

Evaluation of Management of Danish Development Cooperation 20 years after decentralisation

Summary and management response

This note summarises the conclusions from the report 'Evaluation of Danish Development Cooperation 20 years after decentralisation', covering the period 2009-2024 and outlines the Danish Ministry of Foreign Affairs' (MFA's) management response and follow-up actions (in *italics*) to recommendations resulting from the evaluation. The management response was drafted by the Department for Africa, Development Policy and Financing in consultation with relevant stakeholders. The evaluation itself was conducted by an independent evaluation team from PEM and IOD Parc.

1. Evaluation summary

With the overall objective of assessing changes in the management of Danish development cooperation, the evaluation considers strengths and weaknesses of the management system for Danish development cooperation and identifies lessons for the future to inform delivery of the Danish policy and strategy for development cooperation. Evaluation questions focus on the evolution of changes in development cooperation and whether and how these have been addressed by aid management in a relevant and appropriate manner.

1.1 Background

From August 1 2003, management of Danish bilateral development cooperation was decentralised to Danish Embassies (DEs), and in 2005, the decentralised management was extended to multilateral development cooperation. Since then, there have been major changes globally in the international context for development cooperation, and within Denmark in how Danish development cooperation has been managed and delivered.

Decentralisation was implemented in earnest for several years and had many positive effects. The first evaluation of decentralisation undertaken in 2009 noted various positive impacts on development cooperation effectiveness, including improved flexibility, responsiveness, and ownership. Decentralisation was also viewed positively by staff, increasing their sense of ownership of country programming, their flexibility to make decisions, and their job satisfaction. However, constraints were also becoming evident in key areas such as human resource capacity and skills.

The intent of decentralisation was then undermined by strong countervailing pressures in support of domestic and national priorities and fiscal and political pressures to cut costs in the Danish Ministry of Foreign Affairs (MFA). Although decentralisation still features in the Aid Management Guidelines (AMG) and has never formally ended as a policy objective, it was effectively put into reverse by the focus on other policies and the closure of many embassies where a decentralised approach could be applied.

This independent evaluation commissioned by the MFA covering the period from 2009 considers:

- Whether and how changes in the context of development cooperation have been addressed by the way Danish development cooperation has been managed in a relevant and appropriate manner.
- Whether this has been done in line with the intentions behind the decentralisation of the management of Danish development cooperation.

- Whether the changes made in recent years have been conducive to the intentions behind the introduction of Doing Development Differently (DDD) and adaptive management.

The evaluation considers strengths and weaknesses of the management system for Danish development cooperation and identifies lessons for the future to inform delivery of the Danish policy and strategy for development cooperation. (See Terms of Reference (TOR) in Annex A).

The methodology is described in the first chapter of the main report and in Annex B. In brief, it draws evidence from and triangulates across a variety of sources including strategy and portfolio analysis, documentary review and mapping of key indicators, key informant interviews with MFA staff and partners in Copenhagen and in six case study countries/missions, and an electronic survey of MFA staff. The evaluation was initially managed by the MFA Evaluation Team in the Department for Evaluation, Learning, and Quality (LÆRING), and from October 2024, by an external evaluation manager hired by the MFA. At each stage, comments were provided by an Evaluation Reference Group including external experts and representatives of different parts of the MFA.

Because of the wide scope of the subject of the evaluation, it was necessary to delineate what could be considered in any depth, and the main report notes key areas that are excluded as well as other limitations. For example, support to the private sector, the EU, Ukraine, and humanitarian development cooperation were all deemed out of scope, despite their undoubted importance.

The first task of the evaluation was to map the changes in context and in the management of Danish development cooperation. The key changes in the global context include the following:

- Retrenchment on multilateralism has been a major trend. Countries have increasingly focused on domestic priorities as geopolitical tensions have risen. There has also been a sharp increase in/resumption of conflict situations with global consequences. For instance, the financial crisis, the COVID-19 pandemic, and the outbreak of war in Ukraine have put the international system under huge strain.
- There has been a move away from the previous discourse on development cooperation effectiveness, represented by the 2005 Paris Declaration on Aid Effectiveness. The Sustainable Development Goals (SDGs) provide a broad consensus direction for the international system but are very wide-ranging. Meanwhile, there has also been a more specific focus by donors on climate change, humanitarian response, fragility, and migration linked to nationalism and concerns over global security and terrorism.
- Despite some progress on UN reform, policy coherence, and alignment of UN/International Financial Institution (IFI) systems around the SDGs, systems coherence has not been helped by the shift away from multilateral and towards domestic priorities.
- The donor landscape has diversified significantly with the emergence and influence of new donors, and development cooperation delivery models have shifted.
- More countries have attained middle-income status and have become less development cooperation-dependent (while continuing to express a strong need for support in some respects).
- Meanwhile, there has been a focus on influencing reform of decision-making mechanisms in the multilateral system to allow for developing countries and emerging economies to have a greater voice.
- The earlier consensus on the Paris principles on aid effectiveness, programmatic development cooperation, and national ownership has largely disappeared.
- Poverty reduction remains enshrined in the SDGs together with global priorities around climate action, gender, and inclusion.
- There has recently been new attention to localisation, increased voice for developing countries, and DDD.

Against this backdrop, Danish development cooperation also changed very significantly:

- Denmark is one of the few donor countries that has consistently achieved or exceeded the 0.7% Official Development Assistance (ODA)/Gross National Income (GNI) target, although from 2009 to 2022, Danish ODA decreased as a proportion of national income, from 0.85% to 0.7% of GNI.
- However, Danish ODA has become increasingly couched in the context of Danish national interest, significantly influenced by policies on climate change, migration and security, and international crises responses.
- Thematic approaches and Danish political and economic interests have gradually replaced long-term partnerships with national governments for development cooperation.
- The number of countries where Denmark has large bilateral development cooperation programmes managed by its embassies is now much smaller than in the days when the policy of decentralisation was conceived.
- At the level of Denmark's strategies for development cooperation, there has been a degree of continuity (e.g. gender, human rights) but in terms of implementation, there have been shifts in emphasis and in levels of spending in response to political pressures.
- In particular there has been increasing attention to climate action, which is entirely in line with global trends and priorities. At the same time, it provides opportunities for furthering Danish national interests given its comparative advantage in expertise and commercial terms.

Denmark's role as a partner in development cooperation remains widely respected but there have been changes in focus, as in other countries, away from a direct focus on the effectiveness of development cooperation for its own sake and towards furthering national and strategic foreign policy and security interests:

- Increased attention is being paid to fragile states where cooperation with the government is often impeded by lack of capacity or legitimacy (perceived or real).
- In allocating ODA, the focus on fragile states and climate led to more use of third-party implementation channels, including the multilaterals, civil society organisations (CSOs), the private sector, and institutional cooperation, for example, between Danish line ministries and their counterparts in various countries.
- Recent trends indicate a renewed focus on country partnerships. The most obvious example of this is in the new Africa strategy: '*Africa's century – Strategy for Strengthened Danish engagement with African countries*'. Africa remains the priority region but development assistance to Asia, the Middle East, and Latin America remains high, and development cooperation in Europe (Ukraine) has been increasing.
- There have been various shifts in development cooperation modalities: From 2010 to 2022, bilateral development cooperation remained stable at around 70% of total ODA. However, the share of bilateral development cooperation channelled through multilateral organisations increased from 8% to 23%, while other bilateral development cooperation declined from 65% to 50%. Today, more than 80% of ODA (excluding core contributions to multilateral organisations) is managed from Copenhagen compared to 50% in 2009.
- This shift is mainly due to increased Danish contributions to the EU, Financial Intermediary Funds for climate and environment, and multi-bi projects through UN agencies.
- There has also been a shift in cooperation partners from primarily partner governments towards multilateral actors and non-state actors of which many were Danish.

Two important trends have been observed, both of which are highly relevant for effective management of Danish development cooperation:

- First, there was a proliferation and fragmentation of instruments and actors involved in development cooperation. In later years, the growing attention to this issue has led to a decline in new engagements.
- Second, there has been a recentralisation of Danish development cooperation, by default rather than by strategic intent.

These changes have come about for the following reasons:

- Capacity constraints within the MFA due to budget cuts have created powerful incentives to push development cooperation through third parties. Staffing retrenchments started to play a role within a few years of initiation of the decentralisation policy, driven by sustained MFA budget reductions that continued for much of the period. Available HR data, covering the period from 2009 onwards, shows a steady decline in development staff between 2009 and 2019 when numbers began to rise again. This applies to both home-based staff in Copenhagen and out-posted staff in embassies. The decline in staff numbers also reduced the number of embassies through which decentralised management of (large) bilateral development cooperation programmes could be implemented.
- These cutbacks effectively slowed down or even reversed the decentralisation process from 2011 onwards, draining development expertise and capacity at both the MFA in Copenhagen and the missions and impacting the capacity of the MFA to perform its quality assurance role adequately.
- The capacity issue is particularly important as a truly decentralised approach is staff-intensive since it involves managing programmes directly with implementing partners rather than working through third parties. According to stakeholder interviews, which were strikingly clear on this point, particularly in the MFA in Copenhagen, fewer staff and resources led to technical and sectoral deskilling in relation to development cooperation.
- The integration of development cooperation with other policies, the increased focus on climate, migration, and fragility, and shifts towards third-party channels, all effectively recentralised Danish development cooperation management.
- Overall, the priority shifts and the stronger integration of development cooperation into the foreign, security, trade, and climate policies led to a proliferation of Danish partners and instruments.

These trends run directly counter to the original intentions of decentralisation over 20 years ago, which were seeking to move management of development cooperation closer to national beneficiaries and to make it more harmonised, aligned, and driven by development objectives and considerations on aid effectiveness.

In contrast, the main drivers had shown themselves to be the need to reduce staffing in the MFA, closure of embassies, and the need to bring development into the orbit of foreign policy priorities and geopolitical developments given the shocks to the international system.

The relevance and effectiveness of Danish support through multilaterals is increasingly central, given the increasing use of this funding channel and multi-bi cooperation as compared with bilateral development cooperation managed by embassies.

- One issue this raises is how Denmark can best help drive multilateral effectiveness. This evaluation suggests that Denmark plays an important role in UN reforms and through provision of substantial core funding, and that the decentralised decision-making of the missions in relation to Denmark's role on the Executive Boards has advantages.

- But capacity is constrained, and Denmark also needs effective mechanisms to gather detailed and granular evidence from the ground on how well the multilaterals are doing.
- Bilateral presence is an important part of ensuring effectiveness of multilateral engagement. This could be part of a deliberate strategy of using a range of different development cooperation modalities in a synergistic way.
- In any case, presence on the ground is also needed for Denmark's international contribution to be visible in countries, particularly where geopolitical considerations are important.
- The need for visibility of Danish ODA is also a challenge in relation to multilateral funding, since other things equal, it might lead to more thematic earmarking, while development cooperation effectiveness considerations would on the contrary tend to argue against earmarking.
- The hollowing out of the MFA's technical capacity has also tended to weaken the quality assurance role required for both decentralised and centralised arrangements across different modalities (bilateral and multilateral).

Despite these tensions, there are some broadly positive developments in Danish development cooperation management:

- Based on the six case studies for this evaluation, Denmark's role as a partner in development cooperation is assessed positively. Denmark is still able to call on the social capital developed over many years through the role that Danida played in bilateral cooperation.
- The AMG, which were initiated in 2003 (see Annex G for an overview of major changes), are found to have been working reasonably well, evolving and responding to contextual changes. However, the share of Danish ODA has declined for the types of cooperation for which they were originally developed. There remains a need to adapt and develop the AMG to tailor them further to newer and non-traditional instruments.
- The Danish focus on climate change is well aligned with global and national interests, so relevance is high. However, effectiveness is less clear in this area, not least because it is dependent on how effectively the resources are used by third parties through which Denmark is working on climate action.
- The increasing use of Strategic Sector Cooperations (SSCs) provides an additional important instrument that is useful in certain contexts and can showcase and share Danish expertise. This is part of Denmark playing a significant role as a partner in new middle-income countries (MICs) that had previously benefitted from long-term Danish ODA.
- The case study in Morocco on the Danish–Arab Partnership Programme (DAPP) for this evaluation shows how working through civil society partners can help further development objectives such as supporting inclusion, gender, and human rights.
- The Niger case study raises questions about whether Denmark has found the right approach to management of development cooperation in fragile contexts. Specifically, relying on delegated partnerships used in this way has drawbacks.

The evaluation also looked at Denmark's approach to DDD, including adaptive management, focus on results, and coherence across different instruments.

- There is every reason to think that this was a highly relevant approach, because of its emphasis on results, adaptive learning in response to local needs, and coherence.
- Unfortunately, the evidence from this evaluation suggests that DDD as an approach was not well understood. Primarily, it was not seen as bringing anything particularly new to the table. Management of Danish development cooperation had already sought to be flexible, adaptive, and

focused on results before DDD, so MFA employees were left asking themselves what exactly was different.

- At the same time, DDD was not fully implemented and assimilated in terms of substance, despite concerted efforts at rolling out relevant training. In one key area there was a significant gap i.e. in the ability to ensure operational learning. Here, the capacity constraints and deskilling of the MFA in terms of development expertise have been crucial factors.
- There was also significant evidence of a gap in terms of how far RDE staff are able to use MFA data systems to get the full picture of Danish engagement within a country and for local partners to track coherence. For example, the Danish MFA has a long tradition of outsourcing data collection to external consultants, think tanks, and universities. Internal systems are designed to meet only basic needs (focused on financial management and fulfilling annual OECD Development Assistance Committee (DAC) reporting requirements) with insufficient attention to preserving historical data to, inter alia, serve the purpose of future analysis. Until 2013, the MFA relied on siloed systems, after which it adopted standard government financial systems and is now using an externally hosted bookkeeping platform called Navision.

The **lessons** from this evaluation can be summarised below

1. The intent of decentralisation was conceptually strong and highly relevant to the needs of developing countries, but it was practically constrained.
2. DDD, including adaptive management, was also highly relevant but was not fully assimilated or well understood, not least because of staffing constraints.
3. Denmark's role as a partner remains highly appreciated in its bilateral development cooperation.
4. Similarly, its work through and with multilateral organisations was also viewed positively by those interviewed for this evaluation. There is, however, a need to find the most effective ways to harness on-the-ground intelligence to inform multilateral effectiveness.
5. The management system for handling Danish ODA has various positive features – particularly that the AMG are fit for purpose and continue to evolve, that Denmark is a valued partner, and that Danish representations and RDEs (where still in place) provide a solid foundation for management of development cooperation.
6. Denmark's focus on climate change is well aligned with global and national priorities, making it highly relevant and an opportunity to showcase Danish expertise and leadership. However, since it involves directing funds through climate funds, an engagement that is managed from Copenhagen rather than at embassy level, it has also led to a more centralised approach.
7. There is a continued need to find ways to effectively address development cooperation management in fragile contexts.
8. The SSC instrument has demonstrated its value, is well appreciated, and could usefully be sustained and developed further (in the right contexts).
9. Through the DAPP, the CSO partners can play a central advocacy role on Danish development priorities within agreed results frameworks. On the other hand, service contracts are not working well in their current design.
10. MFA data systems are not optimally configured to support management of Danish ODA, being unable to provide timely, reliable, and easily accessible data for managing the development cooperation portfolio at embassy level.

The evaluation has identified the following **key strengths** of the way in which Danish development cooperation is managed: Denmark has a good reputation among in-country national and local partners. It has built a reputation for its work and influence on gender and climate. Management of Danish

development cooperation was adaptive before DDD and remained so. Denmark's adaptability is also supported by the broad range of instruments available.

In terms of **key weaknesses**: as already noted, reductions in MFA staff and the closure of embassies have reduced the ministry's technical capacity. There is also an issue around the coherence across the different instruments now used by the MFA. One gap noted is that the tools available for working in fragile contexts are more limited, particularly in regions where Denmark has closed embassies, such as the Sahel. Other weaknesses include the fact that there is untapped potential for learning and adaptation beyond the formal channels of adaptive management at RDEs.

The **conclusions** of the evaluation are as follows.

1. Denmark has a strong reputation internationally as a flexible and capable partner that plays an important role in supporting effective development cooperation. Much of this reputation was built on the quality and long-term nature of its bilateral and multilateral engagements.
2. The Danish management system and guidance for development cooperation/use of ODA are found to work reasonably well, at least in relation to traditional bilateral and multilateral development cooperation modalities. However, several important challenges for effective development cooperation management were also evident.
3. The first challenge is that Denmark is working within an increasingly fragmented international system, characterised by a proliferation of actors and instruments. This makes it more and more complex to manage development cooperation well. It requires a strategic, intentional, and balanced approach rather than a more reactive one, notwithstanding political drivers.
4. Second, managing development cooperation has been made much more difficult by the long-term hollowing out of technical capacity within the MFA, which came up frequently in the evaluation.
5. Third, recognising its own capacity constraints, Denmark has (not surprisingly) shifted towards increasingly delivering development cooperation through third parties. Working through the multilateral partners is a very important route towards effective development cooperation, particularly in fragile states and given Denmark's relatively small size. However, the evaluation concludes that the pendulum may have swung too far. Danish bilateral cooperation requires a critical mass to work effectively and play its complementary role.
6. This evaluation also considered to which extent the management system for Danish ODA meets the original intent of decentralisation. Decentralisation remains implicitly a policy objective in the framing of the AMG, but it has been undermined by other trends and has fallen out of view. As a policy, nevertheless, it still has considerable merit and could do with being brought back into focus.
7. DDD was a relevant approach, but it was not fully assimilated, although many of its key elements are a natural fit to how Denmark likes to work. Importantly, a capacity gap remains for rapid loop learning for adaptive management, although other types of learning are well supported.

In summary, to ensure development cooperation effectiveness in a rapidly changing world, it is vital to retain a strategic and balanced approach in choices of instruments and partners and to keep an eye on development cooperation effectiveness overall. In contrast, it appears that Denmark has been more reactive, somewhat piecemeal, and political, which could be improved. An example of this is the effect of decisions aimed at showing Danish commitment to tackling climate change which themselves are highly relevant and make sense but have stretched the development cooperation management system.

The evaluation makes a range of recommendations, under the headings below. The full explanation related to the recommendations can be found in the next section in relation to the management response from the Ministry of Foreign affairs.

Recommendation 1: Re-establish a more explicit focus on effectiveness of development cooperation in how it is managed, as part of a balanced and strategic approach to the choice of instruments used in development cooperation that recognises the particular strengths and risks of each instrument.

Recommendation 2: Ensure coherence and synergies through better planning and data.

Recommendation 3: Maintain a critical mass of bilateral country programmatic development cooperation.

Recommendation 4: Prioritisation: Continue to aim for fewer, larger interventions with a less fragmented approach.

Recommendation 5: Strengthen capacity for influencing multilateral partners in the UN.

Recommendation 6: Effective management of the increasingly large share of development cooperation resources channelled through climate funds.

Recommendation 7: Using SSCs to their full, but only in the right contexts.

Recommendation 8: Learning in support of adaptive management.

Recommendation 9: Reconsider use of Service Contracts for CSOs in the Danish–Arab Partnership.

2. Management response

2.1 General remarks

The Ministry of Foreign Affairs (MFA) welcomes the evaluation of management of Danish Development Cooperation – 20 Years after Decentralisation. Taking departure in the recent Strategy for Development Cooperation and ‘Africa’s Century’ - the Strategy for Strengthened Danish engagement with African countries (the Africa Strategy), Denmark has taken a decisive step towards a more interest-driven development policy. An approach that underlines the value of building equal partnerships and better integrating development cooperation with foreign and economic diplomacy priorities within the current geopolitical context. This approach also underscores that the MFA is a unitary service, which means that management of development cooperation is integrated across the organisation as a whole. The MFA finds that this approach is well aligned with the follow-up on recommendations from the evaluation.

The evaluation points to a range of challenges and dilemmas that have been present in development cooperation management over the years and are important to address. These dilemmas are linked to the perennial, and difficult, question of how best to respond to the evolving needs and priorities of partner countries and institutions, Danish political priorities and conditions resulting from a rapidly changing international development architecture and global world order. Making sure that Danish development cooperation is well managed, not just in terms of allocation to priority areas but also in terms of achieving effective and efficient results with given resources, is more important than ever, and this has been part of the rationale of initiating this independent evaluation.

The MFA will use the evaluation as a point of departure for further scrutiny of the management of development cooperation. The MFA will initiate an internal process to identify proposals for further adjustments. The process will involve relevant units managing development cooperation, as well as, where relevant, external stakeholders. This work will build upon the momentum of the past two years with the recent strategies, with the Strategy for Development Cooperation explicitly stating the need to continually assess if workflows appropriately support quick and relevant action by the MFA. As part of the process, the MFA will analyse which organisation serves fulfilment of the strategy, not least how to advance equal partnerships. . Working through the EU as well as for the EU, through delegated cooperation and actively contributing to shaping the EU’s instruments, will be an integral component.

The MFA experienced budget-cuts from 2001 and onwards. This made prioritisation a necessity for the whole of the MFA. The budgets of the MFA were stabilised from 2021 and from 2024, the government decided to strengthen the MFA due to the geopolitical situation. The MFA is a unity service, and it has with these increased budgets been made more robust and able to deliver on the government’s strategies

– including the Strategy for Development Cooperation and the Africa Strategy. It has also meant opening of new embassies and more staff to develop and implement partnerships.

In parallel with the evaluation, an MFA-wide effort was launched in the second half of 2024 with the aim to identify initiatives to simplify management of development cooperation while safeguarding the existing quality levels. Some of these initiatives have been implemented, while most initiatives are still in the making. However, these initiatives will not sufficiently respond to the fundamental challenges raised by the evaluation, hence the need for further scrutiny. In the responses to the specific recommendations below, some current efforts are highlighted and more will follow based on the above-mentioned process.

2.2 Response to specific recommendations

Before commenting on specific recommendations, the MFA notes that the evaluation – fully in line with the Terms of Reference - has not investigated the totality of Danish development cooperation or all aspects of management in equal depth. Thus, the extensive Strategic Sector Cooperation and support to and through civil society organisations have only been considered at a very general level, while other modalities and actions – notably humanitarian support – are outside the scope of the evaluation. This reflects necessary priorities in dealing with an exceptionally complex evaluation scope. When following up on the evaluation, the MFA will consider the extent to which recommendations may be relevant also for other modalities than those addressed in the evaluation.

Recommendation 1: Re-establish a more explicit focus on effectiveness of development cooperation in how it is managed, as part of a balanced and strategic approach to the choice of instruments used in development cooperation that recognises the particular strengths and risks of each instrument. Denmark should seek to develop a more balanced and strategic approach when choosing which modalities and instruments to use – and this should be explicitly informed by development cooperation effectiveness considerations. This is in contrast to the present approach which has more obviously tended to be driven by other important objectives and ended up relying too heavily on third-party channels. It should aim for synergy across all Danish engagements with a particular country or partner.

***Response:** The MFA agrees with the recommendation; with both the Strategy for Development Cooperation and the Africa Strategy, Denmark affirms its dedication to pursuing local ownership as well as perspectives, needs and interests of partner countries. In fact, a central pillar in the Strategy for Development Cooperation launched in June 2025 is the aim that development cooperation must be more strategic and effective. Furthermore, the MFA finds that ensuring effectiveness and a balanced strategic approach are complementary, and thus should be pursued together.*

The MFA also acknowledges that resource considerations may have contributed to tipping the balance towards instruments based on (perceived) ease of formulation/ management. To a large extent, the choice of implementing partner as well as modality is decentralised to the responsible mission/ department. One of the main new initiatives following the simplification effort is a revised process for programming and quality assurance of grants, applicable to grants from 2026. The aim is to provide early feedback on programming, including on modality and instruments, which is expected to improve synergy across engagements and strengthen the dialogue around choice of partners and modalities early in the preparation phase where there is more room for open discussions. Revised guidelines will also include emphasis on, through better guidance, effectiveness, assessing alignment, ownership, capacity and demand of partners as well as strengths and weaknesses of different modalities/instruments. The aim is to ensure that the pursuit of the strategic priorities of Danish development cooperation includes a clear focus on effectiveness and considers both management and resource implications of the modalities chosen.

On the topic of strengths and weaknesses of different modalities/instruments, the MFA will reinforce the emphasis on justification of choice of partner, specifically regarding third party channels. The aim is to more explicitly explain how the context/purpose support a specific choice, for example where fragile settings or need for specialised knowledge support the choice of a third-party implementor, and the respective balance with regards to Danish strengths and visibility. The MFA will promote delegated cooperation, especially through the EU, to advance synergy and collaboration with partners. The MFA is in the process of reviewing development cooperation channelled through multilateral organisations, a process running parallel to the UN80 reform initiative and informed by the evaluation of Danida Multi-Bilateral Interventions (2013-2019). The MFA is also actively engaged in other reform processes, i.e. the Humanitarian Reset and the International Financial Architecture (IFA) reform, the outcomes of which will impact the international system as well as Danish scope for action.

Recommendation 2: Ensure coherence and synergies through better planning and data. In pursuing recommendation 1, and in line with the intent of DDD, Denmark should continue to aim for synergy across all Danish engagements with a particular country or partner. As the foundation for this, Denmark should ensure enhanced coherence through strengthened strategic planning processes, data, and oversight that can enable looking across diverse instruments for development cooperation, especially at the country level. In particular, it would be helpful to further improve the staff's understanding of what data are available and how to find them for this purpose.

Response: *The MFA agrees with the recommendation to ensure coherence and synergy through better planning and data. The above-mentioned revised processes for programming and quality assurance aim to improve the planning process by ensuring early feedback from colleagues with relevant (sector) experience.*

The MFA finds that easy access to data on existing engagements for all units, whether the focus is determined by geography or choice of partners or other perspectives, as well as better overviews of the diverse instruments should strengthen staff knowledge and contribute to improved planning and management. Overall, plenty of information exists in the MFA, but there is a need to strengthen awareness, ease of access, and use of available data. For that purpose, the MFA is exploring a variety of standardised data 'cockpits' with a view to allow easy selection of 'focus' and future access to an instant overview of relevant engagements, and their relative size, as well as access to deeper data. As an example, the MFA has worked to improve the availability of data on Denmark's total contributions to UN-partners at core and country-level for internal use to create overviews of all engagements across the UN development system. This can help inform decision-making with regards to new engagements as well as strengthen oversight and synergies across Danish engagements with a particular country or UN partner.

The MFA acknowledges that better results data is an important element in improving planning and ensuring coherence and synergies within and across portfolios. In recent years, the MFA has been revising its data management approach, aiming to introduce a multi-layered reporting facility spanning data at portfolio and project level. The MFA plans to embed this multi-layered data management approach into its decision-making processes, including annual planning meetings (grundbudgetmøder) and annual stocktaking sessions. These will serve as reflection cycles for sharing lessons across projects and staff.

Recommendation 3: Maintain a critical mass of bilateral country programmatic development cooperation. Bilateral development cooperation managed at the embassy level is an important route for maintaining the asset that is Danish reputation, knowledge, and expertise based on first-hand experience of what makes development cooperation effective. However, it has dwindled as the number of embassies with a large development cooperation portfolio has been reduced. Opportunities should now be taken to protect and build this asset and, in the process, rediscover the importance of decentralised management of development cooperation. This may be timely in the sense that it could fit well with the

need for increased Danish visibility in a geopolitical sense, which is a high priority in, for example, the new Africa Strategy.

Response: *The MFA agrees that a “critical mass” of bilateral country programmatic development cooperation should be ensured. Approaching development cooperation through equal interest-based partnerships is a central priority of the Strategy for Development Cooperation, and bilateral engagements are the most direct link to delivering on needs and wishes of government partners, local civil society and businesses. Furthermore, local ownership and first-hand experience are crucial within the wider effectiveness agenda.*

While the number of embassies with large development cooperation portfolios have decreased over the past decades, recent years have seen a strengthened focus on bilateral engagements, including smaller targeted strategic engagements in partner countries such as Nigeria and South Africa. The cancellation of the planned closure of the embassy in Tanzania (announced ultimo 2023) as well as the strengthening of diplomatic presence in Africa through the opening of new embassies as announced with the Africa Strategy (august 2024), provide evidence of the wish to create a greater bilateral imprint with strengthened dialogue on the ground. During the past years, the MFA has also actively sought to implement a greater share of climate-related development cooperation bilaterally.

The MFA will enhance the use of partnership agreements with countries where Denmark is present with bilateral development engagements, a key deliverable of the Strategy for Development Cooperation as well as the Africa Strategy. This initiative aims at ensuring greater equality in partnerships, as well as a more strategic use of development cooperation in relation to other policy areas, such as foreign, security and trade policy. Further, with the revision of existing formats and frameworks, processes will be streamlined in order to ensure a more lean and strategic approach to the implementation of development cooperation.

Meanwhile, the MFA acknowledges that decentral management of development cooperation has implications for staffing. With the implementation of the Africa Strategy, several new positions for posted staff are created in Africa. The MFA will look into the development competencies in the selection of posted candidates, perhaps there are possibilities to improve on-the-job training with regards to complementarity of technical expertise? The MFA would also like to point out that locally-employed staff are a very valuable resource in management of development cooperation, providing context knowledge and expertise, among others. In cases where engagements related to a given partner country are initiated by a central department (e.g. benefitting from specialised knowledge in the department for Green Diplomacy and Climate), the MFA will strengthen the early and continued involvement of the relevant mission, to ensure that programming and management is undertaken in a sufficiently decentralised manner supporting the partnership-approach.

Recommendation 4: Prioritisation – continue to aim for fewer, larger interventions with a less fragmented approach. Managing development cooperation effectively has upfront costs, although it should save resources too. Several of the recommendations of this evaluation (particularly recommendations 2, 5 and 8 for example) would require additional resources to be implemented. One way to afford this would be if MFA prioritises fewer, larger interventions, while also using smaller engagements selectively when it makes sense to do so.

Response: *The MFA agrees that prioritisation of engagements is important, and that aiming for fewer, larger interventions is key to achieving this goal. Decreasing the number of engagements has been a priority for a while, as evidenced by the evaluation finding that that overall, the number of engagements has declined significantly. The trend does, however, not extend to small engagements, which over time remain a substantial share of the total. While small engagements that respond to specific challenges can provide high value in terms of dialogue and visibility, especially for embassies with resources to manage these engagements, the high resource costs of small engagements suggests that they should be undertaken only in exceptional cases, where a specific need or strategic consideration must be clearly presented. The MFA will seek*

inspiration from likeminded donors and explore ways of encouraging units to employ a strategic approach to the selection of engagements, this could potentially involve a limit on the number of active small engagements per unit.

Recommendation 5: Strengthen capacity for influencing multilateral partners in the UN. Effective use of the multilateral channel is also vitally important as Denmark cannot be present in every country or situation, and pooling resources is often the most efficient choice. Denmark already has strong relationships with multilaterals and there was very positive feedback on how it works in the UN in New York for this evaluation. To help further in that context, it would be valuable to consider:

- reviewing the level of technical support provided to Danish multilateral representations from the MFA in Copenhagen to help cover the full range of issues that come up at board meetings
- further improving arrangements for RDEs in countries where Denmark is present with considerable bilateral development cooperation to share relevant intelligence on how multilaterals are working on the ground so that Denmark can speak authoritatively in the boards of the multilaterals.

Response: *The MFA agrees with the recommendation. While the MFA strives to ensure sufficient capacity to handle all types of engagements, it is also acknowledged that knowledge sharing and technical support for multilateral engagements are likely to be disproportionately impacted by issues related to staff composition and resource considerations. The MFA will look into opportunities to strengthen capacity for influencing partners, including seeking inspiration from and increased collaboration with Nordic and like-minded partners. Further, and in line with the response to other recommendations, an important element in freeing resources and improving framework conditions for in-depth dialogue will be to focus on a smaller number of larger engagements. Denmark actively supports ongoing reform efforts to ensure a more effective, efficient and transparent UN system and is seeking to consolidate its UN grant portfolio. These efforts seek to improve Denmark's ability to engage strategically with and influence UN partners.*

Efforts to strengthen the support to embassies, missions and departments at headquarters have progressed since the evaluation of Danida Multi-Bilateral Interventions (2013-2019), including work on developing a 'UN Development System Handbook' as well as the posting of a CFO to the UN mission in New York to support Denmark's engagement on the Executive Boards of UN funds and programmes. An internal manual for the management of Denmark's engagement with Multilateral Development Banks (MDB's) has likewise been developed. Further efforts will be undertaken to continue to strengthen feedback loops between embassies and relevant staff at central level and at UN representations with an added focus on better drawing on relevant knowledge from bilateral contexts. As part of the revision of various guidelines, specifically on the choice of implementation modalities, the MFA will consider the option of developing tailored guidance for bilateral interventions through multilateral organisations.

An important element of strengthening the relationships with and influence on multilateral partners is linked to making good use of existing sources of data and knowledge. The MFA is in the process of developing a partner cockpit, which will facilitate a better overview of the existing multilateral portfolio and will further strengthen the engagement with the Multilateral Organisation Performance Assessment Network (MOPAN) in preparation for Denmark becoming Chair in MOPAN in 2027. The MFA is also supporting efforts within the UN to deliver information on performance beyond the individual UN organisation by providing funds to the new System-Wide Evaluation Office (SWEEO). The type of analysis that this office shall deliver is expected to be valuable as input to discussions on the working of the UN and UN reform.

Recommendation 6: Effective management of the increasingly large share of development cooperation resources channelled through climate funds. Concerning climate action, and given its importance for Denmark and globally, the MFA should review arrangements for ensuring effective allocation and quality monitoring of the large resources being channelled centrally through climate funds, e.g., the Green Climate Fund.

Response: *The MFA agrees with the recommendation and acknowledges that the ambitious Danish target to deliver on climate financing poses challenges for effective management and follow up and introduces dilemmas in programming, including on the choice of modality for climate related development cooperation where large engagements with climate funds are perceived as less resource-intensive than smaller bilateral engagements.*

The MFA engages bilaterally with the funds to exercise influence that delivers on the organisational strategies of each of the funds. Operationally, the MFA engages also with Danish civil society organisations with regard to their input, e.g. in relation to meetings in the funds. Furthermore, the MFA ensures knowledge sharing between staff at central level responsible for the climate funds and embassies/ departments, for example on concrete funding proposals, with the aim to ensure a stronger anchoring at the embassy level and to incorporate embassy context and subject matter knowledge as well as ensure alignment with bilateral country programming. The MFA will continue to look for ways to improve these feedback loops going forward, as well as draw inspiration from similar modalities, i.e. learnings from the joint Nordic Evaluation on development cooperation through trust funds.

The MFA, nevertheless, acknowledges that effective management requires resources, and that limiting the number of supported funds should improve the overall quality of the engagements. Therefore, the MFA will look into opportunities to consolidate the portfolio by supporting fewer climate funds as well as continue its engagement in the international processes to further effectiveness of the climate fund architecture.

Recommendation 7: Using SSCs to their full, but only in the right contexts. Be clear on the potential (and limitations) of SSC when deciding where to use and how to apply it in different settings. SSC projects can be catalytic and an excellent way for Danish expertise to be shared, but the conditions need to be right. They are particularly suitable for use in MICs that have transitioned following long-term support from Denmark.

Response: *This recommendation deviates from those discussed above by being very specific and less informative about overall management of Danish development cooperation. Having said this, the MFA agrees that the SSCs should be strategically managed with respect to the choices of partner countries and sectors. The SSC instrument is demand-driven at its core, and selection of new partnerships follow a thorough process with several steps, considering the local context and match with Danish experiences and competencies, among other things. Further, during the initial inception phase of an SSC, a partner assessment is conducted in order to determine project focus areas. As such, the instrument is adaptable to various contexts, framework maturities and partner capacities.*

The MFA acknowledges that the instrument is best used in countries where partners are able to prioritise the cooperation and dedicate the needed human resources for capacity training. The MFA will continue to review to what degree the instrument is better suited and has more potential in middle-income countries compared to low-income countries.

Recommendation 8: Learning in support of adaptive management. Strengthen the development cooperation management capacity by specific measures to underpin and incentivise learning, in support of adaptive management. LÆRING should design a coherent approach to learning to support fast learning loops, exchanges across countries and modalities including by establishing a repository of tools and approaches.

Response: *The MFA agrees that it is relevant to continue the efforts to strengthen learning as an integral element of development cooperation management. It is also noted that the evaluation finds that strategic learning appears to be well supported, but that staff experience time as a constraining factor in relation to more programmatic learning. This implies that it is important to address this bottleneck as far as possible, while simultaneously considering both demand- and supply-side issues, if a repository of tools and approaches or similar initiative is to serve its purpose.*

A key objective of the revised new processes for formulation and quality assurance is to free resources from the programming stage (i.e. appraisals) to the implementation phase (i.e. thematic reviews), where there is more potential for learning in support of adaptive management. In line with the suggested measure of establishing a repository of tools and approaches that can facilitate learning while respecting the scarcity of resources, the MFA is preparing standard ToR and frameworks that will facilitate good use of resources and division of labour, consequently ensuring that findings and lessons - and not least the learning and programmatic use hereof - remain with MFA staff and partners, even if parts of the work is outsourced. This is especially relevant for work on Monitoring, Evaluation, Accountability and Learning (MEAL).

Further, the MFA is currently working on establishing a “knowledge hub” with easier access to evaluations, research overviews and information on case studies. In addition, the feasibility of establishing a searchable, more detailed overview of evaluative information, to allow for a quicker identification of relevant information, will be assessed. This will include ways of working with artificial intelligence. When implemented, accessing and using existing knowledge should become less resource-intensive.

Recommendation 9. Reconsider use of Service Contracts for CSOs in the Danish-Arab

Partnership. As observed in the Morocco case study, the DAPP works through NGO-led consortia to deliver a relevant and effective partnership for advocacy work on central issues such as human rights. However, the MFA should re-consider the use of service contracts for CSO support under the DAPP. They create high transaction costs for the NGOs, reduce flexibility, prolong response times for subcontractors, and tend to focus attention on compliance rather than learning. Service contracts with detailed outputs and timelines are also not conducive to advocacy work targeting politically driven reform processes.

Response: *Similar to recommendation 7, this recommendation is very specific and does not relate to the overall management of Danish development cooperation. The MFA is aware of the advantages and disadvantages of Service Contracts for consortia of primarily (but not exclusively) CSOs under the Danish Arab Partnership Programme (DAPP) 2022-2027. The MFA agrees that based on current experience, other approaches to tendering and management of programmes in contexts that resemble the DAPP should be explored with due consideration of both flexibility and accountability. The issue of service contracts has further been discussed in depth in relation to the recent mid-term review of the programme and under a possible next phase of the DAPP alternative procedures will be considered in alignment with the MFA’s new Guidelines for Calls for Proposals. This will include a focus on ensuring that modalities allow for flexibility, adaptation and diminished transaction costs for the implementing partners as well as incorporate solid Value for Money considerations already in the design phase.*