

Keijzer, Niels; Friesen, Ina

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Germany and the UK: Perspectives for Deepening the Bilateral Dialogue on Development Policy

Summary

Germany and the United Kingdom of Great Britain and Northern Ireland (UK) are the second- and fourth-largest providers of official development assistance (ODA) worldwide and are key actors in driving international policy discussions on global development in the Organisation for Economic Co-operation and Development (OECD), the G7, the G20 and other key groupings and platforms.

The development policies of both countries witnessed important convergence and detailed cooperation during the first decade of this millennium – a period when Western countries understood development cooperation as a source of considerable soft power, which was demonstrated in rising budgets and like-minded policy directions.

The austerity policies that followed the global economic and financial crisis, and the UK's decision to leave the European Union (EU) in 2016, have challenged the bilateral relationship in the development policy area between Germany and the UK. The UK's departure from the EU has reduced the number of joint interactions and corresponding opportunities for identifying cooperation initiatives.

Halfway through the period envisaged for the completion of the 2030 Agenda, both countries are adjusting their development policies, seeking to determine their future European roles and global development ambitions, but they remain key partners in global development.

Both the UK and Germany have recently revised or are in the process of preparing development policy strategies as part of their integrated foreign policies – a reflection process which in recent months has been challenged to adjust to the implications of the war in Ukraine.

The case remains strong for regular exchanges and cooperation on development policy between both countries, including by intensifying dialogues and resuming formal secondments between the FCDO and the German Federal Ministry for Economic Cooperation and Development (BMZ). Two areas in particular offer good prospects.

First of all, the UK and Germany should closely work together to deliver on the current G7 Presidency agenda – including the key focus on infrastructure investment, as initiated during last year's UK Presidency. Other key opportunities for cooperation include gender and climate action, as well as the provision of global public goods.

Secondly, Germany and the UK should seek to engage in and harness the role of the OECD as a provider of key standards for international development policy and as an important forum for peer learning. As key providers of global development finance, the legitimacy of its reporting system is essential to both countries' influence and contribution to global development.

The Utstein Group and the early 2000s

Germany and the UK were key development cooperation partners during the first decade of this millennium. Along with Norway and the Netherlands, they founded the informal “Utstein Group” in 1999. The four female development ministers sought to pursue like-minded development policy agenda, with priorities including debt relief, poverty reduction and financing for development.

The development cooperation landscape of the early 2000s was dominated by a combination of the Millennium Development Goals, debt relief campaigns and the response to the 9/11 attacks. It was a time of high economic conjuncture, characterised by considerable and rising aid budgets and experimentation with new approaches to manage these, including through the expanding use of budget support.

At that time, Germany and the UK had similar institutional arrangements in the form of a dedicated and separate ministerial responsibility for development policy, respectively supported by a standalone ministry and government department. One perhaps overlooked similarity was that both also had split up their administrations in two physical locations: Berlin and Bonn on one side, and London and East Kilbride on the other.

In this period, the UK’s Department for International Development (DFID) had become a thought leader in the field of development policy and influenced key policy debates in the United Nations (UN), the OECD and the EU – many of which were linked to the 2005 Paris Declaration on Aid Effectiveness. Germany’s BMZ and its different implementing agencies, on the other hand, were appreciated for considerable in-country presence and operational expertise.

Both countries also influenced the direction and priorities of the EU’s development policy, including as members of the “like-minded” group of member states. Bilateral cooperation between Germany and the UK went beyond high-level exchanges and included co-funded projects in various developing countries, although the approaches to implementing development cooperation strongly differed between the two countries. The bilateral cooperation also included staff exchanges between the BMZ and DFID, with several BMZ staff members being based at DFID for periods of time and vice versa, though less frequently for linguistic reasons.

Cooperation during and after the global economic crisis

The start of the global economic and financial crisis in September 2008 transformed the global system, and with it the prospects for, and interest in, development policy cooperation between the UK and Germany. Both countries’ responses to the financial crisis were accompanied by political changes as well as austerity measures, resulting in

a more challenging political environment for development policy.

Under the new political climate, key components of both governments’ budgets were under pressure to prove their worth and “value for money” – including development cooperation. This changed political climate characterised by austerity measures contributed to both countries’ development activities being shaped and presented more independently from one another.

Notwithstanding this less favourable political climate, regular coordination on bilateral, European and multilateral cooperation continued. One key dialogue format were the quarterly meetings between the BMZ’s state secretary and DFID’s permanent undersecretary.

Both countries were also influential in debates on development finance within the OECD. Germany first reached the UN target for providing 0.7 per cent of its gross national income (GNI) in 2016. During this period, the UK also achieved this target in 2013, while adding a statutory duty to meet the target to its International Development Act in 2015. Today, both countries remain the only G7 members to have achieved this target in the recent past.

The 2016 UK referendum

This year marks the sixth year since the UK’s June 2016 referendum and the process it triggered towards ending the UK’s membership of the EU in January 2020. This process mandated the EU to negotiate the terms of the UK’s withdrawal agreement on behalf of its member states. Although it was not a key focus of the withdrawal negotiations, development cooperation between both countries was affected by the process. Part of the reason for the changing relationship were both sides’ highly different interpretations of the UK referendum and the change in US government leadership in 2016. Their different political responses to both have affected – and continue to affect – the prospects for bilateral cooperation (see Parkes, 2022).

Nonetheless, exchanges continued at various levels after 2016, including in the context of the 2017 German G20 Presidency, which introduced several development projects with a focus on Africa. The UK also continued to exchange informally with Germany and other like-minded member states on EU development policy debates.

The UK’s withdrawal process led to gradual changes in its cooperation on development policy with Germany. As interactions in various EU-level fora decreased, so did the opportunities for identifying shared cooperation priorities. In the run-up to the referendum, German development policy debates were moreover strongly focussed on the domestic response to the increasing number of refugees in Germany in 2015, and subsequently on the EU’s response through a dedicated Trust Fund and External Investment Plan. The UK took part in the EU Trust Fund and contributed to its planning and implementation until

2021. However, since 2015, the overarching societal debate and government preferences on migration policy in the UK and Germany have diverged further.

UK-Germany development policy cooperation in a changing world

In 2020, the UK government decided to merge DFID with the Foreign Office, resulting in the name being changed to the Foreign, Commonwealth and Development Office (FCDO). Interactions with the German government have adapted to these institutional changes, with both countries' foreign offices having defined a joint agenda for cooperation and exchange (see Box 1). The UK merger added salience to the discussion on the possibility of a similar set-up in Germany after the September 2021 federal elections, but in the end the new coalition decided to maintain the BMZ as an independent ministry.

Box 1: Development policy commitments of the 2021 Germany-UK joint declaration

In June 2021, the UK Secretary of State for Foreign, Commonwealth and Development Affairs and the Federal Minister for Foreign Affairs of Germany adopted the first bilateral agreement between the UK and Germany, covering more than 20 foreign and security policy issues.

Among its global development ambitions, the declaration acknowledges that the achievement of the Sustainable Development Goals is a requirement to addressing the root causes of conflict, instability and inequalities. A key priority concerns the promotion of green and inclusive economic cooperation and trade, and both countries committed to help end child labour and forced labour, whilst fostering responsible business conduct in global supply chains.

The cooperation will be steered by an annual Foreign Ministers' Strategic Dialogue, itself supported and informed by regular exchanges at the level of officials.

Source: Authors

Evidence of the effectiveness of merging the development ministry with a foreign office is limited, and the effectiveness of the merger varies from country to country. Some suggest that the effectiveness depends less on the institutional structure than on the motivation for the merger. A merged ministry in a country with an independent and progressive development policy, such as Denmark, can accelerate the decision-making processes. In countries in which the merger is intended to put the development dossier into a subordinate position to international trade and foreign policy, the merged ministry's ability to implement development policy tends to suffer. Furthermore, mergers in the UK and other Anglophone OECD states demonstrate that they affect career trajectories and incentives for development policy specialists, while also having an impact on the possibilities for representing developing countries' interests in political decision-making processes (Gulrajani, 2021).

Another difference between both countries' current approaches to development cooperation is their financial commitment. In 2021, the UK's development budget was cut in absolute terms while also being temporarily reduced from 0.7 per cent to 0.5 per cent of GNI. Its new International Development strategy confirms that the UK will return to spending 0.7 per cent once the fiscal situation allows. In contrast, Germany and its new 2021 government decided to stick to the 0.7 per cent objective. Previously, respectively the second- and third-largest bilateral donors in the world, the UK's aid cuts now place it fourth after Japan in the OECD's provisional aid figures for 2021.

In recent years Germany and the UK have also delivered a considerable share of their ODA budgets to and through multilateral organisations, and they have both made efforts to strengthen the effectiveness of these organisations. Both countries are also among those members of the OECD to have made strong investments into independent evaluations of their development policies.

Notwithstanding recent institutional challenges, the prospect of the subsequent UK and German Presidencies of the G7 brought along key opportunities to build on the previous cooperation during their 2005 and 2007 summits of the then G8. The consecutive G7 Presidencies offered room for discussions on how best to connect these. In June 2021, a decisive step towards reinvigorating bilateral cooperation in the field of foreign policy was made with the signing of a declaration by the foreign ministers of both countries. Box 1 presents the main development policy commitments made in the statement.

The G7 Foreign and Development Ministers' Meeting in December 2021 provided a key opportunity for the new German political leadership to connect with their British and other international colleagues. One example of agenda convergence is both countries' preference to sustainably reinforce and diversify global supply chains, which in Germany's case need to be reconciled with competing calls for domestic industrial development in Europe (Parkes, 2022).

The UK's recently adopted International Development Strategy emphasises its role as a key part in a coherent UK foreign policy, with key priorities including freedom of markets, trade and speech. Other shifts include a stronger focus on bilateral cooperation and priority given to Africa, the Balkans and the Caucasus – the latter focus already signalling changes in response to the war in Ukraine. In the run-up to the elections, the BMZ introduced major reforms under the label of "BMZ 2030", which included the introduction of partnership categories to differentiate its bilateral cooperation relationships and higher ambitions on good governance and human rights. Germany's policy proclamations made in the beginning of 2022 also prominently included the promotion of a feminist development policy. The announced reforms and priorities are expected to be adjusted to the implications of the

Russian invasion of Ukraine, as evidenced in recent statements and G7 initiatives on global food security.

At their first bilateral meeting on 8 April 2022, Prime Minister Boris Johnson and Chancellor Olaf Scholz resolved to maximise the potential of the North Sea and collaboration on energy security and renewables between the UK and Germany. They also agreed to hold a joint Cabinet meeting within the next 12 months, with the respective defence ministers holding a bilateral meeting prior to the summit of the North Atlantic Treaty Organization (NATO) in June 2022.

The Russian invasion of Ukraine will require a long period of crisis response by the EU, NATO and their individual members, which should include a strong emphasis on humanitarian aid. With Germany and the UK being the second- and third-largest humanitarian aid providers after the United States, the aforementioned cooperation agreement (Box 1) identifies scope for further cooperation on humanitarian access, anticipatory approaches and gender-responsive crisis responses. The agreement also envisages setting up a UK-Germany Stabilisation Partnership, which should promote cooperation on crisis prevention and peace-building.

Conclusions

Germany and the UK remain key actors in global development. While having gone through important convergence and detailed cooperation at the beginning of

this millennium, further cooperation has been challenged to adjust to fundamental external and internal changes in both countries.

Halfway through the period envisaged for the completion of the 2030 Agenda, both countries remain key partners in global development, with the UK being challenged to determine its future European role and Germany to determine its global ambitions.

Both countries recently revised, or are in the process of preparing, their development policy reforms. These are to some degree being pursued as part of an integrated foreign policy, not least due to the ongoing and long-term implications of the war in Ukraine. Informal discussions between the leadership of the FCDO and the BMZ recently continued under the new German government and are anticipated to follow the usual quarterly rhythm. Secondments between the FCDO and the BMZ should resume to facilitate exchange and target the specific priorities of the joint declaration between both countries.

Specific opportunities for deepening cooperation between both countries include infrastructure, gender and climate action, and more generally the equitable and sustainable provision of global public goods (for instance peace, security, health and a clean environment). In addition to the cooperation within the G7, both countries can contribute to strengthening the OECD as a standard-setting and peer learning body, and to reinforcing the effectiveness of the multilateral development cooperation system.

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Dr Niels Keijzer
Senior Researcher
"Inter- and Transnational Cooperation"
German Development Institute /
Deutsches Institut für Entwicklungspolitik (DIE)



Dr Ina Friesen
Researcher
"Inter- and Transnational Cooperation"
German Development Institute /
Deutsches Institut für Entwicklungspolitik (DIE)

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