

Germany's Engagement in Development: Struggling with ODA, migration and security interests at the European level

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Along with other OECD-member states Germany, has agreed to increase "Official Development Assistance" (ODA) and to guarantee that 0.7 % of its GNI will be spent for this purpose until 2030. In 2016 the German Government proudly announced that it had achieved the 0.7% target, having failed to reach this goal the previous year.

The majority of Germany's ODA spending (around 37%) is generated by the Ministry for Development Cooperation (BMZ). Other institutions, such as the Federal Foreign Ministry (8%), have also contributed by covering the funding for university grants for students from the Global South and the "Bundesländer" (Federal States in Germany) (5%). The Development Bank, "Kreditanstalt für Wiederaufbau," generates 25%, and 10% is transferred to the EU (European Development Fund).¹

Germany's achievement of the 0.7% goal in 2016 was largely due to the fact that it could count the costs for newly arriving refugees. For Germany these costs made up 17% of its ODA spending in 2016/17.² In practice, it meant that a significant proportion of ODA funds from Germany have been spent in the donor country (Germany) itself and have not contributed to traditional development activities such as poverty reduction, fight against hunger, health care or education within the poorest or most fragile countries.

Because of these distortions, Germany's government has often been criticized by CSOs for "whitewashing" the figures. In 2017, the 0.7% UN goal was not achieved, partly due to the decreasing number of refugees seeking asylum in Germany and it seems unlikely that this goal will be achieved again in the near future. In fact, the CSO-Platform VENRO predicts that Germany's ODA performance will be less than 0.52% of GNI in 2018.

An examination of the 2018 budget proposed in May 2018 shows promising developments, with an increase in spending on development assistance of €900 million over the 2017 budget. This contradicts the German Government's Mid-term Planning ("Mittelfristige Finanzplanung") proposal that implied that funding for development cooperation would decrease in both 2019 and the following years. New figures for the 2019 budget, presented in July 2018, include an increase in the national development budget, with €300 million being added, bringing the budget to €9.7 billion for 2019.³ This was accompanied by a proposal to increase the Defence Budget to reach €44 billion (or 1.3% of GNI), which Chancellor Merkel and Defence Minister von der Leyen have confirmed will increase to 1.5 % of the GNI by 2024.

Germany's Government still maintains that it will increase development funding to achieve the 0.7% goal. CSOs and independent development experts are skeptical and have expressed concern that this promise will not be fulfilled. VENRO, Bread for the World, and other Church-related organizations have published statements and appeals to raise awareness among Members of Parliament and to obtain substantial increases. Otherwise Germany's ODA-funding will fall under 0.5% in 2019, and shrink even more in the years to come.⁴

Development experts have emphasized that there is an urgent need for Germany to substantially increase its development engagement in response to the deep shifts emerging in the financial architecture of the European Union. There is fear that Brexit and UK leaving the Union may be

followed by a decrease in development funds. In reaction to this, the EU Commission wants to reorganize its funding system and suggests major shifts in the financial structure for external engagement after 2020.

1. European Commission plans to restructure the EU budget post-2020

From May to July 2018, the EU-Commission published its plans for the next Multiannual Financial Framework (“MFF 2021-2027”), along with related legal documents. According to these proposals, the European Development Fund (EDF) will be integrated into the EU-budget as set out by the MFF. The EDF, together with the Development Cooperation Instrument (DCI), will be merged with other instruments (such as the Instrument for Stability and Peace, the Instrument for Democracy and Human Rights, and the Neighborhood Instrument) to form one single “Mega-Instrument” for external action. The title of the new instrument is “Neighborhood, Development and International Cooperation Instrument” (NDICI). This instrument will utilize the tried and tested instruments for human rights and democracy, stability and peace and aim to control migration. It shall have a budget of €89.5 billion according to the Commission.⁵

1.1. Background: The “Multiannual Financial Framework” (MFF)

With the Multiannual Financial Framework (MFF) EU member states have the power to decide how much money they wish to provide for Community tasks over a seven year’s period as well as the maximum amount that should be spent in various policy areas. It serves a framework for the EU’s annual budget planning. As member states need to agree unanimously on this framework, extended debate can be expected.

On 2 May 2018, Commission President Jean-Claude Juncker and Budget Commissioner Günther Oettinger unveiled their proposals for the next EU budget post-2020.⁶ The Commission recognises that more money must be provided by fewer member states for this Community budget as a consequence of the “Brexit” and UK leaving the Union. The Commission proposes that the 2021-2027 MFF should amount to €1,279 billion (in current prices which consider the inflation until 2027; in fixed prices this is equivalent to €1,135 billion for 2021-2027) – €186billion (approx. 11 %) more than was agreed in the MFF for 2014-2020. Unfortunately, because of both the different calculation methods and the restructuring of the budget headings by the Commission, direct comparison of the proposed items with those adopted for the current funding period is almost impossible.

According to the Commission’s calculations, more funding will be allocated for strengthening the EU’s external borders. These changes will include a fivefold increase (to 6,000) in the number of staff employed by the European Border and Coast Guard Agency, FRONTEX, as well as a stronger focus on defence, research and youth. Almost all the other EU programmes will be subject to cuts, including spending on agriculture and structurally weak regions, although these two items will continue to be the largest areas of expenditure, accounting for 34.5% and 29.7%, respectively.

For migration (Asylum and Migration Fund), the Commission has penciled in €10.4 billion, with a further €9.3 billion for an Integrated Border Management Fund. Proposed spending on security and defence is €18 billion, including €13 billion for the European Defence Fund, launched in 2018. These budget proposals are connected to plans for a comprehensive restructuring and refocusing of the EU’s financial instruments.

The total amount for external action of the EU will amount to €123 billion, including the new “Neighborhood, Development and International Cooperation Instrument,” as well as investments in Humanitarian Aid, Common Security and Defence Policy, Cooperation with Overseas Countries and territories, and Pre-accession Assistance. The Neighborhood, Development and International Cooperation Instrument will be allocated €89.5 billion, with a further €11 billion for Humanitarian Aid, €3 billion for the Common Foreign and Security Policy, € 0.5 billion for Cooperation with Overseas Countries and Territories and €14.5 billion for Pre-accession Assistance.

When Commission President Jean-Claude Juncker and Budget Commissioner Günther Oettinger unveiled their proposals for the next EU budget post-2020 in May 2018,⁷ the figures sparked heated debate in the European Parliament. This was partly because the method used for their calculation was very different than previous budgets. Another problem was that many budget lines have been newly arranged and shifted. As an example, in the new Multiannual Financial Framework, the European Commission proposes to merge and restructure previous standalone budget lines, notably the instruments for development, democracy and human rights, and civil conflict management.

1.2. The new “Neighborhood, Development and International Cooperation Instrument”(NDICI)

The new “Neighbourhood, Development and International Cooperation Instrument” (NDICI) will replace well-established, and hitherto independent mechanisms, such as the European Development Fund (EDF). The latter is not currently part of the EU budget and is replenished separately by member states. It would also affect the Development Cooperation Instrument (DCI), the European Neighborhood Initiative (ENI), the Instrument for Democracy and Human Rights (EIDHR), and the Instrument contributing to Stability and Peace (IcSP). This latter mechanism was established in 2014 to support crisis prevention, civil conflict management and peacebuilding/reconciliation. It has provided funding for civil society projects around the globe.

1.3. Migration control and “capacity development” for partners’ armed forces

The Neighborhood, Development and International Cooperation Instrument is intended to contribute not only to peace, security, development and stability, but it also has an objective “to address irregular migration” and “fight its root causes”:

“Migration is a priority which will be identified and addressed across the instrument and in the different pillars, including by drawing on unallocated funds.”⁸

The Communication also notes that budgetary flexibility (“rapid-response pillar with worldwide scope”) will enable funding to be provided for the *training and equipping of the security apparatus in partner countries*.⁹ This expenditure will primarily focus on armed forces in African partner countries that have been specially selected for “Capacity Building for Security and Development,” with an emphasis on counterterrorism, organised crime, drug and human trafficking, border management and control of migration. Specific mention is made of the possibility of making fast and flexible use of unallocated funds “to address migratory pressures ... but also to address unforeseen events, stability needs and new international initiatives and priorities”. Additional “capacity building” programs in training and equipping military and police institutions will be funded through the “European Peace Facility”, an off-budget instrument proposed outside the Multiannual Financial Framework.¹⁰

Bread for the World views the changes proposed for the NDICI with considerable concern. It worries that long-term funding for mechanisms with good track records for supporting development, civil crisis prevention, and human rights protection will give way to the EU's short-term security interests. It is convinced that development policy should focus on ending poverty and improving social and economic prospects in the world's poorest countries. With this new Instrument there is a strong possibility that funding will primarily benefit countries that are willing to cooperate with the EU on reinforcing borders and controlling migration. This trend is evident in various agreements recently with governments in North Africa and the Sahel region, whose human rights records are problematic. *Another concern is that the new external financing instrument weakens civil crisis prevention and civil society support.*

1.4. The new external financing instrument weakens civil crisis prevention and civil society support

Two EU funding lines have been very much appreciated and considered as crucial for the funding of civil society activities, in the view of European CSOs: The Instrument contributing to Stability and Peace (IcSP) and the Instrument for Democracy and Human Rights (EIDHR).

The IcSP¹¹ plays an essential role in strengthening civil crisis prevention and peacebuilding at the EU level. With this instrument, 273 peace building projects have been funded in 75 countries¹² in many important areas such as for instance conflict prevention, peace and security; early warning and mainstreaming conflict sensitivity; confidence building, mediation and dialogue; economic recovery, reconstruction and rehabilitation after violent conflict; reintegration of ex-combatants; children, youth and conflict; countering violent extremism; culture, media and conflict; electoral assistance; government and civil society; natural resources and conflict; humanitarian mine actions, disarmament of small arms and light weapons; rule of law and transitional justice; women peace and security and gender mainstreaming. The IcSP has a strong focus on support for CSO activities. A 2017 evaluation of the IcSP rated it as highly effective and successful.

The EIDHR is crucial in funding projects in the area of human rights, fundamental freedoms and democracy in non-EU countries. It was designed to “support civil society to become an effective force for political reform and defence of human rights.”¹³ It included an emergency fund for “Human Rights Defenders at Risk” (small grants program), and programs for medium and long-term support for human rights organisations. Furthermore, under the EIDHR Human Rights Crisis Facility direct awards could be granted to finance civil society actions in the most difficult situations. Thus, the EIDHR so far has proven to be very flexible and accessible for CSOs working under very threatening and difficult conditions. The EIDHR has provided targeted support for local initiatives, civil society and the media in social dialogue. As a very flexible instrument it can make important contributions to anti-discrimination and protection of human rights activists even in times of crisis.

As mentioned above, the EU Commission plans to dissolve the IcSP and EIDHR and transfer tasks that have been served by these budgets to the new external financial instrument, the NDICI. It is still very unclear how civil society support will be organized within this future Mega-Budget, whether small grants will be available in the future, and whether and how access will be guaranteed also for CSOs

that are not operating on an international but on a local level and cannot absorb huge amounts of money or implement very expensive projects.

In June 2018 the Commission published detailed regulations for the various policy areas, including a breakdown of the numbers. The draft regulation for the NDICI foresees a 50% reduction of spending in the area of civilian crisis prevention, post-conflict regeneration and peacebuilding. In the MFF 2014-2020 the “Instrument for Stability and Peace” had a budget of €2.3 billion. In the new Instrument, support for crisis prevention and post-conflict peacebuilding would be less than €1 billion. Given this prognosis, it is unsurprising that some important activities that were funded by the IcSP in 2014-20 will no longer be included in the NDICI draft regulation for the MFF 2021-27. Among these tasks are: transitional justice and dealing with the past activities, social reintegration of ex-combatants and re-socialization of child soldiers, de-mining programmes in post-conflict areas, civilian oversight of the security sector, support for the potential of women in peacebuilding, support for civil society in peacebuilding, and support for peace research.¹⁴

There is a huge risk that, if the EIDHR and IcSP budgets should disappear as independent funding lines, support for civil society projects will be drastically reduced. It is already very difficult for many CSOs working at the grassroots in regions of crisis to access sufficient funding. Integrating these EU funding mechanisms into a larger general budget line would, without question, reduce CSOs’ access even more. Not only would funds be disbursed in much larger tranches but this type of mechanism would also be unlikely to have the capacity to provide ad hoc support in emergencies.

Given that the scope for civil society engagement is already extremely limited in many countries, it is irresponsible to further curtail these organizations’ access to funding. Therefore, Bread for the World views the scrapping of funding mechanisms for civil society, particularly the Instrument contributing to Stability and Peace (IcSP) - which is the only instrument that has been explicitly dedicated to conflict prevention and peacebuilding - as a massive setback. Bread for the World is also critical of the proposal to integrate the European Instrument for Democracy and Human Rights, which is indispensable as a flexible budget to support human rights defenders, into the new NDICI framework.

2. Political demands and alternatives¹⁵

Despite these well-founded concerns, it is important to note that these draft regulations are still in the proposal stage. They must be discussed and voted on by Member States, the Council of the EU, and the European Parliament. The German Government could influence discussions within the Council on the future for the instruments for development, human rights and peacebuilding. The Government should advocate that they be retained as separate funding mechanisms within the MFF, as proposed by European CSOs. Members of the European Parliament (MEPs) should vigorously lobby for this outcome as well.

In addition to Bread for the World, CSOs advocating for these changes include the European Confederation for Relief and Development (CONCORD), the Human Rights and Democracy Network (HRDN), and the European Peace Liaison Office (EPLO). Specifically, CSOs are proposing the following changes:

- Maintain the *Instrument contributing to Stability and Peace (IcSP)* and the *European Instrument for Democracy and Human Rights (EIDHR)* as standalone funding mechanisms to

support civil/civil society conflict prevention, peacebuilding and the protection of human rights defenders;

- Increase spending on international aid and retain a self-standing financing instrument oriented solely towards development (poverty reduction, education, health, etc.), with the merging of the EDF and DCI if appropriate;
- Achieve 100% alignment of the development instrument with the OECD's ODA spending criteria and ensure compliance with international aid effectiveness principles with a priority given to the LDCs and to safeguarding a geographical balance; and
- Establish scrutiny mechanisms to ensure that development spending is ODA-compliant in all cases and genuinely benefits those in need.

3. Further perspectives and challenges: preventing ODA from being abused for donors' security interests

The EU and most of its member states have placed a strong focus on “migration” (particularly “migration control”). It is important that CSOs and parliamentarians critically examine these policies and guarantee continuous monitoring on development funding. In the past there has been a distressing tendency to appropriate civilian and development funding instruments to obtain support for migration control and border management in so-called partner countries.

A good example of how funds can be contorted is seen in the recent experience with the IcSP. When it was established in 2014, the Instrument's stated aim was to increase the effectiveness of EU policy in the fields of crisis response, conflict prevention and peacebuilding. The IcSP's wide and ambitious remit was accompanied by a much less modest budget – €2.338 billion for 2014-2020.

Two years later, in July 2016, the EU Commission launched a proposal to amend this Instrument to pay for equipment and training for armies in partner countries.¹⁶ This move was directly contrary to the Instrument's original objective. The following year, in 2017, almost a third of the IcSP funds were earmarked for flexible and rapid crisis response measures and for migration “management” and border protection in Turkey.

The Commission was also eager for IcSP funds to be used for capacity building of armed forces. In response to these demands against a limited budget, the Commission proposed that IcSP budget be increased by €100 million to 2020. One option initially discussed was to draw the full amount from the poverty reduction reserves. In a later proposal the Commission suggested the cash could be obtained from four separate development policy and civil budget lines.

Both the Committee on Foreign Affairs and the Development Committee accepted the Commission's proposal and it was also accepted in the plenary by a majority of the European Peoples Party, the Social Democrats and Liberals. The Greens/European Free Alliance and European United Left - Nordic Green Left voted against it. It was only due to the pressure from CSOs and a minority of MEPs that the decision was amended by a supplement that appeals to the Commission not to spend money that had been earmarked for poverty reduction on training and equipment for military assistance.

The German Government played a crucial role in the redefining the use of IcSP by the Commission. It supported the Commission's initiative to re-purpose the IcSP for the benefit of the military from the very beginning, and can even be seen as a driving force behind this plan. In 2015, it set up a national

budget line to “enhance the capabilities” (“Ertüchtigung”) of partner countries’ armed forces. It was clearly eager for these types of initiatives to be funded through the EU, which is why Germany and other member states sent a non-paper and letter to the Commission pushing for these changes.

Supporters of the Commission’s proposal have pointed out that it does not allow for the supply of arms and munitions. However, the text does not specify the types of equipment that can be provided or its purpose. Given this vagueness, it could include anything from uniforms to IT infrastructure, the establishment of military bases or the provision of an array of equipment used in the waging of war. The Commission’s proposal has been justified by citing the threat of instability across entire regions and the need for a “comprehensive” approach to conflict management. The structural causes of conflict, however, are rarely analysed, let alone addressed.

On the contrary, the proposed repurposing of the IcSP points in a very different direction, reflecting the broader trend away from peaceful preventive policy-making that addresses root causes, and towards a primarily military understanding of security.

Over the past decade, the EU has begun to subsidise defence research. The Preparatory Action envelope of the Common Security and Defence Policy opens the way for a joint defence research program with €90 million initially earmarked for this purpose, and a further €500 million per year coming from member states in future.¹⁷ The proposed research program will be flanked by comprehensive agreements on more intensive defence policy cooperation in a so-called “Permanent Structured Cooperation” (PESCO), and “European Defence Fund” already being established by the Commission and a number of member states. The defence industry and its associations have welcomed these moves in general and are particularly poised to exploit the potential new markets which will open up with EU-funded “capacity building” programs.¹⁸

European CSOs are convinced that peace and security is not created by providing armed forces with better equipment or by mixing budget lines. What is needed, instead, are cross-cutting policies and coordinated action which aims to prevent the escalation of violence and addresses the causes of conflict. In other words, the need is for policies, which give precedence to civil conflict management over the expansion of military capabilities. There is a growing resistance to these trends in the EU, with groups such as the European Network against Arms Trade (ENAAT) speaking out against the use of EU funds for military research and development. The EU, it says, should be a peace project, not a subsidy-generating machine for the arms industry. In the ENAAT’s view, EU funds – which are public money - should go to projects that help resolve and prevent conflicts and address their root causes – and do so non-violently.

4. Conclusions

The development community should be highly critical of the re-purposing of development funds for military purposes that – in reality – are fulfilling donors’ security interests. They should insist that EU member states interested in providing training and equipment for partner countries’ armed forces should do so through multilateral initiatives beyond the EU-budget with additional funding. At the same time, they should clearly state the criteria that they are using to select partners and explain how they intend to ensure that assistance complies with human rights, democratic standards and peace policy. These measures require careful scrutiny and reliable governance structures at the local level. They should not be implemented at the expense of civil conflict prevention and development.

¹According to 2017 figures, see Verband Entwicklungspolitik und Humanitäre Hilfe (VENRO) (ed.) Die Entwicklung der deutschen ODA bis 2020: Was muss die Bundesregierung tun, um das 0,7-Prozent-Ziel zu erreichen? Berlin, November 2017.

² Verband Entwicklungspolitik und Humanitäre Hilfe (VENRO) (ed.) Die Entwicklung der deutschen ODA bis 2020: Was muss die Bundesregierung tun, um das 0,7-Prozent-Ziel zu erreichen? Berlin, November 2017, p. 3

³ See Frankfurter allgemeine Zeitung, „Mehr Geld für Verteidigung und Investitionen“, 4.7.2018.

⁴ Bread for the World, Entwicklungsfinanzierung braucht Verlässlichkeit. Brot für die Welt zu den Haushaltseckwerten, Media Statement, 2 May 2018; <https://www.brot-fuer-die-welt.de/pressemeldung/2018-entwicklungsfinanzierung-braucht-verlaesslichkeit/>

⁵ See Martina Fischer, EU-Topf für Nachbarschaft, Entwicklung und Globales, May 2, 2018; <https://info.brot-fuer-die-welt.de/blog/eu-topf-nachbarschaft-entwicklung-globales>.

⁶ EU-Commission, Proposal for a Council Regulation laying down the multiannual financial framework for the years 2021 to 2027, Brussels, 2.5.2018, COM(2018) 322 final, 2018/0132 (APP),

https://ec.europa.eu/commission/sites/beta-political/files/laying-down-mff-may_2018_en.pdf

⁷ EU-Commission, A Modern Budget for a Union that Protects, Empowers and Defends, MFF 2021-27, Brussels, 2.5.2018, https://ec.europa.eu/commission/sites/beta-political/files/annex-communication-modern-budget-may2018_en.pdf

⁸ Ibid, p. 80 & 82.

⁹ Ibid, p. 82.

¹⁰ Ibid, p. 90.

¹¹ REGULATION (EU) No 230/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 March 2014 establishing an instrument contributing to stability and peace,

http://ec.europa.eu/dgs/fpi/documents/140311_icsp_reg_230_2014_en.pdf

¹² For a global overview on issue areas and project descriptions see <https://icspmap.eu/>

¹³ See https://ec.europa.eu/europeaid/how/finance/eidhr_en.htm_en. See also Regulation (EU) No 235/2014 establishing a financing instrument for democracy and human rights worldwide for the period 2014-2020; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0235&from=EN>

¹⁴ See Martina Fischer, EU-Finanzplanung gefährdet zivile Krisenprävention, Blog, 14.7.2018 <https://info.brot-fuer-die-welt.de/blog/eu-finanzplanung-gefaehrdet-zivile>

¹⁵ Further information and assessments of EU policy are available here <https://info.brot-fuer-die-welt.de/blog/dr-martina-fischer>

¹⁶ See Martina Fischer, EU Development funds to be used for the military, July 5, 2017 <https://info.brot-fuer-die-welt.de/blog/eu-development-funds-be-used-military>

¹⁷ See Martina Fischer, EU-Pläne zur Förderung von Rüstungsforschung, 22 February 2018, <https://info.brot-fuer-die-welt.de/blog/eu-plaene-zur-foerderung-ruestungsentwicklung>

¹⁸ In a position paper dated 20 June 2016, the AeroSpace and Defence Industries Association of Europe welcomed the revision of the IcSP and recommended focusing on border surveillance, counter-terrorism, organized crime and protection of critical infrastructures, based on repurposing part of the development budget. “Up until now,” the Association states, “IcSP has funded mainly activities of international organizations, NGOs, Think Tanks, etc. We believe that the natural partner for the supply of EU-funded equipment and services should be European industries.” With that aim in mind, it is proposing a “structured dialogue” with industry. See AeroSpace and Defence Industries Association of Europe (ed.), Considerations on ‘Capacity building in support of security and development (CBSD) in third countries, 20 June 2016, https://www.asd-europe.org/sites/default/files/atoms/files/ASD_Position_Paper_on_CBSD.pdf