

**DONOR
AID FOR TRADE
QUESTIONNAIRE**



1. COUNTRY

GERMANY

2. INTERNATIONAL ORGANIZATION

No Response

3. ABOUT YOU

Name: - Klaus Wardenbach

Position: - Desk Officer, Division Trade, Globalization and Investment

Ministry: - Federal Ministry for Economic Cooperation and Development (BMZ)

Email Address: - klaus.wardenbach@bmz.bund.de

Phone Number: - +49/(0)30 18/ 535-2818

4. Has your Aid-for-Trade strategy changed since 2010?

YES

5. If YES, please rate the importance of each of the following changes.

	MOST IMPORTANT	IMPORTANT	LEAST IMPORTANT	NOT SURE
Budget cuts				
Budget increases		X		
Change in government and priorities				
New priorities of development partners				
Streamlining of countries receiving support				
Streamlining of issues receiving support				
More focus on LDCs				
More focus on private sector development		X		
More focus on poverty reduction		X		
More focus on climate change and green growth				X
More focus on gender equality		X		
More focus on regional integration	X			
More focus on results	X			
Other				

Additional comments: The German Federal Ministry for Economic Cooperation and Development (BMZ) published a new Aid for Trade Strategy in 2011, which can be found under http://www.bmz.de/en/publications/type_of_publication/strategies/Strategiepapier308_07_2011.pdf. The priority goal of German trade-related development policy is to assist partner countries in successfully integrating themselves into the global economic system and regional economic communities, diversifying their economies and exports and using trade in goods and services and foreign direct investment to more effectively reduce poverty in the context of sustainable development. The new priority areas are (1) regional economic integration, (2) trade facilitation, (3) quality infrastructure, (4) integrating into regional and international value chains (agricultural and non-agricultural sector, including trade in services).

6. How has your total Aid-for-Trade expenditure changed since the onset of the economic crisis in 2009? (i.e. between 2009-2012).

Significant increase (by more than 10%)

7. How do you expect your total Aid-for-Trade spending to change in the next 5 years?

No change

8. Looking ahead, what changes do you expect to your national Aid-for-Trade strategy in the next 5 years?

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Budget cuts				X
Budget increases				X
Change in government and priorities				X
New priorities of development partners		X		
Streamlining of countries receiving support				X
Streamlining of issues receiving support				X
More focus on LDCs		X		
More focus on private sector development				X
More focus on poverty reduction		X		
More focus on climate change and green growth	X			
More focus on gender equality				X
More focus on regional integration		X		
More focus on results		X		
Other				

Additional comments: The future priority areas for German AFT are based on the comparative advantages and experience from our work to date, partner needs, a special focus on Africa, the importance of regional integration, and the potential for cooperation with the private sector.

9. What sources of financing will be the most important in meeting the trade-related capacity building needs of developing countries over the next 5 years?

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Official development assistance		X		
Non-concessional financing		X		
Assistance from South-South partners				X
Foreign direct investment	X			
Domestic private investment	X			
Domestic public investment	X			
Income remitted by migrants				X
Corporate philanthropic foundations			X	

Additional comments: The priority goal of German AFT is "help for self-help". The official development assistance given by Germany to its partner countries is thus aimed at supporting and leveraging both foreign direct investment as well as domestic investment (be it private or public, e.g. in infrastructure). Germany believes that private sector development is of great importance in the context of AFT. A vibrant and competitive private sector, which is integrated into regional and international value chains, is the prerequisite for economic growth, employment creation and poverty reduction.

10. Please answer the same question, but just for least developed countries (LDCs). What sources of financing will be the most important to meet LDCs' trade related-capacity building needs of over the next 5 years?

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Official development assistance	X			
Assistance from South-South partners		X		
Foreign direct investment		X		
Domestic private investment	X			
Domestic public investment		X		
Income remitted by migrants				X
Corporate philanthropic foundations			X	

Additional comments: For LDCs, like for other countries, trade is an important driver for economic growth, employment creation and poverty reduction. Foreign direct investment plays an important role in this regard. ODA as well as domestic investment (private and public) are possibly even more important for LDCs than for developing countries as a group in general. German development policy is giving increased support to the Enhanced Integrated Framework (EIF). In our view, the EIF is the decisive coordination instrument for AFT between a partner country and donors. Germany supports the EIF financially, cooperates closely with other donors, and - as far as possible - closely coordinates current and future AFT in LDCs with the orientation framework specified by Diagnostic Trade Integration Studies (DTIS).

11. Was the private sector consulted in the development of your Aid-for-Trade strategy?

NO



12. If YES, please highlight which private sector groups were consulted.

No Response

13. Do you engage the private sector in the implementation of your Aid-for-Trade projects and programmes?

YES

14. If YES, please explain how the private sector is engaged.

	ALWAYS	SOMETIMES	NEVER	NOT SURE
Advice and expertise		X		
Counterpart funding		X		
Implementation of projects		X		
Project beneficiaries	X			
Participation in policy dialogues	X			
Participation in evaluation and learning		X		
Other				

Additional comments: Solving the social, ecological and economic problems faced by developing countries is a challenge that cannot be met by the state alone. What is required is intensive cooperation between all sections of society. Governments, civil society and the private sector must assume joint responsibility and take concerted action. Private sector companies wield major influence over the globalization process. They play a key role in helping shape the social and cultural environment, as well as the conditions under which work, production and consumption take place. Their engagement and creativity also generate results in areas where the state wields barely any influence for political, economic or logistical reasons. This is why they are essential partners for German development cooperation. Businesses operating internationally can play a decisive role in helping to establish well-performing economies and a functioning infrastructure in developing countries. Their investments in developing and emerging countries by far exceed official development assistance (ODA). At the same time, though, their major influence on social development also means they bear huge responsibility. Germany supports the governments of its partner countries in establishing a social market order that fosters sustainable enterprises and prevents harmful business practices. It promotes the dissemination and application of internationally recognized standards for corporate conduct as well as corporate social responsibility (CSR), and works within the international community to help achieve binding agreements that will create an enabling environment for business in developing countries. To achieve these objectives the Federal Ministry for Economic Cooperation and Development (BMZ) cooperates successfully with the private sector in Germany and internationally on various levels. Cooperating with the private sector puts not only additional (private) money, but also private sector know-how at developing countries' disposal. In turn, this increases the efficiency of German development cooperation. In addition, it leads to dialogue between representatives of official development assistance and the private sector that benefits both sides.

15. Please provide details of any public-private partnership(s) which support the implementation of your Aid-for-Trade strategy. Select the appropriate sectoral focus and provide weblinks where available.

Agri-business and food processing

Textiles and apparel

Transport and logistics

On behalf of BMZ, DEG, GIZ and sequa implement a wide range of projects worldwide that cover a broad spectrum of development policy issue. These projects are called development partnerships with the private sector (DPP). Measures range from water treatment in Mexico, an energy project in India through to the marketing of chocolate bars made from wild cocoa. For examples of development partnerships with the private sector in some of the mentioned sectors (plus others), please see the examples that can be found at <http://www.developpp.de/en/projects.html> and <http://www.developpp.de/en/information.html>. More examples of cooperation with the private sector in different sectors can be found at <http://www.giz.de/Themen/en/35696.htm>, and at http://www.deginvest.de/deg/EN_Home/Range_of_Services/Special_Programmes/PPP_Programme/Public_Private_Partnerships_PPP/index.j. • The "Round Table Codes of Conduct", a German multi-stakeholder Forum, implements joint projects to test solutions for implementing social standards in the supply chain, esp. in the sectors of "Agribusiness and food processing" and "Textiles and apparel", see: <http://www.coc-runder-tisch.de/index.php/en/>. • In the sector "Agribusiness and food processing" another multi-stakeholder forum, the "Sustainable Cocoa Forum" was founded in June 2012; see: <http://www.giz.de/de/downloads/giz2012-en-forum-sustainable-cocoa-launch-presentation-er.pdf> and <http://www.giz.de/de/mediathek/7298.html>. • In the sector "Textiles and apparel" two closely linked private sector initiatives "Cotton made in Africa (CmiA)" and the "Competitive African Cotton Initiative (COMPACI)" are supported in the context of DPPs: <http://www.cotton-made-in-africa.com/en/> and <http://www.compaci.org/index.php/en/>

16. What benefits do you see in public-private partnerships?

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Mobilization of non-aid sources of financing	X			
Sustainability after the end of donor support	X			
Transfer of private sector expertise	X			
Technology transfer		X		
Potential for bilateral trade growth		X		
Other				

Additional comments: • Partnerships between business and government have a great potential to create sustainable development. This has been shown by over 3,000 partnerships implemented on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) in more than 70 developing countries since 1999. Our policy is to further expand these development partnerships in the future and to bring on board as many private partners as possible. By combining government and private sector initiatives it is possible, to tackle problems neither of those actors has the possibility to deal with alone. Often, it is also useful to include additional actors like NGO or trade unions and carry through multi-stakeholder initiatives, if problems are very complex. E.g. issues linked with low social

standards in developing countries demand concerted action of governments, the private sector and other actors. The recent economic and financial crisis and other global challenges, such as climate change and resource conservation, make clear the importance of joint action. In order to bring about positive change for people in developing countries it is vital that the public and private sector pool their strengths. We need private capital and private sector know-how if we are to create jobs and incomes in our partner countries, introduce environmentally sound and climate-friendly technologies and provide training opportunities. Where the state's scope for action is limited, businesses can bridge gaps and make a targeted contribution to solving global problems. The fact that the private sector is both a driver of development and a political force make it a key actor in international cooperation (IC). It generates jobs and income, and through the taxes it creates the basis for a capable public sector. Development processes can only be managed through joint efforts by the private sector, the state and civil society. The Federal Ministry for Economic Cooperation and Development (BMZ) supports the governments of its partner countries in establishing a social and ecological market order that promotes sustainable enterprises and puts a stop to bad business practices. Germany is strengthening the dissemination and implementation of internationally recognized standards for corporate governance as well as corporate social responsibility (CSR), and is committed to achieving binding agreements within the international community that will provide reliable frameworks for businesses in developing countries. To achieve these objectives, BMZ is cooperating successfully with the German and the international private sector on various levels. From the German development-policy perspective, this cooperation with the private sector is an important way of achieving objectives such as the Millennium Development Goals, and implementing the concept of sustainable development in partner countries.

17. What difficulties have you faced in establishing public-private partnerships?

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Institutional resistance to engaging with the private sector		X		
Lack of interest among firms		X		
Preference of companies to pursue their own projects		X		
Unwillingness of private sector to provide counterpart funding		X		
Different expectations of public and private sector		X		
Different speed of private and public sector implementation activities		X		
Rules on public-private partnerships		X		
Other				

Additional comments: • All of these difficulties can occur. Further difficulties can be: (1) skepticism on the public side to regarding the benefits of PPPs: A PPP must not only be profitable, more than anything, it must be politically feasible, (2) Missing capacities on the public side to implement PPP, missing awareness on PPP as an alternative procurement method, (3) Difficult framework conditions for PPP. German development cooperation focuses on the specific needs of the partner in question, with the aim of improving the underlying conditions for PPP at a political, institutional and project level: a) Political level (1) Providing support for the development of a legal and institutional framework, (2) Incorporating PPPs into development and sector strategies b) Institutional level: (1) Capacity development for PPP units, regulatory authorities, ministries, etc., (2) Supporting and promoting stakeholder dialogues, (3) Matchmaking services/promoting networking c) Project level (1) Awareness-raising workshops, (2) Developing strategies and concepts, advising on PPP suitability and options, (3) Advising on and conducting feasibility studies, (3) Providing implementation support throughout the entire life cycle of individual PPP projects.

18. Does your Aid-for-Trade strategy address value chain development issues?

YES

19. If YES, please identify which development objective(s) you are seeking to achieve through value chain development.

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Economic growth		X		
Increase exports		X		
Promote export diversification		X		
Promote employment	X			
Poverty alleviation		X		
Women's economic empowerment		X		

Additional comments: One important objective is to improve sustainability in the value chain with a view to improve working and living conditions (not only employment in general) of people in developing countries.

20. What do you think are the main obstacles which developing country firms face in entering into value chains? Please rank the top 3 constraints (1 being the most serious constraint).

	1	2	3
Lack of comparative advantage			
Market entry costs			
Inadequate domestic infrastructure			X
Burdensome border procedures in export markets			
Burdensome documentation requirements			
Limited access to trade finance			
Inability to attract foreign direct investment			
Lack of labour force skills			X
Structure of value chains		X	



Trade restrictions

Standards compliance

Additional comments: In order to tackle these obstacles and promote an exchange of lessons learned and best practices, the International ValueLinks Association e.V. was founded in June 2009 as a network of development practitioners working on value chain development. ValueLinks is an action-oriented approach for promoting economic development with a value chain perspective. It provides essential know-how on ways to enhance employment and the income of micro, small- and medium-sized enterprises and farmers by promoting the value chains they are operating in. Further information can be found at <http://www.valuelinks.org/>

21. How does your Aid-for-Trade strategy seek to promote value chain development?

Creating conducive trade policy regime

Creating conducive domestic enabling environment

Addressing infrastructure bottlenecks

Supporting private sector development activities

Addressing supply side constraints

Direct support for value chain development

• Regional economic development programme (RED), Uttarakhand, India. Weblink: <http://www.giz.de/en/downloads/giz2012-regional-economic-development-india-en.pdf> • Private sector promotion in the Philippines. Weblink: <http://www.giz.de/themen/en/22298.htm> • Local and regional economic development, Bosnia and Herzegovina. Weblink: <http://www.giz.de/themen/en/25780.htm> • African Cashew Initiative, Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mozambique. Weblink: <http://www.giz.de/themen/en/33437.htm> • Private sector development in agriculture, Kenya. Weblink: <http://www.giz.de/themen/en/13687.htm> • Integrated Mineral Resources Initiative (IMRI), Mongolia. Weblink: <http://www.giz.de/themen/en/30962.htm> • Market Orientated Agriculture Programme (MOAP), Ghana. Weblink: <http://www.giz.de/themen/en/7787.htm> • Quality management for honey production, Vietnam. Weblink: <http://www.developpp.de/en/honeyvietnam.html> • Additional to that Germany supports the use of private voluntary standards as well as the setting up of a quality infrastructure (QI) in developing and newly industrialized countries with the goal of promoting economic development, regional integration and strengthening environmental, health and consumer protection in order to create preconditions for sustainable development. • Quality infrastructure (QI) co-operation of Physikalisch-Technische Bundesanstalt (PTB); Weblink: <http://www.ptb.de/en/org/q/q5/index.htm> and <http://www.calidena.org/en>

22. How long have you been working on value chain development issues?

Since inception of institution or development policy

23. In which sectors do you have experience of your value chain development?

Agricultural products

Food products

Fish and fish products

Forestry products

Fuels

Ores and other minerals

Textiles

Clothing

Tourism services

Communication services

Construction

Insurance

Computer and information services

Intellectual Property

Business and professional services

• Africa Trade and Investment Fund. Weblink: http://www.kfw-entwicklungsbank.de/ebank/EN_Home/About_Us/News/News_2012/20120727_42349.jsp • African Cashew Initiative, Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mozambique. Weblink: <http://www.giz.de/themen/en/33437.htm> • Private sector development in agriculture, Kenya. Weblink: <http://www.giz.de/themen/en/13687.htm> • Market Orientated Agriculture Programme (MOAP), Ghana. Weblink: <http://www.giz.de/themen/en/7787.htm> • Regional economic development programme (RED), Uttarakhand, India. Weblink: <http://www.giz.de/en/downloads/giz2012-regional-economic-development-india-en.pdf> • Value chain initiatives in the area of Quality Infrastructure. Weblink: <http://www.calidena.org/en> and <https://www.ptb.de/lac/index.php?id=5333&L=1%2Frobots.txt>

24. Do you include the informal sector within the scope of your value chain development initiatives?

YES

25. If YES, please explain why.

	MOST IMPORTANT	IMPORTANT	LEAST IMPORTANT	NOT SURE
Important role played by suppliers from the informal sector	X			
Employment importance of the informal sector	X			

Standards compliance issues	X
Other	

Additional comments:

26. Do you target your value chain development activities?

	YES	NO
On specific value chains or sectors	X	
On specific types of firms (e.g. SMEs)		X
On specific countries		X
On specific regions	X	
On specific categories of countries	X	
On women's economic empowerment		X
On sustainable development	X	

Additional comments:

27. Do you monitor results achieved by your value chain development activities?

YES

28. If YES, are these monitoring mechanisms based on a particular standard or approach?

Results-based management
Donor committee on enterprise development standard

29. Have you evaluated the development impact of your value chain development activities?

YES

30. If YES, did the evaluation(s) report changes in any of the following indicators?

	POSITIVE CHANGE	NO CHANGE	NEGATIVE CHANGE
Economic growth in partner country	X		
Mobilization of foreign direct investment	X		
Mobilization of domestic private investment	X		
Improvements in the partner country business climate		X	
Increased exports from the partner country	X		
Export diversification in the partner country		X	
More value addition in the partner country	X		
More SMEs in the sector able to export	X		
More employment		X	
Poverty alleviation	X		
Women's economic empowerment	X		

Additional comments and weblinks if available: The BMZ evaluation report (published in autumn 2008) on impacts of the introduction of voluntary social and ecological standards in developing countries (with four case studies on Brazil, China, Kenya and Zambia) confirmed that voluntary social and ecological standards have contributed towards raising the incomes of the target groups of development cooperation and consequently also towards the reduction of poverty (MDG 1), see:

http://www.bmz.de/en/publications/type_of_publication/evaluation/evaluation_reports_since_2006/EvalBericht043.pdf

31. Have you evaluated the development impact of your Aid-for-Trade strategy or activities?

YES

32. If YES, did the evaluation(s) report changes in any of the following indicators?

	POSITIVE CHANGE	NO CHANGE	NEGATIVE CHANGE
Economic growth in partner country	X		
Mobilization of foreign private investment	X		
Mobilization of domestic private investment	X		
Improvements in the partner country business climate	X		
Increased exports from the partner country	X		
Export diversification in the partner country	X		
More value addition in the partner country	X		
More SMEs in the sector able to export	X		
More employment	X		
Poverty alleviation	X		
Women's economic empowerment	X		

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women's economic empowerment

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Additional comments and weblinks if available: Basis of these evaluations (and positive effects reported) were single projects or programs, an independent evaluation of the overall German AfT (TRA) will start at the end of 2013

33. Can you provide examples of where your Aid-for-Trade support and/or value chain has had any of the aforementioned impacts?

For examples of German Aid for Trade support and value chain projects with the above mentioned impacts, see e.g. <http://www.developpp.de/en/projects.html>, <http://www.giz.de/Themen/en/12781.htm>, <http://www.giz.de/Themen/en/4341.htm>, http://www.kfw-entwicklungsbank.de/ebank/EN_Home/About_Us/News/News_2012/20120727_42349.jsp, http://www.deginvest.de/deg/EN_Home/Download_Center/PDFs_Online-Library/Positionspapier-Aid-for-Trade_english.pdf, http://www.ptb.de/de/org/q/q5/docs/broschueren/ptb_summary_evaluation_panafrica_2012.pdf
For impacts of the introduction of voluntary social and ecological standards in developing countries see the BMZ evaluation report: http://www.bmz.de/en/publications/type_of_publication/evaluation/evaluation_reports_since_2006/EvalBericht043.pdf
