Ministry of Foreign Affairs – VBE
F2 reference: 2017-18913

Meeting in the Council for Development Policy 16 May 2017
Agenda item 4

1. Overall purpose:	For discussion and recommendations to the Minister
2. Title:	Danida Market Development Partnerships Programme
3. Presentation for Programme Committee:	23 February 2017

Danida Market Development Partnerships Programme

Key results

- Mobilisation of private capital and know-how that contribute to the realisation of the SDGs
- Market development, job opportunities and sustainable income generation through private sector in developing countries
- Private sector capacity in developing countries enhanced through broad partnerships
- Compliance with international standards for responsible business conduct.

Justification for support

- Sustainable economic growth in developing countries is necessary to achieve the SDGs
- Mobilisation of additional private capital and know-how key elements in achieving the SDGs and an important part of the Danish strategy "The World 2030".
- Commercially oriented multi-stakeholder partnerships can contribute to sustainable market development in developing countries.

How will we ensure results and monitor progress

- Modality for delivery of results is based on partnerships between commercial and non-commercial partners in organised in partner consortia.
- Partner consortia will ensure and be held accountable for achieving results through monitoring and evaluation mechanisms with annual reporting to VBE. A Real-Time Evaluation will contribute to ensuring strong monitoring and evaluation frameworks at project level as well as at programme level.
- VBE holds overall responsibility for monitoring at programme level and plans to undertake a review in 2019 contributing to strategic development of present and future programme phase.

Risk and challenges

- Global financial instability and economic slow-down, which can make companies hesitant to invest in projects in fragile markets
- Some projects may not succeed. Commercially oriented multi-partner consortia investing in market development in less developed and fragile markets is per definition more risky, but when successful can generate high impact. Project proposals will be scrutinized in-depth. This is a calculated risk.

File No.	2017-18913					
Country	Regional					
Responsible Unit	VBE					
Sector						
Mill.	**2017**	**2018**	**2019**	**2020**	**Total**	
Commitment	60	80	100	100	340	
Projected ann. Disb.	5	30	60	100		
Duration	4 ½ years (May 2017-December 2020)					
Finance Act code.	06.38.02.12. Partnerships for market driven growth					
Desk officer	Tine Anbæk					
Financial officer	Hans-Henrik Christensen					

SDGs relevant for Programme *[Maximum 5]*

No Poverty	No Hunger	Good Health, Wellbeing	Quality Education	Gender Equality	Clean Water, Sanitation
Affordable Clean Energy	**Decent Jobs, Econ. Growth**	Industry, Innovation, Infrastructure	Reduced Inequalities	Sustainable Cities, Communities	Responsible Consumption & Production
Climate Action	Life below Water	Life on Land	Peace & Justice, strong Inst.	**Partnerships for Goals**	

Budget in million DKK

Partnership projects*	320.5
Technical support	9.0
Monitoring and review	4.5
Communication	6
** Support to individual project will be minimum 5 and maximum 8 million*	
Programme Support	**340**
Total	**340**

Strat. objective(s)	Thematic Objectives	List of Engagement/Partners
Contribute to sustainable economic growth in developing countries within the framework of the Sustainable Development Goals	Market development in developing countries through commercially oriented partnerships Economic opportunities for men, women and youth in developing countries through commercially oriented partnerships *Non-funded activities:* Commercial actors participating in partnerships	Based on proposals submitted through challenge fund modality – Commercial partners – Non-commercial partners – Government institutions as relevant

Updated Programme Document
Danida Market Development Partnerships Programme 2017-2020

Danida
Ministry of Foreign Affairs, Denmark
April 2017 File no.: 2017-18913

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Annexes

List of abbreviations

CSO Civil Society Organisation
CSR Corporate Social Responsibility
Danida Danish International Development Cooperation
DAC Development Assistance Committee
DMDP Danida Market Development Partnerships Programme
DKK Danish Kroner
GNI Gross National Income
IFC International Finance Corporation
IFU Investment Fund for Developing Countries
INGO International Non-Governmental Organisation
MFA (Danish) Ministry of Foreign Affairs
ODA Overseas Development Assistance
OECD Organisation for Economic Cooperation and Development
RTE Real Time Evaluation
SDGs Sustainable Development Goals
ToC Theory of Change
UN United Nations
USD US Dollar
VBE Department for Growth and Employment, MFA

1. Background and thematic context

The Danida Market Development Partnerships programme is a business instrument, which falls within the priorities of the Strategy for Development Cooperation and Humanitarian Action "The World 2030" (2017). Promotion of market-driven sustainable growth and employment in the developing countries are among the key priorities for Danish development cooperation as also reflected in the government's priorities for the Danish Development Cooperation 2017[1]. The Partnerships Programme complements other Danida business and partnership instruments as well as bilateral and multilateral engagements that aim at promoting inclusive economic growth and employment opportunities, among others through increased trade, investments and business development. Moreover, outcomes of the individual partnership projects will contribute towards fulfilling the United Nations' Sustainable Development Goals (SDGs).

Traditional Overseas Development Assistance (ODA) will not be sufficient to fulfil the 17 SDGs by 2030. Mobilizing additional resources, including private investments at scale, is required as emphasized at the Conference on Financing for Development in Addis Ababa 2015. Partnering with a broader range of stakeholders including civil society, private business, investors, government institutions, academia and other institutions at national and international level (as emphasized in Goal 17) is a way to pool complementary resources, capabilities and knowledge that can foster new business models which align commercial and social interests.

17 PARTNERSHIPS FOR THE GOALS

Multi-stakeholder partnerships
17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries
17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

Strategic partnerships where partners utilise their core competencies with focus on joint value creation have the potential to bring transformational change, that reach beyond philanthropic partnerships or partnerships built on more limited exchange of services.

Development assistance can play a catalytic role by supporting activities through partnerships that address some of the challenges related to market development in partner countries and thereby reduce the risk for private businesses in engaging in less developed or fragile markets. When using donor funds for supporting partnerships involving private business, there is a need to demonstrate that the intervention contributes to a development objective and would not have happened, or would not have been as successful, without their contribution. In other words, that the additional effect of the support provided has made a difference.

[1] The government's priorities for the Danish Development Cooperation 2017. Overview of the development cooperation budget 2017 – 2020.

On this background, the Danida Market Development Partnerships programme (DMDP) is designed to support commercially oriented partnerships for sustainable market development in developing countries. The partnerships shall contribute to the achievement of the SDGs, with participation from civil society organisations, private business, academia, government institutions etc. As the DMDP is a new venture for the Danish Ministry of Foreign Affairs (MFA), a pilot phase was launched in June 2016 allowing to test and adjust the approach. The present programme document has been updated and reflects the early lessons learned from the pilot phase (see section 2.4 below for more information on lessons from the pilot phase).[2]

2. Presentation of the programme

The DMDP is situated at the pre-commercial end of the scale of business instruments as compared to other instruments that operate on near-market terms. Still, the supported partnership projects should be able to demonstrate long-term sustainability and potential for scalability of the business venture enabling it to continue after the project period with support from Danida.

The support to commercially oriented multi-stakeholder partnerships takes point of departure in the emerging trend of seeking to achieve a higher development impact by building on the joint core competencies of private businesses on one side and non-commercial actors including civil society organisations, academia, government institutions, international organisations etc. on the other side. Philanthropic funds also play a role as potential providers of finance as well as knowledge to multi-stakeholder partnerships.

It should be emphasised that creating partnerships is in itself not a goal – focus should be on creating lasting development results within the partner countries. Each partnership project should build on a solid business case, which will address a key development challenge. As such the business case in each project will be an important foundation for achieving the project's development objective. In order to ensure strong commitment and sustainability it will be a requirement that a partnership project builds on the core business of the private business partner(s) and should also be part of the core activities of other participating partners.

The programme will work as a competitive Challenge Fund through a cost-sharing mechanism that invites partner consortia to apply for support. With an average level of support between DDK 5-8 million, it is expected that 6-12 projects will be supported per year from 2017 to 2020. Projects may run from 3-5 years and will be supported with a rate of co-financing from Danida of up to 75 per cent of overall project costs. The cost of an individual project will often be above the maximum Danida support (DKK 8 million) as Danida does not cover costs for project activities carried out by the private business partner(s) such as larger investments, staff time and travel etc..[3] These costs may be included as part of the in-kind contribution from partner consortia and may be made up from partners' own financing as well as funds from private capital funds or other donors. Through such co-funding arrangements, the programme

[2] The programme document is formulated according to Danida's guidelines for programmes and projects above DKK 37 million (2015 version). The term "project" has been applied in defining the interventions of individual partnerships, instead of the term 'engagement' applied in the Danida guidelines.

[3] Reference is made to the Programme Guidelines as well as to the Administrative Guidelines providing detailed information on eligible costs for Danida support.

will raise additional capital for development. Based on the experience from the pilot phase it is expected that the programme will mobilize an additional DKK 100-150 million, mainly from private business partners.

The overall objective of the programme is:

To contribute to sustainable economic growth in developing countries within the framework of the Sustainable Development Goals.[4]

Several SDGs may be relevant depending on the nature of the individual partnership project. However, Goal 8 is seen as a key goal for the DMDP and all partnership projects must contribute to this goal.

Regardless of which SDG(s) the proposed projects are aimed at supporting, they must reach beyond more service delivery or delivery of e.g. base of the pyramid products, unless these directly catalyse local economic activity. Partnerships may in this regard also include local public authorities and institutions that play a role in market development in terms of developing regulations and standards that are crucial for the business venture, or other public functions that require capacity building etc. Such activities may strengthen the sustainability of the interventions and contribute to wider systemic effects of the partnership projects.

It will be a key requirement that the businesses are committed to responsible business conduct by integrating human rights, labour rights, environment and anti-corruption concerns into their operations and core strategies. A number of international frameworks apply, including UN Global Compact, UN Guiding Principles on Business and Human Rights, the OECD guidelines for multinational enterprises and the ILO decent work agenda. Business ventures that appear on the exclusion list of the European Development Finance Institutions will not be eligible for support (see Annex 2).

8 GOOD JOBS AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training

2.1 Eligible countries

The programme will be available in Denmark's priority countries and in countries with a GNI per capita below the World Bank limit of lower middle-income countries (USD 4,035 in 2017) with a Danish representation. As well as selected focus countries in regional initiatives and countries under particular strain with a Danish representation. The complete list of eligible countries is presented below.

[4] The term sustainable refers to the three dimensions of social, economic and environmental sustainability.

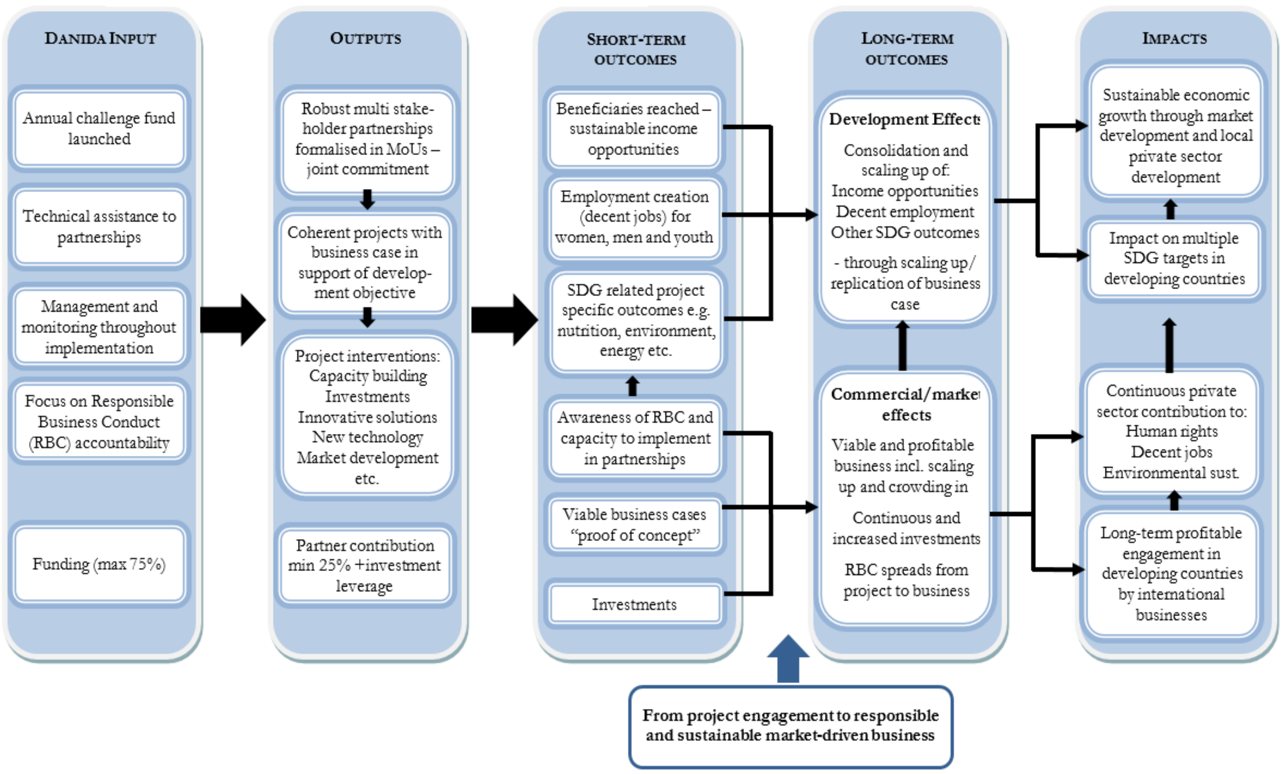
Danida priority countries		Other countries w. GNI below USD 4,035 per capita with a Danish Representation		Other
Afghanistan	Mali	Egypt	Vietnam	Georgia
Bangladesh	Myanmar	India	The Philippines	Tunisia
Burkina Faso	Niger	Morocco	Ukraine	Jordan
Ethiopia	Palestine	Nigeria	Indonesia	Lebanon
Ghana	Somalia	Pakistan		
Kenya	Tanzania			
	Uganda			

2.2 Intervention logic and Theory of Change

The overall Theory of Change (ToC) behind the programme is that:

- **if** Danida provides advisory, managerial and financial support for partly covering the costs of establishing and implementing commercially oriented partnership projects (costs of non-commercial partners)
- **then** these would deliver results such as decent jobs, increased income opportunities, sustainable production systems, low carbon development or other SDG development benefits that ultimately contribute to sustainable and inclusive economic growth and development.

Or in graphic illustration (assumptions at various levels are presented in Annex 3):



The overall Theory of Change will be supplemented by project specific theories of change developed by each partnership project also detailing assumptions at various levels.

2.3 Expected outcomes and indicators

Each partnership project will have a specific results framework, ideally with two outcome indicators – one for the development intervention and a secondary for the business case. In supplement, each partnership project will have a maximum of five outputs with related indicators of which one will be related to communication. The outcomes, outputs and associated indicators of a partnership project must be linked to the SDGs (and the 169 targets that have been developed across the 17 goals). All projects must demonstrate how the partnership project contributes to Goal 8 and related targets, and on top of this each project will relate to other SDGs depending on the type of intervention – e.g. strengthening of a dairy value chain; introducing innovative renewable energy technologies adapted to local markets etc. Development of baselines at project level at the outset of project implementation will be required.

In order to ensure overall results monitoring of the DMDP, all partnership projects must link to the programme's overall results framework, which relates to the SDGs and in particular Goal 8 (see box). The partner consortia will be encouraged to consult with MFA during development of their results framework and intervention logics. This in order to ensure that a coherent approach is applied across the projects enabling strategic and programme level monitoring. In developing their results frameworks partners will be encouraged to develop short term outcomes, whichs would allow for monitoring of the direction of the project over the 3-5 years project implementation phase.

Partnership Programme results framework
Five key indicators

1. Employment creation (decent jobs) for women, men and youth
2. Beneficiaries reached and creation of sustainable income opportunities
3. Viability of the project's business case (long-term sustainability)
4. Awareness of responsible business conduct and capacity to work with RBC in the partnerships
5. Investment leverage (additional capital raised)

On top of this, each project will have more project specific outcomes related to e.g. nutrition, environment, farming practices etc., all with direct links to the SDGs.

The five key indicators at programme level will be further refined during the early phase of the Real Time Evaluation providing more detailed definitions of each key indicator and setting targets at programme level[5]. It is recognized that indicators related to employment creation and/or decent work are very complex and difficult to measure. However, with a focus on Goal 8 the programme needs to include this indicator despite all known complexities. A realistic and pragmatic approach will be applied with inspiration from institutions such as IFU, IFC and the World Bank. A preliminary results framework is attached in Annex 5.

2.4 Lessons learned

The design of the DMDP has been guided by lessons learned from the pilot phase of the programme as well as from former Danida business instruments such as Danida Business Partnerships, the B2B Programme, Innovative Partnerships for Development and the CSR

[5] For more detail on the Real Time Evaluation see section 2.9 below.

facility. Among others, the need to focus on robustness of the partners and partnerships and on their knowledge and capacity to engage in potentially difficult markets has been considered. Also, aspects such as results monitoring and scale of interventions have been considered. Finally the design has taken note of previous concerns related to the EU state aid rules. A review of the Danida CSR facility has pointed to a number of lessons pertaining specifically to the challenge fund modality, which have been taken into consideration in the design of the programme. The CSR facility also supported a group of CSOs and businesses in producing a learning report and a 'Cross-sector Partnerships Guideline', which has provided important lessons and practical guidance on how to manage multi-stakeholder partnerships.

Consultations have been held with a range of potential stakeholders and with other development partners engaged in similar partnership programmes at international level. Furthermore, recent studies and assessments of this type of multi-stakeholder partnership interventions have been considered. These consultations and analyses have contributed to the initial design of the programme and subsequent adjustments ensuring its focus on delivering tangible development results while meeting the aspirations of intended partners among others in terms of flexibility in approach, lean procedures etc.

The pilot phase of the DMDP has allowed testing the application phase including development of full project proposals up to pre-approval (from June 2016 – March 2017). In the pilot phase, the budget allocation of DKK 41 million made it possible to invite approximately 10 percent of partner consortia presenting an application to develop a full project proposal. The five best-rated pilot partnership projects are currently under development with expected approval in June and start of implementation in September 2017 (cf. list of pilot partnership projects in Annex 5).Although not including partnership project implementation, this pilot phase contributed with important learnings leading to substantiating the overall Theory of Change at programme level as well as the overall programme results framework. Further, this phase confirmed strong interest in the partnership model and objective from a wide range of partners including businesses of various sizes and provenience, also businesses based in the eligible partner countries. Lessons from the pilot phase have led to adjustments in the approach in several areas, e.g.: i) further clarification of how development objective is supported by business case; ii) enhanced challenge fund approach via individual meetings with best assessed partner consortia prior to invitation to develop full project proposal; iii) strengthened local anchorage through administrative partner; and iv) further specification of assessment criteria (see Annex 6).

2.5 Justification for selected design

Further justification for programme design and strategic choices at the overall level is presented below according to the five quality standards for development evaluation defined by the OECD/DAC (relevance, effectiveness, efficiency, impact and sustainability). These criteria are integrated into the assessment of partnership projects as indicated further below. Moreover, the issue of ensuring development additionality of the Danida support will be a key criterion for support.

The Programme is *relevant* as an initiative for engaging private business in addressing development challenges within the context of the SDGs. A key challenge for developing countries is to attract businesses (foreign as well as domestic) and business driven solutions as part of stimulating their economic development. Sharing some of the risk and easing constraints related to engaging in these markets, among others by facilitating the involvement of a broader range of partners in market development, has potential to address this challenge.

Support to multi-stakeholder partnerships is seen as an *effective* mechanism to reach the set objectives. Stimulating inclusive economic development is a complex undertaking that requires a joint effort between partners with different capabilities such as civil society and private business. For such partnerships to be effective it is crucial, however, that they build on a shared vision and goal for the outcome of their partnership, as pointed out under risks below.

Efficiency in terms of using Danida funds in a cost efficient manner will be included as a criterion during assessment of the individual partnership projects.

In terms of *impact,* the individual projects will need to present a strong results framework with indicators that allow assessing their contribution to the stated outcomes and ultimately the potential development impact. Unintended or negative impacts also need to be identified, prevented, mitigated and communicated, e.g. in relation to human rights including gender equality, environment, decent work and anti-corruption.

The partnership projects should be able to demonstrate *sustainability* of the intervention beyond the phase of financial support from Danida as well as their potential for scaling up. This is especially related to the creation of sustainable business opportunities on the terms of the market.

Additionality of the Danida support is understood as (additional) development effects from the partnership project that would not have materialised without the support. I.e. the private business would not have engaged in the business venture due to a perceived high risk and/or a low return, or it would have done so but maybe within a much longer time horizon, with less attention to effect in terms of e.g. inclusiveness, environmental outcomes etc. Although it is difficult to demonstrate the potential additionality of the Danida support ex-ante (what would have happened if the support had not been provided), it is believed that the programme design and the criteria that will be applied during project assessment, will provide the basis for ensuring additionality of the public grant resources invested. E.g. the co-financing modality is designed to ensure that the private businesses contribute by covering own costs and possible major investments, whereas the Danida funding basically funds the activities of the non-commercial partners, which are believed to contribute with the additional development outcome, including addressing market failures. As such, outputs produced through partnership projects are regarded as public goods. Monitoring and reporting on the expected development-relevant outputs and outcomes related to scale, scope, quality, target group, etc. of the individual projects will contribute to the assessment of the additionality.

2.6 Risk analysis and response to programmatic and institutional risk factors

Projects and investments in developing countries are generally associated with a relatively high perceived risk. As previously mentioned the DMDP is an innovative instrument for engaging the private sector in development cooperation and high-risk willingness will be employed. The Risk Management Matrix presented in Annex 8 presents the main risk factors that may affect the programme at contextual, programmatic and institutional levels. Each partner consortium will have the responsibility to develop a project specific Risk Management Matrix as the basis for addressing and monitoring risks throughout the project period[6]. It should be recognised that the success rate of individual partnership projects might vary. Based on the Risk Management Matrix at programme level and reporting from projects, MFA will monitor risks at the overall programme level and ensure adjustments in the course of implementation if required.

The main *contextual risks* are related to a possible new global financial crisis and/or economic slow-down, which are likely to have a negative impact on international investments and especially investments in more risky markets. A certain financial turbulence and economic slow-down are plausible over the time span of the programme. Although this is likely to lead to a more moderate mobilization of capital from private businesses, the partnership project pipeline is not expected to be severely affected. This is first of all due to the relatively modest average project size and the possibility, through a partnership project, to mitigate risks related to engaging in less developed or fragile markets. In such event the character of partnership projects is, however, likely to shift with a lower share of ambitious investment projects and a higher share of more modest projects involving less investment and limiting business partners' financial contribution to the minimum 25 percent of project costs.

At country level individual projects may be affected by political and economic turbulent conditions that may affect investments negatively. These will be assessed as part of the assessment of the capacity and capability of the partners to engage under these conditions and the potential for commercial viability and sustainability of the proposed investment. Involvement of embassies in project assessment and periodic monitoring of implementation can contribute to substantiated recurrent consideration of development in context specific risks and necessary adjustments.

In addition to the above-mentioned contextual risks, a major *programmatic risk* is related to the partnership approach. Multi-stakeholder partnerships involving businesses, other partners in civil society, social partners, academia etc. as well as national partners can be challenging to initiate and manage. They involve risk factors such as partnership governance and issues related to mistrust, organisational maturity, coordination, and communication. This risk is likely and will be mitigated through an initial assessment of the robustness of the partnership consortia applying for support. However, it should still be recognised that the above risk and potential risks related to the viability of the business ventures do place the programme in a relatively

[6] Partner consortia will develop a project specific Risk Management Matrix already at concept note stage. The matrix will be refined during project development along the lines of the Danida Risk Management guidelines. indsæt link

high-risk scenario, which is regarded as acceptable considering the innovative approach and potential for mobilization of private capital. The two-stage application mechanism (see section 2.7) with approximately 5-6 months for a partner consortium to develop full project proposal will further mitigate this risk. During this phase MFA is available provide guidance to partner consortia in the co-creation processes and to establish a common platform for exchange and learning among consortia. External expertise will be recruited to provide technical support to consortia in this phase as well as during implementation. In the event that the pipeline of future partnership projects in a given year holds fewer robust consortia and/or fewer viable projects than expected, a reduction of the annual grant provision could be considered.

Major *institutional risks* include possible lack of respect of human rights and occupational safety and health standards, damage to the environment as well as corruption or insufficient capacity to address such risks. Project are expected to ensure responsible business conduct as set out in the main international guidelines. Furthermore, the scope of projects to promote human rights, gender equality and where relevant generate positive environmental impacts will be assessed in the full project proposal. Institutional risks will be mitigated among others by the inclusion of responsible business conduct in individual projects in conformity with international principles and guidelines and monitoring of the compliance. Monitoring of these risks will be included in the general risk monitoring performed by partner consortia and reported to MFA.

2.7 Programme modalities and partnership requirements

As previously indicated the programme will work as a competitive Challenge Fund through a cost-sharing mechanism that invites consortia of partners to apply for support (annually). The application process includes two stages to allow partner consortia an initial submission of their project ideas without investing substantial resources and time.[7]. Partners who do proceed to the second stage are expected in turn to invest in the development of quality projects with a strong local anchorage. Applications from partner consortia must present a solid business venture that addresses key development issues and with the aim of becoming commercially sustainable with a potential for scaling-up. The criteria for assessment of applications are based on the five quality standards for development evaluation defined by the OECD/DAC DAC (cf. assessment criteria in Annex 9).

In Stage 1 partners will submit a brief Concept Note for the project outlining expected scope, purpose, partners etc. as well as possible further investigations needed to prepare a full Project Proposal. An assessment committee lead by VBE supported by contracted external expertise and with inputs from relevant embassies and Trade Council departments will assess the concept notes. Based on the assessment of concept note and individual meetings with best-rated consortia the successful applicants will be invited to develop a full Project Proposal. At this stage, a preliminary grant agreement will be signed with the successful applicants including budget for possible support to development of the proposal[8]. Final funding agreement will be subject to approval of a full project proposal (cf. below).

[7] Illustration of Partnership project cycle in Annex 8.
[8] Danida contribution 75 percent of total costs, maximum DKK 300,000, cf. DMDP Guidelines.

In Stage 2 applicants with a preliminary grant agreement will develop a full project proposal. Applicants are owners and drivers of the projects including their conceptualisation and development. During this phase (approximately 5-6 months), the partner consortia will be invited to consult MFA/contracted external expertise for receiving feed-back and recommendations on how to further develop the project proposal. The applications must demonstrate how the proposed activities and outputs are related to the budget in a cost-efficient manner.
Prior to approval and final funding agreement the full project proposals will be submitted to a solid quality assurance according to the guidelines for internal appraisal.

In the concept stage the partnership must as a minimum include a private business (or a group of businesses) and a non-commercial partner (or group of partners) such as civil society organizations, business member organizations, trade unions, etc. The model is open to consortia including partners with different profiles and business sizes. It is not a requirement that the partnership has a formal agreement with a local partner at concept note stage. When developing the full project proposal the relevant local partners should be closely engaged in the further identification of development challenges in the partner country and in describing how these will be addressed through a sustainable business venture. The application for support must be submitted by a non-commercial partner who is not a public institution or a multilateral organization. This partner (Danish, international or local) will be overall responsible on behalf of the partner consortium of commercial and non-commercial partner(s) for administrating the project (administrative partner). In order to ensure that common goals and interests among partners are well established, it will be a requirement that partners enter into a mutually binding agreement/memorandum of understanding as part of the full project proposal. Each partner consortium will be required to communicate on project activities and results to the public.

- The private business partner (or group of businesses) will be required to document adequate capacity to promote the business case in terms of previous experiences as well as sufficient resources (financial and human) to engage in the project, and in relation to long-term interest in the particular market.
- The non-commercial partner (or group of partners) must be able to document adequate experiences relevant to the nature of the business intervention as well as to the country in question and documented experience with administrating similar projects.
- Other participating partners shall be evaluated against their capacities and relevance to the partnership project in terms of their added value to achieving the results and outcome of the project.

Institutions such as civil society organisations who already receive support from Danida may be partners in a project. However, the financial support, they already receive from Danida for example through a strategic partnership agreement cannot be counted as own contribution to the project. Partnership projects may be following-on to previous activities that the commercial or non-commercial partners have been engaged in within a given country, individually or together.

As part of ensuring transparency related to Danida supported activities, goods and services produced with direct support from Danida through partnership projects must be available to the general public (such as analyses conducted or specific products resulting from direct support). Also, producers included e.g. in value chains cannot be obliged to deliver exclusively to businesses under the partnerships with which they may cooperate. Companies that have invested in research and development from own resources while participating in a partnership project will not be required to publish for example lists of ingredients of their products or be prevented to apply for patents.

Further details on requirements and assessment criteria as well as on eligible costs and budgeting are provided in the Guidelines for the DMDP, the Administrative Guidelines for the programme and in the Application Forms for Concept Notes and full Project Proposals respectively, all available on the Danida webpage: http://um.dk/en/danida-en/business/danida-market-development-partnerships/.

2.8 Links to other business and partnership instruments and country programmes

At country level there may be opportunities for partnership projects to link up with ongoing Danida supported bilateral programmes that contribute to improving the enabling environment for business development such as growth and employment programmes, support to public sector reforms or relevant programmes financed through Danida civil society support. Linking up with Danida Growth Counsellors and their Strategic Sector Cooperation projects, the new initiative taking over from the 3GF etc. at country level may also be relevant. Relevant synergies are included in the partnership projects based on consortia suggestions and recommendations from MFA.

As the DMDP is situated at the pre-commercial end of the scale of Danida's business instruments, opportunities exist for linking up with other instruments e.g. in relation to mobilising capital for scaling up business. This could be via the Investment Fund for Developing Countries (IFU) and other investment partners.

2.9 Monitoring mechanisms

At the overall programme level, systematic monitoring will be conducted by MFA, whereas responsibility for monitoring at partnership project level is fully vested with the individual partnership consortia. Dedicated MFA resources will ensure that the strategic development of the programme is closely monitored allowing for possible adjustments and refinement of the instrument during the first years of implementation. The programme does not pre-determine the specific sectors or areas of intervention for the individual projects. However, the overall results framework pre-defines five key indicators at programme level (see section 2.3 above).

The administrative guidelines provide further details on the requirements to project holders in terms of project monitoring and reporting. During implementation of the programme, MFA will maintain regular dialogue with the project holder of each partnership consortium in connection with the reporting cycle agreed with the partners. Key learnings from this dialogue will feed into the overall programme monitoring.

In order to enhance the results measurement of the programme and with a view to capture early learning in a systematic way, a "Real Time Evaluation" (RTE) of the five projects in the pilot phase will be conducted[9]. The RTE will be conducted by an externally recruited specialist who will follow and support the refinement of the results framework and the monitoring mechanisms and track progress towards outcomes of the partnership projects in the first three years of implementation (mid-2017 to mid-2020). The Evaluation Department of MFA will manage the RTE.

A Monitoring and Evaluation Framework for the programme will be developed based on the early results and experience from the RTE. As part of the programme monitoring a review will be conducted in 2019 with the aim of assessing overall program performance. The review will be closely coordinated with the RTE.

3. Management set-up

3.1 Management and administration at programme level

The Department for Growth and Employment (VBE) has the overall responsibility for the programme. This comprises overall administration of the project portfolio including disbursements, monitoring at programme level and overall reporting. In the full project development phase, MFA will be available to provide strategic guidance to partner consortia in areas, where it has relevant knowledge and resources.

Embassies in partner countries will be included at concept note stage following initial screening. Agreement will be made at this stage regarding the involvement of the embassies in the further project assessment. At this stage the possible implication of the individual embassy during the implementation phase will also be addressed taking into consideration the capacity of the embassy and possible synergies with existing engagements in the country in relation to the particular project.

The DMDP portfolio of partnership projects is expected to increase from 12 partnership projects in 2017[10], 21 in 2018 to a total of approximately 50 in 2020. In light of the expected portfolio increase consistent support from external expertise will be necessary. As presented in section 4 below a budget provision of DKK 9 million is foreseen in 2017-2020 for technical support to project pre-assessment, development and implementation monitoring. In accordance with existing procurement stipulations a consultancy firm will be contracted by MFA and work under the instructions of VBE. The pre-assessment of projects concerns the assessment of concept notes[11] whereas the support for project development consists of direct technical support to partner consortia invited to develop a full project proposal, e.g. sparring on design of results and monitoring systems, risk management etc. A series of strategic workshops

[9] The five projects with preliminary grant approval in 2016, see also Annex 4.
[10] Five projects with preliminary grant approval in 2016 and 7 projects expected in 2017.
[11] 53 concept notes received in 2016 with expected increase in 2017 and following years.

will be organized for successful applicants providing an opportunity for the partnership consortia to exchange with each other on the potential challenges in developing partnerships; discuss different project development issues related to the requirements from MFA and exchange good practices in general.

3.2 Management and administration at project level

At project level, the non-commercial partner that has been selected by the individual partner consortia to hold the administrative responsibility will be responsible for reporting on project progress, as specified in the administrative guidelines. In order to ensure that this partner has adequate capacity in project administration this will be part of the key criteria during the assessment of concept notes. As mentioned earlier, it will be a requirement that partners enter into a mutually binding agreement to be submitted as part of the full project proposal.

4. Programme budget

Based on the annual previsions in the FL2017, the indicative programme grant budget is foreseen as follows (DKK million):

Programme budget	**2016**	**2017**	**2018***	**2019***	**2020***	**Total**
Partnership Projects	38.0	57.5	77.0	96.0	96.0	326.5
Technical support**	1.5	2.0	2.0	2.5	2.5	9.0
Monitoring and review	0.5	0.5	1.0	1.5	1.5	4.5
Communication -activities and results	1.0	***	***	***	***	-
Total	41.0	60.0	80.0	100	100	340.0

* Dependent on annual provisions in subsequent annual Financial Act

** Technical support to project pre-assessment, development and implementation.

*** Included in budget for Partnership Projects

Annex 1

Danida Market Development Partnerships Programme

PAP

Timing	Task	Responsible Unit
April 2017	Appraisal	KFU
16 May 2017	UPR	VBE
May 2017	Approval by Minister	VBE
May 2017	Announcing Call for Proposal	VBE
September 2017	Submission of Concept Notes	Partner consortia
Nov.2017-March 2018	Development Full Project Proposals	Partner consortia
May 2018 -	Implementation of projects after approval of Full Project Proposals	Partner consortia
January 2018	Announcing 2018 Call for Proposal	VBE

Annex 2

EDFI exclusion list

The European Development Finance Institutions (EDFI) have as a result of their harmonization process mutually agreed on the following Exclusion List for co-financed projects.

1) Production or activities involving forced labor[1] or child labor[2]
2) Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
3) Any business relating to pornography or prostitution.
4) Trade in wildlife or wildlife products regulated under CITES[3]
5) Production or use of or trade in hazardous materials such as radioactive materials[4], unbounded asbestos fibers and products containing PCBs[5].
6) Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations.
7) Drift net fishing in the marine environment using nets in excess of 2.5 km in length
8) Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances[6] and other hazardous substances subject to international phase-outs or bans.
9) Destruction[7] of Critical Habitat[8]
10) Production and distribution of racist, anti-democratic and/or neo-nazi media.

In addition to the above, the financing of projects is excluded, when the following activities form a substantial[9] part of a project sponsor's primary operations or those of the project:

11) Production or trade in[10]
    a) weapons and munitions
    b) tobacco
    c) hard liquor
12) Gambling, casinos and equivalent enterprises[10]

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[1] Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

[2] Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

[3] CITES: Convention on International Trade in Endangered Species or Wild Fauna and Flora.

[4] This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any other equipment where EFP considers the radioactive source to be trivial and/or adequately shielded.

[5] PCBs: Polychlorinated biphenyls, a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

[6] Ozone Depleting Substances: Chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol lists ODs and their target reduction and phase-out dates.

[7] Destruction means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the habitat's ability to maintain its role (see footnote 10) is lost.

[8] Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.

[9] A benchmark for substantial is 5 – 10 % of the balance sheet or the financed volume.

[10] In Financial Institutions this is calculated with regard to the portfolio volume financing such activities.

Annex 3

Assumptions to programme level Theory of Change

Major assumptions on how change **from Danida input to outputs** will occur

- Terms and conditions of the programme attract relevant partnerships consisting of both businesses and non-commercial partners with adequate capacity and a strategic interest to engage in promoting sustainable development in developing countries.
- Partners are able to jointly present ideas for innovative business solutions to relevant development challenges.
- Danida requirements in terms of RBC are accepted and embraced in project design.

Major assumptions on how change **from output to short-term outcomes** will occur

- Partners are jointly committed for a minimum period of 3 years to engage in a multi-stakeholder partnership to try out commercially driven solutions to address relevant development challenges.
- Commercial partners entering into partnerships find relevant country regulatory framework acceptable and proof of concept is successful.
- Non-commercial partner provide input that contribute to strengthening the development impact of the business case

Major assumptions on how change **from short-term outcomes to long-term outcomes** will occur

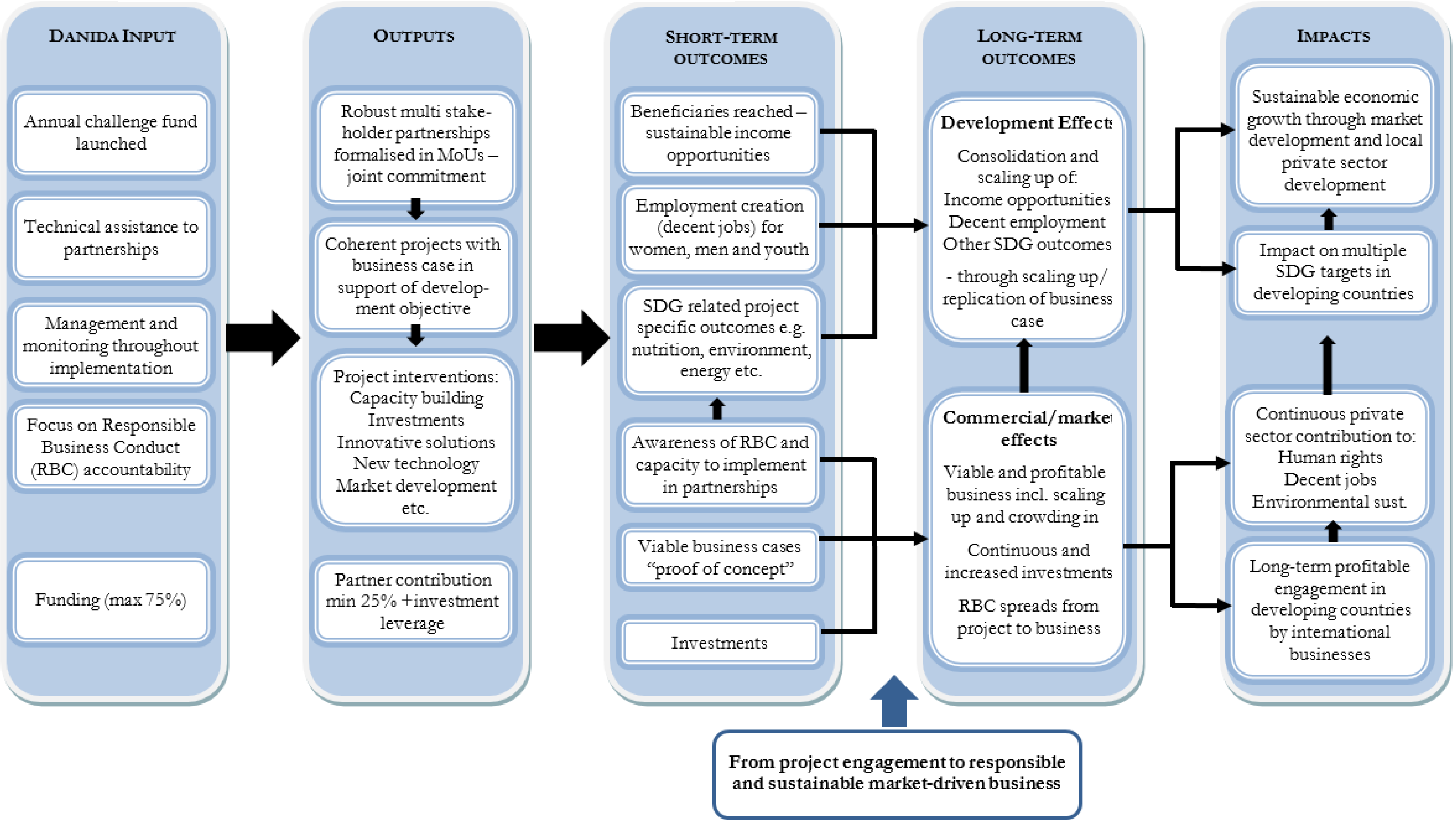
- Commercial partners experience profitability of their business case and of engaging in the partner country and are ready to scale up their business idea either in the case country or in other markets through increased investment possibly with IFU or other investors.
- The partners are able to make a business case on acting responsibly in the sector, which can be replicated in other interventions, and are interested in promoting this actively.

Major assumptions on how change **from long-term outcomes to impact** will occur including which contextual parameters facilitate change

- Communication about the business case and the successful sustainable project interventions in the sectors is disseminated in relevant fora and other businesses (international and local) replicate business ideas for solid impact.
- Continuous up-scale of sustainable business and increase in investments
-

The overall Theory of Change at programme level will be supplemented by project specific theories of change developed by each partnership project.

Theory of Change for the Danida Market Development Partnership programme (DMDP)



Annex 4

Pilot Phase Partnership Projects

- Administrative Partner: VedvarendeEnergi
  Key business partner: Vestas Wind Systems
  Other partners: DTU/UNEP, local partners in process of identification
  Objective: Support sustainable mini-grid development and production of wind turbines in Kenya.

- Administrative Partner: CARE Danmark
  Key business partner: Chr. Hansen A/S
  Other partners: local partners in process of identification
  Objective: Enhancing crop yields and profitability in Kenya through biological plant protection.

- Administrative Partner: Landbrug&Fødevarer/SEGES
  Key business partner: Arla
  Other partners: CARE, local partners in process of identification
  Objective: Market-driven sustainable growth in dairy sector – The Milky Way Partnership in Nigeria.

- Administrative Partner: Dansk Institut for Etisk Handel (DIEH)
  Key business partner: Bestseller
  Other partners:, 3F, University of Ålborg, local partners in process of identification
  Objective: Improving productivity, quality and working conditions in Myanmar garment industry.

- Administrative Partner: Global Alliance for Improved Nutrition (GAIN)
  Key business partner: Arla Food Ingredients Group
  Other Partners: DanChurchAid (DCA), Orana, local partners under identification
  Objective: Ethiopian dairy market development partnership

Annex 5
Results Framework

Programme level

The overall objective of the programme is to contribute to sustainable economic growth in developing countries within the framework of the Sustainable Development Goals. This makes SDG 8 a key goal for the programme and all partnership projects must contribute to this goal. The programme results framework therefore contains five key indicators related to SDG 8 and the associated targets. The five key indicators are defined to ensure a coherent approach across the project portfolio enabling strategic and programme level monitoring.

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
DMDP programme level: Five key indicators
1. Employment creation (decent jobs) form women, men and youth
2. Beneficiaries reached and creation of sustainable income opportunities
3. Viability of the project's business case (long-term sustainability)
4. Awareness of responsible business conduct and capacity to work with RBC in the partnerships
5. Investment leverage (additional capital raised)

The five key indicators will be further refined during the early phase of the Real Time Evaluation planned for the five pilot projects providing more detailed definitions of each key indicator and setting targets at programme level[1]. Further, based on the early experience from the Real Time Evaluation, a Monitoring and Evaluation Framework for the programme will be developed.

It is recognized that indicators related to employment creation and/or decent work are very complex and difficult to measure. A realistic and pragmatic approach will be applied with inspiration from institutions such as IFU, IFC and the World Bank.

Project level

The outcomes, outputs and associated indicators of a partnership project must be linked to the SDGs (and the 169 targets that have been developed across the 17 goals). Each partnership

[1] The five projects with preliminary grant approval in 2016. For more detail on the Real Time Evaluation see section 2.9.

project will have a specific results framework, ideally with two outcome indicators – one for the development intervention and a secondary for the business case. A project will have a maximum of five outputs with related indicators On top of the obligatory SDG 8 indicator(s) a project will relate to other SDGs depending on the type of intervention – e.g. strengthening of a dairy value chain; introducing innovative renewable energy technologies adapted to local markets etc. Development of baselines at project level at the outset of project implementation will be required.

The partner consortia will be encouraged to consult with MFA during development of their results framework and intervention logics. This in order to ensure that a coherent approach is applied across the projects enabling strategic and programme level monitoring. In developing their results frameworks partners will be encouraged to develop short term outcomes, which would allow for monitoring of the direction of the project over the 3-5 years project implementation phase.

A preliminary framework for individual projects is inserted below to illustrate the approach at project level.

Annex 5.1: Results framework

Project title			
Project objective		[The intended impact contributing to benefit to a society or community]	
Impact Indicator		[Priority Country's indicator]	
Baseline	Year		[Situation prior to engagement activities]
Target	Year		[Intended situation by the end of project]
Outcome		[The short-term and medium term effects of the outputs on the target group]	
Outcome indicator(s)		[Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement or to reflect the changes connected to an intervention] a) Ideally there will be two outcome indicators – the overall is the outcome of the development intervention and the secondary indicator would be the outcome of the business case (indicating how this will lead to achieving the development intervention): Outcome of the development interventions b) Outcome of the business case	
Baseline	Year		[Situation prior to engagement activities]
Target	Year		[Intended situation by the end of engagement (phase)]
Sustainable Development Goals (SDGs):		Describe briefly which SDGs that the outcomes will contribute to achieve and how the outcomes will contribute	
Output 1:		[Short-term result in the form of goods and services which result from activities carried out]	
Output indicator		[Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement or to reflect the changes connected to an intervention]	
Baseline	Year		[Situation prior to activities]
Annual target	Year 1		[Intended situation after first year of implementation]

Annual target	Year 2		[Intended situation after two years of implementation]
Annual target	Year 3		[Intended situation after three years of implementation]
Annual target	Year 4		[Intended situation after four years of implementation]
Target	Year 5		[Intended situation when activity under the engagement ends]
Output 2:		[Short-term result in the form of goods and services which result from an activities carried out]	
Output indicator		[Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement or to reflect the changes connected to an intervention]	
Baseline	Year		[Situation prior to activities]
Annual target	Year 1		[Intended situation after first year of implementation]
Annual target	Year 2		[Intended situation after two years of implementation]
…	…		…
Target	Year		[Intended situation when activity under the engagement ends]
Output 3:		[Short-term result in the form of goods and services which result from an activities carried out]	
Output indicator		[Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement or to reflect the changes connected to an intervention]	
Baseline	Year		[Situation prior to activities]
Annual target	Year 1		[Intended situation after first year of implementation]
Annual target	Year 2		[Intended situation after two years of implementation]
…	...		…
Target	Year		[Intended situation when activity under the engagement ends]

Note: A maximum of 5 outputs may be used.

Annex 6
Lesssons learned in 2016 pilot phase

Partnership model and objective

- 53 applications were submitted from partner consortia representing a variety of countries. More than 80% of the applications included SDG 8 as a focus objective. The pilot phase thus indicates solid interest in the partnership model and its objective.
  ⇨ No changes required.

- The business partners engaged in the 53 consortia encompass small, medium and large enterprises from a wide range of countries. Approximately one third of the involved business partners are considered to be SMEs. Approximately 40% of the consortia involved a Danish partner as key business partner whereas a good 30% of the consortia involved a key business partner based in one of the 26 eligible partner countries.
  ⇨ No changes required.

- A vast majority of the applications illustrated difficulties in linking a development objective with a business case.
  ⇨ The concept note format will be revised to help further clarify how the development objective is supported by the business case in the individual partnership project. This is also in line with recommendations from the Legal Advisor of the Government (Kammeradvokaten) with regards to EU State Aid Regulations.

- Local anchorage in the selected partner countries was relatively weak in a majority of the applications. As strong local anchorage is part of the preconditions for sustainability this aspect should be strengthened in the concept note, albeit without introducing requirement of formal signed agreement with local partners at concept stage.
  ⇨ To strengthen local anchorage of partner projects from an early stage it will be specified that the administrative partner must have beneficiary relevant relations in partner country. In parallel, this will help ensure that the administrative partner is a central partner in the partner consortia and not a circumstantial add on.

- The active involvement of the Danish embassies in the partner countries is crucial to ensure project relevance in local context, value creation and full benefit of synergies.
  ⇨ Close collaboration needed between units across the Ministry and embassies to fully reap the potential for synergies. Working with broader partnerships involving private sector requires dedicated resources and multidisciplinary tools and capacities.

Challenge fund approach

- The received applications all reflect an investment by the partner consortia, although submission of an early stage concept note is far less time consuming than submission of a full project proposal. Individual meetings held with partner consortia invited to develop a full project proposal as well as with other partner consortia after decision led to valuable supplementary information and clarification about the specific concept notes and partner consortia.
  ⇨ Challenge fund approach with initial submission of early stage concept note is maintained.
  To further strengthen competition, individual meetings with partner consortia will be held at concept note stage inviting the best assessed partnership applications, corresponding to 150 per cent of the available grant, to present their project and participate in Q&A; this will also ensure a good basis should one of the selected partnership project fail before final approval of the full project proposal.

- The assessment criteria are perceived as too detailed for the concept note stage.
  ⇨ The assessment criteria will be revised and simplified. The number of criteria will be reduced from 17 to maximum 10.

- With the overwhelming interest for the DMDP processing and assessment of the high number of applications necessitated a considerable resource investment in the MFA. In Denmark as well as internationally public, commercial and civil society actors manifest clear interest in engaging in broad partnerships combining development and commercial objectives. On this basis interest for the DMDP is not expected to decrease.
  ⇨ The administration of the DMDP will be outsourced on contract terms. MFA will still be responsible for the strategic management of the Programme.

- The administrative guidelines are harmonized with the administrative and financial principles guiding other relevant instruments.
  ⇨ The administrative guidelines, including financial issues, should continue to be harmonized with similar guidelines such as the guidelines for Framework Agreements with CSOs, soon to be replaced by the Strategic Partnerships Agreements.

Annex 7

Risk Management Matrix

Contextual risks						
Risk Factor	**Likelihood**	**Background to assessment of likelihood**	**Impact**	**Background to assessment to potential impact**	**Risk response**	**Combined residual risk**
Possible global financial instability and economic slowdown	Likely	A certain financial turbulence and economic slow-down triggered by a global political or financial crises.	Major	A global economic slowdown may limit the companies' ability and willingness to invest in ventures in developing countries. This was also the case during the global financial crises.	The DMDP design implies relatively modest average project size although there is room for projects implying higher private investment.	Minor
Political and/or financial developments in individual countries limiting Foreign Direct Investments.	Likely	During recent years financial or political turbulence have taken place in many developing countries.	Major	Political or financial turbulence in a country could have a major negative impact on the project/investments.	Potential political and financial turbulence will be part of the assessment of project applications and ongoing support. If risk is deemed too high and possibilities for mitigation too limited, a project application will not be recommended for support.	Minor

Programmatic Risks						
Risk Factor	**Likelihood**	**Background to assessment of likelihood**	**Impact**	**Background to assessment to potential impact**	**Risk response**	**Combined residual risk**
Failure of partnerships.	Unlikely	Developing solid multi-stakeholder partnerships with agreed purpose and vision can be challenging.	Minor	If the cooperation among partners around an individual project fails there is a high risk of overall project failure. However, the programme as such will only be moderately affected by failure of a limited number of individual projects.	The capacities and experiences of the partner consortia applying for support will be subject to a thorough assessment at concept note stage. During the project preparation phase partnership consortia can if required receive support in establishing solid partnerships practices.	Minor
Commercial failure of individual projects.	Unlikely	Unless investments are carefully assessed they can easily lead to commercial failure.	Minor	Commercial failure of investments in individual projects will mean that the concerned enterprise will have high probability for losses. The impact at programme level of commercial failure in a limited number of individual projects would however be minor.	Applications for support under the Partnership Programme will be subject to thorough preparation and due diligence assessment. Investing in market development in developing and fragile market is always a risk. This is a calculated risk. However, enterprises will most likely cut their losses in due time keep losses at a level that would not overburden the general business.	Minor
Insufficient pipeline of eligible partnership projects	Unlikely	Global financial and economic trends can influence appetite for participating in partnerships.	Minor	Enhanced interest in multi-stakeholder partnerships from governments and commercial as well as non-commercial partners. This was clearly reflected in pilot round of applications to the partnership programme.	Information and communication on partnership programme, projects and results expected to contribute to maintaining interest. The solid guidance provided to partner consortia invited to develop partnership project contributes to reducing risk and is expected to contribute to maintaining pipeline.	Minor
Institutional (reputational) Risks						

Risk Factor	Likelihood	Background to assessment of likelihood	Impact	Background to assessment to potential impact	Risk response	Combined residual risk
Violation of human rights and occupational safety and health standards	Unlikely	Assessments of private sector activities in developing countries indicate that underpaid labour, child labour and hazardous use of pesticides happens often in local enterprises	Major	Any possible violation will have a negative effect on employees and will undermine the objectives of the project.	Businesses must demonstrate a commitment to responsible business conduct including respect for human rights, labour rights, environment concerns and anti-corruption as set out international frameworks. This will be monitored and regularly reported on.	Minor
Misuse, corruption and fraud by companies involved in projects and investments	Unlikely	According to International Transparency Index, corruption is widespread in most developing countries	Major	Implementation of project interventions may be seriously damaged if funds are mismanaged and it will undermine efforts by local authorities and donors to combat corruption.	As above.	Minor

Annex 8

DMDP Partnership projectcycle

Concept	• Partners agree to submit concept for partnership project
Assessment	• Concepts are assessed by MFA • Partners consortia are invited to proceed with full project proposal
Formulation	• Full project proposals are developed • MFA provides guidance
Approval	• Danida approves full project proposal
Implementation	• 3-5 years of project implementation • Monitoring, reporting , evaluation (incl. Real Time Evaluation)

Annex 9
Assessment criteria at concept note stage

Relevance

1) Is the project relevant within the national context and responding to well defined development challenges and is it coherent with national policies and strategies?

Effectiveness

2) Does the project build on a sound and realistic strategy for achieving the project outcomes and are potential risks and key contextual factors (in the country or for the business) analysed and addressed?
3) Is the development objective of the project logically supported by the business case driven by the commercial partner(s), and is this expressed clearly in a preliminary Theory of Change and results framework?

Efficiency

4) Do the partners present a clear vision for the partnership incl. division of roles and responsibilities, also for local partners already identified or to be identified?

5) Do the partners demonstrate joint commitment and adequate expertise within the core areas related to their respective roles in the partnership?
    - For the administrative partners this will, among other, include adequate experiences relevant to the nature of the partnership project, documented experience with administrating similar projects and having beneficiary relevant relations in the partner country.
    - For the commercial partner this will, among other, include that the business case of the project is in line with the core business of the commercial partner or a strategic priority incl. adequate capacity to promote the business venture in terms of previous experiences, and that the partner has sufficient resources (financial and human) to engage in the project.

6) Does the project present a cost-efficient intervention strategy that convincingly argues that results can be achieved within the time frame and with the available resources?

Impact

7) Do the project partners convincingly argue how the project will contribute to the SDGs and specifically to SDG8 (e.g. increased employment or better jobs)?

8) Are the beneficiaries (primary and secondary) of the project identified and are the project's expected results linked to increased income opportunities for the beneficiaries?

Sustainability

9) What are potentials for the business venture to become commercially viable and possibly spread to other target groups or partners beyond the Danida supported phase?

10) What is the potential for the project to contribute to sustainable economic development in the partner country also after project completion?

Additionality

11) Is it clearly argued how the (additional) development effects from the partnership project not could have materialised without the grant support? (additionality)

Each criteria will be scored according to the following scale and weighted proportionally:

Poor	40 points
Satisfactory	70 points
Good	90 points
Very good	100 points

Only concept notes reaching a minimum score of 70 points will be considered for shortlisting.

It should be noted that the scope of projects to promote human rights, gender equality and where relevant generate positive environmental impacts will be included in the assessment of the full project proposal.