

## Support to DIPD – Promoting vivid and well-functioning multiparty democracies

### Key results:

- Political parties formulate and communicate political solutions.
- Political parties are inclusive and engaging organisations.
- Political parties are democratic organizations.
- Political parties engage in cross-political cooperation and dialogue.
- DIPD document and learn from results.

### Justification for support:

- Promotion of Danish values permeate Denmark's development policy and requires sustained promotion and protection of human rights, democracy and gender equality.

- Experience with 150 years of democracy makes Danish political parties and DIPD a credible and sought after partner.


















### Major risks and challenges:

- Contextual: shrinking democratic space, COVID-19 restrictions, political instability

- Programmatic: limited organisational, administrative and financial ability amongst partners

- Institutional: reputational risks due to political engagement, cases of financial irregularities and of sexual exploitation, abuse and harassment

- Mitigation measures are in place to manage risks, however residual risks remain. Risks will be monitored, discussed during Annual Consultations and adaptations will be made as required.

File No.	2021-2021					
Countries	Interregional					
Responsible Unit	HCE					
Sector	15160					
Partner	DIPD – Institute for Parties & Democracy					
<i>DKK mill.</i>	2021	2022	2023	2024	2025	Tot.
Commitment	15	30	30	30	15	135
Projected ann. disb.	15	30	30	30	30	135
Duration	2021-2025					
Previous grants	2010-2020 annual grant					
Finance Act code	§ 06.32.08.					
Head of unit	Mette Thygesen					
Desk officer	Peter Bøgh Jensen					
Reviewed by CFO	Jonas Lundsgaard Palmstrøm					
Relevant SDGs						
 No Poverty	 No Hunger	 Good Health, Wellbeing	 Quality Education	 Gender Equality	 Clean Water, Sanitation	
 Affordable Clean Energy	 Decent Jobs, Econ. Growth	 Industry, Innovation, Infrastructure	 Reduced Inequalities	 Sustainable Cities, Communities	 Responsible Consumption & Production	
 Protect the Planet	 Life below Water	 Life on Land	 Peace & Justice, strong Inst.	 Partnerships for Goals		

### Strategic objectives:

**Objective:** Vivid and well-functioning multiparty democracies with inclusive political parties, who ensure the social, economic and political rights and influence of citizens

### Justification for choice of partner:

Based on 170 years of democratic history with political parties playing a key role, DIPD is able to share and spread inspiration, ideas and support to political parties in developing countries. DIPD support public participation and representation by providing support to building capabilities of political parties and multiparty platforms.

### Summary:

The purpose of this development engagement with DIPD 2021-2025 is to continue to support Denmark's longstanding efforts to broaden and deepen broad based participation in political processes in developing countries in particular for the youth and for women.

### Budget:

Political parties formulate and communicate political solutions.	25,980,000 DKK
Political parties are inclusive and engaging organisations.	29,530,000 DKK
Political parties are democratic organizations	21,780,000 DKK
Political parties engage in cross-political cooperation and dialogue.	30,680,000 DKK
DIPD document and learn from results. DIPD is a learning organisation, where experience is the foundation for partnerships	22,080,000 DKK
Indirect costs (administration and audit)	4,950,000 DKK
<b>Total</b>	<b>135.000.000 DKK</b>

# **Support to the Danish Institute for Parties and Democracy (DIPD)**

## **“Strong and Well-Functioning Multiparty Democracies”**

**(2021-2025)**

### **Development Engagement Document**

27-02-2021

F2 # 2021-2921

## **1. Introduction**

The present development engagement document (DED) details the objectives, budget and management arrangements for the development cooperation concerning ‘Support to The Danish Institute for Parties and Democracy (2021-2025)’ as agreed between the parties specified below. The DED is annexed to the relevant commitment letter.

### 1.1 Parties

The Department for Humanitarian Action, Civil Society and Engagement (HCE) of the Danish Ministry for Foreign Affairs, and The Danish Institute for Parties and Democracy (DIPD).

### 1.2 Documentation

“The Documentation” refers to the partner documentation for the supported intervention, i.e., the DIPD strategy (2021-2025) and the MFA Capacity Assessment (2019) (cf. annex 6).

### 1.3 Contributions

Denmark, represented by the Department for Humanitarian Action, Civil Society and Engagement of the Danish Ministry of Foreign Affairs, commits to a contribution to the engagement of DKK 135.000.000 (one hundred and thirty-five million DKK) for the period 01.07.2021-31.12.2025.

## **2. Background**

The purpose of this grant is to promote democracy in developing countries through support to the implementation of DIPD’s new strategy for 2021 through to 2025. Promotion of democracy is a fundamental value across Denmark’s development policy and DIPD is a key partner in this endeavour. DIPD’s understanding of democracy is based on the Danish model: a representative multiparty democracy in which political parties are strongly rooted in the community and work together to ensure long-term sustainable solutions. DIPD sees political parties as key players in a democracy. The parties must represent the people and ensure that democracy provides solutions that will benefit the individual as well as the society overall.

According to the strategy the vision of DIPD is:

*To have strong and well-functioning multiparty democracies with representative parties, ensuring the social, economic, and political rights and influence of all people.*

DIPD works in developing countries through partnerships with political parties, civil society, and other pertinent actors. The partnerships provide mutual inspiration, learning and change with a view to making political parties more representative and stronger in terms of policy and organisation.

### 2.1 Context

The global democracy anno 2021 is faced with several serious challenges. As reported by Varieties of Democracy Institute at the University of Gothenburg, V-Dem, autocratisation continues to surge. For the first time since 2001 democracies are no longer in majority, as only 48 % of the world’s

countries are characterized as “electoral and liberal democracies”. This is 11 countries fewer than in 2010, and instead of talking about the third wave of democracy, V-Dem et.al. now describes a third wave of autocratisation. This shift is further fuelled by the documented acceleration of autocratisation globally and by the emergence of autocratisation inside the EU.

Simultaneously, the quality of the global democracy is also declining as documented by Int. IDEA. This worrying tendency is seen in both old, well-established democracies and countries with more recent democratic transitions.

Underneath these two global trends, several worrying undercurrents contribute to a complex global democracy crisis.

While political parties have played an all-vital part in the development of representative democracy in almost all its variations, establishing and developing the link between citizens and executive power, the days of mass-based parties seem to be a thing of the past in most parts of the world. This tendency has been evolving for decades, but it is now at point where it is inevitable to talk of a crisis of democratic representation. Those political parties which used to be mass-based, member inclusive vehicles for change, have neither managed to maintain their membership nor delivered a univocal answer to what political representation will look like in the 21<sup>st</sup> Century. The political dialogue that previously took place in party branches or town halls has moved online, and with that move the character and dynamics of political dialogue and mobilisation have also changed.

This crisis of representation has in turn contributed to the slow and steady loss of legitimacy and identity, especially among the old political party elite. Trust in political parties is alarmingly low, and the renewal of political parties as organisations and as vehicles for political change is not happening at a pace that satisfies the electorate. Additionally, the trust in democratic institutions is plummeting and AfroBarometer reports a growing dissatisfaction with the way democracy is practiced in Africa.

Instead of renewal, there is an alarming development towards autocratisation of party organisations in all parts of the world, in part linked to diminishing memberships. This tendency is well documented by V-Dem and is also visible in some of the world’s largest economies across the Western countries, the Middle East, Asia, Africa, and Latin America. At the same time, the growing monetisation of politics, where the cost of running for office surge, create a dependency on special interests and continue to undermine inclusive and democratic policy development.

But DIPD also sees reasons for optimism. Counter-acting the surging autocratisation and delegitimization of political parties is a new wave of political activism. It comes in new forms and new fora, but with a familiar demand: democratic influence and accountable governments.

This is the burning platform from which DIPD is adjusting its strategic focus. Through a comprehensive internal development process anchored in its new 5-year strategy, DIPD will seek to provide the necessary platform for the Danish political parties to engage with political parties and multiparty platforms in developing countries, through an adjusted setup, new partnership frameworks and a stronger focus on learning, documentation, support, and oversight. This will better position the Danish political parties to renew and rethink the role of political parties to counter democratic backsliding.

## 2.2. The partner

DIPD is established by law in 2010 with the key purpose of strengthening Danish development cooperation, especially regarding the support to the development of democratic political parties and multiparty democracy in developing countries. Its core vision as presented in the institute’s strategy for 2021-2025 is “vibrant and well-functioning multiparty democracies with inclusive political parties, who ensure the social, economic, and political rights and influence of citizens”.

DIPD is self-governed institution within the public domain (“*selvejende institution*”) directed by a board responsible for overall strategic governance. Prioritizing its strategic role, the board has decided to introduce an external grant organ, which will alleviate the board of some of its functions in the grant making process and introduce an external quality control (see annex 1 for further information).

The board supervises a director-led secretariat, currently comprised of 12 staff members in Copenhagen as well as offices in Yangon and Kathmandu, charged with the management of DIPD’s core grant administration, coordination of cross-political initiatives and support to the Danish political parties represented in parliament in their partnership planning, administration, and evaluation.

In 2021, DIPD is predominantly financed through an annual grant on the Danish Finance Act. In addition, DIPD receive EU funding for programs in Myanmar and Malawi.

DIPD has been subject to three external MFA reviews, evaluations, or capacity assessments during the past 10 years. In 2019, a capacity assessment (by the MFA) found that DIPD’s capacity to administer the grant from the MFA was adequate and that the proven capacity provided DIPD with a platform for further institutional development “with a long-term vision, more room for manoeuvre and more flexibility, including 5-year *rolling plans*”, as this was needed to effectively provide the type of support to democracy and political parties that DIPD is mandated to.

The capacity assessment also included nine key recommendations covering the areas of:

1. **Grant modality**  
Incl. a new grant modality with the MFA, which supports DIPD’s strategic direction.
2. **Operationalisation of political party resources**  
Incl. the support for a party-led approach, more flexible partnership approaches and further development of capacity to collect results, support knowledge sharing and simpler and more flexible supporting systems.
3. **Simplification of grant management systems**  
Incl. the introduction of an external grant assessment mechanism and clearer criteria for quality control of applications.
4. **Recalibration of roles and responsibilities**  
Incl. an updated description of segregation of roles and responsibilities between board, secretariat, and political parties.
5. **Update of financial management processes**  
Incl. a further systematisation of financial oversight procedures, an updated anti-corruption policy, and updated guidelines for financial and risk management applicable for the political parties.

In this DED, DIPD presents institutional initiatives set in motion based on this capacity assessment with the view to strengthen DIPD’s administrative and programmatic capacity.

### 2.3 Lessons learned

DIPD has 10 years’ experience in the field of democracy and political party support, having gone through three grant periods with the MFA. MFA reviews in 2013 and 2016, as well as an MFA capacity assessment in 2019 and an external evaluation of DIPD’s youth programming in 2017 all confirmed the relevance of modus operandi and strategic approaches to its results areas, but also recommended initiatives, which could improve DIPD’s performance.

The key recommendations from the capacity assessment in 2019 informed DIPD’s strategy process in 2019/2020 and has thus provided a valuable platform for action on key lessons learned:

The Danish political parties’ engagement is DIPD’s unique added value. The collective experiences and capacities of the Danish political parties provide DIPD with a valuable and, in a Danish context, unique platform for supporting democratic development and political parties in developing countries. To

maximise this added value, DIPD will (phase-in) introduce a stronger party-led approach to (of) programming.

Democratisation is an unpredictable and volatile process, which requires patience, flexibility, and opportunism. For the past 10 years, DIPD has supported oppressed political oppositions in autocratic regimes, democratic forces in emerging democracies and political parties and multiparty platforms in countries undergoing democratic consolidation. The road towards democracy has never proved predictable in any of the 20+ countries DIPD has engaged with. The project approach applied for the past 10 years has therefore also proved inadequate. To provide the right type of support at the right time, DIPD will introduce a new partnership approach with focus on strategic planning, flexibility, and reciprocal learning.

Countering the growing pressure on democracy globally and navigating the changing role of political parties require knowledge, learning and collaborations. The area of democracy support and especially support to political parties is still relatively new and limited research exists on the dynamics and potentials of this particular area of work. In a time where democracy is under increased pressure the need for knowledge-based support to political parties as key democratic organisations is vital. To this end, DIPD will strengthen its efforts in learning, documentation, and evaluation.

#### 2.4 Theory of Change

The new DIPD strategy and its implementation is guided by the underlying theory of change (ToC). It outlines the way the Danish political parties work with partners in developing countries through DIPD and how these partnerships contribute to DIPD's vision.

The ToC presented below is based on DIPD's strategy 2021-2025, where DIPD comprises the work of the DIPD secretariat, the Danish political parties and the DIPD board. These three entities work together within DIPD's strategic framework but have different roles and autonomies, which influence DIPD's modus operandi.

DIPD's ToC is based on experiences and lessons learned through more than ten years of working with democracy support and support to political parties. Experience shows that well-functioning and democratic political parties lead to well-functioning, representative multiparty democracies. Democratic political parties are the best guarantee of freedom, prosperity, stability, equality, and peace. They will counteract a lack of trust in political parties and political institutions and decrease the possibility for upholding autocratic structures, systems, and political culture.

The ToC operates with three layers: control, influence, concern. As presented in the context analysis (annex 1), DIPD works strategically to improve and adjust the preconditions for implementing the ToC. These are initiatives within the board's and the secretariat's control. This includes the continued development of strategic frameworks, systems, and guidelines for the partnerships, within which the Danish political parties autonomously select and carry out partnerships with partners in developing countries. These partnerships, their specific setup, content, and results, are therefore not within the secretariat's direct control. In DIPD's strategy 2021-2025 and in the ToC presented below, DIPD is defined broadly as "*a community of Danish parliamentary parties*". Within this broad notion, the board, the secretariat and the political parties have different roles in achieving the overall strategic goals in the ToC.

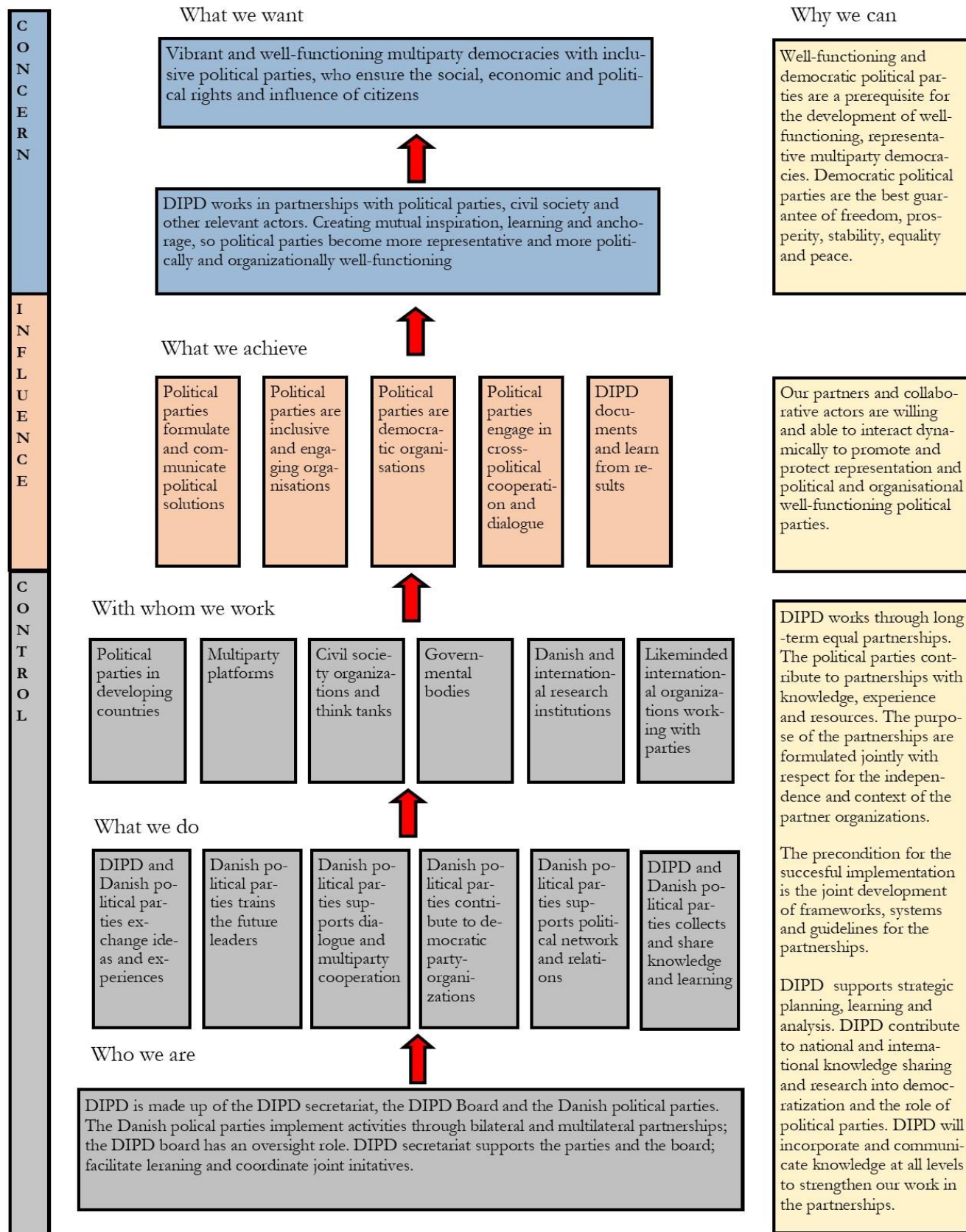
DIPD's board is responsible for the overall strategic governance of DIPD and thus provides both guidance and oversight. The strategic role of the board will be strengthened by the introduction of an external grant organ, which will alleviate the board of some of its functions in the grant making process. Together with the secretariat, the board determines the overall frameworks, systems and

guidelines for the political parties' partnership, but does not decide how the political parties choose to operate within these.

The implementation of partnership activities is the responsibility of the Danish political parties. Experience shows that the added value of the Danish political parties is best utilized, by positioning the parties in a leading role in programme implementation, allowing direct contact with all partners. Additionally, this provides the political parties and partners with a stronger platform for sharing knowledge and experiences. Experience also shows that when working in autocracies, a more flexible approach to programming is needed, to counter the volatile environment in which the partners operate.

The secretariat is responsible for cross-party activities and initiatives involving the Danish political parties, such as conferences, courses and capacity development, and communication. The secretariat organises experience sharing, joint-learning, and cross-cutting evaluations with the Danish political parties and partners in developing countries.

Figure 1: DIPD's theory of change



### 3. Development Engagement Objectives

DIPD's engagement objectives are based on the five strategic goals presented in DIPD's strategy 2021-2025, which also guides the ToC presented above.

The five strategic goals are synergetic and collectively contribute to the fulfilment of DIPD's vision: *"vibrant and well-functioning multiparty democracies with inclusive political parties, who ensure the social, economic and political rights and influence of citizens"*.

The five strategic goals guide the partnerships carried out by the Danish political parties through DIPD. While the first four goals focus on change in the partner countries, the fifth goal addresses the preconditions for understanding, assessing, and adapting to change and results:

1. Political parties formulate and communicate political solutions.
2. Political parties are inclusive and engaging organisations.
3. Political parties are democratic organisations.
4. Political parties engage in cross-political cooperation and dialogue.
5. DIPD documents and learns from results.

Finally, DIPD's five strategic goals guide DIPD's results framework (which is found in full detail in annex 3), which in turn guides DIPD's budget (annex 4).

### Annex 3 - Results framework

Engagement Title		Support to the Danish Institute for Parties and Democracy	
Outcome		Vibrant and well-functioning multiparty democracies with inclusive political parties, who ensure the social, economic, and political rights and influence of citizens	
Outcome indicator		<ul style="list-style-type: none"><li>• Political parties formulate and communicate political solutions.</li><li>• Political parties are inclusive and engaging organisations.</li><li>• Political parties are democratic organisations.</li><li>• Political parties engage in cross-political cooperation and dialogue.</li><li>• DIPD documents and learns from results.</li></ul>	
Baseline	Year	2021	<ul style="list-style-type: none"><li>• 8 Danish political parties actively contribute to fulfilling DIPD's strategic goals.</li><li>• Three external reviews or capacity assessments and one internal evaluation has confirmed the relevance of DIPD's strategic focus and approaches and concluded that DIPD has adequate capacity to provide the envisaged support.</li><li>• With its new strategy, DIPD strengthens its focus on documentation of and learning from results which supports strategic planning and continuous learning.</li></ul>
Target	Year	2025	<ul style="list-style-type: none"><li>• DIPD has allocated at least 15 % of its partnership funds to each strategic goal.</li><li>• The Danish political parties have contributed to the fulfilment of the five strategic goals through partnerships, and DIPD has documented to which degree the strategic goals are fulfilled.</li><li>• Danish political parties and their partners have anchored the partnership in a way which institutionalizes and ensures sustainability and long-term impact.</li></ul>
Output 1		Political parties formulate and communicate political solutions.	



	DIPD has contributed to political parties in developing countries, contributing to this strategic goal through DIPD-funded partnerships, have developed and updated policies and communicate them to and in dialogue with the public
Output indicator	<ul style="list-style-type: none"> <li>• DIPD has allocated at least 15 % of its programme funds to this strategic goal.</li> <li>• At least 25 % of the Danish political parties receiving grants through DIPD has contributed to this strategic goal through their partnerships.</li> <li>• DIPD has carried out at least one evaluation of the work towards this goal before 2025, which has contributed to learning and changes in the Danish political parties' practise and partnerships.</li> <li>• DIPD has documented to which degree political parties in developing countries working towards this strategic goal through DIPD-funded partnerships increasingly develop and update political programmes and political solutions to essential societal challenges.</li> <li>• DIPD has documented to which degree political parties in developing countries working towards this strategic goal through DIPD-funded partnerships increasingly communicate their policies to and with the public.</li> </ul>

<b>Output 2</b>	<p>Political parties are inclusive and engaging organisations.</p> <p>DIPD has contributed to political parties in developing countries, who contribute to this strategic goal through DIPD-funded partnerships, being increasingly inclusive and that they increasingly engage youth, women, and marginalized groups and explore new ways of democratic and political engagement.</p>
Output indicator	<ul style="list-style-type: none"> <li>• DIPD has allocated at least 15 % of its partnership funds to this strategic target.</li> <li>• At least 25 % of the Danish political parties receiving grants through DIPD has contributed to this strategic goal with their partnerships.</li> <li>• DIPD has carried out at least one evaluation of the work towards this goal carried out by political parties before 2025.</li> <li>• DIPD has documented to which degree political parties in developing countries working towards this strategic goal through DIPD-funded partnerships are being increasingly inclusive, especially regarding youth, women, and marginalized groups.</li> <li>• DIPD has documented to which degree political parties in developing countries working towards this strategic goal through DIPD-funded partnerships increasingly explore new ways of democratic and political engagement.</li> </ul>

<b>Output 3</b>	<p>Political parties are democratic organisations.</p> <p>DIPD has contributed to the development of political parties in developing countries, who contribute to this strategic goal through DIPD-funded partnerships, being more democratic and well-functioning, with more accountable leadership, transparent party structures and stronger involvement of members and engagement of volunteers.</p>
Output indicator	<ul style="list-style-type: none"> <li>• DIPD has allocated at least 15 % of its partnership funds to this strategic goal.</li> <li>• At least 25 % of the Danish political parties receiving grants through DIPD has contributed to this strategic goal with their partnerships.</li> <li>• DIPD has carried out at least one evaluation of the work towards this goal carried out by political parties before 2025.</li> <li>• DIPD has documented to which degree political parties in developing countries working towards this strategic goal through DIPD-funded partnerships are being increasingly inclusive, especially regarding youth, women, and marginalized groups.</li> <li>• DIPD has documented to which degree political parties in developing countries working towards this strategic goal through DIPD-funded partnerships increasingly explore new ways of democratic and political engagement.</li> </ul>

<b>Output 4</b>	Political parties engage in cross-political cooperation and dialogue.  DIPD has contributed to that parties in developing countries, who contribute to this strategic goal through DIPD-funded partnerships, increasingly take part formal and informal dialogue and collaboration and that they thereby contribute to political settlements and an increasingly democratic culture.
Output indicator	<ul style="list-style-type: none"> <li>• DIPD has allocated at least 15 % of its partnership funds to this strategic goal.</li> <li>• At least 25 % of the Danish political parties receiving grants through DIPD has contributed to this strategic goal with partnerships.</li> <li>• DIPD has carried out at least one evaluation of the work towards this goal carried out by political parties before 2025.</li> </ul>

<b>Output 5</b>	DIPD documents and learns from results.  DIPD is a learning organisation, where experience is the foundation for reflection and learning across partnerships.
Output indicator	<ul style="list-style-type: none"> <li>• DIPD has allocated at least 15 % of its partnership funds to this strategic goal.</li> <li>• 100 % of the Danish political parties receiving grants through DIPD have contributed to this goal by formulating internal learning targets and by periodically following up on those targets.</li> <li>• 100 % of the Danish political parties receiving grants through DIPD have carried out at least one external evaluation of their partnerships.</li> <li>• DIPD has carried out at least 4 reviews or evaluations with focus on best practice, results, and learning.</li> <li>• DIPD has developed a goal-to-result system that supports strategic planning, learning and analysis.</li> <li>• DIPD has contributed to national and international knowledge sharing and made its results available for research in democratisation and the role of parties.</li> <li>• DIPD has documented to which degree the Danish political parties increasingly work strategically with reflection and learning in the DIPD-funded partnerships.</li> <li>• DIPD facilitate learning across projects and countries within the thematic areas of its work.</li> </ul>

#### 4. Risk management

The contextual risks cover various conditions defining the different contexts in which DIPD supports political parties and multiparty platforms. Most notably, political instability and violence, especially before, during and immediately after elections, pose a serious risk, not only to the partner organisations themselves, but also to DIPD's ability to offer support these. This is most prevalent in autocratic regimes and countries with emerging democratic openings but is a risk in all context in which DIPD's offers its support.

The programmatic risks include intra-party conflicts and the general volatility of the political landscape in many of the context in which DIPD's offers its support. It also includes the occurrence of under-prioritisation of international partnerships within the political parties partnering in DIPD.

The institutional risks include weak or inadequate administrative and financial capacity of partners.

In the engagement period, DIPD is prioritising strengthening of pre-programme assessments, including risk assessments, and the ongoing oversight with sub-grantees and partners.

#### 5. Summarized budget

Budget line	Total budget (2021-2025)	2021 - 2022 (18 months)	2023	2024	2025
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OUTPUT 1 - Total direct activities via transfers to country offices or implementing partners	17.320.000	6.040.000	4.000.000	3.960.000	3.320.000
OUTPUT 1 - Total direct allocated programme-supporting (activity-specific) cost	8.870.000	2.900.000	1.950.000	1.990.000	2.030.000
<b>OUTPUT 1 - Total direct cost</b>	<b>26.190.000</b>	<b>8.940.000</b>	<b>5.950.000</b>	<b>5.950.000</b>	<b>5.350.000</b>
OUTPUT 2 - Total direct activities via transfers to country offices or implementing partners	17.320.000	6.040.000	4.000.000	3.960.000	3.320.000
OUTPUT 2 - Total direct allocated programme-supporting (activity-specific) cost	8.870.000	2.900.000	1.950.000	1.990.000	2.030.000
<b>OUTPUT 2 - Total direct cost</b>	<b>26.190.000</b>	<b>8.940.000</b>	<b>5.950.000</b>	<b>5.950.000</b>	<b>5.350.000</b>
OUTPUT 3 - Total direct activities via transfers to country offices or implementing partners	17.320.000	6.040.000	4.000.000	3.960.000	3.320.000
OUTPUT 3 - Total direct allocated programme-supporting (activity-specific) cost	8.870.000	2.900.000	1.950.000	1.990.000	2.030.000
<b>OUTPUT 3 - Total direct costs</b>	<b>26.190.000</b>	<b>8.940.000</b>	<b>5.950.000</b>	<b>5.950.000</b>	<b>5.350.000</b>
OUTPUT 4 - Total direct activities via transfers to country offices or implementing partners	17.320.000	6.040.000	4.000.000	3.960.000	3.320.000
OUTPUT 4 - Total direct allocated programme-supporting (activity-specific) cost	8.870.000	2.900.000	1.950.000	1.990.000	2.030.000
<b>OUTPUT 4 - Total direct costs</b>	<b>26.190.000</b>	<b>8.940.000</b>	<b>5.950.000</b>	<b>5.950.000</b>	<b>5.350.000</b>
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<b>A - Total direct cost (sum of outputs) - Programme specific activities supporting main outcome</b>	<b>130.950.000</b>	<b>44.700.000</b>	<b>29.750.000</b>	<b>29.750.000</b>	<b>26.750.000</b>
<i>Spent through direct transfers to country offices and development partners</i>	86.600.000	30.200.000	20.000.000	19.800.000	16.600.000
<i>Spent on allocated programme supporting cost (activity-specific rent, communication, tools development, innovation, research)</i>	44.350.000	14.500.000	9.750.000	9.950.000	10.150.000
Audit	1.050.000	300.000	250.000	250.000	250.000
<b>B - Total audit</b>	<b>1.050.000</b>	<b>300.000</b>	<b>250.000</b>	<b>250.000</b>	<b>250.000</b>
C – Contingency <sup>1</sup>	3.000.000	0	0	0	3.000.000
<b>Total budget (A+B+C)</b>	<b>135.000.000</b>	<b>45.000.000</b>	<b>30.000.000</b>	<b>30.000.000</b>	<b>30.000.000</b>
GRANT	135.000.000	45.000.000	30.000.000	30.000.000	30.000.000

<sup>1</sup> Maximum 3 % of budget.

The budget table above presents the budget summary at output level. The budget only reflects inputs from this specific grant. If other funds are added to achieve the same outputs, then the budget and results matrix should be updated to include all co-funding.

The budget reflects the two overall elements of DIPD's budget:

1. Spending through transfers to country offices and implementing partners.
2. Spending on allocated programme supporting costs.

The first element represents all DIPD's partnership funds, which over time will be channelled through the Danish political parties. This element constitutes roughly 65 % of DIPD's overall budget.

The second element represents the entire budget of DIPD's secretariat and board, and covers both running costs and programme supporting activities, including conferences, courses and capacity development, communication, knowledge sharing and evaluations. This element constitutes roughly 35 % of DIPD's overall budget.

The budget is based on DIPD's expense levels for 2018-2021 and will therefore likely be adjusted as the operationalisation of DIPD's strategy 2021-2025 takes form, which will include minimum requirements for transfers to partner countries.

## **6. Management arrangement**

The operationalisation of DIPD's strategy (2021-2025) entails adjustments to the delegation of roles and responsibilities in DIPD:

### *a. The Board*

For the board of DIPD, a move towards a more strategic governance role will be carried out throughout the strategy period. First and foremost, the introduction of an external grant organ in preparation of the new grant period will remove the grant approval responsibility from the board and introduce an arm's length principle in grant-making processes. This will support the strengthened focus on quality in the grant assessment process.

Secondly, a new system for reporting on results will be introduced, supporting the board's focus on partnership developments and results.

### *b. The Secretariat*

For the secretariat, a move towards a more supporting role will be carried out throughout the strategy period. First and foremost, the gradual transfer of responsibility for the multiparty programming to the Danish political parties will relieve the secretariat of its direct program implementation responsibilities, meaning that within a restricted period, the Danish political parties will become responsible for all partnership programming in DIPD, including financial management of partnerships. Secondly, the introduction of an external grant organ will relieve the secretariat of its role in assessing and nominating grant proposals to the board.

Instead of the above responsibilities, the secretariat will take up a predominantly supportive role with a focus on core administration, programmatic and financial oversight, programmatic support, and coordination of cross-party initiatives, and learning and documentation, both in Denmark and internationally, as well as reporting.

### *c. The political parties*

For the political parties, an operationalisation of the party-led approach will be carried out throughout the strategy period. First and foremost, the gradual transfer of responsibility for the multiparty

programming will provide the political parties with additional programmatic responsibilities. Secondly, the introduction of a more strategic and flexible programmatic framework coupled with improved systems for learning and documentation will add to the political parties' responsibilities.

The MFA and DIPD have agreed to the following management arrangement with the aim to ensure adequate dialogue and timely decisions regarding this development engagement. Changes can be introduced throughout this grant period if agreed between the parties.

#### 6.1 Applicable guidelines

The grant is administered according to the MFA guidelines for Programmes and Projects ([www.amg.um.dk](http://www.amg.um.dk)) and the General Guidelines for financial management – unless exceptions or other more specific details are made in this document.

#### 6.2 Reporting procedures

The following reporting schedule must be respected with regards to this development engagement. Reporting required for previous agreement remain.

By March 2023, DIPD shall submit to the MFA:	<ul style="list-style-type: none"> <li>• Budget monitoring report covering progress until month of December of the previous year.</li> <li>• Annual results report regarding DIPD's work, covering the period 01.07.2021-31.12.2022.</li> <li>• Certified accounts annotated by management for the previous financial year and a half.</li> </ul>
By March 2024, DIPD shall submit to the MFA:	<ul style="list-style-type: none"> <li>• Budget monitoring report covering progress until month of December of the previous year.</li> <li>• Annual results report regarding DIPD's work, covering the period 01.01.2023-31.12.2023.</li> <li>• Certified accounts annotated by management for the previous financial year and a half.</li> </ul>
By March 2025, DIPD shall submit to the MFA:	<ul style="list-style-type: none"> <li>• Budget monitoring report covering progress until month of December of the previous year.</li> <li>• Annual results report regarding DIPD's work, covering the period 01.01.2024-31.12.2024.</li> <li>• Certified accounts annotated by management for the previous financial year and a half.</li> </ul>
By June 2026, DIPD shall submit to the MFA.	<ul style="list-style-type: none"> <li>• Budget monitoring report covering progress until month of December of the previous year.</li> <li>• Final results report regarding DIPD's work, covering the period 01.07.2021-31.12.2025.</li> <li>• Certified accounts annotated by management for the entire grant period.</li> </ul>

#### 6.3 Annual consultations

When relevant and tentatively in the second or third quarter of each year during the engagement period, the MFA and DIPD shall meet to approve the budget monitoring report and the annual reporting from the previous year submitted by DIPD, as well as discuss general developments, results

Account holder: Institut for Flerpartisamarbejde (DIPD)

Swift code: DABADKKK  
Account number: 0216 / 4069 166 091  
IBAN-number: DK1802164069166091  
Bank name and address: Danske Bank

#### 7.4 Accounting requirements

Accounts shall be kept in accordance with internationally accepted accounting principles. DIPD must follow the basic four-eye principles for all payments and secure proper and solid segregation of duties. The accounts shall be drawn up to the same level of detail as is done in the budget. The total grant cannot be exceeded and shall be used for the agreed purpose only.

The grant shall be kept and accounted for separately from other funds from earmarked funds from the MFA as well as other sources.

#### 7.5 Budget and expense ceilings

For eligibility, the following budget and expense ceilings must be respected:

Administrative fee (non-activity specific cost)	Maximum 7 % of the direct (activity-specific) costs of the activities
Contingency (unforeseen expenses, exchange rate loss etc.)	Maximum 3 % of total budget amount

As all DIPD's expenses are considered direct costs, an administrative fee of maximum 7 % is not applicable in the budget.

For the Danish political parties that receive grants through DIPD, all their expenses are also seen as direct costs within DIPD's overall budget. An administrative fee of 7 % is therefore not included in the underlying budgets either, but expense ceilings on salaries, rent and pro rata other, defined by DIPD's board, are applied.

#### 7.6 Budget reallocations

DIPD has the discretion to reallocate between outputs within the budget. Changes exceeding 30 % must be presented to and approved by the MFA.

#### 7.7 Procurement of goods and services

DIPD will manage the grant with care, consideration, and due diligence. Pursuant to Danida's and DIPD's existing guidelines, only economy or economy plus class tickets purchased for travel.

#### 7.8 Transparent recruitment

When recruiting permanent staff, DIPD shall announce positions openly and publicly and use transparent selection procedures with a view to ensure that candidates are not subject to discrimination in terms of race, colour, political views, sexual orientation or gender identity, disability, sex, age, or national origin. Rotation of staff is not subject to open and public recruitment.

#### 7.9 Audit requirements

The financial statement may be prepared as an "Appendix statement", i.e., the financial statements cover the financial situation of the entire organisation, but a detailed income and expenditure information pertaining to particular grants or engagements is specified in a separate section, notes or appendices to the general financial statement.

#### 7.10 Interest and unspent funds

Interests accrued from bank holdings should be recorded as income and may be used for activities supporting the objective of this development engagement or returned to the MFA at the end of the engagement. Negative interests are to be accounted for as expenditures and may be covered by the grant.

Unused funds shall be returned to the MFA after the approval of the final accounts for the engagement. However, if a succeeding engagement (with a similar objective) follows this contribution, the MFA may decide to allow for the transfer of unspent funds from this engagement to the next. Also, DIPD is allowed to set aside unspent funds (maximum 3 % of annual budget) for institutional equity and the end of each financial year. Likewise, the MFA may allow DIPD to set aside unspent funds exceeding 3 % of the total grant at the end of the engagement period.

## **8. Monitoring and evaluation**

DIPD shall monitor and report on progress and achievements against the agreed results framework using its own system for monitoring and evaluation. DIPD uses a results framework with a combination of quantitative and qualitative indicators to measure progress and results against the objectives, outcomes, and outputs.

DIPD monitors and reports annually on progress of implementation by partners as well as by DIPD itself directly (the first annual report covers 01.07.2021-31.12.2022 (18 months)). DIPD supports partners with capacity development on monitoring, evaluation, and learning, as well as verifies reported results through monitoring visits and other initiatives. Furthermore, DIPD initiates internal assessments of partners' support needs to approve its support.

DIPD is currently updating its monitoring, evaluation and learning framework and guidelines, to develop more adequate tools and systems for the assessment and reporting of results. This includes new evaluation and reporting requirements and approaches for implementing partners, including outcome harvesting, and the expanded usage on global data and development indicators from international knowledge institutions.

DIPD shall report to the MFA on the progress achievements in implementing the DED through reporting, regular dialogue as well as the annual consultations. Reviews on performance and capacity as well as financial inspection will be carried out according to the regular rules and assessment by the MFA. The MFA shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the project. To facilitate the work of person(s) instructed to carry out such mission, DIPD shall provide these with all relevant support, information, and documentation.

The MFA reserves the right to undertake reviews of progress during implementation and carry out an evaluation after the termination of grant period.

Representatives of the Auditor General of Denmark shall have the right to: i) carry out any audit or inspection considered necessary with regards to the use of the Danish funds in question, based on all relevant documentation, ii) inspect accounts and records of suppliers and contractors relating to the performance of the contract, and to perform a complete audit. (see also 6. Management arrangement)

## **9. Anti-corruption**

No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made, promised, sought or accepted – neither directly nor indirectly – as an inducement or reward in relation to activities funded under this agreement, including tendering, award,



or execution of contracts. Any such practice shall be ground for the immediate cancellation of this grant and for such additional action, civil and/or criminal, as may be appropriate. At the discretion of the MFA, a further consequence of any such action can be the definite exclusion from any project funded by the MFA.

#### **10. Child labour**

DIPD shall abide by the local laws and by applicable international instruments, including the UN Convention of the Rights of the Child and International Labour Organisations conventions.

#### **11. Prevention of sexual exploitation, abuse, and harassment**

The recipient agrees to ensure that the work of the organisation is implemented in an environment free from all forms of harassment, exploitation, abuse, sexual or otherwise, especially in case of vulnerable groups.

Sexual abuse is defined as actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions. Sexual exploitation is defined as any actual or attempted abuse of position of vulnerability, differential power, or trust, for sexual purposes, including but not limited to profiting monetarily, socially, or politically from sexual exploitation of another. Sexual harassment is defined as any form of unwanted verbal, non-verbal or physical conduct of a sexual nature with the purpose or effect of violating the dignity of a person, particularly when creating an intimidating, hostile, degrading, humiliating or offensive environment.

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

DIPD confirms that it is developing a policy for preventing SEAH to be finalized ahead of entry into force of this DED. With this, DIPD confirms that it will ensure:

- That it has adequate policies, standards, or frameworks in place to prevent SEAH.
- That all employees have been informed about these policies, standards, or frameworks.
- That there are appropriate SEAH reporting procedures and complain mechanisms in the organisation, including the protection of victims of SEAH and that prompt and adequate action is taken if SEAH is observed, reported, or suspected.

In case the development engagement includes sub-grantees, the recipient is responsible for ensuring the prevention of SEAH also at the level of sub-grantee. The MFA has zero-tolerance towards SEAH and will consider non-adherence to point 1, 2 and 3 as grounds for immediate termination of grant.

#### **12. Transfer of ownership**

DIPD, responsible for the implementation of this DED, shall maintain updated inventories of all equipment financed by the MFA, in accordance with the existing DIPD rules.

#### **13. Suspension**

In case of non-compliance with the provisions of this DED or violations of the essential elements mentioned in this DED, the MFA reserves the right to suspend with immediate effect further disbursements to the grantee under this contribution.

#### **14. Entry into force, duration, and termination**

The contribution will be announced in a letter of commitment to this DED.

The grant will have the duration of 54 months in accordance with the engagement period stated above. The duration of the grant may be extended by mutual arrangement and within the agreed budget.

#### **15. Prerequisites**

The cooperation with the implementing partner as specified by this DED will become effective when:

- The finance act is approved by the Danish parliament.
- The grant is approved by the Finance Committee of the Danish parliament.
- The grant is approved by the Ministry for Development Cooperation.
- This DED is signed by both parties.
- The signed commitment letter is sent from MFA to DIPD (this DED is an annex to the commitment letter).

**Signatures**

For the Danish Institute for Parties  
and Democracy

For the Ministry of Foreign Affairs

Date:\_\_\_\_\_

Date:\_\_\_\_\_

Name:\_\_\_\_\_

Name:\_\_\_\_\_

Signature:\_\_\_\_\_

Signature:\_\_\_\_\_