

DGBP Theory of Change, Results Framework and Indicators

Guidance for approved DGBP projects

DGBP Objective and Outcomes

Each partnership project is anchored in a business case and will develop its own Results Framework. It will contribute to the overall objectives of the programme by linking to specific indicators of the overall programme level Results Framework. All DGBP projects should contribute to the longer-term objective of the programme as stated in the DGBP Programme Document, which is:

Enhanced global green transition and private-led inclusive economic growth through innovative partnerships.

The longer-term impact on climate, the environment and inclusive growth envisaged for the programme should be created by the businesses continuing to operate beyond the lifetime of the project and by wider market effects created by the partnership project that has demonstrated innovative business solutions.

The programme aims at contributing to two outcomes through the viable business solutions established:

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

All projects are expected to aim for a positive impact both in terms of climate/environment and in terms of social objectives and livelihoods improvements. Through sustainable market-based solutions, the partnership projects will combine contributions to climate/environmental objectives with inclusive economic growth and promote partnerships and interventions with a broad SDG approach, often targeting several SDGs. Inclusive growth is achieved when private businesses grow while providing employment and direct or indirect income opportunities for the poor or when businesses target under-served communities or customers with solutions that potentially can enhance the livelihoods of women and men.

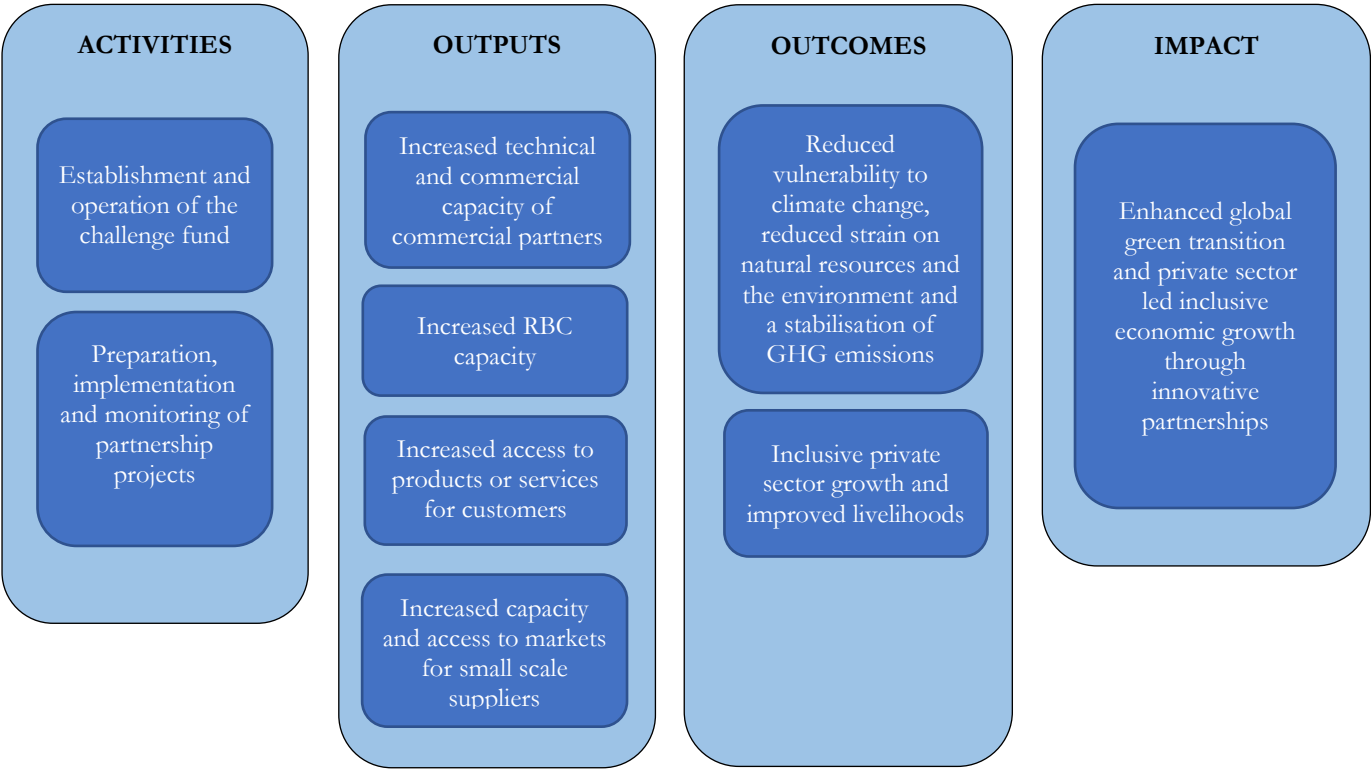
DGBP being an environmental and climate programme, all selected projects may not have a direct effect on poverty alleviation. However, projects may be selected for funding based on their strategy for targeting groups that are among the poorer or vulnerable segments of society and including these in the markets/value chains.

DGBP Theory of Change

The overall theory of change of the programme is that **if** Danida provides funding and advice for partnerships between commercial and non-commercial partners **then** this will lead to a number of partnership projects being implemented. The outputs of the partnership projects are related to the increased capacity and production of goods or services of the commercial partners and to benefits for the population, **which** will give environmental-climate benefits as well as economic and livelihood benefits, **which subsequently** will be sustained by the commercial partner and replicated by others.

The theory of change at programme level is illustrated in figure 1 below. This figure may also provide inspiration and guidance for individual DGBP projects in terms of sharpening outcomes and outputs at the right levels.

Figure 1: Programme level theory of change diagram



DGBP Results Framework

There are two levels of Results Framework in the DGBP programme: At the programme level and at the level of the individual partnership projects. Each partnership project should develop a Results Framework, which is sufficiently solid to track and document the implementation progress and the development effects of the individual partnership project. In order to enable an aggregation of results across projects and at programme level, the partnership projects are also required to include DGBP programme level indicators and set targets for these. Data collection and monitoring is the responsibility of the partners in the individual partnership, and typically the administrative partner.

The overall programme level Results Framework includes ten indicators of which five relate directly to outcome 1 on climate change and environment and five indicators relate to outcome 2 economic growth and livelihoods. **The DGBP partnership projects are requested to include the relevant indicators under outcome 1 (at least one) and all five indicators under outcome 2.** The indicators are further defined in the table below.

Table 1: DGBP Programme level indicators

Outcome 1	<i>Reduced vulnerability to climate change, reduced strain on natural resources and the environment and a stabilisation of GHG emissions</i>
Outcome 1 indicators	1.1 Number of vulnerable persons who have increased their resilience to climate change as an effect of the partnership projects 1.2 Avoided GHG emissions (estimated tCO ₂ -equivalents) 1.3 Efficiency of the use of water, energy, materials and/or other natural resources 1.4 Area under sustainable land management 1.5 Reductions in the amounts of polluting substances released to soil, water bodies and/or air
Indicator 1.1: Number of vulnerable persons who have increased their resilience to climate change as an effect of the partnership projects Number of persons adopting new climate smart agriculture practices as a result of the project and/or are using products or services which increase their climate change resilience. The number of people who benefit from increased resilience should include dependents in the household based on assumptions of the number of members in the household. This indicator is a measure of DGBP contribution to SDG 13 and could also contribute to SDG 2 and SDG 6.	
Indicator 1.2: Avoided GHG emissions (estimated tCO₂-equivalents) Tonnes CO ₂ -equivalents avoided emissions should be estimated based on a calculation of the expected project scenario at the end of the project compared to a baseline scenario using the same geographical assessment boundary. Only scope 1 emissions (direct emissions from the project) are reported on. Partnership projects are requested to use the GHG Protocol, the Clean Development Mechanism methodologies, Verra (Verified Carbon Standard), Gold Standard, the EU Emissions Trading Scheme, ISO 14064, or other recognised standards. Projects must include a brief description of the assessment boundary and information about methodological choices and assumptions. This indicator is a measure of DGBP contribution to SDG 13.	
Indicator 1.3: Efficiency of the use of water, energy, materials and/or other natural resources Percentage efficiency gains from new technologies or practices introduced as part of the project (e.g water consumption per hectare reduced by X% or electricity consumption per tonne of production reduced by Y%). This indicator is a measure of DGBP contribution to SDG 9, Sustainable industrialisation and increased resource-use efficiency (SDG 9.4)	
Indicator 1.4: Area under sustainable land management Hectares forest, crop land, pastures or other land under more sustainable land management as result of the project by the end of the project period. Partnership projects are requested to clearly indicate the nature of the increased sustainability and the assessment methodology. This indicator is a measure of DGBP contribution to SDG 15, Sustainable use of terrestrial ecosystems but could also contribute to SDG 2, Sustainable agriculture.	
Indicator 1.5: Reductions in the amounts of polluting substances released to soil, water bodies and/or air Percentage reductions as a result of new technologies or practices introduced by the project by the end of the project period. This indicator is a measure of DGBP contribution to SDG 12, sustainable production and consumption but could also be a contribution to SDG 6, sustainable management of water and sanitation.	
Outcome 2	<i>Inclusive private sector growth and improved livelihood</i>
Outcome 2 indicators	2.1 Employment (decent jobs) for women, men and youth

	<p>2.2 No. of beneficiaries with increased income opportunities from improved market linkages</p> <p>2.3 Viability of the project's business case (long-term sustainability)</p> <p>2.4 Awareness of responsible business conduct and capacity to work with RBC in the partnership</p> <p>2.5 Investment leverage (additional capital raised)</p>
<p>Indicator 2.1: Employment (decent jobs) for women, men and youth</p> <p>Number of full-time equivalent employees as per local definition working under the framework of the project. This includes directly hired individuals and individuals hired through third party agencies as long as those individuals provide on-site services related to the activities of the project. Also, this includes full-time equivalent worked by seasonal, contractual and part-time employees. Part-time jobs are converted to full-time equivalent jobs on a pro rata basis, based on local definition (e.g., if working week equals 40 hours, a 24 hr/week job would be equal to 0.6 FTE job). Seasonal or short-term jobs are prorated on the basis of the portion of the reporting period that was worked (e.g., a full-time position for three months would be equal to a 0.25 FTE job if the reporting period is one year). If the information is not available, the rule-of-thumb is two part-time jobs equal a full-time job. Needs to be defined and agreed with each individual partnership. Employment effect will be calculated based on three elements:</p> <ol style="list-style-type: none"> 1) Existing jobs maintained will be included. If a business has 10 employees when the project starts and 15 when the project ends, the 10 jobs will be counted as jobs maintained. Focus here will be on the degree to which the existing jobs have improved in quality. 2) New jobs will be included. If a business has 10 employees when the project starts and 15 jobs when the project ends, five jobs will be counted. This includes full time as well as the full time equivalent of part-time jobs (see above). 3) Temporary/seasonal jobs are to be counted. If 4 workers work three months each in a year, it will be counted as one full time position. The Results Framework will measure increase in use of temporary/seasonal jobs from year one to the year of the closure of the project. <p>Direct employment is a measure of DGBP contribution to SDG 1: No Poverty and SDG 8: Decent Work and Economic Growth.</p> <p>Data must be dis-aggregated by gender and age (youth is defined as people below 25 years).</p> <p>Decent jobs are defined as per ILO guidelines and SDG 8 definition.</p>	
<p>Indicator 2.2: No. of beneficiaries with increased income opportunities from improved market linkages</p> <p>The aim of this indicator is to capture the direct and indirect benefits to a larger number of household enterprises/farmers. These benefits cannot be counted as formal jobs (indicator 1) but are none the less important.</p> <p>It may not always be realistic or feasible to capture in detail the direct and/or indirect benefits (e.g. increase in income). The beneficiaries should have benefitted from improved income opportunities.</p> <p>Beneficiaries reached is a measure of DGBP contribution to SDG 1: No Poverty and SDG 8: Decent Work and Economic Growth.</p> <p>Data must be dis-aggregated by gender and age (youth is defined as people below 25 years).</p>	
<p>Indicator 2.3: Viability of the project's business case (long-term sustainability)</p> <p>Commercial viability measures whether the DGBP projects have led to sustainable commercial activities in developing countries (not necessarily in the form originally envisaged, could be in another target area/country, with other partners etc but attribution to the support from DGBP should be clear).</p> <p>Each partnership project will formulate its own target for viability, which can be expressed in quantitative and/or qualitative measures. At the end of the project period, the project will qualify whether this target has been met and the indicator will be reported upon as 'below', 'meets' or 'exceeds' target.</p> <p>Viability is linked to several of the SDGs depending on the nature of the project, but will always be linked to SDG 1: No Poverty, SDG8: Decent Work and Economic Growth and SDG12: Responsible Consumption and Production.</p>	

Indicator 2.4: Awareness of responsible business conduct and capacity to work with RBC in the partnership

RBC should be reported at an annual basis. Self-assessment on the fulfilment of the five steps is to be provided in annual reports and project completion reports. RBC takes point of departure in the activities of the partnership project - in practice it will depend on the nature of the activities which partner is leading the activities.

The DGBP partnerships are expected to work with Responsible Business Conduct (RBC) as a minimum as defined in the below five steps, while extending RBC awareness to local partners:

Step I: An initial screening must be carried out using e.g. the DGBP/DMDP Risk Screening Tool or similar.

(Max 2 points)

No initial screening – 0 points

Initial screening - 2 points

Step II: In case significant issues are identified, further and more detailed assessments must be carried out using tools which are benchmarking against international standards and that are internationally acknowledged

(Max 2 points)

No detailed assessment – 0 points

Detailed assessment – 2 points

Step III: Formulate a brief Responsible Business Conduct Action Plan to account for how negative impacts will be addressed and monitored.

(Max 2 points)

No RBC action plan – 0 points

RBC Action Plan formulated – 2 points

Step IV: Establish a system to ensure follow up and continuous improvement, including appointing a person from the key business partner with overall responsibility

(Max 4 points)

No management system – 0 points

RBC responsible appointed – 2 points

And management system in place – 4 points

Step V: Follow-up of the RBC Action Plan, monitor and report in DGBP reporting

(Max 4 points)

Not included in reporting – 0 points

Included in reporting – 2 points

Yearly sustainability report published – 4 points

0-9 points Below

10 points Meet (2 points in each category required)

11-16 points Exceeds

Awareness of and capacity to work with RBC is a measure of DGBP contribution to SDG8: Decent Work and Economic Growth and SDG12: Responsible Consumption and Production.

More information can be found in the RBC Guidance Note.

Indicator 2.5: Investment leverage (additional capital raised)

Investment leverage is tracked to confirm the expected catalytic role after investment is realised.

The investment leverage is calculated as follows: (Total Budget - Danida contribution)/Danida contribution.

The leverage ratio gives an indication on the amount of funds raised per DKK of Danida contribution. In the budget, the minimum requirement is that the commercial partners contribute at least 25% of total costs.

Leverage is a measure of DGBP contribution to SDG17 Partnerships for the goals.