

## Municipal Development Policy in Germany: Current Trends, Challenges and Recommendations for Further Promotion

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# MUNICIPAL DEVELOPMENT POLICY IN GERMANY

## *Current trends, challenges and recommendations for further promotion*

### Summary

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German municipalities are getting increasingly involved in globally sustainable development, and in a variety of ways. These include for instance endorsing fair public procurement, or maintaining partnerships with municipalities in the Global South. In recent years, international frameworks such as the 2030 Agenda, the New Urban Agenda and the Paris Agreement have led to a noticeable increase in the importance of municipal development policy.

How has municipal development policy in Germany continued to unfold over the last few years, and where do things stand today? What has been achieved, and what are the challenges for municipal development engagement? Moreover, how can German municipalities be further supported in maximising their contribution to globally sustainable development up to 2030 and beyond? These questions are addressed in two complementary investigations: a study by the German Institute of Development and Sustainability (IDOS<sup>1</sup>) (Marschall et al., 2021), and an evaluation by the German Institute for Development Evaluation (DEval) (Schmitt et al., 2022). These investigations were conducted partially in collaboration.

The findings of the two studies show that the local level plays a crucial role in globally sustainable development. In Germany, municipalities have successfully established themselves as independent development actors, thanks not least to the sharp increase in funding since 2013. This has also enabled them to broaden and diversify their engagement thematically.

Despite these positive trends, challenges remain for municipalities to pursue engagement for development. Faced by numerous pressing tasks, only some of them feel able to become actively involved in municipal development policy. Furthermore, municipalities are not always aware of opportunities to receive support, or see them as confusing or too complex. Small municipalities in particular are concerned about these problems.

### **In light of these challenges, this policy brief makes the following recommendations:**

- Continue promoting municipal development policy and align it more closely with the local context.
- Step up cross-ministerial coordination of municipal sustainability policy.
- Reduce the administrative burden of support for municipalities.
- Do more to include "intermediary levels" in the support, such as administrative districts or metropolitan regions.
- Raise the profile of municipal engagement through rigorous impact evaluations and data platforms.

### **Status quo and trends**

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German municipalities are getting increasingly involved in globally sustainable development, and in a variety of ways. These include for instance endorsing fair public procurement, or maintaining partnerships with municipalities in the Global South.

In 2009 the DIE published a first comprehensive survey of municipal development policy in Germany (Fröhlich and Lämmlin, 2009).

<sup>1</sup> This study was published before the German Development Institute 'DIE' changed its name to the German Institute of Development and Sustainability (IDOS) in June 2022.

This highlighted the full array of opportunities for development engagement available to municipalities, and generated significant momentum for policy change. Since then, changed national and international policy frameworks have enabled municipal development policy to grow in importance. At the international level, new development policy frameworks – above all the 2030 Agenda – have led to a stronger perception of cities and municipalities as actors for sustainable development. For example, the 2030 Agenda has a goal that explicitly addresses "Sustainable cities and communities" (SDG 11). Furthermore, both the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) in 2016 and the Paris Climate Agreement in 2015 emphasised the importance of municipalities, and called for a "localisation of the SDGs". In Germany, several political decisions (e.g. by the Federal and Federal-States Committee on Development Cooperation, and the Conference of Ministers of the Interior) have helped to further grow and consolidate municipal development policy.

Since 2013, Germany's Federal Ministry for Economic Cooperation and Development (BMZ) has been funding municipal development policy through a dedicated item in the federal budget. Funds for the budget item "Promotion of municipal engagement" rose continuously from 5 million euros in 2013 to 38.5 million euros in 2021. Almost all of these funds flow to the Service Agency Communities in One World. Part of Engagement Global gGmbH, the Service Agency provides municipalities with advisory, networking and information services, as well as funding and other forms of support.

Not least because of this support, over the last few years German municipalities have established themselves as development actors in their own right. Their engagement has increased and become thematically broader and more diverse. Alongside the original thematic areas such as municipal partnerships or fair trade and fair procurement, new fields of action have been added. Examples include localising the 2030 Agenda, or strengthening social cohesion. Most municipalities are now involved in the areas of "fair trade and fair procurement" and "municipal partnerships". Large and internationally networked municipalities are increasingly getting involved in global policy processes, for example at the United Nations Climate Change Conferences, the World Urban Forum, or most recently in the context of the German G7 Presidency in 2022.

The range of local actors has broadened in the process. While municipal administrations remain pivotal in the promotion of municipal development policy, municipally-owned enterprises are now also involved, against the backdrop of improved legal certainty.

The initial impetus for municipal development engagement often comes from civil society actors, most of whom work on a voluntary basis. Responsible local government officials and administrators can for instance link up with existing partnership associations, and profit from their members' country-specific knowledge and language skills. At the same time, municipalities are collaborating with new stakeholder groups such as local universities or businesses.

## Challenges

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Despite these positive trends, municipal development policy continues to face challenges. For example, it is one of the so-called voluntary tasks of local authorities, where municipalities can decide for themselves whether and how to perform them. However, most municipalities are already stretched by the mandatory tasks assigned to them by law (sewage and waste disposal, running kindergartens, etc.). Global crises such as the COVID-19 pandemic or the war in Ukraine have further constrained their leeway in recent years. This is why municipal development policy is often still considered a "niche topic". It is particularly dependent on the voluntary work and initiative of municipalities and engaged citizens.

Furthermore, the administrative workload associated with support is clearly too high for many municipalities. Complex and time-consuming procedures for proposing, implementing and completing projects can place a heavy burden particularly on smaller municipalities that are less well staffed and are getting involved for the first time. This can lead to these municipalities tending not to get involved in development policy.

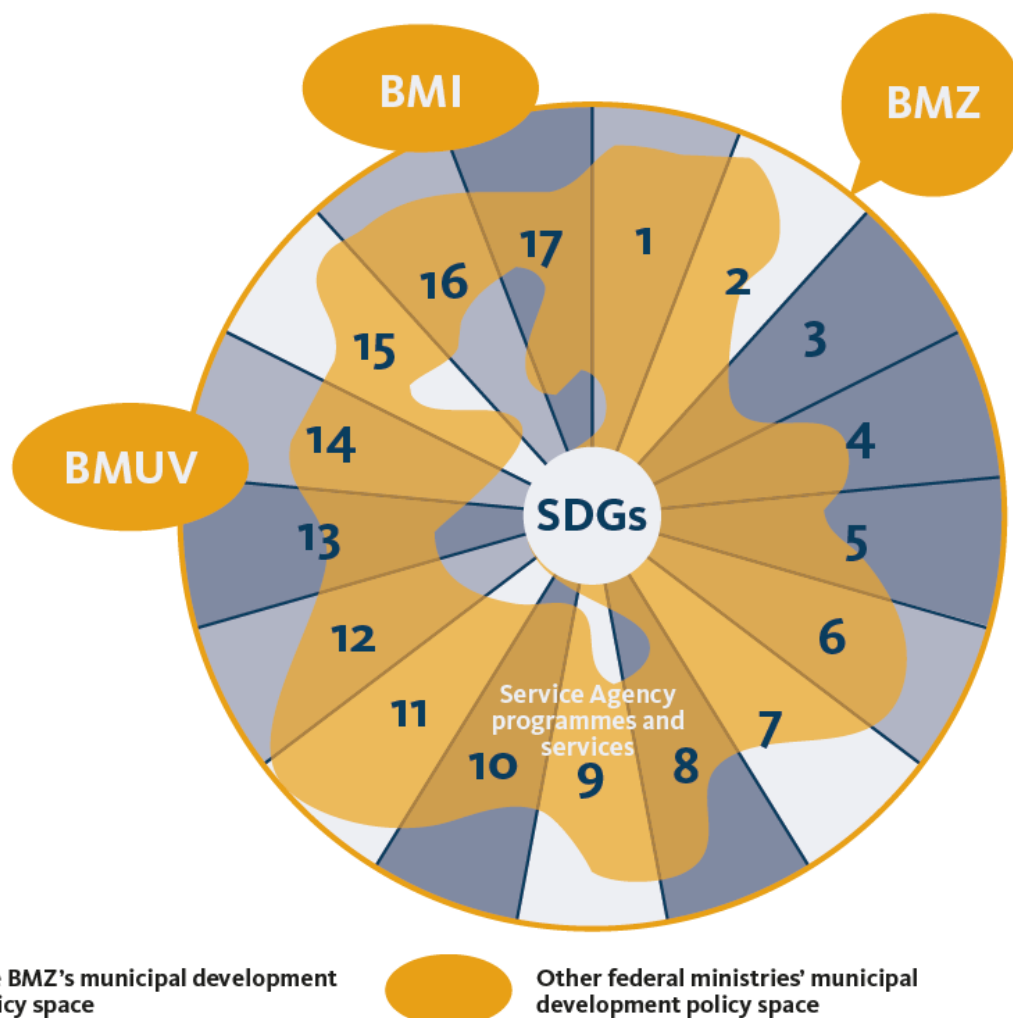
Municipalities that are already involved in development policy are not always able to maintain this engagement. Possible reasons for this include a lack of structural underpinning within the administration – such as the creation of working units or political decisions and strategies. Or the relevance of development issues may have been inadequately communicated to local policy makers and the public.

A further challenge arises from the growing complexity of the funding landscape. Against the backdrop of the interdependence-oriented 2030 Agenda, additional fields of action and funding opportunities have emerged. At the same time, thematic overlaps in funding have sometimes led to coherence problems. For example, the BMZ is not the only federal ministry supporting municipalities in implementing the 2030 Agenda. Others such as the Federal Ministry of the Interior and Community (BMI) or the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) also offer support in the broader field of municipal sustainability policy (see Figure 1).

A narrowly interpreted division of responsibilities between different federal ministries can make municipal engagement more difficult, for example at the intersection of migrant engagement and integration, or fair and environmentally sound procurement. Moreover, many municipalities find it difficult to keep track of the different support programmes for municipal development and sustainability policy.

In addition, the lack of visibility of municipal development policy is a challenge that makes it easy to underestimate its importance within the development policy landscape. So far, the impacts of municipal development policy have barely been documented.

**Figure 1: Municipal development policy in the space of SDG opportunities**



Furthermore, municipal development policy is currently insufficiently reflected in the reporting of official development assistance (ODA).

## Recommendations

The studies by IDOS and DEval put forward the following recommendations for designing municipal development cooperation and its promotion:

- The promotion of municipal development policy should be more closely aligned with the specific local context. Dialogue between the Service Agency and the different types of municipality – engaged, not yet involved and no longer involved – should be strengthened. This will enable the Service Agency to better understand and consider the municipalities' challenges and previous experiences.
- To improve the clarity of the support landscape and enable synergy effects between different support programmes, cross-ministerial coordination of municipal sustainability policy at the federal level should be increased.

<sup>2</sup> The DEval evaluation (Schmitt et al., 2022.) proposes concrete technical-organisational, funding-policy and funding-law measures that could help reduce the administrative burden and simplify procedures.

## Literature

**Fröhlich, K. and B. Lämmlin (2009)**, Kommunale Entwicklungspolitik in Deutschland: Studie zum entwicklungspolitischen Engagement deutscher Städte, Gemeinden und Landkreise, *Discussion Paper*, 1/2009, Deutsches Institut für Entwicklungspolitik (DIE), Bonn.

**Marschall, P., C. Wiggins and E. Dick (2021)**, *Kommunale Entwicklungspolitik in Deutschland*, Studies 105, Deutsches Institut für Entwicklungspolitik (DIE), Bonn.

**Schmitt, J., A. Beck, V. Gantner, K. Hermanns and M. Bruder (2022)**, *Kommunale Entwicklungspolitik: Evaluierung der Servicestelle Kommunen in der Einen Welt (SKEW)*, Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit (DEval), Bonn.(DEval), Bonn.

This can be achieved for instance through the State Secretaries' Committee for Sustainable Development.

- The administrative burden of support should be minimised. There is potential for technical and organisational simplification (for example, with regard to the digitalisation of application procedures), as well as simplification in the area of funding policy and funding law.<sup>2</sup>
- To persuade more smaller municipalities to get involved in development policy work, joint projects of several municipalities should be promoted more vigorously. For example, "intermediary levels" such as administrative districts, metropolitan regions or municipal associations could play a stronger coordinating role, and either integrate smaller municipalities into an existing engagement or support them in their own initiatives.
- To make municipal engagement more visible, the development impacts in the Global South should be examined through rigorous impact evaluations. Furthermore, the funds spent by municipalities on development policy in Germany and abroad should be better captured in ODA statistics, and the development of suitable data platforms and reporting formats should be supported.



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The German Institute for Development Evaluation (DEval) is mandated by the German Federal Ministry for Economic Cooperation and Development (BMZ) to independently analyse and assess German development interventions. Evaluation reports contribute to the transparency of development results and provide policy-makers with evidence and lessons learned, based on which they can shape and improve their development policies.