

Support Services

offered by German Development Cooperation
to the Private Sector



Cambodia

implemented by

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

in cooperation with

ADW
Arbeitskreis Deutsche Wirtschaft
Bertram Business Group Cambodia



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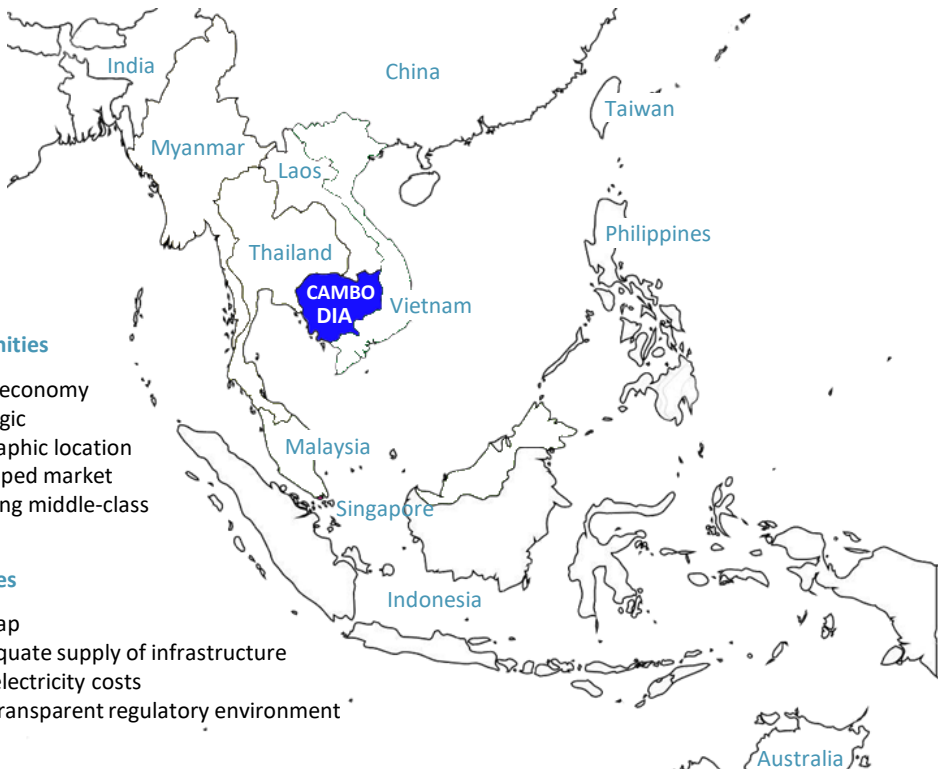
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Allianz für die Deutsche Wirtschaft
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1 Cambodia at a glance

- 181,035 sqkm
- 16 million inhabitants, more than 50% below 25 years
- Annual growth rate of 7%
- Economic growth sectors: agriculture and food processing, garment industry, real estate & construction, tourism
- Dollarized economy at 85%



Opportunities

- Open economy
- Strategic geographic location
- Untapped market
- Growing middle-class

Challenges

- Skill gap
- Inadequate supply of infrastructure
- High electricity costs
- Non-transparent regulatory environment

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2 German development cooperation

2.1 General institutional setting

German development policy is defined by the Federal Ministry for Economic Cooperation and Development (BMZ). Germany supports many multilateral organisations. Additionally, several governmental agencies and non-governmental organisations implement bilateral programmes.



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2.2 Implementing agencies



As a service provider in the field of international cooperation for sustainable development, the Gesellschaft für Internationale Zusammenarbeit (GIZ)

is dedicated to shaping a future worth living around the world. GIZ has more than 50 years of experience in a wide variety of areas, including economic development, employment promotion, energy, environment, education as well as peace and security.



The Kreditanstalt für Wiederaufbau (KfW) is one of the world's leading promotional banks. It is committed to improving economic, social and ecological living conditions across the globe on behalf of the Federal Republic of Germany and the federal states. To do this, it provided funds totalling EUR 75.5 billion in 2018. In Germany, KfW has offices in Frankfurt am Main, Berlin, Bonn and Cologne. Its global network includes around 80 local and representative offices.



Since 1962, the German Investment Corporation (DEG) has been a reliable partner to private enterprises operating in developing and emerging countries. DEG provides its customers with tailored solutions, including long-term financing, promotional programmes and individual advice. With its international network, DEG can also arrange large-scale funding by involving other financiers, if required.



Sequa is a globally operating non-profit development organization. It offers services in capacity development for chambers and associations (BMOs), vocational education and training, private sector development and trade. Shareholders are Germany's top four business membership organisations and the GIZ. Thus, the organization combines the know-how and networks of the German private sector with the experience of German development cooperation.

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2.3 Priority areas of German bilateral and regional development cooperation in Cambodia



Health, Social Protection



Rural Economic Development



Governance



Trade Promotion



Sustainable Infrastructure

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Further information on **GIZ programmes** in Cambodia:
<https://www.giz.de/en/worldwide/383.html>

Further information on **KfW activities** in Cambodia:
<https://www.kfw-entwicklungsbank.de>

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3 Support services for the private sector

German development cooperation has steadily increased its efforts to integrate private sector activities into its work and has therefore set itself the objective of establishing closer links between foreign trade, private sector and development cooperation activities. To this end, it has developed a wide range of support and financing opportunities to facilitate business involvement in development cooperation.

Through its implementing agencies, German development cooperation has established a presence in over 130 developing and emerging countries. These agencies supplement the work of Germany's embassies and the international network of Chambers of Commerce.

In September 2018, EuroCham and the German Business Group Cambodia (Arbeitskreis Deutsche Wirtschaft - ADW) signed a memorandum of understanding (MoU) with GIZ, one of Germany's development cooperation implementing agencies, to formalise cooperation within the Global Business Network Programme (GBN). The GBN Cambodia provides information, advice and guidance to support local, German and other European businesses and institutions in engaging in development cooperation.

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Pilot projects

develoPPP

What is supported?

- Sustainable pilot investments in which development objectives and business interests match, e.g. improvement of environmental, social and quality standards, value chain development, qualification and training, improvement of resource and energy efficiency (funded by the Federal Ministry for Economic Cooperation and Development - BMZ)

What do GIZ/ DEG offer?

- Financial or technical support
- 100K EUR to 2 million EUR (min. 35% of the project cost, normally 50%)
- <https://www.developpp.de>

Who can participate?

- German and other European companies, companies in developing and emerging countries

How to apply?

- develoPPP.de ideas competitions at the end of each quarter
- DEG/ GIZ assess the projects
- DEG/ GIZ + companies develop a detailed project concept

develoPPP.de



Criteria for projects	Criteria for companies
<ul style="list-style-type: none">• Compliant with development objectives and go beyond the company's bottom line	<ul style="list-style-type: none">• > 800K EUR annual turnover
<ul style="list-style-type: none">• Public and private resources and funds should complement each other	<ul style="list-style-type: none">• > 8 employees
<ul style="list-style-type: none">• Subsidiarity: Without the public contribution the project will not be implemented	<ul style="list-style-type: none">• At least 2 operative business years
<ul style="list-style-type: none">• Sustainability: The project is part of the company's long-term involvement in the target country	<ul style="list-style-type: none">• develoPPP ventures for smaller companies starting 2020
<ul style="list-style-type: none">• Private sector contribution: recognisable commercial interest of the company; company has to contribute at least 50% of total costs (cash and/ or in-kind)	

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EXAMPLE

Project partners • BBraun, GIZ

- Objective** • Improve occupational safety and health (OSH) and more general infection prevention and control (IPC) in health care facilities in Cambodia

EXAMPLE

Project partners • The Pepper Hill, Kreativmarkt Handelsgesellschaft, GIZ

- Objectives** • Reintroduce eco-friendly, traditional pepper-farming-methods in Kampot area and strengthen the region as quality pepper producer
• Establish access to international markets

EXAMPLE

Project partners • Aquatec Reuter, Comped, Innovative Umweltechnik GmbH, DEG

- Objective** • Introduce a sanitary wastewater treatment system in remote areas

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Pilot projects

Project Development Programme (PDP)

What is supported?

- The Project Development Programme (PDP) supports German suppliers of climate-friendly energy solutions. It is implemented by GIZ within the scope of the German Energy Solutions Initiative

Who can participate?

- German suppliers of climate-friendly energy solutions entering rapidly growing markets in developing and emerging countries
- Clients or customers in target countries

What does PDP offer?

- In cooperation with other GIZ projects and German Chambers of Commerce abroad, PDP offers a wide range of free services
- *Information:* national policies, regulations, market potentials, solar technologies, financing models
- *Project development:* technological and financial feasibility
- *Preparation of tender documents* according to international standards
- *Find business partners* in Germany

How to apply?

- Contact PDP in Cambodia: Vanna Pheng (vanna.pheng@giz.de)



- <https://www.german-energy-solutions.de>

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German Business Group Canada



Corporate finance - loans, equity, mezzanine finance

Long-term loans

- Currency: Euro or US Dollar, in certain cases local currency
- Term: generally between 4 and 10 years
- Collateral: usually as the company's fixed assets in the country of investment
- Interest rate: fixed or variable, market-oriented depending on project and country risks
- Structuring: tailor-made and according to the customer's requirements

Equity investments

- Equity participation in the company in the country of investment
- As a rule with a minority stake
- Variable structuring of risk components

Mezzanine finance

- Financing form between equity capital and debt capital
- Project-specific structuring
- Subordinated collateral
- Term: generally 10 years, but also longer
- Risk-appropriate return

- <https://www.deginvest.de>

KFW DEG

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Business Support Services (BSS)

What is supported?

- Non-repayable co-financing for projects aiming to improve companies' performance, growth, and to enhance sustainability with respect to commercial, social and environmental best practices

Who can participate?

- Prospective and existing customers

What does DEG offer?

- Conceptual and financial assistance, corporate governance, risk/ social/ environmental management, strategy, resource and energy efficiency, training of staff and suppliers



EXAMPLE

Project partners • Angkor Rice, DEG

- Objectives**
- Support the expansion of rice processor Angkor Rice as buyer of rice and generate income for local farmers as suppliers
 - Use waste product "rice husks" for renewable energy generation

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Upscaling Programme

What is supported?

- DEG finances investments of SMEs to scale up innovative business models
- Companies between microfinancing and traditional financing

What does DEG offer?

- Funding of 500,000 EUR, max. 50% of total investment volume
- Private companies must contribute a substantial share of equity (min. 25%)
- DEG's funds must be repaid in the event of success of the investment

- <https://www.deginvest.de>

Who can participate?

- Early-stage SMEs registered in a developing or emerging market
- Local subsidiaries of German or European companies

How to apply?

- Proposals to DEG at any time

KFW DEG

Project partners • PV Energie, DEG

Objective • Provide green energy/ low-cost solar power to local companies in the Philippines

EXAMPLE

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Co-financing of feasibility studies

What is supported?

- DEG co-finances feasibility studies
- Planned investment must have development relevance

What does DEG offer?

- DEG provides max. 50% of the costs for each feasibility study < 200,000 EUR
- Proposing company covers min. 50% of the costs for the study

- <https://www.deginvest.de>

Who can participate?

- German and other European SMEs with an annual turnover < 500 million EUR
- Proposing company financially capable to carry out planned investment

How to apply?

- Companies can submit their proposals to DEG at any time



German Desks

What do the German Desks offer?

- Close link between local banks, the local business community, the German Chambers of Commerce abroad and DEG's representative office on the ground
- German Desks help to bridge cultural and language gaps
- Serve as a bridge for financing solutions
- Setting up accounts, services for financing trade & transaction banking, credit lines/ investment financing for local companies
- German Desks in Lagos/ Nigeria, Nairobi/ Kenya, Dhaka/ Bangladesh, Jakarta/ Indonesia and Lima/ Peru

- <https://www.deginvest.de>



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Senior Expert Service

What is supported?

- The Senior Expert Service seconds specialists who are either retired or on a leave of absence for worldwide voluntary assignments to private companies, governmental and non-governmental institutions

Who can participate?

- Small and medium-sized companies, public authorities, professional and business associations, social and medical facilities, institutions providing basic education or vocational training
- <https://www.ses-bonn.de>

What does SES offer?

- SES has more than 12,000 experts with expertise in more than 50 sectors of industry who provide advice and hands-on support nearly all around the world
- Their volunteer assignments usually last 3 - 6 weeks; max. duration: 6 months
- Project handling costs, additional costs, cost of international travel
- Local expenses to be paid for by applicants



Project partners • Lyly Food, Senior Expert Service

Objectives • Knowledge transfer and capacity strengthening

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Integrated experts

CIM is jointly run by GIZ and the German Federal Employment Agency. It has been providing a combination of development and labour market policy expertise since 1980. Its tasks are the following:

- Sourcing and placing European experts – and other experts from outside Europe who have settled in Germany – in developing and emerging countries
- Offering a network for those who have migrated to Germany and who wish to support development in their country of origin
- Advising individuals and policymakers on migration issues

- <https://www.cimonline.de>



Centre for International
Migration and Development
a joint operation of GIZ and the
German Federal Employment Agency

Integrated experts in Cambodia:

- Ministry of Planning, National Institute of Statistics
- Ministry of Economy and Finance, Dep. of Insurance & Pension
- International Rice Research Institute
- Ministry of Women's Affairs
- National Social Security Fund
- Young Entrepreneurs Association of Cambodia

EXAMPLES

as of November 2019

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Alumniportal Deutschland

What is supported?

- The Alumniportal Deutschland offers access to international experts who have studied or worked in Germany
 - The portal facilitates contacts to companies and organisations, promotes individual career development and durable links with Germany, promotes and exchanges skills and knowledge, and opens new cooperation options
 - The portal currently has more than 100,000 members
-
- <https://www.alumniportal-deutschland.org>



Chamber and Vocational Education and Training Partnerships

What is supported?

- Partnerships between German chambers, business associations, vocational training & education institutions and those in BMZ partner countries to improve the operational and management capacities of chambers, business associations or vocational training & education institutions in developing countries

- <http://www.sequa.de>



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International tenders

International tenders

Germany Trade and Invest (GTAI)

- Provides an overview of current invitations to tender by KfW Development Bank and other international donors, such as the World Bank, the EU Commission and many other bilateral and multilateral donors
- Information in the early stage of development projects on the envisaged project content, promotion volumes, deadlines and contact addresses



GIZ eProcurement Tender Platform

GIZ eProcurement Tender Platform allows interested companies to download tender documents from the Internet, communicate online with the federal enterprise on any questions and then submit bids entirely digitally



Further links

- NGO Database: <https://www.ccc-cambodia.org/en/ngodb>
- Public Procurement Portal: www.gdpp.gov.kh
- DailyBids: www.dailybids.com.kh
- CambodiaTenders: www.cambodiatenders.com
- Asian Development Bank (ADB): www.adb.org/projects/tenders
- World Bank Group: www.worldbank.org/en/projects-operations/products-and-services/procurement-projects-programs
- UN Global Market Place: www.ungm.org/Public/Notice

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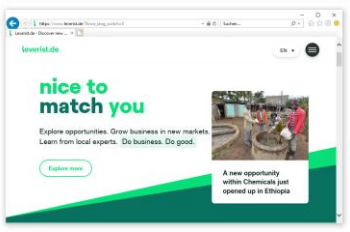


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4 Further information

leverist.de



<https://www.leverist.de>

Sector Briefs



Neue Märkte - neue Chancen



https://www.giz.de/de/downloads/neue-maerkte-neue-chancen_kambodscha_web.pdf

- Construction
- Waste management
- Agriculture and food processing
- Renewable energies with focus on solar energy in the commercial and industrial sector
- Water supply and waste water treatment
- <https://www.giz.de/en/worldwide/71954.html>

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