



# Scaling up in development cooperation

Practical guidelines

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## Practical guidelines

### Foreword

*Dear colleagues,*

The entire issue of scaling up is immensely important in terms of corporate policy. Our clients and our partners are primarily interested in the sustainability and breadth of impact of our projects and programmes, but they also demand efficiency. In terms of corporate policy, it is not merely a question of mobilising additional funds for approaches that have already proved successful. We also aim to stand out among our international competitors by virtue of the range of instruments at our disposal and the procedures we adopt. In the international discussion we tend to be known for our 'project islands' or 'islands of excellence'. The quality and effectiveness of our measures in individual projects come in for a great deal of praise, but the breadth of impact of our measures is often questioned, and the lack of scaling up activities criticised.

From the outset we must then incorporate in our planning the options and potentials of scaling up our concepts and solutions, and we must actively support our partners during scaling up activities. From now on all our projects and programmes should focus not only on developing appropriate solutions, but also on scaling up these solutions. This is an area where there is still much scope for improvement.



Dr Christoph Beier  
Managing Director

Successful concepts combined with convincing scaling up strategies are also attractive for other clients. We must make more strategic use of these opportunities and ensure that our capacities enjoy a higher profile outside the company. The rising number of combined financing arrangements is proof that many clients find it more attractive to take an idea that has already proved to be successful and to make it even more successful rather than trying something new.

I would like to encourage you to take scaling up into account to a far greater extent in the planning and implementation of our interventions, and to step up dialogue on scaling up inside the company and with our partners and clients. These guidelines are designed to provide the guidance and ideas you need. I wish you every success.

A handwritten signature in black ink, appearing to read 'Christoph Beier', with a long horizontal line extending to the right.

Eschborn, November 2010

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## Executive summary

To 'scale up' means nothing other than to increase proportionally. In the context of development policy the term 'scaling up' is used to refer to increases in both funding and in the outreach of development measures. These two factors are closely linked and both are equally relevant for GTZ.

More financial resources for development cooperation (0.7 % objective, new donors etc.) should translate into more results. Even when budgets are being consolidated and funding allocations are stagnating, the calls

for available funds to be put to effective use in order to achieve a broad impact cannot be ignored. We at GTZ must respond and design programmes such that they help our partners to scale up results. Even advisory projects or programmes initially designed for a limited period or geographical area and covering a narrowly defined subject area should from the outset consider scaling up change processes with the partner side, and endeavour to achieve this. We at GTZ play a wide variety of roles in this context. We can provide the ideas for new concepts, deliver advisory services on scaling up and sometimes even implement the scaling up processes on behalf of our clients.

We can continue to learn more from our own successful projects and programmes. These guidelines are a step in this direction. Equally, though, we must strategically market our scaling up capacities and expertise. Concepts that have proven successful combined with scaling up strategies are attractive to other clients. We must make better use of these opportunities.

How do we scale up activities and results? An analysis of more than 25 GTZ projects and programmes has identified the following eight key factors. Where scaling up is the aim, everyone involved in project management should think very carefully about them.

<b>THINK BIG – the vision of scaling up as an integral part of programme planning</b>	Scaling up must be taken into account and planned for from the outset. Objectives must be set, stakeholders identified, capacities and risks examined, and financing options explored.
<b>Ownership and involving key stakeholders</b>	Scaling up will only work if important key stakeholders on the partner side support it and ensure that the measure has the necessary political backing.
<b>Multilevel approach</b>	Linking policy advisory services with pilot implementation at local level is one of the most effective approaches to scaling up. Professional interface management is a major challenge.
<b>Substantiating the results achieved by pilot projects</b>	Evidence must be provided of the additional value generated by innovative approaches. A system of results-based monitoring is essential, and ideally will be partner-led.
<b>Standards and manuals</b>	To ensure that high quality is maintained during a scaling up process, manuals and standards are indispensable. They should lay out the steps involved in the process and the tools to be used.
<b>Effective scaling up structures and incentive mechanisms</b>	Change processes must be scaled up by professional institutions, and incentive mechanisms are needed that go beyond traditional regulatory measures.

**Communication and networking**

Communication, awareness programmes and networking are key to informing, convincing and involving major stakeholders and population groups.

**Generous timescale and budget**

Scaling up demands a long-term financing concept and patience on both the partner side and on the donor side. Appropriate strategies should be drawn up at an early stage.

*Small is beautiful but big is necessary:* The Committee of Executives' working group on development effectiveness has decided to take a more systematic approach to scaling up in future. The issue is to be incorporated step by step into relevant guidelines and training measures to ensure

that it is firmly integrated in project and programme management. Dialogue with staff members will be crucially important, since they must be made aware of the challenges and opportunities posed by scaling up.

## WHAT are we talking about?

**The term 'scaling up' is used to refer to increases in both the funding available for development cooperation and in the outreach of development measures. Both are relevant for GTZ. In the context of achieving broad impacts, a distinction can be made between horizontal scaling up (the gradual rollout of activities to cover an ever wider geographical area) and vertical scaling up (which involves achieving a broader impact by means of institutionalisation).**

In order to really understand the term scaling up we must know what is to be scaled up. The contexts in which the term is used are many and varied. In the international development cooperation debate, the term is generally used in two different contexts.

Firstly, we talk of scaling up ODA or scaling up aid, by which we mean an increase in the funding available.

Secondly, we talk of scaling up impact or capacities, by which we mean achieving broad-based reforms and innovations within the framework of a development project or programme. The two contexts are closely linked and in some ways mutually dependent.

The debate about increasing ODA funding was launched at the International Conference on Financing for Development, which was held in Monterrey, Mexico in 2002, and taken further at the G8 summit in Gleneagles in 2005 and in the European Union's step-by-step plan to increase ODA. Under the provisions of this plan, EU member states<sup>1</sup> undertake to increase their spending on official development assistance step by step to 0.7% of gross national income by 2015. The coalition agreement of the current German Government reaffirms this target. To these ODA funds are added resources made available by new donors, such as India and China, by major private foundations such as the Bill and Melinda Gates Foundation, and by new funds established to tackle global problems such as climate change.

These trends open up new business opportunities for GTZ. Discussions within the company have thus focussed on identifying which services are going to be in demand in future and how we can best deliver these. GTZ aims to offer a demand-driven range of services and thus benefit from the increasing public and private funds available for development.

The second context in which we talk about scaling up focuses on achieving a broad impact. This is inextricably linked with the first sense in which the term is used. More financial resources are intended to generate more capacity development, poverty reduction and development. The call for more effective development cooperation can be seen particularly in countries and fields where

<sup>1</sup>) This applies only to states that joined the EU prior to 2002.

the budget funds being made available for development are stagnating in the wake of the economic crisis. The increasing global challenges on the one hand and the need to consolidate the budget on the other is forcing the Federal Ministry for Economic Cooperation and Development (BMZ) to look at ways of making our development work more effective. But regardless of whether or not funding is increased and budgets stagnate, both donors and recipients expect that funds will be used to achieve a more significant increase in the capacities of individuals, organisations, networks and political systems than has hitherto been the case, and that change processes will be scaled up.

This cannot be achieved with cash alone. An enabling structural environment must be put in place in recipient countries to ensure that the funds can be absorbed and used to reduce poverty. Development programmes in turn must be designed such that they help our partners scale up activities to achieve broad impact.

For technical cooperation there are then a few key questions relating to the issue of scaling up. How can we roll out the results of successful programme approaches to cover a wider area? What structures are needed if additional cash is to bring about the promised increase in impact? What steps must be taken to make national laws and strategies effective nationwide?

Technical cooperation, which has the primary goal of developing capacities, can make crucial contributions to scaling up<sup>2</sup>. Advisory services alone can be enough if expertise is needed more than anything else – as is the case in emerging economies. If, however, scaling up entails major investments, then financing instruments should be combined and coordinated with technical cooperation activities.

In connection with the need to achieve a broad impact we often hear the terms ‘vertical scaling up’ and ‘horizontal scaling up’.

**Vertical scaling up** means systematically rolling out concepts that have proved their worth at local level by institutionalising them, so as to achieve a broader impact. Pilot concepts are generally institutionalised at macro level in the form of legislation, policies, national development plans and national programmes. When these are translated into practice, innovative concepts can be rolled out nationwide. Some GTZ projects and programmes

<sup>2</sup> See also: GTZ (Eds.): Scaling up Capacity Development. Dokumentation der Fachtagung vom 12. bis zum 13.1.2010 im Mercure Ost, Eschborn

address the macro level directly, without operating first at local level on a pilot basis. In these projects, achieving a broad impact means providing back-up advisory services for the nationwide application of policies and legislation, such that their impact in the specific sector in question can be gauged.

**Horizontal scaling up** by contrast means rolling out concepts to cover a wider geographical area. This can be done by the project or programme itself or by intermediaries such as umbrella organisations, training institutions, private businesses or other donor programmes.

Most GTZ projects and programmes pursue both of the above approaches in tandem.

### Box 1: Vertical and horizontal scaling up

The Good Governance Programme in Bolivia has successfully used **vertical scaling up** with its partners to roll out several concepts. For example, a procedure that ensures a smooth transfer of official duties in the case of staff replacements was first tested in 2004 in a few municipalities. The procedure was subsequently introduced and made mandatory nationwide by presidential decree (i.e. it was institutionalised) and is today in use in over 200 municipalities.

One typical example of the **horizontal scaling up** of a technology can be seen in Uganda. Within the scope of the Promotion of Renewable Energy and Energy Efficiency Programme the use of energy-efficient cook stoves is being promoted throughout the country. The technology is being disseminated by numerous NGOs, which present the technology to the local people and train villagers to manufacture and market the new energy-saving stoves. GTZ is responsible for quality assurance. Today 650,000 households in 13 provinces already cook with the improved stoves, saving 900,000 tonnes of fuelwood every year.

GTZ’s experience indicates that scaling up need not necessarily take the traditional path from local to national level. There are many examples of experience being passed on at supraregional and global level. The Alliance for Financial Inclusion, for instance, aims to disseminate tried and tested policies for improving access to financial services at global level.

By contrast, the Systemic Quality Improvement, SQI (see below) and water kiosk (see below) approaches were disseminated at supraregional level. SQI was originally developed in Guinea and then adopted in Morocco, Cameroon and Yemen in modified form. Water kiosks were first used in Burkina Faso, but can now also be found in Zambia, Kenya and Uganda.

GTZ's effective technical and regional networks enable us to transfer experience. Our sector networks are a vital factor in our internal knowledge exchange. In the case of the water kiosks, the GTZ project also brought together regulatory authorities and water utilities from the various countries to share their experience, making for a significantly broader impact.

## Box 2: Functional scaling up

A slightly different approach, which is nevertheless also a form of scaling up, involves extending the breadth of issues covered by a project or programme. This is termed functional scaling up. The delivery of advisory services in several closely linked fields can do much to broaden the impact achieved in any one sector. The Good Financial Governance Project, for instance, is helping the Ghanaian Government to establish an efficient, transparent, pro-development public finance system. It is advising the government on the design and enforcement of a fiscal reform designed to increase government revenues, on budgeting and on the use of funds as well as on ways of strengthening the role of parliament as a control body. Advisory services were extended step by step to cover these three areas. This broad approach aims to harness synergies and thus ensure sweeping results throughout the sector.

## WHY are we talking about scaling up?

**It is the development goal of GTZ and its clients to achieve a broad impact. GTZ has the capacities it needs to do so, but these capacities are not always used systematically and they are too rarely communicated to the outside world.**

GTZ's interest in working on new issues, gaining a foothold in new markets and winning new clients so as to attract a larger share of the available funding requires no further explanation. GTZ is a federally-owned enterprise under private law<sup>3</sup>, and competes for business with other national and international organisations.

That scaling up is the subject of more intense discussion in the company is the result of both development-policy and corporate-policy considerations.

The development-policy arguments are reflected in the objectives of our commissioning parties. For BMZ, the primary goals of German development cooperation are to sustainably reduce poverty and remedy structural deficits. BMZ takes its lead from the United Nations' Millennium Development Goals (MDGs), which can only be achieved through scaling up<sup>4</sup>. The guidelines for German development cooperation (BMZ-Leitlinien für die bilaterale Finanzielle und Technische Zusammenarbeit mit Kooperationspartnern der deutschen Entwicklungszusammenarbeit) also underscore the fact that development measures should, if at all possible, achieve broad direct and indirect results.

The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) also prefers to introduce innovations that can be replicated, and to scale up tried and tested technologies and solutions when working to implement international climate protection initiatives. It is not limited-scope one-off solutions that

are needed, but programmes that are capable of bringing about structural changes on a broad basis. This is the only way to effectively reduce poverty and protect the environment sustainably.

In terms of development policy it is thus expedient to take scaling up into account and to plan and push for it from the outset with our partners, even in advisory projects that are limited in terms of duration, geographical outreach and the breadth of issues covered. A number of GTZ projects and programmes are already doing so very successfully. The company as a whole must learn from these examples. Analyses indicate that the concept of scaling up or achieving a broad impact is not yet systematically mainstreamed in all projects. GTZ as an organisation is more often associated with innovative ideas (islands of excellence) than with broad-impact advisory approaches. It is in order to change this that we are now looking at scaling up.

If we can prove that we develop appropriate innovative pilot approaches with our partners, and that our advisory services help our partners scale these up, and if we can communicate this, it should work very much to our advantage when we compete for new business. This applies to contracts placed by German ministries, other donors, private foundations and partner countries. In all cases it is important to point out that scaling up involves more than simply replicating successful approaches.

The challenges involved in a wide-scale rollout of measures are often quite different to those faced by a pilot approach. What is needed is expertise and great sensitivity in reconciling divergent political interests, in networking and involving a large number of stakeholders, in establishing effective financing instruments and training structures, and in ensuring efficient logistical implementation. We at GTZ have the expertise to do this, and can advise our partners accordingly. It is important that we disseminate this expertise better within the company, that we give it a higher profile, and that we communicate it to the outside world in our own business interests. This is another reason why we must talk about scaling up, and these guidelines are intended to help us do so.

<sup>3</sup>) GTZ operates on a public-benefit basis. Any surpluses generated are used only for GTZ-financed international cooperation projects for sustainable development.

<sup>4</sup>) Source: [www.bmz.de](http://www.bmz.de)

## WHAT role does GTZ play in scaling up change processes?

**The role played by GTZ in a scaling up process depends on the given context and the contract in hand. The spectrum of possible roles goes from providing ideas for innovative approaches to delivering back-up advisory services during scaling up or even steering and implementing scaling up processes independently.**

The role played by GTZ in scaling up can then vary enormously and depends in no small measure on the interests of the client, the resources available and the capacities on the partner side. Frequently we play different roles within one and the same project. Our role may also change in the course of implementation.

In many programmes GTZ is called on to advise the partner country on the development of appropriate new concepts. This includes for instance financial literacy in Ghana, pilot concepts to improve the business climate in the Philippines (see p. 19) and the introduction of systemic quality management in Cameroon's health sector. In emerging economies in particular, GTZ's innovative capacities are very much appreciated and in demand, as is the opportunity to conduct 'selective experiments' with us.

In most cases a contract provides for GTZ to advise the partner side not only on the introduction of new concepts but also on the process of scaling up. Frequently, projects start at this level, especially if sufficient experience has already been gained in other contexts we can dispense with concept piloting. This second role can vary hugely. It could be a question of advising national policy-makers on the institutionalisation of change processes, or cooperating with businesses and stakeholder networks to bring about horizontal scaling up. This might involve providing preparatory support, or advising the body responsible for managing the scaling up process in the partner country. It is important to ensure that the development of appropriate concepts does not get bogged down at the pilot phase, but that the partner sets the scene to ensure the broadest possible impact.

There is also a third role, which has hitherto been mainly the domain of GTZ International Services. If contracted by a partner country, GTZ can also carry out the scaling up process itself. Successful advisory services provided to one municipality could be rolled out to embrace other municipalities. Other donors too could contract us to replicate measures in this way if they were convinced of the value of a pilot approach. Contracts of this sort represent a special challenge, since they often involve very large-scale programmes, which require large numbers of qualified staff and highly professional management structures.

### Box 3: Capacity development in Ethiopia

The Ethiopian Government's University Capacity Building Program (UCBP) is one case in which GTZ was contracted to perform the scaling up itself. The Ethiopian programme involves building 13 universities, and in conjunction with this, modernising the country's construction sector on a wide scale. The programme is managed and financed by the Ethiopian Government, while GTZ IS is responsible for project management and implementation. The cost-efficient design approach used throughout the programme was conceived as a pilot measure within the framework of German-Ethiopian bilateral cooperation. More than 90 building contractors, over 20 construction management businesses, more than 60 architects and engineers, and hundreds of local and regional businesses are being modernised along the entire value chain. This is increasing their competitiveness at international level (benchmarking).

The role played by GTZ in the Engineering Capacity Building Program in Ethiopia is just as comprehensive. Within the scope of the vocational training component, for instance, GTZ has been contracted to redraft all standards and curricula, and to provide in-service training for all teaching staff. Almost 50 CIM experts have been deployed to this end.

## HOW can we achieve scaling up?

We cannot automatically scale up the results of development cooperation programmes simply by scaling up the funds available – although funding is not infrequently a crucial precondition, especially in the infrastructure sector. Successful scaling up, however, also depends on a number of other factors. Below we will look at eight factors, which were identified as being particularly relevant in a study that analysed more than 25 GTZ projects and programmes. Not all factors are equally relevant for all projects or programmes.



### 1. THINK BIG – the vision of scaling up as an integral part of programme planning

Scaling up, i.e. realising advisory concepts so as to achieve a broad impact, should be an integral part of the planning of every project and programme from the outset<sup>5</sup> and should be raised at a very early stage in the dialogue with partners and clients. This applies not only to projects and programmes that initially concentrate on pilot measures or pilot regions, but also to those that aim to achieve a broad impact from the start.

Even if scaling up is initially only a vision included in a planning process, it should be taken into account, outlined and planned from the outset (in a roadmap for scaling up). This will entail identifying at an early stage important actors – who will have to be convinced of the

<sup>5</sup>) It is a good idea to anchor this in the objectives and indicators of projects and programmes.

### Capacity WORKS:

We use the Capacity WORKS model to manage complex development cooperation programmes<sup>1</sup>. Capacity WORKS is based on five factors deemed crucial for achieving the objectives and results of a development cooperation programme. The five factors should be taken into account in the implementation of every development cooperation programme, as should the pertinent key questions:

#### Strategy

Which strategy can be used to achieve the objectives and results agreed efficiently?

#### Cooperation

Which stakeholders in the partner country should cooperate in order to achieve results together?

#### Steering structure

How do the stakeholders involved make decisions?

#### Processes

Which processes at political level must take what form to enable results to emerge?

#### Learning and innovation

How should learning organisations, cooperation systems and policy fields be shaped so as to make sustainable development possible?

Capacity WORKS allows us to manage complex projects and programmes. When scaling up is our aim, the key factors for scaling up laid out below are important conceptual aspects that must be taken into account when managing projects using Capacity WORKS. The tools used in capacity WORKS can help you take into account the key factors and work with them. You will find the information you need in the boxes below.

<sup>\*</sup>) It is a good idea to anchor this in the objectives and indicators of projects and programmes.

value of the planned concepts or reforms – and their agendas. Equally, it will require you to take a precise look at the capacities of institutions and dissemination structures, to identify resistance and risks, and to explore available financing mechanisms within the donor landscape and budgets that might be available for scaling up activities. If you map these factors systematically at a very early stage, and repeat this process throughout the implementation phase, you will be able to identify risks,

opportunities and challenges in good time (e.g. lack of funding, political opposition, conflicting interests). You can then tackle these specifically in the course of implementation. This will also allow you to get the actors who are important for scaling up involved in planning and implementation processes at an early stage and build a working relationship with them. You will find it easier to get other donors to support a scaling up process if you involve them in the design of the pilot measures.

#### Box 4: Water kiosks in Zambia\*

In 2004 only 58 % of Zambia's urban population had access to fresh drinking water. The situation was particularly poor in the slums around Zambia's major towns and cities, where only 35 % of the population had access to safe drinking water. The GTZ programme Reform of the Water Sector in Zambia aimed to give more poor people access to safe drinking water.

The situation of the inhabitants of poor periurban settlements in particular was to be improved. The idea of the water kiosks was developed particularly for them. Water kiosks sell water. They are built and formally operated by water utilities. At an early stage it was realised that the regulatory authority in the water sector, which operates effectively, was the most important actor for the subsequent rollout of the water kiosk concept. Parallel to the pilot measures, the programme worked with the regulatory authority, the Devolution Trust Fund, to establish a financing mechanism for scaling up. "The parallel development of the pilot concept and the scaling up mechanism, and the fact that we informed and involved other donors at an early stage were crucial for the rapid success of the programme. Thanks to this we were able to move smoothly from the pilot phase to scaling up," explained Roland Werchota, then programme manager. Other important factors included standardising the technical concept, the participatory involvement of users, an effective monitoring and evaluation system, the multilevel approach, integration of the approach in the Zambian sectoral programme and extensive communication and awareness campaigns. GTZ can be proud of the achievements of the programme – in four years 350 water kiosks have been built, providing 610,000 people with safe drinking water.

\*) For more information check out [www.wstfkenya.org](http://www.wstfkenya.org)

**Capacity WORKS** provides a checklist under the Success Factor Learning and Innovation (Tool: Scaling-up), which allows us to check whether or not the most important preconditions for scaling up have been adequately taken into account (see Annex 1). This checklist can be very useful in the planning and implementation process. The tools Variable Geometry of the Strategy, Analysis of the Project Environment, Strategic Options and Actor Profiling, which can be found under Success Factor Strategy, may also be of assistance.

#### Key questions:

- What precisely is to be scaled up and to what degree?
- What capacities do the (potential) key stakeholders have?
- What scaling up strategy is planned?
- What financing options are available?



## 2. Ownership and involving key stakeholders

Concepts, models or change processes can only be scaled-up if the partner accepts ownership. Larger-scale reform processes need the full political support of both national and local government and parliaments. This makes it especially important to strengthen the leadership role of the partner and to work with the partner side to get key stakeholders on board. This will only be possible if we manage to establish a shared understanding of strategies and objectives. The problem-analysis, concept-development, implementation and evaluation cycle should also be developed and realised jointly with the partner. The partner side must subscribe to the concept and its scaling up, and by incorporating the concept into its own sector programmes or policies make it an integral part of organisational strategy. If the partner side identifies with the issue at hand, it will put this across convincingly and win others over to support scaling up. This in turn is a precondition for sustainability and scaling up.

All too often, projects and programmes limit their relations with the partner side to implementing organisations, for example the responsible ministry. However, ministries should explicitly be advised to involve the entire range of relevant actors at an early stage, including the political opposition. One particular challenge is to ensure that reform processes are mainstreamed to such a degree within society that they even survive changes of government.

The experience of many projects and programmes indicates how crucial it can be to involve various different civil society groups in the pilot phase in order to ensure their acceptance at a later date. NGOs in particular are

### Box 5: Fit for School (FFS) in the Philippines\*

The health status of schoolchildren throughout the Philippines is exceedingly poor. Diseases such as diarrhoea and respiratory disorders caused by poor hygiene are widespread, as are parasite infestation (which affects more than 66 % of schoolchildren) and dental disease (80 – 90 % of schoolchildren suffer caries). The FFS Programme (Fit for School) helps. It began as a pilot project in Mindanao Province and two years later has already been introduced in 25 provinces as a national flagship programme. It is currently reaching one million schoolchildren. The approach is simple: daily hand-washing with soap, daily tooth-brushing with fluoride toothpaste and six-monthly deworming have been introduced in all schools in the programme. The results speak for themselves. After only two years, studies indicate a 40 % drop in the rate of caries. The impact of the FFS programme on other diseases is currently being examined. At national level the FFS is backed by a new school health policy. The national health authority and the provincial governments are financing the programme. The nationwide NGO Fit for School Inc., GTZ, CIM and InWEnt (Capacity Building International, Germany) have all contributed to the design and to capacity development. The crucial factors in the success of the programme were the successful pilot phase, the multilevel approach and the high level of local ownership. The latter is based on the great dedication on the part of central government, the provincial governments, the municipalities, teachers and students.

\*) For more information check out [www.fitforschool.ph](http://www.fitforschool.ph)

often indispensable as multipliers, which can then ensure the horizontal scaling up of measures. In Rwanda, for instance, when a system of automated tax administration and tax estimates was being developed, the project ensured that not only the revenue authorities but also taxpayers were on board. This participatory procedure helped ensure broad acceptance for the new procedures.

**Capacity WORKS:** The tool Steering Model under Success Factor Steering Structure should be useful. It will help you ensure that the necessary support for tasks and processes is forthcoming from the relevant decision-makers. Questions relating to (key) actors, and their interests and relations can be analysed using a variety of tools, such as the Stakeholder Map, Key Stakeholders and Negotiation, which can be found under the Success Factor Cooperation.

Depending on the context it may also be vital to win over the private sector. This is generally easier if the scaling up can be combined with commercial interests. Intelligent business ideas can gather their own momentum.

In a complex stakeholder landscape other donors and implementing organisations can also play an important role in many countries, not least as potential financing bodies for scaling up processes. In many cases it can then be a good idea to consult with other donors and harmonise activities at an early stage; it may even be a precondition for success. Effective functioning programme based approaches (PBAs) offer a good foundation on which to build.

#### Key questions:

- What are the needs and interests of the partners?
- Will the partners assume a leadership role in the scaling up process?
- How can key actors be involved?

### Box 6: Systemic Quality Improvement in Morocco's Health Sector\*

SQI is an approach that can be used by a large number of organisations at different levels of a multilevel system (political level, management level and implementation level) to identify objectives, to compare themselves with others within the framework of an effective public competition, to learn from the results and to make changes. With its systemic approach SQI has managed to analyse and improve hundreds of health facilities in one to two years. It is based on a model developed by a GTZ health programme in Guinea, known as 'Concours Qualité' (Quality Competition). The system has since been further developed and introduced in Cameroon and in Morocco. In Morocco, SQI was introduced nationwide from the outset. With the involvement of many stakeholders, the system was adapted to suit the prevailing conditions in Morocco, making it a national Moroccan quality management instrument. The participatory development of quality indicators was critically important in creating this sense of ownership. The Moroccan Ministry of Health accepted the instrument as its own and ran an effective information campaign concurrently with implementation. Only two years later about 50 % of all institutions in the health sector were taking part in the competition and thus in the quality management process. Thanks to the visible achievements, for instance in introducing greater competition and improving medical services, the instrument is to become mandatory in the medium term. In future the EU will shoulder a large percentage of the costs.

\*) For more information see GTZ (Eds.): How to initiate and steer Systemic Quality Improvement, January 2007.  
<http://www.gtz.de/de/dokumente/en-QM-test-book-15.pdf>



### 3. Multilevel approach

The multilevel approach has proved to be one of the most effective approaches to scaling up. If we take into account the interplay between the various political levels, we can better understand the challenges encountered at micro level and improve the macro-level framework. Policy advisory services are generally more convincing if they build on concrete experience with implementation. They must respond to the challenge of not only helping the partner side develop policies, but also advising our partners on how to scale these up. This is easier if the project or programme operates at several levels, making it possible for instance to support the partner side with implementation in a few regions or municipalities. Conversely, pilot projects that are to be institutionalised and rolled out nationwide with the help of legislation, strategies or policies need a lobby within the ministries responsible and in parliament. The partner side can only be effectively supported if a GTZ project or programme is familiar with policymaking processes and stakeholders at several levels.

It is not easy to put the multilevel approach into practice. You will need clear communication structures, and a management and organisational concept that takes into account the interplay of the various levels from the outset. Basically the exchange between the different levels can also be achieved via other projects or programmes or other actors in the same country. Not every project or programme need necessarily be represented at all levels. This should only be the case where the advantages of structures of this sort outweigh the disadvantages.

**Capacity WORKS:** Success Factor Processes, Interface Management

#### Key questions:

- At which levels does the project or programme operate?
- Are the levels interlinked in terms of topic and strategy in a way that is conducive to scaling up results?



#### 4. Substantiating the results achieved by pilot projects and programmes

Many projects and programmes point out that evidence must be provided of the verifiable value added generated by innovative approaches. This is best done by implementing measures on a pilot basis. In the examples we have

already looked at – introducing water kiosks, improving cotton farming, and introducing an automated tax administration – a successful pilot approach marked the crucial breakthrough for scaling up. This does, however, presuppose that the pilot approach is demand-driven and technically and financially feasible. Only if proposals bring about a genuine and visible contribution to resolving the problem identified (i.e. if they are demand-driven) and if they are adapted to the sociocultural and political context is there a chance that they will be rolled out swiftly. Pilot approaches are also useful in identifying success factors and resistance that should be taken into account in any scaling up strategy.

#### Box 7: Engineering Capacity Building Program (ECBP) in Ethiopia\*

ECBP is a reform programme that is designed to accelerate industrial development in key sectors of the Ethiopian economy. It aims to boost exports and generate jobs with the help of training activities (university reform, reform of the vocational training system) and by modernising the private sector (reform of quality infrastructure, private sector development). Germany supported the first phase of the programme to the tune of EUR 50 million (the total sum contributed by all German implementing organisations). The programme was designed to operate nationwide from the outset. Its broad impact is due primarily to its presence at all levels, the dovetailing of several sectors (education, private sector promotion) and the high degree of ownership on the part of the Ethiopian partner. At national level crucial preconditions have been met for vocational training and certification (e.g. the establishment of an Ethiopian certification body), with the delivery of direct advisory services and upgrading services for Ethiopian businesses and training institutes. The interplay also works in reverse – where certain factors are identified at business level as distorting competition, such as bidding conditions in the pharmaceutical industry, efforts could be made at national level to alter these. In the same vein, punitive duties have been imposed on exports of raw materials in order to encourage businesses to process materials and increase the value added. The programme encouraged a close exchange between businesses and vocational training institutes, and thus contributed to ensuring that a new practice-driven vocational training concept that had been adopted at national level was rapidly translated into practice through the introduction of in-company training.

The programme further increased its impact by cooperating closely with the GTZ IS University Capacity Building Program (UCBP), in which 13 new universities are being built and the Ethiopian construction sector upgraded. ECBP has for instance supported the scaling up of the paving method introduced by UCBP. Today numerous local authorities are investing in paving their roads and squares, as a result of which about 40,000 new jobs have been created.

The large number of activities, staff members and implementing organisations involved represent huge challenges for the programme managers, not all of which have yet been fully addressed. Nevertheless the achievements speak for themselves. The leather branch has seen exports rise by 14 %, sales in the textile sector are 13 % up, the volume of agriculture produce processed in Ethiopia has doubled and the pharmaceutical industry has managed to position itself on the export market (all figures are based on a comparison of the figures for 2007/8 with those for 2006/7). In the construction sector alone 32,000 jobs have been created. Twelve building contractors have been certified under ISO 9001:2000. The curricula of all engineering degree courses have been revised (and 92 new courses are now on offer), teaching staff have been given in-service training on a massive scale, all vocational schools have been using the new standards since 2008, and 90,000 vocational school students have undertaken internships in industry.

\*) For more information check out [www.ecbp.biz](http://www.ecbp.biz), [www.ucbp-ethiopia.com](http://www.ucbp-ethiopia.com)

A well thought through monitoring system must be in place before we can provide evidence of results. If at all possible it should be sustainably anchored on the partner side and tailored to the needs of the institutions involved. Concrete figures and visible results will only be disseminated if the partners are convinced of the value of the measure and if political supporters can be found for scaling up. Cost-benefit analyses can be another useful instrument in this context to deliver evidence of the value that can be added by a new concept.

Should it emerge in the course of results-based monitoring that an approach does not have the desired impacts and/or is not sustainable, we must also have the courage to discontinue it. There is no point in scaling up everything. The decision should always be taken on the basis of the proven success of prior activities.

#### Key questions:

- Is the pilot approach demand-driven, adapted to the sociocultural and political context and replicable?
- Did the proven results convince decision-makers?

### Box 8: Cotton Made in Africa, Africa supraregional\*

In the Sahel states and at the southern edge of the Sahara alone the export of cotton generates USD 1.5 billion a year. This translates as 75 % of agricultural export earnings. 20 million people depend on cotton farming for their livelihood in this area. Falling prices on world markets, poor working conditions and low levels of productivity as a result of inefficient cultivation methods present small farmers with some major challenges. Over the last five years this has resulted in lower cotton harvests and a dip in cotton production.

Against this background the Aid by Trade Foundation for Sustainable Agriculture and Forestry, founded by Dr. Michael Otto, established the Cotton made in Africa initiative along with DEG and GTZ (operating on behalf of BMZ). The total funding of the initiative is EUR 9.6 million, of which BMZ is providing EUR 4 million. The aim is to establish an alliance of major international textile businesses, which will buy cotton produced under sustainable conditions in Africa. To this end the Cotton made in Africa label was introduced. Intensive training programmes taught small far-

mers in three states (Benin, Burkina Faso and Zambia) to use environmentally sound cultivation methods that also raised their productivity. Private cotton businesses conduct the training programmes and shoulder a significant share of the costs (approximately EUR 3 million). About 120,000 small farmers have already undergone training. The positive experience gained in terms of increased productivity has been evaluated and documented by GTZ. (In Zambia, for instance productivity rose by up to 30 %). These figures convinced the Bill and Melinda Gates Foundation, which contributed EUR 16.3 million to the initiative. The new project, Competitive African Cotton Initiative, has a total volume of EUR 33.6 million. Alongside the Bill and Melinda Gates Foundation, BMZ is contributing EUR 5 million and five private cotton businesses are contributing a total of EUR 12.5 million to finance the project, which intends to reach a minimum of 265,000 small farmers in Benin, Burkina Faso, Côte d'Ivoire, Malawi, Zambia and Uganda.

\* For more information check out [www.cotton-made-in-africa.com](http://www.cotton-made-in-africa.com)

### Box 9: Financial Literacy in Ghana

To mobilise local savings and investment it is essential that people have access to savings accounts, loans and (micro) insurance schemes. To date, however, fewer than 20 % of Ghanaians benefit from these formal financial services. Two major reasons are the people's failure to understand how they can make use of the services on offer, and their lack of trust in banks and insurance companies. Against this backdrop, together with the Ghana Microfinance Institutions Network (GHAMFIN) and under the aegis of the Ghanaian Ministry of Finance and Economics, the GTZ project began to organise financial literacy roadshows with the involvement of rural banks, initially as a pilot measure. Drama groups take the message to markets and traditional meeting places and explain to the people, in their own languages and dialects, their rights and obligations as consumers of financial products. The Financial Literacy Road Shows also improve relations between the financial institutions and the people and build trust on a lasting basis. An evaluation study confirmed the success of the measures. Three months after the Road Shows the number of customers of the rural banks involved had risen by an average of 72 % and savings were up by 243 %. The customer service units of the financial institutions were improved, as was the quality of the financial services they offered. These Road Shows have now been held in all ten regions of Ghana with the involvement of 110 rural banks (horizontal scaling up). The Danish development agency DANIDA was convinced by the excellent

response and has shouldered some of the costs. Building on these achievements, the Ministry of Finance and Economic Planning has put financial literacy on the political agenda (multilevel approach) and has instituted an annual Financial Literacy Week largely financed from its own budget (ownership) in the course of which the Ghanaian people are informed about the basics of savings, loans and insurance schemes with the help of radio and television broadcasts, posters, flyers, quiz shows at high schools and Volunteers' Days (communication). The Financial Literacy Week is taking place at exactly the right time. In view of the global financial crisis, the need for financial literacy is greater than ever,' underlined Mr Alhaji Aliu Mahama, then Vice-President of Ghana, at the opening of the week's events. In order to consolidate activities and underpin them in the long term, a National Strategy for Financial Literacy and Consumer Protection in the Microfinance Sector has also been developed and adopted (vertical scaling up). The initial activities laid out in the strategy have already been launched and include the development and implementation of training programmes for microfinance institutions and the incorporation of financial literacy in curricula (standards) for primary schools and secondary schools. Positive experience gained is currently being disseminated at supraregional level via the initiative Making Finance Work for Africa and via direct cooperation with GTZ programmes in Kenya, Tanzania, Mozambique and Uganda.



## 5. Standards and manuals

Many projects and programmes require precisely defined standards along with well designed, easy-to-read and illustrated manuals. Once a scaling up process has developed its own momentum it can only be steered to a degree. Guidelines help ensure the quality by laying out the individual steps involved in the process and describing tried and tested tools. Depending on the context it might be necessary to introduce mandatory standards.

One project aiming to support health insurance in India (see below) clearly illustrates how important standards are. To ensure that the system functions in the same way throughout India, the central government standardised documents including contracts, data gathering forms etc. The software and hardware used and the relevant guidelines too have been standardised throughout the country. This is the only way to ensure the quality of the system nationwide.

### Key questions:

- Which standards underpin the quality of the scaling up process?
- How is compliance with these standards monitored?
- Do the actors involved in the scaling up process have manuals that lay out clearly, with illustrations, the necessary processes, technologies, applications, etc.?

### Box 10: Health insurance for the poor in India\*

For years now India's economy has been booming. In terms of the health status of its population, however, India ranks very low compared to the other countries of the world. Although access to state health services is free of charge, most poor people spend a high percentage of their income on health. Only the seven per cent of the population that are employed in the formal sector have access to health insurance. A new system is to change this: Rashtriya Swasthya Bima Yojana (RSBY) will usher in a change of paradigm in state health policy, away from the supply-driven system to a demand-driven alternative. Each family (of up to five people) is entitled to annual health services worth the equivalent of EUR 500 and to transport to a hospital costing the equivalent of EUR 17. An appropriate personalised smart card is to be issued to families and can be used in health facilities across the country. The idea is that by 2012 all 300 million families living below the poverty line will have a smart card. The system is to be financed partly by central government (which is to shoulder 75 % of the costs) and partly by the governments of the individual states (which will pick up the other 25 %). Private insurance providers will implement the system. Modern IT technology makes possible non-cash transactions between patients and health facilities and between the health facilities and the insurance company. The insurance company will reimburse costs of up to a ceiling of EUR 500 per family. GTZ and the World Bank are supporting the system with specialist advisory services.

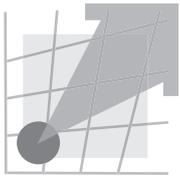
The achievements and results can be seen at several different levels: (1) The poor population has better

access to health services. (2) The percentage of health costs that the poor themselves have to pay has dropped significantly. RSBY users spend six times less of their own money on health than non-users. (3) The rise in demand and the freedom of customers to choose is generating competition between private and state health facilities, which has already led to tangible quality gains.

The main factors behind the success of the project were: the vision that guided measures from the outset of the reform, the involvement of all relevant stakeholders in designing the system, the standardisation of all procedures needed for implementation (contracts, forms, etc.), the flexibility demonstrated during introduction (a trial and error approach), the development of a solution geared to the actual problems and circumstances of the poor, an extensive marketing campaign, cooperation with local NGOs on awareness campaigns, extensive capacity building activities (NGOs, civil servants) and the involvement of the private sector by opening up business opportunities. For every new customer the insurer now gets a bonus, which obviously provides a clear incentive to scale up operations.

The system is now being extended to embrace other countries, including Nigeria, in the form of triangular cooperation agreements. The option of applying the approach to other sectors (such as access to cheap food) is also being discussed.

\*) For more information see: GTZ: 56 Million Steps Towards Universal Coverage: RSBY Health Insurance for the Poor in India (GTZ publication). [social-protection@gtz.de](mailto:social-protection@gtz.de)



## 6. Effective scaling up structures and incentive mechanisms

Innovations and good policies do not generally spread of their own accord. There must be a willingness to embrace change and the capacity to implement change, as well as professional institutions to steer a wide-scale change process and to build the implementation capacities required. The latter can be state bodies or authorities, private institutions (further training institutes, consulting firms) or NGOs (such as associations). Analysing their capacities and developing these specifically to underpin their role in the scaling up process (capacity development) is a major precondition for success and is at the heart of many GTZ advisory projects and programmes.

In addition to the classical approach to scaling up, which involves legislation, monitoring and possibly sanctions, much experience has been gained with a variety of incentive mechanisms that encourage actors to scale up innovative approaches. In practice, political instruments and incentive mechanisms are often combined.

### Financial and commercial incentives

Performance-based financing systems have proved effective. Systems can be changed nationwide if state subsidies, transfer payments or bonus payments are only paid out when certain services are delivered or change processes embraced. In Rwanda there is a system of contractually regulated, performance-based grants for all institutions in the health system. In addition to performance-related pay for health service staff, performance agreements exist between the various administrative levels and the president. The nationwide introduction of this principle, in conjunction with other measures, has done much to improve the quality of health services.<sup>6</sup>

Financial incentives can also be achieved by commercialising services. One good example is the GESPRO procedure used in Bolivia (see Box 11). Chile created an environment in which it made financial sense for the private sector to invest in the use of renewable energies. It achieved this through a combination of promotional and

feed-in legislation for renewable power supply, capacity development for the private sector, and other instruments including risk and guarantee funds. Over the last two years projects with a total output of 1,900 MW have applied for an environmental impact assessment. In the case of other technologies too, such as the distribution of energy-saving cook stoves or mobile phones, the commercial potential plays a crucial role in scaling up.

In India cooperation between the public and private sectors in the health system is a major precondition for the rapid nationwide rollout of the new health insurance system and the smart card (see Box 10). While the government puts in place an enabling environment for the system, private insurance providers translate the system into practice. For every family insured the companies receive a bonus from the state. Insurers must provide the government with enrolment plans and establish a kiosk to handle the system in every village. There is a commercial incentive to insure as many people as possible. It makes financial sense for hospitals to attract patients, and the best way to do so is to improve the quality of the services they offer.

### Other incentive systems and scaling up strategies

#### Competitions

As the example of Systemic Quality Improvements (SQI) indicates (see Box 6), public competitions too can trigger changes. A public award ceremony is always a good opportunity to publicise an issue through the media.

#### Incentives through transparency

The publication of data and information alone can generate huge momentum. The Kenyan regulatory authority, for instance, publishes annual figures showing the performance of all water utilities on the basis of a series of predefined indicators and standards. All utilities are obliged to disclose the relevant information. The regulatory authority ensures quality by monitoring the utilities, and the publication of figures puts the companies under extra pressure. In future the allocation of state subsidies too is to be based to a greater extent on the national ranking list and quality gains. The information provided by Water Action Groups is an additional source of data and thus an additional way of exerting pressure. These civil society groups monitor the performance of water utilities and submit any complaints they have to the regulatory authority.

#### Peer-to-peer learning

One interesting approach to effective scaling up is being pursued by the project Small and Medium Enterprise

<sup>6</sup> Source: Deutsche Entwicklungszusammenarbeit mit Ruanda. Gemeinsame Berichterstattung zum EZ-Programme Primäre Gesundheitsversorgung und HIV/AIDS Bekämpfung, 2009

Development for Sustainable Employment in the Philippines. Community representatives meet representatives of successful pilot municipalities at workshops, where they can learn from one another. Dialogue and learning on the basis of concrete examples have proven to be effective in the horizontal scaling up of simplified licensing procedures, and the approach is being systematically replicated. The scaling up process was aided by studies, which proved that simplified licensing procedures not only resulted in a rise in the number of business start-ups (which were 20% up), thus also increasing the revenue from license fees (42% up), but also made for significant savings in administrative costs (of up to 80%). To date the approach has been adopted in 61 towns and municipalities in the Visayas archipelago. Nationwide scaling up is now underway in conjunction with other donors (USAID, International Finance Cooperation (IFC)).

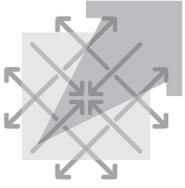
#### Key questions:

- Which strategy can ensure effective scaling up? Do the key actors have the capacities they need?
- Do the key actors and population groups have interests that can be harnessed in a scaling up process?
- Which pressure and which incentive mechanisms can be used to simulate the willingness to embrace change and thus ensure scaling up?

### Box 11: Programme to Support Decentralised Governance and Poverty Reduction in Bolivia\*

The Programme to Support Decentralised Governance and Poverty Reduction was devised in order to support the decentralisation policy of the Bolivian government. GTZ activities focus on delivering advisory services on fiscal decentralisation and strengthening state institutions at all three administrative levels. In many areas, the programme is systematically replicating successful pilot projects. The GESPRO (Gestión Subnacional de Proyectos) procedure is considered to be an example of a successful scaling up approach that benefits all stakeholders. The procedure was devised as a pilot approach to speeding up the handling of public-sector infrastructure projects at municipal level. By transferring the responsibility for project management to certified private companies, efficiency gains were made in comparison to traditional management procedures. During the pilot phase the new procedures handled public infrastructure projects worth EUR 3.2 million. The procedure has now been rolled out by the umbrella organisation of municipal authorities, FAM, and embraces 120 municipalities. By 2008, 541 infrastructure projects involving investment of USD 70 million had been realised in 120 municipalities. The approach is being scaled up with the help of the Dutch development cooperation, which is contributing EUR 4 million to a combined financing arrangement. All nine prefectures now have certified private providers capable of delivering project management services to interested municipalities. The municipalities can now implement infrastructure measures more easily and more rapidly. The private consultants too benefit from this new and profitable business opportunity. Funds from the large-scale development fund, co-financed by KfW, can be used more effectively and more rapidly with the help of the new procedure. Advisory services in this case generated enormous leverage.

\*) For more information check out [www.padep.org.bo](http://www.padep.org.bo)



## 7. Communication and networking

Most projects and programmes that successfully scale up measures have a communications strategy and invest specifically in disseminating information and in awareness programmes. Communication campaigns aim to inform, convince, involve and recruit certain population groups, decision-makers, other donors and potential clients, so as to generate at an early stage a positive environment for scaling up and to address potential ‘implementers’. At the same time, active communication helps prevent misunderstandings and misconceptions arising.

Communication also supports networks, with the help of which important actors can be involved in planning and implementation. Networks are established to discuss topics and issues and to help actors from different organisations coordinate their interests. Using and actively shaping networks opens up channels for dissemination and can establish a large number of useful contacts to relevant actors. It is important to become a part of both political and technical networks.

**Capacity WORKS:** For networking the tool Network Development and Analysis, which you will find under Success Factor Cooperation, can give you some useful support.

### Key questions:

- Which actors need what information?
- Have all stakeholders been informed about the background, the benefits and the course of the scaling up processes?
- How can existing networks be involved in the communication and dialogue process?

### Box 12: Alliance for Financial Inclusion (AFI), global programme\*

AFI is a global network of central banks and ministries from more than 60 countries. It aims to disseminate worldwide tried and tested policy concepts that can be proven to have improved popular access to financial services, such as loans, savings accounts and insurance schemes. AFI focuses on communication, learning and replication. The spectrum of communication channels identified in the communications strategy, which are now used extensively, go from the Global Policy Forum and conferences to newsletters, press work, mailing lists and websites. Clearly defined messages are sent to different stakeholder groups. A face-to-face exchange between policymakers (South-South exchange) and personal relations based on mutual trust between programme managers and partners are considered especially important. Tried and tested policy concepts are rolled out with the help of grants. The project, which is financed by the Bill and Melinda Gates Foundation to the tune of USD 35 million, intends to give 50 million poor people around the world access to financial services within four years.

\*) For more information check out [www.afi-global.net](http://www.afi-global.net)



## 8. Generous timescale and budget

Last but not least, scaling up processes take time and in many cases funding. Frequently the timescales envisaged by development cooperation programmes are overly ambitious and not adapted to the pace of reform in the partner country. This is why projects and programmes often fail to get past the stage of a green paper if policy-making processes are very prolonged. The duration of a change process, starting from the design to scaling up should be assessed realistically as of the planning stage, taking into account the many political, economic and social factors that come into play, to ensure that the advisory services required for a scaling up process are genuinely available from start to finish. There is otherwise a risk that a process might stagnate and that advisory services or investments might have no impact. This does not preclude breaking off advisory services if there is no will to embrace change in a specific country or sector, and scaling up appears not worthwhile.

Programmes such as the ECBP or programmes financed by the Bill and Melinda Gates Foundation that have a huge budget from the outset can plan for scaling up with far more certainty. Provided the pilot approaches achieve the desired results, a pledge of funding for scaling up can be a viable proposition for the contractor. Adequate budgets make it possible to test different approaches during the pilot phase and devise a concept tailored to the local conditions.

Secure long-term financing for scaling up presupposes the existence of appropriate budget items in the national budget of the partner country at national and/or local level. In this way the partner country underscores its ownership of the scaling up process and accepts that it is accountable. The dialogue on this point should be sought with the partner country as early as possible. The Fit For School Programme (see Box 5) indicates just how effective such measures can be if national and local authorities support programmes by contributing expertise, commitment and financial resources.

Since in many developing countries, transitional finance will firstly be provided through donor-funded instruments, it makes sense to examine the various options available at an early stage. As the example of Industrial Zone Development (see below) in Ghana indicates, many TC concepts can only be scaled up in combination with financial contributions. Funds from TA pools and basket support are well suited for scaling up TC approaches, but are often unsuitable for pilot phases because of the cumbersome decision-making mechanisms involved. Opportunities must be identified as early as possible and exploited through dialogue with partners and donors, for instance through a programme building process.

### Key questions:

- Does a long-term financing concept exist for the scaling up process?
- Are the objectives of the scaling up process realistic in the timescale envisaged?

### Box 13: Sustainable economic development in Ghana

Ghana's economic development over the last 15 years has been one of sub-Saharan Africa's greatest success stories. Income differentials have, however, risen sharply. The high costs and non-commercial risks involved in entrepreneurial activity and the limited access of small and medium-sized businessmen and women to financial services are a constraint on scaling up and on achieving a regional balance of growth processes. This problem is being tackled by the Sustainable Economic Development Project with a wide spectrum of measures in the fields of private sector development and financial sector development. We can take as an example the Industrial Zone Development Component. Industrial zones have been developed on a pilot basis in eight Ghanaian towns and cities, financed by the German-Dutch Energy Partnership. In dialogue with local authorities and local business associations suitable locations have been designated and the necessary investment made in infrastructure (secure power supplies, water, sewa-

ge, access roads, etc.). Through capacity development inputs, the business associations and their members learned to manage the new industrial zones and the production facilities sustainably in economic and environmental terms. It is hoped that the industrial zones will attract new businesses, create jobs, take pressure off the town centres by moving industrial activities to the outskirts, and ensure the better control and treatment of hazardous waste. Success came swiftly. Within a very short period of time businesses began to move to the new zones. By the end of the programme phase 1,700 businesses should be benefiting from the new zones. The proven positive impacts of the pilot locations have led the Ghanaian Government to incorporate industrial zone development as a key element in its new national private sector strategy. As of 2010 the model is to be implemented nationwide using a multi-donor basket support system and help foster decentralised economic development.

### Box 14: Self-Help-Group (SHG) Bank Linkage Programme in India

70% of Indians live in rural areas. Most of the poor rural population have no access to savings accounts or loans. The heart of the SHG Bank Linkage Programme involves giving rural self-help groups access to financial services by establishing contacts to the formal banking system. GTZ has been pushing this idea since 1986, when it was first launched in Indonesia. After an Indian delegation visited Indonesia, the National Bank for Agriculture and Rural Development (NABARD) decided in 1992 to adapt the approach to conditions in India and to test it on a pilot basis. As of 1996 the programme was rolled out nationwide with a view to reaching one third of the rural poor by 2008 (timescale: 1992-2008 – 16 years!). GTZ supported the programme until the end of 2008 with extensive capacity development measures, drawing on the expertise it had gained in other countries. For instance demand-driven financial services and a risk management tool were developed and introduced, and NABARD's management information system was improved. NABARD now covers

more than 40,000 branches of almost 500 different banks and offers financial services to 4.2 million self-help groups, or more than 50 million poor families. Saving incentives and access to loans have sustainably raised the economic performance of the families involved and have increased household incomes (on average by 32%). More than 80% of members of the self-help groups involved are women. Numerous factors were important in ensuring the successful scaling-up of what has become the world's largest microfinance programme: strong competent institutions at national level that supported the programme from the outset, an enabling environment at national level (the high level of acceptance on the part of the Indian Government, the ending of subsidies in the national budget), intensive capacity development measures to strengthen banks and self-help groups (strengthening the scaling up structures), extensive awareness measures and the development of incentive mechanisms for the banks (such as risk-mitigation measures).

## Closing remarks – the next steps at GTZ

*„Small is beautiful but big is necessary.“* We could sum up the challenges of scaling up for GTZ and indeed for development cooperation in general in these few words. In line with a decision of the Committee of Executives' working group on development effectiveness taken on 24 June 2010, GTZ intends to address the challenge of scaling up more systematically in future. GTZ has shown that technical cooperation can make crucial contributions to devising and realising scaling up processes. This knowledge and experience is to be used more systematically for broad-scale impact, shared with partner countries and other donors, and operationalised in our projects and programmes. For the internal exchange of knowledge, GTZ's sector networks will play a pivotal role. They can do much to ensure that successful concepts are incorporated in advisory work in other countries, where the approaches can be replicated.

It has also been decided to integrate scaling up to a greater extent in the relevant guidelines on contract and cooperation management (drawing up offers, project progress reviews, reporting) and to focus more closely on this during internal quality reviews. Scaling up should thus be kept in mind by officers responsible for contracts and cooperation from the outset and should be integrated into planning. By covering the issue in greater depth in training measures on contract and cooperation management and by improving communication in this regard, staff members will become more familiar with the approach. As of November 2010 information and dialogue events are planned. Sector networks are to be used more as forums for discussing scaling up.

Managers bear a great responsibility. In dialogues with their staff members they must raise the issue of scaling up and, wherever possible, call for the concept to be put into practice.

# Acronyms

AFI	Alliance for Financial Inclusion
BMU	Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
BMZ	Federal Ministry for Economic Cooperation and Development
CIM	Centre for International Migration and Development
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
ECBP	Engineering Capacity Building Program
EU	European Union
GESPRO	Gestión subnacional de Proyectos
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH
MDG	Millennium Development Goals
ODA	Official Development Assistance
SQI	Systemic Quality Improvement
UCBP	University Capacity Building Program

# Annex

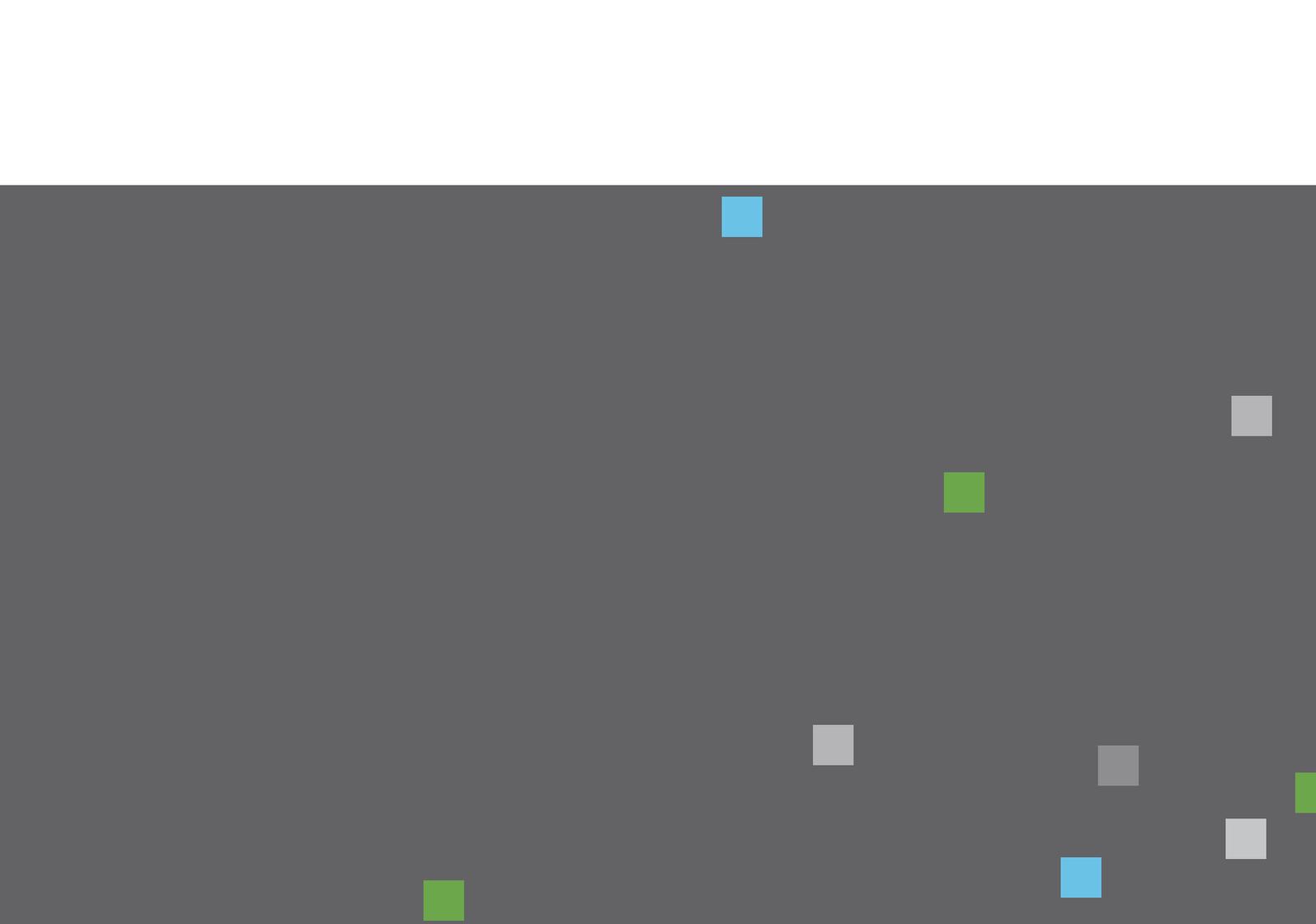
Checklist for scaling up based on Capacity WORKS Success Factor 5 Learning and Innovation

Steps in the process	Key questions	++	+	-	--
Evaluating experiences	Have we described the experiences and good practices from the project precisely and in a structured fashion?				
	Are we sufficiently familiar with the financial and institutional conditions for scaling up?				
Scaling-up strategy	Have we discussed the hypotheses for scaling up with various key partners?				
	Have we discussed and agreed on milestones and cut-off points with the partners?				
	Have we discussed various options for scaling up and reached a sound decision in favour of one of them?				
Selecting partners	Have we conducted a stakeholder analysis and discussed it with different partners?				
	Do the key stakeholders possess the core competences needed for scaling up?				
Resources	Do we possess sufficient human and financial resources for the start-up phase?				
	Is the scaling up of the innovation financially secure, or is there a financing model?				
Monitoring and quality assurance	Do we have the instruments to monitor and steer the process with selected partners?				
	Do we know what the core of the innovation to be scaled up is?				

# Thank you

I would like to take this opportunity to thank all GTZ colleagues who have helped make this publication a success. Without the many case studies, ideas and constructive suggestions you submitted, these guidelines would never have got off the ground.

Frauke Neumann-Silkow  
Eschborn, November 2010



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