

Results-Based Bilateral Development Cooperation: The triad of country strategy - (development cooperation) programme - module

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RESULTS-BASED BILATERAL DEVELOPMENT COOPERATION

The triad of country strategy – (development cooperation) programme – module

Executive summary

In recent years, Germany's Federal Ministry for Economic Cooperation and Development (BMZ) has launched fundamental reforms. These are designed to enable bilateral official development cooperation to make a more targeted and effective contribution towards implementing the 2030 Agenda and the Paris Agreement. Reform processes such as 'BMZ 2030' and the joint procedural reform are important steps in this regard.

Furthermore, the BMZ has introduced a new management model for bilateral official development cooperation. This so-called 'triad' management model involves a systematic approach to achieving objectives on three levels: country strategies, development cooperation programmes and modules. A special role is played by the development cooperation programmes. These act as an interface between the strategic development-policy goals of the BMZ, and the concrete interventions of the governmental implementing organisations.

In its report on the results orientation and evaluability of development cooperation programmes, D'Eval delivers initial findings on the application of the new procedures and requirements under the joint procedural reform, and their effects. It also analyses their results orientation. The evaluation concludes that the triad is in principle a suitable instrument for the results-based planning and monitoring of bilateral cooperation. In practice, however, action is required that goes beyond the programme level and effects the management model as a whole. The greatest challenges identified by the evaluation were:

- i. insufficiently specified objectives systems across the three levels
- ii. incomplete and in some cases missing causal assumptions
- iii. inadequate or non-existent monitoring systems.

These deficits are due inter alia to (i) a lack of technical and methodological knowledge on the part of those responsible, (ii) unclear responsibilities in the quality assurance of objectives and indicators, and (iii) insufficient data availability and resources.

1. Comprehensive reforms in German development cooperation

German development policy is guided by the United Nations 2030 Agenda, the Paris Agreement on Climate Change (2015) and the Busan Partnership on Effective Development Co-operation (2011). Regarding a concrete contribution to the 2030 Agenda, during the last legislative period the BMZ sought to clearly focus German development cooperation¹ and to reform existing procedures for planning and implementing bilateral development cooperation (BMZ, 2020).²

With its 'BMZ 2030' reform strategy, the Ministry once again made an attempt to replace the much-criticised practice of distributing resources thinly among a wide range of sectors and countries by creating a clearer focus and profile. Alongside targeted dialogue with partner countries and organisations, the BMZ's capacity to act and exert control, as well as overall effectiveness, are to be increased. The reforms are designed to support the more targeted planning and management of interventions. A further aim is to reduce the coordination work and the transaction costs for the BMZ and its partners.

Consequently, overarching planning procedures were introduced along with new core areas for support and partnership categories. The BMZ explicitly states that improving the results orientation and evidence of development cooperation interventions is an

¹ A detailed analysis of the allocation of German bilateral ODA is provided in: Wencker, T. (2022), *Die Verteilung von Mitteln für die deutsche öffentliche Entwicklungszusammenarbeit. Allokationsstudie zur bilateralen staatlichen Entwicklungszusammenarbeit aus Haushaltsmitteln [German only]*, Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit (D'Eval), Bonn.

² The 'BMZ 2030' reform strategy and the joint procedural reform are particularly important in this connection.

important goal. The current German Government also attaches major importance to evaluation and results measurement in the coalition agreement of 2021. So far, however, there has been very little discussion for instance of how the results are to be analysed, or by whom.

To achieve a stronger regional focus, the BMZ first of all reduced the number of its partner countries. The nature and scope of cooperation with these 60 countries are specified via three partnership categories. These involve i) bilateral partners, ii) global partners and iii) nexus and peace partners respectively. The basic idea here is not to do everything everywhere, but to draw systematic distinctions according to objectives, framework conditions and cooperation interests, and align the portfolio accordingly. In accordance with this principle, the full range of bilateral development cooperation instruments will continue to be used only in the bilateral partner countries³. To make the processes more efficient and results oriented, the procedures were reviewed and adapted through the joint procedural reform.

All other partner countries (as well as developing countries as per the OECD-DAC country list) are supported exclusively through non-bilateral instruments, such as European and multi-lateral cooperation, civil society, cooperation with the private sector and, where appropriate, promotional loans.⁴

In terms of content, the focus is on a new thematic model that defines core areas, initiative areas and quality criteria. The core areas represent the main long-term priorities – also referred to as the DNA – of bilateral official development cooperation. The initiative areas are used to define short- to medium-term objectives, and the quality criteria are used to define cross-cutting issues for a value-oriented and sustainable development policy (BMZ, 2020). The implementing organisations are responsible for implementing theme-specific projects, and thus enabling the goals to be achieved.

2. The joint procedural reform – a precondition for results orientation

Through the joint procedural reform, key procedures and processes for planning and implementing interventions of bilateral official development cooperation were reorganised in order to make them more effective and results oriented. The joint procedural reform thus creates the administrative preconditions for

implementing the reform goals, and institutionalises the stronger focus and results orientation in the procedures for cooperation with the implementing organisations (BMZ, 2020).

To ensure the better focus on content and results, the joint procedural reform introduced further changes, including the introduction of the triad comprising country strategies, development cooperation programmes and modules as a management system (OECD-DAC, 2021). These three levels are used to define priorities and goals for cooperation with a partner country in line with the core area model. They form the strategic framework and define the key requirements for the design and implementation of specific interventions. The triad is designed to create an interlocking system of objectives from the output to the impact level.

The causal assumption underlying the triad is that the combination of modules (output to outcome) will lead to joint medium- and long-term results at the level of programmes (outcome to impact). At first, the country strategies define overarching strategic goals and priorities (core areas) of bilateral official development cooperation in a partner country, where contributions to long-term development changes (impacts) are to be made. The development cooperation programmes concretise the support within a core area by limiting themselves as far as possible to a specific field of action and setting medium-term programme goals per field of action (impact or outcome level). They thus provide the framework for the conceptual design of the individual projects and measures (modules) by the implementing organisation.

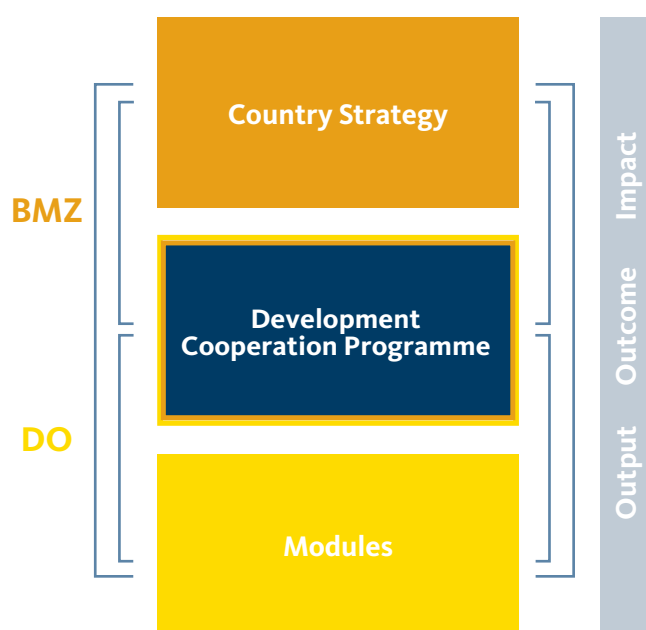
The individual projects are implemented at the module level by Financial and/or Technical Cooperation. This is where inputs are provided and initial results (outputs and outcomes) are achieved. Combining several modules implemented by different implementing organisations in one development cooperation programme enables the joint achievement of overarching objectives (outcomes and impacts).

The joint procedural reform has given the development cooperation programmes a special (and greater) importance. Within a given core area, they serve as an interface between the overarching requirements of the country strategy, and the modules of the implementing organisations. They are thus essential for the BMZ's focus on results.

³ With some bilateral partners, reform or transformation partnerships have also been concluded that are accompanied by additional bilateral support.

⁴ Global partners do not receive bilateral support. They are partners in cooperation to help solve global challenges for the future – such as climate action – which represent a common interest for both sides.

Figure 1
System of objectives and levels of results in bilateral official development cooperation



Source: DEval, authors' own graphic

3. To what extent is the triad results oriented?

The DEval evaluation on the results orientation and evaluability of development cooperation programmes examined the procedures for planning and reporting at programme level, and their application, based on three programme case studies in the field of 'sustainable economic development' (Amine et al., 2022). It also analysed how appropriately and logically the objectives interlock across the three levels, and combine to trigger joint overall medium- and long-term changes in partner countries. The evaluation concluded: Although the intended function of the triad is logical, its practical implementation shows fundamental weaknesses. Concerning the results orientation of development cooperation programmes, the following deficits merit particular emphasis:

The objectives formulated at each level of the triad do not always form a logical sequence. It is not always clear from the programme documents analysed how one objective is supposed to lead to achievement of the objective on the next upper level. Often, for

instance, there is no explanation of how the achievement of objectives at the module level is supposed to contribute to the expected changes at the programme level, and how these are in turn supposed to contribute to the expected results at country level. The objectives and interventions of the modules usually make sense in terms relevance for a certain programme, so that a positive contribution seems plausible. However, the specific contribution they are supposed to make towards achieving the programme objectives usually remains unclear.

In some cases, the requirements defined by BMZ are too vague. This leads to uncertainty and discrepancies in implementation. For example when looking at the formulation of objectives: Either the development cooperation programme objectives are already defined in the country strategy and then simply taken on for the respective programme, or the requirements from the country strategies are further concretised in the programme design. The approach taken is often solely determined by the respective programme managers. Clear guidelines would therefore be a key prerequisite to ensuring a more uniform approach for all bilateral development cooperation.

For results orientation, appropriate and early consideration of the question of how certain results are to occur is crucial. In programme planning, however, the underlying causal assumptions are insufficiently addressed. It is then often unclear how joint results are to be generated by combining modules. There is a lack of logical results hypotheses formulated in advance, and of a discussion of (internal) risks. Consequently, there is no systematic reference to underlying causal assumptions in the subsequent reports. Overall, there is no sufficient review of the appropriateness of planning and the progress achieved.

Furthermore, the database for reviewing progress, for reviewing the achievement of objectives and ultimately for measuring results is inadequate. On the one hand, this is due to the fact that the objectives are often not formulated in a measurable way, especially from the programme level onwards. Furthermore, the indicators often operationalise these objectives inadequately and only partially meet the prescribed SMART quality criteria⁵. Currently, there is no de facto monitoring system at programme level. Partner and secondary data are used – if available. However, these are not sufficient to adequately verify the indicators. Supplementary collection of data to monitor the programme objective indicators usually does not take place.

⁵ SMART stands for specific, measurable, achievable, realistic and time-bound.

In summary, there is a substantial need for improvement regarding the results orientation of development cooperation programmes, and the triad as a whole. DEval therefore makes the following recommendations:

- Define a clear and coherent system of objectives across all levels of results of the triad, and provide guidelines on how to do so.
- Formulate appropriate and logical causal assumptions and risks in the design phase of development cooperation programmes; these need to be reviewed during implementation based on reporting.
- Define sufficiently quality-assured indicators for the achievement of objectives and set up a conceptually planned and sufficiently resourced monitoring system to measure these indicators.

Steps already taken

The findings of the evaluation corroborate and complement those of both the OECD-DAC Peer Review for Germany 2021, and the final communication of the Federal Court of Audit on the audit of the evaluation of development cooperation interventions. They thus point to a clear need for action. The BMZ has already taken or decided on the following steps:

- Update the joint procedural reform.
- Establish various BMZ working groups involving the implementing organisations, DEval and the German Development Institute, in order to address specific issues, including the understanding of evidence and standard indicators.
- The implementing organisations will pilot a programme-level evaluation format from 2022 onwards.

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The German Institute for Development Evaluation (DEval) is mandated by the German Federal Ministry for Economic Cooperation and Development (BMZ) to independently analyse and assess German development interventions. Evaluation reports contribute to the transparency of development results and provide policy-makers with evidence and lessons learned, based on which they can shape and improve their development policies.