

Statement of Civil Society Organizations to the OECD-DAC Midterm Review of Germany 2012

12.11.2012

1. Overall framework for development co-operation

The overarching policy framework of the German Ministry for Development Cooperation „Minds for Change – Enhancing Opportunities“ has been published in August 2011 and claims to be innovative. However, it reiterates well known concepts of economic growth in order to stimulate development and job creation. From the perspective of German civil society, a development model that is based only on economic growth cannot be successful. Instead, human dignity and the sustainable use of resources should form the base of a development model that is future oriented. Good governance has to be based on the rejection of economic interests of the private sector, if these conflict with common goods or are not ecologically viable.

CSOs welcome the significance given to human rights in the concept paper. However, it remains unclear how the balancing of human rights and economic interests would work in practice. The paper ignores that there are often conflicting interests among the civil society, the state and the private sector. Civil society engagement in support of the most vulnerable groups is in many cases directed against the interests of the state or the private sector. If the paper claims to reconcile these groups, their potentially conflicting interests have to be taken into account.

In addition, the concept paper has thematic gaps with regard to fundamental development areas, such as rural development, social justice, gender, education and health. It does not refer to essential issues such as global structural policy and financial regulation. From a civil society perspective, these gaps are not comprehensible and should be addressed in the further process of elaborating an overall framework for German development co-operation.

Finally, the definition of the target groups of the paper does not focus on the most vulnerable parts of society. The paper refers especially to strengthening elites to foster development processes. How this is related to the responsibility of society as a whole is not reflected in the paper.

In addition to the overall strategy paper, the BMZ has recently presented a general policy on poverty reduction. This policy does not sufficiently analyze the underlying reasons for poverty, but offers a lot of working areas. The BMZ is supposed to share this policy paper with the other ministries, at least those who are spending ODA relevant funds. CSOs demand that the BMZ not only shares the policy with them, but creates an overarching governmental policy on poverty reduction, applied by all relevant key ministries who have direct influence on poverty reduction (Economic, Finance, Environment and Resources). This would, from our point of view, be more efficient for development and poverty reduction, because the BMZ does not have enough influence by itself to bring forward the fundamental changes needed for poverty eradication.

2. Coherence for Development

Coherence for Development is a principle well recognized by both the German Government and the Parliament, as well as within the BMZ strategy “Minds for Change – Enhancing Opportunities”. Civil society welcomes the clear recognition of coherence of all external policies to further the principles

and objectives of German development cooperation. But coherence is only a means to an end, namely ending poverty and realizing human rights worldwide. With regard to human rights in development, the BMZ should live up to its stated policy to put “*values before interests*”. The ministry should claim its leading and coordinating role for the realization of human rights above and beyond Germany’s foreign, security, agricultural and external trade interests. It should clearly be leading on the coordination of all relevant development policy initiatives in other line ministries and development agencies. In order to allow the full realization of coherence for development in its political practice, Germany needs to develop concrete policy instruments and initiatives, such as:

- **Annual report on the development coherence of Government policies** – The report should highlight progress on the contributions by all Government departments on poverty eradication and reaching the Global Development Goals, following the EU example.
- **Standing rapporteur on Policy Coherence for Development (PCD) within the Parliament** – The rapporteur is to serve as focal point for complaints from all stakeholders on the Government’s approach toward development coherence.
- **“Whole-of-a-Government” declaration on PCD and PCD Action Plan** – A clear definition of concrete goals and implementing measures to strengthen PCD across German policies impacting on development policy, as recommended by the 2010 DAC Peer Review, is still missing. The BMZ needs to be mandated to control and lead within the government on PCD.
- **Strengthening the *Interministerial Steering Group on International Cooperation*** – The *Interministerial Steering Group* will need to openly address conflicts of interest existing between various line ministries, i.e. between the Ministry of Economics, Agriculture, the Foreign Office and the Development Ministry. The expansion of the Steering Group towards a Standing Committee for Development within the German Cabinet should be explored with the aim to strengthen long-term coordination of Government policies.
- **Expanding inter-committee meetings within the German Parliament** – Inter-committee hearings will strengthen policy coherence for development by exposing conflicts of objectives amongst various policy areas impacting on development policy and facilitate the search for coherent government policies. Civil society and other stakeholders in development can actively contribute and bring in their expertise as development practitioners.
- **Furthering discussions on the “Development-Friendliness” of German policies** – Germany should proactively contribute to international discussions on new measures for the coherence and development-friendliness of donor policies as a whole. Therefore, new measures and indicators, i.e. in the form of a “PCD index” should be explored, building on and expanding existing initiatives such as the *Commitment to Development Index*.
- **Regarding the mainstreaming of human rights as cross-cutting principle underpinning German development policy** - In addition to a clear and binding Human Rights Strategy within German Government, concrete policy instruments such as the *Human Rights MOT certificate* and the *Human Rights Complaints Mechanism for German Development Cooperation* need to be implemented in a timely manner. Therefore, BMZ in-house capacity to mainstream the cross-cutting Human Rights Concept needs to be expanded and provided with clear political support from the Ministry’s executive. These initiatives should not remain limited to the BMZ, but should be adopted in all policy areas impacting on coherence for development.

3. Aid Volumes, Channels and Allocations

In 2010, at the core of DAC recommendations to the German government with regard to aid was to set realistic annual ODA targets for achieving the 0.7% of GNI target, and to work on building cross party support for achieving the new targets. Since then, we haven’t seen the increases needed to

reach the targets, nor a binding timetable has been established. Quite the contrary, the medium-term spending forecast of the government predicts cuts in the budget of the development ministry from 2014 onwards. The government (Chancellor and Development Minister) continued to say that it wants to reach the 0.7 target, and acknowledges that innovative sources of financing are needed to reach it. However, there is no concrete action on introducing new financing instruments. For example, there is a broad coalition of CSOs calling for using part of the revenues of a Financial Transaction Tax for development and the fight against climate change in developing countries, and opinion polls show broad public support for this demand. However, the government is so far not taking it up. In the view of CSOs, this lack of action is undermining the credibility of the government's statements on aid. This is astonishing as in the meantime there has been build huge cross-party support in the Parliament, with more than half of the MPs (372 out of 620) calling for annual ODA increases of 1.2 billion until 2015 in the context of the so-called "Consensus on Development Policy in order to reach the 0.7 target". Unfortunately, the government is not building on this initiative.

Instead, the government aims at increasing ODA by using the so-called Blending of Loans and Grants, which CSOs are skeptical about since the poverty focus of this instrument remains unclear. Blending is essentially an instrument to finance infrastructure projects (transport, energy), whereas social sectors (education, health) are not much covered. For building strong health and education systems, it might be better to use genuine aid resources, for example to finance social cash transfers or abolish user fees. Furthermore, blending is especially interesting for investments in Middle-Income Countries, which implies a focus on Asian rather than African countries. Therefore, the increased usage of this instrument might in the worst case lead to diverting resources from LICs to MICs, which would not be in line with the DAC's recommendation to concentrate resources more on countries most in need. On the other hand, if used in LICs, CSOs are particularly concerned that blending could lead to unsustainable debt levels in partner countries, since loans have to be paid back, which could be a problematic burden especially for LICs. Finally, it is still questionable if the trend to blending is triggered by external trade interests rather than by the objective of poverty reduction.

Against this background, CSOs call on the German government

- To introduce a binding timetable for achieving the 0.7 target with concrete interim-targets and measures. This timetable should entail also the innovative financing mechanisms needed to reach the target, for example resources from a financial transaction tax.
- To concentrate its resources more on LICs and LDCs.
- To not open up discussions within the DAC on broadening ODA criteria, for example on lowering the grant element in grant-loan instruments.

4. Organization, Management and the Relationship to German Civil Society

The merger of the three main technical German implementing agencies in 2010 was followed by the **creation of a new agency** that aims to be a service point for civic and municipal engagement in Germany ("Engagement Global"). While German CSOs welcome the creation of such an agency, there has been some criticism about its design:

The organization is completely owned by the federal government. A shared state/civil society responsibility and institutional participation of stakeholders, as proposed by CSOs, has not been taken up. Instead of supporting and promoting civil society activities by strengthening their own structures and networks the government has created a comparatively big new state agency. The repeatedly proclaimed goal of strengthening CSOs has thus been undermined.

Consequently Engagement Global has been tasked with the implementation of activities that should primarily be the work of civil society organizations, such as development education, awareness raising and reaching out to the broader public. By offering training and learning programs for CSOs as well as the promotion and facilitation of networking among them this new governmental agency interferes with civil societies own activities in this regard. This is not in line with the principle of subsidiarity (civil society **before** state) and will weaken CSOs instead of strengthening them.

Following the recommendations from the last OECD-DAC Peer Review, the BMZ is currently **elaborating a strategic framework for engaging with CSOs**. While the process has included some participation of CSOs (two workshops so far), there are serious concerns of NGOs regarding the content. The current draft misses a clear outline of the different roles of CSOs and government:

Although the principle of subsidiarity is mentioned, the understanding of CSOs seems to be rather instrumental, viewing them not as actors in their own right, but merely as a mean to support the implementation of government strategies. This is e.g. reflected in the use of the term “partner countries” throughout the document, whereas CSOs have made it very clear that their work should and will not be limited to the partner countries of the government. It is also reflected in the thematic and regional restrictions of the co-financing mechanisms that inflicts on the political independence of CSOs, their co-operation with southern partner organizations and their right of initiative.

With regard to **development education** there is growing concern among CSOs about rules within the BMZ budget line for development education, which is a vital funding source in particular for smaller and regional CSOs. The BMZ is reluctant to fund publications that are critical of the government’s policy and insists on seeing publications before they get published. There are cases where the ministry insisted on changes in the text and some CSOs lost their funding because they refused to obey. Other ministries such as the environment ministry do not have such regulations. We believe this is a sign of mistrust and in a democratic and pluralistic society it is unacceptable that public funding is only available for development education that goes along with the government’s political positions.

Regarding **policy dialogue** the situation is ambivalent. Although consultations with CSOs take place on different levels and topics, they have been conducted on a rather ad hoc basis and depend to a large extent on the interest and personal attitudes of ministry officials. CSOs very often do not have the chance to select their own representatives and to prepare their input and positions in advance. A positive example of policy dialogue has been the human rights concept of the BMZ which has been preceded by consultations with CSOs already at a very early stage. On the other hand there are many negative examples like the overarching development policy strategy “Minds for change – Enhancing opportunities” which never had been properly consulted. The consultation process started after the document had already been printed, translated into four languages and presented to a wide

audience. After that the formal discussions with CSOs were primarily around procedural questions rather than the content of the document.

To be meaningful and truly participative, consultations should take place in a form of structured dialogue based on agreed principles, e.g. that the consultation process starts at an early stage and allows for enough time and space for CSOs to prepare and coordinate among themselves.

5. Aid Effectiveness

On the aid effectiveness agenda, the life span of the previous, rigorous national implementation plan has elapsed and although the High Level Forum in Busan took place about a year ago, it remains unclear how this process is playing out in Germany. In particular the following points are to be highlighted:

In 2009, Germany was the first country to publish a national implementation plan to the Accra Agenda for Action, which ran until 2010. Whereas the current government endorsed the plan, the final report on its implementation is very short. It remains unclear if and how the “unfinished business” of the AAA-national implementation plan is being taken forward.

Germany is an original signatory of the International Aid Transparency Initiative (IATI). Yet, after four years there still is no implementation plan or concrete public statement as to when Germany would be compliant.

Due to the new definition of “tied aid” (including technical cooperation), the indicator worsened for Germany. This is worrisome and Germany should strive to improve on this. Liberalization of the market for TC can only benefit a strong organization like the GIZ

However, CSOs strongly welcome that the national independent evaluation institute “DEval” has been established.

6. Humanitarian Aid

In reaction to the 2010 recommendations of the OECD-DAC Peer Review, German humanitarian assistance has been subjected to an interministerial, independent evaluation for the first time in 2011. German CSOs support the findings of this evaluation and demand the implementation of its recommendations.

We still observe a lack of coherence and division of labour between the Ministry of Foreign Affairs (AA) that is in charge of humanitarian aid and the BMZ, responsible for rehabilitation and development. An example is the new concept of the AA, which considers longer term action to support disaster preparedness and risk reduction (DRR) that would take between two and four years to be implemented. However, it is unclear, how these activities can be promoted within the framework of the existing rules and regulations of the AA that is funding so far projects with a maximum duration of 18 months. This applies also to the reporting rules and regulations that are not adapted to longer term projects. On the other hand the BMZ will co-fund activities that are as well

related to DRR, but both Ministries prepare their new policies individually, despite an existing inter-ministerial coordination group and the recommendation to create an overarching policy.

Another point of critique is the lack of a coordinated and coherent approach for linking humanitarian aid and rehabilitation between the two ministries. Humanitarian aid as a whole is still fragmented.

The ministries involved do use a large number and a diverse range of mechanisms to channel their funding. International coordinating mechanisms for humanitarian aid, such as the UN clusters, are promoted by the government, but not all humanitarian aid organizations (German as well as local organizations) have access to or participate in these coordination mechanisms.

Finally, we do support the recommendation of the independent evaluation to include more transparency and clear transparency in the choice of partners to implement humanitarian assistance.

The following organizations contributed to the statement:

- Brot für die Welt – Evangelischer Entwicklungsdienst
- Deutsches Rotes Kreuz
- Forum Umwelt und Entwicklung
- Germanwatch
- Misereor
- ONE
- Oxfam
- VENRO