

# Evaluation of the Implementation of the Paris Declaration

## Update of Phase 1 Donor Studies

### GERMANY

## Executive Summary

### Questions:

1. What changes have been proposed and implemented following the Phase 1 evaluation?
2. Did the Accra Agenda for Action provide further impetus to the PD process and result in any specific changes?
3. What reporting has been made to domestic or international accountability structures on the implementation of the PD (with copies of the reports)?

### Response to Questions 1 & 2

Both questions are answered together since German Development Cooperation has been and is undergoing a continuous reform process which has taken up recommendations from both the **2005 DAC Peer Review** and the **2008 PD Evaluation (Phase 1)** and responds to the new challenges of the **2008 Accra Agenda for Action (AAA)**.

The Phase 1 PD Evaluation focussed on commitment (evaluated as high), capacity (evaluated as adequate) and incentives (evaluated as strong for intrinsic motivation). Among others, one key recommendation to enhance capacities and organisational and individual incentives for aid effectiveness was to continue reforms towards reducing the institutional complexity of German Development Cooperation and decentralizing decision-making. In this context, one major institutional reform is the merger of the governmental development organisations GTZ, DED and InWEnt which was completed by the signature of the merger agreement in December 2010.

Since then, the concrete integration of the three major technical cooperation agencies into the *Gesellschaft für Internationale Zusammenarbeit (GIZ)* is ongoing – a major contribution towards streamlining German support for capacity development and other technical cooperation and making it even more responsive to partner country demands.

After the AAA, an important instrument for the reform process has been the **2009 Plan of Operations for Implementing the PD of 2005 and the AAA of 2008 to Increase Aid Effectiveness** which contains measures with regard to seven areas of action: ownership and alignment; division of labour and complementarity; predictability and transparency; accountability with a special emphasis on civil society participation; engagement in fragile states and situations of conflict; cooperation with all development actors; and incentives and monitoring. The implementation of this Plan of Operations is being monitored continuously.

In 2010, Germany participated in another **DAC Peer Review**. Prior to the Peer Review, a *Country Memorandum for the DAC Peer Review of Germany* (2010, BMZ) was prepared that also contains a chapter on "Aid Effectiveness" and an Annex on "Follow-up to the DAC Peer Review for Germany 2005". Germany's progress in implementing the Aid Effectiveness Agenda is summarized as follows:

*"German development policy has established a track record of progress for all the PD indicators monitored. Significant improvements have been achieved for a number of indicators (capacity development within the scope of coordinated programme-based*

approaches, use of partner procurement systems, reduction of the number of project offices not integrated into partner structures, country analyses jointly discussed and coordinated with other donors). Internationally, German development cooperation is located in the upper half of the league table of donors overall; for eight out of 10 indicators Germany's scores are above the international average."

A short overview on **Germany's support** for the implementation of the Aid Effectiveness Agenda:

- At the **international level**, Germany is active e.g. in the OECD context as Co-Chair of the WP-EFF Cluster C Transparent and Responsible Aid and its Task Team on Division of Labour and Complementarity and, in the EU context, as Co-Chair of the EU Fast Track Initiative on Division of Labour as well as country-level facilitator in five of the about 30 countries supported through this initiative;
- Within the **German system** of development cooperation, specific attention has been dedicated to areas in which PD Monitoring results are still below expectations, starting from analyses of obstacles. With regard to programme-based approaches, a guidance note was elaborated and trainings on PBA were institutionalised. In late 2008, a Strategy Paper on Budget Support – an aid modality which still leads to controversial discussions among German parliamentarians and general public – defined clear eligibility criteria. Also, a plan for further untying of aid has been developed. Finally, a position paper on use of country systems, stressing the need for a gradual approach, is being elaborated.
- In addition, aid effectiveness issues were **streamlined** into policy papers and reporting systems and included into the annual institutional targets and the communication and training systems of both the Federal Ministry for Development and Economic Cooperation and its implementing agencies;
- At **partner country level**, based on the 2009 Operational Plan, almost 30 country-specific action plans were developed to both improve deficiencies reported in the PD Monitoring and support the new priorities coming out of the AAA. These plans are being monitored at country level. Major issues will be integrated into the country and sector strategy papers, when they come up for revision.

Towards the future, the BMZ Management gave the following **strategic orientation (Source: Country Memorandum 2010)**:

*"Germany will not restrict its development activities merely to the implementation of the (Aid Effectiveness) Agenda. Rather, it will take a **pro-active role in moving forward the Paris/Accra Process** both politically and in terms of substance, and will offer its own initiatives as input into the process. The following are four examples of what the German government plans to do:*

- *Greater efforts need to be made to **mobilise partner countries' domestic resources** ...*
- *The transaction costs of the fragmented way in which aid is provided around the globe are considerable for both the partner countries and the donors. By improving the **division of labour** amongst the donors, the number of interfaces can be reduced and processes of coordinating aid made more effective ...*
- ***Budget support** can be a suitable instrument of development cooperation if the government of the partner country, based on cooperation between government and parliament, takes on responsibility for the outcome ...*
- *Germany's development policymakers support the idea that the allocation of funds to partner countries must be focused more on **development results** and that, in this context, greater accountability must be demanded from the governments of the partner countries."*

The results of the 2010 Peer Review are publicly available at the OECD webpage ([www.oecd.org/dac/peerreviews/Germany](http://www.oecd.org/dac/peerreviews/Germany)). Chapter 5 of the Peer Review report deals with Germany's performance in the field of Aid Effectiveness and gives important impulses on how Germany can make its development cooperation even more effective. In general, the report notes that Germany "has made **good progress** in many areas of its development cooperation" (Main Findings, p. 2) and "is improving its performance against all of the key Paris Declaration indicators" (Full Report, p. 21).

### Response to Question 3

With regard to **accountability**, Germany **regularly reports** to a large number of domestic and international accountability structures, e.g.

- For **domestic audiences**, and especially for the **Federal Parliament**, the Federal Government regularly publishes the "*Entwicklungspolitischer Bericht der Bundesregierung*" (Development Policy Report of the Federal Government). The next edition of the report will be published during the present legislative term 2009-2013.

Also, the German *Bundestag's* Committee on Economic Cooperation and Development (AWZ) received briefings before and after HLF 3 and will be informed again with regard to HLF 4, and parliament in general receives extensive specific briefings upon request.

- In addition, since HLF 3, BMZ has held two high-level meetings with German **civil society organisations** organised in VENRO (*Verband Entwicklungspolitik Deutscher Nichtregierungsorganisationen*) on the aid effectiveness agenda and will continue to do so.

- **At European level**, Germany regularly contributes to the so-called Monterrey Questionnaire which feeds into the European Commission's "Aid Effectiveness – Annual Progress Report" (last report April 2010, SEC(2010) 422 final; the 2011 report is in preparation).
- In the context of the **Working Party on Aid Effectiveness**, Germany has contributed to the "Summary Analysis of 'Beginning Now' Commitments" (Doc. 4, 5th Meeting of the Executive Committee, 26 March 2010; see Annex 2), to Phase 2 of the PD Evaluation and to the third Round of the PD Monitoring Survey.
- Germany demonstrates its commitment to improvements in accountability and transparency also as Co-Chair of WP-EFF **Cluster C on "Responsible and Transparent Aid"** which hosts a Task Team on Transparency and as founding member of IATI (International Aid Transparency Initiative). In addition, Germany participates actively in discussions about improving transparency in the context of the European Union (TR-AID).