

MINISTRY OF FOREIGN AFFAIRS OF DENMARK Danida



# DANIDA GREEN BUSINESS PARTNERSHIPS GUIDELINES FOR THE 2022 APPLICATION WINDOW

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## DANIDA GREEN BUSINESS PARTNERSHIPS - IN BRIEF

Danida Green Business Partnerships (DGBP) supports partnerships in developing countries aimed at creating new market-based solutions to climate and environmental challenges while contributing to economic growth, job creation and improved livelihoods. The programme is funded under the Danish development cooperation (Danida) and administered by an external secretariat.

The programme will fund partnerships between commercial and noncommercial partners based on an innovative business case with an impact in developing countries and works in coherence with Danish strategic priorities in the partner countries. Each partnership should contribute to green transition and inclusive growth. The success of the partnerships is dependent on both commercial and non-commercial partners. Good partnerships involve a joint understanding of both commercial and development aims. By engaging private sector finance and competencies in combination with knowledge about development challenges of noncommercial partners, the programme aims to contribute to the Sustainable Development Goals, and in particular climate change, environmental and biodiversity degradation, and inclusive growth.

DGBP builds on solid experience and lessons learned from its predecessor, Danida Market Development Partnerships (DMDP)<sup>1</sup>.

DGBP undertakes annual call for applications and selects partnership projects for funding on a competitive basis. The call is announced at the website <u>www.dgbp.dk</u>.

Danida Market Development Partnerships – see <u>www.dmdp.dk</u>

#### What is a DGBP project?

DGBP is open for project applications that combine a good business case with a positive impact on climate change, the environment, economic growth and people's livelihoods. The business idea must address a local development challenge and should ideally complement Danish strategic priorities in the targeted country and the commercial partners involved should be prepared for and interested in a long-term engagement. The non-commercial partner with its local knowledge should work in close collaboration with the commercial partner, and together they should ensure the development impact of the project.

The partnership should be established between a commercial partner (a business enterprise) and a non-commercial partner (e.g. an NGO), but other commercial and non-commercial partners may also take a role in the project. There should be at least one international commercial partner and one local partner (commercial or non-commercial) in the partnership consortium, and these should be identified when the concept note is submitted. Additional partners may be included at a later stage. By combining their knowledge, resources and networks, partnerships can have a deeper impact. It should be acknowledged that 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. Further definitions and requirements to partners are indicated in Section 1.

DGBP funding is available for activities of non-commercial partners in the partnership and for specifically defined activities of the commercial partners, including feasibility studies, training and certain expenses for testing new equipment. The DGBP grant can constitute maximum 75% of the total project budget. These rules are further explained in Section 2.

#### **Eligibility and Selection criteria**

The selection of DGBP projects will be based on an assessment of their quality in relation to the objectives and scope of the programme. This is specified in and guided by 17 assessment criteria within four critical areas:

- *The business idea:* The potential for the business venture to become commercially viable and prospects for scaling-up beyond the partnership project
- The development impact: How the partnership project, and subsequently the business, addresses climate and environmental challenges and contribute to economic growth and improved livelihoods. How specific underserved groups, women or youth are considered as part of the project. Are market effects beyond the direct participants considered?

- Implementation and feasibility: How sound and realistic the strategy is for achieving the objectives, including the capacity and division of roles of the partners.
- Coherence and synergies: How well aligned the partnership project is to other Danish activities and priorities in the partner country. See the list of sectors and issues considered relevant for each eligible country at www.dgbp.dk.

The selection criteria are further described in Section 6 and 7. Before embarking on your partnership development and application, and before submitting the application, please make sure to visit the list of minimum requirements in Section 1. Applications that do not fulfil these requirements will be administratively rejected.

Furthermore, all partners in a DGBP 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. This is further explained in Section 4.

All projects should contribute to the overall programme results framework as indicated in Section 5. In addition to delivering on the above requirements, a DGBP project should contribute to wider market effects in the sector and country. This means that the expected results should go beyond the interests of the targeted beneficiaries and those of the participating commercial partners. This could for instance encompass an improved local environment, dialogue with sector actors to advocate for standards, regulatory issues or structural changes, cross fertilisation with related development projects, public awareness raising and knowledge sharing of project learnings and results to a wider audience.

#### How to apply?

The application deadline is 12 September 2022 and the compulsory application forms are available on the DGBP website. There are two funding windows: Full Partnership Project and Maturation Project.

*Full partnership projects* can apply for funding within a budget of DKK 4-15 million and with a duration of three to five years.

*Maturation projects:* If the partners are not yet ready to engage in a full partnership project, it is possible to apply for a maturation grant of DKK 1.0 to 1.5 million with a project duration of up to 18 months. The purpose of the maturation project is to achieve more information and certainty of essential aspects of the project, such as the technological solution, the business model or the partnership constellation. Partners having been

involved in a maturation project may subsequently apply for a full partnership project in competition with other applicants, but the total period of support should not exceed five years for any commercial partner.

Both full partnership projects and maturation projects are selected on the basis of a concept note application. Shortlisted applicants are hereafter invited to present their proposal to an Advisory Committee. If the concept note is approved, the selected partnerships are invited to prepare a project document. Financial support is available covering up to 75% of the cost of preparing the project document within the overall budget (maximum DKK 500,000 for a full partnership project and maximum DKK 100,000 for a maturation project). The concept note template is found in the annex to these guidelines and on <u>www.dgbp.dk</u>

#### **APPLICATION PROCESS 2022-23**

|                  |  | C                | ates                |
|------------------|--|------------------|---------------------|
|                  |  | Full Partnership |                     |
|                  | Task   | Projects         | Maturation Projects |
|                  | Launch of call                                 | Ma               | y 2022              |
| e                | Application deadline                           | 12 September 1   | PM CEST (DK time)   |
| ot Noi           | Administrative rejections                      | 10 0             | October             |
| Concept Note     | Notification of shortlisting / rejection       | 24 (             | October             |
| Ŭ                | Advisory Committee interviews with applicants  | 3-8 November     | -                   |
|                  | Notification to selected applicants /rejection | 12 November      | 24 November         |
| Ļ                | Information meetings with selected applicants  | 21-22 November   | 6-7 December        |
| nemu             | Submission of draft project document           | 22 March 2023    | 13 December         |
| Project document | Submission of final project document           | 15 May 2023      | 18 January 2023     |
| rojec            | Written confirmation of project approval       | Primo June 2023  | 25 January 2023     |
| <b>D</b>         | Project start                                  | 1 July 2023      | 1 February 2023     |

#### A Danida Green Business Partnership at a glance

The table below provides a quick overview of DGBP project requirements. For detailed requirements and other criteria please see the sections below, and <u>www.dgbp.dk</u>. for documents and application templates.

| The project<br>objective   | The project objective should be aligned with the overall objective of the DGBP: <b>An Enhanced</b><br>Green Transition through Private-led Sustainable and Inclusive Economic Growth and<br>Improved Livelihoods.  |  |  |
|--|--|--|--|
|  | The project <b>must</b> contribute to <b>climate change mitigation</b> , <b>climate change adaptation</b> ,<br><b>environmental protection</b> , <b>biodiversity and/or desertification</b> . (See Section 7). At least 60% of<br>the projects funded under DGBP should have this as their principal objective.  |  |  |
|  | Secondly, the project must contribute to <i>inclusive economic growth and improved livelihoods</i> of the target group(s).   |  |  |
| The business<br>idea and market<br>development                         | The project objective should build on an <i>innovative business idea</i> from one or more commer-<br>cial partners, who has a desire to mature and commercialise it in one of the <i>project countries</i> .<br>(See Section 3).   |  |  |
|  | The long-term aim should be to develop a <b>commercially viable</b> business with an ambition to scale up in the target country and/or region, and thereby increasing the positive impact.   |  |  |
| The<br>partnership   | The project should be implemented through a partnership between one or more commercial<br>and non-commercial partners. The partnership <b>must</b> include at least a <b>key commercial partner</b><br><b>and a non-commercial partner</b> . There could be more partners if needed. At least one commer-<br>cial partner should be international with dedicated resources to engage in the project and one<br>partner should be a local partner (see definitions on 'international' and 'local' in Section 1).                                    |  |  |
| The commercial<br>partner(s)   | The commercial partner(s) is expected to seek a long-term commercial engagement. The commercial partner(s) should have sufficient experience and robustness to implement the business endeavour in a developing country.   |  |  |
|  | All international commercial partners must operate in accordance with international norms for<br>Responsible Business Conduct. All other commercial partners must work systematically<br>towards implementing international standards. (See Section 4).  |  |  |
| The non-commer-<br>cial partner(s)<br>and administra-<br>tive partner. | The non-commercial partner(s) should have the collective capacity to lead and drive the development activities of the project. The administrative partner must be non-commercial and is responsible for administering and reporting on the grant and for overall project management. The non-commercial partner(s) is expected to have proven project management experience, presence in the partner country, experience with work relevant for the project, and experience with working with the SDGs and development assistance funded projects. |  |  |

| Eligible<br>countries                                 | Projects must be implemented in one of the 32 eligible developing countries.<br>(see Section 3).  |
|---|---|
| Sector and<br>thematic<br>priorities                  | Projects with a strong coherence and synergy with Danish strategic priorities and development activities are prioritised. See <u>www.dgbp.dk</u> for for current sector and thematic priorities.  |
| Funding<br>windows<br>and project<br>types            | A project can be funded either as a Full Partnership Project or a Maturation Project. The Full<br>Partnership Project window funds partnerships with proven capacity to undertake a joint<br>implementation to make the business idea commercially viable. The Maturation Project window<br>supports projects that have a promising business idea and implementation strategy, but need<br>more time to mature the project idea before entering into full implementation mode e.g.<br>through a Full Partnership Project. |
| How much<br>and what<br>gets funded                   | DGBP provides funding to the activities of the non-commercial partner(s) in the partnership, to<br>training of staff of commercial partners and to experimental testing of new equipment. The Full<br>Partnership Project grant is DKK 4-15 million and the Maturation Project grant is DKK 1.0 -1.5<br>million. The grant can cover up to 75% of the partnership budget. The remaining 25% should<br>be funded by the commercial partner(s) in cash or in kind.  |
| Duration  | 3-5 years for a Full Partnership Project and up to 18 months for at Maturation Project.   |
| Application<br>process                                | DGBP is an annual challenge fund. The duration from submission of concept note<br>to start-up of a Full Partnership Project is up to 10 months and up to 4 months for<br>a Maturation Project. See timeline above.  |
| Selection<br>criteria                                 | The concept notes will be assessed and shortlisted based on the list of detailed selection criteria in Section 6. It is recommended to use the criteria list as a project design guide.   |
| Minimum<br>requirements<br>for eligibility            | Please see Section 1 for the full and detailed list of the minimum requirements the application must meet to be eligible for funding.   |
| Partnership<br>inspiration<br>and more<br>information | Please refer to <u>www.dgbp.dk</u> and <u>www.dmdp.dk</u>   |

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# SECTION 1: MANDATORY REQUIREMENTS AND EXCLUSION LIST

If the below requirements have not been met the application will not be assessed.

#### 1. The partnership contains one administrative partner

The Administrative partner is a non-commercial entity

The administrative partner must document proven project management experience, a solid presence in the partner country (e.g. own established office or long-standing partnership with local partner organisation(s)), experience with SDGs and development projects, and experience with key beneficiary groups in the country.

Multilateral organisations (e.g. UN agencies and CGIAR organisations) and public institutions (e.g. ministries, agencies, universities/university colleges) are not eligible as administrative partners.

#### 2. The partnership contains at least one for profit international commercial partner

An international commercial partner must have sufficient capacity to take active part in the partnership and in the project implementation (beyond import/export, equity investments and loans) either as key commercial partner or as other commercial partner. DGBP defines an international commercial partner as follows (one of the four below criteria must be fulfilled):

- a) **International companies registered in a non-ODA country**<sup>1</sup> are expected to engage actively in proposed project activities in the partner country.
- b) 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.
- c) *Large companies with international ownership structure* A large company (according to the EU definition, see Section 2) 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.
- d) A locally registered company which an active investment and engagement at Board level from a European development finance institution (DFI)
- 3. All partners are registered legal bodies
- 4. Partnership does not include a commercial partner who is legally or financially linked to a non-commercial partner in the partnership that will receive Danida funding
- 5. Project country is eligible
- 6. DGBP budget form filled in incl. budget for preparation grant
- 7. Budget requested is between DKK 1.0 and 1.5 million (maturation grant) or between DKK 4 and 15 million (full project)
- 8. All sections are duly filled in in the DGBP concept note template in English
- 9. Annual audited reports for the most recent financial year of the administrative partner as well as the key commercial partner are attached
- 10. 1-3 relevant project references of the administrative partner are attached
- 11. The application is dated and signed by all partners in the consortium

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<sup>1</sup> For a more information about ODA and non-ODA countries see OECDs website <u>https://www.oecd.org/dac/</u> <u>financing-sustainable-development/development-finance-standards</u>

#### Harmonized EDFI Exclusion List

According to The European Development Finance Institution (EDFI) "Principles for Responsible Financing", EDFI members have mutually agreed on the following Harmonized EDFI Exclusion List for co-financed projects:

EDFI Members will not finance any activity, production, use, distribution, business or trade involving:

- 1. Forced labor<sup>2</sup> or child labor<sup>3</sup>
- Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:

**a)** Ozone depleting substances, PCB's (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;

**b**) wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or

**c)** Unsustainable fishing methods (e.g. blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length).

- **3.** Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
- 4. Destruction<sup>4</sup> of High Conservation Value areas<sup>5</sup>
- 5. Radioactive materials<sup>6</sup> and unbounded asbestos fibers.
- 6. Pornography and/or prostitution
- 7. Racist and/or anti-democratic media

<sup>2</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>3</sup> Persons may only be employed 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>4</sup> Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term

<sup>change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.
High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of out</sup>standing significance or critical importance (See <u>www.hcvnetwork.org</u>).

<sup>6</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

- 8. In the event that any of the following products form a substantial part of a project's primary financed business activities<sup>7</sup>:
  - a) Alcoholic Beverages (except beer and wine);
  - b) Tobacco;
  - c) Weapons and munitions; or
  - d) Gambling, casinos and equivalent enterprises.

*Furthermore, the following investment exclusions are considered as a minimum common requirement by all EDFI members for all new Direct Financing (Debt or Equity), for Indirect Equity through new commitments to investment funds, and new dedicated lending*<sup>8</sup> via financial institutions:

- Coal prospection, exploration, mining or processing
- Oil exploration or production
- Standalone fossil gas exploration and/or production<sup>9</sup>
- Transport and related infrastructure primarily<sup>10</sup> used for coal for power generation
- Crude Oil Pipelines
- Oil Refineries
- Construction of new or refurbishment of any existing coal-fired power plant (including dual)
- Construction of new or refurbishment of any existing HFO-only or diesel-only power plant<sup>11</sup> producing energy for the public grid and leading to an increase of absolute CO<sub>2</sub> emissions<sup>12</sup>
- Any business with planned expansion of captive coal used for power and/or heat generation<sup>13</sup>

12 I.e. where energy efficiency measures do not compensate any capacity or load factor increase.

<sup>7</sup> For companies, "substantial" means more than 10 % of their consolidated balance sheets or earnings. For financial institutions and investment funds, "substantial" means more than 10% of their underlying portfolio volumes.

<sup>8 &</sup>quot;Dedicated lending" is defined for these purposes as loans conditioned by a use of funds clause specifying that such financing will be used for one or more of the purposes described.

<sup>9</sup> Gas extraction from limnically active lakes is excepted from this exclusion.

<sup>10 &</sup>quot;Primarily" means more than 50% of the infrastructure's handled tonnage.

<sup>11</sup> For indirect equity through investment funds, investments (up to a maximum of 20% of the fund) in new or existing HFO-only or diesel-only power plants are allowed in countries that face challenges in terms of access to energy and under the condition that there is no economically and technically viable gas or renewable energy alternative.

<sup>13</sup> This does not apply to coal used to initiate chemical reactions (e.g. metallurgical coal mixed with iron ore to produce iron and steel) or as an ingredient mixed with other materials, given the lack of feasible and commercially viable alternatives.

DMDP project: More with less, Philippines

## SECTION 2: TYPE OF PROJECT EXPENSES ELIGIBLE FOR FUNDING

#### 2.1 Project expenses eligible for funding

Applicants may apply for funding to cover their project preparation phase (project preparation phase) cost in the period after approval of the concept note of up to DKK 500,000 for full projects and DKK 100,000 for maturation projects. The project preparation costs may include studies, partner visits etc. The concept note must include an estimate of the total budget including the project preparation grant, which is subject to revision in the full project proposal. See the concept note form for preparation of budgets, which further guides on the all-inclusive hourly rates that are applicable to the preparation phase only. However, maturation projects may utilise the same principles during the implementation phase to increase simplicity and bring down transaction costs

Danida may support a partnership project with up to DKK 15 million for a full project and up to DKK 1.5 million for a maturation project. The commercial project partner(s) in the partnership must provide an own contribution consisting of a minimum of 33% of the Danida grant, i.e. minimum 25% of the sum of the Danida grant and the contribution from the commercial project partner(s). The commercial partner(s) own contribution may be provided as in-kind contribution (staff time, travel expenses etc.) and/or as cash contributions/investments. Any financial support from Danida to the commercial partner(s), cf. section 2.2. cannot be counted as own contribution by the commercial partner(s). However, the commercial partner(s) may include the part that is not funded by Danida as own contribution.

Any potential resources mobilised by the partners from other sources than Danida, including e.g. supplementary funds from the administrative partner or other non-commercial partners, philanthropic funds or other donors, may be used for increasing the overall project budget. These do not influence the calculation of the own contribution ratio.

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, including implementation, monitoring and management.
- 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.
- Any costs related to project 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.
- Activities related to partnerships' work with Responsible Business Conduct. This could be internal partnership workshops, value chain RBC studies, raising awareness about RBC locally etc.
- An administration fee of maximum 7% may be included to cover the costs associated with functions, which are necessary to manage the organisation as a whole, provide oversight over all its activities and put into place the overarching policies, frameworks and systems that enable it to operate.

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.

Projects may include a provision towards local administration costs that is directly related to the project but cannot be covered under any outputs. This may include e.g., an annual project inspection and approval by local authorities or establishing of a dedicated field office. 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 analysis 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.

#### **Eligible costs under GBER Aid intensities Explanation Eligible costs** Aid for consul-Subsidy of consultancies Costs of consultancy services provided by external 50% tancy in favour in favour of the SME<sup>1</sup> that consultants and undertaken in the partner country. of SMEs are an integrated part of Only available the project: E.g. market to SMEs GBER studies and technical Article 18 studies.

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<sup>1</sup> According to the EU definition of SMEs: The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

| Aid for<br>research and<br>development | Subsidy of feasibility studies as defined below <sup>2</sup>   | Costs of feasibility studies provided by external consultants and undertaken in the partner country.  | 50% |
|--|--|---|-----|
| GBER<br>Article 25                     | Subsidy experimental<br>development as defined<br>below <sup>3</sup>   | 1) Personnel costs: researchers, technicians and<br>other supporting staff for the time involved in<br>relation to the activity;  | 25% |
|  |  | 2) Costs of instruments and equipment to the<br>extent and for the period used for the project.<br>Where such instruments and equipment are not<br>used for their full life for the project, only the<br>depreciation costs corresponding to the life of<br>the project, as calculated on the basis of gene-<br>rally accepted accounting principles are consi-<br>dered as eligible.             |     |
| Training<br>aid                        | Subsidy to expenses in relation to training acti-<br>vities that are an inte-  | 1) Trainer's personnel cost for the hours which the trainer participates in the training,   | 50% |
| GBER<br>Article 31                     | grated part of the<br>overall project.<br>Aid shall not be granted<br>for training carried out<br>for commercial partners<br>to comply with national<br>mandatory standards. | <ul> <li>2) Trainers' and trainees' operating costs directly relating to the training project such as travel expenses, accommodation costs, materials and supplies directly related to the project, depreciation of tools and equipment, to the extent that they are used exclusively for the training project,</li> <li>3) Costs of advisory services linked to the training project.</li> </ul> |     |
|  |  | If the commercial partner participates in training<br>undertaken by a non-commercial partner and<br>funded by the project, the commercial partner<br>should cover own costs and subsequently request<br>for reimbursement of 50% of eligible expenses.  |     |

<sup>2</sup> Feasibility study' means the evaluation and analysis of the potential of a project, which aims at supporting the process of decision-making by objectively and rationally uncovering its strengths and weaknesses, opportunities and threats, as well as identifying the resources required to carry it through and ultimately its prospects for success.

<sup>3</sup> Experimental development means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services. Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real-life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, products, processes, services and other operations.

#### 2.2 Financial support to commercial partners in DGBP

Commercial partners may receive direct financial support under DGPB in accordance with the EU state aid rules and the General Block Exemption Regulation (GBER). Applicants should observe that state aid is not used for export-related activities, for example aid directly linked to the establishment and operation of a distribution network. Funding can furthermore only be received for the specific activities indicated in the table below. No advance payments can be made as it will be provided on a reimbursable basis only.

According to the EU GBER, financial support must not be granted in favour of an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by the same Member State illegal and incompatible with the internal market, with the exception of aid schemes to make good the damage caused by certain natural disasters.

#### The general thresholds for financial support under DGBP are:

- Maximum 10% of the total Danida contribution to the budget for full partnership project can be allocated for financial support to commercial partners, and
- Maximum 50% or DKK 500,000 (whatever is lowest) of the Danida contribution to the budget for maturation projects can be allocated for financial support to commercial partners.

Financial support to experimental development can maximum constitute 25% of the full cost of the activity. For other activities, the maximum level of support is 50%.

DMDP project: **Trace, Kenya** 

## SECTION 3: ELIGIBLE COUNTRIES AND DANIDA THEMATIC PRIORITIES

The countries eligible for the programme are developing countries and emerging economies with a Danish representation and/or where Denmark has an expanded or targeted partnership e.g. through Strategic Sector Cooperation, Strategic Green Partnerships and activities of the Danish Trade Council.

The following countries are eligible for project applications:

- Afghanistan
- Bangladesh
- Brazil
- Burkina Faso
- Colombia
- Egypt
- Ethiopia
- Georgia
- Ghana
- India
- Indonesia
- Jordan
- Kenya
- Lebanon
- Mali
- Mexico

- Morocco
- Myanmar
- Niger
- Nigeria
- Pakistan
- Palestine
- Philippines
- Rwanda
- Somalia
- South Africa
- Tanzania
- Tunisia
- Turkey
- Uganda
- Ukraine
- Vietnam

Note that projects with a strong coherence and synergy with Danish strategic priorities and development activities in the country of operation are prioritised. See <u>www.dgbp.dk</u> for current list of thematic priorities in each country.

DMDP project: Access to better dairy, Ethiopia

# SECTION 4: RESPONSIBLE BUSINESS CONDUCT

All partners in a DGBP 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 risks of potential negative impacts.

All partnerships will be required to analyse, present and actively work with promoting RBC in the preparation and implementation of their DGBP 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 Danish Ministry of Foreign Affairs encourages partners to use the services provided by this institution, if relevant.

### Minimum RBC requirements in a DGBP 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 (UNGP), 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).
- 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. This should be included in an RBC action plan.
- Set up mechanisms to systematically follow up on RBC throughout the project.

DMDP project: Save safe food, Tanzania

Dew Drop

1

1

SAMPUL 3

MAY

# SECTION 5: PROGRAMME RESULTS FRAMEWORK

The below extracts of the programme level results framework serve to indicate the outcome level indicators of the programme, which the partnership projects are expected to contribute to.

More specifically, each project will be expected to contribute to at least one of the indicators under outcome 1 (indicators 1.1 – 1.5) and all indicators under outcome 2. Indicator 2.3 should also be reported on. In addition to the project's own identified indicators. These indicators should be included in the project results framework in the Project Document which the successful bidders will develop.

| Outcome 1             | Reduced vulnerability to climate change, reduced strain on natural resources and the environment and a stabilisation of GHG emissions  |
|-----------------------|--|
| Outcome indicator 1.1 | Number of vulnerable persons/households who have increased their resilience to climate change as an effect of the partnership projects |
| Outcome indicator 1.2 | Avoided GHG emissions (estimated tCO2-equivalents)   |
| Outcome indicator 1.3 | Efficiency of the use of water, energy, materials and/or other natural resources<br>(percentage efficiency gains)                      |
| Outcome indicator 1.4 | Area under sustainable land management (ha)  |
| Outcome indicator 1.5 | Reductions in the amounts of polluting substances released to soil, water bodies and/or air (percentage reductions)                    |
| Outcome 2             | Inclusive private sector growth and improved livelihoods   |
| Outcome indicator 2.1 | Number of decent jobs created with commercial partners (total/female/youth)  |
| Outcome indicator 2.2 | Number of people with opportunities for increased income and/or improved livelihoods<br>(total/female/youth)                           |
| Outcome indicator 2.3 | Viable business cases developed and sustained at the end of the project period   |
| Outcome indicator 2.4 | Percentage of partner companies with responsible business conduct  |
| Outcome indicator 2.5 | Amount of private investments mobilised in partnership projects (DKK)  |

## SECTION 6: PROJECT DESIGN GUIDE AND ASSESSMENT CRITERIA

The selection of DGBP concept notes will be based on a comparative and overall assessment of their quality in relation to the objectives and scope of the programme. This is specified in and guided by 17 assessment criteria within four critical areas, which are also reflected in the structure of the concept note template:

- 1. The Business Idea (3)
- 2. The Development Impact (6)
- 3. Implementation and Feasibility (6), and
- 4. Coherence and Synergies (2).

The assessment criteria for maturation projects and for full partnership projects are the same at this initial concept note stage. In the subsequent application procedure there will be a differentiation between the two.

There are two levels of assessment criteria: Essential and additional.

The nine **essential assessment criteria** are the primary criteria, which the concept notes will be assessed upon. They cover the most critical aspects of the project. The criteria are expected to meet a certain minimum level of quality, both individually and collectively, in order for the concept notes to be selected and eventually granted. The concept notes will be given a score for each criterion among four categories: Poor/not eligible, potential, satisfactory or good. For each scoring category and for every criterion there are quality descriptions below to guide both the designing of the projects and the assessments of the concept notes.

The eight **additional assessment** criteria cover important aspects of the projects, but are considered non-critical compared to the essential criteria. These criteria are formulated as general questions, i.e., they will score either "yes" as satisfactory or "no" as not satisfactory.

| Essential<br>Assessment<br>Criteria   | Poor/<br>not eligible   | e<br>Fair   | Satisfactory   | Good   |
|---|---|---|--|--|
| 1. How well<br>developed is the<br>business idea, i.e.,<br>value proposition,<br>knowledge of the<br>value chain,<br>market and<br>customers, and<br>competitors? | The value proposition<br>is <b>vague and shows</b><br><b>no or little</b> knowledge<br>of the context,<br>market, customers<br>and competitors. | The value proposition<br>is <b>promising and with</b><br><b>fair</b> knowledge of the<br>context, market,<br>customers and<br>competitors.  | The value proposition<br>is <i>clear and fairly</i><br><i>robust</i> , and<br>supported by demon-<br>strating a <i>fair know-</i><br><i>ledge</i> of the context,<br>market, customers<br>and competitors. | The value proposition<br>is <i>clear and robust</i> ,<br>and supported by<br>demonstrating a <i>solid</i><br><i>knowledge</i> of the<br>context, market, custo-<br>mers and competitors,<br>and ideally docu-<br>mented with key<br>figures. |
| 2. What is the<br>potential for the<br>business idea to<br>become commer-<br>cially viable and<br>scaled up beyond<br>the project<br>period?                      | <i>No plan or model is demonstrated or evident</i> for maturing the business idea into a viable business by the end of the project period.      | A vague plan or<br>model is demon-<br>strated or evident,<br>and/or the business<br>idea description<br>demonstrates a<br>potential for matu-<br>ring the business idea<br>into a viable business<br>by the end of the<br>project period. | <i>A sound plan or</i><br><i>model is outlined</i> for<br>maturing the busi-<br>ness idea into a viable<br>business by the end<br>of the project period.   | A sound and robust<br>plan or model is<br>demonstrated for<br>maturing the business<br>idea into a viable busi-<br>ness by the end of the<br>project period.   |

#### THE BUSINESS IDEA

#### THE DEVELOPMENT IMPACT

| Essential<br>Assessment  | e<br>Poor/   |   |  | •  |
|--|--|---|--|--|
| Criteria   | not eligible   | Fair  | Satisfactory   | Good   |
| 3. To which degree<br>is climate or<br>environment the<br>project objective<br>and what is the<br>scale of impact<br>compared to<br>average market<br>solutions?   | The project does <b>not</b><br><b>target</b> a climate or<br>environmental objec-<br>tive in any significant<br>way. I.e., the project<br>is NOT eligible for<br>funding.  | N/A   | The climate/environ-<br>mental objective is<br><i>significant</i> , i.e., it is<br>explicitly stated, but<br>is not the funda-<br>mental driver for<br>the project.  | The climate/environ-<br>mental objective is<br><b>principal</b> , i.e., it is<br>fundamental in the<br>design of the project.  |
| Please see Section<br>7 for guidance.  |  |   |  |  |
| <ul> <li>4. What is the potential for the business idea to create jobs, generate income and/or improved livelihoods and what is the scale of impact compared to average market solutions?</li> <li>Please see Section 7 for guidance.</li> </ul> | The business idea<br>demonstrates <b>low</b><br><b>and/or not suffi-</b><br><b>ciently documented</b><br>potentials for job<br>creation and/or<br>income<br>generation and/or<br>improved livelihoods.<br>I.e. the project is<br>not eligible. | The business idea<br>demonstrates <b>some</b><br>potentials for job<br>creation and/or<br>income generation<br>and/or improved live-<br>lihoods, but is <b>not</b><br><b>a specific objective</b><br>of the project | Job creation and/or<br>income generation<br>and/or improved live-<br>lihoods is a <i>signifi-</i><br><i>cant</i> objective of the<br>project and the busi-<br>ness idea demon-<br>strates <i>some</i> poten-<br>tial in this regard. | The <b>principal</b> objective<br>of the project is job<br>creation and/or<br>income generation<br>and/or improved live-<br>lihoods and the busi-<br>ness idea demon-<br>strates <b>high potential</b><br>for this documented<br>with key figures. |
| 5. To which degree<br>is the project<br>expected to<br>contribute to<br>inclusive<br>economic growth,<br>i.e., to include<br>women, youth,<br>poor and/or other<br>underserved parts<br>of the population<br>in the target<br>country/region?    | The project shows <b>no</b><br><b>clear or significant</b><br>intention to use an<br>inclusive approach to<br>development and<br>economic growth.  | The project shows<br><b>some</b> intention to use<br>an inclusive approach<br>to development and<br>economic growth.  | The project shows a<br><i>clear and significant</i><br>intention to use an<br>inclusive approach<br>to development and<br>economic growth,<br>including <i>disaggre-<br/>gated targets</i> for<br>these target groups.               | The design of the part-<br>nership project is<br>based on an analysis<br>of the specific needs<br>of women or young<br>people and includes<br>specific efforts to<br>target gender or youth.   |

#### **IMPLEMENTATION AND FEASIBILITY**

| Essential<br>Assessment<br>Criteria   | Poor/<br>not eligible  | e<br>Fair   | Satisfactory  | Good  |
|---|--|---|---|---|
| 6. How well<br>described, sound<br>and realistic is<br>the implemen-<br>tation plan to<br>achieve the<br>project outputs<br>and outcomes?   | The implementation<br>plan and the budget<br><b>do not sufficiently</b><br>document how the<br>outputs and<br>outcomes can be<br>effectively achieved.   | The implementation<br>plan and the budget<br><b>to some extent</b> docu-<br>ment how the<br>outputs and<br>outcomes can be<br>effectively achieved.   | The implementation<br>plan and the budget<br>are <b>fairly solid and</b><br><b>sufficiently</b> document<br>how the outputs and<br>outcomes can be<br>effectively achieved. | The implementation<br>plan and the budget<br>are <b>well developed and</b><br><b>solid</b> , and document<br><b>well</b> how the outputs<br>and outcomes can be<br>effectively achieved.  |
| 7. What is the capa-<br>city and commit-<br>ment of the key<br>commercial<br>partner in rela-<br>tion to the<br>project?  | The business idea is<br><b>not well</b> aligned with<br>the core activities or a<br>strategic priority of<br>the international<br>commercial partner.<br>The commercial<br>partner is demonstra-<br>ting <b>inadequate</b> capa-<br>city to promote the<br>business venture in<br>terms of previous<br>experiences, and/or<br><b>sufficient</b> manage-<br>ment and/or financial<br>capacity to actively<br>engage in the project. | The business idea is<br><i>fairly</i> aligned with the<br>core activities <i>or</i> a<br>strategic priority of<br>the international<br>commercial partner.<br>The commercial<br>partner demonstrates<br><i>inadequate</i> capacity<br>to promote the busi-<br>ness venture in terms<br>of previous experi-<br>ence, and/or <i>suffi-</i><br><i>cient</i> management<br>and financial capacity<br>to actively engage in<br>the project.  | core activities <b>or</b> a<br>strategic priority of<br>the international<br>commercial partner.<br>The commercial  | The business idea is<br><b>fully</b> aligned with the<br>core activities <b>and</b> a<br>strategic priority of the<br>international commer-<br>cial partner. The<br>commercial partner<br>demonstrates <b>strong</b><br>capacity to promote<br>the business venture in<br>terms of previous<br>experience, <b>sufficient</b><br>management and<br>financial capacity to<br>actively engage in the<br>project. |
| 8. What is the<br>capacity of the<br>non-commercial<br>(administrative)<br>partner in relation<br>to target country<br>experience and<br>coherence, sector<br>and scope experi-<br>ence, partnership<br>management<br>skills and project<br>management<br>skills? | partner country, and/<br>or a <i>shallow know-</i><br><i>ledge</i> of the target<br>group (e.g. own estab-<br>lished office or longs-<br>tanding partnership<br>with local partner<br>organisation(s)). The<br>nature of the partner-<br>ship project is <i>not</i><br>coherent with its core<br>activities, and/or it has   | The administrative<br>and other non-com-<br>mercial partner(s)<br><b>has</b> a presence in the<br>partner country inclu-<br>ding <b>some</b> knowledge<br>of the target group<br>(e.g.own established<br>office or longstanding<br>partnership with local<br>partner organisation<br>(s)). The nature of the<br>partnership project<br><b>has synergies</b> with its<br>core activities, and it<br>has <b>adequate</b> experi-<br>ence with partnership<br>and project manage-<br>ment, incl. admini-<br>stration of similar<br>project grants. | has a <b>solid</b> presence<br>in the partner country<br>including an <b>adequate</b><br>knowledge of the<br>target group (e.g.<br>own established                          |   |

#### **COHERENCES AND SYNERGIES**

| Additional<br>Assessment   | Poor/   |  |  |   |
|--|---|--|--|---|
| Criteria   | not eligible  | Fair   | Satisfactory   | Good  |
| 9. Is the national<br>project context<br>and the<br>coherence with<br>national and<br>sector objectives<br>in the country<br>well described? | The project is not<br>aligned with national<br>and sector priorities. | The project has no<br>clear match with<br>national and sector<br>priorities. | The project matches<br>to some extent with<br>national and sector<br>priorities. | The project matches<br>well with national and<br>sector priorities. |

#### **Additional Assessment Criteria**

#### The Business Idea:

• Is the business idea innovative in relation to the new market and context?

#### The Development Impact:

- Does the project contribute to other sustainability related impacts than those mentioned above, cf. targets under the UN Sustainable Development Goals?
- Are the effects of the project that extend beyond the interests of the commercial partners and the target group(s) described (wider market effects)? See examples above.
- Are the challenges and envisaged activities in relation to Responsible Business Conduct described?

#### Implementation and Feasibility:

- Have key risks been identified and measures proposed to mitigate major risks?
- Is the match between the partners, the project organisation and the division of responsibilities among partners well described?
- Is the budget well specified and does it represent a cost-effective use of funds?

#### **Coherences and Synergies:**

 How well aligned is the project with Danish priorities? See <u>www.dgbp.dk</u> for the current list of thematic priorities in each country. =

## SECTION 7: ENVIRONMENTAL AND SOCIAL IMPACT: DEFINITIONS, ELIGIBILITY CRITERIA AND EXAMPLES

All projects must contribute to the objective of the DGBP programme, i.e.: *"Enhanced global green transition and private sector led inclusive economic growth through innovative partnerships"*. This means that partnership projects are only eligible if they contribute to:

- Reduced vulnerability to climate change, reduced strain on natural resources and the environment and a stabilisation of GHG emissions, and
- **2.** Inclusive private sector growth and improved livelihoods, respectively.

The project can be marked as either "principal" or "significant" in relation to the two objectives above. If climate/environment is the fundamental driver or the main objective for the project, it will be marked as "principal" in relation to climate/environment. If climate/environment is an important objective, but not the main or fundamental driver or goal in the design of the project, the project will be marked as "significant" in relation to climate/environment. Conversely, economic growth and improved livelihood must be either a principal objective or a significant objective. 60% of DGBP funds will be allocated to projects with environment/climate as the principal objective and at least 50% of these should be focused on climate change.

In addition, a project must not have significant negative impact in relation to environmental and climate goals and the activity area should not be on the list of excluded activities (Guidelines Section 1).

#### 7.1 Environment and climate eligibility criteria

The DGBP programme follows the OECD/DAC classification markers system for tracking climate and environmental related developmental assistance. Five markers, one aid to environment marker and four Rio markers constitute the collective criteria set for what is defined as a climate/environmental objective, and specified by general environmental protection, climate change mitigation, climate change adaptation, biodiversity and desertification.

A project objective must meet the criteria for eligibility for one or more of the environmental markers to be eligible for funding under the DGBP programme, as stipulated in criteria 4 in Section 6 of these guidelines and the table below. The table also shows which indicators to be used to set targets related to the specific environmental objectives/markers. NB, this will only be applicable in the project document after possible approval of the concept note.

#### TABLE 7-1: ELIGIBILITY CRITERIA FOR ENVIRONMENT AND CLIMATE IMPACT

| Marker                | Definition  | Criteria for Eligibility   | Related outcome indicator  |
|-----------------------|---|--|--|
| Aid to<br>Environment | To produce an improvement,<br>or something that is diagnosed<br>as an improvement, in the<br>physical and/or biological   | <ul> <li>a) The objective is explicitly promoted in activity documentation; and</li> <li>b) The activity contains specific</li> </ul>  | Efficiency of the use of water,<br>energy, materials and/or other<br>natural resources, and/or     |
|                       | environment of the recipient<br>country, area or target group<br>concerned. It includes specific<br>action to integrate environ-<br>mental concerns with a range<br>of development objectives<br>through institution building<br>and/or capacity development. | <ul> <li>measures to protect or</li> <li>enhance the physical and/or</li> <li>biological environment it</li> <li>affects, or to remedy</li> <li>existing environmental</li> <li>damage; or</li> <li>c) The activity contains specific</li> <li>measures to develop or</li> <li>strengthen environmental</li> <li>policies, legislation and</li> <li>administration or other</li> <li>organisations responsible</li> <li>for environmental protection.</li> </ul> | Reductions in the amounts of<br>polluting substances released to<br>soil, water bodies and/or air. |

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### TABLE 7-1: ELIGIBILITY CRITERIA FOR ENVIRONMENT AND CLIMATE IMPACT

(continued)

| Marker                          | Definition  | Criteria for Eligibility   | Related outcome indicator  |
|---------------------------------|---|--|--|
| Climate<br>Change<br>Mitigation | Contribution to the objective<br>of stabilisation of greenhouse<br>gas (GHG) concentrations in<br>the atmosphere at a level that<br>would prevent dangerous<br>anthropogenic interference<br>with the climate system by<br>promoting efforts to reduce<br>or limit GHG emissions or to<br>enhance GHG sequestration.  | <ul> <li>a) The mitigation of climate<br/>change by limiting anthropo-<br/>genic emissions of GHGs,<br/>including gases regulated<br/>by the Montreal Protocol; or</li> <li>b) The protection and/or<br/>enhancement of GHG sinks<br/>and reservoirs; or</li> <li>c) The integration of climate<br/>change concerns with the<br/>recipient countries' develop-<br/>ment objectives through<br/>institution building, capacity<br/>development, strengthening<br/>the regulatory and policy<br/>framework, or research; or</li> <li>d) Developing countries'<br/>efforts to meet their obliga-<br/>tions under the Convention.</li> </ul> | Avoided GHG emissions (esti-<br>mated tCO2-equivalents)  |
| Climate<br>Change<br>Adaptation | Activities aimed at reducing<br>the vulnerability of human or<br>natural systems to the current<br>and expected impacts of<br>climate change, including<br>climate variability, by maintai-<br>ning or increasing resilience,<br>through increased ability to<br>adapt to, or absorb, climate<br>change stresses, shocks and<br>variability and/or by helping<br>reduce exposure to them. | <ul> <li>a) The climate change adaptation objective is explicitly indicated in the activity documentation; and</li> <li>b) The activity contains specific measures targeting the definition.</li> </ul>  | Number of vulnerable persons/<br>households who have increased<br>their resilience to climate<br>change as an effect of the<br>partnership projects. |

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### TABLE 7-1: ELIGIBILITY CRITERIA FOR ENVIRONMENT AND CLIMATE IMPACT

(continued)

| Marker          | Definition   | Criteria for Eligibility  | Related outcome indicat                   |
|-----------------|--|---|---|
| Biodiversity    | Activities promoting at least<br>one of the three objectives of<br>the Convention: The conserva-<br>tion of biodiversity, sustainable<br>use of its components (ecosy-<br>stems, species or genetic<br>resources), or fair and equi-<br>table sharing of the benefits<br>of the utilisation of genetic<br>resources. | <ul> <li>a) Protection or enhancing<br/>ecosystems, species or<br/>genetic resources through<br/>in-situ or ex-situ conserva-<br/>tion, or remedying existing<br/>environmental damage; or</li> <li>b) Integration of bio-diversity<br/>and ecosystem services<br/>concerns within recipient<br/>countries' development<br/>objectives and economic<br/>decision making, through<br/>institution building, capacity<br/>development, strengthening<br/>the regulatory and policy<br/>framework, or research; or</li> <li>c) Developing countries' efforts<br/>to meet their obligations<br/>under the Convention</li> </ul> | Area under sustainable land<br>management |
| Desertification | Combating desertification<br>or mitigating the effects of<br>drought in arid, semi-arid and<br>dry sub-humid areas through<br>prevention and/or reduction<br>of land degradation, rehabili-<br>tation of partly degraded land,<br>or reclamation of desertified<br>land.   | <ul> <li>a) Protecting or enhancing<br/>dryland ecosystems or<br/>remedying existing environ-<br/>mental damage; or</li> <li>b) Integration of desertification<br/>concerns with recipient<br/>countries' development<br/>objectives through institu-<br/>tion building, capacity<br/>development, strengthening<br/>the regulatory and policy<br/>framework, or research; or</li> <li>c) Developing countries' efforts<br/>to meet their obligations<br/>under the Convention.</li> </ul>  | Area under sustainable land<br>management |

#### 7.2 Eligibility criteria for employment, income and livelihoods

As indicated in Section 6, there are several project assessment criteria related to inclusive growth and social impact. The specifications below are related to criteria 5 in Section 6 for employment, income and livelihoods. The project can meet the eligibility criteria in several ways, and it is sufficient to focus on one of the aspects indicated below. These effects can be targeted towards specific population groups and strengthened through the partnership project, e.g. with technical assistance from a non-commercial partner.

As with the indicators for environmental outputs, the table below shows indicators to be used to set targets related to the specific objectives related to inclusive growth and social impact. NB, this will also only be applicable in the project document after possible approval of the concept note.

#### TABLE 7-2: ELIGIBILITY CRITERIA FOR EMPLOYMENT, INCOME AND LIVELIHOODS

| Marker                           | Definition  | Criteria for Eligibility   | Related outcome indicator  |
|----------------------------------|---|--|--|
| Employment                       | Direct employment created in<br>one or several of the commer-<br>cial partners.<br>Employment created in the<br>value chain is referred to                                      | The project should establish<br>a significant number of new<br>jobs. If skills development is<br>included, it is an additional<br>asset for the project. All<br>employment should comply                                     | Number of decent jobs created<br>with commercial partners (total/<br>female/youth)                                     |
|                                  | "income generation" below.  | with the decent work defini-<br>tions as part of the responsible<br>business conduct.  |  |
| Income<br>generation<br>for poor | The business of one or several<br>of the commercial partners<br>can be expected to lead to<br>income generation outside<br>the company.   | The business is depending on<br>inputs that will increase supply<br>of produce from 40% poorest<br>of the population, or<br>The product or service will<br>generate additional income for<br>the 40% poorest in the country. | Number of people with opportu-<br>nities for increased income and/<br>or improved livelihoods (total/<br>female/youth) |
| Under-served<br>customers        | The business plan of one or<br>several of the commercial part-<br>ners is based on a product or<br>service that benefits poor or<br>under-served segments of<br>the population. | The product/service targets the<br>40% poorest of the population, or<br>The product/service target<br>under-served population<br>segments in health, education,<br>water, access to energy or<br>access to finance.          | Number of people with opportu-<br>nities for increased income and/<br>or improved livelihoods (total/<br>female/youth) |

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#### 7.3 Examples of environmental objectives

Below is, for inspirational purposes, an unspecified list of examples of project objectives, that meet the eligibility criteria. The OECD DAC Rio Markers for Climate Handbook gives further examples and specific guidance to the criteria for a "principal" and "significant" marker.

### Sustainable food production, agriculture, fisheries and other natural-resource management

- Climate-smart agriculture and sustainable food systems,
- Prevention of food loss and food waste
- Promote agro-organic cultivation methods
- Strengthening of green value chains
- Eco friendly alternative crops
- Climate resilient crops
- Sustainable forest management
- Food production and other production that reduces the pressure on ecosystems and enhances biodiversity
- Sustainable management of sea resources
- Sustainable forest management
- Reduction of desertification and land degradation
- Protection of water bodies and other
- Natural resources management and production that preserves biodiversity and restores ecosystems
- Responsible aquaculture
- Promoting ecosystem management & restoration for improved livelihoods.

#### Production and consumption (circular economy)

- Technologies and business models for increased resource productivity
- Sustainable tourism
- Measures to suppress or reduce pollution in land, water and air
- Cleaner production processes
- Sustainable transport systems
- Reducing the carbon footprint of value chains and rural producers
- · Optimal use of residual agricultural, industrial and municipal waste

#### **Energy services**

- Increased energy efficiency
- Renewable energy production and use

#### Water services

- Sustainable water resources management
- Sustainable waste water management and reuse
- Climate smart water infrastructure for supply and sanitation

#### **Enabling business models and technologies**

- Climate finance
- Information systems and technologies

### 7.4 The OECD/DAC environmental markers and the Sustainable Development Goals

The table below shows how the OECD/DAC environmental markers are interrelated to the SDG Goals and targets as a further inspiration and reference to project targeting and designing. Please note, that this list is unofficial, and only for inspirational purposes. It neither automatically excludes project objectives that do not clearly correspond with any one of the SDG targets below or automatically qualifies as an eligible project objective if it is aimed to contribute to one or more of these targets.

| SDG<br>Goal                                | Target  | Aid to<br>Environ-<br>ment | Biodiver-<br>sity and<br>Deserti-<br>fication | Climate<br>Change<br>Mitiga-<br>tion | Climate<br>Change<br>Adapta-<br>tion |
|--|---|----------------------------|---|--------------------------------------|--------------------------------------|
| 1 <sup>№</sup><br>₱₽₽₽₽₽₽<br>¶ <b>****</b> | <b>1.5</b> By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.  |                            |   |                                      | х                                    |
| 2 ZERO<br>HUNGER                           | <b>2.4</b> By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.   | х                          |   |                                      | х                                    |
|  | <b>2.5</b> By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed. |                            | x   |                                      |                                      |
| 3 GOOD HEALTH<br>AND WELL-BEING<br>        | <b>3.9</b> By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.   | х                          |   |                                      |                                      |

| SDG<br>Goal                          | Target   | Aid to<br>Environ-<br>ment | Biodiver-<br>sity and<br>Deserti-<br>fication | Climate<br>Change<br>Mitiga-<br>tion | Climate<br>Change<br>Adapta-<br>tion |
|--------------------------------------|--|----------------------------|---|--------------------------------------|--------------------------------------|
| 6 CLEAN WAIFER<br>AND SANITATION     | <b>6.2</b> By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.  | x                          |   |                                      |                                      |
|                                      | <b>6.3</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.   | Х                          |   |                                      |                                      |
|                                      | <b>6.4</b> By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.  | x                          |   |                                      | х                                    |
|                                      | <b>6.5</b> By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.   | x                          | x   |                                      | х                                    |
|                                      | <b>6.6</b> By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.  |                            | х   |                                      |                                      |
|                                      | <b>6.a</b> By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies.                                     | Х                          | X   |                                      | Х                                    |
|                                      | <b>6.b</b> Support and strengthen the participation of local communities in improving water and sanita-tion management.  | x                          |   |                                      |                                      |
| 7 AFFORDABLE AND<br>CLEAN ENERGY     | <b>7.2</b> By 2030, increase substantially the share of renewable energy in the global energy mix.   |                            |   | Х                                    |                                      |
| -9                                   | <b>7.3</b> By 2030, double the global rate of improvement in energy efficiency.  |                            |   | х                                    |                                      |
| 8 DECENT WORK AND<br>ECONOMIC GROWTH | <b>8.4</b> Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead. | x                          | x   |                                      | x                                    |

| SDG<br>Goal                                 | Target  | Aid to<br>Environ-<br>ment | Biodiver-<br>sity and<br>Deserti-<br>fication | Climate<br>Change<br>Mitiga-<br>tion | Climate<br>Change<br>Adapta-<br>tion |
|---|---|----------------------------|---|--------------------------------------|--------------------------------------|
| 9 HOUSTRY, INNOVATION<br>AND INFRASTRUCTURE | <b>9.1</b> Develop quality, reliable, sustainable and resi-<br>lient infrastructure, including regional and trans-<br>border infrastructure, to support economic<br>development and human well-being, with a focus<br>on affordable and equitable access for all.   |                            |   |                                      | x                                    |
|   | <b>9.2</b> Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.   | х                          |   | х                                    |                                      |
|   | <b>9.4</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities. | x                          |   | х                                    |                                      |
|   | <b>9.a</b> Facilitate sustainable and resilient infrastruc-<br>ture development in developing countries through<br>enhanced financial, technological and technical<br>support to African countries, least developed coun-<br>tries, landlocked developing countries and small<br>island developing States.            |                            |   |                                      | X                                    |
| 11 SUSTAINABLE CITIES                       | <b>11.2</b> By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.     |                            |   | x                                    |                                      |
|   | <b>11.5</b> By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the economic losses relative to gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.   |                            |   |                                      | X                                    |
|   | <b>11.6</b> By 2030, reduce the adverse per capita<br>environmental impact of cities, including by paying<br>special attention to air quality and municipal and<br>other waste management.  | х                          |   |                                      |                                      |

| SDG<br>Goal                                     | Target  | Aid to<br>Environ-<br>ment | Biodiver-<br>sity and<br>Deserti-<br>fication | Climate<br>Change<br>Mitiga-<br>tion | Climate<br>Change<br>Adapta-<br>tion |
|---|---|----------------------------|---|--------------------------------------|--------------------------------------|
|   | <b>11.b</b> By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels. |                            |   | x                                    | х                                    |
| 12 RESPONSIBLE<br>CONSUMPTION<br>AND PRODUCTION | <b>12.1</b> Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries.   | x                          |   | x                                    |                                      |
|   | <b>12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources.   | х                          | х   | х                                    |                                      |
|   | <b>12.3</b> By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.   | х                          | x   | х                                    |                                      |
|   | <b>12.4</b> By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.  | x                          | x   |                                      |                                      |
|   | <b>12.5</b> By 2030, substantially reduce waste genera-<br>tion through prevention, reduction, recycling and reuse.   | х                          |   | х                                    |                                      |
| 13 CLIMATE                                      | <b>13.1</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries   |                            |   |                                      | х                                    |

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| SDG<br>Goal     | Target  | Aid to<br>Environ-<br>ment | Biodiver-<br>sity and<br>Deserti-<br>fication | Climate<br>Change<br>Mitiga-<br>tion | Climate<br>Change<br>Adapta-<br>tion |
|-----------------|---|----------------------------|---|--------------------------------------|--------------------------------------|
| 14 BELOW WATER  | <b>14.1</b> By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.  | х                          | x   |                                      |                                      |
|                 | <b>14.2</b> By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.   | х                          | х   |                                      | x                                    |
|                 | <b>14.3</b> Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels.   | ×                          | x   |                                      |                                      |
|                 | <b>14.4</b> By 2020, effectively regulate harvesting and<br>end overfishing, illegal, unreported and unregu-<br>lated fishing and destructive fishing practices and<br>implement science- based management plans, in<br>order to restore fish stocks in the shortest time<br>feasible, at least to levels that can produce<br>maximum sustainable yield as determined by their<br>biological characteristics. |                            | x   |                                      |                                      |
| 15 DIFE DI LAND | <b>15.1</b> By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.   |                            | х   |                                      |                                      |
|                 | <b>15.2</b> By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation does the stantially.   |                            | x   | х                                    | х                                    |
|                 | <b>15.3</b> By 2020, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land- degradation-neutral world.   |                            | х   |                                      |                                      |
|                 | <b>15.4</b> By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.   |                            | x   |                                      |                                      |

| SDG<br>Goal       | Target  | Aid to<br>Environ-<br>ment | Biodiver-<br>sity and<br>Deserti-<br>fication | Climate<br>Change<br>Mitiga-<br>tion | Climate<br>Change<br>Adapta-<br>tion |
|-------------------|---|----------------------------|---|--------------------------------------|--------------------------------------|
| 15 URE<br>DI LAND | <b>15.5</b> Take urgent and significant action to reduce<br>the degradation of natural habitats, halt the loss of<br>biodiversity, and, by 2020, protect and prevent the<br>extinction of threatened species. |                            | х   |                                      |                                      |
|                   | <b>15.6</b> Promote fair and equitable sharing of the benefits arising from the utilization of genetic resources and promote appropriate access to such resources, as internationally agreed.                 |                            | х   |                                      |                                      |
|                   | <b>15.7</b> Take urgent action to end poaching and traf-<br>ficking of protected species of flora and fauna and<br>address both demand and supply of illegal wildlife<br>products.                            |                            | х   |                                      |                                      |
|                   | <b>15.8</b> By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species. |                            | х   |                                      |                                      |
|                   | <b>15.9</b> By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.  |                            | х   |                                      |                                      |

DMDP project: Aquaculture development, Nigeria

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Responsibility for content and presentations of findings and recommendations rests with the authors.

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