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séminaire **GOUVERNANCE MONDIALE**
RÉGULIER

Anchor Countries – Partners for Global Development

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Ce texte a été présenté lors d'une session du séminaire « Pays émergents et aide publique au développement », organisé par l'Iddri, avec le soutien du ministère des affaires étrangères (DgCID).

This paper has been presented at the Development Assistance and Emerging Countries workshop. It was organized by IDDRI with the support of DGCID (French Ministry of Foreign Affairs).

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Anchor Countries – Partners for Global Development

A BMZ Position Paper

Published by the

**Federal Ministry for Economic
Cooperation and Development
Development education and information division**

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As of: December 2004

1. The significance of anchor countries – a strategic definition

1.1 Global developments and growing challenges requiring the resolution of global issues have highlighted the central role of a specific group of countries: the **anchor countries**. Due to their economic weight and political influence, they are playing a **growing role** in their respective regions, and also increasingly on a global scale, in defining international policies – and also for the achievement of the Millennium Development Goals (MDGs). They have a key role to play with regard to reducing human poverty, working for globally sustainable development, securing peace and stability, as well as for issues relating to global governance and the protection of global public goods. Development cooperation with these countries therefore has to be designed, and developed further, accordingly. This paper outlines openings for specific forms of cooperation on which German development cooperation with anchor countries can rely. The point of these deliberations is *not* to shift the focus of future German development cooperation to the anchor countries to the detriment of low-income countries.

1.2 The following countries are **anchor countries**¹:

China, India, Indonesia, Pakistan, Thailand, Egypt, Iran, Saudi Arabia, Nigeria, South Africa, Argentina, Brazil, Mexico, and Russia as well as Turkey.

Even though the anchor countries form a rather heterogeneous group, the following specific **shared characteristics** can be identified:

- Due to the size of their economies, anchor countries play a central role for **regional economic development**. This role may be positive in the sense that they act as engines of growth, or it may be negative in the sense that they pose massive impediments to the economic development of other countries in the region.
- Except for Nigeria and Saudi Arabia, with their raw-materials based economies, anchor countries are more multi-faceted than smaller and poorer economies. In addition to **vast poverty regions**, they often have a number of **industrial growth centers** as well as **centers of innovation** of international importance. This internal heterogeneity can cause, or exacerbate, a serious risk of social conflict. With a view to achieving internal stabilization, but also with a view to preventing negative repercussions on the entire region, governments need to respond to special challenges with regard to policy-making, consensus building and the protection of human rights.
- Anchor countries are of great importance for **regional political development and security**. They play a central role in regional integration processes (e.g., Brazil in Mercosur) and regional initiatives (Nigeria and South Africa for NEPAD, but also in the AU). Anchor countries often take on an intermediary role in violent conflict and wars in their respective regions, and they are increasingly assuming responsibility **in regional peace missions** by providing civilian and military personnel.
- A strategy for **global poverty reduction** (MDG 1) requires significant progress with regard to improving the living conditions of the poorest population groups and with regard to overcoming social injustices in anchor countries, even in those with dynamic economies (for instance in India, China, and Brazil).

¹ Definition from the DIE/GDI study, "Schwellen- und Ankerländer als Akteure einer globalen Partnerschaft – Überlegungen zu einer Positionsbestimmung aus deutscher entwicklungspolitischer Sicht" (November 2004), available at www.die-gdi.de (cf. Annex). The GDI deliberations are based on the current DAC list of developing and transition countries, part II of which includes Russia.

- Some anchor countries have a central role to play with regard to the **global protection of the environment and of natural resources** (MDG 7). Due to the size and dynamic character of their economies, their resource consumption is high, with the commensurate environmental problems (energy consumption, CO₂ emissions). Moreover, some of them have natural resources (biodiversity, tropical forests) that play a central role for the world's life support systems.
- The group of anchor countries includes partners that appear indispensable to the international political dialogue. Efforts to **give shape to global governance** – be it in the context of UN reforms, the UN Security Council, with regard to the stability of the international financial system, the further development of the world trade system, or global climate protection – will not be likely to succeed without appropriate cooperation with the anchor countries, which are increasingly participating in international processes.

1.3 The group of anchor countries is not identical (except for Mexico and Brazil) with the group of countries referred to as **emergent countries**. Emergent countries, unlike anchor countries, do not necessarily have a prominent position in their respective regions. The group of emergent countries² includes, in addition to Mexico and Brazil: Chile, Costa Rica, Malaysia, Mauritius, Trinidad and Tobago, and Uruguay. In emergent countries that are not also anchor countries, it appears advisable to replace bilateral development cooperation with country-specific forms of cooperation in the medium term, forms that correspond to the level of development achieved by the country in question (such as cooperation for the benefit of third countries that are ODA recipients, or the expansion of strategies for regional cooperation).

1.4 The debate on more effective international development cooperation also puts under review the cooperation pursued to date with the large, very heterogeneous group of **middle-income countries** (MICs), both in terms of its quantity and its quality. In contrast with the definition of anchor countries used here, the definition of MICs is based exclusively on national per capita GDP, taking no account of the specific regional context and leaving the existing potential for development out of the picture. This perspective is too narrow, especially when it comes to designing bilateral development cooperation and its broad goals – poverty reduction, justice in globalization, and peacebuilding. Our deliberations on future cooperation with anchor countries to be found below will therefore also be used as input for the international debate on the significance of cooperation with MICs and on a greater international division of labor among development organizations.

2. Current status of cooperation with anchor countries

2.1 The following anchor countries are currently **cooperation countries for German development cooperation**: China, India, Indonesia, Pakistan, Thailand, Egypt, Nigeria, South Africa, Brazil, Mexico, Turkey. Six of them are priority partner countries³. German bilateral development cooperation can build on long-standing cooperation with these anchor countries. In some cases, the programs of cooperation have covered a very broad range of areas. With some of these countries, we have already been pursuing efforts in the recent past to **further develop the portfolio** of our bilateral development cooperation. These efforts have involved the development of a clear focus on specific sectoral and thematic priority areas of relevance for the cooperation country in question which appeared suitable for resolving the country's specific problems.

² Based on GDI, "Schwellen- und Ankerländer als Akteure einer globalen Partnerschaft – Überlegungen zu einer Positionsbestimmung aus deutscher entwicklungspolitischer Sicht" (November 2004), available at www.die-gdi.de.

³ India, Pakistan, South Africa, Indonesia, China, Turkey

Vital **criteria for successful development cooperation** are the domestic environment, the openings for the German contribution to make a difference, and its prospects of success, as well as the contributions made by other international donors. The **classification of a country as an "anchor country"** thus does not necessarily imply that there must be official bilateral development cooperation with that country. However, this does not mean that there is no cooperation at all with countries that are not "cooperation countries" for Germany. In such cases, specific forms of cooperation may emerge based on the country-specific situation and on related deliberations regarding the contribution Germany can make.

2.2 For the **multilateral development banks** and for the **EU**, too, the said anchor countries are central partners. In the context of the debate on increased development effectiveness, these institutions are giving thought to how their cooperation can focus more effectively on MDG achievement and/or whether some anchor countries' access to private capital markets might mean that the continuation of significant resource transfers (in some cases still at concessional terms) is no longer justified.

3. From cooperation to strategic partnerships with anchor countries

3.1 Wherever anchor countries move ahead in central policy areas, they act as positive multipliers for their neighbors. In a **dialogue with our cooperation partners**, we will develop our bilateral development cooperation with anchor countries in a targeted way and focus it on specific issues in such a way that, first, the cooperation program is in line with the changed **role** of these countries in the **regional and international context** but also, second, the program corresponds, as far as possible, to our **interests in the field of global structural policy**. Unlike in the past, the focus will be on regional and global challenges. The desired impacts of cooperation are not to be limited to the anchor countries themselves. Development impacts are to be achieved more often in the broader region and beyond (with regard to global public goods), and they are to be achieved by means of strengthening anchor countries' ability to bring their influence to bear. This new concept of cooperation makes collaboration with anchor countries **different from development cooperation with other countries**. A good basis for an enhanced program of cooperation is formed, among other things, by the foundation of confidence and shared experience created by German development cooperation. The mix of instruments used in bilateral development cooperation has also facilitated cooperative endeavors and relationships below the intergovernmental level with, and between, civil society groups, private enterprises and political players. These relationships offer additional potential for strategic partnerships with these countries.

3.2 Our goal is to develop our cooperative endeavors with anchor countries into **strategic partnerships**. This includes the pursuit of shared **interests**. Germany wants international cooperation in political, cultural, scientific and technological, as well as economic terms. It is also in our interest, for instance, to develop and foster bilateral strategic partnerships in support of, e.g., Germany's position on world trade system reform. German bilateral development cooperation can become a frame of reference for increased private-sector involvement (especially by German enterprises), particularly in more advanced anchor countries. This can be facilitated by the transfer of know-how and technology (for instance in the fields of renewable energy or environmental protection) and by the creation of an improved political and legal environment.

3.3 The following central **guidelines** apply to future cooperation with anchor countries:

- In view of the anchor countries' outstanding role for the development goals, **bilateral development cooperation** with them will be **consistently adapted to the new challenges**.

- Cooperation with anchor countries will have a stronger focus on **resolving global and regional challenges** than in the past.
- **Internationally**, we rely on strategic alliances with the EU and with other bilateral and multilateral donors to encourage them to adapt their own development cooperation with anchor countries to the said challenges as well.
- **Nationally**, the Federal Ministry for Economic Cooperation and Development (BMZ) seeks to encourage other players, especially the other Federal Ministries, to see to it that German cooperation programs become more aligned in terms of their substance.

Box 1: South Africa – engine, spokesman and provider of stability for southern Africa

The scope of South Africa's potential for development extends far beyond its national borders. South Africa is in a position to act as a development engine that contributes, in the medium term, to the political, economic and social stabilization of the region (southern Africa and sub-Saharan Africa as a whole). In bodies in charge of global structural policy (e.g., UN, WTO), South Africa plays the important role of an intermediary between industrialized and developing countries. The country is a vital contributor to the new political momentum in Africa (AU, NEPAD) and has demonstrated serious commitment to fulfilling the role of a regional stabilizing force that helps shape the regional peace architecture.

Our development policy dialogue and our practical cooperation with South Africa are embedded in this international context and are already largely in line with South Africa's role as an anchor country. The monetary contribution of development cooperation to South Africa's development is marginal: The OECD countries' Official Development Assistance (ODA) for South Africa was \$656.8 million US in 2002, which is a mere 0.65% (approx.) of South Africa's Gross National Income; Germany's share in this amount is below 10%. Yet our cooperation provides a basis for a dialogue which has benefits beyond direct "project impacts." Our goal is a strategic development partnership that goes beyond the traditional concept of bilateral development cooperation. The contributions made through our cooperation are being reviewed with a view to whether they can generate "regional added benefits" in terms of contributing to peace, security, and stability. Moreover, efforts for, e.g., HIV/AIDS control and for the promotion of renewable energy sources serve to protect global goods.

3.4 In terms of issues, development cooperation with anchor countries will increasingly concentrate on the following areas:

3.4.1 Enhancing social cohesion / reducing poverty

Even though 70% of all people in absolute poverty worldwide live in as few as six anchor countries⁴, the anchor countries (with a few exceptions) are not addressing, or not explicitly addressing, issues of **poverty reduction** as a starting point for their own policy agendas or for international cooperation. Anchor countries' declared policy agendas focus on growth, stability, and security. However, **growth processes** do not necessarily lead to poverty reduction. In the past ten years, the existing **inequality** in many anchor countries has not changed (e.g., Brazil); in a few of them, income disparity between the rich and poor has even been increasing in the course of dynamic growth processes (e.g., China). Social disparity that remains severe or is even growing constitutes a serious burden for the future. However, unlike in low-income countries, the lead role of the UN system and of the multilateral development banks with a view to promoting the poverty agenda is anything but clear. And some of the anchor countries are far more exposed to external shocks (e.g., Indonesia, Brazil); such negative developments can quickly **impact** on neighboring regions.

⁴ India and China (totaling 55%), Nigeria, Brazil, Pakistan, Indonesia

Future cooperation should give greater attention to the **structural levers/processes** for **improving social cohesion** and reducing **poverty** in anchor countries. This means, above all,

- supporting anchor countries in efforts to prevent economic growth from being paralleled by increasing social inequality (**pro-poor growth**). Poverty reduction activities under bilateral development cooperation need to be oriented to their structural impacts accordingly;
- influencing the **international financial institutions** (IFIs) so that the macroeconomic and sector policy (adjustment) programs that are agreed leave sufficient leeway for **social cohesion strategies**, countercyclical economic policy action, and for involvement in shaping the regional economic area in question. Moreover, IFIs need to provide **active support** to these countries with a view to their **role as providers of global or regional public goods**. For some selected anchor countries, there is also a need for developing targeted programs to reduce their vulnerability to **external shocks** (e.g., financial crises);
- **strengthening the policy dialogue** on social cohesion issues between donors and anchor countries (cf. EU/LAC summit of May 2004). This dialogue should rely to a greater extent on the agreements that were forged in the UN context with the active participation of important anchor countries: the Millennium Declaration and the MDGs, and the Johannesburg and Monterrey agendas;
- improving the **development coherence** of the international financial and trade system. Germany should become an advocate for the special role of anchor countries in the regional context and for their interests;
- promoting **corporate social responsibility**: large enterprises in the manufacturing and commerce sectors are increasingly trying to bring their contractor relationships into line with social and ecological criteria. Related efforts in anchor countries are playing an important role. German development cooperation has already begun to support such processes by initiating public-private dialogues and by supporting pilot projects, for instance for improved verification and monitoring.
- **Dialogue programs on alternative development strategies** and on promising solutions and for the exchange of experience should be expanded accordingly, and anchor countries should be included in such dialogue programs in an even more targeted manner.

Box 2: China – Dialogue on Issues Regarding the Rule of Law; advice on legal issues

In 1999, Federal Chancellor Schröder and then Prime Minister Zhu Rongji agreed that there should be a Sino-German Dialogue on Issues Regarding the Rule of Law. The Dialogue has been provided with significant support from relevant development cooperation projects. Its main purpose is to support the process of economic and political reform that was launched in the People's Republic of China in 1998 and to contribute towards ingraining rule-of-law based thought and action, including respect for human rights. Support is being provided to the following activities, among others:

- The Financial and Economic Committee of the National People's Congress is being supported with advisory and training measures with a view to developing new laws in keeping with the needs of a market economy. Various bills have been accompanied by German assistance since 1997: the law on the capital market, the law on public procurement, the law on bankruptcy, the company law and the law for the promotion of small and medium-sized enterprises.
- The Ministry of Labor and Social Security was provided with advice on labor and social laws. This advice was concerned with the creation of a uniform legal framework at the central state level which would enable the state to meet the huge social challenge involved in the reform of state enterprises in particular and to develop a social security system to replace the all-encompassing provisions these businesses used to make for their workers, which are no longer sustainable.

3.4.2 Protecting global environmental goods

The anchor countries will have decisive influence on whether **sustainable, resource-friendly development paths** can be chosen. A number of anchor countries have globally important ecosystems (tropical forests, biodiversity). Higher growth, prosperity and successful poverty reduction are increasingly making demands on scarce resources, mainly energy, water, and land. MDG 7, "Ensure environmental sustainability," measured in terms of **reduced CO₂ emissions and lower deforestation rates**, cannot be reached unless relevant progress is made in the majority of anchor countries. For instance, **curbing global warming** will only be feasible if anchor countries actively participate in global climate protection. Anchor countries have been demonstrating increasing awareness of the economic and social costs of non-sustainable resource use. They have been readjusting their course and investing in viable technologies (e.g., India and China). This is an area where there are numerous openings for expanding international cooperation:

- supporting anchor countries in **implementing international agreements** (climate, biodiversity, desertification control, etc.) and strengthening the policy dialogue with a view to further developing environmental governance. This requires, among other things, that the environmental projects supported in the respective countries be interlinked more closely with governance processes in the environmental sphere, and that donors continue to be credibly involved (in terms of volume) in the Global Environment Facility (GEF);
- designing **strategic partnerships** – of the type pursued, e.g., by "Renewables 2004" – and orienting cooperation programs explicitly to anchor countries' needs;
- expanding the projects launched in anchor countries into **regional programs**, for instance in the areas of tropical forest and transboundary water resource management;
- developing **attractive programs for anchor countries' scientific and technological systems** (e.g., in the field of renewable energy sources, environmental technology). More systematic support should be given to the networking of scientific/technical institutions and research institutions and think tanks in Europe and Germany on the one hand and in anchor countries on the other.
- Through the Rio process, active local and NGO movements for increased sustainable development have emerged, including in anchor countries. They are linked to **related advocacy groups** in the "North" through **international networks**. Strengthening and broadening such networks and relationships, for instance through nongovernmental development cooperation instruments and through "Technical Cooperation in the Broad Sense," can help nudge public opinion and policymakers towards sustainability, climate protection and renewable energy sources;
- intensifying our **cooperation with multilateral development banks** in this field. In the regional development banks in particular, anchor countries enjoy special influence.

BOX 3: Brazil – a strategic partnership for global climate protection

Brazil has seen impressive development in the past few decades – and, simultaneously, there is a high number of poor people (some 45% of Brazil's 174 million people live below the poverty line). These two factors pose a major challenge to the protection of natural resources in Brazil. The progress achieved in terms of economic development has in many cases come at a price in terms of severely reduced air, water and soil quality. Economic interests have been pursued at the cost of the tropical rainforest stands in the Amazon region and on the Atlantic coast. This also implies a risk of losing globally unique biodiversity. This is why natural resource management is one of the priority areas of Brazilian-German development cooperation.

The politically sensitive endeavor for tropical forest protection was initiated by a strategic partnership launched by the G7 countries. The main donor is Germany, which has contributed over €300 million so far. The experience gained in the pilot program (PPG7) has now been put to use in a national environmental and forest protection program for the Amazon region. The cooperation among donors that has developed in this context, which also includes the World Bank and the Inter-American Development Bank, is being continued and used as a platform for sector policy analysis and for the dialogue with the partner government.

3.4.3 Strengthening good governance and regional security

The prerequisite for creating fair and peaceful global structures, that is, bodies of regulations and an appropriate international institutional architecture (global governance), is target-oriented cooperation with a view to reforming and strengthening government institutions in anchor countries (**good governance**). At the national level, this comprises functioning democratic institutions, the rule of law, transparency and accountability, as well as the participation of civil society in political decision-making. This often relates to central issues of good governance, such as guaranteeing minority rights, democratic constitutional reform, and the fight against corruption.

A number of anchor countries are of special importance in terms of **foreign, security and peace policy aspects**. In view of the internal conflicts affecting many anchor countries, efforts for democratization and for the reform of government structures need to be sensitive to conflicts, and relevant capacity for balancing interests and for nonviolent conflict management needs to be strengthened.

The peaceful settlement of anchor countries' internal conflicts or conflicts with neighboring countries is relevant beyond the national level, as it can help achieve regional stabilization. Moreover, anchor countries have great potential for achieving regional security and international peacebuilding.

Thus, the following are openings for enhanced cooperation with anchor countries:

- continuation of the **dialogue** with anchor countries, pointing out that the MDGs cannot be achieved without **good governance, respect for human rights, peace, and security**;
- increased inclusion of anchor countries in the **international community of shared values**, including by means of more intensive dialogue;
- **reinforced regional and global efforts** to fight **corruption**. Anchor countries could be in the vanguard in future with regard to implementing regional anti-corruption instruments and the UN anti-corruption agreement and with regard to international cooperation against corruption in general;

- support for **regional reform initiatives** such as **NEPAD** (New Partnership for Africa's Development). They point the way and demonstrate the political commitment of anchor countries such as Nigeria and South Africa to mobilize their own forces for good governance, democracy, the rule of law, crisis prevention, and peaceful coexistence;
- support for anchor countries with a view to strengthening their **contributions to conflict** mediation and to **regional and international peace missions**. Moreover, the active role of anchor countries in fostering regional structures and organizations for **security and crisis prevention** should be expanded.

3.5 In many cases, development potential can only be tapped if relevant efforts extend beyond national borders. This is evident when one thinks of the economic opportunities that can emerge if countries cooperate and create larger economic areas with greater purchasing power. In addition, processes of economic integration generate great learning effects with a view to developing countries' integration into the world market. Anchor countries have a vital role to play in **giving shape to regional integration processes** (e.g., Brazil with regard to Mercosur) and initiatives (Nigeria and South Africa with regard to NEPAD, but also with regard to the AU). They frequently serve as models and lead the way for neighboring countries (e.g., Mexico).

Support for regional associations or for integration processes is an area where the **European Community's** development cooperation, in view of the Community's own history, needs to play a much greater role (based on a division of labor with the EU member states).

3.6 With a view to enhancing the effectiveness of development cooperation with anchor countries, the following are suitable instruments:

- **Coordination with, and among, donors** is indispensable in our cooperation with anchor countries. In order to improve the effectiveness and impact of development activities in anchor countries (and elsewhere), bilateral development cooperation will actively launch, or further develop, **strategic alliances with other donors and international organizations**, such as the alliance for the PPG7.
- The significance and profile of the cooperation programs can be further increased if development cooperation activities are harmonized and linked to a greater extent with **cooperative activities pursued by other ministries** (Federal Ministries of Economics, Education and Research, Environment, Consumer Protection). The BMZ can become a **"broker"** in this regard based on its long-standing relations with anchor countries, which have developed, in particular, through regular contacts in the context of bilateral government negotiations and consultations. The German government's Program of Action 2015 commits the various ministry players to more coherent action.
- The process that has been launched to focus development cooperation on selected **priority areas** has generally proven successful, including in our cooperation with anchor countries, as such a focused approach facilitates coordination with the partner country, other bilateral and international donors, and nongovernmental players. The cooperative activities in the priority areas agreed need to develop an even clearer **profile and focus on resolving structural and global challenges**. At the same time, the selection of priority areas must not be misinterpreted as a straitjacket. The cooperation offered by Germany needs to be able to respond flexibly to challenges, which in some cases change very quickly for anchor countries in the course of globalization.
- The activities offered by development cooperation will take greater account of anchor countries' needs for flexible and strategic access to scientific and technological knowledge and relevant contacts in industrialized countries. This means that cooperative activities, especially under **Technical Cooperation (TC)**, need to be offered in a tailor-

made way, and that the role of TC as a **broker of knowledge** and a "know-how gate" to key competencies needs to be increased, while simultaneously making more efficient and output-oriented use of resources.

- It is especially the **instruments available through "TC in the broad sense"** that provide a multitude of openings for supporting anchor countries' access to alternative approaches and their inclusion in political dialogues on complex economic and social issues. These instruments should therefore be **further expanded**. The specific needs of anchor countries mean that the institutions involved in "TC in the broad sense" must rely on a particularly **flexible and demand-oriented set of instruments**. The special interest of anchor countries in, e.g., programs for human resource development and in-service education (InWEnt) or in the temporary integration of qualified German personnel in their institutions (CIM) is evident, not least, in the fact that they have been providing counterpart contributions or sharing the cost of such programs, all the way to programs fully paid for by the beneficiary country.
- As for **Financial Cooperation (FC)** with anchor countries, there will be an even stronger focus – not least in view of the specific cooperative activities that the German side can offer – on **structure-building investment projects that can serve as technological models**, and on **international cooperation in the field of technology**. FC with anchor countries has a **flexible** set of instruments at its disposal to finance programs and projects. In view of most anchor countries' advanced economic capacity, increased use should be made of **innovative financing instruments** under which scarce official budget funds are replaced by, or supplemented with, market funds (FC development loans⁵, FC promotional loans, DEG financing).

4. The future

Development cooperation with anchor countries needs to be **developed further** in a targeted manner, in such a way that it does justice to these countries' increased economic and political role in the regional and international contexts and to their importance for resolving global issues (regulatory policy framework, trade and financial system, security and peace, global environmental goods, poverty reduction). The idea is to develop our cooperation into a **strategic partnership** and to see to it that the various cooperation instruments, including those operated by other policy fields, become more aligned in terms of their substance. In many cases, **development cooperation** can act as a **bridge builder** (good governance), provide **impetus to innovative issues** (regional crisis prevention and peacebuilding), or help expand **promising cooperative endeavors** (renewable energy/energy efficiency). The selection of priority areas that has taken place in German development cooperation forms a good basis for such contributions.

These cooperative activities need to increasingly include cooperation with other public and also private players in Germany, and they will need to increase their reliance on an international division of labor with other bilateral and multilateral donors and with the EU in order to enhance the effectiveness of development cooperation with anchor countries.

The creation of strategic alliances between Germany and anchor countries can provide valuable impetus to the process of creating a **global regulatory framework** for international cooperation.

⁵ reduced-interest loans, composite financing or mixed financing

Annex

Calculation method for identifying anchor countries⁶

- The calculations were based on the macroeconomic data contained in the World Bank's *World Development Indicators* and the regional breakdown used therein.
- The significance of each individual country within the developing region in question was determined by calculating the share of that country's economy in the cumulative GDP of each geographical country group defined by the World Bank.
- First, the GDP share of the largest country of a given region in that region's GDP was calculated. Results range from 27% (Saudi Arabia in the "Middle East & North Africa" region) to 70% (China in the "East Asia & Pacific" region).
- Second, the largest country's GDP was deducted from regional GDP. Then the shares of the subsequent countries in the remaining regional GDP ("GDP remainder") were calculated.
- Based on these calculations, all those countries are referred to as anchor countries which either (i) are the largest country of the region or (ii) account for at least 20% of the "GDP remainder" of a given region.
- Quality criteria (such as HDI) have *not* been incorporated in the selection *method* for anchor countries. Yet it turns out that, even though they were defined purely in terms of their size (relative to region), the anchor countries include almost all countries that appear indispensable to the solution of global challenges. So the approach can do without quality criteria.

Overview of anchor countries

	Anchor country	Cooperation country	Emergent country ⁷	Middle-income country (MIC) ⁸
East Asia & Pacific				
China	x	x	-	x
Indonesia	x	x	-	-
Thailand	x	x	-	x
Malaysia	-	-	x	x
Latin America & Caribbean				
Argentina	x	-	-	x
Brazil	x	x	x	x
Mexico	x	x	x	x
Chile	-	x	x	x
Costa Rica	-	x	x	x
Europe & Central Asia				
Russia	x	-	-	x
Turkey	x	x	-	x
Middle East & North Africa (MENA)				
Egypt	x	x	-	x
Iran	x	(x) ⁹	-	x
Saudi Arabia	x	-	-	x
South Asia				
India	x	x	-	-
Pakistan	x	x	-	-
Sub-Saharan Africa				
South Africa	x	x	-	x
Nigeria	x	x	-	-

⁶ Based on GDI, "Schwellen- und Ankerländer als Akteure einer globalen Partnerschaft – Überlegungen zu einer Positionsbestimmung aus deutscher entwicklungspolitischer Sicht" (November 2004), available at www.die-gdi.de.

⁷ Based on GDI, "Schwellen- und Ankerländer als Akteure einer globalen Partnerschaft – Überlegungen zu einer Positionsbestimmung aus deutscher entwicklungspolitischer Sicht" (November 2004), available at www.die-gdi.de.

⁸ Countries with per capita GDP below \$745 US (2001)

⁹ Iran is a "potential cooperation country" for German development cooperation.