Federal Ministry
for Economic Cooperation
and Development

# Strong partnerships for a sustainable and resilient global economy



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As a major exporter and one of the world's biggest economies, Germany is increasingly dependent on reliable partnerships – for its energy supply, for access to critical raw materials, and when it comes to attracting skilled workers. In this context, the countries of the Global South are becoming more and more important. Their markets are growing fast, and their role on the international political stage is getting bigger. This opens up new opportunities for trade and investment.

The German Development Ministry (BMZ) is making economic cooperation a strategic priority. The idea is to build partnerships that are in the interests of both sides and create a win-win situation – for the people both in the partner countries and in Germany, and for the German and European economy. The BMZ is reworking its economic cooperation in three areas: 1) more dialogue and involvement, 2) dismantling structural obstacles, 3) more targeted funding and support.

## I. Dialogue and involvement

### More dialogue:

- The Federal Ministry for Economic Cooperation and Development will intensify its dialogue with the business sector and develop concrete initiatives with companies and associations.
- In the run-up to government negotiations with strategically important partners, the BMZ, in coordination with other relevant ministries, will consult with stakeholders from the business sector (associations, and in specific cases individual companies) to ensure that their interests are being taken into account and that synergies can be identified and leveraged (for example this year with Ghana).
- Economic cooperation will always be on the agenda of bilateral government negotiations on development cooperation. There will also be special formats enabling a direct exchange between companies, associations and governments from both countries.

### Closer involvement:

- In our development cooperation with five major emerging economies, we want to involve economic players more systematically and at an earlier stage in future. This includes inviting them, for instance, to participate in the development, planning and implementation stages of development cooperation projects. This will also help to breathe life into EU trade agreements. India will be a flagship country for this new holistic approach. We intend to select the other countries together with partners from the business sector.

## II. Dismantling structural obstacles

### Facilitating the awarding of contracts to German and European companies:

- German and European companies often face a somewhat challenging competitive environment. The BMZ and its implementing organisations – KfW in particular – intend to address this problem more effectively, for instance by adjusting tender criteria.
- In emerging economies in particular, we want to give German and European companies better chances of winning contracts under German development cooperation. For this, German companies also need to be willing to take risks and participate in tenders.
- In selected partner countries that are of strategic importance for the interests of German businesses, companies will in some cases be involved in the project development stage (e.g. for large-scale

infrastructure projects). This enables them to contribute their expertise at an early stage and set the high quality and sustainability standards that German development cooperation and German industry stand for.

- The Development Ministry is also lobbying for high quality criteria in international tenders, e.g. those of development banks. Information on tenders issued by multilateral development banks is to be communicated more widely in future and be made more accessible.
- The BMZ and the Federal Ministry for Economic Affairs and Energy (BMWE) are working together to align foreign trade promotion more effectively with development cooperation efforts and to combine them in areas where this serves the interests of the German and European economy.

### Scaling up private investment in developing and emerging economies:

- The Development Ministry will standardise blended finance instruments, making them more efficient. Through its international cooperation, Germany, in collaboration with the private sector, will help to mobilise more large-scale private investment. To this end, the BMZ, together with the other members, is working to expand the SCALED financing platform, a public-private platform initiated by Germany.
- Within the German government and at the EU level, we are stepping up our efforts to scale up Global Gateway and give it a more strategic focus.

### An attractive environment for trade and investment:

- Developing and emerging economies are new markets and attractive destinations for investment. However, making them accessible requires legal certainty and transparency. In countries that play an important role for economic cooperation, we are providing advisory services on investment facilitation, sustainable public finance, efficient and fair tax systems, and investment in climate-friendly and future-proof infrastructure. In this way, Germany, through its development cooperation, is promoting diversified, resilient and sustainable economies in its partner countries and creating opportunities for German and European companies.
- Together with the Federal Ministry of Finance, the BMZ is working to make the Compact with Africa a driver for reforms that will help to create a more conducive business environment on the African continent. In collaboration with partner governments, the G20 and the development banks, this will pave the way for profitable private investment.

## III. Funding and support

### Better support mechanisms for medium-sized businesses:

- We are launching the TradeConnect instrument: a new guarantee scheme for small exports and imports for which there is a market but there are no financing mechanisms yet. This enables more trade and value creation on the ground, including with German technology, and makes supply chains more diverse and stable.
- Making funding schemes more accessible – creating better contact structures for the business sector:
- In a joint effort, the BMZ and the BMWE are making support for German companies in emerging and developing economies more accessible and launching a “digital navigator tool for developing and emerging markets”.

### Raw materials supply:

- In areas where German and European companies have specific interests with regard to supply and investment, the BMZ, together with the BMWE and the business sector, is placing greater emphasis on critical and strategic raw materials. In the case of private investments in raw material supply chains in Africa, Latin America and Asia, a joint approach to such projects is being examined with a view to minimising risk and boosting local value creation. In this context, the German Development Ministry prioritises socially and ecologically sustainable supply chains and a win-win approach. Because it is important to us that both our partner countries’ interests (e.g. local value creation, fair contracts, compliance with social and sustainability standards) and German interests be taken into due account.

### Economic cooperation in the energy sector:

- Germany is working to advance the just energy transition through its development policy, providing targeted support for green hydrogen production in specific countries. It is supporting partner governments and regional organisations, public power utilities and grid operators so as to improve investment opportunities for private companies. Moreover, it is providing potential investors with direct advice on financing matters.

## Labour migration:

- Attracting skilled labour on the global market is a matter of great strategic importance for Germany. At the same time, in some of our partner countries, there are many young people unable to find decent jobs. Here, the Development Ministry can contribute its expertise and create solutions that benefit the German business sector, partner countries and the people themselves.
- In order to jointly boost fair and equal recruitment of workers, an alliance for skilled labour is being established by the business sector and German development cooperation with a view to strengthening existing approaches in partner countries.

## Working together for reconstruction and recovery:

- Reconstruction efforts in Ukraine, Syria and Gaza will be an enormous task that cannot be tackled without private sector involvement. With regard to advisory services, project design and financing, the German Development Ministry works closely with German companies wanting to participate in reconstruction efforts.

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