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DEVELOPMENT PARTNERSHIPS

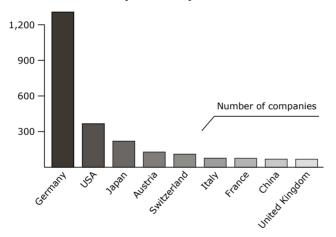
SIGNIFICANCE OF THE *MITTELSTAND* FOR SUSTAINABLE DEVELOPMENT

Matthias Bauer

Today, the Federal Republic of Germany is not only one of the economically strongest nations worldwide. It is also a cosmopolitan country where civil society is thriving. Most people in Germany have achieved a level of education that grants them access to positions in the job market that not only allow them to earn a basic living; rather, the financial basis for making individual life choices. The German social security system is intact – particularly in comparison with other OECD countries. In addition, ecological sustainability is no longer just a theoretical concept, but is increasingly a characteristic feature of the German economy and its innovation activities.

One of the factors related to this positive development is Germany's economic policy. Chancellor Konrad Adenauer and his Minister of Economic Affairs Ludwig Erhard built the foundations for the Social Market Economy with a number of laws in the post-war years. This course has been held ever since and can be summarised as pursuing an economic policy that complements individual freedom in the market with social security. However, the best economic policy is of little use if there is a lack of initiative in the private sector. Today, the backbone of the German economy comprises a wide spectrum of companies, including some with traditions going back centuries, others established in the post-war era, as well as more recent innovative startups. One can definitely say there has never been a lack of entrepreneurship and entrepreneurial spirit in Germany. The German *Mittelstand*, i.e. the sector comprising family run or owned businesses, not necessarily small or medium, is an undisputed mainstay of the success story that is the Social Market Economy. Although the definition of the *Mittelstand*¹ is not entirely clear-cut in Germany due to the heterogeneous corporate landscape, the term "German Mittelstand" occurs more and more frequently as a seal of quality in international discourse in addition to "made in Germany" and Germany's Social Market Economy. Today, the *Mittelstand* accounts for over 15 million jobs subject to social insurance and offers great innovation potential. It is in part strongly integrated into global trade (see fig. 1) and generates over half of the annual added value of the German economy.

Fig. 1 Hidden global market leaders from the German *Mittelstand* (as of 2012)



Own presentation. Source: BMWi, n. 2.

Most companies which comprise the *Mittelstand* are family or owner managed and are characterised by long-term business policies as well as a strong sense of responsibility towards society.² Four out of five apprentices obtain their

- 1 | In Germany, small and medium enterprises (SME) with up to 500 employees and an annual turnover of up to 500 million euros are counted among the *Mittelstand*.
- 2 | Cf. Federal Ministry of Economics and Technology (BMWi), "German Mittelstand: Motor der Deutschen Wirtschaft. Zahlen und Fakten zu mittelständischen Unternehmen", Jul 2013, http://bmwi.de/DE/Mediathek/publikationen,did=506316 (accessed 25 Jun 2014).

qualifications in this type of company. Many members of the *Mittelstand* have had strong bonds with their home region and their home country for generations, are involved in associations, and act as sponsors for a great variety of interests. The *Mittelstand* is therefore an integral part of economic, social and political life in Germany, "without it the glue holding our society together would disintegrate".³

DEVELOPMENT COOPERATION FOCUS ON PRIVATE-SECTOR INITIATIVE

In many developing countries, development activities have not succeeded in fostering good governance and thereby creating a business environment that encourages entrepreneurial initiatives. In many developing and newly industrialised countries, a solid *Mittelstand* can help to foster economic and social development and to stabilise democratic structures at a political level – in line with the goal of a sustained

impact of development policy instruments. However, in many countries, development activities have not succeeded in fostering good governance and thereby creating a business environment that encourages entrepreneurial initiatives and start-ups, which in turn enhance sustainable ecocnomic development. In the area of development cooperation (DC), the technical term "sustainability" has been an internationally accepted guiding principle for over 20 years. There is a general consensus development – notwithstanding the multifaceted nature of what development represents – should be conducted in an efficient, socially equitable and ecologically sustainable manner.⁴

Although DC actors around the world agree on these sustainability guidelines and although these principles have become incorporated into governments' developmental concepts, numerous failures in the partner countries have elicited criticism of traditional development practices. The accusations relate to the pressure to spend money on the part of the donor countries and their implementing organisations as well as the conditions imposed on the provision

- 3 | Bund Katholischer Unternehmer, "Für eine neue Finanzierungskultur im deutschen Mittelstand", Diskussionsbeiträge, Mar 2005, http://bku.de/download?dokument=1&file=72_fuer_ eine_neue_finanzierungskultur_im_deutschen_mittelstand.pdf (accessed 25 Jun 2014).
- 4 | Cf. Federal Ministry for Economic Cooperation and Development (BMZ), "Lexikon der Entwicklungspolitik. Nachhaltigkeit (nachhaltige Entwicklung)", http://bmz.de/de/service/glossar/ N/nachhaltige_entwicklung.html (accessed 12 Jun 2014).

of funds to the governments of the recipient countries in the form of budget support, for instance. There is also a question as to the capability of recipient countries to absorb the funds due to inadequate human resources and institutional capacities as well as deficiencies in the rule of law. It is precisely these types of issues that have induced politicians in recent years to subject classic approaches to development cooperation to critical examination.

After a long period during which entrepreneurship and the Mittelstand did not carry much weight in the development agenda, many actors in international DC seem to have realised the importance of private-sector ini-

tiative and entrepreneurship for sustainable The "Bologna Charter on SME Polidevelopment. As far back as 2000, almost 50 OECD and non-OECD countries adopted the "Bologna Charter on SME Policies". In change and social progress. this charter, governments emphasise the

significance of small and medium enterprises (SME) for the fight against poverty, for technological change and social progress. Its central recommendations, therefore, aim at fostering and improving the business environment, in which companies can be established, grow and expand. This entails the creation of stable macroeconomic conditions, the removal of administrative obstacles for SMEs, the fostering and embedding of entrepreneurial thinking in society as well as financial support for SMEs.⁵ Many of these recommendations have found their way into international development cooperation circles. Development instruments aim at fostering the founding of new companies and subsidiaries in the partner countries as well as improved financing options (e.g. easy access to microcredits) and opportunities for people to better themselves by obtaining occupational qualifications and undergoing further training. In addition, examples of the best practice are identified in large-scale studies to facilitate knowledge transfer as well as the adaptation of the various development support practices to match local requirements.6

- 5 | Cf. Organisation for Economic Co-operation and Development (OECD), "Declaration: The Bologna Charter on SME Policies", 15 Jun 2000, http://acts.oecd.org/Instruments/ ShowInstrumentView.aspx?InstrumentID=153 (accessed 11 Jun 2014).
- 6 | Cf. OECD, "LEED Programme (Local Economic and Employment Development)", http://www.oecd.org/cfe/leed/projects 2013-14.htm (accessed 12 Jun 2014).

cies" emphasises the significance of small and medium enterprises for the fight against poverty, for technological The European Commission collaborates closely with the partner countries in jointly developing the private sector. During the past ten years, Brussels has provided some 350 million euros per year. Germany and the European Union are also committed to fostering the private sector in developing and newly industrialised countries. The European Commission collaborates closely with partner countries in jointly

drafting policy recommendations for the development of the private sector and in jointly implementing programs. During the past ten years, Brussels has provided some 350 million euros per year for SME development measures. In that respect, the European Union has focused particularly on the development and provision of innovative financing instruments as well as business-specific energy-efficiency projects.⁷

As regards German development cooperation, the federal government of Christian Democrats, Christian Socialists and Liberals implemented numerous reforms during the last legislative period (2009 to 2013) aimed at increasing the effectiveness of German development policy. Under the then Federal Minister for Economic Cooperation and Development, Dirk Niebel (FDP), the backlog of reforms identified in this policy area brought forth a number of institutional and structural innovations. Besides organisational changes, cooperation with civil society, with political foundations, with the Catholic and Protestant Churches, and particularly with the business world was also expanded in terms of content.⁸ The former Federal Minister responded to the statement in the coalition agreement between the CDU, CSU and FDP that "the sustained fight against poverty and structural deficiencies" would require "closer co-operation with the private economy in Germany".9

- 7 | Cf. European Commission, "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions", 13 May 2014, http://ec.europa.eu/europeaid/what/economicsupport/private-sector/documents/psd-communication-2014_en.pdf (accessed 26 Jun 2014).
- 8 | BMZ, "Gute OECD-Zahlen für Niebels Entwicklungszusammenarbeit", 11 Jan 2013, http://bmz.de/20130111-1 (accessed 12 Jun 2014).
- 9 | Federal Ministry of the Interior, "Wachstum. Bildung. Zusammenhalt. Koalitionsvertrag zwischen CDU, CSU und FDP.
 17. Legislaturperiode", 28 Oct 2009, http://bmi.bund.de/ SharedDocs/Downloads/DE/Ministerium/koalitionsvertrag.pdf (accessed 26 Jun 2014).

While making reference to the knowledge and expertise of German companies, Niebel emphasised several times that German development policy had to be integrated more closely with foreign economic policy.¹⁰



Regarding the SME sector in partner countries, the Commission of the EU, here the Commissioner in charge Andris Piebalgs at a conference in Burundi in 2012, provided 3.5 billion euros for the past ten years. | Source: Jean-Marc Ferré, VN, flickr @⊕®©.

The BMZ's new course elicited a varied reaction. Non-governmental organisations, for their part, voiced fears that the ministry would gear its activities more towards defending Germany's foreign trade interests and thereby become an instrument for fostering foreign trade.¹¹ Representatives of the German Green Party (Bündnis90/Die Grünen), for their part, accused the minister of acting not "as the champion of the poor" but as an "instrument of German business".¹² The German business community, on the other hand, welcomed the change in policy and pointed out the

- 10 | Jule Reimer, "Die Revolution steht noch aus. Bundestagswahl 2013: Vier Jahre Entwicklungspolitik unter Dirk Niebel", Deutschlandfunk, 17 Jul 2013, http://deutschlandfunk.de/ d.724.de.html?dram:article_id=254354 (accessed 12 Jun 2014).
- 11 | Cf. interview with Claudia Warning: Elvira Treffinger, "Wir erwarten, dass sich Niebel zu Armutsbekämpfung bekennt",
 1 Nov 2009, http://evangelisch.de/themen/politik/wirerwarten-dass-sich-niebel-zu-armutsbekaempfung-bekennt
 5933 (accessed 13 Jun 2014).
- 12 | Bündnis90/Die Grünen, "Minister Niebel Egotrip statt Brückenbauer", 19 Apr 2013, http://gruene.de/presse/ minister-niebel-egotrip-statt-brueckenbauer.html (accessed 13 Jun 2014).

benefits to both sides that could result from strengthened cooperation between actors from business and civil society in the donor and partner countries. "Any criticism of the new course is uncalled-for. A business-friendly development aid policy is beneficial to both developing countries and jobs in Germany",¹³ remarked The Federation of German Industries (BDI) on the matter.



Referring to the knowledge and expertise of German companies, former Federal Minister Dirk Niebel, here at the Media Award of the German Development Policy in 2013, emphasised the significance of foreign economic policy. | Source: Thomas Ecke, Deutsche Welle $\circledast \circledast$.

The BMZ's activities to strengthen the role of the private sector currently focus on microbusinesses and SMEs, as they make up the majority of the private sector in the partner countries. There are also those in the ministry who say these are precisely the types of businesses that will open up employment and as a result earning opportunities for the poorer sectors of the population.¹⁴ An interim evaluation by the OECD from 2010 included a positive assessment of the BMZ reforms, particularly the increased focus on the private sector. In the same context, a recommendation was

- 13 | BDI, "Chancen in der Entwicklungszusammenarbeit", 13 Jan 2010, http://bdi.eu/Wirtschaftskooperation_Chancen-fuer-diedeutsche-Wirtschaft-in-der-Entwicklungszusammenarbeit.htm (accessed 13 Jun 2014).
- 14 | Cf. BMZ, "Wirtschaft, Wachstum und Beschäftigung. Förderung der Privatwirtschaft", http://bmz.de/de/was_wir_machen/ themen/wirtschaft/nachhaltige_wirtschaftsentwicklung/ privatwirtschaftsfoerderung (accessed 12 Jun 2014).

put forward for the support programs for the private sector to be expanded.15

DEVELOPMENT POLICY IS FACING CHALLENGES DUE TO WIDESPREAD PREJUDICE

While the people involved in development policy have realised that private-sector initiative and particularly SMEs generate economic growth and sustainable employment through investments, thereby Many established DC actors take a critlaying the foundations for development in a wider sense, terms such as entrepreneurship therefore of the role of the Mittelstand. and the market economy are still regularly met with suspicion. It is an unspoken fact that many established DC actors take a critical stance vis-à-vis the role of private-sector initiatives in particular and therefore of the role of the *Mittelstand*. Consequently, "cooperation with the private sector" has tended to be neglected by compari-

son with other development instruments in the past.

Undoubtedly, there are reasons why private-sector initiatives are accorded relatively little attention in development cooperation. The idea of the market as a means of salvation for developing countries is viewed with scepticism partly because there is no shortage of negative examples for critics to cite. Catchphrases such as food speculation, land grabbing, degrading and exploitative working conditions and starvation wages - not only in the textile industry - and above all corruption are bandied about with ample justification. The combination of poor governance and private-sector interests fuels corruption. Elites are exploiting the situation to enrich themselves, thereby demonstrating their power, and this strongly hinders or even prevents development in other areas.¹⁶ These problems cannot be denied, which is why the advocates of greater marketisation and more entrepreneurship are regularly facing these and other accusations. Their critics

ical stance regarding the role of private-sector initiatives in particular and

^{15 |} Cf. BMZ, "OECD-Empfehlungen geben Niebel Rückenwind für Reformen", 27 Oct 2010, http://bmz.de/20101027-1 (accessed 12 Jun 2014).

^{16 |} Cf. The Advisory Board for Irish Aid, "Good governance, aid modalities and poverty reduction. From better theory to better practice", Feb 2008, http://odi.org/sites/odi.org.uk/files/odiassets/publications-opinion-files/2265.pdf (accessed 25 Jun 2014).

have developed a simplistic reasoning according to which it is private-sector interests that are undermining efforts to reduce poverty and hunger, to create sustainable education and job opportunities as well as democratic participation

Critics of the business sector have been and still are intentionally keeping quiet about the fact that the activities of private companies have significantly contributed to development.

opportunities and a stake in society. Examples of this are also regularly and frequently mentioned in the domestic political debate in Germany, fuelling the controversy.¹⁷ Critics of the business sector have been and still are

intentionally keeping quiet about the fact that the activities of private companies have significantly contributed to development, as well as to halve global poverty since 1990 – the key Millennium Development Goal until 2015 – and that particularly in developing countries economic growth is only possible on the basis of strong private-sector activities fostered by local and foreign support.

ENHANCEMENT OF THE DEVELOPMENT TOOLBOX

However, the development debate has also shown that private-sector initiative must not be relegated to a subordinate role in development cooperation. The political decision-makers have concluded a healthy and agile private sector is an essential prerequisite for overcoming poverty and hunger in the long-term and that it is essential for helping developing countries to close the gap to developed and industrialised countries. In other words: when sensible regulatory systems complement markets, when human rights, democracy and the rule of law are upheld, entrepreneurial initiative advances economic convergence. To what extent the course set by the then Federal Minister Niebel will be maintained is up for speculation at this point in time. Although the coalition agreement between CDU, CSU and SPD makes explicit mention of the development of a socially and ecologically compatible market economy, good governance and participation by civil society as objectives of German development policy, it does not spell out the significance of entrepreneurship or the

^{17 |} Cf. Heike Hänsel, "Herr Niebel, Sie sind ein Verhinderungsminister", Bundestag speech, Fraktion DIE LINKE. im Bundestag, 26 Apr 2013, http://linksfraktion.de/reden/herr-niebelsind-verhinderungsminister (accessed 13 Jun 2014).

role of the German private sector in con- Federal Minister for Development, Dr. crete terms.¹⁸ In his first speech before the German Bundestag, the incumbent Federal Minister for Development, Dr. Gerd Müller

Gerd Müller, stressed Germany had to pursue a "value-oriented development policy".

(CSU), stressed Germany had to pursue a "value-oriented development policy", with development serving the people and not exclusively "the markets and the economy". The Minister further pointed out that "the free market without any control is not our vision", that the "term growth needs to be redefined" and that it would be necessary in future to produce "more with less".¹⁹ Whether the role of the private sector in German development politics will be strengthened further and what shape a new, value-based development policy will take in this context in the future work of the BMZ remains to be seen. These two objectives are not mutually exclusive. After all, the German Mittelstand in particular stands for value-based entrepreneurship. Consequently, strengthening the private sector in development activities would, in principle, also be in the interest of German development politics in the future.

Future work can build on the achievements of past initiatives to involve the private sector more strongly in development cooperation. In the BMZ support programs, the German Mittelstand has been involved in various cooperation modalities since the end of the 1990s. Development partnerships play an important role in this context, i.e. "cooperation projects between actors from the public sector, the private sector and civil society, where the involved organisations work together as equal partners with the purpose of achieving the common goal of sustainable development".²⁰ The aim of these partnerships is not merely to mobilise private capital more effectively but above all to increase efficiency in the utilisation of public funds. In addition, the

- 18 | CDU, "Deutschlands Zukunft gestalten. Koalitionsvertrag zwischen CDU, CSU und SPD. 18. Legislaturperiode", 27 Nov 2013, http://www.cdu.de/sites/default/files/media/dokumente/ koalitionsvertrag.pdf (accessed 13 Jun 2014).
- 19 | BMZ, "Gerd Müller im Parlament: Erste Rede als Bundesminister", 29 Jan 2014, http://bmz.de/20140129-2 (accessed 12 Jun 2014).
- 20 | BMZ, Kooperation mit dem Privatsektor im Kontext der Entwicklungszusammenarbeit – Kooperationsformen. Ein Positionspapier des BMZ, 31 Mar 2011, http://bmz.de/de/ mediathek/publikationen/reihen/strategiepapiere/Strategie papier304_05_2011.pdf (accessed 18 Jun 2014).

idea is to enable the German *Mittelstand* to further expand its business activities around the world. Consequently, the

Investments in the developing countries will create local jobs and provide important impulses to sustainable know-how and technology transfer. impact of German development cooperation will be strengthened to the benefit of both sides. Investments in the developing countries will create local jobs and provide important impulses to sustainable know-how and

technology transfer. Furthermore, the upskilling of employees will help to create educational and job opportunities for the future. This is important because it is impossible or very difficult for (semi-)public implementing organisations on their own to ensure the provision of opportunities for employees to engage in training or obtain qualifications and to teach modern management methods.

The BMZ differentiates between two forms of cooperation where development partnerships are concerned: firstly, projects implemented by businesses in conjunction with DC implementing organisations and secondly, projects implemented jointly by businesses and public DC partners. In each case, the economic interest must be in line with the public, development interest and, not least, satisfy sustainability objectives. develoPPP is a program under which the BMZ has supported numerous development partnerships since 1999. With this program, the ministry offers support to companies that wish to become involved in developing and newly industrialised countries. The three public partners that implement develoPPP projects on behalf of the BMZ are the German Investment and Development Corporation (DEG), the German Federal Enterprise for International Cooperation (GIZ) and sequa gGmbH. Since the beginning of the program, over 1,500 development partnerships have been conducted in collaboration with German and European businesses.²¹ The financial volume involved in develoPPP is comparatively small and therefore more suited to small and medium businesses with a modest investment requirement. To be eligible for support, a company must bear at least half of the total project costs, with the ministry contribution capped at 200,000 euros. Most of the supported projects involve investments in the agricultural, energy, environmental and occupational training sectors.

21 | Cf. GIZ and BMZ, "develoPPP – Das Programm", http://developpp.de/de/content/das-programm (accessed 18 Jun 2014).



In the Indian textile industry, German enterprises collaborate with colleges in order to develop training programs for qualifications in logistics and materials management. | Source: Jessica Steiner, Fabrics For Freedom, flickr @.

Entrepreneurial Engagement Delivers Pioneering Development Work

The supported projects are quite varied. One of them involved providing counsel and financial support to a German textile manufacturer that employs 400 people in the federal state of Tamil Nadu in southern India. In collaboration with sequa and two Indian colleges, the manufacturer devised a training program for qualifications in logistics and materials management with the aim of guaranteeing productivity, quality and delivery processes. The training benefits not only the company's own workforce but also employees from other companies in Tamil Nadu. The cooperation partners work together in developing the curricula and in training Indian teaching staff. The trainees are offered work placements to give them the opportunity to demonstrate what they have learnt in practice.²²

Another example is a project on Zanzibar. The islanders have to import most of their drinking water from the Tanzanian mainland, a laborious and costly affair. A German company recognised this shortage situation and, in collaboration with GIZ, developed and built a desalination facility that runs on wind and solar power to produce drinking water by filtering seawater. GIZ has already been working

22 | Cf. GIZ and BMZ, "Referenzen. Mit Ausbildung stark im internationalen Wettbewerb", http://developpp.de/de/content/ mit-ausbildung-stark-im-internationalen-wettbewerb (accessed 19 Jun 2014). A first desalination plant was set up near Zanzibar City, and the partnership collaborated with the local authority to devise a sustainable model for the plant's operation. with this company in a development partnership since 2011 to adapt the technology to local requirements. A first desalination plant was set up near Zanzibar City, and the

partnership collaborated with the local authority to devise a sustainable model for the plant's operation. This facility currently supplies some 600 local people. Particularly poorer households now benefit from cheaper drinking water. It is also a sustainable business model. The plant will have paid for itself within four years,²³ quite apart from the positive side effects in areas such as health, for instance.

In the Indian city of Pune, a German family company has done some pioneering work in industrial environmental protection. Operating in an environmental network involving five other companies, efforts were made to lower greenhouse gas emissions as well as water and energy consumption at the businesses. The involved companies were first sensitised to the responsible ways of dealing with waste, wastewater and hazardous substances. The environmental awareness of the employees was strengthened through training sessions and consultancy services. In collaboration with the companies, environment management plans were drawn up to embed the know-how in the involved companies for the long term.²⁴ This entailed behavioural changes among the employees and led to noticeable cost reductions in the companies. The project was partly financed by DEG under a development partnership. The involvement of DEG also made it possible to include further companies in the network, which extended the overall impact of the project within the region.

In Colombia, a Franconian company collaborated with the national training organisation Servicio Nacional de Aprendizaje (SENA) in developing a photovoltaics competence center, where local trade specialists can obtain further training. Under a development partnership with sequa, two photovoltaic plants were constructed, an on-grid plant in Bogotá and an off-grid plant in Puerto Carreño. The local

^{23 |} Cf. GIZ and BMZ, "Wind und Sonne für sauberes Trinkwasser", http://developpp.de/de/content/wind-und-sonne-fürsauberes-trinkwasser (accessed 19 Jun 2014).

^{24 |} Cf. BMZ, "Industrieller Umweltschutz im Netzwerk", http://developpp.de/de/content/industrieller-umweltschutzim-netzwerk (accessed 19 Jun 2014).

partners use these plants for teaching and research purposes as well as for the training of multipliers and trade specialists. The work with multipliers, in particular, will take practical know-how into universities and companies. This will also help to encourage the dissemination of renewable energies, particularly solar power, in Columbia.²⁵

POTENTIAL FOR FURTHER DEVELOPMENT PARTNERSHIPS WITH THE GERMAN MITTELSTAND

All these projects show that by focusing on fostering private sector initiative, German development cooperation is bringing entrepreneurial expertise and capital into the partner countries. Not only does this demonstrably help to improve people's living conditions in these countries, it also encourages the establishment of local companies that will create sustainable, long-term jobs and provide their employees with opportunities to undergo training and gain qualifications, which will enable them to earn a stable income and thus make a living. In addition, valuable organisational and technical expertise is being conveyed, and sustainable technologies can be applied where they are urgently needed. The high working, environmental and social standards, which German companies represent, can have an impact in the partner countries and help to produce a gradual raising of local statutory minimum standards, which tend to be lower. By consciously demonstrating a strong sense of responsibility towards society in their business dealings in developing and newly industrialised countries, members of the German Mittelstand can act as role models and help make globalisation more equitable.

On 26 June 2013, the German federal government adopted the government draft of the 2014 budget. According to this draft, BMZ expenditure is to amount to just under 6.3 billion euros in 2014. There are just under 80 million euros earmarked for development partnerships based mainly on cooperation with the German *Mittelstand*. That corresponds to 1.3 per cent of the total BMZ budget. While cooperation with the private sector is also being fostered through measures funded under other budget headings,

^{25 |} Cf. Sequa, "Kolumbien: Nachhaltiger Technologietransfer im Bereich Photovoltaik", http://sequa.de/index.php?view= article&id=1235 (accessed 19 Jun 2014).

this figure speaks for itself: development partnerships with *Mittelstand* businesses are distinctly underrepresented.²⁶

The numerous benefits resulting from an intensification of the collaboration between development politics and the SME sector are obvious and can hardly be denied even by those critical of private sector initiative in developing countries. To what extent the role of the SME sector will be considered in German development policy in the future and which importance it will be accorded besides other development instruments and programs remains to be seen. The fact is that with its quality awareness and its commitment to social issues, the SME sector has an impact on development activities not only at home but also far beyond. This potential needs to be developed further.

26 | Cf. Venro, "Regierungsentwurf über den Haushalt 2014",
 28 Jun 2013, http://venro.org/uploads/tx_igpublikationen/
 2013_Kurzinformation_Haushalt_2014.pdf (accessed 19 Jun 2014).