



MINISTRY OF FOREIGN AFFAIRS
OF DENMARK
Danida

GUIDELINES

STRATEGIC PARTNERSHIPS 2027-2031 WITH DANISH CIVIL SOCIETY ORGANISATIONS

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1. INTRODUCTION

The Danish Ministry of Foreign Affairs (MFA) initiates a new round of Strategic Partnerships (SPA) for the period 2027-2031 with Danish civil society organisations engaged in international development cooperation and humanitarian action. SPA 2027-2031 is a continuation of SPA 2022-2026 and SPA 2018-2021.

The overall purpose of the SPA 2027-2031 is to implement the strategy for Danish development cooperation “A Changing World - Partnerships in Development” - with reference also to the Danish Strategy for strengthened Danish engagement with African countries ‘Africa’s century’ - through dynamic and mutually reinforcing partnerships between independent Danish CSOs and their local partners. The Strategic Partnerships provide a framework for predictable funding over a five-year period where the annual commitment is subject to parliamentary approval.

The **Information Note for SPA 2027-2031** outlines overall priorities and requirements for the Strategic Partnership for 2027-2031 and serves as background document for these guidelines.

The guidelines describe the administrative and reporting requirements and framework for strategic partners (below also referred to as “organisations”) that have a Strategic Partnership for the period 2027-2031. The guidelines form part of the overall MFA Aid Management Guidelines (amg.um.dk) for Danish development assistance and should be regarded as a living document that will be revised by the MFA as needed. It is the responsibility of the organisations to keep themselves informed of and aligned to any changes to the guidelines, which will be published at um.dk.

2. BASIS OF GRANTING APPROPRIATION

Based on the full proposal from the strategic partner as approved in 2026 as well as the afterwards submitted and approved country/regional/global/thematic ToCs, updated Budget Summary, updated Summary Results Framework, updated concept notes on innovative and blended finance activities (if relevant), the total grant is appropriated in yearly allocations (commitments) subject to annual parliamentary approval. The approved framework for the partnership is comprised of the following components:

- The full proposal (the original as approved 2026) outlining the overall partnership engagement and strategic alignment with the Danish development strategy *A Changing World – Partnerships in Development*.
- A Summary Results Framework for the Strategic Partnership exclusively that reflects prioritised focus areas, programmes and engagements pursued by the strategic partner. The Summary Results Framework should reflect outcomes, indicators and targets as well as standard outputs (ref. Section 4). Detailed results

frameworks should only be submitted to the MFA upon request. While reference is made to the general guidelines on results frameworks in MFA Aid Management Guidelines, the strategic partner should use its own formats adapting the framework to the specific context and engagements. The Summary Results Framework should be developed in a way, that makes it possible to track progress during the partnership period.

- Theories of Change (ToCs) including a joint cover note providing a brief overview of all country engagements with maximum 5-10 lines on each country (type of engagement, purpose, key features and target group). The strategic partner is free to decide on the specific format and structure of the individual ToCs/programme documents, but the description should account for the elements listed in MFA Aid Management Guidelines and not exceed 5 pages per ToC unless otherwise agreed with the MFA. ToCs are expected to be updated when relevant during the partnership period. Together with the Summary Results Framework they will be used by the MFA to establish an overview of SPA-engagements in countries and settings and to inform strategic dialogue, coordination and collaboration across levels.
- A Summary Budget for the five-year period 2027-2031(Annex 2), noting that the strategic partner is expected to have further detailed budgets for each programme activity financed under the grant. The strategic partner shall use its own format for the detailed project budgets. The detailed project budgets shall not be submitted to the MFA, but should be made available upon request.
- A budget for the respective year (Annex 3).

The legal basis for the grant consists of the commitment letters (including these guidelines as an annex) as well as the disbursement requests shared between the MFA and the strategic partner. The annual commitment letters, signed by relevant authorities and referring to these guidelines, confirm the yearly grant allocations from the MFA and the disbursement requests confirm the strategic partner's acceptance and commitment to comply with all elements of these guidelines.

3. OBLIGATIONS OF THE STRATEGIC PARTNER

The strategic partner will adhere to the following:

- Commit to the requirements outlined in the Information Note for SPA 2027-2031.
- Commit to and apply a human rights-based and leaving no-one behind approach to development and humanitarian interventions.
- Deliver on the ambitions of its Local Leadership Strategy.
- Live up to the commitments in the Paris Agreement on climate change.
- If engaged in humanitarian activities with MFA funds, adhere to CHS requirements, i.e. strategic partners are required to demonstrate individual certification or

verification against the Core Humanitarian Standard (CHS). If part of a federation/alliance, it is possible to be verified or certified against the CHS if the Danish organisation's humanitarian funding received from MFA, is covered in the CHS audit scope. Further, other strategic partners are encouraged to progressively align with the Core Humanitarian Standard (CHS), recognising its relevance as a quality and accountability framework for both humanitarian and development programming.

- Have an anti-terrorism policy and must ensure and be able to document that the strategic partner and its partners (including contractors, sub-contractors and sub-grantees) will take all reasonable steps to secure that no transaction made in relation to the programme will – directly or indirectly – benefit a person, group or entity subject to restrictive measures (sanctions) by the UN or the EU. The MFA reserves the right to limit or terminate the cooperation with the strategic partner should the MFA find later adjustments to the anti-terrorism policy unacceptable.
- Have an anti-corruption policy in place as well as an anti-corruption code of conduct in line with that of the MFA (see AMG). The MFA reserves the right to limit or terminate the cooperation with the strategic partner should the MFA find later adjustments to the anti-corruption policy or anti-corruption code of conduct unacceptable.
- Have a policy concerning the prevention of sexual exploitation, abuse and harassment (PSEAH) in place and to take appropriate action to prevent and tackle SEAH. The MFA reserves the right to limit or terminate the cooperation with the strategic partner should the MFA find later adjustments to the PSEAH policy unacceptable.
- Have a policy in place against child labour and against all forms of violence, abuse and exploitation of children.
- Have a code of ethics/-conduct for its work and management of funds.
- Have a conflict-of-interest policy in place.
- Have an independent complaint handling mechanism in place that employees, partners and communities can easily access, maintaining appropriate distance from the organization (operations and management) to ensure objectivity (equivalent to an internal audit function).
- Have a strategy or equivalent for limiting their environmental footprint and work towards greener and more environmentally conscious and sustainable procurement.
- Have a strategy or equivalent for ensuring and strengthening value for money (VfM) in the administration and implementation and including selected indicators for measuring and analysing own progression in strengthening VfM both at the country and HQ level.

- To the extent possible cooperate and coordinate with relevant Danish, international and national actors, including where relevant through participation in UN cluster coordination, consolidated appeals (CAPs) and Humanitarian Response Plans, Regional Response Plans or similar humanitarian coordination mechanisms.

More specifically, the strategic partner is responsible for implementation according to the MFA Aid Management Guidelines and shall therefore e.g.:

- Have the overall responsibility for the planning, implementation, reporting and monitoring of the programme activities;
- Abide by applicable national laws and international instruments;
- Provide the financial and other resources required in addition to the grant;
- Ensure that the grant is used in accordance with approved work plans and budgets;
- Ensure that funds under this partnership are properly accounted for in accordance with the minimum requirements, and that the grant is reflected in relevant plans and budgets;
- Ensure proper and documented due diligence processes (capacity assessment and screening) related to awarding of contracts and granting of appropriation;
- Ensure that any weaknesses identified during due diligence processes are addressed with the organisation and where relevant translated into targeted capacity building initiatives and incorporated in the budgets and work plans related to the partnership, in consultation with the organisation;
- Ensure that funds under this partnership are properly and regularly monitored according to an updated, risk based and multi-year monitoring visit plan including but not limited to financial monitoring;
- Take all necessary measures to prevent or end any conflict of interest in all matters related to the programme;
- Promptly inform the MFA of any condition, which interferes or threatens to interfere with the successful implementation of the programme.
- Take full responsibility for any damage caused or sustained during or as a consequence of the implementation of this programme. The MFA may not be held liable for any damage caused or sustained by the strategic partner, including any damage caused to third parties as a consequence of or during the implementation of the activities under this partnership. The MFA cannot provide insurance covering the loss and damage for the strategic partner including for staff injuries. The strategic partner is expected to undertake risk assessment of loss and damage and acquire proper insurance coverage including for work related injuries to staff abroad.

Furthermore, the MFA and the strategic partner shall:

- Communicate and cooperate fully with the aim to ensure that the objectives and outcomes are successfully achieved and use their best endeavours to optimise the use of programme resources
- Use their best endeavours to co-ordinate their efforts under this partnership with other development partners, be they states, international organisations, non-governmental organisations or private enterprises.
- Cooperate on preventing corruption within and through the programme, and undertake to take rapid legal action to stop, investigate and prosecute in accordance with applicable law any person suspected of misuse of resources or corruption. The MFA and the strategic partner shall immediately inform each other of any substantiated suspicion of corruption or misuse of resources related to the programme. The MFA and the strategic partner will, if and when it is deemed appropriate, take action against suspects, including immediate interdiction or suspension of such persons from work, to avoid their interference into the investigations.
- Collaborate fully to ensure that the purposes of this partnership be accomplished. To this end, the MFA and the strategic partner shall exchange views with regard to matters relating to the partnership and provide each other with all available data, documentation and information; and provide appropriate mutual assistance required in the discharging of the MFA and strategic partner's duties; and provide all necessary support, in particular in regard of administrative issues, to facilitate the due implementation of the support.
- Work together to assure full transparency. To this end, the MFA and the strategic partner shall have the right to publish any documents or other informational data relating to the programme on its internet site (the MFA's website for such purposes is currently www.um.dk) and other relevant media. The organisation is aware that the MFA is subject to, inter alia, the Danish Access to Public Administration Files Act. Upon request for access to any document related to this partnership, the MFA must in each case assess if the relevant documents may be disclosed in whole, or, where there are grounds for confidentiality, disclosed in part.

3.1 Anti-corruption, PSEAH, Child Protection and Restrictive Measures (sanctions) and Anti-Terrorism provisions

The following provisions regarding anti-corruption, PSEAH, child protection and restrictive measures (sanctions) and anti-terrorism are mandatory and they are applicable to the cooperation between the MFA and the strategic partner (also referred to as 'Implementing Partner' or 'organisation' in these paragraphs).

The framework set out in the below provision concerning restrictive measures and anti-terrorism states that activities need to be in full compliance with United Nations (UN) Security Council Sanctions and European Union (EU) Restrictive Measures. Should there

be applicable humanitarian and/or general exemptions/exceptions in the restrictive measures then these will also apply to the provision as laid out below unless otherwise stated in the provision.

In case the Danish Contribution or part of the Contribution is forwarded by the strategic partner to a third party (e.g. sub-partners, local partners, sub-contractors), the strategic partner is obliged to ensure that any existing agreements and/or contracts with third parties will contain the necessary provisions concerning anti-corruption, PSEAH, Child Protection and Restrictive Measures (sanctions) and anti-terrorism etc. consistent with the terms of the cooperation between the strategic partner and the MFA.

The provisions on anti-corruption should be applied as follows:

"No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made - neither directly nor indirectly - as an inducement or reward in relation to tendering, award of the contract, or execution of the contract. Any such practice will be grounds for the immediate cancellation of this contract and for such additional action, civil and/or criminal, as may be appropriate. At the discretion of the Danish Ministry of Foreign Affairs, a further consequence of any such practice can be the definite exclusion from any tendering for projects, funded by the Danish Ministry of Foreign Affairs."

The provision on PSEAH should be applied as follows:

"The Danish MoFA has a zero tolerance for inaction approach to tackling sexual exploitation, abuse and harassment (SEAH) as defined in UNSG Bulletin ST/SGB/2003/13 and the definition of sexual harassment in UNGA Resolution A/RES/73/148. The Implementing Partner, and its sub-grantees, will take appropriate measures to protect people, including beneficiaries and staff, from SEAH conducted by its employees and associated personnel including any sub-grantee staff and take timely and appropriate action when reports of SEAH arise. In the event that the Implementing Partner receives reports of allegations of SEAH, the Implementing Partner will take timely and appropriate action to investigate the allegation and, where warranted, take disciplinary measures or civil and/or criminal action.

Any violation of this clause will be ground for the immediate termination of the cooperation between the MFA and the organisation."

The provision on child protection should be applied as follows:

"The Implementing Partner shall abide by applicable national laws as well as applicable international instruments, including the UN Convention on the Rights of the Child and ILO Convention No. 138 on Minimum Age and Convention No. 182 on the Worst Forms of Child Labour.

Any violation will be ground for immediate termination of the cooperation between the MFA and the organisation.”

The provision on restrictive Measures (sanctions) and Anti-Terrorism should be applied as follows:

“Denmark/The Parties are firmly committed to ensure that any activity under this Agreement is in full compliance with United Nations (UN) Security Council Sanctions and European Union (EU) Restrictive Measures. Moreover, consistent with UN Security Council Resolutions relating to terrorism, including but not limited to, UNSC Resolution 1373 (2001), 1267 (1999), 2462 (2019), and EU autonomous measures to combat terrorism, the Parties are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism.

Accordingly, the Implementing Partner agrees that it and/or its implementing partners (including contractors, sub-contractors and sub-grantees) will take all reasonable steps to secure that no funds in relation to the Project/Programme will – directly or indirectly – benefit persons, groups or entities associated with terrorism or subject to UN Sanctions or EU restrictive measures.

If, during the course of implementation of this Project/Programme, the Implementing Partner discovers that any funds in relation to the Project/Programme have been made available to, or for the benefit of, persons, groups or entities associated with terrorism or subject to UN Sanctions or EU Restrictive Measures, it must inform the Danish MoFA immediately. The Implementing Partner and the MoFA shall promptly consult each other with a view to jointly determining remedial measures in accordance with their respective applicable legal framework. Such measures may include, but shall not be limited to, the reallocation of the remaining MoFA funds under the Agreement.

Any violation of this clause is ground for immediate termination of the cooperation returning to the Danish MoFA all funds advanced to the Implementing Partner under it.”

4. REPORTING REQUIREMENTS AND STRATEGIC DIALOGUE

The annual reporting to the MFA includes narrative- and financial reporting as well as financial audit.

The purpose of the reporting requirements is to ensure that the partnership and programme are on track and results/progress is achieved according to agreed objectives and outcomes and ensure ongoing follow-up, learning and relevant adjustments related to contextual, strategic and organisational developments. It is furthermore to ensure proper administration and monitoring of funds and to allow for timely fund reallocation and adjustment of project/programme activities and resources when necessary.

As part of the narrative reporting, strategic partners must clearly demonstrate progress towards achieving agreed results, including providing three case studies and report on 2-5 standard outputs (ref. section 4.10). The strategic partner will also report annually, based on OECD DAC statistical guidelines system of policy markers, on the following:

- Climate and environment flows, including the four RIO markers (Annex 8).
- Inclusion of persons with disabilities (reporting format to be shared with the strategic partner).
- Gender equality (reporting format to be shared with the strategic partner).

Further, strategic partners must publish annual reports on their websites to ensure transparency. In the case of sensitive information, the strategic partner is encouraged to publish its main report and include sensitive information in a separate report shared only with the MFA (and not published online).

4.1 Narrative results reporting

The narrative reporting should be submitted as a results report to the MFA by 30 June, c.f. annual cycle below. The strategic partner is free to decide on the specific format of the narrative results report. It is however important, that the report specifically covers the Strategic Partnership and includes the following:

- Executive Summary
- Narrative account of progress, achieved results and major deviations related to the objectives and outcomes of the Strategic Partnership including main developments, adaptations, challenges and learning. Reference should be made to updated Summary Results Framework with illustration of annual progress.
- Major deviations and reallocations in relation to initially agreed annual budget including noting any changes agreed with the MFA.
- With reference to requirements outlined within the Information Note, include update on the strategic partner's Local Leadership Strategy including progress and achievements. This includes level of funds transferred to local partners.
- Status of or progress in relation to Danish value addition, including specific technical capacity or expertise also within wider international alliances or networks, correspondence between national work in Denmark and the international engagement, as well as the ability to increase the value of the Danish contribution by drawing on other Danish competencies, actors and stakeholders, also beyond traditional civil society (e.g. business associations, private foundations, companies, public authorities, private sector actors, finance institutions, universities, governments, think tanks etc.)
- Reporting on IPE engagement targets, methods, and lessons learned (see section 9).

- Reporting on the use of MFA funds towards co-financing (basket funds, joint programmes and match funding) and financial mobilisation, including if relevant through innovative and blended finance. This includes reflections on the specific value added of the strategic partner in contributing to such joint arrangements (maximum ½-1 page). The engagements involving other donors, actors or international alliance, initiated during or funded as part of the Strategic Partnership period must be listed in a table (c.f. Annex 3E).
- Reporting on key features of the strategic partner's global and local connectedness and coordination, especially in regards to strategic engagement and dialogue with the MFA in Denmark and in partner countries.
- Reporting briefly on any top-ups received during the partnership period (2027-2031) e.g. a brief account of period of implementation, purpose, whether the top-up has been used as planned (and possible challenges), which local partners were involved in implementation, reasons for under expenditure (where relevant) and with what result achieved (approx. 5-20 lines for each top-up). If preferred an annex to the narrative report may be submitted for this purpose.

The MFA may choose to select a specific subject, for a given reporting year, that each strategic partner is expected to reflect upon more in depth. In this case, strategic partners will expectedly be informed 6 months in advance of the reporting deadline.

The narrative results report should include the following in annexes:

- Updated Summary Results Framework illustrating progress overall (with clear indications if results are on track or not).
- 3 case studies (please refer to section 4.10 and Annex 9, 9A and 9B).
- Reporting on 2-5 standard outputs from partners' Summary Results Frameworks against thematic priorities in the Danish development strategy, based on a mapping of contributions agreed between each partner and the MFA for the duration of the SPA period (please refer to deadline in section 4.10 and to Annexes 9C and 9D for detailed guidance).
- Status and follow up on recommendations from latest review, financial monitoring visits, and latest annual consultation.

One narrative report should be presented by each strategic partner of expectedly 20 pages (but not exceeding 30 pages) excluding annexes unless otherwise agreed with the MFA.

The MFA should be informed timely of any changes to the initially approved results framework (targets, indicators and baselines) with a view to potential re-approval.

The final reporting to be submitted after the fifth and final year of the partnership, should account for how programme activities and outcomes have contributed to the achievement

of the overall objectives as defined in the Strategic Partnership proposal and Summary Results Framework. Moreover, the final reporting should highlight main lessons learned and briefly include the financial status/result (i.e. key financial figures, including total grant amount(s) received, total expenses, significant reallocations as compared to the originally agreed budget, unspent grant funds, unspent interest earned) of the support¹.

4.2 Budget

An updated five-year budget must be submitted to the MFA by 1 October, c.f. annual cycle below. The five-year budget must be presented in DKK and follow the template in Annex 2.

The five-year budget provides the qualified estimate of annual expenses throughout the partnership period. The annual budget expenses may vary from year to year. The strategic partners should base their budgets on the expected grant amount, implemented through annual commitments from the MFA, while noting that these remains subject to annual Parliamentary approval.

The five-year budget must remain relevant and accurate including necessary revision when significant changes occur. For instance, if:

- unallocated flexible funds are allocated,
- additional programme countries are added,
- unspent funds are carried forward to following year(s),
- underlying assumptions for the cost allocation mechanism changes,
- annual budgets are revised or reconciled against actual expenditure according to financial accounts,
- additional grants (top-up of the SPA main grant) are appropriated by MFA.

The five-year budget (Annex 2) should be updated based on the annual *budget monitoring reports* (Annex 3), see below.

The strategic partner must ensure that the initial as well as the revised budget at all times meet the key criteria and thresholds for expense allocation and geographic- as well as programmatic priority areas and compliance requirements:

Annual budget compliance requirements:

- Funds spent at HQ level cannot exceed 20 pct (25 pct for some partners). See section 6.7 for details.
- Administration fee for the strategic partner itself cannot exceed 7 pct. of total expenses excluding the administration fee (i.e. pct. of direct expenses). Cost of

¹ For terminology, organisations may refer to OECD Glossary of Key Terms.

information and public engagement (IPE) cannot exceed 3 pct. of SPA main grant, annually. Up to 50% of the IPE budget may be used for exchange activities.

- Unallocated flexible funds cannot exceed 30 pct. of SPA main grant.
- Total budget for humanitarian assistance shall be at least at the level specified in the individual SPA commitment letter(s) (i.e. humanitarian PPA as a share of total PPA).
- Total budget allocated for geographic priority regions/countries, i.e. Africa, Ukraine and the European Eastern neighbourhood, and the Middle East must account for min. 50 pct. (i.e. geographic priority-focus as a share of total PPA).

4.3 Budget monitoring reports

Each year, a budget monitoring report for the current accounting period (calendar year) in question must be submitted to the MFA by 1 October (current year), and by 15 April (covering the previous calendar year), c.f. annual cycle below. The budget monitoring reports are interim unaudited financial statements comparing actual expenditures to the initial approved and revised budget for the accounting period (calendar year) in question. The budget monitoring report (Annex 3) must be drawn up to the same level of detail as the detailed outcome-based budget (Annex 2) including any additional countries/countries added during the project period.

The purpose of the budget monitoring reports is dual; to keep track of budget reallocations and also to monitor and report on actual progress against agreed plan and budget for a specific period of time. As such, the budget monitoring reports are an important tool to keep track of the changing geographic and thematic resource allocations and general financial progress during any financial year of the partnership period.

The budget monitoring report follows a template similar to annual audited accounts (Annex 3) and hence provides the basis for timely budget adjustments and is instrumental for the MFA when monitoring grants and for reporting on Danish development assistance (e.g. for OECD DAC and for OpenAid, in regards to geographic distributions, humanitarian assistance or thematic focus areas).

The budget monitoring report includes the initial annual budget (beginning of year), the main budget reallocations during the year and the continuously revised budget and hence it must remain relevant and reasonably accurate including necessary revision when significant changes occur. For instance, if:

- unallocated flexible funds are allocated,
- additional programme countries are added,
- unspent funds are carried forward to following year(s),
- underlying assumptions for the cost allocation mechanism changes,
- annual budgets are revised or reconciled against actual expenditure according to financial accounts,

- balance between Humanitarian (HUM) and long-term engagements (DEV) changes;
- top-ups of the SPA main grants are appropriated by MFA (top-up grants must be recorded as income in the budget year when the commitment letter is received/dated).

The budget monitoring reports may be submitted as additional documentation in case of reallocations and allocations of flexible funds, c.f. thresholds below (not a requirement).

The final draft of the annual budget monitoring report covering the whole previous calendar year and including actual expenses (i.e. the draft audited financial accounts) is submitted annually in April c.f. annual cycle.

4.4 Audited accounts

Audited accounts (and management letter/audit protocol/long form audit) must be submitted to the MFA by 30 June, c.f. annual cycle below. The accounts for the annual grant from the MFA (Annex 3) and the general annual accounts for the strategic partner must be audited by an independent, certified audit company. The audited accounts must keep track of the spending of each year's grant separately from other year's spending.

Change of auditor must be communicated to the MFA. The rotation of main auditors (HQ level) must follow European Union (EU) regulation on mandatory rotation of auditors (Regulation 537/2014). The regulation establishes a maximum duration of the audit engagement of an auditor or audit firm in a particular audited company/organisation at 10 years (including specific limitations and options for extension). The MFA recommends that the choice of HQ and local auditors is subject to a more frequent open tender process, e.g. every 5-6 years, considering price, quality and independence.

The audit shall consist of a financial audit, including elements of compliance and performance audit at all levels of the partnership (including sub-grantees).

The purpose of *financial audits* is to provide reasonable assurance that the financial statements are presented fairly, in all material aspects, and in accordance with the financial reporting framework. Based on the audit evidence obtained, it is the objective of the auditor to express an opinion on whether the financial information, presented in the financial statement covering the funds granted from the MFA, is free from material misstatement.

The purpose of a *performance audit* is to make an assessment to obtain reasonable assurance that the systems, processes and transactions examined support the exercise of sound financial management in the administration of the funds granted through the MFA. Sound financial management includes adhering to principles of economy, efficiency and effectiveness in the management of available resources. Thus, performance audits examine the economy, efficiency or effectiveness of the audited activities.

Compliance audits examine whether the activities are compliant with applicable rules, policies, and regulations. The overall objective of a compliance audit is to obtain reasonable assurance that transactions covered by the financial statements comply with the appropriations granted, statutes, other regulations, agreements, and usual practice. This includes compliance with terms stated in the organisation's own procedure manuals and in these guidelines.

As part of the MFA's quality assurance of the management of the partnership grant, the MFA has specific requirements to the audit of the grant. These requirements are presented in the audit instructions in Annex 4. It is the obligation of the organisation to ensure that its auditor at the contracting stage (as well as prior to initiating the annual audit process), in written form confirms to adhere to the audit instructions and that the auditor by giving his/her opinion confirms that the audit has been undertaken in accordance with the same.

The auditor is also required to issue a management letter. The management letter communicates observations and findings identified during the audit. These observations can pertain to deficiencies in internal controls, non-compliance with legislation, specific issues discussed with management, etc. The observations and findings included may be immaterial for the financial statements as a whole, but relevant for management or relevant stakeholders, including the MFA. For each observation or finding, the auditor must provide a description of the related risk, the auditor's recommendation as well as management's response to the observation or findings. Further, the management letter should include a description of how compliance audit and performance audit tasks have been performed.

An audit carried out locally in the recipient country must also be undertaken by an independent, certified audit company and in accordance with international standards, cf. the audit instruction, i.e. including elements of compliance and performance audit. As part of overall supervision of the audit abroad, the Danish auditor must ensure sufficient quality control of local audits (c.f. ISA600). The Danish auditor may provide guidance for the local auditors to ensure quality and compliance in audit strategy and audit procedures performed.

Locally audited financial statements should also be submitted annually for all activities outside Denmark. If this is not the case, or if the local audits are deemed non-compliant with these instructions, this must be elaborated in the audit report and there must be a list of outstanding financial statements included as an annex to the overall financial statement. The expenditures for the particular local partner/office will be ineligible until the pending audited financial statements have been received. The unaudited expenditures should be included in the financial statement on the basis of transfers and the relevant expenditure figures should be adjusted in line with the actual figures in the subsequent financial

statement. If there is a modified local audit opinion or the local audit excludes elements of performance and compliance audit this must be mentioned in the audit report or in the auditor's management letter.

To avoid a modified opinion and ineligible expenses in the final year of reporting, the strategic partner must ensure to plan the auditing process and receive local audit reports in due time for final financial audit and completion.

In exceptional cases where local audits are not a feasible option (e.g. due to security risk), the MFA should be consulted when choosing alternative measures (e.g. transferring vouchers and related documentation to the Danish strategic partner for centralised audit). However, also in such cases, the Danish organisation must monitor implementation and assure adherence to principles of economy, efficiency and effectiveness in the management of all transferred grant resources (i.e. include considerations of performance and compliance at the local partner level).

Especially in the case of local partners that are new to the Danish strategic partner or if the due diligence identifies weaknesses, an annual audit with quarterly or half yearly interim audits shall be considered as an option/supplement to the financial monitoring by the strategic partner. Each quarterly or half yearly interim audit must include a financial statement and a management letter, and form part of the annual audit. It can be an effective early warning system and an effective tool to capacity build an strategic partner. It also gives the strategic partner the opportunity to follow-up on and address observations before the final annual audit.

The National Audit Office of Denmark (Rigsrevisionen) and the MFA have, as part of audit and financial monitoring, the right to access all documents, reports, evaluations, budget and accounts-related documentation etc. relevant to the management of the MFA grant funds. The strategic partner must keep financial documents safely and accessibly for 10 years (whereas other technical programme documents must be kept for 5 years). All supporting documents for financial accounting must be stored digitally (local partners may receive a temporary and justified exemption from this requirement).

In accordance with the MFA's guidelines, the MFA or any individual authorised by the MFA has the right to have full insight in all aspects related to the use and management of the grant and to undertake evaluations. The strategic partner and involved international and local partners must assist with providing necessary information and documentation.

The strategic partners must submit one combined audited account for the whole Strategic Partnership (including the SPA main grant and any top-up grants) annually. The financial reporting shall also include the strategic partner's audited annual report/accounts. For consortia, one combined audited account for the MFA grant should be submitted by the

consortium lead with audited accounts from each individual organisation in appendix, as well as annual audited accounts for the consortium lead organisation.

4.5 Reporting irregularities

Immediate reporting to the MFA must be ensured if serious problems related to the implementation of the MFA grant occurs, if significant difficulties in the relations to authorities in the partner country develop or if there are major changes in budgeting or activities in the approved programmes.

The MFA is required to inform the National Audit Office of Denmark (Rigsrevisionen) in case of suspicion of irregularities in the management of MFA grant funds. The strategic partner is therefore required to inform the MFA (using the template in Annex 5) if the strategic partner in connection with the management of grant funds provided by the Danish state should have substantiated suspicion of irregularities or other misuse of Danish funds, including suspicion of grossly negligent administration, corruption, breach of contract, support to terror-related activities, bribery or fraud. The strategic partners have a maximum of 14 days to report any irregularities or suspicion of irregularities to the MFA. The MFA reserves the right to claim full reimbursement of expenditure regarded ineligible.

Reports from strategic partners will upon publication be informed to the National Audit Office of Denmark through report letters. The report letters for the National Audit Office of Denmark are published on the MFA website as soon as the matter of the case and proposed follow up actions have been established. Most cases will require several follow up reports from the strategic partner and report letters to the National Audit Office of Denmark before the case is closed. Moreover, the National Audit Office also receives a yearly report summarizing data from all reports of the particular year.

The MFA has a policy of zero tolerance towards corruption in all its forms (c.f. MFA's anti-corruption policy). As a principle, the MFA expect the strategic partner to report cases of illegal activity to relevant local authorities (Police, Civil courts etc.) and pursue these matters – as a minimum until funds are recovered or all feasible endeavours for retrieving funds are applied. In rare cases and under special circumstances as well as in agreement with the MFA, the strategic partner or preferably its local partner may close a case by covering programme funds lost as a result of irregularities.

As a principle, in cases where irregularities entail a loss of Danish funds, the strategic partner bears the responsibility. Whether a possible loss can be covered by the grant will depend on an overall and individual assessment.

As a general rule, it is not necessary to inform the MFA in case of for example robbery or simple theft committed by a third party (i.e. not staff members employed by the programme

or partners), minor cash differences, cases of bankruptcy, lacking documentation for minor amounts, temporary delays in book keeping etc. as well as temporary delays in administrative procedures that are not caused by grossly negligent management. Incidents caused by traffic accidents, fire, natural disasters, etc. do not need to be reported unless there is suspicion of deliberate action. The MFA must always be informed in cases where an external investigation is initiated (e.g. extended audit, special audit or other investigative steps, including by an affiliated partner/alliance) related to a possible loss of Danish funds.

In its reporting, the strategic partner must, to the extent possible, account for the circumstances for the preventive and due diligence measures applied and for the reasons why the strategic partner's supervision and control mechanisms failed to prevent the incident. The MFA will subsequently notify the National Audit Office of Denmark and make the notification public on um.dk.

Under special circumstances notifications can be kept confidential, e.g. if the notification entails sensitive personal information, protection of whistle-blowers, information of potential damage for Danish foreign interests, or information that could compromise an investigation.

4.6 IATI – and FTS reporting

Transparency is a prerequisite for aid effectiveness, as stipulated in the Busan partnership for effective development co-operation (Busan High Level Forum 2011), and timely publication of flow of funds is necessary for coordination of humanitarian assistance. UN OCHA tracks these funding flows using the Financial Tracking Service (FTS).

Strategic partners with humanitarian activities are obliged to report humanitarian flows to FTS².

The IATI reporting for SPA 2027-2031 requires strategic partners to comply with the IATI standard (Annex 10) and publish the activities funded under SPA. Doing so, it is recommended to include the additional elements in IATI that allows for a conversion to FTS reporting, thus reducing the overall workload. New humanitarian flows should be reported to FTS within a month.

Correct publication of Incoming Funds in IATI will fulfil the UM requirement to acknowledge receipt of funds, within 10 working days.

² www.fts.unocha.org/content/what-financial-tracking-service-fts-and-how-use-it

4.7 Annual consultations

Once a year, the strategic partners will be invited to annual consultations with the MFA to discuss the partnership and reporting for the previous year. The purpose of the consultation is to take stock of the strategic dialogue and verify that the partnership is on track to achieve results, as indicated in the proposal and approved annexes, and approve plans and budget for the upcoming year.

The annual consultations are usually divided into two parts. First, a *management consultation* with focus on overall progress and strategic dialogue, followed by a *technical consultation* with focus on administration of the grant, follow up on reviews, and more technical aspects of the reporting.

As part of the annual management consultation the strategic partner is expected to make a brief presentation based on guiding questions from MFA related to the strategic partner's strategic relevance and direction, main current priorities, and cooperation with the MFA. These questions will be included in the proposed agenda for the annual management consultation, and the strategic partner should share the presentation with the MFA in advance of the meeting.

Local partners of Danish strategic partners will within the partnership period in selected countries be invited for partner dialogues/consultations with the MFA focusing on accountability as well as effectiveness of partnerships and programmes.

4.8 Strategic dialogue

The Strategic Partnerships will involve a continuous and close strategic dialogue with the MFA. This dialogue is centred on issues of strategic relevance for both the organisation and for MFA.

Strategic dialogue is expected to take place also beyond annual consultations and with more partners and actors involved as relevant. The dialogue may focus on programmatic issues as well as prioritised focus areas, thematic areas, geographies and partners.

The strategic dialogue will vary depending on focus areas, core competencies and country presence and will have different entry points. It is expected, that part of the strategic dialogue will take place at country level involving strategic partners present as well as local partners. In order to strengthen the dialogue between relevant actors in the organisations, MFA and embassies, there will be a continuous focus and follow up on this. The MFA and the strategic partners shall cooperate to keep embassies informed on relevant issues, including major changes in context or risks that the organisation becomes aware of. The MFA will inform the embassies of the allocation of flexible funds and top-up grants.

4.9 Partner assessment

Strategic partners must ensure that partner assessments are carried out at least every second year during the SPA period, by local partners. The purpose is to have the SPA partner assessed/evaluated by its local partners. The format and scope should be agreed with MFA prior to the assessment process. The main findings from the partner assessment are to be shared with the MFA upon completion of the assessment.

4.10 Annual cycle

The strategic partner will follow this annual reporting cycle³:

- 15 April: Budget monitoring report (i.e. draft financial account for previous year)
- 15 April: Rio marker reporting, Gender marker reporting, Disability marker reporting (see section 10)
- 30 June: Results report and audited financial accounts for SPA-programme and for the strategic partner incl. management letter(s)
- 1 October: Updated budget monitoring report (Annex 3, current year) and revised five-year budget for entire partnership period (Annex 2)
- October – December: Annual consultations (tentative timeline)

The requirements for the various documents are described in section 2, 4 and 9.

The documents must be in English and sent by email to humciv@um.dk and the responsible desk officer. In addition to the electronic version, three hardcopies must be submitted to the MFA⁴.

It is noted, that documents submitted to the MFA are encompassed by regulations of right of access to information as per Danish law, on public information in administration (“lov om offentliggørelse af oplysninger i forvaltningen” - law no. 606 of 12 June 2013).

5. REVIEWS AND FINANCIAL MONITORING VISITS

The MFA will carry out reviews, including performance monitoring visits, of the strategic partner at least once during the partnership period and conduct financial monitoring visits as part of reviews and when deemed relevant. In the spirit of the partnership the reviews and financial monitoring visits provide – beyond oversight and compliance purposes - an opportunity for mutual learning and discussion. Where applicable, CHS audits may be used to substitute relevant parts of a strategic partner review.

³ Requirements and deadlines related to IATI and FTS will be part of the annual cycle as well.

⁴ Revised programme documents and budget monitoring reports should only be sent electronically.

5.1 Reviews

In order for the MFA to verify that the strategic partner is performing as expected and on track to achieve results as indicated in the proposal to the MFA and as subsequently specified in the documentation listed in chapter 2, the strategic partner will undergo at least one review during the five-year cycle of the partnership. The purpose is furthermore to stimulate learning, and support relevant organisational development and analyse and strengthen cost effectiveness.

The review may include a general assessment of the strategic partner's current financial and organisational capacity to implement activities as well as an assessment of the strategic partner's ability to support relevant organisational development, validate results, and analyse and strengthen value for money. It should be noted that Terms of Reference should reflect the complexity and size of the strategic partner and focus on identified important areas within which the review wants to focus. The MFA will attempt to notify the strategic partner at least six weeks in advance of a review and the strategic partner will be consulted on the Terms of Reference.

A thematic review across the SPA 2027-2031 portfolio specifically assessing innovative and blended finance activities will furthermore be conducted in the early stage of SPA 2027-2031.

5.2 Financial monitoring visits

The MFA's oversight concerning the strategic partner's adherence to overall requirements in the management of the grant funds is undertaken through an assessment of the strategic partner's reporting and audited accounts in connection with the annual consultations as well as in connection with reviews and potentially ad hoc financial monitoring visits to the strategic partner's headquarters or local projects.

Financial monitoring can also include spot checks of the strategic partner's internal control environment, administrative practices, and other relevant areas in partner countries, whether through visits from the MFA or by a Danish embassy as well as ad-hoc dialogue with the strategic partner's management and auditor. The MFA will attempt to notify the strategic partner at least six weeks in advance of a financial monitoring visit.

For consortia, each individual organisation may be subject to individual financial monitoring visits.

6. ADMINISTRATION OF THE BUDGET

The strategic partner must ensure that the appropriated funds are used in accordance with the purpose of the Strategic Partnership, in compliance with relevant regulations, and in an efficient and cost-effective manner.

The five-year budget shall be specified according to Annex 2 and shall follow the principles of Annex 2E 'Cost categories', including well-documented, fair, transparent and reasonable cost allocation mechanisms.

The annual budget shall be managed in the budget monitoring report Annex 3, which also provides the basis for the annual financial accounts.

The strategic partner must have a clear and transparent description note of the applied cost allocation mechanism for ('fair share') apportionment of common cost functions to different donors, countries, projects and outcomes. The description note should outline the actual procedure for calculating and applying the allocation keys and explain how the mechanism ensures a fair and reasonable distribution of costs. The cost allocation must respect the principles of Annex 2E and back testing must be conducted at least annually (see 6.9 and 6.10).

6.1 Administration fee

In the interest of ensuring that the Danish grant is spent for development and/or humanitarian purposes in the partner countries, the strategic partner can allocate maximum 7 pct. of the direct costs as an administration fee. The administration fee shall be used for administration and organizational development. Guidance and thresholds of the administration fee is outlined in Annex 2E (cost category B. See also cost category C). The use of the administration fee of 7 pct. will not have to be specified or documented by the strategic partner, neither in the budget phase nor in the accounting phase. In the accounting phase the administration fee is calculated as 7 pct. of actual expenditure of funds under the partnership engagement, excluding the administration fee and possible unallocated funds by the end of year.

In addition to the administration fee for the strategic partner, the budgets for local partners (see definition in Annex 2E) are also expected to include an unspecified administrative fee, unless justified otherwise. This shall be included in the separate detailed local implementing partner budgets and stipulated in the agreements with the local partners. The strategic partner can allocate maximum 7 pct. of the direct costs as unspecified administrative fee in the local partner budget.

The use of the administration fee of 7 pct. for local partners will not have to be specified or documented by the local implementing partner, neither in the budget phase nor in the accounting phase. In the accounting phase the administration fee is calculated as 7 pct. of actual expenditure of funds under the partnership engagement, excluding the administration fee. The allocation of administration fee for local partners must be supported by a financial management capacity assessment of the local implementing partner and ensuring that the fee is specified as income in the local implementing partner's consolidated accounts.

The strategic partner can decide to lower the administrative fee rate for local partners, where for example the local implementing partner is expected to have only limited expenses related to administration in proportion to the budget. The usual requirements for annual financial audit including performance and compliance audit applies.

6.2 Reallocation and transfer of funds

Reallocations between the specific budget lines can be undertaken without prior approval. The strategic partner must in connection with reallocation between countries and outcomes always consider whether the budgetary changes lead to substantial changes in the planned activities and outcomes and, if so, revise detailed programme documentation and corresponding results frameworks.

The MFA must be informed (as soon as possible) about

- specific or accumulated reallocations exceeding 10 pct. of the debited or credited main budget lines annually (country and total outcome level) and
- reallocations to new countries (that have not previously been included in the budget). In such cases where the reallocation to a new country (accumulated) exceeds DKK 1 million, a ToC for the relevant country engagement should also be forwarded to the MFA and relevant embassy (see 6.3).

In such cases, the strategic partner must account for the impact of the budgetary change on expected results and may send an updated budget monitoring report for the current year where the reallocations are visible (Annex 3). If the (re)allocation relates to an allocation of unallocated flexible funds it is sufficient that this is informed to MFA through Annex 1.

6.2.1 Reallocation of funds to the following year

Unspent funds of the partnership engagement budget for a given year can be carried forward to the following year within the five-year programme period without prior approval. Likewise, any overspending in a given year can be carried forward to the following budget year of the partnership period (while still respecting the annual budget expense thresholds and ceilings). However, such overspending is at own risk to be covered by the strategic partner until the following year when the annual commitment is made (tentatively in January, and subject to annual Parliamentary approval). The five-year budget should be revised accordingly. Reallocated balances between years should correspond with the balances as reported in the audited financial accounts.

After the audited financial accounts covering the previous year are ready (submission deadline is 30 June), a revised five-year budget (including actual audited expenses for previous years) must be submitted to the MFA (submission deadline is 1 October).

In this context, expenditure is defined as including all payments for goods and services, public fees as well as contractually agreed transfers from the strategic partner to a partner along with other legitimate costs (excluding ineligible costs, cf. Annex 2E). Strategic partners should carefully manage liquidity needs and at all times ensure that funds do not accumulate at strategic partner or at local partner level beyond spending needs for approximately 6 months (or less, depending on contextual risk).

6.3 Unallocated flexible funds

The Strategic Partnerships will include unallocated flexible funds to enable the strategic partners to react rapidly and in a flexible manner to an immediate crisis, and beyond crises to respond to new or changing needs, or seize opportunities and follow new and innovative ways of working. The unallocated flexible funds may amount to maximum 30 pct. of the annual SPA main grant and can be programmed (allocated) throughout each year.

Furthermore, in support of local leadership, it is recommended that the strategic partner establishes procedures for the involvement of local implementing partners in identifying (proposing) relevant project activities for the most effective application of unallocated flexible funds, just as the local implementing partners are also expected to actively participate in the programme development phase in general.

The MFA must be informed immediately about allocations of unallocated flexible funds when the allocations are either:

- targeted to new countries which are not previously supported as part of the Strategic Partnership or
- where single allocations exceed DKK 100.000.

In such cases, the strategic partner must share a brief description of the activities, including timing, purpose, country and target group (Annex 1) including a ToC when engaging in new countries with budgets exceeding DKK 1 million.

The ToC should include the link from a sufficiently comprehensive analysis of context, needs and stakeholders to the definition and outline of objectives, expected outcomes for the concerned programmes, the underlying assumptions, sustainability considerations, and risk assessment and mitigation (including scenario planning in view of rapidly changing contexts). It should include a description of planned partners. An updated regional TOC is accepted if the funds are allocated to a new country which is fully integrated in an existing regional programme. This definition of the ToC reflects the requirements applied through the Strategic Partnership full proposal process (2026).

Once a reallocation has been effectuated the amount of unallocated flexible funds is lowered by an equivalent amount, keeping the budget monitoring report (Annex 3) updated.

If part of the unallocated flexible funds remains unallocated throughout the year, these can be transferred to the following year(s) like other unspent funds. The strategic partner must still ensure that unallocated flexible funds appearing in the budget in any given year does not exceed 30 pct. of SPA main grant. The strategic partner is expected to have a transparent and documented procedure for decisions related to allocation of unallocated flexible funds. Once the flexible funds are allocated, they are covered by similar narrative and financial reporting requirements as other programme funds.

The strategic partner shall keep track of all allocations of flexible funds during any given year (c.f. Annex 3F).

Refer to Annex 1 for a detailed description of the procedure incl. guidance for orientation.

6.4 Additional funding

The strategic partners will have access to applying for potential additional funding as part of their Strategic Partnership with the MFA. There are two modalities for additional funding which have differing application and reporting requirements.

6.4.1 Top-up funds

The MFA can allocate additional funding as a top-up of existing annual commitment to relevant strategic partners in order to ensure swift and flexible response to new and changing needs. This modality can be used to respond to a broad range of crises (humanitarian crises, democracy- and human rights crises as well as climate- and nature crises) or changing needs, where strategic partners are well placed to act.

Invitation to apply for a top-up may be directed to all strategic partners or a selected group, based on a pre-screening of current activities and geographical presence (TBD).

The MFA will inform strategic partners of options for top-up funds and share a short concept description, where the size of the pool, budget frame to apply within and focus for the funds will be indicated. The relevant strategic partners are then invited to send a short application in the form of a concept note and budget for the proposed project/activities. The decision for allocation of funds will be based on the MFAs assessment of the concept notes and existing knowledge of the strategic partners' capacity and ability to deliver results in the given geographic/thematic context. The model for calculating the relative distribution of top-up grants between strategic partners may be based on one or a combination of the following approaches: i) equal distribution across eligible strategic partners, ii) SPA-capacity (based on SPA main grant size), iii) local capacity (size of existing country engagement). This may also involve the MFA's general assessment of the strategic partners' thematic knowledge, local partner capacity and access to target groups. When making use of iii) local capacity as a distribution key, the MFA will most often not allocate to applicants where a limited presence with SPA funds would amount to a small allocation (less than 1 mio. DKK).

The approved applications will be granted as top-ups to the existing Strategic Partnership and strategic partners will receive an additional commitment letter. In principle, the top-up funds are included and managed as unallocated flexible funds. However, it is expected that an approved top-up grant will be reflected in a revised budget (budget monitoring report) where it is visible how the top-up grant has been instrumental in allocating funds towards the country/region where the proposed and approved activities are located. Top-up funds are managed according to these guidelines like any other grant funds under the Strategic Partnership.

Reporting on top-up grants are included in the general reporting requirements of the SPA main grant, since they are considered as extensions to the SPA main grant and are included in the general budget and financial statement of the Strategic Partnership. The top-up grants are visible in the accounts but funds are fully pooled with other grants under the Strategic Partnership. Brief reporting on each top-up grant received is expected as part of the annual narrative reporting, c.f. section 4.1 on narrative reporting requirements.

The top-up funds must be used within the timeframe of the Strategic Partnership (end date 31. December 2031).

6.4.2 Thematic call for proposals

The MFA may launch thematic calls for proposals in line with specific development priorities, where the strategic partners can apply. The thematic calls will generally be used for new and more specifically defined initiatives.

The MFA will share an information note describing the overall objective of the call, including criteria for application and assessment. The allocation of funding will be based on an assessment and scoring of applications.

Grants received through thematic calls must be administered as new and separate grants and in accordance with the guidelines specific to the call for proposal. This includes separate reporting, budgets and financial audit.

The MFA may launch thematic calls for strategic partners only, or if relevant, the calls may be open to other actors as well depending on theme and context.

6.5 Own-financing activities

The strategic partner has committed (as part of the full proposal for a Strategic Partnership) to ensure own-financing activities similar to those funded by the MFA through other sources of funding, corresponding to at least 25 pct. of the Strategic Partnership budget (SPA main grant). In-kind contributions are not valid. The own-financing activities are not to be reported on in detail nor included in the budget or in the audited financial statement. Only upon request from the MFA should the strategic partner be able to provide detailed information and documentation of own-financing activities.

6.6 Co-financing activities

Strategic partners will further have the flexibility to allocate SPA-funds towards co-financing and mobilisation of funding from other institutional donors or other sources, provided that the engagement reasonably falls within the overall objectives of the partnership. This includes the possibility to use MFA funds strategically towards co-financing, basket funds, joint programmes and match funding of local partners to enhance scale, influence and promote harmonisation in countries and regions. Co-financing arrangements must be listed in Annex 3E (i.e. excluding the own-financing raised by the strategic partner through e.g. membership fees and collections).

The Strategic Partnership funds used for co-financing arrangements shall be included in the accounting, reporting and auditing as other strategic partnership grant funds and shall adhere to the same guidelines and deadlines. It is possible to co-finance projects which are continuing beyond the Strategic Partnership end date (31-12-2031), but the financing of activities with the co-funding must end on 31-12-2031. Expenses beyond 31-12-2031 are ineligible. Auditing will have to be completed in due time and according to the guidelines.

The co-financing arrangements shall be listed in the table provided (Annex 3).

6.7 Use of funds at headquarter level in Denmark

In order to strengthen local leadership and flow of funds to the partner countries and implementation of activities by local partners, there is a maximum ceiling for expenditure at headquarter level (i.e. in Denmark) of 20 pct. of total expenses (on average over the 5-year period 2027-2031). However, for partners meeting all of the following requirements in full, the maximum ceiling for expenditure at headquarter level is 25 pct:

- strategic partners who receive a smaller annual SPA grant (below 50 million. DKK annually – and individually in case of consortia),
- who are not part of an international federation or alliance (with the pool of technical capacities this entails)
- who transfer a large percentage of their overall development and humanitarian budget to local partners (35 pct. or above across 2022-2024)

Annex 2E provides an overview of cost categories to determine cost allocations. It is important to note, that HQ staff hours spent on international travel, i.e. the corresponding salary and salary elements included in the calculated hourly price (e.g. pension funds and social security) can be included as a non-HQ cost (A.1.b. or A.3.b), cf. Annex 2E.

However, equally important, it shall not be accepted to include any share of the Danish head office's common costs as a non-HQ cost (as this is not considered a part of the salary and is strictly considered an HQ expense).

The strategic partner must inform the MFA of any risk of non-compliance, as soon as the suspicion or risk arises, and of the reason for non-compliance. The strategic partner may be required to submit for the MFA's approval a detailed plan for how to re-establish compliance and offset the overspending through reductions in spending in Denmark in the following year(s) of the Strategic Partnership. In case of non-compliance with the 20 pct (or 25 pct if applicable) ceiling by the end of the partnership period, as a general rule, the overspending in Denmark shall be covered by the strategic partner itself and the MFA will request a refund of the overspending.

The MFA will closely monitor this compliance indicator during the partnership period evaluating how the modality for use of funds at headquarter level in Denmark is implemented by the strategic partners.

6.8 Reporting on humanitarian funds

The organization must consider if any parts of activities in a given country are considered acute aid or humanitarian assistance rather than development activities. The relative HUM/DEV ratio must be self-reported for each country budget line in the financial reporting templates (Annex 2 and 3).

6.9 Accounting principles

Both cash basis and accrual basis of accounting is accepted as long as it is a reflection of the strategic partner's general principle of accounting.

Transfers from the strategic partner to a local partner can be reported in the strategic partner's annual audited accounts to MFA as expenditure in two ways:

- 1) The total amount transferred to the local partner during the financial year (this is a relevant way of reporting only until a certified financial statement or an audit is received). Unaudited expenses shall be included in the Annex 3 but must be elaborated on in the audit report and there must be a list of outstanding financial statements included as an annex to the overall financial statement. The expenditures will be ineligible until the pending audited financial statements have been received.
- 2) The amount actually spent and verified according to the annual audited accounts of the local partner.

When the first reporting method is chosen, the strategic partner must be able to account for amount transferred, amount expensed (i.e. verified by audited financial statement) and remaining balance at local partner level for any given local partner in order to secure that all funds transferred to partners are accounted for through audited accounts (and that unspent funds are returned to the strategic partner and to the MFA (as relevant) as part of the unspent/unallocated balance).

The strategic partner must conduct and document back testing, at least annually, ensuring that any ex-ante estimated fair share of common (pooled) programme support cost functions (expenses) allocated to the strategic partnership accounting is recalculated to reflect the actual fair share cost only.

6.10 Expenditures related to personnel

Personnel costs shall include actual salary cost as well as related expenditures e.g. pension, compensation for lawful leave days and social security. Salary levels shall be kept in accordance with (not exceeding) the publicly recognized salary level(s) for salaries paid with public funds for comparable work and responsibilities as presented by Ministry of Finance (including 'Den fællesakademisk lønskala' via Medarbejder og Kompetencestyrelsen, www.medst.dk).

The strategic partner is expected to

- have a descriptive note explaining the internal salary structure, which ensures reasonable salary levels for different staff levels, functions or responsibilities compared to the publicly recognized salary level(s),
- apply time registration through a detailed, digitalized time registration system. (Local partners may apply a more simplified system of time sheets),
- have a note explaining the underlying calculations and assumptions for establishing the hourly rate of the employees (hours) included in the accounting for the Strategic Partnership based on the time registration system. The starting point shall be a man year for full-time employees equal to 1.924 hours annually,
- follow (from 2026 onwards) the guideline from Økonomistyrelsen (2024)⁵ which specifies the number of effective working hours as 1.649 hours applied when calculating the hourly rate for Denmark-based employees working less than full time on the Strategic Partnership projects. This shall be applied when calculating staff input cost. Divergence from this guideline requires documented justification which shall be presented to the auditors during the audit process. Divergence from the fixed norm is also allowed for local staff whereby effective working hours are defined according to the local context) or in case of co-financing where co-donors apply different rates (e.g. EU may suggest 1.720 as effective working hours per year), and
- conduct back testing, at least annually, ensuring that estimated personnel expenses allocated to the strategic partnership accounting is reflecting the actual cost only (considering time registration and personnel cost) at the time of reporting and where relevant follows the description note of the applied cost allocation mechanism for ('fair share') apportionment of common cost functions (see section 6 above).

⁵ Vejledning for effektiv tilskudsforvaltning (Økonomistyrelsen, 2024)

6.11 Audit costs

Audit costs in Denmark and in country offices are budgeted separately. Audit costs related to local auditing are covered by the activity budget. Cost of local audit of local partners should be included in individual local partner budgets, if the local partner is responsible for the procurement of the audit.

6.12 Interests

Accrued interests can be used for the financing of activities under the partnership engagement budget. Accrued interest, both positive and negative, is seen as part of the MFA grant and has to be shown as income (or negative income). It is thus necessary to account for the use of accrued interests similarly to other funds. Furthermore, the payment of negative interests should be limited as much as possible. Unspent interest must be returned to the MFA at the end of the strategic partnership period along with other unspent funds.

6.13 Remaining funds at the end of the partnership period

Strategic partners must plan for implementation and timely closure of all activities within the programme eligibility period, ending on 31 December 2031. In the event of no agreement between the strategic partner and the MFA on the disposition of remaining funds if any at the end of the partnership period (31 December 2031), the strategic partner should return any remaining partnership engagement funds to the MFA.

6.14 Geographic requirements

The strategic partner will ensure that the total budget allocated for prioritised geographies, Africa, Ukraine and the European Eastern neighbourhood, and the Middle East exceeds 50 pct. (share of total PPA). Beyond that, engagements can take place in all OECD DAC eligible countries, incl. Asia, the Pacific region, and Latin America.

The strategic partners may have thematic, country, regional and global programmes (while still following OECD-DAC eligibility requirements). The allocation of programme funds must be specified at country or regional level in the budget in order to count towards the geographical requirements.

7. REQUEST FOR DISBURSEMENT OF MFA GRANT

A disbursement is defined as a transfer of funds from the MFA to the strategic partner. Strategic partners should every six months (January and July) submit requests for payments according to the guidance provided in Annex 7. The request for payment should be accompanied by the duly completed template. The request for payment should be based on the budget for the following six months for the period in question as well as the

expected disbursement to local partners⁶. Supplementary requests for payment shall be submitted in case of additional (top-up) grants during any year.

The organization shall avoid an accumulation of funds beyond what is needed for the implementation of planned activities, neither at the level of the strategic partner in Denmark, at the country office(s) or at the local partner.

The request for disbursement of the top-up grants must be submitted by the strategic partner in the same year as the top-up grant is committed to the organisation and must cover the full top-up grant.

Requests for payments must be submitted to the MFA at least three weeks prior to the desired transaction date. It is the responsibility of the strategic partner to ensure that the request for payment is signed by duly authorized individuals and includes an updated disbursement plan for the full partnership period. New disbursements cannot be made, unless previous disbursements are registered as received in IATI.

The released funds should be deposited at a dedicated account in Denmark belonging to the organisation. It must be possible to separate these funds from the strategic partner's other funds through either a separate account or the organisation's accounting system. It is the responsibility of the strategic partner to enter into a written agreement with the bank ensuring that the at any time unspent deposited funds on the account, belong to the MFA and confirming that the bank is not authorised to offset any possible debt that the strategic partner may have to the bank or other entities against the funds or to seize them. All MFA funds utilised for implementation of partnership activities abroad must be documented as having been transferred abroad and be registered in IATI.

By submitting a disbursement request the strategic partner accepts and confirms to comply with all elements of these guidelines.

8. THE STRATEGIC PARTNERS' INTERNAL ADMINISTRATION

The strategic partner will maintain and further develop a satisfactory internal level of administrative, financial management and technical capacity for the implementation and quality assurance of interventions, including ensuring a professional preparation, implementation, monitoring and evaluation of activities. The strategic partner will be able at all times to document fulfilment of minimum standards for administrative, financial and programmatic procedures and exercise a systematic approach to quality assurance and monitoring.

⁶ As a point of departure the disbursement should cover 6-7 months.

The strategic partner can utilize funds in accordance with its own policies and procedures. Further, the strategic partner undertakes, and is accountable for, all procurement activities according to own regulations and procedures and in line with international good practice

The strategic partner must furthermore ensure that:

- Job advertisements and selection procedures are transparent when hiring staff for activities funded by the MFA. Exempt from this are job appointments as part of rotation or hiring under short-term contracts (up to a maximum of 12 months) and in situations that require swift deployment of personnel.
- Discrimination based on race, nationality, disabilities, gender identity, sexual orientation, age or political or religious beliefs or any other basis may under no circumstances be applied
- Air travel related to activities is on economy class and taking the most cost-efficient and feasible route possible, taking into account airline safety and environmental footprint.
- Airline mileage points earned on trips in relation to the activities funded by the MFA are not to be used for private purposes by the organisation's staff members, but to ensure cheaper air travel.
- 'Cirkulære om satsregulering for tjenesterejser' from Medarbejder og Kompetencestyrelsen, (www.medst.dk) regarding allowances for duty travels, including reimbursement of mileage, daily allowances and reimbursements as per country should be seen as a maximum in connection with expenditures for hotels, payments of daily allowances etc. (most recent "Satsregulering for tjenesterejser").
- The strategic partner maintains necessary insurance for all staff and insures project related equipment to a reasonable degree. The organisation's *duty of care* for all staff is underlined, not least with respect to staff serving in duty stations characterised by significant security risks.
- When transferring assets to local partners in a recipient country the transfer process must ensure that the local partner provides a receipt/handover note (ref. Annex 6) for the transferred assets and their value including two authorized signatures. The transferring process must at the latest take place at the end of activities and include all items with a value above tax-related level for immediate depreciation of minor purchases (ref. the Danish act on depreciations ("afskrivningsloven")). An important element when considering the handover of assets is the local partner's capacity to maintain and operate them. Furthermore, it is relevant to consider whether the local partner would still have actual use of the asset as part of its operations, also beyond the engagement, and whether this usage would be within the initial objective of the grant. Where there is no basis for handing over assets, these must be liquidated and the income is to be returned to the MFA along other unspent funds. Unspent

funds, including unspent interest, must be repaid by the local partner to the strategic partner.

8.1 International fund transfers to local offices and partners

The strategic partner should carefully manage liquidity needs and always ensure that funds do not accumulate at strategic partner or at local partner level beyond spending needs for approximately 6 months.

Where at all possible, the strategic partner and its implementing partners should transfer funds through the formal banking systems and in line with existing legal requirements. All fund transfers should be adequately documented in terms of actual funds flow and internal procedures followed, also at local partner level.

8.1.1 Informal Money Transfer Systems (IMTS)

Informal Money Transfer Systems (IMTS) is characterized by the ability to transfer the value of funds without the physical movement of money or the use of formal banking channels.

These systems operate outside the regulated financial sector and rely primarily on trust-based networks to facilitate domestic or cross-border remittances and though require closer monitoring and stronger control mechanisms in order to minimize risks.

If IMTS is used to transfer Danish funds, the partner is required to meet additional compliance requirements. Please refer to Annex 12 for further details.

8.2 Agreements with local partners (sub-grantees)

The strategic partner is expected to support and promote local leadership, joint needs assessment and programming together with local partners as well as provide targeted capacity building of local implementing partners on a needs basis to strengthen organizational capacity and sustainability. This can (based on documented individual partner capacity assessments) include offering local partners similar advantages and flexibilities as enjoyed by the strategic partners, e.g. admin fee (c.f. section 6.1).

Specifically, the strategic partner must, where feasible, prioritize long-term sub-partner agreements to facilitate continuous implementation and long-term planning, also providing grants beyond the calendar year (e.g. 16-month grant for ensuring a 4-month buffer), to avoid insecurity, high staff turnover, unnecessary pauses in implementation or liquidity issues e.g. due to delays in parliamentary approval.

9. INFORMATION AND PUBLIC ENGAGEMENT (IPE)

Information and public engagement have always been part of the foundation for Denmark's international development cooperation and humanitarian response. Therefore,

up to three per cent of the SPA main grant can be allocated towards information and public engagement (IPE) activities.

The overall target group of IPE activities is the general Danish population, including sub target groups and stakeholders not traditionally involved in development issues (consult the MFA's analyses of attitudes and awareness as well as the segmentation framework for inspiration). Innovation and risk-taking in terms of methods and target groups are encouraged.

Strategic partners are expected to define targets and ways of measuring reach and effect both in terms of numbers (quantity) and impact (quality) and how they contribute to strengthened public support for development cooperation in Denmark. Strategic partners should further be able document how engagement activities meaningfully include the leadership of local partners, also ensuring proper representation and safeguarding measures.

IPE funds may be used to support exchange activities and programmes that foster people-to-people interaction, capacity building, and cultural exchange to promote IPE. 50% of the IPE budget may be used for this purpose.

IPE funds are tied to the Strategic Partnership and cannot be used for branding campaigns, general communication about the organisation nor specific projects or issues not supported under the partnership. Nor can they be used for fundraising purposes or political campaigns. However, the IPE funds can be used for communication and engagement activities aimed at raising awareness and understanding of the results and importance of international development cooperation – as long as they relate to the Strategic Partnership thematically and geographically. IPE-funded activities should be open to everyone, which means that the activities cannot be behind a paywall or be exclusive offers for a select few.

Partners are expected to share lessons learned and best practices with the other strategic partners and the sector i.e., at events or meetings hosted by the MFA.

10. REPORTING ON OECD-DAC POLICY MARKERS

10.1 Rio Marker

The strategic partners shall as part of the annual narrative reporting requirements, report on progress in mainstreaming and integration of climate, nature and biodiversity concerns across programmes and projects, the key results achieved in this area and the lessons learned.

The strategic partners are also required to report annually on climate and environment flows during the year based on OECD DAC statistical guidelines system of policy markers

for aid to environment and the four Rio markers. This is described in separate guidelines in Annex 8.

The reporting on the Rio markers should be submitted to the MFA by 15 April, c.f. annual cycle.

The submitted reporting will be subject to a quality assurance process carried out by external consultants for the MFA. In case the quality assurance identifies a need for adjustment of the reporting, the strategic partner is requested to submit an updated version to the MFA.

10.2 Disability Marker

The strategic partners are required to report annually on whether programs include and empower persons with disabilities as a strategic objective. This will be based on OECD DAC statistical guidelines system of policy markers.

10.3 Gender Marker

The strategic partners are required to report annually on whether programs target gender equality and women's rights as a strategic objective. This will be based on OECD DAC statistical guidelines system of policy markers, specifically the Gender Equality Policy Marker. The use of the marker is described in the OECD DAC's Handbook⁷.

11. FINANCIAL MOBILIZATION

Strategic Partners may engage in mobilization of private impact investments in support of agreed development objectives, e.g. through engaging in innovative and blended financing, provided there is substantial, specialized capacity at Strategic Partner level. These activities must comply with OECD DAC rules on Official Development Assistance (ODA) eligibility including the principles of the OECD DAC blended finance guidelines.⁸

11.1 Eligibility and general conditions

Strategic Partners may engage in financial mobilization, including innovative and blended finance, activities only where:

- The activity demonstrates clear development and humanitarian additionality and value added by the Strategic Partner
- The activity is aligned with the objectives and theory of change of the Strategic Partnership Agreement (SPA)

⁷ [OECD DAC Handbook on the Gender Equality Policy Marker](#)

⁸ https://www.oecd.org/en/publications/oecd-dac-blended-finance-guidance-2025_e4a13d2c-en.html

- All funds deployed under the SPA qualify as ODA

Purely commercial investments or instruments without a clearly articulated development and humanitarian rationale are not eligible.

In defining additionality in the use of financing for the purpose of mobilisation, the following classifications should be observed:

Table 1. Classification of additionality types

Additionality category	Additionality code	Additionality type	Description
<i>For any individual PSI activity reported in ODA, indicate whether it is considered additional as it:</i>			
Financial additionality	11	Targets underserved geographies	This includes LICs, LDCs, SIDS or other high-risk or capital-constrained markets.
	12	Targets underserved sectors or segments	This includes high-risk or capital-constrained sectors of economic activity (or parts thereof), or underserved population groups.
	13	Conveys investment terms unavailable on the market	This includes both volume and qualitative aspects (e.g. currency, maturity, interest and/or fees, amortisation schedule, flexible collateral, return expectations etc.) to promote a project bankability. Anchor investments or investments that enable financial close are included here too.
	14	Mobilise private finance	This includes interventions that aim to mobilise private finance which would not have otherwise been invested.
Value additionality	21	Mitigate non-financial risks	This includes various country, regulatory, project, macroeconomic, political and other risks. The official sector may use its reputation, convening power or good relationship with authorities and/or the private sector in developing countries to mitigate such risks.
	22	Promotes pro-development business models	This includes various capacity-building activities that specifically aim to improve the business models of private sector partners to improve their development impact beyond the adoption of environmental, social and governance (ESG) standards.
	23	Promotes knowledge transfer and generation	This includes various capacity-building activities in support of in-house research and development (R&D), access to networks and associations, growth etc.
	99	Other, please specify	

Source: [https://one.oecd.org/document/DCD/DAC\(2024\)40/ADD3/FINAL/en/pdf](https://one.oecd.org/document/DCD/DAC(2024)40/ADD3/FINAL/en/pdf)

11.2 Capacity requirements at strategic partner level

Strategic Partners who decide to engage in the use of innovative and blended finance with an incubator role are expected to make use of their financial sector expertise to also ensure high programming standards especially within the following areas: accountability, monitoring and evaluation, local leadership, use of local expertise, facilitation of stakeholder engagement, alignment with development goals, alignment with SPA objectives, safeguarding of human rights and safeguarding of social and environmental standards.

Strategic partners must thus have a multi-disciplinary skillset that bridges the traditional divide between humanitarian-development aid and commercial financing. Engagement in financial intermediation introduces novel integrity risks and complex operational demands that require specific skill sets. This includes competencies within the five domains listed in Annex 13.

11.3 Concept note on innovative and blended finance

An essential prerequisite to the launch of any type of innovative or blended financing activity or any activity with the purpose of mobilising non-traditional funds (such as non-ODA funds for ODA purposes) is the submission of a detailed description in a concept note as well as a formal written MFA approval. A Strategic Partner may submit more than one concept note (one for each activity).

The concept note must provide a clear and sufficiently detailed description of the proposed activity and must, as a minimum, address the following elements:

- A results framework outlining ex ante expected development impact and associated impact metrics
- A financial model specifying the characteristics of the activity, including, where relevant:
 - Activity type (e.g. loan, equity, guarantee, insurance)
 - Tenure, pricing and repayment terms
 - Collateral and security arrangements
 - Use of SPA funds, including any provisioning
- A flow-of-funds diagram illustrating SPA funding, co-financing and mobilised private capital across participating entities, intermediaries and fund structures
- Risk provisioning and risk management policies, including maximum exposure and loss-absorption mechanisms
- Exit strategies or graduation path, including timelines and plans for treatment of reflows
 - the note must explain how the project will eventually operate on purely commercial terms or how local markets will mature to support such activities without future subsidies.
 - For micro finance initiatives (MFI's) an exit strategy should enable them to tap into local commercial capital sources as the donor phases out. This ensures the MFI integrates into the country's mainstream financial system rather than remaining dependent on external subsidies
- Reporting arrangements covering both humanitarian, developmental impact and financial performance

- Measures to ensure continued compliance with safeguarding requirements (ESG, human rights, social and environmental standards etc.)
- A description of staff capacity at Strategic Partner level, contracted or through partnerships, including demonstrated expertise in disaster risk finance, development finance and impact investing, as well as the organisation's and/or financial expertise partner's prior experience in implementing similar activities. Capacities will be needed with backgrounds in finance, banking, and deal structuring, capable of conducting due diligence on business models and managing complex financial instruments.
- A robust theory of change that links financial inputs to specific humanitarian and development outputs (e.g., jobs created, emissions reduced) and long-term impacts.
- A theory of change showing that the intervention can be expected to produce humanitarian and development outcomes (e.g., serving underserved populations) that private investors would not achieve on their own.
- Justification for the amount of subsidy requested demonstrating that the concessionality is no greater than necessary to mobilize the investment, ensuring public funds are not used to subsidize private profits unnecessarily.
- Integrity due diligence including systems to vet private sector partners (Know-Your-Customer), identify beneficial owners, and prevent money laundering, especially when dealing with complex financial intermediaries.
- Consumer protection especially in case of lending (e.g., microfinance), the note must outline measures to prevent over-indebtedness and ensure transparency in pricing for the poor.
- The strategic partner should establish independent mechanisms for affected communities to voice concerns regarding environmental or social harms.
- Description of how the Strategic Partner adds value to the activity, including through contextual knowledge, engagement with civil society actors, or experience in humanitarian or fragile settings.

In the creation of concept notes, attention should also be paid to the section 2.3 Gearing of Resources in the SPA 2027-2031 Full Proposal Information Note which includes a box overview of different roles for NGO's in innovative and blended finance activities.

11.4 Governance and accountability

Strategic partners must establish clear and documented governance arrangements for all innovative financing activities, including activities with elements of blended finance. Such arrangements must be in line with relevant national legal frameworks, including:

- Defined decision-making authority for investment and risk-taking.

- Clear separation between activities with/without elements of innovative and blended finance mobilisation.
- Transparent accountability arrangements vis-à-vis intermediaries and third parties.

The Strategic Partner remains fully accountable to the MFA for the use of SPA funds, including where funds are channelled through revolving funds, special purpose vehicles or other financial structures.

11.5 Revolving funds and reflows

Where activities take the form of revolving instruments, such as loans, equity or guarantees, any SPA funds returned through repayments, exits or released risk provisions at the end of the utilisation period may be revolved back into activities with development purposes similar to SPA objectives (to be approved by the MFA in writing)

Such revolved funds, received within the SPA period 2027-2031, must be included in Annex 3G, whilst their use (*second use* when taking into account that they have revolved) must be included in the institutional accounts as income originating from first use. The Second use does not have to be towards innovative and blended financing activities. A narrative description of the agreed upon *second use* must be included in the respective annual results reporting. Funds revolving beyond the second use must be aimed towards ODA-eligible activities in line with the SPA strategic focus. Activities funded by *second use* are not covered by the SPA audit report, and will under normal circumstances not be covered by MFA monitoring visits or reviews beyond the SPA period 2027-2031. The Strategic Partner must report to the MFA if cases of irregularities occur (see section 4.5). This applies for activities funded during both *first use* and *second use*.

11.6 Reporting to the MFA

Strategic Partners are required to include a description of its innovative and blended finance activities, including private sector engagements, in annual narrative reporting to the MFA. This reporting should include a narrative on progress as well as lessons learned. The reporting should be backed by figures to the extent possible. For activities funded during *second use* (see section 11.5), a very brief description in the annual results report is sufficient.

Annex 3 includes a sheet (Annex 3G) with a reporting format (figures) on financial mobilization, which the strategic partner is required to fill out.

In the narrative reporting strategic partners are expected to cover the following elements:

Reporting Dimension	Key Indicators / Metrics	Rationale & Source
1. Financial Performance & Sustainability (Is	Portfolio Quality: Portfolio at Risk (PAR) > 30 days. Write-off ratios and annual loan-loss rates. Profitability & Efficiency: Adjusted	CGAP Guidelines: Reporting must verify the MFI is moving toward commercial sustainability and not

the underlying business viable?)	Return on Assets (ROA) and Equity (ROE). Financial Self-Sufficiency (FSS) ratio (revenue / total costs including adjustments). Operating expense ratio (cost per client).	concealing inefficiency with subsidies. High delinquency indicates the subsidy may be distorting the credit culture. Market Viability: Demonstrates the institution can survive once SPA support ends.
2. Blended Finance Mechanics (Did the subsidy work as intended?)	Mobilisation & Leverage: Private capital mobilised per USD of donor funding (Leverage Ratio). Distinction between <i>direct mobilisation</i> (co-investment) and <i>indirect mobilisation</i> (catalytic effect). Concessionality: Total estimated subsidy as a % of total project cost. Justification for the specific level of subsidy used (Minimum Concessionality rationale). Additionality: Financial Additionality: Evidence that private capital would <i>not</i> have participated without the intervention. Exit/Graduation Progress: Milestones achieved toward phasing out the subsidy (e.g., securing a commercial loan).	OECD & DFI Principles: Essential to prove public funds are not “crowding out” private investors. Accountability: Requires the NGO to calculate the “grant element” to prove the subsidy was minimised. Additionality: Ensures the project isn't a deadweight loss (subsidizing activity that would have happened anyway).
3. Development Impact (Who benefitted?)	Outreach (Breadth & Depth): Total number of active clients/accounts. Average loan size as % of GNI per capita (proxy for poverty level). Inclusivity (Disaggregated Data): Percentage of female borrowers/women-led businesses. Rural vs. Urban client split. Client Outcomes: Adherence to Client Protection Principles (e.g., transparency on interest rates/APR, prevention of over-indebtedness).	OECD Guidelines: Impact Standards: Metrics should align with IRIS+ or HIPSO standards to ensure comparability. Gender Focus: Critical for MFA to ensure funds reach underserved populations (e.g., women). Do No Harm: Reporting on over-indebtedness prevents predatory lending practices disguised as development.
4. Integrity, Governance & ESG (Is the operation ethical?)	Due Diligence & Ownership: Beneficial ownership disclosure of private partners/intermediaries. Confirmation of AML/CFT checks. ESG Safeguards: Compliance with IFC Performance Standards or equivalent environmental/social safeguards. Grievance Redress: Number and nature of complaints received from beneficiaries. Status of remedial actions taken.	U4 BF Integrity & corruption standards: Transparency on “who owns the partners” prevents fraud, tax evasion, and misuse of ODA funds. Accountability: Grievance mechanisms allow beneficiaries to report harms (e.g., forced displacement or aggressive debt collection) directly to the donor.

All activities, under all circumstances, funded by the SPA grant must be eligible for ODA reporting as per OECD-DAC criteria.

11.7 Audit and control

Innovative and blended finance activities are subject to the same audit and control requirements as other SPA-funded activities, with due consideration to the specific characteristics of the activities.

12. Annexes

Annex 1: Template for orientation of allocation of unallocated flexible funds

Annex 2: Budget Summary (including Annex 2A, 2B and 2G)

Annex 2E: Cost categories

Annex 3: Budget monitoring and audited accounts template (including Annex 3A, 3B, 3C, 3D, 3E, 3F and 3G)

Annex 4: Audit instruction

Annex 5: Form for reporting suspicion of irregularities

Annex 6: Transfer of Assets

Annex 7: Disbursement requests

Annex 8: Guidance on Rio markers and environment reporting

Annex 8A: Rio marker and Environment reporting template

Annex 8B: Sources and tools to aid environment and Rio marking

Annex 9: Guidelines SPA portfolio-level results system (SPRS)

Annex 9A: Case study template

Annex 9B: Guidance for case studies

Annex 10: IATI publication

Annex 11: VfM Guidance Note

Annex 12: IMTS Compliance Requirements

Annex 13: Guidance Note on capacity requirements re. financial mobilization as incubator