

Annex B: Description of the Danish Peace and Stabilisation Fund

Background

The Peace and Stabilisation Fund was created in 2010 in response to the need for closer civil-military cooperation to achieve Danish security and foreign affairs policy objectives. Over time, based on experience in Eastern-Southern Europe, Afghanistan and Iraq, it was decided to deepen this collaboration as Danish foreign and security policy came increasingly to focus on promoting stabilisation in fragile states. Denmark accordingly established a Whole of Government (WoG) integrated approach to stabilisation, supported by a dedicated unit and funding mechanism, the PSF.

The integrated approach is based on the realisation that initiatives at the intersection of development and security benefit from a joint funding pool. The strong political will to create a flexible decision making structure to respond to such needs was reflected in the Defence Agreement for 2011-2014. The Defence Agreement proposed the establishment of the Global Framework, now the PSF, and an inter-ministerial coordination body designed to ensure broad management of the annual DKK 150 million fund. The Fund was announced as a “new Danish foreign policy tool” by the three founding ministers (Foreign Affairs, Defence and Development).¹

While the PSF is the primary Danish funding channel for stabilisation activities, it co-exists with other Danish funding channels operating in the same geographic areas. This places a premium on developing integrated approaches in each of these areas and maximising coherence of the Danish response.

Objectives, priorities and principles guiding the fund

Denmark has enunciated a series of principles and priorities guiding its engagement in fragile states (Box B.1). Within this overall framework, the Ministers of Foreign Affairs, Defence and Development established six principles to guide the PSF: 1) integrated approach (comprehensiveness); 2) regional focus; 3) risk-taking; 4) flexibility; 5) programmatic approach; and 6) complementarity and avoidance of duplication.² These principles are discussed in more detail in Annex E.

Box B.1. Danish fragile states principles and priorities

Four principles: 1) Alignment with the specific situation in each fragile country; 2) A Whole of Government approach; 3) A willingness to take risks; and 4) A division of labour that enables Denmark to focus its support on a few target countries and a few target areas within those countries.

Five priorities: 1) Stabilisation and security; 2) Improved livelihoods and economic opportunities; 3) Good governance and human rights; 4) Conflict prevention; and 5) Regional conflict management.

Source: Peace and Stabilisation: Denmark's Policy Towards Fragile States, 2010-2015.

Decision Making Structures

The cross-government decision making structure has three components:

¹ Orientering af forligskredsen 06052010, p.1.

² Guidelines: The Peace and Stabilisation Fund, February 2014.

1) The annual ministers meeting with participation by the ministers of Foreign Affairs, Development and Defence to discuss priorities for the implementation of the PSF.

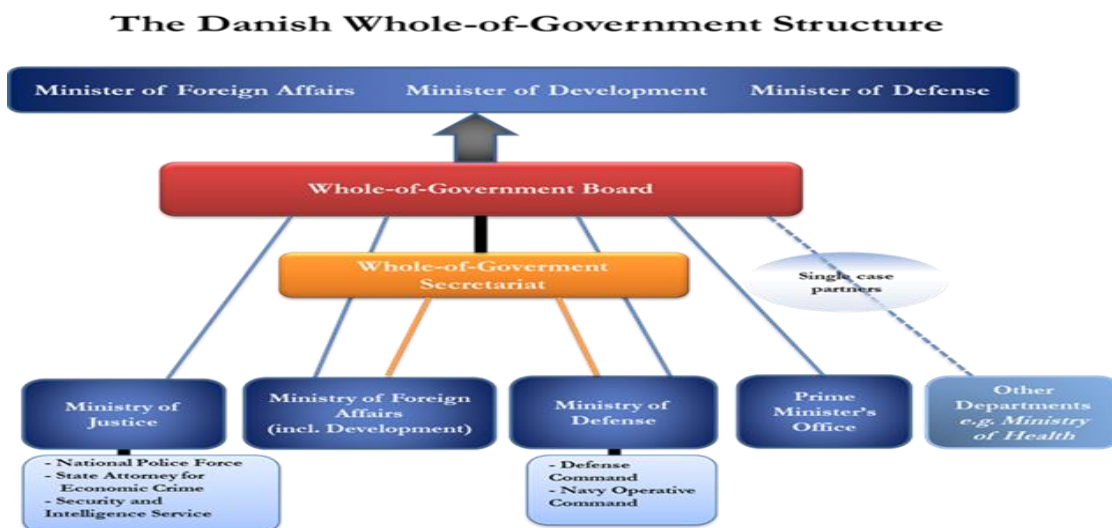
2) The inter-ministerial Steering Committee (IMSC) which ensures the coherence of stabilisation policies and strategies and includes representatives of MFA, MoD, Ministry of Justice, the Prime Minister's Office and other relevant actors such as the Defence Command. The IMSC is mandated to approve joint programming proposals for the use of PSF funds by responsible ministries and can approve funding for programmes and projects below DKK 35 million. All proposals above this figure require Parliamentary approval. The IMSC also provides strategic guidance for the implementation of Fund activities. The IMSC chairmanship rotates between MFA and MoD. The IMSC meets at least once per quarter but is prepared to approve funding requests on an as-needed basis.

In early 2012 relevant embassies began attending IMSC meetings by video link whenever the agenda included points for broader strategic debate or presentation of funding proposal of within their portfolio. This facilitated greater involvement of embassies, including deployed military advisors, in programme preparation and implementation.

3) The Whole of Government Secretariat, anchored in the MFA Department for Global Security. The Secretariat is responsible for the overall management of the PSF. It is also tasked to oversee the strengthening of deployable civilian capacity, lessons learning and preparation of new stabilisation projects as well as contribute to policy development in relation to integration of the Whole of Government/comprehensive approach and projects in fragile states.³

The Secretariat was created to promote buy-in across the constituent ministries by physically co-locating and including all of them in the process of fund management. Initially three MFA officials and two MoD officials were assigned to staff the secretariat three days a week. The Secretariat reports to the IMSC, generally through its chairperson. Initially the MoD seconded a British employee with previous experience from the UK Stabilisation Unit to capacitate the Secretariat. In mid-2014, the Secretariat had four MFA and one MoD staff members. They are no longer co-located but communicate on an as-needed basis from their respective ministries, often several times a day.

Figure 1 shows the Whole of Government Structure in which the IMSC and the Secretariat are embedded.

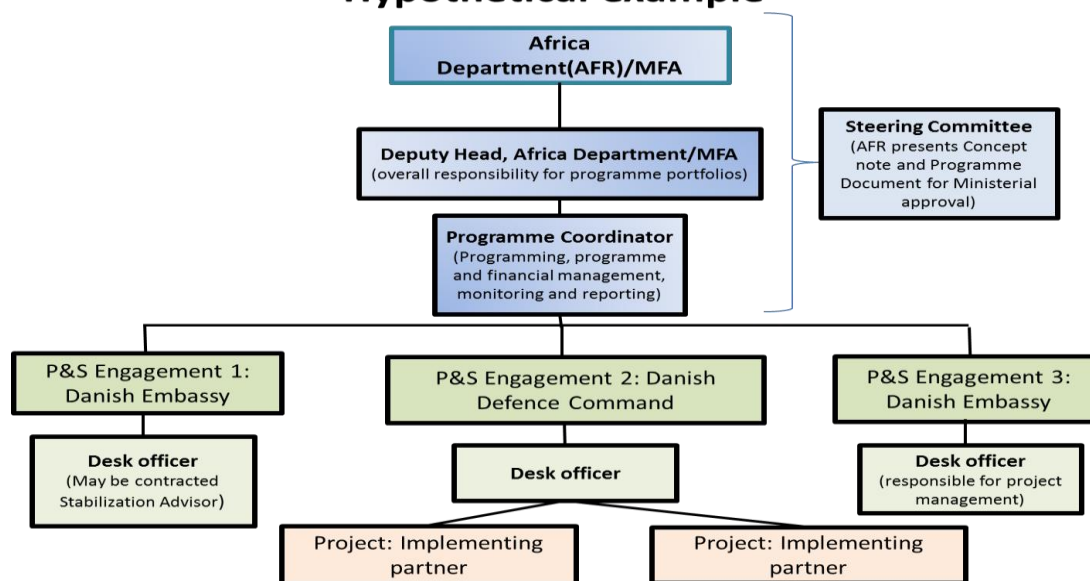


³ Ministerial resolution 02022010, p.2

Programme Management

PSF programmes are geographically focussed and contain a number of thematic programmes (previously ‘components’), and ‘peace and stabilisation engagements’. Responsibility for coordinating programmes lies at headquarters. Responsibility for managing programmes lies primarily with embassies, generally by a PSF desk officer. If embassy capacity is not adequate, an external stabilisation adviser may be employed on a short term basis. The management chain is shown in Figure 2. Additional information on PSF programme responsibilities is in Annex G.

Management of PSF Programmes: Hypothetical example



In order to clarify the rules and regulations of the Fund, including programme management responsibilities, the

Secretariat developed a set of comprehensive guidelines for distribution in 2014. This replaced the shared MFA/MoD manual for projects and programmes drafted in late 2010 under the Global Frame/PSF, which had been supplemented by a set of “General Principles for the Types of Initiatives Appropriate for Funding by the PSF” endorsed by the IMSC in September 2012.

Programmes and Interventions

A multi-year programming cycle was agreed by the IMSC in late 2010 with a view to obtaining the greatest possible impact. This was based on the recognition that some programmes were further advanced in planning than others (notably those of the Defence Command), and that it would take time to reconcile the disjointed segments. The IMSC viewed 2011 as ‘a year of transition, where a less fragmented approach would be achieved.’⁴ The first step was to create collective Process Action Plans as the basis of programme formulation in geographical priority areas.

In early 2011 it was decided to develop regional programmes to avoid too wide a spread of activities and to create greater depth of integration and coherence across government. The objective was ‘to ensure the greatest possible effect as well as to minimise administration costs.’⁵

Two regional programmes were initiated under the Global Frame/PSF:

⁴ Globalrammen 2011-2014a.

⁵ Globalrammen 2011-2014a, p.6.

- ***The East Africa Programme*** (including Yemen), now the **Horn of Africa programme** rests on two pillars: 1) a development objective of creating greater stability and security in the region by strengthening selected national institutions and partners and through regional cooperation; and 2) promoting stability and security locally, nationally, regionally and internationally.

These objectives were to be achieved through three strands of work: 1) strengthened regional stabilisation and peacekeeping capacity; 2) preventing and countering piracy and promoting the stabilisation of Somalia; and 3) regional control of illicit financial flows in and out of Somalia, support to counterterrorism and anti-radicalisation efforts.

Implementing partners included the Danish government, multilateral organisations (including African organisations) and non-governmental organisations. DKK 215 million⁶ was allocated to this programme.

- The ***Afghanistan/Pakistan programme*** (AfPak) contributes to national, regional and global security by preventing Afghanistan from again becoming a safe haven for terrorists. It also seeks to establish security in the region in order to create a foundation for stability in Afghanistan to enable the delivery of development assistance.

These objectives are to be achieved through three strands of work: 1) capacity development of security forces; 2) law and order and criminal intelligence; and 3) regional reconciliation and dialogue.

Implementing partners included multilateral organisations, bilateral governments, and non-governmental organisations. DKK 185 million⁷ was allocated to this programme.

In 2013 programming for a third regional programme for the Sahel began.⁸ It had a development objective of contributing to peace and stability in the Sahel region. This was to be achieved through three stands of work: 1) mediation and conflict resolution; 2) improved security, especially through democratic control of the security sector; and 3) countering violent extremism and organised crime. Implementing partners include multilateral organisations and international non-governmental organisations. DKK 125 million was allocated to this programme.⁹

The Afghanistan/Pakistan (AfPak) programme was allocated one-third of PSF funding; the Horn of Africa (HoA) was allocated 40%, while about a quarter was allocated to smaller programmes in countries outside these regions (country programmes, or CP) or with an international function (international programmes, or IP) .

In the evaluation framework for 2010-13, approximately 75% of the Fund's resources were programmed for regional programmes while 25% were reserved for discretionary activities (often of high political importance) and thus remained unprogrammed. Dispersal of this reserve was planned to happen in relation to any instant developments, e.g. The Middle East peace process.

⁶ Figures for allocation and disbursement reported elsewhere in the report for the Horn of Africa programme may vary slightly from the figure reported here due, as the Evaluation focused on programmes largely delivered between 2011 and 2013.

⁷ Figures for allocation and disbursement reported elsewhere in the report for the Afghanistan/Pakistan programme may vary slightly from the figure reported here due, as the evaluation focused on programmes largely delivered between 2011 and 2013.

⁸ This regional programme followed two smaller engagements, the Contribution à la Consolidation de la Paix dans le Nord du Niger and Countering Violent Extremism in the Sahel, to which DKK 12.5 million had been allocated in 2011-2013.

⁹ Danish Ministry of Foreign Affairs (2013), Danish Regional Sahel Peace and Stabilisation Programme 2013-2017, File no. 46.H.1-6-0-5, October. This programme is not included in the disbursement and allocations figures that form the basis of Annex L because the programme only began in 2014 and fell outside the scope of the evaluation. However, the two smaller engagements mentioned in the previous footnote have been included, and information from the development of the Sahel regional programme has been included for purposes of lessons learning.

Thematically, just over half was allocated to security and justice engagements while nearly a quarter was allocated to maritime and counter-piracy activities. Half of PSF activities were allocated to third party implementers. Annex L.1 provides more detail on these allocations.

Thought leadership and policy work relating to Danish contributions to international cooperation around stabilisation have also taken place under the auspices of the IMSC, including the development of the Stabilisation Policy¹⁰.

Funding

PSF financing comes from both grant funds and non-aid funding and originates in three accounts under the Finance Act: 1) The development funds of Ministry of Foreign Affairs (DAC, § 06.32.08.80), 2) the Defence Budget (non DAC funding, § 12.21.01.50) and 3) non- development funds from the Ministry of Foreign affairs (non DAC funds, § 06.11.15.40).

During the period 2010-2014, DKK 941.4 million were allocated through the PSF by the Ministry of Foreign Affairs (MFA) and the Ministry of Defence (MoD). The Evaluation focuses on programmes delivered mainly or entirely within the period 2010-2013 and represents DKK 557.3m of this allocation. This means that some programming which was largely delivered before 2010-11 or after 2013 has been excluded from the evaluation framework, and accounts for the discrepancy between the amounts noted above. In this evaluation framework, 53% of the amount allocated was development assistance (DAC) from the MFA and 47% was non-DAC funding from MFA and MoD (Box B.2).

Box B.2. Criteria guiding the use of different categories of PSF financing

‘In addition to meeting the Fund's overall purpose, PSF development funds can only be used for activities that can be reported as development assistance in accordance with the current OECD/DAC criteria. The funds from the Defence budget must also be spent within the Fund's overall purpose, yet on targeted interventions that commonly do not meet the DAC criteria that is, the "harder " end of the stabilisation, reconstruction and capacity-building projects in conflict areas - chiefly military efforts. The Fund's non-DAC funding from the MFA can be used for a broad range of initiatives, such as projects designed to combat terrorism, radicalization and piracy, civil-military cooperation, strengthened military capacity and non-proliferation of weapons etc. ‘

Source: Annex A to the PSF guidelines, p. 2.

¹⁰ Danish Ministry of Foreign Affairs, Ministry of Justice and Ministry of Defence (2013) Denmark's Integrated Stabilisation Engagement in Fragile and Conflict Affected Areas of the World.