



Comments from the Federal Ministry for Economic Cooperation and Development on the DEval report: “Evaluation of the develoPPP.de programme”

The Federal Ministry for Economic Cooperation and Development (BMZ) welcomes the report on the evaluation of the develoPPP.de programme submitted by the German Institute for Development Evaluation (DEval). In the opinion of the BMZ, the evaluation provides important insights on how the programme could be developed further so as to increase the focus on realistic development objectives and enhance the programme’s effectiveness.

Through the develoPPP.de programme, the German Federal Ministry for Economic Cooperation and Development (BMZ) provides financial and, if required, sector-specific support to companies interested in investing in developing countries and emerging economies. The aim of the programme is to implement innovative projects in developing countries and emerging economies that offer long-term benefit to the local population and also provide added value to the companies involved (Development Partnerships with the Private Sector). The company is responsible for covering at least half of the overall costs and cooperates with one of the three official implementing organisations that carry out the programme on behalf of the BMZ: Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), Deutsche Gesellschaft für internationale Zusammenarbeit GmbH (GIZ) and sequa gGmbH.

The purpose of the evaluation of the develoPPP.de programme was to examine both the implementation of the programme as such and its results and sustainability (in the period from 2009 to 2015). The findings are to be used to develop the programme further both at the conceptual level of the BMZ and at the implementation level of the individual implementing organisations.

The develoPPP.de programme, and its basic approach of enlisting greater support from private sector partners to achieve development objectives, is rated as relevant in the

evaluation report. The evaluation basically confirms the role of the private sector as an initiator and driver of development. However, the report also states that the current conceptual design of the programme reduces its relevance. The evaluation report recommends the continuation of the programme, provided that some fundamental adjustments are made to the programme’s objectives, conceptual design and implementation.

Need for adjustment is seen with regard to strengthening the programme’s function of sensitising the private sector to development issues and engaging in a corresponding dialogue, and of putting a stronger focus on development priorities and impacts in the partner countries. According to DEval, the programme design should be adjusted based on a consolidated set of objectives.

The evaluation team confirms that the programme generates projects that are successful in terms of achievement of objectives. In DEval’s view, however, the project success is somewhat restricted by the fact that the achievement of development objectives takes a back seat to added value achieved for the company. Through its projects, the programme successfully fosters the transfer of knowledge and technology to the partner country’s private sector, and its main achievement is that it creates impetus through innovation transfer in the partner country.

As regards the impact of the programme on target groups in the partner countries, it is noted that develoPPP.de projects only succeed to some extent in translating innovation transfers into income-generating and employment effects for the local population. Often, the projects have a regional focus and only cover small target groups among the overall population, which means that achievements rarely go beyond the respective target group.

Another factor that is seen as detrimental to the project impact is that marginalised and vulnerable sections of the population, which are the focus of development cooperation, are usually of little interest as corporate target groups.

To make full use of existing potentials, it is recommended that project implementation and the acquisition of partner companies be systematically aligned with the core competencies of the implementing organisations. Within the implementing organisations, every effort should therefore be made to dovetail activities more closely with key business segments. There should also be greater division of labour with bilateral development cooperation and with other BMZ programmes.

In addition, the BMZ should develop an overarching monitoring and evaluation system (M&E system) for the programme as a whole. The implementing organisations should use this as a basis for designing M&E systems for their respective portfolio so they can measure and compare project results more effectively and optimise coordination processes.

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

1. The provisions laid down in the applicable guidelines, the proposals submitted by the implementing organisations and the commissions or grant notifications do not adequately reflect the role, objectives and conceptual design of the develoPPP.de programme. The recommendations made in the evaluation, i.e. consolidation and detailed definition of the set of objectives, clearer specification of Strategic Development Partnerships with the Private Sector and adaptation of the programme concept, will be analysed and taken into account when drafting the new guidelines. The new conceptual design should also include aspects of EU state aid rules, some of which are also referred to in the evaluation. Under the rules governing EU state aid, access to the project may not be limited by any restrictive criteria, for instance. There will be close consultation with the Federal Ministry for Economic Affairs and Energy on this matter.
2. A joint set of objectives, combining both corporate and development cooperation objectives, for individual projects (especially with regard to Strategic Development Partnerships with the Private Sector) is already being developed in a very intensive and close exchange of ideas with the private sector as part of the conceptual project design phase. In the view of the BMZ, there is still room for improvement with regard to better involvement of local project partners. In the programme's philosophy, the spirit of partnership plays a central role. (Strategic) Development Partnerships with the Private Sector should link development cooperation and corporate interests, and both sides ought to generate a benefit. The aim is to identify as many shared objectives as possible. However, tensions cannot be avoided altogether since companies can only promote sustainable development if they are commercially successful.
3. The function of sensitising the participating companies to development-policy issues and enabling them to learn in this respect is described as an essential goal of the develoPPP.de programme, which however, has not been defined explicitly. Although the guidelines do not mention this aspect explicitly as an objective, there are already different activities in this field. For instance, various dialogue and training formats with the private sector are already in place. Development scouts and expert staff at the chambers of commerce abroad (called "ExperTS") and experts of the Agency for Business and Economic Development provide advice, both individually and through events and workshops at trade fairs. It is the BMZ's view that the programme's function of sensitising the participating companies to development-policy issues and enabling them to learn on the one hand, and the achievement of development objectives on the other, do not create a field of tension but complement each other well. The new guidelines will put greater emphasis on this aspect. In the opinion of the BMZ, programmes such as the develoPPP.de programme, which were specifically created to ensure that projects do not depend solely on public funding, cannot pursue public goals only. One of the strengths of the

programme is that it enables companies to identify local needs and, in a difficult environment, develop innovative solutions that are commercially successful in the long term and sustainable, also for the partner country. The develoPPP.de programme extends beyond the dialogue with the private sector and promotes direct collaboration.

4. Another characteristic feature of the develoPPP.de programme is its demand orientation. As part of the programme, it is possible to support Development Partnerships in countries where there are no programmes under German bilateral development cooperation. The develoPPP.de programme is designed to add momentum and encourage companies to invest private funds in a way that fosters development. As regards the aspects raised by DEval on sustainability concerning target groups, income-generating and employment effects and the dissemination of ideas and initiatives, there is indeed some room for improvement. In the view of the BMZ, however, the transfer of innovations is a success in itself, since neither the BMZ nor the implementing organisations have such know-how. In countries and sectors where there are ongoing projects that the develoPPP.de projects could build on so that synergy effects are likely to occur, coordination of the projects is already taking place. In bilateral cooperation, the instrument of “Integrated Development Partnerships with the Private Sector” is already being used to achieve labour sharing. Given the programme’s demand-oriented approach, it is hardly possible to dovetail develoPPP.de projects even more closely with bilateral projects or with development priorities and impacts in the partner countries. This also applies to the recommendation that Strategic Development Partnerships with the Private Sector

be implemented exclusively in partner countries of German bilateral development cooperation, as this would significantly reduce the scope of the programme. The programme is not meant to provide funding or support to individual countries but to make it easier for companies to become active in a developing country of their choice. The scope of develoPPP.de projects in terms of content, regions covered and financing is unique and should not be jeopardised by further coordination and restrictions. Companies want quick decisions and consider the direct cost and benefit ratio. Additional measures as part of up-scaling programmes or follow-up financing could increase the programme’s sustainability and inclusiveness in a targeted manner. We intend to make greater use of such opportunities in the future.

5. In line with DEval’s recommendations, the programme’s three-tier approach (implementation by three organisations) will once again be reviewed in depth. While it appears sensible to align the programme more closely with the core competencies of implementing organisations and to link it to their business models, it needs to be examined whether this is actually feasible. Based on the results, a decision will be made, which will then be implemented step by step.
6. As regards the monitoring of impacts, the BMZ largely supports the recommendations of DEval. By implementing in-depth M&E measures, the achievement of objectives and results can be assessed more accurately, and the BMZ’s steering and monitoring role can be enhanced. That is why the BMZ has been working on measures to improve impact monitoring for over a year now, for instance by setting up a project data base. It is planned to extend these measures further.

Published by Federal Ministry for Economic Cooperation and Development (BMZ)

Written by BMZ Division 114
As at 1 March 2017

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