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The multi-level governance, co-financing, data, monitoring and evaluation of DDC in Germany

In terms of multi-level governance, the federal government is supporting the states mainly through the German Government and Federal States Programme (BLP) implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and co-operates with municipalities mostly through programmes offered by the Service Agency Communities in One World (SKEW). Yet, various decentralised development co-operation (DDC) multi-level governance challenges range from one-year funding cycles to lack of staff and managerial capacities and limited information sharing across levels of government. In terms of reporting, Germany is one of the few OECD Development Assistance Committee (DAC) members that report data disaggregated by regional or state-level providers of official development assistance (ODA). However, it does not disaggregate municipal financing. States and municipalities usually have monitoring and evaluation systems for DDC but only a few assess the impact on development outcomes and long-term sustainability. They mainly analyse the objectives or efficiency of the project, in particular at the municipal level.

The role of the main actors involved in DDC in Germany and the differences between states and municipalities

Roles of the main DDC actors in Germany

There is a large variety in the number of local actors involved in DDC projects in the different federal states. As reported in the OECD survey, overall, close to 500 municipalities in Germany are engaged in DDC activities. Around 300 municipalities in Germany have established official partnerships with municipalities in the Global South (CEMR, 2022^[1]). Despite accounting for less than 3% of German municipalities overall, the development of the last decades points to growing activity in the field of municipal partnerships (Schmitt et al., 2022^[2]). A frequently updated map and overview of partnerships between German municipalities and municipalities in partner countries is available on the dedicated webpage offered by the German section of the Council of European Municipalities and Regions (CEMR) and SKEW.¹ There are additional actors that collaborate with the federal states in their development co-operation activities as part of Germany's multi-level governance of DDC (Box 3.1) including civil society organisations (CSOs), SKEW, partners from the BLP programme, development policy networks, the German section of World University Service (WUS), schools, universities, churches and the private sector. The number and most common type of actors that states are working with depend on their DDC model. State partnerships with countries from the Global South such as Rhineland-Palatinate's partnership with Rwanda involve interaction at the national level in the partner country but also with municipalities, schools, universities and non-governmental organisations (NGOs) and civil society in Rhineland-Palatinate and Rwanda. Another favourable factor to engaging various actors in DDC is the size of a federal state. For example, in Saarland, which has a population of less than 1 million inhabitants, getting in touch and engaging with important actors may be easier than in larger states.

Box 3.1. Terminology: Multi-level governance

Within this report, the term “multi-level governance” refers to the mutually dependent relationships – whether vertical, horizontal or networked – between public actors across different levels of government. Although relationships can offer ways to work towards coherent policy strategies and priority settings across government, governance itself is not homogeneous among and within countries because there is no unique, single governance system. Nor are there institutions and structures that can apply across different contexts and settings. Instead, there is often a diversity of formal and informal arrangements. Each arrangement is specific and not necessarily transferable due to a given country's policies and rules.

The rationale and benefits of multi-level governance can be described in four main points:

- Multi-level governance implies managing mutual dependence among different levels of government, along with a series of co-ordination failures or gaps that may occur among them. These obstacles may be overcome via the use of governance tools such as dialogue platforms, co-financing arrangements and partnerships/contracts across levels of government.
- Inter-governmental fora have the potential to improve the functioning of multi-order systems with relatively low transaction costs, namely by reaching executive/legislative agreements. Nonetheless, to ensure the durability and wider political acceptance of such compacts, they need to be open to review and subjected to ratification by concerned legislatures.
- Certain mutually dependent conditions can facilitate an effective dialogue among levels of government, such as the simplicity of information and feedback, the transparency of rules, transversal engagement, credibility and ownership.

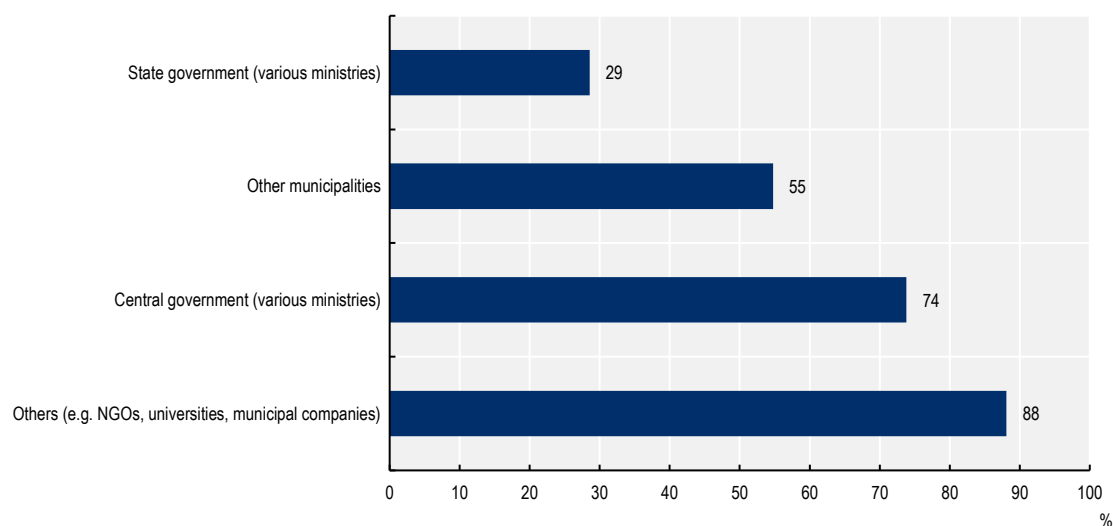
- Countries with well-developed co-ordination arrangements, of the likes of intergovernmental committees and regular formal meetings, have a comparative advantage for the introduction and implementation of governance reforms.

However, in the process of implementing multi-governance mechanisms, it is important to avoid multiplying those with no clear role in the decision-making process, as well as those with important transaction/opportunity costs.

Source: OECD (2018^[3]), *Reshaping Decentralised Development Co-operation: The Key Role of Cities and Regions for the 2030 Agenda*, <https://doi.org/10.1787/9789264302914-en>; OECD (2019^[4]), "Making decentralisation work: A handbook for policy-makers", <https://doi.org/10.1787/dd49116c-en>.

Municipalities' main partners in DDC projects are the federal government and NGOs, universities and municipal companies. Almost all municipalities participating in the survey are involved in DDC activities with more than one other actor. This is crucial since interpersonal connections and continuous exchange between different actors are major success factors for the implementation of DDC projects. More than 70% of municipalities are working together with the federal government including its various ministries and implementation agencies like SKEW when it comes to DDC projects (Figure 3.1), in part explained by the high number of municipalities participating in government-funded projects. Examples of SKEW projects that municipalities are engaged in include the projects: i) Global Sustainable Municipality; ii) Municipal Climate Partnerships; and iii) Sustainable Community Development through Partnership Projects (NAKOPA) amongst others. Through these projects, SKEW also facilitates new municipal partnerships between Germany and the Global South for their DDC activities and is thus an important institutional matchmaking actor. Some municipalities also work together with GIZ through the programme „Expert fund for Municipal Partnerships worldwide”, which is jointly implemented by GIZ and SKEW. GIZ also acts as a matchmaker. The Enzkreis district, for example, started a partnership based on an inquiry by GIZ that was shared with the German County Association to find a partner for a district in Tanzania.

Figure 3.1. Actors involved in DDC projects of municipalities



Source: OECD survey of German municipalities 2022.

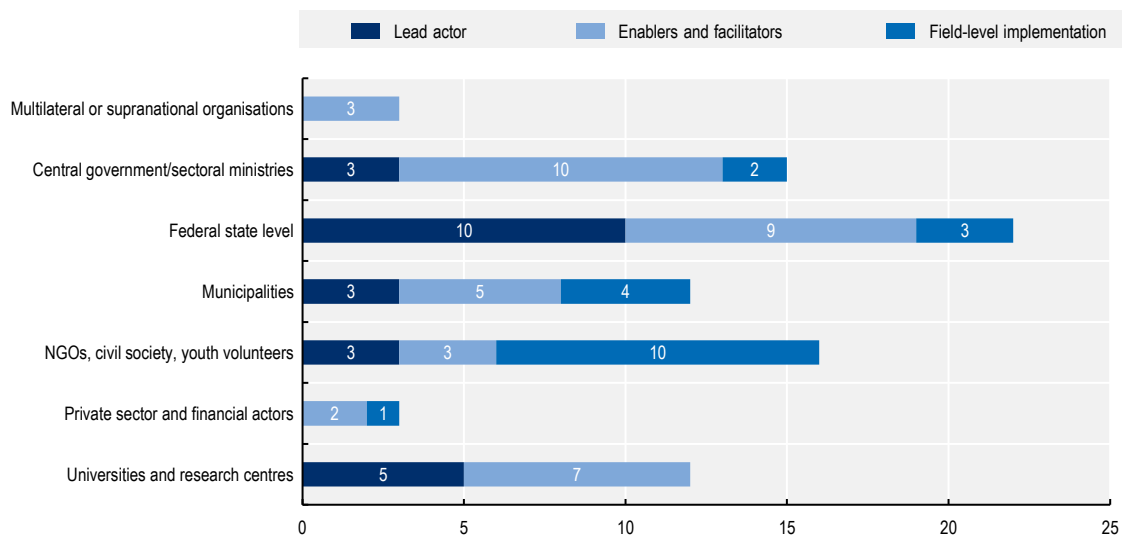
Collaboration between the municipal and the federal state level is more an exception than a norm. The strong collaboration with the federal level is a striking finding if compared with the corresponding share of municipalities that are involved with projects with the state government. Only 29% of municipalities (12 out of 42) work with their federal state. This is in particular the case in municipalities that work together with municipalities from countries in partnership with their federal state. Examples include North Rhine-Westphalia with Ghana, Rhineland-Palatinate with Rwanda or Bavaria with its focus on the African continent. Such a type of partnership also facilitates the exchange and pooling of resources between municipalities from the same state. The federal level is a much more frequent collaboration partner of German municipalities' DDC activities. Fifty-five percent (23 out of 42) collaborate with other municipalities. Partner cities of German municipalities often request the engagement of local public utilities, e.g. in the area of waste and water management. However, since the regulatory framework in German municipalities does not allow local public utilities to use their financial resources in DDC, their engagement is more limited than the potential demand. Lastly, the category "Other", which includes NGOs, CSOs, universities and municipal companies is the most common interaction partner of German municipalities in DDC. Ninety percent of municipalities collaborate with one or more of these actors. The local population that is active in CSOs is often intrinsically motivated and encourages municipalities to engage in DDC activities. In districts that do not necessarily have such a strong connection to NGOs and CSOs as municipalities since they are a level higher in the German institutional framework, staff in the public administration plays a more important role as a driver of DDC activities. At the same time, districts can support municipalities within their territory with advice and personal expertise in the implementation of DDC projects.

Federal states and municipalities perceive themselves as lead DDC actors and the federal government as the main enabler and facilitator of DDC projects. Responses from federal states to the survey show that the federal state level is considered a "lead actor" in a majority of cases (10 out of 14 respondents). The same is the case for municipalities, albeit to a slightly lesser extent (21 out of 43), alongside NGOs, civil society and youth volunteers (12 respondents). The German federal government and sectoral ministries are viewed by the federal states as the main enablers and facilitators (10 out of 14 respondents). This aligns with the responses of municipalities, among which 23 out of 43 perceived the federal government and ministries as main enablers and facilitators. NGOs, civil society and youth volunteers are seen as the most important actors in the field-level implementation of DDC projects by federal states (10 out of 14 respondents) and municipalities (18 respondents out of 43) (Figures 3.2 and 3.3). Other important enablers and facilitators according to municipalities are the federal states (12 respondents). Moreover, the federal government is the main DDC actor providing co-financing for DDC implementation in federal states (14 out of 14 respondents), followed by local/regional governments (11 out of 14 respondents) and CSOs (11 out of 14 respondents). In this sense, municipalities' and states' roles differ: on the one hand, municipalities implement projects and partnerships, and, on the other, states usually act as co-ordinators and providers of funding and capacity-building programmes.

At a municipal level, the main domestic co-operation partners in DDC are civil society, NGOs, universities and municipal companies, along with the federal government. Indeed, the majority of municipalities replying to that question (37 out of 42 respondents) indicate that civil society, NGOs, universities and municipal companies are most involved in DDC projects. This finding is in line with the German Development Institute study (DIE, 2021^[5]), which has highlighted the ever more important role of municipal companies and universities in partnerships for municipal development policy, particularly when it comes to more technology-intensive exchange processes. Beyond the case of Germany, the role of universities can vary from being an active DDC enabler to a facilitator or an implementer (OECD, 2018^[3]). Overall, knowledge-based institutions carry a strong potential to strengthen the knowledge base and evaluation of DDC projects (Fernández de Losada, 2013^[6]). They are key players in data collection at the local level, as well as in drafting reports and strengthening local technical capacity (OECD, 2018^[3]).

Figure 3.2. Roles of the main DDC actors as perceived by the German federal states

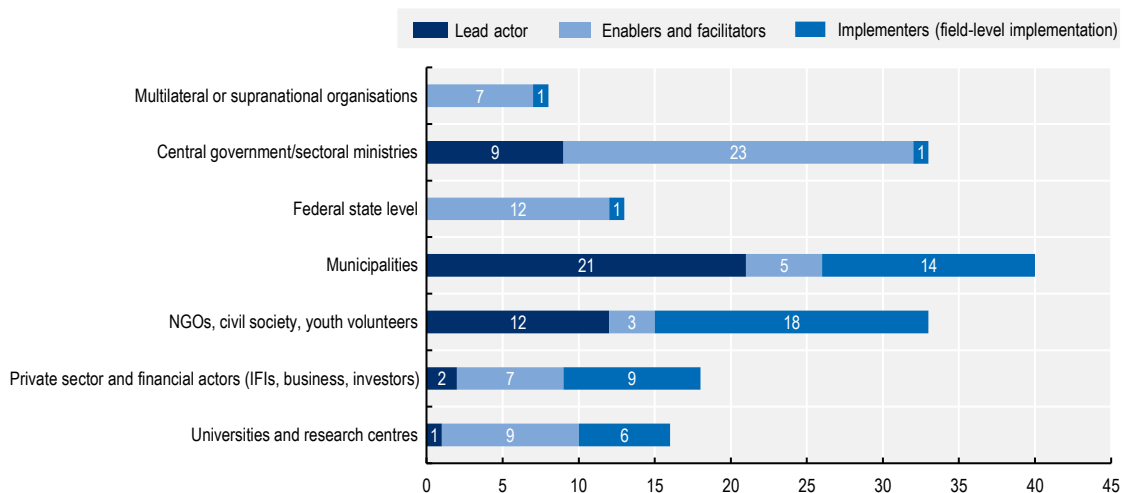
Categorisation of main DDC actors by federal states (number of respondents)



Source: OECD survey of the German Federal States 2021/22.

Figure 3.3. Roles of the main DDC actors as perceived by German municipalities

Categorisation of main DDC actors by municipalities (number of respondents)



Note: IFI – International financial institution.

Source: OECD survey of German municipalities 2022.

CSOs play a key role in Germany’s municipal DDC, often acting as an implementer of DDC activities. As mentioned previously, certain municipalities also select the geographical focus of their DDC activities based on existing collaborations and partnerships of CSOs or determine their partnerships jointly with civil society, e.g. through multi-stakeholder workshops and participative processes. CSOs also can play a key role in initiating partnerships, for instance, due to the local population originally coming from the country/region in the Global South/migrant communities. This is often done jointly with municipalities,

making them particularly well-placed for raising awareness on international problems and topics (DIE, 2021^[5]).

In Germany, CSO funding is a core pillar of the DDC model at the state level. The OECD survey highlights that CSOs play a key role in the German landscape as implementers mainly since many states do not have the human resources capacity to implement activities in partner countries themselves. As a result, various federal states do not directly implement DDC projects in partner countries but financially support the projects of their CSOs in partner countries instead. More than half (53%) of municipalities also report co-financing through NGOs and civil society. Further evidence suggests that in large cities in particular, civil society groups put pressure on authorities to take action, for example on issues linked to climate change (DIE, 2021^[5]). Moreover, civil society engagement often provides a starting point for partnerships. At the same time, municipalities will seek to involve civil society in the activities they initiate, bringing municipal North-South co-operation into action.

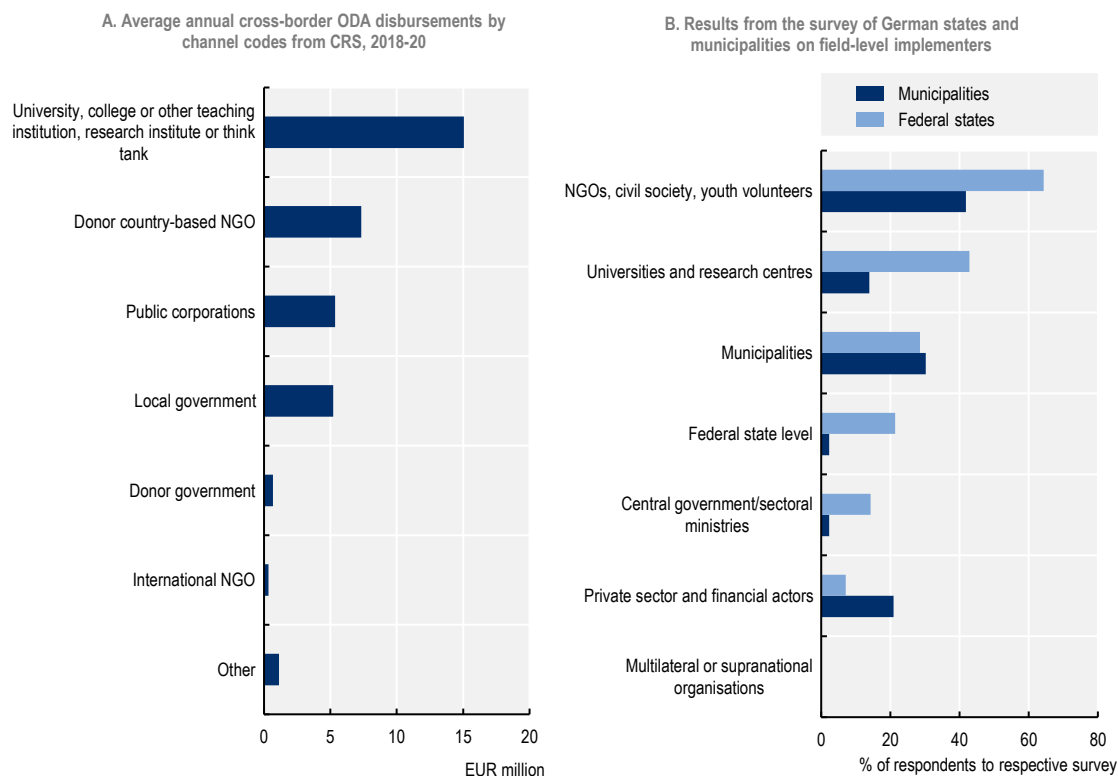
OECD Creditor Reporting System (CRS) data show that ODA provided by German states is primarily channelled through multi-stakeholder partners including universities, CSOs and public corporations.² In the 2018-20 period, 43% of ODA from the states was distributed through universities and colleges, while 21% was channelled through CSOs (Figure 3.4, Panel A). However, the OECD survey of the federal states shows that CSOs were mentioned most often as the main field-level implementers, followed by universities and research centres (Figure 3.4, Panel B).³ Information from municipalities depicts a similar picture, with CSOs mentioned most often as implementers. While the importance of universities and CSOs is reflected both in ODA data and in survey responses, the greater role granted to CSOs in survey responses could be due to the survey question design, as the survey asked respondents to identify the actors responsible for the field-level implementation of projects. ODA data capture a broader measure, which can include actors to whom resources are channelled but who may not necessarily implement the project in the field.

Universities and research centres are often active DDC enablers, facilitators and implementers. Knowledge-based institutions also carry a strong potential to strengthen the evidence base and evaluation of DDC projects (Fernández de Losada, 2017^[7]). They are central players in drafting reports, collecting data at the local level, as well as strengthening local technical capacity (OECD, 2018^[3]). In addition, universities and research centres can contribute to better evaluation and monitoring on top of being key partners to carry out education-related DDC activities. They are also often engaged in knowledge exchange activities. The state of North Rhine-Westphalia, for example, uses universities, schools and their students to further promote networking and the exchange of know-how. Bremen has a partnership in place with the Namibia University of Science and Technology to support vocational and educational training, notably in the area of mechanics. Similarly, in Saxony-Anhalt, the Otto-von-Guericke University of Magdeburg is engaged in technical and vocational education and training with partners in the Global South. The state's universities are also engaged in stakeholder committees that co-ordinate the implementation of the state's guidelines for co-operation and development. During the COVID-19 pandemic, the state of Hesse worked together with partners in Viet Nam on a BLP project through researchers from the Technical University of Darmstadt, who are collaborating with the Vietnamese-German University (VGU), the University of Tübingen and the Vietnamese-German Center of Excellence in Medical Research on the implementation of a system for SARS-CoV-2 surveillance in wastewater as a tool for monitoring the incidences of infections in Viet Nam.

Similarly, the private sector can also take part in DDC implementation in Germany. Public-private partnerships, for instance, represent an opportunity to engage the private sector in development co-operation activities. Examples in Germany include a programme in Serbia with the state of Schleswig-Holstein, through which private sector actors offer internships and career orientation to young people, and the project in Ghana with the state of North Rhine-Westphalia as part of the BLP, to increase business orientation and develop teaching capacities at a technical university (GIZ, 2020^[8]). Nonetheless, the implementation of projects with the private sector can be strenuous, given that some states have a strong

focus on engaging companies from their states, and the need to follow procurement regulations can lead to challenges (OECD, 2019^[9]).

Figure 3.4. German states rely on multi-stakeholder partners such as universities and CSOs to assist them in carrying out development co-operation projects



Note: Panel B shows the percentage of respondents per group. Several answers were possible so that values can add up to more than 100%
 Source: OECD (2022^[10]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>; survey of German federal states and German municipalities.

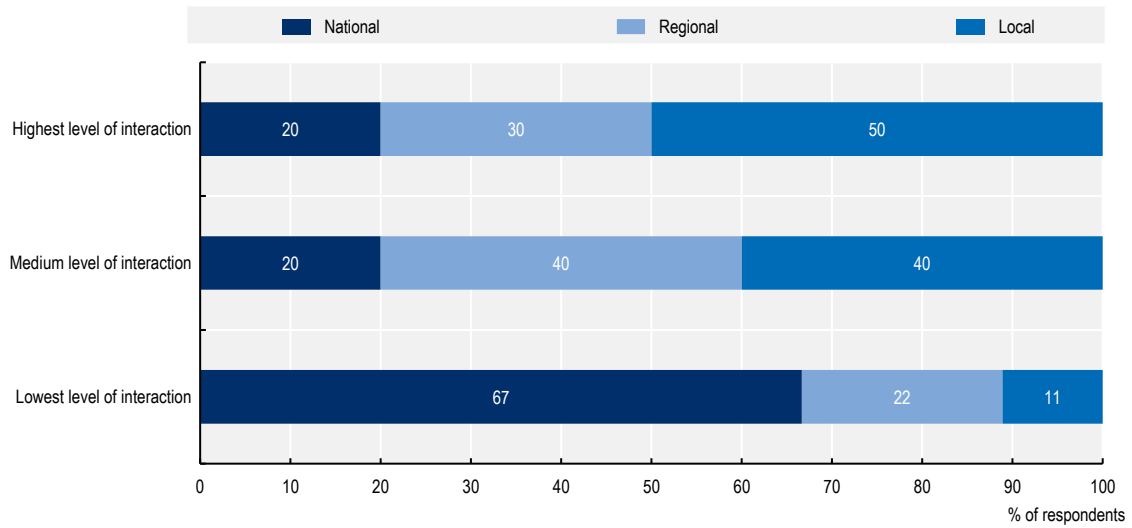
Levels of interaction with the main DDC actors in partner countries

In partner and recipient countries, German municipalities and states mostly interact at the local level. Half of the German municipalities and states responding to the OECD survey stated that the local-level government is their most common interaction partner in their partner country (Figure 3.5). More than 30% of municipalities mentioned the national level as their main collaboration partner abroad, against 20% of states. At the same time, more than 40% of municipalities and almost 70% of states mentioned the national level as the least common interaction partner. Just under a third of states (30%) indicated that their highest level of interaction was with the regional level, whereas only 2.4% of municipalities reported it was their first level of choice. These figures underline considerable differences in the DDC approaches of German municipalities and states in the partner countries: although states and municipalities tend to prioritise interaction with local counterparts, interactions with regional and national partners vary.

For municipalities, another important actor in partner countries are CSOs. Around 17% of German municipalities mostly interact with CSOs (Figure 3.6). For more than 40%, they are the second most important partner abroad. One of the challenges regarding CSO engagement in partner municipalities is the increasing age of partners in the partner municipalities and the lack of youth engaging in such CSO-led partnerships. Lastly, the regional level plays a more modest role. Only 2% of municipalities named the

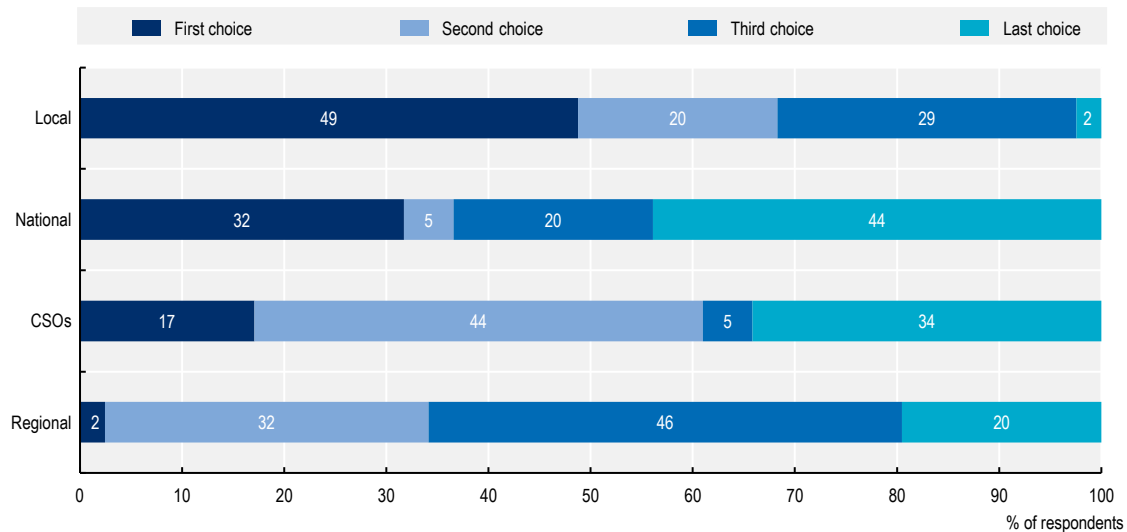
regional level as their main interaction partner abroad. For about 30% however, the regional level represents the second most important partner. Private sector companies in partner municipalities are also potential collaboration partners for German municipalities.

Figure 3.5. Main DDC interaction partners of German federal states



Source: OECD survey to the German Federal States 2021/22.

Figure 3.6. Main DDC interaction partners of German municipalities



Source: OECD survey of German municipalities 2022.

Co-ordination mechanisms, co-financing for DDC and alignment of DDC actions across levels of government

The majority of federal states define and/or co-ordinate their strategic and geographical priorities for DDC across levels of government. Federal states are using various mechanisms to co-ordinate their DDC activities across levels of government. In Baden-Württemberg and Berlin, for example, the state's development policy guidelines are used as a tool to co-ordinate actions across levels of government. In addition, the state of Baden-Württemberg has established a Council for Development Co-operation. This multi-stakeholder platform supports the state government with the implementation of its development policy guidelines. There is also an inter-ministerial working group for development policy. In the state of Saarland, the coalition agreement points out strategic priorities such as the United Nations (UN) Sustainable Development Goals (SDGs) and DDC partnership, but not yet geographical priorities. Federal-level priorities such as the Africa Strategy of the federal government are taken into consideration if applicable. The state of North Rhine-Westphalia is using its memorandum of understanding on development policy priorities⁴ as a co-ordination mechanism. Informal stakeholder dialogues can also be means to determine where CSOs and private sector companies are active to determine geographic and strategic priorities.

The Conference of Federal State Prime Ministers and the Federal Government and Federal States Committee on Development Cooperation (BLA-EZ) are two institutions and mechanisms that facilitate the co-ordination of strategic and geographic priorities for DDC. The MPK mainly deals with horizontal co-ordination between the 16 federal states. The BLA-EZ co-ordinates DDC activities between the federal states and the federal government.

Between the federal government and the states

The German Government and Federal States Programme (BLP) is a joint-funding and co-ordination mechanism for DDC between the federal government and federal states. Generally, BLP projects in partner countries are financed by the federal level (maximum 60%) and the state level (minimum 40%, contributed either in kind or financially or as a combination of both) but some programme elements (such as capacity building for the federal states and their institutions) are entirely covered by the federal level. Thus, the BLP promotes co-ordination and coherence between a given DDC project and bilateral co-operation initiatives in partner countries. Furthermore, the BLP promotes knowledge exchange and networking between the federal states by offering seminars and conferences to stakeholders from the federal states. In GIZ's Decentralised Development Lab, federal states and partner issues collaborate on topics that will shape the future of development co-operation such as e-mobility and digitalisation using agile methods like lean management and design sprints (GIZ, 2022_[11]). The four regional offices of GIZ in Germany support the BLP through project co-ordination and support for the implementation of projects in specific policy areas that are split between the four offices. The current term of the BLP runs until 2023 (GIZ, 2022_[11]).

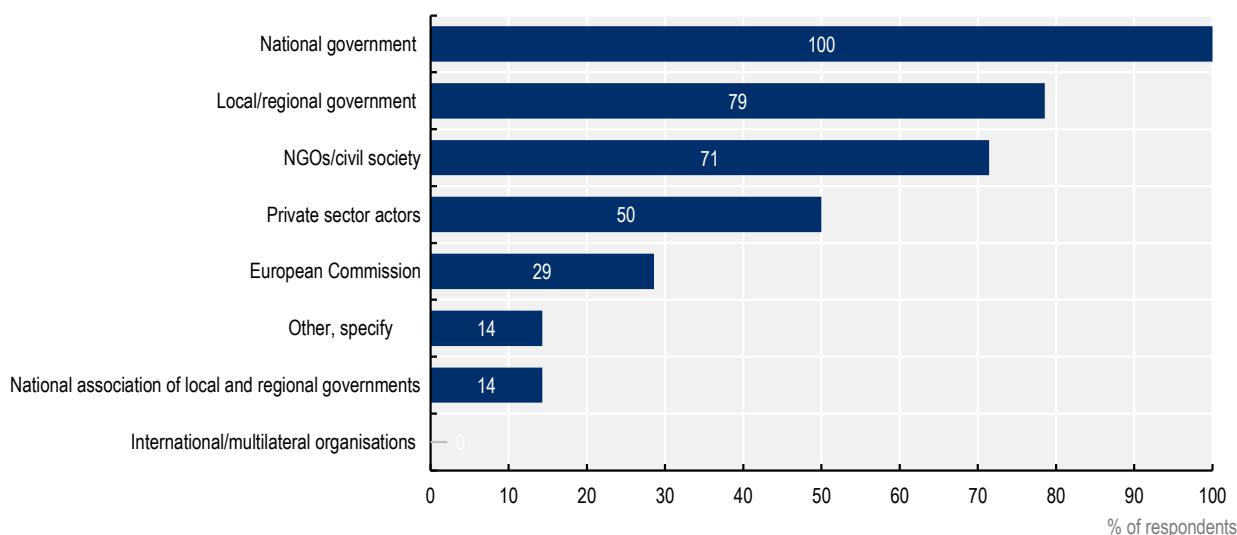
The BLP is a key instrument to support DDC activities in German states, yet certain obstacles need to be overcome. All federal states responding to the OECD survey (14 out of 14) received co-financing for DDC from the federal government, notably through the BLP programme, which for the 2019-23 period is partly financed by the German Federal Ministry for Economic Cooperation and Development (BMZ) through GIZ (EUR 14 140 000) and partly by the states themselves (EUR 6 180 083) (GIZ, 2022_[11]). Although states highlight the fact that it is a key channel through which the BMZ encourages development co-operation activities by the states, some obstacles are mentioned by the federal states, for example the fact that geographic and thematic priorities of the federal government and the German states might not be the same and that the administrative procedures for project management are perceived as complex.

Beyond the BLP, there are other co-ordination mechanisms between the federal and state levels. The federal government organises strategic annual meetings and bilateral talks with German states. One of them is the meeting of the ministers of the federal states responsible for development co-operation with

the federal government, which takes place on an occasional basis with the last meetings being held in February 2023 and December 2020. In this meeting, the ministers of the federal states with responsibility for development co-operation meet with the Federal Minister for Economic Cooperation and Development to exchange on political priorities. While these meetings are more of a political nature, the federal government and the federal states co-ordinate more technical aspects of their development co-operation activities in the BLA-EZ. The BMZ leads the committee via its unit responsible for the states' and municipalities' development co-operation. A similar working group covers the topic of sustainable development. However, one of the challenges is the existence of different channels of communication between the state level and federal levels.

All states taking part in the survey highlight the federal government as a key actor providing co-financing for DDC project implementation. Other key actors include local/regional government (79%), NGOs and civil society (71%) and private sector actors (50%). At the same time, national associations of local and regional governments are only mentioned by 14% of German states, whereas international and multilateral organisations are mentioned by none (Figure 3.7).

Figure 3.7. DDC actors providing co-financing for DDC implementation with federal states



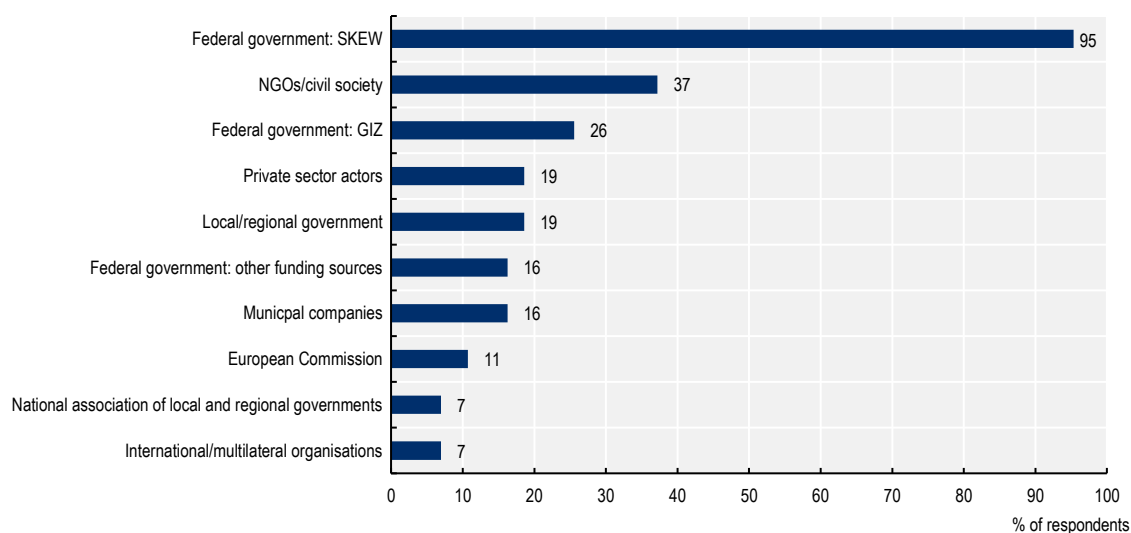
Source: OECD survey to the German Federal States 2021/22.

Between the federal government and municipalities

The German federal government and municipalities co-operate on DDC activities mainly through SKEW. Ninety-five percent of municipalities taking part in the OECD survey highlight SKEW as a key actor providing co-financing for DDC implementation. Funding is provided by way of proportionate funding. SKEW funds up to 90% of the total eligible expenditure of a given project. At least 10% of the total expenditure must be provided by the applicant in the form of their own funds and/or those of a third party. SKEW is also perceived as a key starting point for DDC activities in German municipalities, namely for its networking events – including the SKEW climate partnership programme, aiming to strengthen co-operation between German municipalities and municipalities in the Global South in the fields of climate change mitigation and adaptation (SKEW, 2022_[12]). Finally, SKEW also supports DDC at a local level by activating its network and mobilising municipalities to take part in the reporting process. Previously, SKEW also provided an online reporting tool on ODA called *ODA Kommunal* (<https://www.oda-kommunal.de/>) that was used by North Rhine-Westphalia and Schleswig-Holstein to capture and report ODA collected by their municipalities.⁵ The section on data and monitoring provides further details on the SKEW reporting

tool, which is currently under discussion for being replaced with a new mechanism. NGOs and civil society are the second most important actor for co-financing, with 49% of the municipalities reporting co-financing through NGOs and civil society. Other important institutions in this regard include GIZ (26%), private sector actors (19%) and local/regional governments (19%) (Figure 3.8).

Figure 3.8. DDC actors providing co-financing for project implementation with municipalities



Source: OECD survey to German municipalities 2022.

Between the states and municipalities

States and municipalities are very active in DDC but their interaction and co-ordination remain limited. States mainly are supported by GIZ while municipalities are mainly supported by SKEW – as mentioned above. According to the OECD survey, 15 out of 41 municipalities reported that the lack of information sharing across levels of government was a “relevant obstacle” for DDC in Germany and another 6 identified it as a “major obstacle”. This was also reflected in the fact that municipalities are often not aware of DDC activity at a state level. Moreover, as seen in Chapter 1, the boundaries for municipal DDC as defined by the states sometimes remain unclear. Federal actors such as GIZ also suggested that activities at the federal level could be better linked with the state and municipal levels. Vertical co-ordination between the federal, state and municipal levels is, therefore, a key area of DDC in Germany where improvement is needed.

Although collaboration between municipalities and federal states level emerges as a gap in DDC in Germany, there are certain exceptions. For example, North Rhine-Westphalia has a partnership with Ghana, which helps German municipalities create new partnerships with local governments in Ghana, fostering a network among them. Municipalities can also contact the federal state’s local office in a partner country, which serves as an important provider of support services, as seen with the example of Rhineland-Palatinate in Kigali, Rwanda.

Multi-level governance gaps

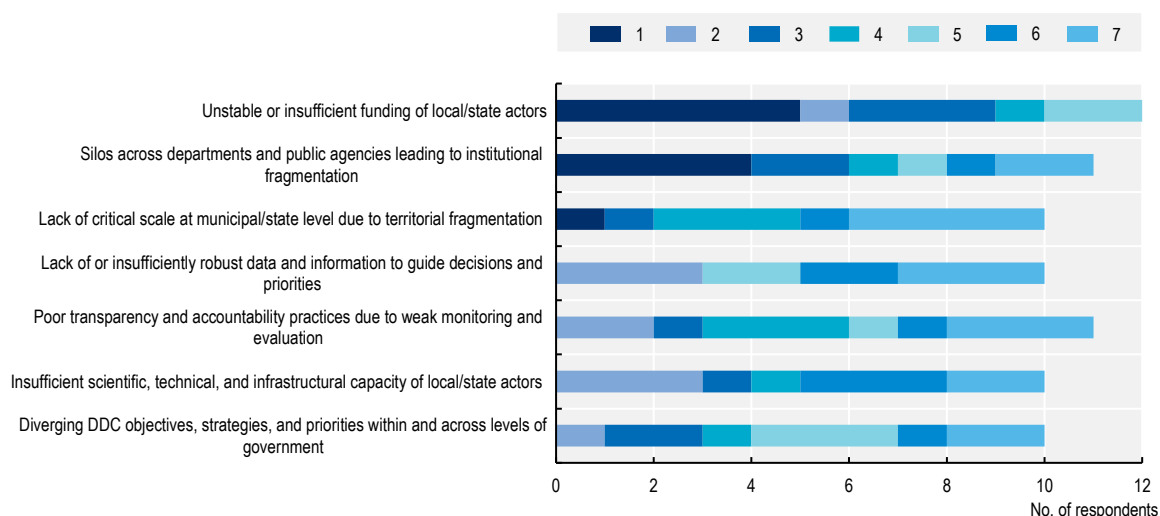
Federal states

An important challenge for DDC in Germany is related to funding, for states and municipalities alike. There are different budgets available for development co-operation across federal states. For instance, the share of BLP projects as a percentage of total DDC projects in federal states varies and depends on the extent to which their priorities align with those of the German development co-operation at the federal level. Some federal states struggle to raise the 40% co-financing required for BLP projects yet have the option to contribute their 40% partly or fully as an in-kind contribution. Generally, funding for DDC at the state level comes from various ministries (e.g. Ministries of the Environment, Economy, among others) and there has been increased federal government financing for DDC in the context of COVID-19 solidarity funding. However, federal states can only mobilise funds on an annual or biennial basis rather than a multi-annual basis, creating difficulties for long-term planning. Nonetheless, some states have a long-term commitment for projects, even though it is not binding – contracts usually run for a year, with a possibility for renewal depending on the funding situation. The main funding for municipal projects comes from SKEW. Yet these funding programmes are reported to be complex, calling for a simplification of bureaucracy and application procedures, in particular to facilitate access to funding for German municipalities. Interviewees also raised the option of offering capacity-building activities and workshops for public servants in German municipalities to train them on applications for funding and support schemes.

When designing and implementing DDC activities, several multi-level governance challenges come to the fore in German states. First, respondents from five states mentioned unstable or insufficient funding for local/state actors (Figure 3.9). The budgets available for development co-operation vary across federal states. Moreover, the share of BLP projects as a percentage of total DDC projects in federal states depends on the specific states and the extent to which their priorities align with the BLP priorities. Other challenges mentioned among the top challenges include silos across departments and public agencies leading to institutional fragmentation (ranked as the most important challenge by four states) and the lack of critical scale at the municipal/state level due to territorial fragmentation (one state). Two other challenges feature prominently as the second most important multi-level governance challenge for designing and implementing DDC in German states: insufficient scientific, technical and infrastructural capacity of local/state actors (3 states) the lack of or insufficiently robust data and information to guide decisions and priorities (3 states as well).

Figure 3.9. Prominence of multi-level governance challenges in federal states for designing and implementing DDC activities

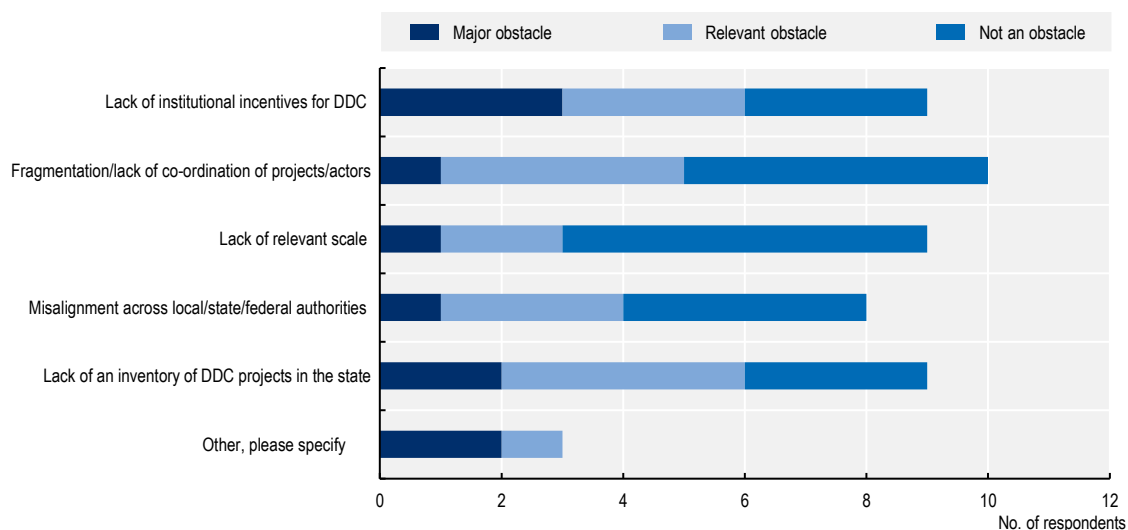
Ranked from 1 (most important) to 7 (least important)



Note: Twelve federal states answered the question and respondents could choose the same ranking for several options.
 Source: OECD survey to the German states 2022.

A lack of institutional incentives and the misalignment across different levels also hinder the effectiveness⁶ of DDC interventions in German states. The lack of institutional incentives for DDC (reported by 3 out of 12 respondents) was the most commonly identified major obstacle challenging the effectiveness of federal state DDC interventions and joint-second most commonly identified relevant challenge (Figure 3.10). Another major obstacle identified in the survey is the lack of an inventory of DDC projects at a state level (2 out of 12 respondents) – this obstacle was considered relevant by another 4 states. Further relevant obstacles include the fragmentation/lack of co-ordination of projects and actors (4 out of 12 states) and the misalignment across local/state/federal authorities (3 out of 12). “Insufficient funding” was raised as a major challenge as part of the “Other” category by two states.

Figure 3.10. Challenges hindering the effectiveness of the DDC interventions of federal states



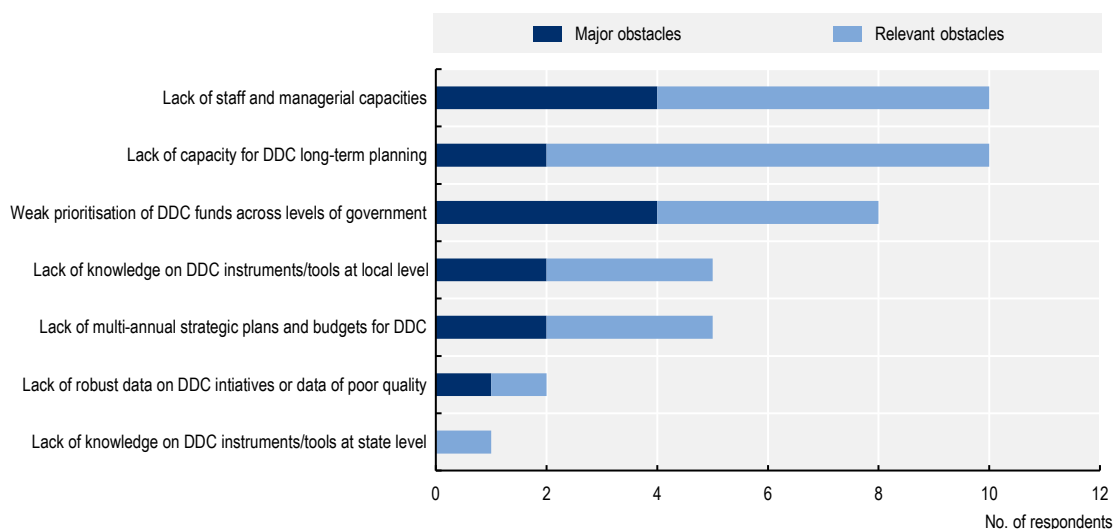
Source: OECD survey to the German states 2022.

Regarding the challenges affecting the efficiency of DDC interventions in German states, respondents indicated that the lack of staff and managerial capacities and the weak prioritisation of DDC funds across levels of government are major obstacles. They were both mentioned by 4 out of 14 respondents (Figure 3.11). These obstacles often undermine the capacity of local institutions, including in terms of project management and implementation (OECD, 2018^[3]). Further challenges include the lack of capacity for DDC long-term planning, the lack of multi-annual strategic plans and budgets for DDC and the lack of knowledge of DDC instruments/tools at a local level. Therefore, capacity-building activities on how to co-ordinate different partners and how to implement long-term development planning would contribute to boosting DDC efficiency.⁷

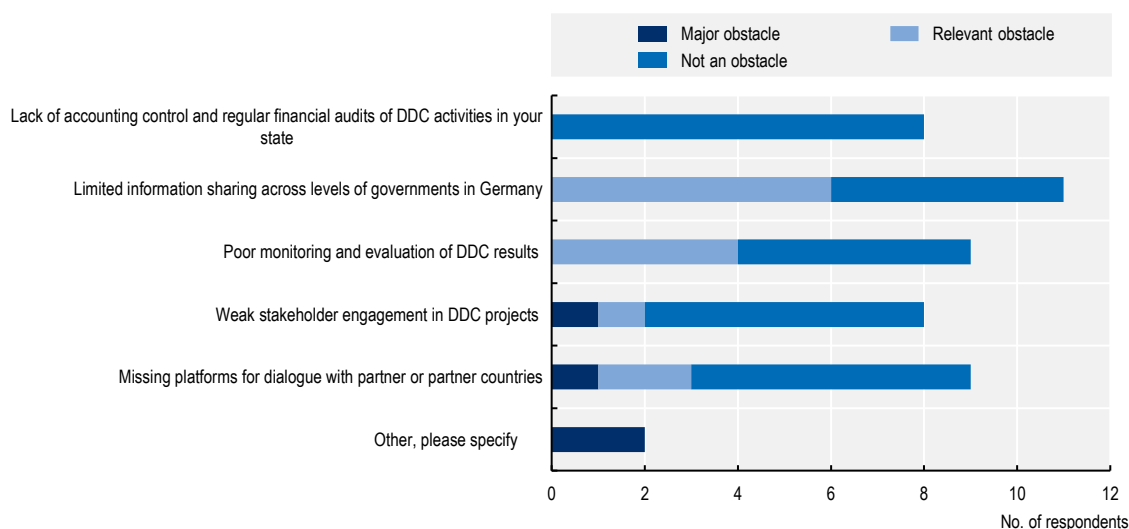
Regarding the challenges affecting the efficiency of DDC interventions in German states, respondents indicated that the lack of staff and managerial capacities and the lack of capacity for long-term planning in DDC are major obstacles (Figure 3.11). The lack of capacity for DDC long-term planning was the most common relevant obstacle, highlighted in 8 out of 13 answers by federal states. These obstacles often undermine the capacity of local institutions, including in terms of project management and implementation (OECD, 2018^[3]). Therefore, capacity-building activities on how to co-ordinate different partners and how to implement long-term development planning would contribute to boosting efficiency.⁸

Limited information sharing across levels of government in Germany is a major or relevant obstacle hindering the inclusiveness of DDC. Although a majority of states (8 out of 14) do not observe any major challenge hindering the inclusiveness of DDC in their federal state, respondents to the survey highlighted a lack of transparency and communication between different levels of government, calling for improved information sharing (Figure 3.12). More than half of respondents (6 out of 11 federal states) indeed identified “limited information sharing across levels of government in Germany” as a relevant obstacle. Although the communication on development co-operation across states is functional, communication at the federal level is reported to be more complicated. Those responsible for development co-operation in the different states communicate well amongst one another, but communication with the federal level is more complicated – despite several existent channels, including the BLA-EZ. The OECD survey also reveals a lack of “informal conversation” between states, with exchanges mainly focused on policy measures in Germany. The COVID-19 pandemic has made the exchange more challenging and states report that annual exchanges both with the BMZ and among themselves do not leave enough time to discuss individual projects, leading to limited interaction and knowledge about municipalities’ activities, for instance.

Figure 3.11. Challenges hindering the efficiency of DDC in federal states



Source: OECD survey of German Federal States 2021/22.

Figure 3.12. Challenges hindering the inclusiveness of DDC in federal states

Source: OECD survey to the German Federal States 2021/22.

Several mechanisms are in place to overcome multi-level governance challenges for DDC activities in Germany. They include mechanisms to co-ordinate DDC activities across departments and agencies at the state level (e.g. bilateral talks, strategic annual meetings such as the BLA-EZ and the advisory council for development co-operation at the state level to integrate CSOs and development policy organisations) and across levels of government (for instance the BLP and the SKEW programme advisory board), to build the capacity of municipalities, states and even civil society for DDC. There are also mechanisms aimed at sharing data and information across DDC players. Common practices in this regard include websites, the monthly brochure by the WUS, newsletters and regular meetings among specific actors. Pooling DDC initiatives at the relevant territorial scale is also an ongoing effort in Germany, namely through the BLP as it aims to develop a strategic approach to use the specific competencies of the states for DDC.

Municipalities

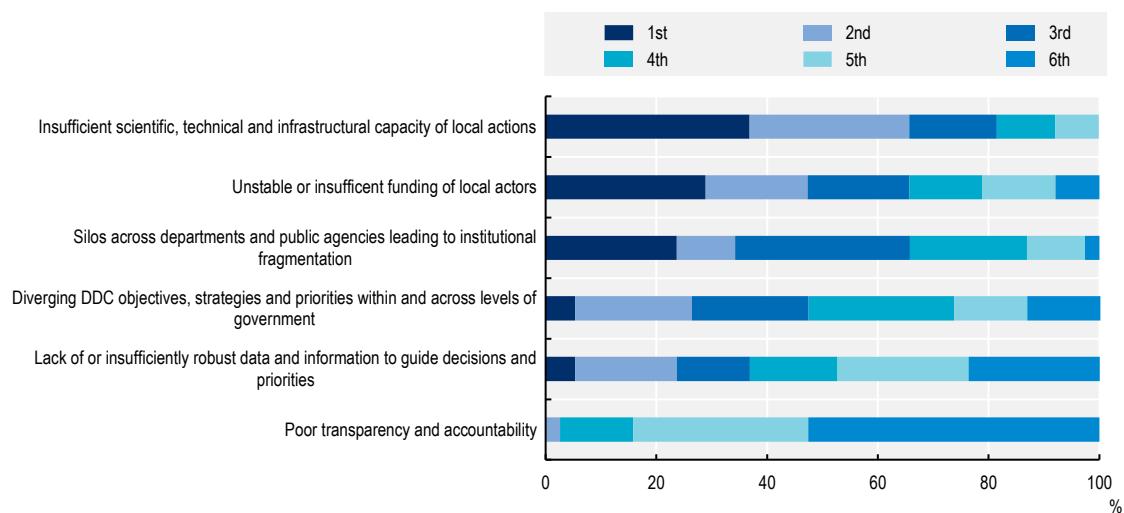
Financing and insufficient personnel resources are the two main challenges that municipalities are facing concerning DDC implementation. Insufficient personnel resources represent a challenge for more than 30% of German municipalities responding to the OECD survey. This refers both to the necessary skills as well as to the availability of staff in general (Figure 3.13). At the same time, since there are relatively few employees involved in DDC activities, the departure of an employee can mean an impediment to the continuity of projects both at the state and municipal levels. Oftentimes, the responsible person for development co-operation in a municipal administration also has to cover a broad range of other topics, which can make it more difficult to acquire expert knowledge and profound experience in development co-operation projects. Furthermore, more than 20% of German municipalities consider insufficient financing as a main challenge for their DDC activities. Since DDC is not a compulsory task, municipalities can face strong pressures to justify expenses for DDC under scarce budgetary resources. This is a particular challenge for DDC projects that last for more than a year. In those cases, projects might be stopped due to the lack of financing for the following year, thus making it difficult to reach its objectives. The focus of municipalities' DDC projects is therefore often on small-scale projects with a limited financial volume.

Other challenges for municipalities are different political priorities as well as administrative processes. Several municipalities stated that DDC is considered to be a niche topic and therefore not prioritised in the local policy agenda. There is also often a lack of knowledge of DDC among the local population in Germany

but also among different departments of the local administration and the local government, which predominantly focuses on domestic local issues rather than international co-operation. Finding the right partners that support a municipality's development co-operation activities is therefore crucial. It is particularly important to raise awareness among municipalities and districts about the opportunities and benefits that DDC activities provide. Municipalities also mentioned the time-consuming application and processing and accounting of funds as a challenge for their DDC activities. This is especially the case for EU-funded projects. Furthermore, applications to different donors require a different language and wording as well as different content-related requirements, all time-consuming to get acquainted with.

Communication and cultural differences represent challenges for German municipalities. Differences in administrative systems between project partners as well as diverging expectations between the German municipality and its partner in the Global South may hinder municipal development co-operation activities. In addition, changing governments and public servants in the partner municipality can impede the continuity of projects and partnerships. Engaging in the local language, including through partners who know the local context and the way people communicate, is an important success factor for DDC. However, communication and language barriers appear to be another factor challenging the DDC of German municipalities, partially linked to the geographic distance or different time zones. Due to time constraints, public communication about the projects, e.g. through the municipal webpage or awareness-raising events, can also be a challenge for municipalities.

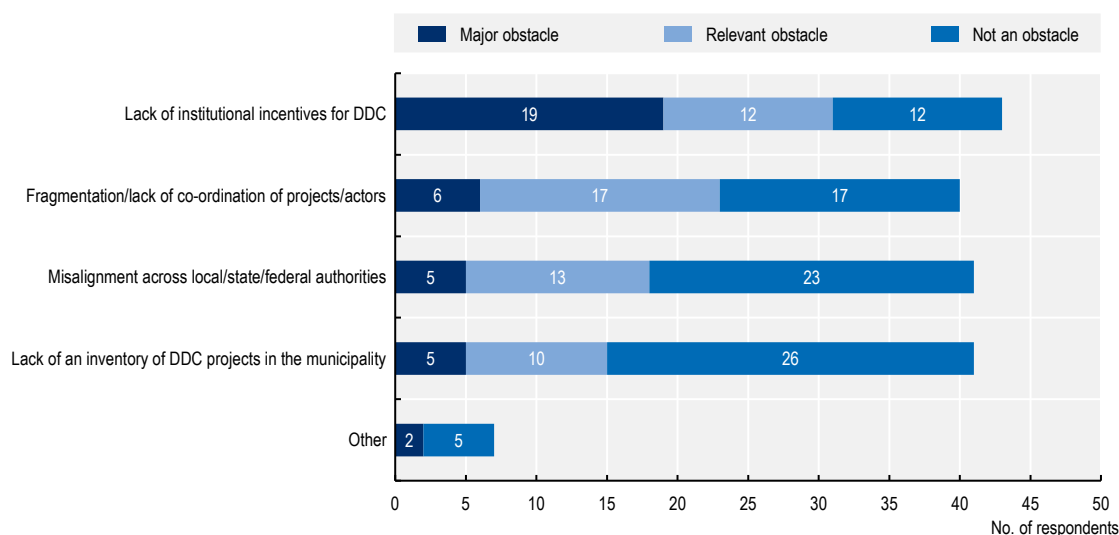
Figure 3.13. Main multi-level governance challenges for DDC in German municipalities



Source: OECD survey of German municipalities 2022.

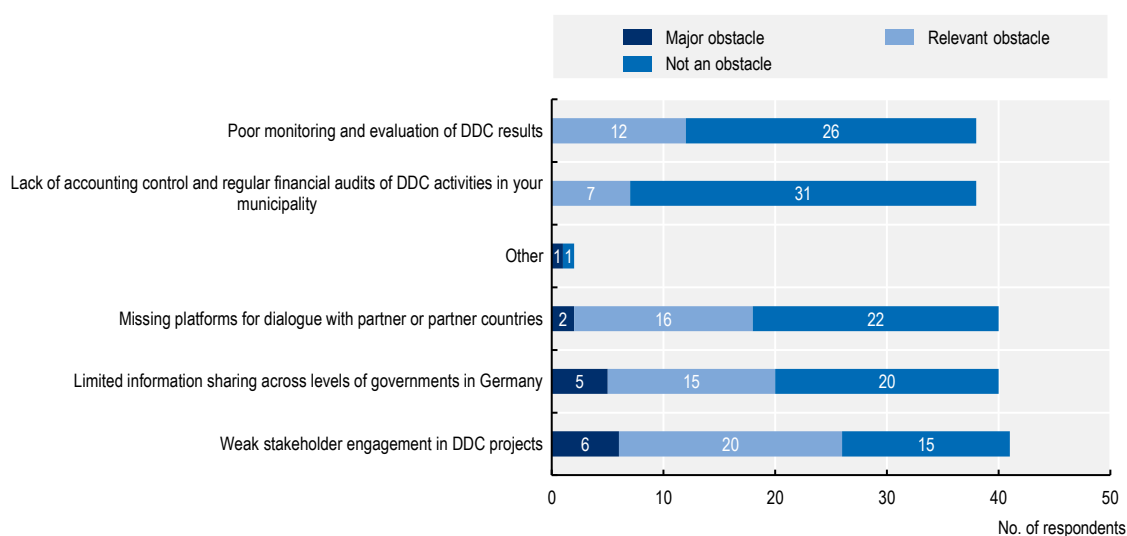
In terms of challenges to effectiveness and inclusiveness in DDC activities, German municipalities report a lack of institutional incentives and limited information sharing. The lack of institutional incentives for DDC is raised as either a major or a relevant obstacle to the effectiveness of DDC interventions in more than two-thirds of German municipalities (31 out of 43 respondents) (Figure 3.14). Moreover, 12% of German municipalities consider that limited information sharing across levels of government is a major challenge hindering the inclusiveness of DDC – particularly regarding the implementation of the 2030 Agenda. Another 14% highlight weak stakeholder engagement as the major obstacle (Figure 3.15). Finally, the collaboration between states and municipalities could be strengthened, as various municipalities report little collaboration with their respective federal states.

Figure 3.14. Challenges to the effectiveness of municipal development co-operation



Source: OECD survey of German municipalities 2022.

Figure 3.15. Challenges to the inclusiveness of municipal development co-operation



Source: OECD survey of German municipalities 2022.

DDC data collection and reporting

Official development assistance is used to measure decentralised development co-operation

ODA is a measure of official financial flows provided by public reporting agencies that aims to advance the economic development and welfare of developing countries. ODA data provide a unique set of information used to analyse official development finance provided to developing countries (e.g. the geographical, regional, sectoral/policy, vulnerability-linked or other focus of funding) and to track donor commitments to finance sustainable development (e.g. 0.7% ODA/gross national income [GNI] commitment).⁹ To ensure

the timeliness and transparency of data, the OECD collects ODA data annually, enters them into the Creditor Reporting System (CRS) database and ensures that it is freely accessible on the OECD website (Box 3.2). The OECD DAC, composed of 30 donors, with the support of its Working Party on Development Finance Statistics (WP-STAT) and the OECD Secretariat, maintains the quality and relevance of ODA eligibility criteria and standards for reporting on ODA. At the time of writing, 2020 is the last year for which complete ODA data are available and include financing provided to 142 countries and territories. Total ODA provided by Germany rose from EUR 10.3 billion in 2014 to EUR 22.7 billion in 2020. In relative terms, German ODA reached 0.7% of its GNI in both 2016 and 2020.

As a measure of DDC, ODA data provide information on financing disaggregated by donor agencies (e.g. by state or local governments) and serves as a proxy to assess the DDC financing trends of reporting DAC and non-DAC members. The section below provides further details on ODA data disaggregated by donor agencies, including local and regional actors, in the German context. In addition, the CRS database further distinguishes between in-donor aid (e.g. refugee-hosting costs, imputed tuition costs for students, such as scholarships, or education for development) and cross-border aid (i.e. aid disbursed for activities carried out within recipient countries such as technical assistance). The analysis of cross-border aid provides further insights into the motivations and aims of subnational governments to carry out international co-operation with developing countries, in comparison to in-donor aid, which is sometimes provided in response to financing needs within German borders.

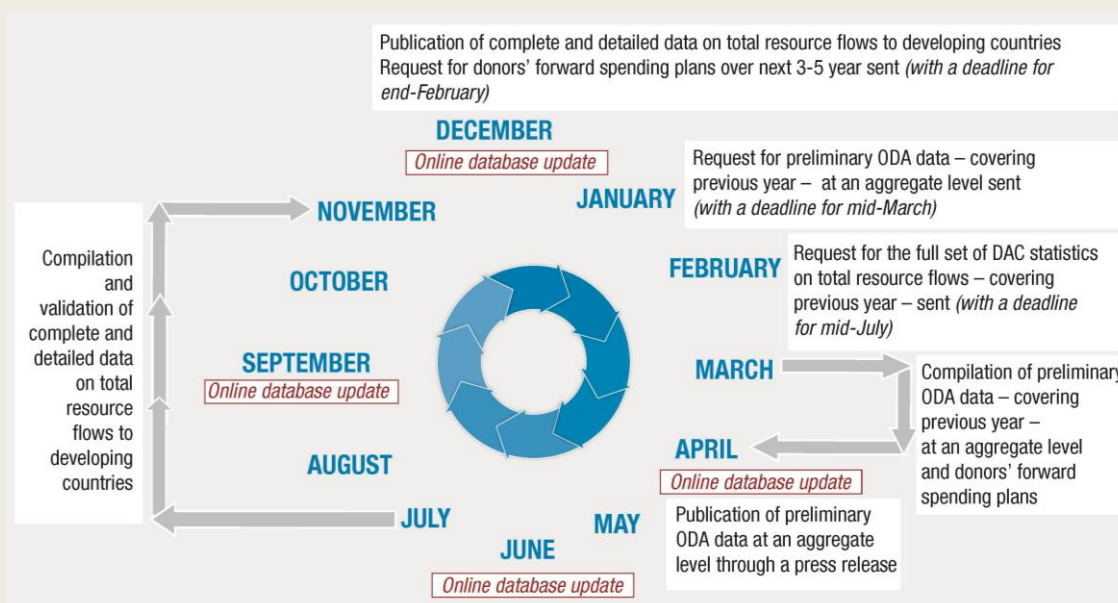
Box 3.2. The OECD ODA data collection process

Data on ODA by DAC members and other reporters are maintained by the OECD and updated annually. Following a request for reporting early each year, individual member countries collect their data and are asked to submit their information to the OECD in mid-July. The OECD then compiles all data, checks every entry and publishes the detailed data in December for the previous year.

Some countries, such as France, carry out a phone campaign to encourage reporting by local governments and to train them on DAC codes and reporting. In the case of France, reporting has increased from 196 local governments in 2012 to 482 in 2017. In 2019-20, thanks to the annual awareness campaign, the number of French regions and local authorities reporting on ODA increased from 470 to 1 040, mainly due to increased reporting by cities with fewer than 100 000 inhabitants (Ministere de l'Europe et des affaires etrangeres, 2020^[13]). France believes this aid is still under-reported. Each year, the French national government involves the French Association of Local Governments and the prefectures to complement the data (OECD, 2019^[14]).

In Germany, the Federal Statistical Office (Destatis) carries out the official data collection for reporting to the OECD CRS. Destatis sends the survey in a spreadsheet format to focal points of the individual states in February. The states in turn co-ordinate responses from their ministries that are involved in DDC. States also have the discretion to forward the survey to their municipalities and two states currently do so using a survey on a website (also referred to as the online tool hereafter) developed with the help of SKEW. Destatis normally asks for responses to be handed in at the end of April, after which the data get reviewed and checked, and sent back to states for validation. Thereafter, all data are combined to be submitted to the OECD.

Figure 3.16. Development finance statistics data cycle



Source: OECD (n.d.^[15]), *Data Collection and Resources for Data Reporters*, <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/data-collection-and-resources-for-data-reporters.htm> (accessed 29 June 2022); discussion with German states and agencies.

ODA reporting by states and municipalities in Germany

The co-ordination of the ODA data collection is carried out by Destatis. Destatis double-checks submissions by the states to ensure a high quality of the data. This communication between the states and the statistical office seems to work well. In surveys and interviews, almost all states mentioned that they are certain about the eligibility criteria for ODA and it was also mentioned that Destatis could be contacted in case of questions. Having one agency co-ordinate the submission is important to avoid overlaps or double reporting, especially when many layers of actors engage in co-financing schemes. Destatis mentioned that there are clear rules that those actors spending the money report on it and that they can crosscheck thanks to their central role as data collectors.

Germany provides complete coverage of all German states in its ODA data collection process since 2014.¹⁰ As of 2020, Germany reported ODA data according to 36 distinct agency codes (including development finance institutions, main aid agencies, other extending agencies and export credit agencies), with 17 of those providing DDC data (i.e. local governments), including each of the German states (see Table 3.1 below). Among those, Agency Code 12 “Federal states and local governments” does not indicate a specific German state as it almost exclusively¹¹ denotes imputed tuition costs described as “Financing tuition in higher education for students from developing countries in Germany”.^{12,13} The remaining 16 agency codes include ODA data reported by all of the states individually since 2014, other than imputed tuition costs. Contributions by each state can therefore be identified clearly in the data. This is consistent with the OECD survey carried out with the states, to which all participants responded that they report ODA data.

Table 3.1. Subnational German agency codes used in the CRS data

Agency code	Name of agency
12	Federal states and local governments
80	Federal State of Schleswig-Holstein
81	City State of Hamburg
82	Federal State of Lower-Saxony
83	City State of Bremen
84	Federal State of North Rhine-Westphalia
85	Federal State of Hesse
86	Federal State of Rhineland-Palatinate
87	Federal State of Baden-Württemberg
88	Federal State of Bavaria
89	Federal State of Saarland
90	City State of Berlin
91	Federal State of Brandenburg
92	Federal State of Mecklenburg-West Pomerania
93	Federal State of Saxony-Anhalt
94	Federal State of Saxony
95	Federal State of Thuringia

Note: An additional agency code 14 “Federal institutions” was used from 2001 to 2003.

Source: OECD (2022^[10]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>.

Germany is one of the few DAC members that report data that are disaggregated by regional or state-level providers of ODA. Among the 11 DAC members that report on DDC in 2020, only 5 disaggregate ODA data by regional or state-level agency, including Germany. In terms of the quality of data reported, several German states carry out screening based on gender and climate markers. In Spain, for instance, all 17 autonomous regions are reporting on ODA and are separated in the database. Additionally, Spanish municipalities are individually listed so that their contributions can be separately assessed.¹⁴ Similarly, all Belgian regions submit data on ODA, including municipalities, each in their own category. In the United Kingdom, the devolved governments of Scotland and Wales are separately listed for their DDC contributions. Finally, Japan separates prefectures and cities in its submissions. All other countries that report on DDC do so on a consolidated basis, such as France, which has one category including all DDC financing.

While reporting on federal states is comprehensive, municipal financing is not disaggregated in ODA reporting by German agencies and could represent an area for further improvement. German federal states have the authority to include municipalities in ODA data collection. However, few states include municipalities in their collection. Among those that do include municipalities in their ODA reporting, data are not disaggregated to identify which municipalities have contributed (see Box 3.3 for further information on the city of Kiel’s approach to granular ODA reporting). Among the municipalities that report, there are also differences in the detail of their reporting, e.g. whether projects are grouped or listed separately. Challenges and opportunities related to ODA reporting at the municipal level are further discussed in the following section.

Box 3.3. Best practices in German states and municipalities ODA reporting

State of North Rhine-Westphalia

As one of the largest donors in absolute terms of ODA of all German states, North Rhine-Westphalia is also among the most comprehensive in its ODA reporting. In the 2018-20 period, North Rhine-Westphalia screened about 90% of (cross-border and in-donor) disbursements against the gender and environment marker. Only Berlin and Saxony-Anhalt screened more.¹⁵ What also makes North Rhine-Westphalia's reporting noteworthy is the state's inclusion of municipalities for about a decade using the SKEW website. The state's reporting can thus be seen as one of the most detailed and comprehensive.

City of Kiel

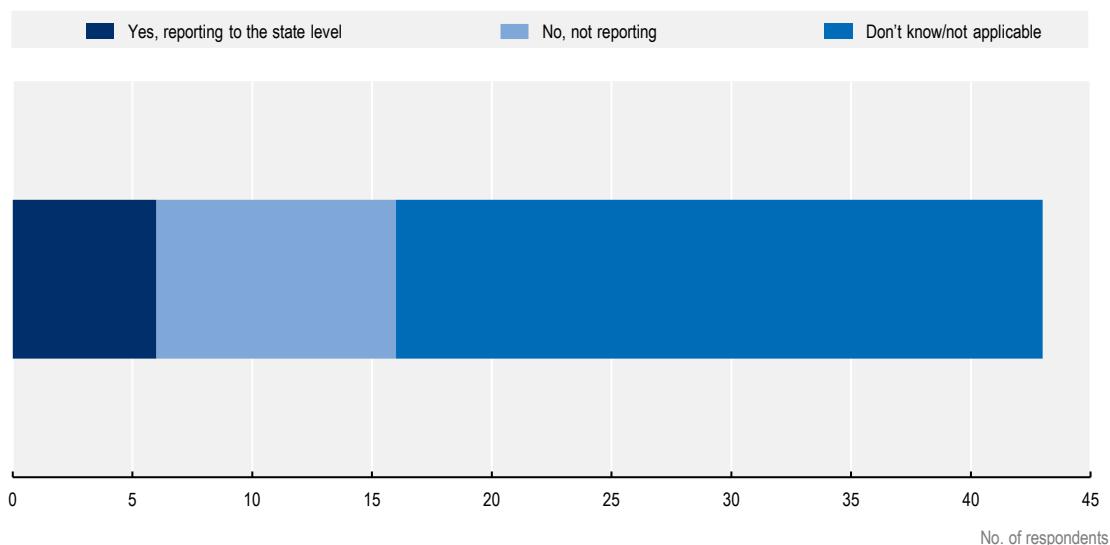
The city of Kiel is one of a few municipalities that report ODA data in Germany. The level of detail and granularity of Kiel's reporting is notable due to its inclusion of several very small projects in monetary terms, described with granular detail. One project described in detail was valued at just EUR 500. It is also notable that despite reporting on many small projects, Kiel did not indicate any significant challenges for ODA data collection in its survey response.

Source: OECD (2022_[10]), *Creditor Reporting System (CRS)*, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>; City of Kiel (2022_[16]), *Voluntary Local Review Kiel 2022*, https://www.kiel.de/de/kiel_zukunft/nachhaltigkeitsziele/dokumente_VLR/Global_Engagement_ENG-digitale_Version.pdf.

OECD survey data show low coverage of reporting on municipal ODA activities. Of the 43 municipalities that answered this question, only 6 responded that they report ODA data (Figure 3.17). In further discussions, it became clear that indeed only about ten municipalities report on their ODA activities. In addition, 63% of the respondents (27 out of 43) replied that they do not know if they are invited by their federal state to report ODA data. Several of those were located in a state which in principle provided the online tool for municipal ODA reporting. From the interviews, it emerged that this inconsistency might be mainly due to two reasons: i) activities on municipal development co-operation are split across administrative divisions, so respondents are unsure whether another division might have been invited to report; and ii) respondents are uncertain what the term ODA refers to (despite the clarification provided in the survey).¹⁶

Figure 3.17. Few German municipalities report ODA data to the CRS database

Number of respective responses to the survey to municipalities to the question: “Is your municipality reporting ODA data?”



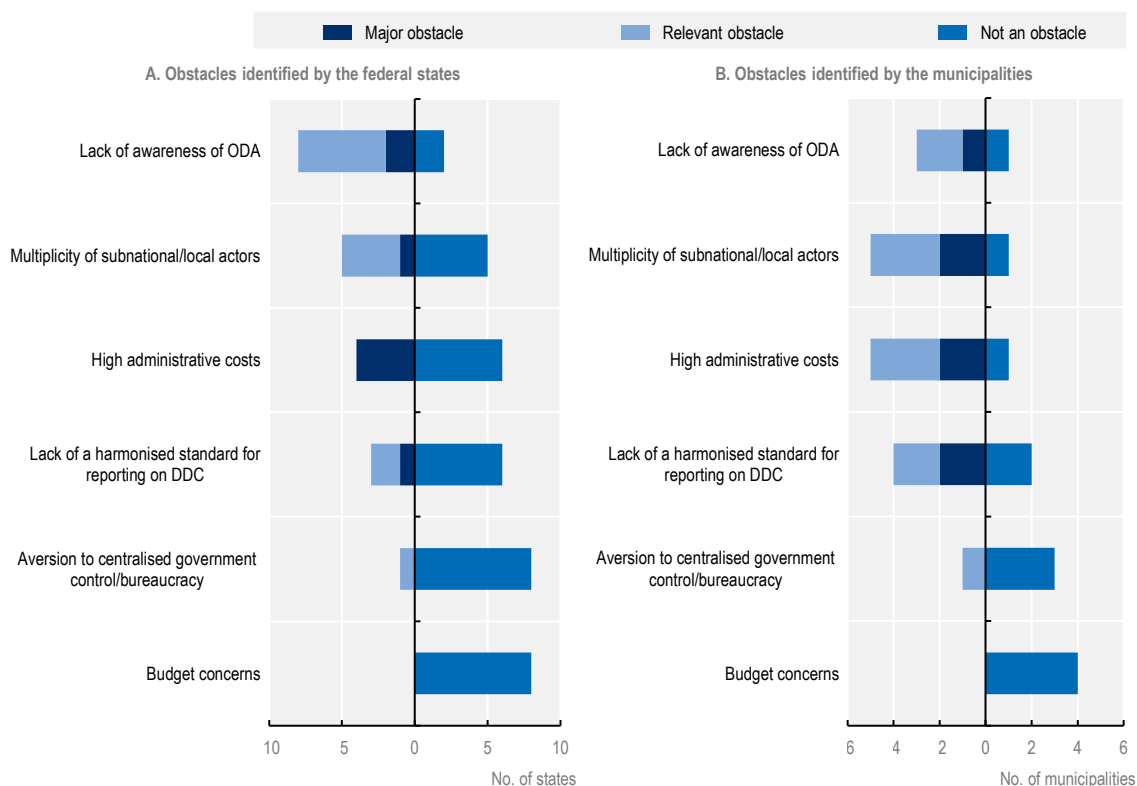
Source: OECD survey to German municipalities 2022.

SKEW has undertaken an initiative to create a website to facilitate municipal ODA reporting. This has helped municipalities in reporting, making the process more intuitive and less daunting. A web interface for reporting had the added benefit that it can include help functions and explanations, aiding people who are not very used to ODA reporting. It can also nudge towards complete submissions, for example by not allowing entries without the recipient country. To help facilitate reporting by German federal states on ODA carried out by municipalities, SKEW introduced an online survey and municipal online portal to facilitate ODA data collection. In addition to the classic spreadsheet that was used in all other states the online survey has been used from 2012 by North Rhine-Westphalia and more recently by Schleswig-Holstein until 2022.¹⁷ Based on interviews and the survey, several additional states indicated further interest in utilising a harmonised and simpler approach in order to take part in ODA reporting. The portal is no longer active since a more user-friendly web-based solution will be piloted by the BMZ building on the SKEW web portal and lessons learned.

Challenges faced by German states and municipalities to report ODA

Challenges indicated by states to collect ODA data are often related to a lack of awareness of ODA, high administrative costs and prioritisation (Figure 3.18). Neither states nor municipalities view budget concerns as an obstacle. However, a lack of awareness of ODA and high administrative costs are often obstacles. For example, when co-ordinating data collection between state ministries, some colleagues might not be aware that their activities could qualify as ODA, which complicates the work of co-ordinators and misses some information. In that regard, the multiplicity of actors seems to complicate reporting by the states further, e.g. when data are dispersed making it more difficult to get an overview. Data collection requires time and personnel resources, and given other seemingly more pressing and important tasks, is not always the main priority. One state further mentioned that the collected data have to be copied manually to the ODA database, which can be time-consuming.

Figure 3.18. States and municipalities identify various obstacles that make ODA data collection challenging



Note: Based on 14 participants in the states survey and 43 participants in the municipalities survey, of which only those that report are included in the graph. Budget concerns refer to concerns that reporting may shift funding from central to DDC actors.

Source: OECD survey of German states and municipalities 2021/22.

Municipalities view the multiplicity of actors as a main challenge, to the same extent as high administrative costs. Regarding the multiplicity of actors, an additional challenge might be to know who is reporting on what and further reinforce the importance of institutional mapping. A lack of awareness of ODA, while still an obstacle, is mentioned by comparatively fewer municipalities, which rather see the lack of a harmonised standard for reporting as a problem. The fact that lack of awareness of ODA does not feature more prominently might be explained by the fact that only municipalities which do report are included in this analysis since they might have a better overview of the challenges. Compared to federal states, it might be easier to mainstream development issues in municipal administrations due to their smaller size, thus in turn facilitating ODA reporting by the few states that do report. Indeed, during the interviews with a wider range of municipalities, it became clear that several respondents were not sure about the term ODA itself. One municipality explicitly mentioned during the interview their general willingness to report but not being able to because they are not invited by their state to do so. Another difficulty regarding ODA reporting by municipalities is the specific timeline for reporting. As has been mentioned during exchanges with SKEW, updating the website to align with each year's ODA survey takes time and municipalities then do not have sufficient time to fill out the survey.

The guidance provided by the federal government to the states has reduced the challenges of ODA eligibility requirements. The OECD survey revealed that eligibility requirements are not viewed as a challenge to reporting by states. Most states (11 out of 14) are certain about the eligibility criteria to report DDC. It was mentioned that in case of uncertainties, the federal statistical office provides support. Only one state mentioned that they are uncertain, saying that the survey has become too complex and detailed with frequently changing eligibility criteria for ODA, which makes it hard to convince others to participate in the data collection.

States remain uncertain regarding the need for capacity building to facilitate reporting on ODA activities while more than half of municipalities have requested this form of support. Five out of the 14 states that responded were in favour of capacity building, with 6 being unsure. One respondent mentioned that data collection worked well, with the main obstacle being a lack of staff. Another mentioned that filling an Excel file is burdensome and could be facilitated through access to an online tool. On the municipal level, approval was higher, with 23 out of 42 in favour, 2 not in favour and 17 unsure. Only one state and municipality were against this suggestion. The high number of uncertain answers might come from the fact that respondents might not always be the same person who is in charge of the data reporting itself, as has been confirmed during interviews on several occasions.

Views among the states differ as to whether municipal ODA is sufficiently significant to warrant reporting. Several respondents suggested that only the largest active municipalities should be the main focus of reporting. However, some states contend that complete coverage of municipal DDC should still be the goal to provide the most comprehensive ODA data possible. For example, there has been an increase in requests by smaller German municipalities for twinning with Ukrainian cities. Reporting by municipalities active in DDC has therefore become more important after Russia's attack on Ukraine. Another reason for including municipalities in ODA reporting is the potential for co-ordination and peer learning. In addition, as explored further in Chapter 4 on recommendations, a central database can help municipalities find peers that engage in similar projects and start an exchange.

Monitoring and evaluation of DDC results

To improve the effectiveness of development co-operation and its alignment with the SDGs, continuous monitoring and evaluation (M&E) are crucial. Evaluation is herein considered as the systematic and objective assessment of an ongoing or completed project, programme or policy, its design, implementation and results. Previous studies, however, have shown that especially in the area of DDC, M&E mechanisms are often insufficient or lacking (OECD, 2018_[3]). In discussions with German states and municipalities, the OECD has thus tried to evaluate how effective their M&E systems are and what can potentially be improved. The federal government in Germany has several evaluation frameworks in place by agency. For example, BMZ projects include external evaluations. There are two or three thematic evaluations per year on topics like good governance and the projects assessed are selected randomly.

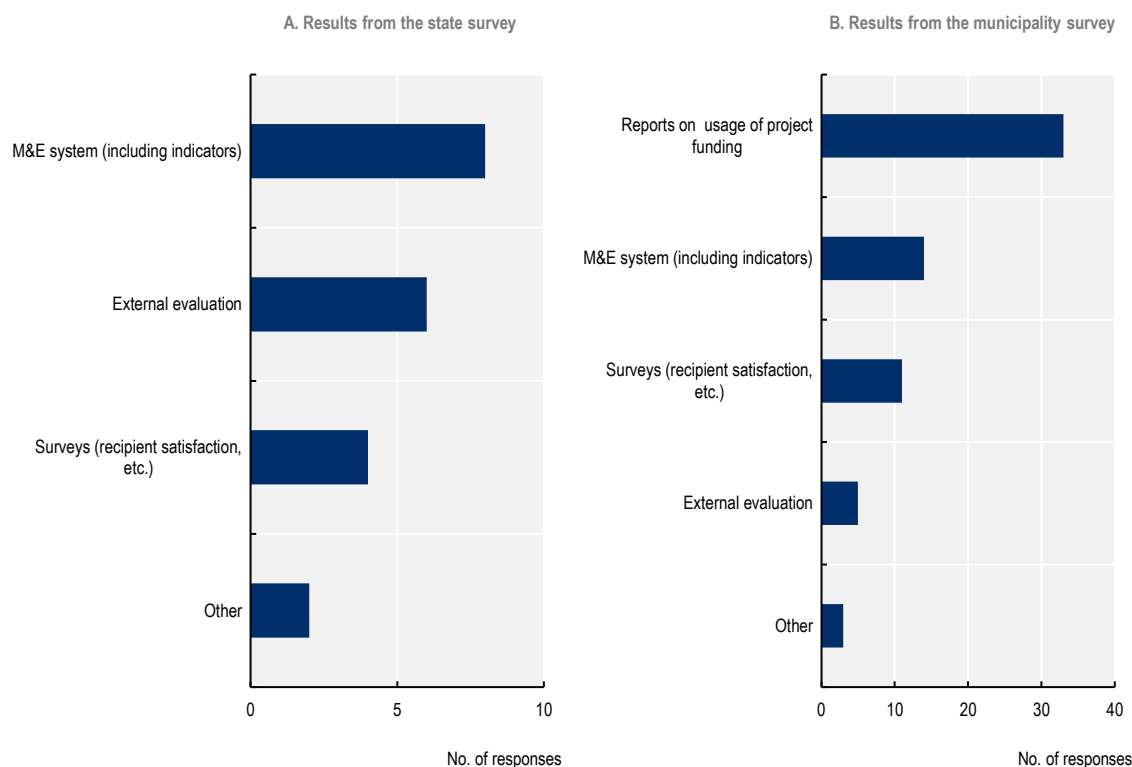
M&E mechanisms can enable partners involved in DDC projects to carry out dialogue and identify opportunities for improvement. The information gathered through M&E offers a valuable learning mechanism that helps decision makers put in place preventive and corrective actions where needed, learn from past experiences and ensure accountability toward relevant stakeholders (EC, 2022_[17]). Dialogue on M&E among stakeholders can promote sharing of best practices on how to reduce costs and to better incentivise reporting mechanisms (OECD, 2019_[9]). The availability of solid data on the partnerships compiled through M&E mechanisms can also improve transparency and accountability since they allow tracking of how effective resources have been spent. However, there is relatively little culture of evaluation and monitoring of the outcomes of city-to-city partnerships as opposed to the results of individual projects, which constitutes a challenge in DDC (OECD, 2018_[3]). A recent OECD project, therefore, seeks to develop an evaluation framework for sustainable city-to-city partnerships as well as their contribution to the SDGs

through a two-component methodology consisting of a self-assessment framework and an indicator framework (OECD, forthcoming^[18]).

State and municipal M&E systems

Most states have an M&E system to assess key indicators within DDC projects, while most municipalities report mainly on project funding. Among the states that responded to the survey, more than half (9) of them have M&E systems in place (Figure 3.19). These M&E systems can take the form of SDG indicators, reporting through indicators and indicator reports, indicators included in funding guidelines, project audits and reporting through CSOs, proof of use of funded CSO projects and evaluations/reports of BLP projects, technical monitoring of funding projects, and regular audits. Six of the states have external evaluators and four undertake surveys. Several of the smaller states indicated the challenges due to a lack of capacity to monitor and evaluate, the small scale of certain projects and the importance of federal government agencies (e.g. GIZ) to carry out such an evaluation. Municipalities predominantly (33 of 43 respondents) reported assessing a project through the usage of funding reports (*Verwendungsnachweise*).¹⁸ This is likely to be the case because SKEW, which is co-financing many of these projects, requests those reports. This was followed by M&E systems and surveys. Only a few municipalities (4) mentioned undertaking external evaluations.

Figure 3.19. Monitoring and evaluation systems by states and municipalities



Note: The option to report on the use of funding was only used in the municipality-level survey to reflect the unique requirements for reporting carried out with SKEW. Multiple answers were possible.

Source: OECD survey to German states and municipalities 2021/22.

Scope and transparency

Regarding the scope of the evaluations, few states assess the impact or long-term sustainability of the project and mainly assess the objectives or efficiency of the project, including any SDG focus (8 out of 14), followed by an analysis of the efficiency of the DDC project (7 out of 14) and the impact of the DDC project in the recipient country (5 out of 14). Both on municipal and state levels, the evaluation mechanisms often do not seem to be harmonised. This complicates a comparison of impact between projects and hinders learning from potential best practices. Additionally, only 5 out of 14 states assess the long-term sustainability of their DDC projects. One state, however, mentioned that the long-term sustainability of a project is a condition at the outset of the funding and can include information such as how materials are used.

The results of the evaluations are not always made public. About half of the municipal respondents indicated that they make results available to the public in some form (e.g. through press releases, the municipality's webpage, newsletters and sustainability reporting). At the same time, only 2 of the 14 federal states that responded make the evaluation results available on their websites or in sustainability reporting. Some others do not publish all results or are in the process of implementing a webpage.

Synthesis documents that provide an overview of DDC activities are not produced regularly and can take many forms. Less than half of federal states (6 out of 14) have produced a synthesis document that takes stock of DDC initiatives in the last 5 years. In addition, synthesis documents are not standardised across states and can therefore take different forms, e.g. reporting to the parliament, development co-operation report, a progress report on development guidelines or brochures. Regarding municipalities, only 4 (or 1/10 of respondents) have contributed to a synthesis document. Interestingly, three of those are in Baden-Württemberg.

Data and reporting on DDC results

Comparable and quantitative data are lacking to better monitor and evaluate the SDG impact of DDC projects (OECD, 2018^[3]). Devolution of expenditure responsibilities to subnational governments in developing countries creates greater demand for partnerships that deliver financing, capacities and expertise at the subnational level (OECD, 2019^[9]). However, transparency and accountability of financing remain longstanding barriers to effective DDC. Tracking how effectively resources have been spent and their impact on development outcomes is another challenge for city-to-city partnerships and DDC more broadly. For example, regarding the efficiency of how resources are spent, while 10 out of 232 SDG indicators (roughly 4% of total indicators) rely on ODA data to monitor progress toward the goals, fewer than half of the OECD DAC members report ODA data on DDC (13 out of 30 DAC members) (OECD, 2019^[9]). Sufficient accountability and transparency of financing are the first steps to ensure that DDC resources are used rationally, reliably, consistently and with high-quality standards. The small size and large number of decentralised actors active in development co-operation, alongside a lack of incentives, also impede the collection and reporting of data at the subnational level (OECD, 2018^[3]; 2019^[9]). Voluntary Local Reviews (VLRs) could be one solution to strengthen M&E of the impact of DDC projects as well as to promote peer-to-peer knowledge and exchanges among cities (Box 3.4)

Box 3.4. Using Voluntary Local Reviews to strengthen monitoring and evaluation of DDC

VLRs are one vehicle used by local governments worldwide to respond to demand for tracking contributions to the SDGs and communicating on progress toward the 2030 Agenda. The 2022 European Handbook of VLRs notes a recent surge in reporting by local governments including German cities (Bonn, Düsseldorf, Hannover, Mannheim, Stuttgart) that have already carried out VLRs. Others such as Bad Köstritz, Cologne and Freiburg are currently developing their VLRs. The city of Kiel, which carried out its first VLR with SKEW in 2022, also utilises ODA data in reporting. SKEW provides targeted guidance to municipalities on indicators and reporting methods to facilitate VLRs. Although ODA data are not specifically mentioned in their guidance, it recommends that “expenditure on projects in the context of development co-operation” be included in VLRs.

Source: Siragusa, A. et al. (2022^[19]), *European Handbook for SDG Voluntary Local Reviews - 2022 Edition*, <https://publications.jrc.ec.europa.eu/repository/handle/JRC129381>; City of Kiel (2022^[16]), *Voluntary Local Review Kiel 2022*, https://www.kiel.de/de/kiel_zukunft/nachhaltigkeitsziele/ dokumente_VLR/Global_Engagement_ENG-digitale_Version.pdf; SKEW (2022^[20]), *Material Voluntary Local Reviews*, https://skew.engagement-global.de/files/2_Mediathek/Mediathek_Microsites/SKEW/Publikationen/4_Material/Material_111_bf.pdf.

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Notes

¹ See <https://www.rgre.de/partnerschaft/online-datenbank>.

² Public corporations are corporations over which the government secures control by owning more than half of the voting equity securities or otherwise controlling more than half of the equity holders' voting power; or through special legislation empowering the government to determine corporate policy or to appoint directors.

³ Given the importance of CSOs more generally to achieve the 2030 Agenda, in 2021, DAC agreed on the *DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance* (<https://legalinstruments.oecd.org/Instrument%20s/instruments/OECD-LEGAL-5021>). These recommendations are divided into three pillars aimed respectively at: i) respecting, protecting and promoting civic space; ii) supporting and engaging with civil society; and iii) incentivising CSO effectiveness, transparency and accountability.

⁴ For more information, see <https://mbei.nrw/sites/default/files/asset/document/entwicklungspolitische-schwerpunkte.pdf>.

⁵ As suggested by the municipalities of Kiel and Solingen, in particular.

⁶ The term “effectiveness” refers to the extent to which DDC/the envisaged objectives can be reached.

⁷ Five states did not see any major obstacles that hinder the efficiency of DDC (Baden-Württemberg, Bremen, Hamburg, Rhineland-Palatinate, Saxony-Anhalt). All 14 states named at least 1 relevant obstacle.

⁸ The term “efficiency” refers to the extent to which DDC activities are implemented at the least cost.

⁹ For more information on ODA eligibility requirements, see the definition and coverage of ODA at <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/officialdevelopmentassistanceandcoverage.htm> and the ODA eligibility resources for data reporters at <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/data-collection-and-resources-for-data-reporters.htm>.

¹⁰ The agency code “Federal states and local governments”, which summarises imputed student costs, was included in 2001.

¹¹ Only in 2014, “Federal states and local governments” included refugee-hosting costs. Today such costs are reported under Agency Code 99 “Miscellaneous”.

¹² For the rationale of including imputed student costs in statistics of development assistance, see: “In countries with a non-fee charging educational system, or when the fees do not cover the total cost of the studies, students usually do not receive individual grants in the form of scholarships but can benefit from educational services in the same manner as the nationals of the country. This can also be considered as support to students, but its financial value can only be estimated [...]”, <https://www.tossd.org/docs/7a-Scholarships-imputed-costs-WEB.pdf>.

¹³ This, however, does not include direct grants to students, which is why student costs can also appear in the entries of the individual states if those expenses benefit students directly.

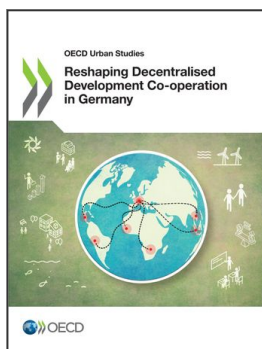
¹⁴ The autonomous cities of Ceuta and Melilla are also listed separately in the database but they do not report under their individual item.

¹⁵ All data here are without imputed student costs.

¹⁶ Theoretically, it is also possible that the state might not forward the invitation to report ODA data to all municipalities. Given that SKEW knows about which cities engage in development co-operation and co-ordinate reporting through the dedicated website, this is rather unlikely.

¹⁷ For more information on the SKEW municipal ODA portal, see <https://skew.engagement-global.de/rueckblick-oda-kommunal-in-schleswig-holstein-2021.html>.

¹⁸ This category was not an option in the survey for the states, so number of respondents for those categories cannot be compared between states and municipalities.



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