

Factsheet

„Creating Perspectives: Business for Development (East Africa) PN: 17.2067.1 07/2017 – 07/2020

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“Creating Perspectives: Business for Development, East Africa” is a joint Initiative by German Industry and the Federal German Ministry for Cooperation and Development (BMZ). The program pursues to increase productivity, competitiveness, and innovation in primarily small and medium enterprises (SMEs) in countries of the East African Community (EAC) through private sector development. This program is carried out in close cooperation between GIZ and the Federation of German Industries (BDI) the political partner in East Africa is the EAC. Main implementing countries of the program will be Tanzania, Kenya and Uganda with some activities in Rwanda.

Background: Economic growth in the EAC’s member countries Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda currently cannot provide sufficient employment and income opportunities for the countries’ steadily growing population. In addition, East African countries face a high influx of refugees from neighboring countries, constituting an additional strain on its’ economic and social welfare systems. The local private sector, and SMEs in particular, play a crucial role in providing jobs and income. Their success translates into sustainable improvements of economic and social conditions in the region.

East Africa, a region with a dynamic economy (6.3 per cent average annual growth) and an increasingly integrated internal market, offers great economic potential. Approximately 90 per cent of all registered enterprises in East Africa are SMEs and the large majority of existing jobs are offered by them, providing opportunities for employment and income for different segments of the population. Yet, the SME’s growth is inhibited by several obstacles. Often, they lack entrepreneurial experience and technical skills. At the same time, the SMEs’ long-term strategies are not directed toward up-scaling, i.e. the stepwise increase of input resources and accompanied exponential growth of output. Also, although many entrepreneurs are women resorts to formal external financing for their business, due to wanting social acceptance of the women’s role in businesses and thus causing further restraints on overall growth. Consequently, economic perspectives for East African businesses are generally poor and demand private sector expertise and cooperation.

Responding to the core problem: In East African states, public support for business development is merely, if at all, available for the start-up phase. Financial incentives or professional advisory for the subsequent scaling-up phase, however, are lacking.

The central objective of this program is therefore to improve economic perspectives for SMEs in East Africa. This ought to be achieved by realizing three outputs: (A) improve economic activity in the region through scaling up of production and thus growth of businesses, (B) enhance the engagement of Germany’s private sector in East Africa, and (C) evaluate the successes of German-East African business cooperation as to use it as a blueprint for subsequent, similar programs in other African partner regions.

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Output A: Improving entrepreneurial activity in East Africa through scaling-up will be achieved by providing tailored support for individual companies with the help of German businesses. African businesses will receive management training and specific skills-development with the aid of German partner companies and on-site educational resources (trade schools, universities, and the like). The program is also designed to adapt to existing GIZ projects of technical development in the partner countries. African businesses will be incentivized to engage economic activity yielding social improvements like enhancing employability of refugees or women. Learnings of these activities will be reflected on a regional level through the regional partners aiming at an intensified dialogue on SMEs and economic integration in the EAC.

Output B: Promoting East Africa as a business location to German entrepreneurs is a complementary effect of the program. Resulting from fostered cooperation between businesses from Germany and the East African partner countries, German companies will independently contribute to supporting local businesses in their up-scaling and growth via the exchange of know-how and technologies. Through BDI, German companies will have the chance to get involved as trainers or mentors in the program, partnering with East African businesses.

Output C: The results and successes of the program will be used as a blueprint for subsequent, similar programs in other African partner regions. The participating partners will, similar to the selection process in the current program, define criteria according to which African businesses are selected for support measures. Selected businesses qualify for professional trainings and receive the opportunity to connect with German partner companies from the BDI.

Partners: The political coordinator is the EAC. The on-site implementation partner is the East African Business Council (EABC) with its national member associations (*Kenya Private Sector Alliance, Private Sector Federation Rwanda, Tanzania Private Sector Foundation, Uganda Private Sector Foundation, and Burundi Chamber of Commerce*). The partnership with the BDI provides direct access to German companies and allows for synergies with other relevant BDI-initiatives, for instance a partnership with the EABC which fosters cooperation between the associations and passes down expertise to individual companies. Other partners include SAFRI and the Delegation of German Business (AHK Kenya), who have substantial regional knowledge and are closely linked to market participators in the African partner countries. Collaboration with Non-profit organizations and other actors on the ground will ensure a sustainable impact in the region.

Synergies with other development programs: The program complements various German programs in technical cooperation, e.g. “Supporting the EAC Process of Integration” (PN 2015.2148.3). The program “Employment for Sustainable Development in Africa, E4D” (PN 2014.2456.3) aims to improve the employment environment and offers access to contacts on individual firm level. Here, as well, synergies are to be expected. Moreover, in every EAC country, some bilateral technical cooperation initiative exists already and thus, in suitable cases, will allow for its implementation in conjunction with the new program.