

Annex A: Portfolio Analysis

1. Overall spending

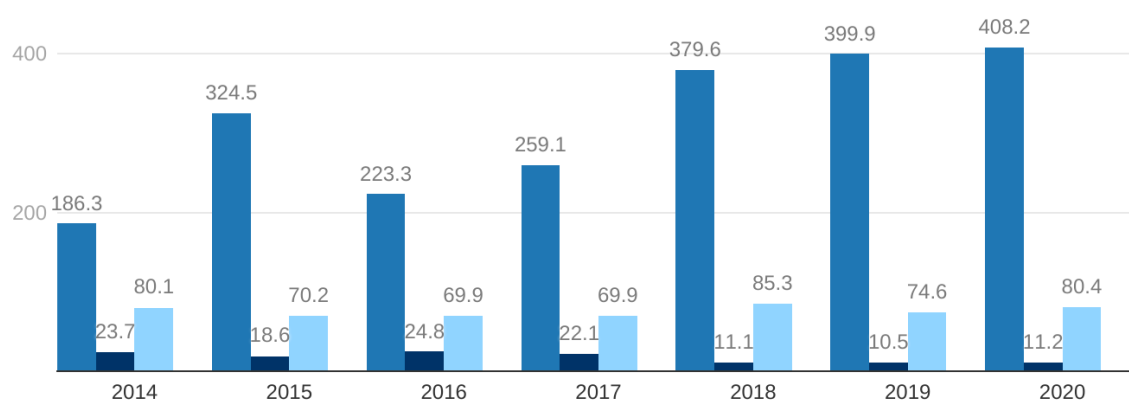
Over the past decade, the PSF funding has increased significantly. In the period covered by the evaluation (2014-2020), the annual spending increased by over DKK 209 million, as shown in the Table A.1 and Figure A.1. This increase in funding is seen both in the MFA and MoD contributions to the Fund, however the gap between MFA and MoD share of funding has widened significantly.

The total MFA contribution (ODA and non-ODA) to the Fund has nearly doubled, while the MoD contribution has remained closer to its original level. It is particularly the MFA DAC funding that has increased, as MFA non-DAC funding has decreased slightly to around DKK 10 million annually. However, it should be noted that the MoD is planning to increase its share of funding, as the 2018 Defence Agreement raised allocations to the Fund to DKK 150 million by 2023, nearly doubling their current contribution.¹

Figure A.1 (bottom) and Table A.1 (top): PSF Spending between 2014-2020

Year	MFA (ODA)	MFA (non-ODA)	MOD (non-ODA)	Total
2014	186.3	23.7	80.1	290.1
2015	324.5	18.6	70.2	351.1
2016	223.3	24.8	69.6	317.7
2017	259.1	22.1	69.9	351.1
2018	379.6	11.1	85.3	476
2019	399.9	10.5	74.6	485
2020	408.2	11.2	80.4	499.8

■ MFA (ODA) ■ MFA (non-ODA) ■ MOD (non-ODA)



Data source: PSF Annual Reports 2014 - 2020.

In the period covered in this portfolio analysis (2014-onward) the ratio of MFA to MoD funding was approximately 4:1, maintaining the MFA as the main financial contributor to the fund.²

¹ See more regarding the Danish Defence Agreement 2018 – 2023 here: <https://www.fmn.dk/globalassets/fmn/dokumenter/forlig/-danish-defence-agreement-2018-2023.pdf>

² In 2014, the MoD contribution made up 28% of the overall Fund financial resources, but with the increase in funding from the MFA, the MoD contribution has proportionally decreased steadily to 16% in 2020.

The portfolio analysis indicates that the MFA and MoD financial support is highly compartmentalised: a small minority of engagements are co-funded by the ministries, but otherwise programmes include engagements funded by the MFA or MoD alone. Of the 164 engagements mapped in the portfolio analysis (not including ‘unallocated’ funding), a mere 13 are co-funded by the MFA and MoD. One explanation of this separation is related to the boundaries on how ODA funding can be spent, and more generally that reporting and financial management procedures are different in the two ministries, making co-funding complicated.

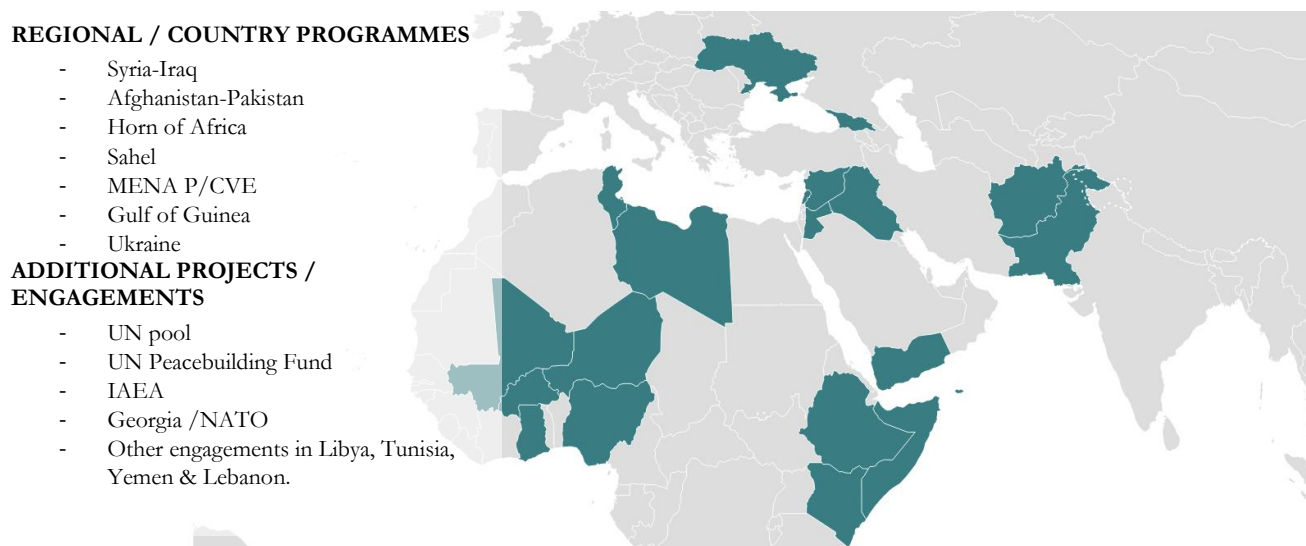
2. Geographic spread of PSF engagement

Figure A.2 (below) illustrates that PSF funding has been spent across 15+ countries since 2014-2020, in addition to the global engagements (inter alia the Danish contribution to the UN Pool and the UN Peacebuilding Fund). Of these engagements, the Syria-Iraq and the Afghanistan/Af-Pak programmes have received significantly larger financial contributions than the others. The overall PSF portfolio includes many smaller projects or one-off engagements, for example in Tunisia, Libya, Yemen, Georgia, and Lebanon.

It is worth noting (in relation to the map) that the peace and stabilisation programmes in the Sahel region, the Horn of Africa, Afghanistan/Af-Pak and in Ukraine are in addition to Danish bilateral country programmes in the countries covered by these programmes, with the exception of Pakistan.³

On the other hand, there are no country programmes, nor country policy papers, for Syria and Iraq. The PSF engagement in Syria and Iraq stands more or less alone, notwithstanding some coverage of Iraq through the Regional Development and Protection Programme (RDPP), and a significant humanitarian portfolio in Syria inter alia through the Support to Syria & Syria’s Neighbourhood Programme (SSN).⁴ There is also a funding allocation between 2014-16 from the Danish Arab Initiative (DAI)/ Danish-Arab Partnership Programme (DAPP) included in the Syria Transition Programme and the Syria Stabilization Programme even though the primary focus of DAI/DAPP is on Jordan, Egypt, Morocco and Tunisia.

Figure A.2: Geographic overview of PSF engagement



³ There are Danish bilateral country programmes in Mali, Niger, Burkina Faso, Ethiopia, Kenya, Somalia, and Afghanistan. There is also a country programme for Ukraine under the Danish Neighbourhood Programme. Furthermore, all engagement in Somalia, Kenya, Niger, Burkina Faso, Mali and Afghanistan is guided by a country policy paper (see [here](#)).

⁴ Both programmes - RDPP and SSN – have a focus on creating a conducive and safe environment for refugees and host communities that have been displaced to Syria’s neighbouring countries.

While most of the major engagements of the PSF are programmed in *regional* programmes, the portfolio analysis indicates that the majority (62%) of engagements are isolated to a single country. There are notable exceptions, e.g., in the Sahel programme, where the programme's primary focus is on the Liptako Gourma region; however, in the Syria-Iraq programme, the Afghanistan/AfPak programme, and for the most part also the Horn of Africa programme, engagements are largely at country level.

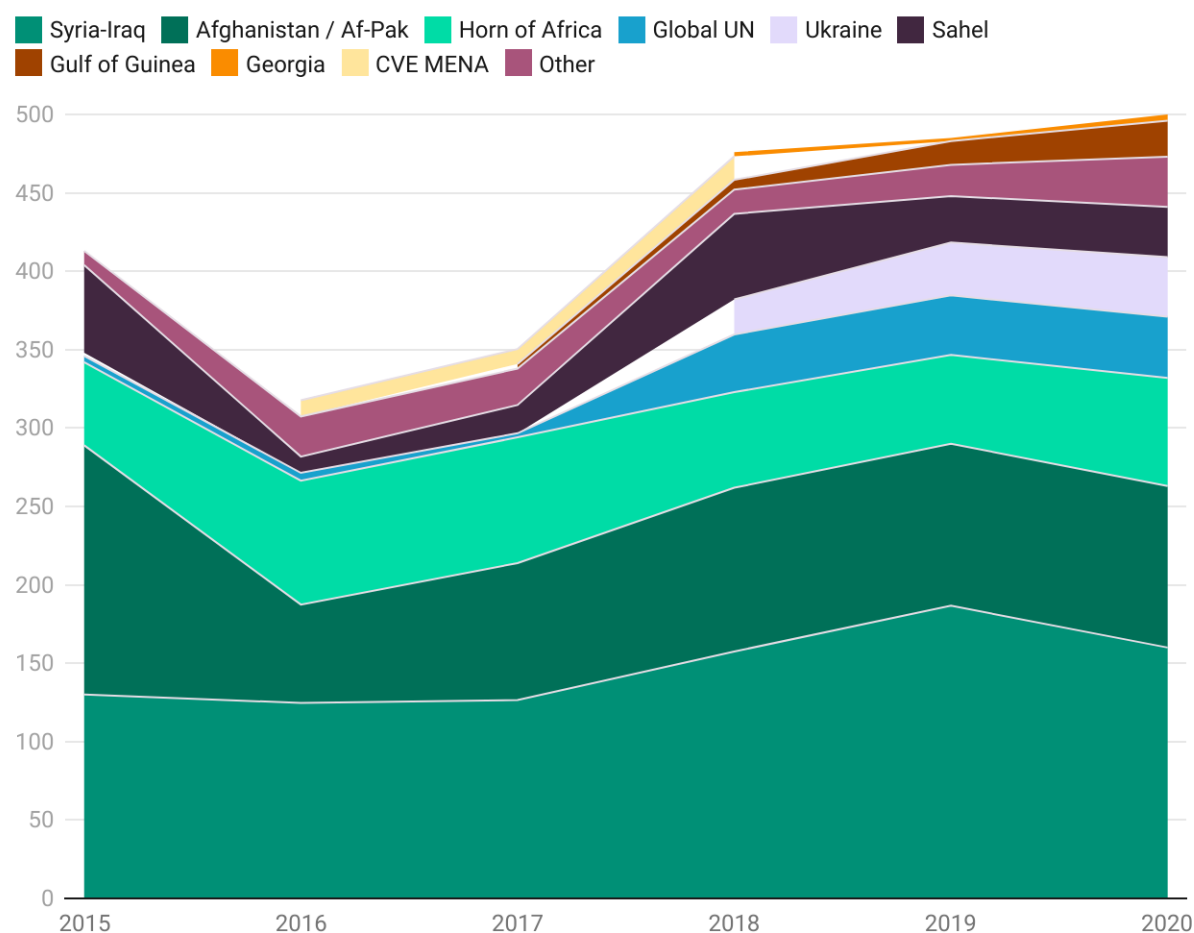
3. Types of engagements

The evaluation found **four types** of PSF programming/engagement:

- A. **Longer-term, stabilisation programming** (usually through three-year country/regional programmes), e.g., programmes in Syria/Iraq, Afghanistan/Pakistan, the Horn, the Sahel, Ukraine, Gulf of Guinea;
- B. **Country-specific one-year or multi-year engagements** with a specific purpose/organisational support (e.g., such as those in Georgia, Libya);
- C. **One-year or multi-year contributions to global efforts** (e.g., support to UN Pool);
- D. **One-off pledges** (e.g., for the August 2020 Beirut explosion, or support to Italy during the pandemic).

The majority of PSF funding is directed toward the categories A, B and C, with a smaller pool of crisis reserve funding that is directed toward the latter category. Figure A.3 below illustrates the general funding contributions by programme, illustrating that the largest proportion of PSF funding is directed toward longer-term stabilisation programmes in priority regions.

Figure A.3: PSF spending by programme from 2015 – 2020 (values in DKK millions)



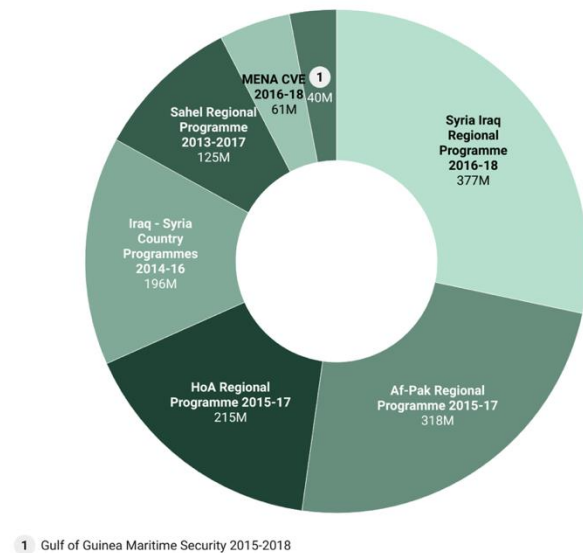
4. Distribution of funding across time period

From 2014 onward, the PSF regional programmes have undergone two programming phases, the first running from approximately 2014-2018, and the second from 2018-present. Across both phases, there are five regional programmes covering the Horn of Africa, the Sahel, the Afghanistan region, Syria-Iraq, and the Gulf of Guinea. The Syria-Iraq regional PSP, which receives the biggest proportion of funding across both phases, was launched first as separate country-level programmes before being consolidated into one regional programme in 2016. Therefore, total funding commitments to Syria-Iraq in the first phase (2014-2018) amounts to DKK 573 million. The Syria-Iraq region has thereby seen a decrease in funding between the first and second phase, while the other regional programmes were renewed with comparable budget allocations. Other developments from the first to second programming phase include the addition of a Ukraine country programme, significant allocations (DKK 107 million) to global UN engagements, and the discontinuation of the CVE programme in MENA (Jordan, Lebanon and Iraq). Moreover, as seen in the figure on the right, there are more of the smaller one-off engagements from 2018-onward⁵.

Figure A.4: Geographic distribution of PSF budget commitments

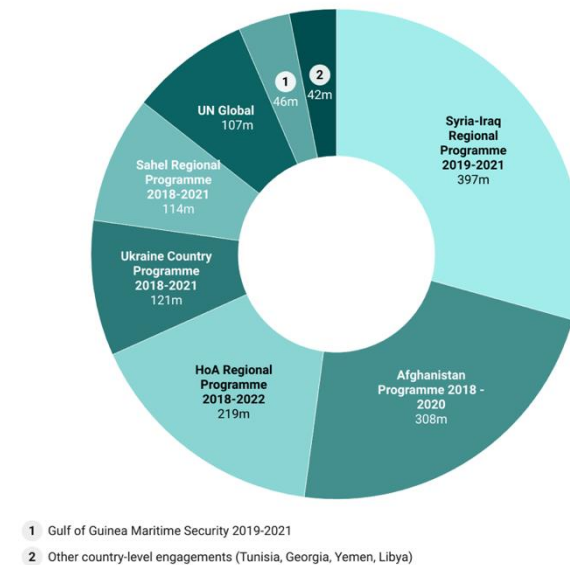
First phase (ca. 2014 - 2018)

Geographic distribution of Peace & Stabilisation Fund budget commitments (DKK millions) from approximately* 2014-2018.



Second phase (2018-present)

Geographic distribution of Peace & Stabilisation Fund budget commitments (DKK millions) from 2018-onward.



⁵ The DIIS Scoping Study includes a 'Miscellaneous' category from 2014-2016, however the evaluation team does not have any documents covering one-off engagements for this time period.

Figure A.5: Funding commitments toward thematic priorities (values in DKK millions) – discussed on the next page

(Some information is missing on MoD-MFA share of certain programme budgets, and therefore some of the bars in the chart above do not add up to the total budget.)

- 1 **Directly stabilizing efforts**, which respond quickly to needs for safety and security, access to basic services, build-up of local resilience and reconstruction efforts in, for example, liberated areas in conflict-affected areas.
- 2 **Preventing or countering violent extremism (P/CVE)** with focus on, e.g., disengagement, preventive efforts, capacity-development of intelligence services and financial intelligence units, and other efforts that aim to counter terror- financing as well as promote human-rights compliant counter-terrorism efforts.
- 3 **Conflict prevention and conflict resolution**, including capacity- and institution- building as well as political dialogue, reconciliation and potential transitional justice, including securing judicial evidence.
- 4 **Security- and justice-sector efforts**, focusing on developing the capacity of national and regional security forces, and their democratic oversight, who can partake in ensuring national security, international or regional operations/missions, as well as relevant areas of the justice sector including Responsibility to Protect (R2P) (where possible), as well as focusing on “disarmament, demobilization and reintegration efforts” (DDR).
- 5 **Countering transnational, organized crime and illegitimate financial flows**, including networks that support irregular migration and human trafficking, which contributes to, among others, countering or preventing destabilization of fragile regions.
- 6 **Strengthening maritime security**, e.g., through countering piracy and maritime crime by focusing on capacity building relevant authorities and information- collection and sharing. In addition, focus on harmonization of relevant laws, rules and strategies that deal with the countering and prosecution of regional maritime crime.

Based on an assessment of individual engagements. Where data was available on the MFA/MOD contributions, these have been included to indicate the weight given to different themes by the two funding ministries.

	Total Budget	MFA Contribution	MOD Contribution
Security- and justice-sector efforts	927.2	574.9	273.8
Directly stabilizing efforts	836.7	309.4	42
Conflict prevention and conflict resolution	282.1	236.2	13.8
Other*	163.5	138.2	2.6
Preventing or countering violent extremism	115.8	93.2	18.5
Strengthening maritime security	124.8	88.3	49
Countering transnational, organized crime & illegitimate financial flows	85.8	85.8	0

* Note: Some engagements were deemed to fall outside of the thematic priority areas, and therefore classified as 'Other'.

5. Thematic priorities

The evaluation team has assessed individual engagements and classified these in accordance with the six thematic priorities outlined in the PSF Guidelines. While one engagement frequently extends across several themes especially in terms of the activities carried, the team has mainly looked at the overall intended outcome to determine which is the primary thematic focus of an engagement. The six themes are described on the page above.

As Figure A.5 on thematic priorities above illustrates, two thirds (66%) of all PSF funding are channelled towards two thematic priority areas – *security- and justice sector efforts* and *directly stabilizing efforts*.

The main focus of activities classified as ‘*Security- and justice sector efforts*’ is strengthening or building capacities of national (and sometimes regional) security and justice sector actors in recipient countries. Notably, 63% of the MoD budget commitments to the PSF are directed toward this thematic priority, as security and justice sector actors (i.e., police and security forces) constitute a key partner across MoD engagements (see Figure 3.7 on PSF Partners/Stakeholders). The MFA share of funding to this thematic priority is also directed toward capacity building of security forces, but also includes more justice sector engagements, e.g., aiming to support access to justice and rule of law.

Engagements that fall under the thematic priority of ‘*Directly stabilizing efforts*’ include demining efforts – which predominantly are seen in the Syria-Iraq programme – and the reconstruction of infrastructure destroyed by conflict (e.g., via the Stabilization Facility in Libya). These activities are more frequently funded by the MFA than the MoD. Conflict prevention is a Danish focus area. Currently, only 10% of the total PSF budget (commitments) from 2014 onward has been directed toward *conflict prevention and conflict resolution*. Of the 23 engagements covered by this theme, 60% are in the Syria-Iraq region. It should however be noted that some of the other engagements (e.g., security and justice sector reform, CVE, maritime security etc.) indirectly contribute to conflict prevention.

Even though Denmark has a separate policy document / strategy specifically on maritime security (as noted in Section 1.2), only 4% of PSF funding is directed toward *strengthening maritime security*. This being said, there is a dedicated maritime security programme in the Gulf of Guinea, there has been a clear focus on maritime security across the Horn of Africa programme, and there was a maritime security component in Pakistan as part of the Af-Pak regional programme (2015-17). Maritime security activities are interlinked with security and justice sector efforts, given that the navy is a primary partner / beneficiary of these engagements (security sector), which also target maritime law response (justice sector).

Preventing and countering violent extremism (P/CVE) appears to have been more in focus in the previous phases of PSF programmes – notably also through the P/CVE programme in the MENA region which was discontinued after 2018. Particularly two regions are in focus across these engagements: the Middle East (Iraq, Syria, Jordan and Lebanon), and the Horn of Africa (particularly Somalia). While MENA has seen decreased focus on P/CVE efforts (focused on Islamic State), there remains a direct focus in the Horn of Africa Programme on countering Al-Shabaab through disengagement or rehabilitation efforts.

The final thematic area, ‘*Countering transnational, organized crime & illicit financial flows*’, shows the least coverage across the portfolio, but the few engagements under this theme were primarily seen in the Horn of Africa programme (with one engagement in the previous phase of the Sahel programme). The engagements are particularly focused on anti-money laundering and on strengthening regional capacities and mechanisms to combat human trafficking, smuggling of weapons and drugs, and illicit financial flows.

In addition to indicating the weight that is given to each thematic priority, the evaluation team found that 4% of the total budget (commitments) from 2014-onward has been left unallocated. Unallocated funding was primarily seen in the large regional programmes, on average amounting to approx. 7% of the total programme budget for the region. However, there is a considerable degree of variation between the programmes. For example, the Sahel programme has most unallocated funds – in fact from 2013-2017, 20% of the programme budget was unallocated (the max proportion of unallocated funding allowed in the PSF Guidelines). On the other hand, the Horn of Africa programmes left approximately 10% of the total budget unallocated in both 2015-2017 and 2018-2022. The Af-Pak programme and Ukraine country programme are on the lower end of the spectrum, with only 2-3% of the budget left unallocated.

6. Partners/Modalities

The Danish MoD is self-implementing across most engagements, through the Danish Defence Command and the Danish Defence Academy. On the other hand, all Danish MFA engagements are implemented through partners. The portfolio analysis indicates that there are preferred partners for PSF programming. As illustrated in Figure A.6, over half of the engagements in the portfolio are channelled through UN organisations, particularly UNODC and UNDP. Multi-donor trust funds were also a common modality, managed by either the UN or NATO, for example in Afghanistan and in the Syria-Iraq programme. There is also a significant proportion of the overall portfolio that goes through delegated cooperation with other bilateral partners such as the UK. Civil society is not a major recipient of PSF funding, particularly not at the local level. It should however be noted that support to civil society may be higher than indicated in the Figure below, as several of the delegated partners and multi-donor trust funds draw on civil society as implementing partners (i.e., the Somalia Stability Fund). Moreover, the Syria-Iraq programme does feature significant support to local civil society organisations, however some of this is funded by the Danish Arab Partnership Programme, rather than PSF funding. In terms of frequency of engagements (i.e., number of engagements rather than funding volume), the portfolio analysis indicates that 7% of engagements were implemented by local CSOs, but volume wise, these engagements only DKK 24 million.

Figure A.6: Funding to different types of implementing partners (based on analysis budget commitments at engagement level, values are in DKK millions)

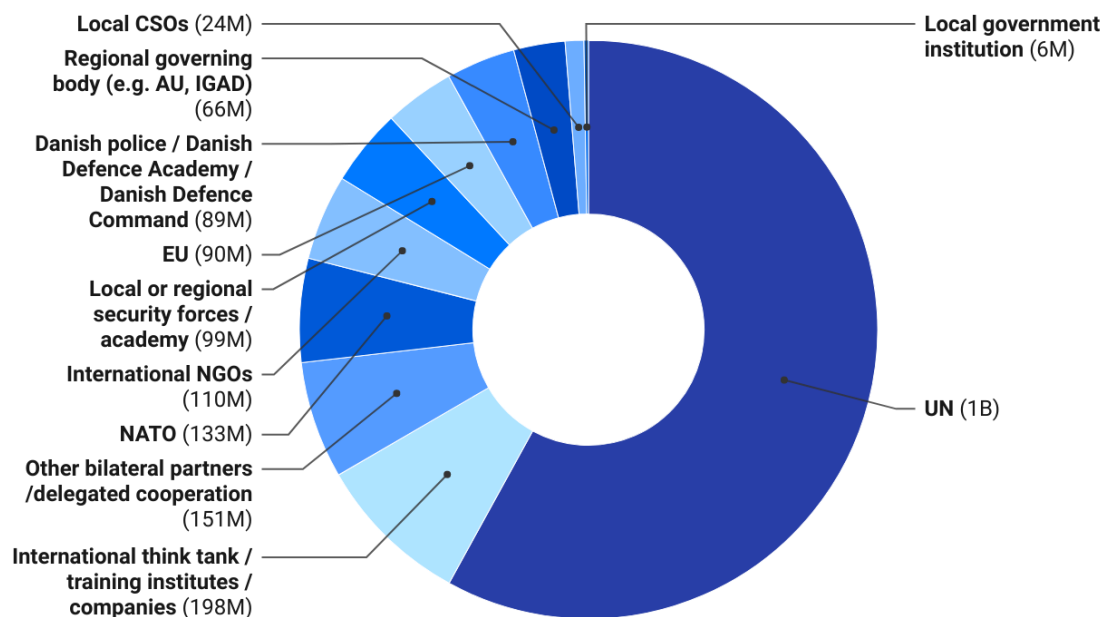


Chart: Note: In some cases the 'implementing partner' refers to 'contractual partners' who may sub-contract to other organisations

Notably there were significant variations between countries/regions regarding the use of UN agencies as implementing partners. The Afghanistan/ Af-Pak programmes and the Syria/Iraq programmes were particularly reliant upon the UN agencies in country as implementing partners.

Figure A.7: Use of UN agencies by programme/region (based on analysis budget commitments at engagement level, values are in DKK millions)

