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Axel Borrmann\*

# Evaluating Development Co-operation

## The German Case

*Successful development co-operation largely depends on the willingness and capacity of both the donor and the recipient countries to subject joint projects and programmes to periodic and systematic evaluation, and to initiate learning processes. This article examines the current position of evaluation systems in German development co-operation.*

For decades development co-operation (DC) has been accompanied by a critical debate over its true usefulness. Prior to the end of the East-West conflict the justification for DC had a strong political bias.<sup>1</sup> In the meantime, however, and for a variety of reasons, donor countries have come under substantially greater pressure to measure the success of their DC in a self-critical and objective manner. For example, the sceptics have hence intensified their analyses, and their results, which at times are far from flattering, have fuelled the doubts already prevailing, particularly amongst the general public. In addition, governments' activities are generally subject to closer scrutiny nowadays, as they are faced with serious budgetary problems. DC is no exception to this and if anything attracts particular attention, despite ranking comparatively low in the donor countries' budgets. The public today expects more than political clichés and superficial attempts to describe the success of a DC project simply in terms of the size of the resource inputs, their administratively correct use and the output produced. Increasingly the demand is more for assurances that a positive developmental impact has been achieved and – mindful of the environmental debate – that it is sustainable. The self-critical World Bank Wapenhans Report at the beginning of the 1990s added a lot of extra weight to these demands.<sup>2</sup>

How did the donor countries react to this criticism? In 1992, a first comprehensive attempt was made to improve the quality of DC by laying down standards within the framework of the OECD.<sup>3</sup> The Development Assistance Committee (DAC) produced a Development Assistance Manual and established Principles for Effective Aid. The Development Assistance Manual contains, amongst other things, guidelines for aid co-ordination, project appraisals, technical co-operation, programme assistance and environmental impact

assessment. However, the DAC also recognized the need for quality assurance. Firstly, the specific Principles for Evaluation of Development Assistance state that donor countries are expected to develop their own evaluation systems for their activities and to adhere to a series of minimum standards in conducting evaluations. Secondly, the DAC itself conducts periodic reviews to check the quality both of the aid and the evaluation systems of the individual OECD donor countries.

The evaluation principles of the DAC go back to the work of the Expert Group on Aid Evaluation which it set up as long ago as 1982, and a comprehensive survey, completed in 1985, of the evaluation practices and experiences of donor countries. Essentially the DAC requirements are:

- a management concept for an evaluation system,
- institutional safeguards ensuring impartiality and independence,
- provision of the requisite human and material resources,
- evaluation planning,
- useful and credible results,
- sufficiently extensive, frequent evaluations,
- ex-post evaluations of crucial issues such as relevance, effectiveness, efficiency, impact and sustainability,
- participation of partners and target groups,
- co-operation between donor countries,
- transparency of the entire evaluation process,

<sup>1</sup> Stefan Brüne: Evaluierung als öffentliche Kommunikation, in: Stefan Brüne (ed.): Erfolgskontrolle in der entwicklungspolitischen Zusammenarbeit, Schriften des Deutschen Überseeinstituts No. 39, Hamburg 1998, pp. 9 ff.

<sup>2</sup> World Bank: Effective Implementation – Key to Development Impact. Report of the Portfolio Management Task Force, Washington 1992.

<sup>3</sup> OECD: DAC Principles for Effective Aid, Development Assistance Manual, Paris 1992.

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- organized learning processes, including
- dissemination of evaluation results.

What efforts have the donor countries made since then to enhance the quality of their DC by improving their evaluation systems? In what way do their current evaluation systems meet the standards set by the DAC? At the beginning of 1998 the DAC Expert Group published the results of a survey of donor countries' central evaluation units, evaluators, and users of evaluations, which concluded that evaluation in development co-operation is evolving and changing focus.<sup>4</sup> Most members have reorganized their central evaluation offices in such a way that they have now reached a good degree of compliance with the DAC principles. Although the results are positive on the whole, they are dominated by a few multilateral institutions such as the World Bank. Of the bilateral donors, which after all provide the significantly greater share of official development aid, more than 50% clearly have problems with the DAC standards: either their evaluation system has deteriorated, is not systematically structured and organized, or is still in its infancy, or is inadequately resourced. Problems continue to be wide-spread in areas such as independence and impartiality, *ex-post* evaluations, transparency, and participation. Paul Hoebink also reaches similar conclusions in his investigation of EU countries.<sup>5</sup> He finds that donor countries have evidently not yet taken the DAC principles particularly seriously. Among other things he criticizes shortcomings in methods, the superficiality of evaluations, and the lack of feedback processes.

### The German Case

A recent study by the Hamburg Institute for Economic Research (HWWA) systematically and comprehensively examined the extent to which the bilateral German DC evaluation system meets the DAC principles.<sup>6</sup> The study was commissioned by the Federal Ministry for Economic Cooperation and Development (BMZ), whose own evaluation system has come under criticism for some considerable time from Parliament,<sup>7</sup> the Federal Court of Audit,<sup>8</sup> and academics.<sup>9</sup>

The study assessed all the instruments currently in use by German DC institutions both for monitoring on-going activities (this includes observation and documentation) and for periodically evaluating on-going and completed activities. The reference basis for assessing the evaluation systems used by German DC institutions comprised mainly the DAC Principles, complemented by what has been learned from theoretical and empirical evaluation research. Apply-

ing these criteria, the study investigated the BMZ's own evaluation system, and those of governmental and non-governmental institutions that receive funding from the BMZ.<sup>10</sup> The organizations surveyed cover 95% of Germany's official bilateral development assistance (ODA). In addition, a summary analysis was made of the huge number of non-governmental organizations (NGOs) in Germany. The evaluation activities of the Federal Court of Audit were also assessed. The analysis of evaluation systems in German institutions highlighted the strengths and weaknesses discussed below.

### Strengths

It is important to point out that all of the DC organizations surveyed do have evaluation structures in place, in rudimentary form at the very least. No matter how much their approaches may differ in detail, all of them have certain institutional structures, guidelines, methods and instruments for assessing the outcome of their activities, both on an on-going basis and following completion. Three quarters of the bilateral ODA made available by the BMZ each year is

<sup>4</sup> OECD/DAC Working Party on Aid-Evaluation: Review of the DAC Principles for Evaluation of the Development Assistance, Conclusions and Recommendations, Paris 1998.

<sup>5</sup> Paul Hoebink: *Bewertungsanstrengungen der EU-Länder*, in: Stefan Brüne (ed.), op. cit., pp. 76 ff.

<sup>6</sup> Axel Borrmann et al.: *Erfolgskontrolle in der deutschen Entwicklungszusammenarbeit, Analyse, Bewertung, Reformen*, Hamburg 1999.

<sup>7</sup> Deutscher Bundestag: *Beschlußempfehlung des Ausschusses für Wirtschaftliche Zusammenarbeit zur Erfolgskontrolle in der Erfolgskontrolle*, 11/8059, Bonn 1990; Deutscher Bundestag: *Beschlußempfehlung des Ausschusses für Wirtschaftliche Zusammenarbeit, Systematische Erfolgskontrolle von Projekten und Programmen der bilateralen Entwicklungszusammenarbeit*, Drucksache 13/10857, Bonn 1998.

<sup>8</sup> Cf., *inter alia*, Bundesrechnungshof: *Mitteilung an das Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung über die Querschnittsprüfung des Einsatzes von Controllinginstrumenten bei Projekten der Bundesverwaltung*, Frankfurt am Main 1998.

<sup>9</sup> Reinhard Stockmann: *Viel Kritik, aber wenig profundes Wissen: Der Mangel an Erkenntnissen über die Wirksamkeit der EZ und wie er behoben werden könnte*, in: Stefan Brüne (ed.): *Erfolgskontrolle in der entwicklungspolitischen Zusammenarbeit*, op. cit., pp. 88 ff.

<sup>10</sup> Federal Ministry for Economic Co-operation and Development (BMZ), Federal Institute for Geosciences and Natural Resources (Bundesanstalt für Geowissenschaften und Rohstoffe - BGR), Carl Duisberg Society (CDG), German Development Service (Deutscher Entwicklungsdienst - DED), German Investment and Development Corporation (Deutscher Investitions- und Entwicklungsdienst - DEG), German Foundation for International Development (Deutsche Stiftung für internationale Entwicklung - DSE), Protestant Central Agency for Development Aid (Evangelische Zentralstelle für Entwicklungshilfe - EZE), Friedrich Ebert Foundation (FES), Friedrich Naumann Foundation (FNS), German Agency for Technical Co-operation (Deutsche Gesellschaft für Technische Zusammenarbeit - GTZ), Hanns Seidel Foundation (HSS), Konrad Adenauer Foundation (KAS), The Reconstruction Bank (Kreditanstalt für Wiederaufbau - KfW), Catholic Central Agency for Development Aid (Katholische Zentralstelle für Entwicklungshilfe - KZE), The National Physical Laboratory (Physikalisch-Technische Bundesanstalt - PTB).

entrusted for implementation purposes to the two DC organizations, KfW (the Bank for Reconstruction) and GTZ (the German Agency for Technical Co-operation), and these have the most advanced evaluation systems of all the implementing agencies surveyed. KfW, which receives and administers just under 50% of Germany's total bilateral DC funding, operates a comprehensive and methodologically sophisticated quality control system covering the entire project cycle. KfW also subjects *all* of its project activities to a thorough *ex-post* impact assessment, thus attaining a level of evaluation coverage unmatched even by the World Bank. To deal with the more difficult task of evaluating technical co-operation (TC) activities, GTZ has developed a differentiated system of quality assurance which is also methodologically versatile. In the opinion of independent appraisers, the 'ZOPP'-method of Objectives-oriented Project Planning which the agency has adopted and developed for widespread use in the planning, implementation and completion phases of DC projects, has significantly increased the effectiveness and efficiency of DC measures, winning acclaim both nationally and internationally and is now being copied by other development-assistance organizations.

It is also worthy of note that development cooperation policy-making is one of the few policy areas to have ever developed a systematic evaluation system at the federal departmental level at all. Whilst evaluations have been carried out in the BMZ for over 25 years, and it has its own, largely independent department especially for that purpose, most of the other federal ministries, which administer incomparably bigger budgets, either do not have any system at all or only the most rudimentary of one, for evaluating their activities. The BMZ has a fully developed project-related and cross-project control system for its DC activities, with guidelines and criteria largely conforming to DAC standards, as well as standardized and detailed procedures for evaluation.

### Differences

Nevertheless, there are substantial differences among the development-assistance institutions surveyed. On the one hand this is attributable

- to the different sectors in which organizations operate, their different activities, the different DC instruments used, and the specific amenability of these to evaluation
- and/or to the size of the DC organizations and the administrative, human and financial resources they have available to conduct evaluations.

On the other hand, differentials between the DC organizations also arise because

- they have attached differing degrees of importance to evaluation,
- they have not all adopted the available principles and methods of evaluation to the same extent, or adapted them to their own circumstances and further developed them,
- to varying degrees, they have allowed gaps to open up between declared intentions and actual practice when implementing their evaluation concepts and methods.

### Deficiencies

When examined in the light of the DAC criteria, the majority of organizations surveyed had certain deficiencies in three core areas of evaluation work, namely:

- Independence and impartiality:* The implementing agencies rely very heavily on self-evaluation by their own project staff, so many of them neglect to have any non-operational, impartial evaluation done. Some organizations do not meet the DAC's requirement that the evaluation function be kept separate from line management.
- Ex-post evaluation of impact and sustainability:* Evaluation is substantially input-output-oriented. Many organizations either completely lack or have only rudimentary evaluation procedures focusing on impact and sustainability. KfW is the only DC organization to conduct *ex-post* evaluation (approx. 5 years on) across the board for all projects and programmes, to a high quality standard.
- Participation:* Although partners are almost invariably involved in project-related evaluation as resource persons, they are rarely allowed to function as evaluators on an equal basis. Evaluation methods used by the NGOs would appear to involve much more participation than those of the governmental bodies.

Weaknesses are also in evidence when it comes to laying down verifiable objectives, and indeed it is not unusual for this deficiency to undermine the very basis of effective evaluation. The requirement to define realistic, adequately operationalized objectives can pose a major difficulty in many fields when DC measures are first planned and when they are subsequently evaluated. The problem especially applies to process-oriented TC activities, and those intended to change existing structures, consciousness or behaviour. In these areas, project planning increasingly needs to be regarded as a process of seeking, and project implementation as one of

learning. Changes in objectives and associated indicators also have their impact on the evaluation process. It is difficult to establish appropriate evaluation methods in these areas of development cooperation. Further points of weakness in evaluation systems arise when measuring efficiency, organizing learning processes, and assuring transparency vis-à-vis the general public.

### Reforms

The further development of evaluation in Germany's DC work must involve:

- bringing DC institutions as a whole closer to meeting DAC standards;
- establishing the institutional, organizational and methodological bases – still partly lacking – that are necessary for independent, effective evaluation;
- closing the present gaps between good intentions and actual practice in evaluation;
- developing appropriate methods of examining sustainability and effective impact in the different fields of DC operations;
- promoting horizontal learning among DC institutions.

To ensure the feasibility of the BMZ's new evaluation concept, it is essential that minimum quality standards should be met by implementing agencies: the BMZ cannot responsibly carry out its plan to delegate project-level evaluations to these agencies, so as to concentrate its own energies on cross-sectional evaluation and strategic controlling, unless the implementing agencies can assure the quality of their evaluation work. A particularly crucial aspect of this will be to ensure that DC institutions have their evaluation done on an independent, impartial basis. Despite various inadequacies in other respects, this criterion has been properly met by the BMZ's evaluation work to date. However, the danger is that independence and impartiality will be lost unless precautions are taken. The danger increases the more the implementing agencies decentralize their organizations. There need be no objection in principle to prescribing the DAC criteria as the rules for DC institutions to follow. Appropriate steps can be taken to cater for special circumstances, especially among small NGOs. The Federal Court of Audit, accounting firms and/or neutral academic institutions could conduct regular audits on the BMZ's behalf, and certify whether the DC institutions' evaluations satisfy the DAC's requirements.

In the organizational field, the essential point is to establish and secure independence and impartiality for the evaluation carried out within development in-

stitutions. Those that do not yet have central, non-operational evaluation units should set them up. Similarly, those that have so far only used internal expertise should also ensure that it is complemented by impartial external opinion. One of the ways of guaranteeing the impartiality of external evaluators and the quality of their work is to ensure that a transparent selection procedure is used. Taking these steps will enrich the overall evaluation process with greater objectivity and with informative, innovative impetus from outside, and will thus enhance its credibility.

Monitoring and evaluation (M&E) at an operational level will remain a key component of effective project management, assuring that the measures taken are properly geared to objectives, allowing objectives to be adjusted to the means available where necessary, and encouraging learning, both by individuals and by institutions, via self-evaluation. The challenge facing managements of DC institutions is one of combining operational self-evaluation with the equally essential evaluation by non-operational personnel, the aim being to make quality management a common concern of all people involved, and thus to develop a culture of evaluation.

To overcome the problems encountered by numerous DC organizations in evaluating impact, sustainability and efficiency, greater use should be made of tried-and-tested methods already available, developing and adapting these where appropriate to suit special circumstances in particular fields of assistance and other DC operations. Nevertheless, there are still some substantial methodological gaps when it comes to evaluating the sustainability of DC activities. This is an area that needs to be researched.

However, the BMZ and its implementing agencies are also recommended to adjust the expectations made of evaluation systems to levels that are feasible and justifiable in terms of methods, time input and financial cost. Quite often, compromises will need to be made in the evaluation procedures applied, involving the acceptance of more straightforward, more practicable examination designs. Provided they are methodologically transparent and they comply with other quality criteria governing evaluation work, it ought to be possible to obtain plausible, credible findings using such simpler evaluation procedures.

As an all-round issue, DC institutions ought to experiment more than they have up to now with participatory evaluation systems, even at the risk of possible setbacks and extra costs. This applies particularly to governmental institutions; the German NGOs, for example church aid organizations, are substantially more participatory. The participation of

partners and target groups assumes central significance for the quality of the evaluation work and the success of the project as a whole. The evaluation process benefits from the specific know-how of the partners and the target groups. Participation leads to a more balanced judgement and reduces the donor country's bias. Nevertheless, evaluation still largely remains a matter for the donor country. Participation encourages acceptance of evaluation results, helps partners and target groups identify with the project, and improves its sustainability. This can be achieved by joint *ex-ante* planning of evaluation systems, agreement on the terms of reference, and written contributions by partners. Building up and developing evaluation capacities in the partner countries is another worthwhile approach.

Germany's DC institutions should intensify and institutionalize their co-operation in the evaluation field. The aim should be to boost horizontal learning, making use of synergies in developing new methods, disseminating best practice, and initiating evaluations that apply across several institutions.

Proper evaluation calls for adequate inputs of financial and human resources. German DC institutions would be well advised all round to invest rather more in quality management, even if this curtails the scope of their projects and programmes. The BMZ can encourage this process by making approval for follow-up or new projects conditional on the DAC criteria being fulfilled, and by making the publication of evaluation findings compulsory, thus increasing the transparency of the process.

### Outlook

There are positive signs that Germany's development co-operation institutions will improve both the quality and scope of their evaluation systems to comply with the DAC criteria. It is worth noting that the new federal government's coalition agreement included a declaration of intent on this. Even before the change of government the BMZ had itself set out a new evaluation concept and began implementing specific measures. One such measure is the restructuring of the Ministry's Central Evaluation Plan to favour cross-sectional evaluation of multiple projects, the delegation of single project evaluation work to KfW and GTZ, new initiatives to develop evaluation designs for major development assistance areas and also sustainability criteria, and the preparation of a series of *ex-post* analyses. Following a decision by the BMZ's top officials in July 1998 to establish a new controlling unit responsible for quality assurance and performance monitoring, reporting

directly to the State Secretary, evaluation activities within the BMZ will be accorded substantially greater importance as called for by the DAC criteria. Also, the BMZ has announced an end to its restrictive stance on the publication of evaluation reports. In future it will put summaries on the Internet and allow interested parties access to full reports on request.<sup>11</sup> In addition, the Ministry is aiming to boost horizontal learning between German DC organizations by initiating dialogue among them. Numerous reform measures have also been taken by the BMZ's implementing agencies in the recent past, and others have been announced as forthcoming.

The evaluation system used in German DC institutions compares quite favourably with those operating in other donor countries, but in crucial areas such as independence and impartiality, impact assessment and participation, very similar deficiencies are evident. The DAC review referred to at the beginning of this article showed that these deficiencies are not simply a question of the donor countries failing to implement the DAC principles well, but rather that the principles themselves are in part very ambitious, or are not always expressed in sufficiently concrete terms and are hence in need of amendment and reform.<sup>12</sup> Accordingly, the DAC Working Party on Aid Evaluation has undertaken to work together with the donor countries to draw up what should be an extremely useful reference guide of best practice with regard to the main principles. Best practice is to be identified in these and other areas:

- the question of trade-offs between the merits of independence and participation,
- decentralized evaluations,
- organizational learning processes,
- donor-recipient partnership in evaluation and
- impact assessment using success ratings, performance measurement and indicators.

The planned further development of the DAC Principles is certainly welcome. In most donor countries, however – to judge by the DAC survey – there is a need not so much for refining systems as for taking fundamental decisions and measures to establish effective evaluation systems. As the example of Germany shows, even the more advanced donor countries will probably have their work cut out to fulfil basic requirements and to establish the DAC standards at the level of their implementing organizations as well.

<sup>11</sup> BMZ: Press release No.95/99, 23rd June 1999.

<sup>12</sup> OECD / DAC Working Party on Aid-Evaluation, op. cit, p. 13.