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# Strategy for Development Cooperation With Global Development Partners

(2011–2015)



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## Acronyms and abbreviations

<b>BMBF</b>	Federal Ministry of Education and Research
<b>BMU</b>	Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
<b>BMZ</b>	Federal Ministry for Economic Cooperation and Development
<b>DAC</b>	Development Assistance Committee
<b>ESD</b>	Education for Sustainable Development
<b>EU</b>	European Union
<b>FC</b>	Financial Cooperation
<b>IMF</b>	International Monetary Fund
<b>SMEs</b>	Small and medium-sized enterprises
<b>MDGs</b>	Millennium Development Goals
<b>MSTQ</b>	Metrology, Standardisation, Testing, Quality
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PPP</b>	Public-Private Partnership
<b>TC</b>	Technical Cooperation

## Key messages

**(1) Global development partners have a key role to play in solving global development issues.**

These partners are newly industrialising or emerging countries that possess key features of industrialised countries, and as a result of their geopolitical importance help shape global processes within the G20 formation. At the same time, more than half the really poor people in the world live in these countries, which the OECD-DAC classifies as “developing countries”. Germany therefore defines these countries as its “global development partners” for development cooperation. Finding answers to key issues such as global environmental protection and climate change mitigation, peace and security, and the elimination of extreme poverty, can only be achieved together with these partners.

**(2) This strategy paper outlines the framework for Germany’s development cooperation with the global development partners for the period 2010-2015.**

At present, the core group of global development partners comprises the following five partner countries of German development policy: Brazil, India, Indonesia, Mexico and South Africa. Beyond that, other regionally or globally important emerging countries that do not receive bilateral FC or TC may also be included in multi-country forms of international development cooperation.

**(3) We aim to build partnerships for sustainable global development.**

Partnerships with the global development partners help protect global public goods. They help us meet our international obligations, especially the achievement of the Millennium Development Goals. As part of Germany’s foreign relations, these partnerships help us shape cooperation with the countries concerned, and achieve joint economic, social, ecological and political goals. Prerequisite to effective partnerships for global development issues are stable governance structures, i.e. efficient and effective institutions that are capable of including different social groups,

and sufficient capacities for effectively implementing political decisions in all countries involved.

**(4) Global partnerships require us to disclose our interests openly and transparently.**

Germany is part of a European community of values. Liberty, democracy, and respect for human rights and the rule of law are the fundamental principles of this community of values. Germany and the global development partners do not always have the same interests and values. This is why it is important to negotiate fundamental issues for our mutual benefit.

**(5) There is a demand among the global development partners for the manifold services delivered by German development cooperation.**

Thanks to our decades of cooperation with these countries, Germany is seen as an honest, capable and demand-oriented partner. Consequently, Germany offers innovative solutions in precisely those sectors that are of strategic importance for the global development partners and their development goals.

**(6) Strategic areas of cooperation activity: German development policy has a strategic interest in deepening bilateral cooperation in three main areas of activity:**

**a. Mitigating climate change, preserving the environment.**

Making development ecologically sustainable in and with the global development partners is immensely important for coping with global climate change and protecting the environment and natural resources. Through development cooperation, Germany can support the global development partners in implementing the future international climate regime.

**b. Promoting sustainable economic development.**

Sustainable global development is not possible without sustainable economic development. To enable this kind of development, German devel-

opment policy supports the creation of appropriate economic policy, trade policy, education policy, legal and institutional frameworks in partner countries. This also creates opportunities for further and more intensive cooperation with the German private sector.

**c. Shaping global development agendas.**

The contributions made to global development by the global development partners are now also recognised by the DAC donors. It is becoming increasingly apparent that our global development partners are now also acting as drivers and makers of global development agendas. Germany has a major interest in holding a dialogue with the global development partners on key global issues, and in doing so on an equal footing so as to promote mutual learning.

**(7) Improved coordination of German cooperation activities.** The BMZ is the lead ministry responsible for official development assistance (ODA) with the global development partners, and helps create enabling frameworks for development in these countries. It is working to improve the effectiveness of German cooperation with the global development partners by improving the coordination and harmonisation of German cooperation activities.

**(8) Development needs the private sector.** Greater efforts will be made in the future to involve the German private sector in cooperation with the global development partners. This will include for instance expanding development partnerships with German businesses, mobilising larger amounts of private capital, and encouraging the private sector to commit voluntarily to corporate social responsibility. This kind of cooperation benefits partner countries and participating businesses alike.

**(9) Civil society activities complement official development assistance.** Civil society plays an important role in fighting poverty and its causes,

in creating transparent structures and good governance, and in promoting self-help. The instruments of official development cooperation and the projects of civil society each comprise spheres of intervention in their own right, which complement each other appropriately in cooperation with the global development partners.

**(10) There are two dimensions to cooperation with the global development partners:** a) cooperation *in* the countries themselves through bilateral projects and programmes. This form of cooperation is reserved for the aforementioned core group of five countries. b) international cooperation *with* the global development partners to shape regional and global development agendas. This dimension of cooperation extends both to the core group and to other emerging countries such as China.

**(11) Utilise and further develop the broad range of development-policy instruments.** The following instruments (among others) are used in cooperation with the global development partners: development and promotional loans, capacity development for individuals and organisations, training, secondment of integrated experts and development workers, advisory, consultancy and dialogue measures against payment, international dialogue programmes, international exchange of experience and networking, and triangular cooperation arrangements.

**(12) Step up public relations work.** Development cooperation with the global development partners is an important investment for the Federal Republic of Germany, and one that we make not least in our own interest. We must therefore pursue active public relations work to build support for the programmes we conduct with and in the global development partner countries.

# 1. Introduction

This paper describes the framework for future German development cooperation with the partner countries Brazil, India, Indonesia, Mexico and South Africa for the period 2011 – 2015. These countries are hereinafter referred to as Germany’s “global development partners” for development cooperation. Numerous studies identified them as major emerging regional or global powers of the 21st century. Although the global development partners differ from each other considerably in terms of political, economic and social structural elements, they do share one phenomenon in common: they each possess pronounced characteristics of both an industrialised and a developing country, but are classified by the OECD-DAC as “developing countries”.

On the one hand the global development partners possess rapidly growing economies. They achieve high above-average growth rates and hold large foreign currency reserves. In some industries, particularly in key technological areas, these countries are strong international competitors or even leaders. Today, half of global economic wealth is already being generated in the developing and emerging countries. The OECD describes the current shift in the global economic centre of gravity eastwards and southwards as a kind of “shift in prosperity”. The net profits generated from this greater prosperity of developing countries are benefiting rich and poor countries alike, however.

Countries such as Brazil, China and India are increasingly also acting as development aid “donors”. These trends have led to a situation in which the global development partners already carry major political clout in their respective regions – and often beyond, for instance in Africa. This political clout is also increasingly making itself felt at the global level. The development of the G8, which became the G8+G5 at Heiligendamm (2007) before emerging as the current G20 formation at Pittsburgh (2009), is both a symbolic and a practical reflection of

the fundamental shift in global power relations between the states.

On the other hand, in Indonesia, China and India alone some 760 million people live on no more than USD 1.25 a day. This is more than half the people living in absolute poverty worldwide. In some areas there, mother and child mortality rates reach a level similar to that in sub-Saharan Africa. The availability of appropriate energy and water supply, health services and school systems often falls short of the demand and needs of broad sections of the population. The societies of the global development partner countries are characterised by extreme disparities in income. The strong economic growth of these countries is not yet sufficiently pro-poor, and often goes hand in hand with environmental destruction and negative impacts on the global climate.

The global development partners are thus undergoing processes of fundamental social, economic and ecological change. Obviously these processes harbour potential for social conflict and ecological risks, which due to the size of population of these countries alone always have regional or global impacts. Against this background, and due to their growing political influence in global regulatory frameworks, the global development partners – alongside the industrialised countries – have a key role to play in protecting global public goods. These developing countries are thus in the truest sense of the term “partners for global development issues”. From a bilateral German, European and multilateral perspective we must therefore help achieve the Millennium Development Goals (MDGs) and reduce poverty both in and with these countries, and support the processes of structural change taking place there so as to help ensure socially and ecological sustainable development. The present development policy strategy for cooperation with the global development partners is designed to achieve this.

## 2. The group of global development partners

Various organisations and authors have developed different concepts and criteria to categorise emerging countries. There is no definitive list of these countries. The selection of those developing countries with which Germany wishes to enter into a special development policy partnership in order to achieve global goals is based on social, economic and political indicators. According to this understanding, these countries possess the following characteristics:

- an ability to shape processes as the global order changes, as manifested for instance by membership in the G20 formation
- a significant role in achieving the international Millennium Development Goals (MDGs) and protecting global public goods
- an economy large enough to be of regional and global importance
- a key role in regional integration processes and cooperation arrangements.

These requirements are met particularly well by the G20 developing countries Argentina, Brazil, China, India, Indonesia, Mexico, South Africa and Turkey. Neither Argentina, China<sup>1</sup> or Turkey is among Germany's partner countries for development cooperation. This means that from a German perspective

the current group of global development partners is comprised of Brazil, India, Indonesia, Mexico and South Africa. With this core group there are two dimensions of cooperation: a) cooperation *in* the countries themselves through bilateral projects and programmes, and b) international cooperation *with* the global development partners to shape regional and global development agendas. Emerging countries that are of regional or global significance, and that do not receive bilateral FC or TC, may also be included in the latter dimension of international cooperation.

There is a demand among the global development partners for the manifold services delivered by German development cooperation. Thanks to our decades of cooperation with these countries, Germany is seen as an honest, capable and demand-oriented partner. Consequently, Germany offers innovative solutions in precisely those sectors that are of strategic importance for the global development partners and their development goals. This is expressed for instance in a press release issued by the Indian government in May 2008:

*"The bilateral development cooperation with the Federal Republic of Germany has been an example of excellent bilateral cooperation, innovation and alignment of development priorities. (...) The Indo-German development cooperation has been historically important (...). It has led to development of longstanding and fruitful partnerships."*

Germany and the local development partners do not always have the same interests and values, however. Competition for globally scarce resources, different historical experiences, different development priorities and strategies, and in some cases divergent political objectives, underlying the need to negotiate fundamental issues with the global development partners for our mutual benefit.

<sup>1</sup> China is no longer included as a partner country for German development cooperation. In July 2010 State Secretary Hans-Jürgen Beerfeltz signed a joint declaration with the Chinese Ministry of Commerce. The signing of this declaration brought traditional development cooperation with China formally to an end, by mutual agreement. Obligations entered into prior to that will, however, be met in full. At the same time the foundations were laid for a new form of partnership in cooperation outside of traditional development aid. In particular, this creates scope for trilateral and regional forms of cooperation.

### 3. Goal: partnerships for sustainable development

German development cooperation seeks to enter into strategic partnerships for sustainable global development with the global development partners<sup>2</sup>. The key issue is how industrialised and emerging countries wish to jointly respond to the economic and social challenges of the globalised world. Effective partnerships for sustainable global development with the global development partners are in Germany's particular interest:

- They help protect global public goods. These include for instance climate change mitigation, environmental protection, peace and security, and the control of transboundary communicable diseases.
- They help us meet our international obligations, especially the achievement of the Millennium Development Goals.
- As part of Germany's foreign relations, these partnerships help us shape cooperation with our partners, secure the stability of states, and achieve joint economic and political goals.

German cooperation with the global development partners will focus on the fight against global poverty, and the protection of global public goods such as an intact environment, climate stability, peace, security, stable financial markets, a functioning international trade system, the creation of enabling economic frameworks for development, social cohesion, health and education (especially vocational training). Education is key to both areas of cooperation. On the one hand, education will help overcome the poverty that still exists in the societies of the global development partners. On the other hand,

well educated decision-makers are key to establishing a dialogue with these countries on an equal footing concerning the optimal protection of global public goods. German development measures will be implemented with the global development partners both in their countries and together with them in other parts of the world. The governmental and civil society organisations of German development cooperation maintain a good presence on the ground in these countries, and sometimes have exclusive working links and contacts that can – subject to agreement with the responsible ministries and institutions – also be used for other policy areas. Germany also has the following comparative advantages over other donors in development cooperation with the global development partners:

- The long-standing relationship of mutual trust with our partners. Many partner governments are seeking appropriate models internationally that they can adapt to their national circumstances. The German model of the social market economy is one of the existing models that global development partners look upon with interest.
- German technical, methodological and financing expertise for complex development processes. Global development partners are glad to make use of German development cooperation actors as knowledge brokers and network managers. Development cooperation links up and networks a whole range of actors from the spheres of government, business, finance, research and civil society. It breathes life into strategic partnerships. A strong link to practical cooperation allows dialogue on issues on which opinions differ.

<sup>2</sup> The concept of sustainable development aims to harmonise economic growth with environmental and social concerns worldwide, so that vital natural resources are protected for future generations, and the lives of the poor are sustainably improved.

- The scope for flexible application of German development cooperation instruments. The instruments of German development policy

can be deployed and utilised in a whole range of thematic areas and policy fields. This is absolutely crucial to the success of advisory and consultancy inputs, which we understand as a joint learning process, and the financing of innovative approaches to protect global public goods and reduce poverty.

The global development partners have been familiar with the objectives and approaches of German

development policy, its instruments and its actors for decades. They are acquainted with the innovative and targeted contributions that German development cooperation can deliver e.g. for economic promotion, environmental protection, or climate change mitigation. This is why Germany's partner countries are choosing to call on us to deliver sophisticated and tailor-made support, and to engage in an international dialogue and exchange of experience on an equal footing.

## 4. Themes of cooperation

On the basis of its comparative advantages as outlined above, through its development cooperation with the global development partners Germany will support the responsible management of global public goods (e.g. intact environment, climate change mitigation, economic and financial market stability, health). We also aim to help establish international regulatory frameworks and institutions for development cooperation in and with these countries. This is designed to support our partners' individual and institutional capacity development. It will also strengthen their institutions, and thus help bring about a constructive reconciliation of interests between the state and civil society, as well as improving the organisation of various interest groups within civil society. Our actions are guided by our own experiences and by the principles of the social market economy, as well as the international vision of sustainable development. Three areas of activity emerge for further cooperation with our global development partners. These are described below.

### 4.1 MITIGATING CLIMATE CHANGE, PRESERVING THE ENVIRONMENT

Making development globally sustainable in and with the global development partners is immensely important for coping with global climate change, and protecting the environment and natural resources. Economic growth must therefore be combined with a recognition of the limited capacity of ecosystems to absorb and regenerate, and of the dangers associated with inevitable climate change. As well as addressing poverty reduction and social protection, decision-makers must also take issues of environmental protection and climate change mitigation into account. Important approaches for cooperation with the global development partners include:

- Create enabling economic and legal frameworks and provide appropriate incentives for environmental protection, climate change mitigation, and resource protection in the economy and society. This will involve e.g. ecological tax reform measures, introducing mechanisms to promote renewable energies and energy efficiency, establishing emissions trading systems, and the socially acceptable removal of subsidies that have damaging environmental impacts.
- Finance and advise on innovative pilot ecological investment measures (e.g. efficient, environmentally-friendly and climate-friendly technologies, environmentally-friendly construction, renewable energies, public transport, sustainable agriculture, ecotourism, sustainable natural resources management). This is designed to reduce resource consumption, greenhouse gas emissions and environmental pollution. To help steer the transformation processes in the emerging states toward environmentally-sound and low-emission economic and growth paths, it is crucial to scale up pilot measures.
- Advise on the implementation of international environmental and climate agreements and national goals through (pilot) programmes and exemplary measures (e.g. in the field of ecological economic development plans or national strategies for adaptation to climate change).
- In the context of bilateral development policy, continue shaping and developing the international environmental and climate change regime through intensive dialogue on issues of global environmental and climate governance and their national implementation. This also includes dialogue between the development partners (South-South dialogue).

- Increase awareness raising on environmental and climate change mitigation through *Education for Sustainable Development (ESD)*. This means transferring information and practical skills on mechanisms in a globalised world and the effects of our own actions on future generations.
- Strengthen existing regional or sub-regional organisations/initiatives, and support the emergence of new ones. Transfer ongoing bilateral cooperation into regional programmes in order to promote transmission of the economic dynamism and innovative force of the global development partners to their neighbouring states.
- Support a pro-reform economic policy that helps create more income and jobs and reduce social inequality. This also includes developing and stabilising financial, social protection and taxation systems. Strengthening the private sector, especially small and medium-sized enterprises, is of major importance.
- Support the establishment of vocational training systems that are geared to the labour market. There is a strong demand for high-quality vocational training among all the global development partners, because in their view this is key to the ability of the emerging economies to invest and compete sustainably.
- Strengthen quality infrastructure. The safety and quality of products is also crucial in determining the degree to which the economy of an emerging country is geared to sustainability. The more that companies have local access to an internationally recognised quality infrastructure (MSTQ - metrology, standardisation, testing, quality), the more they will be able to benefit from the impetus for economic development generated by global trade.

Building on our long-standing engagement and expertise in cooperation for climate change policy, Germany can support its global development partners sustainably in implementing the future international climate regime. Forest conservation will probably be included in a future climate regime in the form of a financing mechanism for developing countries.

#### 4.2 PROMOTING SUSTAINABLE ECONOMIC DEVELOPMENT

Activities in the field of *sustainable economic development* support the global development partners in their efforts to achieve sustainable and pro-poor growth. Measures focus on economic governance, which defines the legal frameworks for economic activity. Special importance is attached in this context to harnessing the productive potential of women, and their participation in the economic process as equals.

Approaches for cooperation with the global development partners include:

- Support the implementation of social and environmental standards. The dynamic growth processes have created a major challenge for our global development partners, because they now need to create appropriate social, labour law and ecological frameworks. Through its bilateral development cooperation, Germany is supporting its global development partners in developing and introducing social and ecological standards that will mitigate the challenges of globalisation, and enable the countries themselves to move closer toward the vision of sustainable development.

### 4.3 SHAPING GLOBAL DEVELOPMENT AGENDAS

The contributions made by our global development partners to world development, and especially toward achievement of the Millennium Development Goals, are now also valued by the DAC donors. The Accra Agenda for Action (September 2008) recognises the specific features and characteristics of South-South cooperation, which it sees as a complementary approach to the North-South development system. It is becoming increasingly apparent that our global development partners are now also acting as “donors”, i.e. as makers and drivers of global development agendas. The volume of funds they are using as they do so is also rising sharply. Our global development partners do not always operate in accordance with the same development-policy principles and procedures as DAC donors. Different interpretations and degrees of respect for the principles of development cooperation, such as good governance, are increasingly causing the recipient countries to feel that double standards are present within the donor community. The Federal Republic of Germany has a special interest in:

- pursuing continuous exchange with the global development partners on global development issues such as food security, climate change and energy, sustainable natural resource management, and the control of transboundary diseases such as HIV/Aids and polio.
- maintaining a dialogue with our global development partners concerning development-policy standards and basic positions, with a view to better integrating these new actors into the global governance framework.
- supporting our global development partners in establishing and expanding their own development-policy structures.
- shaping the global development architecture beyond 2015. To date the MDGs have served as a system of global development goals, and will continue to do so until 2015. The international development community already needs to think about a new agenda with similar binding force that will be shaped and implemented by all actors to the same degree.

## 5. The actors involved in development cooperation with the global development partners

### 5.1 FEDERAL MINISTRIES: A COORDINATED APPROACH TO DEVELOPMENT

The relationships between development policy and other internationally-oriented policy fields are being restructured. Beyond the general goal of improving the coherence of the individual fields of German policy that has been pursued to date, for some time close links and dependencies have been emerging between development policy and other policy fields.

As well as the Federal Foreign Office and the Federal Ministry for Economic Cooperation and development (BMZ), other federal ministries such as the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and the Federal Ministry of Education and Research (BMBF) have been stepping up their activities with the global development partners. In this context they have also been making use of the experiences and networks of relationships established through development policy, with and in these countries.

The Paris Declaration and the Accra Agenda for Action aim to increase aid effectiveness. The BMZ therefore sees a need to ensure the coherence of German engagement through coordination and harmonisation, and to increase the complementarity of German cooperation activities, especially with regard to the cooperation activities of the other federal ministries. The BMZ is the lead ministry responsible for ODA, and on the basis of this responsibility is working to improve the coordination of German cooperation activities. This will ensure that the decades of experience gained in development cooperation can be utilised for successful cooperation with the global development partners. Joint cooperation projects or programmes might be used for this purpose, for instance. It is envisaged that appropriate institutionalised forms of interministerial coordination (Interministerial Steering Group for Techni-

cal Cooperation, joint strategy and country papers, thematic workshops, joint negotiations with the partner country, training events etc.) will be put in place, with each ministry at the same time retaining its respective competences. We believe this will increase transparency, improve the coordination and harmonisation of planning, enhance corporate identity, and meet our partners' wishes.

### 5.2 CIVIL SOCIETY: PARTICIPATION FOR PRO-POOR DEVELOPMENT

Civil society activities complement official development cooperation and play an especially important role in the fight against poverty and its causes, as well as in promoting self-help. Official development cooperation instruments and civil society projects each comprise spheres of intervention in their own right that complement each other appropriately in cooperation with the global development partners. Governmental and non-governmental development actors can profit equally from cooperation and exchange. This can be conducive to both types of actor achieving their respective objectives and results, despite the fact that they plan and implement their programmes separately. Civil society can play an important role in the establishment of checks and balances within governance systems, and can act as a watchdog that voices constructive criticism, for instance with respect to the transparent and effective management of public funds. The engagement of civil society organisations in these countries is thus an efficient approach to MDG achievement.

The work of civil society, both in Germany and in our partner countries, encompasses a broad range of support offerings that extend from the micro level through to structure-building measures. This also includes advocacy and political lobbying activities conducted by larger civil society actors

(including churches, political foundations, business associations and welfare agencies) that generate results at the meso and macro levels. Civil society actors cooperate closely with local institutions, possess in-depth local knowledge and experience, and systematically promote participatory and self-help processes. Potentials and innovations that make a direct contribution toward economic growth and poverty reduction often arise as a result of or with support from civil society. Exchange with civil society enables the German government to combine the experience of official development cooperation (which is geared to structural poverty reduction) with lessons learned by civil society. It also enables the government to continue utilising and scaling up successfully piloted approaches through official development cooperation, in dialogue with our global development partners. Cooperation between governmental and civil society actors is therefore especially important in these countries for promoting pro-poor development processes.

A further key aspect of civil society cooperation with global development partners is the support that enables individuals and groups to claim and realise their political, civil, economic, social and cultural human rights.

### 5.3 THE GERMAN PRIVATE SECTOR: MOBILISING PRIVATE CAPITAL AND EXPERTISE

Sustainable global development is not possible without sustainable *economic* development. To promote this kind of development, German development policy supports the creation of appropriate economic policy, trade policy, legal and institutional frameworks in Brazil, India, Indonesia, Mexico and South Africa (see section 4.2 above). Improved frameworks not only help national businesses in these countries, but also make it easier for the German private sec-

tor to take positive investment decisions. Today, German companies already help create jobs and income in our partner countries through the expertise, management capacities, new technologies and private capital that they introduce.

We must support the engagement of the German private sector, and make even greater use of it in the future for development cooperation. Ambitious national and global development goals cannot be achieved unless we cooperate with the private sector, which makes a considerable contribution to development through the investments it makes. It is important to ensure that this kind of cooperation benefits both the people in our partner countries and the businesses concerned in equal measure. The private sector, especially small and medium-size enterprises, should be persuaded to expand their responsible engagement with the global development partners, and the local private sector should be enabled to make a larger contribution toward country-owned and country-driven sustainable development. We will strengthen cooperation especially in those areas where the German private sector possesses special expertise and which at the same time help solve global challenges. Potential for closer cooperation between the German private sector and development policy exists when using the following instruments<sup>3</sup>:

- Development partnerships with the private sector. A development partnership links business interests appropriately with a policy for sustainability that is not geared to profit. Measures are planned, financed and implemented jointly by businesses and development organi-

<sup>3</sup> See also BMZ Strategy Paper 05, Forms of Development Cooperation Involving the Private Sector, 2011.

sations in partner countries. Through these measures, private investors gain easier access to markets. At the same time, development objectives are achieved.

- Public-Private Partnerships (PPPs). A PPP is a formal arrangement involving cooperation between the public and private sectors for the performance of public tasks. PPPs relieve the pressure on public budgets and raise efficiency in the provision of grid-based and social infrastructure. We believe that more PPPs can be used in cooperation with the global development partners especially in the sectors of energy/energy efficiency/climate change mitigation, transport/logistics, raw material supply, water/sanitation, solid waste management, communication, health/ hospitals, health/ social insurance.
- Corporate social responsibility. In Germany, large manufacturing and commercial enterprises are increasingly becoming actively committed to corporate social responsibility for sustainable development. They are for instance managing their relations with suppliers on the basis of social and ecological criteria. The Federal Republic of Germany intends to strengthen its support for these corporate initiatives and integrate them into development cooperation.
- Mobilisation of private funds to strengthen development results, e.g. through micro-finance funds and sustainable investment.
- Development of direct financing of the global development partners together with the private sector. The SME growth initiative is already promoting investment in emerging countries by both German and local SMEs.

- Development of sector-specific dialogues with business organisations that systematically explore options for further cooperation between development policy and the German private sector, and identify areas of cooperation for PPPs.

#### 5.4 UNIVERSITIES AND RESEARCH INSTITUTIONS: UTILISING RESEARCH FOR DEVELOPMENT

Science, research and high-quality university training play an important role in coping with global and regional challenges. In the global development partner countries, universities and research institutions develop innovative technologies that are appropriate to the needs of countries of the South. At the same time they advise their national governments on issues of development and sustainability, and train future specialists and leaders who will be change agents in processes of economic, social and ecological change. Without university and research institutions in partner countries that are geared to international standards, it will be almost impossible to achieve the MDGs.

The BMZ supports universities, research institutions, academic collaboration and individual researchers primarily in order to promote development with the global development partners and to support local capacity development. At the level of individuals, the German government makes a substantial contribution toward the training of future experts and leaders in the global development partner countries by providing university places for foreign students in Germany. The university places provided also create opportunities for establishing North-South networks between scholars and academic institutions. This often leads to the creation of synergistic relationships between German research institutions and the German private sector.

For purposes of funding research, cooperation between various German federal ministries and the global development partners is being stepped up. Cooperation with university and research institutions in the global development partner countries is an important element of the cooperation corridor provided for by the German government's internationalisation strategy, for which the BMBF is the lead ministry.

### 5.5 MULTILATERAL ACTORS AND THE EU: SHAPING DEVELOPMENT POLICY TOGETHER

The global development partners are today already being acknowledged as an increasingly important group of countries for European and multilateral cooperation. When cooperating with the global development partners, multilateral and supranational actors such as the World Bank, the regional development banks, the United Nations and the EU aim on the one hand to systematically eliminate the structural deficits that still exist in these countries, and on the other hand to constructively include the countries in efforts to solve global development challenges. At the same time the aforementioned actors face the task of responding to the changing role played by these countries in the shaping of cooperation. Here, the instruments used and the terms on which they are made available need to be adapted to meet the changed needs. Furthermore, the development banks and the United Nations in particular must also take account of the effect of the changed role of the global development partners on the shift in the balance of their own decision-making structures. In some areas this will require an adjustment of the governance structure and the decision-making models within the organisations concerned.

As we see it in Germany, multilateral and European cooperation offer us an opportunity to present our

positions and lessons learned to the international community, and in this environment to actively discharge our responsibility for development. In the context of multilateral and European cooperation, German development policy pursues the following approaches with respect to the global development partners:

- As a basic principle, align bilateral development measures with the activities of multilateral organisations and the EU coherently.
- Support multilateral and European efforts to protect global public goods (intact environment, climate stability, stable financial markets) more effectively in cooperation with the global development partners.
- Encourage multilateral and European actors to align their cooperation with the specific features and characteristics of the global development partners. For instance, when defining their conditionalities international financial institutions should take into account the fact that the global development partners possess greater financial strength than other developing countries.
- Support quota and voice reform at the World Bank and IMF in order to give the global development partners a greater voice that is commensurate with their significantly increased political and economic importance. At the same time, though, call on them to share general responsibility for the institutions and global issues concerned. For Germany and other industrialised countries this means actively entering into alliances and strategic partnerships with the global development partners in order to develop joint positions and put them forward effectively.

- Utilise the potential for dialogue with global development partners that arises in the context of the World Bank, regional development banks, G20, OECD-DAC, UN organisations and in the European context.

Implementing this strategy for development cooperation with the global development partners will involve employing the existing array of Financial and Technical Cooperation (FC and TC) instru-

ments. The selection and deployment of an instrument will depend in particular on whether cooperation is to take place *in* one of the global development partner countries concerned, or globally/regionally *with* emerging countries in other regions and international forums. In both cases, the cooperation instruments will be flexibly aligned to meet the needs of the global development partners, and continuously adjusted to suit the particular requirements of an effective partnership.

## 6. Designing cooperation with the global development partners

### 6.1 COOPERATION IN THE GLOBAL DEVELOPMENT PARTNER COUNTRIES

When implementing official bilateral development cooperation in the global development partner countries, FC and TC will continue to go hand-in-hand in the future. Depending on the global development partners' needs, both TC consultancy inputs and FC financing solutions will be delivered in order to promote innovations and the transfer of expertise:

- FC with the global development partners will continue to focus on structure-building investment projects plus consultancy for pioneering technologies, and on international technological cooperation. A flexible range of instruments will be available for financing programmes and projects in this area. Development loans, promotional loans and the specific instruments to promote the private sector are proven approaches for cooperation with the global development partners that can be expanded and further developed. The existing practice of providing the global development partners with finance solutions on terms that are close to the going market rate will be continued. Exceptions to this due to limited profitability exist only in so-called 'soft sectors' such as health, forest preservation or the protection of biological diversity.
- In TC, alongside capacity development for individuals and organisations there will also be a focus on networking to establish new partnerships as well as communities of learning and knowledge. Projects with the global development partners will increasingly offer platforms for cooperation with a very wide range of institutions and actors from the private sector, academia and governmental agencies. This will facilitate a policy and sector

policy dialogue between the German side and our partner countries that will take place on many levels.

- Through the instruments of training and the secondment of integrated experts, decision-makers, leaders and organisations in the global development partner countries will receive highly tailored access to expertise and knowledge of development processes, and to sector-specific know-how. The secondment of development workers will also make an important contribution toward implementing bilateral cooperation with the global development partners, chiefly on the micro and meso levels.
- Where partner governments of the global development partner countries wish to purchase advisory dialogue measures against payment, we expressly welcome this. Generally speaking in all the TC and FC measures agreed on by the German government with partner countries, the partner country should contribute significant funds of its own and make efforts of its own to complement our contributions.
- To broaden and flexible the existing range of instruments for cooperation with global development partners we are currently exploring the possibility of setting up an "emerging country fund" (working title). The fund might create further financing options for FC and TC measures in partner countries and internationally.

Concentrating development cooperation on selected priority areas has also basically proved successful in cooperation with the global development partners. We need to further sharpen the focus in the agreed priority areas and bring this to bear as we address structural and global issues.

## 6.2 INTERNATIONAL COOPERATION WITH GLOBAL DEVELOPMENT PARTNERS

For Germany, working with these partners is a dynamic dimension of cooperation that is becoming more and more important. Various approaches and instruments are currently emerging:

- In the context of regional policymaking, Germany will support political and economic integration processes that the global development partners play a key role in shaping (e.g. South Africa with respect to the African Union, Brazil with respect to MERCOSUR). Against the background of its own role within the EU, the promotion of regional associations and integration processes is an approach that Germany intends to strengthen its support for.
- Global policymaking and exchange on key international themes with the global development partners will take place for instance in the various international forums and bodies of the United Nations (e.g. the Development Cooperation Forum), the OECD-DAC (e.g. the Task Team on South-South Cooperation) and the G20 (e.g. the Development Working Group). The regional development banks also offer platforms for dialogue with the global development partners.
- Triangular cooperation arrangements create an opportunity to make global development cooperation more effective in practice. Triangular cooperation is an additional instrument that compliments bilateral development cooperation. Such arrangements are defined as cooperation projects that are jointly planned, financed and implemented by a donor (industrialised country), an emerging country (often a global development partner) and a traditional developing country. Key elements of a triangular cooperation arrangement are the exchange of lessons learned and the establishment of mutual trust between the three sides involved, which accompany the process of joint transfer to the developing country concerned<sup>4</sup>.
- As part of TC Germany offers the global development partners specific international dialogue programmes on global themes (“e.g. dialogue forums”), in order to jointly elaborate concrete proposals for shaping particular policy fields. An international exchange of experience and networking with and between the global development partners will take place for instance within the Managing Global Governance programme. We are continuing to step up the development of sustainable long-term networks between the global development partners and Germany/Europe.

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<sup>4</sup> The goals and procedures of triangular cooperation are described in a set of guidelines.

## 7. Communication

The principles and activities of cooperation with global development partners laid down in this strategy paper should be actively communicated to the public in Germany – as well as to the public in partner countries. It is important to communicate not only the objectives, priority areas and instruments used in cooperation, but also the volume of funds used by Germany in and with the global development partners.

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