



## Comments from the Federal Ministry for Economic Cooperation and Development on the DEval Evaluation Report „Trilateral cooperation in German development cooperation“

The Federal Ministry for Economic Cooperation and Development (BMZ) welcomes the report on trilateral cooperation in German development cooperation submitted by the German Institute for Development Evaluation (DEval).

The subject of the evaluation was the instrument of trilateral cooperation (TrC) in the context of German development cooperation. The relevant BMZ strategy paper defines TrC as follows: "Triangular cooperation is defined as a cooperation project that is jointly planned, financed and implemented by an established DAC donor, an emerging economy and a beneficiary country."<sup>1</sup> The evaluation was included in the DEval evaluation programme at the suggestion of the BMZ division in charge of trilateral cooperation.

Trilateral cooperation and South-South cooperation (the latter usually involving no DAC donor) are recommended under SDG 17 (Partnerships for the Goals) as one implementation modality for the 2030 Agenda for Sustainable Development. Mutual learning and the pooling of resources and knowledge help to develop new, context-appropriate solutions. At the Second High-level United Nations Conference on South-South Cooperation (BAPA+40) in Buenos Aires in 2019, participants called for making greater use of such instruments.

### Relevance of the findings

Trilateral cooperation is by no means a new modality within German development cooperation. According to the OECD, Germany is one of the most active bilateral DAC donors in terms of the kind and number of projects, even if the volume of such technical and financial cooperation endeavours is usually small. The regional focus of Germany's related activities is on

Latin America. However, there has so far been a lack of evidence to assess the function of the instrument for development policy and to make the best possible use of it and strengthen it. The evaluation was therefore intended to assess primarily the added value and impact of such endeavours and to generate recommendations regarding the future use of this instrument in German development cooperation.

In its report, DEval explores, based on 16 country case studies in three target regions, to what extent the goals of the instrument have been reached and stakeholder expectations have been met. DEval concentrates on German development cooperation players in their role as a donor in trilateral cooperation. The focus is on technical cooperation aspects. What is missing in order to complete the picture is a comparison with other development cooperation instruments and a look at financial cooperation, which DEval decided not to cover on grounds of methodological constraints. The said BMZ Strategy Paper formed the analytical basis for the evaluation. The authors draw a distinction between the programmatic-thematic dimension and the political-strategic dimension. Contributions to effects can be achieved in both dimensions.

**DEval says that, generally speaking, trilateral cooperation has great potential within Germany's development cooperation programmes.** The BMZ regards this as a key finding for its future efforts to give shape to this instrument, and thus greatly welcomes this finding. The individual findings provide practical starting points for further work:

1. **TrC has the potential to achieve long-term impacts on the political-strategic dimension.** Especially with regard to what are called Southern

<sup>1</sup> BMZ: Triangular cooperation in German development cooperation, BMZ Strategy Paper 5 | 2013e, p. 4

providers, the instrument helps to establish new cooperation relationships or consolidate existing ones, promote South-South cooperation and strengthen development cooperation structures. There are outstanding success stories, for instance from cooperation with countries like Mexico, whose path towards becoming a recognised new donor and bridge builder between the Global North and the Global South (within the OECD, the GPEDC/GPI etc.) has been made possible, not least, by the experience the country had gained through trilateral cooperation. In the evaluation report, DEval notes that "German development cooperation provides very substantial support to Mexico on the topic of TrC. In doing so, it not only intensifies the cooperation relationship, but also to a certain extent contributes to international development partnerships such as the GPI-TriCo." (Chapter 5.1.2)

2. **As far as the programmatic-thematic dimension is concerned – in other words, the recipient countries –, TrC is currently only partially effective and efficient, only in specific regions.** This has various reasons – some of them strategic, but others technical, a particular constraint being the lack of resources (human and financial resources, time and knowledge). Nearly 90 per cent of all ongoing TrC projects have a volume of less than 1.0 million euros. Project duration is sometimes as short as six months, average duration is two years. So the question arises to what extent development cooperation activities can make any difference at all under the circumstances. This means that transaction costs necessarily play a role when the instrument's efficiency is assessed, but that is not specific to the instrument. In Latin America, TrC has been found to have many positive impacts even on the programmatic-thematic dimension. That is due, in particular, to the fund model that has so far been unique to that region, which includes funding, advice and human capacity development components; but also to the favourable environment in the region. DEval notes with regard to the fund: "Thanks to this useful instrument, the actors in LAC have a better understanding of their

roles and know significantly more about how the modality of TrC operates, and specifically about project management and working methods in German development cooperation as well as the potential access to funding." (Introduction to Recommendation 5, "Context-adapted use of trilateral cooperation")

3. **The instrument is not very well known, especially within Germany, which constitutes a fundamental challenge** and contrasts with the great recognition which German development cooperation enjoys in this field among partners and other donors. The interviews conducted by the evaluators show that very few people really know how TrC works and what its potential and limitations are. DEval arrives at the conclusion that "the reluctance to use the modality results in large part from a lack of knowledge about the potential of TrC, and a consequent undecidedness on the part of the German actors". (Beginning of Chapter 6, Conclusions and Recommendations)
4. **Finally, the systematic recording of TrC constitutes a problem**, and this makes targeted management of the instrument and reporting more difficult. For example, there is no TrC marker, even though TrC has to be reported separately as ODA. On that basis, it is difficult to make reliable statements about the instrument and to take evidence-based decisions, as had been called for unanimously in the BAPA+40 final document.

## Conclusions

The BMZ shares many but not all the conclusions and recommendations that DEval derived from its findings. Our comments in detail:

Recommendation 1 (Sharpen the TrC strategy). The BMZ will use this recommendation as a basis for general efforts to revise the BMZ strategy paper in light of the Buenos Aires final document (BAPA+40) and to make the instrument better known among German development cooperation partners.

Recommendation 2 (Strengthen BMZ steering capacity). The BMZ will take steps to improve its steering capacity. This includes, in particular, the systematic recording of TrC projects, as a basis for its steering and management efforts.

Recommendation 3 (Better utilisation of potential to achieve development impacts). Generally speaking, it is important to lay down specific TrC goals and plan for them on a results-oriented basis. It may make sense to align the projects thematically with bilateral programmes, but this is not necessarily a must. TrC vitally depends on partners' demand and their own contributions, so it should not be restricted unnecessarily. However, the question of resources (cf. 3.4) is essential. This is a prerequisite for the implementation of *all* the recommendations. From the BMZ's point of view, this is where the greatest efforts are needed. The BMZ will therefore explore ways of creating incentive systems for this "instrument of its own kind."

Recommendation 4 (Systematically strengthen Southern providers). The BMZ is already very active and very successful in this field, including in its bilateral work. It therefore takes note of this recommendation and will continue its strategic cooperation with global partners.

Recommendation 5 (Adapt TrC to specific regional contexts). The BMZ shares the recommendations on Latin America and Asia. Good practice, for instance from Latin America, should be made available to other regions through targeted measures. Triangular

cooperation opens up new options – even beyond the context of Germany's withdrawal from bilateral development cooperation programmes in specific countries or countries' graduation from the DAC recipient list. The successful regional fund in Latin America will be developed further on a strategic basis and should desirably keep pace with rising demand. Such a model could also be successful in Asia. The BMZ is currently preparing a regional fund for Asia. The BMZ takes a critical view of DEval's assessment of TrC in sub-Saharan Africa. That assessment is based on a small number of interviews and partly covers a period that is relatively far in the past. In the international arena, many players from the region do show an interest in the instrument. The BMZ therefore welcomes the idea of reviewing the situation in South Africa and other countries in the region.

What are the plans of the BMZ? As part of its "BMZ 2030" reform process, the Ministry will strengthen multi-donor partnerships, and this includes triangular cooperation with its special feature of working together with Southern donors as equal partners, including non-governmental donors. In other words, this is a twofold opportunity to achieve impacts and mobilise additional resources. This is in line with the spirit of the 2030 Agenda but also with the Addis Ababa Action Agenda. All stakeholders have something to offer, and all stakeholders can learn from each other. The evaluation has made a great contribution to that.