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Written statement* submitted by Institute for NGO Research, a non-governmental organization in special consultative status

The Secretary-General has received the following written statement which is circulated in accordance with Economic and Social Council resolution 1996/31.

[21 February 2019]

* Issued as received, in the language(s) of submission only.

Institute for NGO Research Submission on German Development Cooperation's Funding Secrecy

A special report released on December 18, 2018 by the European Court of Auditors (ECA) found a severe transparency deficiency in EU funding to Civil Society Organizations (CSOs), confirming concerns raised by NGO Monitor for more than a decade. The ECA report notes that the EU “was not sufficiently transparent regarding the implementation of EU funds by NGOs” and “does not have comprehensive information on all NGOs supported” by taxpayer funds. Additionally, EU funding via the United Nations is particularly non-transparent and unaccountable, with “UN bodies’ procedures for selecting NGOs lacked transparency” and “the UN bodies directly awarded sub-grants to NGOs without adhering to their own internal procedures.”

In Germany too there is a longstanding discussion about the lack of transparency of its development aid. German media and politicians refer to the problem as a “financial watering can,” referencing the huge number of ministries and instruments involved in the decision-making process and distribution of Germany’s development aid. Even Germany’s report about their and the UN’s cooperation in 2016-2017 (latest available) shows that multiple German ministries contribute to UN-frameworks in addition to direct government funding for projects and bi-/multilateral cooperation and indirect support to German and international non-governmental organizations (NGOs), German church-organizations, and German political foundations. The great variety of institutions responsible for development cooperation is a specifically German phenomenon, characterized by a separation between political, financial, and implementation components with no supervisory authority for each organization to report to.

Additionally, the legislation on non-governmental partners that are registered as associations in Germany does not require them to disclose their financial statements, use of funds, or their \ partners, leading to an extreme lack of transparency and confusion. Individual ministries, agencies, and NGOs publish some project and funding information, but the data available is either randomly reported, incomplete or out of date, and is only made publicly available on a voluntary basis. Making a Freedom of Information (FOI) request is not always an option in Germany, as public sector organizations are allowed to charge fees for providing information (up to €1,000 per request) and requests can be refused or remain unanswered without reason.

According to the Commitment to Development Index (CDI), published annually by the Center for Global Development, Germany ranked third (together with Finland) in 2018 out of 27 of the world’s richest countries on its dedication to policies that benefit people living in poorer nations. While other measured factors may contribute to Germany’s high ranking, its performance in the aid-sector was ranked 17. Germany was also ranked last in aid quality. According to CDI, Germany scored well on the indicators for transparency, contradicting the above details regarding Germany’s lack of transparency. This discrepancy follows from the fact that CDI bases its transparency measurements on particular criteria, such as being a member of International Aid Transparency Initiative (IATI) and “donor performance” on publication to “OECD-DAC’s Creditor Reporting System (CRS) used for backward-looking accountability; and OECD-DAC’s Forward-Spending Survey (FSS) used for forecasting purposes; and the International Aid Transparency Initiative (IATI) used for aid management and planning purposes”, examining dimensions timeliness, comprehensiveness, and forward-looking nature. None of these indicators deal with transparency in the sense of making details publically available to German taxpayers and others.

Germany, as one of the signatories of the United Nations Millennium Declaration (2000), acknowledged the outstanding importance of “good governance” as a key factor for the worldwide fight against poverty. One of the components of good governance is transparency that provides a better basis for decisions and limits the possibility of corruption and misuse of resources.

Of relevance, Germany is the fourth-largest financial contributor to the UN, allotting approximately \$155 billion to the UN annually, making up 6.4% of the UN budget. Additionally, the EU, with Germany among the 28 member states, provides approximately 31% of the UN budget. In 2018, approximately \$489 million of German funding to the UN was utilized for humanitarian aid.

The case of the German Society for International Cooperation (GIZ), a governmental organization responsible for the technical implementation of Germany's development cooperation, is exemplary in the discussion of Germany's lack of transparency. According to its website, the project "Prevention of violence through psychosocial support for children and young people" was commissioned by the German Federal Ministry for Economic Cooperation and Development and implemented by their German partner Civil Peace Service (ZFD), a civil society initiative funded by another Ministry for Economic Cooperation and Development (BMZ)-affiliate – Engagement Global (EG). Of all these organizations only GIZ and ZFD list a project description, however with different project duration. ZFD names their local implementing partners (NGOs), whereas GIZ does not. None of the organizations mention the amount of funding received for the project, nor is it possible to publically access this information on the IATI database. BMZ is the only ministry that reports to IATI, whereby data found includes only funding by GIZ or KFW Development Bank, both subsidiaries of BMZ, and select NGOs.

Increasing transparency would increase the effectiveness of Germany's aid and limit the potential for corruption. Participation in global efforts to increase aid transparency demonstrates donors' commitment to improve access to information on their activities and to allow an independent evaluation of their spending in order to increase the efficiency of their development aid. Germany, as one of the biggest donor countries, not only in terms of their funding volume, but also in terms of their know-how, should increase their transparency to donor funding through opportunities created by technological advances and follow their European neighbors in order to enhance transparency and accountability in development cooperation.

The UNHRC should encourage Germany to enhance its transparency by making funding information to international projects publically available. These details should include funding amounts, grantees, and project descriptions. Additionally, a centralized supervisory authority should be established, for registering applicants for funding and for the numerous governmental bodies to report to. As a major donor to various UN frameworks, it is in the UNHRC's best interest to ensure that member states exhibit satisfactory levels of transparency in order to ensure aid reaches the most vulnerable and needy populations.
