Corporate Unit Evaluation   Cross-Section Analysis

KNOWING WHAT WORKS

Cost-effectiveness of projects

Cross-Section Analysis – Brief report for guidance
Conducted by external evaluators commissioned by GIZ

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

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The evaluation was conducted and the evaluation report prepared by external evaluators commissioned by the Corporate Unit Evaluation. All opinions and assessments expressed in the report are those of the evaluators. GIZ has prepared a statement on the results and a management response to the recommendations.

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CONTENTS

Statement

Management response

Evaluation report

Statement

GIZ wants the projects it implements on behalf of its different commissioning parties and clients to achieve their objectives cost-effectively. Based on a proposal by the cost-effectiveness task force, the Management Committee mandated the Corporate Development and Evaluation units to jointly commission an analysis of the 'efficiency' evaluation criterion. This analysis is intended to help establish a definition of cost-effectiveness that applies throughout GIZ. The cross-section analysis was supported by a reference group. Evaluators at Mainlevel Consulting AG conducted the cross-section analysis of the cost-effectiveness of projects and wrote the corresponding report. All opinions and assessments expressed in the report are those of the evaluators.

The analysis was based on GIZ project evaluations in business with BMZ, external project evaluations conducted by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), the European Union and the UK's Department for International Development, as well as on external controls by BMZ and the European Union and documents on the commissioning procedure for business with BMZ. It was also based on BMZ's understanding of cost-effectiveness and that of the Development Assistance Committee of the Organisation for Economic Co-operation and Development, the *Bundesrechnungshof* (Germany's supreme audit institution) and the European Court of Auditors.

New criteria for the cost-effectiveness of projects were generated by inductive reasoning, whereas the empirical review of existing criteria for the cost-effectiveness of projects was a deductive process. The analysis was operationalised and key questions were developed based on the identified success factors. As proposed by the external evaluators, specific criteria were developed for the different project phases so that projects could not only be assessed cost-effectively (during evaluations), but also planned cost-effectively (module proposals, brief assessments) and finally also implemented cost-effectively (reporting). The criteria were defined more closely using success factors and underpinned by suitable key questions. To make sure the key questions could be applied in practice, they were validated by the external evaluators in a workshop with the reference group.

For the first time, evidence-based criteria are now available for planning, implementing and evaluating projects that have proved crucial for positively assessing the cost-effectiveness of projects carried out by GIZ. The cross-section analysis also provides findings that enable us to more closely define the term 'cost-effectiveness'. After analysing the relevant basic documents for the cost-effective achievement of objectives, it uses the term of transformation efficiency, which covers both production efficiency (the ratio of inputs (costs) to outputs) and allocation efficiency (the ratio of inputs (costs) to outcomes.

GIZ's Management Committee found the cross-section analysis to be extremely useful both for defining the term 'cost-effectiveness' more precisely and for operationalising the concept. It followed the recommendations identified in all their key aspects. The findings help to enhance the cost-effectiveness of projects both during their design and their implementation, and thus indirectly help to achieve better assessments. The cross-section analysis thereby helps to further enhance the cost-effectiveness of projects implemented by GIZ.

Management response

The management response shows how GIZ handles the findings and recommendations set out in the cross-section analysis. The plan of measures was elaborated by the Corporate Development and Evaluation units as well as the Europe, Mediterranean, Central Asia Department (mandated by the operational departments), the Sectoral Department and the Client Liaison and Business Development Department. The cross-section analysis and plan of measures for implementing the recommendations was discussed with GIZ's Management Committee.

Insights related to a closer definition of the term 'cost-effectiveness' will be used for establishing a standard definition at GIZ for all phases of a project (planning - implementation - assessment). The Corporate Development Unit will propose a definition of the term 'cost-effectiveness' at GIZ and submit this to the Management Committee. The findings of the study will be addressed in dialogue with BMZ both for the purpose of external quality control and for reaching a joint understanding of cost-effectiveness and the efficiency criterion. The discussion with BMZ for reaching a common understanding of cost-effectiveness is to be continued.

A start has already been made with applying recommendations from the cross-section analysis regarding the adaptation of various tools used in the relevant processes. The Working Aid for Brief Assessments and the Working Aid for Appraisals, as well as the internal explanatory notes on BMZ guidelines related to the module proposal and reporting, will be supplemented by more specific guidelines for action using the findings of the cross-section analysis. Additionally, the findings of the cross-section analysis will be used to supplement the key questions on cost-effectiveness as part of quality assurance. It will also be examined whether the evaluation questions related to the efficiency criterion should be adjusted in central project evaluations in business with BMZ.

The criteria, success factors and key questions related to the cost-effectiveness of projects will be reviewed if necessary in two years' time. Changes that follow on from the introduction of cost-output allocation and forecast can then be identified and used. After one year, implementation of the measures will be monitored as part of quality development within the management response system.

Evaluation report

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List of tables

List of abbreviations

BMZ	German Federal Ministry for Economic Cooperation and Development
BMU	German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
BRH	*Bundesrechnungshof* (Germany's supreme audit institution)
DC	Development cooperation
DFID	(UK) Department for International Development
ECA	European Court of Auditors
EU	European Union
FC	Financial cooperation
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
OECD	Organisation for Economic Co-operation and Development
TC	Technical cooperation
VfM	Value for money

1. Object and goals of the cross-section analysis

In March 2019, GIZ's Evaluation and Corporate Development units commissioned Mainlevel Consulting AG (Mainlevel) to carry out a cross-section analysis based on comprehensive secondary data research. The aim was to obtain in-depth findings on the cost-effectiveness of GIZ projects.

The broad data basis of internal and external reports made it possible to reliably identify the factors that promote and impede the efficiency of projects, and to formulate operationalisation criteria. Recommendations were also made for establishing an understanding of cost-effectiveness at GIZ that provides a guide to action.

The aim of the cross-section analysis was to define more closely the concepts of cost-effectiveness and efficiency, and to make them operational. The analysis was therefore expected to deliver a more precise understanding of these terms as well as specific criteria and starting points. A distinction was to be made between different project phases to allow for the cost-effective planning <u>and</u> the cost-effective implementation of projects. Assessment of the projects was also meant to be cost-effective.

2. Users of the findings and criteria

The main users of the identified factors for the cost-effectiveness of projects are GIZ staff members in Germany and the field who plan, implement and evaluate the projects. The focus is therefore on finding a practical solution. The following question in particular was used as a benchmark: Do GIZ staff members receive simple guidelines for the entire project cycle including planning, implementation and evaluation?

The cost-effectiveness criteria and the recommendations concerning an understanding of cost-effectiveness are also of interest for the Corporate Development and Evaluation units as well as for BMZ in their efforts to establish a shared understanding of the term.

3. Methodological approach

In accordance with the terms of reference for this commission, the criteria for operationalising cost-effectiveness and efficiency were identified based on a comprehensive evaluation of secondary data. The evaluations focused on the internal reports of project evaluations carried out since 2015 (PEV, n=159) and the central project evaluations carried out since 2017 (CPE, n=15). External evaluation reports by other donors or commissioning parties (EU, BMU, DFID) were also analysed (n=62). The starting point for the methodological considerations was that different phases in the project cycle (planning, implementation and evaluation phase) entail different challenges and requirements for examining efficiency. During the inception phase in which the methodological procedure is established, a decision was therefore taken together with the two corporate units to develop criteria for specific project phases so that projects could not only be assessed in terms of their cost-effectiveness (during evaluations), but above all planned cost-effectively (including when drawing up module proposals and brief assessments in business with BMZ), and finally implemented cost-effectively (progress reports).The evaluator team applied a very robust approach, in line with scientific practice. For one thing, internal and external reports were analysed separately and descriptively, and assessed using Stata software in order to determine the extent to which individual factors influenced the assessment of efficiency. For another, a code tree was created in MAXQDA in order to capture factors and lessons learned qualitatively, openly and systematically. First of all, codes were formed deductively for the systematic evaluation of reports in line with the questions guiding the analysis. This code tree was inductively supplemented by other codes during the analysis in order to capture new factors and aspects. Detailed information on the methodological approach and analysed documents as well as the methodological limitations can be found in the main report.

4. Closer definition of terms

Existing definitions were recorded based on a comprehensive study of the literature. GIZ provided many background documents of relevance for defining the terms more precisely. Based on the efficiency criteria identified, a common denominator was furthermore identified in all phases of the project cycle as a basis for a GIZ working definition. One possible working definition is presented in the following table.

Table 1: Working definition

Cost-effectiveness in the GIZ context
In the context of the projects implemented by GIZ, cost-effectiveness is about transformation efficiency, i.e. the cost-effective achievement of objectives. This may take two forms: ***1) The ratio of inputs (costs) to outputs is termed production efficiency.*** ***2) The ratio of inputs (costs) to outcomes is termed allocation efficiency.*** *In line with the principle of economy, cost-effectiveness is achieved when the best possible cost-benefit ratio is obtained. In the GIZ context, cost-effectiveness means that the best possible outputs and outcomes are achieved using the resources available, while avoiding waste. All measures that have a positive effect on the ratio of inputs to outputs increase **production efficiency**. All measures that have a positive effect on the ratio of inputs to outcomes increase **allocation efficiency**.* *The following statements can be made based on the cross-section analysis:* *This ratio can be positively influenced in the **planning phase** particularly if* ✓ *planning processes are participatory, give consideration to the perspectives of specific target groups and promote transparency;* ✓ *the findings of previous studies (e.g. baseline studies, needs analyses and feasibility studies) can be used;* ✓ *lessons learned from the past (e.g. between project phases) or other DC projects can be used.* *This ratio can be positively influenced in the **implementation phase** particularly if* ✓ *monitoring systems (for the regular examination of costs, activities and results) are set up and used, and sufficient M+E resources can be provided;* ✓ *synergies (with other projects, donors and stakeholders) can be harnessed;* ✓ *knowledge management structures can be set up, and knowledge can be disseminated and institutionalised;* ✓ *the project's HR management can use an instrument mix consisting of field staff and national staff, project staff can be regularly trained and staff fluctuation curbed;* ✓ *measures can be taken to ensure the clear communication of responsibilities and roles in the stakeholder setting;* ✓ *the project's management structure can be designed to focus on the partners' expectations and permits maximum social and spatial proximity;* ✓ *a risk management system can be set up that clearly describes risks and potential measures, and is geared to organisations rather than individuals.* *During the **assessment phase**, in addition to the above aspects, it is advisable to analyse the following points in order to improve the quality of the efficiency analysis:* ✓ *What definition or understanding of cost-effectiveness is used as the basis?* ✓ *How the costs are divided between the different items (e.g. using the follow-the-money approach)?* ✓ *Was possible to justify the favourableness of decisions in individual cases?* ✓ *To what extent could quantitative and qualitative data be triangulated?*

5. How to use these guidelines

The following section presents the three key steps that can provide guidance in examining efficiency during planning, implementation and assessment.

In the first step, the (overarching) guiding criteria are presented that have emerged as the major efficiency criteria and that have a substantial influence on the efficiency of a GIZ project. They can therefore be regarded as a framework for efficiency. GIZ staff members are free to decide how to interpret these criteria as they see fit for their project.

If the first step does not offer sufficient guidance, the key success factors within the guiding criteria are listed in a second step. Although the success factors do not claim to be exhaustive, they do present the success criteria that are highly relevant for the empirical examination. The list of success factors contains examples from specific project contexts and may offer useful guidance.[1]

If these success factors in Step 2 are considered too restricted to a specific context, more key questions are listed in a third step that may provide further support when considering the guiding criteria.

As a general rule it should also be borne in mind that the criteria, success factors and key questions do not necessarily have to be allocated to different phases. This allocation simply arose from the analysis of the documents.

The final section deals with how the criteria can be used when drawing up a brief assessment, a module proposal, and during reporting and evaluation.

6. Framework for efficiency: Guiding criteria (Step 1)

One key finding of this review are the guiding criteria listed in Table 2 below. These have emerged as the major efficiency criteria that have a substantial influence on the efficiency of a GIZ project. They can therefore be seen as a framework for efficiency. Although the efficiency criteria are divided up into project phases in the following table (because they probably have the greatest influence in these phases), the evaluator team recommends taking all criteria into account in all phases and 'factoring them in'. In practice, it is not always possible to make strict distinctions and there are many overlaps.

Taking these efficiency criteria into account will have a positive influence on project efficiency. In principle, though, they can be operationalised in different ways. If further assistance is required during implementation, the next section lists key success factors among the guiding criteria that have proved to be particularly influential in the empirical examination.

Table 2: Efficiency framework for planning, implementation and assessment

EFFICIENCY CRITERIA DURING PLANNING
✓ Using lessons learned
✓ Participatory planning
✓ Using findings from previous studies
(ADDITIONAL) EFFICIENCY CRITERIA DURING IMPLEMENTATION
✓ Using a monitoring system
✓ Harnessing synergies
✓ Responsibilities in the stakeholder setting
✓ Risk-reduction measures
✓ HR management
✓ Ongoing knowledge management
✓ Partner management and partner proximity

[1] No factors responsible for failure were found. Failure essentially reflects the absence of success factors.

(ADDITIONAL) EFFICIENCY CRITERIA DURING ASSESSMENT
✓ Favourableness of decisions
✓ Cost allocation

7. Key success factors among the guiding criteria (Step 2)

The following table lists a few key success factors among the guiding criteria. Although the success factors do not claim to be exhaustive, they do present the success criteria that were highly relevant in the empirical examination. The list of success factors contains examples and may offer useful guidance. If these success factors in Step 2 are considered too restrictive during implementation, more key questions are listed in the next section that may provide further support when considering the guiding criteria.

Table 3: Success factors among the guiding criteria

EFFICIENCY CRITERIA DURING PLANNING	Success factors
✓ Using lessons learned	Contextual experience Knowledge transfer between phases Innovation and learning processes
✓ Participatory planning	Participatory preparation of measures Consideration of target group perspectives Transparency and ownership
✓ Using findings from previous studies	Improved data basis through baseline studies Alignment with demand through needs analyses and feasibility studies Targeted use of technical studies
(ADDITIONAL) EFFICIENCY CRITERIA DURING IMPLEMENTATION	**Success factors**
✓ Using a monitoring system	Adequate M+E resources (personnel and cash funds) Guidance for adjusting measures to improve outputs Basis for convincing decision-makers
✓ Harnessing synergies	Synergies with other GIZ projects Synergies with other donors Synergies with other German organisations Synergies within German development cooperation
✓ Responsibilities in the stakeholder setting	Description of roles and responsibilities Use of 'donor forums' (Strong) involvement of partners (if there are problems) Providing a communication platform)

✓ Risk-reduction measures	Coordination with other donors (stakeholders) Aligning risk-reduction measures with organisations (not individuals) Clear description of risks; monitor risks and identify action
✓ HR management	Examining the appropriateness of fixed HR costs Examining stronger involvement of national staff with the same qualifications Adequate instrument mix Technical qualification of the deployed personnel Forward-looking HR planning to prevent frequent staff fluctuation or delayed staff assignments
✓ Ongoing knowledge management	Dissemination of experience and knowledge Knowledge management as a key management process Institutionalising knowledge
✓ Partner management and partner proximity	Setting up a steering committee Cognitive and spatial proximity Strategic and conceptual position as regards partner expectations
(ADDITIONAL) EFFICIENCY CRITERIA DURING ASSESSMENT	**Success factors**
✓ Favourableness of decisions	Regular reflection on the decisions taken (e.g. plan of operations, reflection meetings, M+E) Examination of results logic/model and adjustment, where appropriate Make required changes at activities level
✓ Cost allocation	Allocate costs to personnel/administration Distinguish between advisory services and materials and equipment Follow the money

8. Specific key questions for different project phases to take account of the efficiency criteria (Step 3)

The following table supplements the guiding criteria for efficiency with open-ended key questions that may offer guidance on how to take account of the guiding criteria in practice. From the evaluator team’s viewpoint, this table may be sufficient for simplifying the review of efficiency in each phase of the project cycle. Remember that it is intended to provide food for thought rather than serve as a checklist of questions that all need to be ticked off. If you need specific examples for further guidance, we recommend that you bear in mind the success factors outlined in Step 2 above.

Table 4: Key questions for specific project phases

CRITERIA DURING PLANNING	Key questions
Using lessons learned	✓ Is there a description of approaches for systematically documenting lessons learned? ✓ Can data and findings from previous GIZ projects and/or the projects of other donors be used? ✓ Are the lessons learned from other projects critically addressed (put into context)? ✓ Are possible limitations pointed out for using the lessons learned in other projects? ✓ Are learning processes described? ✓ Are lessons learned discussed and evaluated together with partners?
Participatory planning	✓ Are measures planned that will promote transparency among partners, e.g. a plan of operations that was elaborated in a participatory process? ✓ Are participatory planning elements used in the project phase? ✓ Later on during implementation: Are plans updated in a participatory manner?
Using findings from previous studies	✓ Are needs analyses used to develop activities? ✓ Are target values and baseline data compared and taken into account during planning? ✓ Can data and findings from previous studies and analyses be used?
(ADDITIONAL) CRITERIA DURING IMPLEMENTATION	**Key questions**
Using a monitoring system	✓ Are digital solutions used? (Efficiency) ✓ Is the M+E system used to steer the project? ✓ Is there a plan for how the information is (to be) used? ✓ Are both qualitative and quantitative data collected? ✓ Are different methods triangulated? ✓ How often are data entered and analysed?
Harnessing synergies	✓ Is financing shared with other organisations and stakeholders, or are there cofinancing arrangements? ✓ Are there joint investment concepts, or jointly implemented measures? ✓ Are synergies used to save costs for the German DC system? Does the project also use knowledge it did not generate itself, or data it did not collect itself?
Responsibilities in the stakeholder setting	✓ To what extent are partners involved (especially in connection with challenges and problems)? ✓ Are responsibilities and roles spelled out in writing – at the project, in the partner and the donor setting? ✓ Do the partners coordinate the donors?

	✓ Is there an accepted communication plan? How is it put into practice? ✓ Are there regular operational meetings with other stakeholders? ✓ Are there regular workshops to compare expectations and allocate responsibilities?
Risk-reduction measures	✓ Are risks described? ✓ Are measures to prevent or manage risks described? ✓ Is a risk management system in place? Is it used? Are actions identified on the basis of this system? ✓ Are responsibilities for handling risks and challenges clearly attributed? ✓ Is there a description of coordination processes with stakeholders?
Ongoing knowledge management	✓ How and where are data stored? ✓ How easy is it to access and use these data (including the use of digital solutions; see also ‘Using monitoring systems’ criterion)? ✓ How are stakeholders involved in this respect (see also ‘Synergies’ criterion)? ✓ How is knowledge institutionalised? ✓ Are there regular operational meetings, workshops, training courses? ✓ Do peer learning activities take place? ✓ Is knowledge transfer also regularly monitored? ✓ Are good practices and negative experiences shared and documented? ✓ To what extent are marketing materials, websites and social media used? ✓ Are forums and communication platforms regularly used?

HR management	✓ Is there an appropriate ratio between seconded staff/development workers and national staff? ✓ Are efforts made to frequently commission national short-term experts with the same qualifications? ✓ Are the qualifications of the deployed personnel considered good? ✓ Are CPD courses regularly planned and carried out?
Partner management and partner proximity	✓ Can task forces, working groups and committees be jointly established with partners? ✓ Are measures examined to achieve spatial proximity to the partner? ✓ Are there clear responsibilities for partners and projects? Are suitable channels in place to communicate these responsibilities? ✓ Have specific contact persons (at the project and the partner) been appointed for specific tasks?

	✓ Are partner contributions planned/provided?
(ADDITIONAL) CRITERIA DURING ASSESSMENT	**Key questions**
Favourableness of decisions	✓ Have there been any essential changes in the initial context (offer/commission) e.g. political frameworks, partners, target groups, etc.? Selection of and cooperation with partners, stakeholders and target groups ✓ Are there monitoring and evaluation findings that call for a change of direction? (activities/outputs, forms of financing ...) ✓ Implementation of specific activities ✓ Form of financing ✓ Have additional results been identified? ✓ Do results hypotheses need to be adjusted?
Cost allocation	✓ Have costs been allocated to individual outputs? (Costs per Output Monitoring and Forecast, KOMP) ✓ Have costs been allocated to individual activities? (operational planning) ✓ Were other types of cost allocation used?

9. Ranking the criteria based on the evaluation of secondary data

The following ranking can be presented based on the analyses performed. If both the quantitative evaluation (statistically significant effects of individual criteria on the efficiency rating) and the qualitative evaluation (number of codes) were considered highly relevant, the criteria were allocated to Level 1 (very important). If either only the quantitative evaluation or only the qualitative evaluation furnished proof of high relevance, the criteria were allocated to Level 2 (important). If only a sporadic or anecdotal influence was identified, the criteria were allocated to Level 3 (significant) (see main report for justification of this allocation).

Table 5: Criteria ranking

	Both quantitative and qualitative data sources confirm relevance (very important)
Level 1 Very important	✓ Using lessons learned ✓ Using a monitoring system ✓ Harnessing synergies ✓ Favourableness of decisions ✓ Responsibilities in the stakeholder setting ✓ Risk-reduction measures
	One data source confirms relevance (important)
Level 2 Important	✓ Participatory planning ✓ Ongoing knowledge management ✓ HR management ✓ Partner management and partner proximity
	Anecdotal proof (significant)
Level 3 Significant	✓ Findings from previous studies ✓ Cost allocation

10. Efficiency criteria – Success factors – Key questions for planning, implementation and assessment at a glance

Efficiency criteria for planning	**Success factors**	**Key questions**
Using lessons learned (Level 1 – very important)	✓ Contextual experience ✓ Knowledge transfer between phases ✓ Innovation and learning processes	Is there a description of approaches for systematically documenting lessons learned? Can data and findings from previous GIZ projects and/or the projects of other donors be used? Are the lessons learned from other projects critically addressed (put into context)? Are possible limitations pointed out for using the lessons learned in other projects? Are learning processes described?

		Are lessons learned discussed and evaluated together with partners?
Participatory planning (Level 2 – important)	✓ Participatory preparation of measures ✓ Giving consideration to the perspectives of target groups ✓ Transparency and ownership	Are measures planned that will promote transparency among partners, e.g. a plan of operations that was elaborated in a participatory process? Are participatory planning elements used in the project phase? Later on during implementation: Are plans updated in a participatory manner?
Using findings from previous studies (Level 3 – significant)	✓ Improved data basis through baseline studies ✓ Alignment with demand through needs analyses and feasibility studies ✓ Targeted use of technical studies	Are needs analyses used to develop activities? Are target values and baseline data compared and taken into account during planning? Can data and findings from previous studies and analyses be used?
Efficiency criteria for implementation	**Success factors**	**Key questions**
Using a monitoring system (Level 1 – very important)	✓ Adequate M+E resources (personnel and cash funds) ✓ Monitoring gives guidance for adjusting measures to improve services ✓ Basis for convincing decision-makers	Are digital solutions used? (Efficiency) Is the M+E system used to steer the project? Is there a plan for how the information is (to be) used? Are both qualitative and quantitative data collected? Are different methods triangulated? How often are data entered and analysed?
Harnessing synergies (Level 1 – very important)	✓ Synergies with other GIZ projects ✓ Synergies with other German organisations ✓ Synergies within German development cooperation	Is financing shared with other organisations and stakeholders, or are there cofinancing arrangements? Are there joint investment concepts, or jointly implemented measures? Are synergies used to save costs for the German DC system? Does the project also use knowledge that it did generate itself or data it did not collect itself?
Responsibilities in the stakeholder setting (Level 1 – very important)	✓ Description of roles and responsibilities ✓ Use of 'donor forums' ✓ (Strong) involvement of partners (if there are problems)	To what extent are partners involved (especially in connection with challenges and problems)? Are responsibilities and roles spelled out in writing – at the project, in the partner and the donor setting? Do the partners coordinate the donors? Is there an accepted communication plan?

	✓ Providing a communication platform	How is it put into practice? Are there regular operational meetings with other stakeholders? Are there regular workshops to compare expectations and allocate responsibilities?
Risk-reduction measures (Level 1 – very important)	✓ Coordination with other donors (stakeholders) ✓ Aligning risk-reduction measures with organisations (not individuals) ✓ Clear description of risks; monitor risks and identify action	Are risks described? Are measures to prevent or manage risks described? Is a risk management system in place? Is it used? Are actions identified on the basis of this system? Are responsibilities for handling risks and challenges clearly attributed? Is there a description of coordination processes with stakeholders?
HR management (Level 2 – important)	✓ Examining the appropriateness of fixed HR costs ✓ Examining stronger involvement of national staff with the same qualifications ✓ Adequate instrument mix ✓ Technical qualification of the deployed personnel ✓ Forward-looking HR planning to prevent frequent staff fluctuation or delayed staff assignments	Is there an appropriate ratio between seconded staff/development workers and national staff? Are efforts made to frequently commission national short-term experts with the same qualifications? Are the qualifications of the deployed personnel considered good? Are continuing training courses regularly planned and carried out?

Ongoing knowledge management (Level 2 – important)	✓ Dissemination of experience and knowledge ✓ Knowledge management as a key management process ✓ Institutionalising knowledge	How and where are data stored? How easy is it to access and use these data (including the use of digital solutions; see also ‘Using monitoring systems’ criterion)? How are stakeholders involved in this respect (see also synergies criterion)? How is knowledge institutionalised? Are there regular operational meetings, workshops, training courses? Do peer learning activities take place? Is knowledge transfer also regularly monitored? Are good practices and negative experiences shared and documented? To what extent are marketing materials, websites and social media used? Are forums and communication platforms regularly used?
Partner management and partner proximity (Level 2 – important)	✓ Setting up a steering committee ✓ Cognitive and spatial proximity ✓ Strategic and conceptual position as regards partner expectations	Can task forces, working groups and committees be jointly established with partners? Are measures examined to achieve spatial proximity to the partner? Are there clear responsibilities for partners and projects? Are suitable channels in place to communicate these responsibilities? Have specific contact persons (at the project and the partner) been appointed for specific tasks? Are partner contributions planned/provided?

Efficiency criteria for assessment	Success factors	Key questions
Favourableness of decisions (Level 1 – very important)	✓ Regular reflection on the decisions taken (e.g. plan of operations, reflection meetings, M+E) ✓ Examination of results logic/model and adjustment, where appropriate ✓ Make required changes at activities level	Have there been any essential changes in the initial context (offer/commission), e.g. political frameworks, partners, target groups. etc.? Selection of and cooperation with partners, stakeholders and target groups? Are there monitoring and evaluation findings that call for a change of direction? (activities/outputs, forms of financing ...) Have additional results been identified? Do results hypotheses need to be adjusted?
Cost allocation (Level 3 – significant)	✓ Allocate costs to personnel/administration ✓ Distinguish between advisory services and materials and equipment ✓ Follow the money	Have costs been allocated to individual outputs? (Costs per Output Monitoring and Forecast, KOMP) Have costs been allocated to individual activities? (operational planning) Were other types of cost allocation used?

11. Consideration of criteria used when drawing up a brief assessment, a module proposal, and during reporting and evaluation

Even if GIZ specifies various frameworks for taking account of cost-effectiveness aspects when drawing up a brief assessment or a module proposal, or for reports and evaluations, the evaluator team recommends that you consider all key questions and examine what information is available on specific key questions (here too, please refer to the main report).

11.1 Consideration of criteria when drawing up a brief assessment

The GIZ Working Aid for Brief Assessments (GIZ 2018; Section 4) states the following BMZ requirements for giving consideration to cost-effectiveness aspects. As a general rule, all key questions (in Table 24) may and ideally should be used to ensure that the requirements are met. The following table gives an example of how the key questions can be used. The questions related to HR management appear ideally suited for (a): the questions on participatory planning appear ideally suited for (b), the questions on partner management and partner proximity appear ideally suited for (c), and the questions on harnessing synergies for (d).

Table 6: Specified requirements for cost-effectiveness in the brief assessment

Assessment of cost-effectiveness	
Grounds for potential investment approaches (FC)/potential use of instruments (TC)	Example: HR management • Is there an appropriate ratio between seconded staff/development workers and national staff? • Are efforts made to frequently commission national short-term experts with the same qualifications? • Are the qualifications of the deployed personnel considered good? Are CPD courses regularly planned and carried out?
Alignment with objectives and strategies of partner system (relevance)	Example: Participatory planning • Are measures planned that will promote transparency among partners, e.g. a plan of operations that was elaborated in a participatory process? • Are participatory planning elements used in the project phase? Later on during implementation: Are plans updated in a participatory manner?
Capacities in partner country strengthened in the long term? (Sustainability)	Example: Partner management and partner proximity • Can task forces, working groups and committees be jointly established with partners? • Are measures examined to achieve spatial proximity to the partner? • Are there clear responsibilities for partners and projects? Are suitable channels in place to communicate these responsibilities? • Have specific contact persons (at the project and the

	partner) been appointed for specific tasks? • Are partner contributions planned/provided?
Specific contribution to programme objective/to solving problems faced by the population (impact)	Example: Harnessing synergies • Is financing shared with other organisations and stakeholders, or are there cofinancing arrangements? • Are there joint investment concepts, or jointly implemented measures? • Are synergies used to save costs for the German DC system? • Does the project also use knowledge it did not generate itself or data it did not collect itself?

11.2 Consideration of criteria when drawing up a module proposal

BMZ states the following requirements for giving consideration to cost-effectiveness aspects when producing a module proposal (Guidelines and annotated structure for module proposals 2017).

- ‘The module proposal provides evidence of the economic efficiency of the approach.’
- ‘The methodological approach should be selected such that the outputs can be achieved effectively and cost-efficiently. The spectrum of TC instruments should be presented along with an explanation of how they are to be used.’
- ‘A breakdown of the way different instruments are to be used is included. The selected instruments should be allocated to specific outputs, in each case giving qualitative reasons and quantitative specifications. The interaction between the different instruments is also explained. If there are plans to cooperate with other donors in order to implement specific activities, this should be laid out.’

Despite the focus on the use of instruments in the module proposal, the evaluator team recommends that you consider all key questions and examine what information is available on specific key questions.

11.3 Consideration of criteria for reporting

BMZ states the following requirements for giving consideration to cost-effectiveness aspects during reporting (Guidelines and annotated structure for module reporting 2017).

- ‘The effectiveness and efficiency of the selected instrument mix must be assessed.’
- ‘Reporting serves to monitor cost-effectiveness and cost development based on the commission value.’
- ‘Reports may recommend adjustments in order to achieve the module objective on a higher quality level, at a faster pace or with greater economic efficiency, and to contribute more effectively to the programme objective.’

Despite the focus on monitoring, reorientation or the use of instruments, the evaluator team recommends that you consider all key questions also during reporting and examine what information is available on specific key questions.

11.4 Consideration of criteria for evaluation

GIZ specifies the following framework for considering production efficiency during evaluation.

Table 7: GIZ framework for considering production efficiency

The project's use of resources is appropriate with regard to the outputs achieved. [Production efficiency: resources/outputs]	To what extent are there deviations between the identified costs and the projected costs? What are the reasons for the identified deviation(s)?	The project steers its resources in line with the envisaged cost plan (cost lines). Any deviations from the cost plan must be verifiably justified.
	Focus: To what extent could the outputs have been maximised with the same amount of resources and under the same framework conditions and with the same or better quality (maximum principle)? (methodological minimum standard: follow-the-money approach)	The project gives thought to whether the agreed results can be achieved using the existing funds.
		The project steers its resources in line with the planned costs for the agreed outputs. Any deviations of the costs must be verifiably justified.
		The overarching costs of the project are appropriate in relation to the costs of outputs.
		The services recorded in the timesheets (ZAS) offer verifiable added value for achieving the project's outputs.
	Focus: To what extent could outputs have been maximised by reallocating resources between the outputs? (methodological minimum standard: follow-the-money approach)	The project steers its resources in order to achieve other outputs faster/better if outputs have been achieved or could not be achieved (final evaluation). Or: The project steers and plans its resources in order to achieve other outputs faster/better if outputs have been achieved or could not be achieved (interim evaluation).
	Were the output/resource ratio and alternatives carefully considered during the design and implementation process – and if so, how? (Methodological minimum standard:	The instrument concept presented in the module proposal was easily achieved in terms of the estimated costs related to the intended project outputs.
		The partner constellation presented in the module proposal, and the related intervention levels, were easily achieved in terms of the estimated costs related to the intended project outputs.
		The thematic project design presented in the module proposal was easily achieved in terms of the estimated costs related to the intended project outputs.

	follow-the-money approach)	The risks described in the module proposal are verifiable in terms of the estimated costs related to the intended project outputs.
		The project reach (e.g. regions) described in the module proposal was achieved in full in terms of the estimated costs related to the intended project outputs.
		The project approach described in the module proposal is state-of-the-art under the given framework conditions in terms of the outputs to be provided.
	For interim evaluations based on the analysis to date: To what extent are further planned expenditures meaningfully distributed among the targeted outputs?	

The following framework is prescribed when considering allocation efficiency:

Table 8: GIZ framework for considering allocation efficiency

The project's use of resources is appropriate with regard to achieving the project's objective (outcome). [Allocation efficiency: resources/outcome]	To what extent could the outcome have been maximised with the same amount of resources and the same or better quality (maximum principle)?	The project takes guidance from internal or external benchmarks to achieve its results cost-efficiently.
	Were the outcome/resources ratio and alternatives carefully considered during the design and implementation process – and if so, how? Were any scaling-up options considered?	The project distributes its resources among the outputs in order to achieve maximum results in line with the module objective. (Final evaluation) Or: The project steers and plans the distribution of its resources among the outputs in order to achieve maximum results in line with the module objective. (Interim evaluation)
		The instrument concept presented in the module proposal was easily achieved in terms of the estimated costs related to the intended module objective of the project.
		The partner constellation presented in the module proposal, and the related intervention levels, were easily achieved in terms of the estimated costs related to the

		intended module objective of the project.
		The thematic project design presented in the module proposal was easily achieved in terms of the estimated costs related to the intended module objective of the project.
		The risks described in the module proposal are verifiable in terms of the estimated costs related to the intended module objective of the project.
		The project reach (e.g. regions) described in the module proposal was achieved in full at the estimated costs related to the intended module objective of the project.
		The project approach described in the module proposal is state-of-the-art under the given framework conditions in terms of the module objective to be achieved.
	To what extent were more results achieved through synergies and/or leverage of more resources, with the help of other bilateral and multilateral donors and organisations (e.g. cofinancing)? If so, was the relationship between costs and results appropriate?	The project takes the necessary steps to fully harness synergies with the interventions of other donors at results level.
		Cost-effectiveness losses due to inadequate coordination and complementarity with other donors' interventions are avoided to a sufficient degree.
		The project takes the necessary steps to fully harness synergies within German development cooperation.
		Cost-effectiveness losses due to inadequate coordination and complementarity within German development cooperation are avoided to a sufficient degree.
		Combined financing has significantly scaled up results or is expected to do so.
		Combined financing has not led to a disproportionate rise in overarching costs in relation to total costs.
		Partner contributions are appropriate in relation to the costs of the project outputs.

During evaluation too, the evaluator team recommends that you consider all key questions and examine what information is available on specific key questions.

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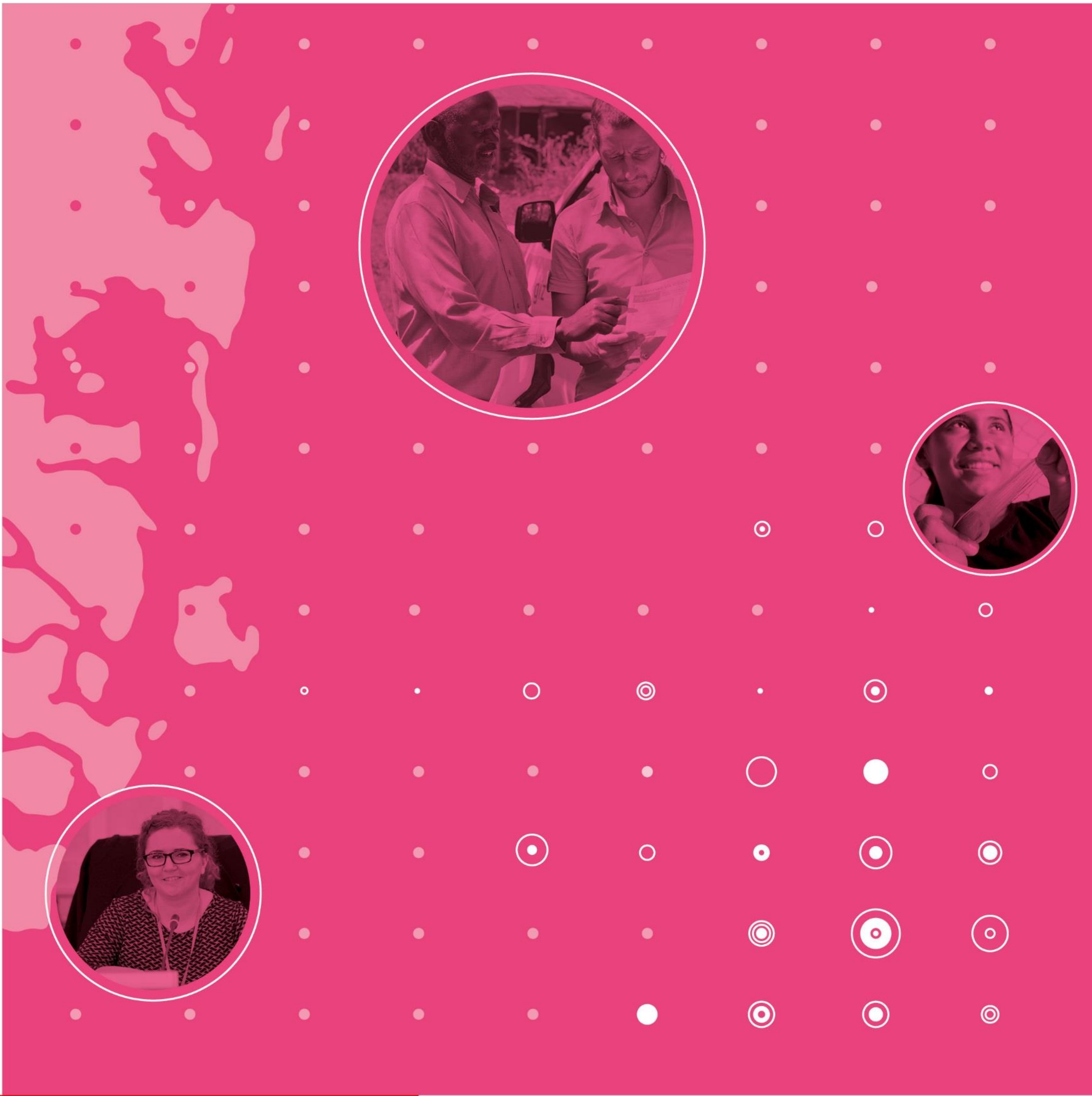

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