



Comments from the Federal Ministry for Economic Cooperation and Development on the DEval Evaluation Report

“Development of a tool for strategic portfolio analysis in German development cooperation”

The Federal Ministry for Economic Cooperation and Development (BMZ) welcomes the report “Development of a tool for strategic portfolio analysis in German development cooperation” presented by the German Institute for Development Evaluation (DEval). In the Report, DEval lists areas where there is potential to improve the strategic orientation of the portfolio and develops a tool for portfolio analysis for use in bilateral official development cooperation.

The proposed tool for country portfolio reviews (CPR) has been developed by DEval in close consultation and cooperation with the BMZ.

Relevance of the findings

The Report recommends that country portfolio reviews should in future be used to support the strategic orientation of the BMZ country portfolio. As an instrument for systematic analysis, CPRs can generate evidence based findings which allow conclusions to be drawn from past experience in German development cooperation and applied to future bilateral cooperation.

In order to do this, CPRs consider and assess the social, economic, environmental and political conditions, the reform and development orientation of partner countries, the outcomes of cooperation to date and the development priorities of the German government.

The development of the CPR tool is based on two exploratory case studies and also assesses the experience that other donors have had with similar tools. DEval has succeeded in developing an application-oriented tool for portfolio management. Since

it analyses four topic areas (development needs and trends in the partner country, reform dynamics and government priorities, donor strategies, and cooperation with the partner government, civil society and other donors), it complements existing BMZ tools.

The development of different options for the future design of the portfolio offers key added value. These scenarios can give helpful input for the elaboration and/or revision of BMZ country strategies and can be a useful supplement to the discussions in this regard. This makes it possible to react in the management of bilateral development cooperation in an even more systematic and purposeful way to the country context in each case.

The strong orientation of the tool to the reform dynamics of the partner government is to be welcomed and is in line with the 2030 Agenda, because the strategic design of the portfolio must be based on the specific country context and the partner government’s reform agenda. When this is done, it both strengthens ownership by the partner countries and increases the likelihood that development cooperation will foster sustained structural change in an efficient manner.

CPRs can generate helpful insights at different levels: at the country level the strategic orientation of bilateral development cooperation and its coherence with other fields of policy can be increased. This creates the basis for efficient and effective management of the country portfolio. At the same time, CPRs also provide insights into fundamental structural characteristics of the situation in the partner country and in German development cooperation.

tion. Hence they also offer the possibility for organisational and procedural learning and with it for increasing the effectiveness of activities on the ground.

In recent years the BMZ has taken steps to improve portfolio management and thus further strengthen its strategic planning and management. The CPR tool described in the Report builds on these reform processes and can serve as a useful complement to existing processes.

Conclusions

The key conclusions drawn by the BMZ from this Report and its recommendations are:

1. The BMZ welcomes the fact that its efforts to introduce a strategic analysis tool at the portfolio level are supported by DEval. On the basis of this Report, future decisions regarding the strategic orientation of a country portfolio – e.g. in the form of a country strategy – can now be accompanied systematically by a country portfolio review.

2. The Report makes concrete suggestions for how the BMZ or an external organisation may use the tool. The BMZ shares the view that, when CPRs are being drawn up, the high quality of the end product and the independence of the analysis must be ensured. The institutionalisation must therefore be designed accordingly.

3. With its CPR Report, DEval has delivered a significant contribution towards the development of standards and tools for evaluating German development cooperation. The CPR format fulfils the requirements for a focused analytical tool for the country level. With this new tool, DEval in its role as an evaluating institute is closing a methodological gap, for which it will gain international recognition, too.

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