



Federal Ministry
for Economic Cooperation
and Development

50 Years

Building the future.
Let's join forces.

Developing markets, creating wealth, reducing poverty, taking responsibility – The private sector as a partner of development policy

Key Issues Paper on cooperation with the private sector



Some propositions concerning economic cooperation

- **A flourishing economy is the cornerstone of growth and prosperity.** It is indispensable if our partner countries are to free themselves from dependency on others and create a better future for themselves. The BMZ therefore regards sustainable economic development as a key element in development cooperation.
- **Strengthening the productivity of local companies, private-sector investment and corporate responsibility are key to higher economic growth in developing countries.** The BMZ places these issues at the forefront of economic cooperation with its partner countries.
- **In order that economic growth should have the effect of reducing poverty and not take place at the expense of future generations, it must be economically, socially and ecologically sustainable.** The BMZ is therefore guided by the vision of sustainable development and has taken the social market economy as the regulatory frame of reference for its economic promotion activities.
- **Governmental development cooperation can help to improve frameworks for private sector engagement and thus create vibrant, attractive and fair economic areas in the developing world.** The BMZ therefore lays emphasis on the strengthening of economic frameworks as a field of action, especially by promoting the rule of law and a better business and investment climate.
- **Development cooperation helps in offering developing countries prospects for better and fairer integration into global markets.** This requires that markets be opened still further to access by developing countries and that, in parallel, the competitiveness and export capability of local companies be improved. In addition, it is also important to boost cross-border investment, which creates both jobs and training places, because it helps to ensure that value creation takes place in developing countries.
- **Governmental development cooperation cannot achieve these goals on its own. There must be private sector involvement as well.** Together with the private sector in our partner countries – as well as internationally, and especially with the German private sector – we want to help create greater prosperity in our partner countries and maximise our joint contribution to the BMZ's overarching objective of reducing poverty.

The present strategy paper is intended as a guide for German development policy in the field of economic cooperation. It elaborates on the above propositions and is reflected in six priority areas: creating reliable national and international business environments; opening up new markets; strengthening communication and cooperation with the private sector; creating and developing new instruments for involving the private sector; strengthening innovation systems locally; and promoting the transfer of experts, knowledge and know-how.

1. Sustainable development needs growth!

Economic development is vital for growth and prosperity. Economic growth that reaches all sections of the population must therefore be at the core of any poverty reduction strategy. Germany's own experience is the best proof of this, the economic miracle of the 1950s being just one example.

A thriving economy is important in developing countries as elsewhere, so that countries can take responsibility for building a better future for themselves on the basis of self-reliance. Here again, our experience has shown that economic development cannot be decreed by government. Private sector investment, responsible business conduct and well trained professional and managerial staff are an essential condition for a vibrant economy, sustainable growth and better living conditions. Sustainable development processes must come from within society and be sustained by society, so that they have maximum impact in terms of broad-based growth and prosperity.

The goal of German development policy, therefore, is to promote economic frameworks in our partner countries in a way that unleashes the **economic potential of the country, of society and individuals**. Consequently, the **private sector** in our partner countries is one of our most important development partners.

But we also call on the international, especially the German private sector to work with us to achieve the goal of global development. Their expertise, power of innovation, creativity, capital, and value awareness are important building blocks for creating sustainable, broad-based growth in our partner countries and thus making a substantial contribution to poverty alleviation. Therefore, the BMZ places emphasis on enhancing opportunities for stepping up the private sector's commitment to de-

velopment, among small businesses and large companies alike. The focus is on the **mutual benefits** (win-win).

In order to promote economic development in our partner countries and cooperation with the private sector more intensively in future, we will step up our actions to:

- **improve international frameworks to boost trade, investment and closer economic ties**
- **create frameworks conducive to sustainable growth in our partner countries, especially the rule of law and favourable investment climates**
- **help to open up new markets**
- **intensify the direct dialogue and cooperation with the private sector**
- **promote new tools to encourage private sector involvement and strengthen innovation systems at the local level, and**
- **train experts for business and industry; transfer knowledge and know-how.**

With regard to the private sector's engagement in developing and emerging economies, **policy coordination** within the German government and with international partners is of the utmost importance for cooperation with business and industry. A new system of cross-departmental coordination has therefore been agreed between federal ministries responsible for areas relating to foreign trade and development. Aside from policy coordination, the ministries also jointly identify cross-departmental projects in developing countries.

2. The BMZ and the private sector: sharing responsibility

The BMZ is all about the economic empowerment of people in developing countries. To achieve this goal, we rely on close cooperation with the private sector. We are extending our range of activities and services, deepening the dialogue and intensifying our coordination still further to give private-sector actors the opportunity to take on, jointly with us, more responsibility for sustainable development in our partner countries.

Part of this is ensuring that the right conditions are in place for sustainable private-sector activity: national and international frameworks (legal security, good governance, etc.) create the incentives.

We work locally on improving economic frameworks, we promote local business activity, help to

train professionals and managers in accordance with labour market requirements, develop local and regional markets, combining all this with an extended range of tools to promote the involvement of German and international companies, so that the benefits of Corporate Social Responsibility (CSR) are tangible for development.

This commitment to development brings numerous benefits, not least in Germany. Research has shown that development cooperation secures 240,000 jobs in Germany. Two thirds of the BMZ's budget of around EUR 6.2 billion are used for investment purposes. Every euro we invest in the economies of our partner countries triggers additional return flows and earnings in Germany. These are some of the positive spin-offs of our development policy.

2.1. IMPROVING INTERNATIONAL FRAMEWORKS TO BOOST TRADE, INVESTMENT AND CLOSER ECONOMIC TIES

In the context of trade-related development cooperation ('aid for trade') we are strengthening the international competitiveness and export capacity of enterprises in our partner countries and assisting trade-related institutions (regional organisations, ministries, chambers, associations, export promotion agencies, financial service providers) to create the conditions necessary to improving supply and export capacities, offering trade and investment promotion schemes and delivering an adequate range of services to the business community.

In regions where domestic markets are still very small we contribute to economic development by promoting regional economic integration, the development of major transport corridors in Africa and Asia and the simplifying of border formalities. The

effect is to enlarge economic areas, open up new, previously untapped markets and support regional value creation based on the division of labour. This trade facilitation benefits the German private sector in two respects: better trading conditions for German exports on the African continent; and more reliable and cheaper supplies from our partner countries. At the same time, we are actively committed to an early and development-oriented conclusion of the current round of WTO negotiations.

Voluntary standards initiatives have proven to be an effective tool for improving the working and living conditions of workers in producer and supplier companies. The BMZ therefore supports initiatives to develop, implement and disseminate standards initiatives, for example in the coffee and textiles industries. The BMZ is also committed to sustainable procurement in Germany and the European Union to increase demand for sustainably produced goods from developing as well as other countries.

2.2. THE RULE OF LAW AND A FAVOURABLE INVESTMENT CLIMATE: KEY ELEMENTS IN CREATING NATIONAL FRAMEWORKS CONDUCIVE TO SUSTAINABLE GROWTH

We strongly advocate a better **business and investment climate** and fair conditions for entrepreneurial activity in our partner countries. Such conditions pave the way for engagement by the private sector, including German companies. We provide advice, on a value-oriented basis, on the regulatory economic framework in accordance with the social and ecological market economy model,⁽¹⁾ and we strengthen the economic and social infrastructure, stable financial systems including microfinance,⁽²⁾ legal security, good governance and transparent procurement and tax systems.

The focus is on reducing the costs of doing business and increasing incentives for business creation, business expansion and investment, not least for foreign investors. We are committed to promoting corporate social responsibility (CSR), strengthening the innovative capacity of local businesses and assisting with training and skills development. In this way, not only does the BMZ strengthen local businesses, it also helps to establish tomorrow's potential suppliers and business partners for the German private sector in a genuine win-win situation. This is combined with a strong commitment to strengthening the rule of law and human rights in our partner countries.

The **rule of law** is necessary for sustainable economic development and long-term economic success, as well as for equitable wealth distribution. A reliable

legal and judicial system reduces uncertainty and the associated investment risks. Transparent and predictable legal frameworks are the basis for intensive economic activity, investment and growth. In view of the need for action to consolidate the economic situation of developing countries, the rule of law can help to make government action more transparent where, for example, the duty to state reasons, the right to be heard, and the right of access to documents are respected. Along with the legal security inherent in constitutional structures, this transparency is a precondition for the planning security for which economic actors are constantly calling.

At the centre of this is eliminating the arbitrary exercise of power by the state vis-à-vis all economic players, whether in terms of investment protection for foreign companies or, more generally, in respect of the day-to-day involvement of small and medium-sized domestic enterprises in economic life. It is not just that rule-based conduct is regarded as being indicative of the reliability that is the sine qua non of international business transactions; whether or not developing countries avail themselves of the latitude specifically granted to them in some multilateral agreements or sets of rules depends often on whether domestic administrative legislation relating to business is in place.

Human rights are a core value of German policy and a guiding principle of development policy. Their systematic implementation in all partner countries (the "human rights approach") helps in realising human rights worldwide. Gender equality and the economic empowerment of women and young people are of particular importance in this context. Another important aspect is including the informal economy, which in most of our partner countries provides 50 – 80 per cent of the population (mostly women) with income and employment. The obstacles to formalisation must be dismantled

¹ Cf. BMZ Strategies "Social and Ecological Market Economy Principles in German Development Policy", July 2007, www.bmz.de.

² Cf. BMZ "Mit Mikrofinanzierung aus der Armut: Der deutsche Beitrag zur Entwicklung nachhaltiger Finanzsysteme" (Overcoming poverty through microfinance: the German contribution to developing sustainable financial systems), October 2008, www.bmz.de.

in order to promote legal certainty, develop the financial system and boost macroeconomic growth, including the generation of domestic resources.⁽³⁾

Setting up efficient, transparent and equitable tax systems in developing countries is another important aspect of the business environment and a basic precondition for mobilising domestic resources for poverty reduction and sustainable development. Such systems create greater legitimacy of government action, greater identification of citizens with their state, and reduce countries' dependence on foreign aid and other inputs from abroad.

Increasing the efficiency and transparency of systems and a fair tax system have a direct impact on private sector activity in developing countries. The time and effort that must be invested to meet the requirements of the tax system are reduced, the tax burden can be calculated more easily and more accurately, and exceptions and exemptions can be reduced.

All the BMZ's activities to support tax reform in developing countries are therefore relevant to business development, in particular the International Tax Compact⁽⁴⁾ and cooperation with the International Monetary Fund (IMF), bilateral development cooperation actions with public sector financial management institutions, as well as bilateral budget support operations that include special tax components.

2.3. HELPING TO OPEN UP NEW MARKETS

The BMZ draws the attention of business and industry to new opportunities for opening up markets in

developing countries and provides support in places where opportunities cannot be used on account of barriers to development.

→ **Support and advice for investment in developing countries through DEG**, in order to assist companies, especially SMEs, in project development and risk analysis, business plan evaluation and compiling material for the detailed planning and structuring of their projects. DEG (German Investment and Development Company), a non-profit organisation, finances inter alia long-term investments by private companies in developing and transition countries on market-oriented terms.

It assists companies in assessing local partners and provides information on additional funding opportunities. It evaluates the planned project jointly with the companies and comes up with solutions to minimise risks, including human-rights-related, social and environmental risks. Hence, German foreign investors have a tailor-made set of tools at their disposal. DEG also provides advice and support to local companies and companies from emerging economies (South-South cooperation) in their business activities in developing countries. It always takes great care to ensure that the impacts of investments are positive for the developing country and sustainable over the long term.⁽⁵⁾

→ **Using opportunities in markets at the Base of the Pyramid (BoP).**⁽⁶⁾ The base of the income pyramid comprises 4 billion people worldwide and represents an aggregated buying power of 5,000 billion U.S. dollars annually. This market is little developed as yet, even though it offers huge

³ Cf. BMZ "Sectoral Policy Paper on Financial System Development", 2004, www.bmz.de.

⁴ See www.taxcompact.net

⁵ See Corporate-Policy Project Rating (GPR) at www.deginvest.de.

⁶ Cf. BMZ Discussion paper "Geschäfte für Entwicklung – Bewertung des BoP-Ansatzes aus entwicklungspolitischer Perspektive" (Business for development – assessing the BoP approach from a development perspective), September 2009, www.bmz.de.

business opportunities. Low-income groups in developing countries should be recognised as a customer group in their own right. Microlending is a well known example of a successful innovative business model at the base of the income pyramid and an illustration of the BMZ's objective to provide help for self-help and to promote economic development based on liberal principles.

Initial experience with business models in BoP markets suggest, however, that the development of these markets is not at all easy. Innovative product solutions and distribution models must be developed to reduce, for example, the transaction costs. Partnerships between BoP pioneers and development cooperation are a crucial success factor. For it is important to understand the cultural circumstances of the poor and the economics of poverty. The BMZ offers companies assistance in analysing and developing innovative pro-poor business models at the base of the pyramid.

- **Boosting sustainable investments with federal guarantees** in emerging and developing countries for German exporters and investors, where the private insurance market is not prepared to accept the risks. Decisions on guarantee applications (above a certain level) are taken by the three interdepartmental committees (IMA): on export credit guarantees, direct investment guarantees and untied loan guarantees. The BMZ is also represented on the IMAs alongside the Federal Ministry of Economics and Technology (BMWi), the Federal Ministry of Finance (BMF) and the Federal Foreign Office (AA). Before guarantees can be granted a project must be justifiable in terms of its risks, and it must be suitable for promotion.
- **Partnerships between chambers and business associations as a bridgehead to new markets.**

Chambers and business associations are an important bridge between government and industry. In cooperation with German chambers of crafts, chambers of trade and industry, and business associations, the BMZ promotes this type of independent business organisation in developing and emerging economies through the Chambers and Associations Partnership Programme (KVP).

2.4 INTENSIFYING DIRECT DIALOGUE AND COOPERATION WITH THE PRIVATE SECTOR

The BMZ is working for better information-sharing and greater collaboration between development cooperation and the private sector. Informed entrepreneurs can more easily target their investments, thus creating job opportunities locally while adhering to international labour and social standards. In this context, an important element of corporate social responsibility for sustainability and development (CSR) is taking into account sustainability aspects such as compliance with international environmental standards, the transfer of knowledge and technological know-how, and social investments in education and health.

The BMZ would like to provide even more support in this field, and expand and create a number of important services and information channels for economic players in Germany and abroad:

- **Creation of a new service point for cooperation with the private sector** as a new focal point to provide straightforward, unbureaucratic advice to associations and businesses (e-mail: wirtschaft-kontakt@bmz.bund.de; Tel: +49 [0]228 535 - 3131). Information about the services offered to the private sector is provided in direct contact.

- **Seconding development cooperation liaison officers to business organisations (development cooperation ‘scouts’)** to encourage German companies to invest in developmentally sound projects in our partner countries and inform the business community of the range of instruments available to support, finance and secure investments. These are investment and business incentives for the corporate sector aimed at furthering development in our partner countries. The first development cooperation scouts started work at the beginning of 2011.

- **Stepping up consultations and information-sharing with the business community** in order to improve mutual understanding. To this end, we work closely with the UN Global Compact and with the Global Compact Network Germany through which we promote, inter alia, the implementation of voluntary initiatives and codes of conduct. Agreement has also been reached, for example with the Federation of German Industries (BDI), to hold sector dialogues to discuss the opportunities and challenges of greater involvement by companies from specific sectors. Our intention is, through high-level business events in various federal *Länder* and in cooperation with the regional chambers of commerce, to make German SMEs more aware of the opportunities available in developing and emerging economies and encourage them to become involved.

- A more intensive dialogue can also be achieved rapidly by preparing and disseminating country information and information on tenders and business contacts (business to business). **Cooperation with German Chambers of Commerce Abroad (AHK)** is being deepened and institutionalised, building on the experience of almost 100 cooperation arrangements be-

tween AHK and German development cooperation hitherto. CIM experts are being deployed to strengthen selected AHKs in personnel terms, and this is serving to intensify the concrete cooperation between companies and development cooperation organisations in our partner countries.

- **Promoting corporate social responsibility (CSR)⁷** by improving the state enabling environment for pro-development business activities, promoting private sector involvement in sustainable development (e.g. through the BMZ’s developPPP.de programme) and improving the conditions for partnership-based cooperation between government and business and industry – in Germany and in our partner countries. In this context, dialogue forums such as the Global Compact with its national networks, and expert discussions in our partner countries involving the German business community, have proven their worth.

2.5. PROMOTING NEW TOOLS TO ENCOURAGE PRIVATE SECTOR INVOLVEMENT AND STRENGTHENING INNOVATIVE SYSTEMS AT THE LOCAL LEVEL

We would like to encourage the private sector, particularly SMEs, to step up their responsible engagement in developing countries and to enable local business communities to contribute more to self-reliant sustainable development. The BMZ therefore intends to develop new tools to get local and international – including German – business and industry involved in development policy. In conjunction with this, we will help to strengthen local innovative

⁷ Cf. BMZ Strategy Paper “Corporate Social Responsibility from a Development Policy Perspective”, September 2009, www.bmz.de.

capacity in order to promote conditions conducive to the development of local, market-appropriate solutions. In this way, the full potential of the innovative approaches can be used for economic growth and poverty reduction in our partner countries.

→ **Further developing the DeveloPPP.de programme** to achieve closer integration between the private sector and development cooperation through project-based cooperation between companies and development cooperation within development partnerships. The aim of these partnerships is to involve the private sector in the attainment of development-related objectives on a sustainable basis. Idea competitions are held to support private sector engagement in branches of industry that are important for development. In future the develoPPP.de programme is to be made more SME-friendly. Details concerning procedures, dates and current development topics can be found at www.develoPPP.de.

→ **Creating and developing additional cooperation and investment models with the private sector**, e.g. sector-specific cooperation models such as the existing German Water Partnership and the Health Initiative in partnership with the BDI. Development-based investment funds can be a further important element. The BMZ invites investors to become involved through such funds in developmentally sound investments. One such example is microfinance or microinsurance funds which invest responsibly and sustainably in the financial sector in developing countries. The BMZ is working on ways of offering the opportunity of meaningful participation in such actions to more private investors. Such funds can be an important starting point for further projects that make good developmental and business sense in our partner countries.

→ **Promoting low-volume projects of German SMEs.** Developmentally sound, low-volume foreign investments by German medium-sized companies currently have only a slim chance of obtaining funding through DEG or a commercial bank. The reason is that the consulting and appraisal costs – which may be higher than the actual investment – often cannot be met in full by the company. The German government intends to bridge this gap in future and provide financial support for consulting services by DEG relating to developmentally sound investment projects in our partner countries. This measure is intended in particular to benefit medium-sized companies investing in developing and emerging economies.

→ **Feasibility studies** are a prerequisite for high-risk investments in innovative, pro-development business models. We intend to provide support by assuming partial risks. If successfully introduced into the marketplace, these innovations can make a significant and creative contribution to solving problems in developing and emerging economies (e.g. renewable energies, energy efficiency, water supply and waste management).

→ **Strengthening innovation systems in partner countries.** Cooperation with German and international companies has the effect of mobilising knowledge, technologies and innovative approaches as well as resources for developing countries. But if the full benefit of these instruments and approaches for economic growth and poverty reduction are to be felt, the capacities of local companies and partner institutions must be strengthened. The BMZ therefore helps to promote innovation and technology at the corporate level and to strengthen innovation systems and innovation-friendly frameworks in its partner countries.

→ **Improving cooperation between the private sector and civil society** by strengthening the dialogue between the two players, both in Germany and in our partner countries. At the centre of this is the debate on the possibilities and limitations of cooperation between the business community and civil society, including the watchdog role of civil society vis-à-vis the corporate sector. Internationally, partnerships between companies and non-governmental organisations play just as important a role, as a look at the CSR reports of multinational companies will show. The intention is to provide targeted support to such partnerships in the future following the structural model of development partnerships with the private sector (develoPPP.de).

→ **Expanding cooperation with company-based foundations** to mobilise resources for developing countries. It is estimated that there are about 1,500 such ‘company-based’ foundations in Germany. They address (depending on the type of industry concerned) a wide range of developmentally relevant issues such as climate change adaptation and mitigation, social security, education and training, CSR, international migration and disaster preparedness. So far, however, very few of these foundations operate abroad. The BMZ is already working with several international and German corporate foundations (e.g. the Bill & Melinda Gates Foundation, Bertelsmann Foundation, Aid by Trade Foundation); but the dialogue and cooperation could and should be expanded further. We intend to mobilise the potential of German foundations for development cooperation and to push ahead with pilot measures with this goal in view.

→ **Intensifying cooperation in the raw materials sector:** Using revenues from raw materials in resource-rich developing countries has considerable potential for sustainable economic develop-

ment. Revenues from raw materials can help countries to achieve prosperity, provided the necessary frameworks are in place. This can lead to win-win situations for the producer country concerned in terms of revenue development, and for Germany in terms of better international commodity supplies.

The German government’s raw materials strategy of October 2010 introduced the concept of raw materials partnerships. The idea is that in selected resource-rich developing and emerging economies, German industry will be supported in its engagement in the raw materials sector by the German Foreign Office (AA) from the foreign policy perspective and by the BMZ from the development policy perspective, using the well established investment protection tools of the Federal Ministry of Economics and Technology (BMWi).

The development policy strategy for the raw materials sector is set out in the policy paper entitled “Mineral and Energy Resources as a Factor in Development”. The aim is to make better use of the opportunities for economic development that arise from raw materials wealth, in order to promote sustainable development for the benefit of local people.

To this end, development cooperation promotes

- (1) the establishment of efficient structures in the raw materials sector,
- (2) the efficient use of resources,
- (3) the establishment of high environmental and social standards, and, in particular
- (4) anti-corruption actions and transparency in financial flows and the flow of goods,⁽⁸⁾ especially

⁸ Raw materials can be used to finance armed conflicts. Transparency about the source of raw materials such as coltan can make a significant contribution to containing conflicts. German development policy therefore supports the establishment of transparent marketing chains for mineral resources, using innovative methods to prove origin (‘fingerprinting’).

where raw materials are mixed up with armed conflict.

German support for the Extractive Industries Transparency Initiative (EITI) should be mentioned in this context as an important contribution to greater transparency and good governance in the raw materials sector. Alongside private sector participation in the implementation of the EITI in raw materials countries, we, together with the BMWi, BDI and the international EITI Secretariat, actively encourage German companies to support this initiative.

Stable economic, social and ecological environments, and transparency in financial flows and marketing chains help to create better conditions for investment, opening up opportunities for German and European companies to invest and to contribute to sustainable development in the producer countries.

2.6. TARGETED TRAINING OF EXPERTS FOR BUSINESS AND INDUSTRY; TRANSFERRING KNOWLEDGE AND KNOW-HOW

Knowledge, education and training are becoming increasingly important factors for the success of individual companies as well as for a country's international competitiveness. Traditional competitive factors such as low labour costs and access to capital and raw materials are becoming less important as the mobility of labour increases, financial markets converge and barriers to trade fall.

Conversely, knowledge, access to knowledge, and the translation of knowledge into innovative products, processes and services are becoming a key competitive factor in a global economy. Innovation is already crucial in many markets and industries to secure or maintain the competitive edge. This applies equally to markets in developing countries.

The BMZ therefore promotes the development of innovation systems, needs-based local research facilities and the training of professionals through comprehensive training systems:

→ **Setting up and developing vocational training systems:** Every country has to rely on the skills of its workforce to achieve self-sustaining, broad-based economic development. The promotion of vocational training under development cooperation is primarily aimed at building practice-oriented vocational training systems adapted to the needs of business and industry, taking as a model the successful key features of the dual vocational training system in Germany and adapting them to meet the individual requirements of each partner country.

The key elements of German vocational training can be summed up as follows: close cooperation between government and industry, workplace learning, social acceptance of universally binding standards, upskilling of vocational training instructors, and institutionalised vocational training research.

These measures are accompanied by the establishing and equipping of vocational training schools and technology centres of excellence, the development of financing models that are effective in the long term, the institutional cross-linking of labour supply with labour demand, and support for the dialogue between government, business and industry and society.

→ **Promoting tertiary education:** university-level education, science and research can help to encourage innovation, promote the transfer of technology and stimulate the private sector. An entrepreneurial perspective can be encouraged during student days ("entrepreneurship education"). Strengthening universities and scientific institutions promotes innovation systems and helps to create and secure jobs and income.

In partnership with the German Academic Exchange Service (DAAD), German development cooperation is raising the quality of university education and management and promoting university and scientific collaboration arrangements and networking.

This involves developing practice-oriented partnerships between companies and higher education institutions in Germany and our partner countries in order to promote practice-oriented, needs-based training in developing and emerging economies.

→ **Building interfaces between research institutions, experts and partners in business and industry:** the transfer of knowledge and technology between research and science institutions and the corporate sector promotes innovation and technological competence as well as boosting the demand for knowledge-intensive and technology-intensive products and processes, including those from Germany. Innovative entrepreneurs often act as 'knowledge brokers' and are important actors in the dissemination of key skills. Entrepreneurs also bear the responsibility for ensuring that this role generates benefits in terms of development and poverty reduction.

→ **Contributing experience to development processes through the Senior Expert Service (SES),** to provide practice-oriented assistance in the solving of technical and/or operational/organisational problems, especially in small and medium-sized enterprises and in vocational training and healthcare institutions. Development cooperation supports the assign-

ments of professionals who have retired from active professional life and make their professional experience available without charge in developing countries. This instrument will become increasingly significant in the future on account of Germany's age structure.

→ **Practice-oriented training courses for managers from developing countries and facilitation of business contacts** are made possible by the highly successful "Manager Training Programme" executed by GIZ (formerly InWEnt) on behalf of the Federal Ministry of Economics (BMWi) which we, in consultation with the BMWi and after making some development-policy-based adjustments, now intend to run in selected developing countries as well. The aim is to familiarise local experts from the corporate sector with market conditions in Germany and train them in new management methods. This leads to contacts with new markets and partners for the players involved in Germany and in our partner countries. With its partnership approach, the programme is thus equally attractive for developing countries and for the private sector in Germany. A pilot programme is being launched in selected countries in 2011.

→ **Turning to account the skills of people with experience of development cooperation:** The commitment and unique experience people have gathered in a multitude of ways in their development cooperation activities should be more widely used and promoted. These individuals are particularly well suited to performing important functions in business and industry.

3. Companies for more responsibility – now!

The commitment to global sustainable development as exemplified by the BMZ's development policy has long since moved beyond the mere 'do-gooder' approach. Alongside the responsibility incumbent upon every member of society, perceptions of corporate responsibility are becoming increasingly important and profitable in business terms.

More and more consumers in Germany and indeed all over the world want to be sure that the goods they buy have been produced in fair labour conditions and using environmentally sound processes.

German companies are increasingly recognising this and using the scope available to them to establish sustainable production processes as a core element of their long-term competitive strategy.

The BMZ sees itself as a partner of the private sector in working for more value-based engagement in developing countries and the assumption of greater responsibility by companies. We lend support to local, international and German companies, especially SMEs, if, together, we can move a step closer towards global sustainable development and thus reducing poverty in developing countries.

4. Contacting the BMZ / other contact points

The BMZ answers queries and provides information about opportunities for cooperation through its new private sector service point:

Wirtschaft-kontakt@bmz.bund.de

Phone +49 (0)228 535 - 3131

→ A general overview of, and policy documents on development policy and the private sector can be found on the BMZ's newly designed website at www.bmz.de/de/was_wir_machen/themen/wirtschaft/index.html

→ For more information on the possibilities of cooperation within development partnerships visit the website at www.develoPPP.de

ENQUIRY POINTS AT THE BMZ'S IMPLEMENTING ORGANISATIONS

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MORE CONTACT POINTS AND INFORMATION ABOUT CSR ON THE WEB

→ The Global Compact Network Germany is a good starting point for companies interested in CSR and responsible engagement abroad:
www.globalcompact.de

→ Specific information on CSR-related issues can be found at www.csr-weltweit.de

→ Anti-corruption:
www.business-anti-corruption.com

OTHER INTERESTING INFORMATION

→ Extractive Industries Transparency Initiative (EITI): <http://eiti.org>

→ International Tax Compact (ITC): www.taxcompact.net

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