



## develoPPP.de

Development Partnerships with the Private Sector



develoPPP.de



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### **Foreword**

Partnerships between business and government create sustainable development. This has been shown by over 3,000 partnerships implemented on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) in more than 70 developing countries since 1999. Our policy is to further expand these development partnerships in the future and to bring on board as many companies as possible. At the same time, we stand by our belief that sustainable development can never be achieved without sustainable economic development.

The recent economic and financial crisis and other global challenges, such as climate change and resource conservation, make clear the importance of joint action. In order to bring about positive change for people in developing countries it is vital that we pool our strengths. We need private capital and private sector know-how if we are to create jobs and incomes in our partner countries, introduce environmentally sound and climate-friendly technologies and provide training opportunities. Where the state's scope for action is limited, businesses can bridge gaps and make a targeted contribution to solving global problems. The use of state-of-the-art, environment-friendly technologies is a key component of active climate protection.

As we set out in the coalition agreement, joint action also involves closer integration between foreign trade and development policy. By taking account of the interests of

the private sector in our development-policy decisions, we are acting in the belief that our partner countries also gain maximum benefit from this and that corporate social responsibility (CSR) can add 'value' to each investment – also in development work.

Through development partnerships we accentuate economic cooperation and increase the effectiveness and visibility of our policies. At the same time we are keen to ensure recognition of our basic principles and promote values such as liberty, democracy and the rule of law. That is why key topics for us include good governance, developing and protecting the private sector, supporting microfinance systems and developing infrastructure. We accord equally high priority to investment in the key sectors of education/training, health, rural development, as well as climate and environmental protection and resource conservation. And, of course, we stand by German pledges to preserve biological diversity and combat climate change and famine. To this end we are attaching greater importance than ever to continuing and intensifying our constructive cooperation with the German private sector.

Hans-Jürgen Beerfeltz State Secretary

### Introduction

Through developpede, BMZ supports German and European companies that attach great importance to sustainable development in their business operations in our partner countries. The aim of all this is to attain the millennium development goals set forth by the United Nations to battle poverty, promote peace, security and protection of the environment, and to ensure that globalisation is fair to all concerned. The BMZ supports its partners on their path to achieving these objectives.

Within this framework, develoPPP.de has a triple role. Firstly, it provides targeted support in involving private enterprises in those sectors where there is a particular need for action as well as special opportunities. The new develoPPP.topic component serves this purpose.

The developped innovation component, which targets the implementation of extraordinarily promising measures not bound to any particular sector, promotes highly innovative project approaches by enterprises.

The programme's third component, develoPPP.alliance, focuses on more comprehensive joint projects and programmes. "Strategic alliances" of this nature, which generally involve several companies, can work in more than one country and thus considerably promote effectiveness.

developped is largely financed from a special BMZ fund and covers a broad range of cooperation opportunities between business and development policy. There is additional scope for development partnerships in bilateral cooperation.

Through developpede, BMZ is continuing its successful partnership with business – because strategies that serve both sustainable development in our partner countries and business are more important than ever.



### Partnerships for success





Sustainable development requires entrepreneurial commitment – not only in Germany, but in the partner countries of the Federal Ministry for Economic Cooperation and Development (BMZ) as well. Companies create jobs, secure incomes, transfer technical knowledge and introduce forward-looking technologies.

All the same, companies from Germany and other European states face specific challenges in developing countries: promising business prospects might be upset by a lack of legal certainty, scarce training facilities, ineffective administrative structures and poor infrastructures.

develoPPP.de helps to overcome these obstacles with targeted measures.

### Benefiting the market and development

Since complex challenges are best solved by working together, BMZ launched its develoPPP.de programme primarily to promote cooperation between business and development agencies. Development partnerships combine the innovative power of business with the resources, the knowledge and the experience of development work.

Participating companies and the people in BMZ's partner countries benefit equally. Companies reduce their market risk in new locations in developing countries. They convincingly demonstrate their corporate social responsibility (CSR) and foster confidence on the ground, without which long-term business success is not possible. Germany's development policy uses developPP.de to mobilise additional capital and know-how – playing an effective role in improving living conditions in developing, emerging and transition countries.



#### Water treatment plants for Mexico

With production exceeding 55 million square metres, Mexico is one of the world's largest producers of leather. The industry, however, produces contaminated waste water that can cause considerable environmental damage. Because many small enterprises are financially unable to purify the contaminated water, it often finds its way untreated into the public drainage system. As a pioneer in the field of biological wastewater treatment, Leipzig-based BioPlanta GmbH has recognised this market's enormous potential.

In one joint project, the company is building its expertise by leveraging DEG's development-policy experience. While BioPlanta developed an affordable system that cleans the water highly effectively in a simple biological process,

DEG arranged the necessary contacts in Mexico and performed the groundwork in order to reduce mistrust in this "non-high-tech" method. The successful pilot project is now the subject of great interest in Mexico and other Latin American countries, and has already resulted in increased demand for water treatment plants.

► For more information about this and other projects visit www.deginvest.de > Projects > PPP

#### What is develoPPP.de?

In the developer.de programme, PPP signifies "publicprivate partnerships". The term describes development partnerships which are jointly planned, financed and realised by companies and development aid organisations.

Funded by the Federal Ministry for Economic Cooperation and Development (BMZ), DEG, GIZ and sequa

- participate financially and contribute their human resources to projects that benefit the development in partner countries,
- coach and support companies in planning and implementing projects that promote sustainable development in partner countries,
- make available their contacts to governments, industry associations and companies,
- provide specific expertise on countries, economic sectors and local conditions.

#### **Competent contacts**

The develoPPP.de programme is financed by BMZ and executed by DEG, GIZ and sequa. These organisations of German development cooperation have implemented numerous joint projects in recent years and are professional partners for the business world. They possess decades of experience in the partner countries, advise interested companies, provide support in process management, arrange contacts on the ground and negotiate contracts laying down targets and timeframes, public and private contributions, accompanying measures and review performance.

### **Global possibilities**

developped tackles obstacles to development, minimising risks and combining the resources of partners in areas such as vocational training and infrastructure. Partners implement jointly developed standards in a broad range of value chains and tap previously neglected markets.



#### **Energy for India**

As a specialist for biogas plants, EnviTec Biogas AG sees considerable development potential for supplying environmentally friendly energy to India's rural population. Together with GIZ (former GTZ) and the Indian company MPPPL, EnviTec has laid the foundations in a joint measure for tapping this market and improving the local population's living conditions.

While EnviTec delivers large biogas systems that MPPPL operates, GIZ makes the necessary contacts on the basis of many years of experience on the ground and promotes the project in a large information campaign. Besides providing an ecologically sustainable supply of energy, the development partnership has also created countless jobs and has spurred demand for biogas plants in India:

by 2010 the project's planned capacity of 25 megawatts is due to be expanded to 750 megawatts.

 For more information about this and other projects visit www.giz.de/develoPPP > Projekte In some projects, companies are mainly interested in financial contributions to enable them to carry out effective accompanying measures with development benefits in new locations. In other cases, the partners together with non-governmental organisations initiate extensive dialogue processes; in yet other instances development cooperation is used to promote measures in the vicinity of a partner company's activities. The respective project scope also varies widely. develoPPP.de enables both small-scale measures carried out by individual companies and "strategic alliances" which affect a whole industry sector, involving several countries and several million euros in investments. All development partnerships share one characteristic: one plus one is much more than two.

Any fruitful development partnership will associate a company's own objectives with sustainable policies aimed at the common good. Since this overlap of interests is crucial, developped supports neither purely charitable projects without apparent business

components nor proposals aimed at directly subsidising companies' business activities.

#### develoPPP.de leads the way

Development partnerships function as a model: the cooperation between business, the state and civil society shows that social and ecological market economy can offer a sustainable guiding principle even under difficult conditions. One goal of developpede therefore is to foster the understanding among companies that considering social and ecological aspects in business practice pays off economically in the long term and that this must be an integral element of corporate policy.



#### Strategic alliance: "Cotton Made in Africa"

Some 20 million people in sub-Saharan Africa live from cotton growing. Despite their wool's good quality, these small farmers are beset by problems of low international prices, delayed payments and lack of productivity. What is more, the incorrect use of agricultural chemicals frequently endangers their health. The "Cotton made in Africa" alliance, set up in 2005 at the initiative of the Otto Group, aims at ensuring permanent availability of high-quality African cotton, securing small farmers' incomes and improving productivity and health protection.

An alliance of textile traders is meanwhile promoting the introduction of minimum social and ecological standards in cotton production. Besides the Otto

Group, a broad range of textile companies, DEG, GIZ (former GTZ), Deutsche Welthungerhilfe, the WWF and African cotton producers are involved. DEG cofinances the initiative with develoPPP.de funds and contributes its experience through investments in cotton growing and processing. In Burkina Faso and Zambia, DEG partner companies are implementing pilot projects on the introduction of minimum standards.

► For more information about this and other projects visit www.deginvest.de > Projects > PPP

#### develoPPP.de - criteria

Whatever type of cooperation you choose to get involved in, you must meet the following five prerequisites before a development partnership can get started:

- All measures must be compatible with the defined development goals and objectives of the German government.
- Public and private contributions must complement each other so that both partners can attain their objectives more cost-effectively, efficiently and faster (complementarity).
- A public contribution will only be provided if the private partner would not carry out the measure without the public partner and if the measure is not legally prescribed (subsidiarity).
- Competitive neutrality must be ensured. The cooperation with DEG, GIZ and sequa is open to all companies and communicated transparently.
- Companies are obliged to make a considerable financial contribution and/or provide staff to the project (private sector contribution: at least 50 percent of overall costs).









#### Fruit by the book

Egypt is an important supplier of fresh fruit and vegetables to the EU. Inadequate knowledge among Egyptian exporters of the EU's countless rules and import regulations, however, constitutes a considerable trading barrier to high-quality goods. To the annoyance of German fruit importers, this can result in delayed, over-priced deliveries, some of which are even completely blocked. A joint project by the Federation of German Wholesale and Foreign Trade, sequa and other partner organisations came to the rescue. In the jointly established and organised "Fruit Trading Academy", some 120 employees of Egyptian trading companies were trained in all aspects of the German and European fruit business. On top of that, three coaches were trained to continue the work of the Fruit Trading Academy upon completion of the project. German companies can now expect

their deliveries from Egypt to face fewer delays, and in some cases delays such as those that might have occurred merely due to incorrect labelling could vanish completely.

► For more information about this and other projects visit www.sequa.de > Referenzen > PPP-Projekte



# Three opportunities One programme



Several times a year, DEG, GIZ and sequa hold ideas competitions for interested companies. The best concepts and most efficient approaches stand to receive support worth up to EUR 193,000 (as of February 2011). There are two competition categories:

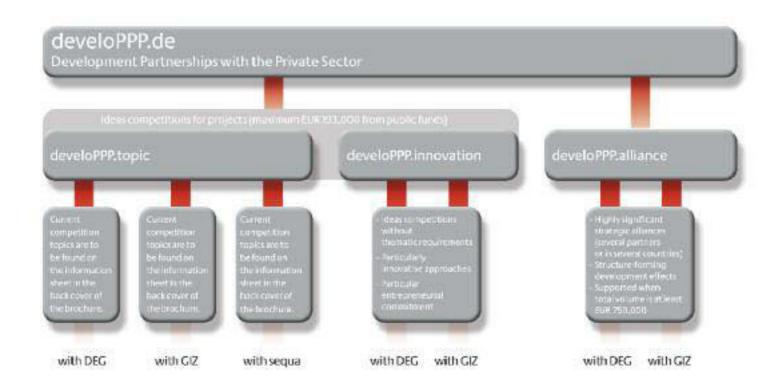
The first category, developped, covers selected topics for which BMZ provides targeted funding. Each topic is supervised by an implementing organisation.

The second category, developped innovation, is open to proposals from all other topical areas. Special attention is given to the innovative character of the proposals. Approaches that show extraordinary commitment or great entrepreneurial creativity have the best chances of gaining support.

These two categories enable the development cooperation to set certain priorities while remaining open to new ideas from the private sector. Outside the scope of the ideas competitions, companies can enter into ground-breaking development partnerships that involve several organisations and countries and larger-scale investments. developes. Alliance deals with structural improvements in partner countries that extend far beyond a single company's reach.

Strategic alliances require complex project planning and highly professional management. In return, however, the development impact is greater, which is why more public funding is available for these developes.

► For more information visit www.develoPPP.de



# developpeditions developpeditions

### Ideas competitions to promote transparency

Several times a year DEG, GIZ and sequa hold ideas competitions that are publicised in Europe's business community. Interested companies can submit draft project proposals (specific format) that are then reviewed by the implementing organisations in terms of their suitability.

The ideas competitions are aimed at German and European companies, and their subsidiaries in developing, emerging and transition economies.

### develoPPP.topic

In terms of content, these competitions cover two complementary aspects. First, they treat important development-related problems by identifying sector-specific issues beforehand. These topics are redefined annually and allocated to the three implementing organisations DEG, GIZ and sequa (see p. 8 for overview).

Currently DEG's topics are energy as well as resource and climate protection, while GIZ's (former GTZ's) focus is on water and projects on agribusiness and the preservation of biodiversity. sequa regularly organises competitions in its core competencies of vocational training, education and qualification.

Current competition topics are to be found on www.develoPPP.de and the implementing organisations' websites, or on the information sheet inserted in the back cover of this brochure.

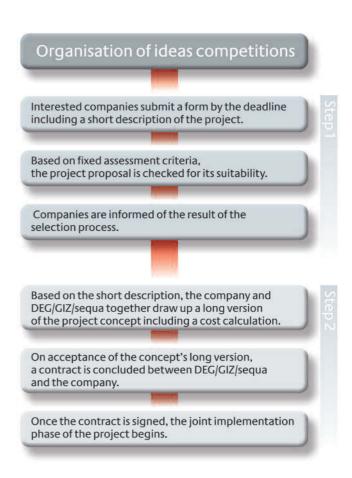
### develoPPP.innovation

Further emphasis is placed on calling on the business world to bring in its own ideas in open innovation competitions – independently of specific topics. These competitions ensure development policy has its fingers on the pulse of the private sector, with particularly innovative measures being realised in areas not covered by develoPPP.topic. Whether develoPPP.topic or

developped. innovation, BMZ's implementing organisations support and accompany their partner companies throughout all phases of a development partnership.

### **Basic conditions**

The company must be in a position to finance the project and ensure project sustainability (at least ten employees, three years on the market, minimum one million euros in turnover, long-term entrepreneurial commitment in the target country). The company assumes responsibility for realising the project as regards financing, staff and content. A development partnership must be concluded within three years and is then continued by the company alone.





### develoPPP.alliance

### Strategic alliances



DEG and GIZ form strategic alliances with German and European companies to initiate projects with a particularly broad spectrum of impact.

Generally, their scope is transnational, their focus is relevant to an entire sector, and they bring together global players from trade and industry, governments and NGOs, and other national and international organisations.

### When does a development partnership become a strategic alliance?

#### The criteria

In addition to the general criteria of complementarity, subsidiarity, competitive neutrality, financial contribution from the company and compatibility with the development policies of the German Government, strategic alliances must meet further criteria. If at least six of the criteria listed below are met, including at least two quantitative criteria, a project may become a strategic alliance.

### Quantitative criteria

- The project is transnational in character and conducted in at least two countries (Brazil, China and India: more than two regions per country).
- At least two private partners play a major role in the project's implementation.
- The project's total volume amounts to at least EUR 750,000 (aggregate public and private contribution).

### Qualitative criteria

- The project is of above-average significance for development policy, serving as a "lighthouse" for other projects.
- The project involves important institutions in the partner countries and has a prominent impact in changing structures, for example in terms of economic framework conditions.
- The project involves various target and interest groups (multi-stakeholder approach).
- The project has a broad and positive impact on large sections of the poor or disadvantaged population.
- The project stands out through a high level of innovation.
- The project serves as an example of best practice (replicability).
- The project is linked to a defined focus on bilateral development cooperation.

Whether introducing minimum ecological and social standards in coffee cultivation, developing and encouraging micro-insurance policies for the poor in Asia, or drawing up guidelines for correct hazardous waste disposal around the world – strategic alliances are as varied as they are effective.

► For more information visit www.develoPPP.de

## Extra opportunities – Cooperation arrangements with GIZ in bilateral development programmes

In addition to the develoPPP.de programme, which finances ideas competitions and strategic alliances, companies can also participate in bilateral development cooperation programmes operated by GIZ.

These projects are not financed from the special funds for develoPPP.de, but from resources made available by Germany to partner countries as part of its bilateral cooperation. Here options are numerous and diverse, but each individual case depends on the specific agreements between Germany and the partner country in question.

The advantage is that development partnerships financed from bilateral cooperation can generally build on particularly favourable conditions. However, bilateral programmes in more than 70 countries offer a wide variety of options for cooperation that differ extensively as a result of national circumstances. It always depends on the local approach.

For interested companies it is worth checking opportunities in individual countries. For further information about GIZ programmes, please visit www.qiz.de.

Companies that contact GIZ about the ideas competitions will automatically be pointed to opportunities in bilateral development cooperation.



#### Wild cocoa in bars

It is not easy to find, concealed deep in the Brazilian jungle on the banks of the Amazon. But it's certainly something worth looking for – as Hachez, a chocolate producer with a long tradition, discovered in 2005, when it began using and marketing wild cocoa from Brazil. The Regenwald-Institut e.V. in Freiburg (Germany), GIZ (former GTZ) and other partners are supporting their bean business. The partnership is linked to a German-Brazilian tropical rainforest programme being conducted by GIZ that is currently implementing protective and usage concepts with forward-looking planning strategies aiming to conserve natural resources and improve living conditions.

These are also the basis for setting the objectives of the partnership component: protection of the rainforest and certification and improved training for the local cocoa gatherers. They pick the ripe fruit by hand, knock it open and collect the precious beans that they then ferment and dry. The first drying plants have already been built locally. After drying, the wild cocoa is shipped directly to the Hachez plant in Bremen, without intermediaries, for further processing. The first bars of wild cocoa appeared in German stores in April 2008.

## Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH



### Broad-based expertise for sustainable development – under one roof

Working efficiently, effectively and in a spirit of partnership, we support people and societies in developing, transition and industrialised countries in shaping their own futures and improving living conditions. This is what the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) is all about. Established on 1 January 2011, it brings together under one roof the long-standing expertise of the Deutscher Entwicklungsdienst (DED) gGmbH (German development service), the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (German technical cooperation) and InWEnt -Capacity Building International, Germany. As a federally owned enterprise, we support the German Government in achieving its objectives in the field of international cooperation for sustainable development. We are also engaged in international education work around the globe.



### Making development effective

Our partners want to take responsibility for achieving their own long-term development goals. We support them by offering demand-driven, tailor-made and effective services for sustainable development. We apply a holistic and value-based approach to ensure the participation of all stakeholders. In doing so, we are always guided by our concept of sustainable development. We take account of political, economic, social and ecological dimensions as we support our partners at local, regional, national and international level in negotiating solutions in the broader social context. This is how we drive development.

GIZ operates in many fields, including economic development and employment; governance and democracy; security, reconstruction, peace building and civil conflict transformation; food security, health and basic education; and environmental protection, resource conservation and climate change mitigation. We also provide management and logistical services to help our partners perform their development tasks. In crises we carry out refugee and emergency aid programmes.

As part of our development services, we also second technical advisors to partner countries. We advise our clients and partners on drawing up plans and strategies, place integrated experts and returning experts in partner countries, and promote networking and dialogue among international cooperation actors. Capacity building for partner-country experts is a key component of our services, and we offer our programme participants diverse opportunities to use the contacts they have made. We also give young people a chance to gain professional experience around the world – exchange programmes for young professionals lay the foundations for successful careers in national and international markets.

### Who we work for

Most of our activities are commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ). GIZ also operates on behalf of other German ministries – in particular the Federal Foreign Office, the Federal Environment Ministry and the Federal Ministry of Education and Research – as well as German federal states and municipalities, and public and private sector clients both in Germany and abroad. We work closely with the private sector and promote results-oriented interaction between the development and foreign trade sectors. Our considerable experience with alliances in partner countries and in Germany is a key factor for successful international cooperation, not only in the business, academic and cultural spheres but also in civil society.

 For more information visit www.qiz.de

## DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH



### Partner of the private sector

DEG, a member of the KfW Bankengruppe (banking group), has been financing and structuring investments of private companies in developing and emerging market countries since 1962. As one of the largest development finance institutions in Europe promoting the private sector, it backs the expansion of private-sector structures to help bring about sustainable growth and a lasting improvement in people's living conditions.

### **Promoting business development**

As part of German development cooperation, DEG promotes projects that make sense from a development and business perspective, and are environmentally and socially compatible. To this end, it offers companies long-term financing in the form of loans, mezzanine finance, equity participation and guarantees at market-driven terms. It finances investments in agribusiness, the manufacturing industry and the infrastructure sector. Another focus is the finance sector in facilitating reliable local access to investment capital.

### Reliable and experienced

Companies investing in developing countries not only need financing, but individual consulting during every phase of the project – and an experienced partner they can rely on. Even during difficult times, DEG is a reliable partner to companies, developing constructive solutions with them that are consistently tailored to the project at hand.

DEG has been forging development partnerships with enterprises to encourage private investment for almost 50 years. Companies planning to expand abroad benefit from the comprehensive expertise it has built up over decades, support to which the DEG representative offices in Africa, Asia, Latin America and Eastern Europe greatly add. So far, DEG has

partnered some 1,600 companies and allocated around 5 billion euros in investment capital in the last five years alone.

### Development Partnerships with the Private Sector (developPP.de)

Since 1999, DEG has also been operating development partnerships with BMZ funds. Together with mainly German companies active in partner nations, around 500 projects have been realised to date that make key contributions to sustainable development. The main objective of the programme is to jointly promote innovative approaches and strategic alliances and to tackle important issues such as climate protection.



 For more information visit www.deginvest.de

### sequa gGmbH



### Our mission: sequa stands for service and quality

A better business environment in our partner countries. More effective business membership organisations. Sustainable social standards. Better access to vocational education and training.

sequa carries out all these activities and many more in the framework of programmes and projects financed by public and private clients. Our aim is the promotion of a social market economy, and standard vocational training in developing and transformation countries as well as in emerging markets, worldwide. As a non-profit company, sequa closely cooperates with its shareholders – the top four German business organisations. For nearly two decades we have been offering a wide range of services in the area of project development and project management to our shareholders and their members – chambers, associations and private companies. This makes sequa the development organisation of the German private sector.

So far, sequa has realised close to 600 successful projects in more than 100 countries – above all in Eastern Europe, Asia, the Middle East, Africa and Latin America.

sequa's staff is specialised in managing international projects, in consulting and coaching partners as well as in other fields of international cooperation.

## Our core competencies: worldwide project management, consulting and coaching

sequa's activities comprise five business segments: private sector development, BMO capacity building, social dialogue, expert placement, and vocational education and training.



sequa offers expertise and experience in areas like business development services, private sector promotion, foreign trade promotion, policy dialogue, local and regional economic development.

sequa advises government bodies and private companies as well as business membership organisations in its partner countries on all questions of vocational training, education and qualification.

Our role in developpped is to continually hold ideas competitions in our core areas of vocational training, education and qualification.

### Our advantage: a strong network for successful projects

It is our network that makes the difference: sequa has direct access to the knowledge of experienced experts from different areas of the German private sector and from more than 1,000 vocational training centres run by the German chambers. sequa's shareholders are: The Association of German Chambers of Industry and Commerce (DIHK), the German Confederation of Skilled Crafts (ZDH), the Federation of German Industries (BDI), the Confederation of German Employers' Associations (BDA) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

 For more information visit www.sequa.de

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