

Improving SDGs in Developing Countries through Corporate Benchmarking

Key results:

The grant will help stakeholders like civil society, investors and citizens hold large multinational companies to account for their contributions to the Sustainable Development Goals in developing countries.

Founded with support from Denmark, the Netherlands and UK in 2016, World Benchmarking Alliance's (WBA) will expand its work focused on developing countries and establish concrete benchmarks for 1800 companies' sustainability performance.

Specific results will include:

- A total of seven benchmarks developed, scoring at least 800 companies selected with focus on their impact in developing countries.
- 30% of these companies will see a benchmark-on-benchmark improvement in indicators, partly due to action taken by the WBA allies.
- At least 110 organisations from developing countries will be affiliated with the World Benchmarking Alliance as members of the alliance (against 7 in 2019)

Justification for support:

Constructive private sector engagement in the SDGs in developing countries is a priority in The World 2030. It is clear that the private sector needs to contribute if SDGs are to be reached. Large multinational companies contain a particularly large potential in reducing negative - and promoting positive - action on the SDGs in developing countries. Support to further expansion of WBA's innovative and global approach to engaging multinational companies will contribute to this purpose and support the organisation's global reach.

Major risks and challenges:

WBA is still a young organisation and the approach is novel and organisational development is a key challenge. Initial commitment will be for 2019-21 and will be continued for a second phase only if progress is positive. Also, companies may improve only in policies and commitments, not in action on the ground. Active involvement of companies early as well as multi-stakeholder approach will counter this.

Strategic objectives:

The objective of the grant is to improve social and economic conditions of people, workers, communities and the environment in developing countries through improved SDG performance by large companies by way of corporate benchmarking.

Justification for choice of partner:

The need for global benchmarking was established by the Business and Sustainable Commission in 2015. Through a comprehensive consultation process in 2017-18 it was identified that no organisation had the mandate and competence to take on this task. For these reasons, WBA was set up with a unique mandate to develop a methodology and score and rank companies on their SDG performance. The organisation has a special competence, given that it builds on, and in many cases integrates, the work of similar initiatives, including Index Initiative, Access to Seeds Index and the Corporate Human Rights Benchmark.

Summary:

WBA develops benchmarks to score companies on their performance related to the SDGs. Companies are scored based on their assessed potential positive and negative impact on the SDGs, and cannot opt out. Only a limited number of companies have been subject to scoring, but the goal is 1800 in 2023. The methodologies are developed in an inclusive process building on existing certifications and frameworks, expert input and scientific evidence. Specific attention is given to developing country representation when it comes to formulating the benchmarks as well as taking action toward the companies. This part is the particular focus of the Danish grant.

Budget:

	2019-21	2022-23	Total
Companies performance and improvements	7	5	12
Stakeholder engagement	4	3	7
WBA capacity and tools regarding developing country focus	4	2	6
Total	15	10	25

File No.	2018 – 42358						
Country	Interregional						
Responsible Unit	BVB – Sustainable Growth and Employment						
Sector	25040 (Responsible business conduct)						
Partner	World Benchmarking Alliance						
	<i>DKK mill.</i>	2019	2020	2021	2022	2023	Tot.
Commitment	15			10			25
Projected ann. disb.	3	6	6	5	5		25
Duration	2019-2023 (2022-23 requires an approval)						
Previous grants	DKK 10 mill. (2016-2018)						
Finance Act code	06.38.02.12						
Head of unit	Ole Thonke						
Desk officer	Ole Dahl Rasmussen						
Reviewed by CFO	YES: Hans-Henrik Christensen						

Relevant SDGs

 1 NO POVERTY	 2 NO HUNGER	 3 GOOD HEALTH, WELLBEING	 4 QUALITY EDUCATION	 5 GENDER EQUALITY	 6 CLEAN WATER AND SANITATION
 7 AFFORDABLE CLEAN ENERGY	 8 DECENT JOBS, ECON. GROWTH	 9 INDUSTRY, INNOVATION, INFRASTRUCTURE	 10 REDUCED INEQUALITIES	 11 SUSTAINABLE CITIES, COMMUNITIES	 12 RESPONSIBLE CONSUMPTION & PRODUCTION
 13 CLIMATE ACTION	 14 LIFE BELOW WATER	 15 LIFE ON LAND	 16 PEACE & JUSTICE, STRONG INST.	 17 PARTNERSHIPS FOR GOALS	

Ministry of Foreign Affairs of Denmark

Project document

**Improving SDGs in developing countries through corporate
benchmarking**

Support to the scale-up of the World Benchmarking Alliance

September 2019

Content

1	CONTEXT	1
2	BRIEF SUMMARY OF ISSUES TO BE ADDRESSED	2
2.1	Brief summary of issues to be addressed.....	2
2.2	Institutional context - WBA	3
2.3	WBA way of working.....	3
3	STRATEGIC CONSIDERATIONS AND JUSTIFICATION	4
3.1	Justification	4
3.1.1	Relevance:	5
3.1.2	Efficiency:	5
3.1.3	Impact:.....	6
3.1.4	Effectiveness and sustainability:	6
3.1.5	WBA medium-to-long-term funding model.....	6
3.2	Strategic considerations.....	8
3.2.1	Choice of World Benchmarking Alliance as partner:.....	8
3.2.2	Alignment with other similar initiatives:.....	8
3.2.3	Timing and duration of the support:	8
4	THEORY OF CHANGE AND KEY ASSUMPTIONS.....	8
4.1	Mid-Term Review	9
4.2	Project Objective and summary of results frame	9
5	INPUTS AND BUDGET	10
5.1	Output-based budgeting	12
6	INSTITUTIONAL AND MANAGEMENT ARRANGEMENT.....	12
7	FINANCIAL MANAGEMENT, PLANNING AND REPORTING	13
7.1	Reporting.....	13
8	RISK MANAGEMENT.....	14
8.1	Specifically regarding Leave No One Behind	15
9	LIST OF ANNEXES.....	16

Abbreviations

DfID – UK’s Department for International Development

ODA – Official Development Assistance

SDG’s – Sustainable Development Goals

WBA - World Benchmarking Alliance

1 CONTEXT

From 2017-18, Denmark was among the founding donors contributing to setting up the World Benchmarking Alliance (“WBA”) together with the governments of the Netherlands and the UK and in close collaboration with the UN Foundation and Aviva, a UK-based asset manager and insurance company.

The background for this was the Business and Sustainable Development Commission’s recommendation to establish “an open-access and standardised system for companies to report on their performance on the SDGs and enable sustainability benchmarking”. The WBA was created as a response to this recommendation.

Building on a tradition of work within the area of responsible and sustainable business, non-financial reporting and corporate accountability, this grant aims to support the expansion of WBA and the establishment of SDG benchmarks for key themes, pick the most relevant companies within each theme, and evaluate the performance of these companies relative to the benchmarks. The focus is on developing countries. A total of around 1,800 large, multinational companies will be selected for evaluation. Initial estimates show that these companies are likely to represent a total annual revenue of approximately USD \$35 trillion thus exceeding the size of the economies of all middle and lower-income countries in the world combined.¹ Their total number of employees in developing countries will be hundreds of millions.²

A comprehensive and holistic focus on all SDGs, together with the ambition to identify the globally most important companies, makes WBA unique as an organisation. Methodologically, it builds on the 10 years’ experience with sector specific indices, including the Access to Seeds Index, Access to Nutrition Index and the Access to Medicine Index. An evaluation of the latter showed that it had indeed been a catalyst for change of behaviour among the participating global pharmaceutical companies.³

Benchmarks measure companies on their commitment, transparency and performance related to the SDGs. Performance includes aspects like ensuring that worker contracts in operations and supply chain comply with ILO standards, that health and safety is taken into account and that local environmental impacts are considered. Since inclusion in the benchmarks is not voluntary, it provides an incentive for the companies to improve – a race to the top. It also helps companies by clarifying societal expectations related to the SDGs. And when the benchmark results are used by investors, governments and citizens, it can create a real incentive for change.

¹ WBA calculation and World Bank Data.

² The ILO has estimated that in just seven developing countries, at least 300 million people are employed in global supply chain industries, ILO 2016: Linking jobs in global supply chains to demand.

³ In the words of the evaluation it was a “valuable contributor to change in a complex environment fraught with competing influences,” Evaluation Summary.

On engagement, it will ensure that developing countries are well represented in the governance structure. In particular, the presence of alliance members from developing countries will be essential both in reaching local actors and understanding the impact after a benchmark. In addition to the alliance, WBA will directly equip southern stakeholders to input to the methodologies and eventually become active users of the benchmarks. The research will ensure that the aforementioned engagement opportunities are thoroughly reflected throughout the methodologies. The current grant will support the scale-up of the successful work that has already taken place during the first years. WBA has a global mandate, but the current grant will focus on WBA's work in, with and for developing countries. The objective is to *improve social and economic conditions on people, workers, communities and the environment in developing countries through improved SDG performance by large companies by way of corporate benchmarking.*

Apart from specific work, the current grant will also support the capacity development of WBA in this regard, including the development of a framework to better understand the mechanisms whereby multinational enterprises have impact in developing countries. An engagement plan for developing country partners and specific results monitoring tools are other elements (see outcome 3 in the Results Matrix).

2 BRIEF SUMMARY OF ISSUES TO BE ADDRESSED

2.1 Brief summary of issues to be addressed

To reach the SDG's the private sector must play a key role. Not only must businesses do no harm, the SDGs also represent a business opportunity, some mention US\$12 trillion.⁴

The question is how to make businesses act proactively.

Other organisations working within the area of responsible and sustainable business, non-financial reporting and corporate accountability have provided tools to enable business to improve their SDG disclosures and performance. But until now no comprehensive assessment and rating system exists that allows measuring and comparing corporate performance based on the SDGs, and its impact on thematic areas most relevant to developing countries. Enabling comparison and ranking of businesses within one sector or group aims to, on the one hand, drive business to compete towards best in class performance, and on the other hand, enable non-business stakeholders to hold business accountable through transparency ("naming, faming and shaming").

Developing countries are particularly important in this regard. Large businesses affect the SDGs in developing countries through their supply chains, operational presence and direct employment, product innovation and sales as well as consumer base. Due to the low level of SDG attainment across developing countries, the potential for impact is particularly large. This makes WBA as an organisation very relevant to Danish development cooperation as a vehicle for change in itself as well as a tool to be used in synergy with other bi- and multilateral programmes working with the private sector.

⁴ Better Business, Better World by the Business and Sustainable Development Commission. Figure represent the annual value of the economic opportunities created by 2030 if the SDGs are met, compared to status quo.

2.2 Institutional context - WBA

WBA is a new organisation, operating in a highly complex ecosystem of organisations that are specialised in promoting and measuring responsible business.

In its first years of operation, WBA has built upon and continued the work carried out by a number of members of the alliance. This has already meant an integration of similar initiatives into WBA, including the Access to Seeds Foundation and the Corporate Human Rights Benchmark. The integration of staff and competencies from existing benchmarks is both an efficient and effective measure to ensure alignment and non-duplication. WBA was jointly founded by Aviva, the Business and Sustainable Development Commission, the UN Foundation and the Index Initiative. WBA became an independent legal entity on January 1st 2019 through the transitioning of the Index Initiative, whose staff previously acted as the Secretariat for the WBA during its formative months. The first Danish grant to WBA's activities was handled by the UN Foundation. The organisation is a non-profit organisation registered in the Netherlands. Currently, the team consists of 36 staff with 24 of these based in Amsterdam, 7 in London and 5 based remotely in Singapore, Mallorca, Delhi, Silicon Valley, Bern, New York and Washington D.C. respectively. Having this breadth of reach is important as WBA develops a global presence. As for the governance structure of WBA, please refer to section 6 on institutional and management arrangement.

Going forward, WBA will develop its own benchmarks and has developed a 5-year strategic plan addressing the main opportunities and challenges of the benchmark agenda, and several donors have endorsed the plan in 2018. Since then, benchmark methodologies have been scoped out, one benchmark begun on the seafood industry, and analytical work has taken place to identify the wider universe of around 1,800 companies. Once this is done, an updated version of the plan will be published. The core donors of WBA form part of a Donor Committee, to facilitate joint coordination of priorities and reporting, as well as a joint evaluation towards the end of 2020.

WBA has received core funding from several bilateral development donors, including UK's DfID and the Netherlands. The Danish contribution will be earmarked for WBA's work in and for developing countries.

In a short period of time, WBA has built capacity to manage complex global processes around benchmarking. It is, however, necessary to monitor and follow the capacity of the organisation, not least in terms of fund administration. The UK has completed a comprehensive capacity assessment of WBA in the fall of 2018, which is why no specific capacity assessment will be carried out. Follow-up will be based on the findings from this analysis.

2.3 WBA way of working

During 2016-18, WBA completed a round of global consultations, which verified the need and relevance of scaling up benchmark development.

Key to future benchmark development will be a focus on socially inclusive and environmentally sustainable growth. In this respect, WBA is developing benchmarks structured around seven critical systems transformations that are assessed to be necessary to achieve the SDG's, in particular in

developing countries. The transformations are a food and agriculture transformation, an energy and decarbonisation transformation, an urban transformation, a circular transformation, a financial systems transformation, a digital transformation and a social transformation.

The scoring of companies starts with establishing the methodology for the relevant benchmark. The methodology details the scope of the benchmark, i.e. which sectors and companies it covers. Companies are selected and filtered with a strong bias towards those with a high impact on developing countries (whether through headquarter location, subsidiary operation, or supply/distribution chains or consumers). It also contains an analytical framework, which covers the measurement areas, i.e. the specific topics of the benchmark, as well as indicators that will be used to score companies according to commitments, performance and transparency. The best available science, stakeholder inputs, existing principles, standards and frameworks - including the SDG targets and indicators - all feed into this analytical framework. Indicators are selected and reviewed specifically for their relevance for impact in developing countries.

After the development of the methodology, which is developed with an Expert Review Committee and put out to public consultation, information is collected on individual companies. In the first instance, this is done using published company as well as third party sources, to pre-populate the benchmark questionnaire. Next, all companies within scope are invited to respond, update and expand by sharing further information with the WBA. These data points form the basis for the score and rank of the company. The final ranking and scores are all made publicly available and free – including in feedback scorecards to the companies - enabling others in turn to use the assessments and companies to learn from them. Feedback calls are offered to companies to talk through the findings and discuss areas for improvement.

The present grant is focused on developing countries. To this effect, WBA will engage with developing country experts within the Supervisory Board, Expert Review Committees, the alliance, as well as other stakeholders as part of the methodology research. Engaging with these actors will help WBA ensure that the methodologies focus on the most relevant companies, measurement areas and indicators to maximise impact in a developing country context. This way WBA ensures that benchmarks reflect the contexts in which they operate. The benchmarks themselves equip the same stakeholders to engage with the companies in scope, but also for investors to congregate or civil society organisations to take action. WBA's continued communication about on the ground impact in developing countries will further help these stakeholders to make informed decisions with the benchmarks as guiding tools.

3 STRATEGIC CONSIDERATIONS AND JUSTIFICATION

3.1 Justification

Denmark will support the WBA because the organisation delivers on the Danish strategy the World 2030, within the five categories of relevance, efficiency, impact, effectiveness and sustainability.

3.1.1 Relevance:

The present grant will contribute to all four priorities in The World 2030, particularly inclusive, sustainable growth and development. This will happen by incentivising the private sector to contribute to the SDGs with a focus on developing countries, thereby enhancing job security, livelihoods and education.

Gender equality and empowerment of women is one of the main objectives of the benchmarks, with both an explicit gender benchmark as well as applying a gender lens onto all companies within scope, in line with the SDGs. In addition, all companies in scope will be benchmarked on their contribution to WBA's term social transformation, including on issues such as human rights, gender equality, decent work and living wage.

Importantly, the benchmarks give a voice to developing countries in the process. The largest gaps in SDG performance are still in developing countries and therefore WBA's work is particularly relevant here.

The focus on developing countries contributes separately to relevance of WBA. To complement its monitoring, learning and evaluation system and ensure its impact targets developing countries, WBA will create a conceptual framework that informs the company selection process based on their developing country footprints as well as their strategic approach to impact on developing countries. This will take into account, for example, number of markets reached, supply chain and operational footprints.

WBA will favour the inclusion of those companies that have a significant impact on developing countries through their value chains, operations as well as their products and services. WBA will ensure global representation of companies so that all key developing regions are included. The impact in developing countries, both of the benchmarked companies and of WBA's work, will be tracked using the MEL system. In terms of physical presence, at least 20% of the companies being scored by the WBA will be headquartered in developing countries, a large majority will have offices in developing countries and all are expected to have supply and/or distribution chain presence in developing countries. At the organisational level WBA's governance structure (Supervisory Board and Expert Reviewee Committees) will, when fully developed, have a minimum of 30% representation from developing countries. Finally, WBA will screen each benchmark with regards to its developing country impact (in terms of companies assessed and topics measured). Danida's support will go to developing and scaling those benchmarks found to be highly relevant to developing countries.

WBA will grow its internal developing country expertise and the remote working approach will allow staff to be located in developing countries. Having staff directly on the ground enables WBA to better follow the local stories related to benchmarks.

3.1.2 Efficiency:

A large number of organisations and companies are currently crowding the space for information on responsible business. Many of these are private, operating with undisclosed procedures and providing information only through paid subscription. WBA's methods and data are open. The organisation was

created in part by uniting existing frameworks (Access to Seeds, Corporate Human Rights Benchmarks). Establishing SDG benchmarks under one heading creates efficiency by collective engagement with stakeholders – civil society, government and business - and efficient use of shared resources and capacity in terms of research.

3.1.3 Impact:

Multinational corporations have large impacts on the SDGs in developing countries, with an estimated total revenue of USD 34 trillion and own assets of total USD 175 trillion. Their supply chains are far reaching and have local positive and negative effects on incomes, social conditions and the environment. This is the background for a large potential impact of benchmarks. Moreover, hundreds of millions are employed throughout the companies' direct operations. Finally, access to positive-impact products and services can contribute to SDG attainment (such as nutritious foods, sustainable energy or access to internet).

Any positive change in these channels will have very large, sustainable impact due to the scale, width and breadth of the companies in question.

3.1.4 Effectiveness and sustainability:

Local and global regulation and standards contribute to ensuring good practice, including OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights. WBA will complement these with a comprehensive tool to assess progress and allow a wide range of stakeholders to hold companies accountable. Getting from words to action is a key challenge. A necessary first step is to translate the science and standards into freely available benchmarks. This will incentivise companies to change their policies and practices.

Building on consultations in developing countries, three benchmark methodologies are due to be published in 2019 together with the first ranking of seafood companies. In order to achieve stronger effectiveness, the focus will be on delivering benchmarks across seven systems, applying these to around 1,800 companies, building the organisation, continued engagement of members of the alliance, and measuring impact on corporate behaviour and final beneficiaries in developing countries. These early achievements show that WBA is likely to be effective. For example, the Corporate Human Rights Benchmark (now part of the WBA) has effectively been used by investors to challenge and engage with companies on poor performance on human rights in global supply chains.

3.1.5 WBA medium-to-long-term funding model.

As for financial sustainability, WBA will depend on donors in the years to come. The fact that a donor group is already established contributes to the credibility of long-term funding. In addition, there is strong interest from other governmental or multilateral donors, such as the European Commission, Sida, the Canadian Ministry of Global Affairs as well as the Finnish Ministry of Foreign Affairs. Apart from Official Development Assistance, WBA is actively pursuing support from institutional investors, and has received an initial £3 million grant from Aviva Foundation.

The WBA seeks to fund this growth by generating funding from governments, foundations and philanthropic organisations. In terms of diversification from its 2019 financial position this means

bringing in more governments (both ODA and non-ODA funding) and private foundations. This will include exploring how more corporate foundations like the Aviva Foundation can contribute without undermining the independence of WBA and its respective benchmarks.

Independence and keeping the benchmarks – including the methodology – open source and in the public domain is vital. This means that on the whole, the WBA will need to rely on grants in the foreseeable future. The generation of commercial revenues from the benchmarks will be difficult due to this need to stay independent and public. This is particularly true for the period between 2020 and 2023 when WBA is focused on developing methodologies across the seven system transformations and creating scale in terms of coverage by including 1,800 keystone companies across the different benchmarks.

By 2023 the WBA aims to have formed a coalition of at least seven governments as core funders, contributing to at least 50% of WBA annual operating budget. The remaining funding needs to come from private and corporate foundations.

To facilitate this, the WBA may consider creating a separate entity that could function as a social enterprise. In such a case, this social enterprise would licence its methodologies to financial institutions that seek to build investable products, including Exchange Traded Funds (ETFs). This is a decision that needs to be made beyond the five-year work plan. The WBA will work with Aviva Investors and other financial institutions that are part of the alliance, to explore how these funds could be structured and what sort of revenue generating potential they hold.

In addition, the WBA will explore alternative revenue generating models that can be developed without compromising on its independence and the public nature. This may include how both companies (providers of data) and investors (providers and users of data) could contribute to a fee-based system. Versions of such a model are currently operated by the two initiatives the Climate Disclosure Project and The ESG Benchmark for Real Assets. These models will only be potentially successful once the WBA has achieved scale and demonstrated its credibility to the market. For this reason, the WBA will start developing these models in 2023, once it has reached coverage across the seven systems.

This social enterprise may develop commercial products based on the methodology, the data as well as the expertise of the WBA as an institute. The profits will serve as funding for benchmark development and operations. These products will only be potentially successful once the WBA has achieved scale and demonstrated its credibility to the market. For this reason, the WBA will start developing them in 2023 and prototype them in 2024, once it has reached coverage across the seven systems.

The WBA's ambition is that from 2025 onwards it starts to generate annually increasing revenues.

Before 2030 these income streams collectively need to cover the cost of the research required to publish its benchmarks on an annual basis. Continued grant funding from governments and foundations can then be used primarily for engagements activities that reinforce the WBA Theory of Change and the subsequent impact and use of its benchmarks.

3.2 Strategic considerations

3.2.1 Choice of World Benchmarking Alliance as partner:

Several organisations are globally active within the ecosystem. Nevertheless, no other organisation has the mandate to score and rank large corporations from many sectors on their SDG performance with a focus on impact in developing countries. Combined with the collective experience in benchmarking enshrined in WBA, this makes the organisation globally unique.

3.2.2 Alignment with other similar initiatives:

While no other organisation has the same mandate as WBA, several players are working to encourage disclosure and improve corporate performance on sustainability. Under the present grant, WBA will align its benchmarks with major corporate reporting and SDG private sector measurement standards and instruments. This includes building on OECD Guidelines for Multinational Enterprises, ILO principles and UN Guiding Principles on Business and Human Rights. The WBA also intercepts with corporate reporting frameworks like the Global Compact, Global Reporting Initiative, Sustainability Accounting Standards Board, International Integrated Reporting Council as well as a long range of sector-, product-, and issue-specific initiatives.

Moreover, WBA will collaborate particularly closely with members of the alliance in developing countries who will give WBA insight to developing country priorities and building capacity of developing country actors on how to use the benchmarks. A strategic engagement plan for members of the alliance will be finalised in 2019 and will include projected number of organisations as well as their roles related to the different phases of the benchmarks. Part of this will consider how members of the alliance can use the WBA's methodologies and outcomes to amplify impact in developing countries. This engagement plan will set out how the WBA will work with stakeholders in developing countries to inform the benchmarks and build capacity to help local organisations hold companies accountable.

3.2.3 Timing and duration of the support:

This Danish grant to the WBA will have a duration of three or five years, depending on the extension. The five-year perspective is set to ensure alignment with WBA's 5-year strategy, which runs until 2023. However, the commitment in 2019 will be limited to the first three years (2019-2021, DKK 15 mio.), whereas the last two years (2022-2023, DKK 10 mio.) will be committed only following an evaluation proving relevance and impact in developing countries as well as alignment with other key RBC and SDG private sector measurement instruments. The reason for this is the organisation's young age and changes it is undergoing at a fast pace. Moreover, the second phase commitment will depend on the relevant Danish authorities' approval, including parliamentary backing of the relevant financial bills.

4 THEORY OF CHANGE AND KEY ASSUMPTIONS

The vision of the WBA is that business do not only incorporate the SDGs in their strategy and operations but also measure the outcome and impact on local job creation, wellbeing and the environment. The theory of change is the following: **If** benchmarks are developed and published, **if**

stakeholders are informed, equipped and motivated to work with WBA and the benchmarks, **if** members of the alliance are informed, equipped and motivated and take action - **then** companies will change behaviour and improve practices. This will lead to positive impact on people, workers, communities in developing countries and the environment affected by large companies. See Annex 3b for a graphical overview.

The underlying assumption is that the competitive nature of the market is a powerful driver for change: companies compare with their peers. Given a list of the best performers, large corporations want to avoid being put on the bottom of a list. Earlier benchmarks, for example Access to Medicine Index, have enabled a race to the top of the list in terms of social performance. Change can be seen throughout the pharmaceutical industry, where a number of companies now view providing medicine to the poor as a business opportunity – either through price cutting, product donation or sub-licencing patents.

Further developing the benchmark idea will enable civil society, investors, governments and local communities to take an evidence-based approach to challenge poorly performing companies, or award companies through their investment or consumer behaviour.

4.1 Mid-Term Review

Contribution to impact will be verified by a mid-term review by the end of 2020, as also agreed with the additional members of the Donor Committee (as of April 2019: the Dutch Ministry of Foreign Affairs, DfID and Aviva Foundation). This evaluation will assess if the Theory of Change starts to prove itself, including the impact on developing countries. Based on the Theory of Change WBA will develop the monitoring, evaluation and learning framework that will be used for the midterm review.

4.2 Project Objective and summary of results frame

The grant will contribute to WBA's overall objective, which is to contribute to a society that values the success of business by what it contributes to the world by building a movement to measure and incentivise business impact towards a sustainable future that works for everyone. The immediate objective of the grant is to ensure improved social and economic conditions on people, workers, communities and the environment in developing countries through improved SDG performance by large companies by way of corporate benchmarking.

This will be achieved by creating a number of outcomes:

- 1) Companies in scope, i.e. chosen for inclusion in a benchmark, change behaviour and improve practices, particularly in developing countries.
- 2) Stakeholders and members of the alliance take action using the WBA methodologies and benchmarks.
- 3) WBA has strengthened its ability to create and document impact in developing countries.

See the results matrix in Annex 3a and 3b for more details on the specific outcomes and corresponding outputs.

5 INPUTS AND BUDGET

The WBA Budget can be seen in the table below. The budget is based on the required funds to develop and publish the intended amount of methodologies and benchmarks any given year. For a budget based on secured funding, see Annex 4.

Because the companies and topics are global, but the grant focuses exclusively on developing country impact, WBA will carefully assess all its costs to ensure that costs contribute to social and economic welfare of developing countries. Once the companies in scope have been identified, WBA will be able to provide a percentage that indicates a benchmark's expected impact on developing countries – calculated on the basis of companies with a highly significant impact on developing countries. This way, the Danish grant will be more accurately allocated only to those activities that match the developing country relevance criteria. The goal is for 40% of the benchmarked companies to have a highly significant impact in developing countries through being directly headquartered with high levels of operational footprint in developing countries, or highly significant impacts through supply, distribution and sales in developing countries. A framework for multinational's impact in developing countries will be developed and assessments made against each benchmark to accurately calculate this overall figure.

Staff costs is the largest component of the WBA budget (60% of total costs, 2019-2021) and the cost category that is least flexible. WBA intends to keep the permanent staff level near or at the same percentage, but will whenever possible, efficient and effective, use the staff capacity of its research partners. Therefore, the second biggest cost component is Data Platform and Research Partnerships (22% of total costs, 2019-2021).

Table 2: WBA budget from 2019 to 2023.

WBA BUDGET (€)	2019-2021				2022-2023 (not committed, see below)		
BUDGET LINES	FY19 ⁵	FY20	FY21	subtotal 19 - 21	FY22	FY23	total 19 - 23
Salaries	2,970,179	5,020,984	6,334,315	14,325,478	7,467,159	7,740,796	15,207,955
Outreach & Communication	265,380	702,800	1,010,000	2,085,680	1,162,510	1,163,530	2,326,040
Data Platform and Research Partners	913,470	1,694,935	2,627,412	6,364,305	2,678,763	2,731,881	5,410,644
Operation Support	384,197	954,106	1,147,031	2,485,334	1,276,631	1,280,578	2,557,209
Danish Contribution (€)	401,865	803,729	803,729	2,009,323	669,774	669,774	3,348,872
Danish Contribution (% Total Budget)	8.9%	9.5%	7.2%	7.9%	-	-	-
Total Budget	4,533,226	8,372,825	11,118,758	25,260,798	12,585,063	12,916,785	25,501,848
Secured funding	4.533.226	3.406.495	1.250.000	9.246.321	270.000	-	270.000
DKK							
Danish Contribution (DKK)	3,000,000	6,000,000	6,000,000	15,000,000	5,000,000	5,000,000	25,000,000

WBA is a young organisation and has mobilised a large amount of funding. It has a pipeline of future funding, but the secured funding remains low. To manage this, an annual procedure is in place: the draft budget and the annual plan for the following year will be discussed with the Donor Committee in Q3 (see Annex 4 for an example). This is in order to ensure the activities prioritised by WBA are supported by the donors. Based on inputs from the committee, WBA will finalise the budget and annual plan, seeking formal approval from the WBA Supervisory Board in Q4.

The budget increase from FY20 to FY21 is due to the foreseen increase in benchmark development. Due to the cumulative nature of the WBA's work (e.g. expanding from 4 transformations in 2019, to 4 in 2020, 6 in 2021, 7 in 2022 and 7 in 2023) there is a constant increase in salaries due to the additional staff requirements.

The Danish grant will be a total of maximum DKK 25,000,000. Of these, DKK 15,000,000 are committed in 2019, whereas the remaining 10,000,000 will be committed depending on the result of an evaluation proving relevance and impact in developing countries as well alignment with other key

⁵ FY19 budget only includes secured sources.

actors in responsible business and SDG private sector measurement. Moreover, the second phase commitment will depend on

The budget in Table 2 is WBA’s overall budget. The audited annual accounts will follow the same format and will indicate the Danish grant’s part of the total expenditure.

5.1 Output-based budgeting

The following is an estimate of the spending on the Danish contribution divided on the outputs in the results matrix.

Budget:			
	2019-21	2022-23	Total
Companies performance and improvements	7	5	12
Stakeholder engagement	4	3	7
WBA capacity and tools regarding developing country focus	4	2	6
Total	15	10	25

Together with the other donors, Denmark will work towards integrating an output-based budgeting in line with Danish standards.

6 INSTITUTIONAL AND MANAGEMENT ARRANGEMENT

The grant is governed through meetings in the Donor Committee, which has an advisory role.

The Donor Committee is able to influence organisational priorities, by for example putting forth proposals through the Secretariat to the Supervisory Board for its oversight or approval. Formal decisions on grants is regulated in individual grant agreements.

WBA will aim to hold two in-person meetings per year and more if necessary or desired. The purpose of the Donor Committee meetings will be detailed in a Terms of Reference, but can be summarised as:

- 4) updating the Donor Committee on performance progress on immediate deliverables;
- 5) discuss any strategic necessities and obstacles;
- 6) conduct any additional ad hoc work.

In the fall meetings, WBA will continue to provide an annual plan and budget for the following year (supplemented with available long-term strategies), which will demonstrate how WBA intends to use all its funding, pooled from multiple donors. In the spring meeting, the annual report – or a draft of it – will be discussed together with the annual financial report.

Additional supervision by the Danish Ministry of Foreign Affairs will be carried out, financial and otherwise, including on-site visits, with due consideration of the availability and schedule of World Benchmarking Alliance as well as collaboration with other donors.

Internal governance: WBA Secretariat constitutes the focal point responsible for the day-to-day management and coordination of the programme delivery. In addition to the Secretariat, the WBA

governance model (see annex 6b) consists of: a Supervisory Board; a Donor Committee (and potential additional Advisory Councils); Expert Review Committees likely for each transformation; and the Alliance. See annex 6b on the governance model. The Supervisory Board members are currently elected by the sitting ones. All members are elected in personal capacity for an initial term of maximum four years and two terms.

7 FINANCIAL MANAGEMENT, PLANNING AND REPORTING

The WBA will report on its expenditure to Denmark in line with the budget overview provided under section 5.

The Danish contribution is earmarked to activities contributing to the results matrix in Annex 3. This is to ensure that the Danish grant is spent with the promotion of the economic development and welfare of developing countries as the main objective. To this effect, WBA will implement a financial management system whereby activities that contribute directly to the outcomes and outputs mentioned in the results framework will be separately accounted for. These activities include:

- Capacity building activities in developing countries.
- Roundtables organised in developing countries or with an explicit developing country focus.
- Costs associated with the developing country framework and the strategy of capacity building in developing countries.
- Costs associated with the inclusion of developing country representatives in WBA's governance structures.
- Costs related to benchmarks, which have a direct relevance to developing countries, particularly benchmarks with strong local anchorage in a developing country region.

WBA will set up an internal committee, which will decide if an activity, and the associated costs, is eligible for financing by the Danish grant.

In practice, WBA will segregate the funding to show which costs are covered by the Danish grant.

This will be informed by a framework for multinational's impact in developing countries to decide which companies are highly relevant for developing countries. This is to be carried out per benchmark. WBA will also set up a system to allocate costs to these activities. Via training and communication, all staff will be enabled to understand e.g. an activity's eligibility and determine how to allocate their budget.

7.1 Reporting

A separate financial and narrative report will be submitted to the Danish Ministry of Foreign Affairs, with information on the results matrix and the financial expenditure. In the case the information needed for this specific Danish reporting is already present in WBA's annual reports, these reports can take the form of annexes to the annual reports (financial and narrative), describing where this information is to be found.

These reports should be submitted on April 1 every year, reporting on the year before.

The reports should allow the Danish Ministry of Foreign Affairs to assess progress on the results matrix as well as the budget, as mentioned under section 6.

The reports should also contain information on initiatives taken as well as results related to establishing link with Danish actors and institutions. Furthermore, it must describe the progress made according to the activities envisaged in the annual plan, difficulties encountered and measures taken to overcome problems, eventual changes introduced, as well as the degree of achievement of its results as measured by corresponding indicators. The report shall be laid out in such a way as to allow monitoring of the objectives and the budget details. Finally, the reports should contain information on the work of the internal committee assessing cost eligibility.

8 RISK MANAGEMENT

There are several risks related to the effective implementation of WBA's five-year strategy and the key risks are listed here. For a comprehensive risk assessment, please see Annex 5.

nr	Risk factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
1	<u>Company participation in benchmarks:</u> Inadequate commitment among the targeted companies. Targeted corporates do not want to participate in an index in the first cycle.	Medium	Medium	Active involvement of companies early in the process. Multi-stakeholder approach that leads up to the development of the methodology.	Minor	Own analysis
2	<u>Lack of stakeholder engagement:</u> NGO's and civil society do not want to engage out of fear to lose their independence. They might not want to compromise their own reputation on a topic they have taken a strong stance on. This may lead to reputational damage for the Ministry of Foreign Affairs as WBA is seen as an ineffective institution.	Medium	Medium	Ensure dialogue with Members of the alliance in particular in developing countries	Minor	Own analysis
3	<u>Low quality data</u> Data quality insufficient which compromises reputation and the WBA and impact of the benchmarks. Companies and members of the alliance no longer participate.	Medium	Medium	Continual review of required data inputs, feasibility of data inputs and quality control as critical principle of benchmark delivery. External review of these elements.	Minor	Own analysis
4	<u>Lack of future funding</u> The momentum built up by WBA could disappear leading to difficulties in mobilizing	Medium	High	Support WBA in mobilising funds	Medium	Own analysis

	funding. This would jeopardize the sustainability of results.					
--	---	--	--	--	--	--

8.1 Specifically regarding Leave No One Behind

Another development agenda risk is that of benchmarking being driven by processes and numbers, whereas there is broad agreement that quantitative figures do not capture the real benefits for poor people. It will require constant effort to ensure benefits of benchmarking process reach the furthest behind first. To do this, WBA will use the analysis of impact mentioned in Outcome 3 to examine disadvantages vulnerable and marginalised populations face, to empower those populations, e.g. through inclusion in the process, and to enact inclusive benchmarks.

To capture the qualitative impact of benchmarks WBA will keep engaging actors in the global south around methodology development, policy positioning, communications and outreach, and ultimately corporate behaviour change and the subsequent changes visible on the ground.

9 LIST OF ANNEXES

Annex 1: Context Analysis

Annex 2: Partners

Annex 3: Result Framework and related documents

Annex 4: Budget details

Annex 5: Risk Management Matrix

Annex 6: Supplementary materials

Annex 7: Plan for communication of results

Annex 8: Process Action Plan for implementation

Annex 9: Signed Quality Assurance Checklist (or signed table of appraisal recommendations and follow-up actions taken if the appraisal has been conducted by TQS)

Annex 1. Context Analysis

1. Overall development challenges, opportunities and risks

Briefly summarise the key conclusions from the analyses consulted and their implications for the programme regarding each of the following points:

The world is facing a time of immense challenges to sustainable development: billions of people live in poverty, the threat of climate change is growing, so is the ecological overshoot, inequalities are rising, urbanisation is accelerating, and we see unprecedented biodiversity loss.

This unsustainable path is reflected in current progress on the SDGs. Despite important steps being taken in some areas, no country is on track to achieving all SDGs by 2030. Awareness is growing that the SDGs, the Paris Agreement and sustainable development beyond 2030 can only be achieved through transformational change and that without these transformations the world will never achieve truly socially inclusive, environmentally sustainable, economically thriving societies and economies.

To achieve this inclusive, sustainable growth entire sectors need to shift towards the creation of and adaptation to more sustainable markets. Several mechanisms are already in place to encourage, or demand this shift in corporate behaviour and incentive.

Governments

In the 2018 report, Promoting and enabling responsible business conduct through development cooperation efforts, the OECD highlights the number of measures already taken by states to ensure the appropriate due diligence of private sector activities. The paper discusses the inclusion, and effect thereof, of integrating responsible business conduct mechanisms into global economic governance. Some of the examples include the UK's Modern Slavery Act (requires companies to prepare an annual statement on mitigation and prevention measures of modern slavery in their supply chains), Canada's strategy on Doing Business the Canadian Way (which sets out the parameters for Canadian government funding to be withdrawn from companies that do not act responsibly) and China has together with OECD launched a joint work programme with the adoption of a Chinese Due Diligence framework for Responsible Minerals Supply Chains, and now moving into textile and apparel industries.

Existing Reporting and Benchmarking Initiatives – and the gaps

During the consultation roundtables, held by WBA in 2016-2018, several participants highlighted a number of key initiatives and organisations they felt were relevant to the WBA's considerations on benchmark development – including the Systems, Methods, Indicators and Data Action Group under the World Economic Forum, the Impact Tool Kit from the GIIN and the Investment Integration Project. There was general consensus among the group consulted that the WBA should not aim to create something completely new if there are already organisations that have been addressing these problems.

From a company perspective, participants felt there is not a current unifying framework for considering corporate sustainability issues or even a unified set of data. Some participants spoke of relying on a number of sources including for example Sustainalytics, MSCI, OECD and ILO guidelines to identify relevant indicators that track performance. Many participants felt that how many companies currently track their corporate sustainability performance is not transparent, as indicators and performance measures are set internally.

Key documentation and sources used for the analysis:

- UNEP (2016) – The Financial System we Need – From Momentum to Transformation
- UNEP (2018) – Making waves – Aligning the Financial System with Sustainable Development
- Aviva (2017) – Delivering the sustainable financial system the world needs
- UN, “Transforming our world: The 2030 Agenda for sustainable development. A/RES/70/1,” United Nations, New York, 2015.
- IPCC, “Global warming of 1.5°C,” World Meteorological Organization (WMO) and United Nations Environment Programme (UNEP), 2018
- Institute for Economics & Peace, “Global Peace Index 2018: Measuring peace in a complex world,” Institute for Economics & Peace, Sydney, 2018
- Global Footprint Network, “Ecological Footprint,” Global Footprint Network, 2018. [Online]. Available: <https://www.footprintnetwork.org/our-work/ecological-footprint/>
- OECD, “In it together: Why less inequality benefits all,” OECD Publishing, Paris, 2015
- UN, “Tracking progress towards inclusive, safe, resilient and sustainable cities and human settlements - SDG 11 synthesis report,” United Nations (UN), New York, 2018
- WWF and ZSL, “Living planet report 2018: Aiming higher,” WWF, Gland, 2018
- P. Senge, B. Smith, N. Kruschwitz, J. Laur and S. Schley, “The necessary revolution: How individuals and organizations are working together to create a sustainable world,” Nicholas Brealey Publishing, Hachette, 2008
- Bertelsmann Stiftung and SDSN, “SDG Index and Dashboards Report 2018: Global Responsibilities,” Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN), 2018.
- H. Kharas, J. McArthur and K. Rasmussen, “How many people will the world leave behind? Assessing current trajectories on the Sustainable Development Goals,” The Brookings Institution, Washington DC, 2018
- TWI2050 - The World in 2050, “Transformations to Achieve the Sustainable Development Goals,” International Institute for Applied Systems Analysis (IIASA), Laxenburg, 2018
- Future-Fit Business Benchmark, “Creating system value,” Future-Fit Foundation, London, 2017
- P. Foster-Fishman, B. Nowell and H. Yang, “Putting the system back into system change: a framework for understanding and changing organizational and community systems,” American Journal of Community Psychology, vol. 39, pp. 197-215, 2007
- J. Marckard, R. Raven and B. Truffer, “Sustainability transitions: An emerging field of research and its prospects,” Research Policy, vol. 41, pp. 955-967, 2012

Are additional studies / analytic work needed? How and when will it be done?

Not at this stage.

2. Fragility, conflict, migration and resilience

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Though the WBA work programme does not directly address fragility or conflict areas, there is a wide consensus that an economic system that is built on business conduct that embraces principles of responsible investment and inclusive growth, ultimately is a natural way to prevent and mitigate socioeconomic division and inequalities in resources. UN Secretary General, Antonio Guterres, expressed, “The best way to prevent societies from descending into crisis is to ensure they are resilient through investment in inclusive sustainable development”. By contributing to the improvement of some of the most deeply rooted structural causes behind the social injustices, such as food insecurity, climate change and bridging the digital divide WBA firmly believes that it does ultimately make a systemic contribution to a number of the issues that underpin fragility, conflict and involuntary migration.

Key documentation and sources used for the analysis:

- United Nations, 2015, Inclusive development critical for preventing conflict, speakers emphasize, as Security Council debates maintenance of international peace, security, SC/11740, 7361st meeting, January 19th, <https://www.un.org/press/en/2015/sc11740.doc.htm>
- UNDP, 2016, Building Inclusive Societies and Sustaining Peace through Democratic Governance and Conflict Prevention, An integrated approach, May, http://www.undp.org/content/dam/undp/library/Democratic%20Governance/UNDP-GOVERNANCE%20AND%20PEACEBUILDING_final.pdf
- Zarif F., 2017, Advancing the debate on a culture of conflict prevention, UN Chronicle, Vol. LIV, no. 3, October, <https://unchronicle.un.org/article/advancing-debate-culture-conflict-prevention>

Are additional studies / analytic work needed? How and when will it be done?

List additional studies that will be carried out as part of the preparation phase, including studies that will be carried out jointly with others or by partners / other donors.

3. Assessment of human rights situation (HRBA) and gender⁶

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Human rights are basic standards to ensure dignity and equality for every person and companies can have both positive impacts on human rights as well as negative impacts. Business can create jobs and secure livelihoods, provide products and services, support community development and provide tax revenue for the state to invest in the well-being of its people. Yet, without a sound commitment to human rights, and their implementation through due diligence, a wide range of potential negative impacts can arise including precarious employment through poverty wages, the dispossession of indigenous peoples' ancestral lands and the prevalence of modern slavery.

Preventing adverse impacts, on workers, communities and consumers, is one of the most pressing challenges faced by companies in today's global marketplace. Given the relatively recent establishment of the UN Guiding Principles as the first clear baseline for how businesses should conduct their activities to avoid negative impacts on people, many companies are only beginning to implement or improve their human rights related policies, processes, practices and responses. This can be complex. It takes time and dedication to raise the operating standard of all companies to one where "responsible" and "sustainable" performance is the only performance. This is a fundamental

⁶ The purpose of the analysis is to facilitate and strengthen the application of the Human Rights Based Approach, and integrate gender in Danish development cooperation. The analysis should identify the main human rights issues in respect of social and economic rights, cultural rights, and civil and political rights. Gender is an integral part of all three categories.

challenge, but there are already companies progressing rapidly in embedding human rights into their core business.⁷

WBA integrating the Corporate Human Rights Benchmark

The WBA is driving consolidation as much as possible with other benchmarks in order to reduce the burden on companies and increase its impact – as WBA hopes to do by integrating the *CHRB* into the WBA work programme. As the SDGs do not explicitly address human rights or the UNGPs, WBA weaves this narrative into its Social Transformation approach, under which the *CHRB* will sit. By preventing and mitigating harm to people, company leaders are also reporting substantial benefits to their business.

In 2015, a survey by the *Economist Intelligence Unit* (EIU) found that of 853 senior corporate executives questioned on which interventions could best enable them to meet their human rights responsibilities, the top choice was a public benchmark on companies' human rights performance. The *CHRB* aims to address this gap, by assessing certain factors across many companies to give a proxy measure of their human rights performance. This includes assessing the availability and quality of companies' policy commitments on human rights and how they are governed, and assessing the effectiveness of the systems and processes implementing those commitments and specific practices to prevent impacts or respond to serious allegations.⁸

The *CHRB* makes explicit reference on how it contributes to National Action Plans (NAPs) on business and human rights. As described on the *CHRB* website, *"with two sets of results, showing a trend towards improvement, but at a slow pace and complemented by unacceptably low average scores, governments have the means to better understand the implementation of the UNGPs in sectors with significant human rights risks and impacts and, by implication, how well the various National Action Plans on Business and Human Rights (NAPs) and legislation on mandatory disclosures are working to date."* The *CHRB* encourages governments to use its findings when reviewing their NAPs and/or legislation and guidelines.

Social Transformation Collaboration

The impact of the WBA is dependent on its own ability to build on already existing work, rather than making unnecessary and time-consuming duplications. From numerous internal and external conversations, WBA has realised that gender equality, decent work and broader social factors, are relevant to all the companies WBA intends to assess across its different benchmarks and have enormous implications for people on the ground in developing countries. This requires WBA to capture the most critical elements related to social inclusion in a methodology that can be used to benchmark all companies in WBA's scope across all industries.

Spurred by this conclusion, WBA has set out the parameters for a collaboration with *Know the Chain*, *CHRB*, *ShareAction's Workforce Disclosure Initiative*– to explore the developing of a shared methodology

⁷ Direct citation: Corporate Human Rights Benchmark. (2019) *Corporate Human Rights Benchmark Methodology 2019: For the Agricultural Products, Apparel and Extractives Industries*. January 16th. Available:

<https://www.corporatebenchmark.org/sites/default/files/CHRB%202019%20Methodology%20AGAPEX%2016Jan19.pdf>

⁸ Direct citation: Corporate Human Rights Benchmark. (2019) *Corporate Human Rights Benchmark Methodology 2019: For the Agricultural Products, Apparel and Extractives Industries*. January 16th. Available:

<https://www.corporatebenchmark.org/sites/default/files/CHRB%202019%20Methodology%20AGAPEX%2016Jan19.pdf>

for measuring the performance of companies in enabling social inclusion. This initiative integrates a number of actors who are all funded by the same governments, within the same thematic funding programme or by different governments but within highly similar envelopes.

The WBA foresees a number of benefits by aligning these organisations on this front, including streamlining the ask of companies and reducing the reporting burden, increasing the ability to drive more public disclosure through our collective voice and increasing the ability to secure funding through a systemic transformations narrative. Through this approach, all companies will be assessed on their contribution to social inclusion – irrespective of which transformation their operations would naturally fall into.

Gender

The private sector has a pivotal role in promoting and accelerating gender equality through creating decent jobs, developing inclusive products and services and other innovations that improve the lives of women. Research by the OECD also shows that investments in gender equality yield the highest return on all development investments, making the development of a free and publicly available benchmark on the issue a sensible use of ODA.

While progress is being made, women still face significant disadvantages globally, relative to men. In politics, women are underrepresented in leadership and participation. In work, women participate less in the labour force, participate more in informal and unprotected employment, are paid less, and spend more time on unpaid care and domestic work. And at home or in their communities, about 1 in 3 women have experienced gender-based violence in their lives. In effect, gender equality and empowerment (GEEB) were born of this pervasive gender gap that exists across the world in so many different forms.

There are many varying approaches to, and definitions of, gender equality and empowerment. Some approach gender equality and empowerment as mutually reinforcing goals: gender equality (the rights, resources, and voice enjoyed by women relative to those enjoyed by men) is a prerequisite for empowerment – their ability to exercise options, choice, control and power. Conversely, for others, investing in the empowerment of women and girls is a means to achieving greater gender equality as an end in itself. Some define gender equality and empowerment broadly, or even refer to them interchangeably; others focus on women’s economic empowerment specifically, as “one of the most powerful routes for women to achieve their potential and advance their rights”. Still others, like the Gates Foundation, have invested significant energy into creating a robust conceptual model of women and girls’ empowerment, breaking it down into the key elements of agency, resources and institutional structures.

When developing a new GEEB benchmark, it is therefore important to:

- Lead with an SDG(5)-centred benchmark, but recognise its intersections with other SDGs
- Whilst focusing on gender data directly linked to SDG 5, also support the on-going capture of gender-sensitive data across all SDGs, including “gender-sensitive” indicator and required / “Ready to Measure” gender disaggregated indicators for governments, as well as complimentary metrics that companies can help drive.
- Identify key overlaps with other SDGs and actively consider ways to evolve data in this context, with a focus on those areas where gender is a significant factor (and women are at a greater disadvantage) and where companies stand to play a critical role (beyond community

investment) in achieving progress against its respective (gender-sensitive) targets. When putting both a gender and business lens on the SDGs.

- Determine how best to capture a gender POV in other existing/work-in-progress benchmarks at the WBA, particularly those that are most material to gender equality and empowerment. For example, in the context of the Access to Digital Technology benchmark, the fact that women are at a significant disadvantage when it comes to internet access should be addressed. Or, the Food System Transformation benchmark could consider to what extent companies across the food value chain work to improve access to productive resources for women (e.g., provision of gender-sensitive training, financing in agricultural production).

List the key documentation and sources used for the analysis:

- UN, “Guiding principles on business and human rights,” United Nations (UN), New York, 2011.
- BSDC, “New paper makes the case for business to fulfill human rights and the SDGs,” Business and Sustainable Development Commission (BSDC), 2016. [Online]. Available: <http://businesscommission.org/our-work/business-human-rights-and-the-sdgs>.
- BSDC and Shift, “Business, human rights and the Sustainable Development Goals - Forging a coherent vision and strategy,” Business and Sustainable Development Commission (BSDC), London, 2016.
- WEF, “The global risks report 2017,” World Economic Forum (WEF), Cologny/Geneva, 2017.
- IMF, “Fiscal monitor: Tackling inequality,” International Monetary Fund (IMF), Washington DC, 2017.
- UN, “Goal 10 - Reduce inequality within and among countries,” United Nations (UN), 2018. [Online]. Available: <https://www.un.org/sustainabledevelopment/inequality/>.
- UN. (n.d.). *Transforming our world: the 2030 Agenda for Sustainable Development*. (Sustainable Development Goals Knowledge Platform) Retrieved from <https://sustainabledevelopment.un.org/post2015/transformingourworld>
- Bill & Melinda Gates Foundation, "A Conceptual Model of Women & Girls' Empowerment," 2018. [Online]. Available: https://docs.gatesfoundation.org/Documents/BMGF_EmpowermentModel.pdf
- BSDC, "Behind Every Global Goal: Women Leading the World to 2030," Business and Sustainable Development Commission, London, 2017
- UN Women, "Turning Promises into Action: Gender Equality in the 2030 Agenda for Sustainable Development," UN Women, New York, 2018.
- Data2X, Open Data Watch, "Ready to Measure: Twenty Indicators for Monitoring SDG Gender Targets," Data2X, Open Data Watch, 2017
- WEF. (2017). *The Global Gender Gap Report 2017*. Cologny/Geneva: World Economic Forum
- OECD. (2012). *Gender equality in education, employment and entrepreneurship: final report to the MCM 2012*. Paris: OECD Publishing.
- Governments, Call to Action, CHR, <https://www.corporatebenchmark.org/call-action>

Are additional studies / analytic work needed? How and when will it be done?

Roundtables will be held as part of the consultation period for the GEEB methodology.

4. Inclusive sustainable growth, climate change and environment

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Contribution to high level climate objectives & inclusive growth

Climate change hampers the development and economic growth of LDCs and LICs across the world, but by celebrating companies who, through innovative solutions, work to mitigate and address new needs that arise even within the scope of the Paris Agreement, it is possible to incentivise others to align with the SDGs.

With ever increasing anthropogenic GHG emissions and the resulting rise in global temperatures, climate action is more urgent than ever. Without the active contribution of companies, particularly those in the highest emitting industries, SDG 13 and the goals set by the Paris Agreement will not be achieved. The 2017 edition of the Emissions Gap report by the United Nations Environmental Program notably shows that the gap between the reductions needed to keep temperature rise below 2°C and the national pledges made in Paris is “alarmingly high” and that both state and non-state actors need to step up their efforts to ensure the Paris Agreement can still be met⁹. Success of the Paris Agreement and SDG13 (Sustainable Development Goal 13; climate action) ultimately requires ownership and implementation by governments. However, these goals cannot be achieved without the firm commitment of the private sector, and it is critical to demonstrate significant progress in corporate contribution to climate action. Despite the promulgation of business’s role in achieving the goals set in Paris, we must guide and motivate companies to act. By doing so, the private sector can fuel the transformation towards a prosperous and innovative economy creating green jobs and form the basis for sustainable development both inside and outside the EU.

The WBA Climate and Energy Benchmark (“CEB”) will measure the performance of the companies initially across three sectors (oil and gas, electric utilities, and car manufacturers) against SDG 13 (climate action) and the Paris Agreement. It will incentivise companies to align their strategies and operations with a well below 2°C pathway, create a race to the top by rewarding best-in-class companies, and measure progress over time. It will also explore how companies are integrating the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The CEB’s ambition is to serve as a leading source of information and powerful engagement tool for stakeholders such as investors, banks, politicians and policymakers, NGOs, consumers, the media and companies themselves.

The benchmark, developed by WBA in partnership with CDP (formerly the Carbon Disclosure Project), will be one of the first benchmarks to be produced by the WBA.

List the key documentation and sources used for the analysis:

- Index Initiative, 2017, Expert Meeting on the Corporate Climate Action Benchmark, COP23, Bonn, November 13th, https://www.indexinitiative.org/wp-content/uploads/2017/12/REPORT-Bonn23_Corporate_Climate_Action_Benchmark_FINAL.pdf

⁹ UNEP. (2017). *The Emissions Gap Report 2017*. Geneva: United Nations Environment Programme (UNEP).

- TCFD, 2017, Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures, June, <https://www.fsb-tcf.org/publications/final-recommendations-report/>

If this initial assessment shows that further work will be needed during the formulation phase, please list how and when will it be done.

Not at this stage.

5. Capacity of public sector, public financial management and corruption

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Policy Instruments and coherence

The OECD smart target, for governments to “*Strengthen the capacity of governments to implement coherent and mutually supportive policies to achieve the SDGs in time to inform national action plans for SDG implementation* [...]”. To this end, cross cutting partnerships are critical levers to boost the achievement of the SDGs. This means not only public-private, but also ensuring that the right players on both sides are activated. Policy priorities and objectives need to be set within inter-ministerial contexts, address international spillover and transnational policy conflict.

An important theme that came through during the global consultation phase was the importance for the WBA and its benchmarks to acknowledge, account for and address the interplay between policy context and corporate performance. Working with the members of the alliance to define a strategy for the WBA would thus enable the use of the findings of the WBA benchmarks to create an effective and positive feedback loop between the WBA’s work and the policy environment in which benchmarks operate.

Financing Sustainable Growth

The sustainable finance landscape is evolving rapidly, making it critical for the WBA and its members of the alliance to understand the trends shaping that space, as well as its implication for the WBA’s work and how its work can and should influence the sustainable finance agenda. The ability of business to really address these challenges is profoundly compromised by an excessive focus on short-term and narrowly defined financial results. WBA benchmarks would reinforce government objectives that helps correct the current business incentives and stimulate the sustainable allocation of capital. The WBA is positioned to leverage ODA funds for much needed private sector investments. It is estimated that reaching the ambitious targets of the 2030 Agenda requires \$3.5 trillion per year. Increasing the volume of private sector investment in sustainable development is critical to achieving the SDGs and the need to mobilise private resources has been at the heart of discussions around how to finance the SDGs, including to combat climate change. The OECD is encouraging donors to step up their efforts in increasing private sector investments. Benchmarks use the competitive nature of markets, influence on reputation, peer pressure and engagement by investors and other stakeholders as strong incentives for companies to invest in the SDGs.

Corporate Sustainability Disclosure

Beyond ensuring responsible business conduct, policy on non-financial disclosure strengthens innovation and competitiveness between businesses. With the help of transparency on business conduct created by policy, benchmarks do not only highlight where there are gaps in need of improvement, but they also identify and lift both individual company and sector-wide success factors that can be upscaled and transferred. The mapping of policy barriers could be used to evaluate progress and alignment in a way that reflects both what companies can and cannot do in a particular policy environment. By tracking how regulation supports or hampers corporate performance against the SDGs, benchmarks could help promote positive change in both corporate performance and regulation.

List the key documentation and sources used for the analysis:

- Consultation on the World Benchmarking Alliance, September 2018, <https://www.worldbenchmarkingalliance.org/finalpublication/>
- OECD, 2015, Policy Coherence for Sustainable Development in the SDG framework, Shaping Targets and Monitoring Progress, <http://www.oecd.org/governance/pcsd/Note%20on%20Shaping%20Targets.pdf>
- OECD (2018), *Development Co-operation Report 2018: Joining Forces to Leave No One Behind*, OECD Publishing, Paris, <https://doi.org/10.1787/dcr-2018-en>

Are additional studies / analytic work needed? How and when will it be done?

- As a targeted project the WBA will over the coming six months scope the necessity and value add of an internal policy engagement unit. This work will entail interviews with WBA stakeholders across the alliance, donors and Supervisory Board to determine the perceived need to deepen the WBA policy pivot.
- Continuous work within the Donor Committee to explore policy alignment and how governments can support the transformation work.

6. Matching with Danish strengths and interests, engaging Danish actors, seeking synergy

WBA's strategy and objective is highly relevant to The World 2030, particularly addressing the root causes of irregular migration and support economic growth.

Moreover, a wide range of actors will potentially benefit from the results of WBA including, but not limited to, institutional investors, IFU, Danish Initiative for Ethical Trade, the Confederation of Danish Industries and other civil society organisations.

List the key documentation and sources used for the analysis:

The World 2030 and other sources.

Are additional studies / analytic work needed? How and when will it be done?

Not at this stage.

7. Stakeholder analysis

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Beneficiaries

Though the benchmarks are indeed public goods there are certain groups in particular that would benefit from using benchmark as guidance and tools. The WBA identifies companies, investors, civil society and governments as the main beneficiaries for the following reasons:

Companies:

- i) Inform strategy on relevant SDGs as benchmarks reflect societal expectations.
- ii) Recognising leadership and performance, best practices and allows peer group comparison.
- iii) Efficiency as open, credible benchmarks become accepted by all, reducing duplication in ratings and reporting

Financial Institutions

- i) Analysis identifying sustainability risks and opportunities, assesses company performance;
- ii) Insights for engagement with companies across sectors and global markets;
- iii) Strategic direction for allocation of capital, in support of SDGs and sustainable markets.

Civil society:

- i) Multi-stakeholder platform where societal concerns are translated into clear expectations for companies;
- ii) Corporate accountability, constructive engagement for civil society organisations;
- iii) Tools to amplify and reflect the voice of civil society across entire private sector.

Governments:

- i) Translating SDGs to an industry and corporate agenda, ensuring private sector role in delivery;
- ii) Public institution that through transparency and accountability helps to align business with interests of society;
- iii) Find potential partners for public-private partnerships focused on specific sustainable development outcomes.

List the key documentation and sources used for the analysis:

- Index Initiative, 2015, Unravelling the role of the private sector, <https://www.indexinitiative.org/wp-content/uploads/2017/06/Index-Initiative-Landscape-Report-Unraveling-the-role-of-the-Private-Sector.pdf>
- Index Initiative, 2015, Feasibility Study: Sustainable Agricultural Commodity Index, <https://www.indexinitiative.org/wp-content/uploads/2017/09/Sustainable-Agricultural-Commodity-Index.pdf>
- Index Initiative, 2015, Feasibility Study: Oil and gas decarbonization index, <https://www.indexinitiative.org/wp-content/uploads/2017/09/Oil-and-Gas-Decarbonization-Index-Introduction-rationale-and-scope.pdf>
- Index Initiative, 2015, Feasibility Study: Seafood Stewardship Index, <https://www.indexinitiative.org/wp-content/uploads/2017/09/Seafood-Stewardship-Index-Feasibility-Study.pdf>
- Index Initiative, 2015, Feasibility Study: Access to Internet Index, <https://www.indexinitiative.org/wp-content/uploads/2017/09/Access-to-Internet-Index->

Introduction-rationale-and-scope.pdf

Are additional studies / analytic work needed? How and when will it be done?
Not at this stage.

Annex 2. Partners to the Danish Ministry of Foreign Affairs in the context of this grant

Summary of stakeholder analysis

There are plenty of organisations working on sustainability reporting globally, but there is not currently a unifying framework for considering corporate sustainability issues or even a unified set of data. Organisations such as Sustainalytics, MSCI, OECD and ILO have published guidelines to identify relevant indicators that track performance. Many participants felt that the way many companies currently track their corporate sustainability performance is not transparent, as indicators and performance measures are set internally.

Together with the remaining analysis in Annex 1 above, this is the justification for establishing WBA.

Criteria for selecting programme partners

Criteria for selecting the partner. The partner is selected with regard to its mandate and capacity in terms of creating a unifying framework for corporate sustainability reporting related to the SDGs.

Grant award procedure. The Danish Ministry of Foreign Affairs supports activities and programmes that are an integral part of the work of WBA. As such, it is WBA who has defined the activities and outputs of the intended support. Therefore this is implemented as a grant.

Brief presentation of partners

The grant is given through direct award. This is due to the fact that WBA has a special mandate and specialist capacity of WBA. It has been assessed that sole operator, in general or in the specific context

Capacity of WBA, including financial capacity. Regarding the capacity of WBA, DfID completed a thorough capacity assessment of WBA in the fall of 2018. The findings are described in a Due Diligence Report, which have been shared with the Ministry. The report has been assessed to be of a high quality. For the purpose of efficiency, no separate capacity assessment has been carried out. The reports finds the risk of granting to WBA to be moderate, but that “the World Benchmarking Alliance now has the organisational capability to receive DFID funding directly”. The report also lists a number of areas to be monitored, including governance and financial capacity. An Action Grid with detailed actions to be taken by WBA has been shared with the Donor Committee. The latest update was given by WBA on May 5, 2019 and showed satisfactory progress.

Annex 3a. Results framework

OBJECTIVE AND IMPACT

Project name		Improving SDGs in developing countries through corporate benchmarking	
Project Objective		Improved social and economic conditions on people, workers, communities and the environment in developing countries through improved SDG performance by large companies by way of corporate benchmarking.	
Impact Indicator		Impact of companies benchmarked by World Benchmarking Alliance (WBA) on the SDGs in developing countries	
Baseline	Year	2018	Companies benchmarked by World Benchmarking Alliance (WBA) contribute positively and negatively to SDGs in developing countries.
Target	Year	2021	Companies benchmarked by World Benchmarking Alliance (WBA) has increased their positive contribution to the SDGs in developing countries.
Target	Year	2023	Companies benchmarked by World Benchmarking Alliance (WBA) has significantly increased their positive contribution to the SDGs.

OUTCOME ON COMPANIES PERFORMANCE AND IMPROVEMENTS, PARTICULARLY IN DEVELOPING COUNTRIES

Outcome 1		Companies in scope change behaviour and improve practices in developing countries	
Outcome indicator 1.a		Percentage of companies with significant footprints in developing ¹⁰ countries that have improved on key indicators compared to baseline.	
Baseline	2019		Score per key indicator
Target	2020		Score per key indicator (many benchmarks will be published for the first time in 2020)
Target	2021		15%
Target	2023		30%
Outcome indicator 1.b		Percentage of companies with significant footprints in developing ¹¹ countries included in WBA benchmarks that have improved on recommendations provided by the benchmarks (benchmark-on-benchmark improvements) ¹² .	
Baseline	2019		0%
Target	2020		0%

¹⁰ The framework for assessing companies' footprint will be developed in 2019. This will be used in selecting the 2000 keystone companies to be benchmarked by the WBA.

¹¹ The framework for assessing companies' footprint will be developed in 2019. This will be used in selecting the 2000 keystone companies to be benchmarked by the WBA.

¹² The first benchmark will serve a baseline against progress will be measured. However, as benchmarks are developed in a staggered approach, baseline and milestone dates will differ per benchmark.

Target	2021	30% improved on recommendations
Target	2023	50 %

OUTPUT ON BECHMARK DEVELOPMENT

Output 1.1		Methodologies for benchmarking companies developed and published
Output indicator 1.1a		Number of transformational methodologies published with high relevance for developing countries ¹³ (cumulative).
Baseline	Year 2018	Published: 0
Target	Year 2019	3 ¹⁴
Target	Year 2020	5
Target	Year 2021	6
Target	Year 2023	7
Output indicator 1.1b		Number of multi-stakeholder roundtables organised in developing countries to inform benchmark development.
Baseline	Year 2018	0
Target	Year 2019	2
Target	Year 2020	4
Target	Year 2021	5
Target	Year 2023	6

OUTPUT ON COMPANIES USING THE BENCHMARKING

Output 1.2		Benchmarks developed and published
Output indicator 1.2a		Total number of companies with a significant footprint in developing countries included in WBA benchmarks (cumulative). Based on framework for assessing developing country impact. Total number of companies in parentheses ¹⁵ .
Baseline	Year 2018	0
Target	Year 2019	100 (255)
Target	Year 2020	200 (500)
Target	Year 2021	400 (1000)
Target	Year 2023	800 (1800)
Output indicator 1.2b		Average percentage of companies in scope that actively provide data to WBA.
Baseline	Year 2018	0
Target	Year 2019	30%
Target	Year 2020	30%

¹³ At key steps in the benchmark development process, each benchmark will be assessed for its relevance for developing countries using the methods detailed in the WBA ODA Relevance Paper.

¹⁴ These figures will be updated in Q1 2020 after a comprehensive analysis of the total benchmarks to be developed.

¹⁵ The total number of companies included in WBA benchmarks will be based on the keystone actor analysis which will be completed in Q1 2020.

Target	Year 2021	50%
Target	Year 2023	50%

OUTCOME ON STAKEHOLDER ENGAGEMENT

Outcome 2		Stakeholders and members of the alliance take action using the WBA methodologies and benchmarks
Outcome indicator 2a		Number of collective engagements that investors undertake using WBA methodologies and benchmarks.
Baseline	2018	1 ¹⁶
Target	2019	1
Target	2020	3
Target	2021	5
Target	2023	7
Outcome indicator 2b		Number of references/mentions of WBA and/or WBA benchmarks in governmental and intergovernmental publications (cumulative).
Baseline	2018	0
Target	2019	5 in total
Target	2020	10
Target	2021	20 references in total
Target	2023	50 in total

OUTPUT ON THE MEMBERS OF THE ALLIANCE

Output 2.1		Members of the alliance are informed, equipped and motivated
Output indicator 2.1a		Number of alliance members in developing countries (total in parenthesis). Alliance members include academic/research institutions; benchmarks; reporting platforms and standard setting bodies; business platforms; civil society organisations; financial institutions; and governmental agencies/multilaterals. An actor is considered an Ally when they formally sign the WBA Ally Terms of Reference.
Baseline	Year 2018	7 (66)
Target	Year 2019	28 (113)
Target	Year 2020	47 (158)
Target	Year 2021	71 (203)
Target	Year 2023	117 (293)

OUTPUT ON STAKEHOLDERS

Output 2.2		Stakeholders informed, equipped and motivated
Output indicator 2.2a		Number of stakeholder platforms WBA and/or WBA benchmarks featured at per year.

¹⁶ Corporate Human Rights Benchmark

Baseline	Year 2018	-
Target	Year 2019	30
Target	Year 2020	47
Target	Year 2021	65
Target	Year 2023	100
Output indicator 2.2b		Percentage of Supervisory Board and Expert Review Committee members from developing countries ¹⁷ .
Baseline	Year 2018	-
Target	Year 2019	20%
Target	Year 2020	30%
Target	Year 2021	30%
Target	Year 2023	30%

Outcome 3		WBA has strengthened its ability to create and document impact in developing countries
Outcome indicator 3a		
Baseline	2018	WBA has a strong intended impact in developing countries through benchmarking companies, but the frameworks to underpin this - and systems to estimate and document that impact - are weak.
Target	2021	Strong frameworks and systems to assess, improve and document impact in developing countries are in place.
Target	2023	WBA has developed leading systems to assess, improve and document multinationals' impact in developing countries.

Output 3.1		WBA develops a framework for assessing and understanding multinational enterprise (MNE) impact in developing countries exists.
Output indicator 3.1a		A framework for assessing and understanding multinational enterprise (MNE) impact in developing countries exists.
Baseline	Year 2018	Framework does not exist
Target	Year 2019	Framework developed and used to inform methodology design, company selection and more.
Target	Year 2020	n/a
Target	Year 2021	n/a
Target	Year 2023	Framework relevance has been assessed and framework has been revised.

Output 3.2		WBA's monitoring, evaluation and learning is in place and allows a focus on developing countries.
-------------------	--	---

¹⁷ The Supervisory Board governs the WBA and Expert Review Committees are composed of experts who oversee the development of individual benchmark methodologies.

Output indicator 3.2a		WBA has strong systems in place to monitor, evaluate and improve its overall impact on developing countries.
Baseline	Year 2018	No systems in place specifically tailored to developing countries.
Target	Year 2019	WBA has mapped and understood its current operational impacts in developing countries (staffing, location of roundtables).
Target	Year 2020	WBA has developed a monitoring, evaluation and learning framework that informs WBA mid-term evaluation.
Target	Year 2021	WBA has significantly improved its monitoring and evaluation systems of developing county impact (covering staffing, functions/events/roundtables and engagement with companies).
Target	Year 2023	WBA has a strong programme of continuous improvement in place to monitoring, evaluation and improve on its impacts in developing countries.

Output 3.3		WBA has a strong and structured engagement with stakeholders in developing countries.
Output indicator 3.3a		WBA has established an engagement plan for working with stakeholders in developing countries including roundtables to inform benchmarks, capacity building to help local organisations understand how benchmarks can be used to hold companies accountable etc.
Baseline	Year 2018	WBA has developed an understanding of its engagement with stakeholders in developing countries through Access to Seeds Index and WBA consultation process.
Target	Year 2019	WBA has established a strategy for structured engagement and capacity-building with stakeholders in developing countries.
Target	Year 2020	WBA is able to show that it had scaled its engagement with stakeholders in developing countries.
Target	Year 2021	n/a
Target	Year 2023	WBA has assessed the effectiveness of its engagement with stakeholders in developing countries.

Output 3.4		WBA has the right capacity and is fit-for-purpose to create strong impact in developing countries.
Output indicator 3.4a		WBA has evaluated its capacity to create a strong impact in developing countries.
Baseline	Year 2018	No evaluation and basic understanding of capacity to create impact in developing countries.
Target	Year 2019	WBA has mapped and understood its overall capacity to create a strong impact in developing countries.
Target	Year 2020	WBA is scaling its capacity to create a strong impact in developing countries.
Target	Year 2021	n/a
Target	Year 2023	WBA has the right capacity and is fit-for-purpose to create a strong impact in developing countries.

Annex 3b. Description of key outcomes

The key outcomes are described in the following:

- 1) Companies in scope, i.e. chosen for inclusion in a benchmark, change behaviour and improve practices, particularly in developing countries.

Based on consultations, WBA will develop a set of benchmarks that collectively track around 1,800 companies on their SDG performance and impact across the seven systems transformations identified as critical to achieve the SDGs. This includes a focus on where the products, services and value chains of companies impact the poor and marginalised communities living in developing countries. All 1,800 companies will be selected partly on their impact in developing countries and a total of 800 will have a particularly significant impact (i.e. large footprint) in developing countries.

- 2) Stakeholders and Allies take action using the WBA methodologies and benchmarks.

To ensure the methodologies that underpin the benchmarks are credible and legitimate, WBA will organise two multi-stakeholder roundtables per year, per benchmark. All will consider issues relevant to developing countries and a number of the roundtable will take place in developing countries. This is supplemented with research and in-depth interviews as well as capacity building and training workshops especially targeted at actors in developing countries. In addition to knowledge and insights, these engagement touchpoints create awareness for companies on stakeholder expectations as well as demonstrating to stakeholders where companies have the greatest impact, for better or worse. This type of dialogue helps rebuilding trust between different sectors and geographies. Particularly in the developing countries, WBA roundtables provide a forum for public, private and civil society actors who rarely find themselves in the same room to meet and discuss these topics.

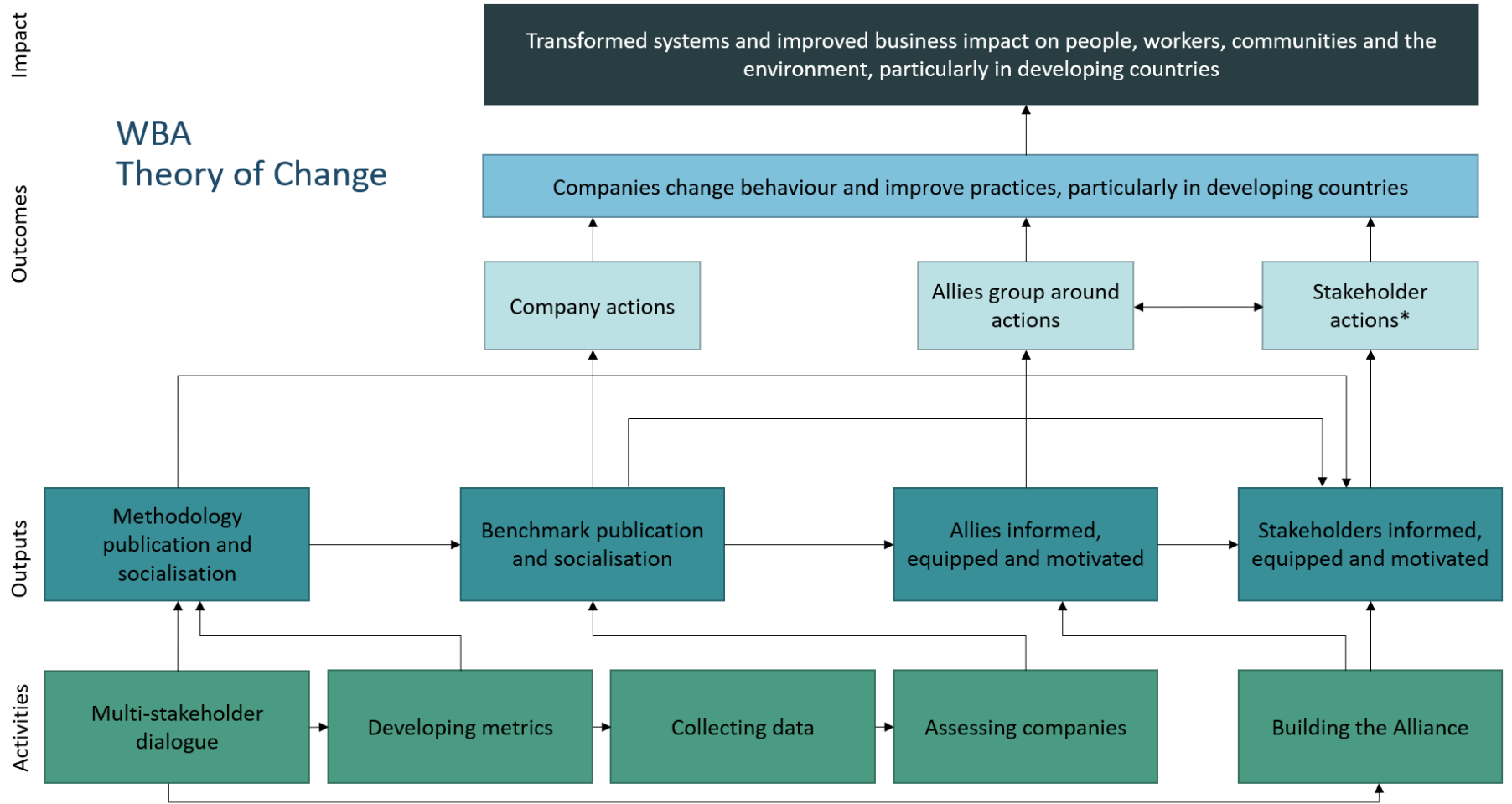
- 3) WBA has strengthened its ability to create and document impact in developing countries.

To enable WBA to maximise developing country impact, the organisation will strengthen its understanding of this impact, develop a multinational impact in developing country framework, develop a strategic engagement plan for partners and Allies in developing countries and adjust its monitoring, evaluation and learning system accordingly.

Annex 3b. Qualitative Output Indicators

Qualitative Deliverables on Engagement with and Impact in Developing Countries		
Output Indicator	Year 2019	Year 2020
WBA develops a framework for assessing and understanding multinational enterprise (MNE) impact in developing countries exists.	Framework developed and used to inform methodology design, company selection and more.	Framework relevance has been assessed and framework has been revised.
WBA's monitoring, evaluation and learning is in place and allows a focus on developing countries.	WBA has mapped and understood its current operational impacts in developing countries (staffing, location of roundtables).	WBA has a strong programme of continuous improvement in place to monitoring, evaluation and improve on its impacts in developing countries.
WBA has a strong and structured engagement with stakeholders in developing countries.	WBA has established a strategy for structured engagement and capacity-building with stakeholders in developing countries.	WBA has assessed the effectiveness of its engagement with stakeholders in developing countries.
WBA has the right capacity and is fit-for-purpose to create strong impact in developing countries.	WBA has mapped and understood its overall capacity to create a strong impact in developing countries.	WBA has the right capacity and is fit-for-purpose to create a strong impact in developing countries.

Annex 3c. Theory of Change of all of WBA



* Key stakeholder groups include investors, banks, civil society organisations, governments and multilaterals, consumers, supply chain partners

Annex 4. Budget Details

2019 budget, including secured funding overview

Total budget 2019 **€ 6.269.215**

Secured funding 2019

	EUR
DfID	€ 1.017.376
BuZa	€ 1.500.000
Min LNV	€ 300.000
Porticus	€ 113.000
Aviva	€ 1.659.450
	<u>€ 4.589.826</u>

Current Gap	€ -1.679.388
-------------	--------------

Pipeline 2019

	EUR
Danida	
SIDA	€ 750.000
Norway	€ 750.000
DEVCO	€ 500.000
	<u>€ 2.650.000</u>

Potential surplus	€ 970.612
-------------------	-----------

Inevitable WBA expenses

	EUR
Total salaries including contractors & Porticus	€ 2.970.179
Total operations support	€ 384.197
Data platform - Institutional	€ 51.785
Data platform - SSI	€ 77.678
Total Policy Project	€ 45.880
Total outreach and communication expenses - SSI	€ 76.000
Total outreach and communication expenses - GEED	€ 68.500
Total outreach and communication expenses - FSTB	€ 52.500
Total outreach and communication expenses - DIB	€ 30.000
Downstream partners - CHRB	€ 572.607
Downstream partners - CDP Automotive	€ 203.900
Total	<u>€ 4.533.226</u>

Remaining secured funding	€ 56.600
---------------------------	----------

Remaining WBA expenses

	EUR
Data platform - GEED	€ 77.678
Total outreach and communication expenses - CCAB	€ 77.500
Total outreach and communication expenses - DIB	€ 30.000
Downstream partners - CDP Electric utilities	€ 258.860
Downstream partners - Equileap	€ 177.430
Downstream partners - CHRB (remaining)	€ 114.521
Research staff/ partners	€ 500.000
Total remaining WBA expenses	<u>€ 1.235.988</u>
Liquidity Reserves	€ 500.000
Total budget 2019	<u>€ 6.269.215</u>

Annex 5. Risk Management Matrix

Contextual risks

nr	Risk factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
1	<p><u>Company participation in benchmarks:</u> Inadequate commitment among the targeted companies. Targeted corporates do not want to participate in an index in the first cycle.</p>	Medium	Medium	Active involvement of companies early in the process. Multi-stakeholder approach that leads up to the development of the methodology.	Minor	Own analysis
2	<p><u>Lack of stakeholder engagement:</u> NGO's and civil society do not want to engage out of fear to lose their independence. They might not want to compromise their own reputation on a topic they have taken a strong stance on. This may lead to reputational damage for the Ministry of Foreign Affairs as WBA is seen as an ineffective institution.</p>	Medium	Medium	The benchmarks and index building process allow all stakeholders to participate in the development but does not require stakeholders that participate in its development to endorse the final outcomes the index. And clear "Design Principles and a robust and accepted Engagement Strategy"	Minor	Own analysis
3	<p>Cyber attacks: Cyber attackers accessing company data, which will create reputational damage to the World Benchmarking Alliance; as a consequence, companies might no longer participate.</p>	Likely	High	WBA has a responsibility towards the companies included in an index to provide a professional and secure IT environment that ensures the confidentiality and integrity of sensitive company information. WBA is performing periodical risk analyses and defines security measures to establish a sufficient level of security. A solid IT infrastructure, compliance reporting and auditing will be part of these security measures.	Residual risk not reduced. However, the actions taken could gradually increase trust.	Own analysis

Programmatic risk

	Risk factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
1	<u>Interest overestimated.</u> WBA will not be able to create sufficient ownership among members of the alliance leading to inefficiency and ineffectiveness.	Medium	Medium	Ensure participation of members of the alliance from the outset.	Minor	Own analysis
2	<u>Lack of proven impact</u> Inadequate impact and outcome evidence, due to the difficulty in measuring impact or due to lack of priority of measuring impact, which will lead to reduced legitimacy	Medium	Major	WBA is working in collaboration with the Natural Resources Institute of Greenwich University to create a more robust Theory of Change and logical framework; Setting up learning circles within the alliance to learn lessons from members of the alliance who have themselves explored similar issues. And it will develop a strategy on measuring impact on developing countries as a milestone delivery for the DMFA	minor, since this risk is top on the agenda of the WBA leadership and board.	Own analysis
3	<u>No DAC focus in programs:</u> not focusing enough on the most vulnerable communities or unbalanced between the views of developed and developing countries. This dilutes WBA claim of inclusion; dilutes legitimacy amongst CSOs and public stakeholders.	Possible	High	Representatives of vulnerable communities affected by the industries being benchmarked will be part of the consultation process associated with the benchmark development. Furthermore the ERC will be balanced both with respect to stakeholder groups and geographical representation. And it will develop a strategy on developing countries as a milestone delivery for the DMFA	Minor, since this risk and the tension between scale and depth is top on the agenda of the WBA leadership and board.	Discussion with DMFA
4	<u>Benchmarking data ignored by companies.</u> Companies that have been benchmarked ignore the ranking and do not bother to improve their performance, which would undermine the Theory of Change of WBA.	Low	high	Continuous engagement and outreach with key stakeholders (companies, investors, civil society organisations, multilateral organisations, other benchmarks and indices, governments, academia etc) is a strategic competency. To ensure fruitful relationships and trust	Residual risk not reduced. However, the actions taken could gradually increase	Roundtable, board discussions

				building both between stakeholders and between WBA and stakeholders, an Engagement Director has been hired as part of Executive Board. By ensuring that the multi-stakeholder framework remains strong the benchmarks are legitimised and helps companies understand that stakeholders will use the benchmark, and how it will benefit their business to act upon the results.	trust.	
5	<u>The ecosystem overcrowded and fragmented</u> : too many competing and or fragmented responsible business and SDG tools and frameworks; Stakeholders have the perception that the reporting and benchmarking space is too crowded. Corporate or civil society stakeholders do not engage because they do not see the value add.	medium	medium	WBA is intended and designed to decomplicate the sustainability landscape. By maintaining open dialogues with existing initiatives, and consolidating work where necessary and beneficial, WBA reduces the perception with an Inclusive Engagement Strategy and Learning Circles	Residual risk is reduced because actions taken could gradually increase trust.	The SDGs and the rise in regulation in responsible business has created a surge in tools.

Institutional risks

	Risk factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
1	<u>Lack of stakeholder engagement</u> : NGO's and civil society do not want to engage out of fear to lose their independence. They might not want to compromise their own reputation on a topic they have taken a strong stance on. This may lead to reputational damage for the Ministry of Foreign Affairs as WBA is seen as an ineffective institution.	Medium	Medium	Ensure continuous dialogue with members of the alliance.	Minor	Own analysis
2	Risk of departure of key personnel, Directors and experts	Medium	Medium	WBA is an interesting organisation with a global coverage which should be able to recruit and keep highly skilled staff.	Low	Own analysis

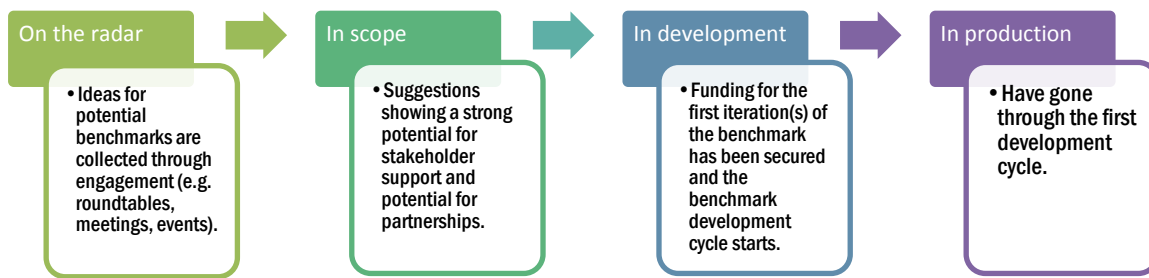
				WBA is making an effort to increase diversity and expertise in developing countries		
3	Risk of ability to recruit numbers staff with the right experience to enable the growth and scale. Also with international development background and from and in OECD countries	Medium	High	Employer reputation. Recruitment strategy and continuous focus on people.	Low	Own analysis
4	Not enough DAC amongst partnerships and governance	Low	Medium	WBA will continue to do the majority of roundtable in non-OECD countries; and has developed targets on DAC country composition of governance and consortium	Residual risk is reduced because actions taken could gradually increase trust.	Own analysis

Annex 6a. ODA Relevance Paper

ASSESSMENT OF ODA IMPACT

The WBA is taking a pipeline approach to benchmark development (see figure 1). For benchmarks *on the radar, in scope and in development*, the WBA proposes to assess ODA eligibility through a structured process. Whilst the WBA will continue to develop non-ODA benchmarks, this process will ensure that only benchmarks that are ODAble will be allocated to ODA funders.

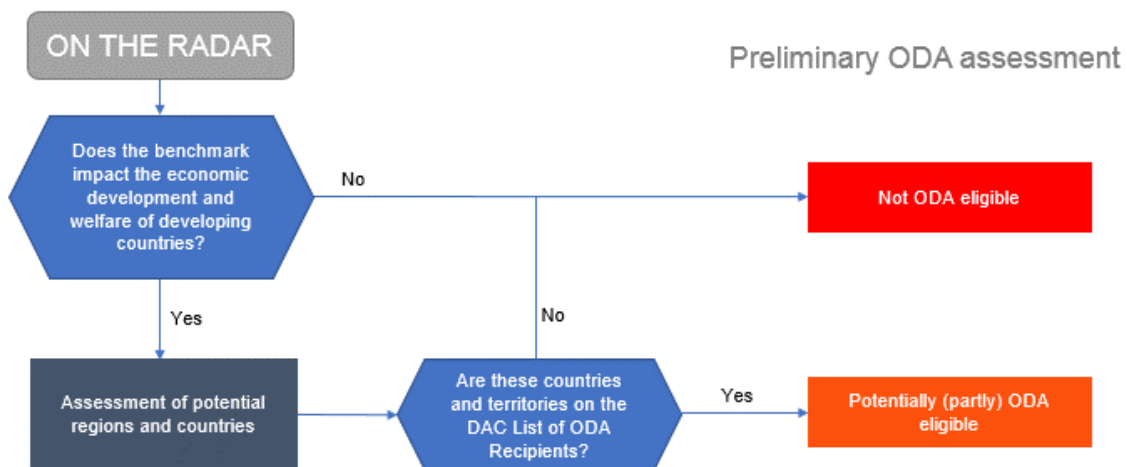
Figure 1: Benchmark development pipeline



On the radar

For benchmarks on the radar the WBA will do a preliminary assessment of ODA eligibility, focusing on whether the benchmark would impact economic development and welfare in developing countries and whether the benchmark includes a focus on countries on the DAC List of ODA recipients. This will be undertaken through applying the framework described in Section 5 and output indicator 3.1.

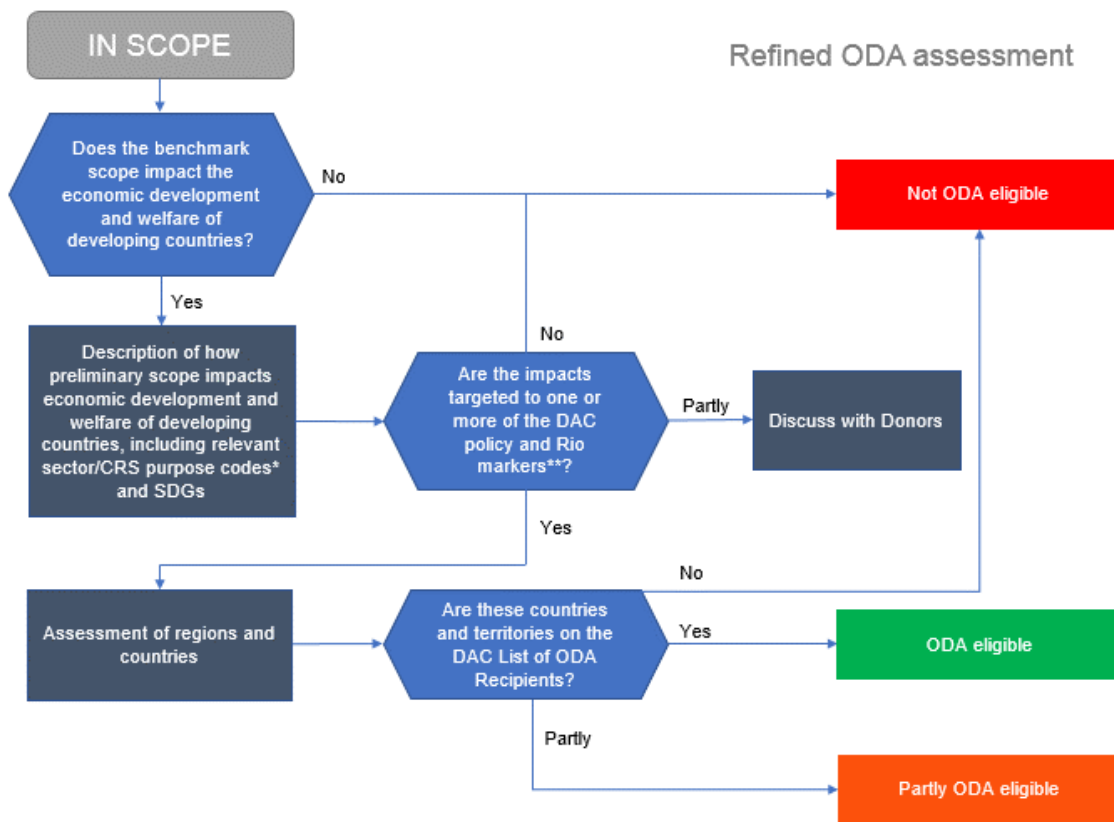
Figure 2: Preliminary ODA assessment for benchmarks on the radar



In scope

For benchmarks in scope, the assessment will focus in greater detail how the preliminary scope of the benchmark impacts economic development and welfare in developing countries. This includes identification of relevant sector/CRS purpose codes as defined by the DAC and relevant SDGs and targets¹⁸. The next step in the assessment will focus on assessing whether impacts of the benchmark are targeted to one or more of the DAC policy markers. In cases where the benchmark scope is only partly targeted towards one or more of the DAC policy markers, the WBA will discuss this with donors.

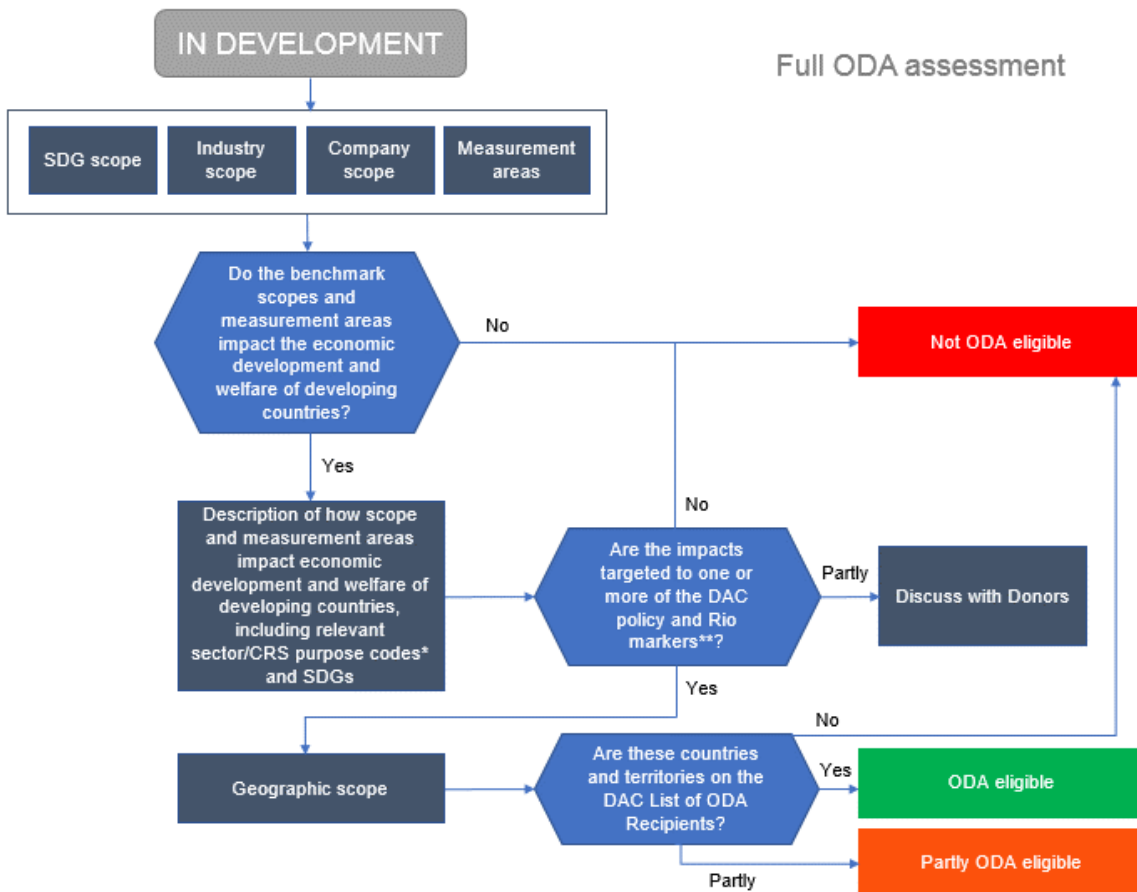
Figure 3: Refined ODA assessment for benchmarks in scope



¹⁸ There are ongoing discussions in the DAC to better align current CRS classifications with SDGs which may result in certain modifications to CRS markers, channel codes, purpose codes and possibly a new SDG field.

In development

In this phase, the scopes (SDG, industry, company and geographic scope) and measurement areas of the benchmark are set. The ODA assessment process is similar to that for benchmarks in scope, but as scopes and measurement areas are established, this allows for a more specific assessment of ODA relevance.



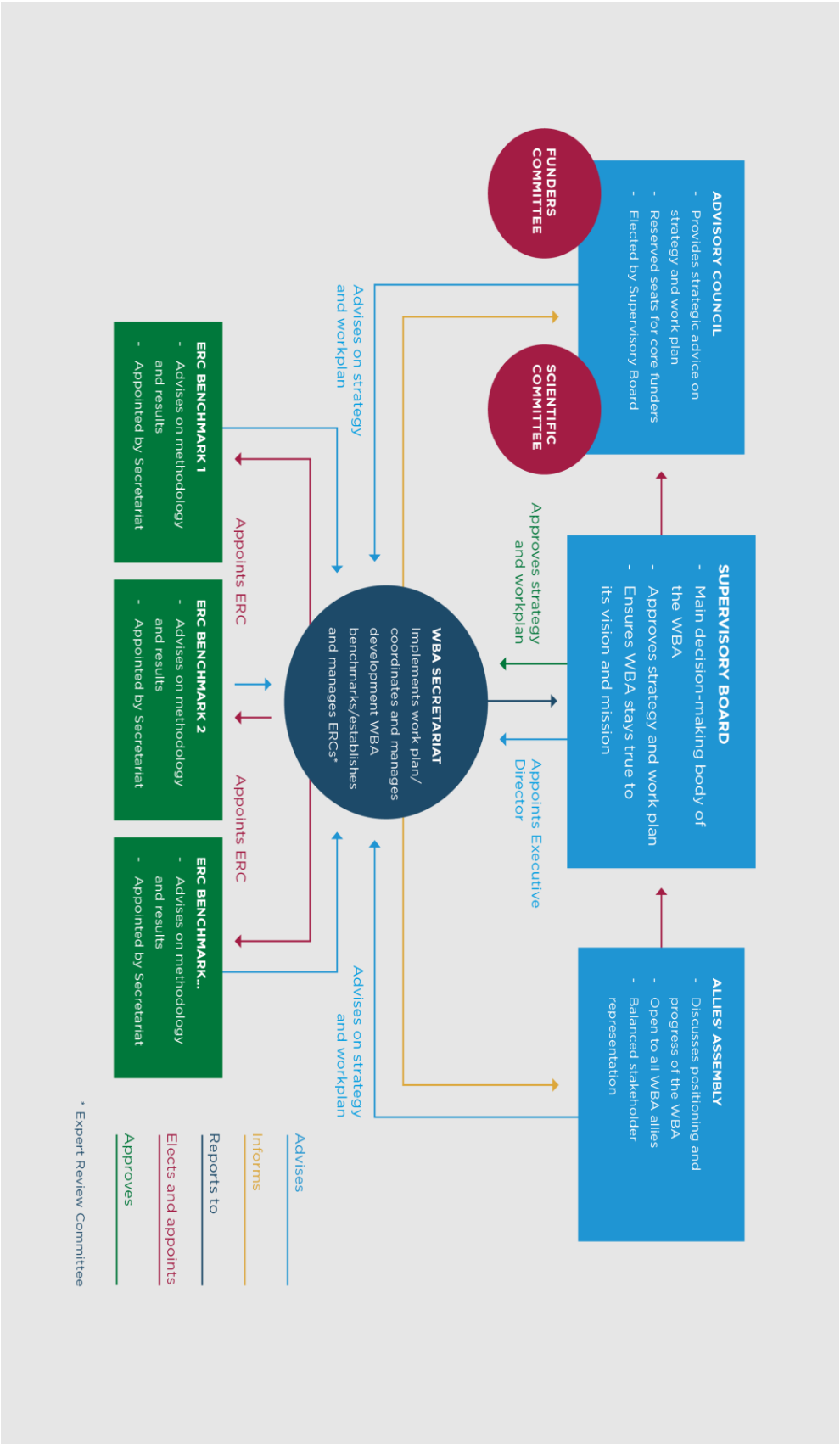
The impact in developing countries, both of the benchmarked companies and of WBA’s work, will be tracked using the MEL system WBA is currently developing.

Scenarios

The flow diagrams outlined for the different stages of the benchmark development process show that where impacts of the benchmark only partly target DAC policy and Rio markers, the WBA will discuss the ODA relevance with donors on a case-by-case basis. There might also be cases in which benchmarks go *beyond* addressing ODA policy priorities and ODA recipient countries to ensure that the benchmark and its methodology e.g. achieve maximum impact, ensure relevance for specific

stakeholder groups (such as investors), reflect the universal nature of the SDGs, or reflect stakeholder priorities. In these cases, the WBA also suggests initiating a conversation with donors on whether and how ODA funds can be most effectively and efficiently deployed in these situations.

Annex 6b WBA's proposed governance model



Annex 7: Plan for communication of results

See the WBA Communication strategy 2019-2020 in a separate document.

Annex 8 Process Action Plan (PAP)

Action/product	Deadlines	Responsible/involved Person and unit	Comment/status
Submission of documents to the programme committee	21/5	VBE	
Programme Committee meeting	29/5	KFU	
Appraisal meeting	9/8	VBE	
Project document finalization	16/8	VBE with WBA	
Approval by Head of department, Director of development and newly appointed Minister of Development cooperation (if possible)	23/8	VBE	
Agreement signed WBA-DKMFA	30/8	VBE	
Disbursement	6/9	VBE	
Inception report	1/11	VBE with consultant	To follow up on Outcome 3

Formulation and quality assurance

The Department of Growth and Employment (VBE) will carry out an internal appraisal of the current grant. This follows the Aid Management Guidelines' page 24 (Grants from DKK 10 millions up to DKK 39 millions), which allow internal appraisals in "exceptional cases and following endorsement from TQS." The internal appraisal has been endorsed by TQS for this grant. Nevertheless, VBE has been in dialogue with specialists from the Technical and Quality Support (KFU) department to discuss specific issues in connected with the formulation of the support.

Annex 9 - Quality Assurance checklist for appraisal of programmes and projects¹⁹

File number/F2 reference: 2018 – 42358

Programme/Project name: Improving SDGs in Developing Countries through Corporate Benchmarking

Programme/Project period: 2019-2023

Budget: DKK 25,000,000 (initial commitment 15,000,000)

Presentation of quality assurance process:

The appraisal of the present project has taken the form of an internal based desk appraisal (by Theo Ib Larsen, development specialist, BV/B) as pre-approved by KFU and in accordance with the PAP presented to the Programme Committee.

The design of the programme/project has been appraised by someone independent who has not been involved in the development of the programme/project.

Comments: The appraisal of the project document has been separate from the design and formulation process.

The recommendations of the appraisal has been reflected upon in the final design of the programme/project.

Comments: The department for technical quality assurance was consulted continuously during the design phase of the project. The present version reflects the exchanges that were part of this process, as well as the observations of the internal appraisal.

The programme/project complies with Danida policies and Aid Management Guidelines.

Comments: As presented, the initiative, projected activities and proposed monitoring structures would appear to comply with the AMG.

The programme/project addresses relevant challenges and provides adequate responses.

Comments: The challenges that the project proposes to deal with are relevant. Given the innovative nature of the proposed benchmarking exercise and the lack of previous activities at this scale in the targeted countries, it is difficult to ascertain whether the intended outcomes will materialize. The relatively short time frame of the proposed project activities underlines the importance of continuously exploring opportunities for broad stakeholder engagement across geographies and industries to be truly significant – also after the end of the present funding phase.

¹⁹ This Quality Assurance Checklist should be used by the responsible MFA unit to document the quality assurance process of appropriations where TQS is not involved. The checklist does not replace an appraisal, but aims to help the responsible MFA unit ensure that key questions regarding the quality of the programme/project are asked and that the answers to these questions are properly documented and communicated to the approving authority.

☒ Issues related to HRBA/Gender, Green Growth and Environment have been addressed sufficiently.

Comments:

☒ Comments from the Danida Programme Committee have been addressed (if applicable).

Comments: Comments were related to compliance with OECD DAC-rules regarding ODA as well as background on WBA as an organisation. These comments and observations have been addressed..

☒ The programme/project outcome(s) are found to be sustainable and is in line with the partner's development policies and strategies. Implementation modalities are well described and justified.

Comments: In some respects, the proposed project has certain similarities with start-up projects or partnerships, where a certain degree of agility is needed in implementation, and which may require more monitoring and overall attention than more mature and robust partnerships would require. Justification for support is well argued and relevant development policies and strategies appear to be in sync with the corresponding areas outlined in the strategic orientation for the Ministry of Foreign Affairs in "The World 2030". The initiative will rely on donor financing over the medium term. In addition to Denmark, the UK and the Netherlands are backing the initiative, and there is interest from other donor governments as well.

☒ The results framework, indicators and monitoring framework of the programme/project provide an adequate basis for monitoring results and outcome.

Comments: Given frameworks for assessing corporate footprints are still in the development phase, it may be premature to appraise the overall quality and relevance of the results framework, but the targets that are proposed (in relative terms compared to baselines that have yet to be established) for project objective and supporting outcomes, indicators appear appropriately ambitious and sound.

☒ The programme/project is found sound budget-wise.

Comments: The budget appears realistic. Additional contributions from Denmark beyond 2021 are conditional on a satisfactory assessment of progress. This is judicious and appropriate.

☒ The programme/project is found realistic in its time-schedule.

Comments: The initiative will need time to mature, find its modus operandi, and position vis-à-vis other initiatives with related objectives. With funding from Denmark, UK and Netherlands, which have already committed to the initiative, it should be possible to demonstrate outputs and outcomes that will ease access to additional sources of funding over the next couple of years.

☒ Other donors involved in the same programme/project have been consulted, and possible harmonised common procedures for funding and monitoring have been explored.

Comments: Extensive consultations have informed the formulation of the present project document.

☒ Key programme/project stakeholders have been identified, the choice of partner has been justified and criteria for selection have been documented.

Comments: Justification for choosing to support this initiative is presented in the project document.

☒ The executing partner(s) is/are found to have the capacity to properly manage, implement and report on the funds for the programme/project and lines of management responsibility are clear.

Comments: Capacity to manage and report on use of funds appears to be sufficient, but given the initiatives' extensive reliance on other partners and stakeholders to deliver outcomes, close monitoring will be required during early stage implementation.

☒ Risks involved have been considered and risk management integrated in the programme/project document.

Comments: Given the characteristics of the proposed initiative and activities, the risks that have been identified as well as their management appear relevant. The residual risk level should not prevent the proposed project from being tested in implementation. An applicable risk mitigation strategy would need to involve close monitoring to allow for course correction and/or possible scale-up of management resources.

☒ In conclusion, the programme/project can be recommended for approval: Yes.

Date and signature of desk officer: Ole Dahl Rasmussen

Date and signature of management: Lis Rosenholm, Deputy Head of Department (please refer for approval-flow in F2)