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**Research Report**

## Municipal development policy in Germany: Current status and prospects

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## Municipal Development Policy in Germany: Current Status and Prospects

### Summary

German municipalities are getting increasingly involved in development policy work in Germany and abroad, with the nature of that involvement becoming ever more diverse. However, very little is known about the background or the type of these activities.

Against this backdrop, the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) has conducted a study of municipal development policy (MDP) in Germany. Financed by the Service Agency Communities in One World (SKEW) of Engagement Global, this research drew upon a previous study carried out by DIE in 2009 (Fröhlich & Lämmlin, 2009) with the aim of identifying the current status of and trends in development for this policy area. To this end, DIE collaborated with the German Institute for Development Evaluation (DEval) to conduct a survey of municipalities throughout Germany. In addition, semi-structured qualitative interviews were held with representatives of municipalities and relevant national and federal-state institutions.

As the results show, involvement in MDP on the part of German municipalities is increasing in the context of enabling national policies and changing frameworks for international cooperation (e.g. 2030 Agenda). Large municipalities engage far more often in development policy than small municipalities. The latter often focus on low-threshold activities with fewer requirements for project management, such as the promotion of fair trade. In a number of cases, small municipalities carry out projects based on inter-municipal cooperation.

MDP covers many different topics, from information and education work to diverse forms of partnerships with muni-

cipalities in the Global South. The number and variety of stakeholders involved in the municipal administration partnerships are increasing, along with the functions they carry out. Municipalities serve as implementing agents, facilitators and networkers. They are partly motivated in their international work and corresponding activities by self-interest. Their involvement, for instance, may allow them to take on international responsibility or increase their appeal as an employer to new recruits.

Development policy is a shared responsibility of the German national government, federal states and municipalities. MDP is a voluntary municipal activity and is thus not practised everywhere. Human resources are often insufficient and the required knowledge is difficult to obtain. In some cases, municipalities consider the expenditure associated with the management of MDP projects to be too high.

Nonetheless, municipalities make a key contribution to transnational sustainability policy through their work, most especially by enabling global objectives to be localised and/or contextualised. One of the specific benefits of MDP is its proximity to citizens and direct contact with local stakeholders in Germany and abroad. However, when measured using conventional metrics and indicators for development cooperation (such as Official Development Assistance, ODA), the municipal contribution is still insufficiently discernible. It is important to continue providing support to municipalities, with as little red tape as possible, in order to fully exploit the potential MDP has in municipalities that are already involved in this work and those which are not yet involved.

## Context

Municipalities (cities, districts and towns) are becoming increasingly involved in development policy. The Service Agency Communities in One World (SKEW) supports this engagement. It also financed a study by DIE of municipal development policy (MDP) in Germany, which recorded the status of and trends in development for this municipal policy area over the last decade, drawing upon a previous study produced by the Institute in 2009 (Fröhlich & Lämmlin, 2009).

The findings of the study are based on an analysis of secondary literature, a survey of municipalities throughout Germany and semi-structured, qualitative interviews with municipalities and relevant German Government and federal state institutions. DIE collaborated for data collection purposes with the German Institute for Development Evaluation (DEval), which is currently evaluating the support provided for MDP in Germany. The two institutes plan to produce a joint publication with overarching findings and recommendations on the further development of MDP support.

### Definition of municipal development policy and its political framework

MDP refers to the activities of municipal administrations in Germany and abroad that aim to improve economic and social development in the Global South.

MDP has become increasingly significant in recent years. Changes in political and legal frameworks have had a decisive impact on this trend.

For a long time, there was uncertainty in Germany regarding the legal basis for the development activities of municipalities. Legal certainty was provided in the form of a 2010 decision by the Federal and Federal-States Committee on Development Cooperation (*Bund-Länder-Ausschuss Entwicklungszusammenarbeit*) on MDP and a 2018 SKEW-commissioned legal opinion (Engagement Global, 2018). The latter confirmed that development policy is a shared responsibility of the German Government, federal states and municipalities. At the same time, MDP is a voluntary task of municipalities.

Efforts to encourage municipalities in their development policy have been greatly stepped up in recent years, most notably by SKEW, which deploys the funding on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). The level of finance provided by BMZ grew from EUR 5 million in 2013 to almost EUR 31 million in 2020. Other government ministries also expanded their activities during the same period.

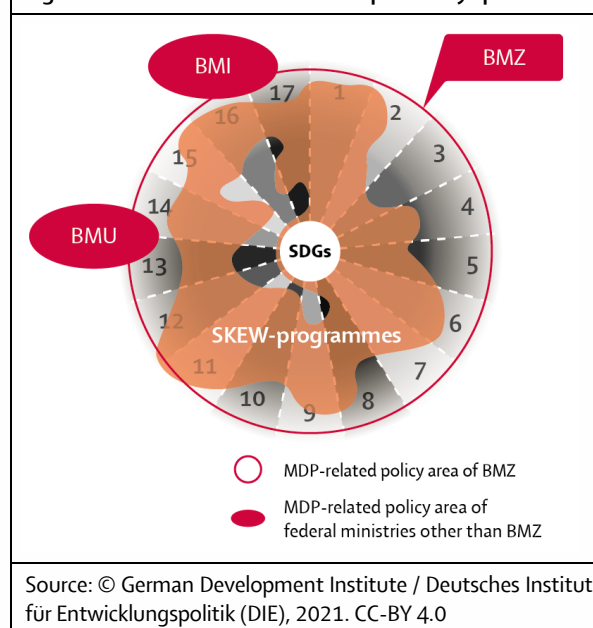
### Changing global guiding principles

International political processes and changing norms in recent years have led to municipalities being increasingly recognised as development policy actors and receiving greater attention in this context.

The adoption of the 2030 Agenda for Sustainable Development, with its 17 Sustainable Development Goals (SDGs),

and the Paris Agreement on climate change marked the point by which global sustainability became the main focus of orientation. In this context, the term “localisation of the SDGs” has attained prominence, focusing attention on the relevance of cities and municipalities when it comes to achieving the SDGs. This is explicitly reflected in SDG 11: “Make cities and human settlements inclusive, safe, resilient and sustainable”. In Germany and, indeed, around the world, many municipalities are aligning their local policies and plans with the SDGs.

Figure 1: MDP activities in the SDG possibility space



The 2030 Agenda is a central point of reference for development policy and, by extension, for MDP. Figure 1 shows the possibility space created by the 17 SDGs (SDG wheel) within which MDP activities can develop. Other stakeholders besides BMZ that are becoming increasingly significant in a MDP context include the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and the Federal Ministry of the Interior (BMI). Their responsibilities may overlap in several policy areas, including urban development, migration and environmental planning.

MDP is carried out in Germany and abroad. The degree of relation to the Global South depends on the initiative in question. This relationship becomes stronger the closer one gets to the centre of the circle. Because effects and links sometimes arise indirectly or unintentionally, it is not possible to objectively delineate between MDP and other sustainability-related activities. Ultimately, these effects and links manifest themselves in the discourse and the actions of political stakeholders, including municipalities. One of the questions that arises in this context is whether the municipalities see particular initiatives (for instance, the reduction of their own greenhouse gas emissions from transportation) as having an effect in the Global South. The possibility space also includes areas of activity in which SKEW runs programmes to support MDP.

## Findings of the study

### Municipal profiles and motives

We are seeing a general increase in MDP activity. However, the type and intensity of these efforts vary greatly, depending most of all on the size of the municipalities. The survey findings show that almost all municipalities with more than 50,000 residents are engaged in development policy work. All participating district-free cities indicated that they were involved in MDP activities. By contrast, a relatively large number of municipalities with between 2,000 and 19,999 residents were inactive in this area. Nonetheless, smaller municipalities have stepped up their involvement in development policy in recent years. The interviews show that they are also interested in continuing this work in future.

Municipalities get involved in development policy for a variety of reasons. They frequently indicated that they were keen to take on international responsibility. In large cities especially, civil society groups put pressure on authorities to take action, for example on climate change. There is an impression that international activities make municipalities more attractive to new recruits.

Municipalities currently inactive gave the following reasons for their lack of engagement: 'insufficient personnel' (65%), 'low political priority' (62%) and a 'lack of clarity as to what this involvement might look like' (56%). By contrast, 'legal barriers' (1%) were barely an issue.

### Development policy topic areas

MDP topics are wide-ranging and comprise: municipal partnerships and other forms of cooperation with municipalities in the Global South, support for migrant organisations, education and public relations work, promotion of fair trade, promotion of fair procurement in Germany. Moreover, it can include the drafting of municipal sustainability strategies.

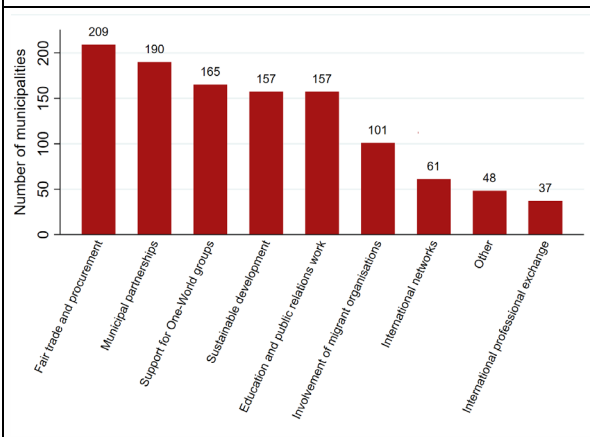
The survey revealed that particular importance is attached to the topic area of 'fair and environmentally friendly procurement/fair trade' (see Figure 2). 64% of the 328 active municipalities indicated their involvement in an activity in this area, which can also serve as a point of entry for smaller cities and municipalities. As the most frequently mentioned topic area, it thus replaces activities in the area of 'education and public-relations work' cited in the predecessor study of 2009. In the latest survey, 41% of the active municipalities also referred to a policy decision by the municipal parliament that mainstreamed their activities politically.

Municipal partnerships were the second most important topic area identified by the active municipalities (as cited by 58% of them). This is also the area in which the most policy decisions have been made (61% of the active municipalities). Cultural exchange is the most common focal topic of the partnerships (62%). Education (55%) and the environment (48%) are also of great importance.

The qualitative interviews illustrated that civil society engagement often provides the starting point for partner-

ships. At the same time, municipalities seek to involve civil society in the activities they initiate. This is what brings municipal North-South cooperation to life. Municipal companies or universities are playing an ever more important role in partnerships, particularly when it comes to more technology-intensive exchange processes.

**Figure 2: MDP topic areas (multiple responses possible)**



Note: The bar chart is based on the findings of the survey, in which a total of 442 municipalities participated. 328 of the municipalities can be considered 'active' in a development policy context.

Source: Authors

### Municipal stakeholders and roles

In a similar way to the 2009 study, the current study findings show the importance of interest in MDP among local political leaders. In cases in which there was strong engagement, for instance, in partnerships or international municipal networks, repeated reference was made in interviews to the role of the mayor. Support at the higher working level, for instance from public office heads, is also important when it comes to conveying the relevance of development activities to administrative staff.

Ultimately, however, it is (pre-determined) personnel capacity and the establishment of the topic at administrative level that are decisive in placing MDP on a sustainable footing. Only a few larger cities had created dedicated units for this purpose, such as an office for international affairs. Most (smaller) municipalities integrate MDP into other policy areas or processes, frequently as part of municipal sustainability strategies. In the best case scenario, responsibilities for MDP will be included in job descriptions. This happened in a number of cases after posts were initially funded by external sources. This was especially true of SKEW-financed MDP coordinators.

Municipal administrations have both an internal and an external impact in an MDP context. They fulfil a number of roles, implement measures (rules for fair procurement), carry out networking activities (in national and international urban networks; in joint projects of different kinds in the case of smaller municipalities) and serve as facilitators. In the latter context, municipal partnerships build in a wide variety of ways on relationships initiated by civil society and facilitate

dialogue at administrative level. Many development policy activities would be inconceivable without voluntary work. Municipal companies (such as utilities and waste disposal firms) and the local private sector are becoming increasingly active and contributing their specific expertise to municipal partnerships, for instance.

### Potential and challenges

One area of *potential* is the breadth of the topic areas in which municipalities are involved. Because the municipalities implement their initiatives in a responsive manner towards the population and often jointly with other stakeholders (schools, religious communities, etc.), they are especially well placed to raise awareness of international topics or problems. MDP also has particular leverage in terms of promoting sustainable living and environmental conditions in line with the 2030 Agenda. In the area of fair procurement, municipalities are responsible for over 50% of total public procurement expenditure in Germany (Müngersdorff & Stoffel, 2020, p. 2). Topics such as promoting climate-friendly urban development in cooperation with partner municipalities can be embedded within and thus strengthen existing local SDG targets and processes.

As MDP activities constitute a voluntary area of activity for municipalities, it can be assumed that they will continue to be dependent upon external funding. Such activities are frequently not prioritised, given the general capacity issues faced by municipalities. Although the importance of funding was stressed in virtually all interviews, multiple references were also made to the associated administrative burden, for instance, in terms of the application and reporting processes. The same applied to the increasingly complex funding landscape. It is often difficult to record the contribution made

by municipalities to development policy, even within the municipalities themselves. This is because activities in individual areas, such as fair procurement, tend to be carried out in different administrative units and recorded separately.

### Reflection and outlook

Municipal administrations have a key role to play in implementing the 2030 Agenda. However, their contribution is not very visible and is generally difficult to quantify. This is all the more true in terms of the (in some cases indirect) impact on the Global South. The conventional instruments for comparing development contributions, such as the Official Development Assistance (ODA) statistics, allocate transactions of public bodies to the funding institutions. Municipalities barely keep record at present of their own funds that they have used. Additionally, many elements of activities in Germany, especially those with leveraging potential, are difficult to map using comparative instruments. More scientific analyses of municipal activities in studies such as this one, as well as results-based evaluations and attempts at quantification (see, for example, the indicator system of *Wegweiser Kommune*) could be beneficial for increasing the visibility of MDP.

Because capacities in the voluntary activity area of MDP are very limited, external funding plays a key role at present and will continue to do so in future. SKEW is valued and considered to be the most relevant funding institution by the municipalities involved in development policy activities. Smaller municipalities in particular welcome the opportunity to enter this field easily by means of small project and staff-budget funding programmes. Regardless of their size or type, all municipalities are keen to see the application process simplified.

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