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# 1 Editorial



A few weeks ago, the world's largest industrial fair took place in Hannover and India was the partner country this year. This, and especially the personal visit of Mr. Narendra Modi, show that economic growth and international trade are a major focus of the current government and that the Indo-German Partnership is becoming ever closer. Both Mr. Narendra Modi and Ms. Angela Merkel underlined the importance of economic collaboration between the countries and the chances for future cooperation in their welcome speeches. We at GIZ India believe that extensive cooperation with and within the private sector is key for sustainable and inclusive economic growth.

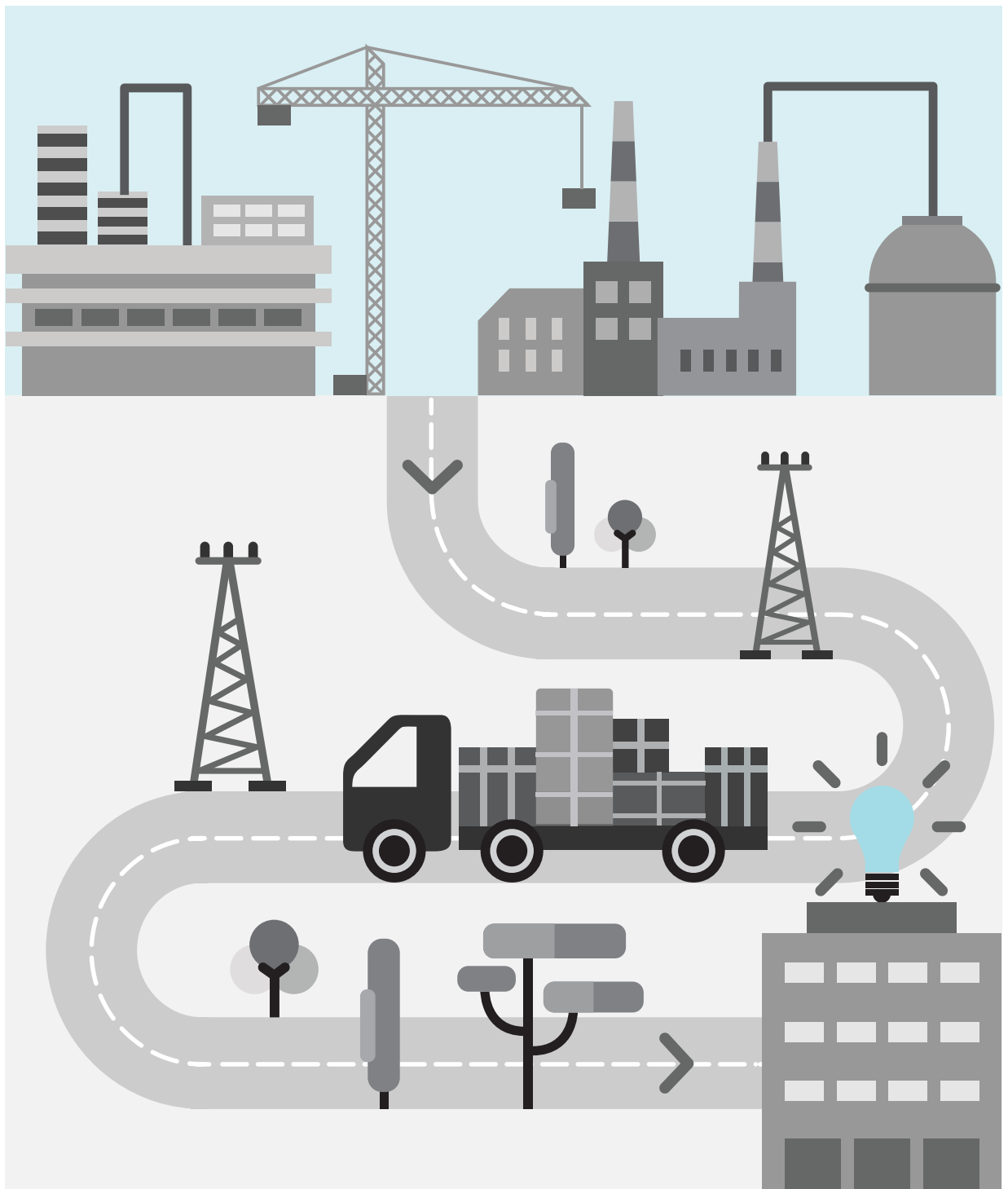
Against this backdrop, we would like to use this edition to introduce various instruments GIZ has to foster Public Private Partnerships that bring together business opportunities and development aspects. We will give you an overview of GIZ's activities to introduce SMS Services for Small Farmers in Uttarakhand; a project conducted with Reuters Market Light under the develoPPP.de programme. We would also like to take the opportunity to officially announce the new Strategic Alliance between GIZ, Bosch and Intellectap that will support corporate engagement in start-up incubation. With markets changing rapidly it becomes increasingly important to keep up with technological and organizational innovations to stay competitive. Especially for larger companies this can become a major challenge since their internal structures often make the identification and fast adaption of innovative approaches difficult. To counteract those developments large corporations around the world start to collaborate with dynamic and innovative start-ups to keep

# 1 Editorial

or increase their competitive advantage. At the same time start-ups can benefit from access to corporate resources and knowledge. Incubators play an important intermediary role in this regard. However, efforts to systematically link these players have been weak until now. Thus, it will be the ambitious goal of the Strategic Alliance to create better engagement mechanisms between corporates, start-ups and incubators.

Last but not least, we would like to invite you to read about the events we conducted in the last three months, other recent developments in our work as well as the latest studies!

**Wolfgang Leidig,**  
Director Private Sector Development, GIZ





## 2 Articles

### Cooperation with the Private Sector: Public Private Partnerships

Public Private Partnerships that boost sustainable economic development have become an important tool for many private sector entities. With the new 2% CSR regulation in India an increasing number of bigger corporates are looking into partnerships with public entities that create meaningful impacts. Additionally, many corporates have realized that partnering with the public sector and leveraging their strength can help to improve their supply chains or open up new business opportunities. To cite just one example: International textiles production is highly competitive. If supplier companies are to survive in the market, they must be capable of providing precise and up-to-date information about production stages and lead times as required. Given this, sequa and the textiles manufacturer Schöller have set up a development partnership to provide training for small and medium-sized enterprises in the state of Tamil Nadu in order to meet these requirements.

At the same time, Public Private Partnerships are also an important tool for development agencies such as GIZ to achieve their development mandate. The German Federal Ministry for Economic Cooperation and Development (BMZ) has outlined different instruments to foster the involvement of the private sector where business opportunities and development policy initiatives intersect. One such instrument is the [develoPPP.de programme](#). So far, more than 1,500 development partnerships have been initiated under the framework of develoPPP.de covering topics such as education, energy, environment and economic reforms. The develoPPP.de programme provides targeted support to involve the private sector in areas where there is a particular need for action. The objective is to encourage companies to conduct their business activities in a responsible manner and fulfill their special role in the creation of a more equitable

form of globalisation. An example of a PPP conducted within the framework of GIZ's Private Sector Development activities in India is the partnership between GIZ and Kaefer, one of the world's largest providers of complete insulation solutions. The objective of the project was to provide industrial SMEs in selected regions of India with access to advisory services, training and financial products that enable them to implement energy efficient insulation measures. At the same time, the project aimed at utilizing successful Energy Efficiency interventions for raising awareness of SMEs on competitive advantages of integrating sustainability measures into their operations.

While the develoPPP.de programme usually includes only one private partner, a Strategic Alliance – another instrument of BMZ – comprises at least two private partners; significantly raising the scope of the partnership. One such an example is the recently launched Strategic Alliance between GIZ, Bosch and Intellectap which seeks to foster corporate engagement in start-up incubation (for further information see the next article). While the private contribution similarly to the develoPPP.de has to be more than 50%, the overall project volume (public and private) has to be at least Euro 750,000 compared to Euro 200,000 (public contribution) in a develoPPP.de.

Another instrument promoted by GIZ with the objective to foster partnerships is an integrated PPP. While in a develoPPP.de or Strategic Alliance at least one company involved has to have their headquarters in Europe, integrated PPP are open to local companies. The funds provided for integrated PPP are usually originating from the bilateral programmes conducted in the country and the iPPP hence have to fit within the scope of the project activities. One such an example

is the recently conducted PRAISE Programme with SIDBI and 91 Springboard as partners. The objective of the programme was to identify high growth start-ups in the Social Enterprise space and help them source relevant funding. Another example of an integrated PPP was the cooperation between GIZ and Steinbeis that supported the set-up of Technology Transfer Centres in partnership with Industry Associations on Steinbeis operating principles. Four Technology Transfer Centres were built as part of the partnership that are at various stages of implementing technology transfer projects in cooperation with MSMEs.

Promoting partnership is one of the key features of GIZ's work. Within the framework of the Public Private Partnerships concept, private companies and official development cooperation work hand in hand to tackle pressing global challenges. The objectives-oriented combination of the two partners' various strengths creates new opportunities for positive development impetus in the partner countries of GIZ.

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### SMS Service for Small Farmers in Uttarakhand

The agricultural production in India is facing a number of challenges today. The green revolution that made the country self-sufficient in food grain also introduced the farmers to a more input driven agriculture, be it in the form of fertilizers, pesticides or mechanization. Over the past years the cost of agri-inputs has continued to rise, while commensurate returns are constantly declining; despite efforts such as fixing minimum support prices. The complexities have been further aggravated by the vagaries of nature, and farming in India seems to have become non-remunerative. A recent study by the Centre for the Study of Developing Societies (CSDS) on behalf of farmers association indicated that 76 % of farmers want to give up farming due to various reasons including lack of a decent income, high stress and risks to name just a few.

The agrarian crises multiplies manifold when we put the scenario in the hill context of Uttarakhand. There are currently 2000 villages situated at a distance of more than 5 KM to the nearest road and 500 villages that are not connected by road at all. The scattered and uneconomic land holding patterns that are characterized by 72 per cent marginal land and 47 per cent of land being below the size of 0.5 Ha, further aggravate the issues of the agriculture sector. Additionally, modern agriculture is knowledge intensive which requires timely and reliable information on different aspects and stages of the crop cycle including post-harvest and market information. Inadequate information, in terms of relevance and timeliness, has been identified as one of the key hindrances in the decision making of small holder farmers. Access to information is even more critical in a hill state like Uttarakhand



where 75% of the population depends on agriculture despite small land holding.

Against this backdrop, GIZ has joined hands with Reuters Market Light (RML) under the develoPPP.de programme with the objective of improving access to agricultural information and communication technology (ICT) for small to medium farm-holders in the Indian state of Uttarakhand. RML was launched in India in October 2007. The company provides individual farmers with “customised, localised and personalized” weather forecasts, local crop prices, agricultural news and relevant information in the form of SMS messages sent to their mobile phones in their local language. Presently the company operates in 13 states of India and covers over 300 crops and varieties and 1300 markets across these states. As part of the develoPPP.de programme, an additional 6000 farmers across the 13 districts of Uttarakhand will be covered.

For the effective introduction of the services the project has chosen a value chain approach. During the scoping for the project it was observed that major challenges occurred at the producer level such as lengthy payment processes, low institutional storage facilities and processing units, lack of access to unbiased market information and products not being sold to the highest offering buyer. One of the recommendations was that if farmers were aware of the prevailing market prices in various markets in the state as well as outside, they could bargain for better prices for their produce. A clear lack of access to market price information and unbiased market/price information was observed. Thus a major focus during the introduction of the services was on providing adequate information on market prices. The mobile based advisory service is additionally providing information on crops, weather, government schemes and other news required to

improve the value chain.

In order to introduce the service, 62 workshops/ training programs were conducted with farmers and farmer groups along with the network partners of the programme. 4000 farmers received individual handholding support. Additionally, a call center was introduced that seeks to address day-to-day queries of the farmers, for example, changing of crops with season, changing of markets, change of location, etc. Further, training programmes for government officials from departments such as Agriculture and Horticulture were conducted with the aim of sensitizing relevant government officials for the needs of farmers. Customisation of the service to meet the constantly changing requirements of the farmers is done on a regular basis.

During a mid-term evaluation it was found that 46 percent of farmers assessed the quality of the service to be good, 63 percent reported that they could benefit from the information of good agriculture practices, and 85 percent reported that they benefited from the weather advisory services. The usefulness of the service has also been recognized by other programmes of the government. As a result of the programme, the Government of India programme “Krishidoot” extended the service to an additional 4000 farmers.

While the model of providing SMS services for farmers has proven to be useful, the challenge for the rest of the project time will be improving the services and strengthening the demand for the service in order to make it a sustainable initiative.

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## Strategic Alliance Fostering Corporate Engagement in Start-up Incubation

In recent years corporate incubators have sprung up like mushrooms across the globe, giving impetus to a new movement of corporates getting engaged in the start-up eco-system. At the same time an increasing number of corporates started looking into partnering with existing incubators. The reasons for these partnerships are manifold. While incubators look for mentors and expertise for their incubatees as well as potential customers, corporates engage with incubators to identify new innovative ideas as well as potential delivery channels that support access to markets in remote locations. However, capacities of Indian incubators to strategically engage with corporates persist to be weak. Additionally, for many corporates it remains difficult to identify appropriate engagement mechanisms, be it as part of their business development activities or as part of the new 2% CSR rule.

Against this background, GIZ in cooperation with Bosch and Intellectap under the develoPPP.de framework has launched a Strategic Alliance with the objective to connect corporates with incubators and start-ups and especially social enterprises. The joint work under the alliance aims at creating an engagement mechanism, strengthening incubation capacities and creating opportunities for corporates to partner with innovative start-ups. The Strategic Alliance was formally launched during the Sankalp Forum in April 2015.

Bosch has been working with various startups and social enterprises globally and wishes to replicate its

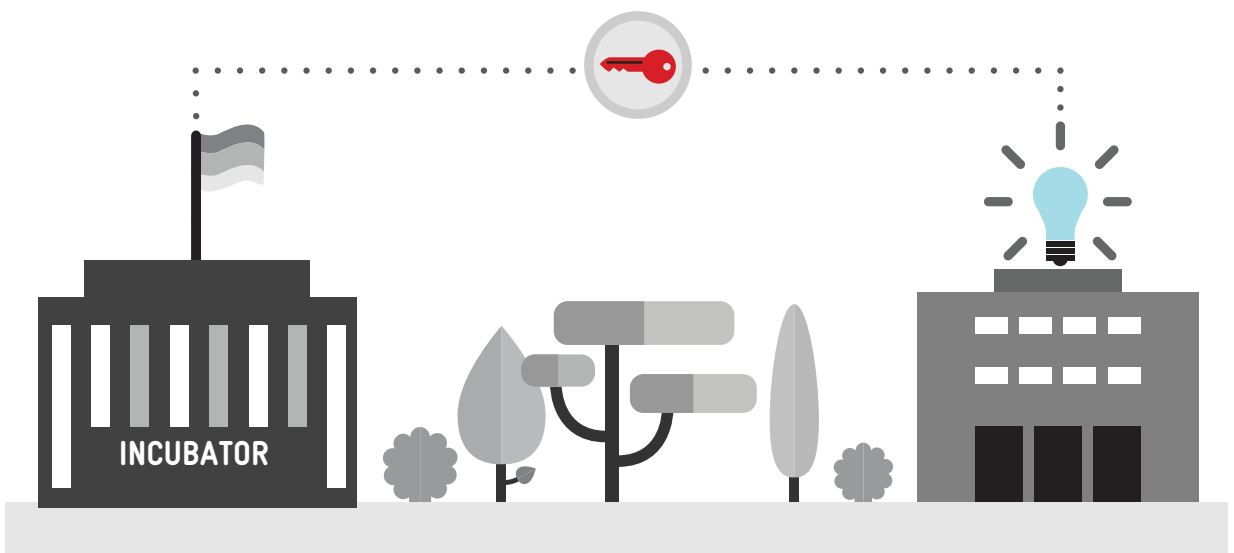
global success in India. By working with incubators and startups, Bosch India sees huge potential to leverage its technological and business expertise for providing valuable solutions and services to the underserved Indian market in sectors such as health, energy and food.

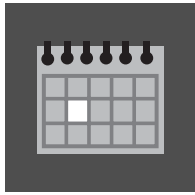
While Bosch has committed to work closely with startups, especially social enterprises, Intellectap through its **StartupWave platform** wishes to strengthen the incubation ecosystem in the country. Acting as a pre-incubation mechanism, the platform helps start-ups refine their business models by putting them through the basics of a business plan and allows these startups to then be selected by physical incubators for further support.

Collectively the three founding partners of the Strategic Alliance are exploring synergies between their existing efforts and are in discussions with multiple other organizations to join hands in this effort. The Strategic Alliance wishes to create at least 2 corporate – start-up/social enterprise collaborations and 5 corporate – incubator partnerships in the coming year. As part of the first activities Bosch and GIZ are planning an accelerator programme in the area of Energy that will evolve around customer needs and will support start-ups in integrating customer feedback right from the start.

Corporates that are interested to join the alliance can contact:

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# 3 Events

## Enhancing Access to Finance for Women Entrepreneurs

The contribution of women entrepreneurs in the Indian context is by no means insignificant. According to a 2014 IFC report titled, "Improving Access to Finance for Women-owned Businesses in India", women entrepreneurs in India collectively employ over 8 million people, contributing 3.09 % of industrial output. However, this segment continues to remain underfinanced with a financing gap of INR 6.37 trillion. GIZ strongly believes that women empowerment is integral to any discussion on sustainable development.

In an attempt to ensure that women owned SME's access to finance is not constrained, the Government of India has initiated a number of measures to support financial assistance. The most significant of these is the Central Government's '14 point Action Plan (2000)' for public sector banks. The Government has further taken steps through the 11th five-year plan, offering property registration incentives to encourage ownership rights for women. This was followed by the launch of 'Bharatiya Mahila Bank', the world's third "women-only" bank in 2013, to provide tailored financial services.

However, impact of initiatives and support made available to women entrepreneurs by lending institutions and the gender friendliness of the overall financial infrastructure remains an under investigated area.

Under the "Responsible Enterprise Finance" Programme GIZ and SIDBI aim to improve lending for sustainability oriented investments by the MSME Sector. The empowerment of women is an integral part of the project. As a start of its activities to improve financing for women entrepreneurs, GIZ has commissioned research on "Efficiency of Bank Loans for Women Entrepreneurs in the MSME sector" with the key objectives being:

- A systemic understanding of the current lending to women owned MSMEs in the country
- Examine provider perspectives on efficacy of support schemes and issues in administration of loans to women entrepreneurs
- Understand women owned SMEs' issues and challenges in credit access and awareness of support schemes.



### 3 Events

Furthermore, GIZ joined hands with the World Bank Group to constitute a Forum of public sector banks, private sector banks, NBFCs and other multilateral/donor agencies to drive the discussions on improving finance for women entrepreneurs in the MSME sector. The first meeting of the group was convened in Mumbai on April 23, 2015. It was well attended with over 30 participants. IFC and the World Bank shared their experiences on working with women markets and presented a strong business case for promoting women clients. GIZ shared preliminary results from their study. The forum also saw participation from

Ms. Larke Riemer, Director of Women's Markets for Westpac. She elaborated on Westpac's approach and strategy for engaging with women clients. We are fairly confident that with the engagement of such an experienced and esteemed forum there will be excellent progress on the front of financing women entrepreneurs!

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### PRAISE Showcase at Sankalp Forum

The role and number of Social Enterprises that provide innovative solutions for the Bottom of the Pyramid is growing rapidly, but access to finance, and in particular different financing options including debt, remains a challenge for entrepreneurs. To help close this gap, GIZ, in partnership with SIDBI and 91springboard, initiated a programme called PRAISE to recognise & support social enterprises in India. The key focus of PRAISE was to provide easier access to capital for social entrepreneurs by linking them to different investors and supporting them in the process of accessing debt financing from

SIDBI. The PRAISE programme had received more than 130 applications, and 10 of the most promising entrepreneurs were selected for a showcase at the global Sankalp Forum in Delhi on April 10. The showcase was conducted in partnership with I3N, the Intellecap Impact Investing Network, and attracted more than 35 investors. The programme is in the final stages and investments will be announced shortly.

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## Capacity Building for Incubators Workshop on Fundraising and the Investment Process



Recent developments with regard to the CSR provisions in the company law allow corporates to use their CSR funds to support incubators and also to channel funds through incubators directly to social enterprises. While this holds great potential for the space, the number of incubators focusing on social enterprises is still limited with Villgro, UnLtd and CII being some of the frontrunners. Especially in more remote areas, access to support and networks remains a challenge for social entrepreneurs.

With a view to creating a better eco-system for social enterprises outside of India's metros, the GIZ Responsible Enterprise Finance Project has been running a capacity building programme for incubators and other support organizations together with the Center for Innovation, Incubation and Entrepreneurship, IIM Ahmedabad. Over a period of 8 months 10 selected organisations that are in their initial development phase have been trained on key elements for successful incubation. The third workshop on fundraising took place in Ahmedabad from May 7-8 and brought together the incubators of the programme with investors, local eco-system players and finance experts. The workshop covered both the investment process for start-ups as well as fundraising and sustainability of the incubators themselves. Over the next months, the programme will work with the incubators individually to assist them in advancing their service offerings for start-ups and run specific programmes including business plan competitions and accelerators in areas like healthcare, renewable energy, affordable technologies and agriculture.

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## Extending Business Responsibility Frontiers 6 years of IICA-GIZ Business Responsibility Initiative



The accelerated economic growth in the last two decades in India has been driven primarily by the private sector. While many have been lifted from poverty during this span, India continues to face socio-economic and environmental challenges. Consequently sustainable and inclusive development within which private sector must expand as well as contribute actively towards mitigating development challenges has assumed paramount importance both in policy dialogue and action. It is against this broad backdrop that the bilateral cooperation project between GIZ and the Indian Institute of Corporate Affairs (the think-tank of the Ministry of Corporate Affairs established in 2008) was conceptualized and started in 2008.

Among the major contributions of the Project are the National Voluntary Guidelines on the Social, Environmental, and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs (2011), and the corresponding reporting format Business Responsibility Report (BRR) mandated by the Securities Exchange Board of India in 2012. The project also developed standardised Training of Trainer Modules for which IICA has entered into partnerships with 10 premier intermediary institutions that include the national Securities Institute of Management (NISM), industry chambers like CII and FICCI, stock exchanges (Bombay Stock Exchange), and other training institutions. In order to mainstream the practice of BR, the project adopted a sector approach and facilitated the creation of Responsible Pharma and Apparel guidelines. Also, to keep a multi-stakeholder approach on BR as an elemental aspect, the project launched a virtual platform ([www.responsiblebusinessindia.com](http://www.responsiblebusinessindia.com)) which offers services

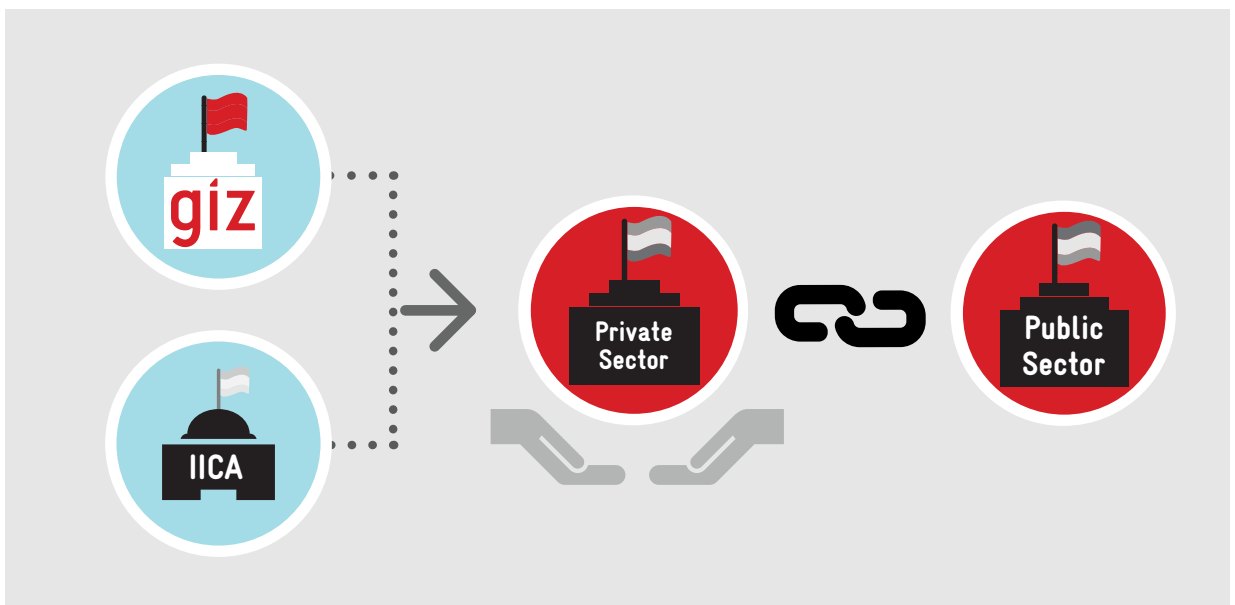
### 3 Events

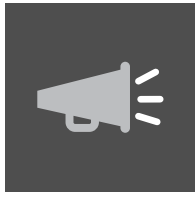
like online BRR tool, online trainings, dialogues and discussions to a wide variety of users. The project worked with MSME clusters (in foundry sector) to embed responsible business practices which later developed as a separate EU project for four years. Through the project, GIZ emerged as an important and credible stakeholder in the field of business responsibility among government, regulators, industry and civil society actors. NVGs and BRR are the starting points in the responsible business agenda and have put India among a handful of countries where state led initiatives have put ESG at the forefront.

Speakers and participants at the closing event included Mr. Arun Maira, a thought leader and former member Planning Commission, Dr Bhaskar Chatterjee, Director General, IICA, and Dr. Corinna Fricke, Head, Economic Affairs, German Embassy. Members of the Project Expert Group and prominent voices from industry, civil society and government bodies reiterated that NVGs and BRR give the blue print on which sustainability can be mainstreamed within businesses. Discussions also pointed out that independent analysis of BRRs suggests that better and more disclosures will be required as a means to make BR widely understood and practiced. Civil society members emphasised that social justice and human rights aspects of BR must get all the impetus as may be needed. It was stressed that technology and social media should be leveraged to accelerate the conversation on BR among various actors and networks.

The closure event lay the foundation for concrete ideas that will be taken forward by all concerned stakeholders in the next years in order to make business responsibility a core activity of corporates all across India.

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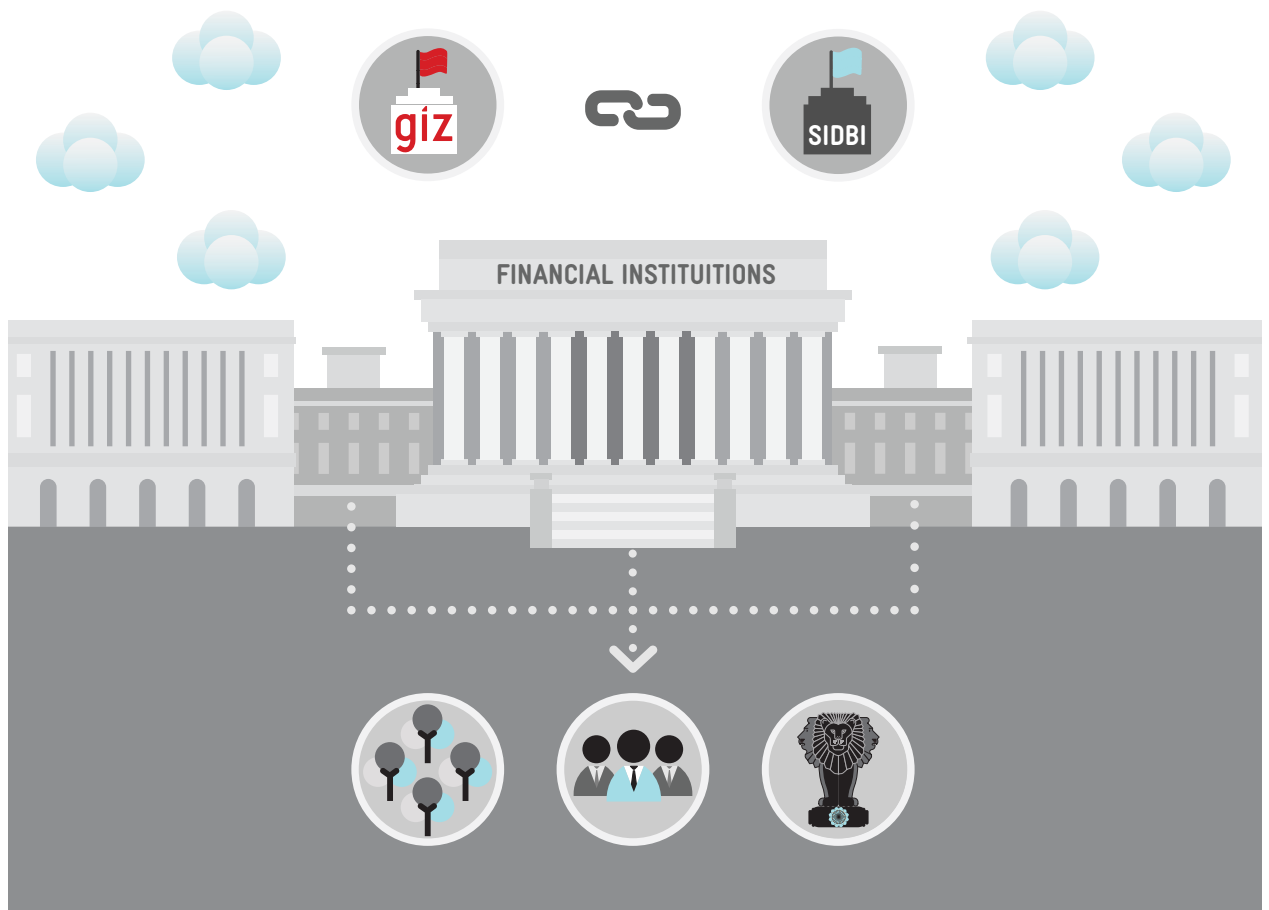


## 4 Announcement: National Voluntary Guidelines on Responsible Financing

The bilateral cooperation project between GIZ and SIDBI has brought together a Working Group convened by the Indian Banks' Association (IBA) for the development of voluntary guidelines to integrate environmental, social and governance (ESG or sustainability) aspects into the core business of financial institutions. These guidelines are the logical step forward in the Indian context taking from Reserve Bank of India (RBI) circular of 2007 that urged financial institutions to play a concrete part in sustainable development looking into non-financial inputs and impacts of their practices; and the ESG framework released by the Ministry of Corporate Affairs in the form of the National Voluntary Guidelines on Social, Environmental and

Economic Responsibilities of Business in 2011 and later adopted by SEBI for disclosure in the form of Business Responsibility Reports in 2012. The guidelines take into account international norms and good practices and give financial institutions a set of eight principles of action and an elaborate implementation guidance. The IBA is expected to release the guidelines for member banks shortly. A series of awareness workshops and capacity building measures will be planned and delivered by GIZ and SIDBI with partners in the coming months.

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# 5 Studies

## Journal of Responsible Finance



GIZ-SIDBI's project of Responsible Enterprise Finance has come together with the Indian Banks' Association to produce a periodic knowledge series that documents trends and developments in the financial sector around its understanding, preparedness and capacities to address environmental, social and governance risks and opportunities. It doesn't need more emphasising

that for an economy to grow sustainably and inclusively, it is important that increasingly more capital is deployed in businesses and projects that manage these risks proactively. The Journal invites thought pieces from leading national and international experts, bankers, leaders to widen and deepen the awareness around these issues. The current volume dwells in detail on the need for greater disclosure and good reporting practices that business and financial institutions are adopting around sustainability issues, tools available to help them improve quality of disclosure and performance. IBA disseminates the Journal to all its direct and associated members. The next volume (volume 2) will be uploaded shortly. Please watch this space as each volume will dig deeper on the interconnected dimensions of sustainability and responsible financing from policy and industry practice perspectives and much more. The current volume can be found [here](#).

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