

Janus, Heiner; Esser, Daniel

Research Report

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New Standard Indicators for German Development Cooperation: How Useful are “Numbers at the Touch of a Button”?

Heiner Janus
Daniel Esser

Summary

For years, German development cooperation (GDC) has been striving to become more results-oriented. In 2022, the Federal Ministry for Economic Cooperation and Development (BMZ) took an important step in this direction by introducing 43 standard indicators. The aim was to aggregate development results across themes and countries in order to present them to the public. The BMZ hopes for more effective communication with Parliament (Bundestag) and the general public, as well as more coherent reporting by Germany’s two main implementing organisations, the GIZ (Gesellschaft für Internationale Zusammenarbeit – the German agency for international cooperation) and the development bank of the Kreditanstalt für Wiederaufbau (KfW).

From an international vantage point, Germany needs to catch up in respect to results orientation. Other major actors, especially the United Kingdom, the United States and multilateral development banks, introduced comprehensive reporting systems back in the 2010s. These organisations report on 20 to 50 standard indicators to demonstrate how their activities contribute to measurable results. On this basis, they communicate more coherently with the public.

BMZ aims to create a similar basis for improved communication. In a participatory process – and jointly with the GIZ and the KfW development bank – the BMZ has formulated indicators that are equally suited to implementing organisations’ political priorities and their needs. The administrative burden of collecting the standard indicators is limited by leveraging existing data. In addition, the BMZ has set methodological standards whose obligatory use is intended to increase the quality of the data collected.

However, the introduction of standard indicators also entails risks: They can set perverse incentives that encourage reporting on short-term results. Such reporting can lead to a neglect of long-term effects, which are more difficult to measure. Research also shows that indicators no longer fulfil their original purpose of providing neutral representations of change if they are used to exert political control. In addition, there are methodological challenges, such as double counting across different benchmarks, as well as concerns about unrealisable expectations.

Overall, we assess the development and introduction of standard indicators in GDC positively. Yet, some important decisions are still pending. The level of detail at which the data will be shared among stakeholders and the public has yet to be determined. The quality of the data collected and the transparency of reporting will in turn determine what larger effects towards an improved results orientation of GDC can be achieved.

In view of the decentralised and fragmented structure of GDC, especially regarding monitoring and evaluation systems, we hope that the new indicators can foster the harmonising of the reporting systems of the GIZ and the KfW development bank. The standard indicators can also help make GDC more transparent. We therefore recommend that all data collected be made publicly available. Finally, the integrative potential of standard indicators should be harnessed to improve the division of labour between the ministry and the two main implementing organisations towards becoming learning-oriented – both in the data collection process and during evaluation.

The introduction of comprehensive standard indicators

The quest for improved measurability of the impacts of development cooperation is an international trend since the beginning of the new millennium that has highlighted the importance of results-based planning. Many donor countries and multilateral organisations have already taken decisive steps in setting up transparent results measurement systems. In Germany, this results orientation has run into challenges. Despite claims to the contrary, development results have neither been pursued as a political priority nor have they been publicly demanded. Instead, political debates focus on budget increases: “More money for development cooperation” remains the shared demand by members of the German parliament. Questions about quality and discussions on what has been achieved with public funds and whether more could have been achieved with alternative approaches rarely take place. If and when they do, it is usually by actors who fundamentally question Germany’s international engagement as a whole. As a result, the political pressure to legitimise GDC remains generally low.

The introduction of comprehensive standard indicators for GDC in 2022 was an important step towards a stronger orientation on results. Calling for “numbers at the touch of a button”, the initiative came from the previous BMZ leadership. The underlying assumption was that standardised indicators could be used to aggregate development results across projects and countries in order to communicate them more easily to the public. Such communication can result in a higher legitimacy of the policy field. In addition, the BMZ expects more coherent reporting from the two main German implementing organisations, the GIZ and the KfW development bank, which often report separately and are primarily accountable to the ministry and not directly to the public. The introduction of new standard indicators therefore constitutes an opportunity for more effective public communication, provided that figures are presented and interpreted correctly.

Risks of standard indicators

The introduction of indicators requires extensive coordination among all organisations involved, as well as a basic consensus on which results can be measured and aggregated meaningfully. A number of risks must be taken into account, as well. For instance, “adverse effects” can occur as unintended consequences. If only easily measurable development results are reported – for example, participation in a training course or the number of patients treated – then results that are more difficult to achieve – such as an improved quality in education or medical standards – could fall by the wayside. Research also suggests that indicators are often no longer measured reliably when they are used to exert political pressure. Standard indicators are therefore unsuitable for steering development cooperation in the sense of prioritising specific countries or sectors on their basis. Instead, existing monitoring systems that can generate reports ad hoc must be adopted and strengthened. Ideally, data from such systems can also be used to evaluate the effectiveness of development cooperation at the project level. Standard indicators, on the other hand, offer donors the possibility of reporting on development cooperation once a year in an aggregated and data-driven manner.

Additional risks are cited by practitioners, especially by the GIZ and KfW managers responsible for development projects in the field. They fear that the new indicators will tie up additional time and financial resources without it being clear what advantages more complex reporting will yield for day-to-day project work. These perceptions in particular indicate a tension between the ministry’s communication needs and those of the implementers in Germany’s partner countries.

From a research perspective, methodological challenges in the context of data collection need to be considered in addition. Double counting may occur when beneficiaries in partner countries participate repeatedly in the same projects.

Distortions in data collection are also a risk when different periods of time are compared. Moreover, in several sectors so far, GDC has relied mainly on estimates rather than on measurements. Results that are reported on the basis of estimations should be identified as such – this is rarely acknowledged in political communication. Adding up estimated figures with measured figures should also be avoided at all costs in order not to skew results.

The German approach from an international perspective

Being a latecomer to results reporting, Germany has the advantage that it can learn from the experiences of other donors. Several countries, including the United Kingdom and the United States, introduced comprehensive reporting systems in the early 2010s. Following the global financial crisis of 2008-2009, there was a political momentum to demonstrate “value for money” in development cooperation to taxpayers. Ireland and Norway have been innovative in this regard. For example, in 2020, Ireland was certified by the Organisation for Economic Co-operation and Development (OECD) as having implemented a strong orientation on results. Meanwhile, Norway piloted learning-centred impact measurement, an approach recognising that projects usually cannot be implemented as they are designed at the outset. These different approaches are united by a political conviction that results-based management helps to achieve two complementary goals at the same time: improved public accountability; and organisational learning from both successes and failures.

Such experiences of other donors concerning opportunities and limitations of standard indicators have been taken into account extensively in the elaboration of the German standard indicators. Data for the novel set of standard indicators will be collected by the GIZ and the KfW development bank for the first time in 2022. The methodology is anchored in 43 newly developed Indicator Definition Sheets (IDS), which provide detailed

information on how to collect the data required. The IDS were developed in an extensive process by a BMZ-led working group that included researchers from the German Institute of Development and Sustainability (IDOS). The German Institute for Development Evaluation (DEval) has also been involved in the consultations on standard indicators. The IDS formulate indicators in a cross-organisational way to make them applicable to both technical and financial co-operation. In addition to the indicator itself (for example, “number of people directly supported by peacebuilding measures [of GDC]”), they address relevant BMZ core thematic areas, references to the Sustainable Development Goals (SDGs), as well as important definitions of terms, metrics, data sources, and practical examples.

One of the challenges to be overcome in the cross-organisational conceptualisation of the IDS was the need to merge different approaches to data collection. For many of its projects, the KfW development bank uses impact estimates based on plausibility assumptions at the beginning of the project. Spot checks are used in some cases, but only selectively. Although the bank evaluates a high number of its projects by international standards, these evaluations are only carried out after the termination of the project and not in accordance with an annual reporting cycle. As a result, these data are suitable for important evaluations, but not as a basis for joint annual reporting by both of the German implementing organisations.

Moreover, the GDC system is characterised by a fixation on success. Standard indicators are therefore exposed to the risk of merely promoting ostensible successes rather than also identifying challenges. Prior to the introduction of standard indicators, the GIZ commonly reported over eighty per cent goal achievement in its projects. For years, this has been considered an unrealistically high success rate in other donor countries, such as the United States and the United Kingdom. There are at least two plausible reasons for clinging to such unrealistic success rates. First,

the legal framework in Germany allows the GIZ and the KfW to be entrusted with the implementation of GDC projects almost without competition. If, in the course of implementation, it becomes apparent that project targets no longer appear realistic, they can be reset at the working level. In general, project managers always have the option to renegotiate targets with the BMZ retroactively. In this way, final results are compared with already readjusted target values, rendering the former less meaningful.

Moreover, the effectiveness of GDC is seldom scrutinised constructively: GDC organisations – unlike in other donor countries mentioned above – are hardly exposed to public pressure. Instead, parliamentary debates on development policy in Germany reflect a public conviction that GDC is effective and should therefore be expanded whenever possible. As reporting systems are being established, these are often subject to normative demands not to uncover problematic findings in the process. On the one hand, this practice can be explained by a low level of transparency where failures rarely become publicly known. On the other hand, however, there is only a weak preparedness in bureaucratic systems in general to allow for mistakes and learn from them collectively – and compared with other national administrations, the German bureaucracy is particularly reluctant to deal openly with mistakes.

The introduction of standard indicators as a platform for more effective communication by GDC should then be appraised in this context: based on the 43 indicators, it should be possible to present the effects of GDC more convincingly. That said, the exact level of detail at which reporting will take place has yet to be determined. We hope that all data will be made available to the wider public in order to elevate the public standing of the policy field as such. Studies reveal that less than half a per cent of German TV coverage currently focuses on development policy issues. What is more, research indicates that positive reports on effective development projects change

the perception of development cooperation as a whole: those who hear positive news about GDC think more positively about the field as a whole (Schneider, Eger, & Sassenhagen, 2021). Seen against the backdrop of this evidence, the political rationale of introducing standard indicators into GDC appears to hold.

Table 1 summarises several dimensions for assessing the introduction of standard indicators in GDC. The clearest progress has been made in terms of achieving integrated and annual reporting of results that cover all major sectors of GDC. In addition, it seems likely that the introduction has also led to methodological improvements. For instance, in the future, estimates will be replaced by measurements, and the collection of standard indicators will be based on detailed methodological instructions. Next, the German approach has leveraged international experience according to which standard indicators are used mainly for political communication rather than for strategic management.

It is less likely, however, that the indicators will have a broader impact on GDC's transparency. We worry that the latter will continue to lag behind international standards. Public access to comprehensive and up-to-date project information remains burdensome and can often only be obtained by invoking the German Freedom of Information Act. Hence, the standard indicators' contribution to fostering a more deeply rooted results orientation is bound to be limited. Moreover, organisational learning unfortunately played a subordinate role in their introduction. In sum, we would therefore rate the introduction of the comprehensive German standard indicator system as successful at the technical level. At the same time, several political and organisational challenges remain.

Table 1: Assessment of the German standard indicators

Goals	Goal achievement	Comments and recommendations
Integrated reporting (the GIZ und the KfW development bank)	yes	
Annual reporting cycles	yes	
Coverage of all major sectors	yes	
Methodological basis for reliable data collection methods	likely	Measurements should be preferred to estimates.
Not misusing indicators for strategic steering	likely	Indicators should only be used for political communication.
Broader impact on the transparency of GDC	unlikely	Large parts of current project information and general contracts remain virtually inaccessible.
Contribution to the results orientation of GDC	unlikely	Standard indicators are not part of a comprehensive system of transparent monitoring, rigorous evaluation and self-critical learning in GDC.

Source: Authors

Conclusions

Within the context of GDC’s newly introduced standard indicators, three aspects are central in our view:

- 1) Joint reporting by the GIZ and the KfW development bank: for the first time, the introduction of joint indicators has made it possible to report coherently on GDC. The coordination processes and organisational compromises required for this achievement have contributed directly to overcoming the reporting challenges hampering financial cooperation (by the KfW) and technical cooperation (by the GIZ). This incoherence has been perceived as such among GDC’s partner countries. In the German political context, too, separate reporting structures are becoming increasingly hard to justify. The standard indicators make an important contribution to coherence and political legitimacy in GDC.
- 2) Partially harmonised reporting periods: The standard indicators create common reporting periods for the GIZ and the KfW, although joint annual ex post reporting has yet to be introduced. Prior to their introduction, the KfW did not provide the BMZ with annually aggregated

figures on ongoing projects; rather, it followed a multi-year ex ante reporting cycle. The standard indicators promote a gradual transition to ex post reporting in German financial development cooperation. As it is undergoing this transition, Germany narrows a reporting gap compared to other donor countries which provide aggregated figures on an annual basis.

- 3) Political and organisational challenges: Further steps are needed to institutionalise a stronger orientation toward results in GDC, alongside improved political communication. This will require a significant increase in human and financial resources for monitoring and evaluation (M&E) (Holzapfel, 2017). Further, results orientation can only be strengthened if the necessary structural reforms of the GDC system are advanced. In particular, the current division of labour between the BMZ and the implementing organisations needs to be revisited. Here, responsibility lies with the ministry. A prerequisite for structural reforms is that Germany’s political debate not only focuses on the level of development spending but also on effectiveness. Finally, next to more engaged political stakeholders and better-informed decision-makers, greater transparency is indispensable.

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Dr Heiner Janus is a senior researcher in the “Inter- and Transnational Cooperation” programme at the German Institute of Development and Sustainability (IDOS).

Email: heiner.janus@idos-research.de

Professor Dr Daniel Esser is a senior researcher in the “Inter- and Transnational Cooperation” programme at the German Institute of Development and Sustainability (IDOS).

Email: daniel.esser@idos-research.de

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Tulpenfeld 6, 53113 Bonn

Email: publications@idos-research.de

<http://www.idos-research.de>

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