



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 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 Sustainable Development Goals (SDGs)¹.

Official 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 or commercial partnerships or partnerships built on more limited exchange of good and 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 reduce the risk for private businesses, when they engage in less developed markets.

On this background, DMDP has been designed to support commercially oriented partnerships for sustainable market development in developing countries that contribute to the achievement of the SDGs with participation from civil society organisations, private business, public institutions etc.

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



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



**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

The overall objective of DMDP is “to contribute to sustainable economic growth in developing countries within the framework of the Sustainable Development Goals.” Each DMDP partnership project should build on a clear business case, which, if successful, will also address local key development challenges and as such the business case in each project will be an important foundation for achieving the project’s development objective.

Several SDGs may be addressed by the project, depending on the nature of the individual partnership project. However, SDG 8 is at the centre of DMDP, and all partnership projects must contribute to this goal (see selected overall indicators for SDG 8 in the box to the left).

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 in the partner country. These guidelines describe 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 website**.



2 WORKING IN PARTNERSHIPS

– what types of partnership projects can be supported?

DMDP works as a competitive challenge fund that invites partner consortia to apply for support on a cost-sharing basis. It is expected that DMDP will support 6-12 projects per year from 2017 to 2020. Projects may run from 3-5 years.

Working together in partnerships is a requirement for qualifying for support and an opportunity for businesses and various types of non-commercial partners to combine knowhow, resources and networks. Working in partnerships can be a complex process in terms of building a joint understanding and vision, and therefore the partner consortium must demonstrate robustness and joint commitment. This creates the potential for deeper impact.

THE CORE OF THE PARTNERSHIP

A partner consortium is composed of a mix of commercial and non-commercial partners. It must include at least one international commercial partner, one non-commercial partner and one local partner from the partner country. Partners can be added during the full project development stage, but the concept note must as a minimum comprise a clear vision of which type of local partner(s) are required to successfully implement the project.

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

What is a DMDP project?

DMDP projects will differ in scope and focus but will always contribute to sustainable economic growth and job creation in the partner country within the framework of the SDGs. DMDP is open to all sectors and areas of work, with the exception of sectors on the exclusion list of the European Development Finance Institutions (EDFI)². DMDP applicants are encouraged to go beyond classic agricultural development or value chain projects.

EXAMPLES OF DMDP PROJECTS FROM PREVIOUS PHASES:

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.

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.

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.

2 See EDFI exclusion list in Annex 2

INNOVATIVE BUSINESS FOR DEVELOPMENT

Each partnership project should build on a clear business case, which will address local key development challenges and as such the business case in each project will be an important foundation for achieving the project's development objective. Partners should apply innovative business models and approaches and/or new technologies for market development

DMDP supports commercially oriented 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. A DMDP partnership can contribute to developing new markets for commercial stakeholders. The commercial partner may see an opportunity for doing business differently but may be hesitant to engage in a less mature market. Concerns could be:

- Need to test new business model
- Insufficient scale of a new and less mature market
- Need for innovation in production processes and/or products
- Need to build 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

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 combination of DMDP support (advice, network and funding) and a 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 demonstrate long-term sustainability of the project results 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 solid development impact of the planned activities.

ADDITIONALITY

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. This is what is meant with 'additionality' of Danida funding, cf. assessment criteria 10 in annex 1.

Five key indicators

While most partnership projects supported under DMDP will deliver results related to several SDGs, all DMDP projects will link more specifically to the overall DMDP results framework and all partnership project must include targets for these five key indicators related to SDG8:

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)

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

Wider market effects

In addition to delivering on the above five indicators, a DMDP project should be designed in a manner, which ensures that it will contribute to wider market effects in the sector/country/region, preferably within the project period. The expected results should go beyond the interests of the targeted beneficiaries and those of the participating commercial partners.

EXAMPLES TO ILLUSTRATE WIDER MARKET EFFECTS:

- Partners in a DMDP project work with enhancing crop yield and profitability for farmers in a specific target area in Kenya by introducing a new biological plant protection product in the market. The wider market effects of the project relate to general awareness raising in Kenya of the virtues of biological products in farming among farmers in general, supply chain actors, and with public sector authorities responsible for approval and monitoring of plant protection products. As such, the effects of the project go beyond the interests of the targeted farmers and the key commercial partner by creating knowledge amongst stakeholders about biological plant protection products and by creating a market for the products in general.
- In Tanzania, DMDP partners are building up a distribution network of solar energy products, creating income opportunities for local women. The project includes dialogue with government and regulatory bodies to advocate for a continuous improvement of the enabling environment for solar , and partnerships with financial institutions to develop dedicated financial products for solar energy products. The wider market effects of the project go beyond the interests of the targeted sales agents and the key commercial partner, by creating a market for solar energy benefitting rural populations, a market that may also benefit other producers of solar products for this customer segment.

MINIMUM RBC REQUIREMENTS IN A DMDP PROJECT:

- Comply with national legislation and regulations in the host country
- All international commercial partners must operate in accordance with international norms for responsible business conduct, i.e. UN Global Compact, UN Guiding Principles for Business and Human Rights (UNGPs), OECD Guidelines for multinational enterprises and the ILO decent work agenda.
- All other commercial partners must work systematically towards implementing international standards in the operations of the commercial 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.
- Set up mechanisms to systematically follow up on RBC throughout the project implementation period.
- Promote sustainability and RBC in interaction with all commercial partners and suppliers

Responsible business conduct

All partners in a DMDP consortium must be 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. With the purpose of both 1) enhancing positive impact of a partnership on local sustainable economic growth and 2) identifying, preventing and mitigating potential negative impacts.

All partnerships will be required to analyse, present and actively work with promoting RBC in the preparation and implementation of their DMDP project.

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.



3 WHO CAN APPLY FOR SUPPORT

The partner consortium: A consortium is composed of a mix of commercial and non-commercial partners. The consortium must be robust and composed of partners with the necessary capacity to actively engage in the proposed project and deliver results. A solid non-commercial partner assumes the role of administrative partner in the consortium. At least one international commercial partner and one local partner from the partner country must be active partners. The partnership project must build on the core business of the commercial partner(s) and also be part of the core activities of other key partners, including the administrative partner.

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

The international commercial partner: A DMDP consortium must include at least one international commercial partner with sufficient capacity to take active part in the partnership and in the project implementation (beyond import/export). DMDP defines an international commercial partner as follows (one of three below criteria must be fulfilled):

1. An international company registered in a non-ODA country

International companies should be engaged in activities and beyond trading (import/export).

2. A subsidiary of an international and well-reputed company

A locally registered subsidiary of an international/multinational company registered in a non-ODA country. However, it will be explored to which extent HQ should be involved, before final decision is made on the application.

3. Large companies with international ownership structure

A large company (plus 250 employees) registered in the targeted country (and not covered by criteria 2 above) with an ownership structure attributing at least 51 percent or more of the ownership to **international well-reputed** companies that are registered and operating in a non-ODA country.

COMPOSITION OF THE 19 DMDP PARTNERSHIPS APPROVED TO DATE:

Key Commercial partner

11 large enterprises
8 SMEs

Administrative partner

15 international NGOs
4 international member based organisations

Countries

Burkina Faso	1
Ethiopia	2
Kenya	3
Nigeria	1
Tanzania	2
Uganda	2
Bangladesh	1
Myanmar	2
Pakistan	1
Georgia	1
Phillippines	2
Ghana	1

Local partner(s): Partnerships must include minimum one commercial or non-commercial local partner (beyond the local offices of the administrative partner). Partnerships may include local public authorities and institutions that play a role in market development in terms of developing regulations and standards that are crucial for market development. Such collaboration with public actors in the partner country may strengthen the sustainability of the interventions and contribute to wider market effects of a partnership project.

It is not a requirement that the consortium has a formal agreement with a local partner at concept note stage. However, the concept note must demonstrate a vision of engagement with local partners such as CSOs, private businesses, government institutions, knowledge institutions etc.

Further:

- All partners in the consortium must be registered legal bodies.
- All partners are required to fully comply with Danida zero-tolerance policy towards corruption³.
- Organisations with a partly commercial structure, including social enterprises, will at the outset be regarded as a commercial partner under the DMDP programme. This is due to the EU rules for state support⁴.
- 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.

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.

4 WHERE CAN PROJECTS TAKE PLACE

The programme is available in Denmark’s priority countries, countries with a GNI per capita below the World Bank limit of lower middle-income countries (at present USD 3,895 for the fiscal year 2018) with a Danish representation, selected focus countries in regional initiatives, and in countries under a particular strain with a Danish representation.

Danida priority countries		Other countries w. GNI below USD 3,895 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				



5 WHAT CAN BE SUPPORTED BY DMDP

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
- Investments in equipment and other physical infrastructure investments
- Costs for purchasing, renting or leasing land or buildings
- Any cost of commercial partners

Applicants submit a concept note and may apply for a total grant of minimum DKK 6 million and maximum DKK 10 million for the partnership project. This amount includes up to DKK 500,000 to cover project development costs including studies, partner visits etc. during the project development period. The concept note must include an estimate of the total budget, subject to revision in the full project proposal. See the application forms for preparation of budgets.

Which costs can be included in the Danida contribution?

Danida's financial 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 financial contribution.

All commercial partner(s), including local commercial partners and possible subsidiaries (of an international commercial partner) 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, production 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.

The following costs are eligible as projects costs:

- Activities of the non-commercial partner(s) including local partners related to staff salary, travel costs, local transport 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.
- Minor equipment for demonstration purposes, 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.⁵
- 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 companies 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 commercial partner.

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.

⁵ 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.

6 APPLICATION PROCESS

The application process includes two phases 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.

PHASE 1: CONCEPT NOTE

1. Applicants submit a brief concept note for the project in a pre-defined format outlining expected scope, purpose, partners etc. The business case and how it contributes to SDG8 related local development results is clearly presented.
- ▶ 2. DMFA assess the concept notes and makes a shortlist of concept notes with the highest scores based on the assessment criteria. A minimum score of 70 points is required.
- ▶ 3. DMFA invites shortlisted consortia to individual clarification meetings. DMFA selects the successful applicants up to the maximum available grant for the year. Partner Consortia that are not successful at concept note stage (including non-eligible applications) will not be invited to develop a full project proposal in phase 2. Applications with scores above 70 will be provided with a short assessment of the concept note.
- ▶ 4. DMFA enters preliminary grant agreements with the successful applicants.

PHASE 2: FULL PROJECT PROPOSAL (PROJECT DEVELOPMENT)

5. Applicants successful at the concept note stage are invited to submit a full project proposal. During the project development phase (approximately 5-6 months), the partner consortium will engage in a dialogue with the DMFA who will provide feed-back and recommendations throughout the process of the development of the full project proposal.
- ▶ 6. Full project proposals will be assessed within approximately one month from receipt. DMFA will approve full project proposal that fulfil the DMDP requirements. As part of the approval, the DMDP grant commitment will be confirmed in a final agreement and the first disbursement of funds will take place. Project implementation is expected to take place within one month.

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 documents⁶. 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.

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 DMFA website can be consulted for various application forms and further guidance. Please note the eligibility checklist on page 15.

6 Offentlighedsloven

7 ASSESSMENT OF APPLICATIONS

ELIGIBILITY CHECK LIST

- ✓ Administrative partner is a non-commercial entity as defined in the DMDP Guidelines 2019 and requested project references are included
- ✓ Partnership contains at least one for profit international commercial partner
- ✓ All partners are registered legal bodies
- ✓ Project country is eligible
- ✓ DMDP budget form filled in incl. budget for preparation grant
- ✓ Budget requested is between DKK 6 and 10 million (including preparation grant)
- ✓ All sections in the DMDP concept note template are duly filled in
- ✓ Concept note section 2 is max. 6 pages
- ✓ Annual audited reports for the most recent financial year of the administrative partner as well as the key commercial partner are attached
- ✓ The application is dated and signed by all partners in the consortium

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, the commercial potential of the business case etc.

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 (see eligibility checklist).
- Concept notes that meet the eligibility criteria 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. To qualify, consortia must reach a minimum score of 70 point. Based on both the scores and the meeting, successful applicants are 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.

8 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. 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 conditions and requirements regarding management of the grant as outlined in the Administrative Guidelines, e.g. submission of yearly workplan, budget and reports. 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

Relevance (5%)

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

Effectiveness (20%)

2. Does the project build on a sound and realistic strategy for achieving the project outcomes, including contribution to the SDGs, specifically SDG 8 i.e. income opportunities and decent jobs? Are key risks presented with suggested mitigation strategies?
3. Is the development objective of the project logically supported by an innovative business case driven by the commercial partner(s), and is this expressed clearly in a preliminary Theory of Change and results framework?

Efficiency (25%)

4. Do the partners demonstrate the necessary capacity to engage in the proposed project? This includes the partner consortiums' robustness, joint commitment, and adequate expertise within the core areas related to the partners' respective roles in the partnership, and are these clearly described?
 - The administrative partners must demonstrate that the nature of the partnership project is within its core activities, documented experience with administering similar project grants and having solid presence in the partner country including in-depth knowledge of target group (i.e. own established office or long-standing partnership with local partner organisation(s)).
 - The commercial partner(s) must demonstrate that the business case of the project is in line with its core activities or a strategic priority, and demonstrate adequate capacity to promote the business venture in terms of previous experiences, and sufficient management and financial capacity to actively 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. Is the project of an interesting scale in terms of reaching beneficiaries and does it include specific targets for employment/income opportunities for women and youth?
7. Does the project aim to create wider market effects in the sector/region/country beyond the main beneficiaries of the project and beyond the direct interests of the commercial partners?

Sustainability (15%)

8. What is the potential 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 support from Danida contributes to (additional) development effects, and that these would not have materialized without DMDP.

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

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 and receive more detailed assessment comments.

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 labor¹ or child labor²
- 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 CITES³
- 5) Production or use of or trade in hazardous materials such as radioactive materials⁴, unbounded asbestos fibers and products containing PCBs⁵.
- 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 substances⁶ and other hazardous substances subject to international phase-outs or bans.
- 9) Destruction⁷ of Critical Habitat⁸
- 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 substantial⁹ part of a project sponsor's primary operations or those of the project:

- 11) Production or trade in¹⁰
 - a) weapons and munitions
 - b) tobacco
 - c) hard liquor
- 12) Gambling, casinos and equivalent enterprises¹⁰

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.

DANIDA MARKET DEVELOPMENT PARTNERSHIPS

Guidelines

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