

### Human Rights in German Development Policy. Part 2: Implementation and Effectiveness of the Human Rights-Based Approach in the Area of Action "Private Sector and Financial System Development"

Polak, Jan Tobias; Heucher, Angela; Smidt, Lea; Taube, Lena

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# HUMAN RIGHTS IN GERMAN DEVELOPMENT POLICY

*Part 2: Implementation and effectiveness of the  
human rights-based approach in the area of intervention  
'Private sector and financial system development'*

2022

Human rights are a 'guiding principle' and a 'quality criterion' of the work of the Federal Ministry for Economic Cooperation and Development (BMZ). As a basis for implementing this principle, it pursues a human rights-based approach (HRBA), which is comprehensively examined for the first time in this evaluation. The present report on Part 2 of the evaluation analyses the mainstreaming of human rights standards and principles in bilateral development cooperation projects and the effectiveness of these projects on human rights in partner countries. The findings of this part of the evaluation show that only certain human rights principles are well integrated into the projects. They also show that projects only partially achieve the BMZ's strategic requirements for human rights-related outcomes. To achieve better mainstreaming of human rights standards and principles throughout the project cycle, the evaluation recommends inter alia improving and extending the implementing organisations' quality assurance, and formulating clear directives for sector-specific implementation of the HRBA. This should also strengthen positive effects on human rights.

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*Part 2: Implementation and effectiveness of the  
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# IMPRINT

## Authors

Dr Jan Tobias Polak  
Dr Angela Heucher  
Lea Smidt  
Lena Taube

## Responsible

Dr Martin Bruder

## Design

Katharina Mayer, DEval

## Editing

Dr Susanne Reiff, to the point communication,  
Königswinter, [www.tothepoint.de](http://www.tothepoint.de)

## Translation

Deborah Shannon, Berlin

## Photo credits

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Fritz-Schäffer-Straße 26  
53113 Bonn, Germany

Phone: +49 (0)228 33 69 07-0

E-mail: [info@DEval.org](mailto:info@DEval.org)

[www.DEval.org](http://www.DEval.org)

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# EXECUTIVE SUMMARY

## Rationale, evaluation object and evaluation questions

The Federal Ministry for Economic Cooperation and Development (BMZ) affirms human rights as a ‘guiding principle’ and a ‘quality criterion’<sup>1</sup> (BMZ, 2011, 2020a), and pursues a comprehensive human rights-based approach (HRBA) as a basis for mainstreaming human rights in German development policy and development cooperation (BMZ, 2011, 2013a). The BMZ’s overall objective in adopting this approach is to contribute to strengthening human rights in its partner countries.

The HRBA is put into practice against the backdrop of changing contextual conditions in Germany’s partner countries. The human rights situation has been improving worldwide since the 1970s, but counter to this long-term trend, recent years have seen growing pressure on human rights in many parts of the world – in the form of restrictions on civil society spaces, for instance (Clark and Sikkink, 2013; Fariss, 2014; Aghekyan et al., 2018; Amnesty International, 2018; Auswärtiges Amt, 2016a; Donner, 2020; Würth, 2017). In addition, the Covid-19 pandemic has exacerbated pressure on civil and political rights and on economic, social and cultural rights in many places (Amnesty International, 2020; Maerz et al., 2020; World Bank Group, 2020; UNICEF, 2020).

This is the backdrop to the present, second part of the evaluation ‘Human Rights in German Development Policy’, in which the German Institute for Development Evaluation (DEval) examines the implementation of the HRBA and its effectiveness in the partner countries of German development cooperation as well as the coherence of BMZ-financed or co-financed projects in relation to human rights. The evaluation presents empirical findings to support improvement of the implementation of the HRBA, and contributes to accountability regarding the implementation and effectiveness of the approach.

The second part of the evaluation focuses on BMZ-financed projects from the intervention area ‘Private sector and financial system development’ as its object of evaluation.<sup>2</sup> The analysis therefore takes in aspects of the thematic area of ‘Business and human rights’, which has been one of the most important work remits of German development policy in recent years, both practically and strategically.<sup>3</sup> At the same time, it is a field that offers particular learning potential in relation to human rights work: The first part of the evaluation came to the conclusion that the mainstreaming of human rights principles was weaker in the priority area of sustainable economic development, in which projects from the intervention area ‘Private sector and financial system development’ belonged, than in other priority areas of German development policy (Polak et al., 2021).

These five questions guide the second part of the evaluation:

1. To what extent do German bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ implement the requirements of the HRBA throughout the entire project cycle?
2. To what extent do German bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ contribute to the realisation of human rights in the partner countries?
3. What factors influence whether German development cooperation achieves its human rights-related objectives?

<sup>1</sup> In the course of the ‘BMZ 2030’ reform process, the thematic complex of human rights was assigned to the quality criterion ‘Human rights, gender equality and disability inclusion’ (BMZ, 2020b).

<sup>2</sup> As systematic mapping of ongoing projects and programmes to ‘BMZ 2030’ intervention areas was not yet in place at the time of the evaluation, information from the Creditor Reporting System (CRS) along with information supplied by the implementing organisations about relevant projects was used to narrow down the subject matter. Further information on the definition of the object of evaluation can be found in Chapter 2.

<sup>3</sup> The importance of this thematic area is also reflected in the present Federal Government’s coalition agreement, which emphasises advocacy for ‘fair and formal working conditions and living wages worldwide’ (SPD, Bündnis 90/Die Grünen, FDP, 2021, p. 120).

4. To what extent are rights-holders, particularly structurally marginalised groups, affected (socially, economically, environmentally, politically) by unintended positive or negative direct effects?
5. To what extent do BMZ-financed or co-financed projects delivered by state implementing organisations and by private sector and civil society actors in the intervention area 'Private sector and financial system development' constructively interact with each other in relation to human rights in the partner countries?

This part thus examines the evaluation criteria of relevance, effectiveness and coherence as well as aspects of the criteria of overarching development impact and sustainability.

### Methodological approach

The methodology of the present part of the evaluation is based on two principles: First, like Part 1 of the evaluation, it follows a human rights-based evaluation (HRBE) approach, which ensures the integration of human rights standards and principles with regard to the object of the evaluation, the evaluation process and the methodology. Secondly, this part of the evaluation pursues a theory-based approach whereby assumptions formulated in a programme theory are empirically examined.

Methodologically, this part of the evaluation builds on two pillars: The first pillar is a comparative case study design that comprises in-depth case studies (in India and Nigeria) and desk-based case studies (in Egypt, Ghana and Uzbekistan). In the case studies, interviews and focus group discussions were conducted with rights-holders addressed by projects, with partners, and with project staff and project managers from implementing organisations. Data was also obtained by carrying out document analysis. The desk-based case studies are based on document analyses and interviews with project managers from implementing organisations. The second pillar of the methodology is a synthesis of findings from project evaluation reports. It is based on content analysis of a sample consisting of 44 randomly selected project evaluations carried out by implementing organisations.

### Findings and conclusions

#### *Implementation of the human rights-based approach*

To address evaluation question 1, the evaluation examined the implementation of human rights directives set out in the HRBA. The corresponding findings thus relate to the evaluation criterion of relevance, in terms of the appropriate conception of bilateral projects. In projects in the intervention area 'Private sector and financial system development', the mainstreaming of the HRBA is **partially fulfilled**.<sup>4</sup> As Table 1 shows, however, the degree to which individual human rights standards and principles are mainstreamed varies greatly.

**Table 1 Assessments and findings: Implementation of the HRBA**

| Assessment criterion  | Empirical findings   |
|---|--|
| Non-discrimination of marginalised groups (Chapter 4.1):<br>Partially fulfilled | <ul style="list-style-type: none"> <li>• Many of the projects examined facilitate equal access to their activities and outputs for marginalised groups.</li> <li>• In about half of the projects, disaggregated information on marginalised groups is used and no indirect discrimination caused by barriers to access is found.</li> <li>• Projects rarely implement measures geared towards the targeted and active promotion of marginalised groups.</li> </ul> |

<sup>4</sup> The criteria for assessing the implementation of the HRBA are derived from the BMZ human rights strategy paper and the corresponding human rights guidelines (BMZ, 2011; 2013a). These state that the HRBA is to be implemented by ensuring, among other things, that projects 'systematically refer to' the human rights principles of non-discrimination and equal opportunities, participation and empowerment, and transparency and accountability (BMZ 2013a, p. 2).



|  |   |
|--|---|
| Participation and empowerment (Chapter 4.2):<br>Barely fulfilled         | <ul style="list-style-type: none"> <li>• Only in isolated cases do rights-holders addressed by projects receive information about how they can participate in the elaboration of projects (information).</li> <li>• In roughly half of the projects examined, the addressed rights-holders are occasionally consulted about their interests (consultation).</li> <li>• Addressed rights-holders can rarely feed their interests and views into the decision-making processes of projects (co-determination).</li> <li>• Projects barely promote the participation of structurally marginalised groups.</li> </ul> |
| Transparency: Information (Chapter 4.3):<br>Fulfilled                    | <ul style="list-style-type: none"> <li>• Almost all of the projects examined make information about their activities and objectives available throughout the entire project cycle.</li> <li>• In many projects, the groups directly addressed are aware of this information and able to use it.</li> </ul>  |
| Accountability: Grievance mechanisms (Chapter 4.3):<br>Barely fulfilled  | <ul style="list-style-type: none"> <li>• Many of the projects examined have formal and/or informal channels that enable rights-holders to communicate complaints.</li> <li>• In a few projects, grievance mechanisms are known and accessible to the addressed rights-holders and predictable and safe for them to use.</li> <li>• In none of the projects is information available on how the grievance mechanisms fulfil the requirement for independence and objectivity.</li> </ul>   |
| Human rights risks: Planning (Chapter 4.4): Fulfilled                    | <ul style="list-style-type: none"> <li>• Almost all of the projects examined assess human rights risks at the beginning of their planning phase.</li> <li>• Many projects develop risk-mitigating measures for any risks that are identified.</li> </ul>  |
| Human rights risks: Implementation (Chapter 4.4):<br>Partially fulfilled | <ul style="list-style-type: none"> <li>• Few of the projects examined systematically assess new human rights risks during the implementation phase and identify corresponding risk-mitigating measures.</li> </ul>  |

These findings give rise to the following conclusions regarding the implementation of the HRBA in bilateral development projects (see Chapter 7):

- **Conclusion 1:** The principle of non-discrimination and the management of human rights risks are implemented well during the planning of projects. Challenges exist, however, when it comes to putting measures in place to fulfil these principles during the implementation phase. One of the reasons for this is that information from preparatory appraisals is not systematically taken into account when elaborating the content and implementation of projects. In two thirds of the examined projects that carried out in-depth assessments, the assessment results are not reflected in the elaboration of project content or in project reporting. Beyond this, the implementation of the HRBA is hampered by factors at the level of staff and project managers, such as limited knowledge about the HRBA and a perception that the HRBA is at odds with the project's other objectives and therefore not relevant to the project context. Against this backdrop, conceptual uncertainties in the HRBA hinder project managers and staff from mainstreaming the approach.
- **Conclusion 2:** Systematic mainstreaming of participation is barely found in projects in the intervention area 'Private sector and financial system development'. Only in rare cases are the views of the addressed rights-holders or their representation structures actively sought – and if so, then usually by means of dialogue forums or feedback on specific measures. Rights-holder participation in the monitoring of projects and in decisions on the elaboration of projects, as envisaged by the HRBA, hardly ever happens.
- **Conclusion 3:** At the level of projects, informal grievance mechanisms frequently exist, and participants find them accessible and useful. Where formal grievance mechanisms exist – whether at project level or institutional level – the rights-holders addressed by the projects only know about them in a few cases. Moreover, no information is available at the project level on how the grievance mechanisms fulfil the requirements of independence and objectivity.
- **Conclusion 4:** The implementation of the HRBA reveals some comparative strengths and weaknesses of the implementing organisations. In projects commissioned by the Development Bank of the Kreditanstalt für Wiederaufbau (KfW), the implementation of grievance mechanisms is comparatively better and the

mainstreaming of human rights risk management is more comprehensive. This is partly due to the fact that it can contractually oblige its implementing partners to put such measures into practice. In projects of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the implementation of the principle of non-discrimination is better because the projects work more closely with the target groups. In contrast, KfW Development Bank projects usually involve cooperation with financial intermediaries, meaning that effects on rights-holders are often indirect. Another issue is that financial intermediaries have to meet profitability and solvency requirements, which is perceived to hamper the inclusion of marginalised groups as the principle of non-discrimination requires.

### Effectiveness on human rights

Evaluation questions 2 to 4 were addressed by examining contributions to human rights-related effects. The corresponding findings thus relate to the evaluation criteria of effectiveness, development impact and sustainability. The human rights-related effectiveness of projects in the intervention area ‘Private sector and financial system development’ is **partially fulfilled**.<sup>5</sup> Table 2 shows that the degree of effectiveness varies depending on the assessment criterion. Very often, limited effectiveness can be traced back to limitations in the projects’ potential to achieve results, which are a consequence of not having incorporated appropriate activities and outputs into projects.

**Table 2 Assessments and findings: Effectiveness of the HRBA**

| Assessment criterion   | Empirical findings   |
|--|--|
| Contributions to creating and safeguarding jobs (Chapter 5.1):<br>Fulfilled                            | <ul style="list-style-type: none"> <li>Many of the projects examined intend to contribute to the creation or safeguarding of jobs. In most cases, they do achieve these effects. On the basis of the findings, however, nothing can be said about the volume and quality of the jobs created.</li> <li>Almost all projects contribute to achieving intermediate effects that may subsequently create or safeguard jobs.</li> </ul> |
| Contributions to just and favourable working conditions (Chapter 5.1):<br>Barely fulfilled             | <ul style="list-style-type: none"> <li>Few of the projects examined specify any intended effects with regard to just and favourable working conditions.</li> <li>About half of the projects contribute to achieving intermediate effects that are intended to lead to improved working conditions.</li> </ul>  |
| Contributions to strengthening marginalised groups (Chapter 5.2):<br>Partially fulfilled               | <ul style="list-style-type: none"> <li>Approximately half of the projects intend to have effects on marginalised groups. In somewhat more than half of these projects, there is evidence of such effects.</li> <li>Projects very often focus on an individual group, women in particular. Occasionally, projects also target other groups; they rarely address groups affected by multiple discrimination.</li> </ul>              |
| Contributions to strengthening addressed rights-holders in human rights terms (Chapter 5.2):<br>Missed | <ul style="list-style-type: none"> <li>Only very few projects intend and/or achieve effects to strengthen addressed rights-holders by empowering them to know and assert their rights.</li> </ul>  |

<sup>5</sup> The analysed human-rights-related effects were derived from sector-specific BMZ guidance documents for ‘Private sector and financial system development’ and for the HRBA, and were compared with effects mentioned in project documents (BMZ, 2011; 2013a; 2013b; 2016). They form the basis for the programme theory underlying the analysis (see Chapter 4.3.). Relevant human rights-related effects include contributions to the creation of decent work (comprising both job creation and the promotion of just and favourable working conditions, including social dialogue) as well as the empowerment of rights-holders, especially structurally disadvantaged groups, and duty-bearers. Firstly, creating and/or safeguarding jobs contributes to realising the right to work, this being a definitional element and a precondition for decent work (see Chapter 2.2.1). Secondly, new or safeguarded jobs pave the way for improving working conditions, in keeping with the principle of progressive realisation.

Contributions to strengthening addressed duty-bearers in human rights terms (Chapter 5.2):  
Partially fulfilled

- Approximately half of the projects intend to strengthen duty-bearers by empowering them to meet their human rights obligations.
- The projects especially strengthen companies as secondary duty-bearers by enabling them to fulfil their human rights due diligence obligations.

These findings give rise to the following conclusions (see Chapter 7):

- **Conclusion 5:** Projects in the intervention area ‘Private sector and financial system development’ contribute – often indirectly – to creating and safeguarding jobs. However, it is not possible to assess the volume and quality of these jobs due to the unavailability of data. Effects pertaining to the improvement of working conditions or the strengthening of addressed rights-holders and duty-bearers in human rights terms are barely pursued. This does not mean that every single project should contribute to just and favourable working conditions with the same intensity. However, examples of systematic approaches to these strategic directives were barely found. No systematic mainstreaming of corresponding effects in the intervention area nor any exploration of possible thematic linkages to such effects were in evidence.<sup>6</sup>
- **Conclusion 6:** Unclear sector-specific requirements of the HRBA for projects in the intervention area ‘Private sector and financial system development’ impede the mainstreaming of human rights-related effects. Other contributing factors are the lack of knowledge among project staff and project managers about the HRBA as well as their subjective perception that the HRBA is not relevant in the context of projects in the intervention area. Often this means that opportunities to make thematic linkages between projects in the intervention area and the HRBA go unused – even though examples exist, both within and beyond German development cooperation, which demonstrate how the HRBA can be mainstreamed in similar projects.

### *Coherence of BMZ-financed or co-financed projects*

The projects examined in the case studies are delivered by state implementing organisations, civil society organisations and private sector companies and can be assigned to the field of ‘Private sector and financial system development’. In practice they pursue similar overarching objectives in the given partner country but are active in different locations and cooperate with different types of partner organisations. Usually the projects do not make reference to each other, however. As a consequence, they hardly interact with one another for the purpose of achieving their common objectives:

- **Conclusion 7:** BMZ-financed or co-financed projects delivered by state, civil society and private sector actors are complementary to each other on some factors. However, no intentional reference is made to projects delivered by actors outside their own actor group, with the result that potential synergies due to the heterogeneity of the projects cannot be exploited. Thus, with the exception of projects planned jointly under a programme, the projects of state, civil society and private sector actors characteristically operate in parallel rather than in collaboration. At the same time, the BMZ’s directives on coordination between actor groups are ambivalent, which leaves some uncertainty about the desired degree of coordination, bearing in mind the high transaction costs involved.

<sup>6</sup> A principal focus on intended human rights effects is found in projects on textile supply chains. During the period under review, however, these only account for a very small share of the portfolio analysed. Moreover, many such projects are not assigned to the ‘Private sector and financial system development’ area of intervention but to other core areas or areas of intervention.

## Recommendations

The recommendations of the second part of the evaluation relate to improving the mainstreaming of the HRBA in general (Recommendations 1 to 4) and strengthening the effects of bilateral projects on human rights (Recommendation 5). Furthermore, they address the coherence of different BMZ-financed or co-financed projects with reference to the strengthening of human rights (Recommendation 6).

### **Recommendation 1: Further develop quality assurance in relation to the mainstreaming of the HRBA**

The implementing organisations should further develop their quality assurance systems to support the mainstreaming of the HRBA across all projects. Quality assurance should ensure that appraisal findings on human rights risks and impacts are consistently and formally embedded in the conception of projects and included in their monitoring. Furthermore, quality assurance should review whether provision is made for appropriate implementation of human rights principles in projects throughout their project cycles. Quality assurance findings should be documented for each project. The aim is to ensure that human rights standards and principles are implemented in projects throughout all phases of the project cycle.

### **Recommendation 2: Strengthen incentives to implement the HRBA in projects**

The implementing organisations should develop incentive systems to encourage the managers of state-implemented projects to mainstream the HRBA in projects with due regard for the specific context. As one element of the incentive system, a public award ceremony similar to the GIZ Gender Award should be established, preferably on an inter-organisational basis, with a prize for the successful implementation of the quality criterion in projects. In addition, specific incentive systems adapted to the organisational context should be developed for project managers. The aim is to boost initiatives to bring about better implementation of the HRBA by strengthening positive incentives for the persons responsible.

### **Recommendation 3: Bring together existing grievance mechanisms in an independent, development cooperation-wide grievance redressal system.**

In order to bring together the existing grievance mechanisms of the implementing organisations in one grievance redressal system, the BMZ should develop a concept for an independent, development cooperation-wide grievance redressal system in a consultative process involving the implementing organisations and civil society. The concept should build on the review of quality recommended in the first part of the evaluation. It should conceptualise existing grievance mechanisms as part of an integrated, modular structure and define the requirements and responsibilities at the various levels (development cooperation-wide, institution-specific and project-specific).

The overarching objective of such a grievance redressal system is to prevent human rights violations and improve German development cooperation. Rights-holders and their representation structures should be able to use grievance mechanisms without fear of reprisals and obtain redress in the event of human rights violations. The BMZ and the implementing organisations should be able to fulfil their human rights due diligence obligations and obtain information relevant for strategic steering. This information should enable organisational learning, which should lead to the further development of both processes and procedures and the improvement of individual projects.

### **Recommendation 4: Systematic integration of the HRBA into strategies for core and initiative areas**

In all of its core and initiative area strategies, the BMZ should clearly articulate possible tensions between sectoral objectives and the objectives of the HRBA. Building on this, it should formulate practical approaches setting out how the HRBA is to be elaborated with due regard for specific sectors. To lay foundations for this, directives for addressing the issue of synergies and possible tensions with the quality criterion should be inserted in the supplementary guidelines for the preparation of core and initiative area strategies. Building on the said foundations and working within the framework of the existing procedural steps, the sectoral division responsible for the given core or initiative area and the Human Rights division should jointly develop practical approaches for the sector-specific elaboration of the HRBA, and document them in the respective strategy. The aim should be to formulate clear strategic directives so that possible tensions within projects are not resolved one-sidedly to the detriment of the HRBA. Both the development of core and initiative area

strategies and the elaboration of a feminist development policy provide opportunities to formulate strategic directives for a coherent, values-oriented and human rights-based development policy.

**Recommendation 5: Develop exemplar module components and exemplar accompanying measures for the HRBA**

The implementing organisations should develop exemplar human rights module components and exemplar accompanying measures geared towards the strengthening of rights-holders and duty-bearers and the empowerment of structurally marginalised groups. Over time, exemplar module components and exemplar accompanying measures should be developed for all core areas. However, building on the findings of the second part of the evaluation, they should first be developed for the intervention area 'Private sector and financial system development' as a priority. The aim is to provide practice-based templates for decision-makers that can be implemented in projects with adaptations for the concrete context.

**Recommendation 6: Strengthen coherence on human rights in partner countries**

Economic cooperation officers based in the partner countries should identify potential synergies of BMZ-financed or co-financed projects with regard to the collaborative realisation of human rights, and offer exchange formats for bilateral, civil society and private sector actors geared towards exploiting such synergies. The exchange formats should be designed to ensure that these three actor groups – bilateral, civil society and private sector actors – are represented in the meetings. These meetings should enable the actor groups involved to engage in a structured exchange of ideas on the exploitation of potential synergies and to identify and make use of opportunities for cooperation. Selected cooperations should be formally documented as part of German development cooperation's country-related strategy processes – for instance, during strategy meetings on programmes. The aim is to facilitate a more internally coherent, values-oriented and human rights-based development policy while preserving the autonomy of the actor groups involved.

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# ABBREVIATIONS AND ACRONYMS

|        |   |
|--------|---|
| AC     | Assessment criterion  |
| AO     | <i>Armutorientierung</i> (Poverty orientation)  |
| BMZ    | Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung<br>(Federal Ministry for Economic Cooperation and Development) |
| CRS    | Creditor Reporting System   |
| CSO    | Civil society organisation  |
| DAC    | Development Assistance Committee  |
| DC     | Development Cooperation   |
| DEval  | Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit<br>(German Institute for Development Evaluation)                      |
| DIMR   | Deutsches Institut für Menschenrechte (German Institute for Human Rights)   |
| FC     | Financial Cooperation   |
| GE     | Gender equality   |
| GIZ    | Deutsche Gesellschaft für Internationale Zusammenarbeit<br>(German federal enterprise for international cooperation)                |
| HRBA   | Human rights-based approach   |
| HRBE   | Human rights-based evaluation   |
| IAMN   | Independent Accountability Mechanisms Network   |
| IATI   | International Aid Transparency Initiative   |
| ICESCR | International Covenant on Economic, Social, and Cultural Rights   |
| IFC    | International Finance Corporation   |
| ILO    | International Labour Organization   |
| iPCA   | Integrated Peace and Conflict Assessment  |
| KfW    | Kreditanstalt für Wiederaufbau (German state development bank)  |
| LGBTI  | Lesbian, gay, bisexual, transgender and intersex people   |
| MDG    | Millennium Development Goal   |
| MSME   | Micro, small and medium-sized enterprises   |
| NAP    | National Action Plan on Business and Human Rights   |
| NGO    | Non-governmental organisation   |
| ODA    | Official Development Assistance   |
| OECD   | Organisation for Economic Co-operation and Development  |
| PD/GG  | Participatory Development/Good Governance   |
| PSE    | Private sector engagement   |
| SDG    | Sustainable Development Goal  |
| SME    | Small and medium-sized enterprises  |
| TC     | Technical Cooperation   |

|      |  |
|------|--|
| UDHR | Universal Declaration of Human Rights  |
| UN   | United Nations   |
| UNEG | United Nations Evaluation Group  |
| USVS | <i>Umwelt- und Sozialverträglichkeitsstudie</i> (Environmental and social due diligence study) |
| WWF  | World Wide Fund for Nature   |
| ZGBA | <i>Zielgruppen- and Betroffenanalyse</i> (Target group and stakeholder analysis)               |

# GLOSSARY

## Multiple discrimination

Multiple discrimination denotes a form of discrimination whereby people are affected by structural marginalisation based on several overlapping socio-demographic characteristics (see also the glossary entry 'Structurally marginalised groups'). These include groups such as women with disabilities or lesbian, gay, bisexual, transgender and intersex (LGBTI) people who are also members of an ethnic minority.

## Decent work

The term 'decent work', as used in this evaluation report, is derived from the Universal Declaration of Human Rights (UDHR), the International Covenant on Economic, Social, and Cultural Rights (ICESCR) of the United Nations (UN), and the Decent Work Agenda of the International Labour Organization (ILO). It expresses a broad understanding of work from a human rights perspective. Decent work comprises three key aspects:

- access to productive and appropriate work in the sense of providing jobs (see 'Right to work/Creating jobs'),
- the realisation of labour standards in the sense of good and appropriate working conditions (see 'Right to just and favourable working conditions') and
- social dialogue in the sense of (opportunities for) exchange between duty-bearers and rights-holders and their representation structures.

## Rights-holders and duty-bearers

From a human rights perspective, the term 'rights-holders' refers to all persons with a right to protection. 'Rights-holders' are entitled to have this protection fulfilled by 'duty-bearers'. Duty-bearers are actors who have a particular obligation to respect, protect and fulfil human rights. Rights-holders can bring legal claims against duty-bearers on the grounds of their right to protection. The relationship between the two parties is thus structured as follows: Rights-holders are always regarded as such in relation to duty-bearers, and vice versa. In the context of the evaluation, rights-holders are the people who live in the partner countries.

The term 'duty-bearers' is usually used for state actors, but non-state actors can also be duty-bearers and can be held accountable for actions or omissions that affect human rights. The evaluation follows the example of the United Nations Evaluation Group (UNEG, 2014) in using the term 'primary duty-bearers' for states and state institutions (in Germany or in the partner countries), and the term 'secondary duty-bearers' for the private sector and for private companies (in Germany or in the partner countries), which may be subject to due diligence obligations, for instance.

## Right to work/Creating and safeguarding jobs

Fulfilment of the right to work is an essential aspect of decent work and is dealt with in various human rights conventions. For example, the UDHR of the United Nations (UN) refers to the right to work as an inherent part of human dignity. The most extensive treatment of the right to work (and related labour rights) is found in the Social Covenant (ICESCR). These rights are explicitly defined as state obligations, which means that states must put suitable measures in place to facilitate at least the gradual realisation of the rights

(‘progressive realisation’; ICESCR, Article 2). According to Article 6 of the Social Covenant, rights-holders must be given the opportunity to earn their own living through freely chosen work (paragraph 1). Measures that states can put in place to fulfil the right to work include careers guidance or vocational training programmes. Full employment under conditions that respect other human rights is the stated aim (paragraph 2).

**Right to just and favourable working conditions**

Fulfilment of the right to just and favourable working conditions is an essential aspect of decent work. This right is articulated in detail in the Social Covenant and in other human rights conventions (notably the Core Labour Standards and the Decent Work Agenda of the ILO). Article 7 specifies that this right encompasses policies on remuneration, occupational health and safety, opportunities for advancement, and provisions on working hours and breaks. Article 8 (paragraph 1) of the Social Covenant includes the right to form trade unions, the right to establish trade union federations and the right to strike. Article 9 recognises the right to social security. Article 10 covers rights such as maternity protection and the stipulation of a minimum age for paid employment. Article 12 contains other aspects of health in relation to work, and Article 2 the prohibition of discrimination in relation to employment.

**Structurally marginalised groups**

The BMZ human rights strategy paper mentions the following structurally marginalised groups and individuals: ‘People living in poverty, women, members of indigenous communities, religious or ethnic minorities, people with disabilities and sexual minorities’ (BMZ, 2011, p. 18). It also defines young people as a group affected by structural marginalisation. This is the interpretation adopted for the purposes of the present evaluation. However, the term ‘group’ is not used to designate a social minority in a specific context, but rather, to describe people who have one or more socio-demographic characteristics that cause them to be affected by structural marginalisation. Reasons for structural marginalisation vary depending on the context.

**Target group or directly addressed group**

A ‘target group’ is usually defined as those persons and groups who are the intended addressees and beneficiaries of a development cooperation project. Following the usage of the BMZ human rights strategy paper (BMZ, 2011), the present evaluation undertakes a shift in perspective and prefers to use the terms rights-holders and duty-bearers (see also the glossary entry ‘Rights-holders and duty-bearers’). The term rights-holders covers all persons in a partner country who have a right to protection. Since projects do not address all rights-holders in a partner country, this report uses the terms ‘rights-holders addressed by projects’ (also shortened to ‘addressed rights-holders’) or, in the case of groups, ‘directly addressed group’.

# 1. BACKGROUND TO THE EVALUATION

## 1.1 Rationale for the evaluation

Human rights are a ‘guiding principle’ and a ‘quality criterion’<sup>7</sup> of German development policy (BMZ, 2020a). The foundation for the human rights work of the Federal Ministry for Economic Cooperation and Development (BMZ) is the human rights-based approach (HRBA) adopted in 2011. The HRBA defines how human rights should be mainstreamed in development cooperation and development policy so that these contribute to strengthening human rights in Germany’s partner countries (BMZ, 2011, 2013a). Now for the first time, the German Institute for Development Evaluation (DEval) is examining the BMZ’s HRBA in an evaluation.

The evaluation consists of two parts. The first part, which was published in 2021, examined the strategic directives laid out in the human rights strategy and how they are implemented across the board (Polak et al., 2021). In this second part of the evaluation, DEval turns its attention to the implementation and effectiveness of the HRBA in partner countries.<sup>8</sup> At the same time, it sets a focus on projects in the intervention area ‘Private sector and financial system development’.

By focusing on partner countries, this part of the evaluation aims to contribute to adapting human rights work to new challenges. Since the adoption of the Universal Declaration of Human Rights (UDHR) (UN, 1948), an ever-increasing number of countries have ratified human rights covenants and conventions (UN, 2012). Since the mid-1970, significant improvements in the global human rights situation have been observed (Clark and Sikkink, 2013; Fariss, 2014, 2019). More recently, however, human rights have come under growing pressure in many parts of the world. For example, the last few years have seen increasing shrinkage of civil society space, and as a global trend, the development of liberal democratic structures has been declining for some years now (Aghekyan et al., 2018; Amnesty International, 2018; Auswärtiges Amt, 2016a; Donner, 2020; Würth, 2017). The ongoing Covid-19 pandemic creates further challenges for the fulfilment of human rights: its consequences not only put additional pressure on civil and political rights but also pose many other threats to economic, social and cultural rights – due to rising child poverty, for example (Amnesty International, 2020; Maerz et al., 2020; World Bank Group, 2020; UNICEF, 2020).

The thematic focus of this part of the evaluation is also aimed at contributing to the further development of human rights work in an area of high strategic and practical importance for development policy. The HRBA in the intervention area ‘Private sector and financial system development’ is part of the thematic complex ‘Business and human rights’, the political significance of which has continuously grown in recent years, as illustrated by the BMZ’s contributions to the introduction of a corporate due diligence law in Germany (BMZ, 2020a; Bonschab and Kappel, 2020; Scheper, 2020; Siakala and Müller, 2020; VN, 1966).<sup>9</sup> Beyond this, the intervention area ‘Private sector and financial system development’ is also of growing importance for German and international development cooperation practice: In the last few years, few other sectors have been chosen as priority areas of German development cooperation with such frequency as sustainable

<sup>7</sup> In the course of the ‘BMZ 2030’ reform process, the thematic complex of human rights was assigned to the quality criterion ‘Human rights, gender equality and disability inclusion’ (BMZ, 2020b). Quality criteria have to be elaborated more fully in performance profiles; the performance profile for the quality criterion ‘Human rights, gender equality and disability inclusion’ had not yet been published at the time of the evaluation (July 2022).

<sup>8</sup> The main focus of Part 1 of the evaluation, published in 2021, was on the implementation of the HRBA within the BMZ and the implementing organisations in Germany (Polak et al., 2021).

<sup>9</sup> The coalition agreement of the present Federal Government reflects this importance, emphasising the intention to advocate for ‘fair and formal working conditions and living wages worldwide’ (SPD, Bündnis 90/Die Grünen, FDP, 2021, p. 120). The importance attached to the thematic complex of ‘Business and human rights’ goes back to the Social Covenant (UN, 1966) which sets out the obligations of states to protect such rights. Beyond this, obligations upon companies are also described in the UN Guiding Principles on Business and Human Rights, and the provisions for implementing them in Germany under the National Action Plan on Business and Human Rights (NAP). The NAP concretises the UN Guiding Principles on Business and Human Rights on the national level (Auswärtiges Amt, 2017). Furthermore, the NAP sets out the protection obligations of the state and the responsibility of companies to protect and respect human rights and to remedy human rights violations (DGCN, 2014). Accordingly, the NAP and the Guiding Principles have a central focus on human rights risks caused by corporate conduct and the mitigation of such risks. However, neither the NAP nor the Guiding Principles are binding in international law. Corporate conduct in the context of development cooperation is seen as offering great potential for the realisation of human rights (see Chapter 2.2.1).

economic development.<sup>10</sup> Nevertheless, Part 1 of this evaluation showed that the mainstreaming of human rights standards and principles in the planning documents of projects in the priority area of sustainable economic development is markedly weaker than in other thematic priorities such as health or good governance (Polak et al., 2021).

Against this background, Part 2 of the evaluation aims to supply new insights into the BMZ's human rights work and contribute to improving human rights work in development cooperation, specifically with regard to the BMZ's partner countries, and hence the further development of German development cooperation as a whole.

## 1.2 Aim and purpose of the evaluation

The area of enquiry of this part of the evaluation is structured in terms of three substantive fields: The mainstreaming of the HRBA in bilateral development cooperation projects in the partner countries of German development cooperation, the effectiveness of these projects on human rights, and the coordination between BMZ-financed projects delivered by bilateral, private sector and civil society actors. On that basis, this part of the evaluation pursues two objectives:

- **Enable learning:** This part of the evaluation is intended to yield findings about the implementation and effectiveness of the HRBA in bilateral development cooperation projects, and about the coordination and coherence of projects financed or co-financed by the BMZ and delivered by diverse actors in the partner countries of German development cooperation. These findings can be used to improve the mainstreaming and effectiveness of the HRBA in the intervention area 'Private sector and financial system development'. Building on the findings, a further aim is to contribute to strengthening the HRBA beyond the intervention area by such means as identifying mechanisms for mainstreaming the approach in German development cooperation projects. These findings may also be used for the elaboration of the quality criterion 'Human rights, gender equality and disability inclusion'.
- **Provide accountability:** By analysing the mainstreaming of human rights and the achievement of human rights impacts in the BMZ's partner countries, this part of the evaluation contributes to providing accountability concerning the implementation and effectiveness of the HRBA hitherto and the coherence among the organisations implementing the approach in the intervention area 'Private sector and financial system development'. The publication of this evaluation report creates transparency about these aspects.

Both parts of the evaluation are underpinned by the normative position described in the BMZ's human rights strategy paper (BMZ, 2011). The universality and indivisibility of human rights, which the BMZ affirms in the human rights strategy paper and which are also enshrined as principles elsewhere, such as in the German constitution, are the starting point for the evaluation and the assessments it makes.

### Box 1 Differentiation from other DEval evaluations

This part of the human rights evaluation can be placed in the context of other DEval evaluations that also examine aspects of the thematic complex 'Business and human rights': At the time of the evaluation, the following evaluations had previously been completed:

- Evaluation of cooperation with the private sector in agriculture (Kaplan et al., 2018),
- Evaluation of the develoPPP.de programme (Hartmann et al., 2017),
- Evaluation of the promotion of agricultural value chains (Kaplan et al., 2016), and

<sup>10</sup> In the wake of the 'BMZ 2030' reform, what used to be called 'priority themes' have been replaced with 'core areas' (BMZ, 2020a). The priority theme of sustainable economic development is carried forward in the 'BMZ 2030' core area of 'Sustainable economic development, training and employment'.



- Evaluation synthesis on private sector engagement (Habbel et al., 2021).

In addition, DEval is currently conducting an evaluation on support for sustainable supply chains in German development cooperation.

Taken together, these evaluations contribute to the DEval thematic focus on 'Private sector engagement in development cooperation' (DEval, 2020). Finally, DEval is currently conducting an evaluation of the BMZ's promotion of protected areas, which has thematic linkages with the HRBA.

2. OBJECT OF THE  
EVALUATION:  
HUMAN RIGHTS AND  
PRIVATE SECTOR AND  
FINANCIAL SYSTEM  
DEVELOPMENT

The overall object of the evaluation is the human rights-based approach (HRBA) to development policy as elaborated in the BMZ's human rights strategy (BMZ, 2011) and the accompanying human rights guidelines (BMZ, 2013a). This second part of the evaluation examines the implementation and effectiveness of the HRBA in bilateral development cooperation programmes and the coherence of bilateral development cooperation with actors from German civil society and the private sector involved in applying the HRBA. For this purpose, the evaluation object is sectorally restricted to projects in the intervention area 'Private sector and financial system development'. The period covered by the evaluation begins with the adoption of the human rights strategy in the year 2011 and ends in October 2021.

The sections below will outline the objectives and policy tracks of the HRBA as well as findings from Part 1 of the evaluation on the implementation of the approach (Chapter 2.1). There will follow a description of the specific object of evaluation – human rights in projects in the intervention area 'Private sector and financial system development' – and the rationale for the selection of the intervention area (Chapter 2.2). Building on this, Chapter 2.3 will describe the intervention logic of projects in the intervention area.

## 2.1 The HRBA in German development policy

---

The HRBA in German development policy consists of four tracks on which the BMZ intends to achieve effects that contribute directly or indirectly to improving the human rights situation in its partner countries (Polak et al., 2021):

1. 'Mainstreaming' track: According to the BMZ human rights guidelines – which are binding and must be taken into account when implementing bilateral development cooperation projects – bilateral projects must give due regard to human rights standards and principles throughout the entire project cycle. The aim of this is to contribute to the realisation of human rights and to prevent human rights violations. Mainstreaming includes the promotion of structurally marginalised groups, both with regard to equitable participation in projects and with regard to non-discriminatory participation in the potential positive outcomes of projects (BMZ, 2013a).<sup>11</sup> Chapter 2.3. provides a detailed account of the mainstreaming of the HRBA in projects in the intervention area 'Private sector and financial system development'.
2. 'Specific human rights projects' track: The human rights strategy provides for increasing the implementation of specific human rights projects whose principal objective is to strengthen human rights and human rights actors. In the intervention area 'Private sector and financial system development', for example, these may be projects aimed principally at supporting implementation of the Core Labour Standards of the International Labour Organisation (ILO) or the work of trade unions to improve labour rights.
3. 'Political dialogue and conditionality' track: According to the human rights strategy, the human rights situation in the BMZ's partner countries is to be made a firm part of the bilateral political dialogue. The strategy also states that official development assistance (ODA) funding is to be attached to rule-of-law and political reforms that strengthen human rights in the partner countries. If partner governments are involved in serious human rights violations, bilateral ODA funding is to be cut.
4. 'National and international policy coherence' track: The BMZ aims to target its development policy inputs at national and international level in accordance with the human rights strategy, in such a way that national and international policies are coherent with human rights standards and principles.

The findings from the first part of the evaluation lead to the conclusion that, despite having been in place for a decade, the HRBA in German development policy is as materially relevant as ever when compared with the approaches of other development partners and in view of the global human rights context. The findings also confirm that the focus of this second part of the evaluation on the intervention area 'Private sector and financial system development' is relevant on three counts (Polak et al., 2021):

<sup>11</sup> A definition of the term 'structurally marginalised groups' can be found in the glossary.

1. The BMZ human rights strategy places an implicit focus on promoting economic, social and cultural rights. This focus is relevant for the BMZ's partner countries: In the eyes of national human rights institutions (NHRIs), economic, social and cultural rights have the utmost priority for their countries' populations. Yet compared to other rights, the realisation of these rights is poorer.
2. The BMZ has also devoted considerable attention to the thematic complex of 'Business and human rights' in the past few years through its legislative initiatives for a German due diligence law and the introduction of the 'green button' label.
3. However, the first part of the evaluation also shows that only parts of the HRBA are mainstreamed in German development cooperation. There appear to be challenges with implementation in the intervention area 'Private sector and financial system development', since the HRBA is not as strongly mainstreamed in that sector as in others (see Chapter 2.2.3). This is another reason for this second part of the evaluation to examine the concrete implementation of the HRBA in projects in the intervention area 'Private sector and financial system development' and the effectiveness of the approach.

## 2.2 Private sector and financial system development in German development cooperation

---

This part of the evaluation deals with the implementation of the HRBA in German development policy in the intervention area 'Private sector and financial system development', and analyses three aspects: (1) the implementation of the HRBA, (2) its effectiveness and (3) the coherence, coordination and complementarity of BMZ-financed projects in this intervention area. With regard to coherence, coordination and complementarity, the evaluation looks not only at bilateral development cooperation projects but also BMZ-financed or co-financed projects delivered by civil society and private sector actors.

Whereas Part 1 of the evaluation focused on the thematic relevance and implementation of the HRBA across the board, this part examines the HRBA in the intervention area 'Private sector and financial system development' in detail. The intervention area was selected as an object of evaluation because

- the projects can contribute to the realisation of human rights, and particularly economic and social rights (see Chapter 2.2.1), and
- the intervention area is a high priority for German development cooperation, which is reflected in the comparatively high level of BMZ funding allocated to projects in the intervention area (see Chapter 2.2.2).

At the same time, the implementation and effectiveness of the HRBA in the intervention area are subject to risks (see Chapter 2.2.3), partly because publicly financed projects in this area usually operate at a distance from the target groups and cooperate with private sector partners, which are not primarily duty-bearers for the fulfilment of human rights.<sup>12</sup>

### 2.2.1 Human rights in projects in the intervention area 'Private sector and financial system development'

The BMZ strategy papers<sup>13</sup> on support for the private sector (BMZ, 2013b) and financial system development (BMZ, 2016) constitute the strategic foundations that applied to the evaluation object during the evaluation period. Although the HRBA is only partially mainstreamed in the strategy papers (see Chapter 2.2.3 and Polak et al., 2021), the objectives specified for the intervention area contain references to human rights. By placing an emphasis on promoting employment and creating liveable incomes, private sector development projects are said to enable all people to lead a 'self-determined and dignified life' (BMZ, 2013b, p. 7, own translation) in the sense of economic empowerment. In this context, there is also a reference to promoting the Core

<sup>12</sup> If state regulation of private sector actors in the partner country is inadequate, or in the absence of development cooperation measures to strengthen the primary duty-bearers in this area, conflicts can arise between human rights objectives and the objectives of the area of intervention. In accordance with this thesis, Part 1 of the evaluation finds the HRBA to be weakly anchored in the intervention area 'Private sector and financial system development'.

<sup>13</sup> Because of changes in the use of terminology during the evaluation period, 'strategy paper' is used in the following as a generic term for non-country-specific BMZ strategies such as sector concepts, sector strategies and position papers.

Labour Standards as an important objective of these projects. The strategy paper on financial system development (BMZ, 2016) provides for supporting the implementation of the human rights principles of empowerment, non-discrimination and equality of opportunity by establishing ‘inclusive and stable financial systems’ (BMZ, 2016, p. 12, own translation). Structurally marginalised groups, especially women, small farms, and micro, small and medium-sized enterprises (MSMEs) in the formal and informal sector should gain equitable access to appropriately adapted financial services. Via the strengthening of financial and supervisory institutions whilst adhering to ‘responsible finance’ principles, the strategy paper also refers to the human rights principles of participation, transparency and accountability (BMZ, 2016).<sup>14</sup>

The intervention area ‘Private sector and financial system development’, like the intervention areas of ‘Vocational education and training’ and ‘Socio-ecological supply chains, trade and sustainable infrastructure’, belongs to the BMZ core area ‘Sustainable economic development, training and employment’ (BMZ, 2020b; BMZ, 2022). The core area builds on the ‘Sustainable economic development’ priority area that existed prior to the ‘BMZ 2030’ reform. The priority area consisted of four core competence areas (private sector promotion, financial system development, vocational education and training, and economic policy). Along the same lines as today’s intervention areas, these were intended to work together by pursuing an ‘integrated approach’ (BMZ, 2013b, p. 13, own translation) to enable contributions to sustainable economic development in the BMZ’s partner countries.

From a human rights perspective, the intervention area ‘Private sector and financial system development’ gives impulses for the realisation of economic human rights, and particularly the right to work and other labour-related rights (BMZ, 2011, 2013b). The human rights strategy (BMZ, 2011) and the corresponding human rights guidelines (BMZ, 2013a) formulate assumptions about the human rights impacts of projects in the priority area of sustainable economic development in the following terms: Measures from the core competence areas of private sector development, financial system development and vocational education and training combined with the instrument of private sector engagement (PSE) are intended to contribute to sustainable economic development and improvement of the employment situation in the partner countries. Since employment opportunities paying liveable wages are key to the realisation of many human rights, sustainable economic development also contributes indirectly to improving the human rights situation in the partner countries of German development cooperation.<sup>15</sup> Furthermore, the human rights strategy takes up concrete rights that are linked to work.<sup>16</sup> In particular, it addresses the right to work<sup>17</sup> and the right to just and favourable working conditions by referencing sources including the Social Covenant (International Covenant on Economic, Social and Cultural Rights, ICESCR) of the United Nations (UN), the ILO Core Labour Standards and the Decent Work Agenda (BMZ, 2011).<sup>18</sup>

<sup>14</sup> Nevertheless, the strategies do not specifically state which particular economic sectors are to be supported in the partner countries. They merely direct that ‘growth processes in potentially competitive sectors’ are to be initiated in low-income countries, whereas in middle-income countries there is more emphasis on ‘the development of knowledge- and technology-based competitive advantages’ (BMZ, 2013b, p. 18, own translation). Thus, different economic sectors are addressed implicitly, depending on the given partner country. On the whole, however, it is evident that projects on private sector and financial system development usually involve several economic sectors.

<sup>15</sup> The evaluation accepts the premise that the BMZ’s strategic linkage of human rights-related objectives and impact assumptions with projects in the priority area of sustainable economic development continues to be valid for the evaluation object despite the ‘BMZ 2030’ reform. Although strategic foundations for the new core area ‘Sustainable economic development, training and employment’ and for the intervention area ‘Private sector and financial system development’ were not available the time of the evaluation, projects that used to belong in the ‘Sustainable economic development’ priority area are now assigned to the core area, for the most part. The guidance set out in the human rights strategy and the corresponding guidelines also remains in place following the adoption of the ‘BMZ 2030’ reform. Moreover, this part of the evaluation considers projects retrospectively for the evaluation period from 2011 to 2021. For the greater part of this period, the existing strategy documents for projects on private sector and financial system development were the applicable guidance for action.

<sup>16</sup> International human rights conventions on the right to work are presented in the following. Other global conventions that contain guarantees of relevance to development cooperation concerning the world of work include Article 11 of the UN Convention on the Rights of Women, Article 32 of the UN Convention on the Rights of the Child, Article 27 of the UN Convention on the Rights of Persons with Disabilities and Article 70 of the UN Convention on the Protection of the Rights of All Migrant Workers. In addition, there are a number of regional human rights conventions that include references to work. Because of their limited regional scope, however, they are not dealt with in this chapter.

<sup>17</sup> A definition of the concept of the ‘right to work/creating and safeguarding jobs’ is given in the glossary.

<sup>18</sup> A definition of the concept of ‘just and favourable working conditions’ is given in the glossary.

Box 2 presents the relevant human rights instruments and the references they contain to the right to work or other rights relevant to the work context. On this basis, the evaluation follows a broad understanding of the right to work which is encapsulated in the term ‘decent work’ for the purposes of the evaluation.<sup>19</sup> Drawing on the UDHR (UN, 1948), the UN Social Covenant (1966) and the Decent Work Agenda of the ILO (1998), decent work encompasses three key aspects:

- access to productive and appropriate work<sup>20</sup> in the sense of job creation,
- the realisation of labour standards<sup>21</sup> in the sense of just and favourable working conditions, and
- social dialogue<sup>22</sup> in the sense of (opportunities for) exchange between duty-bearers and rights-holders<sup>23</sup> and/or their representation structures.

### Box 2 International human rights principles relating to work

Economic rights, including the right to work, constitute an essential component of human dignity. The UDHR (UN, 1948) defines rights that relate specifically to work and employment in Articles 23<sup>24</sup> and 24<sup>25</sup>. As a resolution of the United Nations (UN) General Assembly, the UDHR is not binding in international law. Labour-related rights from the UDHR were elevated to a legally binding level by incorporating them into the UN Social Covenant (1966).

**The Social Covenant (UN, 1966) provides the most thorough treatment of the right to work and related labour rights.** These rights are explicitly defined as obligations of the States Parties (Article 6), which means that states must put suitable measures in place to facilitate gradual realisation of the rights (progressive realisation) (Article 2).

The ILO also formulates economic rights in detail, and thus represents an important and early reference for the right to work and labour-related rights. The existence of the ILO means that the UN can call upon an independent specialised agency whose prime objective is the creation of decent work.

The ILO’s main source of guidance today is the Philadelphia Declaration of 1944, which emphasises the particular links between prosperity, poverty and employment. It holds that poverty endangers the prosperity of all, and therefore the fight against poverty must be pursued in every country and by continuous and concerted international efforts (ILO, 1944).

Since then, many other ILO conventions have been adopted. An especially ground-breaking example was the Declaration on Fundamental Principles and Rights at Work and its Follow-up (ILO, 1998). The fundamental principles it contains are elaborated in the eight ILO Core Labour Standards. The four fundamental principles consist of

1. freedom of association and the right to collective bargaining,
2. the elimination of forced labour,
3. the abolition of child labour, and
4. the elimination of discrimination in respect of employment and occupation.

With this declaration, the ILO stipulated that the Core Labour Standards are so central to the realisation of decent work that all ILO member countries must fulfil them even if they are not signatories to individual underlying conventions.

19 A definition of the concept of ‘decent work’ is given in the glossary.

20 Derived from Article 23 of the UDHR (1948).

21 Derived from Articles 6, 7 and 8 of the ICSECR (1966).

22 Derived from the Decent Work Agenda (1998) and the ILO’s strategic mission.

23 A definition of the concepts of ‘rights-holders and duty-bearers’ is given in the glossary.

24 Article 23 of the UDHR covers the right to work, to free choice of employment, to decent working conditions and to protection against unemployment (paragraph 1), the right to equal pay for equal work (paragraph 2), the right to decent remuneration and social protection (paragraph 3) and the right to organise in trade unions (paragraph 4).

25 Article 24 of the UDHR contains the right to rest and leisure, limitation of working hours, and periodic paid holiday.

Also of relevance is the ILO's Decent Work Agenda, which was adopted in 1999 as a contribution towards achieving the Millennium Development Goals (MDGs). The Decent Work Agenda is underpinned by the Core Labour Standards. Its core objectives are

- the implementation of global labour and social standards,
- the promotion of productive employment and the achievement of full employment,
- the extension of minimum standards of social protection (such as occupational health and safety, unemployment protection or maternity protection), and
- the promotion of social dialogue.

The Decent Work Agenda has undergone continuous development ever since it was adopted and has become the guiding vision of the ILO (International Labour Conference, 1999). The incorporation of decent work as one of the Sustainable Development Goals of the 2030 Agenda (SDG 8: 'Decent Work and Economic Growth') underlines its great significance for international and German development cooperation.

### 2.2.2 The role of the intervention area 'Private sector and financial system development' in German development cooperation

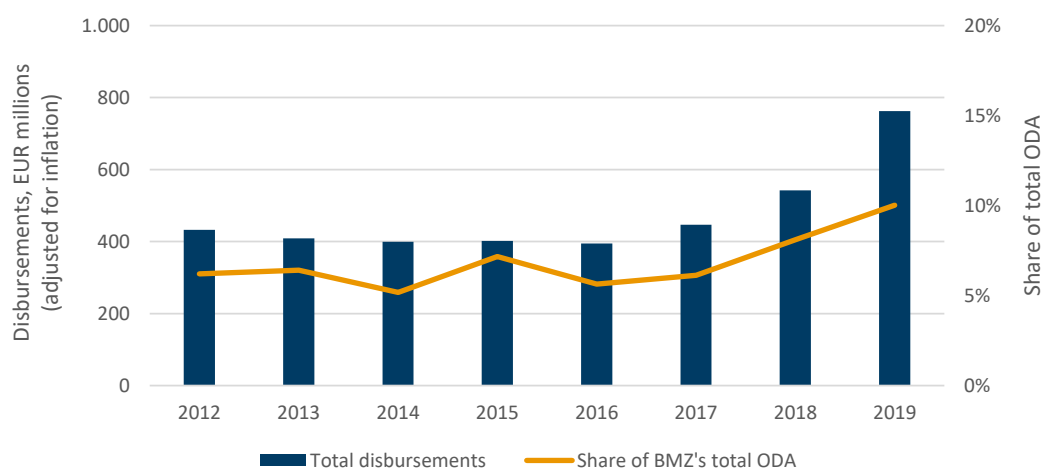
Projects in the intervention area 'Private sector and financial system development' make up a high proportion of the BMZ portfolio as a whole, and are therefore a central element of German development cooperation.<sup>26</sup> One consideration is that the priority area of sustainable economic development, which such projects were assigned to until recently, is the cooperation priority most frequently agreed with partner countries: In 2019, sustainable economic development was a priority of bilateral development cooperation in 34 out of a total of 81 partner countries.<sup>27</sup> A second consideration is that 3.8 billion euros were disbursed on projects in the intervention area 'Private sector and financial system development' from 2012 to 2019.<sup>28</sup> This equates to seven per cent of all ODA disbursements by the BMZ in this period. Furthermore, as Figure 1 shows, disbursements for projects in this intervention area have risen: While annual total disbursements remained largely constant from 2012 to 2016, there has been a marked and continuous rise in funding from 2016 onwards. Disbursements almost doubled within a three-year period, from 395 million euros in 2016 to 762.2 million euros in 2019. This meant that in 2019, the sums of financing allocated to the intervention area accounted for a ten-per-cent share of all BMZ-financed ODA funding. Because of the human rights potential of such projects, they can make important contributions to strengthening human rights in partner countries (see Chapter 2.2.1).

26 The portfolio description is based on the data submitted by the BMZ to the Creditor Reporting System (CRS) of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) on its development cooperation disbursements at project level for the years 2012 to 2019. Disbursements for projects on private sector and financial system development were recorded under the purpose codes 24010 (Financial policy and administrative management), 24020 (Monetary institutions), 24030 (Formal sector financial intermediaries), 24040 (Informal/semi-formal financial intermediaries), 24050 (Remittance facilitation, promotion and optimisation), 24081 (Education/training in banking and financial services), 25010 (Business policy and administration), 25020 (Privatisation), 25030 (Business development services), 25040 (Responsible business conduct) and 32130 (Small and medium-sized enterprises (SME) development).

27 This includes both countries with bilateral country programmes and countries with focused regional or thematic cooperation (excluding activities outside of priority areas). In this regard, see [https://www.bmz.de/de/themen/nachhaltige\\_wirtschaftsentwicklung/beschaefigungsfoerderung/index.html](https://www.bmz.de/de/themen/nachhaltige_wirtschaftsentwicklung/beschaefigungsfoerderung/index.html), accessed 26.02.2021 (in German).

28 The period studied for the portfolio analysis differs from the evaluation period because at the time of the portfolio analysis, data was only available in the OECD-DAC CRS for the years up to and including 2019.

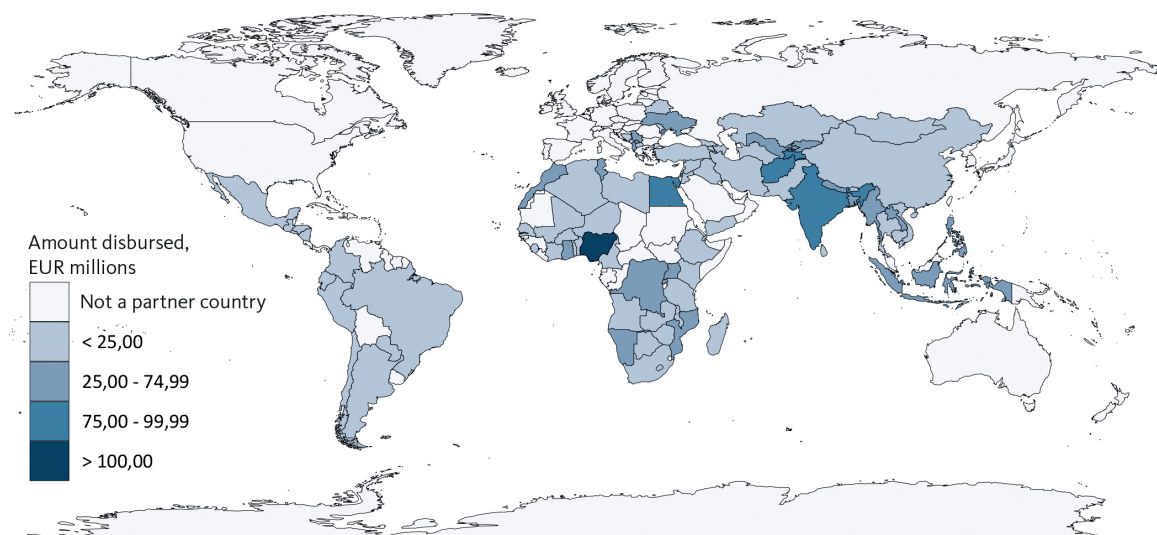
**Figure 1 Absolute and relative total disbursements for private sector and financial system development 2012 – 2019**



Source: Creditor Reporting System (CRS) 2012 – 2019, own calculation.

It is evident from Figure 2 that a few partner countries account for a comparatively large share of the funding spent on projects in the intervention area: Across the whole evaluation period, Nigeria is the country with the highest total disbursements (149.9 million euros or four per cent), followed by Afghanistan (95.6 million euros or three per cent) and India (87.9 million euros or two per cent). Relatively large sums also went to Tajikistan, Kyrgyzstan, Egypt, Ghana, Mozambique, Myanmar and Ukraine. In these ten partner countries (out of a current total of 60), 22 per cent of all funding was spent on projects in this intervention area.<sup>29</sup>

**Figure 2 Absolute total disbursements for private sector and financial system development by country, 2012 – 2019**



Source: CRS 2012 – 2019, own calculation.

<sup>29</sup> This reveals that, of the funding for private sector and financial system development that can be assigned to a partner country, a good two thirds went to middle income countries (1.3 billion euros, or 65 per cent of the funding that can be assigned to individual partner countries). Just one third of the funding was disbursed in lower income countries (276.3 million euros or 32 per cent). Within the group of low income countries, a high proportion of the funding went mainly to post-conflict countries or fragile states. Afghanistan, Myanmar and the Democratic Republic of Congo received large sums; the only other countries that received more than two per cent of the country-assignable funding were Mozambique and Uganda.



In addition to state implementing organisations, there are also private companies and civil society organisations implementing projects in the intervention area ‘Private sector and financial system development’ (in this regard, see also Chapter 2.3):<sup>30</sup>

- The strategy papers relevant to private sector and financial system development (see Chapter 2.2.1) are primarily addressed to bilateral development cooperation (BMZ, 2013b, 2016). Accordingly, state implementing organisations spend the lion’s share of BMZ funding allocated for this intervention area. During the evaluation period of 2012 to 2019, 81 per cent of all funding spent on private sector and financial system development (a total of 3.1 billion euros) was channelled through state agencies.
- The strategy papers applicable to the intervention area ‘Private sector and financial system development’ also refer to the great significance of private companies for the achievement of development cooperation objectives in this area (BMZ, 2013b, 2016). Disaggregated data on PSE projects that might illustrate this is not available in the OECD-DAC CRS. To gain an initial picture of PSE projects despite these limitations, the evaluation team assessed the online database of projects attributed to *develoPPP.de*, a programme for private sector engagement in German development cooperation.<sup>31</sup> The assessment shows that many of the 1,236 *develoPPP.de* projects initiated from 2012 onwards can be assigned to the priority area of sustainable economic development (28 per cent or 347 projects).
- Projects by civil society organisations are also mentioned prominently in the BMZ strategy papers for this intervention area (BMZ 2013b, 2016) and account for an important share of the BMZ funding. Between 2012 and 2019, 13 per cent of all BMZ ODA funding for the intervention area ‘Private sector and financial system development’ (477.7 million euros) was channelled via civil society actors. Moreover, civil society organisations are of special importance for the thematic complex of ‘Business and human rights’ because according to the human rights strategy they make a crucial contribution to human rights work in development cooperation (BMZ, 2011). In practice, this importance is reflected in the large (and increasing) share of projects delivered by civil society to promote human rights (Polak et al., 2021). In some cases these projects cannot be assigned to the intervention area directly but are nevertheless of great importance to the implementation of human rights work in the intervention area – to the strengthening of trade unions, for example (Int. 82, 84). Church-based and private sector agencies, political foundations and social structure agencies are all of particular significance for the implementation of such projects (Ehm, 2015).<sup>32</sup>

### 2.2.3 Risks in the intervention area ‘Private sector and financial system development’

Notwithstanding the aforementioned human rights objectives and potentials of projects in the intervention area ‘Private sector and financial system development’ (Chapter 2.2.1 and 2.2.2), it is an area that also entails specific risks in relation to the realisation of human rights. These risks are partly due to the fact that the entities promoted are frequently private sector companies – mainly MSMEs<sup>33</sup> – whose primary objective is the achievement of their own business objectives and not the realisation of human rights. Particularly in

30 There are other actors which deploy BMZ funding for private sector and financial system development – for example, multilateral organisations. However, they only receive two per cent of the sectorally tied funding (see online annex).

31 <https://www.developpp-cloud.de/>, accessed 10.3.2021. Within German development cooperation, there are numerous programmes for private sector engagement which are geared towards direct cooperation with both local and international companies (for a list, see Hartmann et al., 2017, p. 116f.). The largest such programme is *develoPPP*.

32 The OECD-DAC CRS contains only limited sectorally disaggregated information on civil society and private sector activities. For example, CRS data often contain no information disaggregated on the country level or by subject matter on projects delivered by political foundations. Also, only a few civil society agencies report to the International Aid Transparency Initiative (IATI). For example, no political foundations have entered data about their activities into the IATI platform. To be sure to consider the activities of the most important civil society actors when selecting the cases for this part of the evaluation, the evaluation team consulted specific project lists for the case study countries, which covered the activities of political foundations as well as church-based and other private agencies.

33 As outlined in Chapter 2.3, no standard definition of the size of MSMEs exists in projects in this intervention area. Projects can be addressed to a wide range of different companies – from micro-enterprises to those with turnovers of several million euros. Companies of different sizes are subject to different human rights risks. The risks listed here are derived from the human rights risks laid out in the BMZ’s human rights guidelines (2013a) for the specific priority area, and are consequently valid across the area of intervention.

countries with weak state capacities for regulating private sector actors and cushioning economic crises – by means of publicly financed social protection systems, for example – there is a risk that companies will not pay the environmental and social costs (externalities) of their actions. Usually these costs are shifted onto the population and are often a burden for marginalised groups.

The human rights guidelines (BMZ, 2013a) identify many of these risks for projects in the area of sustainable economic development. However, mainstreaming the HRBA in development cooperation projects has the potential to avert risks by ensuring consistent compliance with and targeted promotion of human rights standards and principles. For example, introducing impact assessments in companies may help to ensure that they take better account of human rights risks. Some of the risks that the guidelines identify in relation to private sector and financial system development are described more precisely below.

Firstly, the use of development cooperation measures to promote innovation and structural change may have a negative influence on employment, and hence the right to work, unless they are supported and steered by publicly financed measures: Although there is evidence of a positive correlation between product innovations and demand for workers, in Uganda for example (Ayoki et al., 2018), technological change can also lead to automation of work processes and the shedding or at least displacement of jobs (Frey and Osborne, 2017). Development cooperation measures supporting the transition from greenhouse gas-intensive to climate-friendly technologies in the private sector likewise entail human rights risks if they fail to bring about a just transition. This might mean whole branches of industry making large-scale job cuts while there is no safety net of state social protection systems or labour policy measures for workers (IHRB, 2020; UNRISD, 2018). Promoting economic modernisation processes as part of development cooperation projects can thus result in human rights risks when state capacities in the partner countries to regulate and support these processes with economic, labour market or social policy measures are weak.

There is also a risk that when BMZ-financed financial intermediaries invest in the intervention area ‘Private sector and financial system development’, they might finance projects that lead to evictions and resettlement without ensuring the affected population’s participation, consent or compensation (BMZ, 2013a). For example, an academic study on Guatemala shows that the principle of free, prior and informed consent was violated during projects financed by development partners to expand hydropower plants and electricity grids. This prompted local protests and lawsuits, which caused a majority of the infrastructure projects to fail (Alford-Jones, 2022). Indications that the same risks apply in German development cooperation can be found in the 2020 Complaints Report published by the Development Bank of the Kreditanstalt für Wiederaufbau (KfW): Almost a quarter of the complaints received by KfW Development Bank related to inaccessibility of information and failure to involve the affected parties in the planning of projects (KfW, 2021).

Furthermore, the promotion of private sector standards can lead to the market exclusion of economically disadvantaged actors – such as when MSMEs are unable to introduce or document standards and are consequently crowded out of the market. The human rights guidelines refer to this risk of crowding out local MSMEs from sustainable economic development projects by favouring larger companies with documented standards (BMZ, 2013a). So far, however, project evaluations by the implementing organisations have not considered that the assessment of development cooperation projects might cause crowding-out effects, as a meta-analysis conducted by DEval shows (Habbel et al., 2021). Another DEval evaluation finds no evidence that supporting export-oriented companies in the agricultural sector leads to any crowding-out of micro-enterprises (in subsistence agriculture) (Kaplan et al., 2018). Academic studies show, however, that in spite of any short-term potential for employment promotion, the crowding-out of MSMEs by favouring large corporations can be problematic for sustainable economic development that supports human rights, at least in some sectors. Foreign investment in extractive sectors is associated with human rights abuses, especially if the country in question lacks democratic institutions (Vadlamannati et al., 2020), whereas investment in high-technology sectors has a contrary effect (Janz, 2018). Competition among developing countries using low wage costs and weak regulations to attract foreign corporations can also result in poor incentives to improve working conditions in those countries’ manufacturing sectors (Chan, 2010).

Additional risks that arise in the intervention area concern lending practices that may cause borrowers to become over-indebted (Orth et al., 2020). For example, the report of a Cambodian human rights organisation

finds that the over-indebtedness of private households not only predisposes them to slide into precarious working arrangements at odds with human rights but also worsens their food situation (LICADHO, 2019). Particularly in contexts where it is difficult to predict how macroeconomic, political or climatic conditions will develop, a crisis may leave borrowers financially overstretched. Examples are global financial crises or – as at present – pandemics.

The findings from the first part of the evaluation already indicated that implementing the HRBA in ‘Private sector and financial system development’ entails risks: In principle, the HRBA, including consideration of the human rights impacts and risks of projects, is integrated into the BMZ’s guidance documents and the implementing organisations’ procedures and processes. But in practice, human rights related procedures and processes are less frequently implemented in the intervention area ‘Private sector and financial system development’ than in other sectors. Neither the BMZ strategy paper on private sector development (BMZ, 2013b) nor projects within the priority area of sustainable economic development mainstream the HRBA to a sufficient extent, compared with other thematic priority areas such as peace and security, good governance or health (Polak et al., 2021).

That said, there is no general conflict between private sector and financial system development and respect for human rights. According to the BMZ human rights guidelines (BMZ, 2013a), the risks can be countered by mainstreaming the HRBA in all projects. Human rights risk assessments, in particular, can be helpful in defining risk mitigation measures. Consistent implementation of the HRBA thus enables systematic integration of human rights in projects in the intervention area ‘Private sector and financial system development’ and guards against the kind of risks identified above. This part of the evaluation analyses to what extent projects implement the directives set out in the human rights guidelines for the mainstreaming of the HRBA, and how effectively they guard against unintended effects.

### 2.3 Theoretical foundations

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The programme theory presented in this chapter provides the foundation for empirical study of the evaluation object.<sup>34</sup> Figure 3 maps out the intended effects of German development cooperation in the intervention area ‘Private sector and financial system development’ at the outcome and impact levels, as derived from BMZ strategy papers and from project documents supplied by Technical Cooperation (TC) and Financial Cooperation (FC) projects. These intended effects are said to contribute to overarching human rights-related impacts – realisation of the human rights-based approach, compliance with labour-related human rights and the ILO Core Labour Standards, and improvement of the human rights situation in the BMZ’s partner countries.<sup>35</sup> As well as direct and indirect intended effects on human rights, which are articulated in the programme theory, unintended positive and negative effects are also possible (see Box 3). (Indirect) contributions to human rights may also occur without being recorded as outcomes.

<sup>34</sup> Programme theories map the direct effects (outcomes) and indirect, overarching effects (impacts) that one or several interventions intend to achieve. They formulate assumptions about how the outcomes and impacts are to be achieved through the interventions’ activities and outputs (Chen, 2005; Funnell and Rogers, 2011). The term ‘programme theory’ goes back to programme evaluations, as distinct from project evaluations. It was developed to describe objects of evaluation that are more complex than ‘simple’ projects. Although originally developed for the evaluation of programmes, a programme theory can be applied to all more complex objects of evaluation, even if – as in the present case – they are not designed as programmes (Haubrich, 2009).

<sup>35</sup> The figure shows that the different outputs can contribute to multiple outcomes at once. In relation to the specific evaluation object, this is possible because the different impact pillars are interwoven, and outputs can affect other outcomes besides the main intended outcomes. For example, the output ‘For workers: Information about rights’ can contribute to the outcome ‘Right to just and favourable working conditions’ as well as the outcome ‘Equitable economic participation’.

### Box 3 Definition of impact-related terms

Since the programme theory of the present evaluation includes both strategic and project-specific objectives, it is necessary to adapt common impact-related terms to the programme theory:

- **Intended effects on human rights:** Intended effects are defined in this part of the evaluation as effects that are included in the programme theory and which development cooperation intends to achieve in the intervention area ‘Private sector and financial system development’. They may emanate from strategies or projects.
- **Direct/indirect intended effects on human rights:** Intended effects on human rights, as included in the programme theory, can be intended by projects either directly at the outcome level, or indirectly at a higher outcome level by way of intermediate effects, or at the impact level.
- **Explicit/implicit intended effects on human rights:** Since the programme theory contains generic impacts for an entire intervention area, in some instances individual projects will have explicitly incorporated these in their impact matrices as effects of their own activities. Such effects are referred to in the following as explicitly intended effects on human rights. In other instances, the effects amount to implicitly intended effects, which can be mapped to the programme theory developed for this part of the evaluation but cannot be found in the impact matrices of the projects.
- **Unintended effects:** In this second part of the evaluation, ‘unintended effects’ denote effects of development cooperation interventions that are not included in the programme theory of this part of the evaluation. Hence, they do not appear in either the strategy documents or the project documents. They may be positive or negative and may relate to human rights or to the general social, political or economic context.

The programme theory is structured in terms of impact pillars, the contents of which are human rights impacts derived from the relevant BMZ strategy papers (see also Chapter 2.1 and 2.2.1):

- **Impact: ‘Realisation of decent work’:** The BMZ strategy papers on private sector and financial system development require projects to contribute to employment promotion and to aspects of just and favourable working conditions (BMZ, 2013b, 2016). The same requirement is reflected in the HRBA’s aspiration for projects in this intervention area (BMZ, 2011, 2013a). On the one hand, creating and/or safeguarding jobs contributes to the realisation of the right to work because it is a definitional element and a precondition of decent work (see Chapter 2.2.1). On the other hand, new or safeguarded jobs pave the way for improving working conditions in line with the principle of progressive realisation.
- **Impact: ‘Realisation of the rights of structurally marginalised groups’:** According to the BMZ strategy papers on private sector and financial system development, projects must contribute directly and indirectly to poverty reduction (BMZ, 2013b, 2016) and to the integration of structurally marginalised groups (BMZ, 2016). Structurally marginalised groups can therefore be part of the target group<sup>36</sup> addressed by projects. In particular, the strategies mention the promotion of women and of people working in MSMEs and on small farms. They also require the principles of non-discrimination and equality of opportunity to be taken into account – for instance by promoting inclusive financial systems (BMZ, 2016). The HRBA sets out the same requirements in relation to the intervention area (BMZ, 2011, 2013a).

<sup>36</sup> A definition of the concept of the ‘target group’ is given in the glossary.

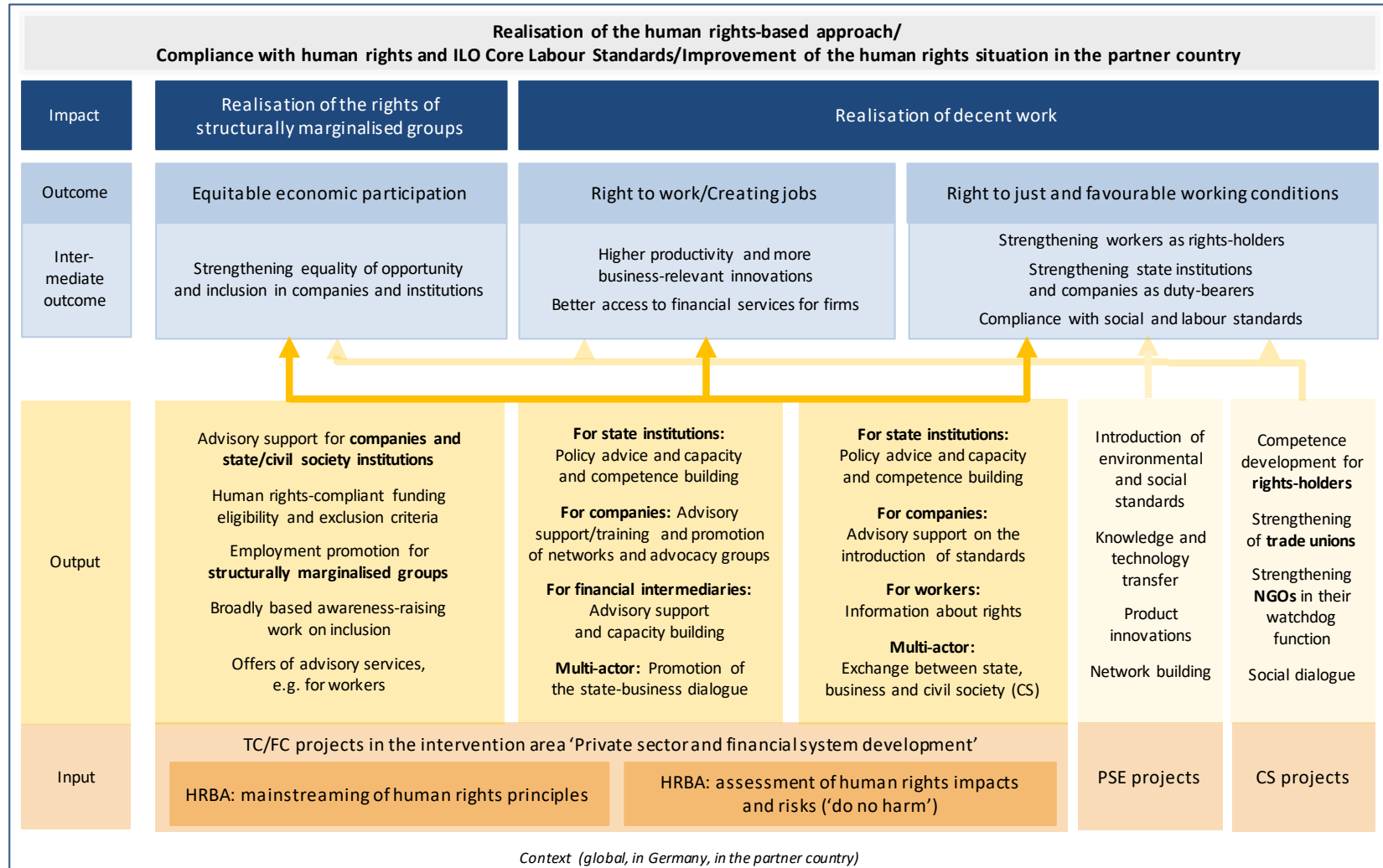
The strategy papers also specify that different channels are to contribute to these impacts: Besides bilateral development projects, which in this sector are predominantly implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and KfW Development Bank, contributions are also to be made by private companies involved in private sector engagement and by civil society organisations (BMZ, 2011, 2013a, 2013b, 2016).

These strategic directives provide the foundation for the programme theory (see Figure 3). To gain an understanding of how bilateral German development cooperation projects are intended to contribute to the respective impacts – in terms of which activities they carry out and what assumptions they make about causal chains – the evaluation team reviewed project documents and drafted corresponding impact pathways.<sup>37</sup> For completeness, the team incorporated contributions by civil society and private sector actors as separate impact pathways, basing these principally on BMZ strategy papers. The team made additional use of academic findings from studies and evaluations to check the plausibility of all impact pathways.<sup>38</sup>

<sup>37</sup> As a basis for doing so, the evaluation team took all ongoing projects of the implementing organisations that could be assigned to the intervention area 'Private sector and financial system development' at the time the second part of the evaluation was being prepared. This amounted to the project planning documents of all 44 GIZ projects, one PTB project and a random sample of 35 KfW projects.

<sup>38</sup> A more extensive presentation of the theoretical foundations and the academic literature is given in the online appendix.

**Figure 3** Theoretical foundation of the evaluation



Source: Deval, own presentation.

**Impact pillar for the impact ‘Realisation of decent work’:** The impact pillar for the ‘Realisation of decent work’ comprises two top-level outcomes: Contributions to creating jobs and contributions to ensuring just and favourable working conditions. Many TC and FC projects in the intervention area ‘Private sector and financial system development’ strive to achieve outcomes in this area. In practice, not all projects contribute to both of the top-level outcomes simultaneously, even if linkages exist between them, such as between the creation of employment opportunities and liveable incomes:

- **Outcome: ‘Right to work/Creating jobs’:** In practice the creation of jobs is closely intertwined with other outcomes – such as (inclusive) economic growth, improved business and investment activity, strengthened competitiveness or improved infrastructure.<sup>39</sup> Projects usually aim to achieve these outcomes by way of intermediate outcomes – for instance, via higher productivity, business-relevant innovations or improved access to financial services for firms.<sup>40</sup>

Projects that contribute to job creation address a variety of actors. In the first place, they aim to strengthen state institutions as the primary duty-bearers, for instance by giving policy advice on regulatory framework conditions or by strengthening capacities and competences in the administration.<sup>41</sup> Secondly, such projects are intended to strengthen private companies, very often MSMEs,<sup>42</sup> directly – for example, by providing advisory services and professional training and by supporting technology networks or industry associations.<sup>43</sup> Thirdly, projects aim to strengthen financial intermediaries, which then support MSMEs indirectly. In addition, from time to time projects organise dialogue formats for a variety of actors (usually between the state and the private sector, and otherwise between different actors from the private sector only).<sup>44</sup>

- **Outcome: ‘Ensuring just and favourable working conditions’:**<sup>45</sup> Just and favourable working conditions comprise elements such as decent remuneration, safe and healthy working conditions, and reasonable working hours and holidays. Most projects are designed to achieve intermediate outcomes, which in turn contribute to this outcome. For example, projects might strengthen workers as rights-holders and both

<sup>39</sup> All the project documents that were used for the drafting of the programme theory contain references to such impacts. Thus, all 35 FC projects examined contribute to improved access to financial services. TC projects envisage effects in areas such as promoting employment (15 of 44 projects), fostering innovation (18 of 44 projects), improving the framework conditions for economic development (34 of 44 projects) or advisory services and further training for entrepreneurs (21 of 44 projects).

<sup>40</sup> The (intermediate) outcomes can also be accompanied by unintended negative effects. For example, technological innovations may also result in companies shedding jobs (see Chapter 2.2.3). In the international debate on this issue, it is not generally assumed that a net loss of jobs will occur but rather that more new jobs will be created, as assumed by the World Bank (2019), for example. Nevertheless, changes are to be expected in the skills in demand and the global distribution of labour, at the very least (Healy et al., 2017; Roos and Shroff, 2017).

<sup>41</sup> This coincides with the assumptions of the HRBA, which states that this is a way of creating the preconditions for ‘effective state regulation and oversight of corporate activity with a focus on human rights compliance’ (BMZ, 2011, p. 16). Activities to this end can be assigned to the following areas: Policy advisory work to improve regulatory frameworks in employment policy (5 projects), capacity building for public service providers in the field of vocational education and training (9 projects), policy advisory work on improving administrative processes (18 projects) and capacity building for public administrations entrusted with economic development (8 projects).

<sup>42</sup> Only occasionally do project documents give any definition of the size of an MSME. When they do contain definitions, these sometimes differ considerably, partly because they are orientated to national definitions of MSMEs in the given countries. For that reason, MSMEs are a heterogeneous target group. Even so, individual projects often address a wide range of MSMEs of different sizes. Alongside the smallest one- or two-person businesses or economically active households, the focus is often shared by larger companies, sometimes with annual turnover in the (low to mid single-digit) millions of euros.

<sup>43</sup> Corresponding effects can be assigned to the following areas: Capacity building for private service providers in vocational education and training (9 measures), support in recruiting skilled workers (7 measures), support for business start-ups (12 projects), support for technological innovation and further development of products and processes (11 projects), support for business networks (10 projects) and strengthening capacities of representatives of business organisations such as chambers and industry associations (6 projects).

<sup>44</sup> Corresponding references can be found in 11 of the 93 projects examined.

<sup>45</sup> According to the UN Social Covenant (1966), just and favourable working conditions encompass the fulfilment of safe and healthy working conditions, decent work and periodic holidays, and decent remuneration.

state institutions and private companies as duty-bearers, promote compliance with social and labour standards in companies, or contribute to raising incomes as the basis for decent remuneration.<sup>46</sup>

Projects with a focus on working conditions again address a variety of actors. Projects can strengthen state institutions as duty-bearers – for example, by seeing that regulatory conditions are defined to harmonise with the ILO Core Labour Standards for industry and the financial sector, or by checking the implementation of labour and social standards.<sup>47</sup> Projects are also intended to strengthen companies as secondary duty-bearers, for example when they are introducing standards and developing offers of continuing education and training on labour and social standards.<sup>48</sup> Occasional activities exist which address workers as rights-holders and primarily inform and advise them of their rights.<sup>49</sup> Occasionally there are multi-actor activities aimed at exchange between the state, business and civil society – on social standards, for example.

**Impact pillar for the impact ‘Realisation of the rights of structurally marginalised groups’:** The top-level outcome is equitable economic participation. Part of this is the elimination of inequalities for structurally marginalised groups, and hence the inclusion of persons with disabilities. At the intermediate outcome level, there is a particular emphasis on strengthening equality and inclusion in companies and institutions. Concrete project objectives vary depending on the thematic emphasis and context of projects. Very often they make strengthening women an explicit priority, focusing for example on equitable economic participation and equitable access to the financial market.<sup>50</sup> Furthermore, projects occasionally make other explicit references to strengthening the rights of other structurally marginalised groups<sup>51</sup> by such means as boosting (financial) management skills, improving access to the financial market or increasing employability.

This diversity of effects is reflected in an equally varied range of activities and outputs to be delivered within projects: Besides more broadly based awareness-raising work, they encompass direct offers of upskilling and advisory work, basic financial education for marginalised groups (often women), and activities for state institutions, companies and civil society organisations. For example, these include activities for women’s empowerment within organisations and the promotion of women’s associations, or advisory measures on the inclusion of people with disabilities in companies. Furthermore, eligibility and exclusion criteria must be applied when selecting partners (for example, the existence of quotas for women in companies) as a contribution to strengthening marginalised groups.

**Input: ‘Implementation of the HRBA’:** The HRBA expresses the aspiration that all bilateral projects will incorporate human rights standards and principles throughout the entire project cycle, include specific provisions on human rights impacts, and identify and prevent potential human rights violations:<sup>52</sup>

<sup>46</sup> References to realisation of the right to decent working conditions are found in nine projects, although often no distinctions are made between the different aspects of working conditions. Individual projects increase incomes in the aim of producing indirect positive effects on other social rights – for example, the right to health (such as by taking out voluntary health insurance).

<sup>47</sup> Corresponding references can be found in three of the 93 projects examined.

<sup>48</sup> Corresponding effects can be assigned to the following areas: Support for companies with the introduction and implementation of labour standards (3 projects), compliance with labour standards in companies as a funding criterion (1 project) and support for implementation of the ILO Core Labour Standards (3 projects).

<sup>49</sup> Corresponding references can be found in two of the 93 projects examined, while a further 6 projects state that measures comply with labour and social standards.

<sup>50</sup> In 57 of the 93 projects examined, references can be found to strengthening gender equality. In most of the projects, the relevant impacts are pursued as a ‘significant’ (secondary) objective.

<sup>51</sup> Corresponding references can be found in 26 of the 93 projects examined. In the context of sustainable economic development, child labour is another relevant issue. Children and young people are structurally marginalised in many countries. However, child labour is not a prominent theme in the project proposals from the intervention area ‘Private sector and financial system development’ which were the basis for the programme theory, whereas they do mention employment promotion for young people. The programme theory for this part of the evaluation reflects both these facts, with the result that only young people (not children) are explicitly identified as a structurally marginalised group.

<sup>52</sup> This is underpinned by the BMZ human rights guidelines, which formulate requirements for the cross-cutting integration of human rights standards and principles; these have to be implemented in all bilateral development projects (BMZ, 2013a). Part 1 of the human rights evaluation acknowledged that for some parts of the human rights guidelines, the implementing organisations have developed detailed procedures and



- **Compliance with human rights principles:** To ensure the implementation of the HRBA, projects are expected to ‘systematically refer to’ (BMZ 2013a, p. 2) the human rights principles of non-discrimination and equality of opportunity<sup>53</sup>, participation and empowerment<sup>54</sup>, and transparency and accountability<sup>55</sup>. The implementation of these principles may vary depending on the project and the context. For the principles of non-discrimination and equality of opportunity, for example, this may mean that rights-holders receive information about the project in a local language (and perhaps also verbally or visually). Participation and empowerment of rights-holders addressed by projects, and especially structurally marginalised groups, may mean preparing them for participation procedures and deliberately involving them in these. The principles of transparency and accountability include elements such as open and public communication about projects, or accessible grievance mechanisms that enable projects to find out about potential human rights violations and investigate them.
- **Assessment of human rights risks and impacts:** According to the BMZ human rights guidelines, human rights risks also include possible unintended negative effects (BMZ, 2013a).<sup>56</sup> In line with the ‘do no harm’ principle, everything possible should be done to prevent projects from causing human rights violations. For the projects on which this part of the evaluation focuses, this means taking such steps as putting minimum standards in place prior to selecting private sector partners, and checking compliance with due diligence obligations along the results chain. Furthermore, possible impacts on human rights should be identified. These may take different forms depending on the sector. In the following, they are integrated into the individual impact pillars.

**Contributions of private sector and civil society organisations to the impact pillars for the impacts ‘Realisation of decent work’ and ‘Realisation of the rights of structurally marginalised groups’:**<sup>57</sup> In the course of PSE, development cooperation is intended to contribute to creating jobs and raising incomes by promoting the improvement or introduction of innovative products and services, environmental and social standards and employability in the partner countries (Hartmann et al., 2017). Civil society actors are intended to contribute directly to the realisation of human rights in the partner countries. For example, they are said to ‘make an important contribution to raising productivity by means of advice, training courses and equipment support’ and promote ‘mutual and cooperative structures for the representation of interests as well as collective processing and marketing facilities’ (BMZ, 2013b, p. 27, own translation).

processes which are intended to ensure this cross-cutting integration. These mainly relate to preventing human rights violations and achieving possible human rights impacts. Beyond this, grievance mechanisms mostly exist at the institutional level and have a bearing on the implementation of the human rights principle of accountability (Polak et al., 2021).

<sup>53</sup> For instance, the guidelines specify that development cooperation measures ‘must not exacerbate existing disadvantage, but should as much as possible help reduce it.’ (BMZ, 2013a, p. 3).

<sup>54</sup> For instance, the guidelines specify that development cooperation projects ‘must [...] ensure that planning and decision-making processes are as inclusive and representative as possible, and all groups affected by the measure can adequately participate.’ (BMZ, 2013a, p.3). They also state that as a result of development cooperation, ‘[e]very person should be empowered to articulate their interests freely and effectively in the political sphere and have the chance to participate in the relevant political and economic processes; this applies especially to those groups which lack capacities of their own to demand or assert their human rights’ (BMZ, 2011, p. 6).

<sup>55</sup> For instance, ‘strengthening accountability and control mechanisms for the people, and ensuring they are also accessible to particularly disadvantaged groups within society’ is specified as a way in which development projects can ensure a stronger human rights orientation (BMZ, 2013a, p. 5).

<sup>56</sup> The human rights guidelines stipulate: ‘When agencies [...] prepare programme proposals it is mandatory that they appraise the relevant human rights risks and impacts before any project, programme or module of bilateral German development cooperation can be commissioned.’ In this connection, the implementing organisations are directed to analyse ‘the significant human rights risks that the development measure might entail and how these risks can be avoided’ (BMZ, 2013a, p. 1).

<sup>57</sup> The BMZ accords an important role to both civil society and private sector actors in the implementation of its strategies for private sector and financial system development (BMZ, 2013b, 2016). The human rights strategy paper (BMZ, 2011) and guidelines (BMZ, 2013a) also address both groups of actors. That said, civil society is assigned a special role, for instance in relation to implementing specific human rights projects. All the strategies contain references to a thematically-based division of work between the different groups of actors.

**Contextual factors:** A range of contextual factors can be identified from the academic literature which influence the effectiveness of projects in the intervention area 'Private sector and financial system development'. The nature of these factors may be global or country-specific, from global trade imbalances and dependencies to national macroeconomic or economic policy conditions (Kamar et al., 2019). Contextual factors may also have societal, economic and political dimensions, such as democratic structures and institutions or aspects of socio-political fragility (Fukuda-Parr et al., 2015). On that note, the current Covid-19 pandemic substantially influences the success of measures for private sector and financial system development (Loayza and Pennings, 2020).<sup>58</sup>

<sup>58</sup> The relevant literature is presented at length in the online annex.

# 3. EVALUATION QUESTIONS AND METHODS

### 3.1 Detailed evaluation questions

The evaluation questions are guided by the evaluation criteria of the OECD-DAC (2019), which the BMZ (2021a) has made binding for German bilateral development cooperation and which DEval (2020) has operationalised for its work. The focus of the second part of the evaluation is to examine German development cooperation with a focus on the realisation of human rights and the prevention of human rights violations in partner countries in the intervention area ‘Private sector and financial system development’, with reference to the criteria of effectiveness and development impact. It also considers the criteria of relevance, sustainability and coherence.<sup>59</sup> Table 3 sets out the evaluation questions and the evaluation criteria they address in detail.

**Table 3 Overview of the evaluation questions<sup>60</sup>**

| Criterion  | Evaluation question |  |
|--|---------------------|--|
| Relevance  | 1.                  | To what extent do German bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ implement the requirements of the HRBA throughout the entire project cycle?   |
| Effectiveness, development impact and sustainability | 2.                  | To what extent do German bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ contribute to the realisation of human rights in the partner countries?   |
|  | 2.1                 | To what extent do German bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ contribute directly or indirectly to the creation of jobs and to just and favourable working conditions?  |
|  | 2.2                 | To what extent does the HRBA contribute to ensuring that rights-holders know and make use of their rights?   |
|  | 2.3                 | To what extent does the HRBA contribute to ensuring that duty-bearers respect, protect and fulfil human rights?  |
|  | 3.                  | What factors influence whether German development cooperation achieves its human rights-related objectives?  |
| Coherence  | 4.                  | To what extent are rights-holders, particularly structurally marginalised groups, affected (socially, economically, environmentally, politically) by unintended positive or negative direct effects?   |
|  | 5.                  | To what extent do BMZ-financed or co-financed projects delivered by state implementing organisations and by private sector and civil society actors in the intervention area ‘Private sector and financial system development’ constructively interact with each other in relation to human rights in the partner countries? |

In the context of the first evaluation question, the following section analyses to what extent bilateral projects in the intervention area ‘Private sector and financial system development’ implement the HRBA across different country contexts.<sup>61</sup> This comprises such aspects as the inclusion of structurally marginalised groups,

<sup>59</sup> Because the HRBA is normative in character, the evaluation criterion of efficiency is not examined comprehensively in this evaluation. That said, the first evaluation question covers aspects of the implementation efficiency of the HRBA, since it indirectly allows discussion of the resources required to implement the HRBA. The evaluation does not examine these aspects systematically, however. It is rather more likely that efficiency aspects will emerge inductively from empirical findings. On the other hand, the evaluation did not plan to examine the efficiency measures because the methodological prerequisites for doing so – for example, a comparison of different modes of implementation – are not in place.

<sup>60</sup> A detailed overview of the evaluation questions and the assessment criteria and indicators on which they are based can be found in the Evaluation Matrix in the Annex.

<sup>61</sup> The foundations for this are the directives in the BMZ human rights strategy (BMZ, 2011) and the accompanying guidelines (BMZ, 2013a), which are binding and must be implemented in all bilateral development projects (see Chapter 2.3).

the availability and accessibility of project-specific or institutional grievance mechanisms established by the implementing organisations, or the implementation of measures for identifying and managing human rights risks.

Evaluation question 2 analyses the effectiveness of bilateral projects with regard to the realisation of human rights in the partner countries of German development cooperation in the intervention area ‘Private sector and financial system development’.<sup>62</sup> It takes as its basis the assumptions about outcomes and impacts summarised in the programme theory (see Chapter 2.3). To address this criterion, it places a focus on contributions to the realisation of decent work, and particularly the creation and safeguarding of jobs and the fulfilment of just and favourable working conditions (question 2.1). It also examines how projects strengthen the rights-holders they address by empowering them to know and assert their rights. With regard to duty-bearers, this part of the evaluation turns its interest to what support they receive that enables them to fulfil their human rights obligations (questions 2.2 and 2.3).

Building on the above, the factors influencing the effectiveness and development impact of projects are examined as part of evaluation question 3. In this regard, a distinction is made between factors internal and external to projects, such as relevant external, global and national contextual factors of different dimensions. The repercussions of the Covid-19 pandemic are also considered in this context.

The purpose of evaluation question 4 is to capture possible positive and negative unintended effects of bilateral projects on rights-holders and structurally marginalised groups.

Evaluation question 5 examines the internal coherence among German development cooperation actors working towards the realisation of human rights in the BMZ’s partner countries. This involves examining the coordination between state implementing organisations and civil society and private sector organisations as well as the complementarity of their BMZ-financed or co-financed projects.<sup>63</sup>

## 3.2 Methodological approach

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### 3.2.1 The evaluation approach<sup>64</sup>

This part of the evaluation is based on two key evaluation approaches. Firstly, it follows an approach known as human rights-based evaluation (HRBE), which ensures that human rights standards and principles are considered in relation to the object of the evaluation, the evaluation process and the methodology. Secondly, this part of the evaluation pursues a theory-based approach whereby assumptions formulated in a programme theory are empirically examined:

- A HRBE sets out to fulfil the human rights principles of non-discrimination and equality of opportunity, participation and empowerment, and transparency and accountability throughout the evaluation process (see Box 4 for the specific elaboration in the context of the case studies; BMZ, 2011, 2013a). HRBE ties in closely with practising the ‘do no harm’ principle. A human rights-based approach makes it possible to do justice to the ethical requirements an evaluation is expected to meet. Compliance with principles of ethical research, such as transparent communication of the researchers’ intentions to respondents, informed and voluntary participation in data collection by respondents, and avoidance of exploitative research, were ensured throughout the evaluation process (Kaplan et al., 2020; TRUST, 2022). A HRBE also ensures that

<sup>62</sup> Effects of projects on human rights will be examined. For this, the foundation is laid by the assumptions elaborated in the programme theory about human rights-related effects in private sector and financial system development. This process takes effects into account whether or not they appear in the impact matrices of projects.

<sup>63</sup> The foundation for this is the requirement specified in the human rights strategy that different actors must contribute to the implementation of the HRBA in the partner countries (BMZ, 2011). For example, it refers to the special importance of development cooperation with civil society for the achievement of human rights-related impacts in the partner countries. The first part of this evaluation confirmed this importance of civil society actors for the implementation of specific human rights projects (Polak et al., 2021).

<sup>64</sup> For details and additional information on the methodological approach, see Chapter 2 of the online annex.

multiple perspectives are consulted – including those of rights-holders whose voices often go unheard – and a multi-layered picture of the evaluation object is built up.<sup>65</sup>

- The procedure followed for the empirical study is that of a theory-based approach. Impact assumptions formulated in the programme theory are taken as the starting point for the empirical investigation of cause-effect relationships. The focus here is both on the effects themselves and the factors that help or hinder the occurrence of the effects.<sup>66</sup>

#### Box 4 Implementation of the human rights-based approach in the case studies

**Accountability and transparency:** By their mandate, DEval evaluations contribute to accountability (DEval, 2021). This evaluation as a whole thus represents a contribution to accountability towards all stakeholders of the evaluation with regard to the realisation of human rights by German development cooperation. An important prerequisite to ensure the acceptance of the evaluation findings is a transparent procedure. Within this evaluation, such a procedure is assured by means of:

- transparency as a result of criteria-based selection of case study countries and projects,
- transparent communication about the above,
- preparatory talks with the relevant actors (including responsible staff within the implementing organisations),
- a transparent presentation of the process during data collection while ensuring informant privacy and data protection,
- reflective feedback and discussion of the case-study-specific evaluation findings and the ensuing recommendations during joint discussions with the respondents, and
- the creation of evaluation products (executive summaries, one-pagers) to facilitate the presentation and use of findings and recommendations in different ways and for different target groups.

**Equality of opportunity and non-discrimination:** For the case studies, the evaluation team identified relevant stakeholders in each country (duty-bearers, rights-holders, civil society and private sector) to ensure that participation in the evaluation was equitable. Furthermore, it examined subject areas, problem situations and challenges of particular relevance to human rights, making use of analyses carried out beforehand (context and vulnerability analyses in particular). During data collection and the interpretation of the findings, it involved relevant stakeholders (especially rights-holders) in the process. Group discussions were structured in such a way that structurally marginalised groups were able to participate. Care was taken over the composition of the groups so as not to reproduce asymmetries of power between the participants. When conducting the interviews, special care was taken to avoid possible language barriers and other barriers to access. Furthermore, dissemination products will be created for different audiences, including barrier-free products and products in simple language or local languages, to enable a variety of stakeholder groups to make use of the findings.

**Participation and empowerment:** The evaluation ensured the principle of participation by involving different stakeholders (and especially rights-holders). Duty-bearers and directly addressed rights-holders were interviewed in the data collection phase. Rights-holders were also consulted at interpretation workshops. The aim of these workshops was to share preliminary findings with the respondents and to obtain their feedback on them. This feedback informed the interpretation of the case study results. Once the evaluation was concluded, duty-bearers were informed about the case-study-specific findings in

<sup>65</sup> Some aspects of the chosen approach are integral to the evaluation standards that are binding for DEval evaluations (DeGEval, 2016; DEval, 2018). In some respects, these standards may be in tension with particular aspects of a HRBE – for example, with regard to participation and feasibility – which means that putting a HRBE into practice can call for some challenging trade-offs.

<sup>66</sup> Programme theories are used to analyse causal relationships and derive hypotheses based on the sub-steps towards achieving impacts that are outlined in the programme theory. When using theory-based approaches, impact assumptions that were elaborated in the programme theory are frequently analysed using methods that are geared towards process mechanisms (Schmitt, 2020).

debriefing workshops. When interacting with respondents, the team remained mindful of ethical and safety aspects throughout the course of the case studies. These mainly comprised pandemic precaution mechanisms such as virtual forms of data collection and the creation of different focus groups in which participants were brought together as homogeneously as possible. The aim of homogeneous group composition was to avoid asymmetries of power as far as possible and to foster an open exchange of views within the focus group.

### 3.2.2 The evaluation design

Methodologically, the evaluation design is founded on two pillars, which combine quantitative and qualitative methods and are composed of three elements:

The methodological centrepiece – and the first pillar – is a qualitative, comparative case study design, with remote case studies as a first element and desk-based case studies as a second element.

The usual practice with case studies is to analyse a small number of cases in depth (Gerring, 2004). This makes it possible to examine cause-effect mechanisms in complex contexts where it is not possible to control external factors (George and Bennett, 2005; Yin, 2014). Given their sometimes lengthy causal chains, projects in the intervention area ‘Private sector and financial system development’ represent just such a context. The impact assumptions previously hypothesised in the programme theory can thus be tested (see Chapter 2.3). Moreover, when conducting case studies, various data collection and analysis methods can be employed flexibly. This makes for easier triangulation of methods and data within the cases (George and Bennett, 2005; Yin, 2014). The second pillar consists of a quantitative analysis of evaluation reports. As a third element it uses a narrative synthesis, in which findings from project evaluations are systematically summarised and assessed (Popay et al., 2006).

These three elements were implemented as follows:

1. The **remote case studies** made it possible to gain an in-depth, multi-perspective view of implementation practices in a criteria-based selection of projects in two case study countries. They contributed to the answering of all five evaluation questions. The case studies were carried out in collaboration with a national team of consultants in the development cooperation partner countries.<sup>67</sup>
2. **Desk-based case studies** were undertaken to analyse projects in additional case study countries. These enlarged the data basis and thereby enhanced the transferability of case-specific findings to typical ongoing projects in the intervention area ‘Private sector and financial system development’ for the purpose of answering evaluation question 1.
3. The **evaluation synthesis**, by virtue of its representative sample of evaluation reports, permits the generalisation of the case study findings in respect of evaluation questions 2, 3 and 4 to all projects in the intervention area ‘Private sector and financial system development’ during the evaluation period. It thus contributes to raising the evaluation’s external validity.

The evaluation design thus combines qualitative and quantitative elements in order to increase the robustness of the findings (Kelle, 2018; Mertens, 2017).

The selection of case study countries for the remote case studies and the desk-based case studies was criteria-based and consisted of a two-stage process: The first stage was to identify the regions and countries which have received the highest volumes of ODA funding for the implementation of projects in the intervention area ‘Private sector and financial system development’.<sup>68</sup> Within these regions, the partner

<sup>67</sup> Due to the Covid-19 pandemic, even the local evaluators had little opportunity to travel and the bulk of the data collection had to be carried out virtually.

<sup>68</sup> Since low-income countries receive only a small share of ODA funds, this procedure was used to select middle-income countries in proportion with the distribution of country-assignable ODA funding (see Chapter 2.2.2). Politically fragile partner countries were excluded *a priori* since it was assumed that the framework conditions for private sector and financial system development in those countries are fundamentally different

countries were selected in which projects are currently being implemented that can be considered typical projects in terms of the intervention logic of the programme theory.<sup>69</sup> The countries were also selected according to whether relevant projects are being implemented there by civil society or private sector actors. On this basis, Nigeria and India were selected as case study countries, and Egypt, Ghana and Uzbekistan for the desk-based case studies.<sup>70</sup>

Appropriately for the area of inquiry and due to the multi-stage selection process, the use of the term ‘case’ in this part of the evaluation can refer to two different levels: On the first level, a case represents a case study country. On the second level, within the case study country, a case is defined as one of the examined projects from the intervention area ‘Private sector and financial system development’. This approach makes it possible to answer the evaluation questions, which likewise refer to cases on different levels. While the analysis for evaluation questions 1 to 3 examines the level of individual projects or the activities of different organisations, evaluation questions 4 and 5 relate to the level of the partner countries.

The evaluation reports for the evaluation synthesis were selected by drawing a representative sample. The population for the synthesis consists of all evaluation reports from the implementing organisations concerning projects in the intervention area ‘Private sector and financial system development’ between 2017 and 2020. From the total of 54 such reports, a random sample of 44 reports stratified by implementing organisation was drawn and analysed.<sup>71</sup> The evaluation synthesis thus permits the findings on evaluation questions 2, 3 and 4 to be generalised to all projects in the intervention area ‘Private Sector and Financial System Development’ in the period under review, and thus increases the external validity.

### 3.2.3 The methods

In order to answer the evaluation questions set out in Chapter 3.1. the following data collection and analysis methods were used:<sup>72</sup>

- **Interviews and focus group discussions:** Semi-structured qualitative individual and small group interviews<sup>73</sup> and focus group discussions were carried out as part of the remote case studies and

from those in non-fragile partner countries, and different development cooperation interventions and approaches are needed. One such approach is ‘moveable social manufacturing’. This is a mobile approach that was used to support artisanal production in various places in Somalia and was considered an opportunity to contribute to economic development and reduce socio-economic polarisation (Fox and Mubarak, 2017). Academic studies also ascribe particular importance to programmes that provide target groups with direct capital (money, goods or livestock), which is said to strengthen independent livelihoods (Blattman and Ralston, 2015). For example, Ganson and M'cleod (2019) make the case for exercising particular caution when promoting private sector development in a context of ongoing fragility, arguing that development cooperation can exacerbate existing lines of conflict, undermine peaceful development and intensify competition between population groups.

<sup>69</sup> It is useful to select typical cases when little is yet known about the theoretical background of interrelationships. The use of typical cases is more likely to confirm a theory or a cause-effect relationship than the use of atypical cases (Eckstein, 1975).

<sup>70</sup> A total of 12 KfW Development Bank and GIZ projects in the case study countries were analysed. Neither the Federal Institute for Geosciences and Natural Resources (BGR) nor the Federal Institute of Physics and Metrology (PTB) is implementing projects that meet the selection criteria for this part of the evaluation in any of the case study countries. To answer evaluation question 5, the evaluation team selected another three private sector projects and another two civil society projects, and conducted interviews with the German executing organisation and the partner organisation in the partner country, to the extent that relevant interviewees were available. In the case of private-sector projects, the analysis took account of a criteria-based selection of developPPP projects only, since this is the largest PSE programme. Civil society projects were selected remotely using CRS data and internal project database extracts for the case study countries. They are delivered by church-based and private agencies as well as political foundations. Among the selected projects, there is one project with a high human rights risk, one that can be placed between the high and medium categories, five projects with a medium human rights risk and another five with low to no risk at all. Another project was developed before the human rights risk assessment had been introduced, so no categorisation is recorded for this project. For more information on the importance of the human rights risk assessment for the second part of the evaluation, see the online annex. The management of human rights risks in projects is discussed in Chapter 4.4.

<sup>71</sup> As most of these are ex-post evaluations carried out after or shortly before the projects were concluded, the underlying period for the selection of the population was restricted. In this way, the projects covered were mainly those carried out during the period studied for the second part of the evaluation. The population contains zero BGR reports, one PTB report, 31 reports from KfW Development Bank and 22 from GIZ (project evaluations and central project evaluations). The random sample, segregated by implementing organisation, comprises one report from PTB, 24 reports from KfW Development Bank and 19 reports from GIZ.

<sup>72</sup> For full information on the individual methods, see the online annex.

<sup>73</sup> Group interviews differ from focus group interviews in that interaction between participants is expressly not desired (Mäder, 2013).



contributed to the answering of all five evaluation questions.<sup>74</sup> The data collection instruments were developed jointly with local consultants to ensure that the methods were adapted to the given contexts in the partner countries. Interviewees included representatives of project executing agencies as well as persons or representatives of organisations who were directly addressed by project activities. For example, these included not only entrepreneurs but also workers in their capacity as rights-holders. During the desk-based case studies, in-depth individual and small group interviews were conducted with project managers from the selected projects. These contributed to the answering of evaluation question 1.

- **Document analyses:** Document analyses were conducted in the course of both the remote and the desk-based case studies, and contributed to the answering of evaluation questions 1, 2, 4 and 5. For the document analysis, various unpublished project documents from the planning and implementation phases were examined. Context analyses, which were based mainly based on the analysis of publicly available documents, were also conducted.
- **Synthesis of project evaluations:** The synthesis is based on a content analysis of evaluation reports from the implementing organisations, and contributed to the answering of evaluation questions 2, 3 and 4. To this end, the findings from the evaluation reports were categorised qualitatively by systematically applying a coding scheme derived from the programme theory. This data was analysed qualitatively. The findings are presented in narrative form and some aspects are summarised quantitatively (ADA, 2019; Noltze et al., 2018).<sup>75</sup>

### 3.3 Reflection on the methodological approach

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The evaluation approach and its design elements are chosen as an efficient way of generating empirical findings of the greatest possibly reliability and validity. For the purposes of assessing the implementation and effectiveness of the HRBA, the design elements permit an in-depth analysis of individual cases, which in turn ensures the internal validity of the findings. The choice of design also makes it possible to generalise the findings to a broader range of cases, which enhances the external validity of the findings. With regard to the generalisability of the findings on the implementation of the HRBA (evaluation question 1), the case-centred approach results in a focus on typical projects in the intervention area.<sup>76</sup> The analysis of effectiveness on human rights (evaluation questions 2 to 4) is based on a randomly drawn sample from the evaluation reports that were analysed in the evaluation synthesis. Randomly drawn samples permit generalisations to the intervention area as a whole but are subject to a certain error probability since they only statistically reflect the totality of all possible units of analysis.<sup>77</sup> In contrast, the findings on the evaluation criterion of coherence

<sup>74</sup> For the questions geared towards the specific implementation of requirements (evaluation question 1) or the contribution of the projects to the realisation of human rights in the partner countries (evaluation question 2), the interviewees supplied examples or evidence concerning implementation and effectiveness as a follow-up to the interviews. Additional documents were also supplied for the document analysis.

<sup>75</sup> It is therefore what is known as an integrative review, not an interpretative review (Dixon-Woods et al., 2005). Accordingly, the approach is oriented towards that of a narrative synthesis which summarises and explains the findings of academic studies (Dixon-Woods et al., 2005; Popay et al., 2006; Ryan, 2013). Here, the quality analysis of the underlying evaluation reports and studies establishes the basis for reliable and valid synthesis findings. To this end, the formal quality of the reports was examined as part of the synthesis before these were included in the analysis. This was based on five indicators derived from meta-evaluations by DEval and others (see, for examples, Habbel et al., 2021; Noltze et al., 2018; ADA, 2019). All evaluation reports in the sample fulfilled these formal quality criteria (for further information, see online annex). However, the meta-evaluations, which examined quality not only formally but also functionally, show distinct holes in the methodological quality of the project evaluations. For example, DEval's meta-evaluation of 'Sustainability in German development cooperation' points out 'potential for reliably substantiating results and sustainability' that was not yet being fully utilised at the time of the evaluation (Noltze et al., 2018). The evaluation synthesis on 'Private Sector Engagement in Development Cooperation' finds a positive-results bias in the underlying studies and evaluation reports used for the analysis (Habbel et al., 2021).

<sup>76</sup> The findings from the remote case studies contribute to answering all the evaluation questions. Although these findings are confined to the regional context, they are generalisable to typical projects in similar contexts. For evaluation question 1, the findings of the remote case studies are supplemented with findings from the desk-based case studies. Due to the resulting broader regional coverage and the larger number of cases, the findings are transferable to projects from this intervention area in other contexts.

<sup>77</sup> For evaluation questions 2 to 4, the findings of the remote case studies are complemented with findings from the evaluation synthesis. As the sample analysed constitutes a sufficiently large random sample which fairly represents all the implementing organisations, again these findings are representative for all projects in the intervention area during the evaluation period.

(evaluation question 5) are based solely on the findings of the remote case studies,<sup>78</sup> so the corresponding findings are specific to the country contexts examined. However, this does not mean that they have no validity beyond the countries studied. Since the procedures and processes of German development cooperation apply in all partner countries, the findings do at least permit evidence-based hypotheses about what might also be true for other partner countries. Due to the choice of subject matter, the findings relate first and foremost to projects in the intervention area 'Private sector and financial system development'. The possibility of transferring the findings to projects in other intervention areas is created by referencing the findings of the first part of the evaluation. This applies especially to evaluation questions 1 and 5.

The chosen methodological approach poses challenges with regard to (1) the current context of the Covid-19 pandemic and (2) the application of HRBE:

1. The most substantial limitation affecting the evaluation was the Covid-19 pandemic. Case studies could not be implemented as planned.<sup>79</sup> The evaluation team therefore decided to conduct some case studies remotely. To this end, evaluation teams were recruited in the field, each consisting of one human rights expert and one evaluation expert. These teams undertook the data collection in collaboration with the DEval team in Bonn. The experts were able to overcome linguistic and cultural barriers between interviewees and evaluators in the case study countries, while the DEval team contributed an external perspective on the evaluation object along with bigger-picture knowledge of other design components of the evaluation. The development of the design and methodological approach used in the case studies was informed by the knowledge and skills of the consultants in the field; decisions were arrived at jointly. This made effective use of the evaluation capacities on both sides and strengthened them within the cooperation process.
2. It is a requirement of a human rights-based approach to incorporate as many perspectives as possible on the evaluation object, and to give equal consideration to the perspective of structurally marginalised groups in particular (see Chapter 3.2). A HRBE thus makes it possible to build a broader empirical data base, which improves the basis on which recommendations can be developed. From a methodological point of view, the triangulation of the different perspectives on the evaluation object also increases the internal validity of the case study findings (Geertz, 1972; Stephens et al., 2018).

Nevertheless, the approach also gives rise to some methodological challenges. For example, involving rights-holders in the evaluation process requires evaluators to acknowledge and eliminate barriers to access. Among other methods, this may be accomplished by providing translations into local languages or using data-collection instruments that are equally accessible to illiterate people or people with disabilities. Furthermore, the Covid-19 pandemic posed a major challenge to the implementation of a HRBE. To ensure the safety of all participants and because of severe restrictions on travel within the partner countries at the time of data collection, almost without exception the interviews were conducted virtually or by telephone. This made the involvement of rights-holders and structurally marginalised groups a particular challenge, as they frequently lacked the technical prerequisites to be able to participate. Consequently, some individuals and groups were not as intensely involved in the data collection as planned. Access to a well-functioning Internet connection not only poses a barrier to access for the implementation of a HRBE, but also a methodological challenge. In cases where a virtual interview was impossible, the local evaluation team resorted to telephone interviews if at all possible, so that even these potential respondents could be included in the data collection. Similarly, participatory procedures were affected by severe limitations and could not be carried out as planned. Nevertheless, the evaluation managed to involve some rights-holders in the collection and interpretation of data and to find solutions to problems that occurred.

<sup>78</sup> Evaluation question 5 was assessed on the basis of the remote case studies, and the findings relate to the case studies in the criteria-based selection.

<sup>79</sup> The case study countries Nigeria and, especially, India were heavily affected by the pandemic. This had repercussions for the availability of interviewees, some of whom were unable to participate in interviews. The evaluation team responded to this by extending the data collection phase. In both India and Nigeria, the local experts could only carry out the data collection virtually. This entailed adjustments to the data collection methods. For example, fewer people could be involved in the focus group discussions than is possible in analogue formats.

## 4. FINDINGS 1: THE HUMAN RIGHTS-BASED APPROACH IN PRACTICE

## Overview of findings: Implementation of the HRBA in practice



### Assessment of the implementation of the HRBA

#### Implementation of the principles of non-discrimination and equality of opportunity: *partially fulfilled*



Many projects facilitate equal access to their activities and outputs for marginalised groups. However, only a few of them have measures that are specifically orientated towards these groups (see Chapters 4.1 and 7.1).

#### Implementation of the principles of participation and empowerment: *barely fulfilled*



Rights-holders addressed by the projects barely have opportunities to get actively involved in the orientation and design of projects. Participation mostly happens on an occasional basis only, via individual activities such as multi-stakeholder dialogues (see Chapters 4.2 and 7.1).

#### Implementation of the principle of transparency: *fulfilled*



The projects make information about their activities available via a variety of channels, which are known to the addressed rights-holders in most cases (see Chapters 4.3 and 7.1).

#### Implementation of the principle of accountability (grievance mechanisms): *barely fulfilled*



Often, the rights-holders addressed by projects and the staff of projects are not aware of existing institutional grievance mechanisms. This means that little or no information is available in practice about the independence and objectivity of the mechanisms (see Chapters 4.3 and 7.1).

#### Implementation of the management of human rights risks in the planning phase: *fulfilled*



Almost all the projects assess human rights risks at the start of their planning phase, and many projects specify mitigating measures (see Chapters 4.4 and 7.1).

#### Implementation of the management of human rights risks in the implementation phase: *partially fulfilled*



Few of the projects examined systematically consider and address human rights risks during the implementation phase (see Chapters 4.4 and 7.1).



### Other findings

The principle of non-discrimination is mainstreamed very well in the planning phase, but barely mainstreamed in the implementation phase of projects. Assigning markers and quotas for marginalised groups in the module objective indicators and raising awareness about the opportunities for implementing the HRBA at the operational level in the partner countries can contribute to better mainstreaming of the principle of non-discrimination in Non-discrimination and equality of opportunity

## 4.1 Non-discrimination and equality of opportunity

**Evaluation question 1: To what extent do German bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ implement the requirements of the HRBA throughout the entire project cycle?**

Assessment criterion A:  
Implementation of the principles of non-discrimination and equality of opportunity<sup>80</sup>

Indicator 1: The projects use disaggregated information about structurally marginalised groups in their specific context.

Indicator 2: The projects are able to prevent indirect discrimination (such as barriers to access) against marginalised groups.

Indicator 3: The projects aim to contribute indirectly to eliminating forms of discrimination and their underlying structural causes.

Indicator 4: The projects aim to contribute directly to eliminating forms of discrimination and their underlying structural causes.

**Findings:** Projects in the intervention area ‘Private sector and financial system development’ do, to some extent, implement measures to prevent and eliminate discrimination. If their aim is to address structural forms of discrimination, the implementing organisation must first have information about structurally marginalised groups in the project setting, and must make use of this (Indicator 1). In many of the cases analysed, there is evidence that this information is available in the planning phase (7 out of 11 cases<sup>81</sup>). In projects where a high risk of human rights violations is acknowledged, the implementing organisations undertake to conduct in-depth assessments. Studies<sup>82</sup> that are carried out for an in-depth assessment of projects identify structurally marginalised groups relevant to the project context and describe the reasons for their disadvantages. Some of these studies also use existing or collect new disaggregated data concerning the share of marginalised rights-holders addressed by the project. For example, more recent gender analyses make use of survey data at individual and household level to analyse gender specific social norms in the labour market (Doc. 2).<sup>83</sup> In another case, interviews were conducted with rights-holders addressed by the predecessor project so that existing disadvantages could be taken into account in the appraisal of the follow-up project (Doc. 14).

Within TC, many projects produce their own analyses that go beyond the obligatory studies that are relevant for the appraisal (4 out of 5 cases).<sup>84</sup> These serve such purposes as gaining a better understanding of the actors involved in the value chains or sectors being promoted, for example. According to interviewees, these take account of the ratios of genders or ethnic identity groups (Int. 2, 4, 36, 38, 86). The advantage of the project’s own analyses is that compared to the appraisal documentation, they are more specific, more current, and more strongly oriented to the projects’ knowledge and information needs. In addition, they incorporate the knowledge base of the implementing organisation staff (Int. 2). However, the analyses are not systematic, representative and internally valid in every case if they do not take account of additional perspectives (such as those of rights-holders and partners) and data sources beyond the knowledge of project staff. This also lowers the degree of quality assurance.

<sup>80</sup> The analysis of this assessment criterion is derived from the BMZ human rights strategy paper and from the corresponding human rights guidelines. They stipulate, for example, that development cooperation measures ‘must not exacerbate existing disadvantage, but should as much as possible help reduce it.’ (BMZ, 2013a, p. 3).

<sup>81</sup> Cases represent projects of German bilateral development cooperation in the three case study countries and the three desk-based case study countries. A total of 12 projects or cases were analysed (see Chapter 3.2). The total number of cases assessed varies for different assessment criteria since there was not always enough information available to permit an assessment on every criterion for every case. For example, only 11 cases could be assessed for the criterion of non-discrimination because in one case there was insufficient positive or negative evidence in relation to particular or all indicators.

<sup>82</sup> In particular, these include the instruments of ‘integrated Peace and Conflict Assessments’ (iPCA) and gender analyses used in TC, and the instruments of environmental and social due diligence studies (*Umwelt- und Sozialverträglichkeitsstudien*, USVS) and target group and stakeholder analyses (*Zielgruppen- und Betroffenenanalyse*, ZGBA) used in FC. No stand-alone human rights analysis (without a Peace and Conflict Assessment) was found in any of the cases analysed. Neither were any examples found of human rights-based target group analyses, which were being piloted at GIZ for the implementation of the BMZ’s Inclusion Action Plan (Doc. 160).

<sup>83</sup> To ensure the confidentiality of the unpublished documents shared with DEval, these are referenced in the form ‘Doc.’ plus a sequential number when they are cited in the text, and are not shown in the bibliography.

<sup>84</sup> Project-specific analyses were not assessed because they were only conducted in particular instances and are not representative of the implementing organisations’ standardised approach.

### Box 5 Good practice: How can structural forms of discrimination be taken into account in the planning and implementation of projects?

**By disaggregating data, projects can collect information on the status and interests of marginalised groups, conduct further analyses to identify reasons for their disadvantage, and make the socio-economic consequences of discrimination visible.** To this end, the information needed can be identified in the appraisal of projects and indicators, while benchmarks and target values can be defined for the specific context and with the involvement of national stakeholders. In order to monitor compliance, the framework of indicators should be embedded in the module proposal and checked during the implementation of the project as part of reporting. The UN High Commissioner for Human Rights' guide on Human Rights Indicators gives instructions on creating a compliance monitoring framework, including the measurement of discrimination and inequality (OHCHR, 2012).

**Going further than monodimensional human rights indicators, multidimensional poverty indicators enable forms of discrimination to be made visible by carrying out an assessment of overlapping dimensions of poverty (Alkire, 2015).** Multidimensional poverty indicators address problems in the measurement of income poverty, such as the recording of non-monetary income or the tendency of survey participants to report a higher income than they actually receive. For example, the Multidimensional Poverty Index (MPI)<sup>85</sup> measures overlaps between the poverty dimensions of health, education and standard of living including their respective sub-dimensions at the level of individuals. In contrast to traditional and internationally comparable measures such as gross domestic product or the Human Development Index, the MPI is based on data from representative household surveys and permits conclusions to be drawn at the individual level. This makes it possible to bring to light not only the extent but also the intensity of poverty and disparities between individuals, population groups and regions within a country. Development cooperation can use such information to identify rights-holders whom the projects need to address, and to prioritise the distribution of limited resources.

**Due to small sample sizes, sampling errors and structural barriers to access, household surveys do not always capture data on highly marginalised groups.** If the aim is to find out about the situation and interests of a specific, predefined group that is not captured by household surveys – for example homeless people or sexual minorities – alternative methods of sampling should be used. For example, the survey for the People Living with HIV Stigma Index<sup>86</sup> in Nigeria made use of *venue-based sampling*, whereby survey respondents were recruited at health facilities which had previously been identified by conducting interviews. To capture persons outside the health system, a snowball method was used, whereby respondents themselves contacted other survey participants (NEPWHAN, 2021). In surveys of this kind, it is of especially great importance that the affected groups or their representation structures should participate in the survey design and the collection of data (OHCHR, 2018).

**There are risks associated with the collection of data disaggregated by population groups and misuse of such data.** Seltzer and Anderson (2001) studied cases in which states manipulated or misused data on marginalised groups for the purpose of persecuting them politically. The recommendations of those authors for averting these risks reflect the principles of self-identification, participation and the protection of personal data. Self-identification means that in censuses or surveys, people can choose which group to assign themselves to – for example, when a survey asks about ethnic identity. Population groups to be surveyed should also be involved in the definition and collection of data. Data protection requires that sensitive data on marginalised groups be collected and stored securely as a precaution against access to and misuse of such data by third parties (OHCHR, 2012). One solution in states with weak institutions can be to store the data decentrally or hold it in third countries, because data volumes are often held in easily breached, centralised storage facilities and can be stolen in an attack (Seltzer and Anderson, 2001).

<sup>85</sup> <https://ophi.org.uk/research/multidimensional-poverty/>, accessed 19.8.2022.

<sup>86</sup> <https://www.stigmaindex.org/>, accessed 19.8.2022.

Participation and self-identification can increase the response rates of marginalised and hard-to-reach groups so that surveys better capture their needs (OHCHR, 2018).

Beyond the identification of marginalised groups, equitable access to measures or outputs of the project is found in a good half of the cases studied (6 out of 11 cases) (Indicator 2). Although not all of these projects actively support marginalised groups (Indicators 3 and 4), they do ensure that marginalised groups have equal opportunities to participate in the project. For example, most FC projects are not specifically aimed at boosting lending to women, since loans are granted according to other criteria such as ability to pay, loan collateral, and compliance with environmental and social standards. However, some of these FC projects yield evidence that in relation to men, women are already equally represented or even overrepresented in the partner bank's portfolio. These projects therefore assume that even without separate tracking of women in the objectives and indicators of these projects, an increased volume of low-cost loans is equally or disproportionately of benefit to women (Doc. 11, 28, 54, 88, 99). Since this is assumed to happen automatically, women are not actively promoted (Int. 1). However, multiple discrimination, which is when several dimensions relevant to discrimination coincide in one person, is not covered by this approach. So the recording system does not capture whether women who are marginalised because of other socio-demographic characteristics are excluded from access to loans. In TC there are similarly examples of marginalised groups, such as people with disabilities, taking part in project measures which do not address them specifically. In those instances, however, potential barriers such as a lack of disability-friendly training materials occasionally become apparent during the implementation of measures (Int. 16, 22).

In five out of eleven cases, barriers to access for marginalised groups were identified in the appraisal documents but not addressed in the subsequent course of the projects. For example, in one TC project, the recommendations of a gender analysis concerning greater involvement of women in feedback forums and better gender mainstreaming by the project's implementation partners were not taken up (Doc. 14). Failure to consider the interests of women among the rights-holders addressed by the project can result in the exclusion of women from the project's activities in both the short term and the long term. In one FC project, the module proposal sets out measures for eliminating barriers to access to financial services (Doc. 28). However, this is not implemented, partly because the demand for loans from the rights-holders addressed by the project already exceeds the available credit volume (Int. 3). In another case, the partner bank's loan portfolio was not expanded to rural areas as planned because it turned out to be uneconomical in view of the physical security risks and the lack of infrastructure for MSMEs (Doc. 88; Int. 33). Moreover, there is not one case in which measures are explicitly disability-friendly by design, even though the BMZ strategy on inclusion states that people with disabilities must be integrated into projects (BMZ, 2019).

Aside from the barrier-free accessibility of the project itself, around half of all projects (5 out of 11 cases) are aimed at achieving direct effects on structurally marginalised groups (Indicator 4). Here, projects in the intervention area 'Private sector and financial system development' focus mainly on women, migrants and MSMEs in rural regions.<sup>87</sup> Projects barely address other relevant groups such as children and young people or people with disabilities. Multiple discrimination is rarely considered; the focus is usually on a one-dimensional definition of discrimination. Furthermore, project documents define forms of discrimination primarily in economic terms. Accordingly, the effects they set out to achieve usually relate to the economic empowerment of marginalised groups (as distinct from legal or political empowerment).

Often, projects do actively dismantle structural barriers: For example, TC projects support partners in the gender-sensitive design of their support programmes (Doc. 47) or provide training to MSME owners to enable them to participate in digital training courses during the Covid-19 pandemic (Doc. 40, 41, 49). FC projects support less professionalised companies in gaining access to financial products by helping MSMEs to comply with environmental and social standards and to furnish evidence of compliance. For example, one project offers capacity development measures companies that have been refused finance by the partner financial

<sup>87</sup> MSMEs are at a particular disadvantage when it comes to access to loans, because the risk of delinquent payments is assessed to be higher in rural areas, MSMEs are often unconnected to the financial system, and the lack of infrastructure in these regions prevents companies from accessing markets and thus impairs the climate for business and growth.

institution, and thereby mitigates a potential conflict of objectives between requiring MSMEs to meet high standard requirements and improving access to loans for marginalised actors (Int. 5).

More frequently than direct effects, however, particularly when projects are not working directly with the target groups, effects on structurally marginalised groups are included in their programme theories indirectly (8 out of 11 cases) (Indicator 3). These are often upstream effects such as improved infrastructure or institutional reforms, and are expected to benefit marginalised groups indirectly, according to the project documents (Int. 37, Doc. 80). For example, unemployed young people are expected to benefit indirectly if MSMEs expand their business activities as a result of an FC-financed microcredit loan. The assumption behind this is that the MSMEs will create new jobs for this group. Other projects support the recognition and registration of physical loan collateral or the establishment of registration offices for MSMEs (one-stop shops) and thus indirectly address micro-entrepreneurs (who are active in the informal sector) (Int. 1, Doc. 7, 63). For example, the recognition of physical collateral such as sales carts or machines enables micro-entrepreneurs without sufficient assets to meet the loan collateral requirements.

In most cases, measures for non-discrimination are not mainstreamed throughout the entire project cycle. Information from the appraisals on systematically considering relevant marginalised groups is put to limited use in the subsequent course of projects. This is apparent, firstly, from the fact that appraisal recommendations are not carried across into the target group description or the impact matrices in module proposals in every case, and hence not used for reporting (6 out of 9 cases<sup>88</sup>). In one case, for example, the appraisal documentation explicitly suggested that non-discriminatory access to the project's services should be written into the financing contracts or ensured by means of specific measures. However, this was not put into practice during implementation (Doc. 7, 8). Interview responses from those responsible for the projects confirm this finding: Gender, target group and integrated conflict analyses tend to be seen as preparatory background documents, which are used for the onboarding of new staff, for example, but are otherwise of little operational relevance. One of the explanations given by project managers for this limited use of the analyses is that they consider their own experience of implementation in the specific or comparable country and sector contexts more relevant for the conception and implementation of measures (Int. 4, 26).

Various factors influence the mainstreaming of non-discrimination in the project cycle: At the individual level, the degree of sensitisation to human rights among project managers, project staff, implementation partners and also, in the MSME sector, among the rights-holders addressed by the projects, is a factor exerting an intensifying influence (Int. 3, 33). To ensure the mainstreaming of human rights in the implementation phase, it is essential for the relevant stakeholders to have sufficient knowledge and understanding of structural marginalisation and multiple discrimination. The same applies to their awareness of their own obligations to prevent and eliminate discrimination. Particularly when staff members are rotated, a before-and-after comparison of projects makes this apparent because new knowledge on human rights is brought into the ongoing project (Int. 4) and/or prior knowledge is lost following a particular person's departure. Moreover, follow-up projects are usually better at identifying and addressing structurally marginalised groups since the implementing organisations and their partners can draw on previous implementation experience (Int. 1, 4).

Standardised procedures are another tier of factors that influence the mainstreaming of non-discrimination. Taking the objectives of the HRBA into account when applying procedures during the planning phase ensures that direct effects on marginalised groups are achieved. An important instrument in this respect is the policy

<sup>88</sup> The assessment was confined exclusively to more recent projects. In two cases the projects were too old for such assessments to be available.



marker for gender equality (GE marker): In the majority of projects with the GE-1 or GE-2 marker,<sup>89</sup> women are considered as a structurally marginalised group. All the TC projects examined have at least a GE-1 marker and do apply the procedural directives (Doc. 4, 11, 15, 34, 47, 63, 92). However, two out of three FC projects with a GE-1 indicator do not apply the directives (Doc. 28, 88). A marker was assigned without defining corresponding indicators. The following implications can be derived from these findings:

1. Use of the GE marker in the module proposal encourages active analysis of the ways in which the project can address structurally marginalised groups. Consequently it can be assumed that in-depth assessments, particularly checklists and standardised formats, make a positive contribution to the mainstreaming of non-discrimination.<sup>90</sup>
2. Module objective indicators disaggregated by socio-demographic characteristics and/or indicators with quotas for other marginalised groups can contribute to the mainstreaming of non-discrimination.
3. It follows that alongside monitoring, markers are another tool that can make it easier for projects to analyse marginalised groups during the planning and implementation of projects and make the results of that analysis visible.
4. However, the assessment of the GE marker also shows that development cooperation in the intervention area 'Private sector and financial system development' places a focus on women as a marginalised group. In none of the cases are non-binary conceptions of gender reflected in the identifying description or the indicators, even though people in these groups are frequently marginalised in the private sector and the workplace. Consideration of other dimensions of discrimination or multiple discrimination is also less frequent and less systematic than in other intervention areas. This means that little or no attention is paid to relevant dimensions of discrimination in some contexts. An inclusive approach to gender mainstreaming may include measures to develop gender guidelines or support the sensitisation of staff in partner institutions, for example. Effects of these measures can be captured in the monitoring system by means of indicators that reflect the acceptance of sexual minorities in the partner institution.<sup>91</sup>

Factors at the level of the partner country also influence the mainstreaming of non-discrimination. The statistical capacities of the partner and the availability of data disaggregated by demographic groups help to ensure that better attention is paid to marginalised groups (Int. 2, 4). This area poses challenges mainly when marginalised groups perceive the collection and use of disaggregated data as problematic or risky, such as information on caste membership in India (Doc. 46; Int. 38, 86).

In many cases, the challenges of mainstreaming non-discrimination in projects on private sector and financial system development are associated with perceived risks and areas of tension. From the case studies, three perceived risks or areas of tension can be identified:

1. Interviewees said that the objective of trying to maximise labour market effects in projects in this intervention area conflicts with the principle of promoting disadvantaged entrepreneurs in the aim of inclusion. Hence, they argued that promoting small and medium-sized enterprises<sup>92</sup> could result in the creation of better paid jobs than in micro-enterprises (Doc. 7). This could be done at the expense of supporting micro-entrepreneurs who had no prospect of attracting investment or obtaining loans at market conditions.

<sup>89</sup> The GE marker is one of several policy markers on which development partners are obliged to report in the OECD-DAC CRS. The following are the scores it can be assigned: 0 = contributions to gender equality have been reviewed but these are not a part of the project; 1 = gender equality is an important objective of the project but not the main reason for undertaking it; 2 = gender equality is the project's principal objective, without which the project would not have been undertaken (OECD DAC, 2016).

<sup>90</sup> The BMZ's AO (*Armutorientierung*) marker for poverty orientation was likewise assessed. Analysed projects with an AO marker of 1 or 2 are not more strongly oriented towards structurally marginalised groups.

<sup>91</sup> This understanding of gender is derived from the German government's LGBTI inclusion concept, among other sources (Auswärtiges Amt and BMZ, 2021).

<sup>92</sup> In the definition of MSMEs used by the project, small enterprises have annual turnover from the equivalent of 0.05 million euros to just over 1 million euros, and medium-sized enterprises have annual turnover of between approx. 1 million and 5.18 million euros.

2. Interviewees also expressed the view that environmental and social standards requirements as well as the necessity for loan-based projects to be profitable for the partner financial institution were aspects that could be in tension with the promotion of young start-ups or micro-entrepreneurs. One example mentioned was that partner financial institutions were unwilling to expand their portfolio to rural or fragile regions due to the higher average repayment risks and risks to the security of their staff (Int. 33). In this connection it was also pointed out that microcredit loans were not an appropriate instrument for all rights-holders due to the high risk of sub-borrower over-indebtedness. Since over-indebtedness has not only economic but also psychosocial consequences, respondents considered that in keeping with the 'do no harm' principle and from a human rights point of view, it was important to systematically weigh the repayment risks against the promotion of economically marginalised groups of people.
3. Another risk, according to some project documents, is that a conflict of objectives between the do-no-harm principle and the one-sided promotion of marginalised groups may arise (Doc. 3, 62, 63) if the majority population feels that a specific group is being favoured. Such a perception can exacerbate social conflicts and jeopardise the effectiveness of the projects (Int. 36).

Existing procedures for implementation of the HRBA within the implementing organisations facilitate a structured response to risks and areas of tension (see Chapter 4.4). This can help to avert discrimination and to develop adapted projects and instruments for the rights-holders addressed. For example, FC projects can work with financial institutions which offer financial services to poorer population groups. For instance, in one of the six FC projects examined, an objective indicator of higher deposits of savings at a partner bank was agreed and achieved (Doc. 86, 88). Another project was planning to support an insurance facility for NGOs, which mostly grant microloans, by putting an accompanying measure in place. One objective of this facility may be to give micro-entrepreneurs easier access to loans; at the time of the evaluation, however, the measure had not yet been implemented (Doc. 9, 11). It is also possible to promote innovative financial services for marginalised groups by means of accompanying measures at the partner bank. Such measures were planned by one of the six FC projects analysed, but were not put into practice (Doc. 24, 28). As an example of good practice, Box 6 describes how one of the analysed TC projects supports marginalised groups.

### Box 6 Good practice: Promoting women entrepreneurs in disadvantaged states in India

The project for the promotion of Indian women entrepreneurs fully implements the principle of non-discrimination. It primarily addresses women, who constitute a structurally marginalised group in the context of the Indian economy.<sup>93</sup> Intersectionality is incorporated via the project's regional focus: The majority of project activities take place in the north-east of India where people are predominantly from the Muslim minority and poorer sections of the population (ILO, 2018a).<sup>94</sup>

- Indicator 1 (Use of disaggregated information about structurally marginalised groups):** Based on the results of a gender analysis and an 'integrated Peace and Conflict Assessment' (iPCA), the module proposal coherently sets out which forms of disadvantage women in India's private sector experience when starting a business. In addition, the project commissioned studies that documented the situation of women entrepreneurs in individual states and sectors. These studies deliberately refrained from collecting data on caste-based forms of discrimination even though both appraisals and comments by staff of the implementing organisations indicate that caste is a significant characteristic of disadvantage. The reason for this was feedback from interviewees and implementing partners to the effect that respondents perceived a discussion of caste initiated by external actors to be problematic and intrusive. This made it essential to involve marginalised groups during the assessment mission in order to give due regard to context-specific issues during the implementation phase.
- Indicator 2 (Prevention of indirect discrimination of marginalised groups):** According to the rights-holders addressed by the project, there are no discriminatory barriers to participation in the project. Risks of exclusion were actively addressed. Since the Covid-19 pandemic, for example, the project has been providing participating women with training in digital skills so that digital solutions can reach women with poor digital skills and no access to the Internet. Moreover, the project is gender-sensitive in design and offers support from mentors to break down psychological barriers.
- Indicator 3 (Indirect contribution to eliminating forms of discrimination):** Apart from the project participants themselves, women from structurally marginalised regions and sections of society should be promoted indirectly. This is based on the impact assumption that newly established or growing women-led businesses will employ other women and thus create income and employment for poorer sections of the population. Media campaigns on overcoming patriarchal role conceptions should also contribute indirectly to the equitable economic participation of women.
- Indicator 4 (Direct contribution to eliminating forms of discrimination):** The project promotes start-up women entrepreneurs and has a GE-2 marker. All module objective indicators are geared towards gender equality in the context of the project. Module objective indicator 1 aims to ensure that recommendations for the further gender-sensitive development of two support programmes are implemented as models of good practice. Module objective indicators 2 and 3 set quotas for the project's effects on women entrepreneurs. Although the project does not address other dimensions of disadvantage directly, it focuses on the poorer, preponderantly Muslim north-east of India and thus strengthens women from disadvantaged regions.

<sup>93</sup> It follows that women earn only two-thirds as much as men on average. The gender pay gap is on the low side for women in permanent employment in urban areas (22 per cent) and highest for women from rural areas taking on casual jobs (39 per cent) (ILO, 2018a).

<sup>94</sup> According to an ILO report, the overlap between gender and caste status leads to double marginalisation in Indian employment and business contexts (ILO, 2017).

**Summary:** Measures to prevent and eliminate non-discrimination are partly mainstreamed in the cycle of official development cooperation projects in the intervention area ‘Private sector and financial system development’. These mainly focus on the appraisals conducted during the planning phase of projects. However, only in some cases are the information and recommendations from the appraisal studies used for the thematic elaboration, implementation and monitoring of the projects. Implementation experience and human rights awareness among project staff, partners and rights-holders strengthen the mainstreaming of non-discrimination. The use of standardised appraisal tools and the assignment of the GE marker accompanied by quotas for marginalised groups in the objective indicators likewise ensure that projects systematically take account of some structurally marginalised groups. Project staff can make use of existing procedures to structure their response to any tensions they perceive between the promotion of marginalised groups and the sectoral objectives of projects in the intervention area ‘Private sector and financial system development’. Multiple discrimination is hardly being taken into account as yet, and German development cooperation places a clear focus on the promotion of women in this intervention area.

## 4.2 Participation and empowerment

**Evaluation question 1: To what extent do German bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ implement the requirements of the HRBA throughout the entire project cycle?**

Assessment criterion B:  
Implementation of the principles of participation and empowerment<sup>95</sup>

Indicator 1: Projects make information about participation opportunities available beforehand (information).

Indicator 2: Projects actively seek information concerning rights-holders and their interests (consultation).

Indicator 3: Rights-holders can have a say in decisions relating to the project (co-determination).

Indicator 4: Structurally marginalised groups in the specific context are involved in projects’ existing consultation and co-determination processes (empowerment).

**Findings:** The aspiration expressed in the human rights guidelines (BMZ, 2013a) and in the TC/FC guidelines (BMZ, 2021b) to enable the participation of rights-holders throughout the project cycle is barely fulfilled in the intervention area ‘Private sector and financial system development’. In rare cases, the rights-holders addressed know of ways in which they can actively participate in designing the project (2 out of 9 cases; indicator 1). In cases where rights-holders receive information about opportunities to participate, this usually happens during the implementation of measures – in the form of feedback opportunities, for example (Int. 16).

In a subset of the cases examined (4 out of 9 cases), the involvement of the rights-holders addressed is ensured by means of one-off, informal consultations or stand-alone exchange formats for actors involved in the project (Indicator 2). For example, in three cases, entrepreneurs’ associations and state actors are brought together in the course of sectoral dialogue forums held at national or sub-national level (Doc. 15, 63, 99). Such multi-stakeholder forums attended by state, civil society and private sector representatives are intended not only to foster transparency and dialogue between actors but also to take account of the perspective of rights-holders or their representation structures (Int.36, BMZ, 2013a). None of the projects examined monitor the extent to which these occasional measures result in the sustainable mainstreaming of participation by partners of the project or promote regular consultation of rights-holders by state partners.

<sup>95</sup> The analysis of this assessment criterion is derived from the BMZ human rights strategy paper and from the corresponding human rights guidelines. These include the stipulation ‘[d]evelopment measures must thus ensure that planning and decision-making processes are as inclusive and representative as possible, and all groups affected by the measure can adequately participate.’ (BMZ, 2013a, p. 3).

Individual projects (2 out of 9 cases) ensure that addressed rights-holders are involved in co-determination processes or give them a means of actively influencing decisions that affect them (Indicator 3). In one project, solutions proposed by business associations for overcoming barriers to the creation of additional employment and income opportunities are fed into the project's political dialogue with state actors at national, regional state or local level (Doc. 66). In another case, a project provided support on the legal and operational levels for the establishment of cooperatives. It gained the participation of individual operators of agricultural enterprises in order to advocate for their commercial interests vis-à-vis representatives of the state apparatus (Int. 4).

Only one case yields evidence of marginalised groups being actively involved in designing the project (Indicator 4). Here, women's organisations are explicitly invited to public-private sector dialogues, where their function is to represent the interests of women entrepreneurs. The dialogue format was consciously designed to be gender-sensitive. The aim of this is to strengthen the active participation of women in such exchanges and to ensure that their ideas for improving the framework conditions for MSMEs are fed into decision making. Women entrepreneurs or their representation structures are also directly involved in the elaboration of measures – for example, in developing demand-oriented business services (Doc. 63).

In the projects examined in the intervention area 'Private Sector and Financial System Development', participation is implemented solely in TC projects (5 out of 5 cases; however, these fulfil less than one out of four assessment indicators on average). Often these are projects that work more closely with target groups, meaning that staff members are in direct contact with the addressed rights-holders and their representation structures. In TC projects these are usually micro-entrepreneurs, service NGOs, cooperatives or entrepreneurs' associations. Participation is almost exclusively promoted by involving interest-group associations in stand-alone measures – particularly dialogue forums – during the implementation phase of projects. In addition, there are informal feedback opportunities – in the context of training measures, for example. Although these are actively used, some participants' own responses indicate that they perceive themselves as passive recipients whose feedback has no significant influence on the project (Int. 50). Projects only occasionally involve addressed rights-holders in the planning phase of the projects – for example, by interviewing them as part of the data collection for gender analyses (Doc. 14).<sup>96</sup>

In TC projects, moreover, participatory elements serve instrumental purposes rather than the normative objective of sustainably promoting participation as a human rights principle. This means that projects see the involvement of rights-holders as a way of developing more effective approaches and measures. However, such involvement cannot be attributed to systematic implementation of the HRBA. In part, this is evident from the fact that participatory approaches are rarely included in the conception phase of projects and barely systematically monitored during implementation (Doc. 63, 92). According to the HRBA formulated in the human rights strategy (BMZ, 2011) and the human rights guidelines (BMZ, 2013a), however, participation does not serve solely instrumental purposes, but is intended to give rights-holders the opportunity to express their own point of view on the development cooperation project that affects them. In other words, participation is both an effect of development cooperation measures and a normative principle of human rights-based development cooperation.

In contrast to TC projects, no evidence of the involvement of rights-holders was identified in any of the FC projects analysed (0 out of 4 cases). All the cases assessed on the criterion of participation are projects that cooperate with microfinance institutions. In the preliminary screening, these projects were usually classified as low risk on the environmental and social dimensions (category C). Only in high-risk projects (category A) are stakeholder engagement plans a requirement upon KfW Development Bank's implementing partners or the financial intermediaries with which KfW Development Bank cooperates. They must oblige their customers to draw up such plans.<sup>97</sup> According to the interviews, participation is difficult if not impossible to

<sup>96</sup> Participation is not implemented in the evaluations of projects, either. Going beyond the case studies analysed, the assessment of the evaluation reports in the narrative synthesis reveals that only one evaluation applied participatory methods: Rights-holders were included in the data collection by means of focus group discussions (Doc. 113).

<sup>97</sup> Apart from the four cases assessed here, there is one other FC project (on the financing of loan guarantees for infrastructure projects) which involves rights-holders by means of mandatory stakeholder engagement processes during the course of implementation (Doc. 76). Since the

implement in the microfinance sector. Interview respondents pointed out that participatory approaches are less relevant for microfinance projects because the partner banks already take account of the interests of rights-holders without involving them actively (Int. 1, 3, 33). Banks thus orientate their products and services towards the demand side in order to increase customer satisfaction, retain reliable MSMEs as customers, and thereby improve their lending business. However, market mechanisms do not necessarily result in consideration of the interests and requirements of rights-holders for the purposes of product development – particularly if they are marginalised groups – because in the cases examined, the possibility of giving feedback on a product on offer was available to customers only (Int. 1). Especially when the demand for microcredit loans exceeds the available supply, the banks' offer is orientated primarily towards already privileged sub-borrowers with a high probability of repayment rather than towards the requirements of disadvantaged borrowers.

Various factors influence the mainstreaming of participation in the project cycle: Participation of rights-holders is more frequently mainstreamed in cases where Participatory Development/Good Governance (PD/GG) is pursued as a principal objective (OECD-DAC marker: PD/GG-2) or a significant objective (OECD-DAC marker: PD/GG-1), (Gualberti and Tollenaere, 2021). The projects examined that fulfil at least one indicator for the assessment criterion of participation (4 out of 9 cases) have a PD/GG-1 marker (Doc. 34, 47, 63, 99). None of the projects examined (0 out of 9 cases) has a PD/GG-2 marker. This permits the interpretation that choosing which marker to assign can initiate a process of reflection on the possibilities for mainstreaming participation. Assigning the marker is not sufficient to ensure the mainstreaming of participation, however. The same marker is used to record measures addressing state partners aimed at improving the transparency and accountability of public institutions (see assessment criterion 3). Hence, there are projects that receive a PD/GG-1 marker even though participation will not be implemented.

A shortage of time resources is an influencing factor that inhibits the active involvement of rights-holders, according to staff of the implementing organisations. They report that owners of MSMEs are usually tied to their businesses, which keeps them from taking part in exchange formats (Int. 18). Female entrepreneurs are said to face additional challenges finding the time to participate actively in projects due to traditional family obligations (Int. 41, 42, 61). In some cases, rights-holders are also said to lack incentives to participate because they mainly receive loans, which – unlike training activities – leave little scope for constructive input (Int. 1, 24). Moreover, cooperation with intermediary structures and distance from the target group are said to make it difficult for some projects to involve rights-holders throughout the project cycle (Int. 2, 30).

Feedback from participants in training provided by a TC project is at odds with responses from implementing organisation representatives, who state that there are no incentives for participation or that intermediary structures for implementation do not involve rights-holders. In their interviews, micro-entrepreneurs stated that they actively contributed to designing training measures and setting their objectives. For example, they actively engaged in accompanying exchange formats on the contents of the training courses or completed feedback forms as part of the post-measure assessment (Int. 16, 24). One suggestion from participants was to organise 'round tables' to improve networking among the participants of the measures and with external actors (Int. 16).

analysed project issues guarantees, stakeholder engagement during the planning phase of a guarantee-financed infrastructure project can still be assigned to the implementation phase. In a similar way as for the TC projects, here rights-holders are involved more for instrumental reasons and less for the purpose of implementing the HRBA and its human rights objectives. The project was not taken into account in the assessment because insufficient information had been supplied concerning all indicators of the assessment criterion 'participation' at the level of the companies taking out loans.

**Summary:** There is only limited evidence that measures for rights-holders' participation in keeping with the HRBA are mainstreamed and implemented in the projects. Involvement of rights-holders is mostly practised by means of ad hoc dialogue forums or occasional feedback – directly in some cases or via their representation structures in others. Only in isolated cases are rights-holders involved in the planning phase of projects. Furthermore, although TC projects most commonly implement participatory measures, they do not systematically mainstream them throughout the entire project cycle and in all projects. Challenges exist for FC projects which cooperate mainly with microfinance institutions in the intervention area 'Private sector and financial system development': Staff of the implementing organisations have a perception that the participation requirement of the HRBA is not especially relevant or can only be transferred to the context of the microfinance sector with difficulty. The assignment of PD/GG markers can result in the incorporation of participatory elements in the planning phase of projects – even if participation tends to serve instrumental purposes in these cases and is not necessarily mainstreamed in keeping with the HRBA.

### 4.3 Transparency and accountability

**Evaluation question 1: To what extent do German bilateral development cooperation projects in the intervention area 'Private sector and financial system development' implement the requirements of the HRBA throughout the entire project cycle?**

|   |   |
|---|---|
| <p>Assessment criterion C:<br/>Implementation of the principles of transparency and accountability<sup>98</sup></p> | <p><b>Transparency:</b></p> <p>Indicator 1: Information about the project is transparently disclosed, presented and made available throughout the process.</p> <p>Indicator 2: Directly addressed groups (rights-holders and companies) are aware of this information and can make use of it.</p> <p><b>Accountability/grievance mechanisms:</b></p> <p>Indicator 3: At the level of projects, information is available about defined channels for grievances.</p> <p>Indicator 4: Rights-holders are aware of the grievance mechanisms (awareness) and find them predictable (predictability), safe (protection from reprisals), transparent in their procedures (transparency) and accessible (accessibility).</p> <p>Indicator 5: At the level of projects, information is available on how the grievance mechanisms meet the requirements for objectivity and independence.</p> |
|---|---|

**Findings on transparency:** The principle of transparency is fully implemented in the projects examined in all the countries concerned. Transparency comprises both the publication of information about the project and its activities, and the use of this information by rights-holders.

In most cases (8 cases out of 10), the presentation and availability of information about the projects is good (Indicator 1). However, the measures for achieving this cannot be ascribed to any transparency strategy that might describe how the project intends to provide information about its purpose, its activities and how to access them. Often there is evidence of a strong focus on online channels such as websites, social media or chat groups (Int. 36, 37, 38, Doc. 41). In some cases, information is also made available via analogue channels such as town hall meetings, informal networks or workshops with project participants (Int. 36). On the one hand, the focus on virtual channels makes sense, especially during the pandemic period, because these channels enable rapid and direct communication of information to rights-holders. On the other hand,

<sup>98</sup> The analysis of this assessment criterion is derived from the BMZ human rights strategy paper and from the corresponding human rights guidelines. For example, these state that (1) 'Every person should be empowered to articulate their interests freely and effectively in the political sphere and have the chance to participate in the relevant [...] processes. [...] To that end, state action must be transparent and accountable.' (BMZ, 2011, p. 6). (2) 'Strengthening accountability and control mechanisms for the people, and ensuring they are also accessible to particularly disadvantaged groups within society, e.g. by putting in place easily accessible, straightforward grievance mechanisms for water users.' (BMZ, 2013a, p. 5). This evaluation places its focus on the second aspect mentioned, namely grievance mechanisms.

not all the rights-holders addressed by the projects can be reached in this way (Int 36). This especially applies to members of structurally marginalised groups who have no access to the Internet or poor digital literacy.

In TC, activities for transparency are implemented at the beginning of projects in order to reach out to potential project participants and draw their attention to the project. A combination of channels are used: Information is disseminated via local partner organisations and ministries, via (social) media and via dedicated project websites (Int. 4, 86). Furthermore, corresponding outputs are often planned, which include activities for the dissemination of information, such as knowledge transfer to MSMEs via intermediary organisations (Doc. 41), as well as awareness-raising activities aimed at making information accessible to a wider public (Doc. 49).

Projects in FC, especially those dealing with MSME-financing, focus their transparency efforts on creating effective publicity for loan products (Doc. 52; Int. 79). For example, information about loans is displayed in local bank branches, or the partner bank advertises new loan products (Doc. 11; Int. 1). Because some borrowers are illiterate, lending advisors play a particularly important role in the transparent dissemination of information, although there is not always sufficient reflection about the power disparity between customers and lending advisers (Int. 3). In some cases, it is contractually regulated that information will be provided to borrowers in line with the Responsible Finance Principles<sup>99</sup> (Doc. 82; Int. 33). Yet not every project stipulates that activities for consumers will be carried out in conformity with the Responsible Finance Principles, even when – at least on particular indicators – projects are directly addressed to sub-borrowers (Doc. 25, 99).

Not only is information about the projects appropriately presented and made available; in eight out of ten cases, the directly addressed groups are also aware of it (Indicator 2). Rights-holders involved in projects<sup>100</sup> stated that they had access to essential information (Int. 50, 55, 73). However, some added the suggestion that information could also be publicised via additional channels in order to reach more people (Int. 16). Transparent provision of information not only increases right holders' knowledge about the project, but also fulfils an accountability function: If funding decisions are not transparent and comprehensible in the eyes of state partners, companies or rights-holders, this can lead to dissatisfaction with the project and to reputational losses (Int. 4). It is therefore important to have clear criteria and open communication – concerning the selection of pilot measures or beneficiaries, for example (Doc. 92) – to ensure the project's acceptance.

One challenge for the implementation of the transparency principle stems from the fact that the BMZ and the implementing organisations provide very few formal guidelines and instructions on how transparency about the human rights aspects of projects can and should be achieved.<sup>101</sup> A clear line cannot always be drawn between measures supporting the projects' public relations work (such as press work or road shows) and those intended more as a contribution to transparency and making information available to the rights-holders addressed. Public relations work aimed at conveying a positive image of the project and German development cooperation to the public is not sufficient to ensure transparency in the human rights sense. In fact, transparency in the human rights sense is about giving people and civil society organisations affected by a project the opportunity to take action based on information, and to articulate and assert their interests.

<sup>99</sup> According to KfW Development Bank, Responsible Finance is 'a business policy aimed at achieving a fair balancing of interests between financial institutions, their customers, investors and other stakeholders' (KfW, 2019, p. 1, own translation). The Responsible Finance approach is built on three pillars: Regulatory authorities (e.g. financial supervisory authorities), financial services providers (e.g. banks), and consumers (e.g. individuals and MSMEs) (KfW, 2019).

<sup>100</sup> As part of the data collection in the case study countries India and Nigeria, rights-holders involved in the project were interviewed. In addition, the managers of projects were interviewed on how non-discrimination and equality of opportunity were put into practice in the projects, and project documents were assessed in this regard. In addition, context-specific vulnerability analyses were produced as part of the case studies. It was found that the projects do address members of various structurally marginalised groups as well as rights-holders affected by multiple discrimination, who were identified in the vulnerability analyses. As a qualifying remark, it is noted that due to the Covid-19 pandemic, it was not possible for the consultants to visit the projects *in situ*. Consequently, the perspectives of some rights-holders who were not participants in project activities or not viewed as stakeholders of the project but were equally entitled to fulfilment of the human rights principle of transparency may have been missed.

<sup>101</sup> This is also reflected in the findings of the first part of the human rights evaluation, which indicates that procedures and processes of implementing organisations contain no stipulations on implementing the human rights principle of transparency (Polak et al., 2021).



**Findings on accountability:** The projects examined only fulfil the requirements of the HRBA for grievance mechanisms in a limited way. In relation to grievance mechanisms, the implementation of the human rights principle of accountability is therefore barely fulfilled. The empirical basis for this finding was data collected at the level of projects.<sup>102</sup> The overriding question in this context was what information was available to project staff and managers and to the addressed rights-holders about grievance mechanisms and the implementation of requirements such as objectivity and independence.

#### Box 7 Grievance mechanisms – Clarification of terms

This evaluation uses various terms in relation to (human rights-related) complaints about bilateral development cooperation projects. Firstly, **complaints channels** denote informal and low-threshold ways of reporting feedback and complaints to a project. A **grievance mechanism**, on the other hand, is a formal complaints process that may be situated at project level and/or institutional level. Grievance mechanisms are subject to requirements which ensure that the mechanism is accessible and independent. The **grievance redressal system or grievance mechanism system**, finally, encompasses all the informal and formal grievance channels in a systematic and comprehensive system. The grievance redressal system defines how the different complaints channels and grievance mechanisms interact with, build upon and interlink with one another across different levels (project-specific, institutional, development cooperation-wide).

The findings show that the projects studied primarily offer informal feedback and complaints channels. However, rights-holders are not informed adequately about how they can use the grievance mechanisms, should there be any reason to do so from their perspective. Those involved in project practice also barely know about the institutional grievance mechanisms.

In just over half of the projects (5 out of 9 cases), interviewees report that complaints channels exist (Indicator 3). In addition to defined grievance mechanisms operated by partners, to some extent there are also informal feedback options or low-threshold opportunities for rights-holders to report grievances. Project managers pointed out that they share ways of making contact – for instance, by email – with participants and encourage them to make use of these channels (Int. 37, 86). Respondents also stated that project participants could contact the respective implementing partners and give direct feedback – for example, via chat groups (Int. 86). With one exception (Int. 28), there was no mention of institutional grievance mechanisms (see Box 8) in the interviews with project managers and project participants.

<sup>102</sup> The first part of the human rights evaluation reports that all implementing organisations of German development cooperation have formal grievance mechanisms at the institutional level which can be applied in all German development cooperation projects. In contrast, references to grievance mechanisms at the project level were found in only six per cent of the module proposals of a representative sample of bilateral development cooperation projects. Specific grievance mechanisms for individual projects exist only in KfW Development Bank projects exhibiting high or moderate environmental and social risks (Polak et al., 2021).

### Box 8 Institutional grievance mechanisms

KfW and GIZ have established institutional grievance mechanisms.

In addition to the KfW Compliance Whistleblowing System for reporting criminal acts and breaches of law, KfW Development Bank has a complaints mechanism that is open to everyone ‘who believe[s] that they have been or may be negatively affected by a [...] project or programme supported by KfW’ (KfW, 2020). Complainants may choose to be represented by an organisation, and may request that the complaint be treated confidentially. Complaints can be submitted either online via a form in German or English, by email, by post, or locally at KfW field offices in the partner countries (KfW, 2021). The Central Complaints Office, which reports directly to the Executive Board, coordinates the processing of complaints. In 2021, KfW published a Complaints Report, which provides an overview of the complaints it received (KfW, 2021). From 2018 to 2020, the majority of complaints came from private individuals and approximately two-thirds of the complaints related to environmental, social and human rights effects of projects. According to the KfW Complaints Report, further refinements of the mechanism are planned (KfW, 2021). These are intended to improve access to the grievance mechanism, increase transparency and provide better protection from reprisals. Furthermore, two possible procedures are to be offered in future: a compliance review procedure, which examines whether KfW procedures and standards are being adhered to, and a problem-solving procedure, where the emphasis is on conflict resolution and remediation. These two options also meet the internationally established standards for independent grievance mechanisms (Kämpf, 2013; The World Bank Group, 2020b).

The GIZ has a central whistleblower portal which, alongside other subject matter, accepts reports of human rights violations, sexual misconduct and sexual exploitation (GIZ, 2022). The Compliance and Integrity Unit follows a transparent procedure for processing complaints, whereby reports are treated confidentially and can also be submitted anonymously (GIZ, 2021a). The channels for lodging complaints include a portal (in German, English, French and Spanish), email, telephone, and submission in person. Since 2015, GIZ has received only a few complaints with a bearing on human rights (Doc. 156). GIZ also intends to enhance the effectiveness of its human rights complaints mechanism, among other things by providing whistleblowers with better protection and improving access to the grievance mechanism, for which the country offices in particular are to receive advice and support (GIZ, 2021b).

In three out of nine cases, interviewees reported that complaints channels and grievance mechanisms are accessible to rights-holders (Indicator 4).<sup>103</sup> Project participants find the low-threshold feedback and complaints channels helpful for reporting minor grievances. They stated that they receive appropriate responses to their feedback (Int. 24, 42, 55, 70, 71, 72). Apart from the option of contacting project managers directly, however, only in a few cases are rights-holders addressed by projects aware of other complaints channels such as grievance mechanisms operated by partners. Even when rights-holders are aware of complaints channels and grievance mechanisms, they perceive them as unpredictable as regards how the complaints process will unfold, or with regard to the possibility of reprisals and protective measures against these. However, knowledge about the options for lodging grievances and about how these will be managed would be a prerequisite for informed use of the grievance mechanisms, especially in the case of more serious grievances. These limitations on transparency, including the poor awareness of institutional grievance mechanisms, is thus a major problem affecting the accessibility and use of grievance mechanisms.

<sup>103</sup> The empirical findings from both the remote case studies and the desk-based case studies were the basis for assessing this indicator. The case studies considered both the supply and demand sides: Managers of projects as well as rights-holders addressed by projects were interviewed on the accessibility of grievance mechanisms. The rights-holders’ perspective was given particular weight, because whether they have access to the grievance mechanisms is crucial. In the desk-based case studies, project managers were asked about the accessibility of grievance mechanisms and about possible measures to make these known to project participants.

Finally, none of the nine projects had information available on how the grievance mechanisms fulfil the requirements for objectivity and independence (Indicator 5). Grievance mechanisms at project level are not usually able to fulfil this requirement themselves, since complaints about the project are submitted directly to those responsible for the project. However, both managers and staff of projects as well as the rights-holders they address should have information about whether, and how, a grievance mechanism on another level will ensure objectivity and independence. Institutional grievance mechanisms or national regulatory authorities might play a role here, as long as they fulfil the objectivity and independence requirements. In the interviews, however, there were no indications that any information was available about grievance mechanisms meeting these requirements.

### Box 9 Further development of grievance mechanisms - the example of WWF

In 2019, the World Wide Fund for Nature (WWF) was confronted with allegations that massive human rights violations had taken place in protected areas that it was supporting.<sup>104</sup> WWF International responded by commissioning a panel of three independent experts who investigated the organisation's role in relation to the allegations and examined whether its procedures, processes and measures were sufficient to prevent human rights violations or deal with them appropriately (Pilay et al., 2020). WWF Germany additionally commissioned an assessment of its human rights due diligence processes (Löning, 2020).

Both the report of the independent panel (Pilay et al., 2020) and the assessment of human rights due diligence processes at WWF Germany (Löning, 2020) gave a comprehensive analysis of human rights due diligence. They identified deficits and made recommendations which included establishing effective grievance mechanisms and financing them securely, both at country level and at the level of the parent organisation (Pilay et al., 2020). WWF Germany was recommended to '[c]ontinue working on the implementation of effective and accessible grievance mechanisms on the ground' (Löning, 2020, p. 43).

In response to the two reports, since 2021 WWF Germany has published annual reports on the theme of 'nature conservation and human rights', which include transparent accounts of the progress made in implementing the various recommendations (WWF Germany, 2021, 2022). According to these reports, the recommendation to establish effective and accessible grievance mechanisms on the ground continues to be implemented. The first signs of progress are said to be apparent. For example, the report states that WWF Germany will finish setting up its own grievance mechanism in 2022, and continues to support the establishment of grievance mechanisms at project level (WWF Germany, 2022, p. 37). Further development of the grievance mechanisms also includes establishing channels of contact for reaching the ombudsperson at WWF International, and working on integrating or interlinking local and global grievance mechanisms (WWF Germany, 2022, p. 19).

The findings on grievance mechanisms differ for each implementing organisation. In TC there is evidence of a diverse range of informal, low-threshold channels, which are provided both by the implementing organisations themselves and by the implementing partners (Int. 4, 37, 86).<sup>105</sup> These are accessible to project participants, who also use them for giving feedback on matters like the content of training courses. Some TC projects are also in dialogue with or providing advisory services to implementation partners, and the latter sometimes already have mechanisms in place which can be made accessible to project participants (Int. 86). For some contexts, project managers describe low-threshold, direct options as another appropriate route –

<sup>104</sup> See for example: <https://www.zeit.de/wissen/umwelt/2019-03/naturschutzorganisation-wwf-menschenrechte-verbrechen-wilderei>, accessed 5.5.2022, <https://www.faz.net/aktuell/politik/inland/bericht-bescheinigt-wwf-luecken-im-menschenrechtsschutz-16166765.html>, accessed 5.5.2022.

<sup>105</sup> According to the GIZ Human Rights Policy (GIZ, 2021a, p. 1), human rights represent a 'particular area of responsibility' for the organisation. Accordingly, the company has an online portal for whistleblowers, which can be used as a channel for disclosing human rights violations and submitting other tip-offs. According to its Human Rights Policy, GIZ is committed to various principles including the UN Guiding Principles on Business and Human Rights (GIZ, 2021a, p. 1) which formulate standards for grievance mechanisms at the operating level including accessibility, predictability and transparency (UNHRC, 2011). According to its Sustainability Programme 2021-2025 (GIZ, 2021b), GIZ intends to increase the effectiveness of its human rights complaints mechanism by 2023 – with regard to the protection of whistle-blowers and the accessibility of the complaints mechanism, for example.

for example, because feedback can be given directly and clarified in a personal conversation (Int. 4). Direct communication of this kind is important for projects and a sensible way to directly address minor grievances directly. For instance, a respondent reported that one project had received a complaint claiming that a mentor had used inappropriate, sexist language. The implementing partner was then said to have worked with the person affected to find a replacement mentor (Int. 41). At the same time, informal complaints channels are no substitute for a comprehensive grievance mechanism. Even when partners set up grievance mechanisms, so far not enough is done to ascertain how the mechanisms work and whether they adequately serve their purpose and meet requirements (Int. 37, 86).

The findings specific to FC reflect the KfW's directives requiring grievance mechanisms to be formally anchored in projects. These specify that when cooperating with financial intermediaries, for example, the introduction of a project-specific grievance mechanism is to be agreed with the financial intermediary. Grievance mechanisms are very widely established in the microfinance sector. Many of the partner institutions, often banks, make use of channels such as complaints hotlines and complaint or suggestion boxes for staff as well as customers (Doc. 89, Int. 3). This corresponds to the directives in the Sustainability Guideline, which require executing organisations 'to establish a grievance process [...] for receiving and dealing with concerns and complaints of employees and members of the affected public' (KfW, 2022, p. 13). The mechanisms available at the project level are not always adequate, however, since in practice there are still barriers that militate against their use. For example, there is some evidence that rights-holders cannot make use of information about grievance mechanisms because it is not provided in a local language. It is also reported that the grievance mechanism is not used for remediation because rights-holders fear negative consequences (Int. 7). The occasional respondent argues that an established grievance mechanism is not necessary because partner banks have a self-interest in high customer satisfaction and therefore use their own complaints channels to address customer concerns (Int. 1). From a human rights perspective, however, it is not satisfactory to rely solely on such market mechanisms because they do not ensure that all customers are given equal treatment. Further limitations are that they are not always guaranteed to be independent and objective.

#### Box 10 Good practice: Review and monitoring of grievance mechanisms

To ensure that grievance mechanisms are fully functional, projects should review them regularly and develop appropriate monitoring measures. Pointers to two good practices emerge from the case studies: One project has spot-checks of the partner's grievance mechanism conducted in order to identify any adjustments that might be needed (Int. 79). Another option is to engage independent actors, such as NGOs, to undertake continuous monitoring of lending activity (Int. 1). Another project cooperates with an NGO for this purpose (Int. 1). The NGO reviews a sample of the loans granted and reports possible cases of sub-standard lending or compliance breaches on the part of lending institutions to the responsible partner institution, which can then take further internal follow-up action to address them.

**Summary:** The findings on mainstreaming of the human rights principles of transparency and accountability in bilateral projects of German development cooperation in the intervention area 'Private sector and financial system development' are twofold. The criterion of transparency, in the sense of making information available about the project is fulfilled. Projects implement various measures to establish transparency – about their services and how to access them, and about project activities. The criterion of accountability in relation to grievance mechanisms, on the other hand, is barely fulfilled. To be sure, there are some good approaches: Within TC, predominantly low-threshold, direct channels for feedback and complaints have become established, and within FC, the use of contractual provisions to oblige partners to set up project-specific grievance mechanisms, and the existence of established monitoring and review mechanisms to some extent.<sup>106</sup> Nevertheless, the limited transparency is a challenge: At project level, project staff, project managers and addressed rights-holders are not sufficiently aware of grievance mechanisms, regardless of where these are situated. Institutional grievance mechanisms operated by the implementing organisations were only

<sup>106</sup> According to the Sustainability Guideline, '[g]rievances and their processing and resolution are to be documented' by executing agencies (KfW, 2022, p. 14), and are to form part of reporting.

mentioned in one interview. If rights-holders are unaware or not sufficiently aware of grievance mechanisms, they lack an important prerequisite for making use of them. Not only does this mean that one of the human rights requirements is not sufficiently implemented, but also that relevant information, such as recurring problems of a structural nature, may not be reaching the implementing organisations.

#### 4.4 Human rights risks

##### Evaluation question 1: To what extent do German bilateral development cooperation projects in the intervention area 'Private sector and financial system development' implement the requirements of the HRBA throughout the entire project cycle?

Assessment criterion D: Appropriate management of human rights risks and unintended effects<sup>107</sup>

##### Planning:

Indicator 1: Risks are assessed at the beginning of the measure.

Indicator 2: Mitigating measures are identified in the appraisal and taken into account in the project conception.

##### Implementation:

Indicator 3: Identified risks or mitigating measures are taken into account during the implementation of projects and, if appropriate, acted upon.

Indicator 4: During implementation, potential and new (and unanticipated) human rights risks are systematically monitored.

**Findings:** The management of human rights risks is a twofold criterion which covers the phases of planning and implementation. Good management of human rights risks is evident during the planning phase, and the criterion is fulfilled. In the implementation phase, on the other hand, systematic risk management is found in a few cases only, which is why the criterion is only partially fulfilled.

In the planning phase it is found that 11 out of 12 projects identify human rights risks during the appraisal and document them well (Indicator 1). These include risks pertaining to child labour in micro- and small enterprises (Doc. 12), limited occupational safety in financed projects (Doc. 75) and non-compliance with environmental and social standards by MSMEs receiving support (Doc. 15). In addition, the promotion of women entrepreneurs can lead to a rise in gender-based violence if the economic empowerment of women and their ensuing new roles and self-conceptions collide with existing patriarchal gender orders and norms (Doc. 48). In addition to human rights risks, the project documents mentioned many other political and operational risks, but did not fully elaborate these with regard to potential human rights implications such as political instability, a difficult security situation and worsening macroeconomic framework conditions (Doc. 63). The majority of projects (9 out of 12 cases) develop risk prevention measures (Indicator 2). These include measures for capacity building in partner organisations geared towards compliance with environmental and social standards (Doc. 74), implementation of the do-no-harm principle (Doc. 61) or the use of conflict-sensitive monitoring (Doc. 4).

In the implementation phase, systematic risk management is only present to some extent. This means that risks and risk-mitigating measures identified during the planning phase are not systematically carried forward into the implementation phase or addressed during implementation. To begin with, few of the projects (4 out of 10 cases) incorporate risks and mitigation measures in the implementation phase (Indicator 3). The reasons for non-implementation are varied. For example, one project planned advisory measures and training courses for companies on international quality and social standards, since human rights risks had been identified in the sectors concerned (Doc. 92). However, these could not be implemented in particular value chains due to a lack of support from the partner ministry (Doc. 96, 97, 98).

Although risk management instruments and measures are occasionally present, only in four out of ten cases are potential and new (and unanticipated) human rights risks systematically monitored or taken into

<sup>107</sup> The analysis of this assessment criterion is derived from the BMZ human rights strategy paper and from the corresponding human rights guidelines. These state, for example, that 'When agencies tasked with implementing official development assistance (ODA) prepare programme proposals it is mandatory that they appraise the relevant human rights risks and impacts before any project [...]. They are required to analyse 'at an early stage [...] the significant human rights risks that the development measure might entail and how these risks can be avoided [...]' (BMZ, 2013a, p.1).

consideration (Indicator 4).<sup>108</sup> New (and unanticipated) human rights risks arose for many projects with the onset of the Covid-19 pandemic and its economic consequences (Doc. 16). Some projects registered this development as a human rights risk and responded accordingly. In the microfinance sector, for example, the economic repercussions of the pandemic have exposed MSMEs to higher risks of over-indebtedness or insolvency. Various measures have been taken in response to these risks, including a suspension of loan repayment obligations and a suspension of penalties for missed instalment payments (Doc. 9). The systematic monitoring of human rights risks in the projects also shows that not all the risks identified during the planning phase actually occur during implementation (Int. 86).

The findings differ across implementing organisations. In TC projects, the evidence shows that during the planning phase, human rights risks are identified via the Safeguards and Gender Management System, and in concrete terms via the preliminary human rights appraisal, the iPCA and the gender analysis. This encompasses such aspects as child labour, discrimination affecting access to services, or violations of basic labour rights (Doc. 32, 42, 46, 61, 62, 67). The module proposals do not take up these human rights risks in their entirety, however. In individual cases, in-depth analyses such as gender analyses and iPCAs are not carried out until after the offer has been prepared, or else conducted when there is barely time to integrate the comprehensive findings into the offer. The fact that these appraisal documents are being generated at a later point in time than the process envisages could be one reason why identified human rights risks are not being comprehensively incorporated into module proposals.

An additional challenge is to ensure that planning and implementation are interlinked.<sup>109</sup> Even when the appraisals have identified human rights risks, the project managers are not always aware of them. Individual interviewees stated that their project was not affected by human rights risks, even though such risks had been identified in the appraisal. Furthermore, individual project managers stated that they tended to rely on their own implementation experience rather than consulting in-depth analyses from the appraisal phase. Some respondents also took the view that the responsibility for some of the identified risks – such as child labour – lay within the political partner’s remit, rather than taking steps to make their projects child rights sensitive (Int. 2, 37, 38).

In FC, there is similar evidence that concrete risks that have been identified in the project categorisation tool, such as child labour or deficits in occupational safety, are not taken up anywhere near comprehensively in the subsequent module proposal and in reporting. This can lead to a less nuanced approach to managing the risks concerned. Exceptions to this are also found; for example, projects which exclude the promotion of companies in sectors with particularly high human rights risks (child and forced labour) as a matter of policy (Doc. 99).

KfW Development Bank generally regulates the management of human rights risks by means of relevant contractual agreements with its partner institutions, which include so-called exclusion lists, and by imposing obligations to set up a management system for environmental and social standards (Doc. 71, 73). An important aspect of the contractual agreements is the monitoring system, along with partners’ reporting obligations and regular exchange about the reports (Int. 34). These are not systematically mainstreamed, however: Among projects that are older or have a risk category C<sup>110</sup> classification, there are instances in which the partner institution has not been obliged to set up an environmental and social management system. As a consequence, the partner institutions do not submit any corresponding monitoring reports to KfW Development Bank (Int. 3). In their responses, project managers said that they did not always have time to follow up on monitoring, and did not check compliance with standards when carrying out on-site visits (Int. 3).

<sup>108</sup> It is possible that projects can be implemented without giving rise to new human rights risks. At this point, the evaluation therefore examined whether projects make efforts to identify new and unanticipated risks and whether new developments with plausible human rights risks, such as those caused by the Covid-19 pandemic, are being recognised and addressed.

<sup>109</sup> Provision is made for additional process steps during the implementation of high-risk projects to examine how human rights risks have developed in the project context and, if need be, how measures will have to be adjusted (Doc. 157, 158, 159).

<sup>110</sup> In its preliminary appraisal of projects, KfW Development Bank differentiates four categories which yield insights about the scale of the potential negative environmental and social impacts. The categories are A (high risk), B+ (substantial risk), B (moderate risk) and C (low risk). Depending on the classification, different studies and assessments are necessary (KfW, 2022).

Accompanying measures have an important role in FC with regard to the management of human rights risks. In individual cases, mitigation measures and capacity development activities on social and environmental standards for lending are even implemented when corresponding risks have not been identified during appraisal of the projects (Doc. 52, 54). Accompanying measures aim primarily to ensure that environmental and social standards are defined and applied in the partner institutions' policies and procedures (Doc. 28, 99). Sometimes there are gaps in the implementation of accompanying measures – for example, when envisaged training measures for staff and borrowers, supported by a consultant, are not implemented (Doc. 24, 25). Occasionally, accompanying measures are used to deliver activities to strengthen financial literacy, in order to avert risks of individual over-indebtedness due to borrowing (Doc. 25).

**Summary:** While the management of human rights risks in the planning phase is found to be good, the evidence in the implementation phase is weaker. Particular reasons for this are that the results of human rights risk assessments are not carried across from planning to implementation, and human rights risks are not systematically monitored and addressed during the implementation of projects. In TC, there is sometimes a lack of awareness of human rights risks in the implementation phase of projects, and the results of risk assessments are not always used systematically. In FC, although there are good contractual agreements on the management of human rights risks, consistent monitoring of these could be improved.

## 5. FINDINGS 2: EFFECTIVENESS ON HUMAN RIGHTS



## Overview of findings: Effectiveness on human rights in the partner countries



### Assessment of effectiveness

#### Contributions to creating or safeguarding jobs: *fulfilled*

Many of the projects examined include intended effects on the creation or safeguarding of jobs. In most cases, they do indeed contribute to job creation, but nothing can be said about the volume and quality of the jobs created (see Chapter 5.1 and 7.2).

#### Contributions to just and favourable working conditions: *barely fulfilled*

Rarely do bilateral development cooperation projects explicitly pursue the objective of contributing directly or indirectly to just and favourable working conditions or to strengthening the social dialogue (see Chapters 5.1 and 7.2).

#### Contributions to strengthening marginalised groups: *partially fulfilled*

A share of the projects examined pursue the objective of contributing to strengthening structurally marginalised groups; for somewhat more than half of these projects, no limitations on effectiveness are found (see Chapters 5.2 and 7.2).

#### Contributions to strengthening addressed rights-holders in human rights terms: *missed*

Only a few measures were identified which aim to empower the rights-holders addressed by the given projects such that they know and can assert their rights, individually or collectively (see Chapters 5.2 and 7.2).

#### Contributions to strengthening addressed duty-bearers in human rights terms: *partially fulfilled*

In about half of the projects, measures are carried out that are geared towards strengthening state or private sector actors as duty-bearers to enable them to fulfil their obligations in relation to human rights (see Chapter 5.2 and 7.2).



### Other findings

Factors that hinder the effectiveness of projects are (1) partner governments' lack of willingness to engage with human rights issues in the context of development cooperation and (2) perceived tensions between the different objectives of the HRBA and (3) between the objectives of the HRBA and project-specific objectives (see Chapter 5.3). Against this backdrop, knowledge of the HRBA and the perception among project managers that its relevance is limited in the project context have a particular bearing on the mainstreaming of human rights effects (see Chapter 5.3).

## 5.1 Effects on the right to work

**Evaluation question 2.1: To what extent do German bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ contribute directly and indirectly to the creation of jobs and to just and favourable working conditions?**

|  |   |
|--|---|
| Assessment criterion A:<br>Contribution to creating and safeguarding jobs <sup>111</sup>         | Indicator 1: Projects contribute to the creation of new jobs.<br>Indicator 2: Projects contribute to the safeguarding of existing jobs.<br>Indicator 3: Projects contribute to the realisation of intermediate effects.   |
| Assessment criterion B:<br>Contribution to just and favourable working conditions <sup>112</sup> | Indicator 1: Projects contribute to the realisation of labour standards in the sense of just and favourable working conditions.<br>Indicator 2: Projects contribute to the social dialogue in the sense of facilitating opportunities for exchange between duty-bearers and rights-holders.<br>Indicator 3: Projects contribute to the realisation of intermediate effects. |

**Findings regarding contributions to creating and safeguarding jobs:** The findings both from the remote case studies and from the evaluation synthesis indicate that bilateral development cooperation projects contribute to creating or safeguarding jobs in the economic sectors they serve in the given partner countries.<sup>113</sup>

In the case studies, 4 out of 5 projects make contributions to creating or safeguarding jobs (Indicators 1 and 2). For example, one TC project contributes indirectly to creating jobs by carrying out capacity development measures to build the entrepreneurial skills of business owners. As a result, their companies grow and create new jobs (Int. 18, 16, Doc. 66).

Projects in which examples of job creation can be found usually also refer to the safeguarding of jobs as an effect. Only in one case out of five was there evidence of contributions to the safeguarding of jobs alone (Int. 50, 53, 55). Against the backdrop of the Covid-19 pandemic’s economic repercussions for companies, interviewees referred to the particular importance of safeguarding existing jobs (Int. 20, 53). In one case from each of the two case study countries, it was noted that projects can contribute to reducing pandemic-related company insolvencies and thereby help to safeguard existing jobs despite difficult framework conditions (Int. 20, 77).<sup>114</sup>

The positive findings from the case study countries are confirmed by the findings from the evaluation synthesis. As Figure 4 shows, 32 per cent of the projects (14 of the 44 reports) aim to create or safeguard jobs directly, meaning at the outcome level. 50 per cent of the projects (22 of the 44 reports) pursue such objectives indirectly, meaning at the impact level. All together, 61 per cent of the projects (27 of the 44 reports) intend to achieve objectives in this category at the level of outcomes and/or impacts.

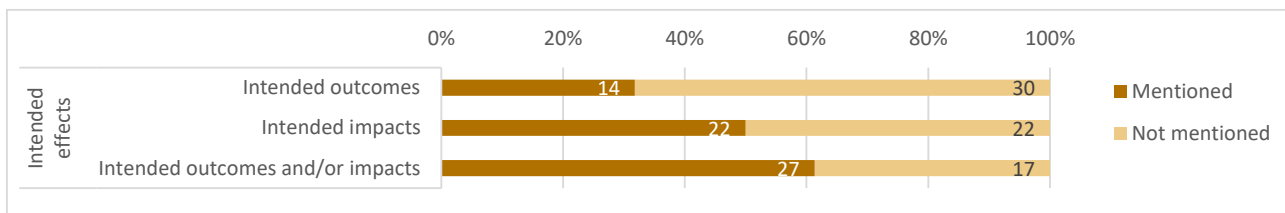
<sup>111</sup> The analysis of this assessment criterion is derived from the BMZ’s strategic guidelines for the intervention area and from the HRBA. These state: ‘Private sector development [...] strives to generate development effects by creating productive employment opportunities’ (BMZ, 2013b, p.14, own translation).

<sup>112</sup> The analysis of this assessment criterion is derived from the BMZ’s strategic directives for the intervention area and from the HRBA. These state: ‘The promotion of environmental and social standards (for example, the Core Labour Standards of the International Labour Organization (ILO)) fulfils an important function of this guiding vision [of the social and environmental market economy]’. (BMZ, 2013b, p. 13, own translation). As well as labour standards, the indicators also cover the social dialogue (see Chapter 2).

<sup>113</sup> Due to the limited data basis, no conclusions can be drawn about displacement effects in other sectors.

<sup>114</sup> Corresponding effects are not always included in the objective or output indicators of impact matrices, although both project staff and rights-holders describe them as relevant impacts of the projects. This is evident in two of the cases examined (Int. 20, 77).

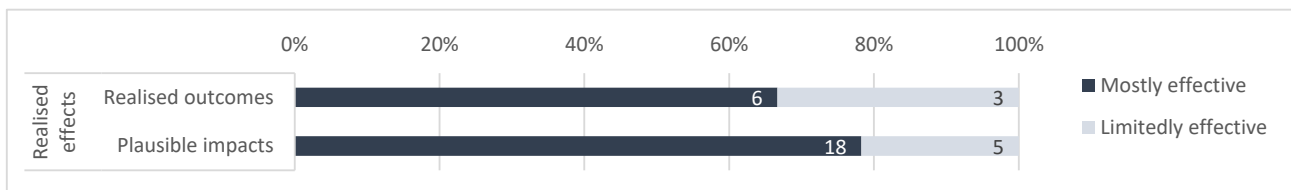
**Figure 4 Contributions to creating and safeguarding jobs: Intended effects<sup>115</sup>**



Source: own presentation on the basis of the evaluation synthesis, n=44. The analysis of intended effects made reference to all the reports contained in the sample.

As Figure 5 shows, the majority of the projects that intend to contribute to creating or safeguarding jobs at the outcome level are described in the project evaluations as ‘mostly effective’ in their project context (mentioned in six out of nine or 67 per cent of the reports). Likewise, for a large proportion of the projects that aim to achieve corresponding effects at an overarching (impact) level, the evaluations describe the achievement of at least one of these objectives as ‘plausible’ (mentioned in 18 out of 23 or 78 per cent of the reports).<sup>116</sup> On that basis, the project evaluations often contain only indirect estimates of the scale of the employment effects. These estimates are very often based on information supplied by cooperation or implementation partners, and are only occasionally checked for specific projects in the course of the evaluations themselves.

**Figure 5 Contributions to creating and safeguarding jobs: realised effects**



Source: own presentation on the basis of the evaluation synthesis, n<sub>Outcomes</sub>=9, n<sub>Impacts</sub>=22. The analysis of effectiveness only made reference to those reports in which effects were rated by evaluators. Reports from projects in which no such rating was undertaken (for example, because the project was not pursuing any corresponding objectives) were not included in the analysis.<sup>117</sup>

Furthermore, the projects examined often achieve intermediate effects that can pave the way for the creation or safeguarding of jobs (Indicator 3). The findings from both the case studies and the synthesis show that intermediate effects of this kind can be attested in the overwhelming majority of projects. In one case in which no contributions to creating or safeguarding jobs are found, interviewees plausibly stated that the project paved the way for such contributions by virtue of such effects as networking between companies and academic institutions (Int. 44) or services supporting the expansion of business activities (Int. 71, 72, 73, 74). This finding is confirmed by the findings from the evaluation synthesis: 14 of the 44 reports examined (32 per cent) make links between the strengthening of companies and framework conditions for business at the outcome level and the creation or safeguarding of jobs at the impact level.<sup>118</sup>

<sup>115</sup> The term ‘intended effect’ denotes the mention of an intended contribution in an evaluation report, regardless of whether it is included in the impact matrix.

<sup>116</sup> As described in the online annex, in the synthesis of project evaluations a distinction is made between effects at the outcome and the impact level. In terms of content, this is necessary to make it possible to track whether projects have a direct influence on the achievement of objectives. Methodologically, the distinction also makes it possible to assess the significance of the findings from the project evaluations. In project evaluations, the analysis of effects at the impact level is not sufficiently systematic to permit findings of causal correlations. Hence, the presentation of analytical findings below refers only to the plausibility of such correlations.

<sup>117</sup> Originally, five categories were used to describe effectiveness (not effective, barely effective, partially effective, mostly effective, fully effective), of which the first three categories were grouped as ‘limitedly effective’ and the remaining categories as ‘mostly effective’, the underlying assumption being that in projects that are partially effective at best, limitations on effectiveness are present.

<sup>118</sup> For further information, see the online annex.

Projects from different implementing organisations differ with regard to the creation and safeguarding of jobs. Corresponding effects are reported for GIZ projects both at the outcome and the impact level (9 and 11 mentions respectively), and for KfW projects mainly at the impact level (11 mentions, versus 5 mentions at the outcome level).<sup>119</sup> This difference is a reflection of specific types of project and the impact pathways pursued by TC and FC projects in the intervention area. KfW Development Bank's approach is comparatively consistent across all evaluation reports and frequently consists of contributing to the development of the respective financial sector by financing and strengthening financial intermediaries (for example, Doc. 123, 126, 130, 137). As a result, financial intermediaries are expected to offer more financial services, especially loans, to companies (mostly MSMEs), so that they can establish themselves in the market. Only in isolated cases do its projects also intend to exert an influence on the political framework conditions in the given country. In GIZ's projects, on the other hand, a greater variety of potential impact pathways can be observed: It largely supports companies by means of capacity development activities, often flanked with measures aimed at improving the political framework conditions for businesses. In individual cases, additional measures are put in place to boost employability.<sup>120</sup>

**Findings regarding contributions to just and favourable working conditions:** In contrast to the findings on the creation or safeguarding of jobs, the findings from the case studies and the evaluation synthesis on just and favourable working conditions are less positive.

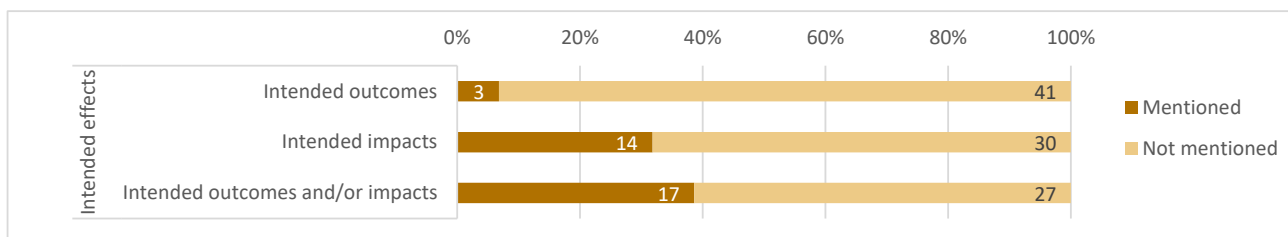
Contributions to the realisation of individual aspects of just and favourable working conditions could be identified in two out of five cases (Indicator 1). In both cases, however, these were the working conditions of workers employed by companies participating in the projects as implementation partners (Int. 11, 20). In none of the projects could effects be identified that were attributable to any active and targeted attempt to realise just and favourable working conditions for employees in MSMEs. Yet thematic links are found between the measures and objectives of projects and individual aspects of just and favourable working conditions. In one of the cases analysed, no explicit reference is made to just and favourable working conditions pursuant to the ILO Core Labour Standards even though the project's training measures address employee welfare (Int. 16). In none of the cases examined do the impact matrices contain objective indicators which are explicitly geared towards the strengthening of just and favourable working conditions or the social dialogue. In the cases mentioned, where projects were shown to have made identifiable contributions to corresponding effects for implementing partners, these can be ascribed to contractually imposed obligations on implementing partners to implement international standards such as the ILO Core Labour Standards (Int. 5).

Beyond this, only one project contributes to strengthening the social dialogue between rights-holders and duty-bearers (Indicator 2). Here, the rights-holders addressed by the project, approached through various civil society organisations, are involved in a series of exchange forums such as public-private dialogue forums or stakeholder dialogues specific to particular measures (Int. 36).

The results of the evaluation synthesis reinforce the overall finding that major contributions to establishing just and favourable working conditions are infrequent. Effects on individual aspects of working conditions are found in only seven per cent (3 out of 44 reports, see Figure 6) and 32 per cent of the projects (14 out of 44 reports) respectively.

<sup>119</sup> No mentions were identified in the PTB project examined. For a complete overview of the mentions, see the online annex.

<sup>120</sup> The improvement of political framework conditions can be illustrated with reference to examples concerning the promotion of producers' associations, MSME advocacy groups, or dialogue and networking events between state, private sector and civil society actors (Doc. 105, 109, 147). Examples of measures to boost employment promotion include support for schools and for technical and vocational education and training or 'competency-based training' (Doc. 113, 118). 113, 118).

**Figure 6 Contributions to just and favourable working conditions: Intended effects**

Source: own presentation on the basis of the evaluation synthesis, n=44. The analysis of intended effects made reference to all the reports contained in the sample.

Reports mainly mention intended contributions to a living wage<sup>121</sup> (11 of the 44 reports at outcome or impact level), whereas other aspects of just and favourable working conditions are rarely or never mentioned.<sup>122</sup> Good examples of how effects on working conditions can be mainstreamed as part of development cooperation projects are found in projects geared towards strengthening textile supply chains. However, only some elements of these are assigned to the intervention area ‘Private sector and financial system development’ (see Box 11).<sup>123</sup>

### Box 11 Good practice: Integration of effects on just and favourable working conditions

Particularly in relation to textile supply chains, in recent years a series of projects have come into being which systematically strengthen aspects of just and favourable working conditions. They can be aimed at different levels and implemented with different partners and objectives. Selected aspects of these projects serve as examples for targeted strengthening of working conditions in private sector and financial system development:

- The project ‘Sustainability in the Textile and Leather Sector’, which is assigned to the intervention area ‘Private sector and financial system development’, aims to promote the implementation of social and environmental standards in companies in Bangladesh. As well as strengthening the inspection capacities of state bodies and supporting companies undergoing certification, another focus of the project is on strengthening the social dialogue in order to improve workers’ knowledge about labour rights and human rights. This aspect is implemented partly within the framework of a cooperation with local civil society organisations (GIZ, 2021c).
- The objective of the project ‘Employment Injury Protection Scheme for Workers in the Textile and Leather Industries’ is to establish a statutory accident insurance scheme in Bangladesh to protect workers against the consequences of occupational accidents. To this end, it not only aims to establish the legal framework conditions but also to create social acceptance and awareness of the need for accident insurance (GIZ, 2018a).

<sup>121</sup> A living wage is rarely found as a stand-alone objective in the projects. Instead, it is mostly shown in the intervention logics of projects as resulting from objectives pertaining to income and employment effects or the improved competitiveness of companies (Doc. 117, 121, 132, 135). In three projects in which income effects are a direct objective, it could not be discerned from the evaluation reports whether these effects translated into ‘liveable’ incomes (Doc. 110, 129, 133).

<sup>122</sup> Beyond this, only occasionally are effects mentioned that can be assigned to the following aspects of just and favourable working conditions: healthy and safe working conditions, other just and favourable working conditions (four mentions of each at the impact level) and strengthening the social dialogue (two mentions at the impact level). Other aspects like advancement opportunities, working hours and breaks, the prohibition of child labour or the prohibition of forced labour are not mentioned.

<sup>123</sup> As well as a project in Bangladesh, mentioned in Box 11, projects in Pakistan, Cambodia and Ethiopia and a regional project in Asia are assigned to this intervention area. Furthermore, one global project exists in this area. Most of these projects are still ongoing at the time of the evaluation, and could not therefore be taken into account in the synthesis of project evaluations. Many more projects linked to textile supply chains are assigned to other intervention areas or core areas – for example, agriculture. At the time of the evaluation, DEval was carrying out an evaluation of the BMZ’s contributions to sustainable supply chains, within which it focused on supply chains in the textile sector.

- The project ‘Financing Environment and Safety Retrofits in the Bangladesh Ready-Made Garment Sector’ pursues the objective of supporting financial institutions and textile factories with regard to environmental and social standards. Activities towards this objective include strengthening financial institutions by providing them with training and support services in product development so as to increase their competence in the financing of environmental and safety-related investments (GIZ, 2018b).

Along the same lines as the differences between GIZ and KfW Development Bank projects regarding the creation or safeguarding of jobs, differences between implementing organisations also occur with regard to the promotion of just and favourable working conditions. In KfW Development Bank projects, effects on working conditions are mentioned at the impact level only (8 out of 8 mentions), whereas in GIZ projects, such effects are mentioned at both the outcome and impact levels (3 and 6 mentions respectively).<sup>124</sup>

For the assessment of effects on just and favourable working conditions, intermediate effects are also important (Indicator 3). Two out of five projects from the remote case studies achieve effects which, according to interviewees, lay the foundations for subsequent effects on just and favourable working conditions. One of the projects contributes to technical innovations in companies, which prompts interviewees to conclude that this can contribute indirectly to improved working conditions in terms of occupational safety (Int. 37, 44). However, it emerges from the interviews with programme staff that indirect contributions of this kind do not fall within the projects’ domain of responsibility and no systematic monitoring of working conditions takes place (Int. 43, 46). Analysis of the evaluation reports shows that only in three reports are intermediate effects, such as the strengthening of companies or of the financial system, linked to overarching impacts with regard to just and favourable working conditions.<sup>125</sup>

**Summary:** The objective of contributing to the creation and safeguarding of jobs is pursued systematically and explicitly by almost all of the projects examined. In most cases, there is empirical information to support the conclusion that contributions are made to the creation or safeguarding of jobs. The assessment criterion is therefore fulfilled. However, these contributions are often indirect effects of the projects at the impact level which could not be analysed completely. Statements about them – both in the case studies and in the project evaluations – are based mostly on estimates, not all of which have been verified, or on reports from partners. While contributions to job creation at the impact level are considered plausible, on this basis it is impossible to gauge the volume of jobs created or their quality (Indicators 1 and 2).<sup>126</sup> Nevertheless, projects are very often successful at achieving intermediate effects, which may plausibly contribute to the creation or safeguarding of jobs at a later point in time (Indicator 3).

Only in a few instances do projects in the intervention area ‘Private sector and financial system development’ explicitly pursue the objective of contributing to just and favourable working conditions. There are barely any projects that set out to contribute directly, at the outcome level, to individual aspects of just and favourable working conditions. Somewhat more frequently, there are projects which aim to achieve corresponding effects indirectly, at the impact level. Projects that are geared towards making comprehensive and systematic contributions to just and favourable working conditions could not be identified. The assessment criterion is therefore barely fulfilled (Indicators 1 and 2). In some cases, however, projects contribute to achieving intermediate effects that can plausibly lead to improved working conditions. In this regard, barely any intentional work has been done towards just and favourable working conditions within the meaning of the ILO Core Labour Standards (Indicator 3).

<sup>124</sup> No mentions were identified in the PTB project examined. For a complete overview of the mentions, see the online annex.

<sup>125</sup> For more detailed information, see the online annex.

<sup>126</sup> A number of evaluations and studies exist which analyse the effects of (German) development cooperation on the creation of jobs. Overall, studies for German development cooperation, which are often produced by the implementing organisations, often contain similarly positive findings. However, studies examining similar interventions by other donors show significantly more critical results in some cases. In part this may be explained by the methodological challenges of systematically and comprehensively recording the number of jobs created (for an in-depth discussion, see Chapter 7.2).

## 5.2 Effects on rights-holders and duty-bearers addressed by projects

### Evaluation question 2.2: To what extent does the HRBA contribute to ensuring that rights-holders know and make use of their rights?

|  |  |
|--|--|
| Assessment criterion A: Contribution to the equitable participation of structurally marginalised groups in positive effects of projects. | Indicator 1: Structurally marginalised groups benefit (equally or exclusively) from positive effects of projects.<br>Indicator 2: Multiple discrimination is taken into account when assessing effectiveness.  |
| Assessment criterion B: Contribution to the empowerment of rights-holders in terms of human rights                                       | Indicator 1: The projects strengthen rights-holders such that they know their rights.<br>Indicator 2: Projects strengthen rights-holders and their representation structures such that they feel empowered to assert their rights.<br>Indicator 3: Projects strengthen rights-holders and their representation structures such that they can assert their rights individually or collectively. |

### Evaluation question 2.3: To what extent does the HRBA contribute to ensuring that duty-bearers respect, protect and fulfil human rights?

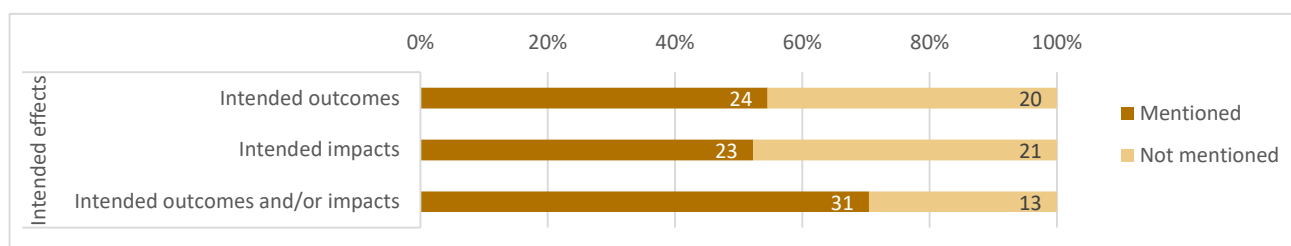
|  |   |
|--|---|
| Assessment criterion A: Contribution to strengthening primary and secondary duty-bearers | Indicator 1: Projects strengthen state actors to enable them to fulfil their obligations in relation to human rights.<br>Indicator 2: Projects strengthen private sector actors to enable them to fulfil their obligations in relation to human rights. |
|--|---|

**Findings regarding contributions to strengthening marginalised groups:** The findings from both the remote case studies and the evaluation synthesis support the conclusion that in a subset of cases, the marginalised groups in their specific contexts benefit equally from the positive effects of projects.

In three out of five projects from the remote case studies, marginalised groups benefit from the projects' positive effects (Indicator 1). Projects which contribute to this are, firstly, those which are principally geared towards strengthening marginalised groups. For example, one project which focuses on improving the framework conditions for women-led MSMEs makes contributions to strengthening women and other groups that are marginalised in the specific context. These include indigenous population groups, for example (Int. 41). Secondly, contributions to the strengthening of marginalised groups were also found in projects that are not principally aimed at promoting specific groups. This can be exemplified by one project that is geared towards strengthening MSMEs in general. Here, the implementation of targeted measures to strengthen marginalised groups in the context of overarching objectives contributes to strengthening both women and young adults (Int. 24, Doc. 66).<sup>127</sup>

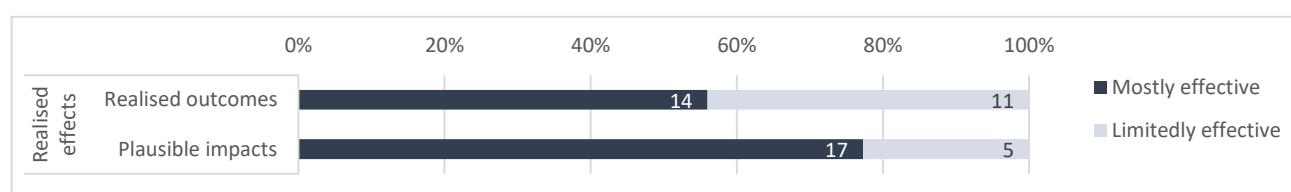
The evaluation synthesis shows that projects refer to effects on marginalised groups comparatively frequently. References to corresponding effects at the outcome and/or impact level can be identified in 70 per cent of the projects (31 of the 44 reports; see Figure 7). In each case, just over half of projects intend to have effects on marginalised groups at different levels (24 out of 44 projects or 55 per cent at the outcome level; 23 out of 44 projects or 52 per cent at the impact level).

<sup>127</sup> In the two projects in which no contributions to the targeted strengthening of marginalised groups could be identified, no discriminatory barriers exist. These cases illustrate that the mere absence of barriers does not automatically lead to the strengthening of marginalised groups (on this, see also Chapter 4.1).

**Figure 7 Contributions to strengthening marginalised groups: Intended effects**

Source: own presentation on the basis of the evaluation synthesis,  $n=44$ . The analysis of intended effects made reference to all the reports contained in the sample.

Nevertheless, it can be seen from Figure 8 that only just over half of projects that intend to achieve outcome-level effects are rated as effective without any limitations in the project evaluations (14 out of 25 mentions in reports, 56 per cent). At the impact level, the assessment of effectiveness is somewhat higher, at 77 per cent (17 of the 22 reports).

**Figure 8 Contributions to strengthening marginalised groups: realised effects**

Source: own presentation on the basis of the evaluation synthesis,  $n_{Outcomes} = 25$ ,  $n_{Impacts} = 22$ . The analysis of effectiveness only made reference to those reports in which evaluators rated the realised effects. Reports from projects in which no such rating was undertaken (for example, because the project was not pursuing any corresponding objectives) were not included in the analysis.<sup>128</sup>

In projects in the intervention area, the definition of the addressed rights-holders barely takes account of multiple discrimination (Indicator 2). The findings from the remote case studies and the evaluation synthesis indicate that projects promote individual groups regardless of the context, and do not systematically analyse overlapping characteristics of disadvantage.

The findings from the evaluation synthesis show that projects in this intervention area mainly promote women. 61 per cent of the projects (27 of the 44 reports) aim to achieve outcomes or impacts for women. Furthermore, the projects mainly aim for effects on economically marginalised groups or people living in poverty. Half of the projects (22 of the 44 reports) contain references to corresponding effects at outcome and/or impact level. Only in occasional instances do projects address other groups, and thus multiple discrimination.<sup>129</sup> The case studies bring to light a similar focus on individual marginalised groups. However, these also yield examples of successful incorporation of multiple discrimination, such as one project geared towards the promotion of economically disadvantaged women. Due to its focus on eliminating structural causes of discrimination against women, the project is also able to strengthen other groups that are marginalised in the specific context (especially indigenous and religious minorities), having identified these during planning and implementation (Int. 39, 41, 42, 47, 77).

The projects of the different implementing organisations differ on the criterion of strengthening marginalised groups. The three projects in the case studies in which marginalised groups actively participate in the positive effects of the projects are GIZ projects. No such effects can be identified for the KfW Development Bank

<sup>128</sup> Five categories were originally used to describe effectiveness (not effective, barely effective, partially effective, mostly effective, fully effective), of which the first three categories were combined into 'limitedly effective' and the remaining categories as 'mostly effective'.

<sup>129</sup> Young people are addressed in five reports at the outcome level and two reports at the impact level. Persons with disabilities and indigenous people are addressed in one report each at the outcome and the impact level. None of the reports contain any reference to LGBTI people. For full information, see the online annex.



projects examined in the case studies. This difference is confirmed by the findings from the evaluation synthesis. Intended effects on marginalised groups at the outcome level are mentioned significantly more frequently in TC projects (15 out of 19 projects, 79 per cent) than in FC projects (9 out of 24 projects, 38 per cent). The same difference, albeit somewhat less marked, is also found at the impact level (13 out of 19 projects, 68 per cent for TC and 10 out of 24 projects, 42 per cent for FC). It is also noted that TC projects tend to support a wider variety of different groups.<sup>130</sup>

This difference between FC and TC can be explained by the fact that the intervention logics of many FC projects envisage that the strengthening of final beneficiaries (for example, borrowers) will only happen indirectly, at the impact level. Moreover, there is evidence that gender equality effects do not occur automatically, but need active and targeted promotion. This can be illustrated with the example of a project whose lower effectiveness rating resulted from the fact that it addressed borrowers who were almost exclusively male and did not systematically implement the gender strategy of the partner bank. The share of female borrowers, at around 20 per cent, fell short of the intended 50 per cent (Doc. 137).

**Findings regarding contributions to strengthening rights-holders in human rights terms:** The findings of both the remote case studies and the evaluation synthesis indicate that only very rarely do projects strengthen rights-holders as intended by the HRBA, such that they know their rights, feel empowered to assert these rights and do in fact assert them (Indicators 1 to 3).

None of the projects examined for the case studies show evidence of contributions to strengthening rights-holders in this way. Out of 44 projects in the evaluation synthesis, intended effects on rights-holders were present in just one project at the outcome level and one at the impact level (two per cent in each case). In these two cases, achievement of the objectives was rated as effective and plausible respectively. For example, one project contributes to establishing a public discourse on equality for women and on consumer protection rights. It also provides a context for informing rights-holders about their rights (Doc. 121).

#### Box 12 Good practice: Strengthening rights-holders in human rights terms

Although targeted strengthening of rights-holders in relation to human rights is of minor importance in projects from this intervention area, there are projects in other areas which can act as examples of the mainstreaming of such measures in development cooperation projects. One of the aims pursued by the project ‘Promotion of human rights and human rights dialogue’ in Mauritania,<sup>131</sup> for example, is to inform rights-holders – especially women and young people in rural areas – about their rights, and thus heighten the demand for human rights to be respected, protected and fulfilled. To this end, it provides advice to state and non-state actors on developing and delivering awareness-raising measures. To complement this, it strengthens the competences of state and non-state human rights actors, such as the national human rights institution, and offers dialogue forums.

**Findings regarding contributions to strengthening duty-bearers in human rights terms:** In some cases, contributions can be identified which are aimed at strengthening state bodies or companies as duty-bearers in keeping with the HRBA, and thus enabling them to fulfil their human rights obligations and respect human rights (see Chapter 2.2).

In two out of five projects from the case studies, contributions to strengthening state bodies in accordance with the HRBA were identified (Indicator 1), and in three out of five projects, contributions to strengthening companies in accordance with the HRBA were identified (Indicator 2). The strengthening of state bodies can be illustrated by a case in which, after receiving advice from the project, a state body established a centre for the promotion of marginalised groups (Int. 68). The strengthening of companies can be illustrated by a case in which an initial and further training measure within the partner institution is intended to contribute to the further

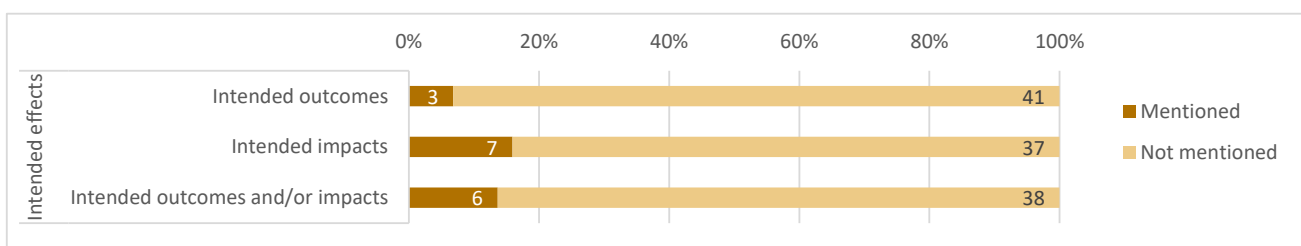
<sup>130</sup> Evaluation reports from FC projects contain no references to other structurally marginalised groups besides women and people living in poverty. For full information, see the online annex.

<sup>131</sup> In this regard, see: [https://www.giz.de/projekt/daten/projects.action?request\\_locale=en\\_GB&pn=201441104](https://www.giz.de/projekt/daten/projects.action?request_locale=en_GB&pn=201441104), accessed 27.07.2022.

development of its environmental and social management system and to the further training of employees. This measure is intended to strengthen the partner company to identify environmental and social risks when issuing loan guarantees for infrastructure projects, and to oversee compliance with these risks.

Similarly, the findings from the evaluation synthesis also identified examples of the strengthening of state bodies or of companies in accordance with the HRBA, although they are less frequently in evidence in this analysis. It can be seen from Figure 9 that out of 44 projects, three (seven per cent) and seven (16 per cent) intend to achieve corresponding effects at the outcome and impact levels respectively. For example, corresponding effects are described in one project which contributes to strengthening companies in human rights terms by carrying out capacity development as part of accompanying measures (such as ‘awareness-raising measures’ for lenders and investors from the actual target group, Doc. 128). On this criterion, there are no visible differences between TC and FC.

**Figure 9 Contributions to strengthening duty-bearers: Intended effects**



Source: own presentation on the basis of the evaluation synthesis, n=44. The analysis of intended effects made reference to all the reports contained in the sample.

**Summary:** The effectiveness of bilateral development cooperation projects with regard to strengthening marginalised groups is **partially fulfilled**. Over half of the projects examined intend to strengthen marginalised groups (Indicator 1). Of these projects, again more than half are rated ‘mostly effective’ or better (outcome level). At the level of overarching impacts, achievement of the objectives is plausible in four out of five projects. The projects devote little attention to multiple discrimination (Indicator 2). Across all the projects and regardless of the context, there is a focus on particular groups (especially women and people living in poverty).

In terms of strengthening rights-holders in the sense intended by the HRBA, the effectiveness of bilateral development cooperation projects is rated as ‘missed’. Only occasionally could measures be identified which are aimed at strengthening rights-holders such that they know and (can) assert their rights, individually or collectively (Indicators 1 to 3).

In terms of strengthening duty-bearers in the sense intended by the HRBA, the effectiveness of bilateral development cooperation projects is rated as ‘partially fulfilled’. Individual projects implement measures aimed at strengthening state actors such that they can fulfil their obligations in relation to human rights (Indicators 1 and 2). Measures aimed at strengthening companies in human rights terms were identified quite frequently.

### 5.3 Influencing factors

#### Evaluation question 3: What factors influence whether German development cooperation achieves its human rights-related objectives?

No assessment criteria were determined *a priori*; the question is answered inductively.

**Findings:** In the following, a distinction will be made between influencing factors on two levels:

1. Factors influencing the inclusion of human rights-related objectives in projects: The limited human rights-related effectiveness of projects in the intervention area frequently results from the omission of corresponding effects from their impact matrices (see Chapter 5.1. and 5.2.).<sup>132</sup> The factors described below, which influence the inclusion of human rights-related effects, are thus a prerequisite for projects in the intervention area to be able to register such effects (see Chapter 5.3.1).
2. Factors influencing the achievement of objectives by projects: Chapter 5.3.2 presents helpful and hindering factors influencing the effectiveness of projects in the intervention area 'Private sector and financial system development'. They permit conclusions to be drawn about specific factors favouring the achievement of human rights-related effects, since there are often projects which have no human rights-related objectives but still achieve intermediate effects (see Chapter 5.1). Where these factors can be linked to specific human rights-related effects, this is also made clear. Due to the low number of projects whose documentation included intended effects on human rights, however, this is not always possible.

#### 5.3.1 Factors influencing the inclusion of human rights effects in projects

Factors influencing the incorporation of human rights-related effects into projects in the intervention area can be assigned to different levels (see Table 4). These encompass factors at the level of projects (particularly the concrete design of particular projects and the particular backgrounds of the individuals working on the projects), of implementing organisations (particularly their procedures and processes), of the BMZ (particularly its strategic directives for the intervention area and its human rights-based approach), and the level of the partner country (particularly the competence and interests of partner institutions).

**Table 4** Factors influencing the mainstreaming of intended effects on human rights

| Influencing factors       |                                     | Areas of intended effect |                                   |                              |                            |
|---------------------------|-------------------------------------|--------------------------|-----------------------------------|------------------------------|----------------------------|
| Level                     | Influencing factors                 | Decent work              | Strengthening marginalised groups | Strengthening rights-holders | Strengthening duty-bearers |
| Project                   | Implementation context              |                          | ✓                                 | ✓                            |                            |
|                           | Individual factors                  | ✓                        | ✓                                 | ✓                            | ✓                          |
| Implementing organisation | Procedures and processes            |                          | ✓                                 | ✓                            | ✓                          |
| BMZ                       | Strategic directives                | ✓                        | ✓                                 | ✓                            | ✓                          |
| Partner country           | Partners' competences and interests | ✓                        | ✓                                 | ✓                            | ✓                          |

<sup>132</sup> This twofold structure is based on the distinction made in the programme theory between intended objectives of the strategy and intended objectives of the projects (see Chapter 2.3). Although references to the effects are not always found in the projects' impact matrices (in other words, the intended effects are not always made explicit), they are nevertheless described as intentionally pursued objectives by persons involved in the projects.

Source: own presentation.

At the level of projects, the first set of factors influencing the mainstreaming of intended effects on human rights can be assigned to the concrete implementation context of projects. These influencing factors occur especially frequently in association with the mainstreaming of effects on marginalised groups and rights-holders:

- **Distance of the measures from rights-holders:** In a subset of the projects examined which had no intended effects on human rights, interviewees indicated that no direct cooperation took place with rights-holders, and the intention was rather to strengthen institutions or change structures (Int. 37, 43, 46). Any mainstreaming of human rights-related effects on rights-holders was therefore said to be difficult due to the lack of direct relationships. Here, interviewees said that it was only possible to make reference to rights-holders indirectly at the impact level.<sup>133</sup>
- **Perceived tensions between project-specific objectives and objectives of the HRBA:** Interviewees frequently explained the absence of direct effects on marginalised groups and rights-holders by stating that they considered the objectives of the HRBA to be incompatible with sector-specific objectives. A share of the interviewees asserted that the objective of strengthening marginalised groups could not be reconciled with the objectives of the projects – such as the development of stable and economically sustainable financial systems (4 out of 12 cases). In one microfinance project, for example, it was pointed out that the project's objective was to strengthen a financial institution economically. Indicators to this effect were said to be the central focus for this project. Given that set-up, it was explained, the planning did not include comprehensive support for marginalised groups because supporting them would lower the bank's profitability and jeopardise its rating in the financial market (Int. 33).

Another set of factors in play at the level of projects are individual factors which influence the mainstreaming of effects on decent work, marginalised groups, rights-holders and duty-bearers in accordance with the HRBA:

- **Knowledge about the HRBA and perception of it as relevant:** In a subset of the cases examined, challenges in mainstreaming human rights-related effects are associated with limited knowledge about the HRBA among project managers and staff and among the implementation partners. Furthermore, some interviewees described the approach as not relevant to the specific project context (6 of 12 cases; Int. 3, 4, 33, 34, 37, 38). Those projects in which effects on marginalised groups were identified also evidenced a high degree of staff sensitivity to human rights issues (Int. 3, 33). In these projects, the knowledge and understanding of structural disadvantage and multiple discrimination is also especially pronounced (Int. 1, 4).

At the level of the implementing organisations, the existence and implementation of procedures and processes influence the mainstreaming of human rights-related effects – particularly effects on marginalised groups, rights-holders and duty-bearers:

- **Project appraisal procedures relevant to human rights:** A series of procedures exist in the appraisal phase of projects which lay the groundwork for tackling the issue of human rights effects during the planning phase. Apart from assessments of human rights risks – particularly KfW Development Bank's environmental and social due diligence studies and the assessments for GIZ's Safeguards and Gender Management System – another important process is the allocation of policy markers that refer to human rights. For example, the process of assigning a GE marker makes it possible to tackle the question of possible effects on women as a marginalised group (9 out of 12 projects have a GE-1 or GE-2 marker; seven out of the nine proceeded to mainstream intended effects on women; Doc. 5, 18, 19, 50, 51, 68, 69, 70). However, the assignment of an appropriate marker does not always lead to the mainstreaming of corresponding intended effects in the form of indicators (2 out of 9 cases) (see Chapter 4.11).

<sup>133</sup> However, some of these indirect effects are not included in the impact matrices of the respective projects. Overall, 8 out of 12 cases have at least one indicator at module objective level that permits a direct reference to rights-holders.

At the level of the BMZ, strategic directives for both the intervention area and the HRBA influence the mainstreaming of all the human rights-related effects examined:

- **Applicability of the strategic directives of the HRBA:** The directives from the human rights strategy and the corresponding human rights guidelines are not always geared towards the specificities of projects in the intervention area. In two out of 12 cases, interviewees reported that the information in the said documents was not sufficiently specific as to how the HRBA could be implemented while keeping the objectives of the intervention area in mind (Int. 37, 75). For example, the documents were said to contain no information on how human rights objectives could be implemented in projects given the backdrop of the sectoral objective of strengthening institutions economically. In addition, interviewees said it was not always clear how the distinction drawn in the HRBA between rights-holders and duty-bearers was applicable in the context of MSMEs, since entrepreneurs are often rights-holders and duty-bearers at the same time (Int. 5, 7, 73). 5, 7, 73).
- **Tensions between objectives within the HRBA:** Unresolved tensions within the HRBA make it more difficult to implement in the intervention area. For example, a tension between the implementation of the principle of non-discrimination and the do-no-harm principle is cited in practice as an explanation for not supporting or only selectively supporting marginalised groups (Doc. 3, 62, 63). Furthermore, it was reported in interviews that established protection mechanisms, put in place to prevent human rights violations (for instance, in the form of lending criteria intended to prevent rights-holders from becoming over-indebted), make it more difficult to strengthen marginalised groups (Int. 36).
- **Mandated tasks of projects and multiple objectives:** Sectoral directives in the intervention area can also make it more difficult to mainstream human rights-related effects in projects – especially if they are not mandated tasks and the projects have multiple sectoral objectives. In the case of one project in the area of private sector development, for example, interviewees argued that the project had not been mandated to contribute to improved working conditions (Int. 43, 46). In another project from this area, it was stated that the high complexity of the project, which was already pursuing many different objectives, made it harder to incorporate further objectives. Additional measures to strengthen the social dialogue by cooperating with trade unions could not therefore be implemented (Int. 36).

At the level of the partner country, the competence and interests of partner institutions influence the mainstreaming of all the human rights-related effects examined:

- **Statistical competence of partner institutions:** The availability of disaggregated data is a prerequisite for the mainstreaming of human rights-related effects in the planning and implementation phases of projects. Strengthening marginalised groups, in particular, is more difficult if the requisite information is not available. Interviewees pointed out that partners lacked the capacities to carry out reliable and comprehensive collection of disaggregated statistical population data. This meant that such data was unavailable for analyses that would help to identify marginalised groups in the given context and formulate target-group-specific objectives for projects (Int. 2, 4, 86).
- **Partners' interest in human rights issues:** The mainstreaming of human rights objectives can be hampered by a lack of interest in human rights issues on the part of partners. The same applies if they are diffident about these issues. In two out of 12 cases, interviewees mentioned that political partners openly rejected the mainstreaming of human rights issues in projects and the use of human rights language. This was said to hamper the mainstreaming of explicit references to human rights in the objectives system of projects (Int. 46).

### 5.3.2 Factors influencing the effectiveness of projects

The above factors either support or impede the explicit mainstreaming of human rights-related effects in projects. Whether projects achieve their intended effects – including effects on human rights – depends, in turn, on another set of factors. These can be assigned to the level of projects (particularly the design of projects and the knowledge and skills of project staff) and of the partner country (particularly contextual factors).

At the project level, the design of projects – particularly project conception and the targeted use of accompanying measures – is the first influence on their effectiveness:

- **Conception of projects:** A series of factors associated with the conception of projects can influence the effectiveness of projects: Firstly, the high underlying complexity of projects can hamper their effectiveness (Doc. 109, 105, 116). In one project evaluation, for example, a project's limited effectiveness is explained in terms of a lack of strategic orientation due to a multitude of heterogeneous measures (Doc. 116). Secondly, errors in the project conception or wrong assumptions in the results chain can also explain limitations on effectiveness (Doc. 105, 112, 113, 116, 123, 128, 135). In one project evaluation, a project's limited effectiveness in relation to marginalised groups is explained by the fact that although a corresponding indicator was formulated, the underlying impact hypothesis was unclear. It was said to be impossible to discern how the outputs achieved could have been intended to contribute to the corresponding impact (Doc. 112). Thirdly, project-specific problems of conception are occasionally mentioned as an impediment. In one case, for example, the absence of any monitoring of customers' business development prevented an even more target-group-specific approach to serving the target group of MSMEs (Doc. 136).
- **Implementation of targeted accompanying measures:** The effectiveness of FC measures, in particular, can be raised by making targeted use of accompanying measures. This applies both to the effectiveness of projects in general – for instance, by putting accompanying measures in place to provide targeted advice to companies taking out loans – and to human rights-related effects. In the case studies, for example, an accompanying measure succeeded in strengthening duty-bearers in a targeted manner (Int. 5, Doc. 71, 72). The evaluation synthesis identified two projects in which incentives for complying with environmental and social standards were developed as part of accompanying measures (Doc. 122, 142). In one case, a monitoring system for environmental and social issues was established, for which accompanying support is provided by an ILO-financed 'compliance advisor' (Doc 122).

Staff members' knowledge and commitment is another factor at the project level which influences the effectiveness of the projects examined:

- **Staff members' individual knowledge and commitment:** In a number of projects, the effectiveness of projects is attributed to staff members' individual knowledge and commitment, among other factors. In two project evaluations, the importance of especially well-qualified staff and their commitment to the project is underscored (Doc. 116, 118).

At the level of the partner country, the effectiveness of projects is influenced by the national political, economic and social context:

- **Political (and development policy) context:** A range of political framework conditions in the partner country influence whether projects achieve their intended effects: Firstly, project evaluations mention sectoral interventions by partner governments as factors influencing effectiveness. Market-distorting state interventions (which reduce the loans granted or the target group's demand), competing state-promoted measures (such as competing financial products backed by state subsidies that make them more attractive to customers) or a lack of state support for the financial sector can all influence the

effectiveness of projects (Doc. 79, 118, 130, 132, 133, 137, 138, 140).<sup>134</sup> The second important set of factors have to do with the political system, such as changes of government (Doc. 106, 109, 128, 141) or state fragility, such as in the context of civil wars (Doc. 110, 119, 141).<sup>135</sup> Thirdly, effectiveness can either be hampered by other development partners' competing activities or amplified by a high degree of complementarity with other development partners' projects (Doc. 118, 121, 130, 133, 147).

- **Economic context:** A country's unstable economic situation and weak financial sector are cited very frequently in evaluation reports as impediments to the effectiveness of projects (Doc. 105, 110, 113, 129, 133, 135, 136, 137, 138, 139, 113). They especially detract from the diffusion of impact of KfW projects, where the sustainability of measures – especially their contribution to strengthening companies economically and improving their access to financial services – is assessed as fragile if economic framework conditions in the target country are unstable. Many GIZ projects cover more bases with their measures, so that the economic context only affects individual areas of the intervention logic. For example, weak economic sectors in the partner country can militate against job creation. However, this does not affect the achievement of other objectives such as strengthening marginalised groups or improving political framework conditions for companies (Doc. 109, 110).
- **Societal context:** The societal context in the given partner country can also influence the effectiveness of projects. Two project evaluations of projects on private sector development in rural areas emphasise that rising migration pressure can influence the effectiveness of projects (Doc. 110, 105). In one case, rising demand for food due to rapid population growth is also cited as an adverse contextual factor (Doc. 122).
- **Covid-19 pandemic:** The influence of the Covid-19 pandemic on the effectiveness of projects can be seen from the case study findings. Firstly, the way it changed the economic context prevented projects from achieving their intended effects. For example, interview respondents stated that projects were unable to create any new jobs due to the economic repercussions of the pandemic. Indeed, even the fact that jobs had been safeguarded by the projects was to be considered a success, in their view (Int. 52). Secondly, respondents said that projects had often not been able to implement measures as envisaged, which had reduced the effectiveness of projects. It had only been possible to deliver workshops or training measures online, for example. As a result, population groups who had no access to the requisite technical devices or the Internet were said to have been excluded from measures (Int. 38, 40, 41, 42).

**Summary:** The effectiveness of projects in the intervention area in relation to human rights depends, in the first place, on whether projects pursue corresponding objectives as intended effects. This is influenced by factors at the level of projects (such as the conception of projects or project managers' knowledge about the HRBA), procedures and processes in the implementing organisations, and the BMZ's strategic directives for both the intervention area and the HRBA. Furthermore, the socio-economic and political context in the given country also has an influence on the effectiveness of projects.

Whether projects achieve their intended effects is subject to another set of influencing factors. The conception of projects, the competence and commitment of project staff, and the national political, economic and societal framework conditions can all support or hinder the effectiveness of projects.

<sup>134</sup> Equally, political will and political support are identified as a helpful factor for the effectiveness of projects. The promotion of regional cooperations with public, private and academic institutions within some projects is also described as a helpful factor for effectiveness (Docs. 107, 110, 118).

<sup>135</sup> The DEval evaluation of German development cooperation in fragile contexts arrives at similar findings (Wencker and Verspohl, 2019).

## 5.4 Unintended effects

### Evaluation question 4: To what extent are rights-holders, particularly structurally marginalised groups, affected (socially, economically, environmentally, politically) by unintended positive/negative direct effects?

|  |   |
|--|---|
| Assessment criterion A: Unintended positive effects on rights-holders. | Indicator a: Rights-holders and structurally marginalised groups are affected by unintended positive effects. |
| Assessment criterion B: Unintended negative effects on rights-holders. | Indicator b: Rights-holders and structurally marginalised groups are affected by unintended negative effects. |

**Findings:** Unintended positive or negative effects occasionally occur in the projects examined. There is no evidence to indicate that these are systematic, however.<sup>136</sup>

In individual projects examined for the case studies, there is occasional evidence of unintended positive effects of projects. For example, in one case the project was said to contribute to breaking down pre-existing power structures in a region.<sup>137</sup> By creating new income opportunities for women, the project was also said to contribute to changing the traditional distribution of roles within households (Int. 41).

Some other unintended positive effects can be attributed to changes in the intervention context which necessitated the implementation of new measures that had not been envisaged until then. In one case, for instance, because of the Covid-19 pandemic, previously unforeseen measures were implemented to keep participating rights-holders healthy (Int. 41). At the same time, one interviewee stated that due to the adoption of alternative forms of communication due to the pandemic, rights-holders were observed to be learning useful lessons about the use of digital platforms (Int. 42).

Evidence of positive unintended effects can also be drawn from the evaluation synthesis. Unforeseen contributions made by projects to reducing poverty and improving the target groups' life situations are mentioned especially frequently (Doc. 131, 135, 138, 140, 143, 145). In this source, contributions to poverty reduction are mainly characterised as a consequence of measures to boost employment and strengthen MSMEs (Doc. 135, 137, 138, 145). Other unintended effects include contributions to saving CO<sub>2</sub> emissions and to environmental protection and climate change mitigation in general (Doc. 110, 122, 125, 126, 127, 128, 133, 134, 139, 140).

No unintended negative effects could be identified in the case studies. In two cases, however, incidents were mentioned that were indirectly linked to project measures. In the case of one microfinance institution, one person who had taken out a loan said that they had received demands for interest instalment payments in excess of the contractually agreed rate of interest. When the person concerned realised this had happened and raised the matter with staff, the payments previously made were not refunded. The person then turned to the management of the local bank branch. Although the bank apologised, the respondent said that no refund was forthcoming (Int. 7). In another case, a respondent reported that the construction of a dam backed by an ODA-funded credit guarantee had contributed to the flooding of former farmlands and settlement areas. People resettled prior to the dam construction project were said to have returned and been affected by the subsequent flooding. According to the management of the company, the affected people and communities were compensated (Int. 5).<sup>138</sup>

The evaluation synthesis likewise contains references to unintended negative effects of individual projects. For example, one evaluation reported that interview respondents spoke of declining incomes in agricultural businesses even though the project's reporting referred to marked increases in the incomes of MSMEs during the project period (Doc. 109). The evaluation of one fund referred to negative consequences for companies caused by the financial troubles of some of the projects financed (Doc. 141).

<sup>136</sup> In the present part of the evaluation, empirically identified effects of measures are referred to as unintended effects when they do not appear in project matrices nor in the programme theory underlying this part of the evaluation (see also Chapter 2.3).

<sup>137</sup> However, this happened against the backdrop of the displacement of traditional micro-enterprises which have predominated in the region to date.

<sup>138</sup> The reasons for the resettled population's return to the flooded land, the amount and appropriateness of the compensation payments, the monitoring system and the liability for compensating those affected were not further explained by the management.



**Summary:** As the findings of the case studies and the evaluation synthesis show, no systematic unintended effects were identified in the projects examined. Examples of unintended positive or negative effects of projects exist in isolated cases, but these findings do not indicate that unintended effects are occurring systematically in the intervention area 'Private sector and financial system development'.

## 6. FINDING 3: COHERENCE ON HUMAN RIGHTS

## Overview of findings: Coherence on human rights

**Findings on the implementation of internal coherence****Implementation of coordination**

Barely any systematic coordination takes place between the different actor groups. There are minimal formalised processes or working instructions giving any overarching, integrated and systematic guidance on coordinating the totality of German development cooperation actors in the partner country (see Chapters 6.1 and 7.3).

Coordination of state, civil society and private sector projects with national actors from the same actor group is more strongly in evidence (see Chapters 6.1 and 7.3).

German development cooperation actors in the partner countries do not perceive themselves as an actor engaged in a common endeavour. This is due to the heterogeneity of the projects and their focus on acting autonomously, which is reflected in the elaboration of the projects in practice. Nevertheless, more coordination is desired under certain conditions (see Chapters 6.1 and 7.3).

**Implementation of coherence and complementarity**

The projects examined in the case study countries, delivered by state, civil society and private sector organisations, are coherent and complementary with regard to their objectives, partner structure, target group orientation, region, and the activities implemented (see Chapters 6.2 and 7.3).

This complementarity found in projects of state, civil society and private sector organisations is not the result of actors making deliberate and intentional reference to other projects but has evolved historically, shaped by the organisations' self-conceptions (see Chapters 6.2 and 7.3).

## 6.1 Coordination of projects by different executing agencies

**Evaluation question 5: To what extent do BMZ-financed or co-financed projects delivered by state implementing organisations and by private sector and civil society actors in the intervention area ‘Private sector and financial system development’ constructively interact with each other in relation to human rights in the partner countries?**

|  |   |
|--|---|
| <p>Assessment criterion A:<br/>Coordination of projects delivered by state implementing organisations and by civil society and private sector executing agencies</p> | <p>Indicator 1: In the planning and implementation of projects by state implementing organisations and civil society and private sector executing agencies of German development cooperation, information is shared, instruments are jointly produced and used, and project activities are agreed upon.</p> |
|--|---|

**Findings:** In the case study countries, barely any systematic and formalised coordination takes place between the state, civil society and private sector actors examined. Coordination is more strongly in evidence within each of the said actor groups, however.<sup>139</sup>

Evidence of systematic coordination between different groups of actors in German development cooperation is weak. This finding relates to both the planning and the implementation phase (Int. 29, 32, 35, 36, 38, 82, 83). Intentional coordination, whereby projects delivered by different actors jointly contribute to the realisation of human rights in a partner country, was barely mentioned in the interviews. In the few cases in which respondents mentioned any exchange with projects delivered by other actor groups, they were referring to informal communication channels between individual actors (Int. 36, 37, 38, 84). There are differences in the coordination that takes place between state and civil society actors and between state and private sector actors. Civil society actors are involved more closely in exchange formats promoted by official development cooperation, where coordination happens via formal processes involving an implicit division of labour. The private sector actors examined are rather infrequently included in formal processes (Int. 29, 36, 83, 87).

References were made during the interviews to various forums and formats whose purpose is to facilitate exchange between German development cooperation actors in the given partner country. The country talk was mentioned especially frequently by civil society and state actors as a relevant forum (Int. 32, 35, 81). However, they described it more as a platform for exchanging information on current and planned activities than as a space for coordination. It was said to involve little or no joint planning and consultation on project activities. Responsibility for coordination was often ascribed to the economic cooperation officers based at the German embassies in the partner countries (Int. 36, 35, 81).

In contrast to coordination between actor groups, coordination within groups of actors is more strongly in evidence.<sup>140</sup> For example, civil society organisations coordinate more intensively within networks involving other civil society organisations, such as at coordination and exchange meetings of the church-based agencies or the German political foundations (Int. 82, 84, 85). Interview respondents from state implementing organisations also confirmed that – separately for TC and FC, but within programmes – more coordination happens internally within organisations; for example, when measures share closely related themes (Int. 35, 36, 38). For the most part, however, these networks and meetings within the respective

<sup>139</sup> Here, actors are understood to mean the individual organisations engaging in development policy activities in the partner country. Actor groups, on the other hand, refer to actors who can be assigned to a specific group: state cooperation (for example, GIZ and KfW Development Bank), civil society cooperation (for example, church-based organisations and political foundations) or private sector organisations (for example, business associations and companies).

<sup>140</sup> Most German actors ascribe more importance to cooperation with local organisations and structures than cooperation with the German development cooperation community (Int. 32, 35, 36, 84). This can strengthen local structures and make an important contribution pursuant to the Paris Declaration and the 2030 Agenda. The Paris Declaration (OECD, 2005), the Accra Agenda for Action (OECD, 2008) and the 2030 Agenda (UN, 2015) establish a close link between effective development cooperation and coordination and harmonisation among different development cooperation actors. According to these agendas, development cooperation is most effective when actors consult, coordinate and design their measures to be complementary, thereby avoiding such issues as duplication of structures and competition between donors. They also make explicit reference to the need to involve a broad range of national actors, and how important these are for the achievement of development policy objectives. The Busan Partnership for Effective Development Cooperation supports and reinforces the special role played by civil society actors within this framework (OECD, 2011).

actor groups are said to be informal in nature (Int. 36, 84). As a consequence, so far little systematic organisation of these formats has been undertaken with regard to setting regular dates or defining a fixed group of participants, for example (Int. 32, 36, 38, 80, 81, 83).

Two factors impose limitations on comprehensive and systematic coordination between the different actor groups. The first is the heterogeneity of the projects. In many cases, state, civil society and private sector actors focus on divergent objectives, address different groups and cooperate with dissimilar partners (Int. 29, 31, 32, 36, 35, 84). The actors also differ from one another in terms of their mandate and/or self-conception<sup>141</sup> as a development organisation, sometimes greatly (Int. 29, 31, 32, 34):

- In the TC and FC projects examined, the actors tend to target population groups that are already integrated into national market economies or whose capital in the market economy is to be (further) consolidated. TC projects tend to cooperate with state partners (for example, ministries) or international organisations (for example, the ILO) (Int. 36, 35), and FC projects with national financial institutions (national banks and national private companies) and international financial institutions (for example, the World Bank) in the partner country (Int. 33, 34, Doc. 54, 88). Their mandate is to support state structures and financial institutions in the partner country and to promote competition among the banks in the market (Int. 33, 34, 35, 36).
- In contrast, the selected projects of civil society agencies are more often addressed to poor population groups (Int. 31, 32, 82, 85) and carry out advisory work with state bodies or network building among civil society organisations. Economic development within these parameters mainly means promoting those groups which are not yet integrated or insufficiently integrated into the partner country's market economy. The objective is to put them in a position to participate in the country's market economy and generate an income (Int. 31, 32, 82, 85). The realisation of labour standards is a further field of civil society activity within the 'Private sector and financial system development' intervention area (Int. 82, 84). Civil society actors understand their mandate to cover supporting national civil society organisations, acting as a reliable watchdog vis-à-vis state institutions and governments, and fulfilling a welfare state function (Int. 32, 82, 84). Hence, German development cooperation actors from civil society agencies cooperate more with national civil society organisations.
- Private sector actors address similar target groups and partners as state and civil society organisations (Doc. 149, 150, 152). However, their mandate is more strongly geared towards knowledge transfer and the establishment of sustainable private-sector structures in partner countries and is dedicated to inherent corporate interests in the private sector. As a result, their engagement in development opens up many linkage points for cooperation with state and civil society actors. That said, private sector actors have limited means of accessing other development cooperation organisations due to their lower level of involvement in coordination and exchange, and often also a lack of knowledge about other development cooperation actors and their areas of activity. They therefore cooperate predominantly with their own external structures, such as corporate subsidiaries in the partner country, and with national MSMEs (Int. 29, 30). Private sector actors also contend with uncertainties concerning the possible leakage of technologies and loss of competitive advantages. This is another hindering factor that deters private sector actors from comprehensive engagement in cooperation (Int. 83).

Continuing in this vein, the second impediment to comprehensive, systematic coordination is that actors do not perceive coordination among all German development cooperation actors in partnership as an option they could actively pursue (Int. 32, 33, 34, 36). The potential for deliberate and planned cooperation towards the joint achievement of overarching development impacts, particularly the realisation of human rights, goes unrecognised.

<sup>141</sup> The self-conception of organisations is orientated to their internal culture, their understanding of development, or the values that an organisation stands for. In these respects, actors differ greatly from one another.

Many of the interview respondents nevertheless expressed the desire for greater coordination among German development cooperation actors (Int. 29, 31, 35, 36, 82, 83, 84). For coordination to succeed in practice, however, interviewees state that a variety of conditions need to be met:

Coordination should

- be initiated and steered by the BMZ, because that is where all information on the projects in a partner country is held (Int. 35, 36),
- take place on specific themes (for example, themes in the same activity area, on particularly relevant, conflict-prone or sensitive themes, Int. 32, 36, 85),
- take account of actors' higher-level strategic planning (Int. 32, 36),
- leave room for initiative (Int. 36, 80),
- be strongly informed by local expertise, meaning staff in the partner country, so that better consideration can be given to local conditions (Int. 29, 31, 32, 36), and
- take place at eye-level (Int. 29, 31, 32, 36).

Respondents say the aim of coordination must be to utilise synergies and create added value for everyone involved without introducing highly formalised structures (Int. 80, 83, 85). It would be a way of avoiding competition between projects and duplication of structures, for example (Int. 32, 85, 87).<sup>142</sup>

**Summary:** Systematic, comprehensive and joint coordination between actors and actor groups in German development cooperation is weak in the cases examined. There are minimal formalised processes to guide coordination of the totality of German development cooperation projects in a country. State, civil society and private sector actors consult more intensively within their own particular actor group via formal and informal networks, or within their own organisation.

There are two aspects that hinder the coordination of projects and actors: Firstly, actors differ greatly from one another with regard to their mandates and their partner and target group orientation. They therefore only see opportune linkages for coordination under certain conditions, such as when projects are thematically similar. Secondly, there is a strong focus on acting autonomously and on elaborating measures from that perspective.

The overall result is that the community of German development cooperation actors does not perceive itself as an entity engaged in a common endeavour, nor does it portray itself as such. Nevertheless, most actors desire greater coordination among German development cooperation actors. This would best be initiated and steered by the BMZ, structured along thematic lines and strongly involving local expertise.

<sup>142</sup> This is also stipulated under the harmonisation principle, which describes the ways in which development actors (national and international as well as governmental, civil society and private sector) are to coordinate their activities, agree upon them meaningfully and design them in coherence with one another so that they contribute to effective and efficient development policy and cooperation. The point of this is to avoid duplicate structures and competition between donors or to rein in vested interests, for example (OECD, 2005).

## 6.2 Complementarity and coherence of projects by different executing agencies

**Evaluation question 5: To what extent do BMZ-financed or co-financed projects delivered by state implementing organisations and by private sector and civil society actors in the intervention area ‘Private sector and financial system development’ constructively interact with each other in relation to human rights in the partner countries?**

Assessment criterion B:  
Complementarity and coherence of projects delivered by state implementing organisations and by civil society and private sector executing agencies

Indicator 1: Projects delivered by state implementing organisations and by civil society and private sector executing agencies in the intervention area ‘Private sector and financial system development’ interact with each other and pursue similar or complementary objectives.

**Findings:** In the case study countries, projects of state implementing organisations and of civil society and private sector executing agencies are coherent and complementary to each other in their detailed elaboration: They pursue similar objectives with a variety of partners and directly addressed groups, are active in different regions and make use of diverse approaches. However, except for projects operated jointly within programmes, actors make little or no intentional reference to each other during the planning of projects. As a result, projects do not always interact with each other (BMZ, 2021a; OECD, 2021a).<sup>143</sup>

Most of the projects examined for the remote case studies are working towards similar objectives. In particular, they are intended to achieve overarching development impacts that reduce poverty, including by promoting and increasing employment, supporting sustainable economic development, promoting gender equality, and empowering structurally marginalised groups such as young people and women through training programmes. All projects thus make contributions to SDGs 1, 5 and 8 (Doc. 34, 47, 54, 63, 74, 88, 148, 149, 150, 151, 152) and to the realisation of human rights.

However, the similarity of the objectives cannot be ascribed to actors making intentional reference at the planning stage to projects being delivered by other actor groups.<sup>144</sup> In the interviews, all actors emphasised that civil society and private sector actors have a high degree of autonomy, which is reflected particularly in the choice of content during the conception phase of development measures. According to respondents, this makes it difficult to plan with reference to projects of other actor groups. Although civil society and private sector actors fall into line with the thematic content of the BMZ's portfolio, when elaborating their development measures they tend to refer to the priorities of their own organisation or company rather than to the overarching objectives of bilateral development cooperation.

Although state, civil society and private sector actors engage in cooperation with a wide array of partners, each type of actor works mainly with organisations belonging to the same actor group. State actors essentially cooperate with ministries and financial institutions. State and private sector projects also cooperate with chambers of foreign trade (Int. 35, 36, 38, 80, 87). Civil society actors usually cooperate with national civil society actors (Int. 31, 32, 82, 84, 85). When all the projects examined are considered as a whole, this amounts to a diverse field of actors. It gives rise to overlaps which can be utilised to achieve synergies between actors and projects. Furthermore, the field of actors is sufficiently diverse that a large number of partners can be involved, who can contribute their specific expertise in different areas and operate on the basis of a division of labour.

<sup>143</sup> Coherence describes the well orchestrated interplay of development cooperation measures in a specific thematic or regional context. The OECD DAC (2019) differentiates between internal and external coherence. External coherence refers to the consistency of development measures promoted by different international donors working in the same context. Internal coherence focuses on the measures of one particular donor in their totality. Measures should be set up on the basis of a division of labour and should conform to international standards. Both forms of coherence are intended to create synergies and avoid any duplication of structures. For this to succeed, development cooperation actors must coordinate with one another. In this part of the evaluation, only internal coherence is considered. The coherence of development measures is important in order to achieve sustainable results. This evaluation therefore examines coherence to find out the extent to which the totality of BMZ-financed or co-financed projects examined coherently contribute to the realisation of human rights.

<sup>144</sup> The civil society and private sector projects examined were not part of a development cooperation programme.

Similar findings are seen in relation to the groups directly addressed by the projects. Taking an overall view, a large number of groups are addressed. FC projects support banks of different sizes, and thus address different sub-borrowers (Doc. 54, 88, 155). TC projects advise both MSMEs and larger business associations (Doc. 34, 47, 63). Civil society and private sector organisations cooperate with marginalised groups (Doc. 148, 149, 150, 151, 152).

Coherence and complementarity can also be identified with regard to the regions in which the examined actors carry out their activities. FC organisations focus particularly on economic centres (Doc. 54, 74, 88, Int. 33, 34, 79). TC projects are found in both metropolitan regions and in rural areas (Doc. 34, 47, 63, Int. 35, 36, 37, 38). Private sector and civil society organisations operate both in urban and in rural regions (Doc. 148, 149, 150, 151, 152, Int. 29, 30, 31, 32, 82, 83, 84). Due to the focus on specific regions, in practice there are few geographical overlaps. For official bilateral cooperation projects, there are formalised agreements with groups of international donors covering who will operate which measures in which regions of a partner country (Int. 36).

The activities of the selected state, civil society and private sector projects are all similar in structure. Almost all projects include a continuing education format, but differ in how the content is elaborated. No duplications were found among the projects examined. However, there was no evidence that the projects intentionally build upon each other or relate to one another sequentially in terms of content (Doc. 34, 47, 54, 63, 74, 88).<sup>145</sup> It became clear during the interviews that the elaboration of activities is more strongly associated with individual organisations' self-conceptions (Int. 29, 31, 32, 33, 34, 35, 36, 80, 81, 82, 83, 84, 85), economic objectives (Int. 29, 33, 34, 83), worldviews (Int. 31, 32, 82, 84, 85) and understandings of development or sustainable business (Int. 32, 33, 34, 35, 36) that with the objective of coherence in the elaboration of projects.

Various factors influencing complementarity could be identified during this part of the evaluation. For example, there is a cluster measure among the selected projects. The implementation of such a measure is helpful for coherence between the different actors and actor groups. Cluster measures coordinate the collaborative achievement of objectives and the exchange between different actors by vigorously pursuing a division-of-labour approach. Division of labour in this respect can refer both to the geographical dispersion within the partner country and to the process – for example, by having training courses delivered by TC and civil society cooperation, the graduates of which are qualified to participate in FC and private sector cooperation projects (Int. 35, 36, 34). Other factors that influence complementarity and coherence are structures that have evolved historically – such as partner networks. State, civil society and private sector organisations all make use of such structures. It is further noted that civil society and private sector actors differ from state organisations in terms of their autonomy, their self-conceptions and their mandates.

### Box 13 Good practice: How can projects be coordinated?

The GIZ cluster for sustainable economic development and employment in Nigeria coordinates eight GIZ projects. The projects work on various themes including migration, vocational training, agricultural value chains and the promotion of green innovation centres. Collectively, they are intended to contribute systematically to sustainable economic growth in Nigeria. The projects build upon and interact with one another at different levels so that they achieve their effects via a joint and complementary approach. Local staff make use of common structures and share a fleet of vehicles, for example. Furthermore, the GIZ activities are complemented by KfW Development Bank projects, which similarly augment the projects at certain levels by putting FC measures in place. Exchanges between GIZ and KfW Development Bank are held at regular intervals.

<sup>145</sup> Interviewees pointed out the importance of interlinking activities to achieve development policy objectives. Rights-holders stated that the benefits of one project's trainings were limited due to the lack of assured access to finance (Int. 24, 33). Another BMZ-financed or co-financed project was working on strengthening financial services in this partner country.



The cluster measure is a good example of coordination between state partners. Here once again, however, civil society and private sector actors are not actively included in the planning and implementation of BMZ-financed or co-financed projects. So even here, joint coordination and pursuit of objectives by all the German actor groups does not happen.

**Summary:** Projects delivered by state, civil society and private sector actors work towards the same overarching development policy objectives, address a variety of partners and directly addressed groups, are active in different regions, and carry out activities which are similar and complementary. However, this is not the result of actors making intentional reference to the projects of other actor groups. In fact, the elaboration of projects is determined by other factors such as structures that have evolved historically and are closely linked to the organisations' self-conceptions. As a consequence, projects do not always interact with one another for the purpose of achieving their common objectives.

## 7. CONCLUSIONS AND RECOMMENDATIONS

## 7.1 Conclusions: Implementation of the HRBA

The findings of the second part of the evaluation show that implementation of the HRBA in bilateral projects for ‘Private sector and financial system development’ is **partially fulfilled**. However, there are marked variations concerning the implementation of individual aspects of the HRBA, as Figure 10 shows.

The aspiration of mainstreaming the principle of transparency in projects is fulfilled across all the cases examined. Almost all projects also fulfil the management of human rights risks during the appraisal phase. However, the projects only partially live up to the aspiration to carry this forward into the implementation phase. Similar findings apply in relation to the principle of non-discrimination: The projects examined only partially fulfil this aspiration.

Considerable improvements are needed in the implementation of the principle of participation, which is only implemented appropriately in a few cases, and with regard to grievance mechanisms. Although there are informal feedback opportunities within the projects, formal grievance mechanisms at institutional and at project level are hardly known and seldom used in implementation practice.

**Figure 10** Overview of the implementation of the HRBA



Source: own presentation, AC = assessment criterion.

**Conclusion 1: The principle of non-discrimination and the management of human rights risks are implemented well during the planning of projects. Challenges exist, however, when it comes to putting measures in place to fulfil these principles during the implementation phase. One of the reasons for this is that information from preparatory appraisals is not systematically taken into account when elaborating the content and implementation of projects.**

Good implementation of the principle of non-discrimination and good management of human rights risks in the planning phase are evident from the findings of iPCAs and gender and target group analyses, for example, which identify marginalised groups in the specific context and human rights risks.<sup>146</sup> However, the findings and recommendations formulated in these analyses are only partially taken into account in elaborating the content of projects in the module proposal. During the implementation of the projects, appraisal findings are

<sup>146</sup> The finding presented here does not mean that there is not also room for improvement in the implementation of appraisals. The first part of this evaluation, building on the evaluation of the Action Plan Inclusion, recommends improving the mainstreaming of the HRBA across the board, among other things by conducting human rights-related target group analyses (Polak et al., 2021; Schwedersky et al., 2017). These can make important additional information available in the appraisal phase of projects and fulfil the principle of participation (see Conclusion 2). Other DEval evaluations on comparable issues likewise conclude that there is potential for improvement in the appraisal of projects; for example, the evaluations on Gender Equality in Post-conflict Contexts (Brüntrup-Seidemann et al., 2021) and Agricultural Value Chains (Kaplan et al., 2016). The evaluation of the develoPPP.de programme makes a similar recommendation in relation to private sector projects (Hartmann et al., 2017)

treated as a minor consideration: they are neither perceived as a relevant steering instrument, nor systematically monitored.<sup>147</sup>

The fact that the planning instruments are not sufficiently utilised can be ascribed to the fact that the mechanisms for assuring the quality of implementation of the HRBA and for monitoring appraisal recommendations are only partially institutionalised: Apart from standardised reports from FC implementation partners, quality assurance is based primarily on the disaggregated indicators contained in the impact matrices. These indicators are not geared towards the intended effects of the HRBA. Furthermore, there are often no formal processes for making information available about marginalised groups during implementation, or for identifying newly arising human rights risks.<sup>148</sup>

Factors at the level of staff and partners of implementing organisations also contribute to the underutilisation of information from the appraisals about marginalised groups and human rights risks during the implementation phase. Firstly, project managers, project staff and implementing partners are barely sensitised to the HRBA and human rights. The influence of this lack of sensitisation is amplified by factors specific to the intervention area: One of these is a perception of incompatibility between project objectives and the objectives of the HRBA – for instance, if project managers and staff perceive a conflict between the promotion of economically disadvantaged groups and the economic objectives of companies. Unclear directives on the intervention area in the HRBA also add to the difficulty of implementation – for example, when staff of the implementing organisations perceive a tension between the implementation of the do-no-harm principle and the principle of non-discrimination.

The promotion of groups marginalised by the private sector and the financial system can support projects in fulfilling their development policy mandate. This is shown by a series of academic studies. One challenge these point to, in relation to employment promotion in many countries, is that of integrating a large number of young adults into the labour market (Leo et al., 2012; OECD, 2019). Another area that holds great potential for employment promotion and economic growth is the systematic integration of women into the labour market. International and inter-regional comparative studies suggest that gender inequalities in employment have a negative effect on economic growth (Duflo, 2012; Klasen and Lamanna, 2009; Weinstein, 2017). Growth in the number of women in formal employment can generate a social multiplier effect – for example, when the paid employment of mothers has positive consequences for the employment of mothers in their neighbourhoods (Maurin and Moschion, 2009).

Overall, this conclusion gives rise to a series of recommendations on how the mainstreaming of the HRBA throughout the cycle of bilateral projects can be improved. Since implementation is hampered by factors at the level of procedures and processes as well as at the individual and conceptual levels, the present evaluation recommends addressing three levels. Furthermore, because the first part of the evaluation reported similar cross-sectoral findings, these recommendations are not confined to the intervention area

<sup>147</sup> The DEval evaluation of agricultural value chains also found a need for improvement in the monitoring of human rights risks (Kaplan et al., 2016). Likewise, the German Federal Audit Office's appraisal of the TC evaluation system concludes that improvement is needed during the planning, monitoring and evaluation of projects with regard to the indicators used and their quality. It recommends that GIZ 'find suitable means of improving the synchronisation of planning, monitoring and evaluation' (Bundesrechnungshof, 2021, p. 18, own translation).

<sup>148</sup> In this connection, some DEval evaluations emphasise the importance of embedding the findings from evaluations in projects – in indicators or module objective indicators, for instance. For example, the evaluation of the promotion of gender equality in post-conflict contexts points out that the gender equality marker along with disaggregated gender-related module objective indicators contribute to the inclusion of appropriate activities in projects. They lay the foundation for such activities to be covered by the monitoring system and thus included in the organisations' internal assessments of project progress (Brüntrup-Seidemann et al., 2021). The DEval evaluation of the results orientation and evaluability of development cooperation programmes draws a similar conclusion: The evaluation stresses that clearly defined indicators improve the results orientation of projects and programmes. Improved the alignment of the module objective and output indicators with mainstreaming of the HRBA should therefore also support results orientation in relation to the objectives of the HRBA (Amine et al., 2021). The DEval evaluation of the Action Plan Inclusion also draws attention to the importance of obligatory markers for the mainstreaming of cross-cutting themes. It points out that, on the one hand, they oblige those responsible for projects to engage with opportunities for mainstreaming, and on the other hand, they formally embed the implementation of relevant activities in the monitoring system (Schwedersky et al., 2017).

‘Private sector and financial system development’ but include substantial parts that are transferable to other thematic areas:

- In terms of procedures and processes, one recommendation is aimed at improving quality assurance at the level of the implementing organisations with regard to the implementation of the HRBA (Recommendation 1).<sup>149</sup>
- In order to strengthen individual initiatives supporting implementation of the HRBA, the development of incentive systems for project managers – such as awarding prizes – is recommended (Recommendation 2).<sup>150</sup>
- A recommendation is made at the conceptual level to counteract the tensions perceived in practice between the objectives of the HRBA and sectoral objectives by pointing out in BMZ strategy papers how the HRBA can support the achievement of development policy objectives (Recommendation 4).<sup>151</sup>

**Conclusion 2: Systematic mainstreaming of participation is barely found in projects in the intervention area ‘Private sector and financial system development’. Only in rare cases are the views of the addressed rights-holders or their representation structures actively sought – and if so, then usually by means of dialogue forums or feedback on specific measures. Rights-holder participation in the monitoring of projects and in decisions on the elaboration of projects, as envisaged by the HRBA, hardly ever happens.**

Whereas the principle of non-discrimination and the management of human rights risks are mainstreamed very well in the planning phase but barely at all in the implementation phase, the picture that emerges with regard to mainstreaming of the principle of participation is the reverse: Most of the examples identified in the case studies for ensuring the participation of rights-holders are limited to the implementation phase of the projects. It is striking that in the projects examined, barely any reference is made to the existence and application of standardised procedures for systematically embedding rights-holder participation in the planning of projects.<sup>152</sup> Even in the planning of (follow-up) projects, rights-holders are only occasionally consulted.

<sup>149</sup> The findings from the first part of the evaluation point out other intervention areas or core areas in which human rights risks are managed well. A comparatively high proportion of project documents across all core areas or priority areas contain references to risk prevention. At the same time, the finding of a front-loading of existing procedures and processes in particular implementing organisations indicates that a cross-sectoral approach to the design of procedures and processes results in more successful mainstreaming of non-discrimination and more effective management of human rights risks at the beginning of the project cycle (Polak et al., 2021). This supplements a recommendation from the first part of this evaluation that the implementing organisations define consistent quality standards for the implementation of the HRBA (Polak et al., 2021). DEval previously issued a similar recommendation in its evaluation of the Action Plan Inclusion (Schwedersky et al., 2017). The present evaluation’s recommendation additionally builds on a recommendation from the thematically related DEval evaluation on the promotion of gender equality in post-conflict contexts. It recommends that the BMZ improve quality assurance regarding the use of appraisal results (Brüntrup-Seidemann et al., 2021). Attention is also drawn to the recommendation from the DEval evaluation on results orientation and evaluability of development cooperation programmes to carefully examine which surveys are necessary for the monitoring of projects and to make the requisite resources available (Amine et al., 2021). If additional effects pursuant to the HRBA are included in impact matrices, this increases demands upon the monitoring system and for the requisite disaggregated data.

<sup>150</sup> This recommendation presupposes that project managers have sufficient knowledge about the HRBA. It is thus based on other recommendations from DEval on establishing comprehensive and mandatory training courses within the BMZ and the implementing organisations on the quality criterion ‘Human rights, gender equality and disability inclusion’ (Polak et al., 2021; Brüntrup-Seidemann et al., 2021; Schwedersky et al., 2017). The cross-sectoral nature of the recommendation is based in part on findings from the first part of the evaluation that reflect the great importance of individuals’ knowledge about the HRBA as an influencing factor on its implementation (Polak et al., 2021).

<sup>151</sup> This recommendation also relates to the finding, identified in the first part of the evaluation, of conceptual uncertainty in relation to the mainstreaming of some aspects of human rights standards and principles in projects. Furthermore, it builds on the finding formulated in that report that only in a few instances is the HRBA fully mainstreamed in sector strategies (Polak et al., 2021). In addition, it is linked to the recommendation that, ‘in its priority areas (since ‘BMZ 2030’: ‘core areas’) [the BMZ] should define targets and indicators referring to gender equality’, which was specified in the evaluation on the promotion of gender equality in post-conflict contexts (Brüntrup-Seidemann et al., 2021).

<sup>152</sup> This finding was already reported in the first part of this evaluation (Polak et al., 2021). KfW alone among all the implementation organisations addresses participation in its Sustainability Guideline (KfW, 2022). One of its provisions is that stakeholder engagement plans should be undertaken for projects with high human rights risks. Since most projects on financial system development are assessed as low-risk, however, the projects examined barely show any sign of standardised procedures. Only in one case was it mentioned that stakeholder engagement plans were prepared (see Chapter 4.2). The case in question is an FC project with high human rights risks.

This conclusion suggests that opportunities for rights-holder participation should be strengthened. Findings from the first part of this evaluation show a need for improvement with regard to the mainstreaming of the human rights principle of participation in procedures and processes of the BMZ and some implementing organisations. In addition, there is evidence of wide variance in the mainstreaming of the principle depending on sector: While project documents in social priority areas frequently refer to participation, opportune linkages are less common in priority areas such as energy or sustainable economic development (Polak et al., 2021). In light of the lack of guidance in the form of procedures and processes, this also points to sector-specific challenges in mainstreaming the principle of participation. Attention is therefore drawn to the recommendation made in the first part of the evaluation to introduce human rights target group analyses at partner country level as these can strengthen the mainstreaming of participation in the planning of projects (Polak et al., 2021, see also Schwedersky et al., 2017).

Moreover, examples exist of what development cooperation projects can do in practice to honour the importance of participation as a human rights principle. The definition of ‘meaningful participation’ in terms of the HRBA, along with ways of mainstreaming it in procedures, provide a basis for this.<sup>153</sup>

**Conclusion 3: At the level of projects, informal grievance mechanisms frequently exist, and participants find them accessible and useful. Where formal grievance mechanisms exist – whether at project level or institutional level – the rights-holders addressed by the projects only know about them in a few cases. Moreover, no information is available at the project level on how the grievance mechanisms fulfil the requirements of independence and objectivity.**

Grievance mechanisms are one of the most frequently discussed aspects of the HRBA (DIMR, 2020; FRA, 2020) and in formal terms, all implementing organisations have corresponding systems in place, at least at institutional level (Polak et al., 2021; KfW, 2021). Nevertheless, there is only limited information about them at the level of implementation practice, and the rights-holders addressed by projects are barely aware of institutional and, where they exist, project-specific grievance mechanisms.

In the interviews, there were only isolated cases in which project managers, project staff or addressed rights-holders spoke about institutional or project-specific grievance mechanisms. Furthermore, the descriptions in the interviews often do not make it clear how the grievance processes are defined, whether and how rights-holders are informed about the outcomes of their grievances, and whether and how duty-bearers within projects make use of the results of the grievance process. No respondent from any project was able to report on how the requirements for independence and objectivity in the handling of grievances were to be met.

In the examined projects without project-specific mechanisms, often the only options available to rights-holders – other than the institutional mechanisms, which they are not aware of – are informal feedback and complaints channels (in the form of WhatsApp groups or complaints boxes, for example). Once again, however, only in some cases are the addressed rights-holders aware of these. In those cases where rights-holders know of these feedback and communication channels, they appreciate the fact that they

<sup>153</sup> Thus, there are examples of how development cooperation projects can do justice to the importance of participation as a human rights principle – for example, by clearly defining what meaningful participation means, for the purposes of the HRBA, and how it can be mainstreamed in procedures (see Chapter 4.2). Findings from other DEval evaluations show that the assignment of markers can facilitate a process of reflection (Schwedersky et al., 2017; Brüntrup-Seidemann et al., 2021). For example, a PD/GG-1 marker can facilitate reflection about participation. The assignment of this marker is not a sufficient condition to ensure the inclusion of rights-holders, however. Firstly, the marker is also assigned to projects cooperating with duty-bearers on the improvement of governance processes. Secondly, the description of participation in the supplementary guidelines on the PD/GG marker is not in keeping with the HRBA. That is to say, the involvement of rights-holders is implemented in good part for instrumental reasons to improve the effectiveness of projects, and rarely in the aim of sustainably empowering rights-holders. (For the distinctions between approaches, see MEAE, 2020). However, the marker could be used to systematically interlink governance interventions and participatory measures. Academic studies indicate that this kind of interlinkage could raise the effectiveness of measures, provided that it made it possible for rights-holders to access political decision-making processes. On the other hand, if nothing is done to ensure co-determination, the participation of rights-holders per se has no influence at the outcome and impact levels. For example, participatory planning processes at the community level do not necessarily result in any improvement of health services from the viewpoint of the rights-holders concerned (Arkedis et al., 2021). Other studies report that responsiveness on the part of decision-makers is an important condition for the effectiveness of participatory approaches, especially at decentralised level (Groß, 2018; Mansuri and Rao, 2012; McGee and Gaventa, 2011).

are accessible. Interview respondents described informal communication channels as being particularly important for exchange between project staff, their partners and rights-holders. Nevertheless, they cannot be treated as grievance mechanisms for the purposes of this assessment, because they are not appropriate for reporting and tackling human rights violations. In combination with formal grievance mechanisms, however, these informal channels could give rights-holders a low-threshold gateway to the grievance redressal system – for instance, if project staff used informal channels to draw rights-holders’ attention to formal grievance mechanisms and make them more easily accessible.

Grievance mechanisms are a development cooperation-wide task and serve the overarching objective of preventing human rights violations and improving German development cooperation as a whole. The existing grievance mechanisms established by implementing organisations are situated at different levels (including project-specific and institutional) and overseen by different actors (including but not limited to implementing organisations and partner organisations). As yet there is not sufficient clarity on how the existing grievance mechanisms relate to each other and how the internationally agreed requirements pertaining to grievance mechanisms<sup>154</sup> are fulfilled overall within German development cooperation. This conclusion is the basis for the recommendation to develop, within a consultative process, a conceptual plan for an independent, development cooperation-wide grievance redressal system that is designed to integrate the existing grievance mechanisms (Recommendation 3).

Previously, the first part of this evaluation concluded that grievance mechanisms formally exist in all implementing organisations and, among other points, recommended that the BMZ and the implementing organisations bring together existing grievance mechanisms and systematically review their quality (Polak et al., 2021). Furthermore, the recommendation builds on a corresponding recommendation from DEval’s evaluation on gender equality in post-conflict contexts, which recommends ‘systematically institutionalising protection and complaint mechanisms against sexual misconduct’ (Brüntrup-Seidemann et al., 2021).

**Conclusion 4: The implementation of the HRBA reveals some comparative strengths and weaknesses of the implementing organisations. KfW projects compare favourably for better implementation of grievance mechanisms and more comprehensive mainstreaming of human rights risk management. On the other hand, implementation of the principles of non-discrimination and participation is better in GIZ projects.**

In comparison to TC, the somewhat more comprehensive implementation of grievance mechanisms and more systematic management of human rights risks in FC can partly be ascribed to the fact that the (international) discourse on grievance mechanisms has so far focused primarily on development banks (for example, the World Bank) and on large-volume FC projects, and is thus of direct relevance to FC. Moreover, KfW Development Bank places its implementing partners under contractual obligation to comply with environmental and social standards as part of its formal procedures. This includes systematic risk management during project delivery and in some cases also the implementation of a grievance mechanism at the projects level. The background to this is that, due to their financial volume and the activities financed, FC projects are subject to higher risks of human rights violations as a general trend. The grievance redressal system within TC is based on an institutional grievance mechanism, often in tandem with informal, low-threshold feedback and communication channels at project level. Furthermore, it was only shortly before this part of the evaluation began that KfW Development Bank’s risk management system was extended into

<sup>154</sup> The Independent Accountability Mechanisms Network (IAMN) – an organisation of various independent accountability mechanisms from different financial institutions – has defined seven principles of citizen-driven accountability for grievance mechanisms (IAMN, 2012): Independence, impartiality, transparency, integrity and professionalism, accessibility and responsiveness. Putting citizen-driven accountability into practice implies that implementing organisations conceive of themselves as duty-bearers, and respect, protect and fulfil human rights within their projects’ sphere of influence – which extends to their partners. Rights-holders consist of all persons with a claim upon this duty, especially persons in the target group and wider civil society in the environs of the given projects. Grievance mechanisms serve to enable the reporting of human rights violations and to provide accountability on whether implementing organisations are respecting and protecting human rights.

the implementation phase. At the time of the first part of this evaluation, the system was still limited to the planning phase (Polak et al., 2021).

With reference to the principle of non-discrimination, discrimination against structurally marginalised groups can be ruled out in most projects, both in TC and FC. However, in the FC projects examined, there are more frequent signs of barriers to access to the outputs of projects for marginalised groups. Furthermore, these groups are more rarely targeted for support. In the interviews, this was ascribed inter alia to two FC-specific challenges:

1. In the area of financial system development, FC issues loans to financial intermediaries, often microfinance institutions, which are intended to promote access to low-cost loans for MSMEs and to make a contribution to building a stable and inclusive financial system in the partner countries. The basis on which microfinance institutions act is their economic profitability as well as their creditworthiness and associated rating in the (international) financial system. This is described in practice as a challenge for the targeted promotion of particularly disadvantaged groups, since promoting these groups is considered less profitable and more risky, and can also potentially weaken the bank's rating on the financial market.
2. To protect potential customers from over-indebtedness in accordance with the do-no-harm principle, and thus prevent human rights violations, all the microfinance institutions examined check the creditworthiness of potential clients. Groups that are particularly economically disadvantaged are often unable to obtain loans due to a lack of financial collateral (assets, regular income) and concomitant risks of over-indebtedness.<sup>155</sup> Challenges around the active promotion of these groups are often explained in terms of a perceived tension between the do-no-harm principle and the human rights principle of non-discrimination.

By comparison, the TC projects examined tend to have better prerequisites for the inclusion of disadvantaged groups. Very often, these are projects that are more or less directly geared towards strengthening rights-holders, and can thus more easily mainstream the active promotion of disadvantaged groups.

On the other hand, interview respondents perceive the implementation framework in FC projects as an adverse factor for the implementation of the principle of non-discrimination.<sup>156</sup> In this context, the HRBA is not at odds with projects in the intervention area but can serve as a foundation for the development of inclusive private sectors and financial systems. The tensions perceived in practice are not inevitable or insurmountable.<sup>157</sup> One of the recommendations from academic studies is to promote new products such as savings accounts in microfinance institutions in order to reduce the risks for particularly disadvantaged rights-holders (Guérin et al., 2018). This can also enable the inclusion of particularly disadvantaged groups of people in the financial system without exposing them to a heightened risk of over-indebtedness. At the same time, this is an approach that does not jeopardise the banks' economic profitability. A further contribution can be made by accompanying measures aimed at building financial literacy in particularly disadvantaged groups.<sup>158</sup>

As described for the principle of non-discrimination, differences are also found between TC and FC projects in their implementation of the principle of participation. For example, it is described as 'unorthodox' to involve rights-holders – for instance, customers of a bank – in decisions to be taken by partner institutions.

<sup>155</sup> The fact that this measure is important in preventing human rights violations in the context of microcredit projects is shown by numerous critical studies dealing with the unintended effects of such projects (Guérin et al., 2015).

<sup>156</sup> The challenge faced by microfinance projects in general when it comes to extending promotion to groups who are particularly economically disadvantaged is exemplified by Khan et al. (2015).

<sup>157</sup> However, strategic directives remain vague with regard to its specific implementation – a finding to which attention was drawn previously, in the first part of this evaluation (Polak et al., 2021).

<sup>158</sup> A range of practical examples exist, which demonstrate how these measures to deploy additional interventions and promote alternative products within the framework of microfinance projects can be put into practice. One of the projects examined had originally planned an accompanying measure to work jointly with the microfinance institution to develop new, target group-appropriate financial products which could also be extended to particularly disadvantaged groups. However, this accompanying measure was not implemented in the course of the project. Relevant examples exist in the context of other development banks as well (see, for instance, <https://hbr.org/2016/10/making-microfinance-more-effective>, accessed 4.8.2022).



Instead, it is asserted that banks orientate themselves towards the demand of potential customers. KfW Development Bank’s Sustainability Guideline does also contain provisions for ensuring participation in projects – for example, by developing stakeholder engagement plans (KfW, 2022; see Polak et al., 2021), although these apply to projects with high human rights risks only. However, since most projects in the microfinance sector are only assessed as low risk, many projects in the area of financial system development are not covered by institutionally mainstreamed procedures and processes. Consequently, there is also a gap in FC procedures with regard to the directive in the BMZ human rights guidelines to mainstream the participation of rights-holders in all bilateral development cooperation projects (BMZ, 2013). In this regard, there would be opportunities to involve rights-holders from the potential target group in projects – for example, in the context of customer surveys or the further development of products and financial services. One possibility could be to consult representatives of people who do not meet the criteria for microcredit loans or whose applications for microcredit loans have been rejected in order to make the bank’s offer more inclusive. It would also be conceivable to realise measures that facilitate the participation of rights-holders in the bank’s decision-making processes – for example, involving civil society representation structures in the supervisory boards of financial intermediaries or in measures for basic financial education.

## 7.2 Conclusions: Effectiveness on human rights

Taken together, the requirements pertaining to the effectiveness of bilateral projects on human rights are **partially fulfilled**. However, the findings for the different assessment criteria vary (see Figure 11): Bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ completely fulfil the aspiration to contribute to the creation and safeguarding of jobs. The aspiration to contribute to strengthening marginalised groups and to strengthening duty-bearers in human rights terms is partially fulfilled. Considerable improvement is needed in relation to creating just and favourable working conditions and strengthening rights-holders in human rights terms.

**Figure 11** Overview of effectiveness on human rights

|        |      |   | Missed              | Partially fulfilled | Fulfilled |
|--------|------|---|---------------------|---------------------|-----------|
| EQ 2.1 | AC 1 | Contributions to creating and safeguarding jobs                               | Fulfilled           |                     |           |
|        | AC 2 | Contributions to just and favourable working conditions                       | Missed              |                     |           |
| EQ 2.2 | AC 1 | Contributions to strengthening marginalised groups                            | Partially fulfilled |                     |           |
|        | AC 2 | Contributions to strengthening addressed rights-holders in human rights terms | Missed              |                     |           |
| EQ 2.3 | AC 1 | Contributions to strengthening addressed duty-bearers in human rights terms   | Partially fulfilled |                     |           |

Source: own presentation, EQ = evaluation question, AC = assessment criterion.

**Conclusion 5: Projects in the intervention area ‘Private sector and financial system development’ contribute – often indirectly – to creating and safeguarding jobs. However, it is not possible to assess the volume and quality of these jobs due to the unavailability of data. Effects pertaining to the improvement of working conditions or the strengthening of addressed rights-holders and duty-bearers in human rights terms are barely pursued. It follows that the BMZ’s corresponding strategic directives on the HRBA and on the intervention area ‘Private sector and financial system development’ are not systematically mainstreamed.**

The present findings on employment promotion belong in the context of other evaluations and studies on employment effects of German development cooperation in the intervention area ‘Private sector and financial system development’. The empirical findings of these studies and evaluations, which were largely undertaken by the implementing organisations themselves, are positive as a general trend (KfW, 2012a, 2012b, 2013, 2015; GIZ, 2017).<sup>159</sup> However, these findings must be viewed critically due to the limited quality of the studies and because of the challenges involved in capturing effects. For instance, the DEval evaluation synthesis on private sector engagement finds ‘a positive-results bias’ in the effects reported in the underlying evaluations and studies, and refers to challenges in capturing indirect effects at the impact level (Habel et al., 2021, p. viii). Other studies point to difficulties in measuring indirect employment effects (KfW, 2012d; RWI, 2014; Craviolatti, 2018).

The same challenges are reflected in the findings from this part of the present evaluation. Identified employment effects are very often only indirect and cannot be directly influenced by projects. Moreover, it is not possible to assess the number and quality of jobs on the basis of the methods employed. For example, the statements on the scale of the employment effects in the project evaluations analysed are usually based on either unverified or selectively verified estimates supplied by partner institutions. The DEval evaluation synthesis on private sector engagement confirms this critical finding.<sup>160</sup> It is also confirmed by the findings of studies examining broader fields than German development cooperation alone:

- Piza et al. (2016) show that the effects of projects on job creation are positive but small. Grimm and Paffhausen (2015) find that although development cooperation often achieves intermediate effects such as staff management skills, it seldom has effects with regard to the creation of new jobs. They further report that the effects of financial interventions are weaker on average than the effects of business start-up training courses or business development services (Grimm and Paffhausen, 2015).
- Taken as a whole, very few studies provide concrete figures for direct and indirect employment effects achieved (CSIS and ODI, 2016; IFC, 2011; Lancaster et al., 2006). Studies more frequently emphasise, instead, the general importance of development cooperation-financed investment promotion measures for economic growth and the development of new jobs (Dhahri and Omri, 2020; ILO, 2018b; Jouanjean and te Velde, 2013; Lemma, 2019; Nguébon-Ngatat, 2018; Simpasa et al., 2015).
- Generally the studies recommend paying particular attention to the informal sector because in comparison to the formal sector it often has greater capacity to absorb the constantly rising number of workers (Leo et al., 2012; Jones and Tarp, 2015; on MSMEs, see also OECD, 2018). Other authors suggest that it can be helpful to support partner countries in developing and implementing national employment strategies, but only if the principle of partner ownership is consistently respected (Seebens and Priebe, 2012).

<sup>159</sup> KfW arrives at positive findings in a series of studies presented in the years 2012 to 2015 (KfW, 2012a, 2012b, 2013). Furthermore, a transversal study of employment effects reports, for 2014, that commitments of around 7.4 billion euros ‘contributed to creating and safeguarding 37.9 million employment years or 1.8 million permanent jobs’ (KfW, 2015, own translation). KfW’s assessment of its contribution to employment promotion by means of microfinance projects is more restrained in comparison (KfW, 2012c). In a multi-country analysis of impact data from its programmes, GIZ reports success in bringing about improved working conditions and higher incomes both for staff of MSMEs and for people working in the informal sector (GIZ, 2017; for illustrative results of an employment programme, see GIZ, 2021d).

<sup>160</sup> In relation to reported employment and income effects, it is stated that ‘the underlying evaluations and studies rarely consider whether new employment opportunities have merely been displaced from elsewhere, or whether indeed new and additional jobs have resulted from PSE [private sector engagement]. Moreover, some of the evaluations and studies describe new jobs as short term or poorly paid’ (Habel et al., 2021, p. xi).

Overall, the findings of this part of the evaluation permit the conclusion that most projects in this intervention area pursue effects on jobs. In most cases it is also plausible that these projects duly contribute to job creation. However, neither the scale of these projects' contributions (in terms of the number of jobs created) nor their quality can be assessed within the scope of this part of the evaluation.

#### Box 14 Summary of contributions to the 2030 Agenda

The evaluation questions examined in this part of the evaluation yield information about contributions to the implementation of the 2030 Agenda<sup>161</sup> in the intervention area 'Private sector and financial system development' (GIZ, 2016):

- **Substantive contributions to SDG 8:** Contributions to decent work, which are analysed in evaluation question 2.1, are addressed to SDG 8 'Decent work and economic growth'. Some projects in the intervention area contribute to realising individual aspects of this SDG by safeguarding jobs and creating new ones. In this way, they contribute to improving working conditions gradually, in line with the principle of progressive realisation. Via intermediate effects, they also contribute to paving the way for economic growth – by strengthening companies and their staff, for example. However, direct contributions to just and favourable working conditions are barely made.
- **Substantive contributions to other SDGs:** Effects on human rights achieved by projects in the intervention area, which are analysed in evaluation question 2.2, are directly linked to other SDGs – including SDG 1 'No poverty', and particularly SDG 5 'Gender equality' and SDG 10 'Reduced inequalities'. In some cases, projects in the intervention area make direct contributions to strengthening disadvantaged groups economically. These efforts focus on strengthening women and place far less emphasis on other groups.
- **Contributions to realising the 'leave no one behind' principle:** All the human rights principles set out in the HRBA, and above all the principles of non-discrimination and equality of opportunity, intersect with this central motif of the 2030 Agenda. Projects in the intervention area realise the principle of non-discrimination well during the planning phase, but improvements are needed in the implementation phase. For the most part, the principle of participation is realised well in the implementation phase. However, only in isolated cases are marginalised groups involved in consultation processes.

In contrast to the positive findings with regard to contributions to creating and/or safeguarding jobs, barely any effects on working conditions are identified. Likewise, effects pertaining to the strengthening of addressed rights-holders and duty-bearers were found to be rare or sporadic. This is partly because only a few projects pursue such objectives and implement measures to achieve them. Hence, corresponding effects are not included in the projects' impact matrices. Consequently, the aspirations stated in the BMZ's strategies to contribute to effects on working conditions are not reflected to the same extent in the projects examined.

This is not to suggest that every single project should pursue equally explicit effects to strengthen rights-holders and duty-bearers in terms of human rights or to bring about just and favourable working conditions. However, given the aim of systematic mainstreaming, the analysed strategic objectives of the BMZ should at least be recognisable in the portfolio as a whole and per country. The evaluation findings show the mainstreaming of the relevant strategic objectives in the portfolio during the evaluation period to be rather sporadic and unsystematic. For example, in the projects examined, just and favourable working conditions are implemented primarily in the sense of increasing incomes. Other aspects – such as working hours, breaks or freedom of association – are barely addressed. Projects seldom take advantage of opportune thematic

<sup>161</sup> Overall, there are major thematic and conceptual overlaps between human rights-based approaches and the 2030 Agenda. Human rights treaties corresponding to around 90 per cent of the SDGs can be identified, for example (GIZ et al., 2016). For a detailed overview down to the level of individual indicators, see <https://sdg.humanrights.dk/en/targets2>, accessed 27.04.2022.

linkages in practice. Yet good examples exist, both within the intervention area and in related fields of development cooperation, of how development cooperation projects can incorporate labour standards as objectives at conceptual level (see Chapter 5.1).

A series of academic studies show that the mainstreaming of human rights effects in the intervention area can contribute to better achievement of the overarching development impacts of development cooperation. By taking account of working conditions in the area of private sector and financial system development, for instance, important contributions can be made to economic growth and to poverty reduction. As Reeg (2015) points out, the majority of existing jobs in low- and middle-income countries do not provide a way out of poverty. There is not just a need for more jobs, but rather for jobs with better working conditions, such as better salaries.<sup>162</sup> The findings of an evaluation by the ILO demonstrate that projects in the intervention area can mainstream corresponding effects. According to the findings, microfinance projects can make important contributions to just and favourable working conditions. By employing new financial and non-financial measures – such as savings products, microinsurance or training measures – microfinance projects could actively contribute to effects such as reducing work-related health risks or child labour (ILO, 2015; Balkenhol et al., 2012).

**Conclusion 6: Unclear sector-specific requirements of the HRBA for projects in the intervention area ‘Private sector and financial system development’ impede the mainstreaming of human rights-related effects. Other contributing factors are the lack of knowledge about the HRBA, and a perception that the HRBA is not relevant in the context of projects. Often this means that opportunities to make thematic linkages between projects in the intervention area and the HRBA go unused.**

A range of factors hamper the incorporation of human rights objectives into projects in the intervention area ‘Private sector and financial system development’. Some of these projects are subject to challenging framework conditions that make it difficult to incorporate these objectives: First, because of their implementation structure, the main way in which many projects can achieve effects on rights-holders is indirectly, at the impact level. Projects cannot have a direct influence on objectives at this level. This applies particularly to loans issued within the framework of FC. Interview respondents emphasised that when working on loan-based (as opposed to grant-based) projects, it was necessary to keep an eye on profitability for partners. This was said to hamper the incorporation of direct human rights objectives, especially the promotion of structurally marginalised groups (see Conclusion 4).

The partner country context is another factor that limits the incorporation of human rights objectives. Project managers and staff explain that where no reference is made to working conditions, it is partly because in some partner country contexts, MSMEs are very often informal micro-enterprises which employ very few people, if any. This context is said to make systematic mainstreaming of core labour standards more difficult. However, the findings of this part of the evaluation also show that the omission of any reference to labour rights remains stable across different partner country contexts and project types.

Against this backdrop, the BMZ human rights strategy (BMZ, 2011) and the accompanying guidelines (BMZ, 2013a) scarcely contain explicit instructions on how the HRBA can be implemented in practice. The first part of this evaluation already identified conceptual gaps in relation to the specificities of projects in individual sectors, and recommended addressing these with application-oriented tools for decision-makers in the BMZ and the implementing organisations (Polak et al., 2021). In the intervention area ‘Private sector and financial system development’, most projects have thematic linkages with human rights, such as the issue of marginalised groups’ labour rights, but these are barely reflected in the objectives of projects.

This fact corresponds with the finding that project managers are often unaware of the directives of the HRBA, or that the holistic nature of the approach is not fully accepted. Thus, the findings show that even in those projects which incorporate the said effects, very often no comprehensive reference is established to the HRBA or the ILO Core Labour Standards.

<sup>162</sup> At the same time, attention is drawn in this connection to the importance of state framework conditions, such as the state’s regulation of labour standards both de jure and de facto, and the political will to make a commitment to labour rights (Berliner et al., 2015; Robertson et al., 2016).

Conclusions 5 and 6 give rise to the recommendation that a greater number of intended effects on human rights be incorporated into projects. Better mainstreaming of the HRBA in projects can contribute to this indirectly (Recommendations 1 to 4). In addition, the development of exemplar module components and exemplar accompanying measures within the respective implementing organisations should make it possible to incorporate direct effects on human rights even in those projects where this is hampered by the implementation context and sectoral objectives (Recommendation 5).<sup>163</sup>

### 7.3 Conclusions: Internal coherence

The BMZ-financed or co-financed projects examined in the remote case studies were delivered by various actor groups – state implementing organisations, civil society organisations and private sector companies – and are found to be complementary to each other in terms of the geographical location and type of partner organisations involved. Nevertheless, the extent to which they intentionally make reference to one another has potential for improvement.

**Conclusion 7: BMZ-financed or co-financed projects delivered by state, civil society and private sector actors are complementary to each other on some factors. However, no intentional reference is made to projects delivered by other actor groups, with the result that potential synergies due to the heterogeneity of the projects cannot be exploited. Thus, with the exception of projects planned jointly under a programme, the projects of state, civil society and private sector actors characteristically operate in parallel rather than in collaboration.**

The complementarity of state, civil society and private sector projects in the partner countries of German development cooperation is mainly due to the heterogeneity of the respective actor groups. For example, they cooperate mainly with partner organisations from similar actor groups in the partner countries. The fact that each actor group has a distinctive profile (in terms of development cooperation instruments) means that, in practice, they operate different kinds of projects while pursuing similar objectives. However, they do not intentionally refer to one another when elaborating their projects, which can therefore be characterised as working in parallel rather than in collaboration.

This finding with regard to coordination between state and civil society or private sector actors is also reflected in other evaluations and studies. For example, the OECD DAC points out that contributions by German development cooperation could be markedly increased by pursuing a ‘whole-of-Germany’ approach, which may include state and civil society actors and others. In this context, the OECD DAC suggests joint country strategies so that the advantages of the pluralistic development cooperation structure can be put to even better use (OECD, 2021b). A series of DEval evaluations also identify potential to improve the coordination of state and private sector projects.<sup>164</sup>

<sup>163</sup> This recommendation is oriented primarily towards projects in the intervention area ‘Private sector and financial system development’. It is related to a recommendation of the DEval evaluation of agricultural value chains to introduce complementary measures for economically disadvantaged groups that ‘should not be part of the value-chain promotion, to avoid overburdening it’ (Kaplan et al., 2016, p. xiv). However, findings from the first part of this evaluation indicate that the perception that aspects of the HRBA may be in tension with sectoral objectives also arises in other sectoral contexts (Polak et al., 2021). Accordingly, the recommendation suggests developing exemplar accompanying measures and exemplar module components in other core and intervention areas in the medium term.

<sup>164</sup> For example, the evaluation of the develoPPP.de programme issues the recommendation to ensure coherence between programmes and to exploit potential for cooperation as fully as possible (Hartmann et al., 2017). Along similar lines, the evaluation of cooperation with the private sector in the agricultural sector recommends improving the development benefits of cooperation with the private sector, among other things by regularly assessing the possibility of involving companies in bilateral TC projects (Kaplan et al., 2018). The more recent synthesis on private sector engagement shows that improvements have been made in this regard in the meantime. For instance, it cites the example of the successful integration of develoPPP.de with the Special Initiative on ‘Training and Employment’. Despite this positive example, the evaluation reaches the conclusion that better integration between projects and instruments from different components of the BMZ portfolio would be useful (Habbel et al., 2021).

Overall, the projects examined only partially live up to the BMZ's aspirations with regard to coordination. However, these aspirations regarding coordination are beset with contradictions for both civil society and private sector actors:

- On the one hand, development cooperation implemented via civil society organisations is credited with a 'high degree of autonomy and the principle of subsidiarity' (BMZ, 2014, p. 6, own translation). An underlying assumption for this is that civil society organisations may possess comparative advantages over state implementing organisations, such as for the task of strengthening civil society structures in partner countries when cooperation with state agencies is not possible (BMZ, 2011, P. 17). On the other hand, the BMZ articulates the requirement that civil society projects must achieve the 'maximum effects in combination with other measures' and thus exploit 'all synergy effects in the use of public funding' (BMZ, 2014, p. 14, own translation).<sup>165</sup> This aspiration to coordinate the activities of civil society organisations and state implementing agencies is expressed in the formally embedded opportunity for iterative coordination prior to the drafting of a country strategy (Doc. 153).<sup>166</sup> An internal declaration on cooperation between the church-based aid organisations and Deutsche Gesellschaft für Technische Zusammenarbeit, GIZ's predecessor organisation, also testifies to the intention to shape cooperation actively by means of coordination (Doc. 155).
- There are similar tensions around the coordination of private sector actors: While projects and instruments for private sector engagement are based on the entrepreneurial objectives of companies, there is a simultaneous requirement to contribute to development impacts and to do so by cooperating with publicly funded projects (Kaplan et al., 2018)<sup>167</sup>

Overall, contradictory tendencies can be identified in the BMZ's requirements for coordination. This has implications for the questions of how coordination should be implemented in development cooperation practice, and (bearing in mind the issue of high transaction costs) what degree of coordination is necessary to bring the different requirements into harmony with each other. Against this backdrop, this second part of the evaluation recommends identifying opportunities for coordination between different actor groups in the partner countries on the joint pursuit of human rights effects. Cooperation formats in the partner countries which enable actor groups to become sufficiently informed to identify potential synergies between projects may serve as a reference point (Recommendation 6).

<sup>165</sup> This aspiration can certainly be derived from the Paris Declaration and its principles, and its essentials are shared by civil society development organisations: 'CSOs or indeed private foundations make up an important part of the donor landscape on the ground. In the spirit of the Paris Declaration, non-state and official development cooperation should identify the potential for boosting impact in their joint work as well as between the CSO measures themselves and make use of it to boost impact' (VENRO, 2007, own translation).

<sup>166</sup> However, this iterative coordination process only makes provision for the optional involvement of civil society and/or private sector actors. There are also meetings called country talks, to which civil society representatives can be invited (Doc. 154). However, these talks are not for the purpose of coordination but principally in order to present finalised country strategies and to exchange information on local framework conditions (Polak et al., 2021).

<sup>167</sup> One of the basic elements of private sector engagement is that projects and instruments for co-financing private companies only promote 'ideas for projects with development outcomes' (Habbel et al., 2021, p. 4). A range of instruments exist that make provision for coordinated deployment of private sector and bilateral projects. Thus, Integrated Development Partnerships with the Private Sector, which can also accommodate projects financed under the develoPPP.de programme, provide for the integration of private sector activities into bilateral programmes. Multi-actor partnerships are an instrument whose constitutive element is the coordinated deployment of state, civil society and private sector actors (Kaplan et al., 2018, Hartmann et al., 2017).

## 7.4 Recommendations

The recommendations of this part of the evaluation are structured in terms of the following three areas: (1) intensifying the mainstreaming of the HRBA and laying foundations for effects on human rights, (2) increasing the effects on human rights and (3) strengthening internal coherence within German development cooperation in relation to human rights. Of these, intensifying the mainstreaming of the HRBA is a prerequisite for increasing the effects on human rights. The scope of strengthening coherence is also extended to actors outside the BMZ and the state implementing organisations for the purposes of achieving effects on human rights.

### Box 15 Relevance of the evaluation for an envisaged feminist development policy

Following the change of government in 2021, the BMZ has decided to implement a **feminist development policy**. However, there is not yet a fully elaborated strategy to that end. The broad-brush outlines of the policy published to date indicate that it will seek, among other things, to ‘actively address gender inequalities and explicitly promote women, girls and other marginalised groups and ensure their equal participation’.<sup>168</sup>

By consulting previously published statements on the elaboration of feminist development policy, it is possible to **identify thematic and conceptual overlaps with the HRBA in German development policy**. Feminist development policy thus pursues the aspiration of supporting the realisation of human rights, regardless of gender or other personal characteristics.<sup>169</sup> Thematic overlaps arise due to the orientation towards equality of opportunity, participation, the empowerment of marginalised groups, and a focus on overcoming injustices, discrimination and the underlying structures and power asymmetries that perpetuate them. Links are discernible here to the human rights principles of non-discrimination and equality of opportunity, participation and empowerment, and transparency and accountability, all core elements of the HRBA. Conceptual overlaps exist because the approaches are values-based – meaning that under both approaches, development policy is not understood solely as an instrument for achieving objectives like poverty reduction but also as a means of promoting specific values and norms of international law.

These overlaps indicate that even previously, certain aspects of the feminist development policy were already part of German development policy. Key points published to date (as of August 2022) indicate that feminist development policy carries these forward and, by building on them, could pursue more (gender-)transformative, human rights-based and power-critical aspirations. With this in mind, the findings and recommendations of the present evaluation can be used for the conceptual concretisation of a feminist development policy and for the practical implementation of the same. While the first part of the evaluation contains findings and recommendations on the contents of the HRBA and its mainstreaming within the BMZ and the implementing organisations (Polak et al., 2021), this second part presents findings on the implementation of the HRBA in development cooperation projects and on its effectiveness in partner countries. Relevant findings for these purposes are the fact that hitherto, for example, most of the projects examined have solely addressed women as a structurally marginalised group and have rarely taken account of other groups.<sup>170</sup> This reveals that ‘gender equality’ is commonly equated with ‘empowering women’ within a binary understanding of gender, and multiple discrimination is not usually borne in mind (Polak et al., 2021).

<sup>168</sup> <https://www.bmz.de/de/entwicklungspolitik/feministische-entwicklungspolitik>, accessed 19.8.2022.

<sup>169</sup> <https://www.bmz.de/de/themen/feministische-entwicklungspolitik>, accessed 17.8.2022.

<sup>170</sup> The first part of the evaluation confirms the finding that the HRBA accords particular importance to the rights of women and girls whereas the rights of LGBTI people only play a minor role (see Chapters 4.2 and 5.2.8 in Polak et al., 2021).

The recommendations of the present part of the evaluation are relevant for the implementation of a values-oriented development policy in the partner countries in both strategic and outcome-oriented terms:

- **In strategic terms, Recommendation 4 (Systematic integration of the HRBA into core area strategies) has a significant bearing on a feminist development policy:** Before the strategies for core areas are finalised, there is an opportunity to counterbalance tensions between sectoral objectives such as entrepreneurial growth and the implementation of the HRBA. In the interests of a values-based development policy, care can be taken here not to counterbalance tensions one-sidedly to the detriment of the HRBA, but rather to mainstream the objectives and concerns of a feminist development policy in the strategies for the core areas.
- **With regard to effectiveness in relation to human rights, Recommendations 1 (Quality assurance in relation to the mainstreaming of the HRBA) and 5 (Exemplar module components and exemplar accompanying measures for the HRBA) are relevant.** Both recommendations provide pointers as to how effects on structurally marginalised groups can be systematically mainstreamed in development cooperation projects. **Also of significance is Recommendation 6 (Strengthening coherence on human rights in partner countries).** It is aimed at exploiting potential synergies in BMZ-financed or co-financed projects for the collaborative realisation of human rights in the partner countries.



### 7.4.1 Recommendations on the implementation of the HRBA and on laying the foundations for human rights effects

#### RECOMMENDATION 1: Further develop quality assurance in relation to the mainstreaming of the HRBA

**The implementing organisations should further develop their quality assurance systems to support the mainstreaming of the HRBA across all projects.** Quality assurance should ensure that appraisal findings on human rights risks and impacts are consistently and formally embedded in the conception of projects and included in their monitoring. Furthermore, quality assurance should review whether provision is made for appropriate implementation of human rights principles in projects throughout their project cycles. Quality assurance results should be documented for each project. The aim is to ensure that human rights standards and principles are implemented in projects throughout all phases of the project cycle.

**Addressees:** GIZ (Sector Programme Human Rights and Sectoral Department), KfW Development Bank (competence centres for human rights) and other relevant units within the implementing organisations.

- **Implementation note 1:** The implementing organisations can further develop existing quality assurance systems for human rights risk management – GIZ's Safeguards and Gender Management System and KfW Development Bank's Environmental and Social Due Diligence studies – so that these not only assess human rights risks and impacts at the beginning of projects, but also review the mainstreaming of human rights standards and principles throughout the entire project cycle of projects.
- **Implementation note 2:** The implementing organisations can make use of existing procedures and processes specified by the BMZ for mainstreaming and reporting on the quality criterion to document the results of quality assurance. These include such elements as BMZ directives on incorporating quality criteria into module proposals and subsequently reporting on them, or the use of disaggregated standard indicators for marginalised groups. Effects on human rights can also be incorporated by means of indicators in impact matrices, phrased in accordance with the international standards of the UN Office of the High Commissioner for Human Rights (see Box 5).
- **Implementation note 3:** In the further development of quality assurance, implementing organisations can exploit synergies with other quality criteria. For example, the mainstreaming of additional quality criteria such as anti-corruption can also be reviewed as part of quality assurance.
- **Implementation note 4:** The implementing organisations can allocate the necessary resources for this to their designated quality assurance units and to the projects in the partner countries. In this regard, contact persons for the quality criterion in the partner countries can also be designated (along the same lines as GIZ's Gender Focal Points or KfW Development Bank's Environmental and Social Assessment Consultants) as resources for quality assurance.

#### RECOMMENDATION 2: Strengthen incentives to implement the HRBA in projects

**The implementing organisations should develop incentive systems to encourage the managers of state-implemented projects to mainstream the HRBA in projects with due regard for the specific context.** As one element of the incentive system, a public award ceremony similar to the GIZ Gender Award should be established, preferably on an inter-organisational basis, with a prize for the successful implementation of the quality criterion in projects. In addition, specific incentive systems adapted to the organisational context should be developed for project managers. The aim is to boost initiatives to bring about better implementation of the HRBA by strengthening positive incentives for the persons responsible.

**Addressees:** GIZ (Sector Programme Human Rights and Sectoral Department), KfW Development Bank (competence centres for human rights), BMZ Human Rights division (413) and other relevant BMZ divisions and units within the implementing organisations.

- **Implementation note 1:** In addition to training courses (see Recommendation 9 from Part 1 of the evaluation), as a measure for implementing the quality criterion 'Human rights, gender equality and disability inclusion' the BMZ can incorporate incentive systems into the corresponding performance

profile. Examples of good implementation of the HRBA identified by the incentive system can be systematically collected and used for application-oriented learning processes – in the context of in-service training, for instance.

- **Implementation note 2:** In order to support the award of the prize or prizes within the scope of its advisory mandate, the BMZ can make the necessary resources available to the Sector Programme Human Rights. In terms of content, the award of the prize can also be used to present examples of the different implementing organisations' successful practices in the context of feminist development policy and thus make them visible to others.
- **Implementation note 3:** In order to ensure that organisations working in different implementation contexts receive equal treatment, common quality standards for the implementation of the HRBA can be referred to when assessing this (see Recommendation 8 from Part 1 of the evaluation). Another assessment criterion that can be considered, besides the mainstreaming of human rights standards and principles, is the coherence of BMZ-financed or co-financed projects in a partner country (see Recommendation 6).
- **Implementation note 4:** Additional incentive systems specific to each organisation can be adapted in line with the given organisational culture. For example, the mainstreaming of the quality criterion can be discussed in project managers' performance appraisals.

**RECOMMENDATION 3: Bring together existing grievance mechanisms in an independent, development cooperation-wide grievance redressal system.**

**In order to bring together the existing grievance mechanisms of the implementing organisations in one grievance redressal system, the BMZ should develop a concept for an independent, development cooperation-wide grievance redressal system in a consultative process involving the implementing organisations and civil society.** The concept should build on the review of quality recommended in the first part of the evaluation. It should conceptualise existing grievance mechanisms as part of an integrated, modular structure and define the requirements and responsibilities at the various levels (development cooperation-wide, institution-specific and project-specific).

The overarching objective of such a grievance redressal system is to prevent human rights violations and improve German development cooperation. Rights-holders and their representation structures should be able to use grievance mechanisms without fear of reprisals and obtain redress in the event of human rights violations. The BMZ and the implementing organisations should be able to fulfil their human rights due diligence obligations and obtain information relevant for strategic steering. This information should enable organisational learning, which should lead to the further development of both processes and procedures and the improvement of individual projects.

**Addressees:** BMZ policy divisions for the institutional steering of the implementing organisations (GS12, GS13), BMZ Human Rights division (413), GIZ (Compliance and Integrity Unit), KfW Development Bank (Central Complaints Office) and other relevant BMZ divisions and units of the implementing organisations.

- **Implementation note 1:** The BMZ and the implementing organisations can explicitly align the grievance redressal system developed in this concept with international standards such as the Independent Accountability Mechanisms Network's 'citizen-driven accountability' and the UN Guiding Principles on Business and Human Rights.
- **Implementation note 2:** In the concept, the BMZ and the implementing organisations can clarify the arrangements for the monitoring and reporting of the various institutional and project-specific grievance mechanisms so that the responsible divisions in both the BMZ and the implementing organisations receive information relevant for strategic steering and can react to it.
- **Implementation note 3:** The BMZ can examine where an independent, development cooperation-wide grievance mechanism can be situated (see also Implementation note 3. 1 from the first part of the evaluation). Possible solutions are to situate it at the German Institute for Human Rights (Deutsches Institut für Menschenrechte, DIMR) or to establish an independent body modelled on the

Independent Complaints Mechanism of the Deutsche Investitions- und Entwicklungsgesellschaft (DEG), the Netherlands Development Finance Company and the French development finance institution Proparco.

- **Implementation note 4:** The BMZ can have the independent, development cooperation-wide grievance redressal system reviewed by an independent authority such as the DIMR.
- **Implementation note 5:** The implementing organisations can specify in module or programme proposals how the concept's requirements concerning grievance mechanisms are to be implemented in concrete projects, and can undertake measures to make their own staff and those of partner organisations more aware of institutional grievance mechanisms.
- **Implementation note 6:** In the interests of strengthening the mainstreaming of the principle of participation, the implementing organisations can involve affected local stakeholders in the design of project-specific grievance mechanisms, or can oblige executing organisations to do so, in order to ensure that grievance mechanisms meet rights-holders' requirements and are accessible to them.
- **Implementation note 7:** The implementing organisations can undertake measures, or oblige their partner organisations to do so, to ensure the accessibility of grievance mechanisms for rights-holders – for example, by carrying out targeted and target group-appropriate activities to strengthen awareness of institutional and project-specific grievance mechanisms.

#### **RECOMMENDATION 4: Systematic integration of the HRBA into strategies for core and initiative areas**

**In all of its core and initiative area strategies, the BMZ should clearly articulate possible tensions between sectoral objectives and the objectives of the HRBA. Building on this, it should formulate practical approaches setting out how the HRBA is to be elaborated with due regard for specific sectors.** To lay foundations for this, directives for addressing the issue of synergies and possible tensions with the quality criterion should be inserted in the supplementary guidelines for the preparation of core and initiative area strategies. Building on the said foundations and working within the framework of the existing procedural steps, the sector division responsible for the given core or initiative area and the Human Rights division should jointly develop practical approaches for the sector-specific elaboration of the HRBA, and document them in the respective strategy. The aim should be to formulate clear strategic directives so that possible tensions within projects are not resolved one-sidedly to the detriment of the HRBA. Both the development of core and initiative area strategies and the elaboration of a feminist development policy provide opportunities to formulate strategic directives for a coherent, values-oriented and human rights-based development policy.

**Addressees:** The BMZ sector divisions responsible for the given core or initiative area, and the BMZ Human Rights division (413).

- **Implementation note 1:** The sector divisions responsible for the core and initiative areas can jointly assume responsibility for developing practical approaches together with the BMZ Human Rights division. To this end, they can make use of existing procedural steps such as commenting on core area strategies and the subsequent procedural steps.
- **Implementation note 2:** In order to strengthen the internal coherence of German development cooperation at the strategic level (see Recommendation 6), possible approaches to action may include a division of labour between bilateral implementing organisations, civil society organisations and private sector companies.

### 7.4.2 Recommendations on the mainstreaming of effects on human rights

#### **RECOMMENDATION 5: Develop exemplar module components and exemplar accompanying measures for the HRBA**

The implementing organisations should develop exemplar human rights module components and exemplar accompanying measures geared towards the strengthening of rights-holders and duty-bearers and the empowerment of structurally marginalised groups. Over time, exemplar module components and accompanying measures should be developed for all core areas. However, building on the findings of the second part of the evaluation, they should first be developed for the intervention area ‘Private sector and financial system development’ as a priority. The aim is to provide practice-based templates for decision-makers that can be implemented in projects with adaptations for the concrete context.

**Addressees:** GIZ (Sector Programme Human Rights and the Sectoral Department), KfW Development Bank (competence centres for human rights) and other relevant units within the implementing organisations.

- **Implementation note 1:** The implementing organisations can develop exemplar module components and exemplar accompanying measures internally with support from the Sector Programme Human Rights. In this way, they can incorporate both the organisation-specific implementation context of projects and specific expertise on the HRBA. The necessary resources can be made available within the implementing organisations.
- **Implementation note 2:** Exemplar module components and exemplar accompanying measures can include measures aimed at achieving effects on human rights within intervention areas and core areas with due regard for the implementation context of projects. In the intervention area ‘Private sector and financial system development’, this may include such elements as the participatory development of new microfinance products for structurally marginalised groups or an awareness-raising and training measure on labour rights for rights-holders.
- **Implementation note 3:** In the project conception phase, exemplar module components and exemplar accompanying measures can serve as templates. Project managers can adapt these to the given context and either integrate them into projects or plan them as flanking measures.

### 7.4.3 Recommendations on the strengthening of internal coherence

#### **RECOMMENDATION 6: Strengthen coherence on human rights in partner countries**

Economic cooperation officers based in the partner countries should identify potential synergies of BMZ-financed or co-financed projects with regard to the collaborative realisation of human rights, and offer exchange formats for bilateral, civil society and private sector actors geared towards exploiting such synergies. The exchange formats should be designed to ensure that these three actor groups – bilateral, civil society and private sector actors – are represented in the meetings. These meetings should enable the actor groups involved to engage in a structured exchange of ideas on the exploitation of potential synergies and to identify and make use of opportunities for cooperation. Selected cooperations should be formally documented as part of German development cooperation's country-related strategy processes – such as during strategy meetings on programmes. The aim is to facilitate a more internally coherent, values-oriented and human rights-based development policy while preserving the autonomy of the actor groups involved.

**Addressees:** economic cooperation officers, BMZ, bilateral, civil society and private sector actors involved in German development cooperation.

- **Implementation note 1:** Economic cooperation officers can ensure that information about projects is systematically summarised so that a basis for cooperation formats is readily available. In this way, relevant information can be made available across sectors, which conveys a more detailed picture of the activities, intervention areas and partner organisations involved.

- **Implementation note 2:** At the meetings, the hitherto largely implicit division of labour between the different actor groups can be further developed and documented as a joint endeavour, and thus lay the foundation for decentralised cooperation at partner country level.
- **Implementation note 3:** Cooperation can take on different forms depending on the specific context. It can range from collaboration and exchange within the framework of individual projects or project components to the conception of joint measures by bilateral, civil society and private sector actors.
- **Implementation note 4:** By exploiting potential synergies, the actors involved can each bring their comparative advantages to bear on the task of implementing elements of feminist development policy in the partner countries.
- **Implementation note 5:** Should the allocation of responsibilities for coherence or for the collaborative realisation of human rights change, the BMZ can examine whether contact persons other than the economic cooperation officers are needed, who can take on the task of actor group coordination.

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## 9. ANNEX



## 9.1 Rating scale for DEval evaluations

The findings on the assessment criteria (AC) for evaluation questions 1 and 2 were assessed on the DEval rating scale (see Table 5). The rating for evaluation question 1 was arrived at by taking the average of all scores for the assessment criteria. Questions 3, 4 and 5 are not rated because they are not designed to be awarded scores. The assessment dimensions and aspiration levels for each evaluation question are set out in detail at the start of the corresponding 'Findings' chapters (see Chapters 4 and 5).

**Table 5 DEval rating scale and how it is applied in this evaluation**

| Categories              | Explanation  |
|-------------------------|--|
| Exceeded <sup>171</sup> | The measure noticeably exceeds the aspiration level with regard to the specified evaluation criterion. The findings confirm a result that noticeably exceeds the aspiration level.                         |
| Fulfilled               | The measure fulfils the aspiration level with regard to the specified evaluation criterion. The findings confirm the fulfilment of the aspiration level.   |
| Mostly fulfilled        | The measure mostly fulfils the aspiration level with regard to the specified evaluation criterion. Findings confirming the fulfilment of the aspiration level predominate.                                 |
| Partially fulfilled     | The measure partially fulfils the aspiration level with regard to the specified evaluation criterion. Findings confirming and findings confuting fulfilment of the aspiration level are in counterbalance. |
| Barely fulfilled        | The measure barely fulfils the aspiration level with regard to the specified evaluation criterion. Findings confuting the fulfilment of the aspiration level predominate.                                  |
| Missed                  | The measure misses the aspiration level with regard to the specified evaluation criterion. The findings confirm that the aspiration level has been missed.   |

<sup>171</sup> The DEval evaluation standard also includes the category 'exceeded'. As the level of ambition in this evaluation is geared towards the full implementation of human rights standards and principles (as specified in the human rights strategy paper and guidelines), the category 'exceeded' is not applicable in terms of content – over-fulfilment of human rights standards and principles is not possible.

## 9.2 Evaluation matrix

### 9.2.1 Criterion: Relevance

| Assessment criteria  | Indicators   | Methods   |
|--|--|---|
| <b>Evaluation question 1: To what extent do German bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ implement the requirements of the HRBA throughout the entire project cycle?</b> |  |   |
| AC 1.1 <sup>172</sup> : Implementation of measures to fulfil the human rights principles of non-discrimination and equality of opportunity.  | 1.1.1: The projects use disaggregated information about structurally marginalised groups in their specific context.  | <ul style="list-style-type: none"> <li>• Remote case studies (project level): qualitative interviews or focus group discussions (with representatives of the implementing organisations, project executing agencies, directly addressed groups/ rights-holders), analysis of appraisal and project documents and of reports.</li> <li>• Remote case studies (country level): qualitative interviews or focus group discussions, context analysis about the human rights situation and marginalised groups in the intervention area or sector.</li> <li>• Desk-based case studies: analysis of appraisal and project documents and of reports, qualitative interviews (with representatives of the implementing organisations).</li> </ul> |
|  | 1.1.2: The projects are able to prevent indirect discrimination (such as barriers to access) against marginalised groups.  |   |
|  | 1.1.3: The projects aim to contribute indirectly to eliminating forms of discrimination and their underlying structural causes.  |   |
|  | 1.1.4: The projects aim to contribute directly to eliminating forms of discrimination and their underlying structural causes.  |   |
| AC 1.2: Implementation of measures to fulfil the human rights principles of participation and empowerment.   | 1.2.1: Projects make information about participation opportunities available beforehand (information).   |   |
|  | 1.2.2: Projects actively seek information concerning rights-holders and their interests (consultation).  |   |
|  | 1.2.3: Rights-holders can have a say in decisions relating to the project (co-determination).  |   |
|  | 1.2.4: Structurally marginalised groups in the specific context are involved in projects’ existing consultation and co-determination processes (empowerment).  |   |
| AC 1.3: Implementation of measures to fulfil the human rights principles of transparency and accountability.   | 1.3.1: Information about projects is transparently disclosed, presented and made available throughout the process.   |   |
|  | 1.3.2: Directly addressed groups (rights-holders, companies) are aware of this information and can make use of it.   |   |
|  | 1.3.3: At the level of projects, information is available about defined channels for grievances.   |   |
|  | 1.3.4: Rights-holders are aware of the grievance mechanisms (awareness) and find them predictable (predictability), safe (protection from reprisals), transparent in their procedures (transparency) and accessible (accessibility). |   |
|  | 1.3.5: At the level of projects, information is available on how the grievance mechanisms meet requirements for objectivity and independence.  |   |
|  | 1.4.1: Risks are assessed at the beginning of the measure.   |   |

<sup>172</sup> For reasons of presentation, the numbering of the assessment criteria here differs from that used in the report text. While the assessment criteria in the report are structured in terms of letters (A, B, C...), in the matrix they are numbered to provide a better overview of the association between the assessment criteria and the respective indicators.

AC 1.4: Appropriate management of human rights risks and unintended effects.

1.4.2: Mitigating measures are identified during the appraisal and taken into account in the project conception.

1.4.3: Identified risks or mitigating measures are taken into account during the implementation of projects and, if appropriate, acted upon.

1.4.4: During implementation, potential and new (and unanticipated) human rights risks are systematically monitored.

## 9.2.2 Criteria: Effectiveness, development impact, sustainability

| Assessment criteria  | Indicators   | Methods   |
|--|--|---|
| <p><b>Evaluation question 2: To what extent do German bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ contribute to the realisation of human rights in the partner countries?</b></p>                                      |  |   |
| <p><b>Evaluation question 2.1.: To what extent do German bilateral development cooperation projects in the intervention area ‘Private sector and financial system development’ contribute directly and indirectly to the creation of jobs and to just and favourable working conditions?</b></p> |  |   |
| <p>AC 2.1.1: Bilateral development cooperation projects make a contribution to creating and/or safeguarding jobs.</p> <p>AC 2.1.2: Bilateral development cooperation projects make a contribution to the realisation of just and favourable working conditions.</p>                              | 2.1.1.1: Projects contribute to the creation of new jobs.  | <ul style="list-style-type: none"> <li>Remote case studies (project level): qualitative interviews or focus group discussions (with representatives of the implementing organisations, project executing agencies, directly addressed groups/rights-holders), analysis of appraisal and project documents and of reports.</li> <li>Narrative synthesis of project evaluations.</li> </ul> |
|  | 2.1.1.2: Projects contribute to the safeguarding of existing jobs.   |   |
|  | 2.1.1.3: Projects contribute to the realisation of intermediate effects.   |   |
|  | 2.1.2.1: Projects contribute to the realisation of labour standards in the sense of just and favourable working conditions.                          |   |
|  | 2.1.2.2: Projects contribute to the social dialogue in the sense of facilitating opportunities for exchange between duty-bearers and rights-holders. |   |
|  | 2.1.2.3: Projects contribute to the realisation of intermediate effects.   |   |

**Evaluation question 2.2: To what extent does the HRBA contribute to ensuring that rights-holders know and make use of their rights?**

|  |  |   |
|--|--|---|
| AC 2.2.1: Contribution to the equitable participation of structurally marginalised groups in positive effects of projects.           | I 2.2.1.1: Structurally marginalised groups benefit (equally or exclusively) from positive effects of projects.  | <ul style="list-style-type: none"> <li>Remote case studies (project level): qualitative interviews or focus group discussions (with representatives of the implementing organisations, project executing agencies, directly addressed groups/rights-holders), analysis of appraisal and project documents and of reports.</li> <li>Narrative synthesis of project evaluations.</li> </ul> |
|  | I 2.2.1.2: Multiple discrimination is taken into account when assessing effectiveness.   |   |
| AC 2.2.2: Bilateral development cooperation projects make a contribution to the empowerment of rights-holders in human rights terms. | Indicator 1: The projects strengthen rights-holders such that they know their rights.  |   |
|  | Indicator 2: Projects strengthen rights-holders and their representation structures such that they feel empowered to assert their rights.                |   |
|  | Indicator 3: Projects strengthen rights-holders and their representation structures such that they can assert their rights individually or collectively. |   |

**Evaluation question 2.3: To what extent does the HRBA contribute to ensuring that duty-bearers respect, protect and fulfil human rights?**

|   |   |   |
|---|---|---|
| AC 2.3.1: Bilateral development cooperation projects make a contribution to strengthening primary and secondary duty-bearers. | I 2.3.1.1: Projects strengthen state actors such that they can fulfil their obligations in relation to human rights.          | <ul style="list-style-type: none"> <li>Remote case studies (project level): qualitative interviews or focus group discussions (with representatives of the implementing organisations, project executing agencies, directly addressed groups/rights-holders), analysis of appraisal and project documents and of reports.</li> <li>Narrative synthesis of project evaluations.</li> </ul> |
|   | I 2.3.1.2: Projects strengthen private sector actors such that they can fulfil their obligations in relation to human rights. |   |

**Evaluation question 3: What factors influence whether German development cooperation achieves its human rights-related objectives?**

|  |   |
|--|---|
| <p><i>Question is not assessed, as no assessment criteria or indicators were specified a priori.</i></p> | <ul style="list-style-type: none"> <li>Remote case studies (project level): qualitative interviews or focus group discussions (with representatives of the implementing organisations, project executing agencies, directly addressed groups/rights-holders), analysis of appraisal and project documents and of reports.</li> <li>Narrative synthesis of project evaluations.</li> </ul> |
|--|---|

**Evaluation question 4: To what extent are rights-holders, and structurally marginalised groups in particular, affected (socially, economically, environmentally, politically) by unintended positive/negative direct effects?**

|   |   |   |
|---|---|---|
| AC 4.1: Rights-holders and structurally marginalised groups are affected by unintended positive (social, economic, environmental, political) effects. | I 4.1.1: Rights-holders and structurally marginalised groups are affected by unintended positive effects. | <ul style="list-style-type: none"> <li>Remote case studies (project level): qualitative interviews or focus group discussions (with representatives of the implementing organisations, project executing agencies, directly addressed groups/rights-holders), analysis of appraisal and project documents and of reports.</li> <li>Narrative synthesis of project evaluations.</li> </ul> |
| AC 4.2: Rights-holders and structurally marginalised groups are affected by unintended negative (social, economic, environmental, political) effects. | I 4.2.1: Rights-holders and structurally marginalised groups are affected by unintended negative effects. |   |

### 9.2.3 Criterion: Coherence

| Assessment criteria  | Indicators  | Methods  |
|--|---|--|
| <b>Evaluation question 5: To what extent do BMZ-financed or co-financed projects delivered by state implementing organisations and by private sector and civil society actors in the intervention area ‘Private sector and financial system development’ constructively interact with each other in relation to human rights in partner countries?</b> |   |  |
| AC 5.1: Coordination of projects delivered by state implementing organisations, civil society and private sector executing agencies.   | I 5.1.1.: In the planning and implementation of projects by state implementing organisations and civil society and private sector executing agencies of German development cooperation, information is shared, instruments are jointly produced and used, and project activities are agreed upon. | <ul style="list-style-type: none"> <li>• Remote case studies (project level): qualitative interviews or focus group discussions (with representatives of the implementing organisations, project executing agencies, directly addressed groups/rights-holders), analysis of appraisal and project documents and of reports.</li> </ul> |
| AC 5.2: Complementarity and coherence of projects delivered by state implementing organisations, civil society and private sector executing agencies.  | I 5.2.1.: Projects delivered by state implementing organisations and by civil society and private sector executing agencies in the intervention area ‘Private sector and financial system development’ interact with each other and pursue similar or complementary objectives.                   | <ul style="list-style-type: none"> <li>• Remote case studies (country level): qualitative interviews or focus group discussions, context analysis about the human rights situation and marginalised groups in the intervention area or sector.</li> </ul>  |

### 9.3 Synthesis of recommendations from the first and second parts of the evaluation

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Since the evaluation consists of two parts that build upon each other, the recommendations of both parts of the evaluation relate to one another. This second part follows on from the content of the first part of the evaluation: While the first part focuses on the implementation of the HRBA as a strategy within the BMZ and the implementing organisations in Germany, the second part looks at the implementation of the HRBA in German development cooperation's partner countries. The complementarity of the two parts is reflected in the recommendations: The recommendations from the first part are oriented more to the BMZ, whereas the recommendations from the second part are directed more towards the implementing organisations. Nevertheless, the findings from both parts of the evaluation reveal similar patterns: For example, both parts identify similar factors influencing the implementation of the HRBA. This is evident from the fact that the recommendations in both parts refer to similar thematic areas. The following table maps the relationships between the recommendations from both parts of the evaluation.

**Table 6** Synthesis of the recommendations from both parts of the evaluation

| Thematic area                       | Recommendation<br>(paraphrased, omitting implementation notes)  | Comment on<br>the thematic area  |
|-------------------------------------|---|--|
| Contents and directives of the HRBA | <p><b>Part 1 – Recommendation 1:</b> The BMZ should mainstream the holistic HRBA with its four constitutive tracks as the core of the quality criterion 'Human rights, gender equality and disability inclusion' in the corresponding performance profile. It should also elaborate the four tracks in full detail, and issue corresponding decision-making tools. These tools should support decision-makers in deciding how to implement the respective track in relation to the given context and portfolio, and how to prioritise human rights themes for progressive realisation.</p>  | <p><i>The further conceptual development of the HRBA in accordance with Recommendation 1 (Part 1) includes adapting the contents of the HRBA to a changed development policy context and fully elaborating its requirements in application-oriented decision-making tools so that it is possible to apply the HRBA in any given context without misunderstandings. The elimination of gaps in procedures and processes, as specified in Recommendation 2 (Part 1), is also intended to contribute to this.</i></p> |
|                                     | <p><b>Part 1 – Recommendation 2:</b> The BMZ should produce internal process descriptions and specimen texts to close gaps in the procedures and processes with respect to mainstreaming human rights in the political dialogue with partner countries. This should aim to support country desk officers in systematically supporting the HRBA.</p>   | <p><i>Recommendation 4 (Part 2) builds on this and recommends that clear directives also be formulated for mainstreaming the HRBA in the strategies for core and initiative areas so as to ensure that the HRBA is implemented with due regard for sector-specific implementation contexts.</i></p>  |
|                                     | <p><b>Part 2 – Recommendation 4:</b> In all of its core and initiative area strategies, the BMZ should clearly articulate possible tensions between sectoral objectives and the objectives of the HRBA. Building on this, it should formulate practical approaches setting out how the HRBA is to be elaborated with due regard for specific sectors. To lay foundations for this, directives for addressing the issue of synergies and possible tensions with the quality criterion should be inserted in the supplementary guidelines for the preparation of core and initiative area strategies. Building on the said foundations and working within the framework of the existing procedural steps, the sectoral division responsible for the given core or initiative area and the Human Rights division should jointly develop practical approaches for the sector-specific elaboration of the HRBA, and document them in the respective strategy. The aim should be to formulate clear strategic directives so that possible tensions within projects are not resolved one-sidedly to the detriment of the HRBA. Both the development of core and initiative area strategies and the elaboration of a feminist development policy provide opportunities to formulate strategic directives for a coherent, values-oriented and human rights-based development policy.</p> | <p><i>Further specifics on how the HRBA can be implemented with due regard for the different sector contexts are set out in Recommendation 5 (Part 2). This recommends developing sector-specific exemplars that can be used as templates for the mainstreaming of human rights effects.</i></p>   |
|                                     | <p><b>Part 2 – Recommendation 5:</b> The implementing organisations should develop exemplar human rights module components and exemplar accompanying measures geared towards the strengthening of rights-holders and duty-bearers and the empowerment of structurally marginalised groups. Over time, exemplar module components and exemplar accompanying measures should be developed for all core areas. However, building on the findings of the second part of the evaluation, they should first be developed for the intervention area 'Private sector and financial system development' as a priority. The aim is to provide practice-based templates for decision-makers that can be implemented in projects with adaptations for the concrete context.</p>   |  |

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| <p><b>Grievance redressal system for German development cooperation</b></p> | <p><b>Part 1 – Recommendation 3:</b> The BMZ should review the quality of the implementing organisations' existing grievance mechanisms, and integrate them into an independent grievance redressal system. This should prevent human rights risks arising as a result of development cooperation measures.</p> <p><b>Part 2 – Recommendation 3:</b> In order to bring together the existing grievance mechanisms of the implementing organisations in one grievance redressal system, the BMZ should develop a concept for an independent, development cooperation-wide grievance redressal system in a consultative process involving the implementing organisations and civil society. The concept should build on the review of quality recommended in the first part of the evaluation. It should conceptualise existing grievance mechanisms as part of an integrated, modular structure and define the requirements and responsibilities at the various levels (development cooperation-wide, institution-specific and project-specific).</p> <p>The overarching objective of such a grievance redressal system is to prevent human rights violations and improve German development cooperation. Rights-holders and their representation structures should be able to use grievance mechanisms without fear of reprisals and obtain redress in the event of human rights violations. The BMZ and the implementing organisations should be able to fulfil their human rights due diligence obligations and obtain information relevant for strategic steering. This information should enable organisational learning, which should lead to the further development of both processes and procedures and the improvement of individual projects.</p>  | <p><i>Recommendation 3 (Part 1) includes reviewing the quality of existing grievance mechanisms and developing a development cooperation-wide grievance redressal system. Specifics of the process whereby a concept for this grievance redressal system is to be developed are set out in Recommendation 3 (Part 2). The same recommendation specifies the requirements that the independent, development cooperation-wide grievance redressal system should fulfil.</i></p>   |
| <p><b>Monitoring of the quality criterion</b></p>                           | <p><b>Part 1 – Recommendation 4:</b> The BMZ should develop a monitoring system for the quality criterion 'Human rights, gender equality and disability inclusion' in the context of 'BMZ 2030', and use it for evidence-based strategic management and transparent communication on the HRBA. This monitoring system developed as part of 'BMZ 2030' should cover at least the implementation of the four tracks of the HRBA (see Recommendation 1). It should also take civil society projects into account.</p>   | <p><i>Recommendation 4 (Part 1) builds on the further conceptual development of the HRBA (Recommendation 1 – Part 1) and recommends that the BMZ carry out a regular systematic review of the implementation of the performance profile.</i></p>  |
| <p><b>Specific human rights projects in the context of 'BMZ 2030'.</b></p>  | <p><b>Part 1 – Recommendation 5:</b> The BMZ should increase the number of specific human rights projects and, in the context of 'BMZ 2030', create the enabling frameworks required for this. In particular it should mainstream them in core areas and formulate targets for the number of specific human rights projects. This should include mainstreaming specific human rights projects aimed at strengthening duty-bearers and human rights actors as an explicit element of the intervention area 'Good governance' in the corresponding thematic strategy for the core area.</p> <p>To guarantee the implementation of specific human rights projects, the BMZ human rights division should make use of its right of consultation when core area strategies are being drawn up. If the review of core area strategies should indicate that specific human rights projects have not been strategically mainstreamed, a dedicated area of intervention for specific human rights projects should be created.</p> <p>Furthermore, targets should be set for the number of specific human rights projects that official bilateral development cooperation implements. Initially these targets should provide for an annual increase in the number of projects.</p> <p><b>Part 1 – Recommendation 6:</b> The BMZ, in consultation with the respective partners, should define human rights pilot countries. In these countries – with support from the Human Rights division – the HRBA should be fully implemented, and innovative instruments for efficient and effective progressive realisation should be piloted. To this end, human rights standards and principles should be mainstreamed in all country priority areas (core and initiative areas). This also includes an explicit orientation towards human rights results, such as economic, social and cultural rights or rights of marginalised groups. Specific human rights projects should be implemented under the 'Good governance' intervention area. Human rights issues should have an explicit place in the political dialogue with partner countries. The pilot countries should be selected on the basis of criteria, and should be used to systematically employ new instruments such as human rights portfolio assessments and human rights</p> | <p><i>Recommendations 5 to 7 (Part 1) deal with measures intended to contribute to strengthening the mainstreaming of specific human rights projects. This involves the conceptual mainstreaming of such projects in the strategies for core areas as well as the definition of targets (Recommendation 5 – Part 1). Furthermore, partner countries should be defined in which the strengthening of human rights and the implementation of the HRBA are a principal focus (Recommendation 6 – Part 1). Necessary resources should be made available in regional divisions and in the Human Rights division (Recommendation 7 – Part 1).</i></p> |



target groups analyses at country and project level. Participatory processes involving local civil society and human rights actors should also be improved. The mainstreaming of the HRBA in the pilot countries should be monitored with the participation of all relevant stakeholders, in order to transfer lessons learned to other countries and use the instruments there.

**Part 1 – Recommendation 7:** The BMZ should conduct a human resource needs assessment to review, and if appropriate adjust, its human resources for implementing the HRBA in the regional divisions and in the Human Rights division. The review in the course of 'BMZ 2030' implementation should also take into account possible additional resources needed in regional divisions and the Human Rights division for implementing human rights in pilot countries. Prerequisite to this is the clear definition of the tasks of the Human Rights division, which should be aligned with the requirements for implementing quality criteria defined in the 'BMZ 2030' reform strategy and the specific requirements of the HRBA. If no human resource needs assessment takes place in the short term, human resources in the relevant regional divisions and the Human Rights division should be temporarily supplemented for additional tasks such as the pilot countries, until a human resource needs analysis does take place.

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| <b>Main-streaming of the HRBA</b> | <p><b>Part 1 – Recommendation 8:</b> The BMZ should commission the implementing organisations to (i) define joint quality standards for existing procedures and processes to mainstream the HRBA, and (ii) improve them with a view to generating positive human rights results. Under the aegis of the BMZ Human Rights division, the Sector Programme should coordinate this process and enable platforms for dialogue between the organisations. Furthermore, human rights principles and standards should be systematically incorporated into the implementation and evaluation phases of projects. The mainstreaming of human rights should be monitored in project reporting. Appropriate coordination bodies, such as the working group on evaluation, should promote a coherent approach of the implementing organisations to the mainstreaming of human rights principles and standards in the implementation and evaluation phases.</p> | <p><i>Recommendation 8 (Part 1) recommends the definition of minimum standards of content for the mainstreaming of the HRBA in the procedures and processes of the implementing organisations. The human rights standards and principles defined in the human rights guidelines serve as the starting point for this. Recommendation 1 (Part 2) builds on the above and recommends proceeding to use these minimum standards as a basis for adapting the implementing organisations' quality assurance processes, and thereby ensuring that all aspects of the HRBA are fully mainstreamed in bilateral projects throughout the project cycle. Thus, Recommendation 8 of Part 1 relates to the contents of the procedures for the mainstreaming of the HRBA, while Recommendation 1 (Part 2) focuses on the process for mainstreaming these procedures. At the same time, a reciprocal effect exists between these recommendations on quality assurance and the monitoring of the performance profile (Recommendation 4 – Part 1). Further improvement of the quality assurance systems in the implementing</i></p> |
|                                   | <p><b>Part 2 – Recommendation 1:</b> The implementing organisations should further develop their quality assurance systems to support the mainstreaming of the HRBA across all projects. Quality assurance should ensure that appraisal findings on human rights risks and impacts are consistently and formally embedded in the conception of projects and included in their monitoring. Furthermore, quality assurance should review whether provision is made for appropriate implementation of human rights principles in projects throughout their project cycle. Quality assurance findings should be documented for each project. The aim is to ensure that human rights standards and principles are implemented in projects throughout all phases of the project cycle.</p>  |   |

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|   |   | <i>organisations can be put in place to make the results of quality assurance usable for the monitoring of the implementation of the HRBA. Links can then be created between quality assurance in the implementing organisations and the BMZ's monitoring system.</i>  |
| <b>Knowledge about the HRBA and incentives to implement it</b>          | <b>Part 1 – Recommendation 9:</b> The BMZ should provide country and sector officers with structured and obligatory training on the quality criterion 'Human rights, gender equality and disability inclusion' and the HRBA formulated therein. This training should be initiated by the Human Rights division and enabled by the Training division. It should be designed such that all decision-makers are familiarised with the constitutive core elements of the HRBA. Based on concrete examples, it should also include practical guidance for implementing the HRBA and applying the new instruments proven in the pilot countries.  | <i>Both parts of the evaluation draw particular attention to knowledge about the HRBA and the individual's perception of its relevance to the given work context. These are addressed by Recommendation 9 (Part 1) and Recommendation 2 (Part 2): On the one hand, mandatory training on the quality criterion should be introduced, and on the other hand, incentive systems should be developed to motivate decision-makers to find creative ways to implement the HRBA in the given implementation context.</i> |
|   | <b>Part 2 – Recommendation 2:</b> The implementing organisations should develop incentive systems to encourage the managers of state-implemented projects to mainstream the HRBA in projects with due regard for the specific context. As one element of the incentive system, a public award ceremony similar to the GIZ Gender Award should be established, preferably on an inter-organisational basis, with a prize for the successful implementation of the quality criterion in projects. In addition, specific incentive systems adapted to the organisational context should be developed for project managers. The aim is to boost initiatives to bring about better implementation of the HRBA by strengthening positive incentives for the persons responsible.  |  |
| <b>Coherence on human rights in partner countries</b>                   | <b>Part 2 – Recommendation 6:</b> Economic cooperation officers based in the partner countries should identify potential synergies of BMZ-financed or co-financed projects with regard to the collaborative realisation of human rights, and offer exchange formats for bilateral, civil society and private sector actors geared towards exploiting such synergies. The exchange formats should be designed to ensure that these three actor groups – bilateral, civil society and private sector actors – are represented in the meetings. These meetings should enable the actor groups involved to engage in a structured exchange of ideas on the exploitation of potential synergies and to identify and make use of opportunities for cooperation. Selected cooperations should be formally documented as part of German development cooperation's country-related strategy processes, such as strategy meetings on programmes. The aim is to facilitate a more internally coherent, values-oriented and human rights-based development policy while preserving the autonomy of the actor groups involved. | <i>In order to strengthen the internal coherence of BMZ-financed projects, Recommendation 6 (Part 2) recommends that potential synergies be identified centrally in the partner country and joint exchange be held for the purpose of discussing ways in which these potentials can be exploited.</i>  |
| <b>Coherence of policies with human rights standards and principles</b> | <b>Part 1 – Recommendation 10:</b> In policy coordination bodies, the BMZ should intensify efforts to promote interministerial coherence of German policies with human rights, and do so consistently across all policy areas. This should aim for interministerial directives to guarantee human rights in partner countries of development cooperation, which encompass at least development cooperation and humanitarian assistance.   | <i>Recommendation 10 (Part 1) refers to the positive examples that were identified in the context of the HRBA's fourth track – contributions to national and international policy coherence – and recommends that these continue to be systematically pursued.</i>   |

## 9.4 Schedule for Part 2 of the evaluation

### Conception phase (for Parts 1 and 2 of the evaluation combined)

|            |  |
|------------|--|
| 07-08/2019 | Clarification talks with the stakeholders of the evaluation                      |
| 09-10/2019 | Clarification talks with the BMZ and selected advocacy groups                    |
|            | Drafting of the evaluation concept   |
| 11/2019    | Evaluation concept sent to the reference group and first reference group meeting |
| 12/2019    | Finalisation of the evaluation concept   |

### Inception phase

|            |  |
|------------|--|
| 11-12/2020 | Preparation of the inception phase   |
| 01-03/2021 | Drafting of the inception report   |
| 04/2021    | Inception report sent to the reference group and fourth reference group meeting <sup>173</sup> |
| 05/2021    | Completion of the inception report   |

### Data collection and analysis phase

|            |  |
|------------|--|
| 02-04/2021 | Substantive and logistical preparation of the case studies                 |
| 05-10/2021 | Data collection for the case studies and case-specific analysis            |
| 07-10/2021 | Data collection for the desk-based case studies and case-specific analysis |
| 07-10/2021 | Data collection and analysis for the narrative synthesis                   |

### Synthesis phase

|            |   |
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| 11-12/2021 | Cross-case and cross-method analysis/synthesis                |
| 01/2022    | Fifth reference group meeting on the findings and conclusions |
| 01-03/2022 | Elaboration of recommendations                                |

### Report writing

|            |  |
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| 01-05/2022 | Preparation of the final draft of the report                           |
| 06/2022    | Final draft of the report sent to the reference group                  |
| 06/2022    | Sixth reference group meeting on the final draft of the report         |
| 07-08/2022 | Revision of the evaluation report and compilation of the comments grid |
| 09/2022    | Proofreading of the evaluation report                                  |
| 10-11/2022 | Completion of the report after layout and printing                     |

<sup>173</sup> The second and third reference group meetings belonged in the context of Part 1 of the evaluation and are not therefore listed here.

## 9.5 Evaluation team and contributors

| <b>Evaluation team</b>         | <b>Function and field of responsibility</b> |
|--------------------------------|---|
| Merle Gmeineder                | Project administrator                       |
| Dr Angela Heucher              | Evaluator                                   |
| Caroline Orth                  | Project administrator                       |
| Dr Jan Tobias Polak            | Team leader                                 |
| Marcellina Schmidt             | Evaluator                                   |
| Lea Smidt                      | Evaluator                                   |
| Dr Christoph Valentin Steinert | Evaluator                                   |
| Lena Taube                     | Evaluator                                   |

| <b>Responsible head of department</b> | <b>Function and field of responsibility</b> |
|---------------------------------------|---|
| Dr Martin Bruder                      | Department leader                           |

| <b>Contributors</b>          | <b>Function and field of responsibility</b> |
|------------------------------|---|
| Dr Oluyemi Adeleye           | Consultant/Nigeria case study               |
| Michael Adeniji              | Consultant/Nigeria case study               |
| Lennart Bachmaier            | Student assistant                           |
| Abhirup Bhunia               | Consultant/India case study                 |
| Suhas Chakma                 | Consultant/India case study                 |
| Prof. Dr. Petra Dannecker    | Peer reviewer                               |
| Dr Annika Engelbert          | Consultant/sectoral advisory support        |
| Elba Estrada Gutiérrez       | Consultant/documentation of methods         |
| Simon Freund                 | Consultant/narrative synthesis              |
| Evelyn Funk                  | Consultant/documentation of methods         |
| Dr Felix Gaisbauer           | Consultant/narrative synthesis              |
| Lola Gani-Yusuf              | Consultant/Nigeria case study               |
| Dr Artraud Hartmann          | Consultant                                  |
| Dr Nicole Janz               | Peer reviewer                               |
| Prof. Dr. Markus Kaltenborn  | Consultant/sectoral advisory support        |
| Dr Marcus Kaplan             | DEval internal peer reviewer                |
| Felix Paffhausen             | Consultant/narrative synthesis              |
| Dr Leon Schettler            | Consultant                                  |
| Maria Fernanda Villa-Guillen | Student assistant                           |
| Ilse Worm                    | Consultant/sectoral advisory support        |