

## Germany's Double Presidency: Any Novelty for the International Development Agenda?

Nils-Sjard Schulz

*Independent Consultant\**

With the new year, Germany has assumed the presidency of both the European Council as well as the G8, and great expectations have been created regarding the country's abilities to make important decisions with respect to the multiple problems faced on the international scene, especially within the European context. For its part, Berlin has been searching for a greater role within international politics over the last few years, and, specifically for the government led by chancellor Angela Merkel, this double presidency is an excellent opportunity to bolster Germany's prestige not only as a diplomatic player, but also as one of the pillars of global governance.

Nevertheless, the German government has given development issues and the fight against poverty only a testimonial presence within the strategies for its respective presidencies. After the advances made in terms of international aid, as reflected by the Gleneagles Summit,<sup>1</sup> the Paris Declaration,<sup>2</sup> and the European Consensus on Development,<sup>3</sup> development cooperation with the South may once again lose its protagonist role in 2007. A precedent was already set by the outgoing Finnish presidency of the Council of Europe: development aid was subordinated to the growing fight against irregular immigration.<sup>4</sup>

The aim of this document is to, first, analyse the relevance of the Germany's double presidency's strategies for international aid and, second, to assess its coherence with respect to the current development agenda. Thirdly, it details some of the strong points within German development cooperation which could enable it to have a more proactive influence on the fight against poverty. It will then briefly summarise the possible impact of the German double presidency on international cooperation.

### **The Fight against Poverty: Is it included in Germany's double presidency's agenda?**

The German double presidency does not have a common strategic document and, as such, plans regarding development aid have been presented separately for each presidency, the G8 and the European Council.

With regards to the G8, the German government aims to promote the quality of aid and sustainable investments, especially in African countries. The creation of a reform partnership with Africa is one of the pillars of its presidency. Included within this partnership are questions such as good governance, the fight against corruption, and a more responsible use of oil revenues. However, there is neither a strategy outlined for the *direct* fight against poverty nor is continuity offered for the Gleneagles agenda initiated during the British presidency, that is, an increase in Official Development Aid (ODA), debt relief, market access, among others.

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\* Nils-Sjard Schulz, Independent Consultant. <http://www.schulz.es>

<sup>1</sup> [Summit Document on Africa: G8 Gleneagles Summit](#), 2005.

<sup>2</sup> [Paris Declaration on Development Aid Effectiveness](#), 2005.

<sup>3</sup> [European Consensus on Development](#), 2005.

<sup>4</sup> In fact, the Finnish presidency dedicated little of its efforts to the EU Strategy for Africa whose aim is to become a Joint EU-Africa Strategy. See [Brussels European Council Presidency Conclusions](#), dated 15 December, 2006.

Meanwhile, the German presidency of the European Council foresees boosting the effectiveness of aid and a better division of labour among the different players, preparing Economic Partnership Agreements, especially with African countries, and introducing energy issues in development aid.<sup>5</sup>

Despite the good intentions, however, there are currently several obstacles preventing the German government from dedicating special efforts to development cooperation:

First, from the German and EU point of view, there is a long list of more urgent priorities within the current European agenda. Among these, climatic change, sustainable sources of energy and energetic security (the relationship with Russia is cause for concern, especially for Germany), the fight against terrorism, and migratory flows from Africa, are worth highlighting. There are other important pending issues within the very EU: the Constitution, the 50th anniversary of the Treaty of Rome, the recent enlargement to 27 member states, its neighbourhood policies, and negotiations with Turkey.<sup>6</sup> Hence, it is not surprising that chancellor Merkel's first official declarations regarding the double presidency<sup>7</sup> mentioned neither international development cooperation nor the fight against poverty. It would seem that development aid will have a very lacklustre place within the tight agenda of the "motor of European integration."

Second, the current state of German policy may significantly hinder contribution to the international development agenda. It is possible that, instead of searching for concrete results at the multilateral level, both presidencies will be used to improve the government's profile at the domestic level, in other words, for public opinion which has shown little commitment to international solidarity.<sup>8</sup>

Third, despite having gained half a year changing the presidency with Finland, the elaboration of programme contents and strategies seems confused, integrated planning is non-existent, and political forces and public opinion have enjoyed little participation.

Fourth, the government's composition (a coalition between the two majority Christian-Democrat and Social-Democratic parties) will lead to internal conflicts, for example, between chancellor Angela Merkel (CDU) and the minister of Foreign Affairs, Frank-Walter Steinmeier (SPD).<sup>9</sup> This will prevent the veteran voice of minister of Economic Cooperation and Development Heidemarie Wieczorek-Zeul (SPD), from being heard. She was a member of the previous government and has held her current office since October 1998.

In the fifth place, after the country's less than favourable peer review by the Development Aid Committee (DAC) in 2005,<sup>10</sup> German development cooperation is

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<sup>5</sup> See the Development Policy Programme prepared by Germany, Portugal, and Slovenia, [Strengthening The European Union's Role As A Global Partner for Development](#). This is the first time that a European Council is planned by a 'trio' formula (the current presidency plus the two following ones). The focus on the division of labor includes an initiative agreed upon within the Council: [Council Conclusions On Complementarity And Division Of Labor: Preparations For The Orientation Debate On Aid Effectiveness](#), October, 2006.

<sup>6</sup> See the German presidency's programme [Europe – Succeeding Together](#), in which cooperation with developing countries has a clearly secondary role.

<sup>7</sup> [Government Declaration](#) dated 14 December, 2006.

<sup>8</sup> According to the [Eurobarometer 2005](#) on European citizens' attitude towards international cooperation, only 50 percent of the German population considers international aid to be very important (p. 26). Among Europeans, Germans are the most convinced (90 percent of German respondents) that their government is already doing enough in this area (p. 29). Of German respondents, 22 percent, more than in any other European country, even think that their country is spending too much on aid (p. 36).

<sup>9</sup> See a brief summary of the intra-governmental conflicts regarding the main priorities of Germany's presidency of the EU in [German Coalition At Odds Over Presidency Priorities](#).

<sup>10</sup> [DAC Peer Review Germany: Full Report 2005](#).

immerse in an intense debate regarding its institutional reform.<sup>11</sup> German players are still trying to clean their own house to attempt to adapt to the Paris Declaration. As such, their ability to have an impact on the double presidency's agenda and on international development cooperation is low.

### **Berlin's Priorities: A Development Agenda based on Discontinuity?**

Apart from the EU's own development agenda,<sup>12</sup> the German government is planning on taking steps with respect to international cooperation which are not in line with those set by Great Britain's double presidency in 2005, the latter oriented towards increasing aid, providing debt relief, and improving trade relations, especially with the least developed countries in Africa. Compared to the highly publicised progress represented by these steps, Berlin is in favour of economic growth based on sustainable foreign investment and better governability, that is, by means of reform partnerships, its policy will insist on the developing countries assuming responsibility for the adequate management of their own markets and resources beyond Official Development Aid.<sup>13</sup>

Within the G8 framework, Germany has preferred to delay revising the advances until the Japanese presidency (2008) since 'the (German) government sees no reason why it should doubt G8 member states' predisposition to meeting the commitments established at Gleneagles'.<sup>14</sup> In reality, despite Germany's ODA representing 9.5 percent of total OECD member contributions, Berlin is clearly not a precursor of an increase in aid: German ODA represents only 0.28 percent of its current GDP and there is no specific plan in place to reach its forecast increases to 0.51 percent in 2010 and 0.7 percent in 2015. Thus, doubts still remain regarding these commitments, especially given the delicate situation of German finances. Within this context, the German government would have a difficult time pressing other states to meet their commitments for greater aid financing.

On the other hand, the common theme within the double presidency is aid effectiveness and a better division of labour among donors, conditions which should go hand in hand with increased financial contributions. For international development cooperation as a whole, the debate on 'how' and 'for what' (better aid) is still recent,<sup>15</sup> especially due to campaigns focused solely on inputs (more aid).<sup>16</sup> It is expected that the revision of new aid instruments, such as budgetary

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<sup>11</sup> The fusion of its two executive agencies (the technical cooperation agency, GTZ, and the development bank, KfW) is being proposed, and a greater strategic role (instead of managerial) for the Ministry. PricewaterhouseCoopers Germany presented its [three reform models](#) in June, 2006, which are currently being debated with some controversy since these models could imply a reduction in personnel; see [EZ-Reform: Fusion von GTZ und KfW soll mehr Effizienz bringen](#). Other aspects mentioned in the peer review, such as a greater capacity for analysis and research, in addition to awareness raising campaigns, still have not made concrete progress.

<sup>12</sup> Included among this agenda is transforming the European Strategy for Africa into the Joint EU-Africa Strategy (see the most recent [follow up document](#)); the preparations for the second EU-Africa Summit to be held in Lisbon during the second half of 2007; negotiations to sign economic association agreements with the African, Caribbean and Pacific Group of States (ACP) which will become valid as of 2008; adopting an EU strategy for Central Asia during the Summit in June, 2007; and the European Neighborhood Policy (with its 'new Ostpolitik', Germany will focus on Eastern European countries while Portugal will concentrate on Southern European countries).

<sup>13</sup> See the article, [Germany to focus G8 on Africa investment](#), *Financial Times*, 18 October, 2006.

<sup>14</sup> The German government's [written response](#), 22 November, 2006 to a request for information regarding the contents of the country's G8 presidency presented by Alliance 90 / Green Party, the latter having been responsible for the Ministry of Foreign Affairs during the previous government.

<sup>15</sup> Within the EU framework, a communiqué was published in March, 2006, by the EU Commission [Aid: Delivering more, better and faster](#), which represents the first attempt to improve communitarian aid's effectiveness by means of concrete proposals.

<sup>16</sup> Currently, there are different reflections on the 'aid paradox' (that more aid may lead to less development), especially in terms of Africa. See Todd Moss, et al: [An Aid-Institutions Paradox? - A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa](#), Working Paper 74 / 2006, Center for Global Development. See also Paul Collier's article which analyses the not necessarily

support and a renewed multilateralism in the fight against poverty, will not be of special interest for countries, such as Spain, which have opted to increase their ODA bilaterally or via more 'traditional' means.<sup>17</sup>

Lastly, the German government aims to tackle the so-called global topics, among which climatic change and sustainable access to energy stand out. Given the growing awareness among the population in industrialised countries regarding global warming, it is possible that Germany will succeed in fomenting and structuring some communitarian responses. But there is still little clarity on how to link this issue with development, for example, the impact of climatic change on human development in Africa.<sup>18</sup>

In this sense, the priorities of Germany's double presidency neither fully coincide with the main focuses of international development cooperation over the last few years nor will they further develop the G8's 'African vision' as promoted by Tony Blair (who is set to step down as UK prime minister in May 2007). That notwithstanding, the German government, given its specialisation in certain areas, could indeed have an impact on key areas receiving little attention up to now.

### **Germany and its Comparative Advantages: What could it contribute to European and international development cooperation?**

Not only the double presidency, but also the magnitude of German aid<sup>19</sup> constitute favourable conditions for a more active role of the German government in the international development cooperation agenda during 2007. It is thus worth analysing the possible competitive advantages of German cooperation and its ability to influence the debate and reality of international aid.

On the one hand, promoting aid effectiveness and fostering a more efficient division of labour within international development aid are two broadly debated topics in Germany, a country traditionally committed to political multilateralism and aid effectiveness.<sup>20</sup>

German think-tanks have focused their attention on new aid architecture and have presented concrete proposals to the Ministry of Economic Cooperation and Development. For example and in order to foment specialisation among donors, three 'mega-projects' have been proposed for international cooperation. According

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favorable relationship between aid and economic growth also within the African context: [Assisting Africa to Achieve Decisive Change](#), Centre for the Study of African Economies, Oxford University, November, 2006. In Spain, there has still been no reflection on the economic, political, and institutional impact of increasing ODA for receptor countries. Iliana Olivie and Federico Steinberg recently presented a brief summary of this debate in: [¿Aumenta la ayuda?](#), ARI N° 70/2006, Real Instituto Elcano.

<sup>17</sup> In Spain, the controversial increase in FAD credits is questioned in terms of its suitability as an instrument in the fight against poverty. As an example, see Intermón Oxfam's [Créditos FAD: el debate que nunca llega](#), the Institute for International Studies at the Universidad Complutense's (ICEI) [¿A quién benefician los créditos FAD?. Los efectos de la ayuda sobre la economía española](#), and the article appearing in the blog "La andadura de la cooperación" dedicated to analysing cooperation's progress [La reforma FAD - La prueba de fuego para la cooperación socialista](#).

<sup>18</sup> This was one of the latent topics during the conference on global warming held in November, 2006, for the first time in a sub-Saharan country (Kenya). Also see the chapter 'Klimawandel und Desertifikation' in [África-Agenda 2007 - Ansatzpunkte für den deutschen G8-Vorsitz und die EU-Ratspräsidentschaft](#), Discussion Paper 18/2006, German Institute for Development. In March, 2006, the Overseas Development Institute's magazine *Disasters* also published a [special edition on the effects of global warming](#), its consequences for humanitarian aid, and possible adaptation strategies for Southern countries.

<sup>19</sup> According to [preliminary OECD data for 2005](#), Germany is the fifth most important donor of aid (behind the US, Japan, UK, and France). In 2005, Berlin gave approximately 9,915.02 million Euros in aid which represents 9.5 percent of total ODA for that year and more than triple of Spanish ODA.

<sup>20</sup> In September, 2002, the German government introduced a new framework to manage its cooperation (AURA, in German) with the aim of better orienting the global effects of its actions related to aid. See GTZ: [Development-policy Framework for Contracts and Cooperation](#).

to these, work could be distributed as follows: the fight against poverty would be multilateral, security would be the responsibility of supra-national institutions such as the EU, and the management of public goods, such as the environment, would be by means of bilateral cooperation.<sup>21</sup> This distribution would allow for advancements on a more efficient allocation of the different aid platforms to the different areas of international actions.

Within this proposal and among German cooperation, the concept of 'anchor countries' (those with a certain economic and political weight within their regions, such as South Africa, Brazil, India, Mexico, and Turkey) has become increasingly popular as these countries are seen as partners to manage regional and world-wide problems in global governance and the protection of common public goods.<sup>22</sup> In 2004, the German minister of Economic Cooperation and Development proposed transforming cooperation with these countries into a strategic partnership.<sup>23</sup> Since some anchor countries are becoming donors (China, for example),<sup>24</sup> three-sided, pilot cooperation models (donor, anchor country, and aid recipient country) are also being debated.<sup>25</sup> Within the European context, this concept could adapt the vision of traditional donors to the emerging new architecture of international aid and refocus the debate on global governance.

On the other hand, sustainable energy and energy regimes, in general, are a fundamental theme within the German double presidency. With respect to development, Berlin has opted for the promotion of renewable sources of energy and energy efficiency as themes within international cooperation. And, especially with respect to Africa, there is ample political and financial commitment to the Extractive Industries Transparency Initiative (EITI),<sup>26</sup> whose Secretariat the German government wanted to move to Bonn, the former capital (though the EITI eventually opted for Oslo). With this, Berlin aims to promote implementation and validation mechanisms for the commitments established within the EITI framework, promote an EITI index of natural resources, and involve the so-called BRIC countries (Brazil, Russia, India, and China) more actively, in addition to applying complementary instruments to support EITI (for example, by means of public-private partnerships, it will invest one million Euros in 2007 besides Germany's annual contribution of 500,000 Euros to the EITI Multi-Donor Trust Fund).<sup>27</sup> In the spring of 2007, EITI's International Advisory Group will visit Berlin and, coinciding with the double presidency, advantage will be taken to especially support the sustainable use of oil revenues in Africa where Germany supports a regional programme. Given its traditional commitment to good governance and the environment as strategic elements within its international aid, the German government can count on a solid base to look for alliances within Europe and the

<sup>21</sup> Jörg Faust and Dirk Messner: [Europe's New Security Agenda – Challenges for Development Policy](#), Discussion Paper 3/2004, German Institute for Development. See also Stefan Meyer: [Towards a New Effective Multilateralism in Aid](#), FRIDE comment, April 2006.

<sup>22</sup> See Andreas Stamm: [Schwellen- und Ankerländer als Akteure einer globalen Partnerschaft](#), Discussion Paper 1/2004, German Institute for Development.

<sup>23</sup> [Ankerländer – Partner für globale Entwicklung](#), Federal Ministry of Economic Cooperation and Development, Berlin, December, 2004.

<sup>24</sup> See recent comments by Xulio Ríos regarding the recent conversion of China into a donor and economic player in two regions receiving international aid: [La apuesta africana de China](#) and [China y América Latina: ¿una relación problemática?](#), both FRIDE documents dated November, 2006.

<sup>25</sup> Tillman Altenburg and Jochen Weikert: [Möglichkeiten und Grenzen entwicklungspolitischer Dreieckskooperation mit Ankerländern](#), Discussion Paper 15/2006, German Institute for Development.

<sup>26</sup> The EITI, founded in 2002, aims to improve governability in developing countries which are also rich in natural resources by means of the publication and verification of payments carried out to companies and the fiscal income originating from the oil, gas, and mineral industries in order for this income to have a direct repercussion on sustainable development and the fight against poverty. See the [Fact Sheet in English](#).

<sup>27</sup> The German government's [written response](#), 22 November, 2006 to a request for information regarding the contents of the country's G8 presidency presented by Alliance 90 / Green Party. The minister of Economic Cooperation and Development's [intervention](#) on 9 November, 2006.

G8 which will permit it to have an influence on the sustainable development of energy-rich countries via the EITI.

**Conclusion: Lukewarm Expectations**

The fight against poverty is a secondary concern for the German double presidency. Its contribution to international development cooperation will be much more modest than Great Britain's pro-African focus during its double presidency in 2005. In other words, it is not very probable that Berlin will promote serious and long-lasting initiatives beyond those already established within the European calendar (especially, the Africa Strategy and agreements with ACP countries).

A positive exception to this otherwise scant prognosis could be its decided support for the EITI initiative which is an attractive example of how to use new mechanisms to ensure policy coherence and foment political dialogue between the North and South. In general, both German presidencies will promote a greater awareness of the interrelationship between development policy and a concern for the environment, especially climatic change. Another favourable advancement could be seen by a more intense debate on aid quality, with the division of labour as its main topic at a time of important aid increases. However, there is no guarantee that Germany will raise enough interest among the other donors in the EU and G8 or ensure their involvement.

## Appendix: Development-Relevant Calendar for the German Double Presidency

Date	Place	Content
17 January	Berlin	Presentation by chancellor Angela Merkel of the programme for the European Council presidency.
30 January	Strasbourg	The minister for Economic Cooperation and Development, Heidemarie Wieczorek-Zeul, will present the country's programme to the European Parliament's Development Committee.
12-13 March	Bonn / Petersburg	Informal meeting between European Development ministers and ACP-EU dialogue regarding economic association agreements.
24-15 March	Berlin and the entire EU	50th anniversary of the Treaty of Rome with its epicentre in Berlin. Presentation and signing of the Berlin Declaration which will redefine the EU's general objectives and values.
May	Brussels	The meeting of the ACP-EU Council of Ministers will be held.
14 and 15 May	Brussels	The General Affairs and Foreign Relations Council will focus its debate on development policy.
6-8 June	Heiligendamm	G8 Summit with two main topics: (1) investment, innovation, and sustainability; and (2) Africa: good government, sustainable investments, peace, and security.
21 and 22 June	Brussels	European Council (meeting between heads of state or EU government and EU Commission president)

### Sources and Further Information:

[http://www.eu2007.de/en/The\\_Council\\_Presidency/download\\_docs/Terminplanung.pdf](http://www.eu2007.de/en/The_Council_Presidency/download_docs/Terminplanung.pdf)

[http://www.bmz.de/de/EU\\_G8/Teaserseite\\_Aktuelles/Termine/index.html](http://www.bmz.de/de/EU_G8/Teaserseite_Aktuelles/Termine/index.html)

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