



# DANIDA MARKET DEVELOPMENT PARTNERSHIPS

*Guidelines*



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## LIST OF ABBREVIATIONS

CSO	Civil Society Organisation
DMDP	Danida Market Development Partnerships
DKK	Danish Kroner
DMFA	Danish Ministry of Foreign Affairs
EU	European Union
GNI	Gross National Income
ILO	International Labour Organisation
OECD	Organisation for Economic Cooperation and Development
RBC	Responsible Business Conduct
SDG	Sustainable Development Goals
UN	United Nations
USD	US Dollar
VBE	Department for Growth and Employment, DMFA



# 1 INTRODUCTION AND BACKGROUND

Danida Market Development Partnerships (DMDP) is a business instrument which falls within the Danish government's priorities for Development Cooperation as articulated in the Strategy for Development Cooperation and Humanitarian Action – "The World 2030". Promotion of market-driven sustainable growth and employment in the developing countries is a key priority for Danish development cooperation. DMDP complements other Danida business 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, DMDP will contribute towards fulfilling the United Nations Sustainable Development Goals (SDGs)<sup>1</sup>.

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

Such 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 reducing the risk for private businesses in engaging in less developed markets. At the same time, through the DMDP the Danish Ministry of Foreign Affairs engages with selected broad partnerships by sharing its solid knowledge and networks.

On this background DMDP has been designed to support commercially oriented partnerships for sustainable market development in developing



## 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.

<sup>1</sup> Reference is made to the Programme Document for full background and rationale of the programme.



**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

countries that contribute to the achievement of the SDGs with participation from civil society organisations, private business, public institutions etc.

Each partnership project should build on a solid business case, which will address a key development challenge and as such the business case in each project will be an important foundation for achieving the project's development objective.

The overall objective of DMDP is:

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

Several SDGs may be relevant to consider depending on the nature of the individual partnership project. However, SDG 8 is seen as a key goal for the DMDP and all partnership projects must contribute to this goal (see selected overall indicators for SDG 8 in the box to the left).

The capability of projects to promote human rights, gender equality and generate positive environmental impacts will receive particular attention in the assessment of proposals (see also further information on requirements regarding Responsible Business Conduct p. 7).

When using donor funds for supporting partnerships involving private business, there is a need to demonstrate that the intervention would not have happened, or would not have been as successful, without the DMDP contribution. In other words, that there is an additional effect of the support provided. The projects supported under DMDP will link more specifically to the overall DMDP results framework (see below box).

**PROJECTS SHOULD FEED INTO THE OVERALL DMDP RESULTS FRAMEWORK, WHICH CONSISTS OF FIVE KEY INDICATORS:**

1. Number of decent jobs for women, men and youth
2. Number of beneficiaries with increased income opportunities from improved market linkages
3. Commercial 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. environment, farming practices etc., all with direct links to the SDGs.

*The indicators may be subject to adjustments based on the experience from ongoing phases.*

Regardless of which SDGs the proposed projects are aimed at supporting, they must reach beyond mere delivery of services and products. The project should catalyse local economic activity, market development and unleash business opportunities leading to employment and income opportunities. 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.

This guideline describes the requirements to partners seeking support for developing a multi-stakeholder partnership project under the DMDP and also provides information on application procedures. For further information including deadlines, please visit the **Ministry of Foreign Affairs web site** or contact the Department for Growth and Employment – [vbe@um.dk](mailto:vbe@um.dk)



## **2 WORKING IN PARTNERSHIPS** *- what types of projects can be supported and who can apply?*

DMDP works as a competitive challenge fund that invites partner consortia to apply for support on a cost-sharing basis. Applications from partner consortia must present a solid business case that addresses key development issues. The partners should demonstrate that the project is likely to become commercially viable beyond financial support from the Danish Ministry of Foreign Affairs (DMFA) and hence the lifetime of the DMDP project.

It is expected that DMDP will support 6-12 projects per year from 2017 to 2020. Projects may run from 3-5 years.

The DMFA and representations will be available to provide guidance to partner consortia during project proposal development and project implementation, where it has relevant knowledge and resources. Such support may include advice on development related issues, country level issues, design of results and monitoring systems, risk management etc. However, the DMFA will not be able to provide guidance concerning the formulation of a concept note as this would constitute a conflict of interest in connection with the assessment of applications.

### **THE CORE OF THE PARTNERSHIP**

Partnership projects must build on a commercially viable business idea driven by the business partner(s). A non-commercial partner cannot promote a partnership project without the full engagement from the business partner. The business case must address key development challenges and as such be an important foundation for achieving the project's development objective.

Partners can be added during the full project development stage, but the concept note must as a minimum comprise a clear vision of which local partner(s) are required to successfully implement the project. In order to ensure that goals and interests among partners are well established, it will be a requirement that partners enter a memorandum of understanding, which must be included in the full project proposal.

## What is a DMDP project?

DMDP is open to all sectors and areas of work<sup>2</sup> that will contribute to sustainable economic growth and job creation in developing countries within the framework of the SDGs.

DMDP applicants are encouraged to go beyond classic agricultural development or value chain projects. Partnership projects should apply innovative approaches and/or new technologies for market development. DMDP projects will differ in scope and focus but will always contribute to sustainable economic growth in the partner country.

DMDP supports projects where the business opportunity is still at a pre-commercial stage and where a more holistic approach can contribute to enhancing the business case as well as development results. The commercial partner may see an opportunity for doing business differently but may be hesitant to engage in a more immature market. Concerns could be:

- Insufficient scale of a new and more immature market
- Need for innovation in production processes and/or products
- Ability to produce the right quality and quantity of products
- Need to test and adapt existing products and services in a new setting
- Insufficient network and knowledge of business environment
- Overall perception of a more challenging context and higher risks.

### EXAMPLES OF DMDP PROJECTS FROM PREVIOUS PHASES:

- **Renewable energy off grid solutions** – Innovative renewable energy technologies adapted to the local market in East Africa with the ambition to establish partial local production, creating employment while also contributing to the green transformation of the energy sector.
- **Introduction of environmentally friendly agro-inputs** – organization of Kenyan farmers and introduction of innovative environmental friendly agro-inputs in the local market which contributes to increased farmer productivity and income.
- **Creation of decent jobs in the garment sector** – Introduction of LEAN processes at factory level in Myanmar for better working conditions and increased productivity in combination with promotion of social dialogue at factory- and sector level.
- **Insertion of vulnerable youth into the freelance job market** – Income opportunities for vulnerable young people in Bangladesh through skills development and linkages to the global ICT coding market.
- **Strengthening and innovating the dairy value chain in Nigeria** by enhancing productivity and quality of milk through strengthened farm management, capacity building of farmers' organisation in business driven cooperatives and the introduction of innovative techniques in dairy processing, and strengthening distribution channels.

<sup>2</sup> DMDP will not work in sectors on the exclusion list of the European Development Finance Institutions (EDFI) (see annex 2)

Risk sharing with DMDP and complementary skills in the partnership can catalyse the initiation of the project and contribute to strengthening the business case as well as the development impact.

The DMDP support (advice, network and funding) combined with the partnership with relevant stakeholders should enable the commercial partner to engage in a new market with a long-term perspective. 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 DMFA. The non-commercial partners will contribute with strong local presence and provide inputs to ensure a strong development impact of the planned activities.

## Who can apply for support?

Working together through partnerships is a requirement for qualifying for support and an opportunity for businesses and various types of non-commercial partners to combine knowhow and resources. While the potential for deeper impact is obvious, it is recognised that working in partnerships can be a complex process in terms of building a joint understanding and vision. DMFA will therefore attach particular attention to assessing the partner consortia in terms of their robustness and joint commitment.

**The partner consortium:** A consortium must as a minimum include a business partner (commercial partner) and a non-commercial partner (administrative partner). Consortia are encouraged to include other relevant partners, who can contribute to ensuring the success of the project. Such partners could be civil society organisations, business member organisations, employer associations, public authorities and other public institutions, trade unions etc. The model is open to the consortia mobilizing partners with different profiles and business sizes. A consortium must include at least one local partner from the partner country and at least one international business partner. The Partnership Project must build on the core business of the business partner(s) and also be part of the core activities of other participating partners.

**The administrative partner:** The application for support must be submitted by the administrative partner. The administrative partner will be overall responsible on behalf of the partner consortium for administrating the project and must play a key role in the implementation of the project. Therefore, the administrative partner must document proven project management experience and a solid presence in the partner country (i.e. own established office or long-standing partnership with local partner organization(s)). Multilateral organisations and public institutions (e.g. ministries, agencies, universities/university colleges) are not eligible as administrative partner.

### Further:

- All partners in the consortium must have legal personality.
- All partners are required to fully comply with Danida zero-tolerance policy towards corruption.<sup>3</sup>
- Organisations with a partly commercial structure will at the outset be regarded as a commercial partner under the DMDP programme. This is due to the EU rules for state support.<sup>4</sup>
- It is not a requirement at concept note stage that the consortium has a formal agreement with a local partner. The vision of the partnership project in terms of engaging with local partners such as CSOs, private businesses, government institutions, knowledge institutions etc. will however be part of the concept note assessment criteria. At least one local partner must be part of the consortium when submitting the full project proposal. It is a requirement that partners enter a memorandum of understanding, which must be included in the full project proposal.
- Danish partner organisations with a Strategic Partnership Agreement or similar with Danida may be partners in a project. However, the financial support they already receive from Danida cannot be counted as own contribution to the project.

In order to create a learning environment across the partnership consortia that are granted support, joint meetings will be organized during the development of full project proposal. Partners will be invited to form a platform for sharing experience.

## Responsible business conduct

It will be a key requirement that the partners in the consortium are committed to responsible business conduct (RBC). Participating commercial partners are expected to integrate human rights, labour rights, environment and anti-corruption concerns into operations and core strategies. A number of international frameworks serve as benchmarks, including UN Global Compact, UN Guiding Principles on Business and Human Rights, the OECD guidelines for multinational enterprises and the ILO decent work agenda. The purpose is to 1) enhance positive impact of a partnership on sustainable economic growth in local society and 2) to identify, prevent and mitigate potential negative impacts.

3 Corruption is defined by Danida as misuse of entrusted power, including Danida funds, for private gain. Corruption is best known in the form of bribery, fraud, nepotism, embezzlement and extortion. However, corruption is not confined to money changing hands. It may also consist of providing services in exchange for advantages, such as favourable treatment, special protection, extra services or quicker case processing.

4 Reference is made to 'Statsstøttehåndbogen' (2015) published by the Danish Ministry for Business and Growth where a company is defined by conducting economic activity.

### **DMDP PARTNERSHIPS ARE DIVERSE IN NATURE AND GEOGRAPHICAL SCOPE. COMPOSITION OF THE 12 DMDP PARTNERSHIPS APPROVED TO DATE:**

#### **Key Commercial partner**

8 large enterprises  
4 SMEs

#### **Administrative partner**

10 international NGOs  
2 international member based organisations

#### **Countries**

Burkina Faso	1
Ethiopia	1
Kenya	3
Nigeria	1
Tanzania	1
Uganda	1
Bangladesh	1
Myanmar	1
Pakistan	1
Georgia	1

### MINIMUM RBC REQUIREMENTS IN A DMDP PROJECT:

- Comply with national legislation and regulations in the host country
- Operate in accordance with international norms for responsible business conduct, i.e. UN Global Compact, UN Guiding Principles for Business and Human Rights (UNGP), OECD Guidelines for multinational enterprises and the ILO decent work agenda.
- Work towards implementing international standards in the operations of the business partner(s). International defined standards must be based on UN, ILO and OECD conventions, declarations, agreements and principles.
- During project formulation the risks, impacts and mitigation measures related to the project must be assessed and defined considering human rights, decent work, environmental impact and anti-corruption. To be included in general project risk management matrix or in a separate RBC action plan.
- Promote sustainability and RBC in interaction with all business partners and suppliers

All partnerships will be required to analyse, present and actively work towards mitigating risks during project preparation and implementation. In the concept note the partnerships are required to present in a preliminary manner the key risks related to the implementation of the project. The assessment of risks should to the extent possible include potential negative impacts in the areas of human rights, labour rights, environment and anti-corruption and how they will be addressed.

During the development of the full project proposal, a risk-based due diligence analysis of the partnership project must be carried out. The consortium should account for how potential negative impacts will be addressed. The main findings and mitigation measures may be included in project risk management matrix or, alternatively, in a separate RBC action plan. The full project proposal should also account for positive effects the project may have on human rights, labour rights, environment and anti-corruption and how these are linked to the SDGs addressed by the project. Indicators for responsible business conduct should be included in the results framework, cf. box in chapter 1.

In case a partner consortium experiences complaints or disagreements, e.g. with local stakeholders, **The Mediation and Complaints-Handling Institution for Responsible Business Conduct** in Denmark offers a framework for mediation, dialogue and dispute settlement. The DMFA encourages partners to use the services provided by this institution, if relevant.

### Where can projects take place?

The programme is available in Denmark's priority countries and in countries with a GNI per capita below the World Bank limit of lower middle income countries (at present USD 3,956 for the fiscal year 2016) with a Danish representation. As well as selected focus countries in regional initiatives and countries under particular strain with a Danish representation.

Danida priority countries		Other countries w. GNI below USD 3,956 per capita w. a Danish representation		Other countries
Afghanistan	Myanmar	Egypt	Vietnam	Georgia
Bangladesh	Niger	India	The Philippines	Tunisia
Burkina Faso	Palestine	Morocco	Ukraine	Jordan
Ethiopia	Somalia	Nigeria	Indonesia	Lebanon
Ghana	Tanzania	Pakistan		
Kenya	Uganda			
Mali				

## 3 WHAT CAN BE SUPPORTED BY DMDP

Applicants will submit a concept note and may apply for a total grant of minimum DKK 5 million and maximum DKK 8 million for the partnership project. In the concept note the applicants can apply for up to DKK 500,000 (of the total grant) to cover project development costs including studies, partner visits etc. during the project development period.

Applicants successful at the concept note stage will be invited to submit a full project proposal (see section 4).

The concept note must include an estimate of the total budget, subject to revision, and a more detailed budget in the full project proposal. See the application forms for preparation of budgets.

### Which costs can be included in the Danida contribution?

Danida's support to the partnership project may cover up to 75% of total project costs. The remaining 25% to be covered by the project partners may be provided as in-kind contribution (staff time, travel expenses etc.) or cash contributions. Resources mobilised by the partners from other donors than Danida, including e.g. philanthropic funds or other donors, may be included as part of the partners' own contribution to the project. Such funds may also be used for increasing the overall project budget thereby reducing the proportion of Danida's contribution.

The business partner(s), including possible subsidiaries in the partner country will be required to finance all costs related to own participation in the project including time spent, travel costs, project related administrative costs etc. These costs may be included in the project budget as in-kind contribution along with any larger investments needed for the project idea to become operational. Private sector actors that are included in the partner consortia will be required to pay own staff time for participating in e.g. capacity building activities.

#### **DANIDA MARKET DEVELOPMENT PARTNERSHIPS DOES NOT SUPPORT (NON-EXCLUSIVE LIST)**

- Activities or product areas listed on the European Development Finance Exclusion List (Annex 2)
- Preparation of concept notes
- Activities aimed at capacity building of own staff from the partnership consortia
- Product research and development in private companies
- Larger investments in equipment and other physical infrastructure investments
- Costs for purchasing, renting or leasing land or buildings



More specifically, following costs are eligible as projects costs:

- Activities of the non-commercial partner(s) including local partners related to staff salary, travel costs and other expenditures related to their engagement in the project.
- External consultants may be recruited where justified for achieving project objectives, but the major part of the staff input is expected to be provided by the project partners.
- Services from local service providers may be included (e.g. related to training, organisation, technical support etc.)
- Activity related expenses, including local transport, communication, IT, etc.
- Minor equipment for demonstration purposes may be included, but the Danida grant does not support large scale investments in e.g. productive infrastructure.
- A separate output is foreseen in the results framework for overall communication activities in relation to disseminate learnings and results that can raise awareness and inspire broader application of the project approaches for deepening development impact. Danida contribution to this output will be max 200,000 DKK.
- An administration fee of maximum 7% may be included in the budget to cover expenditures of the administrative partner related to general office expenses, administrative costs including budgeting, accounting and reporting etc. The administration fee is calculated on the basis of the grant from Danida to the project. Further details are provided in the administrative guideline.<sup>5</sup>
- Project activities must primarily take place in the partner country; still a few project activities may take place outside the partner country, e.g. study visits or workshops for local actors, administrative support covered through the overhead costs etc.

Danish businesses that wish to receive assistance from the Danish Trade Council as part of the project may procure such services in accordance with 'the Executive Order on Payment for Services Provided by the Danish Foreign Service'. The costs for these services cannot be funded by the Danida grant to the partnership project, but expenses may be included in the budget as in-kind contribution from the private partner.

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<sup>5</sup> It should be noted, that the administrative guideline is subject to regular updates. It is the responsibility of the administrative partner to ensure that the version in force is applied.

Goods and services produced with direct support from Danida through partnership projects must be available to the general public (such as analyses conducted through Danida support or other specific products resulting from the direct support). Also, producers included e.g. in value chains cannot be obliged to deliver exclusively to businesses under the partnerships. 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 product or be prevented to apply for patents.



# 4 APPLICATION PROCESS

DMDP works as a challenge fund. To ensure development of quality projects with a strong local anchorage and to allow partners to present their project idea without investing substantial resources and time in developing a full project proposal at the initial stage, the application process will include two phases.

The DMFA website can be consulted for various application forms and further guidance. Please note that there is a maximum number of pages for both the concept note and the full project proposal.

## Phase 1: Concept note

The applicants will submit of a brief concept note for the project in a pre-defined format outlining expected scope, purpose, partners etc. as well as possible needs for further investigations needed to prepare a full project proposal.

Based on an assessment of the concept notes, the DMFA will make a shortlist of the concept notes that achieve the highest scores based on the assessment criteria presented in Annex 1 (to qualify, consortia must reach a minimum score of 70 point, see Annex 1 for further details). DMFA will invite the shortlisted consortia to individual clarification meetings. Based on the concept note, as well as the individual meetings, DMFA will select the successful applicants up to the maximum available grant for the year. DMFA will enter into preliminary grant agreements with the successful applicants at this stage. Final funding agreement will be subject to approval of a full project proposal. If needed, DMFA may request budget adjustments of individual projects. Partner Consortia that are not successful at concept note stage will be informed and provided a short assessment of the concept note.

## Phase 2: Full project proposal (project development)

Applicants successful at the concept note stage will be invited to submit a full project proposal. Applicants are owners and drivers of the projects including their conceptualisation and development. During the project development phase (approximately 5-6 months), the partner consortium will be invited to consult the DMFA for feed-back and recommendations on how to further develop the project proposal. This may include country specific remarks from relevant Danish embassies.

Full project proposals will be assessed within approximately one month from receipt. Applicants may be contacted during this process if supplementary information is needed. It is, for instance, likely that suggested results frameworks, indicators and budget will be subject to discussion before final approval of proposals.

Please note that an application submitted by a partner consortium to the DMFA and related correspondence is subject to Danish law concerning requests for access to documents<sup>6</sup>. The Ministry will publish a list of applications that have been approved with the name of key partners in each consortium, project title and grant amount.

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6 Offentlighedsloven

# 5 HOW THE APPLICATION WILL BE ASSESSED

Support will be granted or rejected based on an overall assessment of the concept note of each project in relation to its ability to contribute to the objectives of the programme, e.g. how well the project addresses specific development challenges of priority to the country in question, how the project responds to SDG 8, sustainability of the project intervention, the potential for scale, robustness and commitment of the partner consortia including prior international experience of the consortia partners and financial capacity.

The **business partner** (or group of business partners) will be required to document adequate capacity to promote the business venture in terms of previous experiences as well as sufficient resources (financial and human) to engage in the project. Similarly, the **administrative partner** must be able to document adequate experiences relevant to the nature of the partnership project as well as to the country in question and documented experience with administering similar projects. Other participating partners will be evaluated against their capacities and relevance to the partnership in terms of the value they add to achieving the results and outcome of the project.

## Assessment criteria

All concept notes received within the deadline indicated on the DMFA website will be assessed according to the below process and criteria for evaluation.

- Concept notes will be checked to confirm that the partners comply with the general requirements indicated under previous sections and in the format for concept notes and that all required documents are included and have been duly completed.
- Concept notes that do not comply with the basic requirements will not be considered further (e.g. concept note must be submitted by eligible administrative partner, individual partners must have legal personality, partner country must be eligible).
- Concept notes that meet the mandatory requirements will be evaluated and scored according to the criteria described below.

- Partner consortia that have submitted Concept notes that receive the highest score will be invited to clarification meetings. Based on both the scores and the meeting, the successful applicants will be selected and invited to submit a full project proposal.
- Approval of the final full Project Proposals will be based on the same criteria.

Assessment of concept notes will be based on the following weighted criteria:

1. Relevance (5%)
2. Effectiveness (20%)
3. Efficiency (25%)
4. Impact (25%)
5. Sustainability (15%)
6. Additionality (10%)

See annex 1 for further details on assessment criteria.

The concept note application form includes further directions on aspects to be covered at this stage which will form part of the assessment.

### ELIGIBILITY CHECK LIST

- Application submitted before deadline
- Use of DMDP concept note format
- Submission by eligible administrative partner
- At least one international commercial partner
- Key commercial partner is a for profit commercial entity
- All partners are registered legal bodies
- Project country is eligible
- DMDP budget form filled in
- Budget requested is between DKK 5 and 8 million
- Concept note signed by all participating partners, including international commercial partner
- Concept note section 2 is max 8 pages



## **6 MANAGEMENT OF GRANT SUPPORT**

The project preparation grant which is part of the total available grant will be reimbursed upon approval of the full project proposal. If need is documented by the administrative partner, a preliminary reimbursement may be made after field visits in partner country. Instructions related to administrative processes are provided in the Administrative Guidelines.

The letter of approval for grant support and the Administrative Guidelines describe how and when to submit audited accounts, regular reporting and a final report on the project's results according to the performance indicators.

The administrative partner must commit to comply with several conditions and requirements regarding management of the grant as outlined in the Administrative Guidelines.

This also implies that grant funds will be disbursed to the administrative partner, who will be responsible for channelling funds to other partners eligible for receiving Danida funds according to approved budgets and reporting.

# ANNEX 1 – ASSESSMENT CRITERIA AT CONCEPT NOTE STAGE

## Relevance (5%)

1. Have partners described the project's relevance within the national context, how the project responds to defined development challenges, its coherence with national policies and strategies and possible synergies with ongoing Danida activities in the country?

## Effectiveness (20%)

2. Does the project build on a sound and realistic strategy for achieving the project outcomes and are key risks presented with suggested mitigation?
3. Is the development objective of the project logically supported by an innovative business case driven by the business partner(s), and is this expressed clearly in a preliminary Theory of Change and results framework?

## Efficiency (25%)

4. Do the partners demonstrate joint commitment and adequate expertise within the core areas related to their respective roles in the partnership, and are these clearly described?
  - 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 solid presence in the partner country (i.e. own established office or long-standing partnership with local partner organization(s)).
  - For the business partner this will, among other, include that the business case of the project is in line with the core activities of the business 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.

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

### **Impact (25%)**

6. Do the project partners convincingly argue how the project will contribute to the SDGs and specifically to SDG 8 (e.g. income opportunities, better jobs)?
7. Is the project of an interesting scale in terms of e.g. reaching beneficiaries and does it include specific targets for employment/ income opportunities for women and youth?

### **Sustainability (15%)**

8. What are potentials for the business venture to become commercially viable and is it scalable beyond the DMDP project?
9. Does the project live up to standards for responsible business conduct including human rights, labour rights, environment and anti-corruption?

### **Additionality (10%)**

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

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

Poor	40 points
Reasonable	55 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.

# 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<sup>1</sup> or child labor<sup>2</sup>
- 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<sup>3</sup>
- 5) Production or use of or trade in hazardous materials such as radioactive materials<sup>4</sup>, unbounded asbestos fibers and products containing PCBs<sup>5</sup>.
- 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<sup>6</sup> and other hazardous substances subject to international phase-outs or bans.
- 9) Destruction<sup>7</sup> of Critical Habitat<sup>8</sup>
- 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<sup>9</sup> part of a project sponsor's primary operations or those of the project:

- 11) Production or trade in<sup>10</sup>
  - a) weapons and munitions
  - b) tobacco
  - c) hard liquor
- 12) Gambling, casinos and equivalent enterprises<sup>10</sup>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> 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.

<sup>9</sup> A benchmark for substantial is 5 – 10 % of the balance sheet or the financed volume.

<sup>10</sup> In Financial Institutions this is calculated with regard to the portfolio volume financing such activities.





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# DANIDA MARKET DEVELOPMENT PARTNERSHIPS

## *Guidelines*

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### **MINISTRY OF FOREIGN AFFAIRS OF DENMARK**

2 Asiatisk Plads  
DK-1448 Copenhagen K  
Denmark

Tel +45 33 92 00 00  
Fax +45 32 54 05 33  
um@um.dk  
www.um.dk

