



Methods and Instruments

Development Partnerships with the Private Sector

The challenge

To achieve its objectives, development cooperation needs private-sector involvement. Public funding alone is not enough to realise the Millennium Development Goals (MDGs) by the year 2015.

From environmental protection to education and health, from agriculture to water and energy supply, many central activity areas of development policy converge with private sector business operations. That is why private and public partners alike benefit from co-designing economic, political, legal and social frameworks in developing countries.

Our approach

The German Federal Ministry for Economic Cooperation and Development (BMZ) initiates development partnerships with the private sector (develoPPP.de). These partnerships address mutual interests and leverage the particular strengths of each partner.

Companies make use of our wealth of development cooperation experience to safeguard their local investments, participate in emerging markets and set up structures providing long-term viability.

Development cooperation benefits from private sector involvement in partner countries, which helps to achieve development-policy objectives on a sustainable and cost-effective basis.

This sustainably improves people's living conditions in developing countries and at the same time enhances the economic, ecological and social framework for economic activity.

Our services

Development partnerships meet the criteria of complementarity, subsidiarity, competitive neutrality, independent contributions from the partner and compliance with the development-policy principles of the German Government. Our services are provided through the following four modules:

Module 1: develoPPP.de idea competitions

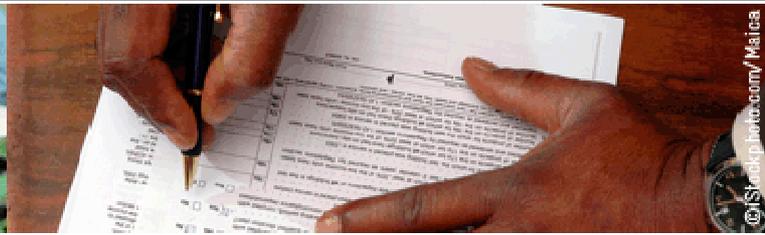
DeveloPPP.de idea competitions are announced several times a year and the German and European business sectors are informed. In response, interested companies can submit project outlines which the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH assesses for eligibility. The projects are then implemented together with the private-sector partner.

Module 2: Strategic alliances

Strategic alliances are formed with German and European companies and business associations. These alliances are usually of a supra-regional nature, often cover entire sectors and bring together different actors from industry and trade, non-governmental organisations and other national and international organisations. Their impact therefore transcends individual measures.

Module 3: Development partnerships in bilateral development programmes

These partnerships combine private sector services with bilateral development cooperation programmes and projects. They are planned and implemented by the private partner (international/national/regional companies) and a technical cooperation (TC) project or programme in the partner country. They contribute directly to achieving the TC project or programme objectives.



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Module 4: Africa Facility

The Africa Facility is a cooperation instrument for the promotion of development partnerships with companies based in Africa. Thematically, development partnerships are very closely related to existing TC projects/programmes in the field.

These four modules are complemented by **Capacity Development for Partnerships (CDP) with the private sector**. CDP trains partner organisations to independently carry out the public role in cooperation with the private sector (e.g. in form of development partnerships or multi-stakeholder dialogues). GIZ offers a wide-ranging advisory and training package for this purpose: the development of strategies and instruments, 'partnership skills,' management skills, fund management, etc. These advisory services may be provided as stand-alone advisory inputs or advisory services that target overall programme development. The tools employed mainly address partner governments and organisations, but other donors may also take part.

The benefit

GIZ offers an extensive range of support services for interested companies on tools and processes for cooperation with the private sector. These companies also benefit from the international cooperation expertise GIZ has built up over 30 years.

Companies are increasingly using development partnerships as part of their corporate research strategies. Development partnerships offer companies an opportunity to invest in developing, emerging and transition countries with the backing of a competent partner, thereby minimising their risks.

An example from the field

Many international companies produce goods in developing countries where the working conditions do not comply with internationally recognised standards (e.g. ILO core labour standards). Monitoring these conditions is often difficult, because the production process involves complex value chains. With consumers and companies in industrialised countries now growing increasingly aware of the related social problems, it is becoming more and more important for international trading companies to prove that they operate under socially acceptable conditions.

As part of a development partnership run jointly by GIZ and Tchibo GmbH, factories in Bangladesh, China and Thailand are being trained to implement these standards with worker participation, and thus to bring about sustainable improvements in employees' working conditions. Since the project started, 13 local training providers have acquired the expert and methodological knowledge they need to advise suppliers on implementing social standards and to instruct them on setting up company dialogue structures. Forty pilot firms are already taking part in the project, and the number is rising. Meanwhile, all companies have designed and implemented action plans, including those for electing staff representatives, avoiding forced labour and reducing overtime.

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