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Focus on cost-effectiveness: Findings from efficiency analyses of GIZ

Cross-sectional analysis – Main report

Conducted by external evaluators commissioned by GIZ

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As a worldwide service provider in the field of international cooperation for sustainable development and international education work, GIZ works with partners to devise effective solutions that offer people prospects and make a lasting improvement to their living conditions. GIZ is a public-benefit federal enterprise and supports the German Government as well as many public and private sector clients in a wide variety of areas, including economic development and employment promotion, energy and the environment, and peace and security.

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List of acronyms and abbreviations

APLAC	Asia, Pacific, Latin America and Caribbean department
APN	Agricultural Productivity and Nutrition
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (German Federal Ministry for Economic Cooperation and Development)
CPE	Central project evaluation
CSA	Cross-sectional analysis
DAC	Development Assistance Committee
EMC	Europe, Mediterranean and Central Asia department
FCDO	Foreign, Commonwealth and Development Office (UK)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GloBe	Sector and Global Programmes department
ICR	International Cooperation with Regions programme
KOMP	Costs per output monitoring and forecast
M&E	Monitoring and evaluation
MD	Market development
MV	Mean value
OECD	Organisation for Economic Co-operation and Development
PEV	Project evaluation
PV	Photovoltaic
VfM	Value for money

1 Introduction

Background and objectives of the cross-sectional analysis

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH commissioned Syspons GmbH to carry out a cross-sectional analysis (CSA) entitled Focus on cost-effectiveness: Findings from efficiency analyses of GIZ (short title: CSA: Focus on cost-effectiveness).

CSAs process and summarise findings from evaluations by GIZ so that they can be used for company-wide learning. The aim of the CSA: Focus on Cost-effectiveness was to help identify evidence on the efficiency of projects and the potential for improvement, and at the same time provide some pointers on how to refine the efficiency analyses performed as part of GIZ's central project evaluations (CPEs). GIZ has used CPEs since 2017/2018 to regularly and systematically identify the results, cost-effectiveness and sustainability of the projects it implements in conjunction with partners on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). CPEs for BMZ business assess projects that GIZ carries out on behalf of BMZ, in order to either support the partner's change projects or to work on sector and global issues. Ratings are awarded on the basis of the six Organisation for Economic Co-operation and Development-Development Assistance Committee (OECD DAC) criteria: relevance, coherence (since the beginning of 2021), effectiveness, efficiency, impact and sustainability (GIZ, 2022).

GIZ's evaluations of projects commissioned by BMZ are essentially designed to serve three main purposes: to ensure transparency and accountability, to provide support for evidence-based decision-making, and to contribute to knowledge management and organisational learning. GIZ structures the planning, implementation and practical application of evaluations to optimise the contribution made by the evaluation process and findings to these three basic functions.

Since the publication of BMZ's working paper Tools and Methods for Evaluating the Efficiency of Development Interventions (Palenberg, 2011), German development cooperation organisations, and GIZ in particular, have been carrying out more in-depth work on how to record and analyse the efficiency of the programmes and projects they implement. The impetus for this in-depth examination came from the findings of the meta-evaluation and efficiency analysis commissioned by GIZ within the framework of a cross-sectional evaluation on health (Rambøll and SEEK, 2013) and the meta-evaluations commissioned by GIZ in 2016 and 2017 (only short version available in English), in which the OECD DAC criterion efficiency scored below average in terms of methodology (Syspons, 2016). An examination of BMZ commissions to GIZ by the federal audit office (PAB, 2015) also contained recommendations for improving efficiency measurement processes and systems. As a result, GIZ introduced the follow-the-money approach as the standard for efficiency measurement in its CPEs and developed an Excel-based efficiency tool for this purpose (see Section 3.3). It also introduced a costs per output monitoring and forecast (KOMP) procedure for new projects from 2019 onwards, and this was reflected in refinements to its efficiency tool. The CSA entitled *Wirtschaftlichkeit der Vorhaben* (Mainlevel, 2020), commissioned by GIZ, was published in 2020. Only the short version is available in English and, for the sake of simplicity, it will be referred to throughout this document as the CSA on cost-effectiveness of projects. In addition, GIZ's Evaluation Unit has developed an efficiency training course for its pool of CPE experts, which it is now implementing; it is also putting measures in place to strengthen the competencies of the evaluators in the field of efficiency measurement. An internal GIZ handout, 'Methods of Measuring Cost-Effectiveness' (GIZ, 2023), has also been available since 2023.

Understanding of the efficiency criterion in German development cooperation

In German development cooperation, efficiency and efficiency analysis have become key concepts in the successful implementation of projects and programmes. The current understanding of the efficiency criterion and efficiency analysis is documented in particular in the working paper by Palenberg (2011), commissioned by BMZ, which can be regarded as a reference study in German-speaking countries (DeGEval, 2015).

Palenberg's concept of **efficiency** in development cooperation emphasises the importance of ensuring that measurable results in development projects are achieved with the resources and time invested. According to Palenberg, efficiency means not only reducing costs (**principle of cost minimisation**) but also maximising the impact of development interventions on the lives of the intended target groups (**principle of yield maximisation**). Palenberg argues that efficiency can be achieved through a number of measures. These include, in particular, clear and measurable project objectives, effective project management and monitoring, partnerships and collaboration with local stakeholder groups, and the appropriate use of technologies and innovations. He also stresses the importance of learning from past successes and mistakes in order to continuously improve the effectiveness and efficiency of development interventions.

To be able to ultimately rate efficiency, Palenberg looks at **efficiency analysis**. He develops a tiered system of efficiency analyses, ranging from level 0 to level 2. GIZ's current efficiency analysis (follow-the-money approach) is located within level 1 (see Table 1).

Table 1: Efficiency analysis according to Palenberg (2011)

	Level 0	**Level 1**	**Level 2**
Classification	Entirely descriptive methods	Methods for identifying efficiency improvement potential	Methods for comparing the efficiency of entire interventions
Efficiency analyses	• Expert opinion • Specific questions to evaluate efficiency	• Follow the money • Financial analysis • Stakeholder-oriented approaches • Benchmarking unit costs • Benchmarking efficiency indicators other than unit costs • Comparative rating by stakeholders (comparative rating of effectiveness and cost analysis; comparative rating of efficiency)	• Cost/benefit analysis • Cost-effectiveness analysis • Multi-attribute decision-making: scientific decision analysis • Effects method • Cost/utility analysis

Source: Syspons (2023), adapted from Palenberg (2011)

2 Methodological approach

This section presents the methodological approach used in the CSA to assess and statistically analyse the CPEs. It begins by describing the object of the study, followed by an assessment of the data set and the quality of the data for the analysis. Finally, the individual steps of the analysis are presented in the final section on the analysis process.

2.1 Object of the study

The CPEs of projects commissioned by BMZ and implemented by GIZ formed the data set for the study. The evaluations were commissioned by the GIZ Evaluation Unit and carried out by independent evaluation teams.

A statistical analysis of the average scores was performed for all 226 available CPEs. The qualitative data analysis was based on a random sample of 80 of the 226 CPEs already completed. It took the form of a stratified random sample with the addition of a criteria-based selection to ensure the robustness of the findings (see Section 2.2). A smaller number (16) of evaluation reports and efficiency analyses of other donors were also reviewed to enable a comparison to be made with international standards and approaches.

In addition, further documents were included, such as the CSA on cost-effectiveness of projects (Mainlevel, 2020), the CSA Analysis of average ratings in CPEs (Syspons, 2023a), and background documents such as BMZ guidelines. In addition to analysing these documents, Syspons also conducted interviews with relevant employees in GIZ's Evaluation Unit, selected commission managers and selected personnel of other donors responsible for efficiency analyses.

2.2 Data set and strength of evidence

Regarding the **strength of evidence of the statistical analysis of the CPE success rate**, the data set for the statistical analysis on the basis of the OECD DAC ratings can be described as very good. The **framework data** on OECD DAC ratings provided by GIZ were comprehensive and contained only a small number of data gaps, for example relating to scoring, which had to be closed in order to carry out a full analysis. The Syspons team processed the data set and made additions or updated it in some areas. For certain framework data (for example the thematic allocation of the evaluated projects on the basis of BMZ's core areas and fields of action), the allocation was made directly by Syspons as agreed, and not on the basis of officially defined criteria. In particular, information from the completed CPE reports was used, thereby minimising the risk of influencing the analysis. The data gaps in the framework data were completely closed. Furthermore, various **statistical tests** were carried out as part of the quantitative analysis in order to check the significance of the mean values (MV). Depending on the number of categories, ANOVA tests (mean values for more than two categories), *t*-tests (mean values for two categories) and additional non-parametric tests (Kruskal–Wallis and Mann–Whitney *U* tests, medians) were performed. By combining these statistical tests, we were able to study and compare mean values and medians across different groups with greater accuracy. However, it is important to interpret the findings with caution and take into account the specific context of the study.[1]

For the **qualitative analysis of efficiency**, qualitative data were collected from 80 evaluation reports. This analysis was based on 36% of the available evaluation reports (as at January 2023: 226 CPEs).

[1] Although the available data meant that not all assumptions of the statistical tests, such as normal distribution and homogeneity of variances, were met, ANOVA and *t*-tests were performed in combination with other non-parametric tests (which are not based on specific assumptions about data distribution). These tests are more flexible and can be used if the assumptions of the parametric tests are not fully met. However, due to these statistical limitations, the findings of the significance test should be interpreted cautiously.

The sample used took the form of a stratified random sample (75% of the CPE reports analysed), supplemented by a criteria-based selection (25% of the CPE reports analysed). The stratified random sample was intended to reflect the diversity of projects and included strata such as project types, sectors, a regional distribution and fragile contexts. The additional criteria-based random sample used efficiency-relevant criteria such as KOMP projects and examples of good practice in the field of both efficient projects and efficiency analyses. This included all the existing CPEs carried out using the KOMP procedure introduced in 2019 (eight completed CPEs, of which six were pilot KOMP projects and two were projects for which KOMP was mandatory). There was also a selection of examples of good practice: projects rated as particularly successful in terms of efficiency (10 projects were 'top scorers', receiving full scores for the OECD DAC efficiency criterion) were included, as was a selection of CPE efficiency analyses that the Evaluation Unit designated as being of a high quality.

In spite of this criterion-based selection, it should be noted that the strength of evidence with regard to explanatory factors depended on the informative value of the evaluation reports for the aspect under consideration. For example, different average CPE ratings with respect to project type could only be explained if they were directly or at least indirectly referred to in the evaluations. At this point, the data set for the content analysis can be described as good. However, this aspect is a limitation of the CSA, which is not the case for the statistical data.

In addition to the CPE reports, a smaller number of evaluation reports and efficiency analyses of **other donors** (16) were reviewed. The aim of carrying out these work steps concurrently was to produce an overview of the approaches and methods used by the international donors selected in order to gain insights into how CPE efficiency analyses at GIZ might be improved and to position them in an international comparison. The data set for the content analysis of other donors' evaluation reports can be described as good at this point, since informative reports were freely available.

2.3 The analysis process

Procedure in the preparation phase

The aim of the preparation phase was to define the priorities of the CSA and to obtain an overview of both the subject of the study and the available data set. To this end, the Syspons team first held a detailed clarification meeting with GIZ's Evaluation Unit as the party commissioning the analysis.

They then conducted in-depth interviews with selected representatives of GIZ's Evaluation Unit and Corporate Development Unit in order to explore in greater depth the ideas and insights GIZ sought to gain for the individual questions. The outcomes of these interviews were included in the further analytical steps and have been incorporated into the concept note presented at the end of the preparation phase and into the analysis grid. At the same time, the evaluation team familiarised itself with the data set and prepared it for the statistical analysis. The data provided on the ratings and the framework data of all CPEs were adjusted in Excel, and data gaps were identified. These gaps were closed using information from the evaluation reports or as a result of further research by the evaluation team.

Analysis of the content of the evaluation reports

The aim of the content analysis of the evaluation reports was to gain insight into the efficiency of the projects themselves and into efficiency analysis. The analysis was divided into three methodological steps: 1. **qualitative and quantitative evaluation** of the sample of CPE reports; 2. **comparison** with international examples of good practice; and 3. **deep dives** into efficient projects at GIZ that are examples of good practice.

Analysis of the sample

The central questions of the CSA determined during the preparatory phase of the analysis were operationalised using a data collection interface, the definitive version of which was agreed on with GIZ. The evaluation categories listed in Table 2 were defined to determine explanatory factors.

Table 2: Sample analysis – evaluation categories of the data collection interface

Efficiency of projects	Efficiency analyses
• Principles of cost minimisation/yield maximisation • Internal factors influencing success or failure • External factors influencing success or failure	• Devising a systematic method • Description of the efficiency analysis

The data collection interface was created for programming using SurveyXact survey software and contained both quantified questions with categories (yes/no/no response) and free-form text fields for the evaluation team's qualitative observations. The evaluation team was able to use the survey software to access the findings per report in a standardised way on the basis of the defined questions and to subsequently analyse them efficiently. The data collected were analysed and synthesised for the analysis in terms of both quantity (frequency of observations in the report) and quality (type of observation).

Comparison with international examples of good practice

In addition to the CPE reports, 16 evaluation reports and efficiency analyses of other donors were also reviewed. The aim of carrying out this work step concurrently was to produce an overview of the approaches and methods used by the international donors selected in order to gain insights into how GIZ's efficiency analyses in CPEs might be improved and to position them in an international comparison. The evaluation carried out as part of the international comparison was based on Palenberg's methodology (2011) (see Table 1). Palenberg classified methods and instruments for rating project efficiency into three levels: level 0 – entirely descriptive methods; level 1 – methods for identifying efficiency improvement potential; and level 2 – methods for comparing the efficiency of entire interventions. The donor reports analysed and the format of the CPEs were then assigned to one of these levels. This facilitated a clear graphical depiction of the efficiency analyses and allowed an international comparison that included GIZ's efficiency analyses. There was no comparison at national level. In its 2023 evaluation programme, DEval set out plans to launch an evaluation entitled *Datengrundlage und Methodik der Effizienzbewertung in Evaluierung der deutschen EZ* (Data basis and methodology of efficiency assessments in German development evaluation) (DEval, 2023).

Deep dives on good practice within GIZ

In a further step, **deep dives** were conducted with selected **examples of good practice** as demonstrated in **efficient projects**. The aim was to validate the previous analysis and to gain a better understanding of the examples of good practice within GIZ. The selection of deep dives was based on the CSA, for example a good rating of the dimensions of efficiency and use of KOMP in the analysis. The deep dives included interviews with commission managers to gain in-depth insights into the financial management of the projects.

Reporting and presentation

This report documents the key findings of the CSA on efficiency. The report was prepared by the evaluation team and submitted to the Evaluation Unit for comment. Feedback and comments have been incorporated into the finalised version. Furthermore, the contents of the CSA were subsequently commented on in a summary and PowerPoint presentation.

3 Findings of the cross-sectional analysis

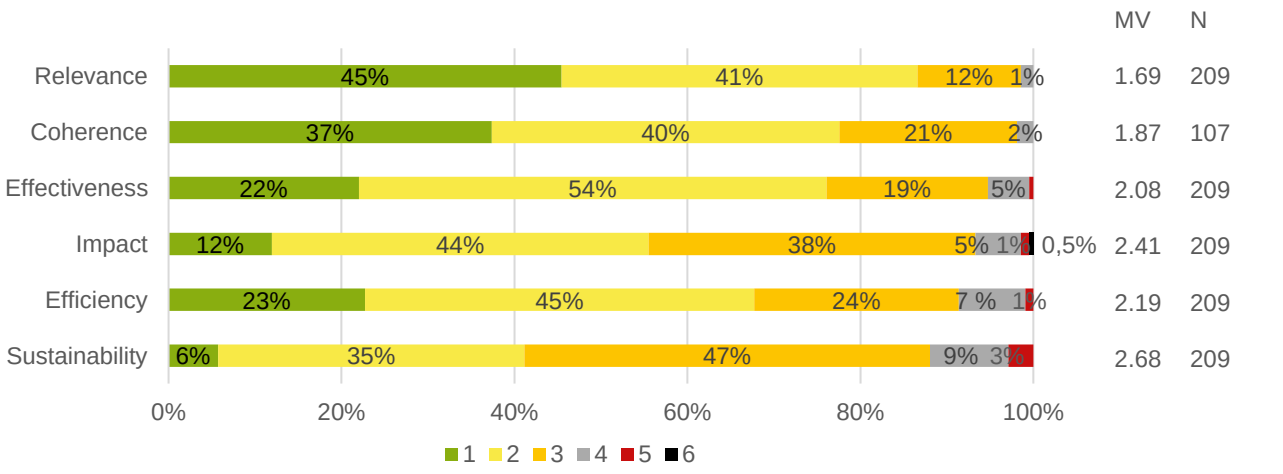
This section presents the key findings of the CSA that was performed to evaluate and analyse the average ratings of completed CPE reports. It begins with an overall presentation of the success rate in the CPEs. The CPEs are then broken down by point in time and general project characteristics (e.g. region). To this end, the key aspects of the efficiency criterion are described in more detail and supported by possible explanatory factors from the content analyses. The data set consisted of the statistical data from the Evaluation Unit and from the analysis of the content of selected CPE reports (efficiency section and recommendations) (see Section 2).

3.1 Average ratings: efficiency in projects

Analysis of the average ratings

The CPEs rated the majority of BMZ-funded projects as successful. This also applies to the efficiency criterion. BMZ-funded projects are rated in CPEs using a system similar to that used in German schools, i.e. on a scale from 1 ('highly successful') to 6 ('highly unsuccessful').[2] Based on this rating system, the success rate describes the percentage of projects with an overall rating of 1, 2 or 3. The success rate thus indicates the percentage of projects that have been rated as successful by the external evaluation teams. As detailed in a CSA of average ratings in CPEs entitled *Auswertung der durchschnittlichen Bewertungen von Zentralen Projektevaluierungen* (Syspons, 2023a) and referred to throughout this document as the CSA of average ratings in CPEs, the success rate of the four samples to date (2019 to 2022) was well above 90%.[3] The overall score is made up of the individual ratings of the six OECD DAC criteria. If the efficiency criterion alone is considered, the success rate – i.e. the total number of projects with an overall rating of 1, 2 or 3 – was 92% (see Figure 1).[4]

Figure 1: Rating of OECD DAC evaluation criteria



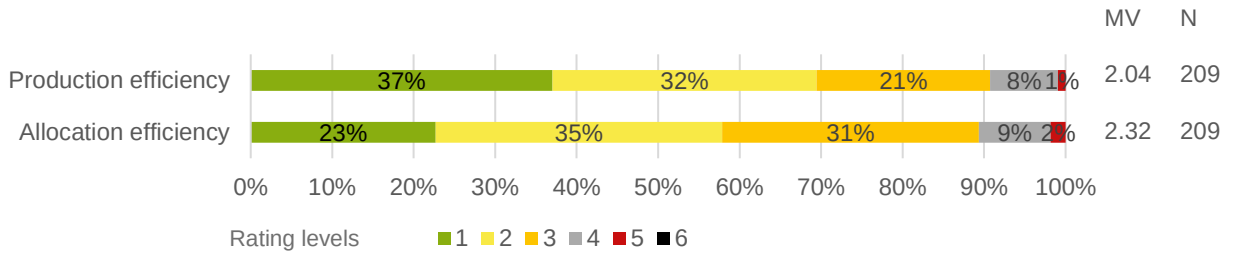
Source: Syspons (2023a), based on data from GIZ (2023)

[2] The overall score is made up of individual ratings obtained on the basis of the OECD DAC evaluation criteria.
[3] Of the 134 completed CPEs in the first and second sample of 2019/2020, 127 projects were rated as successful. The success rate was thus 95%; however, findings of 32 CPEs in these two samples were still pending. In the later samples 3 and 4 of 2021/2022, fewer CPEs had been completed when the CSA of average ratings in CPEs was carried out (Syspons, 2023a): in 35 (out of a total of 179) completed CPEs, 32 projects were rated as successful. At that time, this corresponded to a success rate of 91%.
[4] Coherence was not listed as a separate evaluation criterion until later.

With an average of 2.19, the efficiency criterion was in the mid-range of the ratings for the various OECD DAC criteria. The cost-effectiveness or **efficiency** of projects had a better average rating than impact (mean 2.41) and sustainability (mean 2.68) and a worse rating than relevance (mean 1.69), coherence (mean 1.87) and effectiveness (mean 2.08). This means that the CPEs rated some projects as being more successful and some as less successful in terms of this criterion.

Two dimensions of efficiency are rated: production efficiency and allocation efficiency. When considering the success rate, it is noticeable that production efficiency (mean 2.04) scored better than allocation efficiency (mean 2.32) (see Figure 2). This is not surprising, as when analysing production efficiency, the evaluation teams focus on the resources used to achieve objectives on the output level, which tends to be short term. When it comes to allocation efficiency, the issue of resources used to achieve objectives is considered primarily on the medium-term outcome level, which is where the project objectives (module objectives) are located. The objectives at the output level are easier to achieve, since they are usually direct results of a project's activities (for example, action plans developed with the project partners).

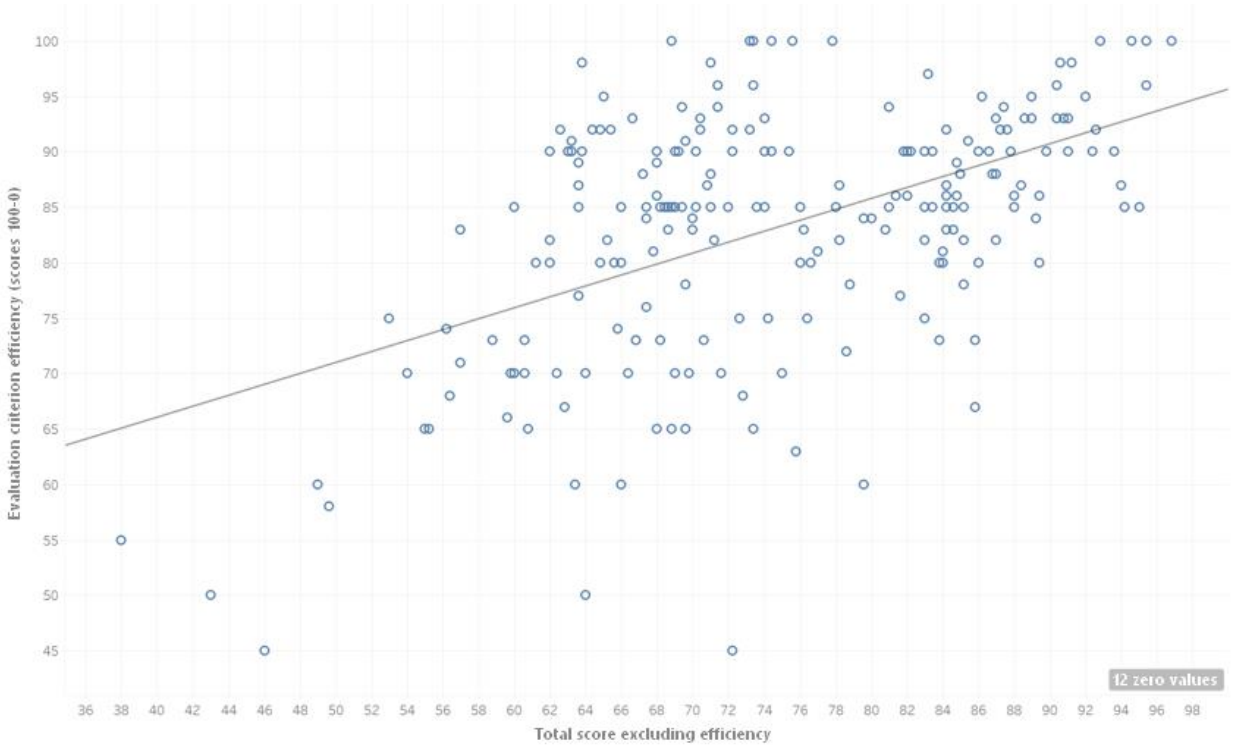
Figure 2: Rating of OECD DAC evaluation criteria



Source: Syspons (2023a), based on data from GIZ (2023)

Ultimately, the statistical analysis shows that efficient projects achieved a better average overall rating. The regression analysis shows a significantly positive correlation between the variables efficiency and overall rating (not including the efficiency rating). Higher efficiency scores were linked to a higher overall rating, so higher efficiency scores tended to be associated with higher overall ratings, which highlights the relevance of the efficiency criterion. The better the project performed in terms of efficiency, the higher its overall rating (see Figure 3). Overall, this observation underlines the importance of efficiency for the overall success of projects. It also means that projects should focus on improving efficiency in order to improve their overall ratings.

Figure 3: Correlation between efficiency and overall CPE ratings



Source: Syspons (2023a), based on data from GIZ (2023)

Based on the regression between efficiency and the overall success of projects, the average ratings of efficiency over time and by project characteristic are examined in more detail below.

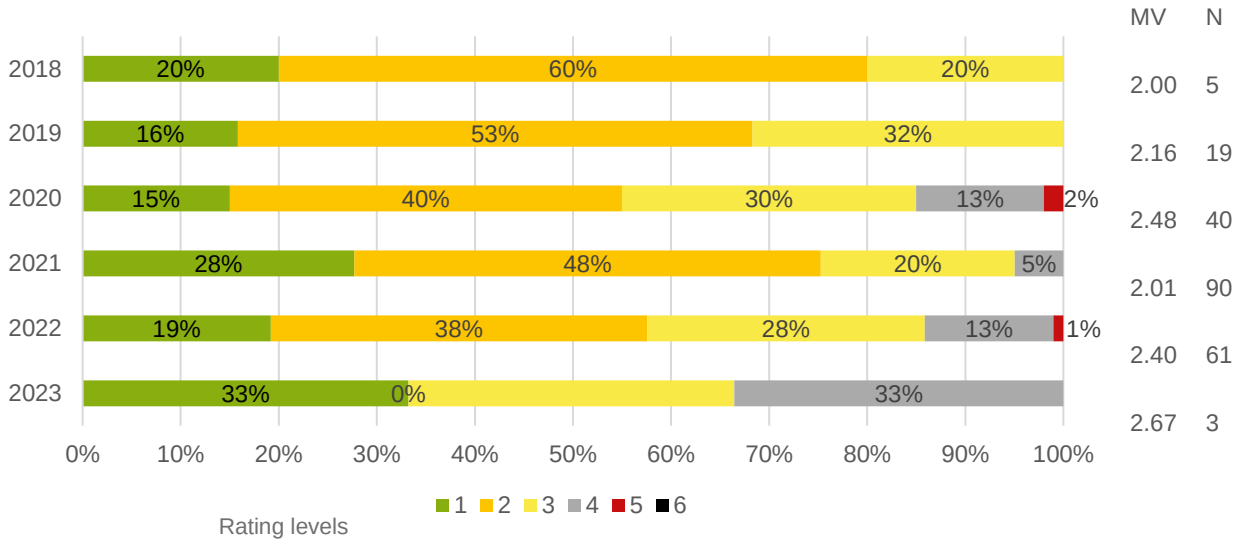
Analysis of the average ratings of efficiency over time

CPEs were introduced at the end of 2017 and since then have been one of GIZ's key evaluation tools. A look at GIZ's evaluations over time from 2018 to 2023 does not reveal a consistent trend towards a rise or fall trend in efficiency ratings. While the best ratings, with averages of around 2.0, were achieved in 2018 and 2021, efficiency ratings fell again in subsequent years (2019–2020, 2022–2023) (see Figure 4).[5]

The falling trend since 2021 suggests that efficiency ratings in the more recent CPE reports were more critical than in the older ones, which may be due to GIZ's increasing thoroughness in its analysis of efficiency. As part of its in-depth study of efficiency analysis, GIZ introduced the follow-the-money approach as a standard approach to efficiency measurement in its CPEs, including an Excel-based efficiency tool. In 2019, KOMP was also introduced for new projects. However, there will clearly be a time lag before these innovations are reflected in the CPEs and the underlying efficiency analyses. Furthermore, the efficiency of projects was to some extent negatively influenced by the global COVID-19 pandemic (from March 2020), as indicated by the CSA entitled *Einfluss der COVID-19-Pandemie auf die Ausgestaltung und Wirkung der Vorhaben sowie auf die Methodik und Validität der Zentralen Projektevaluierungen* (Influence of the COVID-19 pandemic on project design, project results and the methodology and validity of CPEs) (Syspons, 2023b, p. 22ff). The same trend can be seen in ratings of the efficiency dimension (see Figure 5).

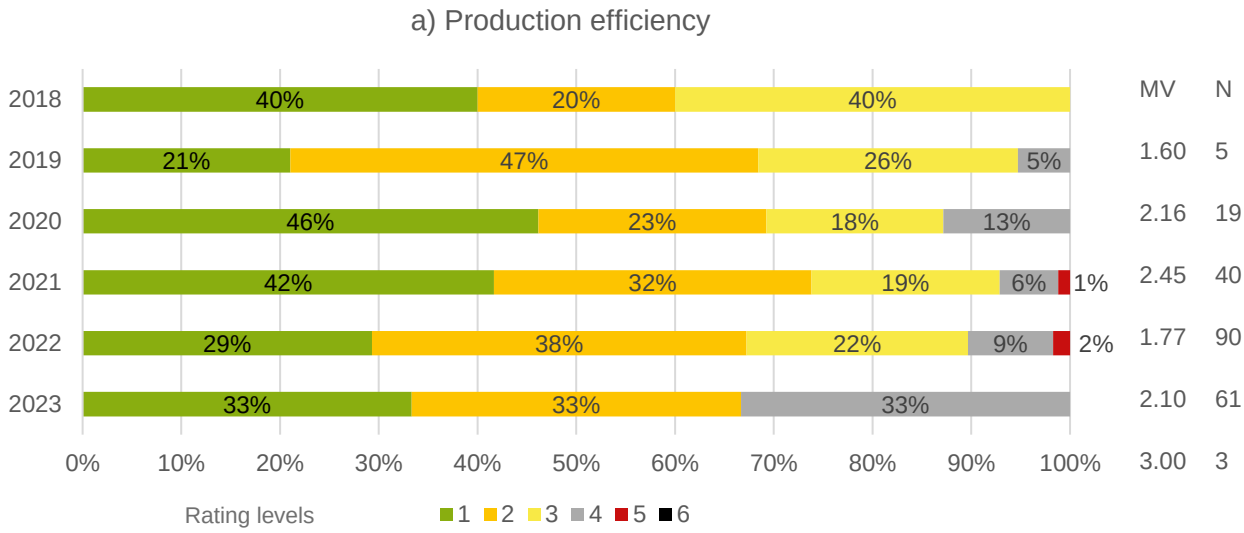
[5] Statistical tests performed on the available data found no significance.

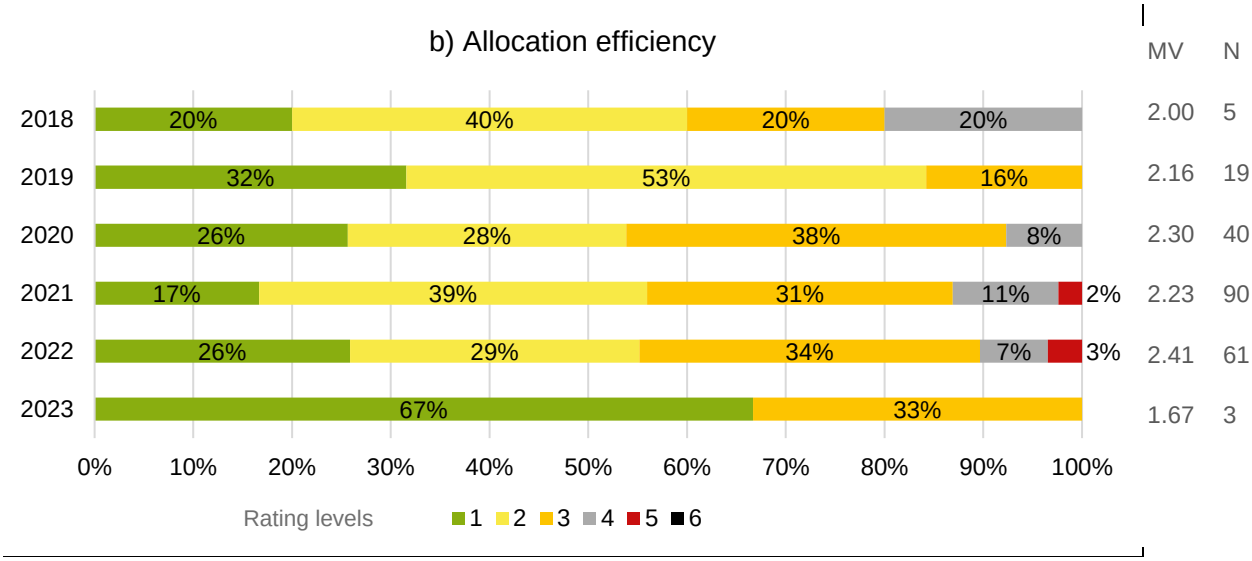
Figure 4: Rating of efficiency by reporting year



Source: Syspons (2023a), based on data from GIZ (2023)[6]

Figure 5: Rating of efficiency dimensions a) production efficiency and b) allocation efficiency by reporting year





Source: Syspons (2023a), based on data from GIZ (2023)

[6] Zero values 1 (27%), 2 (13%) and 3 (60%).

Analysis of the average ratings by project characteristic

BMZ-funded projects that are evaluated using CPEs can be broken down into different types. They can be further differentiated by additional project characteristics. If the findings are considered on the basis of these various (selected) project characteristics, further differences in efficiency ratings can be observed.[7]

Project type

A key characteristic of the projects evaluated is **project type**. This is a central factor for the entire design and implementation of a project, and it influences, among other things, objectives, target groups and cooperation partners. Figure 6 shows the distribution of the efficiency ratings for different project types. The first thing to notice is that **bilateral projects** – i.e. projects that are carried out bilaterally in a target country of German development cooperation to support partners' change processes – made up the majority of the CPEs (N=152 of 226, or 67%). A smaller percentage of the CPEs looked at **project types** that dealt with sectoral or global development issues in cross-country and cross-regional cooperation arrangements. These project types can be broken down into regional programmes (N=35), global programmes (N=8), sector programmes (N=19) and International cooperation with regions programme (ICR) programmes (N=12).

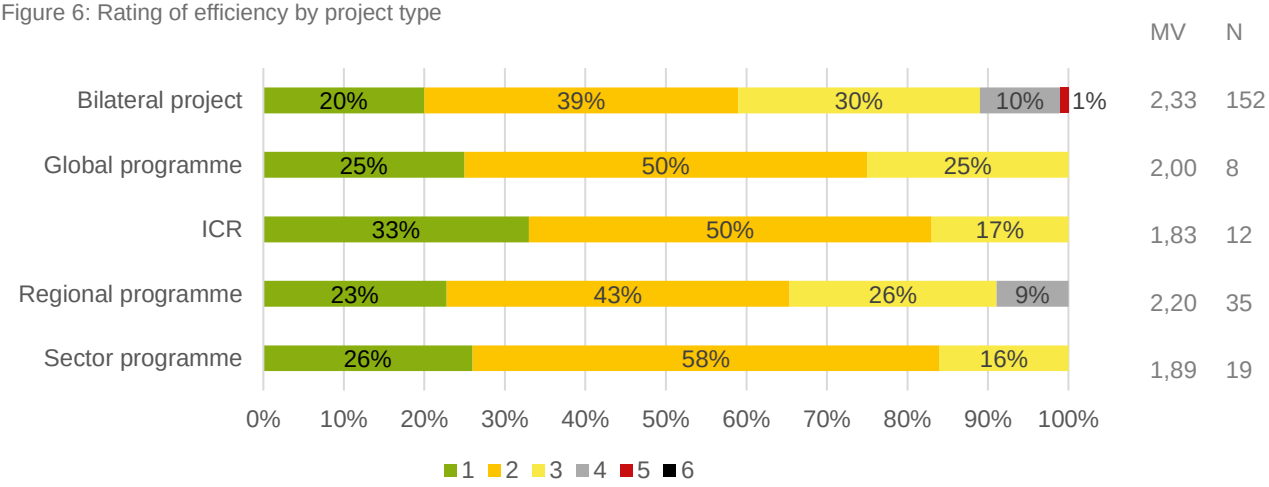
A comparison of project types shows that the average efficiency rating for bilateral projects (2.33) and for regional programmes (2.20) was lower than for all other project types.[8] All projects rated as 'unsuccessful' in terms of efficiency were bilateral projects or regional programmes. It is also noticeable that sector and ICR programmes scored particularly well in terms of efficiency (see Figure 6). The observation that bilateral projects performed worse than other project types in terms of efficiency is also consistent with the CSA of average ratings in CPEs (Syspons, 2023a), which showed that overall ratings of bilateral projects were worse than for other project types. This observation raises the question of which factors in connection with a particular project type were flagged up as being particularly critical or particularly good in the CPEs.

In the case of bilateral projects, the CPE reports for which a qualitative analysis was performed referred with above-average frequency to context as a factor leading to failure. This was the case for 71% of bilateral projects and regional programmes, but for only 33% of other project types. Efficient use of resources in bilateral projects and regional programmes was particularly impaired by the political (37%), security-related (18%) and economic (17%) context in the partner countries, for example by the need to finance security measures. These framework conditions mean that project teams have to step up their coordination efforts in order to achieve their objectives. It therefore makes sense that the evaluation teams for the bilateral projects and regional programmes under consideration cited with above-average frequency factors of failure relating to the project teams (42% of bilateral projects and regional programmes vs. 36% of global, sector and ICR programmes) – for example lack of management structure or unclear responsibilities – as well as their collaboration with project partners (34% vs. 7%). This tallies with the evaluation teams' findings that other inputs could have achieved a higher output in bilateral projects and regional programmes (42% vs. 14%).

By contrast, CPE reports for global, sector and ICR programmes listed these factors relating to project teams as being positive for efficiency. This was the case for 64% of the projects considered. This includes, in particular, management structures (43% of global, sector and ICR programmes vs. 34% of bilateral projects and regional programmes) and clear responsibilities (29% vs. 12%). Furthermore, the way activities are planned (50% vs. 28%) – for example, making use of lessons learned or participatory approaches – and the creation of synergy effects between the projects and other German and international measures (71% vs. 60%) emerged as being helpful. These synergies were created, in particular, between these project types and other projects implemented by GIZ (64%).

[7] The analysis presented here describes the differences in ratings in CPEs based on selected project characteristics. The projects evaluated differed in terms of numerous other characteristics that could have an impact on their design and implementation as well as on the CPE rating.
[8] The statistical tests indicate no significant deviations or differences between the project type groups. The difference between mean values is not significant.

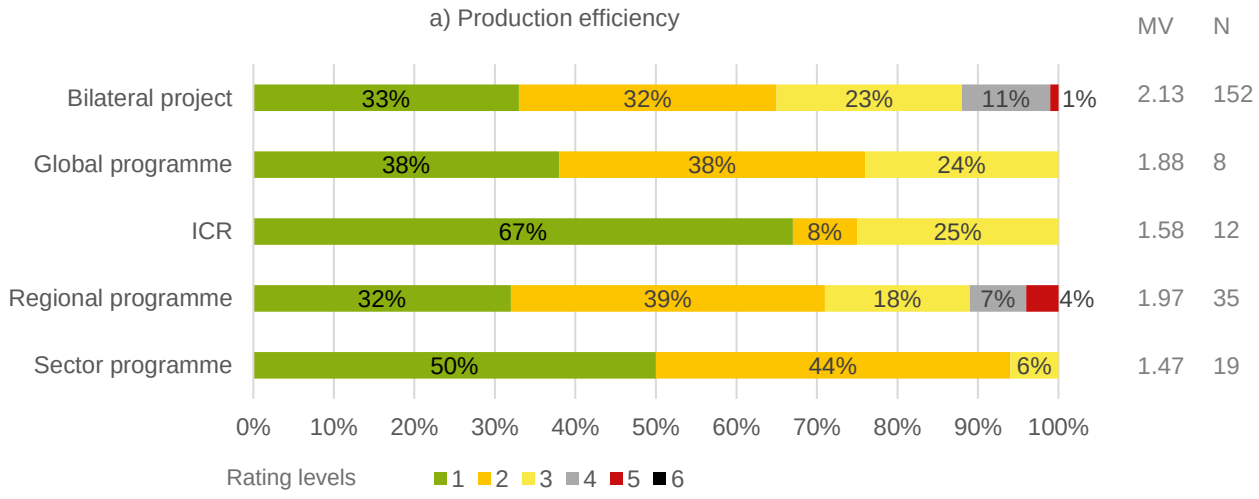
Figure 6: Rating of efficiency by project type

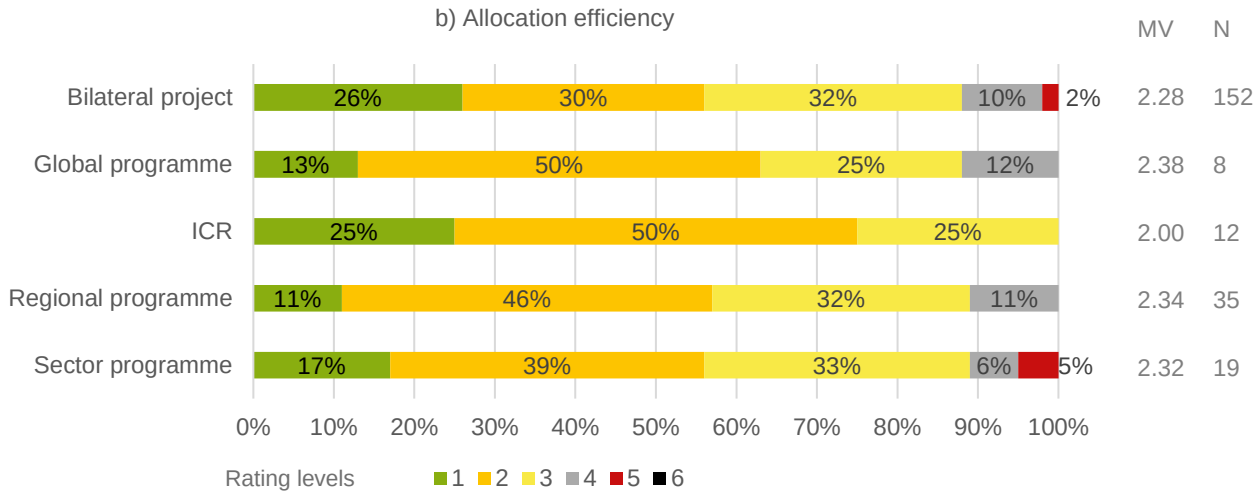


Source: Syspons (2023a), based on data from GIZ (2023)

This trend is also seen in the evaluation dimensions of efficiency (see Figure 7). This is particularly true of the rating of production efficiency, which focuses on the level of short-term objectives (outputs). However, in the case of allocation efficiency, in which the use of resources to achieve objectives is considered on the medium- to long-term outcome level, it was apparent that sector programmes were also, to some extent, rated as unsuccessful. In the past, this was partly due to the fact that BMZ's ad hoc requests were prioritised over the longer-term objectives of the projects.

Figure 7: Rating of a) production efficiency and b) allocation efficiency by project type





Source: Syspons (2023a), based on data from GIZ (2023)

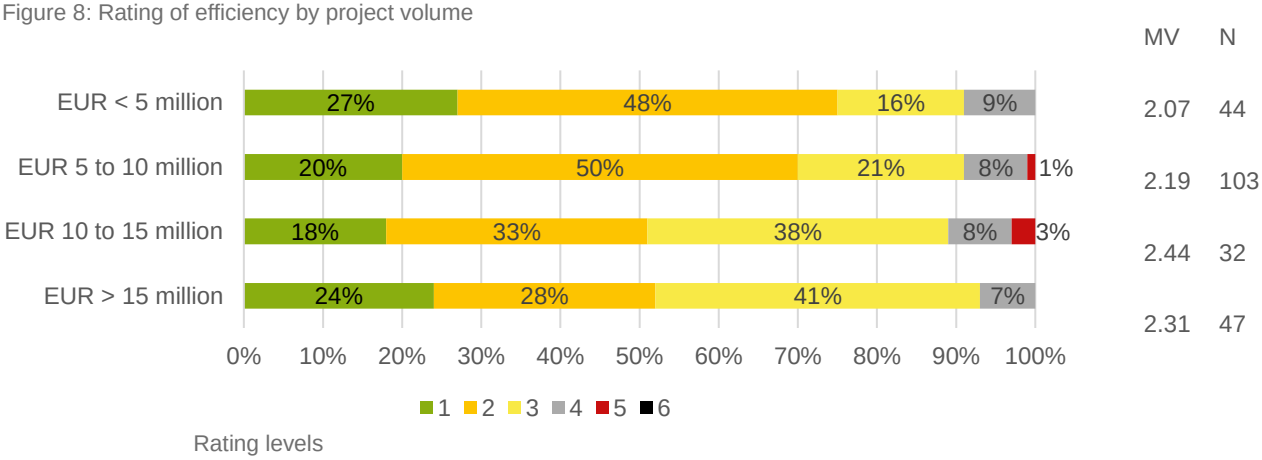
Project volume

In addition to the project type, there are other project characteristics that influence project design. For example, the **project volume** determines a project's scope and implementation options. In Figure 8, efficiency ratings are divided into four categories by size of project. It can be seen that the CPE sample included comparatively small projects (N=44 for projects with a budget of < EUR 5 million), medium-sized projects (N=32 for projects with a budget of EUR 10–15 million) and particularly large projects (N=47 for projects with a budget of > EUR 15 million). However, the majority of the projects assessed had a budget of between EUR 5 million and EUR 10 million (N=103).

The analysis of the different project volumes shows that those with a higher volume were rated as less efficient. In the categories created in this CSA, projects with a value of between EUR 10 million and EUR 15 million were the least efficient.[9] Projects with a budget of up to EUR 5 million received a higher average rating of 2.07, whereas projects with a budget of EUR 10–15 million had a lower average rating of 2.44. The CSA of average ratings in CPEs (Syspons, 2023a) found that projects with a volume of up to EUR 10 million received better overall average ratings for the OECD DAC criteria. With regard to the efficiency dimensions, it can be seen that the different ratings relate, in particular, to the use of resources with regard to medium- to longer-term objectives (see Figure 8). The qualitative analysis of the CPE reports identified various factors that the evaluation teams believed had a negative impact on efficiency. For example, in the case of projects with a budget of more than EUR 10 million there were relatively frequent reports (compared with lower-volume projects) of internal bureaucratic hurdles that had drained the project teams' resources, thus reducing the resources available to achieve the projects' objectives. The problem of insufficient human resources was cited more often in projects with a volume of less than EUR 10 million (15% of projects with a volume of EUR 10 million or more vs. 5% of projects with a volume of up to EUR 10 million). The same applies to the frequency with which unclear responsibilities were cited (8% vs. 0%). Reflection on funds is also a factor. For example, the evaluation teams relatively frequently cited as a failure factor inadequate reflection on the use of funds with a view to cost minimisation/results maximisation (13% vs. 0%). It also became clear that projects with a volume of more than EUR 10 million were – at least according to the CPE reports – far less likely to be guided by internal or external benchmarks in financial planning and reflection (32% vs. 68%).

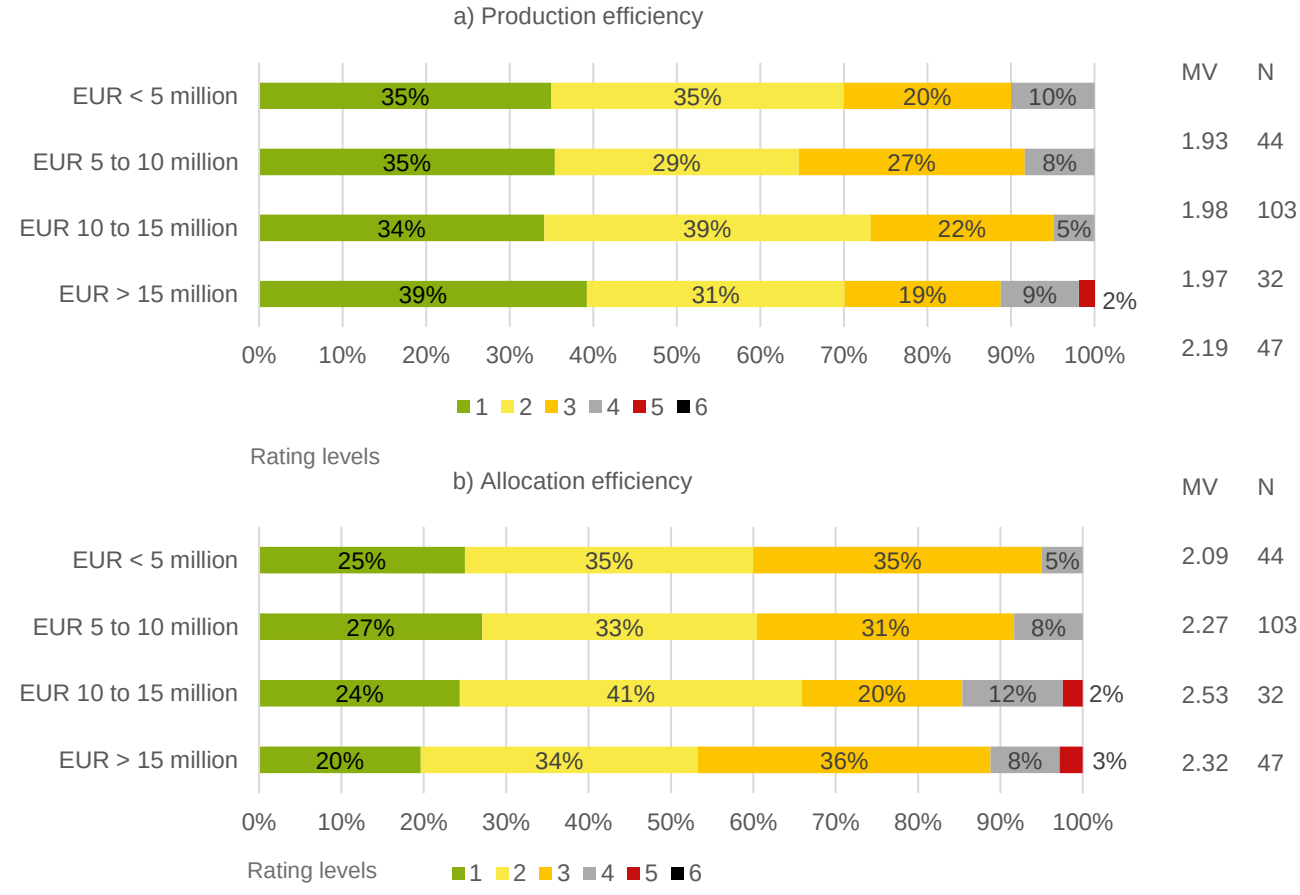
[9] Statistical tests performed on the available data did not provide conclusive evidence of a significant difference in efficiency ratings between projects with different project volumes.

Figure 8: Rating of efficiency by project volume



Source: Syspons (2023a), based on data from GIZ (2023)

Figure 9: Rating of efficiency dimensions a) production efficiency and b) allocation efficiency by project volume



Source: Syspons (2023a), based on data from GIZ (2023)

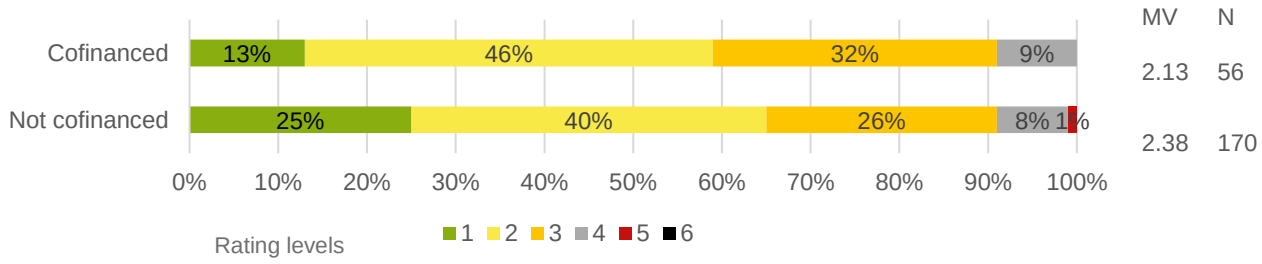
Cofinancing

Figures 10 and 11 show the efficiency ratings of the CPEs depending on cofinancing (yes/no). The average efficiency rating for projects that are not cofinanced (mean 2.13) was better than that for cofinanced projects (mean 2.38). The same pattern can be observed in the rating of efficiency dimensions.[10] For example, the statistical analysis (see Figure 10) shows that the production efficiency of cofinanced projects has a worse rating than that of projects that were not cofinanced (mean 2.36 with

[10] Statistical tests performed on the available data did not provide conclusive evidence of a significant difference in efficiency ratings between cofinancing categories.

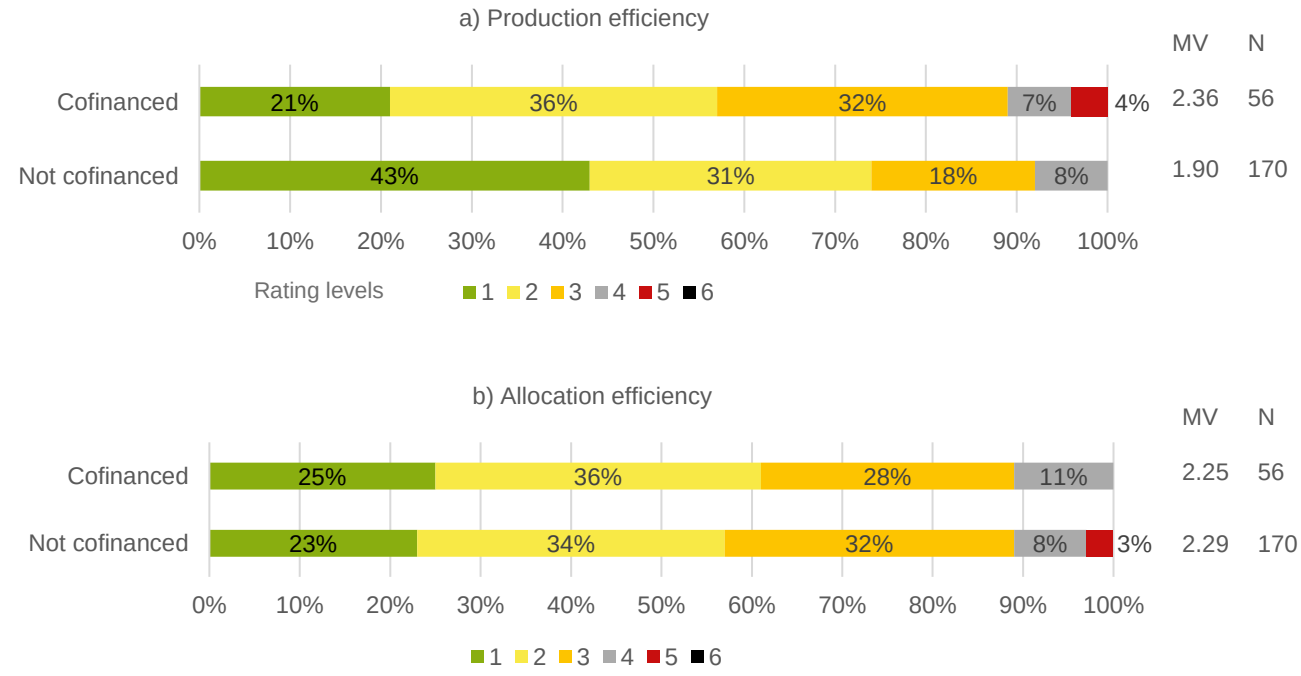
cofinancing vs. 1.90 without cofinancing). However, in terms of allocation efficiency there is little difference between cofinanced and non-cofinanced projects (mean 2.25 vs. 2.29). Only rarely was cofinancing cited negatively in the analysis of the efficiency sections of the CPE reports. When this was the case, the evaluation teams pointed out the strict cofinancing conditions and their negative impact on project efficiency (e.g. due to geographical constraints that resulted in overfunding in the partner country as a result of lack of flexibility). More often, however, cofinancing was cited as being positive for efficiency, since it increased project funding levels. A similar pattern can be seen in the CSA Added Value, Challenges and Success Factors of Cofinanced Projects carried out in 2022 (Syspons, 2022b). This CSA also provided evidence that cofinancing added value to projects. For example, it comprehensively examined the extent to which cofinancing can enhance projects' scaling effects and return on capital employed. Both hypotheses were ultimately classified as plausible. For example, it should be possible to increase the scaling effects, since a higher project budget should reduce projects' unit costs (i.e. the costs of their objectives at output level, such as expenses per target group member successfully trained). However, CSA data showed that cofinancing also poses challenges for efficiency, such as transaction costs, double reporting, and the fact that approval and modification of project objectives and indicators take longer.

Figure 10: Rating of efficiency by type of financing



Source: Syspons (2023a), based on data from GIZ (2023)

Figures 11 : Rating of efficiency dimensions (a) production efficiency and b) allocation efficiency) for cofinanced projects



Source: Syspons (2023a), based on data from GIZ (2023)

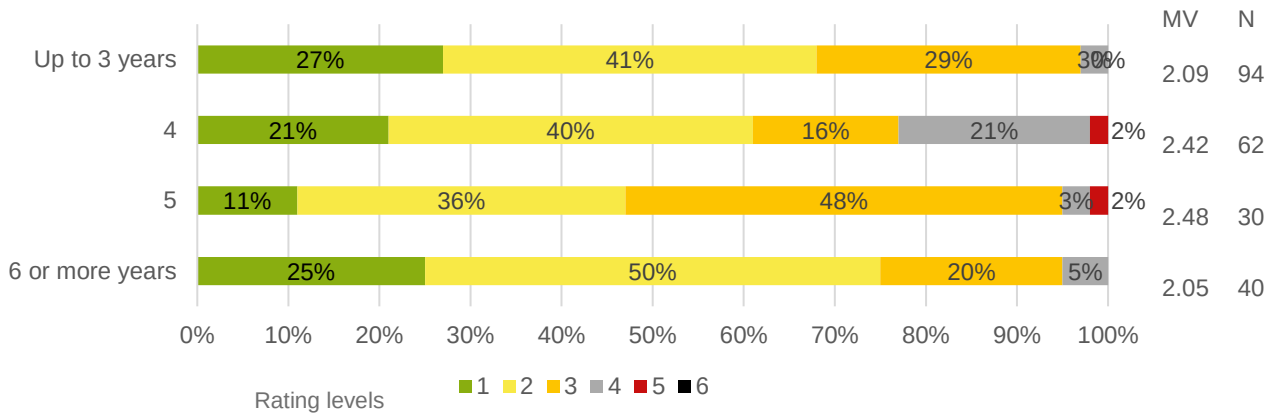
Project term

Another important characteristic is the project term. It defines the time available for a project to achieve its objectives. Objectives can be defined and tracked on the basis of this time frame. Accordingly, this characteristic also has a major influence on the design and implementation of a project. In Figure 12, efficiency ratings are divided into time categories: 156 of the projects evaluated had a term of up to four years, while only 70 projects had a term of five years or more.

The average ratings for different project terms show that projects with a term of up to three years or of six years or more had the highest efficiency rating in the overall overview of ratings. For example, it was found that a different allocation of resources would have been more cost-effective in 9% of projects with a term of up to three years or of more than six years, but in 28% of projects with a term of between four and five years. This suggests that short projects and long projects tended to be particularly efficient.[11] A different picture emerges when considering the overall evaluation of all OECD DAC criteria, as shown in the CSA of average ratings in CPEs (Syspons, 2023a). Here, there is no clearly detectable trend. This particular feature in the rating of efficiency suggests that an extension of, say, one year is less efficient than a far longer extension that would allow development potential to be exploited more efficiently. For example, some CPE teams (e.g. as part of their recommendations) advocated longer terms to boost the efficiency of projects. An examination of the efficiency dimensions (see Figure 13) also supports this assumption. The success factors cited for projects with a term of up to three years or of six years or more were aspects related to the project team, cooperation with partners, the use of synergies, and project monitoring. It is interesting that projects with a term of four to five years had similar success factors. For example, for particularly short or long projects, as well as for projects with a term of four to five years, particular reference was made to success factors such as the projects and the project teams themselves, as well as cooperation with partners and the use of synergies with other projects or other donors. In the qualitative evaluation, however, it became clear that the evaluation teams for projects with terms of between four and five years often criticised GIZ's internal processes (such as contract processes) as being comparatively slow and bureaucratic, or flagged up obstacles to managing projects. The question therefore arises as to what extent the extension of these projects' terms was due to the above-mentioned obstacles.

[11] Significance tests support this. The statistical findings indicate that there are significant differences in mean values or medians between the different project term groups. However, further tests showed little significant difference in terms of efficiency rating between the categories 'up to three years' and 'five years' and between 'five years' and 'six years or more'.

Figure 12: Rating of efficiency by project term



Source: Syspons (2023a), based on data from GIZ (2023)

Figure 13: Rating of efficiency dimensions a) production efficiency and b) allocation efficiency by project term



Source: Syspons (2023a), based on data from GIZ (2023)

Regions

GIZ works with a large number of partner countries worldwide. The regional framework conditions under which the projects are implemented are as diverse as the partner countries themselves. Furthermore, partner countries can be categorised by region and by operational regional department. The fragility of the partner countries is also a factor on which the capacity to implement projects depends.[12]

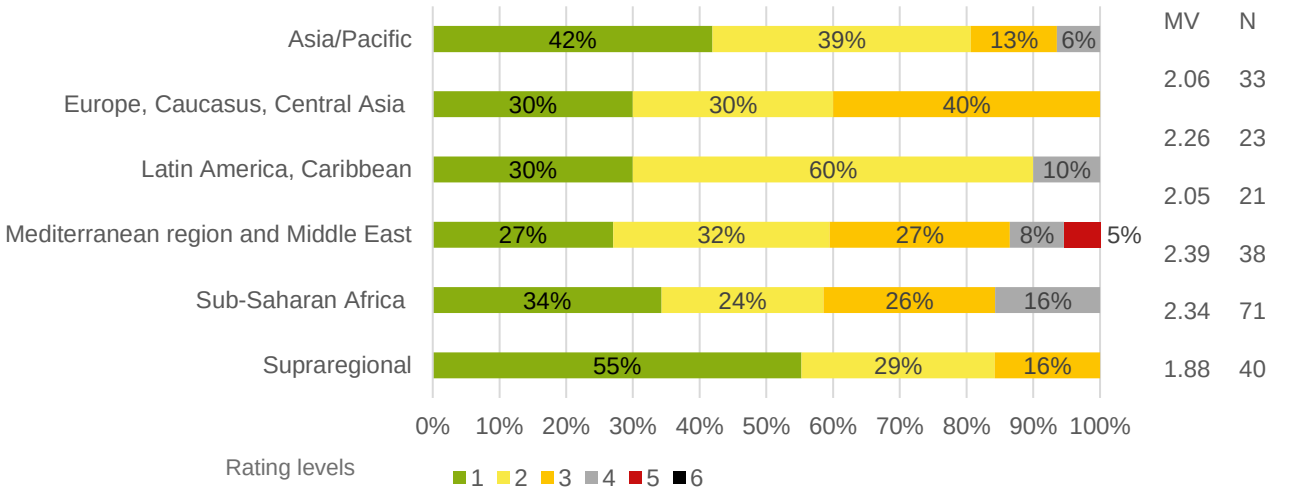
Regions

Figure 15 shows a distribution based on regions of the world: Asia/Pacific (N=33), Europe, Caucasus and Central Asia (N=23), Mediterranean region and Middle East (MENA, N=38), sub-Saharan Africa (N=71), Latin America/Caribbean (N=21), along with supraregional programmes (N=40). Most of the CPEs evaluated projects that operated in sub-Saharan Africa. The smallest number of CPEs evaluated projects implemented in Latin America/Caribbean or in Europe, Caucasus and Central Asia.

According to the average rating for the efficiency criterion, the most efficient projects were those that were implemented at supraregional level. These were primarily sector or global programmes. Their mean efficiency rating of 1.88 was considerably better than the mean value for projects in sub-Saharan Africa (mean 2.34) or in the Mediterranean and Middle East (mean 2.39).[13] With regard to the distribution of ratings, it is also apparent that all supraregional programmes were successful in terms of efficiency. When considering supraregional programmes compared with projects in the Mediterranean and Middle East region, it quickly becomes clear that the decisive differences are their use of synergies and the factors relating to the influence of context. For example, in the supraregional programmes, the evaluation teams often referred to synergies with other projects implemented by GIZ or to synergies with donor organisations (e.g. World Bank, United Nations organisations) as a success factor influencing efficiency (71% of supraregional programmes vs. 60% of projects in individual regions). Moreover, supraregional programmes, of which sector and global programmes make up a large part, were subject to considerably fewer restrictions resulting from their context. Meanwhile, according to the evaluation reports, the projects in the regions with the lowest efficiency ratings – the Mediterranean and Middle East and sub-Saharan Africa – were negatively impacted by their political (43% vs. 22%), security-related (30% vs. 3%) and economic (22% vs. 10%) conditions. This concerns the projects' use of resources, for example the need to finance security measures or higher costs due to inflation.[14]

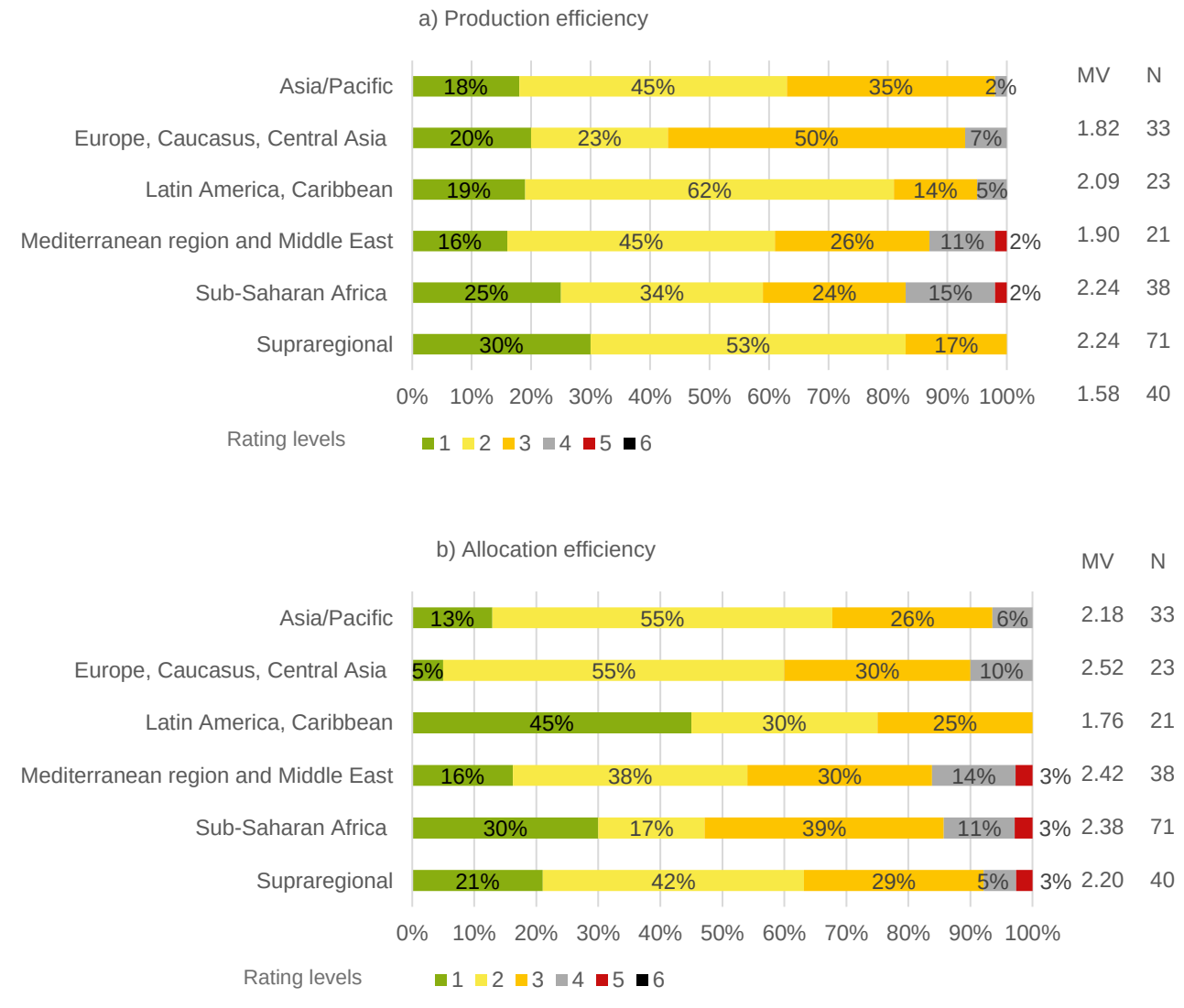
[12] Due to the small number of CPEs at country level, no analysis per country was performed. At the same time, the success or failure, and thus the evaluation in general, can also vary within a region. The findings per region also depend on the criteria discussed in other sections (e.g. project characteristics).
[13] A similar pattern was found in the CSAs of the average overall ratings in the CPEs. The mean value for supraregional programmes (sector programmes: mean value 2.00; ICR programmes: mean value 2.08; global programmes: mean value 2.13) were, for the most part, better than those for the regional programmes (Asia/Pacific: mean value 2.16; Mediterranean and the Middle East: mean value 2.31; sub-Saharan Africa: mean value 2.40; Europe, Caucasus and Central Asia: mean value 2.43); the exception was Latin America/Caribbean (mean value 2.05) (Syspons, 2023a, p. 24).
[14] Statistical tests performed on the available data did not provide conclusive evidence of a significant difference in efficiency ratings between regions.

Figure 14: Overall efficiency ratings by region



Source: Syspons (2023a), based on data from GIZ (2023)

Figure 15: Rating of efficiency dimensions a) production efficiency and b) allocation efficiency by region



Source: Syspons (2023a), based on data from GIZ (2023)

Regional departments

A second regional analysis of efficiency ratings was carried out for GIZ's regional departments.[15] This analysis is particularly useful for internal evaluations. GIZ is divided into four operational regional departments. As can be seen in Figure 16, 71 CPEs were carried out for the Africa department, 53 for the Asia, Pacific, Latin America and Caribbean department (APLAC) and 63 for the Europe, Mediterranean and Central Asia department (EMC). In addition to that, 39 projects were evaluated for the Sector and Global Programmes department (GloBe).

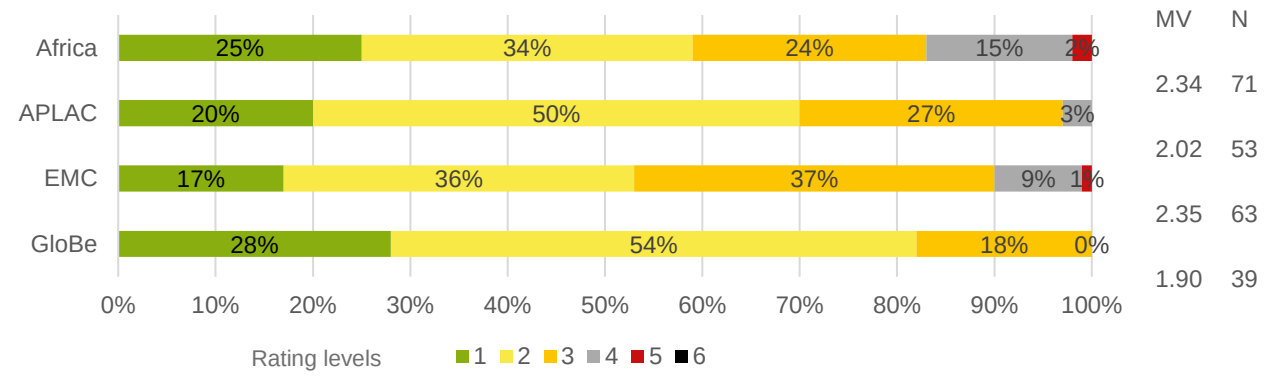
The results show that projects in the EMC and Africa departments were less successful in terms of their average efficiency ratings.[16] A look at the data shows that context-related factors and challenges related to management were very often cited as failure factors for these projects. Context-related factors can have a negative impact on the efficiency of projects, for example in the form of additional costs for security measures. These observations concur with the findings of the CSA of average ratings in CPEs (Syspons, 2023a) and the CSA on cost-effectiveness of projects (Mainlevel, 2020). As part of the CSA of average ratings in CPEs (Syspons, 2023a), which looked at the average overall ratings for all OECD DAC criteria, particular attention was paid to the security situation and to the limitations imposed by the COVID-19 pandemic, which meant that measures had to be postponed or moved online. With regard to how this was managed, it was pointed out that it did not always happen systematically and that relevant stakeholders in the project were not sufficiently involved (Syspons, 2023a, p. 26).

By contrast, in terms of regional distribution, it is apparent that projects in the APLAC and GloBe departments scored better in terms of efficiency. The factors that explain this success concur with the factors relating to the regions: for example, the decisive differences in efficiency ratings relate to the use of synergies and the impact of context-related factors (see previous section on regions). This observation is also consistent with previous CSAs. For example, the CSA of average ratings in CPEs (Syspons, 2023), which considered the average overall rating of the OECD DAC criteria, found that in projects in the APLAC and GloBe departments, collaboration with the stakeholders involved was cited with above-average frequency, both as a success factor and as a failure factor. This clearly indicates that projects had some difficulties in establishing a permanent or temporary system for collaboration; however, once a system was in place it proved to be a success factor. In the case of APLAC projects, ownership by the partners was also mentioned as a success factor with above-average frequency and the project team component was also stressed (Syspons, 2023a, p. 26).

[15] It should be noted that in order to ensure a representative selection, the random samples were taken proportionally from projects under the responsibility of GIZ's different operational departments (see Section 2.2, GIZ (2022): https://www.giz.de/de/downloads/giz-2023-de-das-evaluierungssystem-der-GIZ-grundlagen.pdf

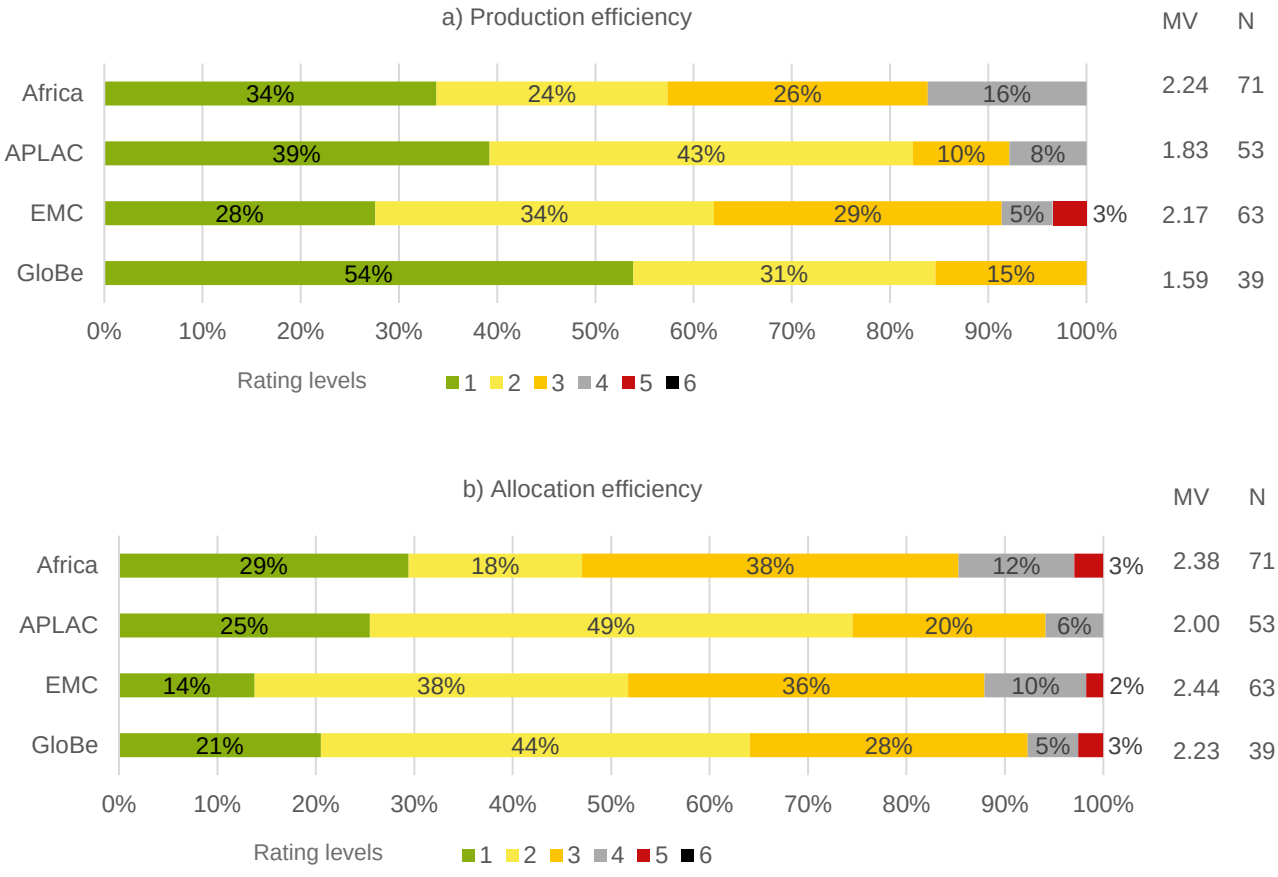
[16] Statistical tests performed on the available data provided conclusive evidence of a significant difference in efficiency ratings across departments. However, it was possible to identify this only between EMC (worst rating) and GloBe (best rating).

Figure 16: Efficiency ratings by regional department



Source: Syspons (2023a), based on data from GIZ (2023)

Figure 17: Rating of efficiency dimensions a) production efficiency and b) allocation efficiency by regional department



Source: Syspons (2023a), based on data from GIZ (2023)

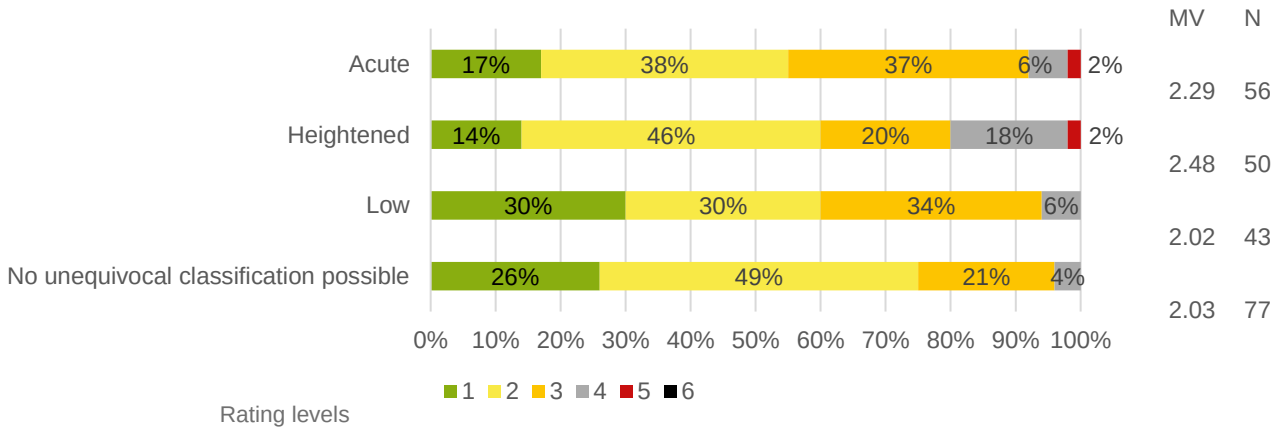
Fragility

The previous analyses addressed regional differences in ratings and the different types of cooperation. Political and civil society stability are important factors in this respect. Nevertheless, the issue of **fragility** must be stressed once again; due to an increasing number of armed conflicts, around a quarter of the world's population now live in fragile states with high security and development risks.[17] Consequently, fragility also has a major impact on the implementation of projects, one aspect being the need for exceptional adaptability in terms of planning and management in order to provide effective support services.

Figure 18 shows how the efficiency ratings of projects carried out in a more or less fragile context differ.[18] The categorisation was carried out in the year of the evaluation report, based on the BMZ escalation potential analysis in the partner country.[19] A distinction was made between countries with low escalation potential (low), partner countries with heightened escalation potential (heightened) and partner countries with acute escalation potential (acute). This third group included all countries that were experiencing violent conflict or country-wide crises.

It can be seen that projects in fragile contexts were rated as less efficient. The average efficiency ratings in contexts with heightened fragility (mean 2.48) and acute fragility (mean 2.37) were worse than in contexts with low fragility (mean 2.16).[20] The qualitative analysis of the CPE reports also showed that this was primarily due to the influence of context-related factors. According to the CPE reports, projects were more likely to be affected by political (39% of projects in fragile contexts vs. 20% of projects in non-fragile contexts) or security-related (13% vs. 0%) framework conditions. In the qualitative analysis it also became clear that the negative impact was more pronounced than with the other projects, i.e. that the impact on their efficiency was greater. In some cases, activities had to be postponed or managed remotely. In addition, there were additional expenses for security-related precautions; these were redistributed to the portfolio of the country in question but also had an impact on the resources of the projects evaluated.

Figure 18: Overall rating of efficiency by fragility



Source: Syspons (2023a), based on data from GIZ (2023)

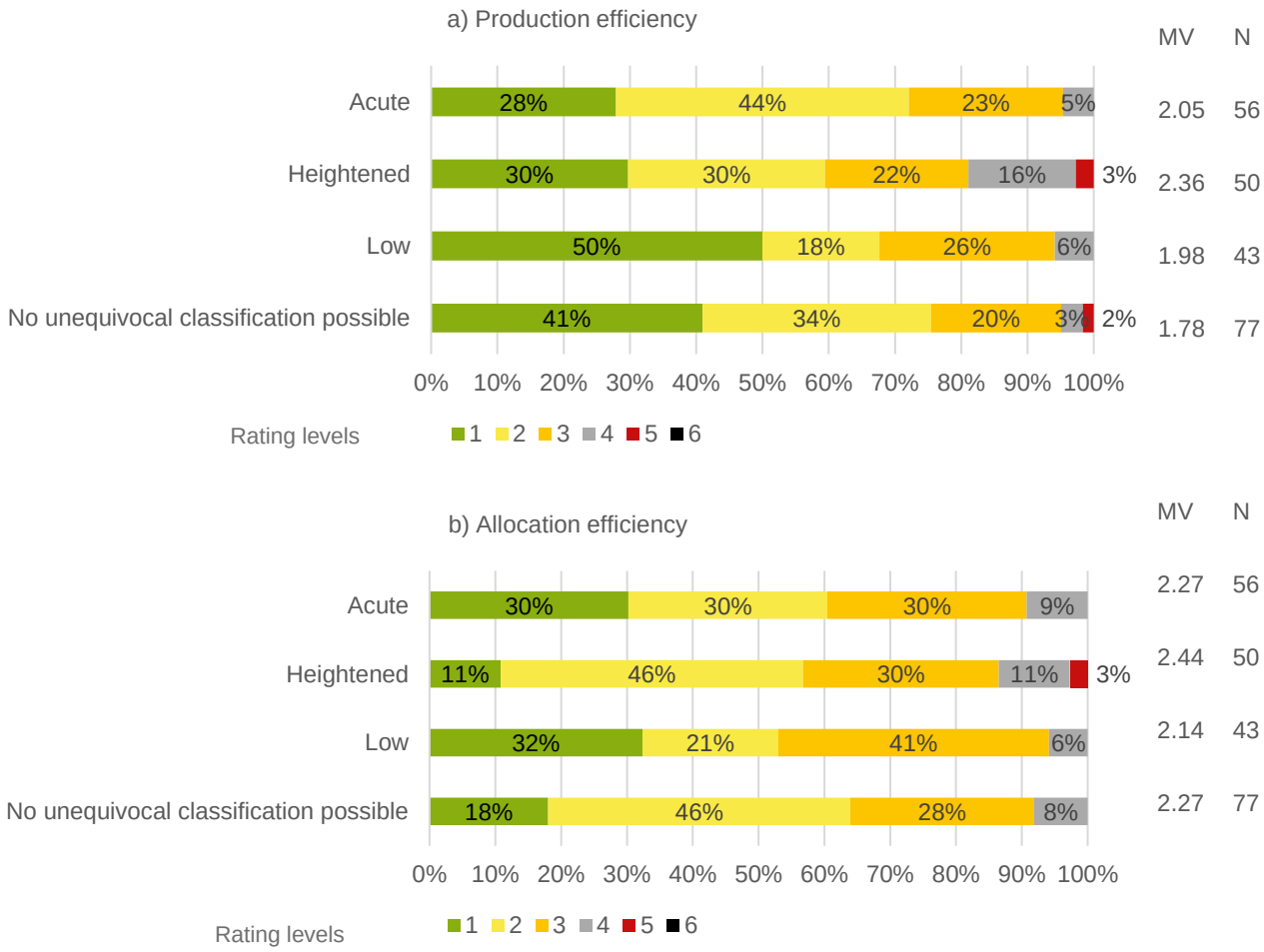
[17] BMZ, 2020: https://www.bmz.de/en/countries/reform-strategy-bmz-2030

[18] The analysis includes only CPEs that could be bilaterally allocated to a partner country. Accordingly, regional and supraregional programmes are not taken into account in this subsection.

[19] Following consultation, the categorisation was carried out as described. It was based on the BMZ escalation potential analyses from 2017–2022, which were treated as strictly confidential. An analysis by year of the evaluation mission (instead of reporting date) did not reveal any significant differences.

[20] Statistical tests performed on the available data produced indications of a significant difference in efficiency ratings between different categories. However, there were no indications of exact differences between the groups.

Figure 19: Rating of efficiency dimensions a) production efficiency and b) allocation efficiency by fragility



Source: Syspons (2023a), based on data from GIZ (2023)

BMZ core areas

In addition to the project characteristics and regional context factors, the CPEs can also provide insights into the **thematic focus** of the evaluated projects. The question of which areas and projects the evaluation experts considered to be particularly successful or less successful, and why, is of crucial importance for GIZ's organisational learning.

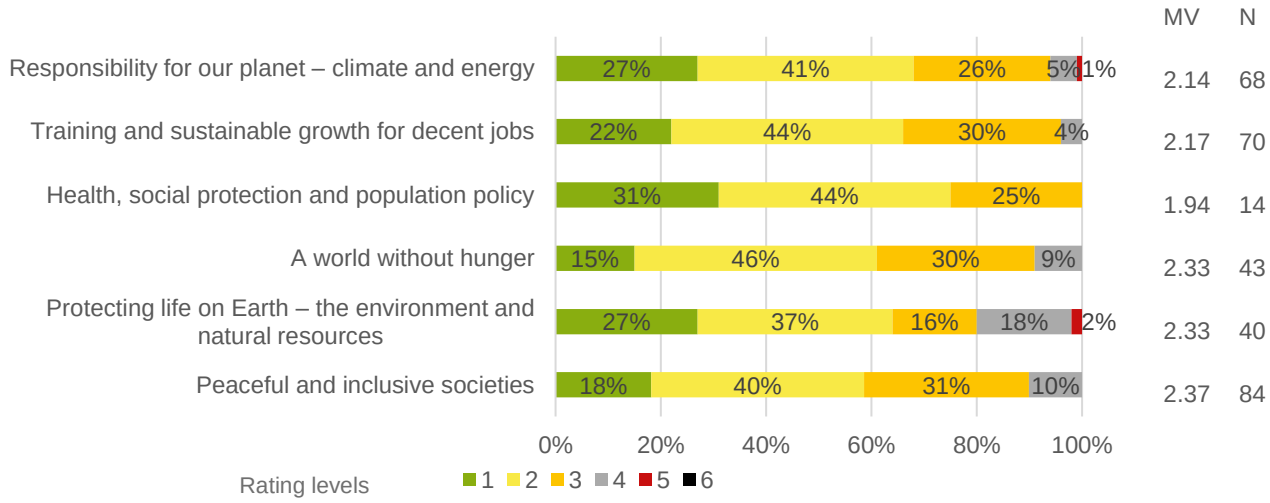
Since the BMZ 2030 Reform Strategy, GIZ's projects (and those of other implementing organisations involved in German development cooperation) have concentrated on five core areas: peacebuilding, food and nutrition security, training and sustainable growth, climate and energy, environment and natural resources. A sixth core area on health and social protection was added in 2022. These core areas define the priorities that have been set for Germany's contribution towards implementing the 2030 Agenda and the 17 Sustainable Development Goals.

A look at the ratings for the BMZ core areas shows that the efficiency of projects in the new field of health received the most positive ratings in the CPEs, although this has so far been evaluated relatively rarely, in just 14 CPEs (mean 1.94). By contrast, the efficiency of projects in the areas of peacebuilding (mean 2.37), environment and fighting hunger (mean for each 2.33) was viewed most critically.[21] Due to the comparatively small number of projects to date in the field of health, there is no specific picture to evaluate. When looking at projects in the areas of peacebuilding, the environment and fighting hunger, which were rated

[21] Statistical tests performed on the available data found no significance.

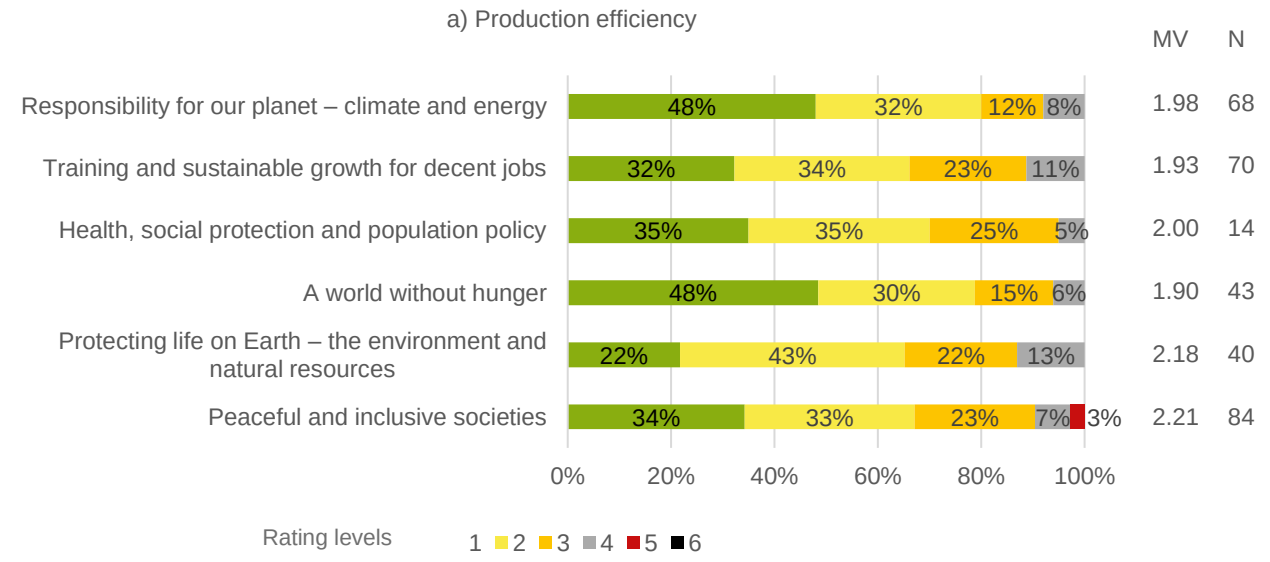
as being less efficient, it becomes clear that it is the context in the partner countries that is having a particularly adverse effect on them. The efficiency analyses, for example, make relatively frequent reference to the fact that these projects were influenced by political framework conditions (33% of projects in the fields of peacebuilding, the environment and fight against hunger vs. 0% of projects in other areas) or security-related ones (21% vs. 0%). The majority of these projects were being implemented in fragile contexts. They were therefore faced with the factors listed in the section on fragility.

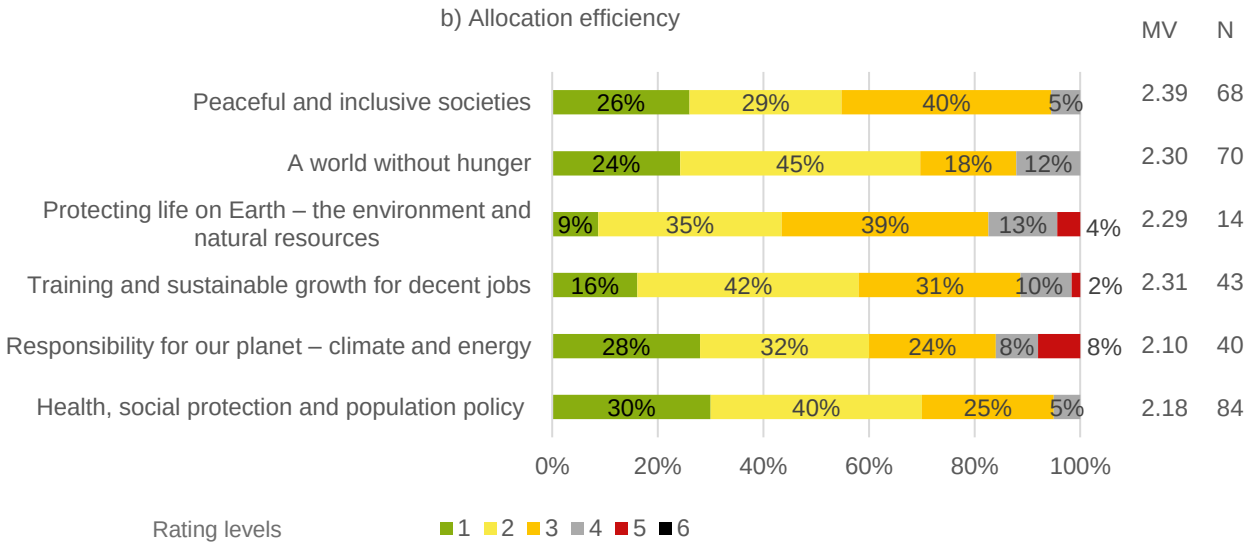
Figure 20: Efficiency ratings by BMZ core area



Source: Syspons (2023a), based on data from GIZ (2023)

Figure 21: Rating of efficiency dimensions a) production efficiency and b) allocation efficiency by BMZ core area

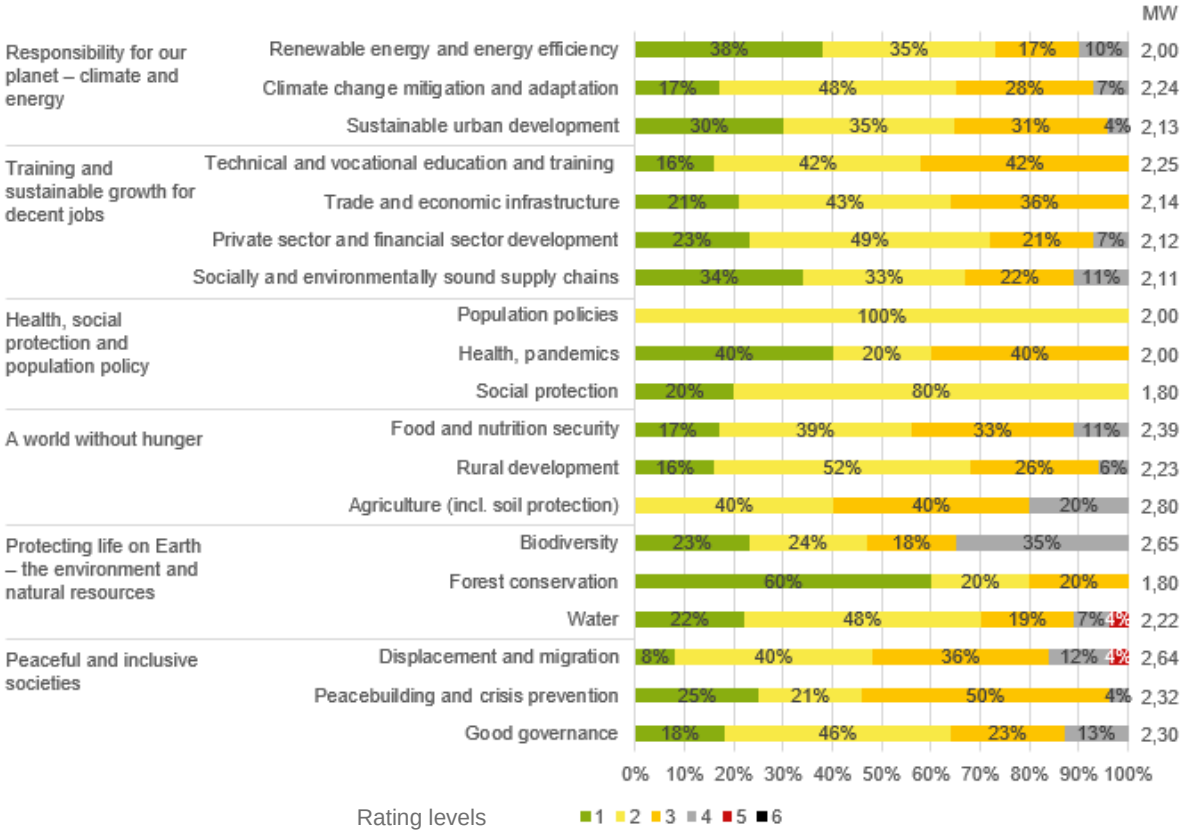




Source: Syspons (2023a), based on data from GIZ (2023)

A look at the ratings in BMZ's areas of intervention shows that projects in the two areas of social protection and forest conservation (mean for each 1.80) scored best on efficiency. Meanwhile, the poorest efficiency ratings were for projects in the displacement and migration (mean 2.64), biodiversity (mean 2.65) and agriculture, including soil conservation (mean 2.80) areas of intervention. Due to the comparatively small number of projects in the areas of social protection (N=4), forest conservation and agriculture (including soil conservation) (N=5 each), no specific picture has emerged to date as a basis for analysis. When looking at the displacement and migration and biodiversity areas of intervention, the patterns described in the core areas become apparent (see previous paragraph).

Figure 22: Efficiency rating by BMZ area of intervention



Source: Syspons (2023a), based on data from GIZ (2023)

Comparison with the CSA on cost-effectiveness of projects (2020)

In conclusion, Figure 23 provides an overview of the comparison of the findings of this report with those of the CSA on cost-effectiveness of projects, which was produced by Mainlevel in 2020 and primarily evaluated GIZ's earlier decentralised project evaluations (PEVs). This CSA analysed the efficiency ratings primarily by region and by sector (which have been reorganised to align with BMZ's core areas). Project volume and term were also considered; however, the CSA on the cost-effectiveness of projects concluded that they had no influence on efficiency ratings. The methodological approach is comparable and also consisted of a quantitative evaluation (statistical analysis) and qualitative evaluations (MAXQDA coding and other analyses of content), but the data set differs greatly, which limits the comparability of the two analyses.

In 2020, 88% of projects scored 3 or better; 2023 saw a slight increase to 92%. The statistical differences were thus comparatively small. Interestingly, the same percentage of projects (22%) received a rating of 1 in the CSA on cost-effectiveness of projects (Mainlevel, 2020) and in this CSA: Focus on cost-effectiveness (2023).

Figure 23: Comparison of statistical findings with the CSA on cost-effectiveness of projects (2020)

Comparison: Statistical findings of the cross-sectional analysis of the cost-effectiveness of projects (Mainlevel, 2020)

- Data set: The CSA on cost-effectiveness of projects looked at 174 internal project evaluation reports (of which 159 were from 2015–2018 and only 15 from 2018 onwards).
- It concluded that projects evaluated by CPEs generally received better efficiency ratings than in the PEVs (1.9 vs. 2.2).
- The **comparability of** the statistical findings with this CSA (CPEs only) is therefore limited.

Efficiency rating	2020 CSA on Cost-effectiveness of projects (PEVs & CPEs)	2023 CSA on Cost-Effectiveness (CPEs)	Trend
1	22%	22%	=
2	53%	42%	↓
3	13%	28%	↑
4	11%	8%	↓
5	1%	1%	=

- **Regions:** The CSA on cost-effectiveness of projects found that the mean value in the regions was between 2.0 and 2.3. The differences were comparatively small. Two regions – the Mediterranean and Middle East and Asia/Pacific – had the poorest ratings and the Latin America/Caribbean region the best.
- **Sectors:** For the different sectors, the mean differed more widely and ranged from 1.6 to 3.5. However, it should be taken into account that the number of cases examined was sometimes very small and the rating should therefore be interpreted cautiously.
- **Project volume and duration:** The CSA on cost-effectiveness of projects concluded that project value had no influence on efficiency ratings. A very similar picture emerged for the project term. Statistically speaking, there was what is known as a zero correlation in both cases (−0.02 and 0.05, respectively).

In the CSA on cost-effectiveness of projects (Mainlevel, 2020), the Latin America/Caribbean region scored best, with an average efficiency rating of 2.0, and the Mediterranean and Middle East and Asia Pacific regions scored worst, with 2.3. The current study, CSA: Focus on cost-effectiveness, confirmed this trend (see section on regions).

Furthermore, the comparison shows that the difference in ratings for the thematic areas has become smaller, as has the range. The content of projects was evaluated by sector in the CSA on cost-effectiveness of projects. In this analysis, CSA: Focus on cost-effectiveness (2023), the corresponding evaluation was based on the BMZ core areas and areas of intervention that have since been introduced. The CSA on cost-effectiveness of projects showed a comparatively large variance between 1.6 and 3.5, with the water sector scoring best and the climate change sector worst. The sectors that can be assigned to BMZ's core area of peaceful and inclusive societies (see section on BMZ core areas) scored in the mid-range in terms of efficiency (2.0–3.0).

3.2 Analysis: efficiency of projects

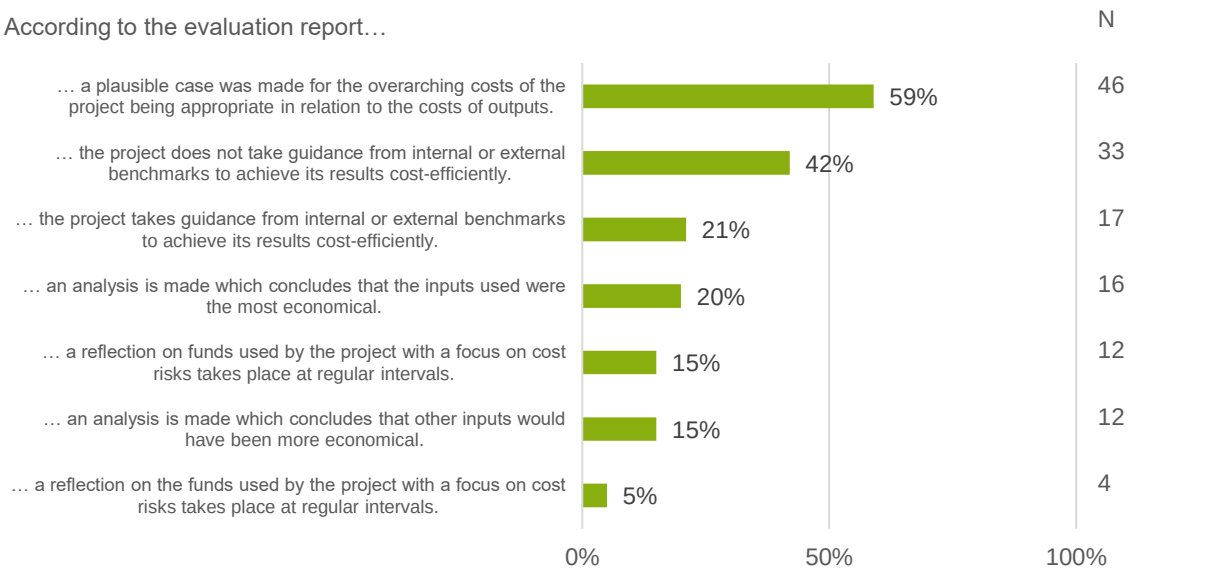
The aim of this qualitative analysis was to gain further insights into the efficiency of GIZ projects implemented on behalf of BMZ, looking in particular at the efficiency concept underlying the projects and the influencing factors. The aim was also to identify examples of good practice to provide a learning opportunity. In this section, the underlying efficiency concept is explored and further findings on the distribution of costs then described. The factors of success and failure constitute a key aspect, with a distinction being made between internal and external factors.

Projects' resource management

We looked first at resource management in the project and reviewed the underlying moments of reflection and the **efficiency concept**. Efficiency in German development cooperation can be understood primarily as centring on two principles: **cost minimisation** (economy) – achieve objectives with less – and **yield maximisation** – achieve more with the activities planned. Both are defined as guiding principles in German development cooperation, with the focus on maximising results.

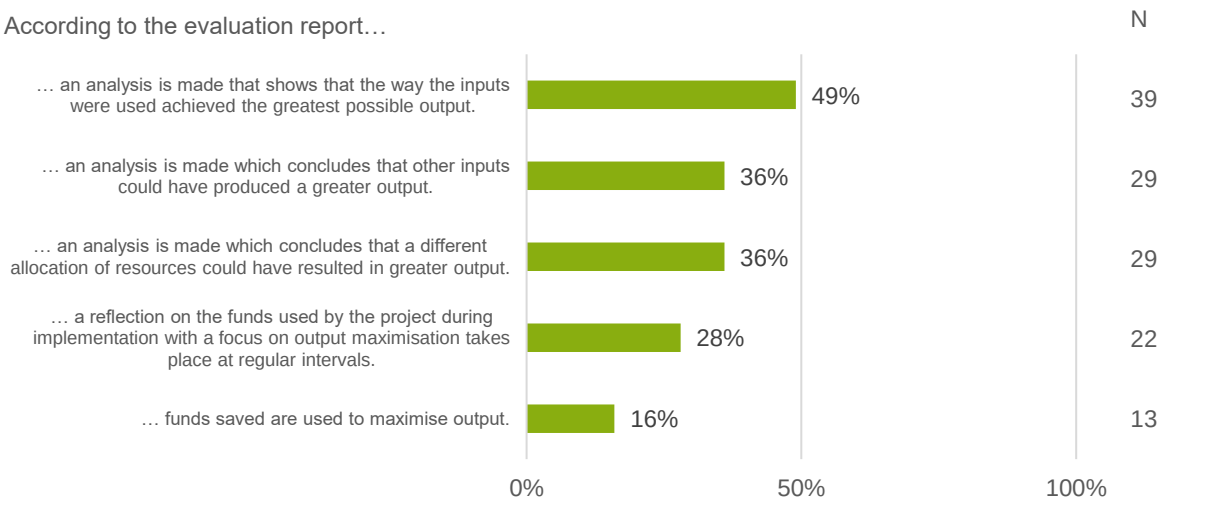
However, in the course of the qualitative analysis, it became clear that the CPE reports contained only limited information on a project's internal processes and resource management considerations. The focus of the efficiency analysis is more on the distribution of resources to the projects' outputs, on reallocation of resources in order to achieve objectives more efficiently and on the search for synergies (see Section 3.3). Reflecting on funds at regular intervals and using funds economically was mentioned in 20% of cases (15% with a focus on economy and 5% with a focus on cost risks; see Figure 24), while in less than one third of CPE reports, i.e. 28% (see Figure 26), it was reported that a regular review of funds was carried out with the aim of maximising output. Thus, in the CPE reports there was still potential for considering efficient (cost-minimising and result-maximising) use of resources. Examples of good resource management practice in projects are shown below in boxes.

Figure 24: Principle of cost minimisation



Source: Syspons (2023)

Figure 25: Principle of yield maximisation



Source: Syspons (2023)

At the same time, some projects took guidance on the use of resources from internal or external benchmarks. This most often occurred when there were predecessor projects or, in the case of cofinancing, projects in which other donors participated. In 21% of the CPE reports, the evaluation teams reported that the projects had used internal and/or external benchmarks to achieve their results cost-effectively (see Figure 24). Projects that used benchmarks belonged with above-average frequency to the following categories: there was a predecessor project (29% of projects with predecessor projects used standard benchmarks vs. 15% of projects without a predecessor project); they were in the bilateral project category (25% of bilateral projects used standard benchmarks vs. 16% of other project types); they were implemented in the Mediterranean and Middle East and/or sub-Saharan Africa region (36% of projects in the Mediterranean region and Middle East and/or sub-Saharan Africa used standard benchmarks vs. 10% of projects in other regions/supraregional programmes); and/or they were cofinanced (33% of the cofinanced projects used standard benchmarks vs. 18% of non-cofinanced projects). They were implemented with below-average frequency in fragile contexts (18% of projects in fragile contexts used standard benchmarks vs. 24% of projects

in non-fragile contexts) and they were not subject to KOMP (0% of projects where KOMP was mandatory used standard benchmarks vs. 25% of projects without KOMP). Furthermore, in many cases the projects were not allocated to a specific core area. Examples of these benchmarks are given in Section 3.3.

In interviews with commission managers of projects that were rated as particularly efficient, it became clear that the efficiency concept was to the fore, especially with a view to maximising results. This was expressed in the fact that moments of reflection were a particular priority. The efficiency concept and the corresponding moments of reflection were explored by the evaluation team in the deep dives. Commission managers of projects rated as particularly efficient confirmed that they aimed to maximise results. In this context, they also stated that they regularly reflected on the use of the funds and, where necessary, on reallocation with their project team but also with other projects in the country portfolio.

Figure 26: Good practice: Resource management in projects

Relationship between costs and objectives achievement

Good practice: Resource management in projects

Sustainable Rural Economic Development II (PRODES II) (PN 2016.2197.8). PRODES II was rated as particularly efficient and stood out for its **financial monitoring**, which **combined decentralised and centralised elements** as well as **regular moments of reflection**, and focused on **capacity development**. At the beginning of the project term, the project's commission manager suggested that the financial manager attend a GIZ training course on cost control in order to create a common understanding of financial monitoring and thus support the **efficiency concept** in the project. The project itself was based on a matrix organisation with different regions and components. The financial monitoring used a decentralised system to combine these. To do this, the local employees created Excel tables, which the commission manager merged and analysed on the basis of the efficiency concept underlying its results orientation. Partner contributions were also recorded and bundled for presentation to the partners when the opportunity arose, in order to clarify the underlying efficiency assumptions and impacts of their contributions.

Water Security and Climate Adaptation in Rural India (PN 2018.2052.1). This project stood out for its **cluster coordination** and the underlying concepts of **economy/results maximisation**. It became clear that cross-project planning had taken place in the Indian water sector, for example as part of an annual planning retreat attended by members of the water sector and two-monthly information and follow-up events, which promoted **reflection** on efficiency, including beyond day-to-day business. For example, to achieve results orientation, care was taken to ensure that studies produced could be shared in the cluster. Furthermore, the administrative staff were **deliberately involved in planning the project** (for example, in the operational planning). Prior to the planning meetings, the employees concerned prepared an analysis of the expenditure, which they presented to the other project members at the beginning of the meeting and which was used by them as input into the planning process.

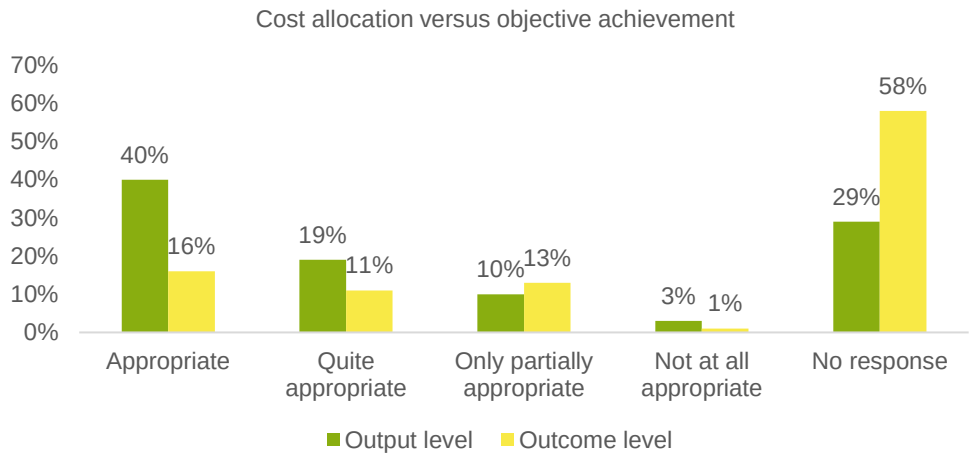
Given the limited resources and diverse needs in dynamic partner contexts, the efficient allocation of budgets is a critical factor for overall project success, and for efficiency and results maximisation. As part of the qualitative evaluation of the CPE reports, further insights were gained on how the relationship between costs and objectives was rated (at output and outcome level).

The relationship between overarching costs and output-level objectives was rated as appropriate in the majority of CPE reports. In 59% of CPE reports, a plausible case was made for the overarching costs of the project being appropriate in relation to the costs of outputs. These overarching costs include those that are relevant for the project implementation across all outputs, i.e. for the general management and administration of the project. The management/administration workload and costs may vary depending on the project's specific characteristics (e.g. structure) and context (e.g. agile, rapidly changing context that necessitates regular modifications to the project concept). In addition, the allocation of costs to overarching costs and/or to the different outputs depends on the commission managers and financial managers and may differ from one project to another. Finally, the assessment of appropriateness of allocation in the CPEs is based solely on the experience/judgement of the evaluation teams.

Looking at the narrative analysis of the relationship between inputs and outputs, it was found that one in three projects had potential for maximising results. Although 49% of the CPE reports that were considered showed that the inputs used achieved the highest possible output, 36% showed that a greater output could have been achieved with a different allocation of resources. Economy plays a more minor role in the assessment. For example, 20% of the CPE reports showed that the inputs used were the most economical; 15% showed that a different allocation of resources would have been more economical. At the same time, in 16% of the CPE reports considered, the evaluation teams reported that resources saved were used to maximise output (see Figure 25).

Furthermore, the CPEs also examined the rating of appropriateness of costs in relation to the achievement of objectives and outputs. The majority of the reports judged the relationship between allocation and current achievement of objectives to be appropriate. Generally speaking, this relationship was analysed in the CPEs more frequently at output level than at outcome level (module objective) (Figure 27). When considering cost allocation at output level, the costs for achieving the outputs were assessed as being largely appropriate in over 60% of the CPE reports reviewed (40% 'appropriate' and 19% 'quite appropriate'). They were considered to be 'only partially appropriate' in only 10% of the CPE reports and 'not appropriate' in only 3%. There was no information on the relationship between budget and objectives achievement in 29% of the CPE reports. However, at the outcome level, it is noticeable that the majority of CPE reports (58%) did not contain any details from the evaluation teams on the appropriateness of costs relative to the achievement of objectives. In cases where this relationship was considered, the overall picture was positive: for 27% of the projects considered, this relationship was predominantly rated as appropriate (16% 'appropriate' and 11% 'quite appropriate'). By contrast, 13% of the CPE reports rated it as only 'partially appropriate' and 1% rated it as 'not at all appropriate'.

Figure 27: Appropriateness of costs relative to achievement of objectives (broken down into output and outcome level)



Source: Syspons (2023)

Success and failure factors influencing efficiency

The qualitative analysis of the CPE reports also recorded which success and failure factors had a positive or negative effect on the efficiency of the projects. Both internal factors – relating to the project team, for example – and external factors such as context were surveyed. Identifying success and failure factors is crucial to improving efficiency. The categorisation of the factors was based, among other things, on the CSA on cost-effectiveness of projects (Mainlevel, 2020) with the aim of building on existing knowledge and achieving comparability. The Annex contains an overview of key questions for the projects that are used to operationalise the success factors identified in the CSA.

Internal success factors influencing the efficiency of projects

This CSA showed that internal factors – i.e. factors that can be influenced by the projects themselves, such as the project team, collaboration with the partner and use of synergies – were most often cited as decisive success factors influencing the efficiency of projects. This shows that GIZ, as the implementing organisation, and the projects themselves have a great degree of control over their own efficiency, despite the dynamic context. Unlike external factors, which the project cannot easily influence (see next section), this finding is positive, not least because it can be valuable for GIZ, as the implementing organisation, and for the projects, providing guidance on the project's management and activities.

Figure 28: Internal success factors influencing the efficiency of projects



Source: Syspons (2023)

Harnessing synergies with other GIZ projects or with other donor organisations was most often cited as a success factor in terms of the financial management of projects. This can be explained in relation to the underlying efficiency concept, according to which synergies have both cost-minimising and results-maximising effects. For example, 61% of the CPE reports listed synergies as a success factor influencing the efficiency of projects. This referred both to the use of synergies with measures implemented by other donor organisations (39%) and to the use of synergies within German development cooperation, i.e. with other measures implemented by GIZ (32%) or other actors in German technical and financial cooperation (19%), such as KfW and PTB. Results-oriented synergies are created, for example, through jointly conducted activities – such as when the same target group is addressed or the measures pursue similar objectives – or through sharing resources, for example knowledge products such as studies and courses. Interestingly, according to the qualitative data of the CPEs, more synergies were achieved with other donors than within German development cooperation. **Even if the projects performed well here, a more detailed analysis showed that the synergy potential, especially within German development cooperation, could have been exploited even more. This applies, for example, to synergies between technical cooperation and financial cooperation, which could be achieved through closer coordination with KfW.** As a matter of principle, synergies must be considered throughout the entire project cycle, from module proposals to project progress reports; networking within German development cooperation should be expanded.

In addition to the project itself, collaboration with the project partners is crucial for the efficiency of a project. This makes the project partner the most important factor for project implementation. According to the CPE reports, collaboration with the partner was a success factor in 57% of cases and covered various aspects. As well as being about joint management, i.e. sharing information and making joint decisions, it was also about joint funding of activities, i.e. provision of resources by the partners, with use of the project's resources being carefully targeted. The partner contributions included resources such as cash contributions and the provision of office space. Proximity to the partner and regular communication with them were also identified as factors that supported the efficient and results-oriented use of project resources and promoted partners' taking ownership.

Figure 29: Good practice: Joint management with partners

Good practice: Joint management with partners

Biodiversity Conservation in the Trans-Mexican Volcanic Belt (PN 2013.2161.1). Clarifying the distribution of tasks with the partner is considered a success factor for successful and efficient cooperation. A management agreement defined the common objective as well as the different tasks and responsibilities at operational level: while GIZ was responsible for providing expertise and capacity-building services, the agreement stated that the partner must contribute the main resources (ownership). According to the project, this was a decisive factor in ensuring that the partners contributed their resources and used them independently.

Support for Decentralisation and Poverty Reduction (ADLP III) (PN 2016.2252.1). The project's outstanding feature was its highly transparent annual planning with the partner system. All partners – right down to local level – were involved in the annual planning and monitoring of the project. The confidence in the partners and the transparency with regard to the funds available at GIZ meant that the partners saw the project, including the indicators, as 'their project'.

Equally important for the efficiency of the projects were factors that affect the project itself and/or the project team, especially with regard to management (structure), human resources and clear responsibilities within the team. Factors related to the project and its team were cited in 53% of the CPE reports. In 36% of cases, these were aspects of management and management structure that had a positive effect on efficiency. These included 'soft' components such as the personal characteristics of people in positions of responsibility – openness, flexibility and responsiveness, for example. They also referred to structures related to the project team, for example with regard to components. For example, 15% of CPE reports found that clear internal responsibilities were helpful in achieving efficient, results-oriented use of resources. Appropriate human resources within the team are a necessary part of this; they were cited as a relevant factor in 28% of the CPE reports, with reference being made, for example, to national and international experts combining necessary and complementary expertise. **Only 10% of the CPE reports noted that reflecting on this in the project team led to modifications and new decisions.** The qualitative evaluation revealed that there was potential for greater results maximisation (see the section on further findings on cost allocation), but that this potential was only partially reflected in specific modifications to the indicators or target values (for example in the form of modification offers).

The way in which activities were planned also had a positive impact on the efficient, results-oriented use of project resources in just under a third of cases (31%). Outsourcing activities and using lessons learned and participatory planning processes were cited as being relatively helpful, but a closer examination also revealed that there was still potential for optimisation here. Outsourcing activities to external service providers is a common practice based on GIZ's internal regulation that allows 25% of costs to be allocated to external consultants. In fact, the CPEs found that outsourcing could be advantageous, offering an opportunity to manage activities efficiently and effectively. However, the high costs (incurred, for example, by bringing in highly specific expertise) meant that particular emphasis was placed on impact. Outsourcing also made it possible to respond more quickly to local developments and partners' needs without unscheduled additions to the project team's workload (other than providing support in tendering and drafting contracts). It

was not possible to identify a clear trend in responses to the question of whether it is more efficient to outsource activities, entire outputs or pools of short-term and long-term experts. Using lessons learned from previous or similar projects also proved to be an internal success factor (14%). Close coordination with partners was flagged up as having a positive impact on efficiency. For example, 9% of CPE reports explicitly cited participatory planning of activities as a success factor. Using lessons learned (as described in the 2022 CSA Synchronisation of Planning, Monitoring and Evaluation (Syspons, 2022a)) and participatory planning processes were cited by the evaluation teams in comparatively few CPE reports. More extensive use could be made of these and they could incorporate the experiences of stakeholders.

By contrast, the project's own results-based monitoring was cited as a success factor influencing efficiency in only 18% of the CPE reports. Sufficient resources for monitoring and evaluation (M&E) are a key requirement if monitoring the project is to impact positively on efficiency. The commission managers of selected projects that were rated as particularly efficient also confirmed that there must be a common understanding in the team of a results-oriented way of working and a belief that monitoring is relevant (and not just a chore that has to be performed). However, they also pointed out that M&E comes at a cost if it is to act as a success factor. In their experience, it is therefore a good idea to list the costs associated with monitoring transparently and to include them in the project budget in the same way as other project activities. The relevance of resources for M&E and the promotion of organisational learning processes has already been demonstrated in the CSA Synchronisation of Planning, Monitoring and Evaluation (Syspons, 2022a). The second most important factor in increasing the efficiency of projects is that the modifications and decisions are made on the basis of this M&E system. Thus, a monitoring system is essential for efficient project management.

The qualitative evaluation has shown that greater attention must be paid to analysing how project funds and internal project risk management can be used in a cost-minimising and results-maximising way; this was considered in only 14% of cases. The qualitative evaluation also revealed that considering the cost-minimising and results-maximising use of project funds was seen as a success factor in only 14% of cases. This is a pointer for the Evaluation Unit, indicating that the evaluation teams should take more account of project-internal reflection processes. It also shows that the project teams need to be made more aware of the relevance of explicit reflection processes.

Figure 30: Good practice: Adjustments made due to COVID-19

Good practice: Responding flexibly and switching to online training during the COVID-19 pandemic

Good practice: Promoting Youth Employment in Rural Areas, Morocco (PN 2017.2109.1). At the onset of the COVID-19 pandemic, during a fairly strict lockdown, the project was able to quickly move its advisory services and training courses for young people **online**. The necessary technical equipment, such as tablets and smart phones, was quickly procured and distributed to the young people in the provinces. This meant that the activities could be implemented more cost-effectively and also enabled the project to reach a larger target group. More women took part, for example, as the barriers to participation were lower.

Cluster management was not statistically relevant in this analysis (6%) due to the small number of responses in the CPE reports. However, given the small number of responses, it can also be concluded that not many projects evaluated in CPEs have cluster solutions (yet) and that this could change in future analyses. **Cluster** approaches have their origin in economic development and are also used at GIZ, at organisational level, for example. They include sharing vehicles, human resources and financial responsibilities. The few qualitative data available show that sharing support services of this kind was described in the CPEs as being very positive for efficiency, since it lowers the costs for individual projects in the cluster and means that a high level of expertise is available. Figure 26 shows an example of good practice in using this approach. **For these reasons, cluster solutions should not be regarded as negligible success factors: their increasing prevalence means that they have potential for the future.**

Allocation of costs to project outputs was also not statistically relevant in this analysis (6%) due to the small number of responses in the CPE reports. The ongoing KOMP procedure for new projects was not introduced until 2019 and was only gradually adopted for ongoing projects. Accordingly, there is currently a sample of only eight KOMP projects in the CPE reports (of which six are pilot KOMP projects and two are projects with mandatory KOMP). This sample produced a very mixed picture for the efficiency criterion, which received ratings of 1 to 5. The mean value for the KOMP projects is 2.87, which shows that these projects performed worse in terms of efficiency than all projects (mean value 2.19). However, the informative value is limited, since the sample was very small. In the context of this CSA, the evaluation team discussed the **ongoing cost-output allocation** in the deep dives with the commission managers of particularly efficient projects and projects selected as pilot KOMP projects. The commission managers' opinions to date of KOMP, as a new standard in project implementation, and its impact on the efficiency of the projects also varied greatly (see Figure 32, KOMP – not (yet) a success factor?). KOMP's impact on efficiency should be analysed in more detail in future studies using larger samples.

Comparison of internal success factors with the findings of the CSA on cost-effectiveness of projects (Mainlevel, 2020)

The success factors identified in the CSA on cost-effectiveness of projects (Mainlevel, 2020) and this CSA: Focus on cost-effectiveness (2023) are listed side by side for comparison in Table 3. It can be seen that there have been no major changes in the relevance of the success factors. However, it should be stressed that comparability with the 2020 CSA is limited by the fact that it primarily used decentralised PEVs and only a small number of CPEs as its data set and that it did not look at failure factors. The categorisation of the factors was also based on the 2020 CSA cost-effectiveness of projects (Mainlevel 2020), although some criteria were bundled.

The analysis showed that the success factors have not changed over time. This CSA used the ranking in the CSA cost-effectiveness of projects (2020) to produce Table 3 on trends over time. The more frequently a factor was mentioned in the reports, the more important it was. Examples of individual trends include the fact that certain criteria in the CSA on cost-effectiveness of projects (2020) were classified as 'important' and in the CSA: Focus on cost-effectiveness (2023) as 'very important', or vice versa. However, since the two analyses are comparable to only a limited extent, the validity of these differences is similarly limited.

Table 3: Comparison of success factors: Findings of the CSA on cost-effectiveness of projects (2020)

Ranking	2020 CSA on cost-effectiveness of projects (PEVs and CPEs)	2023 CSA: Focus on cost-effectiveness (CPEs)
Very important	✓ Using lessons learned **✓ Using a monitoring system** ✓ Harnessing synergies **✓ Favourableness of decisions** ✓ Responsibilities in the stakeholder setting **✓ Risk reduction measures**	✓ Harnessing synergies ✓ Collaboration with the partner (joint management, proximity) ✓ Project/project team (e.g. management, responsibilities, knowledge management) ✓ Planning activities (e.g. lessons learned, participatory planning)
Important	✓ Participatory planning ✓ Ongoing knowledge management ✓ Human resources management ✓ Partner management and partner proximity	**✓ Monitoring the project (resources, modifications)** ✓ Reflection within the project **✓ Risk management measures**
Significant	✓ Findings from previous studies **✓ Cost allocation**	✓ Cluster management (sharing administrative resources and financial responsibilities) **✓ Cost allocation**

Internal failure factors influencing the efficiency of projects

Internal factors are rarely considered to be factors of failure; they are usually regarded as factors of success. However, for the most relevant factors, the picture is similar to the one for success factors because in both cases the measures that received the highest ratings were those that related to the project or project team and collaboration with the partner.

Figure 31: Internal failure factors influencing the efficiency of projects



Source: Syspons (2023)

When looking at internal factors that have had a negative impact on efficient and results-oriented use of project resources, the CPE reports most frequently cited aspects related to the project or project team. This was the case for 41% of the CPE reports considered. They were mostly concerned with poor management and management structures, along with inadequate human resources; unclear responsibilities played a minor role. The specific criticisms of the evaluation teams were very diverse and concerned aspects such as high management costs; complex internal coordination processes; high turnover in the project team; slowness to adapt due to bureaucratic processes (in recruitment, for example); excessive workload for existing employees; and shortcomings in monitoring project costs (see also the section on monitoring). In this connection, **the CPE teams** made a number of **recommendations** to the projects/project teams aimed at increasing the efficiency of the project. The project or project team was the most frequently cited item among the recommendations for improving efficiency (48%).

In addition, in one third of the projects it was found that inadequate collaboration with project partners was a factor of failure influencing the efficiency of the project. For example, 29% of the CPE reports pointed out that collaboration should be improved, either by the project team or by GIZ itself as the implementing organisation. **Administrative obstacles to cooperation activities, which ultimately resulted in delayed implementation of the measures, were also frequently flagged up.** For example, several projects had experienced considerable waiting times due to bureaucratic processes within GIZ, which included processing and disbursing funds for partner organisations. This delayed the implementation of measures, which had a negative effect on the efficiency of the projects regarding whether they had been ‘implemented with the specified resources in the specified time’. There were also shortcomings/delays on the part of the project partners, which reduced the efficiency of project implementation; however, it is very difficult for the project teams to influence this.

Inadequate systems for monitoring the project management were also identified as a failure factor (20% of the CPE reports). A closer look at the data shows that this was especially the case when there was insufficient human resources capacity for M&E. The evaluation teams also cited the failure to make adjustments to the project concept or decisions based on insights from the monitoring system. Monitoring systems were in place and were used for operational planning and reporting. However, there was no evidence that the M&E systems and the data they generated were also used to make results-based decisions within the projects, for example for the reallocation of resources across individual outputs or activities.

With regard to the allocation of costs to the outputs of the projects, the qualitative evaluation painted a mixed picture. For example, the evaluation teams assessed the non-use of KOMP/Onsite as an internal failure factor to some extent. At the same time, the commission managers of the pilot KOMP projects pointed out in the deep dives that KOMP has a number of weaknesses in terms of efficient cost allocation (see Figure 32).

Figure 32: KOMP/cost allocation – not (yet) a success factor?

KOMP/cost allocation – not (yet) a success factor?

In 2019, GIZ introduced a new costs per output monitoring and forecast system (KOMP), in which all costs are allocated to the planned project outputs on an ongoing basis. Following a number of pilot projects, KOMP became mandatory for all projects from 2020. Part of the remit of this CSA on efficiency was to consider the extent to which KOMP affects the efficient use of resources by the projects. KOMP was therefore addressed with commission managers of selected KOMP projects, both in the analysis of the CPE reports and in the deep dives. A **mixed picture** emerged. On the one hand, some projects found KOMP useful for resource management. In some cases, they had not used the KOMP tools for regular auditing and reflection, but had developed Excel-based tools that corresponded to the cost per output allocation and were then fed into KOMP. On the other hand, the projects highlighted that this increased the time spent on allocation and that they did not have sufficient human resources to do it. They therefore saw KOMP more as an obstacle to working efficiently and used it exclusively for reporting purposes (only because it is mandatory). In order to rule out lack of knowledge about KOMP as an obstacle, additional questions were also asked about the support available for using KOMP. All interviewees explained that they were satisfied with the support service. In order for KOMP to become a success factor, the above-mentioned hurdles must be removed and, in particular, sufficient human resources must be made available.

Figure 33: Recommendations by the CPE teams

Recommendations by the CPE teams

Looking at the CPEs' recommendation sections overall, it is noticeable that the majority of recommendations were not concerned specifically with the issue of efficiency, but primarily with other OECD DAC criteria. In cases where the evaluation teams made a recommendation on improving efficiency, they concurred with the **most relevant internal failure factors** identified in this CSA. Most of the recommendations on increasing efficiency were directed at the **project/project team (48%), collaboration with the partner (46%), planning activities (30%) and harnessing synergies (28%)**.

- **Project/project team:** The recommendations of the CPE teams on improving efficiency referred, for example, to longer-term planning, clear communication within the team and more internal transparency about available project funds. This is in line with the need to establish clear responsibilities and to reflect regularly on efficient use of resources.
- **Collaboration with partners:** A recommendation on improving efficiency by the CPE teams said that sustainably strengthening local capacities should be the focus of partnership projects. This could ultimately help to prevent efficiency deficits on the partner side.
- **Synergies/duplications:** The CPE teams' recommendations referred to the failure to harness synergies or even to redundant donor interventions. The evaluation teams therefore recommended closer coordination and a clearer division of tasks. This is also in line with the findings of the present CSA that lack of synergies is a relevant internal factor for failure.
- **Monitoring:** The CPE teams' recommendations targeted improving efficiency through monitoring. For example, it was recommended that greater use be made of the potential of M&E tools to monitor results and efficiency, as well as to manage resources. In future, indicators being clearly exceeded should result in transparent responses in project management, for example diverting resources to previously less successful project areas or setting more ambitious target values for the indicators. This is also in line with the findings of this CSA with regard to weaknesses in monitoring and thoughts on improving efficiency.
- **KOMP:** The recommendations of the CPE teams addressed KOMP. For example, it was recommended that one project use the KOMP tool to continuously update the distribution of its resources (especially its human resources) during the implementation of the project. The idea was that this would support adequate financial management and help efficiency ratings. GIZ was also recommended to review its training courses for KOMP. However, this CSA, and in particular the deep dives, were not able to confirm this. On the contrary, the respondents rated the support available for GIZ employees as helpful or adequate.

External factors of failure and success influencing the efficiency of projects

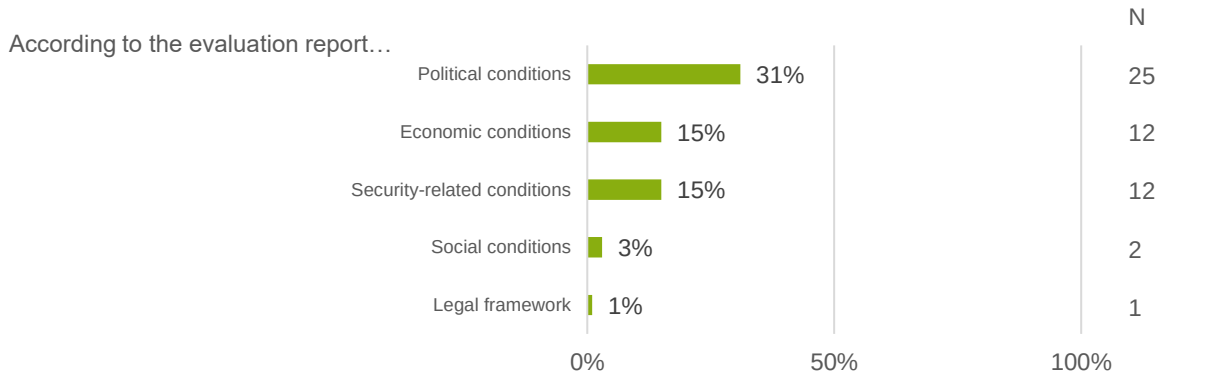
In addition to internal factors, external factors were considered. They are general conditions that affect the projects and their environment; projects can respond to them to only a limited extent.

When external factors were mentioned in the CPE reports, it was usually because they had had a negative influence. Meanwhile, positive external success factors that were beneficial to the project were very rarely mentioned. However, the informative value of this observation is limited, since it may stem from a bias on the part of the evaluation teams, i.e. that they predominantly describe the striking factors that

have a negative influence and, by contrast, neglect the normal or positive framework conditions.

A closer look reveals that negative external factors of failure were most often cited in CPE reports to explain why project implementation and efficiency had been severely impaired. The greatest negative influences on projects included **political factors** (e.g. lack of interest on the part of state actors)**, security-related factors** (e.g. high security costs and associated high travel costs or rescheduling, Risk Management Office and remote management of the project) and **economic factors** (e.g. high rate of inflation). The impacts of the COVID-19 pandemic, such as supply chain disruptions and price increases, and **precautionary measures necessitated by the pandemic**, were also considered to be particularly strong negative factors, causing problems such as limited human resources during the pandemic or the need to re-plan activities.

Figure 34: External failure factors influencing the efficiency of projects



Source: Syspons (2023)

Positive factors influencing efficiency were described in only a few individual cases. They included favourable political conditions, political support, favourable economic factors, such as a partnership with the private sector, and other beneficial conditions that facilitated efficiency gains due to the pandemic (in particular as a result of online communication and cost savings).

Sustainability and efficiency

The qualitative analysis of the CPE reports showed that environmental sustainability considerations have not, to date, been cited in connection with efficiency. None of the reports examined indicated that the project and evaluation teams took environmental aspects into account when considering efficiency. This is not surprising, since this aspect is not a specification within either project management or CPEs. However, environmental considerations in resource planning and use, and thus also in evaluation, could become more important in future. They could include, for example, the question of whether new school buildings in partner countries will in future be equipped with generators or photovoltaic (PV) systems. Installing a PV system would reduce municipalities' energy costs and at the same time have an educational effect. The investment needed would place a greater strain on the project budget in the short term. In the long term, however, the decision to choose a PV system would have positive effects for GIZ's partner countries (for example lower energy costs and climate change mitigation).

3.3 Efficiency analyses

In a second step, the CPE reports were also studied with regard to the methodology and description of the efficiency analysis. Examples of good practice in analysing efficiency were compiled. In this section, the systems used to perform the efficiency analyses are considered, followed by their description and finally their limitations. Towards the end of the section, efficiency analyses are compared with proven international practice.

Systematic methodology

The following findings of the CSA show that very positive results and thus also positive developments have been seen in recent years with regard to the systematic methodology used to perform efficiency analyses. In Syspons' meta-evaluation of decentralised PEVs (Syspons, 2016), efficiency was the criterion that scored worst in terms of methodology. Analysis and evaluation of the efficiency criterion was considered adequate in only 28% of the PEVs examined. At the time, it was noticeable that the reports had not adequately dealt with the selection of methods for measuring efficiency and that production and allocation efficiency were not always systematically recorded. Potential for refining efficiency analysis is discussed in more detail in the recommendations for action.

According to the authors of the CSA, all the efficiency analyses examined as part of the CPEs used the follow-the-money approach. In some cases, elements of alternative methods and benchmarks had been added to this systematic approach. This was the case in 10% of the qualitatively evaluated CPE reports and was intended to ensure comparability across the analyses. With regard to efficiency dimensions, alternative methods and benchmarks in dimension 1 (production efficiency) were used to consider costs at the output level.

The analysis has shown that various types of benchmarks were used. How the benchmarks were used for the purpose of efficiency analysis depended on the project and context in question. For example, some evaluation teams tried to calculate unit costs for building a school or creating jobs. The advantage of benchmarks and unit costs is that they allow the project's outputs and outcomes to be compared with similar interventions in the sector, region or other donor organisations. However, they are feasible and practicable to varying degrees depending on the context and other specific characteristics, such as what sector the project belongs to. For example, the qualitative evaluation of the CPE efficiency analyses showed that the type of intended project results and the degree to which they could be quantified had a major influence on the possible use of benchmarks/unit costs. This made it easier to compare the cost of job creation or electrifying rural areas with the same kind of costs in other projects. However, costs in the field of governance or the rule of law, incurred, for example, by the process of adopting policy documents, would be much more complex and therefore more difficult to identify. Some CPEs explicitly stated that because of the uniqueness of the approach used in the regional context, it was not possible to refer to benchmarks/unit costs of other initiatives.

Figure 35: An example of quantitative benchmarks

An example of quantitative benchmarks

Promotion of Rural Electrification through Renewable Energies (PN 2014.2281.5). This intervention was able to compare the quantitative results of the project in the field of rural electrification with specific **international benchmarks** such as the Energising Development partnership (EnDev, funded by many donors, including BMZ). Benchmarks for the **outcome and programme levels** were used: the results at outcome level ('With a budget of EUR 100,000 from PERER, private investment of EUR 9.2 million is acquired, which significantly exceeds the EnDev benchmark (EUR 200,000)') and at programme level (results level, every euro from the project budget generates 0.0002454 MW, for example).

Furthermore, some CPE reports stated that the evaluation teams mentioned methodologies or concepts for performing efficiency analyses, but did not explicitly or comprehensibly implement them. It was also evident that some of the evaluation teams did not follow the instructions in the annotated templates. For example, an evaluation team stated that the best value-for-money (VfM) approach[22] was taken into account when procuring and using local services, but the subsequent efficiency analysis showed no evidence of this. Another evaluation team did not distinguish between the different efficiency dimensions and wrote a subsection that did not show any delineation between the dimensions. Nevertheless, there are very few cases like this in the qualitative evaluation (about 10% of the reports), which is partly thanks to the quality assurance system of GIZ's Evaluation Unit.

When considering methodology, the efficiency concept on which the evaluation teams based their analysis was also taken into account. It became clear that in their efficiency analyses, the evaluation teams focused more on maximising results than on cost savings. Since BMZ's evaluation criteria were updated in 2021, the principle of cost minimisation and yield maximisation are examined together in the CPEs. While 73% of the CPE reports analysed efficiency in terms of yield maximisation, only 33% considered the cost savings aspect of cost minimisation.

Description of the efficiency analyses

Another question considered when evaluating the efficiency analyses in the CPE reports was whether the evaluation teams used a **graphical** or **narrative** form of description. How they depicted the **efficiency score** was also noted.

The majority of the CPE reports contained graphical representations, such as pie charts and tables, or narrative examples to illustrate the efficiency analysis. Images were used in 85% of the CPE reports. Most of these were screen shots of the cockpit of GIZ's efficiency tool (see Figure 36) or pie charts depicting cost per output. Some evaluation teams also used tables they had produced themselves. In addition, in 90% of the CPE reports the findings of the efficiency analysis were further elaborated or substantiated by examples.

The ratings of the OECD DAC criteria in the CPE reports uses a scoring system on a scale of 0 to 100. When evaluating the efficiency analyses, it became clear that the awarding of these scores was implicitly or explicitly described in most CPE reports. This was the case for 75% of the CPE reports considered. However, it also became clear that only a few CPE reports explicitly mentioned in the text that points had been deducted (for example, 'Given the importance of the scalability of the results for the efficiency of the project, three points were deducted'). For the remaining 25% of the CPE reports, the evaluators of this CSA: Focus on cost-effectiveness were unable to understand how the evaluation teams arrived at their scores. This detracted from the transparency of the evaluations.

[22] Vfm is an approach that compares the monetary costs of an outcome with the quality and/or benefits of that outcome, taking into account subjective factors such as appropriateness and costs throughout the life cycle (e.g. maintenance and disposal) (UKAid, 2019).

Figure 36: Example of a cockpit from the efficiency tool

Module objective	The livelihoods of returnees, internally displaced persons and the local population in selected host communities have improved				
BMZ costs (Sum of individual costs)	19.183.681,45 €				
Co-financing	0,00 €				
Partner inputs	0,00 €				
Total costs	**19.183.681,45 €**				
Residual funds (BMZ costs and co-financing)	1.684.290,49 €				
Module objective indicators	Surveys by the market committees show that 4,500 of the approximately 370,000 people in the city of Kismayo use the additional market structures within walking distance to buy groceries every week.	560 (of which 280 are women) out of 1,300 participants in non-formal training courses, courses in entrepreneurial activity, state that the measures taken improved their life situation.	2 out of 4 recommendations on the strengthening of social cohesion developed by the participants of the Dialogue Forum, were implemented by JUCRI.	250 (out of which 75 men) from 350 people confirm the knowledge and use of two helpful coping strategies to reduce their stress levels.	200 out of 250 participants in awareness-raising on women's rights are better acquainted with their fundamental rights and with governmental and non-governmental contact and advice centres for women.
Achievement	112%	137%	100%	34%	71%

	Output A	Output B	Output C	Output D	Output E
Outputs	Social and economic infrastructure is functional.	The conditions for returnees, internally displaced persons and local people to earn their own income have improved.	JUCRI, JMoH, Construction, Commerce, Health as well as the JMoG, are able to better fulfill their respective roles in the (re-) integration of returnees and internally displaced persons.	Returnees, internally displaced people and local people have access to psycho- social support services.	The population of Kismayo has access to short term offers to reinforce their re- silience against COVID 19
Costs incl. commitment (Obligo)	4.780.785,89 €	6.940.146,24 €	5.006.750,90 €	1.210.538,42 €	1.245.460,01 €
Co-financing	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
Partner inputs	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
Total costs	**4.780.785,89 €**	**6.940.146,24 €**	**5.006.750,90 €**	**1.210.538,42 €**	**1.245.460,01 €**
Total costs in %	**25%**	**36%**	**26%**	**6%**	**6%**
BMZ total costs in % without co-financing	**25%**	**36%**	**26%**	**6%**	**6%**

Limitations

In the CPEs examined, the evaluation teams referred to some limitations regarding the quality of data used for the efficiency analysis. For example, 31% of the CPE reports identified limitations in data collection, such as low response rates for interviews on efficiency, the small number of interviewees, or the project's financial manager not being available. The quality of data was criticised in 21% of the cases; for example, the evaluation teams indicated that the quality of the data provided by the project was inadequate or had gaps. This is particularly relevant for non-KOMP projects, since the data was reconstructed using plausible assumptions by the evaluation team and the project team, and the costs were allocated to outputs retrospectively. Limitations in the interpretation of the data were found in 28% of the CPE reports. For example, the lack of benchmarks to compare the efficiency of the measure as a whole (cost/benefit analysis) was noted. Furthermore, it was not possible to construct the budget retrospectively in some cases, since the progress reports did not contain information on annual budget planning. Although this was not mentioned in the CPE reports due to the low number of KOMP projects, it is a plausible possibility that data quality will improve as a result of KOMP reporting.

Positioning in an international comparison

An overview of the approaches and methods used by selected international donor organisations was compiled in order to gain insights about how CPE efficiency analyses could be improved. These organisations are: Austrian Development Agency, Swiss Agency for Development and Cooperation, Australian Department of Foreign Affairs and Trade, United Kingdom Foreign, Commonwealth and Development Office (FCDO), Independent Evaluation Group of the World Bank Group, Norwegian Agency for Development, Swedish International Development Agency and United States Agency for International Development. As part of this CSA, we performed a document analysis of selected evaluation reports of these donors (two per donor) and carried out supplementary individual interviews (subject to the availability of the contact persons). However, the information provided is not comprehensive; its purpose is simply to position GIZ in an international comparison and provide guidance.

It was found that although the other donor organisations base their evaluations on the OECD DAC criteria, they do not take all criteria into account. The selection of evaluation criteria is based on the specific insights the organisation in question hopes to obtain. The reports indicated that the focus was not on efficiency, but mostly on other evaluation criteria such as achievement of objectives, i.e. effectiveness or impact. A supplementary interview produced the additional information that this focus also reflected the insight that the institution in question was seeking to gain. In the case of one efficiency analysis, the interviews revealed that the donor had given no specific instructions; the methodology was left to the evaluation teams.

When the efficiency criterion was considered, the efficiency analysis was usually based on a descriptive evaluation and the corresponding section was often relatively short. The majority of the efficiency analyses were based on the question of the extent to which the objectives set could be achieved within the specified term and with the agreed project funds; their analysis was purely descriptive. The efficiency analyses carried out by FCDO and the Australian Department of Foreign Affairs and Trade performed somewhat better, as they included elements of the VfM approach,[23] which links efficiency with cost savings and maximisation of results and, in describing value for money per output, comes closest to discussing cost per output. Reflection on efficiency or management decisions in the project was not systematically considered. Selected FCDO evaluation reports referred to benchmarks (see examples of efficiency analyses by other donors, Figure 37). The methodology of the donors and reports following the VfM approach are also based on a descriptive expert opinion.

The analysis of where GIZ's CPEs are positioned shows that GIZ is the only international donor organisation with a statutory requirement to carry out a systematic efficiency analysis. According to Palenberg (2011), GIZ's systematic efficiency analysis, which is based on the follow-the-money approach and in which the costs per output are analysed by an efficiency tool, can be classified as level 1 and thus ahead of the analyses of international donors. The reports of other donor organisations are positioned on level 0 as a result of their use of expert opinions and their descriptive nature (see Section 1). Reports without an efficiency analysis lie outside the scale defined by Palenberg.

[23] VfM is a concept used when reviewing the cost-effectiveness of public spending. It is about maximising the impact of every euro of tax revenue spent.

Figure 37: Examples of efficiency analyses by other donors

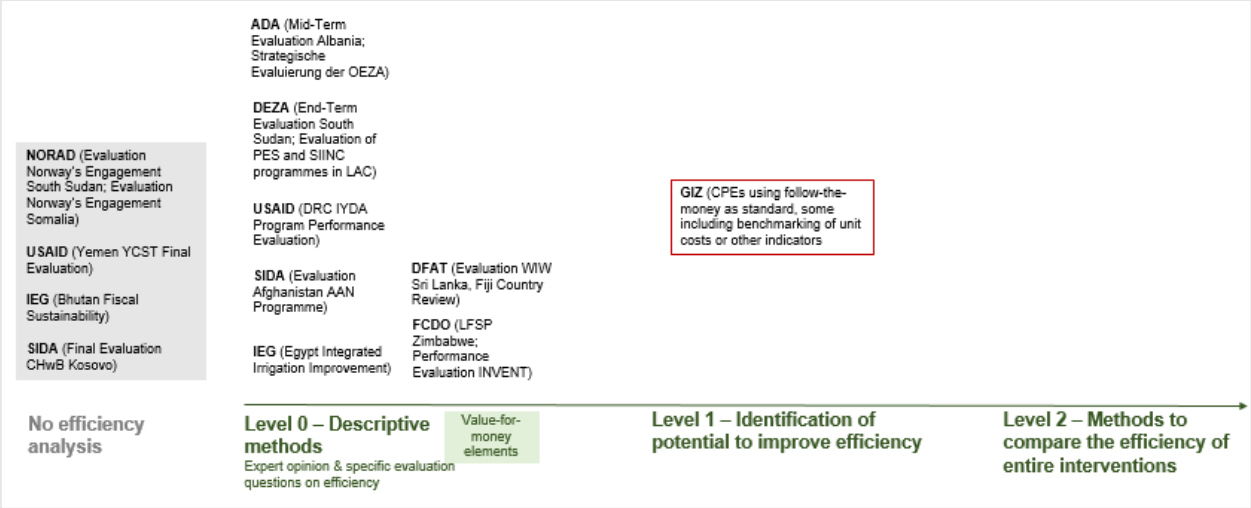
Examples of efficiency analyses by other donors

- **Swedish International Development Agency: Evaluation of the Afghanistan Analysts Network's (AAN) Programme 2020–2024 (December 2022)**
  'Efficiency evaluation question 7: To what extent has the intervention delivered, or is likely to deliver, results in an economic and timely way? Nevertheless, AAN has to a fairly high extent managed to deliver key outputs in a timely manner. In relation to its research and analysis work, AAN has continued to produce high quality outputs, albeit to a lower extent and somewhat higher cost than expected when the programme was designed. […] As for the organisation's individual costs the evaluation team has not detected any costs that are inappropriate compared to those of other similar organisations.'

- **FCDO Zimbabwe Livelihoods and Food Security Programme (LFSP) (December 2021)**
  An example of how the VfM indicators refer to benchmarks:

Indicator	Performance	Commentary
Economy		
*#**2**: APN/MD Administrative/programme cost ratio (APN+MD)*	**Achievement: APN** 14 per cent (June 2019 - May 2020) *APN target: 16 per cent May 2020* *Achievement: MD 26 per cent* *Target of 30 per cent*	APN recorded a 14 per cent admin – programme cost ratio for June 2019 to May 2020, against a target of 16 per cent. MD achieved a cumulative admin to programme cost ratio of 26 per cent against a target of less than 30 per cent.
Efficiency		
*#**4**: Value of financial services/TA value at a given point in time (APN only)*	**Achievement: 17:1** *May 2020 target: 16:1*	In this period APN recorded a figure of 17.1: The indicator captures the effectiveness of the spend on TA by measuring the ratio of the value of financial services (credit) created against the value of spend on technical assistance to partner financial institutions.
Effectiveness		
*#**11**: Ratio of female to male individuals benefiting from the programme (APN)*	**Achievement: 61 per cent** as at May 2020. *Target: 58 per cent*	APN trained a total of **263,249** farmers (160,581) women and 102,668 men on a variety of capacity building initiatives.

Figure 38: Overview of reports in international comparison (based on Palenberg)



Source: Syspons (2023)

4 Conclusions and recommendations

Based on the insights of the quantitative analysis described and the qualitative review, the following conclusions can be drawn.

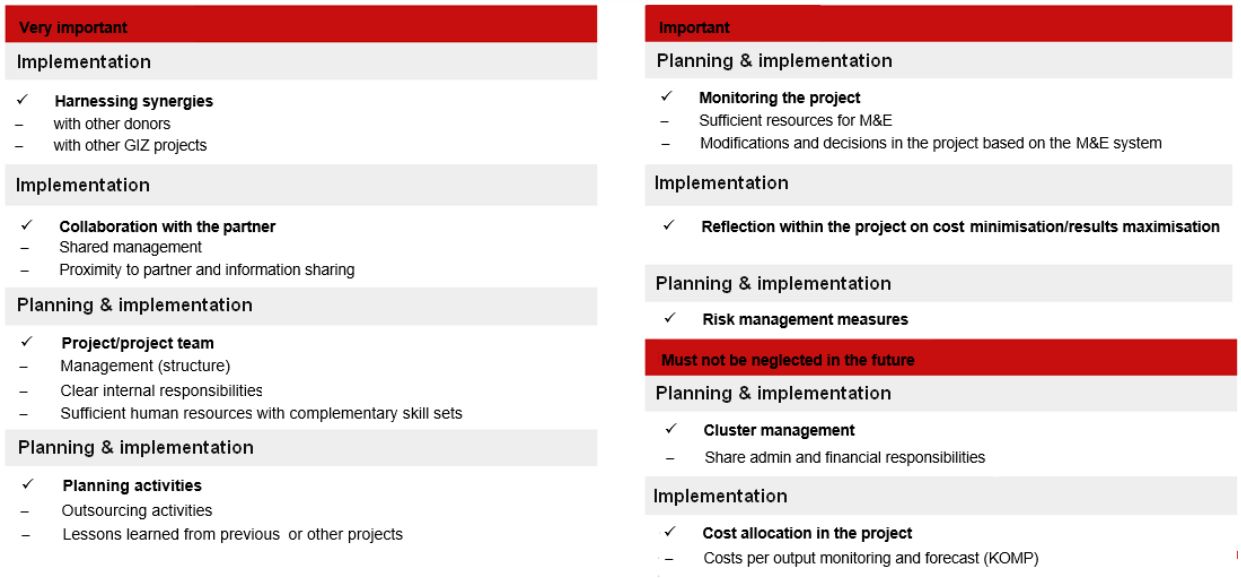
Conclusions

GIZ plays a leading role in its analysis of efficiency, standing out internationally with its systematic approach to CPE standards. Standards such as 'follow the money' could gradually increase the analytical depth and quality of the efficiency section in the CPE reports. This makes the rating of efficiency relatively robust compared with descriptive efficiency analyses and also makes it possible to identify potential for improving efficiency.

The rating also shows that the projects achieved overall positive scores and also scored well on efficiency. **The statistical analysis (regression analysis) shows a significantly positive correlation between the efficiency score and the overall score for GIZ projects implemented on behalf of BMZ**. Thus, the better a project performs in terms of efficiency, the higher its overall rating. Overall, this observation underlines the relevance of the efficiency criterion for the overall success of projects.

Internal factors, i.e. factors that the projects can influence, such as the allocation of clear responsibilities within the project team, close collaboration with the partner, and use of synergies, were identified as decisive success factors for efficient projects. Interestingly, the project team and collaboration with the partner also pose the greatest risks because they can be a factor of failure and have a negative impact on efficiency. The Annex contains an overview of key questions for the projects that operationalise the success factors identified in the CSA.

Figure 39: Success factors for efficient projects



Despite its positive summary, the CSA showed that GIZ, as an implementing organisation, **has the potential to continuously improve on two levels, namely the efficiency of its projects and its efficiency analyses**. This is considered in more detail in the recommendations for action in the next section.

4.1 Recommendations for action: efficiency of projects

On the basis of the specific findings and recommendations of this evaluation, the evaluation team makes the following recommendations.

Integrated financial management and project management

We recommend that projects closely link management decisions with financial management during project implementation. This CSA has shown that the outstanding features of efficient projects were a close connection and regular meetings between financial managers, M&E and commission managers, in which the monitoring system was reviewed and possible adjustments with regard to the efficiency concept were discussed. Although many projects described KOMP as initially very resource-intensive, the potential of this concept can be leveraged at a later date. Projects must factor appropriate resources into their planning, and must understand and apply KOMP as a management tool. The benefit of KOMP for projects is significantly increased when it is linked to results monitoring data, as this focuses on both types of management-relevant data (project funds and the actual achievement of objectives).

We recommend that projects invest sufficient resources in results monitoring, cost monitoring and reflection within the project. This CSA has found monitoring systems and regular reflection to be key success factors. That said, the monitoring data must be evaluated not only in terms of the results themselves (i.e. achievement of objectives), but also with regard to cost-minimising and results-maximising use of project funds. In order for monitoring to contribute to the success of the project or future projects, sufficient funds must be set aside during budget planning and sufficient time must be allowed for during implementation.

Partner management

We recommend that projects invest in partner management and joint management with the partner. This CSA has shown that, depending on how it is organised in each case, collaboration with the partner can be both a significant success factor and a significant failure factor. This underlines just how relevant collaboration is. The examples of good practice identified are a source of motivation and show that clarifying tasks and responsibilities in conjunction with partners and drawing up an appropriate management agreement contribute significantly to efficient management and ownership. Furthermore, transparent annual planning with the partner system that pays attention to the local level can increase trust, transparency and ownership.

Synergies within German development cooperation

We recommend that projects promote synergies with other GIZ projects and donor organisations as a way of improving their efficiency. This CSA has clearly shown that the creation of synergies is a decisive success factor in projects' efficient use of funds. Conversely, it was also observed that a lack of synergies was regarded in the CPEs as a factor negatively affecting the efficiency of the projects assessed. Synergies can be achieved at different levels of objective achievement (output, outcome and impact level) and with other actors in the field of German and international (financial and technical) cooperation. They can also be achieved in the form of joint activities, specific agreements within the framework of donor coordination meetings, and shared use of knowledge products.

We recommend that projects invest in cluster management in order to make the best use of synergies within GIZ. This CSA has shown that if cluster management is in place, it can often make a decisive contribution to increasing project efficiency. Administrative and financial processes result in synergies that are easily harnessed within GIZ, for example by the pooling of contact persons, specialised financial responsibilities, and the sharing of resources. Furthermore, joint planning in the cluster and the resulting coordination and harmonisation of the individual projects' objectives also promote synergies.

4.2 Recommendations for action: efficiency analyses

Principles and reflection on efficiency

We recommend that GIZ's Evaluation Unit include evaluation questions about the reflection processes in the projects. It became clear in the course of this CSA that the reflection processes in the projects and management responses based on them are of key importance for efficiency. In light of this, these processes of reflection should also form part of the CPEs. However, the qualitative analysis of the CPE reports showed that many reports contained little or no information on this subject (for example, reflections on costs relative to outputs, economy and cost minimisation, maximising outputs). We therefore recommend that questions about the reflection processes be included in the CPEs' evaluation matrix.

Systematic nature of efficiency analyses

We recommend that GIZ adhere to the proven system used for the CPEs and the efficiency analyses within the framework of the follow-the-money approach. This CSA reviewed the efficiency analyses of other donor organisations. It became clear that GIZ's CPEs and efficiency analyses are a particularly systematic form of evaluation and stand out as being unique. In an international comparison, GIZ is the only implementing organisation that consistently takes into account the OECD DAC criterion of efficiency, applying standards based on the follow-the-money approach. This includes the use of a systematic Excel tool and the provision of free online training. This tried-and-tested approach should be maintained.

We recommend that the Evaluation Unit adhere strictly to the quality standards for efficiency analyses. The qualitative analysis of selected CPE reports in this CSA revealed that a number of efficiency analyses did

not meet high quality standards. For example, their scope was inadequate, there was a lack of analytical depth, and there were few recommendations on how to improve efficiency. Compliance with these quality standards and quality assurance are indispensable if the requirements of the level 1 methods for identifying efficiency improvement potential, as defined by Palenberg, are to be met.

The Evaluation Unit should also continuously adapt efficiency-related standards to emerging issues. This CSA has shown that internal reflection processes to improve efficiency, cluster management and sustainability considerations with regard to efficiency have not thus far been systematically taken into account by the CPE teams. In a constantly changing environment, the requirements for efficiency analysis should be reviewed and further developed on an ongoing basis.

Systematic scoring

We recommend that the Evaluation Unit make the awarding of scores more systematic. The reports reviewed have shown that the way scores are given is sometimes implicit rather than explicit and that the narrative description does not always make clear how the final rating is achieved and what weight is attached to the individual aspects. To improve this, it might be helpful to encourage the CPE teams to add or deduct points in their narrative description.

It would also be useful if the Evaluation Unit not only set the criteria for a 100% rating, but also provided clear guidelines on points to be deduced in various scenarios. This step would significantly improve the transparency and comprehensibility of the rating.

Description & Illustration

The Evaluation Unit should continue to pay attention to using informative images and representations in the CPEs. Visual elements of this kind are extremely useful for readers, as they provide important insights into efficiency at a glance, along with a good overview in often lengthy reports. When reviewing the efficiency analyses in the CPE reports, it was found that the evaluation teams already regularly use images and graphical material, especially in the form of diagrams from the efficiency tool. In this context, the Evaluation Unit might consider developing optimised templates for the evaluation teams in order to further improve the quality and informative value of these visual elements.

Benchmarks

We recommend that both the Evaluation Unit and GIZ in general promote the use of benchmarks in efficiency analyses by external evaluation teams (where appropriate) and possibly build up a database to facilitate this. It became clear in this CSA that the evaluation teams had used benchmarks for their efficiency analyses in isolated cases only. The obstacles to using such benchmark data – that they depend on context, for example – are well known. The Evaluation Unit, which commissions numerous CPEs, could point out the possibility of using benchmarks at the outset of collaboration with the evaluation teams, if this was appropriate. It could provide information on which benchmarks have already been used in similar projects and in other contexts. In this way, a database of benchmarks could be built up continuously, broken down, for example, into different sectors and contexts. This would improve the efficiency analyses and comparability of findings.

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Annex: Success factors and key questions for projects

This table lists open questions that operationalise the success factors named in the CSA. It is not a checklist but is intended to prompt reflection at every stage of the project cycle.

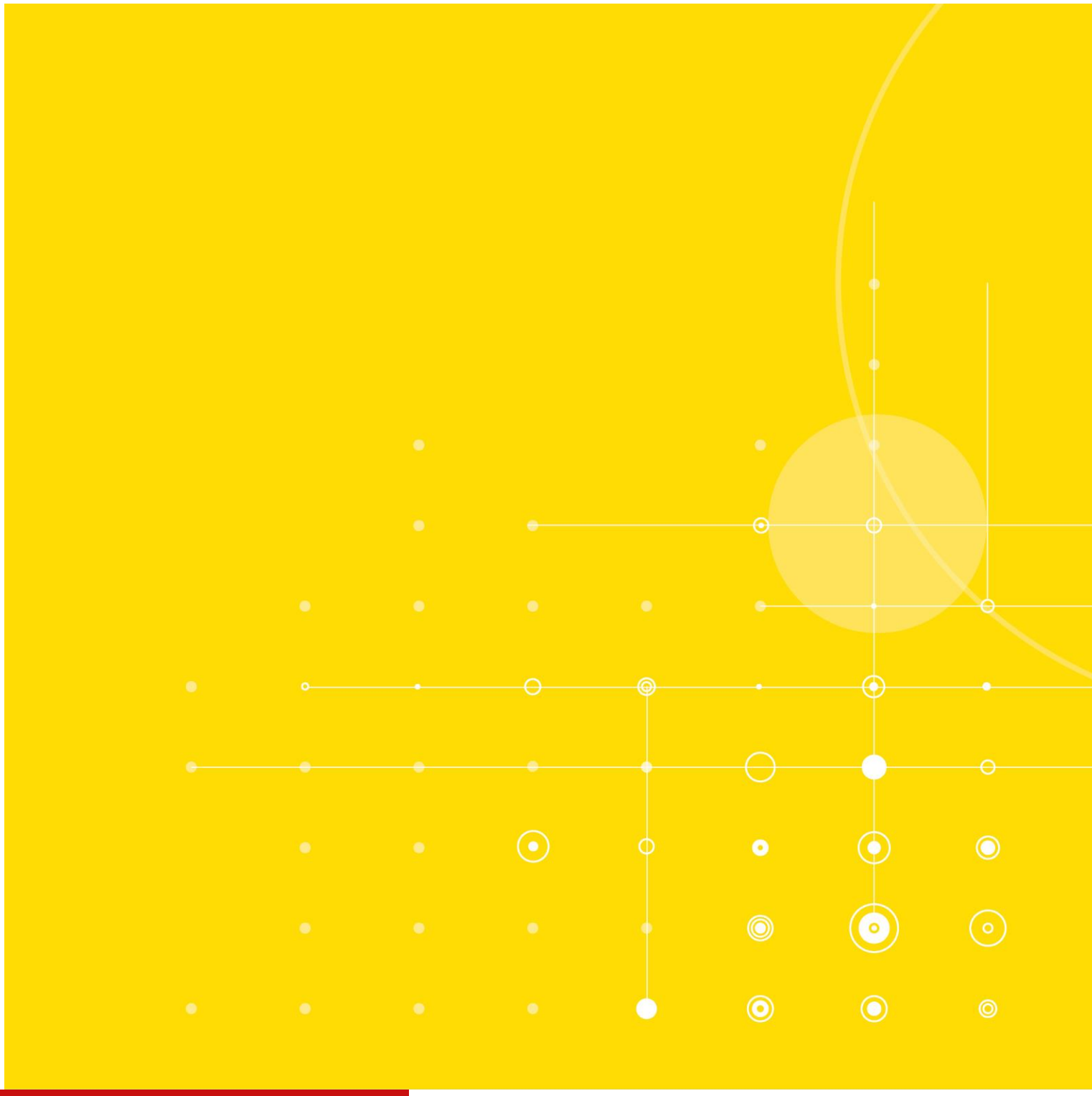
Very important	
Planning & implementation	
✓ **Project/project team** – Management (structure) – Clear internal responsibilities – Sufficient human resources with complementary skill sets	- Has the manager received training on openness, flexibility and the ability to respond promptly? - Are there adequate internal management structures in the project team? - Are responsibilities clearly defined? - Is responsibility transferred to the component or project manager? - Is the mix of national and international experts balanced and is it a good fit for the context and needs of the partners? - Is there a balanced combination of appropriate and complementary expertise? - Are modifications and decisions made on the basis of joint reflection within the project team?
✓ **Planning activities** – Outsourcing activities – Lessons learned from previous or other projects	- What activities are outsourced and to whom? - Is the expertise national or international? - Have entire components been outsourced, have short-term or long-term experts been commissioned, and what consequences does this have for the project? - Does the gain in expertise justify higher costs? - Is outsourcing used to respond more quickly to developments in the project's environment or to the needs of partners? - Does a transfer of knowledge take place based on the experience of previous or other projects?
Implementation	
✓ **Harnessing synergies** – with other donors – with other GIZ projects	- Is coordination with and between donors and other projects implemented by GIZ suitable for identifying synergies? - What activities are aimed at a common target group or pursue common goals? - What products can be shared? - Does reflection on synergies take place in the course of the project cycle?
✓ **Collaboration with the partner** – Shared management – Proximity to partner and information sharing	- What management mechanisms with partners are in place and are they adequate? - Have roles been adequately clarified, for example in a management agreement? - Does joint operational and financial planning take place and is there transparency with regard to the annual planning? - Are indicators jointly defined? - Is information shared appropriately and promptly? - Are decisions taken jointly? - What activities can be jointly funded? - Are partner contributions recorded and tracked?
Important	
Planning & implementation	

✓ **Monitoring the project** – Sufficient resources for M&E – Modifications and decisions in the project based on the M&E system	- Were sufficient resources for M&E taken into account in the project budget during the project planning phase? Did the resources in the project budget continue to be sufficient during implementation, or were they modified? - Does the team have a common understanding of the importance of a results-based approach and the relevance of monitoring? - Are M&E and financial monitoring linked and used to efficiently manage the project? - Is the monitoring system designed to track results? - Are modifications and decisions made on the basis of the M&E system?
✓ **Risk management measures**	- Is there a risk monitoring system and are appropriate risk mitigation measures in place? - Are risk monitoring and risk management regularly reviewed and evaluated?
Implementation	
✓ **Reflection within the project on cost minimisation/results maximisation**	- How often and at what point in the project does reflection on minimising costs and maximising results take place? - Are modifications and decisions made in the project team following reflection of this kind?
Must not be neglected in the future	
Planning & implementation	
✓ **Cluster management** – Share admin and financial responsibilities	- Were cluster solutions considered during project planning? - Will opportunities for cluster solutions arise as implementation progresses, for example as a result of new projects? - If there is a cluster coordination system in place, does planning across projects take place and is it updated? - What products can be shared and what services jointly delivered in the cluster?
Implementation	
✓ **Cost allocation in the project** – Costs per output monitoring and forecast (KOMP)	- Is KOMP continuously updated? - Will KOMP also be used to efficiently manage the project?

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