

The German experience with results-based approaches

Technical WS on Results-Based Funding, 19.-20.05
OECD/DAC & GDI/ Paris



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Why is this instrument of importance to German Dev. Coop. ?

- **two major reasons :**
 - Procedural reform to **improve results orientation** and a **stronger focus on impact** in German development cooperation
→ Paris principle of “Managing for results”/ Busan principle of “focus on results”
 - To improve a more result focused dialogue with the partner on development strategies + support/foster management capacities of the partner
→ foster Paris principles of **Alignment & Ownership in operations**

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Approach in Designing and Implementing the instrument of Result Based Approaches?

1. **Piloting of Results-Based Approaches (RBApp):**

- German approach: combination of **FC & TC**: RBApp & capacity development support
- Due to heterogeneous political and institutional context, decision to first experiment with the approach: **piloting in 5 programs + analyzing workshop** with implementing agencies on experiences
- Explore experiences on additional **RBApp programs** due to further development of the approach

2. **Formulation of policy guidelines on basis of:**

- **Study** by German Development Institute on **challenges & possibilities of RBApp**
- **Guiding questions on:** challenges, opportunities, context, type of incentives to improve management for results programs; how results have to be fed back into the management cycle to support dialogue partner's development strategies



Technical workshop on Results-Based Funding, 19-20 May 2014, OECD/DAC & GDI
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First evaluation of German experience and Aid on Delivery pilot studies (1)

- **Diversity of results-based approaches (no „one-size-fits-all“-approach):** Diversity of approaches due to very different country and sector contexts
- **Complementary use of results-based approaches (no stand-alone approach):** Results-based approaches as part of a more comprehensive approach to development cooperation that combines FC (KfW) and TC (GIZ)
- **Strengthening partner country systems through capacity development support (no hands-off approach):** Need for CD support for the successful implementation of results-based approaches





First evaluation of German experience and Aid on Delivery pilot studies (2)

- **Need for prefinancing in many cases:** Prefinancing capacities low in many low income countries
- **Use potential for scaling up:** Tying results-based payments to the sector programme promoted (no ex-post general budget support)
- **Combining results-based approaches with elements of competition:** Incentives for „best performers“
- **Appropriate and flexible design of results and indicators:** Manageable number of results and indicators but normally more than one





Role of partner institution, KfW and GIZ with regard to results-based approaches

- **Partner institution:** agreement with KfW as basis for payments, implementation of the results-based approach, responsibility for achieving the predetermined results, capacity development (e.g. for promote results-based management)
- **KfW:** contract with partner institution, financing/ payments for achieved results, in some cases also capacity development support to strengthen the capacities of the partner institution for the implementation of the results-based approach
- **GIZ:** capacity development support for partner institutions (phased or parallel), in very few cases also financing/payments for achieved results





GIZ programme Energising Development (EnDev): Results-based approach in a global context (1)

Background:

- The *EnDev programme* is an impact-oriented initiative that has developed from a Dutch-German partnership to a multi-donor programme supported by the Netherlands, Germany, Norway, Australia, the United Kingdom and Switzerland and is executed by the GIZ together with partner institutions in 24 countries in Africa, Latin America and Asia.
- The programme aims to provide sustainable access to modern energy services for households, social establishments, and small & medium-sized businesses in selected developing countries and supports the competencies and capacities of key actors in the energy sector.
- Since 2005, 11 million people obtain sustainable energy services (solar, micro-hydropower, biogas, improved cooking technology, integration into existing power grids).



GIZ programme Energising Development (EnDev): Results-based approach in a global context (2)

Results-Based Approach:

- Combination of a results-based approach with elements of competition and flexible allocation of funds in a global context
- Main performance indicator: Number of people sustainably provided with energy in relation to the costs and effects of allocated technologies and services
- Initial financing of pilot projects and additional financing for the scaling-up of successful projects with good performance (high outcomes and effects together with high cost efficiency)
- Development of a reliable monitoring system on the basis of local data collection



Thank you for your attention!