

Development Partnerships with the Private Sector

Africa Facility

The political reforms of recent years, strong economic growth and sustained high prices for raw materials mean that Africa is now an attractive investment location, not only for multinational companies, but for local enterprises, too. Their economic activities contribute significantly to development on the ground, and this is where the Africa Facility comes in.

Sustainable development through cooperation with Africa-based companies.

The Africa Facility is a financing instrument for the promotion of development partnerships with Africa-based companies. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) engages in public-private partnerships with local companies, their associations, national authorities and other social institutions so as to involve the private sector in the development process. This makes economic promotion into a direct field of interest for African companies whose long-term commitment creates sustainable structures.

Cooperation with local partners is important.

Every development partnership has to be in line with the sectoral priorities agreed with the partner country. Thematically, development partnerships financed by the Africa Facility are very closely related to the projects and programmes being implemented on site by German technical cooperation. Working hand in hand with local private partners, these development partnerships network the joint interests of the actors involved, harness their respective strengths and thus sustainably improve people's living conditions in Africa.

PPP Criteria

The development partnerships mobilised through the PPP Africa Facility and established with Africa-based companies are required to meet the following five criteria:

- Every development partnership has to comply with the development-policy objectives of the German Government.
- Public and private contributions are mutually complementary, i.e. cooperation enables both partners to achieve their objectives more efficiently and effectively (complementarity).
- Public support for the development partnerships mechanism is only given if the private partner would not otherwise implement the development partnership measure and if the development partnership is not a legal necessity (subsidiarity).
- Competitive neutrality has to be guaranteed. All companies are eligible to cooperate with GTZ. All communication is transparent. Under no circumstances are companies subsidised.
- The company has to make a substantial financial and/or HR contribution to the development partnership (private sector's own contribution).

Cooperation between the state, the private sector and civil society promotes stability and sustainable development in Africa. The PPP Africa Facility supports partnerships with industry in various sectors. The all-important factor here is that the cooperation partners are based in Africa and are interested in making a long-term contribution to the region and in becoming partners for sustainable development.

South Africa: Supply chain structures following land reform

Local farmers who were allocated land following reforms in South Africa lack the relevant agricultural know-how. Improper use of the resources on hand has resulted in both impoverishment and environmental damage. The African marketing chain Pick'n Pay is thus working with GIZ and the Ministry of Agriculture on site to establish commercial partnerships with local farmers that ensure they produce sufficient volumes of quality products to meet demand. In this way, Pick'n Pay secures a reliable supply chain; the farmers earn a regular income and existing resources are used in a more eco-friendly and sustainable way.

Uganda: Pro-poor sanitation

Sanitation in Uganda's poverty-stricken urban areas is alarming and increasingly putting the population's health at risk. Around 80% of epidemic diseases in Uganda are linked to inadequate water supply and wastewater disposal and to poor hygiene in households. Thanks to the development partnership mechanism involving the companies Crestanks and Polyfibre, favourably priced sanitation products are being marketed, suitable financing instruments developed and a marketing campaign is being implemented, with a view to improving hygiene awareness amongst the urban poor and promoting hygienic practices. The upshot: local partners can expand their range of products and customer segment, whilst illnesses caused by poor hygiene can be reduced in poor areas.

GIZ Services

- Thanks to our many years of sectoral and regional experience, we are able to advise companies about the various possibilities for cooperation within the development partnerships framework.
- Our field staff listen to the companies' ideas and work with them to develop a project proposal that is embedded in the respective country strategy.
- As a neutral development cooperation organisation, we are able to mobilise our networks and contacts with governments, authorities and non-governmental organisations.
- In addition to specialist expertise, we participate financially too, with up to 50% – max. €200,000 – per project.

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