

2 Decentralised development co-operation policies, strategies and programmes in Germany

Since the 1950s, decentralised development co-operation (DDC) has gained increasing importance for German development co-operation. German local and regional governments provide the highest levels of official development assistance (ODA) in absolute terms compared to other members of the OECD Development Assistance Committee. Most states and municipalities focus their DDC on technical co-operation, advisory services and peer-to-peer learning as well as networking, mainly in the policy areas of education, environment and health. The DDC model at the state level in Germany is in many cases strongly based on the funding of civil society organisations (CSOs), which can limit the return on investment due to the lack of direct interaction. Municipalities often have long-standing partnerships with subnational governments in developing countries in place.

Decentralised development co-operation – Concept and background

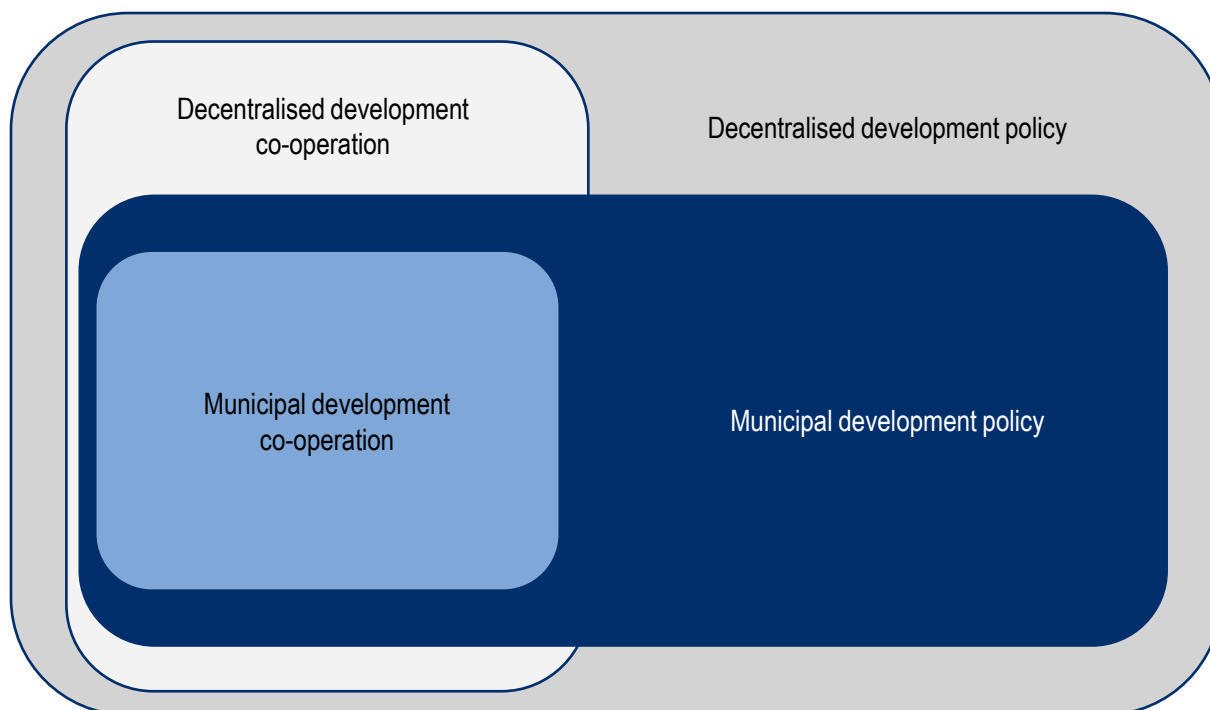
Cities and regions are increasingly engaging in international co-operation activities and are recognised as key development actors. The concept of DDC – development co-operation activities at the subnational level – came to light in the 1980s when central governments rolled back traditional aid in favour of increased involvement of local and regional governments and to promote public-private partnerships. Subnational governments hold a unique set of competencies in policy areas ranging from water to housing, transport, infrastructure, land use and climate change that can complement the actions of traditional national donors (OECD, 2018^[1]). As such, they have been playing an increasingly important role in international development co-operation in recent years. Municipal twinning was one of the first forms of DDC. It was used following World War II to promote peace and unity and develop intercultural ties, promote international solidarity and build institutional capacity (OECD, 2018^[1]).

A standard definition of DDC is still missing. In the international context, the term decentralised development co-operation is used in different ways (Nganje, 2015^[2]). DDC definitions have several common characteristics, including common principles of reciprocity (i.e. mutual benefits), subsidiarity (i.e. locally-led) and multi-stakeholder (i.e. territorial) approaches. The OECD refers to DDC as international development co-operation (including peer-to-peer learning, capacity building and knowledge exchange) and finance provided through and by subnational levels of government eligible to count as ODA in the Creditor Reporting System (CRS). According to the OECD definition mentioned above, DDC aims to capture the external dimension of development co-operation or co-operation carried out across borders. Those flows that are eligible to qualify as ODA cover external development activities in a wide range of areas including education, health, infrastructure, sanitation but also local governance and taxation.

In Germany, there is no single, generally agreed-upon definition of DDC. A distinction can be made between internal and external development co-operation activities. Internal activities relate to domestic measures such as education for sustainable development, the localisation of the United Nations (UN) Sustainable Development Goals (SDGs) such as the implementation, monitoring and evaluation of strategies to achieve the 2030 Agenda which benefit developing countries, as well as education and awareness raising for development co-operation, fair procurement and fair trade. External activities include partnerships with subnational governments in the Global South such as city partnerships and development projects abroad, emergency aid in crisis areas (e.g. city-to-city partnerships in Ukraine) and participation in international networks to exchange good practices (Fröhlich and Lämmlin, 2009^[3]).

DDC is one part of the broader development policy. DDC can be considered as a component of development policy that captures mainly external activities. Development policy encompasses both the external and the internal dimensions. DDC is increasingly driven by a territorial network model based on demand from peer regions and cities (OECD, 2018^[1]; 2019^[4]). There has also been a shift from the traditional donor-driven development co-operation toward reciprocity, partnership and peer-to-peer learning (OECD, 2018^[1]). Development policy includes all measures aimed directly or indirectly at contributing to an improvement of the situation in the Global South, which can include internal actions such as education for sustainable development (Fröhlich and Lämmlin, 2009^[3]). Municipal development activities are embedded in the subnational context and are only one component of the broader DDC (Figure 2.1). The German Institute of Development and Sustainability (IDOS) defines municipal development policy as “the sum of development policy resources and measures used by German municipal administrations domestically and abroad” (DIE, 2021^[5]). It is geared toward globally sustainable and public welfare-oriented development and is intended to contribute to an improvement in economic and social development in the Global South. Development co-operation on a municipal level is primarily administered and executed by local administrations (DIE, 2021^[5]).

Figure 2.1. Contextualisation of municipal development co-operation in a broader development policy context



Source: Informal translation based on DIE (2021^[5]) *Kommunale Entwicklungspolitik in Deutschland [Municipal Development Policy in Germany]*, <https://doi.org/10.23661/s105.2021.v2.0>.

Historical background and legal frameworks for DDC in Germany

Historical background

The federal government of Germany has been engaging with the states on development co-operation for more than 60 years. The creation of the German Federal Ministry for Economic Cooperation and Development (BMZ) in 1961 was an important step for development co-operation activities at the federal level. The establishment of the ministry provided an opportunity for the young federal republic to be recognised as a reliable international partner and to promote economic co-operation, in the beginning primarily with Asian and Latin American countries (BMZ, 2022^[6]). Initially taking the role of a co-ordinating ministry, its responsibilities increasingly expanded to technical and financial development co-operation activities as of the early 1970s. Since the establishment of the ministry, the federal government also started to engage with the federal states on development co-operation activities through the *Länderausschuss Entwicklungshilfe* (Federal States Committee for Development Aid), which in 1980 was renamed the *Bund-Länder-Ausschuss Entwicklungszusammenarbeit* (Federal Government and Federal States Committee on Development Co-operation, BLA-EZ). Once a year, the BLA-EZ brings together representatives from the BMZ and the respective state ministries working on development co-operation. It is the main committee responsible for the co-ordination of development co-operation between the federal government and federal states.

Municipal development co-operation has also gained increasing traction over the years. In 1996, the Centre for Municipal Development Co-operation (*Zentrum für Kommunale Entwicklungszusammenarbeit*, ZKE) was established to facilitate the national and global exchange on municipal development co-operation activities and later became the Service Agency Communities in One World (*Servicestelle Kommunen in der Einen Welt*, SKEW) (see section on DDC at the municipal level for more information).

DDC at federal state level

In Germany, federal states have been involved in development co-operation activities since the 1950s and co-ordinate activities through the Conference of Federal State Prime Ministers (*Ministerpräsidentenkonferenz*, MPK). Given the federal states' responsibility for education policy, the DDC work in the initial phase was mostly limited to education and training programmes for specialists and managers from developing countries and development policy education work in Germany (Wiemann, 2008^[7]). For example, in the 1950s, the state of Hesse already collaborated with the country of Ghana in the area of efficient public administration (WUS, 2022^[8]). The MPK is a committee of the German federal states. It co-ordinates policies that concern the jurisdiction of federal states and aims to develop a joint position with regard to the federal level. As part of the MPK, the federal states agree, among other topics, on non-binding policy guidelines for DDC, which provide political support for the states' DDC activities. The MPK resolution in 1962 is the first official agreement of the federal states on the development co-operation activities of subnational actors in Germany (WUS, 2022^[9]). It states that the implementation of development co-operation activities abroad is the responsibility of the federal government. Externally, the federal government should act as the executing agency of German development co-operation. However, within the framework of federal development policy and after consultation with the federal government, the federal states can provide technical assistance, in particular education and training assistance, in developing countries (MPK, 1962^[10]).¹ Co-ordination between the federal and state governments on development co-operation matters has been led since 1962 by the *Länderausschuss Entwicklungshilfe* mentioned above, now the BLA-EZ.

In the last decades, the federal states have expanded their international development co-operation activities. Since 1962, the minister-presidents of the 16 German states have expressed their views on development co-operation issues in multiple resolutions within the framework of the MPK (Table 2.1). Although the clear legal competency for development co-operation remains at the federal government level as stated in the German constitution, one can observe a growing range of activities in development co-operation at the federal-state level, in particular since 1988. The 1988 MPK resolution emphasised the various achievements of the German states and their contribution to the development and expansion of relations with developing countries (MPK, 1988^[11]). In view of international debt, budget deficits, inflation, growing poverty and increasing damage to the environment in many developing countries, the 1988 MPK resolution called for an expansion of the federal states' activities in development co-operation. This included technology transfer, scientific co-operation, environmental protection and other fields mentioned in the 1988 MPK resolution as part of the development co-operation agenda of federal states (see Table 2.1 for an overview of the MPK resolutions between 1962 and 2021).

Policy coherence and multi-level governance have become important priorities in the federal states' development policies. In 1994, the German federal states acknowledged the declaration of Rio from 1992 and the priorities of UN Agenda 21, notably the importance of partnerships, including between national and subnational levels. In the following years, the federal states repeatedly called upon the federal government to further integrate them into federal development co-operation programmes to improve the coherence of development and foreign policy. In 2008, the federal states agreed on a resolution that defined new core competencies and fields of action in accordance with their development policy, personnel and budgetary preferences, namely: i) climate change and energy; ii) food security and rural areas; iii) migration and development; iv) scientific and technological co-operation; v) sustainable economic development; vi) good governance and decentralisation; vii) culture; and viii) education on development policy. They also stressed the importance of municipalities for partnerships with developing countries, notably in the cultural sector, education, good governance, migration and decentralisation. In light of the adoption of the 2030 Agenda, the federal states started to define the achievement of the SDGs as one of their development policy objectives and emphasised the importance of a close collaboration between the federal level and federal states as well as with municipalities, civil society, the private sector and churches, e.g. in the 2014 and 2016 MPK resolution. Education for sustainable development, sustainable public

procurement and sustainability indicators were named as particularly relevant areas of collaboration (e.g. in the 2016 MPK). The latest MPK resolution in 2021 provided an update on the core competencies of the federal states: i) climate change and protection; ii) health; iii) sustainable economic development; iv) fair trade and procurement; v) scientific-technological co-operation; vi) democracy and good governance; vii) art and culture; viii) partnerships; ix) migration and development; and x) education for sustainable development. It also reiterated the importance of collaboration, notably against the backdrop of the COVID-19 pandemic, protectionism, social inequalities and climate change (MPK, 2022^[12]).

Table 2.1. Historical overview of MPK resolutions

MPK	Major policy changes
1962	The first MPK resolution formally states for the first time that the federal government has competency in development co-operation. Within the framework of the federal government's development policy and after consultation with the federal government, the federal states can provide technical assistance, in particular education and capacity building, in developing countries, with the federal government acting as the external provider of German development aid.
1977	No major changes, continuation of 1962 policy. In accordance with the MPK 1962 resolution, the federal states request the federal government to resume regular briefings on the guidelines of development policy and measures in the field of capital aid, aid for trade and technical assistance.
1988	Prime ministers ask to expand the mandate of the federal states in development co-operation. In addition to technical assistance and vocational training, they consider the engagement of the federal states to be required in the following areas: scientific co-operation, technology transfer, environmental protection, urban development, promotion of small- and medium-sized enterprises (SMEs), crafts and co-operatives, improvement of public administration, health and culture.
1994	The declaration of intent to implement Agenda 21 was ratified during the Rio de Janeiro Earth Summit in 1992.
1998	The prime ministers stress the need to involve the federal states, with their experience and capacities, more intensively in conceptual considerations (country concepts, sector concepts), in development co-operation with foreign partners and to promote the coherence of development policy and foreign trade to ensure sustainable development.
2008	In the 2008 MPK resolution entitled "Securing future viability - Development policy as a joint responsibility of the federal, state and local governments", the prime ministers suggest focusing their DDC activities on the following core competencies and fields of action in accordance with their development policy, personnel and budgetary preferences: i) climate change and energy; ii) food security and rural areas; iii) migration and development; iv) scientific and technological co-operation; v) sustainable economic development; vi) good governance and decentralisation; vii) culture; and viii) education on development policy. They also call for stronger integration of federal states in the bilateral and international development co-operation at the federal level if federal states show a particular commitment or expertise concerning specific target countries or issues.
2014	The prime ministers stress the need for increased co-operation and harmonisation of actions between the federal level and federal states, for example in education priorities (e.g. human capacity building) or state partnerships, as well as in co-operation with municipalities, civil society, business and churches for sustainable development. They also highlight the importance of federal states' activities in the policy areas defined in the MPK of 2008 and emphasise the importance of this new agreement in light of the newly established SDGs.
2016	To implement the 2030 Agenda, the federal states emphasise that co-ordinated, joint action is necessary, both between the federal government and the federal states and in co-operation with municipalities, civil society, businesses and churches. The prime ministers also emphasise the importance of specific areas of collaboration between the federal level and federal states: i) education for sustainable development; ii) sustainable public procurement; and iii) sustainability indicators.
2017	The prime ministers of the federal states welcome the impetus given by the German government to a strengthened partnership with Africa. They agree to continue their multifaceted commitment to sustainable development in Africa, particularly in the form of country and local partnerships. In an exchange with the German government, the existing instruments as well as existing and planned project co-operation are to be further developed in a co-ordinated manner.
2021	The prime ministers emphasise the policy areas relevant to the federal state's development co-operation agenda from the MPK in 2008 as well as some additional ones: i) climate change and protection; ii) health; iii) sustainable economic development; iv) fair trade and procurement; v) scientific-technological co-operation; vi) democracy and good governance; vii) art and culture; viii) partnerships; ix) migration and development; and x) education for sustainable development. In addition, the resolution stresses the impact of the COVID pandemic, protectionism, social inequalities and climate change on sustainable development worldwide.

Note: MPKs have been held four times a year since the inception of the Federal Republic of Germany. This overview only considers MPKs which dealt with development co-operation since 1962.

Source: Resolutions of the Conferences of Federal State Prime Ministers 1962-2021.

DDC at the municipal level

The history of municipal partnerships dates back to the twinning of cities and municipalities in Europe after the Second World War. The first partnerships of German municipalities with peers from abroad were mostly formed post-World War II to reconnect the populations of previously opponent countries, e.g. France. DDC at the municipal level has emerged from this initial North-North collaboration when municipal partnerships were extended to countries in the Global South. National and international agendas, resolutions and guiding principles have played a pivotal role in shaping municipal development policy. Their growing number has emphasised the important role of cities in sustainable global development and called for localisation of development policy. In this way, they have helped to broaden the scope of action of municipalities in the field of development policy (DIE, 2021^[5]).

The 1992 United Nations Conference on Environment and Development (UNCED) was of crucial importance for municipal involvement in development policy, including in Germany. Agenda 21, which was ratified during the conference,² encouraged national governments to develop a local Agenda 21 to accelerate sustainable development in developing countries and related domestic policies. Agenda 21 also envisaged a greater involvement of the local level in international policy and action and established the “Think global, act local” principle (DIE, 2021^[5]). In 1993 and following the ratification, the German parliament passed a resolution to strengthen North-South collaboration and to facilitate the implementation of the local Agenda 21 (Deutscher Bundestag, 1993^[13]). The resolution called upon the federal government to provide the necessary financial means for municipalities to engage in development co-operation. In response to the parliament’s request, the Centre for Municipal Development Co-operation (ZKE) was founded to facilitate the exchange of global and national best practices. In 2001, the Centre was transformed into the Service Agency Communities in One World (SKEW), which in 2012 became part of Engagement Global – Germany’s central contact agency for development policy initiatives – to support municipalities in their development co-operation policies.

The localisation of the SDGs in Germany and related development co-operation activities have gained traction following the establishment of the 2030 Agenda. Local and regional governments have a key role to play in the achievement of the SDGs considering their prerogatives in policies that are central to sustainable development (e.g. water, housing, transport, infrastructure, land use and climate change) amongst others (OECD, 2020^[14]). After the establishment of the SDGs in 2015, many municipalities in Germany started to align their local development strategies and development co-operation strategies with the 2030 Agenda. At the same time, the federal budget in support of municipalities’ development co-operation activities increased from EUR 5 million in 2013 to more than EUR 38 million in 2021 (DIE, 2021^[5]).

Legal framework

Federal level

There is no unique law that forms the basis for development co-operation in Germany but rather a compilation of different laws on the federal and state levels. The German constitutional law (Basic Law) does not explicitly refer to the policy area of development co-operation. This can historically be explained by the fact that, at the time of the creation of the German Basic Law in 1949, such an area of responsibility had not yet been covered by the states and the Federal Republic of Germany itself still needed significant support from other states in the post-war period (SKEW, 2018^[15]). Even in the course of the further development of the Basic Law, the concept of development co-operation was not explicitly included, although development co-operation has long been recognised as a public field of activity (SKEW, 2019^[16]). Article 32 of the German constitution established in 1949 states that foreign relations shall be conducted by the federal government but that federal states are allowed to establish treaties with foreign countries in areas for which they have: i) the power to legislate (education, science and academia, culture, good

governance and protection of the environment); and ii) the agreement of the federal government (German Federal Parliament, 1949_[17]). In line with Article 32, the federal states' prime ministers in the MPK of 1962 highlighted that German development co-operation is a competency of the federal government (MPK, 1962_[10]). Table 2.2 shows an overview of the legal competencies of German DDC actors.

Table 2.2. Legal competencies and budget of German DDC actors across levels of government

Actor	Level of government	Legal competency	Financing
Federal ministries	Federal	<ul style="list-style-type: none"> • Formulation of policies and official representation of the German state abroad 	<ul style="list-style-type: none"> • Financed by the federal budget
Federal implementation agencies (GIZ, DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH, KfW Development Bank, Engagement Global)	Federal	<ul style="list-style-type: none"> • Execution agencies primarily for federal ministries 	<ul style="list-style-type: none"> • Financed on a project basis by the budget of the federal ministries
Federal states and state chancellery	Federal state	<ul style="list-style-type: none"> • Legally permitted to engage in development co-operation • Representation of the federal state abroad 	<ul style="list-style-type: none"> • Financed by their dedicated development co-operation budgets • Partially implemented through co-financing mechanisms, in particular the German Government and Federal States Programme (BLP)
Municipalities	Municipal	<ul style="list-style-type: none"> • Legally permitted to engage in development co-operation • Can engage with foreign municipalities but do not represent the German state abroad • DDC is a voluntary task for municipalities • Each state decides within which boundaries municipalities are allowed to frame and implement their local development policies 	<ul style="list-style-type: none"> • Financial support (co-financing) by programmes of federal implementation agencies (in particular co-funding schemes by SKEW are available) as well as financial support by some federal states • Some municipalities have a dedicated budget for international co-operation

Source: Destatis (2022_[18]), *Öffentliche Entwicklungszusammenarbeit [Public Development Cooperation]*, <https://www.destatis.de/DE/Themen/Staat/Oeffentliche-Finzen/Entwicklungszusammenarbeit/leistungen-entwicklungszusammenarbeit.html> (accessed on 23 August 2022). Destatis (2021_[19]), *Mittelherkunft der deutschen ODA (Official Development Assistance) [Origins of German ODA]*, <https://www.destatis.de/DE/Themen/Staat/Oeffentliche-Finzen/Entwicklungszusammenarbeit/Tabellen/mittelherkunft-der-deutschen-oda-2019.html> (accessed on 23 August 2022).

At the federal level, development co-operation consists of technical and financial co-operation. According to the *Guidelines of Bilateral Financial and Technical Co-operation* by the BMZ, financial co-operation entails investments in partner countries in ODA-relevant areas (BMZ, 2021_[20]). Its portfolio consists of financing fixed capital investment, tangible assets and working capital, financial support for the financial sector, financial contributions to funds for sustainable financing of the development policy of Germany, as well as the financing of projects of the international donor community (BMZ, 2021_[20]). The central implementation agency for financial co-operation is KfW (*Kreditanstalt für Wiederaufbau*), Germany's national development bank.

Technical co-operation entails capacity building in partner countries to enable the effective, efficient and sustainable use of resources (BMZ, 2021_[20]). This includes consulting services with skilled staff in partner countries. Skilled staff includes expert employees of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH as well as more general experts from private and public sectors in Germany. The funding of consulting services and the supply of goods are also defined as technical co-operation (BMZ, 2021_[20]). GIZ is the main implementation agency for technical co-operation. Engagement Global is

the key agency to support individuals, CSOs, municipalities and private operators in development co-operation (Engagement Global, 2022^[21]) (see more information about the various actors in the section on main DDC actors, landscape and competencies).

Federal state level

Federal states can engage in development co-operation and are allowed to represent their interests abroad but not those of the federal government. According to the German constitution, federal states can conclude treaties with foreign countries with the consent of the federal government, insofar as they are solely responsible for the legislation in the policy area concerned by the treaty (e.g. in education). Since the MPK resolution of 1962, it has been furthermore recognised that federal states can provide technical assistance, in particular as regards education and training, in developing countries within the framework of federal development policy and after consultation with the federal government (MPK, 1962^[10]). As is the case at the federal level, the different state constitutions do not contain any explicit written authorisation to establish relations with the Global South or to carry out development co-operation activities (SKEW, 2019^[16]). At best, some of them contain statements promoting cross-border co-operation within the framework of European integration (SKEW, 2019^[16]).

The legal distribution of competencies between the federal level and the state level has not changed but federal states have increasingly expanded their DDC activities over the last decades. The policy areas mentioned in the 2008 and 2021 MPKs go beyond the scope of Article 32 of the German constitution, according to which treaties with foreign countries can only be concluded by federal states if they fall into the scope of their sole responsibility. Within this legal framework, federal states can however take very different approaches and follow different priorities in their DDC activities. For example, Bavaria uses its DDC activities amongst others to create a network on the African continent, contributing to strengthening economic ties, promoting economic growth and supporting Bavarian companies. Berlin has the objective to contribute to global justice and therefore works mainly on projects that raise awareness of these issues and contribute to the fight against racial discrimination.

Municipal level

In Germany, municipal DDC is a voluntary task. Neither the constitutional law nor the laws of the federal states contain explicit authorisation for municipalities to engage in foreign relations (Fröhlich and Lämmlin, 2009^[3]). In practice, this means that municipalities cannot officially represent the Federal Republic of Germany in foreign countries. However, international co-operation between German and foreign municipalities is both permitted and encouraged. According to the MPK resolutions of the federal states, municipalities shall focus on advisory and organisational services whilst economic and entrepreneurial activities are in general the responsibility of the states and federal government (DIE, 2021^[5]). Each state decides within which boundaries municipalities are allowed to frame and implement their local development policies, while international political action outside of the respective core competencies of the municipalities is a prerogative of the federal government (Frank et al., 2017^[22]).

There is increasing legal recognition of the role municipalities play in German DDC. In 2008, the BLA-EZ decided to support the growing involvement of municipalities in development co-operation as part of a multi-level governance approach. To accompany the 2008 MPK resolution, federal, state and local governments decided to establish a task force on municipal development co-operation (BLA-EZ, 2010^[23]). A further resolution on municipal development co-operation and municipal sustainability strategy was adopted at the Standing Conference of Ministers of the Interior and Senators of the Federal States in 2019. It emphasised that municipalities and their companies can engage in development co-operation within the framework of municipal self-administration and their capabilities, insofar as this relates to technical and organisational advisory and support functions and that no economic or entrepreneurial functions are

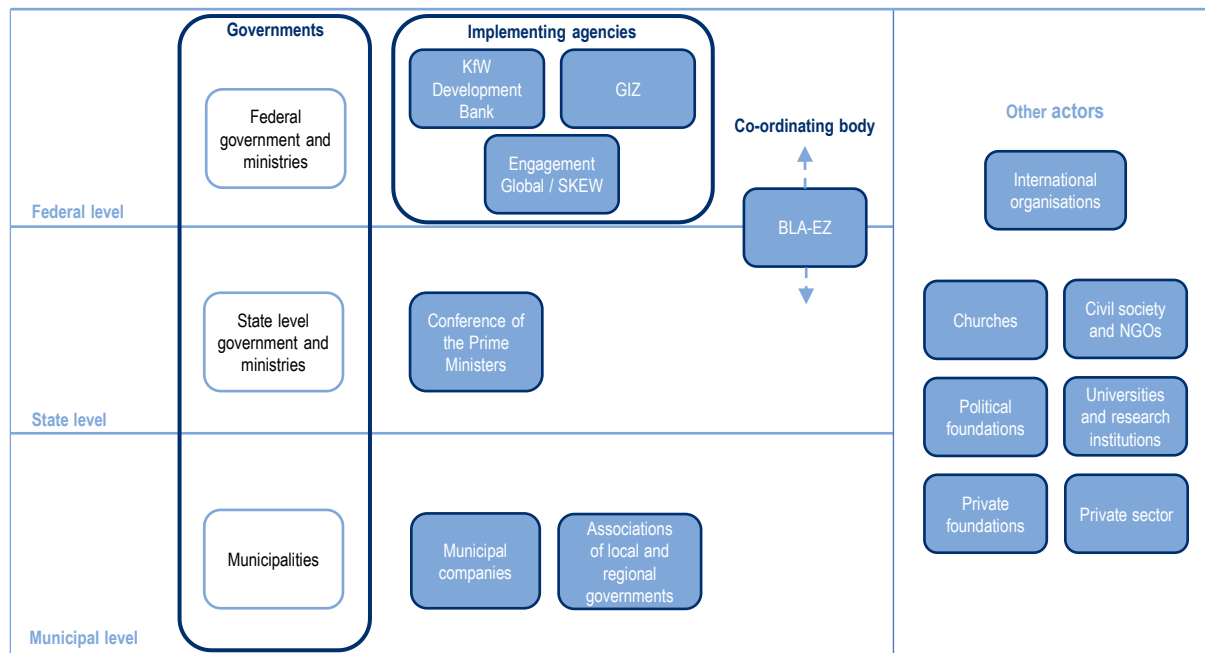
involved (IMK, 2019^[24]). Legal assessments commissioned by SKEW confirmed that development policy is a joint responsibility of the federal government, the federal states and the municipalities.

The institutional framework of German DDC

Main DDC actors, landscape and competencies

The landscape of German DDC actors consists of a diverse range of actors from the federal, state and municipal levels. The German DDC landscape is characterised by actors from three different levels: i) the federal level; ii) the federal state level; and iii) the municipal level (Figure 2.2). At the federal level, 15 ministries have contributed to German development co-operation activities through different programmes and projects in 2019. The highest portion of German ODA is channelled through the BMZ, reaching 49.7% of total ODA in 2020, followed by Germany’s national development bank KfW at 16% (OECD, 2022^[25]).

Figure 2.2. The landscape of the main German DDC actors



Federal level

The BMZ (Federal Ministry for Economic Cooperation and Development) is the ministry responsible for development co-operation at the federal level. The ministry carries out a variety of tasks. They range from planning and programming German development co-operation to co-operation with its 65 partner countries, multilateral organisations, CSOs, the private sectors, municipalities in Germany and the federal states. Furthermore, the ministry is involved in development education work (BMZ, 2022^[26]). The main thematic areas of its work are the global implementation of human rights, combatting hunger and poverty, protecting the climate and biodiversity, health and education, gender equality, fair supply chains, harnessing digitalisation and technology transfer, and strengthening private investment to promote sustainable development worldwide (BMZ, 2022^[27]). The federal level provides funding for technical and financial support of DDC through specific programmes implemented by GIZ and Engagement Global, which support DDC activities at the state and municipal levels (see below).

GIZ is the main implementation agency of German technical development co-operation. As a federally owned institution, GIZ supports the German government in achieving its objectives in the field of international co-operation for sustainable development. It offers a broad range of services to the German government, the German federal states and municipalities as well as governments in the Global South, corporations, international institutions (e.g. the European Commission) and private foundations. Priorities of GIZ's work include development co-operation activities in areas such as international climate protection, civil crisis prevention, rural development, sustainable infrastructure, social development and the improvement of economic and labour policy frameworks (GIZ, 2022^[28]). GIZ supports German DDC through different programmes. The main one is the German Government and Federal States Programme (*Bund-Länder-Programm*, BLP), which aims at improving strategic co-operation between the German government and federal states in the field of development co-operation (GIZ, 2022^[29]). The BLP was established in 2015 to develop joint programmes with the states building on their competencies, for instance in the field of public administration and academic institutions on a federal state level into German development co-operation (GIZ, 2022^[30]).

Germany's national development bank KfW is the main implementation agency for financial development co-operation. The KfW Development Bank has been supporting the federal government for more than 50 years to achieve its development co-operation objectives. It finances and supports programmes and projects on behalf of the German government, primarily the BMZ. It collaborates with state-level actors in Africa, Asia, Latin America and Southeast Europe but also with local and regional governments in those areas as well as non-governmental organisations (NGOs) (NGO Monitor, 2019^[31]). The projects' main objectives are to support its project partners to fight poverty, secure peace, protect the environment and promote fair globalisation (KfW Development Bank, 2022^[32]). Using funds from the federal budget and its resources, the bank finances investments and reform programmes in various areas such as health, education, water supply, energy, rural development and financial system development (KfW Development Bank, 2022^[33]).

Engagement Global is the central focal point for development policy initiatives in Germany. Since 2012, the organisation has been bundling numerous BMZ-funded programmes on behalf of the German government to promote civic and community engagement and development education. The organisation informs and advises individuals, civil society, municipalities, schools, businesses and private foundations on development policy projects and supports them financially. Engagement Global works on behalf of the German government and is funded by the BMZ (Engagement Global, 2022^[21]).

The Service Agency Communities in One World (SKEW) by Engagement Global supports German municipalities in their development policy activities. SKEW has been the focal point for municipal development policy in Germany for the past 20 years. Since then, SKEW has been supporting municipalities, cities and rural districts to contribute to global sustainability and a fair world in line with the UN Millennium Development Goals (MDGs), the local Agenda 21 and, since 2015, the 2030 Agenda. To this end, SKEW promotes national and international exchange and joint learning between municipalities (SKEW, 2022^[34]). The service agency offers advice to municipalities mainly in the following thematic areas: i) SDG localisation and its international impact; ii) fair trade and fair procurement; as well as iii) municipal partnerships and municipal relations related to development policy. For example, SKEW supports the elaboration of municipal sustainability strategies and Agenda 2030-related activities, like SDG monitoring or the generation of Voluntary Local Reviews (SKEW programme Municipalities for Global Sustainability). Furthermore, SKEW provides advice on procurement processes and provide information on fair trade (fair trade and fair procurement). Lastly, the service agency offers networking activities as well as consultancy and promotes municipal co-operation and the international exchange of expertise and supports both financially (SKEW programme Municipal Partnerships) (SKEW, 2022^[35]). There are several forms of collaboration between Engagement Global and GIZ when it comes to international development co-operation. This encompasses SKEW projects with GIZ offices in certain partner countries such as in the Maghreb region, Ukraine and in the West Bank and Gaza Strip, as well as projects such as the Connective

Cities programme that promotes the global exchange of municipal expertise and supports learning and peer-to-peer exchange between German and international urban practitioners geared toward the needs of municipalities, and the Utility Platform for Strengthening Partnerships of Municipal Utilities Worldwide (see below).

State level

The German federal states are key actors in German DDC. As highlighted above, the German federal states have increasingly expanded the number of policy areas targeted by their DDC engagement over the past decades. In 2020, the federal states accounted for 6.8% of total German ODA (including in-donor costs) with activities in various policy areas such as climate change, energy, food security, scientific co-operation, education and good governance. This represents an increase of 0.7 percentage points from 6.1% in 2015. However, the different federal states all have different interests and capacities to conduct DDC, also depending on the political priorities of the current government. Consequently, the degree of engagement of federal states in development co-operation varies strongly from state to state.

At the federal state level, development co-operation in most states is led by the state chancellery. This is the case for Baden-Württemberg, Bavaria, Bremen, Hamburg, Lower Saxony, Mecklenburg-Western Pomerania, North Rhine-Westphalia, Rhineland-Palatinate, Saxony and Thuringia. However, there is diversity in institutional structures for development co-operation across different states. As Table 2.3 shows, other states have embedded development co-operation in different ministries, e.g. the Ministry of Finance, the Ministry of Economics and the Ministry of Education and Culture. Furthermore, in some states, DDC activities are not necessarily bundled within a single ministry but distributed across different ministries, which makes the co-ordination of projects and a general overview of activities more challenging.

Table 2.3. Institutions responsible for development co-operation in the German federal states

State	Institution responsible for development co-operation
Baden-Württemberg	State Ministry
Bavaria	State Chancellery
Berlin	Senate Department for Economics, Energy and Public Enterprises
Brandenburg	Ministry of Finance and for European Affairs
Bremen	Senate Chancellery
Hamburg	Senate Chancellery
Hesse	Ministry of Economics, Energy, Transport and Housing
Lower Saxony	State Chancellery
Mecklenburg-Western Pomerania	State Chancellery
North Rhine-Westphalia	State Chancellery – European and International Affairs
Rhineland-Palatinate	State Chancellery
Saarland	Ministry of Education and Culture
Saxony	State Chancellery
Saxony-Anhalt	Ministry of Economy, Science and Digitalisation
Schleswig-Holstein	Ministry for Energy Transition, Climate Protection, Environment and Nature
Thuringia	State Chancellery

Source: WUS (2022^[36]) *German Federal States in Development Policy*, https://www.wusgermany.de/sites/wusgermany.de/files/content/files/ep_brochure_20220317_english.pdf.

Municipal level

German municipalities have some key competencies for DDC but development co-operation is a voluntary task. Their position within the federal structure of Germany provides them with several unique characteristics and advantages for DDC. They are for example more familiar with specific local needs and challenges. Expertise and experience in basic services can be shared with partner municipalities in the Global South on equal terms. Furthermore, public procurement provides municipalities with considerable leverage to foster a globally sustainable and public welfare-oriented development (DIE, 2021^[5]). German municipalities have been engaged in development co-operation activities since the 1960s and are increasingly recognised as important actors in the German DDC landscape (SKEW, 2019^[16]). In general, the expenses of municipalities are divided into mandatory and optional expenses. Mandatory expenses consist of essential services for citizens such as waste disposal, childcare and water supply. However, development co-operation is only a voluntary task for municipalities in Germany with domestic activities such as awareness raising and procurement falling into their core competencies, while external actions do not. Consequently, development co-operation is part of the voluntary expenses. They are thus often not a key priority of municipalities in terms of budget compared to the key responsibilities of the municipalities (DIE, 2021^[5]).

The associations of municipalities and districts in Germany support the local level with the exchange of information, services and advocacy work on DDC. German municipalities and districts in Germany are represented by three main associations, the German County Association (*Deutscher Landkreistag*), the Association of German Cities (*Deutscher Städtetag*) and the German Association of Towns and Municipalities (*Deutscher Städte- und Gemeindebund*), all of which also have branches at federal state level. All three associations are engaged in municipal development co-operation. The three associations are part of the German section of the Council of European Municipalities and Regions (CEMR), which represents and co-ordinates the position of the three associations at the European level. CEMR's German section is also a member of Platforma, the lobbying and coordinating body on municipal DDC at the EU level. Among other things, they help co-ordinate the development co-operation activities of German municipalities and districts, raise awareness of the topic of development co-operation, provide capacity building and do advocacy work. The German County Association for example has established a dedicated position for the co-ordination of subnational development co-operation in Germany, financially supported by federal resources. The Association of German Cities has founded the aforementioned international city programme Connective Cities, together with GIZ and Engagement Global (GIZ, 2014^[37]).

Municipal companies can support development co-operation activities through the provision of technical expertise. Municipal companies are closely linked to the municipal administration. Depending on their legal form, they may be directly integrated into the organisational structure of a municipal administration, a district or, in the case of city-states, a federal state. The focus of their activities is usually on utilities (water, energy) and waste disposal (wastewater, garbage). A study by the DIE highlighted that 42% of German municipalities active in development co-operation are working together with at least one municipal company, mostly in the field of utilities (DIE, 2021^[5]). To foster the engagement of municipal companies in development co-operation, the BMZ in co-operation with GIZ and SKEW has established the pilot project Utility Platform for Strengthening Partnerships of Municipal Utilities Worldwide. In its pilot phase that is running until 2023, municipal water providers from Germany, Jordan, South Africa, Tanzania, Ukraine and Zambia are working together in pilot partnerships to achieve a more sustainable water supply and wastewater disposal in their respective cities (GIZ, 2022^[38]).

Other actors

CSOs are another important actor in German development policy. The engagement of civil society consists of: i) the commitment of individuals; and ii) that of initiatives and associations. In many German municipalities, civic engagement and an active civil society were one of the main drivers behind the

establishment of city partnerships and development activities in the Global South, often fostered by the local migrant community. Furthermore, CSOs are key partners for DDC for many of the German federal states, notably as implementing partners of their DDC projects. In all 16 German states, development policy organisations and One World initiatives are organised in state networks that offer support and networking opportunities. They inform local politicians and society, formulate development policy positions and thus provide impulses for political decision-making processes at the state level (DIE, 2021^[5]). VENRO is the umbrella organisation of development and humanitarian NGOs in Germany. It was founded in 1995 and consists of around 140 organisations that are active in independent and church-related development co-operation, humanitarian aid as well as development education, public relations and advocacy (VENRO, 2022^[39]). One example of a CSO engaged in DDC activities in Germany is the *Landesarbeitsgemeinschaft Agenda 21* in North Rhine-Westphalia (LAG21 NRW), an association integrating CSOs and public administration. It has also supported 40 municipalities in NRW to develop local sustainability strategies and become engaged in municipal partnership programmes. Another important example of CSO engagement is the *Stiftung Nord-Süd-Brücken* in Berlin, which promotes civil society engagement in the field of development co-operation as well as in development education in states in Eastern Germany (Berlin, Brandenburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt and Thuringia). Finally, the *Regionale Netzstellen Nachhaltigkeitsstrategien* (RENN) networks are an agency of the National Sustainability Council that provides funding, events, workshops and capacity building to make the existing commitment to sustainable development in Germany more visible and promote networking.

Private sector engagement in German DDC takes various forms. The private sector is an important actor in German DDC, both at the state and municipal levels. Around 50% of German municipalities involved in DDC activities work together with companies from the private sector (Fröhlich and Lämmlin, 2009^[3]). At the federal state level, German states work together with a range of actors from the private sector as part of their DDC activities, including chambers of commerce. One way in which the private sector can contribute to DDC activities is through public-private partnerships. The private sector also plays an important role as a provider of co-financing for the implementation of the federal states' DDC projects. They are involved in networking activities and exchange of know-how with partners at the local and regional levels in the Global South. Beyond DDC, the current forms of co-operation involving the private sector in the context of German development co-operation can be categorised into six overarching basic forms (BMZ, 2011^[40]). These are: i) project sponsoring as part of corporate communications and corporate social responsibility; ii) participation in multi-stakeholder dialogues and formal networks; iii) development partnerships with the private sector (short- to medium-term projects of companies and implementing organisations of development co-operation or public partners in developing countries); iv) public-private partnerships; v) mobilisation of private capital; and vi) financial services and advice for private investment in developing countries.

Educational and research institutions are relevant actors for German DDC. Universities and research centres can offer support to strengthen the evidence base and evaluation of DDC projects (OECD, 2018^[41]). For example, they are critical players in data collection at the local level and drafting reports, strengthening local technical capacity (OECD, 2018^[1]). They can also support capacity building and skills development at the local level, for example in the framework of city-to-city partnerships with partners in the Global South. Several German states involve universities in their DDC activities, notably to foster the international exchange of knowledge and expertise, for example through education for sustainable development. The German Academic Exchange Service's Competence Centre for International Science Co-operation (KIWi) supports the initiation and implementation of such collaborations with international partner institutions through individual consulting, peer-to-peer events and publications (DAAD, 2022^[42]). Another important actor is the German section of the World University Service (WUS). It has been assigned the task to support the co-ordination of development co-operation activities between the different federal states since 1991. The WUS secretariat prepares meetings of the states regarding development policy and organises the development policy perspective conference of the states, which serves as a forum for co-ordination and exchange between the 16 states, in particular to prepare the yearly BLA-EZ meeting.

The WUS also supports the states in the implementation of their projects in specific countries, e.g. the Palestinian Authority and Viet Nam.

DDC policies, modalities, approaches and ODA financing trends in Germany

Definitions and guidelines

Based on the 2022 OECD survey results, German federal states have no harmonised definition of DDC. As mentioned above, 11 out of the 14 states that responded to the OECD survey do not have a definition of DDC. The remaining three states have their own definitions, which differ. At the federal level, different departments are working on internal development actions (such as education) and external actions. In the federal states, these two areas – internal and external – of development co-operation are often under the responsibility of the same department.

Consequently, there is a need to clarify the boundaries of DDC within sustainability and development policy frameworks. The lack of a harmonised definition of the boundaries of DDC in Germany generates a lack of joint understanding of the term decentralised development co-operation, e.g. since DDC actors use different terms such as development co-operation and development policy synonymously. There is a need for states and municipalities to clarify how DDC fits within sustainability and development policies, and frameworks, and to define the boundaries of internal (e.g. development awareness, education for sustainable development, vocational training) versus external actions. Consensus-based joint definitions and harmonised guidelines across federal, state and municipal levels could help clarify what counts as DDC, in particular which actions count as internal and which as external.

Nevertheless, most states (8 out of 14 states responding to the OECD survey) have guidelines in place for the design and implementation of DDC activities that have been developed and/or are used by their federal state. There is a diverse array of development co-operation and sustainability frameworks, agreements, strategies and guidelines utilised by states to design and implement DDC activities, which are neither standardised nor harmonised. Six of the states have included DDC in their state's development policy guidelines, which were in some of the states developed via multi-stakeholder approaches together with different territorial stakeholders such as CSOs, citizens and youth, as in the city-state of Bremen. Four states use their sustainability strategies as the prevailing framework for their DDC activities. In Berlin and Saarland, the coalition agreements of the government are used as a framework that shapes their DDC activities. In Saarland, there are specific guidelines and legal frameworks developed by the Ministry of Education and Culture for projects in collaboration with CSOs, including in development co-operation. In Hesse, the decisions of the MPKs are seen as a guideline for the design and implementation of DDC activities. Others mentioned the state budgetary codes and state budgets that are used to define which rules apply to public funds being disbursed for different expenses, including in the framework of DDC. In another state, the state constitution provides guidelines for DDC activities.

Less than a third of municipalities indicated that their federal state has a standard definition of DDC relevant to the municipal context.³ Among those municipalities responding to the OECD survey, 30% indicated having a standard definition of DDC that is relevant to them. Twenty-eight percent declared that they do not have such a definition in place in their state. The majority of respondents (more than 40%) did not know whether they have such a definition. This points out the need for a standard consensus-based framework and a higher awareness of DDC terminology in German municipalities overall. The lack of clear boundaries for municipal DDC activities can have implications in terms of low co-ordination between state and municipal governments, a challenge further discussed in Chapter 2. Among those municipalities mentioning a standard DDC definition, several named the development policy guidelines of their federal states, in particular Baden-Württemberg (including the municipal development policy handbook of the association of cities in Baden-Württemberg),⁴ Hesse, North Rhine-Westphalia and Thuringia. Other references mentioned include the 2008 resolution of the BLA-EZ to implement the resolution of the Prime

Ministers Conference and a position paper published by the German Association of Cities in 2021.⁵ In addition, half of the municipalities have guidelines for the design and implementation of DDC activities developed or used by their municipality. Forty-one percent do not have guidelines, while 9% of municipalities do not know about such guidelines.

To ensure the efficiency of public spending, the majority of states have guidelines for the procurement of materials, equipment and services within DDC projects with actors in developing countries. Public procurement guidelines are essential to ensure the efficient use of public resources. In carrying out development co-operation activities in the Global South, such procurement guidelines are all the more important to promote sustainable and inclusive markets in developing countries. Eight of the 14 states declared that they have such guidelines in place but the majority of them do not differentiate between general public procurement guidelines and specific guidelines for the procurement of materials, equipment and services within DDC projects. However, existing procurement rules are adapted to the different kinds of projects and funding implemented. For example, DDC projects that are co-funded by the BMZ or SKEW rely on procurement rules specified in the respective funding agreement and usually adhere to federal procurement laws. For state-funded projects, state procurement laws apply and are often part of the state grant and budget laws.

Overview of German subnational ODA financing trends

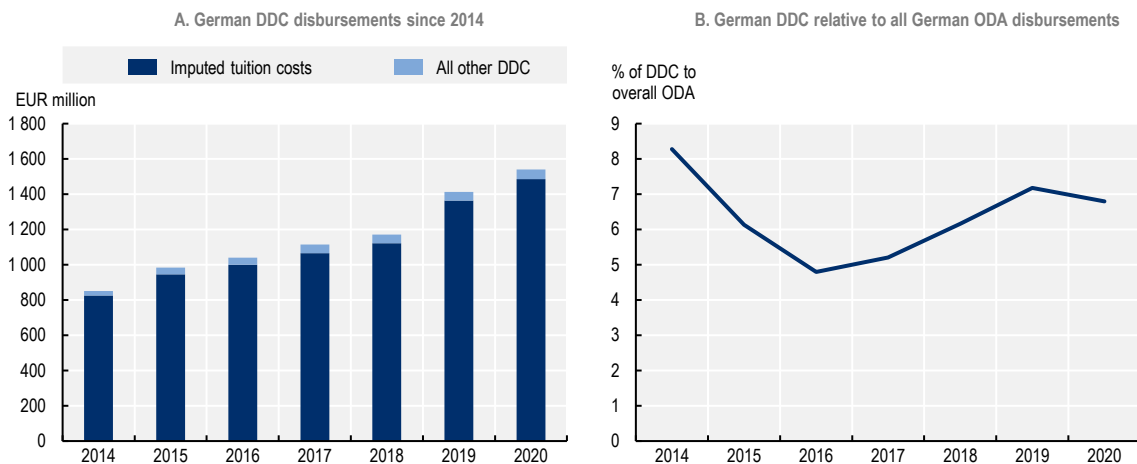
German states and municipalities provide the highest levels of ODA in absolute terms compared to other members of the OECD Development Assistance Committee (DAC), followed by Spain, France and Canada.⁶ OECD CRS data shows that since 2005, total DDC volumes have grown in absolute terms. Although some providers scaled back DDC activities following the global financial crisis, others increased ODA spending via subnational entities. Germany is 1 of the 11 OECD DAC members reporting on DDC as ODA in 2020. Since 2018, Germany has consistently accounted for more than 60% of DDC volumes worldwide, mainly due to tuition costs. In 2020, Bavaria represented the largest portion (27%) of German DDC (including in-donor costs, such as spending on development awareness), followed by North Rhine-Westphalia (21%) and the city of Hamburg (18%). Overall, the federal states accounted for 6.8% of total German ODA in 2020.

Following the COVID-19 crisis, ODA financing by German states and municipalities continues to show a stable upward trend. Total ODA disbursements by German subnational agencies have increased every year since 2014 and by 9% in 2020 (i.e. from EUR 1 411 million in 2019 to EUR 1 538 in 2020) (Figure 2.3, Panel A). While more than 95% of German DDC financing is spent on imputed tuition costs reported under the agency code “Federal states and local governments”, DDC disbursements excluding this agency code more than doubled from EUR 25 million in 2014 to EUR 53 million in 2020, thus increasing by an average of 11% annually. The biggest driver of those changes was funding for project-type interventions in partner countries in Bavaria in 2017. Another noticeable increase in reported ODA disbursements took place in 2015, mainly driven by Hamburg’s inclusion of the funding of the Bernhard Nocht Institute for Tropical Medicine (BNITM) for research, teaching and training. DDC represented between 5% and 8% of total German ODA since 2014. In 2020, it accounted for around 7% of the total. Only the share of DDC in total Belgian and Spanish ODA was larger in 2020, representing 9% and 36% of total ODA respectively. The decline in the relative share of DDC in total German ODA is due to large increases in the levels of total German ODA (Figure 2.3, Panel B). Between 2016 and 2019, total German ODA flows decreased, while the share of DDC in total ODA increased.

A handful of the largest German states hold the largest share of ODA financing, with several notable exceptions. Over the 3-year period 2018-20, 4 German states (i.e. Baden-Württemberg, Bavaria, Hamburg and North Rhine-Westphalia) accounted for more than 75% of total German subnational ODA (see Figure 2.4, Panel A). Bavaria is the largest provider among the states, mainly financing project-type interventions in partner countries which increased by around 30% in 2018-20 and providing technical assistance. While Hamburg is the third largest German ODA provider in absolute terms, it is not among

the largest economies in terms of gross regional product (GRP). Hamburg contributes roughly eight times more ODA than states of a similar GRP size (Figure 2.4, Panel B).

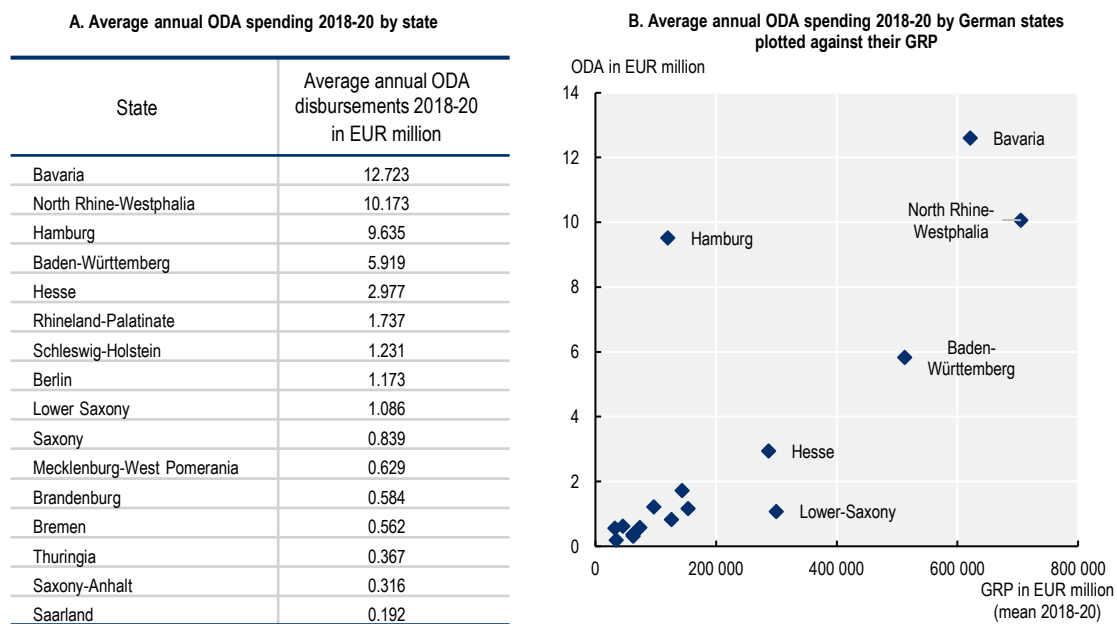
Figure 2.3. In Germany, ODA disbursements by subnational actors increased every year since 2014 despite fluctuations in national ODA levels



Note: From the CRS database, it is not possible to distinguish which federal state contributes to student costs. However, data from the BMZ/Ministry of Development show this disaggregation. According to that data, Baden-Württemberg, Bavaria and North Rhine-Westphalia extend the largest amounts, consistent with the number and size of universities as well as their attractiveness to foreign students.

Source: OECD (2022^[43]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>.

Figure 2.4. The majority of DDC spending is concentrated among the larger states

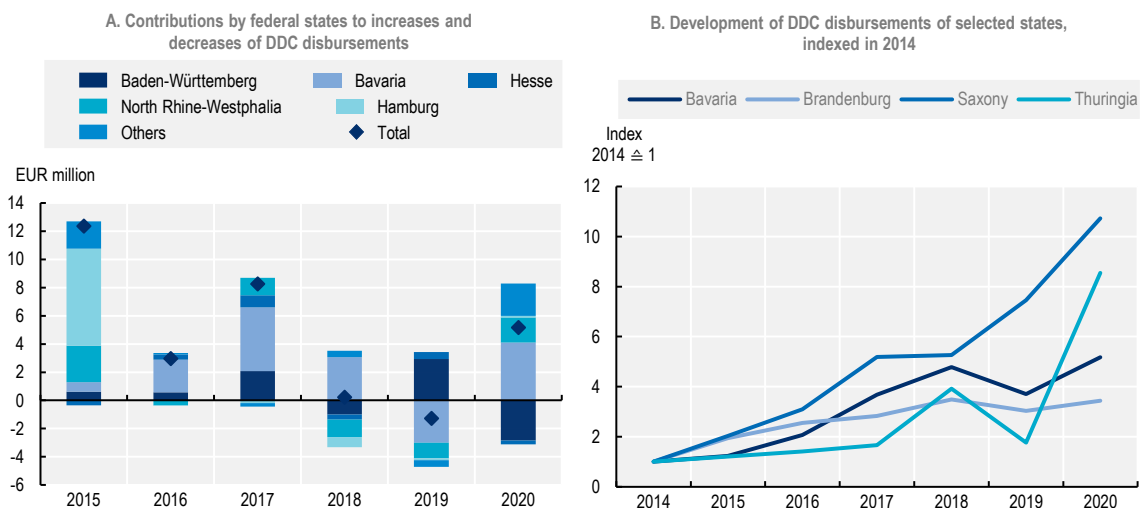


Note: GRP=gross regional product. ODA figures are in gross disbursements. The annual average over the past 3 years excludes agency code 12 "Federal states and local governments". Since the GRP was only available in current values, the current values for ODA (i.e. non-deflated) have been used exceptionally for this graph to provide internal consistency.

Source: OECD (2022^[43]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>; GRP: Destatis (2023^[44]), *Bruttoinlandsprodukt, Bruttowertschöpfung*, <https://www.statistikportal.de/de/vgrdl/ergebnisse-laenderebene/bruttoinlandsprodukt-bruttowertschoepfung/bip#9535>.

However, levels of DDC financing disbursed by several smaller states have increased rapidly. While a few large donors drive total German DDC volumes (Figure 2.5, Panel A), since 2014, smaller donors, including Saxony and Thuringia, have increased ODA levels eightfold (see Figure 2.5, Panel B). The increase in Saxony was mainly due to an increase in reporting on project-type interventions in partner countries in 2017-20. As further discussed in the sub-section on geographical and sectoral priorities, smaller states can also focus on specific partner countries or provide stable and predictable funding over long periods of time.

Figure 2.5. While large donors drove the increase in total DDC, smaller states also significantly increased their contributions



Note: For Panel B, only an illustrative selection of states is shown. Disbursements are indexed to 100 in 2014.

Source: OECD (2022^[43]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>.

While ODA data disaggregated to assess activities by German municipalities are unavailable, estimates indicate potentially significant volumes. The city of Kiel, for instance, estimated that its spending on ODA amounted to EUR 130 000 in 2020 (City of Kiel, 2022^[45]). This is approximately 10% of the reported ODA for the same period for the state of Schleswig-Holstein (when not counting imputed tuition costs). Municipalities can account for significant amounts of DDC in other DAC member contexts. In Spain, for instance, municipalities accounted for around 30% of all Spanish DDC in 2019 and 2020.

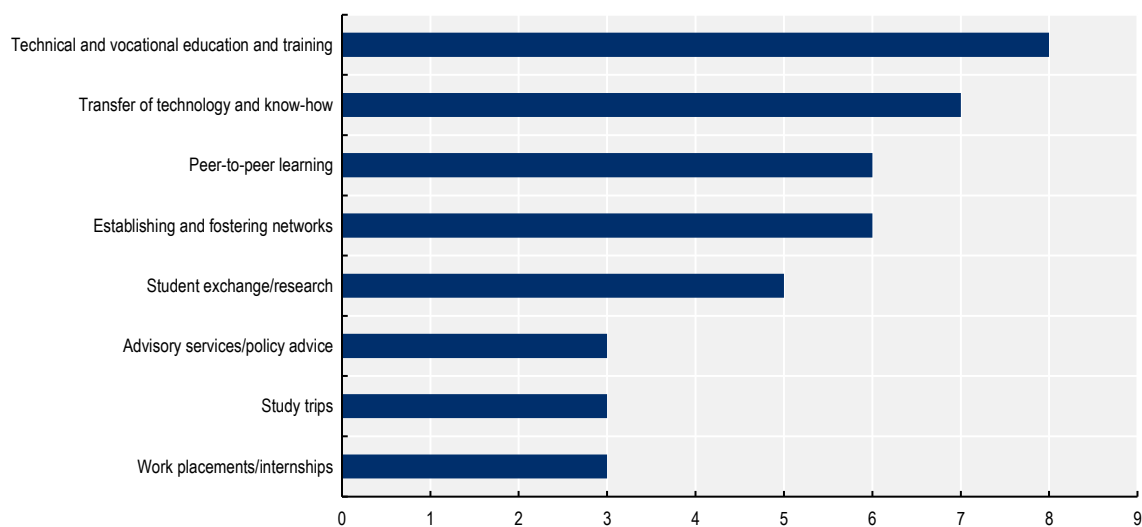
Expertise and types of technical assistance

Education, health, climate and environment are the core expertise of the federal states. In the German federal system, federal states are the main actor in policy implementation, in particular in those areas in which they have the sole responsibility, such as education. Consequently, 6 out of 14 of the federal states mentioned education, in particular technical and vocational education and training (TVET), as their main expertise but also climate and environment, including renewable energy and marine topics. Another area of expertise of the federal states is health, which was named by four of them. Other significant areas include water, sanitation, and hygiene (3), civic engagement (3), good governance and decentralisation (3) and the promotion of SMEs and entrepreneurship (3). Expertise in fostering networks (2), law and security (2) and fair trade and sustainable procurement (2) was slightly less often mentioned.

Most states focus their DDC on technical co-operation, advisory services and peer-to-peer learning. All the 14 states responding to the OECD survey carry out some form of technical assistance (GIZ, 2022^[46]) as part of their development projects. The most common type of technical assistance implemented in the states' DDC activities between 2016 and 2020 were TVET and the transfer of technology and know-how (Figure 2.6). Around half of the German states were engaged in such activities between 2016 and 2020. Hesse for example collaborated with Ethiopia in the framework of a BLP project to train Ethiopian decision makers and vocational training specialists in the fields of automation and electrical engineering between 2020 and 2022. In the area of know-how transfer, the state of Bavaria for example engaged in a BLP project with professionals and managers of the Ugandan energy sector to share the necessary know-how to expand the availability of solar energy and related energy-efficient applications in Uganda (GIZ, 2022^[47]). Peer learning and networks also represent an important type of technical assistance provided by the German federal states. Some federal states are also active in cultural co-operation, advisory services, organisational development and change management. However, these types of technical assistance play a less important role for German DDC overall. A dedicated website run by the German section of the WUS provides an overview of the federal states' development co-operation activities, including thematic areas and strategic documents of the different federal states. However, there is no centralised database to assess specific projects implemented by federal states, which could facilitate co-ordination between different actors, lead to economies of scale and create synergies between different projects (see the section on policy recommendations).

Figure 2.6. Types of technical assistance for DDC provided by the German federal states

Number of states engaged in different types of technical assistance for DDC between 2016 and 2020



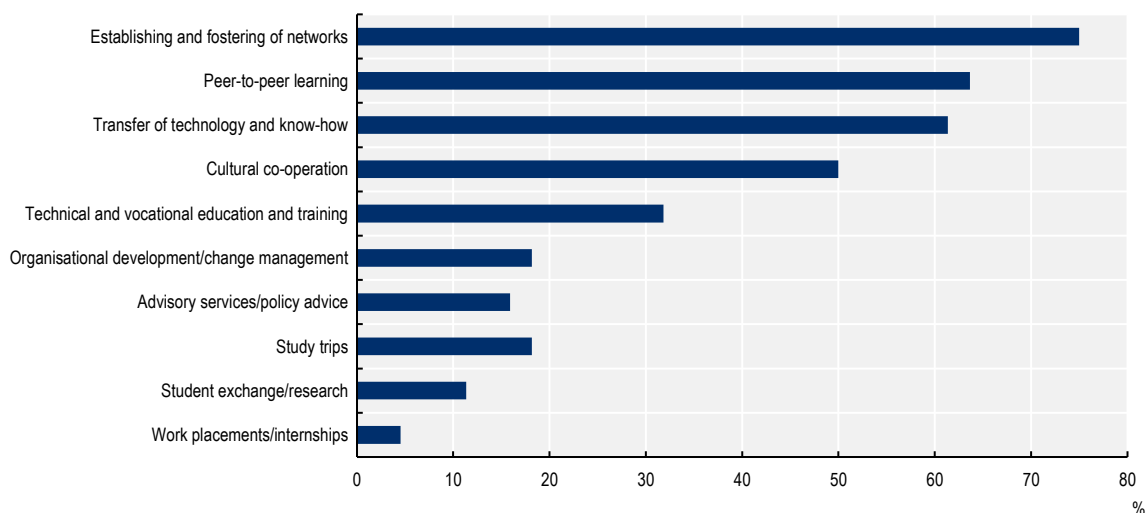
Source: OECD survey to the German federal states 2021/22.

At the municipal level, establishing and fostering networks and peer-to-peer learning are the two most commonly used types of technical assistance in municipal DDC activities. Around 75% of municipalities responding to the OECD survey have been engaged in establishing and fostering networks in 2018, 2020 or both years. Peer-to-peer learning is the second most important type of technical assistance for municipalities' DDC projects. Around two-thirds of municipalities used peer-to-peer learning in their DDC programmes. Roundtables and platforms that bring together actors from various sectors are tools used by municipalities that can improve the communication and exchange of knowledge, in particular in crises and emergencies. The transfer of technology and know-how played a similarly important role, with around 60%

of municipalities using it as part of their DDC activities in 2018 and/or 2020. Other relevant types of technical assistance that are important in municipalities' DDC activities are notably TVET, advisory services, organisational development and change management (Figure 2.7).

Figure 2.7. Types of technical assistance for DDC provided by German municipalities

Share of respondents considering different types of technical assistance as the most important among their DDC activities between 2018 and 2020



Source: OECD survey of German municipalities 2022.

Several states do not provide expertise and competencies directly to partners in the Global South but rather support knowledge sharing by financing a range of actors, in particular CSOs. Those states, therefore, do not always prioritise DDC actions in those policy areas where they have a comparative advantage or strong knowledge. Instead, their role is to finance activities rather than to provide knowledge or expertise directly. Saxony follows a demand-driven approach to determining the policy areas it targets in its DDC activities. Instead of selecting policy areas based on the state's competencies, it is the needs of the partner in the developing country and the CSOs that define the thematic focus of the state's DDC activities. This is also linked to the fact that most states channel their DDC through CSOs. Yet, there is not always such a clear distinction between supply- and demand-driven activities. In Lower Saxony, projects can be based both on their specific expertise and on the demand of a partner country or city. The state of Schleswig-Holstein determines its areas of DDC support in collaboration with GIZ.

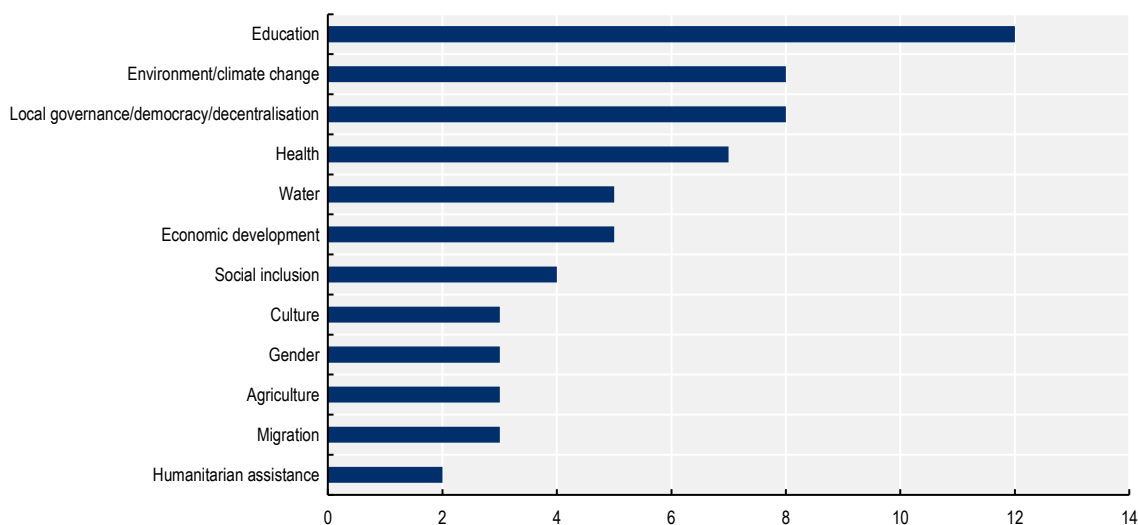
Policy areas targeted

Education, environment and health are the top three policy areas targeted by states' DDC activities. These areas align with the core competencies of the states and have remained the same over the 2016-20 period. Between 2016 and 2020, 12 out of the 14 federal states have been implementing or supporting DDC projects in the field of education, a policy area that is no longer a priority area at the federal level when it comes to development co-operation (Figure 2.8). The federal states' activities include TVET, intercultural communication and vocational training. Furthermore, networking and the transfer of technologies and know-how play a key role in the states' educational development projects. Other activities in the field of education implemented by the federal states are organisational development and education for sustainable development, the latter mainly focusing on activities within Germany. Nine of the states have been active in environment and climate change-related development co-operation. These focus notably on climate

change and resource protection, sustainable mobility, renewable energy, waste management and marine research but also fair trade and sustainable procurement. The third most frequently targeted policy area is health (8 out of 14). The German federal states are collaborating with partners in developing countries in areas such as fire and rescue services, hospitals, sports and protection of health and safety standards at work. They also work on medical technology, minority rights and protection and the improvement of global health and combatting neglected diseases more effectively. All these policy areas are priorities of the state. Against that background, the federal level and each federal state formulate their priorities independently from each other.

Figure 2.8. Policy areas supported by federal states through DDC

Number of states engaged in different policy areas in DDC between 2016 and 2020

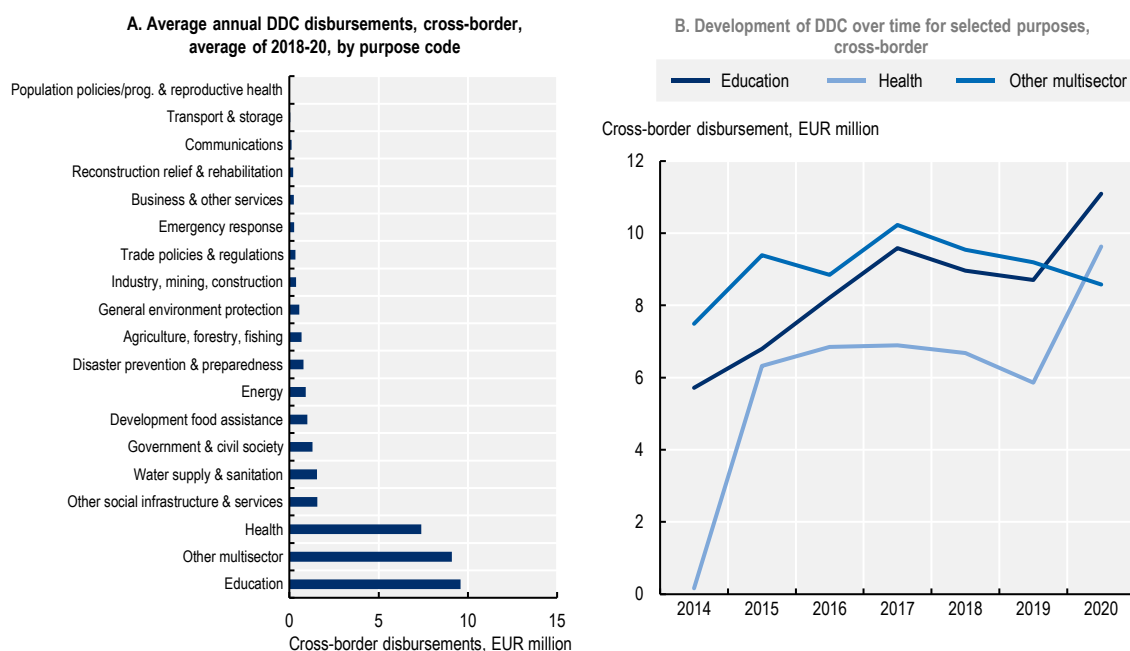


Source: OECD survey to the German federal states 2021/22.

Based on OECD CRS data in 2018-20, German states mainly targeted ODA financing in support of education and health, with a few exceptions among states.⁷ Amounts spent on education were nearly as high as all other sectors combined except for health and other multisector activities (Figure 2.9).⁸ The spike in amounts spent on education spending in 2019-20 is largely due to large investments by Bavaria and Hesse. This is consistent with the responses by federal states regarding their policy priorities mentioned above. However, some smaller states specialise in sectors other than education and health. Mecklenburg-West Pomerania, for example, invested more in affordable and clean energy than in education or health. Another example is Schleswig-Holstein, which devoted a greater share of its funding in 2018-20 to science and technology research.

OECD CRS data further show that, in response to the COVID-19 crisis, ODA provided by German states for health purposes increased substantially. An assessment of the descriptions of ODA projects reveals that around EUR 3 million were disbursed in 2020 on projects that mentioned either COVID or Corona in their descriptions. While a portion of this funding may have been allocated to the health sector regardless of the pandemic, it nevertheless indicates that a health response to the global pandemic shaped the disbursements of several federal states.

Figure 2.9. German states focus their international engagement on education and health



Note: Both graphs include only cross-border ODA. The jump in health spending between 2014 and 2015 can be traced to Hamburg's funding for the Bernhard Nocht Research Institute (Panel A).

Source: OECD (2022^[43]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>.

It is possible to assess how German DDC financing targets the SDGs thanks to new artificial intelligence algorithmic tools. The OECD has developed several approaches using machine learning to derive the SDG focus from the individual project descriptions. Machine learning technology can also help crosscheck and complement the data available in the purpose codes. Every project can focus on one or more SDGs. As such, the sum of the percentages of projects that focus on each SDG can be larger than 100% in the corresponding graph (Figure 2.10).

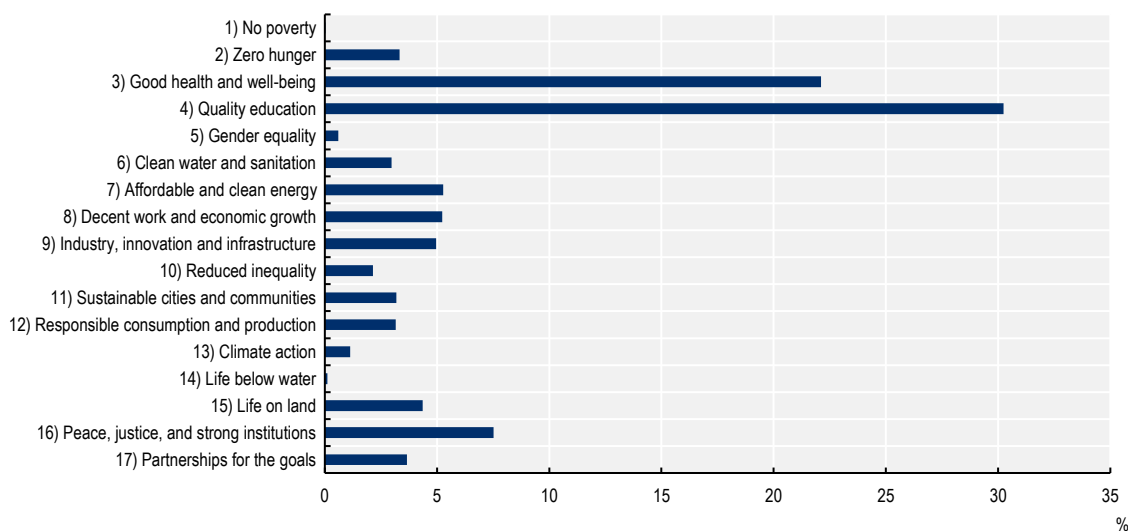
The OECD's machine learning algorithm applied to ODA project-level data further reaffirms that SDGs 4 "Quality education" and 3 "Good health and well-being" were the focus areas of German states' ODA spending. This is consistent with the result of the sectoral allocation, which is directly coded in the CRS. On the other end of the spectrum, apart from SDG 1 "Zero poverty", the smallest amount has been dedicated to SDG 14 "Life below water", which is also consistent with the fact that only 3 of the 16 federal states have a coastline and have the competencies or interest to engage in related external actions. This overall picture, however, hides some variation between individual states. While most states have a strong focus on SDG 4 "Quality education", Schleswig-Holstein for instance seems to focus more on SDG 16 "Peace, justice and strong institutions" in its external action, while Mecklenburg-Western Pomerania mostly addresses SDG 7 "Affordable and clean energy".

OECD survey results show that in addition to education, environment and health, German federal states support DDC activities in the areas of local governance, water, sanitation and hygiene and economic development. Half of the German federal states are active in the policy area of local governance. This includes DDC projects on cross-border co-operation, spatial planning, judicial systems and the rule of law as well as activities to strengthen civic engagement and intensify dialogues between local administrations and the local population. One example is Baden-Württemberg's participation in the German-Tunisian administration exchange programme of the German government and BLP to strengthen the theoretical and practical knowledge of future Tunisian administrators and managers in democratic participation

processes (Box 2.1) (GIZ, 2022^[48]). Water, sanitation and hygiene are also targeted policy areas for 6 out of 14 federal states responding to the OECD survey, e.g. Lower Saxony through its BLP water resource management project with partners from ministries and the private sector in Tanzania (GIZ, 2022^[49]). Another policy area, mentioned by five federal states, is economic development, in particular focusing on the development of SMEs, tourism and agriculture. In addition, federal states are active in humanitarian assistance (4), social inclusion (4), gender (3), culture (3) and migration (2). Thematic projects in specific policy areas that require specialist knowledge such as climate mitigation require the involvement of different departments within the states' administration.

Figure 2.10. Education and health stand out as the main SDGs targeted by German federal states

Disbursements in % of all disbursements for which SDGs could be assigned



Note: Average over annual percentage over the years 2018-20. As projects can target more than one SDG, the sum of percentages is over 100%. The basis is all projects that could be assigned an SDG focus through the xgb algorithm. Numbers may change in the future with improved versions of the algorithm. Only cross-border disbursements are considered (no in-donor action).

Source: OECD (2022^[43]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>; SDGs determined using the OECD (2022^[50]), *SDG Financing Lab*, <https://sdg-financing-lab.oecd.org/?country=Germany&distribution=providers&sdg=4>.

Box 2.1. The German Government and Federal States Programme

The German Government and Federal States Programme (*Bund-Länder-Programm*, BLP) implemented by GIZ aims at improving the strategic co-operation between the German government and federal states in the field of development co-operation (GIZ, 2022^[29]). The BLP was established in 2015 to develop a joint programme building on the competencies of the federal states, for instance in the field of public administration (GIZ, 2022^[30]). The core activity areas of the programme are sustainable economic development, good governance, environment, climate and energy, as well as pandemic resilience. The programme links regional expertise in the federal states with ongoing technical co-operation projects initiated by the federal government and implemented by GIZ (GIZ, 2022^[29]). In the project's pilot phase (2015-19), the BLP supported 42 projects. In the recent phase (2019-23), there are 30 BLP projects. Four projects are described below.

Strengthening citizen participation and modernising administrative structures (12/2019-03/2022)

In the years following the Arab Spring, Tunisia has initiated a push for the modernisation of its administrative structures. The BLP project between the state of Baden-Württemberg and Tunisia in the thematic area of good governance supported this process. The project German-Tunisian Administrative Exchange 2.0 aimed at strengthening democratic leadership and participatory processes, addressing the future generation of the Tunisian administration and government. A partnership between the *École nationale d'administration de Tunis* (ENA) and the University of Public Administration in Kehl was an important element of the collaboration. It gave selected ENA students the opportunity to complete their mandatory internship in a municipal agency in Baden-Württemberg (due to the COVID-19 pandemic in an online format of a six-week Autumn School). With the additional guidance of the university in Kehl and an individual tutor from Baden-Württemberg, students gained hands-on experience in the functioning of democratic participatory processes at the local level. The project also focused on promoting gender equality and addressed the topic of women in management positions.

Improved weather forecasting for agriculture in Rwanda (06/2021-03/2023)

Soil degradation as a result of rapid population growth and related intensive soil usage is one of the main challenges of Rwandan agriculture. To address the issue of manually operated weather stations and to exploit the potential of improving harvest yields, the BLP project between Rhineland-Palatinate and Rwanda focuses on the digitalisation of weather stations and the associated expansion of digital agricultural meteorology. In a first phase, the Rhineland-Palatinate Ministry of Economic Affairs, Transport, Agriculture and Viniculture (MWVLW) and the Rwandan Ministry of Agriculture and Animal Resources (MINAGRI) analysed the country's existing agricultural meteorology infrastructure, notably the technical solutions necessary to digitalise weather forecasting. Based on that assessment, the partners started to draw up an implementation plan. During the ongoing implementation phase, weather stations in Rwanda are becoming increasingly automated and Meteo Rwanda will expand its electronic data-processing activities with support from Rhineland-Palatinate. The resulting agricultural meteorology service could serve as a model for other regions to promote sustainable and climate-proof agricultural practices.

Supporting women to start businesses – Promoting innovation (11/2018-11/2019 and 03/2020-12/2021)

In order to promote female entrepreneurship and innovation, the city of Berlin collaborated with the BMZ and Indian institutions on two BLP projects. The Female Entrepreneurship in Berlin and India (FEBI) I and II projects aimed to connect Indian female entrepreneurs to business opportunities in Germany, including targeted communication and networking with Berlin's start-up ecosystem. By offering capacity building to Indian institutions on how to support start-ups led by women, inviting Indian women entrepreneurs to international start-up conferences as well as exchange experiences with other international founders, the project contributed to promoting employment and gender equality. The implemented capacity-building measures within Indian institutions seek to encourage the Indian start-up ecosystem to increase funding offers to female entrepreneurs in the future.

Standardising the use of traditional medicine (04/2022-03/2023)

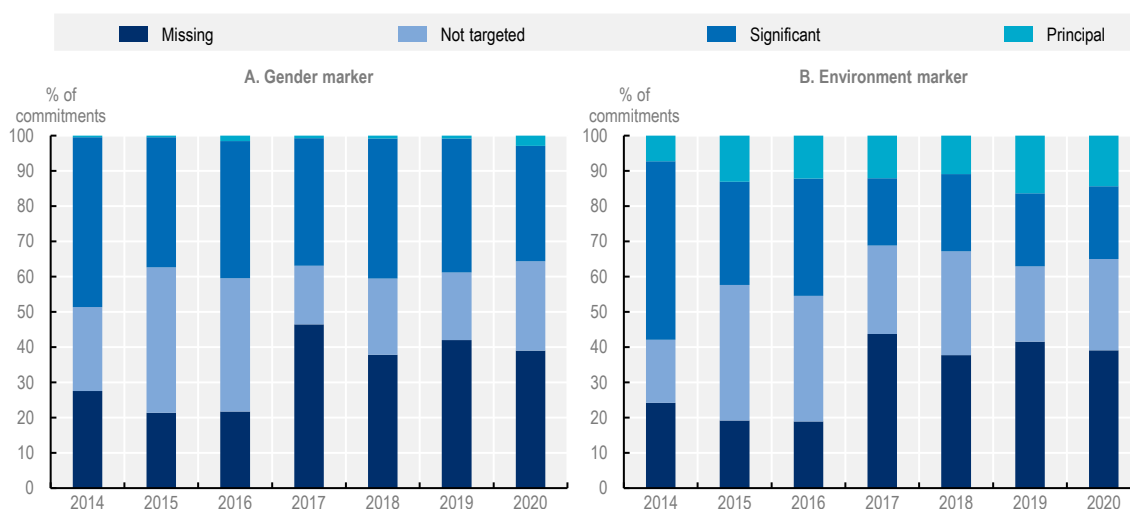
The project's objective was to strengthen infectious disease capacity at Kampala's Kiruddu Referral Hospital regarding prevention, diagnostics, treatment and measures to combat the further development and spread of multi-drug resistant bacteria. Therefore, the project partners, the Kiruddu Referral Hospital in Uganda, and the State Chancellery of Saxony and the Medical Center of the University of Leipzig in Germany, collaborated to set up a modern microbiological laboratory at the hospital in Kampala to expand its diagnostic capacities and to improve care for patients with bacterial infections. In particular, project partners carried out practical training on diagnostic equipment supported by virtual advice and support from laboratory experts at the University of Leipzig as well as expert missions by

doctors from the University of Leipzig. The project expanded the existing partnership and formed the basis for further cooperation between the University of Leipzig and the Kiruddu Referral Hospital in the areas of teaching, clinical practice, and research on infectious diseases with a focus on antimicrobial resistance.

Source: GIZ (2022^[29]), “German Government and federal states cooperate in development cooperation”, <https://www.giz.de/en/worldwide/91262.html> (accessed on 23 August 2022); GIZ (2022^[30]), *Jointly for Sustainable Development - German Government and Federal State Programme (BLP)*, <https://bund-laender-programm.de/en> (accessed on 23 August 2022).

Cross-cutting policy priorities such as the environment and gender equality are also targeted by the states’ ODA spending. Based on screened ODA data, or ODA assessed by providers according to a cross-cutting policy focus, German states committed around 60% of ODA financing to gender goals and 55% to environmental goals on average over the 2014-2020 period (Figure 2.11).⁹ Together, states screened 65% of their commitments in 2020 for the gender or environment marker. These amounts are even higher than the values for total German ODA, of which 45.5% were committed to gender equality and 41.2% to the environment (OECD, 2022^[25]). At the same time, these amounts are in line with the 50% of commitments of Spanish DDC that have a gender focus in 2020, which is to a large extent driven by the Basque Country as a champion in promoting women’s empowerment (OECD, 2018^[1]). The Rio markers for climate change adaptation and mitigation spending were not utilised, however, due to low levels of screening (nearly half of the amounts disbursed are not screened).¹⁰

Figure 2.11. Gender and environment markers indicate a comparatively strong focus but screening coverage could improve to ensure comparability



Note: To remain consistent with other statistical practices, commitments instead of disbursements have been used for the analysis of markers. Source: OECD (2022^[43]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>.

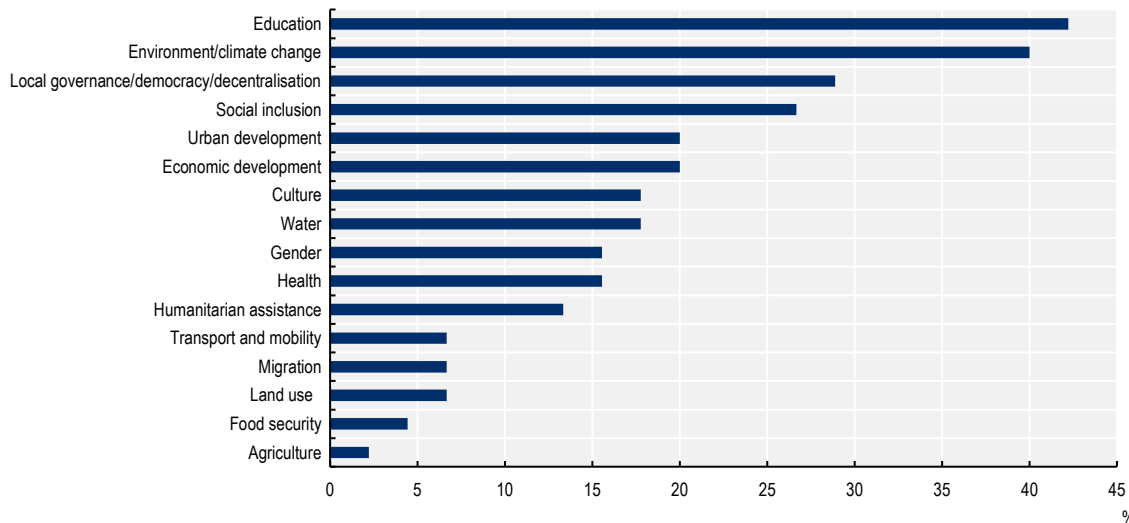
Survey data further demonstrate that the two main policy areas that German municipalities have supported through DDC in the past five years are education and climate change. Around 40% of German municipalities responding to the OECD survey have been engaged in education- and environment-related DDC activities in 2018 and 2020 (Figure 2.12). One example of such activities is the SKEW municipal climate partnership programme, which aims to initiate and strengthen technical co-operation between German municipalities and municipalities in the Global South in the areas of climate protection and climate change adaptation (SKEW, 2022^[51]). Since 2011, 77 municipal climate partnerships have been established

in the framework of the programme. For several of the participating municipalities, the municipal climate partnership was the starting point for their international co-operation activities. In some cases, these partnerships have been extended to other policy areas beyond climate change over the years and further developed over time.

Other important policy areas for German municipalities are governance and democracy. Close to 30% have been active in the field of local governance, democracy and decentralisation in the past 5 years. Around 27% have been targeting social inclusion in their DDC activities both in 2018 and in 2020. Another relevant area is urban development. Twenty percent of German municipalities responding to the survey were active in urban development-related DDC projects in the past five years. In addition, health has emerged as a key area of DDC activities in German municipalities since the outbreak of the COVID-19 pandemic in 2020. Around 22% of German municipalities responding to the OECD survey were engaged in DDC activities in health, compared to 16% two years before. Other relevant policy areas were economic development, water, gender and culture. Generally, it is important to find a common understanding of a DDC project's objective to avoid a mismatch in terms of priorities. In some cases, cities and regions in partner countries are interested in infrastructure projects rather than in peer-to-peer learning activities, which are a more common type of expertise that German municipalities provide. However, the limited project funding by the federal level available to German municipalities (a maximum of EUR 250 000 over 3 years) and the fact that infrastructure developments are predominantly supported through multilateral mechanisms limits the number of infrastructure projects implemented through DDC. Agreeing on priorities and areas of expertise upfront is, therefore, crucial.

Figure 2.12. Thematic priorities of municipal DDC activities

Share of German municipalities responding to the OECD survey active in DDC in different policy areas



Source: OECD survey of German municipalities 2022.

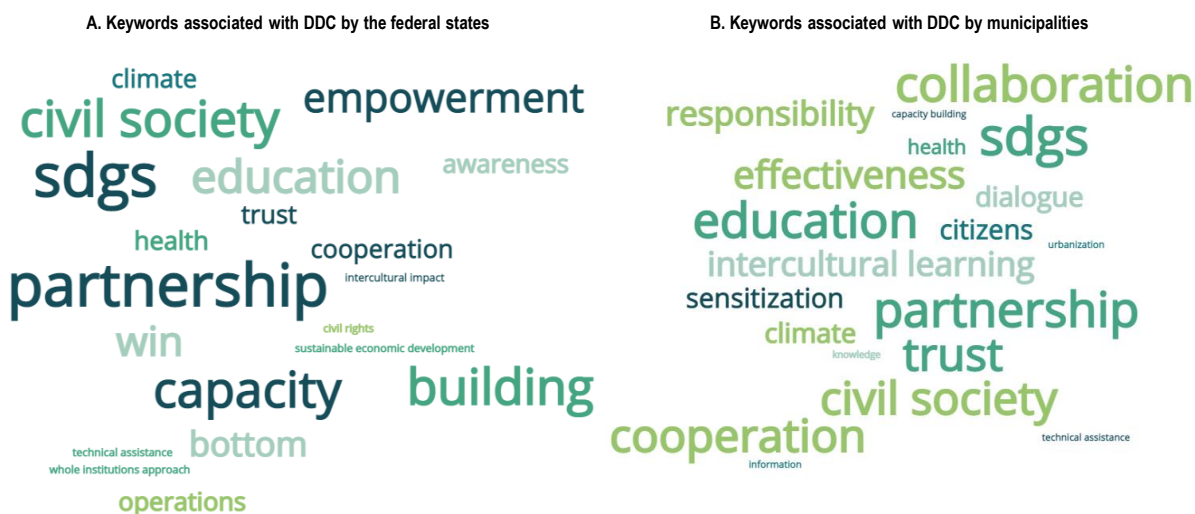
Comparative advantages and competencies in specific policy areas determine the state's DDC activities. The sectors in which the federal states have the competencies and technical expertise to engage in DDC activities are often aligned with those competencies specified in their constitutions, which point out the responsibilities of the federal states. Federal states are active in DDC in policy areas where they have a comparative advantage compared to other actors and a strong knowledge to share with DDC. For example, Hesse uses the policy sectors selected by the BLP programme (governance, environment, climate and

energy, sustainable economic development) to share its knowledge with DDC partners. The city-state of Hamburg aims to implement activities that are complementary to those of the federal government.

Municipalities also focus their DDC activities on the areas where they have competencies and expertise. For 90% of municipalities, the policy areas where they are active in DDC are also the areas where they have the relevant competencies and technical expertise. The activities of municipalities in DDC range from water and waste management to educational activities and expertise including education programmes for youth and education for sustainable development among other things. The municipality of Teltow-Fläming, for example, is working in environmental education together with the municipality of Katimo Mulila in Namibia. In the area of climate and environment, German municipalities offer their expertise in disaster risk management, climate change adaptation, circular economy and the construction of photovoltaic plants amongst others. An example is the city of Jena, which has collaborated with its partner city San Marcos in Nicaragua in the framework of a climate partnership, by installing solar panels and constructing decentralised biogas plants amongst other things. Tourism is another area where German municipalities are engaged abroad. In the area of urban planning, municipalities provide expertise regarding for example sustainable construction and sustainable mobility such as public transport planning. Municipalities are also engaged in providing knowledge in the area of democracy and local governance, e.g. through e-governance tools, a participatory planning approach and strategies to foster citizen engagement.

The German federal states and municipalities tend to associate their DDC activities mostly with the SDGs. Federal states mainly associate DDC with “Partnerships” (8 out of 14) and SDGs (7 out of 14) (Figure 2.13). Other keywords were “co-operation”, “civil society”, “capacity building” and “education” (each 4 out of 14). Those keywords underline the collaborative nature of DDC and the importance assigned to mutual learning. The keywords that German municipalities associated DDC with display a similar picture. They mainly associate DDC supported by their municipality with the SDGs (10), education (9), collaboration (9), partnership (9), trust (8), civil society (8), co-operation (8) and effectiveness (6). These findings emphasise the importance that municipalities also attribute to collaboration and learning as well as the SDGs.

Figure 2.13. Keywords associated with DDC by the federal states and municipalities



Source: OECD 2021/22 survey of the German federal states and municipalities.

Motivations

Knowledge sharing and capacity building are the main motivation for German federal states to be involved in DDC activities. For the federal states, the main return on DDC lies in the benefits of the peer-to-peer exchange with partner countries, states and municipalities. Collaborative formats allow the states and their partners to learn from each other, not necessarily only in terms of technical knowledge but also regarding a better mutual cultural understanding. In terms of economic motivations, federal states consider the expansion of fair public procurement, the engagement of the private sector and economic development more broadly as important motivations. For example, this can mean the expectation of a possible return on investment, e.g. in terms of business opportunities for local companies. Scientific exchange is another main motivation for the states' DDC activities.

The political motivations for federal states' contributions to DDC mostly target the development of partnerships with CSOs, municipalities in their territory and developing country governments. The promotion of the SDGs, international solidarity and global justice are further incentives for the German federal states to engage in DDC. Environmental reasons play an important role in federal states' DDC activities. The majority of federal states engage in DDC to tackle climate change and contribute to climate change adaptation and mitigation, e.g. through municipal climate partnerships. The topic of migration is an important motivation for federal states as well. Some of the federal states aim to improve local living conditions in developing countries. Another relevant aspect is raising awareness about the importance of developing policies among the local population in Germany. In that context, states also use their partnerships as a tool to promote their international activities and their domestic sustainable development policies, such as SDG localisation processes.

Municipalities engage in DDC activities mainly to exchange knowledge and capacity, take on global responsibility and address climate change and the root causes of migration. The main motivation for German municipalities to be active in DDC is the exchange of knowledge and capacity building together with partners from the Global South. Many of the municipalities consider DDC as part of their global responsibility and a means to protect global goods such as health and climate. Addressing the causes and consequences of climate change in particular is a reason frequently mentioned by German municipalities as a main motivation to engage in DDC activities. Migration and the integration of migrants in Germany also play an important role. Improving the intercultural understanding and sensitising the local population in Germany to the importance of international co-operation and looking beyond their own country are further reasons for German municipalities to engage in DDC activities. The fact that the impacts of climate change are increasingly noticeable in German municipalities is generating greater interest in international co-operation among the local population in Germany. A few municipalities are also engaging in DDC due to economic considerations and possible (financial) returns on investment. Russia's war against Ukraine is another factor that has motivated an increasing number of German municipalities to engage in international co-operation and partnership in recent months. The city of Düsseldorf has set up a new partnership with Chernivtsi in March 2022. The city of Cologne has signed a new project partnership with Dnipro. The city of Frankfurt (Oder) has concluded a partnership agreement with Schostka (Ukraine) and Slubice (Poland). There are also smaller municipalities and districts such as Dorsten, Lingen, Thierhaupten and Wandlitz that have agreed on friendship declarations as well as project partnerships with municipalities in Ukraine (SKEW, 2022^[52]).

Geographical and sectoral priorities

Political reasons were the main criteria to define the geographical focus of DDC in the German federal states over the past 15 years. Various criteria play a key role in the German federal states deciding on a geographical focus for the DDC activities. Around two-thirds of them (9 out of 14) mainly determined their geographical focus due to political criteria. These can be political goals that the states want to contribute to, such as gender equality, access to clean water and sanitation or strengthening local governance.

Long-lasting partnerships provide the federal states with advantages while new demand-driven partnerships can provide additional opportunities. Several of the federal states (5 out of 14) also have long-lasting partnerships in place. In these cases, the main criteria to define the geographical focus of DDC activities have not necessarily been determined in recent years. Two of the federal states specifically point out historical reasons as the main criteria to define the geographical focus of DDC activities (Bremen and Hamburg). Limitations in the availability of funding also play a particular role in those historically grown partnerships. Keeping up existing partnerships and bundling activities in a specific geographic region or even country is usually less cost-intensive than setting up new partnerships, which forces the federal states to prioritise certain partnerships, mostly well-established ones, over others. However, existing partnerships are also seen as important for the long-term sustainability of DDC objectives. The state of Bavaria, for example, has set up a regional office in Addis Ababa in Ethiopia to co-ordinate its activities on the African continent on a continuous and long-term basis (State Government of Bavaria, 2022^[53]). Rhineland-Palatinate has an office in Kigali in its partner country Rwanda (with which it has had a partnership for over 40 years) that offers information for partners from Rhineland-Palatinate and Rwanda and co-ordinates activities (Partnerschaftsverein Rheinland-Pfalz/Ruanda e.V., 2022^[54]). Such regional offices can also help frame the regional focus of municipalities' DDC activities.

Economic and commercial criteria, addressing extreme poverty and addressing global priorities are further criteria used by three of the federal states respectively. Setting up new partnerships based on these criteria rather than continuing partnerships solely due to historical reasons provides new opportunities to better meet the demand and needs of partner countries and regions. Two federal states are collaborating with priority countries identified by partner organisations (Berlin and Saarland). Another two determined the geographical focus of partnerships partially on an ad hoc basis (Brandenburg and Hesse). Private companies that are collaborating with federal states in development co-operation projects, as is the case in Saxony-Anhalt, can also play a role in determining the geographic priorities of DDC activities.

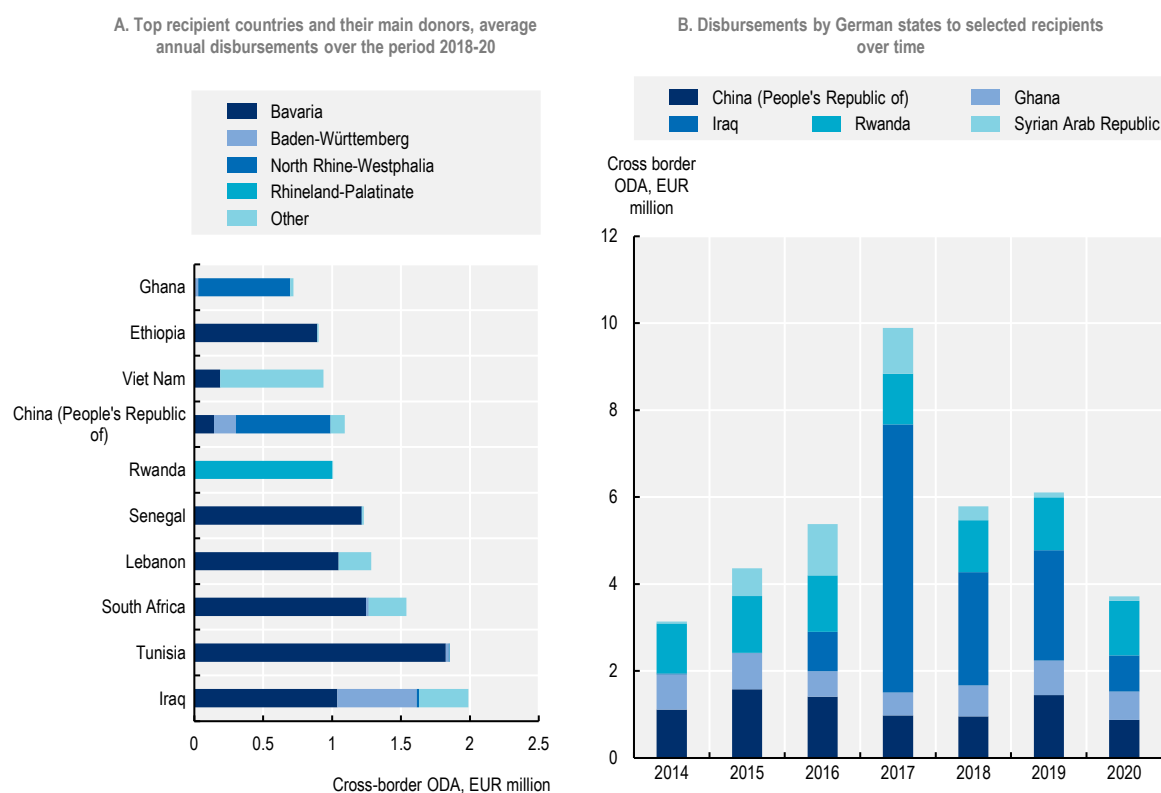
German states and municipalities provide ODA financing for projects across many developing countries. Of the 142 countries and territories that were ODA-eligible in 2020,¹¹ German states and municipalities carried out ODA-financed projects in more than half (76) of them.¹² When including in-donor expenses (i.e. refugee hosting or imputed tuition costs), the amounts spent benefitted a total of 88 countries and territories. This number might even be higher since many projects only list a certain region as a beneficiary or did not specify the recipient at all. The number of explicitly listed countries and territories fluctuated around 90 over the 2014-20 period.

OECD CRS data reveal that some German states provide stable, long-term, one-on-one financing. These long-standing, one-on-one partnerships are carried out by both larger and smaller German states (Figure 2.14). For example, North Rhine-Westphalia's contributions to Ghana have remained stable since reporting began in 2014 and represent nearly 100% of all DDC financing received by the country. Among the smaller states, Rhineland-Palatinate is the only German state that carries out DDC financing in Rwanda and has provided such financing since 1982 when the partnership was agreed upon (WUS, 2022^[55]). In terms of disbursements per capita in the recipient country, Lebanon received the most, followed by Tunisia, Albania and Rwanda. Those countries are also in the top ten recipients in absolute amounts. However, due to its larger population size, the People's Republic of China (hereafter China) is not considered a top recipient when per capita flows are considered.

In addition to maintaining long-standing partnerships, German states increase ODA financing to certain developing countries in response to new and emerging international crises. In 2018-20, the top recipients of total German DDC were Iraq, South Africa and Tunisia.^{13,14} While Iraq received the largest sum over the last three years (2018-20), amounts disbursed for the country varied largely and dropped significantly after a spike in 2017. Similarly, cross-border funding for the Syrian Arab Republic (hereafter Syria) increased noticeably in 2015 in response to the humanitarian crisis and stayed high until 2017, after which it dropped to significantly lower levels.

In the majority of German federal states, strategic and geographical priorities for DDC are defined and/or co-ordinated across ministries at the state level. Nine out of 14 federal states responding to the OECD survey mentioned that their strategic and geographical DDC priorities are co-ordinated across ministries at the state level. In Lower Saxony, the SDGs provide the foundation for the co-ordination of DDC activities across ministries at the state level. Another helpful tool are development policy guidelines. Two of the federal states (Brandenburg and Lower Saxony) are using their guidelines for development policy as the reference for their geographical priorities and strategic goals. In Bavaria, the state chancellery provides the geographic and thematic priorities for all ministries. The state of Baden-Württemberg has its own State Office for Development Co-operation in the State Department that acts as the co-ordinating body.

Figure 2.14. A variety of German states provide stable funding for long-standing partnerships



Note: Both graphs only include projects that were considered cross-border. These were projects labelled with one of the co-operation modalities A (Budget support), B (Core contributions and pooled programmes and funds), C (Project-type interventions) and D (Experts and other technical assistance). Panel B shows only selected recipients, while total amounts are not shown to make differences between the selected countries more visible.

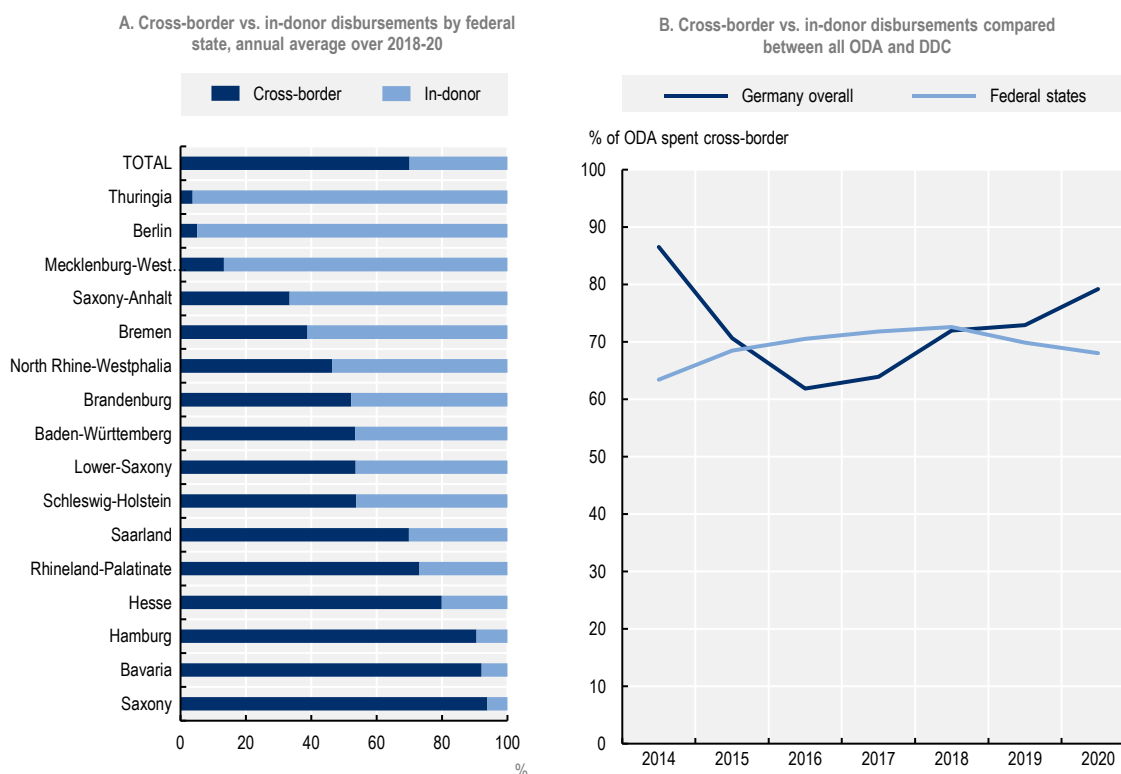
Source: OECD (2022^[43]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>.

Excluding in-donor tuition costs,¹⁵ around 70% of German DDC is allocated to cross-border projects, with large variation across states (Figure 2.15, Panel A). Cross-border spending can include support for technical assistance while in-donor funding is often spent on the promotion of development awareness, such as education for sustainable development.¹⁶ While the majority of German DDC is spent cross-border, spending varies greatly among the individual states. On average over the 2018-2020 period, Bavaria had the highest share of cross-border projects. Thuringia, however, focused more on funding within the borders of its own state. The economic size of a state does not indicate whether a state is capable of carrying out cross-border projects. For instance, both Baden Wuerttemberg and Saarland have disbursed

a similar percentage of their ODA expenses cross-border, despite Saarland's economy being 15 times smaller.

The percentage of cross-border ODA provided by German states has remained relatively stable since 2014. For Germany overall, the percentage has increased from 62% in 2015 to 79% since 2016, after a decline from 87% in 2014, which was again likely due to the disproportionate increase in refugee hosting costs in 2015 and 2016 (Figure 2.15, Panel B). Cross-border spending by decentralised actors in other countries differs widely. While Canadian subnational actors spent about 10% cross border, this number stood at around 40% for France, 80% for Spain and more than 95% for Belgium, Italy and the United Kingdom.

Figure 2.15. German states spend about 70% of their DDC on cross-border projects (excluding imputed tuition costs)



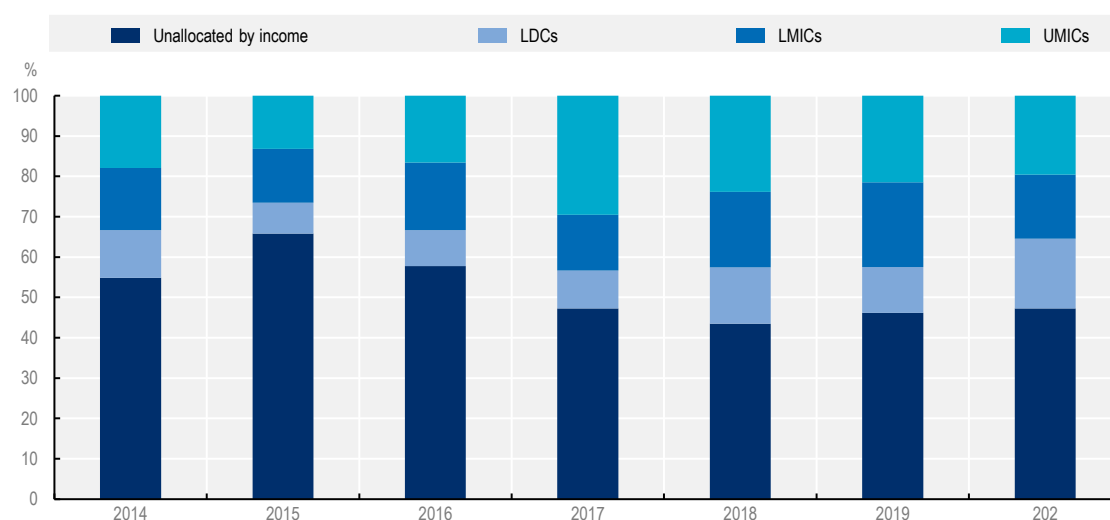
Note: Cross-border projects were considered to be those projects labelled with one of the co-operation modalities A (Budget support), B (Core contributions and pooled programmes and funds), C (Project-type interventions) and D (Experts and other technical assistance). All others, which are E (Scholarships and tuition costs in donor countries), F (Debt relief [not existent in German DDC]), G (Administrative costs not included elsewhere) and H (Other in-donor expenditures) were considered in-donor. For the rationale on this, see also the mention of ODA with no cross-border flows in the section "Country Programmable Aid" in <https://www.oecd.org/dac/dac-glossary.htm>.

Source: OECD (2022^[43]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>.

German states' cross-border ODA spending in support of the poorest developing countries may have increased. In 2018-20, more than half of ODA disbursements by German states were reported according to a recipient country's income level. Slightly more than 20% of German DDC targeted upper-middle-income countries (UMICs) and slightly less than 20% targeted lower-middle-income countries (LMICs), while 15% benefit least developed countries (LDCs) (Figure 2.16).¹⁷ A greater share of projects is carried out with higher-income countries due in part to the stronger institutions that facilitate exchange in those

countries (OECD, 2018^[11]). However, flows to LDCs have increased by 21% on average per annum over the full-time horizon since 2014. It is unclear whether the increase is due to increased allocations to LDC countries or to improved reporting of existing programmes (since unallocated expenses decreased at the same time). Similarly, almost half of all regional disbursements are categorised as unspecified, reflecting the focus on peer-to-peer exchange where multiple countries or regions participate in a single activity. The largest named recipient is Sub-Saharan Africa, followed by the Middle East. The strong focus on Sub-Saharan Africa is in line with the development co-operation strategy of some of the largest German states. For example, Bavaria's Council of Ministers adopted its Africa Package in 2019 and set out renewed support to develop new partnerships as well as to strengthen existing relations (WUS, 2022^[56]).

Figure 2.16. Unallocated cross-border DDC financing is declining while the share of cross-border DDC allocated to LDCs has increased



Note: Disbursements to the more advanced developing countries and territories (MADCT) and other low-income country (LIC) categories are not shown, as they are mostly below 0.1% of overall disbursements.

Source: OECD (2022^[43]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>.

Historical and political reasons are the main criteria of German municipalities for defining the geographical focus of their DDC activities. Among the municipalities responding to the OECD survey, almost half (17 out of 38) named historical reasons as one of the main criteria determining the geographical focus of their DDC activities in the past 3 years. Some municipalities have long-lasting partnerships in place. In the city of Bonn for example, the six main partner cities were selected in the 1990s and have remained the same since then. The adoption of new partner cities needs to be approved by the city council, which is challenging. Having a continuous historical relationship with partners and knowing the different stakeholders is seen as particularly helpful in crises, where co-ordination plays a key role, e.g. during Russia's war against Ukraine. At the same time, it can undermine the opportunities (e.g. economic, social, and environmental) that new partnerships may provide. Historical reasons can also mean the presence of migrant communities in the municipality, which served as a starting point for the DDC activities of the municipality in their respective countries of origin. As is the case for the federal states, political reasons are also 1 of the 2 main criteria (19 out of 38).

Culture is the third most important reason for municipalities to carry out DDC, as indicated in the OECD survey. Around one-fourth of municipalities (9 out of 38) select the geographical focus of their DDC activities due to cultural reasons. Other relevant criteria are to address global priorities such as the SDGs, the Conference of the Parties (COP) or Group of Seven (G7) and Group of Twenty (G20) priorities¹⁸ (8 out

of 38), priority countries defined by the central aid authority (5 out of 38 in 2018 and 2020, 2 only in 2020, 1 only in 2018), priority countries by international partner organisations (7 out of 38), ad hoc criteria (6 out of 38) and economic and commercial criteria (5 out of 38). Several municipalities also select the geographical focus of their DDC activities based on existing collaborations and partnerships of CSOs or determine their partnerships jointly with civil society, e.g. through multi-stakeholder workshops and participative processes. This was for example the case in Nuremberg to select a partner municipality in Togo. Companies located in a municipality can also influence the selection of partner municipalities. This is the case in Wolfsburg, which has 15 international partner and sister cities, which is largely due to the location of the Volkswagen headquarters in the city. In the city of Mannheim, there is a specific action plan for DDC, which specifies the city's criteria for the selection of partner municipalities, e.g. the existence of a connection between the two municipalities, existing civil society commitment in Mannheim regarding the partner municipality and the involvement of people from Mannheim originally from the potential partner municipality (Box 2.2).

Box 2.2. Municipal development co-operation in the city of Mannheim

Supported by SKEW's Municipalities for Global Sustainability programme, the city of Mannheim has set up a municipal development co-operation strategy using the SDGs as a framework that was approved by the city council in 2016. In 2021, the city adopted an action plan, which specified the criteria for selecting its partner municipalities. The main criterion is an established connection between Mannheim and the possible partner city. The twinning city must explicitly declare its will to co-operate with the city of Mannheim. The second criterion is the existence of civil society commitment related to the potential partner municipality, for example existing partnerships between CSOs in the two municipalities. The third criterion is the involvement of people from Mannheim who have a historical background linked to the partner, e.g. as a place of birth.

By applying these criteria, Mannheim aims to ensure that city partnerships benefit from the engagement of civil society in the city. The decision on possible partners takes place in the city's roundtable on development policy, which gathers politicians, the public administration and representatives from civil society. The selection of specific projects that are implemented as part of those partnerships is based on Mannheim's Mission Statement. The statement points out the city's main strategic goals until 2030, aligned with the SDGs. One of them is to become a model for international co-operation between cities. To make municipal development co-operation an integral part of local policies in Mannheim, the city furthermore set up a dedicated staff responsible for Mannheim's development co-operation activities. The position is financially supported by SKEW and promotes development policy activities within the administration and in co-operation with Mannheim's civil society.

Source: City of Mannheim (2019^[57]), *Mission Statement Mannheim 2030*, https://www.mannheim.de/sites/default/files/2019-03/Mission%20Statement%20Mannheim%202030_%2013.03.2019_English_WebFile.pdf; SKEW (2022^[58]), *Internationale Stadt Mannheim [International City Mannheim]*, <https://skew.engagement-global.de/internationale-stadt-mannheim.html> (accessed on 21 September 2022); Bilateral interview with representatives from the city of Mannheim

The SDGs as a tool to strengthen policy coherence in DDC

In parallel with global developments, the SDGs have increasingly become part of the political agenda in Germany. The German federal government first adapted its sustainability strategy to the 2030 Agenda in 2016. The latest sustainability strategy of the federal government of Germany was adopted in 2021 and is aligned with the SDGs. Its guiding principles are intergenerational equity, quality of life, social cohesion, and global responsibility (Federal Government of Germany, 2022^[59]). The sustainability strategy of the

federal government considers sustainability as a joint effort. It, therefore, emphasises the role that municipalities and federal states and their collaboration with the federal level play to achieve the SDGs (Federal Government of Germany, 2021^[60]). The localisation of the SDGs has also gained traction in the German federal states. Fourteen out of the 16 federal states have put in place sustainable development strategies aligned with or referencing the SDGs. Most federal states started to measure their progress on the SDGs and their indicators in 2016. Bremen and Mecklenburg-West Pomerania are currently formulating their sustainability strategies and will align their strategy with the SDGs.

DDC is often part of the states' sustainability strategies. Although the states' sustainability strategies predominantly formulate the internal efforts of the federal states to contribute to the SDGs, external actions also play a role. Sustainability strategies often consider development co-operation as a factor contributing to the achievement of the SDGs. Table 2.4 provides an overview of all sustainability strategies of the federal states, their linkages to the SDGs and DDC activities (Destatis, 2022^[61]). The advantage of the SDGs for development projects is that the SDGs are broad enough to cover all areas of DDC. At the same time, using the SDGs in DDC projects can also raise awareness about the 2030 Agenda among different actors and enable staff in the administration to look beyond their thematic area and contextualise them as part of a broader agenda. For example, an education project between the public administration of municipalities in Rhineland-Palatinate and Rwandan counterparts with universities of applied sciences from Rhineland-Palatinate familiarised staff from the universities with the SDGs who subsequently started to integrate the 2030 Agenda into their curricula.

Table 2.4. Overview of sustainability strategies of the German federal states and their link to the SDGs and DDC

Federal state	Sustainability strategy	Alignment and integration of SDGs	DDC component
Baden-Württemberg	Sustainability Strategy (2007)	The sustainability strategy is not aligned with the SDGs since it was published in 2007. However, there are sustainability reports and progress reports that align with the 2030 Agenda as well as the 17 guiding principles for sustainable development in Baden-Württemberg.	Guideline 10 of the strategy states acting sustainably means taking responsibility for fair development in the context of globalisation by contributing to the state's strengths internationally. The strategy moreover contains a specific indicator on state-level ODA.
	Sustainability Reporting (2019)		
Bavaria	Bavarian Sustainability Strategy (2022)	The indicators of the Bavarian Sustainability Strategy mirror the structure of the SDGs and are hence aligned.	The strategy refers to SDG 17, the Bavarian development policy guidelines from 2013 and the Bavarian Africa Package concerning Bavarian development policy in Africa.
Berlin	The 17 SDGs in Berlin (2021)	The sustainability strategy is aligned with the SDGs. It also contains a separate measurement framework, which is closely aligned with the SDGs.	The strategy refers to Berlin's DDC projects and engagement in different international networks. The State Office for Development Cooperation (<i>Landesstelle zur Entwicklungszusammenarbeit, LEZ</i>) is mentioned as the major institution to implement development co-operation projects relevant to the sustainability strategy. A specific indicator of financing for development co-operation is part of the strategy.
Brandenburg	Update of the sustainability strategy of Brandenburg (2019)	The sustainability strategy is aligned with the SDGs.	The strategy refers to the Round Table Development Policy of the State of Brandenburg, which brings together civil society actors that are active in development co-operation. The state's target for SDG 17 is to improve international administrative exchange with the partner country Poland.

Federal state	Sustainability strategy	Alignment and integration of SDGs	DDC component
Bremen	No strategy published yet, but bi-annual reporting about the implementation of the SDGs in Bremen (2022)	A preliminary indication that the future sustainability strategy will be aligned with the SDGs, as pointed out by the federal government. ¹	In the latest SDG reporting, SDG 17 measured by the indicator of ODA spending.
Hamburg	Implementation of the Sustainable Development Goals in Hamburg (2017)	The sustainability strategy is aligned with the SDGs.	No reference to DDC projects, SDG 17 mentioned as cross-cutting topic.
Hesse	Sustainability Strategy of Hesse (2008)	The sustainability strategy is not aligned with the SDGs since it was published before 2014 but the state has developed an SDG indicator set and 13 target indicators that align with the SDGs indicators.	Guiding Principle 22 of the strategy explicitly mentions development co-operation projects as a mechanism to foster sustainable development abroad. The strategy includes indicators on public contributions to development work, students and researchers from developing countries and LDCs, and North-South partnerships supported by the state.
	SDG indicator set (2018)		
Lower Saxony	Sustainability Strategy of Lower Saxony (2017)	The sustainability strategy is aligned with the SDGs.	Guiding Principle 2.10 focuses on bilateral development co-operation that Lower Saxony implements jointly with the federal government and municipalities. The strategy contains three specific indicators to measure SDG 17.
Mecklenburg-West Pomerania	No strategy published yet	A preliminary indication that the future sustainability strategy will be aligned with the SDGs,	Not applicable
North Rhine-Westphalia	NRW Sustainability Strategy (2020)	The sustainability strategy is aligned with the SDGs. The federal state created an online platform to measure the progress of the SDGs.	The government stresses the importance of its partnerships with regions and countries in the Global South as well as the crucial role its non-governmental actors play in development co-operation to contribute to SDG 17. There are contains four specific indicators to measure SDG 17.
Rhineland-Palatinate	Sustainability Strategy of Rhineland-Palatinate (2019)	The sustainability strategy is aligned with the SDGs.	The strategy lists six focus areas for development co-operation: international partnerships (in particular its partnership with Rwanda), education for sustainable development, sustainable economy, migration and development and human rights.
	Indicator report (2021)		
Saarland	Sustainability Strategy of Saarland and update 2020-2022 (2016, 2020)	The sustainability strategy is aligned with the SDGs.	The strategy refers to the state's development policy guidelines.
Saxony	Sustainability Strategy of Saxony (2018)	The sustainability strategy is aligned with the SDGs.	Development co-operation is one of the nine fields of action of Saxony's sustainability strategy. The report contains a specific section on the role of development co-operation as a contributory factor to improving living conditions in countries in need.
Saxony-Anhalt	Sustainability Strategy of Saxony-Anhalt (2022)	The sustainability strategy is aligned with the SDGs.	The strategy refers to the state's development policy guidelines.

Federal state	Sustainability strategy	Alignment and integration of SDGs	DDC component
Schleswig-Holstein	No explicit strategy, but a Sustainability Reporting (2020)	The sustainability reporting is aligned with the SDGs.	The state's policy area "Global responsibility" emphasises the relevance of development in the Global South but does not mention concrete activities of the federal state.
Thuringia	Sustainability Strategy of Thuringia (2018)	The sustainability strategy is aligned with the SDGs.	The strategy refers to the state's development policy guidelines.

1. See the overview of sustainability policy of Bremen on the website of the federal government (<https://www.bundesregierung.de/breg-de/themen/nachhaltigkeitspolitik/nachhaltige-entwicklung/nachhaltigkeit-laender-kommunen-388350>).

Source: Sustainability strategies of the German federal states.

The SDGs are the main global agenda shaping the federal states' DDC models and approaches. Thirteen out of the 14 federal states responding to the OECD survey stated that the 2030 Agenda shapes their DDC model and approach. In four states, the guidelines for development co-operation were or are currently being developed based on the SDGs. The state of Hesse, for example, prepared its Guidelines on Development Co-operation and its sustainability strategy in line with the 2030 Agenda. Another example is Saxony-Anhalt's Guidelines for Co-operation and Development, which were first issued in 2000 and revised according to the SDGs in 2019. In three federal states, DDC projects must be linked to the SDGs to be eligible for funding. In Lower Saxony, projects have to contribute to at least one SDG. In Bavaria and Saarland, for each funded project, the implementing organisation must list which SDGs are supported by the realisation of the project. In Saarland, different ministries such as the Ministry of Economy, Innovation, Digital and Energy and the Ministry for the Environment, Climate, Mobility, Agriculture and Consumer Protection support municipalities in their efforts to use the SDGs as a framework for local sustainable development and DDC projects. Saxony-Anhalt examines the impact of its development co-operation activities on all relevant SDGs.

Most of the sustainability strategies contain a reference or dedicated section on the states' development co-operation projects or objectives, mostly as part of their activities on SDG 17 "Partnerships for the goals". Several states have also developed indicators to measure their contribution to SDG 17, often linked to their DDC activities (e.g. spending on development co-operation projects). Other states stress the relevance of development co-operation for the achievement of their sustainability goals more generally in the development policy guidelines. In Schleswig-Holstein, every project by the state government needs to pass a sustainability check. This means for example that before the approval of a DDC project, it has to be declared to which SDG it contributes via a questionnaire with different chapters and multiple-choice options. Hesse and Lower Saxony apply similar processes. The co-ordination with civil society actors in the federal states that work on development co-operation is mentioned in several sustainable development strategies as well, for example in Berlin, Brandenburg and North Rhine-Westphalia. However, the states' sustainability strategies often do not make a clear distinction between SDG implementation domestically and externally in developing countries, for example with regards to development awareness raising, education for sustainable development and vocational training.

Other global agendas shaping federal states' DDC models include the Paris Agreement and the UN Summit for Refugees and Migration. Two federal states (Baden-Württemberg and Brandenburg) indicated that their development policy activities seek to support the climate goals of the Paris Agreement. International exchange of knowledge and expertise, communication and education as well as municipal partnerships such as climate partnerships play a key role in that regard. Brandenburg's development policy guidelines refer to the UN Summit for Refugees and Migration and acknowledge the interlinkages between development policy, migration, and integration as well as the important role of migrants in building bridges between their host and home countries.

The majority of German municipalities active in DDC have an overall local development or sustainable development strategy in place that incorporates DDC activities. As is the case for the majority of federal states, German municipalities have also developed local development strategies that integrate DDC programmes. Around two-thirds (30 out of 44) of municipalities responding to the OECD survey stated they have done so. In addition, close to two-thirds of the municipalities (27 out of 42) have aligned this strategy or framework on the 2030 Agenda. For those municipalities, the SDGs can serve as a framework to identify new partners and policy areas for co-operation. Only 14% of the municipalities have not aligned the framework with the SDGs, while more than 20% do not know about it, which emphasises the need to raise further awareness about the 2030 Agenda among German municipalities. However, the increasing number of German municipalities developing sustainability strategies in general also raised the profile of the SDGs and DDC as part of municipal activities to localise the SDGs. Box 2.3 underlines the important role that municipalities worldwide play in the achievement of the SDGs. Some municipalities such as Bonn, Kiel and Mannheim also integrate development co-operation in their Voluntary Local Reviews on the SDGs. While some cities such as Kiel do not have a sustainable development strategy per se, they nevertheless put an emphasis on DDC, e.g. through extensive reporting (City of Kiel, 2022^[45]). One of the challenges that municipalities are facing regarding the integration of the SDGs into their DDC is the thematic focus. Due to limited staff and financial resources, they usually need to decide whether to focus the activities on one specific SDG and provide expert knowledge in one policy area, or if they want to take a broader approach and be more flexible, demand-driven and able to quickly adapt to emerging priorities. If municipalities focus on one thematic issue, they develop expertise but this specialisation might also be very demanding for one single department (e.g. the transport or environment department depending on the specific project context).

Box 2.3. Why a territorial approach to the SDGs?

The 2030 Agenda was not designed specifically for cities and regions but they play a crucial role to achieve the SDGs. The OECD estimates that at least 105 of the 169 targets underlying the 17 SDGs will not be reached without proper engagement and co-ordination with local and regional governments, as cities and regions have core responsibilities that are central to sustainable development and well-being (e.g. water services, housing or transport). They also discharge a significant share of public investment (55% in OECD countries), which is critical to channel the required funding to meet the SDGs. Although the SDGs provide a global framework, the opportunities and challenges for sustainable development vary significantly across and within countries, regions and cities. However, they are also an integral part of the solution as the varying nature of sustainable development challenges calls for place-based solutions, tailored to territorial specificities, needs and capacities. Place-based policies incorporate a set of co-ordinated actions specifically designed for a particular city or region and stress the need to shift from a sectoral to a multi-sectoral approach, from one-size-fits-all to context-specific measures and from a top-down to a bottom-up approach to policy making. Based on the idea of policy co-ordination across sectors and multi-level governance, whereby all levels of government and non-state actors should play a role in the policy process, they consider and analyse functional territories, build on the endogenous development potential of each territory and use a wide range of actions (OECD, 2019^[62]).

The SDGs can help advance conceptually the shift towards a new regional development policy paradigm and provide a framework to implement it, as:

- The 2030 Agenda provides a long-term vision for strategies and policies with a common milestone in 2030, while acknowledging that targeted action is needed in different places since their exposure to challenges and risks vary widely as does their capacity to cope with them.

- The interconnected SDG framework allows the promotion of policy complementarities and the management of trade-offs across goals. Indeed, the SDGs enable policy makers to address the social, economic and environmental dimensions of sustainable development concomitantly, building on the synergies and taking interlinkages into account.
- The SDGs allow to better implement the concept of functional territories, a common framework that neighbouring municipalities can use to strengthen collaborations and co-ordinate actions.
- The SDGs can be used to promote multi-level governance and partnerships, including the engagement of various stakeholders in the policy-making process.

The OECD analytical framework for A Territorial Approach to the SDGs

The OECD has identified four critical megatrends influencing the achievement of the SDGs in cities and regions: i) demographic changes, notably urbanisation, ageing and migration; ii) climate change and the need to transition to a low-carbon economy; iii) technological changes, such as digitalisation and the emergence of artificial intelligence; and iv) globalisation and the related geography of discontent. The SDGs provide a framework for cities and regions to respond systemically to such global megatrends. The proposed OECD framework foresees three key areas for cities and regions to implement a territorial approach to the SDGs: i) policies and strategies; ii) tools; and iii) actors.

Policies and strategies

Cities and regions can use the SDGs as a means to shift from a sectoral to a multi-sectoral approach, both in the design and implementation of their policies. The SDGs can help bring various departments of a local administration together to strengthen collaboration in policy implementation. Regional policy aims to effectively address the diversity of economic, social, demographic, institutional and geographic conditions across cities and regions. It also ensures that sectoral policies are co-ordinated with each other and meet the specific needs of different regions and provides the tools that traditional structural policies often lack to address region-specific factors that cause economic and social stagnation (OECD, 2019^[62]).

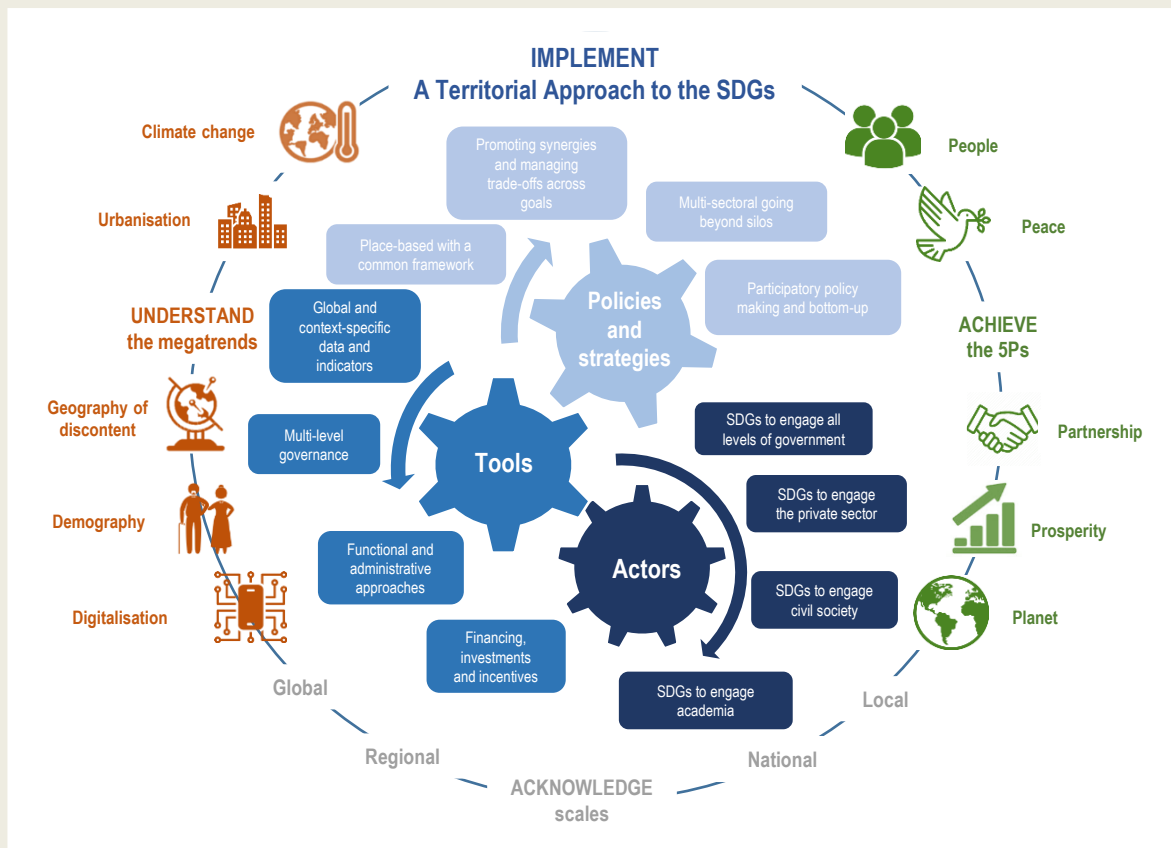
Tools

The effective implementation of a territorial approach to the SDGs implies the combined use of a variety of tools. These span from a solid multi-level governance system to global and context-specific data for evidence-based policies. They also consist of combining functional and administrative approaches to address territorial challenges and opportunities beyond borders, as well as investment and incentives, in particular for the private sector to contribute. Multi-level governance represents a key tool to promote vertical co-ordination (across levels of government) and horizontal co-ordination (across ministries and departments) – both within the local, regional and national governments and between the government and other key stakeholders. National governments can also use the SDGs as a framework to promote policy coherence across levels of government, align priorities and rethink sustainable development through a bottom-up approach.

Actors

Participatory policy making and a bottom-up process are core elements of a territorial approach to the SDGs. Shifting from a top-down and hierarchical to a bottom-up and participatory approach to policy making and implementation is key to the achievement of the SDGs. The 2030 Agenda requires a more transparent and inclusive model that involves the public as well as non-state actors to co-design and jointly implement local development strategies and policies. The SDGs provide cities and regions with a tool to effectively engage in multi-stakeholder dialogues with actors from the private sector, civil society, as well as schools and academia.

Figure 2.17. The OECD analytical framework for A Territorial Approach to the SDGs



Source (figure): OECD (2020^[63]), *A Territorial Approach to the Sustainable Development Goals: Synthesis Report*, <https://doi.org/10.1787/e86fa715-en>.

Source (box): OECD (2019^[62]), *OECD Regional Outlook 2019: Leveraging Megatrends for Cities and Rural Areas*, <https://dx.doi.org/10.1787/9789264312838-en>.

German federal states and municipalities promote coherence across SDGs and between internal territorial development approaches and DDC activities. DDC can be an important tool to address the universal nature of the SDGs and the territorial partnership model, which refers to a form of DDC based on the flexible collaboration of various local and regional stakeholders, e.g. private sector, CSOs, academia, based on shared goals and comparative advantages, allows for the exchange of best practices and peer-to-peer learning among local regional governments in developed and developing countries on the implementation of the SDGs at the local level (OECD, 2018^[11]). The SDGs can help connect a local development strategy to priorities abroad: topics such as the promotion of climate-friendly urban development – in co-operation with partner municipalities – can be embedded within existing local SDG targets and related processes and thus strengthen them. The majority of German states and municipalities responding to the OECD surveys are following such an approach. Twelve out of 14 states responding to the OECD survey use the SDGs as a tool to promote coherence between external actions (DDC) and domestic territorial development. Among the municipalities, this is the case for almost 80% (35 out of 44). SKEW is a key actor that promotes the integration of DDC and the SDGs into municipal development strategies, notably through its project Municipalities for Global Sustainability. A key feature of this project is the involvement of all levels of government, from national through the state to the local level, while connecting with

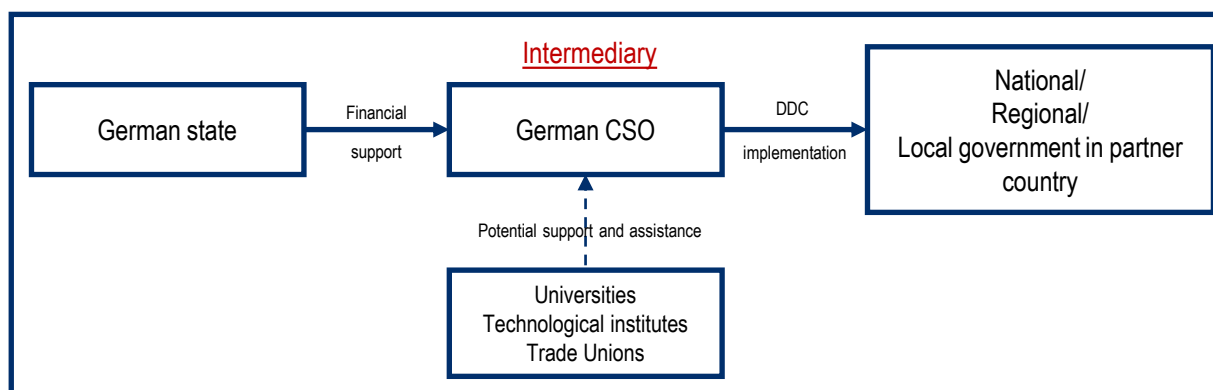
international governance agents like the UN. In the city of Bonn, for example, support from the project has translated into a local sustainability strategy with six prioritised fields of municipal action (OECD, 2020_[14]).

Overview of DDC typology at the state level in Germany

German federal states use a diverse array of development co-operation and sustainability frameworks, agreements, strategies and guidelines to design and implement DDC activities. Generally, one can distinguish four different types to define the German model for DDC at the state level. What is common in all four models is that the federal states play an important role as a co-ordinator between different actors. Furthermore, in all four models, federal states are engaged in the application for funding from various actors for their different projects. Some of the states also combine more than one of the types in their development co-operation activities, e.g. CSO funding and co-operation with federal implementing agencies. The four models are briefly discussed below, with examples of each type in Box 2.4:

- The first type of DDC model at the state level is “German state to German CSOs”.** Several federal states do not directly implement DDC projects in partner countries but they financially support German CSOs to implement them, mainly due to the lack of personal capacities and staff (Figure 2.18). They can have a dedicated budget for the support of CSOs, as is the case in the state of Hesse. The approach does not necessarily imply a direct connection with the partner country’s local, regional or national governments. Instead, German CSOs act as intermediaries and implementers. This also means that the thematic priorities of the federal state are partially determined by the CSOs’ activities. However, unlike GIZ, CSOs are not contractors of the state government. Universities, technological centres and trade unions can also be involved as intermediaries. DDC activities of the states choosing this model are mainly based on financial flows and co-ordination. In some cases, they might also financially support their municipalities’ DDC activities. The return on investment may be limited due to the lack of peer-to-peer exchanges and direct interaction with local and regional governments in partner countries. However, there are cases where there is a regular exchange between the two governments involved in the partnership channelled through CSOs, e.g. the partnership between Hesse and Viet Nam. One example of this type is the state of Saarland which finances CSOs engaged in different countries in Africa.

Figure 2.18. “German state to German CSO” model



- The second type of DDC is “German state to the national government in a partner country”.** Some German states directly support the national government in specific developing countries (Figure 2.19). The institutional counterpart of the federal state in the partner country is the national government. The partner government receives financial support to implement the DDC activities in priority sectors identified in one or more of its subnational regions. The nature of this type of support is, similarly to the “German state to German CSOs” model, prone to the lack of or a weak direct

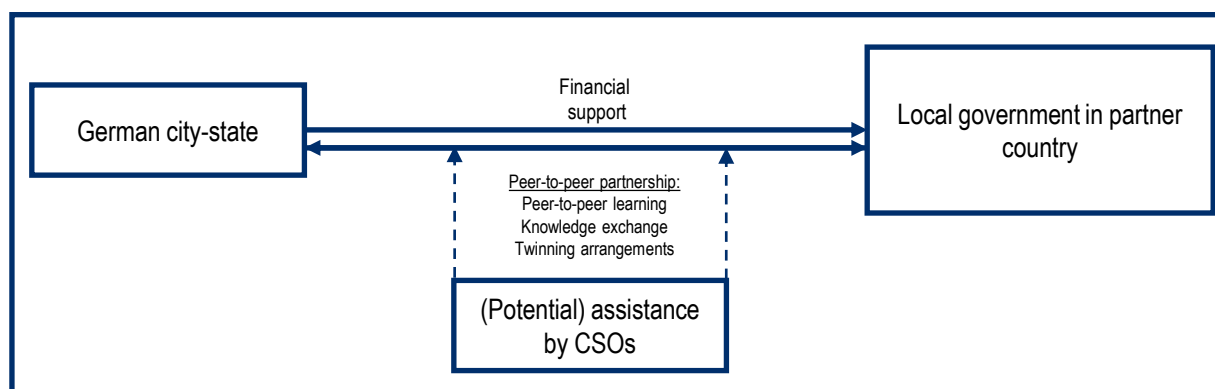
connection with the subnational governments. It does not necessarily allow for knowledge exchange and peer-to-peer learning activities, and therefore also limits the return on investment. This type of development co-operation dates back to the 1950s before the federal government set up the BMZ in 1961. One example of this type is the partnership between the state of North Rhine-Westphalia and Ghana, which is however also fostered by city partnerships, co-operation in the education sector, NGOs and churches.

Figure 2.19. “German state to national government in a partner country” model



- **German city-states engage in a “German city to city in a partner country” type of co-operation.** This third type is based on a peer-to-peer partnership between city-states in Germany and a city in the partner country (Figure 2.20). It is not only based on financial flows between the two partners but also incorporates in-kind DDC activities. These activities include peer-to-peer learning, knowledge exchange and twinning arrangements amongst others. The peer-to-peer exchange allows for a return on investment in terms of knowledge and good practices for the municipalities in donor countries. However, such partnerships often also involve activities by NGOs and are not solely conducted by the local administration. One example of this type is the partnership between the city of Hamburg and the city of Dar es Salaam in Tanzania.

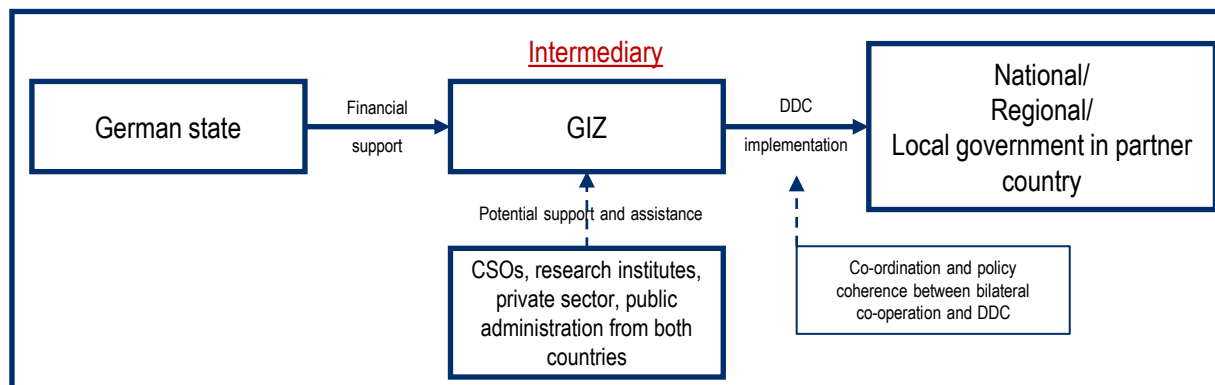
Figure 2.20. “German city-state to city in a partner country” model



- **The fourth type of co-operation is the “German state to federal implementation agency” type.** Some German federal states are providing direct financial support to GIZ, especially via the BLP for the implementation of DDC projects in partner countries (Figure 2.21). This approach enables co-ordination and policy coherence between bilateral co-operation and DDC in developing countries. At the same time, a possible lack of peer-to-peer co-operation may be a main disadvantage of this type of DDC, as the states are not directly connected to the regions and cities in developing countries. While some BLP projects include peer-to-peer activities, they are not a standard feature of these projects. Therefore, some projects might not benefit from the exchange of local knowledge with partners. Consequently, the return on

investment in terms of knowledge and good practices can be limited. One example of this type is the BLP project between Lower Saxony and the Eastern Cape in South Africa to set up a monitoring system for mini-grids in the Eastern Cape.

Figure 2.21. “German state to federal implementation agency” model



Box 2.4. Examples of the typology to define the German federal states' models for DDC

German state to German CSO: Saarland's CSO financing model

In its DDC activities, the state of Saarland does not work with specific partner municipalities, regions or countries or have established partnerships in place. Instead, its DDC model is mainly based on the funding of German CSOs that are active in the Global South. Saarland's Ministry of Education and Culture finances up to 70% of DDC project costs while 30% must be provided by the lead actors (e.g. CSOs or organisations linked to the church). The CSOs that Saarland is supporting usually set up their projects with their long-term partners in the Global South, thus also determining the geographical and thematic scope of the project.

German state to the national government in a partner country: North Rhine-Westphalia and Ghana

The state of North Rhine-Westphalia and the West African republic of Ghana have been linked by a close relationship for decades. A partnership agreement signed in 2007 officialised the co-operation between the two partners, which was renewed in 2016. Within the framework of that co-operation, North Rhine-Westphalia and Ghana conduct bilateral co-operation projects, e.g. an exchange programme between employees of the two administrations to foster peer learning. Furthermore, North Rhine-Westphalia supports the Ghanaian government in its efforts to develop the country economically and make it less dependent on development aid. Furthermore, the partnership focuses on topics such as sustainable economic and employment promotion, climate and resource protection, education (e.g. through a BLP project to strengthen the connection between research and teaching in higher education on the one hand and requirements of the labour market on the other hand), health and science and research. GIZ also implements several projects in Ghana on behalf of the state government. In addition to the state-level partnership and exchange, there are many CSOs, churches and universities from North Rhine-Westphalia engaged in projects and partnerships in Ghana, including through a SKEW project to create and strengthen these partnerships.

German city-state to a city in a partner country: Hamburg and Dar es Salaam

The city partnership between the city-state of Hamburg in Germany and the city of Dar es Salaam in Tanzania was established in 2010, following two joint declarations in 2007 and 2009. Since 2012, the two cities have furthermore been engaged in a climate partnership to target the challenges of climate change in a common effort. As part of the partnership, the city of Hamburg and SKEW supported Dar es Salaam with the construction of a composting plant for market waste among other things. The latest joint declaration the co-operation between Hamburg and Dar es Salaam was signed in 2022 between the mayors and foresees actions in the areas of urban development, research and education and culture. The declaration focuses on administrative co-operation and exchange between the two cities regarding climate change education, city planning, public health and the digitalisation of the local government and public services.

German state to federal implementation agencies: Lower Saxony and the Eastern Cape

Lower Saxony's partnership with the Eastern Cape province in South Africa has been established more than 25 years ago and is one of the state's most active partnerships. One of its main projects implemented in recent years is the Upper Blinkwater smart, renewable mini-grid project. This project is based on a trilateral agreement between the Eastern Cape province, the federal state of Lower Saxony and GIZ Germany, acting on behalf of Germany's BMZ. The main goal of this project, which has been implemented through GIZ's BLP programme since 2015, is to develop and test a decentralised, sustainable energy supply concept for the rural population in South Africa, thus improving the living conditions of the local population and promoting renewable energy. In addition to GIZ, the project involves a variety of stakeholders from the private sector, research and public administration from both Germany and South Africa.

Source: City of Hamburg (2022^[64]), *Joint Declaration on the Cooperation between the Free and Hanseatic City of Hamburg and the City of Dar es Salaam (2022-2025)*, <https://www.hamburg.de/contentblob/16314182/91f6d9b80b5b792aa89573b777d4999eb/data/2022-07-01-sk-dar-es-salaam-download.pdf>; SKEW (2022^[65]), *Bau und Aufwertung des Kompostwerkes Mabwepande [Construction and Upgrading of the Composting Plant Mabwepande]*, <https://skew.engagement-global.de/hamburg-dar-es-salaam.html> (accessed on 23 September 2022); GIZ (2022^[66]), *Zusammenarbeit im Zeichen nachhaltiger Entwicklung [Cooperation Under the Auspices of Sustainable Development]*, <https://www.ghana-nrw.info/kooperation-ghana-nrw/> (accessed on 23 September 2022); GIZ (2022^[67]), *Aufbau eines Monitoringsystems für Minigrids im Eastern Cape [Establishment of a Monitoring System for Minigrids in the Eastern Cape]*, Deutsche Gesellschaft für Internationale Zusammenarbeit; GIZ (2020^[68]), *The Upper Blinkwater Minigrid*, https://www.giz.de/de/downloads/UpperBlinkwaterMinigrid_Brochure_web.pdf; SKEW (2023^[69]), *Kommunaler Fachaustausch im Rahmen der Länderpartnerschaft [Municipal Exchange within the Framework of the Country Partnership]*, <https://skew.engagement-global.de/kommunaler-fachaustausch-nordrhein-westfalen-ghana.html> (accessed on 9 February 2023); 2023^[69]; OECD 2021/2022 survey of the German federal states and municipalities.

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Notes

¹ As the MPK is not a constitutional body, the agreements between states are fixed in a *Staatsvertrag*, a legal agreement between the federal states. Hence, the agreements are legally non-binding and need to be transformed into law at the federal state level.

² Agenda 21 was ratified by all UN member states except for Australia, Canada, China, Denmark, Egypt, Iran, Iraq, Ireland, Israel, Japan, Malaysia, Mexico, the Netherlands, the Russian Federation, Sweden, Ukraine, the United Kingdom and the United States.

³ Each state decides within which boundaries municipalities are allowed to frame and implement their DDC activities. This question aims to assess the extent to which municipalities are aware of these boundaries.

⁴ For more information, see <https://sez.de/upload/downloads/Handbuch-zu-kommunaler-Entwicklungspolitik-des-Sta%CC%88dtetags-BW-in-Zusammenarbeit-mit-der-SEZ-BW.pdf>.

⁵ For more information, see <https://www.staedtetag.de/files/dst/docs/Publikationen/Positionspapiere/2021/positionspapier-staedte-in-der-welt-2021.pdf>.

⁶ All OECD DAC members include in-donor costs (e.g. imputed tuition costs and refugee hosting) in their DDC reporting, which allows for comparability of data across members.

⁷ The second largest category “Other multisector” can further be split into subcategories. In 2020, two-thirds of the value that was labelled under other multisector benefitted research/scientific institutions. Much of the rest is multisector aid.

⁸ The two in-donor expenditure categories “Administrative costs” and “Promotion of sustainable development” are not sector allocable and thus should not be included in the analysis. The remaining item “Higher education” amounted to around EUR 3 million but does not change the overall picture.

⁹ Even this conservative scenario, however, suggests a larger gender focus than through the analysis by SDG. The algorithm may not have detected a gender focus in instances where such a focus is not mentioned in the description of the project.

¹⁰ ODA reporters have the possibility to use several markers such as the so-called Rio markers (which include climate mitigation, climate adaptation, biodiversity and deforestation) to show the goals of their projects. In the CRS, these are also extended to include a gender marker as well as a general environment marker. Each of these can take a value of 0, 1 or 2. 0 means that the project does not contribute to that particular goal, 1 indicates that the respective topic is a significant objective of the project, and 2 showing that the respective topic is the principal objective.

¹¹ For more information, see <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm>.

¹² This number is higher than the 60 countries mentioned in the BMZ 2030 reform strategy, since those are only the ones with “direct, official (i.e. governmental) co-operation”
<https://www.bmz.de/en/issues/reform-strategy-bmz-2030>

¹³ Eighty percent of in-donor disbursements (other than imputed student costs) in 2020 did not identify a specific country or region as beneficiary. The majority of the expenditure is for education for sustainable development, which is not allocated to a specific developing country. Therefore, including in-donor expenses in the geographical analysis would not likely reveal additional insights on international development co-operation activities.

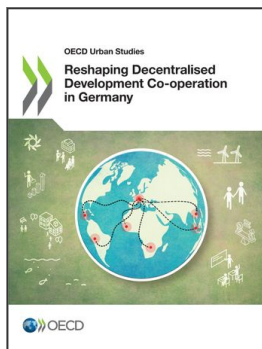
¹⁴ Almost half of the funding does not specify the partner country further and is labelled “bilateral, unspecified”. This makes it challenging to analyse the data further. There might be several reasons for this large amount for unspecified recipients: i) some projects might have multiple recipient countries that cannot be aggregated to one regional category (e.g. when they are on different continents); ii) the classification for cross-border spending used here includes co-operation modality B (Core contributions and pooled programmes and funds), which possibly also includes funds that are spent within the donor country and might thus receive the label “bilateral, unspecified”; and iii) projects which rather would belong to modality H (Other in-donor expenditures) for instance could be misclassified into a cross-border category (e.g. a project by one state is described as to “raise the awareness of development co-operation”, which might belong to H02 [In-donor development awareness] but is classified as D02 [Other technical assistance]).

¹⁵ While more than 95% of German DDC financing is spent on imputed tuition costs reported under the agency code “Federal states and local governments”, DDC disbursements excluding in-donor tuition costs more than doubled from EUR 25 million in 2014 to EUR 53 million in 2020, thus increasing by an average of 11% annually. The biggest driver of those changes was project-type interventions in partner countries in Bavaria in 2017.

¹⁶ In German: *Entwicklungspolitische Bildungsarbeit*. In fact, more than 70% of in-donor ODA was spent for “Promotion of development awareness” by German states in 2020 (other than imputed student costs). The remainder was split between higher education and administrative costs.

¹⁷ When including in-donor expenses, 60% are not allocated to an income group, with the rest split between LDCs, LMICs and UMICs.

¹⁸ The G20 leadership declaration under the Italian presidency in 2021 with its focus on city-to-city partnerships for example will be integrated in municipal development projects implemented through SKEW.



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