

# HUMAN RIGHTS IN GERMAN DEVELOPMENT COOPERATION

## *Mainstreaming and effectiveness in private sector and financial system development*

### Summary

In order to strengthen human rights in development cooperation (DC) partner countries, the Federal Ministry for Economic Cooperation and Development (BMZ) has adopted a human rights-based approach that requires all bilateral DC projects to mainstream human rights standards and principles (BMZ, 2011).

How do DC projects implement these requirements in practice? How do they mainstream human rights standards and principles? Do they contribute to human rights-related effects? DEval looked into these questions in the second part of the evaluation “Human Rights in German Development Policy”. This also included an analysis of the coherence of BMZ (co)financed projects in relation to promoting human rights.

The analysis focussed on projects from the intervention area “Private sector and financial system development”. This was because the first part of the evaluation, published in 2021, showed that human rights standards and principles are not mainstreamed in the area of sustainable economic development to such an extent as in most other priority areas of German development cooperation (Polak et al., 2021).

### The key findings of the second part of the evaluation are as follows:

- **The projects examined mainstream only some of the human rights principles.** Whereas they almost completely meet the requirements of the human rights-based approach in terms of the principle of transparency and the way they handle

human rights risks in planning, there is particular room for improvement in three areas. The projects should take human rights risks into account to a greater extent during implementation, implement human rights grievance mechanisms more effectively and mainstream participation opportunities more systematically.

- **The projects only partly achieve human rights-related effects.** They facilitate the progressive realisation of decent work in that they indirectly contribute to creating or safeguarding jobs. However, the projects hardly strive to promote just and favourable working conditions. Strengthening rights-holders and duty-bearers<sup>1</sup> in human rights terms is hardly part of their agenda either.

### DEval therefore recommends the following:

- To strengthen the **mainstreaming of human rights standards and principles in projects**, the implementing organisations should improve their quality assurance for the implementation of the human rights-based approach and create incentives for mainstreaming it. In addition, the BMZ should incorporate the approach into all core area strategies. The BMZ should further develop the DC-wide grievance redressal system in a consultative process.
- **Effects on human rights** can be additionally strengthened in that the implementing organisations develop good practice examples for implementing human rights effects in projects. To make better use of synergy effects between governmental, civil-society and private-sector projects, the BMZ should offer exchange formats in partner countries.

<sup>1</sup> From a human rights perspective, the term ‘rights-holders’ refers to all persons with a right to protection. Rights-holders are entitled to have this protection fulfilled by ‘duty-bearers’. Duty-bearers are actors who have a particular obligation to respect, protect and guarantee human rights.

## Methodological approach of the evaluation

The evaluation team implemented a human rights-based approach, taking account of human rights standards and principles during the evaluation process. It also followed a theory-based approach and applied the following methods:

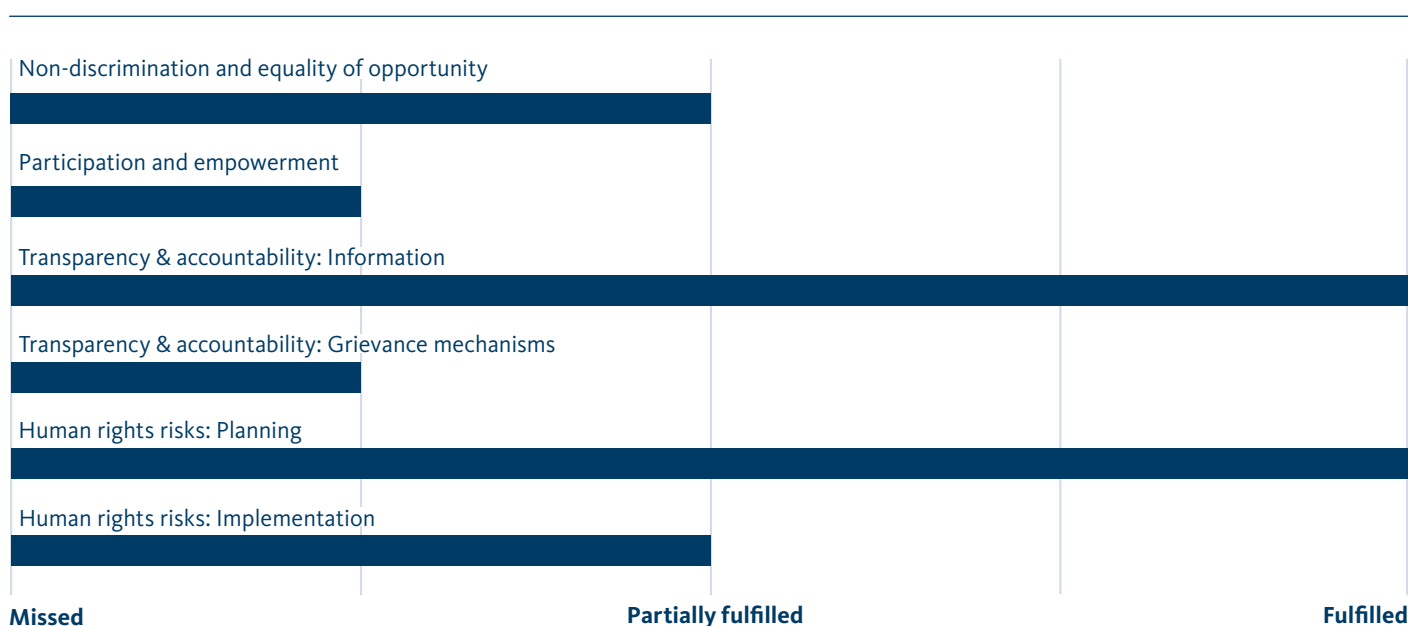
- In criteria-based **case studies**, the evaluation team investigated projects in India and Nigeria in depth. To this end, it interviewed implementation partners, project team members, project managers, addressed rights-holders, and analysed documents. In addition, the team investigated projects in Egypt, Ghana and Uzbekistan by talking to project managers and analysing project documents.
- By means of a **synthesis of findings from project evaluations**, the team also analysed the content of a representative random selection of evaluation reports by the implementing organisations.

## Mainstreaming the human rights-based approach in projects

In the projects investigated, human rights standards and principles<sup>2</sup> are mainstreamed to varying degrees (see Figure 1):

- **The projects almost completely implement the principle of transparency with regard to the public provision of information and the requirements on managing human rights risks during planning.** The projects that were investigated fully provide project-related information and almost completely examine possible human rights risks at the beginning of the projects.
- **The projects hardly implement the principle of participation and the requirements relating to grievance mechanisms.** Participation is seldom systematically mainstreamed in the projects investigated and very little information on grievance mechanisms is available locally in partner countries. Although informal grievance mechanisms frequently exist, the rights-holders addressed by the projects hardly know about formal grievance mechanisms. Information on how grievance mechanisms meet the criteria of independence and objectivity is seldom available.
- **The implementation of human rights principles in the implementation phase of projects should be improved.** The projects do actually implement the principle of non-discrimination well during planning and, at the same time, also handle human rights risks well. Nevertheless, they should ensure adherence to these principles more during implementation too.

**Figure 1** Assessment of the implementation of human rights principles in projects



Source: DEval, own visualisation based on case studies

<sup>2</sup> DEval followed the BMZ definition, investigating the principles of participation and empowerment, non-discrimination and equal opportunities, and transparency and accountability. To supplement this, it also investigated how projects handle human rights risks in order to guarantee human rights standards.

- **Examining implementation of the human rights-based approach reveals comparative strengths and weaknesses of the implementing organisations.** Grievance mechanisms are implemented better in financial cooperation (FC) projects than in technical cooperation (TC) projects, and human rights risk management is more extensively mainstreamed in implementation. In contrast, TC projects implement the principles of non-discrimination and participation better.

## The effectiveness on human rights

The projects investigated achieve only some of the human rights-related effects that BMZ expects for the intervention area 'Private sector and financial system development'<sup>3</sup> (see Figure 2):

- **Projects in the intervention area only partly contribute to decent work.** The projects investigated often contribute to creating and safeguarding jobs and thus pave the way for the progressive realisation of decent work.<sup>4</sup> However, they hardly contribute to strengthening just and favourable working conditions, mainly because this is not explicitly included in their goals. The projects that pursue corresponding goals place an emphasis on individual aspects of decent working conditions, in particular on wages.

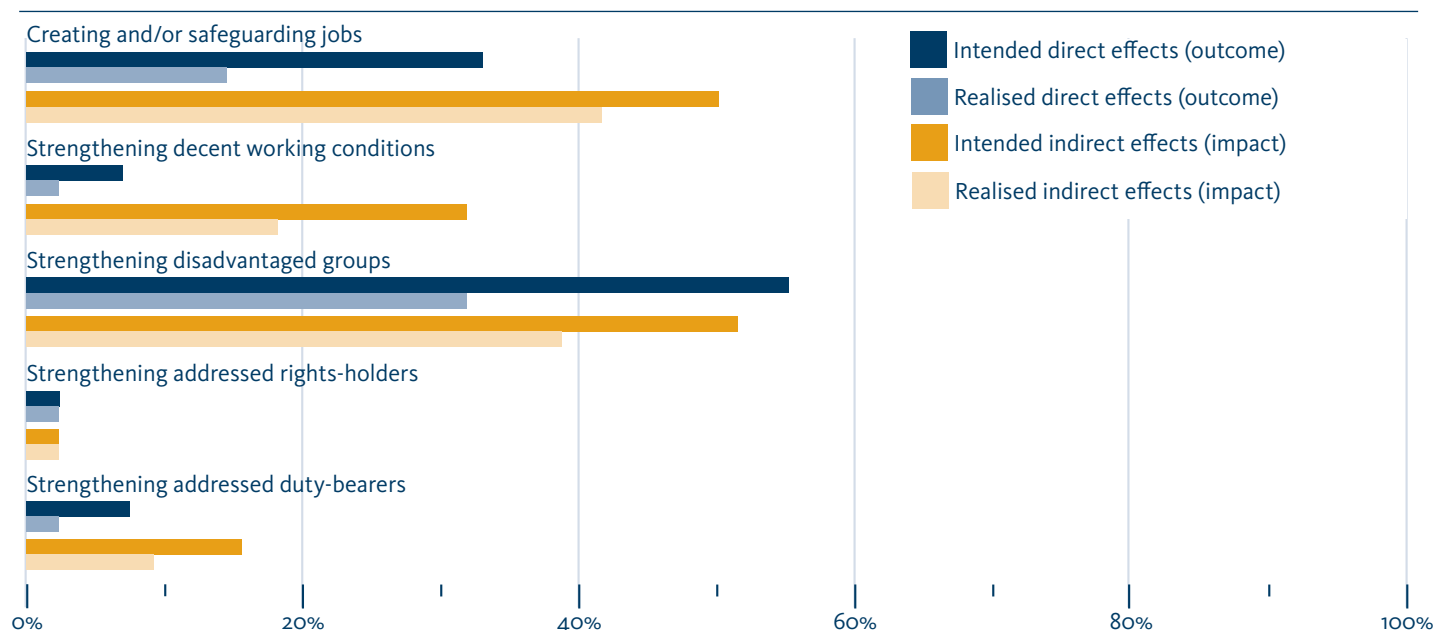
- **In some cases, marginalised groups benefit from the effects of the projects.** However, only specific marginalised groups are particularly promoted – primarily women or people in rural regions. The projects hardly address other groups such as people with disabilities or people who are affected by multiple discrimination.

- **There is also a need for improvement in strengthening addressed rights-holders and duty-bearers in human rights terms.** The projects investigated hardly aim to ensure that addressed rights-holders know and can assert their rights. Moreover, they only occasionally aim to strengthen addressed duty-bearers in such a way that they are able to meet their human rights obligations.

## Conclusion and recommendations

This second part of the evaluation on human rights in German DC has identified areas in which human rights standards and principles are mainstreamed well. In the case of other aspects of the human rights-based approach, in contrast, it has identified substantial need for improvement. The resulting recommendations build on and supplement the recommendations of the first part of the evaluation (Polak et al., 2021).

**Figure 2** Share of intended and realised effects on human rights in project evaluations



Source: DEval, own visualisation based on evaluation synthesis, n=44

<sup>3</sup> First, this involves contributions towards creating decent work by creating jobs and promoting good working conditions. Creating or safeguarding jobs is a definitional aspect of the right to work. Moreover, new or secured jobs lay the foundations for establishing good working conditions. Second, the evaluation team has examined the strengthening of rights-holders, in particular of structurally marginalised groups, and of duty-bearers as human rights-related effects of the intervention area.

<sup>4</sup> The scope and quality of these jobs cannot be systematically assessed, as information about this is often based on estimates by the partner institutions that have only sporadically been checked, if at all. The DEval synthesis on cooperation with the private sector also confirms the challenges involved in recording the quantity and quality of employment effects (Habbel et al., 2021). This also includes methodological challenges in measuring indirect employment effects (RWI, 2014).

With a view to strengthen the mainstreaming of human rights standards and principles in German DC, the evaluation recommends that the implementing organisations improve their quality assurance regarding the implementation of the human rights-based approach (recommendation 1). At the same time, they should strengthen individual initiatives for implementing the human rights-based approach by developing incentive systems for project managers – for example by awarding prizes (recommendation 2). The evaluation recommends that the BMZ takes measures to counteract perceived tensions between the objectives of the human rights-based approach and sectoral objectives. For this purpose, the core area strategies should pinpoint how the human rights-based approach can promote the achievement of development policy objectives (recommendation 4). In addition, in a consultative process, the BMZ should bring together the existing grievance mechanisms in an independent, DC-wide grievance redressal system (recommendation 3).

The evaluation has also established a need for improvement with regard to mainstreaming effects on human rights.

Building on recommendations 1 to 4, DEval recommends strengthening human rights-related effects.

Starting with the intervention area ‘Private sector and financial system development’, the implementing organisations should develop exemplary accompanying measures or modular components for the human rights-based approach. These measures or components should demonstrate to project managers how human rights-related effects can be integrated into projects (recommendation 5).

The evaluation also pinpoints a need for improvement in terms of the coherence of projects (co)financed by BMZ and thus contains the following recommendation:

With a view to strengthening the coherence of bilateral projects and projects implemented by civil-society organisations and private-sector companies, formats that enable structured exchange between stakeholder groups should be offered where there is a potential for synergy (recommendation 6).

## Literature

**BMZ (2011)**, ‘Human Rights in German Development Policy’, *BMZ strategy paper*, no. 4/2011, Federal Ministry for Economic Cooperation and Development, Bonn/Berlin.

**Habbel, V. et al. (2021)**, *Evaluation Synthesis: Private Sector Engagement*, German Institute for Development Evaluation (DEval), Bonn.

**Polak, J. T. et al. (2021)**, *Human Rights in German Development Policy: Strategy and Implementation*, German Institute for Development Evaluation (DEval), Bonn.

**RWI (2014)**, *Integrierte Evaluierungsansätze zur Messung von Beschäftigungseffekten: Anschlussstudie Marokko*, [Integrated evaluation designs to measure employment impacts: Follow-up study Morocco], final report, Rheinisch-Westfälisches Institut für Wirtschaftsforschung, Essen.



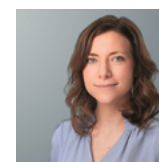
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The German Institute for Development Evaluation (DEval) is mandated by the German Federal Ministry for Economic Cooperation and Development (BMZ) to independently analyse and assess German development interventions. Evaluation reports contribute to the transparency of development results and provide policy-makers with evidence and lessons learned, based on which they can shape and improve their development policies.