

# *Principles for a “Best Practice” Strategy in the Use of Public-Private Partnerships in German Development Assistance*



*GPPi Project commissioned by the German Federal Ministry for Economic Cooperation and Development*

## *The Project*

The German Federal Ministry for Economic Cooperation and Development (BMZ) has commissioned the Global Public Policy Institute to support their work by drawing up principles to guide the further development of their strategy in the area of public-private partnerships (PPP) in German development assistance. This is to be done through an in-depth comparative international benchmarking analysis.

The primary focus of the project is a comparison between the methods and approaches of the BMZ (and its German partner institutions) and those of bilateral development institutions in other states, as well as those of multilateral development programs. Thorough benchmarking analysis produces a meaningful comparison of different approaches, enables the identification of international “best practice” and also lays the basis for cooperative future dialogue.

## *Project Objectives*

Through comparative analysis, best practice approaches will be identified and strategic recommendations will be made that will guide the further development of BMZ’s PPP strategy. PPP represents a relatively new and promising area in German development assistance, with over two thousand PPP projects undertaken between 1999 and 2005. Most relevant in the context of the benchmarking study are technical cooperation projects with a “PPP mainstreaming” component and projects financed

by the PPP Facility, established by the BMZ to assist the flexible introduction of innovative PPP instruments. The benchmarking study offers the opportunity to give a new stimulus to the BMZ’s work in the area of PPP, to further develop and sharpen the program’s profile.

Alongside developing best practices, the basis will be laid for fruitful future dialogue between development organizations worldwide. A strengthened international dialogue between relevant development assistance organizations can help identify whether there is a growing international “market” for PPP, and it can open up opportunities for cooperation.

## *Project Organization*

The project will be implemented in three stages and will be followed up by an International Learning Forum. The first stage will comprise an analysis of BMZ programs (in terms of conception, organization and direction, mainstreaming and M&E) as well as interviews with BMZ, DEG, GTZ, KfW and Sequa staff members and other experts. Interviews will highlight priority areas for comparative international analysis on the basis of which clear, meaningful and, as far as possible, quantitative indicators will be developed and questions will be formulated to enable a direct comparison of the structural and procedural characteristics of different donor organizations.

The second stage will involve the selection of candidate institutions for the benchmarking process with the aim of achieving

an overview of their structure, process and planning in relation to areas shown to be of priority to the BMZ. Indicators and questions formulated from the interview stage will be presented in meetings with the selected organizations, with whom BMZ staff will also maintain close contact. In the third stage, based on the results of the benchmarking exercise, GPPi will advise BMZ in the development of an innovative and consistent PPP strategy. Best practice objectives will be laid out and possible paths for their implementation will be developed and their prospects of success assessed in view of risks, chances and barriers to implementation. Concrete recommendations, with time specifications and mile-stones, will be provided.

The final follow-up stage will involve the preparation of an International Learning Forum with the aim of promoting dialogue on PPP and starting a multilateral exchange of experience and best practice in PPP as well as fostering future cooperation. The

Forum agenda will be prepared by GPPi and the results of the bench-marking study will be presented.

#### *Timing and Project Team*

The project began in September 2006 and will be completed within six months. The results of the bench-marking analysis will be presented in February-March 2007 and the follow-up International Learning Forum will take place thereafter.

The project will be led by Dr. Jan Martin Witte and Dr. Markus Palenberg from GPPi.

For more information about the project please contact Dr. Jan Martin Witte (Phone: +49 30 275 959 75-0; [jmwitte@gppi.net](mailto:jmwitte@gppi.net)).

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