

New policies, more commitments – more money?

The World Food Crisis of 2007/2008 initiated a significant change in German Development policy with respect to rural development and agriculture. Following several years of decline, the share of German Official Development Assistance (ODA) for this area has once again risen. Also, rural development has become one of the new key areas for German Development Cooperation. In the following article, the policy's most important aspects will be introduced, with special attention being given to the aid budgets.

The overall response to the World Food Crisis was neither well co-ordinated nor particularly focused. The UN Food and Agriculture Organization (FAO) was not taking up the co-ordination of the international response to the rapid increase in prices and the serious supply problems in many regions of the world. Therefore, after some weeks, it was UN Secretary-General Ban Ki-moon who took the initiative to at least co-ordinate the work of the different UN agencies involved in dealing with the crisis and created the High-Level Task Force (HLTF) on the Global Food Security Crisis. In order to be better prepared in future and to improve co-ordination among all actors more systematically, the idea arose to set up a new food security governance architecture that would be capable of developing and co-ordinating information exchange, strategies, etc. At the World Food Summit in 2008, the reformed Committee on World Food Security was established, which has set up practicable working methods in its first years.

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In the wake of the 2007/2008 World Food Crisis, Germany played a proactive role in this establishment of a new food security governance architecture and supported the mandating of the newly created Committee on World Food Security through the Federal Ministry for Food, Agriculture and Consumer Protection (BMELV), which is the ministry responsible for the FAO in the German government. In parallel, the German Federal Ministry for Economic Cooperation and Development (BMZ) was involved in the work of the High-Level Task Force, given its important role in the Global Donor Platform on Rural Development (see also article on pages 8–12).

Another area of concern for the German government was the support of the right to adequate food. For many years, Germany has been one of the key promoters of mainstreaming the right to adequate food in the world food system, and during 2002–2004, it supported the elaboration in the FAO of the “voluntary guidelines to support the progressive realisation of the right to adequate food in the context of national food security” (VG Right to Food), which were unanimously adopted by the FAO Council in November 2004. Since then, the BMELV

has been organising the annual conference series “Policies against hunger” in close collaboration with the BMZ, with the intention of promoting progress in international processes related to combating hunger – such as the elaboration of the VG on the right to food.

The two ministries have also set up a working group on world food security (“Arbeitskreis für Welternährung”) to bring together German civil society organisations, researchers and German technical and financial co-operation experts. This working group is regularly discussing strategies for German food security policies and a better implementation of the right to adequate food in external policies.

Rural development has become a priority area of German Development Cooperation.



■ New priorities – fresh money?

German development policy responded to the World Food Crisis in 2008 and promised to change its approaches substantially and reverse the trend in spending on rural development and agriculture. The Minister for Development Cooperation, at the time Heidemarie Wieczorek-Zeul, declared that rural development and food security were to become new priority areas of German Development Cooperation. Therefore, it is interesting to see to what extent German development aid has been reoriented in the wake of the World Food Crisis. Any assessment has to take two different aspects into consideration: First a quantitative check is needed on whether the agreed funds were de facto spent and whether additional resources were mobilised. Secondly, a qualitative check must be made. What is the main focus of the old and new resources used in the sector; are they used effectively for rural development and to combat hunger?

Let us first have a look at the quantitative side: During the World Food Summit in 2008, where the member countries of the UN discussed their responses to the World Food Crisis, Germany pledged an extra amount of 500 million euros. At the G8 Summit in Toyako (Japan) in 2008, the German government announced that it would

allocate 900 million US dollars (USD), or 600 million euros, to rural development for 2008 and 2009 respectively. This was part of an overall amount of 13 billion USD which had been pledged by the G8 and the EU from January 2008 to July 2009. Given that the number of hungry increased by more than 100 million during 2008, the crisis also became a key agenda item of the G8 meeting in L'Aquila in Italy in 2009 and the following G 20 meeting in Pittsburgh (see also article on pages 8–12).

■ L'Aquila – How much additional money has been raised?

The "L'Aquila Food Security Initiative" (AFSI) was launched at the G8 Summit of 2009. A joint statement on food security was signed and new financial resources of 20 billion USD were pledged to be disbursed in the course of three years (the amount was later increased to 22 billion USD). Germany committed itself to 3 billion USD (2.1 billion euros) for 2010–2012. Germany promised that out of the three billion, one billion USD (or > 700 million euros) would be additional funding compared to the baseline year 2008, chosen in L'Aquila. Germany also announced that pledges referred to commitments and not to disbursements as is normal in development aid and that not all commitments are disbursed in the same year but in the following years. While civil society hoped that all three billion would be additional money, the BMZ tried to increase the size of the budget committed in 2008 by one third. In 2008, the baseline year, the BMZ made commitments for long-term structural development aid of 527 million euros. It planned to increase that amount of money to 700 million euros per year from 2010–2012, assuming that 700 million euros is about 1 billion USD.

In 2008, German ODA to rural development from Budget Plan 23 (BMZ) and Budget Plan 10 (BMELV) was 644.6 million euros, or 6.65 percent, of Ger-

many's overall ODA of that year (9.693 billion euros). 636.28 million euros was BMZ money, of which around 80 percent was spent bilaterally and 9.27 percent multilaterally (around 59 million euros). Out of the 636.28 million euros, 527.45 million euros was spent on long-term structural development aid, both bilateral and as support to IFAD and CGIAR, and 108.83 million euros on short-term measures. The 527.45 million euros for the long-term structural development aid is eligible for the L'Aquila commitment.

The figures for 2008 and 2009 (see Table on page 18) indicate that the commitments made at the G8 meeting in Toyako, Japan, were met (the promise was to spend 500 million euros per year) and that the share of aid to this sector had increased from less than 4 percent in 2005 to more than 5 percent in 2008.

The most recent figures for 2010 show that the government managed to spend around 654 million euros on long-term structural development aid, compared to 700 million euros promised in L'Aquila. This sum includes neither the short-term measures nor money spent via the EU budget or via non-governmental organisations, but it covers a smaller part of the food aid budget, 17 million euros earmarked as "development food aid". This is money from the food aid and emergency funds, which are dedicated to long-term development goals. The total amount for long-term structural development aid calculated by the BMZ was therefore increased from 527.59 million euros in 2008 to 654 million euros in 2010.

This means that the BMZ was able to pledge an additional 125 million euros between 2008 and 2010. Just to compare, in L'Aquila, the BMZ had committed itself to raise additional 700 million euros for the three-year period from 2010–2012, which is around 233 million euros per year. Compared to the baseline year of 2008, the BMZ was therefore able to meet the L'Aquila



Photo: J. Boethling

Comparison of German aid budgets to rural development and agriculture 2008 / 2010 (in euros)

	2008 (baseline year) ¹	2010 (first year of L'Aquila) ²
Commitments – 2008 Toyako / 2010 L'Aquila (understood as long-term development aid)	600 million per year for 2008 and 2009	2.1 billion USD = 700 million euros per year
Overall budget ODA to rural development and food security	636.28 million	> 750 million
- Budget BMZ – Individual Budget Plan 23 (= (a) long-term + (b) multilateral aid + (c) short-term)	(without short-term aid) 527.69 million	overall amount is still an estimate (without short-term aid) 654.2 million (not available)
- Budget BMELV (Individual Budget Plan 10)	8.32 million	
Share of ODA	6.65 percent (including humanitarian assistance)	> 7 percent
(a) Long-term bilateral development aid (including: Development Food Aid)	477.27 million	587 million (17.8)
(b) Multilateral aid to WFP, IFAD, GGIAR	figure not available	67.2 million
(c) Humanitarian assistance	approx. 100 million	Not yet available
Additional support (G8 promises compared to long-term bilateral development aid; without multilateral aid and short-term food aid)		Promised additional support: 1 billion USD for three years = approx. 700 million = 233 million per year
- De facto additional bilateral aid (compared to baseline figures in 2008)	0	(477.27 – 604.8 million) = 127,5
- increase in multilateral aid		= approx. 60 % of promises met in 2010
Breakdown of bilateral spending		
Rural development		55.5 million
Agriculture		385.7 million
Areas other than rural development – together:		128.0 million
- Social services		83.6 million
- Rural infrastructure		46.1 million
- Rural business and finance		33.5 million
- Resource management		74.5 million
- Governance		82.7 million
- Others		65.3 million

1. Spending for 2009 is currently being calculated in the BMZ. The BMZ has first finalised the figures for 2010, because the breakdown of bilateral spending makes it quite difficult to generate the overall date.
 2. The figures for 2010 were provided to the author by the BMZ. The first two years for which such a calculation exists are the two years 2008 and 2010.

pledge by around 55 percent, an indication that the BMZ is willing to comply with the commitments. Forty-five percent is still missing, but the BMZ is planning to further increase the budget in the coming years. While the BMZ is trying to increase the aid flow to rural development and agriculture, it indicated in the last session of the AKWE (working group on world food security) in February 2011 that it is not so easy to increase bilateral aid to rural development and agriculture very fast, because the Paris Principles also demand ownership of all measures by the partner countries. Partner countries need to create demand for new or additional projects in the areas of rural development and agriculture, and this demand is still limited, or only growing slowly.

■ Different views

It is important to note that there are differences in the way that the additionality of resources is understood. The German government's own understanding is that it has committed itself to spend new money of about 230 million euros per year (one billion USD, which is approximately 700 million

euros for three years; the explanations were presented by Dr Stefan Schmitz, BMZ, in the first session in 2011 of the "Arbeitskreis Welternährung" in Germany. Trends have been confirmed in a phone-call with the author). To ensure that the L'Aquila pledges are met, the G8 governments agreed to be held accountable in a transparent manner. Therefore, at the G8 Summit in Canada in June 2010, they installed a monitoring group to follow up on the individual compliance of the commitments from L'Aquila. Each country had to supply information on spending, the sectors they had agreed to finance, and whether these were additional resources. Only since then has the BMZ started to install a much better documentation system for the aid going to the sectors. It is still difficult to get figures for the years before 2008. The figures for 2009 are not available yet.

The overall assessment of funding of donors by the monitoring group in June 2010 showed that a large proportion of the funds pledged at the L'Aquila Summit had turned out to be regular aid budgets of the countries. With the exception of Australia and Spain, which pledged 100 percent additional money,

all countries together committed themselves to 6.15 billion USD additional resources out of the 22 billion USD committed in L'Aquila, which is around 28 percent. In this respect, with its promise to commit up to one third in additional money, Germany is in the middle of the mainstream of donor countries' commitments.

■ Criticism

Civil society organisations had hoped that the overall amount from pledges in L'Aquila was, basically, additional money because the pledges were made "with much fanfare", but "L'Aquila has turned out to be nothing more than recycled promises" (Oxfam 2010). Another criticism levelled by NGOs is that Germany has promised additional money in several issue areas, e.g. for the realisation of the Convention on Biological Diversity, and NGOs are afraid that the same amount of regular aid has been announced in several or at least some UN Forums to fulfil different promises. At the L'Aquila Summit, in July 2009, the director of Brot für die Welt, Cornelia Füllkrug-Weitzel, put this as follows: "It is always the same child: a fixed sum of global development assistance. But at each summit meeting, it is given a new name. This creates the artificial pretence of additional efforts".

In fact, the overall aid budget of Germany was not increased between 2008 and 2010. What changed during the last year is that the percentage of money spent by the BMZ budget on agriculture and rural development went up from less than four percent in 2005 to more than seven percent in 2010. The BMZ is highlighting that it has basically implemented the pledges made

in Toyako and that spending for 2010 is on the way to fulfilling the L'Aquila commitments.

What is the money spent on? The breakdown of funds shows that the amount used to support the agricultural sector is only part of the overall development aid to rural development. In 2010, it was 128 million euros (see Table), a share similar to that of 2008. While the Ministry highlights the need to increase the budget line, this is not easy because German aid needs developing countries that formulate this as a priority area for development cooperation with Germany. More than half of the money is spent in budget lines other than rural development but relevant and related to it, such as support to social services, rural infrastructure, resource management, governance, etc.

In 2010, too, the amount of development aid available for rural development and agriculture world-wide was far from sufficient, compared to the need to mobilise much more resources for rural development. According to the Welthungerhilfe "[presently] world-wide, out of the roughly 100 billion USD of government development aid provided by the industrialised countries, just four percent flows into rural development" (Welthungerhilfe, September 2010).

■ The new concept for rural development – a substantial change?

One positive trend is that rural development has become one of the new key areas for German Development Cooperation. Now, the key priority areas are: good governance, education, health, rural development, climate change and the protection of the environment and natural resources as well as co-operation with economic actors.

The German government has made it clear that rural development is an area that will need much more attention in future. In order to document this decision, the BMZ prepared a new concept paper for rural development in 2010. The final version was formally agreed on the 18th March, 2011. The concept paper shall give orientation for the new key areas and describe the importance of rural development and investment in agriculture to achieve food security and the implementation of the right to adequate food. The concept shows a new commitment to a holistic approach in rural development that does not only talk about production but sees other important areas of rural development that might lead to the creation of rural non-agricultural jobs. The BMZ will also intensify investment into agricultural research in

order to increase agricultural productivity. The paper refers strongly to the right to adequate food as an essential orientation and guidelines for implementation.

When the concept paper was presented to the German public in November 2010, NGOs were positive about the renewed focus of German development aid on rural development. The paper was criticised in parallel for avoiding a clear prioritisation of German aid activities in the sector. Shall support for agriculture go to large-scale land investors or to smallholder farmers? Is new investment in agricultural research going into research on sustainable smallholder agriculture, or is it to be spent on genetically modified seeds? These are two questions that Professor Joachim von Braun, Director of the Center for Development Research (ZEF) at the University of Bonn/Germany, raised during the public presentation of the paper in Berlin. The concrete operationalisation of the new concept paper is still due. In November, NGOs were highlighting that the priority setting should be guided by the right to food and that the voluntary guidelines for the implementation of the right to adequate food, adopted by the FAO Council in November 2004, should be taken as a yardstick for the choice of activities and priorities.

Zusammenfassung

In den vergangenen drei, vier Jahren ist das Thema ländliche Entwicklung wieder auf die Agenda der deutschen Entwicklungszusammenarbeit gerückt und nimmt dort mittlerweile einen zentralen Platz ein. Auslöser war die weltweite Nahrungsmittelkrise. Der Anteil der deutschen Hilfe für die ländliche Entwicklung ist von unter vier Prozent des Gesamtbudgets im Jahr 2005 auf über sieben Prozent im Jahr 2010 gestiegen. Die im Rahmen internationaler Initiativen zugesagten Gelder wurden ausgereicht, wobei der Anteil zusätzlich bereitgestellter Mittel bei einem Drittel liegt. Deutschland ist zu einem starken Fürsprecher des Rechts auf angemessene Nahrung geworden. Das neue Konzeptpapier für die

ländliche Entwicklung enthält zahlreiche Vorschläge zur Strukturierung dieses neuen Schwerpunktthemas der Entwicklungszusammenarbeit. Doch müssen immer noch Prioritäten hinsichtlich der Auswahl der geeigneten Aktivitäten gesetzt werden. Hierbei sollte das Recht auf Nahrung im Mittelpunkt stehen.

Resumen

Durante los últimos tres o cuatro años, el tema del desarrollo rural ha retornado a la agenda de desarrollo de Alemania. Recientemente, se ha convertido en uno de los pilares clave de la ayuda alemana para el desarrollo. La crisis alimentaria mundial ha proporcionado el impulso decisivo para reposicionar a este tema prioritario en la

agenda de desarrollo de Alemania. Durante los últimos años, se han gastado los fondos ya comprometido, pero los recursos adicionales se limitaron a un tercio. Se observa un incremento general de la ayuda al desarrollo rural desde menos de 4 por ciento en 2005 a más de 7 por ciento en 2010. Alemania se ha convertido en una de las defensoras decididas del derecho a la alimentación adecuada. El nuevo documento estratégico para el desarrollo rural contiene una serie de propuestas distintas sobre cómo estructurar la nueva prioridad clave en la ayuda para el desarrollo. Sin embargo, aún es necesario redefinir las prioridades en el sentido de la elección de actividades, a fin de encaminarlas hacia el derecho a la alimentación.