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Partners in global development

Development cooperation with regional giants as China, India or Brazil is necessary. Otherwise, the goals of peace, prosperity and environmental sustainability will not be achieved.

[By Heidemarie Wiczorek-Zeul]

Five years ago, the international community set out its vision of a better world in the Millennium Declaration and the Millennium Development Goals (MDGs). The banishing of poverty and hunger, improvements in health care and water supply, preservation of ecological sustainability, trade, debt relief – those are the issues at the centre of this vision of a safer, freer, better world. They are issues that affect all countries, albeit to varying degrees. In this era of globalisation, in which some countries and regions are integrated into the global economy more than others and are affected in different ways by our increasingly interconnected world, we have to recognise that living conditions vary widely.

Development policy is therefore faced with the task of reacting to the diversity of these countries. How should we work with good performers, how do we react to poor performers and failing states? The question is also being debated whether development cooperation should be concentrated on the poorest developing countries and whether countries that are economically relatively far advanced, such as China, India, Brazil or South Africa, should still receive development assistance at all. In international debate the term used is “cooperation with Middle Income Countries (MICs)”.

I am convinced that continued cooperation with more economically advanced countries is vital, particularly in our efforts to achieve the MDGs. A classification like this is normally based on a purely economic criterion, namely per capita GDP. Yet such labels fail to adequately reflect the realities. Often – as in China or India – there are gaping income disparities within individual countries, despite relative poverty having unquestionably been reduced. Over 50 percent of the world’s poor live in China and India alone. It is impossible,

then, to use a single criterion to adequately reflect a country's true level of development. And, what is more, one middle-income country is not necessarily like another. We should not be lured by these labels into an "either/or" mindset – decisions should be based on each country's political and economic situation, both domestically but also above all with a view to the role it plays at regional and global level in achieving the MDGs. The question is whether it performs a key role as what we call an "anchor country".

The importance of anchor countries

Anchor countries – like China or India – are major economic players in their regions. Through the sheer size of their economies, they act as powerhouses with massive influence on regional economic and trading relations. In political terms, too, they play a special role within their own regional context. Countries like Brazil, Mexico and South Africa, for example, are the driving forces behind associations for regional integration. South Africa and Nigeria, for instance, are taking on increasing responsibility in regional peace missions. Anchor countries have emerged as important players in the international political dialogue, be it on matters of global governance or negotiations on the world trade regime or financial system. They therefore play a decisive role in both political and economic terms. That role can be both negative and positive; a country that exudes instability and stagnation can obviously throw an entire region off track.

At global level, too, the anchor countries have a key role to play in achieving the MDGs. Only if the structural causes of poverty in India and China can be overcome and social cohesion improved can the aim of halving global poverty by 2015 be achieved. If we want to achieve ecological sustainability across the world, we need to target our efforts at all levels and all regions; that means working on the protection of the global environment and natural resources in China and India for example, two of the largest emitters of CO₂ in the world, or in Brazil, with its unique biodiversity.

In order to adequately reflect the emerging role of anchor countries as global players, the BMZ produced a position paper last December outlining its vision of a form of development cooperation with anchor countries that can take us into the future. This paper draws on recommendations by the German Development Institute (GDI).

Based on the GDI's definition, we have examined our existing list of priority partner countries and partner countries and identified the following as anchor countries: China, India, Indonesia, Pakistan, Thailand, Egypt, Nigeria, South Africa, Brazil, Mexico and Turkey. With the term "anchor country", we are therefore not introducing a new category of cooperation country.

Based on a dialogue with our cooperation partners, we want to develop strategic partnerships and refocus our bilateral development cooperation with anchor countries in a way that reflects their changed role in the regional and international context whilst at the same time pursuing as far as possible our own interest in shaping global structural policy. By enhancing the positive influence of anchor countries, we can achieve a development impact that spreads across the region – and indeed beyond, if we think of global public goods. So we are talking here about development cooperation and not development "aid". Our idea is quite definitely not to shift the focus of German official bilateral development cooperation away from low-income countries and towards countries that have reached a higher level of development. Nor is the idea to renounce poverty reduction as the overarching goal of German development cooperation.

The following key issues are appropriate areas on which to concentrate our development cooperation with anchor countries:

Fostering social cohesion / reducing poverty;

70 percent of all people living in absolute poverty are to be found in the six anchor countries of India, China, Nigeria, Brazil, Pakistan and Indonesia. Yet not all governments in anchor countries have gone far enough to put poverty reduction at the heart of either their own policy agenda or international cooperation. By promoting pro-poor growth, we can help to improve social cohesion and tackle the structural causes of poverty. One very promising approach can be to establish social security systems – preparations for such a system have, for example, just got underway in India – and promote corporate social responsibility.

Protecting global public goods

The high growth rates in a number of anchor countries, increasing prosperity within some sections of the population and efforts to reduce poverty are increasingly placing a strain on scarce environmental resources. Some anchor countries already hold the key to whether the international community will succeed in steering development in a sustainable direction with minimum impact on natural resources. They are increasingly aware of the economic and social costs of unsustainable resource consumption; they have been readjusting their course and investing in viable technologies (e.g. India and China). By offering the transfer of know-how and technology in such areas as renewable energies, energy efficiency and environmental protection, German development cooperation can act as a springboard for greater private sector involvement in the more advanced anchor countries in particular. If we can help China to meet more and more of its growing energy needs from renewable energies and increase its energy efficiency, the benefits in terms of mitigating global climate change will be considerable and it will be in our own best interests.

In Brazil, we are involved in efforts to save the world's largest contiguous tropical rainforest. Uncontrolled commercial activity has placed this global environmental asset under increasing threat. In a strategic partnership between the G7 countries and the Brazilian government, a programme was launched in the 1990s for the protection and sustainable management of the Amazonian rainforests (PPG7). With support from German development cooperation, the PPG7 is now to be extended beyond the Amazon Pact to other Amazon countries.

Strengthening good governance and regional security

A vital factor in creating fair and peaceful global structures, i.e. rules and regulations and the right international institutional architecture (global governance), is focused cooperation on the reform and strengthening of government institutions in anchor countries (good governance). This provides openings for enhanced cooperation with anchor countries, such as an intensification of dialogue, pointing out that the MDGs cannot be achieved without minority rights, functioning democratic institutions and measures to fight corruption – which are three key aspects of good governance – and also respect for human rights, peace, and security. Through the dialogue with China on issues regarding the rule of law, which is coordinated on Germany's part by the Federal Ministry of Justice, development cooperation helps to promote the process of economic and political reform in China and thus to promote a mindset and an approach that is based on the rule of law, including respect for human rights – even in the face of some resistance.

A number of anchor countries are of special importance in terms of foreign, security and peace policy. The peaceful settlement of anchor countries' internal conflicts or conflicts with

their neighbours is not only relevant at national level but also beyond, as it can help achieve regional stabilisation. We can play a major role by supporting regional reform initiatives such as NEPAD (New Partnership for Africa's Development) but also by helping anchor countries to strengthen their role in conflict mediation and regional and international peace missions.

We will be refining the range of instruments for bilateral development cooperation with anchor countries in order to better reflect the changed role of these countries and will be focusing more on the following aspects:

- externally, we will be using strategic alliances with the EU and with bilateral and multilateral donors (e.g. within the PPG7) to encourage them to also adapt their development cooperation to the new role assumed by anchor countries;
- internally, the BMZ will be working towards greater alignment of the various forms of cooperation on offer from Germany, particularly those operated by other ministries (e.g. economics, research and technology, environment and consumer protection);
- we will expand the role of technical cooperation as a knowledge broker and gateway to key skills. This also means making greater use of the instruments of what is known as “technical cooperation in the broad sense”. The institutions offering technical cooperation need to develop a particularly flexible and demand-driven range of instruments to deal with the specific needs of anchor countries. This means, for example, the advisory services on offer from the GTZ and also the activities of “technical cooperation in the broad sense”. This latter category includes, for instance, programmes for staff development and training (InWEnt), the integration of skilled German workers in institutions in the anchor countries for a temporary period (CIM) or the work of the political foundations and non-governmental organisations, which can help in many ways to engage anchor countries in a political dialogue on complex economic and social questions. Financial cooperation with anchor countries will in future focus more on investment projects that help develop structures and break new ground in the technological field and also on international technological cooperation. Given the advanced economic capacity of most anchor countries, greater use should be made of financing instruments in which scarce budgetary funds are replaced or complemented by market funding (financial cooperation development loans or promotional loans from the KfW Entwicklungsbank or financing from the German Investment and Development Company, DEG).

The future

Using country-specific analyses, we will be taking our cooperation with anchor countries in a new direction and developing strategic partnerships. This is not a process that will be starting from scratch. In some countries, we have already begun upgrading our cooperation portfolio. China, with whom strategy discussions began in March 2005, is taking an open, cooperative and active approach to the process; the country has itself recognised the need for such a process, given the degree of responsibility it bears. The task is to adjust the modalities, the instruments used and the portfolio. Just as in China, portfolio analyses are to be conducted for India and Brazil in the first half of 2005 and initially for Mexico and South Africa in the second half of the year. This will be done with the support of the GDI through an advisory project. All relevant players will be involved, e.g. other ministries, GTZ, KfW, institutions offering “technical cooperation in the broad sense”, political foundations and other non-governmental organisations. One of the focuses will be to assess the contribution these anchor countries make to global structural policy and to assess existing German development cooperation so as to ascertain how the cooperation portfolio could be further developed.

I am convinced that if we want to reduce poverty, build peace and steer the globalisation process in the right direction, we cannot ignore the anchor countries as partners in global development. A modern development policy cannot focus exclusively on the poorest countries, although there is no question that they should receive our fullest support. I see anchor countries as key partners in global development. We now need to steer our partnerships with the anchor countries in a new direction that takes account of their changed role and that will enable us to meet the challenges of the future. It is not a question of quantity – what matters is the quality and the substance of our cooperation.

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<http://www.bmz.de>

Literature:

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