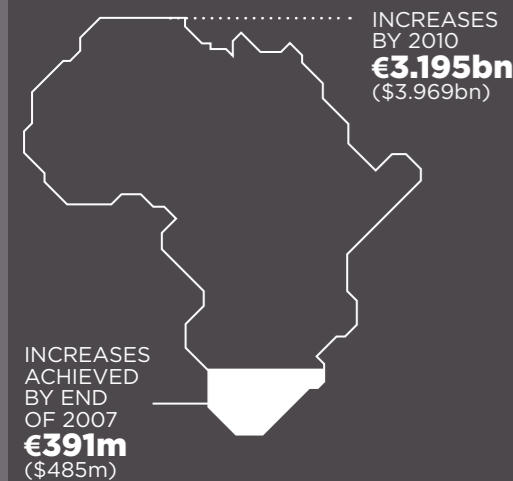


## GERMANY



**12.2% OF THE COMMITMENT HAS BEEN DELIVERED**

GERMANY'S PROMISED INCREASE



### WHAT WAS THE DEVELOPMENT ASSISTANCE COMMITMENT IN 2005?

Germany (supported by innovative instruments) has undertaken to reach 0.51% ODA/GNI in 2010 and 0.7% ODA/GNI in 2015. In addition, the EU collectively committed to spend half of the increases in ODA between 2005 and 2015 in sub-Saharan Africa.

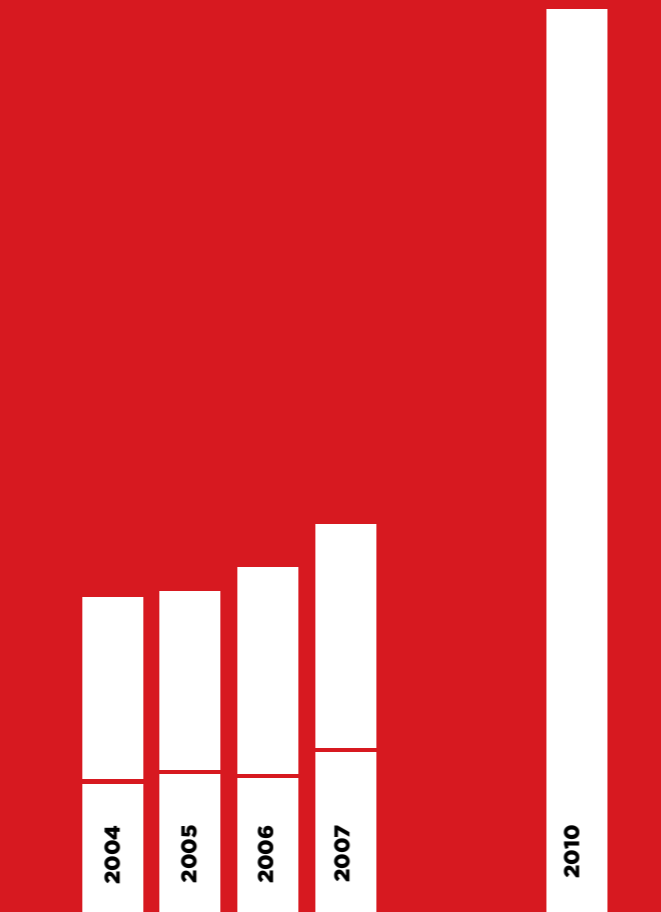
### STATEMENT FROM HEAD OF STATE

“We are aware of our responsibility and are going to fulfill our obligations. The G8 has the duty to fulfill what we promised.”

**ANGELA MERKEL**  
TAKING STOCK OF THE HEILIGENDAMM SUMMIT,  
8 JUNE 2007<sup>1</sup>

## OVERALL ASSESSMENT

Germany remains off track in 2007, despite posting significant increases in development assistance to sub-Saharan Africa. Further welcomed increases are planned for 2008, but in order to reach the 2010 target, these annual increases will need to grow. Germany is a leader on water and sanitation and hosted a strong Global Fund replenishment conference in 2007, but is off track in education and, along with other members of the EU, has failed to deliver pro-development trade reform.



### HOW DOES DATA INTERPRET GERMANY'S COMMITMENT AND CALCULATE THE TARGET?

DATA uses OECD projections of GNI to estimate the value of 0.51% of GNI in 2010 to set the value of the 2010 ODA target. DATA then compares this value with the 2004 ODA level, and assumes that half of this increase should be directed to sub-Saharan Africa, on top of the ODA provided in 2004. Such estimates reveal a target for German ODA to sub-Saharan Africa of €4.993 billion (\$6.204 billion) in 2010.

Germany did not set interim annual targets to achieve this goal. In lieu of such targets, DATA tracks progress against a projected straight-line trajectory between the most recent year for which data are available and the 2010 target. To measure progress toward this commitment, The DATA Report tracks ODA to sub-Saharan Africa net of bilateral debt relief.<sup>2</sup> Debt relief is immensely important to development, but bilateral debt relief as recorded by the DAC skews the true value to the recipient, as well as the true cost to the donor. Though donors did not explicitly make commitments in real terms, the data in this report are recorded in 2004 prices to ensure that the full value of the commitment made in 2005 is delivered by 2010.

### IS GERMANY ON TRACK TO MEET ITS OWN COMMITMENTS ON DEVELOPMENT ASSISTANCE TO SUB-SAHARAN AFRICA?

**2010 TARGET €4.993bn** (\$6.204bn)

**2007 ODA €2.19bn** (\$2.72bn)

**CHANGE 2006-07 €250m** (\$311m)

**CHANGE 2004-07 €391m** (\$485m)

**% OF INCREASE ACHIEVED 12.2%**

Excluding bilateral debt relief, Germany increased its development assistance to sub-Saharan Africa by 13%, or €250 million (\$311 million), between 2006 and 2007. Bilateral assistance increased by 19%, or \$188 million. Germany's multilateral contributions to sub-Saharan Africa increased by 9%, or \$122 million. However, to be on track for a straight-line trajectory DATA estimates that Germany should have increased its ODA to the region by €672 million (\$836 million) in 2007.

Between 2004 and 2007, Germany's development assistance to sub-Saharan Africa, net of bilateral debt relief, increased by 6.9%, or €391 million (\$485 million). Although the 2007 increase falls short of the need, it was considerably higher than previous increases since 2004 and can be seen as a first step by the German government to get on track. Increases in German ODA in the years ahead will have to compensate for the undersized increases between 2004 and 2006.

Although The DATA Report is primarily focused on the G8's commitments to sub-Saharan Africa, increases in ODA to the region occur in the context of fluctuations in global ODA. Germany's global ODA, net of bilateral debt relief, increased by €607 million (\$754 million) from 2006 to 2007. Since 2004, Germany's global ODA net of bilateral debt relief has increased by €1.044 billion (\$1.297 billion).

FIGURE 1

## WHAT HAVE ODA FLOWS BEEN SINCE 2004?

IN \$ MILLIONS, 2004 PRICES (IN EUROS, 2004 PRICES)	2004	2005	2006	2007
<b>TOTAL GLOBAL ODA</b>	7534 (6064)	10013 (8059)	10187 (8199)	10785 (8681)
BILATERAL DEBT RELIEF (Global)	567 (456)	3453 (2779)	2677 (2154)	2521 (2029)
<b>TOTAL GLOBAL ODA (net of bilateral debt relief)</b>	<b>6967 (2251)</b>	<b>6560 (5280)</b>	<b>7510 (6045)</b>	<b>8264 (6652)</b>
<b>TOTAL SSA ODA</b>	2797 (2251)	3356 (2701)	4538 (3653)	3329 (2680)
BILATERAL DEBT RELIEF (SSA)	252 (203)	1396 (1123)	2129 (1714)	610 (491)
MULTILATERAL ODA TO SSA	1593 (1282)	972 (783)	1430 (1151)	1552 (1249)
BILATERAL ODA TO SSA (net of bilateral debt relief)	952 (766)	987 (795)	979 (788)	1168 (940)
<b>TOTAL SSA ODA (net of bilateral debt relief)</b>	<b>2544 (2048)</b>	<b>1960 (1577)</b>	<b>2409 (1939)</b>	<b>2720 (2189)</b>

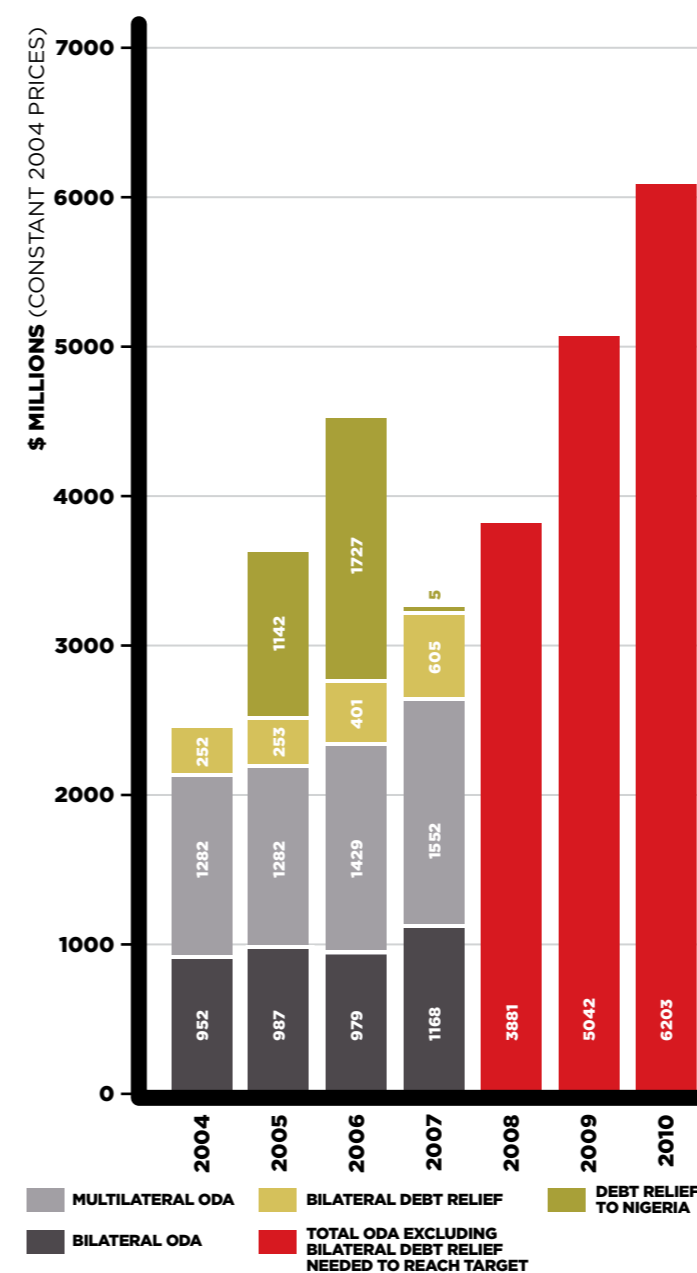
## WHAT PROGRESS DOES GERMANY NEED TO MAKE ON AID TARGETS TO AFRICA?

All figures in this section are provided in Euros in 2007 prices and US dollars in 2004 prices for the purposes of comparing these figures with both the current German budget and with the DAC figures given elsewhere in The DATA Report that are in 2004 prices.

In order to get on a linear track to reach its target of €5.154 billion (\$6.204 billion 2004 prices) in 2010, Germany would need to increase its ODA by €965 million (\$1.161 billion in 2004 prices), net of bilateral debt relief, in 2008 to reach a total of €3.225 billion (\$3.881 billion in 2004 prices).<sup>3</sup> This would represent an increase of 42.68% over 2007 figures.<sup>4</sup>

FIGURE 2

## GERMANY'S ODA TO SUB-SAHARAN AFRICA AND TRAJECTORY TO 2010 TARGET



**ESTIMATED INCREASE 2007-08**  
€527m (\$634m IN 2004 PRICES)

**INCREASE NEEDED 2007-08**  
€965m (\$1.161bn IN 2004 PRICES)

Based on current budget estimates, DATA expects to see an increase in Germany's global ODA of approximately €870 million (\$1,047 million in 2004 prices) between 2007 and 2008, to a total of €7.736 billion (\$9.311 billion in 2004 prices).<sup>5</sup> Much of this increase is contained in the budget of the Federal Ministry for Economic Cooperation and Development (BMZ), which implements most ODA-financed projects. Other increases in ODA include financing from the auction of CO2 certificates. Approximately two-thirds of the increases in BMZ's budget, and no less than 40% of the remainder, are expected to be delivered to sub-Saharan Africa. Based on these figures, ODA to the region will increase by approximately €527 million (\$634 million in 2004 prices) to a total of €2.786 billion (\$3.353 billion in 2004 prices). Though a strong increase, this is less than the €965 million (\$1,161 million in 2004 prices) increase needed to get on track.

The figures in the chart on the left are in constant 2004 prices. The equivalent targets for 2008, 2009 and 2010 in 2007 prices are \$4.414 billion, \$5.735 billion and \$7.056 billion respectively.

## IS GERMANY DOING ITS PART TO MEET THE G8'S SECTORAL COMMITMENTS?

The German government held a successful replenishment conference for the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) on 26–27 September 2007 in Berlin. As host, Germany more than doubled its contributions to €200 million (\$273.8 million) annually over the period 2008–10.

Germany is on track to contribute its fair share to water and sanitation. In spending \$77 million on the sector in Africa in 2006, it was the largest donor by volume to basic water and sanitation on the continent.

However, its spending on education has been well off track, as has its position, as part of the EU negotiating bloc, on trade.

Germany committed to increase ODA 'supported by innovative instruments', and will generate ODA resources through innovative financing for the first time in 2008. It is as yet unclear how much of these funds will go to sub-Saharan Africa.

Figure 3 details the performance and efforts of Germany in relation to each of the 2005 sectoral commitments that DATA monitors on debt, trade, education, health and governance and security. This section also discusses key recent changes and relevant developments in Germany's ODA as it pertains to these sectors. OECD DAC numbers used in this section are from 2006 data on commitments, the most recent figures available.

## TRACKING THE COMMITMENTS

FIGURE 3

### ON TRACK DEBT

- As of 30 September 2007, Germany had made unqualified pledges of \$68.7 million for 2007–08 to compensate IDA for the Multilateral Debt Relief Initiative (MDRI). In addition, Germany made unqualified pledges of \$712.4 million for 2009–16 and qualified pledges of \$2.95 billion for 2017–44.
- Germany had pledged \$2.143 billion to IDA15. Beyond the technical compensation for the MDRI, this general contribution to IDA shows the political will to ensure that IDA, which is the biggest contributor to the MDRI, is properly compensated.
- Germany has cancelled 100% of bilateral debts owed by HIPC countries. This includes 100% of its post-cut-off-date commercial debt.

### WATER AND SANITATION

- The DATA Report interprets the G8 commitment on water to mean that a donor should direct 5.5% of its ODA to Africa to the sector. In 2006, Germany directed more than 5.4% (\$263 million) to the water and sanitation sector, which represents 99% of the target commitment based on DATA's interpretation.
- Germany is also the largest donor by volume to basic water and sanitation in Africa, providing \$77 million to the sub-sector in 2006.

- Germany set an individual sectoral target of €350 million per annum for the water sector globally. In 2007 this pledge was exceeded, with an overall commitment in the water and sanitation sector of about €360 million, with a particular focus on Africa.<sup>6</sup>

### ON/OFF TRACK CANNOT BE ASSESSED, BUT PROGRESS IS MONITORED IN THE FOLLOWING SECTORS

#### HEALTH

- Total health sector spending in sub-Saharan Africa in 2006 was \$277 million, a 1.6% decrease from 2005.
- Globally, Germany has committed €300 million (\$468 million) in 2007 and €400 million (\$623 million) in 2008 in bilateral aid for fighting HIV/AIDS, malaria and tuberculosis and for strengthening health systems.<sup>7</sup>
- Germany has recently committed to a longer-term spending plan of €4 billion (\$6.2 billion) for fighting HIV/AIDS, malaria, tuberculosis and for strengthening health systems between 2008 and 2015.<sup>8</sup>
- Germany has paid in its \$117 million pledge to the Global Fund for 2007. It has pledged \$894.1 million between 2008 and 2010.<sup>9</sup>
- Germany disbursed €1 million (\$1.6 million) in 2006 and €1.07 million (\$1.7 million) in 2007 to the World Health Organisation/Global Polio Eradication Initiative (WHO/GPEI). Within the framework of GPEI, Germany committed €10 million (\$15.6 million) to Nigeria in 2007.

#### GOVERNANCE AND SECURITY

- Germany has committed €1 million (\$1.6 million) to the EITI multi-donor trust fund and a further €300,000 (\$468,000) for the support of the international

Secretariat in Oslo. Furthermore, it committed €1 million (\$1.6 million) for a public-private partnership for the support of EITI-related telecommunications, and provides technical assistance on a bilateral basis to EITI processes in the Democratic Republic of Congo, Ghana and the CEMAC region.<sup>10</sup>

- Germany has supported the APRM process since 2003 with more than €700,000 (\$1.1 million) in technical assistance. At the Heiligendamm Summit, Germany announced it would provide support of €4 million (\$6.2 million) for the APRM process in 2008–09 through technical assistance at the continental and national levels and through a contribution to the APRM trust fund. At the country level, Ghana, Kenya, Benin, Mozambique, Nigeria, Rwanda and Uganda are working with GTZ in the context of the APRM. Discussions about the German government's contribution to the APRM Trust Fund are currently being finalised with the APRM Panel and Secretariat.<sup>11</sup>
- Germany announced in March 2008 a contribution of \$10 million for the UN Peacebuilding Fund.<sup>12</sup>
- Germany joined the donors to the CERF in 2007, contributing \$6.6 million. For 2008, Germany has contributed \$14.8 million to the CERF.<sup>13</sup>
- Germany provided €3 million (\$4.7 million) for technical cooperation to strengthen governance in South Sudan in 2006. It contributed to financing the seventh round of Darfur peace talks in 2006 with €410,000 (\$639,000). It also made a contribution of €350,000 (\$546,000) to the Darfur peace and stability fund in 2007.<sup>14</sup>
- Germany's assessed contributions for UNMIS amounted to \$98.2 million (€78.6 million) in 2006 and \$92.3 million (€66.5 million) in 2007.

## INNOVATIVE FINANCING

- Germany has committed to increase ODA 'supported by innovative instruments' and, for the first time, in 2008 ODA funds will be generated through innovative financing. Germany is auctioning roughly 10% of allocated CO2 certificates to German industry. The initiative will receive €400 million (\$547.6 million), of which €120 million (\$164.3 million) will be used for climate projects in developing countries.

## OFF TRACK EDUCATION

- Germany provided just \$37 million in bilateral primary education assistance to Africa in 2006, less than a quarter of a proportionate share for universal primary education. In order to provide a proportionate share of the total, Germany would need to increase its assistance by \$219 million in 2008 to a total of \$256 million. Analysis of Germany's 2007 budget shows that it has allocated €120 million (\$150.6 million) for education globally, but it is still unclear how much will be directed to Africa.
- Germany made notable efforts to follow through on the Heiligendamm promise to fill the \$500 million financing gap for FTI countries. The German government planned to allocate an additional \$41 million to FTI countries at the end of 2007, which would fulfil its share of the year's financing gap. Due to budgetary restrictions, however, Germany was limited to providing only an additional \$21 million in 2007, which was used to support the education sector in three African FTI countries. The remaining \$21 million, which was expected to be disbursed in early 2008, may not be disbursed at all due to temporary restrictions on basket funding by parliament.
- Germany pledged \$4.2 million to the Education for All Fast Track Initiative Catalytic Fund in 2007, and has pledged a further \$7 million for 2008 and 2009.<sup>15</sup>

## TRADE

- Germany is represented in the Doha Development Agenda and Economic Partnership Agreement negotiations by the European Union. The EU is a key player in the Doha negotiations and continues to be engaged in trying to reach a deal. Sensitivities in the agricultural sector, combined with market opening interests in the manufactured goods and services sectors, continue to impede progress.
- The EU is the largest subsidiser of its agricultural sector: in 2006, the OECD estimated that the EU spent approximately \$63 billion on agricultural subsidies.<sup>16</sup> In 2006, Germany was a net contributor to the EU's Common Agricultural Policy (CAP) of €3.6 billion per year (\$4.5 billion).
- In 2007, the EU signed interim Economic Partnership Agreements (EPAs) with 18 African countries. These deals provide duty-free access to the EU market and improved rules of origin in some export sectors, in exchange for African countries opening their markets to EU products over time. The EU would like to make EPA deals with Africa more comprehensive and to include commitments on issues such as services, government procurement and investment but many African countries, as well as the African Union and African civil society, have indicated concerns over this broader approach. Negotiations on what will be contained in 'full EPAs' are supposed to conclude by the end of 2008.
- Least developed countries (LDCs) can also gain duty-free/quota-free access to the EU market through the Everything but Arms (EBA) programme, which provides nearly 100% access. However, this programme does not cover all African countries, and it has been criticised for maintaining complicated rules of origin that make it difficult for poor countries to utilise.
- In 2005, at the WTO Ministerial meeting in Hong Kong, the EU pledged to increase aid for trade to all developing countries by €2 billion (\$2.5 billion) per year by 2010.
- In 2006 the German bilateral contribution to Aid for Trade (AFT), i.e. trade related assistance (narrow AFT definition), was \$34.99 million. In the same period, Germany contributed \$261.2 million to EU measures on trade-related technical assistance and an additional \$5.4 million to measures implemented by multilateral organisations such as the WTO, UNCTAD, UNDP and ITC. These contributions added up to a total of \$301.6 million in 2006.

Germany also holds a strategic facility (the Monterrey Fund) amounting to €9 million (\$14 million), which is focused on incorporating trade into existing bilateral projects and programmes.

## EFFECTIVENESS AND QUALITY OF GERMANY'S DEVELOPMENT ASSISTANCE

Germany ranks third among G7 countries, when ranked on a series of ten indicators across four measures of aid effectiveness. It is important to note that Germany is very close to tying with Canada for second place and that, like Canada, it scores particularly well in the area of predictability of aid.

The Declaration agreed at the Paris High Level Forum on Aid Effectiveness in 2005 set out a growing consensus on what is necessary for aid to be most effective. At Gleneagles, the G8 referenced the Declaration in agreeing to 'implement and be monitored on all commitments we made in the Paris Declaration on aid effectiveness'. DATA has chosen four indicators of aid effectiveness to measure country performance: predictability (as measured by the extent to which planned ODA is delivered), transparency and reporting (as measured by the extent to which ODA is reflected in recipient budgets), the use of national systems (as measured by the extent to which ODA uses recipient systems) and the extent to which aid is untied and open to local competitive bidding. These four indicators were chosen both because of their importance and because of the availability of data.

Germany performs relatively well on a number of the key aid effectiveness indicators selected by DATA, and notably so for predictability. However, Germany scores less well in terms of transparency and reporting to recipient countries, where it ranks fifth on both DAC and DRI parameters, and also on its use of local procurement systems, where it also ranks fifth.

## LOOKING AHEAD

German ODA to sub-Saharan Africa increased in 2007 and will grow again in 2008, thanks to the important commitments made at the G8 summit in Heiligendamm. It is critical that the support around Heiligendamm is extended and sustained through current budget negotiations and that Germany keeps to its commitment to channel most of these aid increases to Africa. The trend established in 2007 must be continued through the next several years, to demonstrate Germany's long-term commitment to fighting poverty and disease. Europe needs Germany to clarify an annual timetable for delivery of these promises.