



Federal Ministry
for Economic Cooperation
and Development

50 Years

Building the future.
Let's join forces.

Minds for Change –

Chancen schaffen

Enhancing Opportunities –

Zukunft
entwickeln

In presenting this strategy I would like to invite you to participate in the dialogue on development policy.

Fifty years ago Walter Scheel became head of the newly founded Ministry for Economic Cooperation of the then young Federal Republic of Germany. While the building of the Berlin Wall in 1961 was to divide East and West, the Ministry set itself the goal of overcoming the boundaries between North and South, between rich and poor, the 'First' and the 'Third' Worlds. The question we need to ask ourselves today is obvious: Has Germany exhausted its development policy potential over the past 50 years? Where can improvements be made? What has stood the test of time? In a Peer Review in 2010 experts from the OECD Development Assistance Committee (DAC) asked the Federal Ministry for Economic Cooperation and Development (BMZ) to outline Germany's development policy strategy. In 2009 the new German government set itself the goal of convincing especially those who had so far been rather sceptical about the 'development business'.

Our intention in putting forward this strategy on development policy is two-fold: It is our response to those who have been working and achieving progress in this policy field for decades. We want to encourage everyone to generate wider acceptance, in the whole of society, of the concerns addressed by development policy. We want to convince everyone, including the sceptics, that development policy is a worthwhile investment in the future of our planet.

All human beings are born free and equal in dignity and rights. That is why we are committed to freeing people from fear and want, and to creating societies based on equal opportunities throughout the whole world. Good development enables people to seize the opportunities available to them and to lift themselves out of poverty. Effectiveness is an important issue for us. That is why our development policy is oriented to creating better global ecological, economic, political and social conditions so as to eliminate the causes of poverty. Where we can help make sure that globalisa-



tion leads to good development for all, this is not only in line with our values, but is also in our interests. This strategy on development policy is not meant to, nor can it, answer every question or list every project and programme. But we wish to and we can show that development policy holds great potential when it comes to helping to create a better world. The strategy describes five key areas in which we can now set the course for a development that is fit for the future. Despite the complex interrelationships, we have deliberately kept this paper brief, because otherwise it would have become a monologue destined to be read only by experts. What we want is to enter into a dialogue with all committed individuals in civil society and politics, in science and in business. In our eyes, the BMZ is a learning organisation. In putting forward this strategy we are opening up the debate on what we in the German government stand for. At the end of the dialogue process we will publish an extended paper outlining how the individual priority areas will be implemented and what the many dedicated individuals can do to help. The dialogue is thus part of the strategy.

We look forward to your getting involved in and contributing to this process. I invite you to participate in shaping our strategy 'Minds for Change - Chancen schaffen'.

A handwritten signature in blue ink, consisting of two distinct parts: a stylized 'DN' and a more fluid, cursive signature.

Dirk Niebel
Federal Minister for Economic Cooperation and Development

Germany's new development policy

1. **More innovation**

We are supporting a culture of innovation and building innovation capacities in international cooperation.

2. **More education**

We are investing in education and fighting the causes of poverty rather than alleviating the symptoms.

3. **More ownership**

We are actively supporting and demanding good governance and the observance of human rights.

4. **More effectiveness**

We are working to increase the effectiveness of development policy and taxpayers' money.

5. **More commitment**

We are promoting commitment from and the reconciling of civil society and business.

6. **More entrepreneurship**

We are doing more to tap the potential of entrepreneurial thinking and action in Germany and in partner countries for the benefit of development.

7. **More dialogue**

We regard the Federal Ministry for Economic Cooperation and Development (BMZ) as a dialogue platform for future viability and coherence.

8. **More investment**

We are placing financing for development on a broader footing.

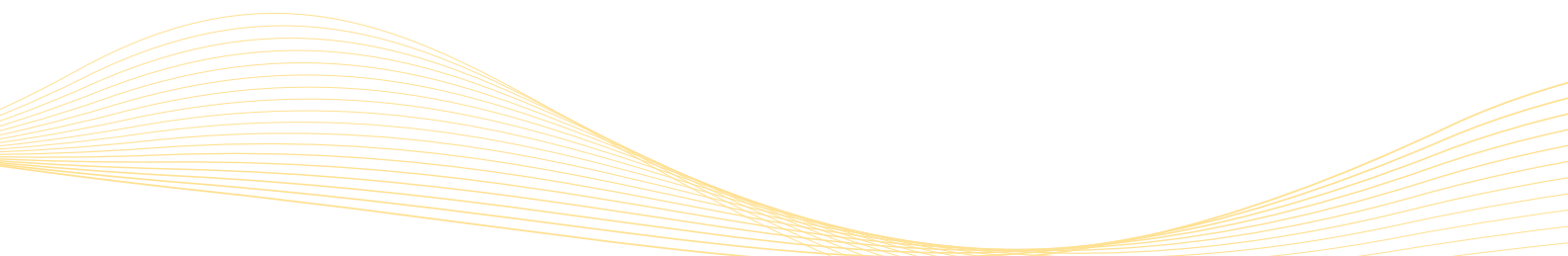
9. **More climate protection**

We are promoting technology developments for more climate protection, renewable energies and inclusive green growth.

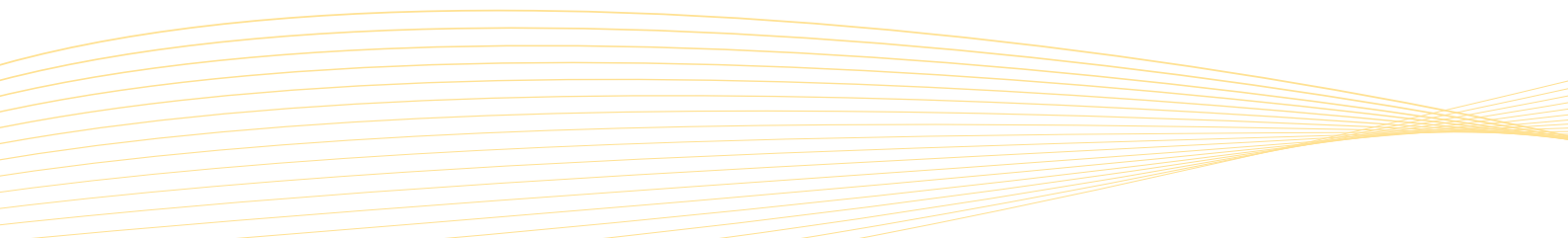
10. **More prevention**

We are investing in peace and engaging in crisis prevention.

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1. Innovative development policy: an investment in the future

1.1 *A better world is possible*

1.1.1 Development policy is a policy for the future

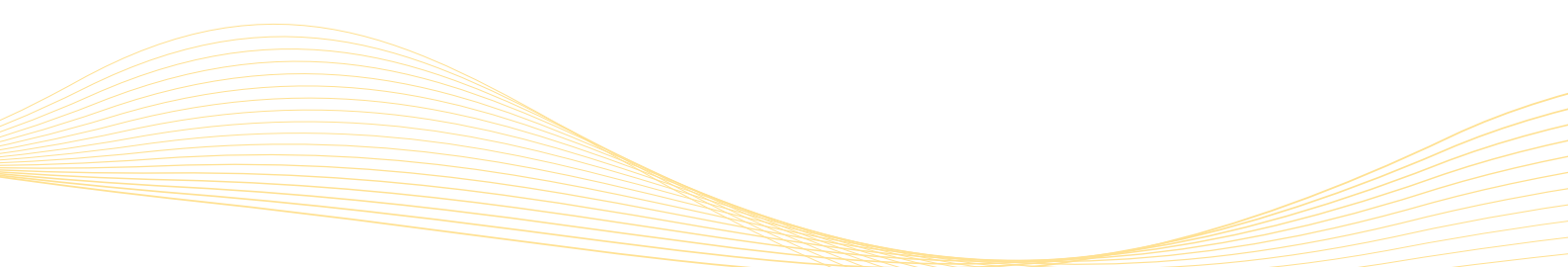
The challenges of the 21st century relate to global development issues. In 2050 the world's population will reach nine billion. Today, two thirds of German youth believe that climate change threatens human existence. There are one billion hungry people in the world today. Things cannot continue as before. Poverty, population growth and migration, climate change, fragile statehood and unstable markets call for political action. The international community must today find the solutions to economic and social and to ecological and political issues that will work tomorrow. A better world is possible. The Federal Ministry for Economic Cooperation and Development (BMZ) wants to contribute to creating that better world. That is why development policy is more than just charitable giving: it is an investment in the future that is in everyone's interests. As a policy for the future it must facilitate innovative solutions based on the spirit of partnership across the world. Our approach is based on cooperation rather than confrontation; it stands for values and interests; it creates independent, not dependent partners; it opens up opportunities and aims to help people live in freedom and peace, and under their own responsibility. Lack of opportunities in life threaten human freedom. More development means more freedom. Human rights and democracy are thus the foundations on which our work is based; global development that is fit to face the future is our guiding principle.

1.1.2 Development opportunities for all

Partner countries' development successes open up opportunities – for us too.

In recent years economic growth and improved governance have led to higher life expectancy, better healthcare services and more opportunities in life in many developing countries in Africa, Latin America and Asia. Our policy will seize this historic opportunity and contribute to stabilising the successes achieved by this group of countries. Success may mean that, in a matter of a few years, previous development cooperation with these countries will come to an end.

At the same time it is clear that globalisation has not yet become a success story for everyone. Absolute poverty, climate change, scarcity of resources and fragile states cost lives and prevent good development. The consequences of undesirable developments do not stop at national borders. Global development becomes fit for the future if it is economically, socially and ecologically sustainable. We want to make a visible and effective contribution to that. Our development policy is based on clear objectives, values and interests, it builds on strong partners and uses reliable, transparent rules.



1.1.3 Development policy combines interests and values

In order for international cooperation to gain broad acceptance, it must be accountable for values and interests. Debate on the conceptual focus of development policy has always been lively. From the outset it was to be independent, to combine foreign and economic policy objectives, and to base efforts to create a better world on ethical standards.

Development policy is not good simply because it is altruistic. By the same token, it is not bad simply because partners link it with their own interests. Global partnership means that all those involved are open about their interests, are able to negotiate them on a level playing field and realise them responsibly to mutual benefit against the backdrop of a set of values.

Our values are given concrete shape in the human rights laid down in United Nations instruments. We are willing to be judged by whether we facilitate more ownership and equality of opportunities; we stand for subsidiarity, freedom and the basic conviction that no person is superfluous.

We have an interest in people living in freedom and peace, and in preventing involuntary migration. We want security

and future-proof prosperity – not just for ourselves. We must set the right course to ensure that interests can be realised. Key factors are the rule of law, open societies, value-added and entrepreneurial activity on the basis of fair market regulation.

Whenever development successes in that sense are achieved in partner countries with the help of the private sector and jobs are created, whenever reasons for flight are replaced by prospects for the future, or progress is made on climate protection and resource efficiency, then we create a win-win situation for all. Economic interests do not take precedence over development policy objectives, but instead serve them. Sustainable tourism, for example, combines own interests with opportunities for economic and cultural development. So values are not at odds with interests. However, conflicts between goals can arise. Wherever human rights are abused we will address the conflict between goals by giving priority to values over interests. We believe that, in borderline cases, there is a price to pay for sticking to one's values. Entrepreneurs must also be able to hold back. The principle that human rights are non-negotiable is established in our constitution, the Basic Law, and is in our own interests. But in all we do, we never lose sight of the poor or of the causes of poverty.



1.2 *Goals of future-proof development*

Our agenda for enhancing development opportunities embraces the Millennium Development Goals (MDGs) and at the same time goes beyond them. Our goals are good governance, human dignity, ecologically responsible growth that creates jobs, and fair structures in international economic and political cooperation. Whether development policy succeeds or fails – the impacts will be felt here in Europe too.

Continued underdevelopment contributes to greater propensity for violence, disease, conflict, climate change, and displacement. Successful development promotes future-proof prosperity and freedom, the rule of law, participation and security worldwide.

An agenda for enhancing development opportunities needs strong partners. German development policy works with forward-looking alliances with innovation-oriented entrepreneurs and a creative civil society

across the world. Policy-making in this field involves recognising opportunities, taking risks, causing innovation to happen, strengthening coherence and tapping into resources. That kind of entrepreneurial development policy is based on the conviction that economic freedom is rooted in human rights. It is indeed possible to reconcile business and society.

An agenda for enhancing development opportunities needs fair rules. Government development policy has a genuine and democratically legitimised responsibility when it comes to regulation and legislation. But it can never bring about the changes needed to solve the problems of the future on its own. Development policy is an investment in the future made by the whole of society. In terms of partners, objectives and global regulation, we consider the BMZ as a dialogue platform for global future viability.

1.3 *Criteria for future-proof development*

Development policy can open up and support development potential but can never take the place of partners' own efforts and responsibility. That is why international cooperation is based on the principle of both challenging and supporting its partners. In order to create opportunities to enable a life in dignity, good governance, ecologically responsible and inclusive growth, and fair structures in international

cooperation we invest taxpayers' money in development policy. We promote investment in open societies, in macro-economic performance and in legitimate governments' capacity for action on the basis of the rule of law. We believe there are seven criteria that are important for beginning or moving forward cooperation with partners and for eliminating the causes of poverty:

1.3.1 Willingness and capacity to innovate

The willingness to innovate is a question of attitude and requires diversity, the ability to enter into dialogue, interdisciplinary methodological skills and global networks. Investment in innovation processes is not a luxury, it is a precondition for tapping into the opportunities afforded by globalisation, overcoming the attendant challenges, ending dependence on aid and combating the causes of poverty.

1.3.2 Pro-education focus

Knowledge is the key to overcoming poverty, to overcoming lack of freedom, and for societies to develop independently and with a focus on participation. Involving knowledge networks and establishing research institutions and cooperation between such institutions form part of this integrated approach to education.

1.3.3 Ownership

Progress can only be made on development if people take on responsibility and are in a position to do so. Development cannot be imported or exported. Development policy can support people's individual efforts and leadership elites but can never replace them.

1.3.4 Human rights, the rule of law and democracy

Human rights are non-negotiable. Future-proof development needs human rights – civil and political, economic, social and cultural, and women's and children's rights. Development will not succeed where there is no legal certainty. Democracy, the rule of law, the inclusion of people with disabilities, and the protection of human and property rights, especially for small farmers, and for vulnerable and discriminated population groups, are the basis for people being able to shape their lives independently within the means available to them.

1.3.5 Good governance

Overcoming the causes of poverty demands that the law must take precedence. That means there is a need for development-oriented governments which are able to stop tax evasion and mobilise their own revenues to fight poverty, active civil societies, free media, protection against major risks and guaranteed security. Our work involves not only government-level decision-makers but also associations, NGOs and enterprises, and stakeholders. Enterprises have a social responsibility. Transparency remains the method of choice when it comes to combating corruption. Governments in rich nations and emerging economies, too, have respons-



ibility for making reliable contributions to solving global challenges and for creating fair global structures.

1.3.6 Market orientation and entrepreneurship

Fair rules and the dismantling of discriminatory barriers to trade are fundamental prerequisites for successful development. Entrepreneurship within functioning local, regional and global markets is indispensable when it comes to generating tax revenue and improving employment,

social protection, inclusive growth and opportunities in life.

1.3.7 Climate protection, resource efficiency and renewable energies

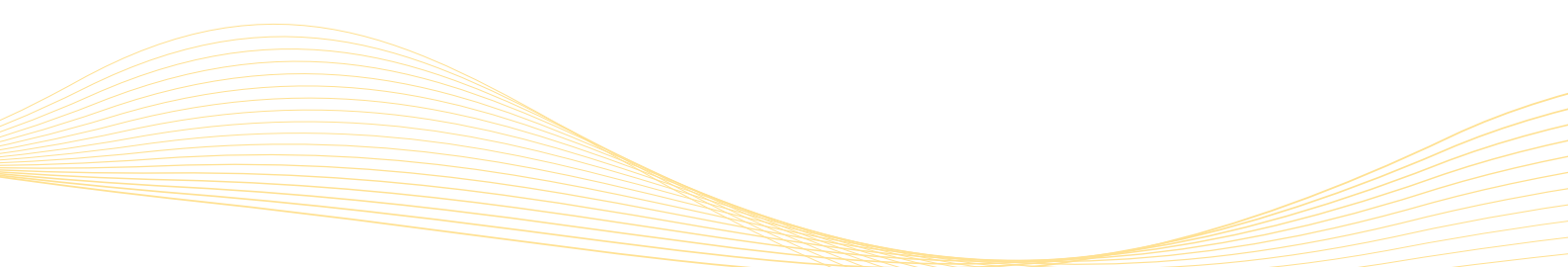
Development needs energy. Growth must be decoupled from negative impacts on the natural resources on which livelihoods are based. Resource and energy efficiency are necessary for green growth, environmentally sound development and climate protection.

1.4 *Refocusing German development policy*

1.4.1 Responding to new challenges

The development landscape has changed. For that reason alone development policy also has to change. Former developing countries have become key political and economic players. The incidence of war has declined, and the number of democracies has increased. Higher growth rates increase the pressure on resources and on the global climate. Nevertheless, more than one billion people are still living on less than 1.25 US dollars a day. Unlike the situation 20 years ago, these people are not

primarily to be found in poor countries. 600 million of those living in absolute poverty live in middle-income countries (MICs) like China, India and Viet Nam. 300 million poor people live in fragile and conflict states. More than 20 out of the around 30 countries that will fail to achieve the MDGs by 2015 are affected by state failure and violent conflicts. Insecurity, violence, bad governance and state failure constitute a development trap from which only politics is initially able to find a way out. Our development policy draws the consequences from such global changes.



1.4.2 Diversifying development policy

We are adapting our development policy to the various challenges:

- Fragile governments and conflicts often have a serious impact on the lives of people living in the least developed countries (LDCs). Poverty reduction and stabilisation are thus the most urgent tasks. The focus here is on security, emergency assistance and basic investments in human development.
- There are some LDCs, however, whose economy has grown, usually because they export resources. These countries now need to avoid the risks associated with the resource curse, namely corruption, bad governance, low employment intensity, resource degradation and conflicts over access. In these cases we help to set the course towards more value-added, sustainable development.
- In more advanced countries the task is not only to stabilise the economic and social development momentum, but to lay the foundations for future-proof development. Wide-ranging tasks arise from that, such as creating educational opportunities, protecting human rights and achieving broad-based economic momentum, as well as developing climate-friendly cities and resource-saving energy systems, technology partnerships for climate

protection, initiatives to protect global eco-systems, increasing food security by strengthening the agricultural sector, its productivity and storage capacities, fighting food speculation, building a fair global economic environment etc.

- As for emerging economies, we regard them increasingly as global development partners with whom we can drive forward cooperation in our mutual interests, for example in the field of climate protection, through technological and scientific cooperation, and with regard to defining global development agendas. That applies, in particular, to triangular cooperation and fostering South-South cooperation.

1.4.3 Combating the causes of poverty by investing in education, economic development, crisis prevention and health

We stand by our commitment to help achieve the MDGs by 2015. Our approach is to combat the causes of poverty rather than alleviating the symptoms. Educational poverty causes income poverty, interferes with human rights, robs people of opportunities in life and reinforces inequalities. We counter that by means of 'wealth creation' through development policy that relies on education, especially

vocational education, interdisciplinary methodological skills, and also independence and responsibility.

In addition to this integrated understanding of educational opportunities, we support investment in social protection systems and in strengthening health systems – because they are the preconditions for achieving the MDGs in the field of health. Development based on the subsidiarity principle needs people to be able to act under their own responsibility, it requires economic cooperation, regional markets and access to financial services. The targeted empowerment of women has proved particularly effective, since it is they who organise day-to-day life and bear most responsibility in their families.

Local value chains create jobs and generate tax revenue in partner countries. Productive local enterprises, investment and corporate social responsibility are the key to economic growth in developing countries. Future-proof growth is meant to reduce poverty. It must be economically, socially and ecologically sustainable. Our aim in contributing to that is to enable everyone to live their lives in social and economic freedom – regardless of gender and background, health and age. In that way, we promote inclusion and support ownership rather than prolonging people's dependence on aid. We regard the poor and our partner countries' governments as partners who are responsible for doing what they are able to do for themselves.

1.4.4 Increasing effectiveness

Development policy has achieved successes in the past and has found great approval. At the same time, development policy is not always broadly accepted and is under pressure to justify itself. It would be good if we were able to convince critics of the effectiveness of development policy. That will not be possible if we stick to 'business as usual'. That is why we will initiate new approaches. Without the willingness to innovate it will not even be possible to preserve what has proved its worth in the past. Development policy can achieve a great deal, but not everything. The dream of development policy omnipotence is a politically naive illusion. But we can achieve more effectiveness with the limited tax revenues available. Effectiveness needs cooperation. That is why we cooperate with official, entrepreneurial and civil society partners. In founding the Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany's implementing organisation for Technical Cooperation, we have created the prerequisites for increasing efficiency and for results-based controlling. In order to be able to better record results and create more value for money, we will set up an independent evaluation institute to assess long-term impacts.

Effectiveness requires partners to take ownership, and it requires a division of labour among donor countries that makes use of comparative sectoral and geograph-

ical advantages. Budget support can be useful following a case-by-case review and can be an instrument for policy dialogue and for improving the national environment, provided that the prerequisites for budget support are in place in the country in question. The Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) represent necessary and successful steps towards improving effectiveness. We must not, however, become complacent. Improved administrative procedures and planning models are not the only benchmarks for effectiveness. Effective development cooperation means mobilising people and releasing social potential, initiative and the power to innovate in diverse countries and cultures. We believe the key to successful global development lies in the innovative pioneers of social movements, in responsible leadership and in capable institutions. Capacity development is important for us so that people and institutions can make use of their opportunities. All debate on the effectiveness of development cooperation will come to nothing if the environment is not conducive to development and if there is no coherence with other policy fields. In order to establish development policy as a cross-cutting issue within the German government we have set up an interministerial steering group on international cooperation.

1.4.5 Creating new financing channels

Although the development landscape has changed in recent years in terms of goals, actors and instruments, the same cannot be said for the concept of Official Development Assistance (ODA). The boundaries between traditional public sector and private sector funding long ago became fluid. Today, more than 10 times as much ODA is spent via NGOs than was the case in 1990. Migrants' remittances exceed the amount of official development assistance for their home countries. The German government is sticking to its 0.7 per cent target for its ODA quota, because development policy needs resources. But as important as the ODA statistic is as a standard against which to measure the 0.7 per cent target and the pledge made by the international community, it provides little information about the contributions that actually have an effect on a country's development. For example, ODA ignores the dismantling of harmful subsidies and customs barriers, although that is conducive to development and has a greater impact than many an injection of cash. ODA should not become the sacred cow of development funding. New financing channels must address shortcomings and contribute to the dialogue on a development architecture that is oriented to effectiveness. In the EU we are searching for ways to evaluate the effectiveness of all development policy funding in the same way as is done for entrepreneurial investments.

We are working on developing innovative financing for development instruments with which to mobilise more private investment and market funding.

1.4.6 Strengthening multilateral institutions

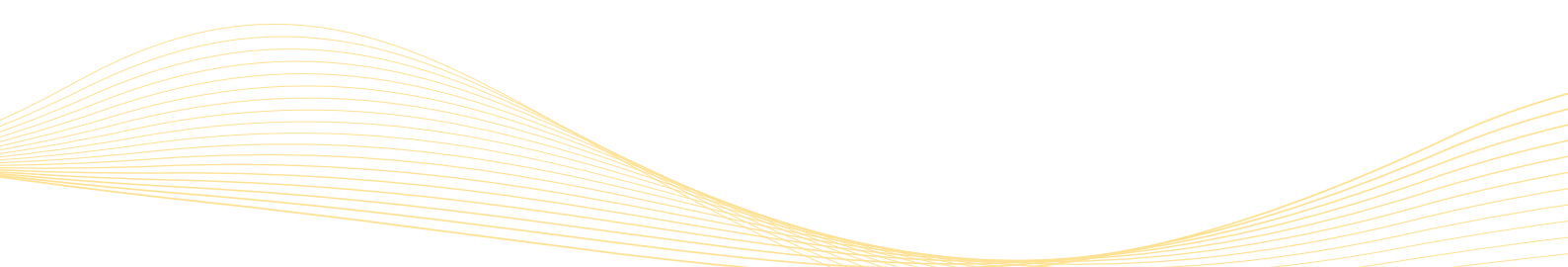
Climate change, the international restructuring of energy systems and the development of the global economic environment mean that new forms of multilateral cooperation need to be developed. Germany is willing to take on more responsibility in multilateral development policy and to harness its strengths more effectively. Important restructuring processes are underway in the World Bank, the IMF, in regional banks and UN organisations. Germany will be actively involved in shaping these reform processes.

We welcome the fact that a comprehensive approach to development has been firmly embedded in the G-20 process. Global challenges cannot be met unless the G-20 group takes on responsibility. The G-20 represents two thirds of the world's population, 80 per cent of global trade and 90 per cent of global gross domestic product (GDP). But this group of countries is also where the majority of those living in absolute poverty have their homes. In order for the work of the G-20 to gain acceptance, we need to enter into dialogue within the United Nations and to coherently represent the concerns of the countries in the group.

Germany has the world's largest organisation for international Technical Cooperation, the Gesellschaft für Internationale Zusammenarbeit (GIZ). The KfW Bankengruppe is regarded as one of the world's strongest bilateral finance institutions for development. Better dovetailing of bilateral and multilateral cooperation is a task that we are driving forward with our partners, for example through triangular cooperation, joint sector programmes and strategic partnerships based on a meaningful division of labour.

1.4.7 Utilising Europe's opportunities

The BMZ's budget reflects Germany's global responsibility. It is the German government's second-largest investment budget. But Germany also acts as a European partner. 60 per cent of public expenditure on global development comes from the EU. The EU is present in nearly every country in the world and has a leading role in efforts to increase effectiveness. We want to make better use of this potential. The European External Action Service (EEAS) gives us the framework within which to dovetail development, foreign, trade, agricultural and climate policy more coherently and more efficiently for development. We want to contribute to making Europe a key actor when it comes to shaping globalisation. Germany will remain a reliable partner throughout those efforts.



1.4.8 Increasing the effectiveness of international economic relations

It is inconsistent with a free and fair market that trade barriers, protective tariffs and export subsidies pose an obstacle to development progress. As a result, developing countries are currently losing twice as much revenue as all donor countries put together are spending in terms of ODA. Such incoherency slows down the momentum created by successful development partners through direct investments. The aim of German development policy in this context is to set up a trade system that facilitates free trade and creates fair development opportunities. For us, shaping the multilateral trade system in a manner that is conducive to development is a key condition for future-proof development and all forms of helping people to help themselves. Only then can new markets develop. Only then can entrepreneurs become the drivers of international development. Sustainable extractive resource management in producer countries is also in Germany's interest. Good governance and transparency create the essential foundation for that; monitoring changes in the field of governance is a concrete approach that shows the way forward. With regard to resources for which there is global demand, future-proof development will only be possible where it is not the rule of 'might is right' that prevails but the rule of law. More specifically, that means partner countries

need to establish well-functioning state institutions, set high environmental and social standards, and adopt development-oriented fiscal and financial policies.

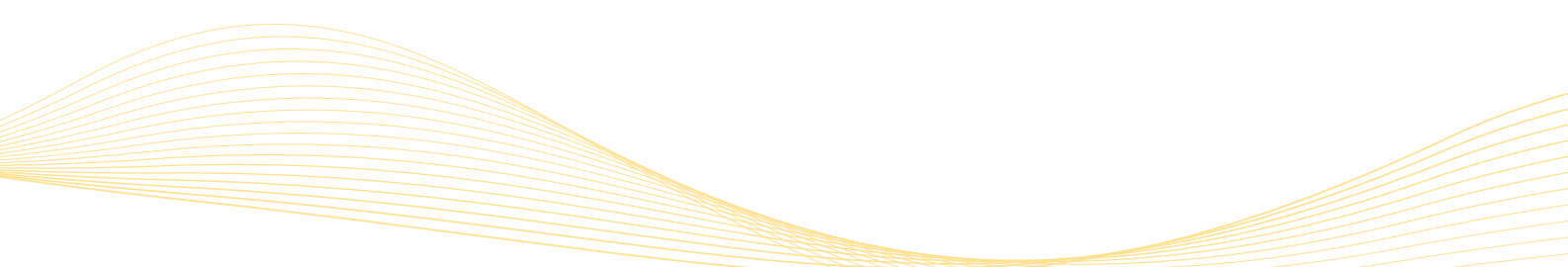
1.4.9 Becoming an innovative agenda-setter

Our development policy will make more use of the potential of the private sector, civil society and science as drivers of innovation. We regard the willingness to innovate as a precondition for being able to preserve what has stood the test of time and to set future trends, both in Germany and in partner countries. Together with other governments, the BMZ will contribute more than in the past to international agenda-setting processes within the G-20, the World Bank and other multilateral organisations, and the EU. We will also step up exchange with globally active foundations, initiatives and religious communities. Innovative development policy will strengthen joint scientific cooperation between developing and industrialised countries. Common bodies of knowledge improve the basis for effective and innovative cooperation and help to build trust. We want to be a trendsetter in the field of new communication technologies in order to move forward on dialogic cooperation networks, more rapid exchange of know-how, cross-border learning processes, transparent government action and combating corruption.

1.4.10 Strengthening commitment, coordination and dialogue

Change comes from the midst of society. Committed civil society individuals and committed entrepreneurs can make a great difference. Where those affected seek ways to improve their situation, they can develop ideas that promote change processes. That is why, for us, cooperation with committed individuals in civil society, business and politics is of fundamental importance. Development benefits from

the experience and scope for action of churches, political foundations and NGOs, of migrants and think tanks. We regard the Länder (federal states) and local authorities in Germany as important actors and intermediaries that are capable of mobilising others to get involved and of promoting development partnerships. In order to strengthen such diverse commitment and to ensure that it bears fruit for development, we have created service points for business and for municipal and civic engagement.



2. Key areas for future-proof development

An effective and visible development policy needs to set priorities and identify strengths. We believe that there are concrete opportunities for getting globalisation on the right track. On our neighbouring continent of Africa we can help to ensure that within a few years a successful group of countries are no longer the object of development policy. Over the next few years we will have to formulate development strategies that go beyond the existing MDGs. Climate compatibility and efficient energy systems, a key issue when it comes to self-sustaining economic development, will have a key role to play here. Germany is

an innovation leader in the field of energy and resource efficiency and will further step up its efforts to share its potential with partner countries to help them meet the challenges they face. The international community also faces an entirely different challenge, namely how to support the development of fragile states and regions. We believe the current younger generations in these countries in particular have a historic opportunity. We have identified five key areas in which linking priorities with potentials that will shape the future promises special success in the coming years.

2.1 *Strengthening Africa, the continent of opportunity*

We regard our neighbouring continent of Africa as a continent of opportunity. Without doubt there are fragile and conflict-affected states that need tailor-made policies (see 2.4). But Africa is more than a continent of crisis. It is a continent on the move: The number of democracies in sub-Saharan Africa has risen from three to 23 since 1989. Some 15 countries have achieved positive growth rates comparable with other successful countries in Asia and Latin America. A new generation of entrepreneurs, decision-makers and civil society actors is taking on responsibility, making use of modern technologies and living in an international, networked world.

We want to help sustain this momentum. In addition to the trade and investment activities German entrepreneurs engage in, German development policy will strengthen these African economies on their road to success and promote viable private-sector structures at local level, thus creating jobs and opening up new markets. There can be no development without local value-added. We regard the successful countries as sources of impetus and inspiration for the entire region. By stabilising MICs we can help boost the opportunities available to LDCs. Until now, better economic policies and commodity exports have been the drivers of growth. The result is an increased



risk of setbacks: low impacts on employment, environmental degradation, conflicts over access to resources and corruption threaten what has been achieved.

In order to put growth on an ecologically and socially viable foundation, German development policy will promote the expansion and diversification of local value-added. More specifically that means

fostering regional cooperation efforts, promoting the private sector and investing in people, education, knowledge and health, and especially fighting HIV and AIDS. Local policy-makers and business players are called to use resources responsibly and transparently to combat the causes of poverty and to support climate protection and biodiversity.

What are we doing to promote development and the private sector in Africa?

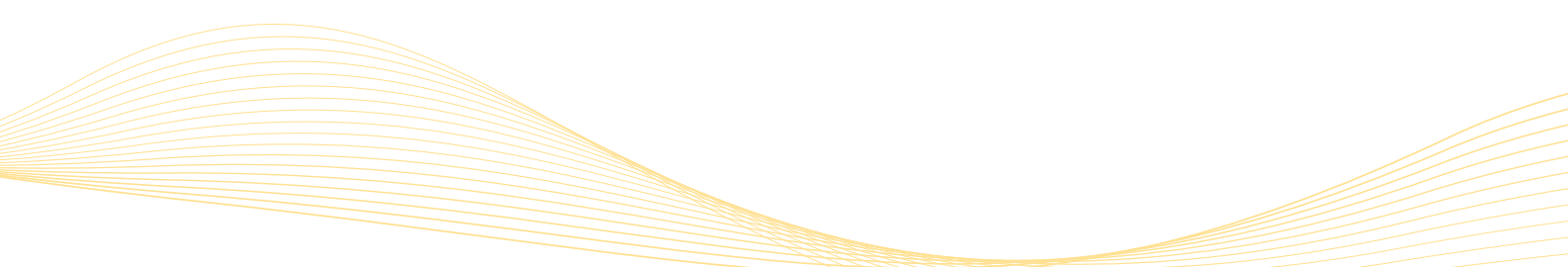
Here are some examples:

- Investing in the microfinance sector and sound financial systems
- Accelerated customs clearance, functioning commercial courts and anti-corruption efforts
- Investing in an integrated approach to education for qualified local personnel
- Advising, financing and supporting investment projects in small and medium-sized enterprises
- Feasibility studies and networking programmes for German and African business

2.2 *Combating the causes of poverty with future-proof energy*

Development needs future-proof energy. More than 500 million people in sub-Saharan Africa do not have secure access to electricity. Globally, 1.4 billion people are without electricity; 2.7 billion mainly use

firewood for cooking or heating purposes, which has consequences for their health and the environment. Modern energy services are prerequisites for access to safe drinking water, lower child mortality



rates, agriculture, lighting, transportation, telecommunications and entrepreneurship. Future-proof energy systems must be adapted to local conditions and lifestyle habits in order to enable economic development and poverty reduction.

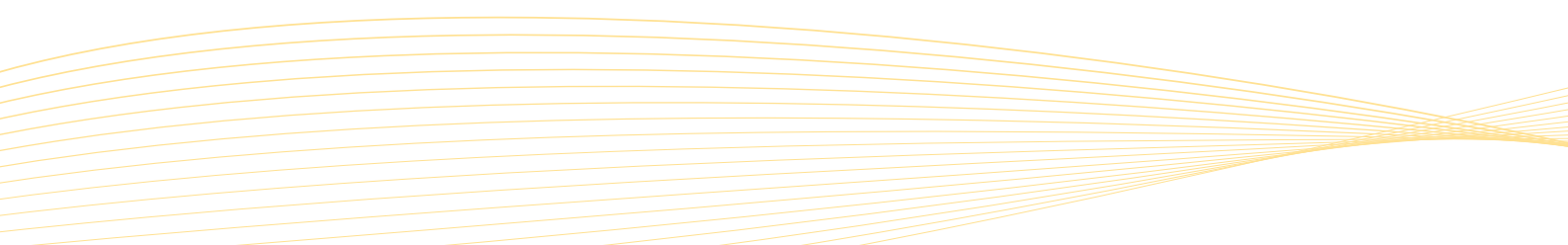
Successful development leads to an increase in energy demand. Fighting energy poverty is thus one of the focuses of German development policy, particularly in Asia and Africa. It is today that the course is being set for these regions' future energy supply structure. Germany will take a leading role in this process and will mobilise

partners to implement an initiative for sustainable energy for development. Germany is one of the few countries utilising nuclear power in which there is cross-party consensus that the technology is no longer fit for the future. That is why we are supporting the enormous potential inherent in renewable energy, be it solar, wind, geothermal or biomass. We believe these resources have great development and entrepreneurial potential. And that is why we support the sustainable and future-proof use of resources and access to affordable as well as environmentally sound and climate-friendly energy.

What are we doing to promote commitment to sustainable energy?

Here are a few examples:

- Establishing markets for renewable energies
- Promoting the world's largest photovoltaic power plant in Maharashtra, India
- Strengthening the International Renewable Energy Agency (IRENA)
- Expanding the German-Dutch 'Energising Development' energy partnership
- Expanding the innovative power of the Africa-EU Energy Partnership (AEEP)
- Promoting private and municipal investment in energy efficiency through innovative lines of credit and consultancy services (e.g. the Green for Growth Fund in South-East Europe)



2.3 *Tapping into Germany's innovative climate protection potential*

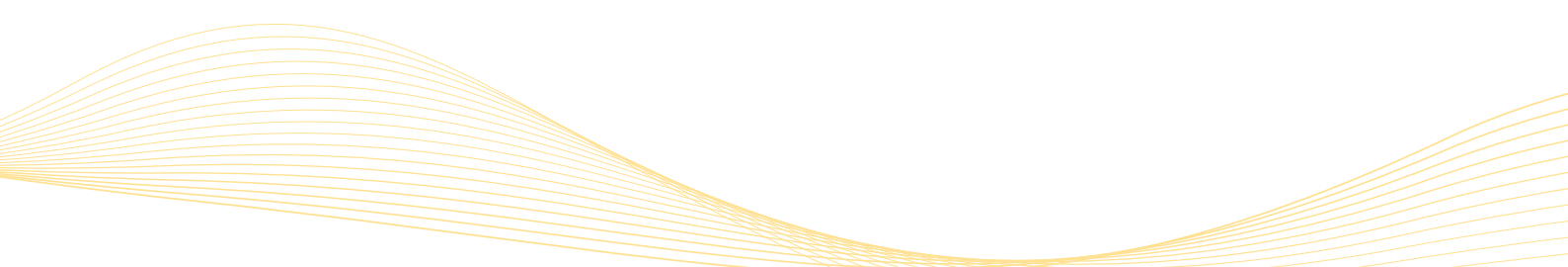
Just as climate change is threatening achievement of the MDGs, a climate-friendly development path opens up new development opportunities. By supporting work on the United Nations Framework Convention on Climate Change we are backing a set of rules that involves everyone, from rich industrialised nations to poor developing countries. Emissions need to go down and coherent approaches need to be adopted for the trend to be reversed. It is the LDCs especially that need support in adapting to the consequences of climate change. Protecting forests is indispensable when it comes to stemming the consequences of climate change. Forests provide habitats, biodiversity and local opportunities for generating income. The diverse measures relating to the environment and climate must be part of a national development strategy.

We are banking on the innovation potential available in the business, academic and research sectors in Germany, where leaders can be found in many areas of relevance to the climate, infrastructure and the environment. We want to use these strengths to satisfy mutual interests in order to establish alliances for the future to benefit climate-friendly development and thus support European climate and energy policy. We will support our partner countries in using

resources more efficiently and more sustainably, in achieving global climate targets and in increasing their opportunities for development. Our many years of experience in Latin America have shown that change is possible.

We will incorporate tools for financing mitigation and adaptation measures, economic and technology consulting and methodological skills, institution-building, science and research, and further training into a kind of 'German climate innovation brand'. Such systemic solutions need to be implemented after adaptation to local contexts and require interministerial coherence, which we will realise in the form of a technology-based development policy.

We believe that shaping the global surge in urbanisation in a climate-friendly fashion is one of the central tasks of international cooperation. By 2050 the majority of the world's population will be living in urban centres. Today, 40 per cent of Africans already live in urban regions. In Asia the number of city dwellers will double, from 1.5 to 3 billion, by 2030. This development is being mirrored in Latin America and will pose new challenges for urban planning, architecture, transportation systems and technological innovation. We will address these challenges.



What are we doing to support climate-friendly development?

Here are a few examples:

- Initiative for Climate and Environmental Protection
- German Climate Technology Initiative (mobilising German technology opportunities for a low-carbon economy in emerging and developing countries)
- REDD+ approach (Reducing Emissions from Deforestation and Forest Degradation) for forest conservation and reforestation
- Adaptation strategies: infrastructure (energy, water, urban development, mobility, disaster protection), insurance systems in agriculture and forestry
- Service point for civic and municipal engagement
- Expanding cities' and municipalities' climate alliances
- Strategic cooperation with ICLEI – Local Governments for Sustainability on climate-friendly local and urban development

2.4 *Helping fragile states is an investment in peace*

Half of our partner countries are affected by conflicts. Weak governmental structures, violence, poverty, human rights abuses, and trafficking in humans, weapons and drugs negatively impact on people's opportunities in life. Here, development cooperation must adopt a conflict-sensitive and conflict-mitigating approach. Development requires a minimum level of security. The security and foreign policy relevance of fragile states means that devel-

opment strategies, diplomatic strategies and security strategies are intertwined in a coordinated approach. Donor coordination has an important role to play in this so as to ensure that local capacities are not overstretched. Development cooperation must take account of specific contexts at local level and react quickly and flexibly to changes. There are no 'one-size-fits-all' solutions. Our cooperation is aimed at good, inclusive governance. Governmental and



civil society reform forces and institutions that facilitate transparency and accountability – through the legislature, judiciary and media – must be strengthened. German development policy has effective instruments for doing just that, namely its Financial and Technical Cooperation, the political foundations and the Civil Peace Service. Our involvement in countries with fragile statehood is expensive and requires perseverance. Emergency and transitional aid constitute the first, necessary measures for securing livelihoods. We take a prevent-

ative approach that addresses the causes of conflicts and state failure, with the aim of promoting long-term peace. Development-based crisis prevention can help to make military interventions unnecessary. We regard cooperation as a risk investment: where it leads to success it has great political, social and economic benefits – for local people, for our country and for the international community. The success of development policy in such cases is a peace dividend.

What are we doing to help fragile states?

Here are a few examples:

- Training local correspondents in peace journalism for crisis prevention
- Using the ‘whole-of-government’ approach to integrate security, diplomacy and development
- Tripling funding allocated to Afghanistan
- Innovative instruments such as regional development funds in Northern Afghanistan, Afghanistan Reconstruction Trust Fund, Multi-Donor Trust Fund for Pakistan
- Civil Peace Service for conflict prevention and conflict transformation
- Supporting victims of rape in Congo, cooperation between German foundations and democratic actors in Egypt, Governance Fund in Yemen, Peace Fund in the Democratic Republic of the Congo

2.5 *Boosting the innovation capacity of leadership elites*

Where interdependencies require global and intersectoral action, where poverty, climate change and fragile statehood are perpetual interwoven problems, then innovations and innovation pioneers are needed. The focus is then always on the opportunities open to individuals and on the reform of institutions. Those who want future-proof development and innovative societies must promote attitudes and instruments that identify and strengthen the future-oriented capacities of people, social movements, institutions and enterprises. Innovation and mainstream rarely or never go hand in hand.

Change needs leadership in the most diverse areas. Leadership is more than just professional competence, it is social players' self-empowerment, it is competence in terms of discourse, methodology and values. Interdisciplinary experience and systemic thinking are needed to set innovation processes in motion, as are the freedom to act, networks and gender fairness.

Local ecological, social and religious issues have become international issues. Global leadership requires a knowledge of local interests and the ability to combine these with global perspectives. Culture and religion are forces that influence the success of foreign and development policy. In order to be able to face the challenges arising from that we need an innovative concept of leadership that taps the potential of pioneers in civil society and business, and the potential of cultures and religions, research and science, thus introducing future-oriented knowledge into institutions, prototypes and programmes. Such pioneers are not only the easily identifiable decision-makers of today but also people who are not in the front line and yet stand behind their ideas and put all their efforts and entrepreneurship into realising them.

New thinking requires new structures; change management requires methods that identify, communicate and implement approaches that are fit for the future.



We measure leadership development by the ability to think along new lines and to work on future viability through a dialogue without predefined outcomes. It is not know-alls we will need in the future, but all the knowledge we can harness about our global future and its interdependencies.

We regard innovative educational and leadership approaches as investments in

pioneers, in forward-looking and value-based, cooperative leadership elites from the political, administrative, economic and academic spheres and civil society. Over the coming years we want to make such investments in 'minds for change' a trademark of Germany's contribution to future-proof development.

What are we doing to promote innovative global leadership elites and innovation?

Here are a few examples:

- BMZ Forum for the Future
- BMZ innovation advisory board
- Global Leadership Academy
- Climate Leadership Programme
- Global governance leadership models
- Alumni portals
- BMZ innovation lab, plus fellowship programme
- Shaping change management and open-mindedness processes in the BMZ
- Developing innovation systems in the context of private-sector promotion in Serbia

Germany's contribution

Creating **opportunities** globally

Effectiveness *MDGs* Climate

Business and civil society

Making international cooperation fit for the future

Global policy for the future *Interests and values* Peace and security

Strategy capacity **Commitment** Visibility

Combating the causes of poverty **Education**

Inclusive green growth Women

Coherence Leadership elites **Innovation**

Human rights



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Federal Minister for Economic
Cooperation and Development



Gudrun Kopp, MP
Parliamentary State Secretary to
the Federal Minister for Economic
Cooperation and Development



Hans-Jürgen Beerfeltz
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Economic Cooperation and Development

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