

# PPPreport

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MAGAZINE FOR PUBLIC PRIVATE PARTNERSHIPS



## Africa – the underrated continent



commissioned by



Federal Ministry  
for Economic Cooperation  
and Development

## WHAT IS PPP?

By public private partnerships, we mean development partnerships with the private sector. The partnerships consist of projects which are jointly financed by enterprises and development agencies.

In this capacity, GTZ, DEG, KfW and SEQUA work on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ).

## WHAT CAN PPP DO FOR THE PRIVATE SECTOR?

- We contribute finance and personnel to projects that benefit partner country development.
- We guide and support you in project planning and implementation.
- We put at your service our contacts to governments, business associations and enterprises.
- We offer our country- and sector-specific expertise and our understanding of the legal framework.

If you are planning projects in developing countries, talk to us first.



## About cocoa farmers and IT experts

DEAR READERS,

In the last issue we gave the layout a facelift, now we are taking a new direction in content. As of this issue, the PPPreport will have a regional focus: We shall look at one region of the world and showcase projects run by implementing organisations in different sectors.

Africa is our first region. The boom in other economic regions has wrongly diverted attention from this continent. Africa is underrated: Many countries have democratised their societies and opened up their economies since the nineties, total exports have risen. Despite disparate overall development, industry is growing gradually in many African countries. This gives us cause for hope.

We have chosen three PPP measures to illustrate the bright economic prospects in many African countries. PPP is an excellent vehicle for giving people a thorough training, investing in industrial plant and improving working conditions, health and education. Through PPP, development assistance and the private sector work hand in hand, creating more qualified jobs and improving living conditions for people living in partner countries. These are steps along the path that leads away from poverty, and mark important milestones on the way to attaining the Millennium Goals. We hope you will find these project profiles informative. Enjoy your read.

Jörg Hartmann, Executive Director of the  
GTZ Centre for Cooperation with the Private Sector

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# New technology at the click of a mouse

In a SEQUA project, Ghanaian specialists program high-quality industrial software

More economic self-reliance through IT expertise: With the help of cbb Software, students and engineers are upgrading their skills at Kumasi University and the Kofi Annan Centre for Excellence in ICT to qualify as computer experts. They program tailor-made industrial software to optimise production operations. The Sequa PPP is an important investment in the future of the country.

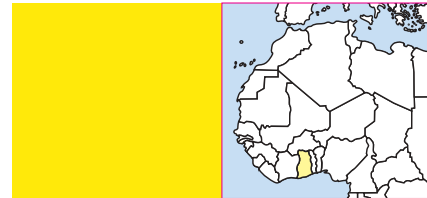


## DID YOU KNOW ...

... that Ghana used to be one of the world's most heavily indebted countries? In March 2001, however, it took part in the debt relief initiative of the World Bank and the International Monetary Fund, which wrote off a total of US\$ 3.5 billion in foreign debt in July 2004. This policy is slowly bearing fruit: Twenty-four per cent of the Ghanaian gross domestic product is generated by the industrial sector, more than in any West African state south of the Sahara.



Andreas Fechner



**G**hana is waiting on the starting line. The young democracy in the coastal state is finding its feet but the economy is slow to take off. There is a huge demand for computer-controlled high-tech plant in industry in particular, but there are few local programmers available to write the software. This is why a pilot project with SEQUA gGmbH – Partner of German Business is upgrading Ghanaian specialists to qualify them as IT experts for industrial plant.

SEQUA is working with cbb Software GmbH from Lübeck on a PPP measure involving industry and higher education. The Kofi Annan Centre of Excellence for ITC (KAC) and the Kwame Nkrumah University of Science & Technology (KNUST) represent the Ghanaian side in the pilot project.

The PPP measure trains engineers and skilled personnel to program software for production operations. As of 2006, 20 specialists and 50 students will upgrade their skills in industrial IT at the KNUST in in-service or full-time courses. Another five places a month are available in an e-learning programme on the same subject. The specialist know-how acquired will be put to practical use on a production line at another PPP participant, the cable producer Nexans Kabelmetal Ltd. At the click of a mouse, insulation is evenly applied to electric cables.

The aim of the PPP is to establish a network for know-how transfer in Ghana. The participants will also be able to apply their IT knowledge in other sectors as experts qualified to international standards.

## “We aim to strengthen the brand – IT Made in Ghana”

Andreas Fechner, Managing Director of cbb Software GmbH Deutschland, on the benefits of PPP for his company and for Ghana

### Mr Fechner, why are you committed to a country like Ghana?

This threshold country has an emerging economy, but there is a shortage of skilled personnel pretty well across the board in industry. Small and medium-sized enterprises with a workforce of up to 300 account for the majority of Ghanaian businesses. For them, there is no point in buying high-quality equipment from abroad if nobody can service it locally. Even for large-scale enterprises such as Coca-Cola or Unilever, it is expensive to fly in personnel from other countries. We want to close the gap with this pilot project. We train Ghanaian specialists to program software for production plant. This saves time and money.

### How do you cooperate with the other partners in the pilot project?

Kumasi University designs the curriculum for the upgrading courses. It is supported by the Kofi Annan Centre, which has been upgrading specialists for some time. In addition, five training machines are being installed at the university for trainees to practise under realistic

conditions. All the parts of the project come together at Nexans Kabelmetal, where the specialist know-how is put to use. The enterprise will be providing the equipment for the next five years as well as personnel for setting up the pilot plant. Finally, personnel and students will be trained as trainers there and at the Kofi Annan Centre.

### How does your enterprise benefit from taking part in a public private partnership?

We run a subsidiary with a staff of five in Ghana. We would like to expand in a couple of years. But first and foremost, we would like to create an environment where we can operate successfully. Through the PPP project we can raise product quality; small and medium-sized companies can produce more efficiently. We must not forget that Ghana has to remain competitive. The cables produced by our partner enterprise Nexans Kabelmetal are also manufactured in China and nobody is going to buy more expensive cables from Ghana just because they come from a developing coun-

try. The PPP also creates new jobs and helps improve the living conditions of the people.

### How would you assess your cooperation with SEQUA?

Without SEQUA we could not implement a project of this high quality. SEQUA picked up our ideas, built up the developmental side, involved the Kofi Annan Centre and shouldered 31 per cent of the project costs.

### What do you hope to see when the project is launched in 2006?

We aim to strengthen the brand – IT Made in Ghana and I expect a quality boost for the Ghana – an economy, also for competing local enterprises. Our project will pull them along, because their employees can train in the courses we set up.

# Producing quality cocoa under fair conditions

Kraft Foods and GTZ support Ivorian smallholders in cocoa cultivation



The rewards of labour: A smallholder runs his hands over his day's harvest. He is one of 20 million people who earn their livelihood from cocoa growing – with demand rising and world market prices falling. More than 90 per cent of the world harvest comes from small farmers working less than five hectares under adverse conditions. PPP for sustainable cocoa cultivation could be a solution.

#### DID YOU KNOW ...

... that Cote d'Ivoire is the world's biggest cocoa exporter? Smallholders, however, have to struggle with unstable prices, low productivity and plant pests and diseases. Unbridled forest clearance also threatens the basic climatic conditions for cocoa planting. In German development cooperation, GTZ helps cocoa producers develop sustainable cropping methods.



Martin Meyer



In modern industry, quality is often just a question of agreements. We define exactly what quality is. If the producer fails to deliver as agreed, he has his goods returned, then gets paid a lower price or is struck off the list of suppliers.

In agriculture, the quality issue is more difficult, especially when the producers are badly trained smallholders sowing and reaping in remote areas and helplessly exposed to the vagaries of weather and markets. That is the case with cocoa, particularly in Cote d'Ivoire, the world's largest supplier. In cooperation with the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), the food manufacturer Kraft Foods wants to change this. In two regions of the West African country they want to get cocoa producers to switch to the sustainable cultivation and processing of high-quality cocoa; at the same time, the necessary capacities for certifying cropping methods and product

quality need to be built up, child labour has to be stopped and health education measures carried out. Finally, the experience gained will be evaluated and disseminated.

Kraft Foods hopes that this will secure its supply of high-quality cocoa. Thanks to medium-term contracts with Kraft Foods, the smallholders taking part in the programme can rely on stable market relations and better earnings on their certified quality cocoa produced with sustainable methods. Their economic and social infrastructure will improve, and the environment also benefits: Sustainable cocoa cultivation entails protecting the rainforests as the ideal environment in which the shade-loving cacao plants flourish.

GTZ and Kraft Foods have been able to enlist the support of other partners for the project, such as USAID and the Ivorian export firm Armajaro Ltd.

## "Sustainability is our watchword"

Martin Meyer, Manager of Commodity Sustainability at Kraft Foods Deutschland GmbH, on cooperation with GTZ

**Mr Meyer, it is not surprising that your company wants to buy high-quality cocoa. Why does it also have to be sustainably farmed cocoa?**

Our enterprise wants sustainability for the mainstream sector as well. This is our policy. We think that this has to be the basis for ordinary business and ordinary product brands, not just specialties. All farmers should be able to make a living from selling their cocoa. We believe that we can only achieve this through sustainable production.

**How do you plan to persuade the Ivorian smallholders to adopt sustainable cropping practices, then?**

The first question the farmers ask is of course: What's in it for me? I think this is quite legitimate. The package we then offer is of definite value to the farmer. This is why we actually have no trouble finding partners.

**Sustainability is not just environmentalism. What are the social goals of your project?**

We will be working on all three pillars of sustainability. Paramount economic concerns are higher income, direct market access and transparency. As a social issue, we need to address child labour in Cote d'Ivoire. Another is health and people's general standard of living. Is drinking water available everywhere? What kind of housing do the farmers or farm workers live in? Our general frame of reference here is the conventions laid down by the International Labour Organization (ILO).

**What can you do in this area, apart from lobbying and giving advice?**

**Do you also provide funds?**

Of course we can do something – be it financing wells or working on upgrading schools. We do not have to work on our own: we can also collaborate with local cooperatives, for instance. With the help of GTZ,

we can talk with the government about schools as well. There are lots of ways. If we can improve the economic lot of farmers, they are more willing to send their children to school rather than working in the fields.

**The project in Cote d'Ivoire is not your first joint project with GTZ. What is your experience of cooperation?**

It has been very good. We do not operate plantations of our own, so we lack the expertise for this. GTZ can draw on a large pool of know-how and is very well established locally. GTZ has local infrastructure and contacts that are extremely helpful. Otherwise, we would have to start from scratch every time. So we like to cooperate with GTZ in this kind of project.

# Fresh start at the workbench

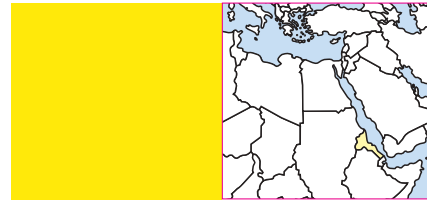
Returning ex-combatants in Eritrea learn approved occupations to German standards



Soon the spark will reignite the economy and Eritrea will return to the growth rates it recorded in the nineties, when annual gross domestic product was rising by as much as eight per cent, until the war against Ethiopia ended the upward trend in 1998. The economic future of Eritrea will also depend on how far it opens up its economy for national and foreign companies.

## DID YOU KNOW ...

... that despite the end of the border war with Ethiopia in December 2000, about ten per cent of Eritreans, some 350,000 women and men, are still part of armed forces or are doing paramilitary service? This labour power is then not available to help develop the country, as is so vital. The PPP project will help returnees to resume a normal working life.



**E**ritrea has a shortage of the qualified specialists needed by enterprises with modern production methods. This is why the bodymaker and metal construction firm Tesinma Share Company in Dekemhare introduced an in-company training programme in 2003. The one-year training courses address ex-soldiers in particular. This gives many of them a chance to take up an occupation again after interrupting their apprenticeship due to the war.

In a PPP project together with the Deutsche Investitions- und Entwicklungsgesellschaft (DEG), Tesinma has set up a training centre for metalworkers, metal painters, bodymakers, motor mechanics, technical draughtsmen and office management assistants. The training is modelled on the German dual system that dovetails theory

and practice and includes topics such as workplace health and safety and energy efficiency. Courses on HIV/AIDS prevention are also on offer. The many occupational qualifications comply with the standards set by German chambers of crafts and trades, because there are still no examination standards for them in Eritrea.

To disseminate the dual system more widely in Eritrea, Tesinma cooperates with local training enterprises and has set up about 80 trainee places over the last three years. This way, training-school leavers too can familiarise themselves with working practice in industry. Tesinma also trains skilled personnel from its own suppliers. Via ongoing know-how transfer, this is a way to introduce and maintain high quality standards in Eritrea.

## “We want to help reconstruction along”

Delia Brox, Manager of Tesinma Share Company in Dekemhare, on her successful training program in Eritrea

**Mrs Brox, what made you invest in an underdeveloped region like Dekemhare of all places?**

My idealism. I founded the Tesinma Share Company in 1997 four years after Eritrean independence with my husband, a native Eritrean. We want to show that we can help national development along with entrepreneurial initiative. We chose Dekemhare as a location because a lot is being done to build infrastructure despite the destruction wreaked by the war. The power and water supply is intact, the road links are good enough, there are telephone and internet lines, and waste disposal services are available.

**The PPP project with DEG ends in December this year. Can you already make an assessment now?**

We are very happy with the outcome so far. Since the project was launched, 305 women and men aged between 20 and 40 from all over Eritrea have taken part in our training programme. We take on almost ten per cent of them each year. Part of our profit is ploughed back into the project. There were

setbacks of course in setting up regular operations but the general interest encouraged us to press on. You must remember that the outbreak of the border war between Eritrea and Ethiopia in 1998 threw us back at first. We have never been able to produce under 'normal conditions' to this day.

**What do you pay particular attention to when training ex-combatant returnees?**

Besides technical know-how we also want to instil in them a sense of their social responsibility. Many qualified trainees then go back to their family-owned enterprises where they can pass on their knowledge. These then frequently work as suppliers for Tesinma. This way we tie many former apprentices into our supply chains. Besides reintegrating them in occupations and everyday life, we also provide health and accident insurance for our trainees.

**How was your experience cooperating with DEG?**

DEG advised us closely on the project design and helped us obtain

start-up capital. Above all, though, collaborating with DEG locally in Eritrea has opened many doors for us for the first time, simply due to our cooperation with a project implementing organisation of the German federal government. We were able to show that we do not just make business calculations but also feel responsible for the economic and social reconstruction of the country.

**What advice would you give to an enterprise looking to engage in a developing country?**

Never underestimate the need for entrepreneurial skills and determination, particularly in a country like Eritrea. Your capital cover should not be too thin either and sufficient training facilities should be available for the requisite personnel.



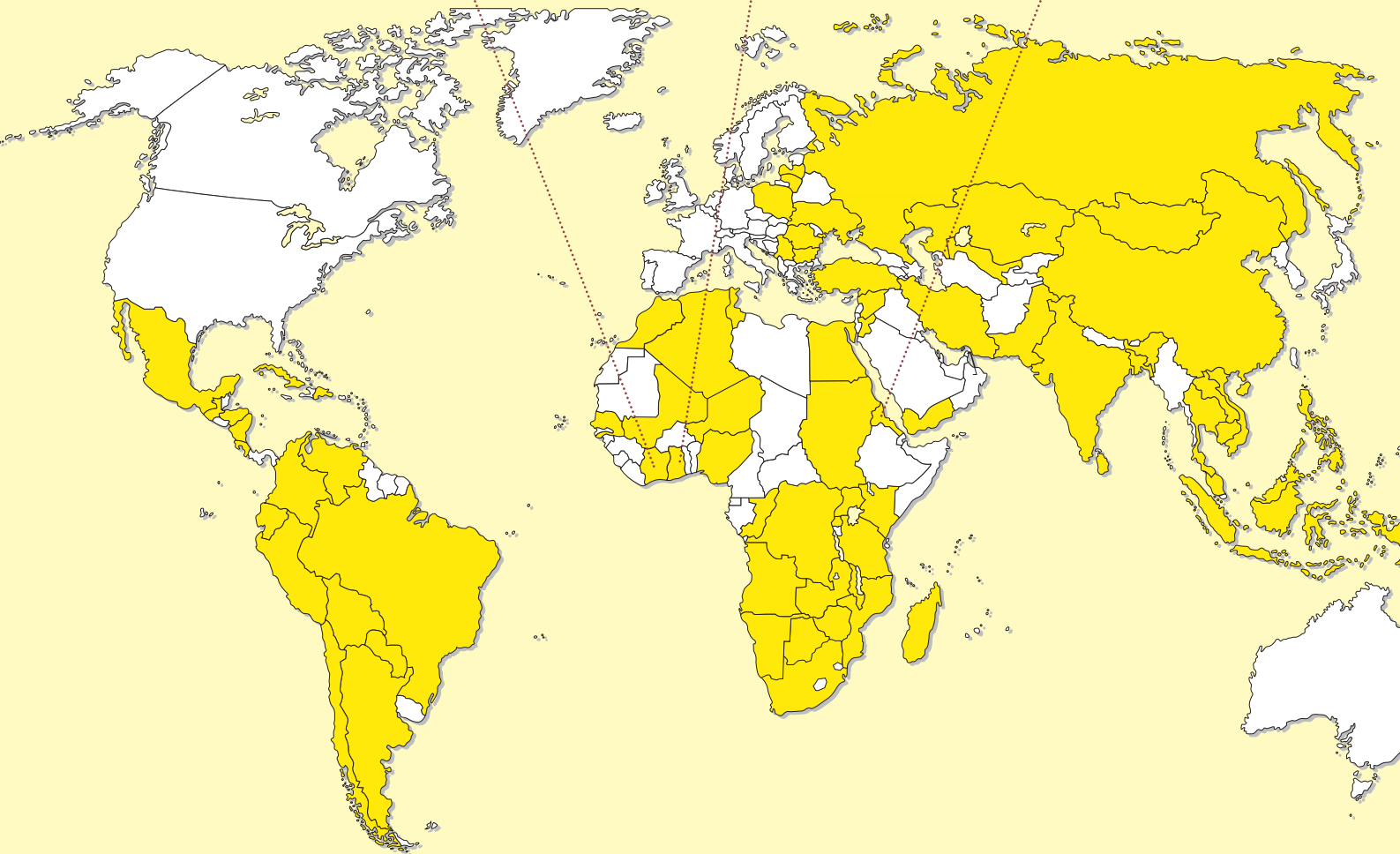
The GTZ project helps cocoa farmers.



SEQUA contributes to IT upgrading.



DEG helps returning ex-combatants to resume an occupation.



Development agencies and private enterprises cooperate on PPP projects in about 70 countries.



[www.gtz.de/ppp](http://www.gtz.de/ppp)



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