

## KEY QUESTION

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## Who are the main actors in German development cooperation?

### The Development Ministry steers strategy, two large development agencies execute

The coalition dynamics of Germany's political landscape form an important backdrop to the country's development strategy and policy. Germany currently has a coalition government made up of Chancellor Merkel's conservative Christian Democratic Union (CDU), its Bavarian sister party, the Christian Social Union (CSU), and the Social Democrats (SPD). Under the cabinet leadership of the Chancellor, the Federal Ministry for Economic Cooperation and Development (BMZ) sets development priorities; BMZ is led by the Minister for Development, Gerd Müller (CSU). The next federal elections will take place in September 2017.

In 2017, Germany holds the G20 presidency, which has been primarily shaped by the Chancellery. For the first time, the health ministers will meet within the G20 process, underlining Germany's commitment to global health. This process is led by the Ministry of Health. Further, the Ministry of Finance has been spearheading the 'Compacts with Africa' initiative within the G20, which aims to incentivize investments in Africa by the G20 members.

BMZ has 1,025 staff members and is organized across five directorate-generals. The regional divisions are responsible for the allocation of Germany's bilateral development assistance in accordance with BMZ's strategy and priorities. Sectoral divisions, for example, the divisions for education or health, formulate Germany's sector strategies, interface with multilateral development institutions, and advise on bilateral programs.

Germany's two major state-owned development agencies, GIZ and KfW, play a key role in Germany's policy development, priority setting, and implementation. Both operate under the political supervision of BMZ:

- GIZ plans and executes Germany's technical cooperation with partner countries. GIZ's turnover in 2014 was €2.1 billion (US\$2.8 billion), of which 79% was generated through work commissioned by BMZ. GIZ also provides services to BMZ through its so-called 'Sector Initiatives' that cover BMZ's focus areas. GIZ's staff count of 17,319 (in 2015) is almost 17 times that of BMZ. Almost one-third (5,370) of GIZ employees work in the headquarters in Bonn and Eschborn or in GIZ offices

in Berlin and Brussels; the remaining two thirds (11,949) is made up of local staff in 90 offices across partner countries.

- KfW Development Bank leads Germany's financial cooperation. In 2015, KfW committed a total of €6.7 billion (US\$8.9 billion) through grants and loans for projects and programs in more than 100 countries. This amount includes funds raised on capital markets (€4.3 billion or US\$5.7 billion in 2015) using its own resources. KfW plays a key role in managing bilateral initiatives on the financing side. For example, it has channeled Germany's earmarked contributions to Gavi since 2011. In 2015, KfW's private sector arm, the German Investment and Development Corporation (DEG), committed €1.1 billion (US\$1.5 billion) to private-sector development in low-income countries (LICs) and middle-income countries (MICs). In 2015, KfW's overall staff count stood at 5,966, with offices in 70 countries.

**Parliament:** The role of the German parliament (Bundestag) is to scrutinize development policy-making, resource allocation, and implementation, mainly through its Committee on Economic Cooperation and Development (AWZ). The Budget Committee leads the discussion of BMZ's budget and decides on it.

**Civil Society:** Civil society regularly interacts in a number of ways with Government and Parliament, e.g., via petitions and conferences. About 120 development-related civil society organizations (CSOs) coordinate their activities through the Association of German Development NGOs (VENRO). Another important association is the German Forum on Environment and Development, which coordinates advocacy work for sustainable development and humanitarian aid. CSOs are frequently invited to parliamentary hearings and government consultations. Many CSOs implement their own in-country programs and are funded by the German government (mainly BMZ and the Federal Foreign Office). Germany's funding to CSOs is small compared to other countries; in 2015 it amounted to US\$1.2 billion and represents 7% of bilateral aid.

GERMANY'S DEVELOPMENT COOPERATION SYSTEM

