Development partnerships with the private sector

What are development partnerships with the private sector?

Whether the matter at hand is training local staff, using climate-friendly technology, or applying social standards in factories, the goals of private sector companies and development cooperation organisations in the public sector frequently overlap. Development partnerships with the private sector (DPP) involve both publicly and privately owned enterprises taking advantage of this common ground to cooperate in joint projects in developing and emerging countries. The partners each contribute their own particular expertise, while sharing responsibilities and costs.

How do people in partner countries benefit?

The benefits for local people are numerous. Partnerships can bring new skills and knowledge to a country, help improve social and environmental standards, create jobs and increase tax revenues. By working with the private sector, public enterprises can direct private investment into projects that meet development policy goals while mobilising additional funds in the process. In addition, those enterprises engaged in development cooperation activities benefit from the innovatory energy and know-how of the private sector.

How do companies benefit from develoPPP.de?

Developing and emerging countries are the markets of tomorrow. However, inadequate legal safeguards, under-developed training institutions and gaps in infrastructure, sometimes combined with cultural barriers, lead many companies to view doing business there as high risk. Working with Germany’s development cooperation organisations can mitigate such risks. DEG, GIZ and sequa have been working for many years in partner countries around the globe. They have access to extensive networks made up of partners from government, the private sector, local authorities, chambers of commerce and non-governmental organisations. With their experience in managing complex processes on the ground and their wide-ranging expertise, they are highly qualified to work in partnership with the private sector.

What is develoPPP.de?

The German Federal Ministry for Economic Cooperation and Development (BMZ) supports companies wishing to engage in developing and emerging countries through its develoPPP.de programme. They can obtain financial support of up to EUR 200,000. In all cases, at least 50 per cent of the costs must be borne by the company itself. The programme is executed on behalf of BMZ by the Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and sequa gGmbH. Since the programme started in 1999, these three organisations have implemented over 1,500 partnerships with small and medium-sized enterprises (SMEs), technology firms and international groups. Partnerships have a term of up to three years and range from energy projects, water and wastewater management and vocational training through to product certification and supply chain management.
How can my company take part?

Four times each year, interested companies are invited to submit their draft project for review in an ‘ideas competition’. These competitions always start in mid-quarter and run for six weeks. The three implementing organisations provide initial advice on appropriate draft projects to companies interested in participating. After the selection process, DEG, GIZ and sequa work with the selected companies to produce a detailed project plan and specify which resources the partners need to contribute. The support provided by the organisations may involve advice on process management in addition to human resources and financial contributions. As well as taking part in ideas competitions, partner companies may enter into strategic alliances - particularly strong DPPs with a ‘beacon’ role that involve a number of partners and countries, structural improvements in partner countries and significant investment.

What are the criteria?

To qualify as a development partnership, project proposals must meet the following criteria:

- The company’s economic situation guarantees the financial viability of the proposal and its sustainability, i.e. the company’s turnover is at least EUR 1 million, it has more than ten employees and has been operating successfully in its market for at least three years.

- The company is a German or European private sector enterprise (or subsidiary thereof). Companies located in developing, transition or emerging countries are also entitled to apply if more than 25 per cent of their shares are held by companies registered in the EU or by EU citizens.

- The proposal is compatible with the defined development policy goals of BMZ.

- Projects aiming at improving the living conditions of socially disadvantaged groups like handicapped persons are especially eligible.

- The proposal to be implemented is not mandatory under the country’s legislation.

- Work on implementing the proposal has not yet started.

- The proposal would not be implemented without public funding.

For further information visit www.develoPPP.de

Drinking water courtesy of wind and sun

The German company Mörk Water Solutions and GIZ installed a desalination plant powered by wind and sunlight designed for operation by rural communities without outside assistance. To ensure its sustainability, the partners worked with local people to develop a viable business model for operating the plant. The result is clean drinking water for the 600 inhabitants of a village near Zanzibar Town, who since November 2011 pay only three cents instead of twenty for each litre of water. For Mörk, this is just the beginning. The company is aiming for long-term engagement in Africa and intends to supply one million people with drinking water over the next twenty years.