the co-operating parties, the inception report must include the following items:**

1.Executive Summary (max. 2 pages).	A summary of items 2-6 below.
2.Description and comments of the annual work plan (max. 5 pages).	Includes the annual work plan (see Chapter 10) detailing intended outputs, activities and inputs for the first year of the programme.
3.Presentation and comments on the activity-based budget <sup>38</sup> for the first year of implementation (max. 3 pages).	Includes the activity-based budget and comments on the targets set and projected costs.
5. Final design of the monitoring system (max. 3 pages).	Includes details on the division of responsibility and baseline on identified indicators at all levels.
6. Process Action Plan (PAP).	If necessary, specific activities of major relevance could be specified in a PAP.
7. Any other comments.	Could include proposed adjustments of those activities requiring Steering Committee approval.
8. Attachments.	

<sup>37</sup> For further details, see “Guidelines for Financial Management” (at the AMG site under “Technical Guidelines”).

<sup>38</sup> Budget support is excepted.

## **Chapter 10 Annual Work Plan and Budget**

### **Purpose**

The annual work plan and budget should enable the Steering Committee or similar body to make decisions regarding modifications and adjustment of the programme and serve as the basis for monitoring and reporting on progress of the programme.

### **Location in process**

The annual planning process should be aligned with or fully integrated into the institutional planning cycles of the partner institutions responsible for implementing the programme. In the case of government institutions, the planning would normally be linked to the national budget preparation process.

### **Responsibility**

The programme management is responsible for preparing annual work plans, annual procurement plans and budgets for the entire programme, while the annual work plans, annual procurement plans and budgets for the individual components will be prepared by the national partner responsible for the component.

Draft annual work plans, annual procurement plans and budgets, both at programme and component levels, are reviewed by the sector or programme review, but will be approved by the Steering Committee or similar body. The work plans and budgets should normally be approved by the competent national authorities (e.g., they should form part of the national budget and national investment plans). It should be expected that in terms of timing, it might be difficult to satisfy all concerns.

### **Content**

Drafting of annual work plans should normally not be conceived as an activity related narrowly to a Danish-funded programme. The principles of Sector Wide Support imply that Danish support should be an integrated part of the institutional activities of the partners rather than separate “Danish components” or activities. Therefore, the activities funded totally or partially by Denmark should form a sub-set of the total institutional plan (e.g., if Denmark supports awareness activities of an environmental agency, these activities would be planned – and discussed – in the context of the general priorities of that agency). Likewise, the part of budget funded by Denmark should be presented as part of the overall budget. It should follow the budget lines approved in the programme and/or component document, and these should be fully harmonised with the budget lines used by the partner institution.

In the many cases where programmes consist of components implemented by several partners, this will imply that the “Programme Work Plan and Budget” will comprise the sum of a number of sub-sets of wider institutional plans and budgets. It will be the task of the management of the programme to formulate the overall plan and budget, and to include as necessary relevant parts of the various institutional plans, including those not supported by Denmark (or any other donor). The purpose of such a “Programme Work Plan and Budget” would be to enable a cross-institutional discussion of coherence, relevant coordination, etc., and to ensure sound financial management of the Danish support across components (allowing reallocations

between components where relevant). Each partner institution should be expected to proceed according to their particular institutional plan, rather than according to the Programme Work Plan.

Where a programme has developed into sector budget support or donor basket funding, annual work plans and budgets will be identical to the national sector plans and budgets that are co-funded by the government and various donors.

The format for work plans should follow the institutional standards of the partner.

The level of detail in work plans depends on the institutional planning level and the activities to be planned. If the plan mainly serves the purpose of strategic guidance and discussion, it may contain few operational details in terms of specific outputs, activities and inputs. If it is an operational plan serving the unit with daily operational responsibility, more detail will be needed.

When discussing work planning procedures and modalities, it is important to recall that different types of institutions benefits from and/or tend to prefer different planning approaches. Public institutions serving the political system (e.g., central ministry departments) rarely use detailed planning instruments, and attempts to introduce elaborate planning systems may fail.

Planning tools such as the Logical Framework Approach, bar charts, and critical path method may be useful at the level of components, investment projects, etc.

## Chapter 11 Progress and Financial Reporting

### Purpose

Progress and financial reports are key instruments for enabling national partners, the Danish Embassy and other involved donors to monitor and assess the progress of the programme/component. The reports, which are based on annual work plans and budgets as well as indicators, provide the basis for decisions on necessary adjustments and also serve as documentation for the implementation of the programme.

Joint progress and financial reporting should preferably replace separate Danish reporting. When joint reporting or national routine reporting covers Danish-funded activities in a satisfying way, separate Danish reporting should not be carried out.

### Location in process

The requirements and frequency of reporting in the programme must be defined and agreed upon prior to the start of implementation and reflected in the programme document and the Government Agreement. The timing of the annual report should be carefully planned in relation to the national budget and reporting processes and to the planning cycle of the programme. In Danish-separate funding as well as in joint arrangements, efforts should be made to ensure that the following reports are produced:

- a comprehensive and consolidated annual progress report;
- a semi-annual progress report, focusing on outputs, expenditure, and problems encountered;
- a quarterly financial report to the Steering Committee (or similar body).

In joint arrangements the minimum requirement is an annual progress and financial report, an annual audit report and, as part of funds replenishment requests, financial statements to the Danish Embassy.

If joint reporting does not exist, the minimum requirement is an annual progress report, a semi-annual progress report, quarterly financial reports, and an annual audit report<sup>39</sup>.

### Responsibility

The programme management is responsible for presenting the progress and financial reports to the Steering Committee (or similar body). The reports are prepared with inputs from component managers, if relevant. If there is no coordinating unit of the programme, each implementing agency will be responsible for reporting on the component.

The Steering Committee (or similar body) approves the reports.

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<sup>39</sup> See also “General Guidelines for Accounting and Auditing of Grants through Governmental and Parastatal Organisations” (at [www.amg.um.dk](http://www.amg.um.dk) under “Technical Guidelines/Financial Management”).

## **Content**

The specific format of the progress report may vary. In joint arrangements, the format 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 formats proposed below should be used, or adapted to the partner institutions' own reporting formats.

Progress reports must be based on and clearly reflect the agreed documentation for the programme, i.e. the programme/component document, the Government Agreement, approved annual work plans, decisions of the Steering Committee (or similar body), recommendations of reviews, etc.

The annual progress report must include:

- An assessment of the development of the national framework during the past year.
- 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;
- Specification of recommended changes and adjustments (including budget re-allocations) for approval by the relevant authorities.

### **Proposed formats for progress and financial reports**

- Annex 11 A: Annual progress and financial report.
- Annex 11 B: Semi-annual progress and financial report.
- Annex 11 C: Quarterly financial report to the Embassy and the Steering Committee (or similar body)

It should be noted that the proposed formats are not applicable to general budget support, sector budget support and baskets arrangements, hence the Embassy together with partners will have to prepare specific formats for joint reporting.

## Annex 11 A Proposed Format for Annual Progress Report and Financial Report

<b>Programme:</b>	<b>[name of programme]</b>
National Partner(s): [institution(s)]	[contact details]
Programme Manager: [name]	[contact details]
Reporting period:	[month/year to month/year]:

Components:	Implementing agency/agencies [name and contact details]:
[x]	
[y]	
[z]	

Programme starting date	[month/year]
Programme completion date (expected)	[month/year]
Previous reports	[list dates for submission]

### Executive summary

- Key developments in the national environment, including the strategic framework since the last report.
- Summary of progress compared to objectives since the last report.
- Summary of progress compared to objectives since the beginning of the programme (phase).
- Summary of the development in output/expenditure since last report.
- Summary of the development in output/expenditure since the beginning of the programme (phase).
- Problems encountered and suggested solutions.
- Critical issues, incl. previous decisions not followed-up.

**1. Assessment of the development of the national environment, including the strategic framework, since the last report**

[Brief assessment, which may be based on relevant reporting instruments such as the PRS reports or other local reporting mechanisms, or assessments made in connection with the sector review].

**2. Progress compared to objectives since the last report**

Key annual outcome and (if possible) impact indicators	Progress

**3. Progress compared to objectives since the beginning of the programme**

Key outcome and impact indicators	Progress

#### 4. Progress during the year compared to output targets and budget for the year

	Output target	Output result	Budget	Expenditure	Comments (incl. reasons for possible delays)	Proposed action
<b>Component 1</b>						
Output 1						
Output 2						
Technical Assistance						
Contingency						
Sub-total						
<b>Component 2</b>						
Output 1						
Output 2						
Technical Assistance						
Contingency						
Sub-total						
<b>Component 3</b>						
Output 1						
Output 2						
Technical Assistance						
Contingency						
Sub-total						
<b>Total</b>						

**5. Progress to date compared to output targets and budget for the entire programme period**

	Output target	Output result	Budget	Expenditure	Comments (incl. reasons for possible delays)	Proposed action
<b>Component 1</b>						
Output 1						
Output 2						
Technical Assistance						
Contingency						
Sub-total						
<b>Component 2</b>						
Output 1						
Output 2						
Technical Assistance						
Contingency						
Sub-total						
<b>Component 3</b>						
Output 1						
Output 2						
Technical Assistance						
Contingency						
Sub-total						
<b>Total</b>						

**6. Status of outstanding issues and follow-up on decisions made by the Steering Committee (or similar body)**

Issue	Decision (incl. timeframe agreed for follow-up)	Responsible	Status on follow-up

**Most recent quarterly financial report to be attached.**

## Annex 11 B Proposed Format for Semi-Annual Progress Report and Financial Report

<b>Programme:</b>	<b>[name of programme]</b>
National Partner(s): [institution(s)]	[contact details]
Programme Manager: [name]	[contact details]
Reporting period:	[month/year to month/year]:

Components:	Implementing agency/agencies [name and contact details]:
[x]	
[y]	
[z]	

Programme starting date	[month/year]
Programme completion date (expected)	[month/year]
Previous reports	[list dates for submission]

### Executive summary

- Summary of developments in output/expenditure since last report.
- Problems encountered and suggested solutions.
- Critical issues, incl. previous decisions not followed-up (e.g. recommendations by reviews).

**1. Progress during the six months period compared to output targets and budget for the year**

	Output target	Output result	Budget	Expenditure	Comments (incl. reasons for possible delays)	Proposed action
<b>Component 1</b>						
Output 1						
Output 2						
Technical Assistance						
Contingency						
Sub-total						
<b>Component 2</b>						
Output 1						
Output 2						
Technical Assistance						
Contingency						
Sub-total						
<b>Component 3</b>						
Output 1						
Output 2						
Technical Assistance						
Contingency						
Sub-total						
<b>Total</b>						

**2. Status of outstanding issues and follow-up on decisions made by the Steering Committee (or similar body)**

Issue	Decision (incl. timeframe agreed for follow-up)	Responsible	Status on follow-up

**Most recent quarterly financial report to be attached.**

## Annex 11 C Proposed Quarterly Financial Report to the Embassy and the Steering Committee



annex 11c.xls

## Chapter 12 Review

### **Purpose and participation**

A review is a key management tool that allows national partners, Danish authorities and other donors involved in a programme to assess progress and adjust their support in light of changes in programme context, sector development, and effectiveness.

All reviews are conducted together with the national partners. If possible, they are also conducted jointly with other donors active in the sector/programme.

### **Frequency and timing of reviews**

The timing of reviews will depend on the planning and budgeting process of the partner and – in jointly funded programmes – the preferences of the other donors.

In jointly funded programmes, Denmark will respect the cycle of reviews decided jointly by the partners. Denmark will, however, insist on having reviews carried out at least every second year.

In programmes funded by Denmark alone, the Steering Committee or similar body will decide on the timing of reviews. Reviews will usually be annual, and the maximum acceptable interval between two reviews is two years.

### **Responsibility**

BFT is responsible for reviews of all programmes exceeding DKK 30 million, unless it has been agreed in the VPA that the Embassy is responsible. It is the responsibility of the Embassy that technical reviews are conducted.<sup>40</sup>

In joint reviews with other donors the team leader and the team will be selected as agreed by the joint Steering Committee (or similar body), and BFT will participate in the review as the Danish representative.

In separate Danish reviews, BFT will as a rule participate as team leader.

It should be noted that regardless of whether a review is joint or separate, the BFT representative/team leader together with the Ambassador/Head of the Representation must sign the 'Format for Assessing the Progress of Programme Support' (see Annex 12 A).

### **Key issues in a review**

*In joint reviews* with other donors, the joint Steering Committee or similar body will usually decide on the ToR as well as the modalities of the review. The latter will sometimes have been more or less specified already in a Memorandum of Understanding for the programme signed by all parties. The Embassy must consult with BFT during the drafting of the ToR.

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<sup>40</sup> For further details about the division of responsibility between the Embassy and Ministry of Foreign Affairs headquarters, see "Organisation Manual for the Management of Danish Development Cooperation".

The Embassy should seek to have the issues indicated in the box below included in the ToR, and in addition to policy-level and other general discussions at central level, the Embassy should seek to have technical reviews or field visits included in or preceding the joint reviews.

In cases where Danish funding includes components/activities funded by Denmark only, the Embassy should seek to have these included in joint reviews in the form of field visits, discussions of progress, work plans and budgets, etc. at least every second year. If that is not possible, the Embassy must arrange for separate BFT-led reviews of Danish-funded activities at least every second year.

Reviews (as opposed to technical reviews) are mainly policy-oriented and focused on the overall implementation process of national sector policies, strategies and programmes, and on the performance and relevance of the Danish support in the light of that.

#### **Key issues in a review**

In a *Danish separate review*, the following issues are **mandatory minimum requirements**, which must always be covered, while in a *joint review* the Embassy should seek to have the issues included in the ToR:

- Sector progress and developments of relevance to the programme, including progress in relation to sector impact and outcome indicators.
- Progress of the programme in terms of programme impact and outcome and achievement of major outputs and execution of major activities.
- Programme disbursements and expenditure and relationship between physical and financial progress of the programme.
- Management issues, including the working of the Steering Committee (or similar body), the quality and timeliness of progress reporting, and the quality of financial management (financial reporting, audits and audit follow-up, financial management modalities).
- Capacity development, incl. use and performance of technical assistance.
- Assessment of work plans and budgets.
- Consideration of cross-cutting issues.
- The development of risks and assumptions.

Reviews can make recommendations concerning programme adjustments, such as modifications of components, budgets and activities, including reallocation within and between budget lines for the various components and use of unallocated budget items for new activities<sup>41</sup>. The review can also recommend the termination of the programme

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<sup>41</sup> Up to DKK 10 million per year of unallocated funds can be used for new activities. As a main rule, the new activities must be within existing components, but principles for the use of unallocated funds in each programme are specified in the programme document as well as in the appropriation note to the Board for International Development Co-operation (Ref. "Vejledning i udarbejdelse af finanslovsforslag for udviklingsbistand og den særlige miljøbistand, marts 2004").

or programme components if deemed necessary because of (lack of) programme results, developments in the sector or other critical factors. Programme objectives cannot be altered based on recommendations from a review.

In separate Danish reviews, the process and outputs presented below should be adhered to. The presentation may also serve to guide Danish inputs to the discussion about joint reviews where relevant.

### **The process**

The review process will vary according to the country and the sector, depending on the specific circumstances.

In cases where important implementation issues of a non-policy and technical nature warrant it, the Steering Committee may decide to have the review preceded by a technical review of specific areas or components of the programme. The output of the technical review will be a Technical Review Report (max. 20 pages), which highlights the technical assessments made, and which will serve as an input to the review. Even in separate Danish reviews, technical reviews could, where feasible, be conducted jointly with other donors.

Both reviews and technical reviews are conducted on the basis of jointly prepared Terms of Reference (ToR). Apart from the issues that must always be included (see box above), focus issues will be identified by the Steering Committee (or similar body) well in advance of the review and the final draft of the ToR must be submitted to the responsible BFT staff member at latest two months in advance of the review. BFT is responsible for the final approval of the ToR and for the selection of participants representing Denmark in the review. Staff of the Embassy and Danida advisers will usually be involved in the review as resource persons, but cannot participate as team members.

Prior to reviews of programmes in programme countries, the Embassy will, if needed, prepare a *briefing note*, which provides the background of the review and indicates issues of particular interest to Denmark, which may not be detailed in the ToR (e.g. political, administrative and financial issues). The briefing note is forwarded to BFT together with the draft ToR for the review. For non-programme countries, Regional Departments may prepare a briefing note for the team.

The review will be based on progress reports, the draft annual work plan and budget, possible preceding technical review reports, and suggestions (from partners and the Embassy) of changes in the scope, approach and composition of the programme. These documents must be forwarded by the Embassy to the team leader three weeks before the review.

### **The output**

The findings, conclusions and recommendations of the review will be documented in a Review Aide Memoire, the format of which will follow the contents of the ToR in each particular case. The Review Aide Memoire must in all cases recommend an operational

plan for the implementation of the review recommendations (see format for Process Action Plan in Chapter 13).

The Review Aide Memoire is a relatively brief management document (10-15 pages).

The Review Aide Memoire is signed by the team leader.

Subsequent to the review, the recommendations included in the Review Aide Memoire are to be endorsed by the Steering Committee (or similar body) and thereafter followed up by the same.

At the end of the review, it is the responsibility of the Embassy to ensure that a meeting with the Steering Committee is held to allow the recommendations to be explained by the review team and thoroughly discussed between the parties. Recommendations are made decisions only when the Steering Committee in its minutes have stated which recommendations it agrees to (with the decided follow-up action). If the Steering Committee is unable to make immediate decisions on some of the recommendations (e.g. recommendations on certain financial issues, which must be approved by other government authorities), the follow-up procedure, including the responsibility for the various steps, must be described in the minutes. If some recommendations cannot be approved by the Committee, arguments for the rejection or major modification must be minuted.

In cases where a Steering Committee or similar body does not exist, a meeting with relevant partner authorities should be held. The Embassy together with the programme partners will then agree on how to follow up the recommendations of the review, and document this.

### **Preparation of new programme phases**

The preparation of a new phase of a programme will normally be initiated during the third year of the programme. When preparing for that year's review, the Steering Committee should make sure to include the issue of the preparation process in the review ToR.

### **Internal Danish documents**

In *all reviews* (i.e. reviews of: (i) Sector Programme Support, (ii) Special Environmental Assistance, as well as, (iii) other programmes (e.g. support to good governance and activities funded by the Regions of Origin Programme) (including reviews conducted jointly with other donors), the Embassy will draft and the team leader/BFT representative<sup>42</sup> and the Ambassador/Head of Representation must co-sign the "Format for Assessing the Progress of Programme Support (Annex 12 A). Upon completion of the review, the Embassy will upload the format in PDB. All assessments made during the year will constitute annexes to the "Format for Representation's Assessment of Country Programme" submitted to the Quality Assurance Department every year in October.

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<sup>42</sup> If BFT is not team leader of a joint review with other donors, the BFT representative in the review will sign.

## Annex 12 A Format for Assessing the Progress of Programme Support

This form is to be completed in connection with reviews of: (i) Sector Programme Support, (ii) Special Environmental Assistance, as well as (iii) other programmes (e.g. support to good governance and activities funded by the Regions of Origin Programme) above DKK 30 million. The Embassy will draft and the team leader/BFT representative<sup>43</sup> and the Ambassador/Head of Representation must co-sign the form. It is an internal Danish document intended to generate performance information to the Danida Management.

1. Name of programme:
2. File number:
3. Time frame for current phase:
4. Grant Amount:
5. Period covered by the review:
6. Team leader:

The *rating system* has the following categories:

- a. Very satisfactory: No need to adjust plans and strategy.
- b. Satisfactory: Minor problems may arise and small adjustments may be necessary.
- c. Less satisfactory: Adjustments to plans and/or strategy are necessary.
- d. Very unsatisfactory: The relevance/sustainability of the activities is endangered. Major adjustments/re-organisations are necessary.

The *assessments* provided in the format in relation to each rating should present brief arguments for why the particular rating is applied.

### 1. Fulfilment of objectives

Assess the extent to which progress has been achieved in fulfilling the general objectives of the programme.

Rating	a ( ) b ( ) c ( ) d ( )
Assessment	

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<sup>43</sup> If BFT is not team leader of a joint review with other donors, the BFT representative in the review will sign.

## 2. Sector policy

Assess the national strategy related to the programme with respect to: (i) relevance, (ii) consistency, and (iii) the existence of well-defined targets and indicators.

Rating	a ( ) b ( ) c ( ) d ( )
Assessment	

## 3. Willingness of the Government to pursue and implement national strategies

Assess the Government's efforts: (i) to coordinate development assistance within the sector/area of intervention, and (ii) to ensure strategies are both institutionally and financially integrated in the national systems.

Rating	a ( ) b ( ) c ( ) d ( )
Assessment	

## 4. Fulfilment of the indicators set up for the development of the programme

Assess the extent to which the annual targets for the programme have been met. If there is any need to identify indicators and annual targets for the programme or individual components before the next review, this should be specified below under Issue 10.

Rating	a ( ) b ( ) c ( ) d ( )
Assessment	

## 5. The approach of other donors to sector programming – or programming within the area of intervention

Assess the approach of the 3-4 most important donors in the sector/area of intervention.

Rating	a ( ) b ( ) c ( ) d ( )
Assessment	

## 6. Progress in relation to receiving budget support<sup>44</sup>

Assess the current conditions (opportunities and constraints) for granting budget support.

Rating	a ( ) b ( ) c ( ) d ( )
Assessment	

## 7. Fulfilment of the objectives for the three cross-cutting issues

The *rating* for the three cross-cutting issues should be made against the objectives defined in the Programme Document. The *assessment* should provide brief arguments for the particular rating, and should to the extent possible refer to the *strategic objectives* listed under each cross-cutting issue.

### Gender equality<sup>45</sup>

*Strategic objectives:* To what extent is the programme supporting mainstreaming of gender equality in terms of: (i) Promotion of equal rights, (ii) Equal access to resources, and (iii) Promotion of equal influence?

Rating	a ( ) b ( ) c ( ) d ( )
Assessment	

### Environment<sup>46</sup>

*Strategic objectives:* To what extent is the programme supporting mainstreaming of environmental sustainability in terms of: (i) National policies and strategies, (ii) Cross-sectoral procedures and plans, and (iii) Sector-specific procedures and plans?

Rating	a ( ) b ( ) c ( ) d ( )
Assessment	

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<sup>44</sup> “Guidance note on the Provision of Budget Support” should be used as reference for the assessment.

<sup>45</sup> “Gender Equality in Danish Development Co-operation” should be used as reference for the assessment.

<sup>46</sup> “Danida Environment Guide. A Guide to Environmental Assessment”, Danida 2006, should be used as reference for the assessment.

## Human Rights & Democratisation

*Strategic objectives:* To what extent is the programme supporting mainstreaming of human rights, democratisation, peoples' participation and good governance in terms of: (i) Legislation, (ii) Policies and strategies, and (iii) Sector specific procedures and plans?

Rating	a ( ) b ( ) c ( ) d ( )
Assessment	

## 8. Assessment of progress regarding priority themes

The *rating* for the priority themes should be made against the objectives defined in the Programme Document. The *assessment* should provide brief arguments for the particular rating, and should to the extent possible refer to the *strategic objectives* listed under each priority theme.

### Assessment of contribution to national HIV/AIDS response<sup>47</sup>

*Strategic objectives:* To what extent is the programme: (i) supporting preparatory analyses, if the national framework and institutions are not yet established, (ii) supporting the development/implementation of a sector-specific AIDS-initiative, or (iii) aligned with and supporting national preventive work and mitigating effects on the programme?

Rating	a ( ) b ( ) c ( ) d ( )
Assessment	

### Assessment of integration of the Private Sector<sup>48</sup>

*Strategic objectives:* To what extent does the programme: (i) Promote a favourable business climate, (ii) Promote synergy between the Danish supported programme and specific market instruments (e.g. Business Sector Programmes, PS Programmes, etc.), (iii) Promote trade and investment, and (iv) Support cooperation with international organisations?

Rating	a ( ) b ( ) c ( ) d ( )
Assessment	

<sup>47</sup> “Denmark’s International Programme of Action against HIV/AIDS” should be used as reference for the assessment.

<sup>48</sup> “Promoting business development – a joint task” should be used as reference for the assessment.

## 9. Assessment of risk management

Assess the development in the risk elements indicated in the Programme Document, and present new, major risk elements identified, as well as risk management measures established.

## 10. Summary of areas where follow-up/decisions are necessary, indicating interval and proposed responsibility for the follow-up (Programme, Embassy, or Ministry of Foreign Affairs)

Clear proposals for action regarding issues where the rating is c or d:

Issue no.	Follow-up	Deadline	Resp.

This assessment/form is a supplement to the Review Aide Memoire. Its purpose is to ensure that key problems are made visible and that decisions will be taken to solve these problems.

**Signed in:**

**date:**

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Team leader/BFT representative

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Ambassador/Head of Representation

## Chapter 13 Process Action Plan

### Purpose

The Process Action Plan (PAP) is a management tool, which facilitates efficient follow-up on decisions agreed between relevant stakeholders in all phases of the programme, including definition of follow-up actions, responsibilities and timing.

### Location in process

A PAP is a *mandatory* output in all stages of the programme process. In the preparatory phase the PAP must be a brief separate document (max. 3 pages), while in other cases it must be included or annexed to progress reports, Review Aide Memoire, etc.

### Content

The PAP must include:

- a description of agreed follow-up activities such as preparation of Terms of References, studies, stakeholder workshops, key meetings to be held, milestones for presentation of documents, approvals, etc.;
- a clear definition of the roles and responsibilities of the actors;
- the expected outputs of the activities;
- a time schedule;
- a bar chart or a simple table of activities with indication of a-d.

The PAP will include narrative sections (context of the PAP, previous steps, list of outputs, possible conditions) (max. 1 page).