



Development partnerships with the private sector

Advisory service

The challenge

Many of the social, economic and environmental challenges facing developing countries and emerging economies can only be tackled effectively if governments, civil society and responsible companies work together. At the same time, developing countries and emerging economies represent the growth markets of tomorrow for many companies. But an uncertain legal environment, a lack of qualified workers, poor infrastructure and cultural barriers often make it difficult for these enterprises to establish themselves on the market and achieve market penetration.

Joint projects with development cooperation organisations address these challenges, for example by ensuring compliance with international environmental and labour standards, introducing climate-friendly technologies, and involving local supplier firms and experts. This makes it possible to achieve long-term improvements where business and development policy challenges and interests overlap.

Our approach

Development partnerships with the private sector involve governments, civil society and responsible companies working together to promote sustainable development in areas such as environmental protection, education, health care, agriculture, water supply and energy supply. These partnership projects combine the expertise and capacities of private enterprises with those of state and civil society actors. They are designed, planned and implemented jointly by the public and private sectors, who finance them on a proportionate basis.

Partnerships capable of exploiting the complementary strengths of their members will have an impact on development policy and also achieve necessary changes

in the business environment and improvements in local conditions. Particular importance is attached to creating sustainable structures that will remain in place after the joint project has ended.

Our services

Our services are geared towards private enterprises and comprise four areas of advice provision and activity:

I. Establishing partnership projects

Whether you wish to apply for a partnership with GIZ by taking part in regularly tendered ideas competitions or are interested more generally in partnering with us, we are pleased to advise you on the different forms and types of joint projects and the various areas of activity. Our advisory services consist of the following components:

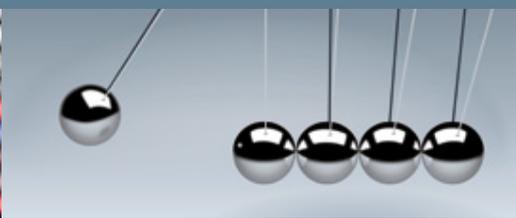
- » advice on what is required of an effective development project;
- » advice on the technical expertise that GIZ can contribute to a joint project;
- » advice on the process flow of a development partnership.

II. Project development and contractual set-up

We assist you with drafting your project idea. The specific design of the project approaches and the detailed planning of activities are crucial when it comes to effectively combining development policy goals and business interests.

This involves:

- » reviewing and fine-tuning the project design and its intended impact;
- » working with the different stakeholders to shape the negotiating process;
- » conducting detailed planning of partner contributions (from financial to in-kind) and the results expected of each partner;
- » exploring the best possible contractual implementation modality and contractual arrangements.



III. Project implementation and monitoring

We advise and support you in the process of implementing the projects. This may range from indirect support to direct involvement, depending on the local GIZ structure and strategy. GIZ contributes its long-standing experience in a wide range of areas. By reviewing project progress on an ongoing basis, it is possible to identify and jointly resolve problems at an early stage, and to make any necessary adjustments and course changes to project plans.

IV. Processing of experiences

Development partnerships with the private sector often serve as a means of piloting new approaches. We assist you with developing business and cooperation models which you can then replicate in other regions or countries yourself. Lessons learned are identified and processed for the purposes of further developing the pilot projects further. This helps to ensure the sustainability of the project results locally and to provide the public with a presentation focused on results.

The benefits

Development partnerships with the private sector combine the interests and strengths of the different partners for their mutual benefit:

- » companies gain access to GIZ's knowledge and established contacts in the partner countries, including contacts with decision-makers from the political sphere, civil-society organisations and local (supplier) businesses;
- » companies benefit from GIZ's knowledge of general economic, social and environmental conditions and interrelationships in developing countries and emerging economies, as well as from our long-standing experience in how to improve these conditions;

- » the innovative business ideas, technologies and industry-specific knowledge of these companies are leveraged in order to tackle development policy challenges;
- » private investment is channelled into initiatives conducive to development policy aims. This investment is supplemented with public financing, thereby helping to achieve common goals;
- » development cooperation actors benefit from innovative ideas, alternative access points to businesses, and access to structures which they would not have otherwise been able to influence.

An example from the field

The partnership between Gerdau, the largest steel manufacturer in the Americas, and GIZ illustrates the great potential for cooperation with the private sector in the waste management industry. The project, which had a budget of EUR 3 million and ended in 2013, saw GIZ and Gerdau working together with non-governmental organisations and state partners in Brazil, Uruguay, Chile and Peru.

The goal of this three-year project was to improve the stability and reliability of business relationships between informal scrap metal collectors and Gerdau, and to improve the quality and quantity of the scrap metal collected. The activities involved providing training to the collectors and small, informal customers of Gerdau, strengthening the organisations supporting the collectors, establishing a regional network, and developing a monitoring mechanism for the steel value chain.

The partnership was an enormous success. 8,000 jobs were formalized, scrap metal collectors saw their income rise by an average of 155 per cent, and Gerdau was able to increase its sales by 183 per cent to small enterprises.

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GIZ is responsible for the content of this publication.

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