

PPPreport

Public Private Partnerships

Magazine for Development Partnerships with the Private Sector 14 / November 2005



Up-to-date vocational training and geographic independence: the logistics industry is harnessing the benefits of e-learning in South Africa (p. 4).

Partnerships for Information and Communication

The gap between the industrialised and developing world continues to grow as the digital divide widens. Although the number of computers in Africa is steadily increasing, enormous differences remain: in the EU,

45% of the population had Internet access in 2004, in stark contrast to Africa, where the estimated figure for 2005 is a mere 1.8%.

Information and communication technologies have become an indispensable ingredient in international business. Businesses that work in the developing world are, therefore, in high demand. They can play an important role in training employees, adapting programmes to local conditions, and encouraging the spread of new technologies.

This edition shows how business entities together with public partners can contribute to the development of innovative solutions. Whether it is e-learning, digitalisation or software development, Public Private Partnerships (PPPs) offer international businesses and local people a multitude of opportunities to make more extensive use of the electronic media in the future.

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Dear Readers,

Information and communication technologies (ICT) have evolved into a key issue for development cooperation. The use of ICT can help realise many goals – regarding health care, vocational training or the modernisation of administrative structures.

Dr. Uschi Eid, Parliamentary State Secretary in the Federal Ministry of Economic Cooperation and Development (BMZ), recently referred to ICT as both an “instrument of empowerment” and as “a tool to increase educational opportunity as well as a means to enable a greater number of people to participate in social and economic life.” Nevertheless, it is quite clear that poor countries and regions still require that initial jump start when it comes down to better and more efficient utilisation of these technologies. Since 2000, German development cooperation has provided over 180 million euro in support of ICT in development projects.

Private sector engagement is equally important. Businesses have long known that the Internet not only allows them to inform but even more so to educate, to open up new markets, to initiate cooperation agreements and to lower costs. Although connectivity in rural areas often remains a challenge, advances have been made in supplying IT infrastructure. What is increasingly required is capacity building and developing applications to fit local demands. Developing countries today, therefore, need sound expertise in the application and development of such technologies.

The PPP examples in this edition show how companies together with public partners can commit themselves to using ICT more effectively in developing new and lucrative markets in the less developed regions of the world.

Yours sincerely,

Jörg Hartmann

Executive Director

GTZ Centre for Cooperation with the Private Sector (PPP)

PPP

WHAT IS PPP?

We understand PPP as a form of development partnership with the private sector. These partnerships consist of jointly financed projects by private sector companies and various development organisations. In such partnerships the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, the German Investment and Development Company (DEG: Deutsche Investitions- und Entwicklungsgesellschaft mbH), the Kreditanstalt für Wiederaufbau (KfW) and the Foundation for Economic Development and Vocational Training (SEQUA: Stiftung für wirtschaftliche Entwicklung und berufliche Qualifizierung) work on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

WHAT CAN PPP PROVIDE TO THE PRIVATE SECTOR?

- We participate in projects contributing to the socio-economic development of our partner countries – both financially and in person.
- We supervise and accompany our partners throughout the planning and implementation stages of projects.
- We facilitate governments, trade associations and businesses by sharing our contacts and expertise.
- We offer specific know-how on countries, sectors and legal frameworks.



Do not hesitate to contact us if you are planning to initiate projects in the developing world.

IMPRINT



Published by: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
P.O. Box 5180, 65726 Eschborn, Germany

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Photographs: Corbis (front page), Paula-Marie Hildebrandt (p. 2), digi-texx (p. 3),
Global Trade Training (portrait p. 5), Kühne & Nagel (p. 4 & 5),
gettyimages (p. 6), Schartner Consulting (p. 7)

Layout: Eva Hofmann, Frankfurt

Litho: Communications! Albecker & Haupt GmbH, Frankfurt

Printed by: Preuss Medienservice, Darmstadt



Technology centres like Quang Trung Software City are important contributors to the upswing Viet Nam is currently experiencing. “Doi Moi” – the policy of renewal – seems to be showing effects: Vietnamese GDP rose by 30% between 1999 and 2003.

From card index to electronic database

IN VIET NAM DIGI-TEXX AND SEQUA ARE CONVERTING CARD INDEXES INTO USER-FRIENDLY BITS AND BYTES

Viet Nam is firmly set on a modernisation course. Since the mid1980's the country has gradually opened up, both politically and economically. For the government, the creation of jobs in export-oriented industries is a priority. Therefore, foreign enterprises that have the necessary know-how and seek long term engagement in Vietnam are profoundly welcome.

The young firm digi-texx from Herrsching near Munich meets both conditions. The founders' business idea is a well organised cooperation between Germany and Viet Nam: in Germany, state-of-the-art technology stores documents such as library catalogues and customer record cards; skilled workers in Viet Nam process the data. This interplay of technology and labour inten-

sive activity generates services, which could not have been developed in one country without the help of the other.

With support from SEQUA, digi-texx developed a training programme in Ho Chi Minh City.

The local partner is the NIIT Dong Nai Centre. The project offers computing and language courses to the general public. Local teachers were also involved in the project. During the two years in which the project ran, almost 300 people received training, and the centre is now officially recognised. The company has more than tripled its workforce and other firms are also keen to hire people who have completed the courses. The demand for such well-trained workers continues to grow.

THE ADVANTAGES:

- > Qualified employees for the company
- > Sustained transfer of know-how in the IT sector
- > Modernisation of the economic structure
- > Creation of jobs and income opportunities for local people

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For a number of years, the South African economy has been enjoying steady growth rates between 2 and 3%. The Free Trade Agreement with the EU signed in 2000 has had an extremely positive effect: since then, the volume of South African exports to Europe has increased by 50% – a development which has been especially beneficial for trade and logistics companies.



Virtual Classroom

VIA “E-LEARNING” THE LOGISTICS SECTOR TRAINS EXPERT STAFF IN SOUTH AFRICA

Schoolbooks age. A booming industry branch like the South African logistics and freight forwarding sector, however, depends on up-to-date expertise. Vocational training also has to keep pace with the latest developments in international trade. In order to meet these requirements, eight German logistics companies got together in 2001 and created an Internet-based institute in South Africa to educate local personnel in a state-of-the-art fashion independent of their geographical location.

With the help of GTZ, firms like Kühne & Nagel and Röhlig und Schenker were able to set up this new institute, named “Global Trade Training” (GTT). GTT’s programmes have been especially designed to suit the needs of businesses operating in South Africa. It is now possible for future experts to learn interactively via Internet. Their schedule contains subjects such as freight forwarding, import, export and supply-chain management. Furthermore, GTT is a fully accredited provider of the National Training Authority. All certificates issued are nationally recognised and part of the National Qualifications Framework.

There is no doubt about the urgent need for this kind of flexible training, as the logistics sector in South Africa formerly suffered from a lack of specialised personnel. The initial successes were thus not long in coming: with over 1,000 graduates per annum and a client base of over 100 companies, GTT already has more than 80% market share. The company is now registering a profit and enjoys a reputation as the leading supplier of further education in the freight business due to the strong commitment of all parties to quality, realistic budgeting and a sustainable business model.

Beyond that, GTZ assisted in setting up a fund which supports disadvantaged groups through scholarships, thereby integrating them into this vital project.

The D21 Initiative’s PPP Awards have nominated and chosen this particular project as among the best PPP projects in 2004.

THE ADVANTAGES:

- Initialisation of new technologies
- Practical and real world-oriented educational training
- Increased productivity
- Improved working conditions for local expertise



Karl-Heinz Balzer

Sharing Knowledge

Karl-Heinz Balzer represents eight German logistics companies as well as the Kühne Foundation on the Global Trade Training (GTT) supervisory board. As former Regional Manager for Sub-Saharan Africa at Kühne & Nagel, he has accompanied the project since the start.

Mr. Balzer, it is quite striking that so many German logistics companies are present in South Africa – what makes the country so attractive for logistics?

For multinational companies, South Africa is like a stepping-stone into the rest of Africa. The same applies to GTT. We are already in contact with Zambia and Namibia, where vocational training has not yet been organised. In this regard South Africa is one step ahead.

How did eight firms get together under the common roof of the GTT institute?

The initiative came from the present two controlling shareholders. Both were active in the training business beforehand. In order to found the educational institute, all large and medium-sized companies in the logistics sector were contacted. Eight jumped on board because they realised that it is time to restructure the education system. Because previously, everything was just a patchwork: for instance, people were only trained to read the customs rates. Many local businesses believed that this was simply not good enough anymore, and that they would not waste money on insufficient training schemes. People who have been trained “the old way” may be absolutely competent in their particular area, but they do not know what is happening around them. It takes new approaches and time to educate people in a more inclusive and sustainable way.

What distinguishes Global Trade Training?

The method by which GTT trains people is outcome-based and hence application-oriented. It's like being a university student: people are required to research independently and solve problems themselves – this is much more closer to working scenarios in the real world. That's how our students get to know the business world and become much

more competent with respect to customer relations. This training method is far more effective than those employed in the past.

To what extent was GTZ able to assist in this process?

Without the support of GTZ, the company could not have survived its first two years of business. It has not been an easy journey. Apart from the eight founding members, other firms took time to understand that this kind of comprehensive schooling represents the right way forward. GTZ greatly contributed with its initial financial support for the creation of a study fund which enables the funding of disadvantaged social groups. GTZ's advisory consulting remains important, especially when it comes down to integrating GTT into the national educational system of South Africa.

The first few academic years have been completed successfully. Do you have any concluding remarks on your side?

It is all working extremely well. The firms are impressed with what employees know after only 18 months of training. Pleasantly, banks, exporters and shipping companies have discovered the institute of further education for their employees. The entire education is structured into modules with 25 independent compounds on trade regulations,

import and export, etc. These are not only of interest to logistics people – anybody may pick what he or she finds most interesting. As a result – after only a little more than three years, the project is already completely self-supporting.

Did you know...




...that since 1999 a total of 37 ICT-PPP projects have been implemented by German companies in cooperation with GTZ in Asia, Africa, the Middle East and eastern Europe? Private partners ranged from 22 small and medium-sized companies to 15 multinationals, with a total investment amounting to nearly 14.5 million euro (public sector contributed 39 % and private investors 61 %).

For further information about conducting PPP projects with GTZ, please contact:



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One fourth of all Brazilian companies are based in São Paulo – indeed, nearly 50% of GDP is generated here. São Paulo is the hub for sales in the telecommunications sector in Latin America. Schartner Consulting is also opening a branch here as well as supporting the less developed north-east of the country.

Programmes with perspectives

SCHARTNER CONSULTING EDUCATES SOFTWARE DEVELOPERS IN BRAZIL

Sand beaches with high, white dunes are the trade mark of Brazil's northern coast. Its value as a recreational habitat is enormous, but jobs as well as qualified labour remain scarce. The north-eastern region is the poorest in the country. Here the German software developer Schartner Consulting is, in cooperation with the local João Pessoa University, offering people new perspectives.

The company has developed "BOB's World" – business software for the planning and coordination of production stages, which has already been sold at a profit in Europe. Among the software's advantages are that it eases electronic work flows between consumers and employees, and can easily be integrated into the systems of many producers. Now the company plans to expand its reach into the Latin American markets.

To this end, Schartner Consulting engaged in a PPP project with DEG to provide professional schooling in software consulting by initiating a university-like training initiative on programming and electronic data processing (EDP) technology lasting three academic semesters. Schartner will provide both software and instructors. Approximately 50 study spaces have already been created.

Furthermore, the market for BOB's World is about to be upgraded: a worldwide, Internet-based, 24-hour support service is currently in the planning stage. Students in the programme will be directly engaged in the construction of this hotline. After the students have completed their studies, Schartner plans to recruit some of its alumni; the others are also likely to benefit from job opportunities in this future-oriented sector.

THE ADVANTAGES:

- Contribution to building up a structurally weak region
- It provides new education and employment opportunities
- It offers expertise for an expanding trade

“You always meet twice in life”

Andreas Schartner, chairman of Schartner Consulting, on the future of German information technologies in Brazil.



Andreas Schartner

Mr. Schartner, how did your engagement in Brazil come about?

For our business, the determining factor behind the decision to go into Brazil was an investment survey conducted by the financial institute Goldman Sachs, which predicted that by 2025, Brazil, Russia, India and China alone will generate half of global GNP. As an entrepreneur, I want to be on the winning side. The marketing company of the Schartner Holding in São Paulo is building up a service and support centre and is always looking for EDP specialists. This is why we came up with the idea of educating and employing our own personnel in cooperation with a university. Admittedly, this is not a new idea. Microsoft, for instance, works with the University of São Paulo. In order to avoid competition with Microsoft, we went for the north-east.

What kind of opportunities does the cooperation with a local university offer?

In our project region, Brazil's north-east, universities rarely work with the private sector. Our cooperation, however, holds many advantages for both sides: on the one hand, we have a tremendous opportunity to conduct and accompany a complex project in a customised manner, while on the other, students are systematically prepared for a future career.

What exactly do students learn?

Our product, BOB's World, is being developed with a Java-based software development tool called “BOB's Tools”. Students primarily learn how to work with BOB's Tools and other innovative applications which we could potentially use for our programme. It is all about learning how to handle professional software tools and at the same time becoming accustomed to team work.

How would you judge the project's progress?

Our goal is to create structures that sustain themselves beyond the lifetime of the project. This does not happen by itself. If you want to stick to the timeframe, you have to keep going and, more to the point, motivate your partners to do the same.

Do you see any risk of a brain-drain of EDP specialists towards other regions?

We, of course, have to do our best to ensure that these young people do not leave. That means we have to pay them so that they can lead a reasonably comfortable life. We hope to be able to employ between 5 and 10% of our students per annum. A career scheme is the next most important step for these EDP specialists. Should a member receive an offer from the USA or any other interesting location, in all fairness I would feel compelled to en-

courage him or her to go. He or she should obtain some experience and at least give it a try. My motto is: “You always meet twice in life.”

Did you know that...

...concerning IT, Brazil is in the vanguard in Latin America? 40% of all PCs in Latin America are purchased here. Brazil can also boast the highest Internet profile and the largest number of websites on the continent.

For further information about conducting PPP projects with DEG, please contact:

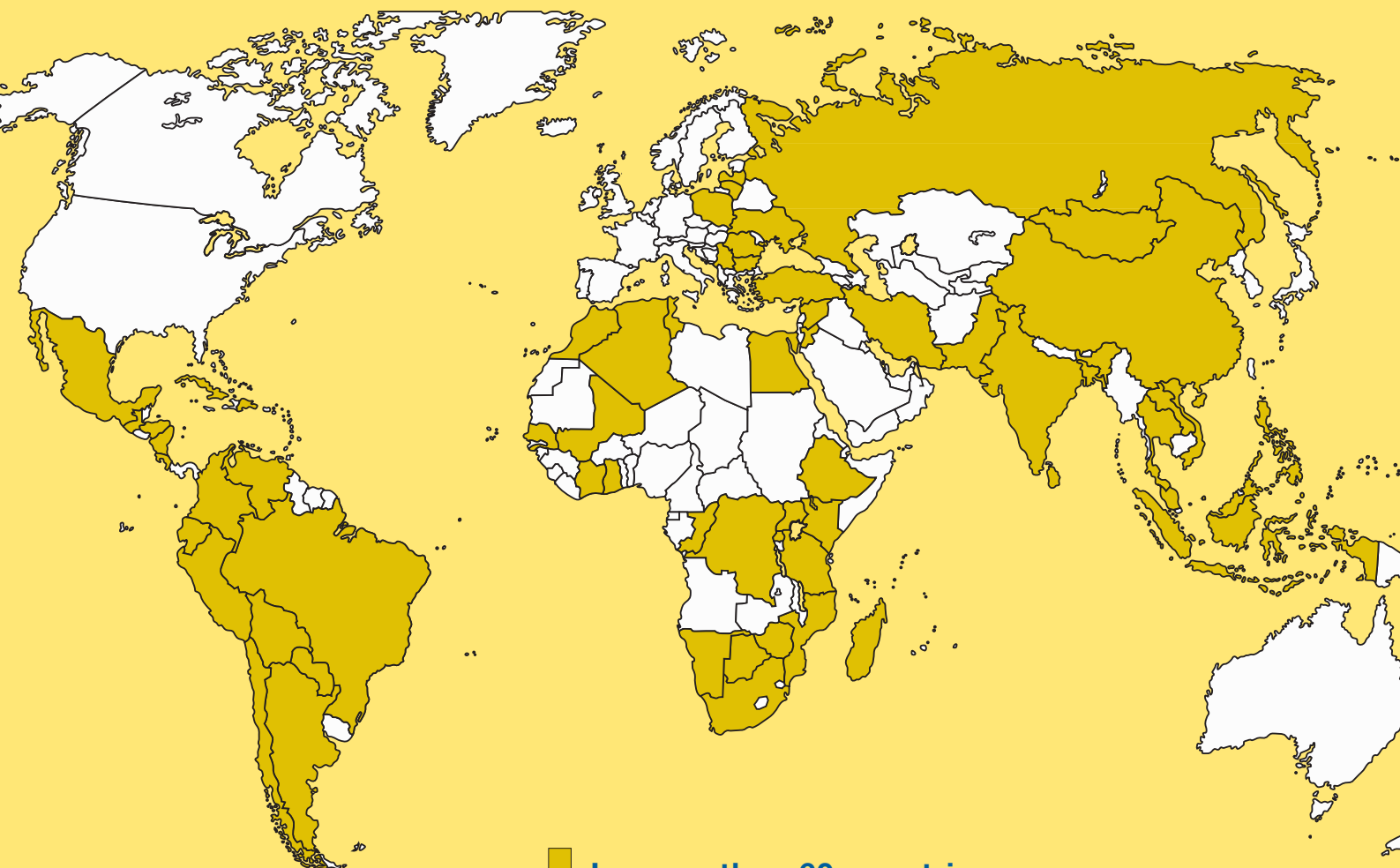


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**In more than 60 countries,
development organisations
cooperate with the private
sector on PPP projects.**



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