

# INVEST IN AFRICA

MARKETS OF THE FUTURE



Federal Ministry  
for Economic Cooperation  
and Development



Agency for Business &  
Economic Development

KFW

KFW DEG

# BEFORE YOU TURN THE PAGE ...

... let your pioneering spirit take over. Just like the people who designed and created this magazine for you. In this magazine we have used the new technology of AR Augmented Reality. This way the printed version is directly linked to information available online.

So with the AR app "ADmented" you can find out even more about the opportunities and projects, and industries and markets in Africa. Always up-to-date. Always to hand.

And this is how it works: as soon as you see the AR-labelled magazine pages, you will receive in-depth information on the respective topic. After scanning, you will be taken to a menu where you can choose whether you want to visit the website, watch a slide show or a video, call an expert or send an e-mail to the specialist department ... Everything is possible. Give it a try. All the information you receive via this link is regularly updated and put online by AWE and its partners.

This way we give pioneers guidance and support with the successful realisation of their ideas in Africa.



The AR symbol looks this way.

# AND IT'S SO EASY:

1. Scan QR-Code.  
Download app.



Download Google Play Store



Download Apple App Store

2. Install and start app.  
Read tutorial.



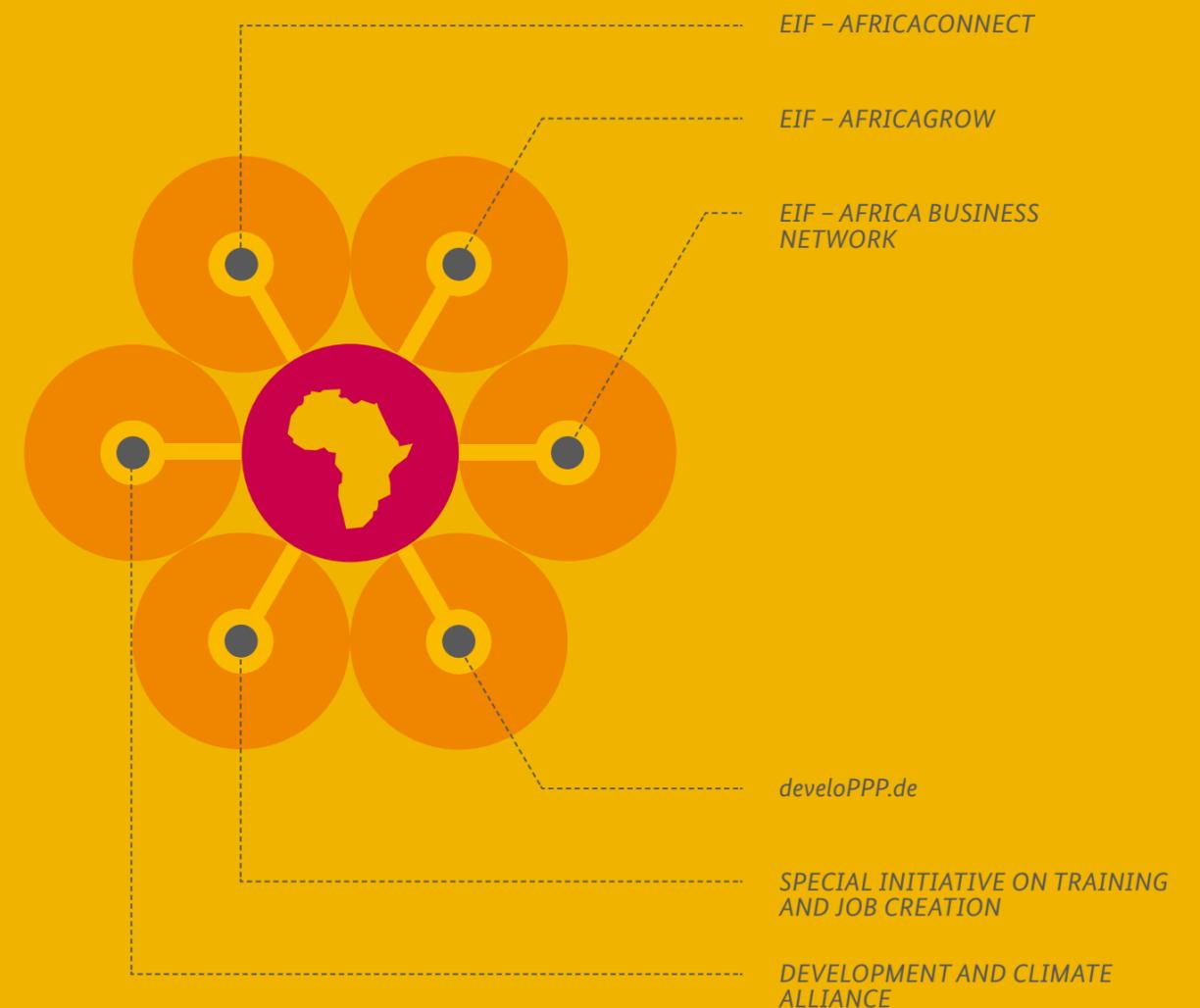
3. Scan pages with AR symbol.



4. In the menu you can choose: website, video, call, e-mail ...



# BE IN AFRICA AND ALLOW YOUR PIONEERING SPIRIT TO LEAD THE WAY.



The Development Investment Fund (EIF) aims to enhance the ability of African countries to develop their potential by getting German companies involved. Further support is provided by the Special Initiative on Training and Job Creation and the Development and Climate Alliance. Here we present the various possibilities and show you where you can find support for your entrepreneurial plans in Africa.

# INVEST IN AFRICA. WITH FARSIGHTEDNESS AND COURAGE.

Dear Entrepreneurs,

Africa is the continent with many new opportunities and some of the strongest growing markets of the 21st century. Africa has entrepreneurial spirit and innovative ideas. It can make leaps of the century! In the next ten years there will be more built in Africa than in the last hundred years in Europe. Six of the ten fastest-growing economies are there. German companies should be part of this development – and lead the way forward!

Until now, however, there has often been insufficient funding. Only one per cent of German foreign investment has gone to Africa so far. We want to and must change this! We want to ensure that even more German and European companies invest in Africa for the first time or expand their business activities there. In concrete terms this means: with the Development Investment Fund and its AfricaConnect programme, we support your commitment to Africa and enable loans at attractive conditions. The AfricaGrow programme supports initiatives with growth capital in African countries. The Africa Business Network will, in the future, combine development cooperation and foreign trade promotion. The *Agency for Business & Economic Development* will act as a central point of contact and support companies on their way into new markets. In addition, the pooled advisory and auditing expertise of *German development finance institution DEG – Deutsche Investitions- und Entwicklungsgesellschaft* – will be available throughout the entire investment cycle.

The Federal Ministry for Economic Cooperation and Development also tailors other proposals to your needs. For example, the new Special Initiative on Training and Job Creation promotes sustainable investments with a high employment impact in countries such as Ethiopia, Ghana and Tunisia. For 20 years now, the develoPPP.de programme has been supporting companies with long-term activities in developing countries. The new Development and Climate Alliance is committed to establishing development and climate-friendly business practices. More than 455 partners have already joined.

Together, we can create business opportunities locally. We are concerned with the economic, ecological and developmental sustainability of investments. This should enable training and new perspectives for young people and create qualified jobs.

In the coming months you will be able to find out about these proposals nationwide: in a roadshow, the Agency for Business & Economic Development, together with regional partners



Dr. Gerd Müller, Federal Minister for Economic Cooperation and Development (© BMZ)

such as chambers of commerce and various associations, will be presenting the Development Investment Fund. You can find the dates at [www.wirtschaft-entwicklung.de](http://www.wirtschaft-entwicklung.de). I am looking forward to your commitment.

Best regards,  
Dr. Gerd Müller

# PROVIDING A FUNCTIONING FRAMEWORK.



Professor Dr Joachim Nagel,  
Member of the Executive Board of KfW  
(© KfW; Felix Povel)

Dear Investors,

in collaboration with you we would like to seize opportunities! Thanks to their strong economic and political development, African countries offer great scope and opportunities for business ventures. By international comparison, direct investments by German companies in Africa have so far been relatively small. We wish to offer assistance and change this.

Other European countries have already recognised the potential offered by African markets with their, at times, very high economic growth rates and are therefore investing more heavily in Africa. The reluctance of German companies to invest more can be explained by the often difficult political and economic conditions. One reason has also been the lack of financing opportunities. Within the scope of a new instrument – reform financing – we are now helping selected African countries to improve the framework conditions for private and public investments and to provide better access to financial services. In Morocco, for instance, the government is seeking to reform the support mechanisms for smaller-scale companies within the framework of a Small Business Act with our support.

With the Development Investment Fund, the German Federal Ministry for Economic Cooperation and Development (BMZ) is also making funds available directly to overcome financing obstacles. The objective is clear: we want to achieve stronger economic growth, primarily in the twelve Compact with Africa countries. However, we also wish to promote European-African trade relations in the long term. We are pleased that KfW and our subsidiary DEG, with their many years of experience in financing projects around the world, are supporting two of the three components of the Development Investment Fund: AfricaConnect and AfricaGrow.

AfricaConnect – the African growth markets offer great opportunities for German and European SMEs. By granting up to EUR 4 million in loans to African-European investment projects, the AfricaConnect initiative is paving the way for SMEs to operate in Africa. DEG is a competent partner and will advise the companies. Thanks to its expertise and extensive international network, DEG is the ideal partner for implementing AfricaConnect.

AfricaGrow – in many African countries, a dynamic SME and start-up scene is growing, producing future-oriented and innovative business models. The AfricaGrow Fund was set up to promote this development and to support young African companies in developing their potential. KfW manages the fund, which has been set up as a fund of funds to invest in African venture capital and equity funds.

Thanks to these initiatives we can now, together with you, strengthen small and medium-sized enterprises both in Africa and in Germany. As KfW Group we are thus making a significant contribution to the binding goals of the UN's Agenda 2030.

Yours sincerely,  
Professor Dr. Joachim Nagel

# A POINT WELL MADE: “WE ARE FAMILIAR WITH ALL NEW PROPOSALS ON THE MARKET. WE OFFER COMPANIES AN ALL-IN-ONE PACKAGE.”

MS. FRANKE-WÖLLER, WHAT HAS YOUR EXPERIENCE BEEN IN RECENT YEARS? WHAT IS THE MAIN REASON THESE ECONOMIES NEED YOUR AGENCY?

Developing and emerging countries are still difficult markets for German SMEs. This starts with access to good information and goes on to include the search for networks and partners. Many people are also unaware of the financial and practical support available – but this is essential if you want to invest in these countries. This is where our advisors come in.

WHAT MAKES YOUR SERVICES SO UNIQUE?

First of all, our consulting services are free of charge for companies and therefore particularly low-threshold. But, our strongest arguments are our advisors. They all have many years of experience in their various fields. Our team includes lawyers, business economists, and even an expert with a PhD in natural sciences, who have often worked on projects in emerging markets in Africa, Asia and Latin America. Therefore, they know exactly what they are talking about and can offer expert advice and guidance.

LET'S ASSUME THAT A GERMAN SME IS CONSIDERING GETTING INVOLVED IN A DEVELOPING OR EMERGING COUNTRY. HOW CAN YOU SUPPORT IT?

We see ourselves as a one-stop shop for development cooperation for the business community and offer a comprehensive package: we examine projects in terms of their feasibility, find partners and establish contact with suitable networks. We help to find the right promotional programmes and financing solutions geared to developing and emerging countries. We also help implement sustainable supply chains and provide information on tenders, for example from international development banks. In doing so, we always keep an eye on current developments and are familiar with new ideas on the market.

WHICH NEW INITIATIVES CAN YOU PROVIDE UP-TO-DATE INFORMATION ON?

An important topic is the Development Investment Fund, whose launch we are supporting with a nationwide roadshow. The AfricaConnect programme, in particular, fulfills a need for German companies planning to invest in African markets.

We also provide information about the Climate and Development Alliance – which includes companies that voluntarily want to compensate for their carbon footprint. In addition, a relatively new initiative is the waste alliance PREVENT. It brings together companies worldwide who are fighting against the littering of the oceans.

LET'S RETURN TO THE DEVELOPMENT INVESTMENT FUND: WHAT MAKES THE FUND SO ATTRACTIVE? THE AWE LAUNCH EVENT, FOR INSTANCE, WAS VERY WELL ATTENDED.

The conditions of AfricaConnect are simply very attractive: they are low-threshold and flexible with regard to sectors and target markets. It also includes a review of environmental and social standards, for which companies normally have to pay extra.

WHAT OTHER MESSAGES WOULD YOU LIKE TO SHARE REGARDING THE ROADSHOW?

First of all, the most important thing is that this roadshow exists. You don't have to come to us – we will come to you! AfricaConnect is a welcome addition, especially for medium-sized companies for whom the tried-and-tested develoPPP.de programme and other classic financing solutions are not suitable. The programme covers the entire range: loan financing of between EUR 750,000 and EUR four million and periods of three to seven year are possible.



Dr. Corinna Franke-Wöller  
Head of the Agency for Business & Economic Development  
(Agentur für Wirtschaft & Entwicklung)

WHAT'S YOUR ADVICE? WHAT DO YOU RECOMMEND TO COMPANIES THAT ARE CONSIDERING INVESTING IN DEVELOPING AND EMERGING MARKETS?

Firstly, work with local partners – this is the only way to get to know the local market properly. We are happy to support you with our network. Secondly, don't assume that a good German product automatically leads to success, but rather cater your services and products to each individual country. We can also support you in this area. We will be happy to put you in touch with suitable contacts who can provide information on countries, markets and potential partners.

*Dr. Corinna Franke-Wöller has headed the Agency for Business & Economic Development since it was founded in 2016.*

*How does she and her team support companies and associations on their way to new markets? Which new offers are particularly in demand? And what advice does she have to offer to medium-sized companies?*

# AGENDA 2030 OF THE UN: SETTING AMBITIOUS TARGETS, ASSUMING RESPONSIBILITY AND TAKING SUSTAINABLE ACTION

In September 2015, the United Nations adopted the Agenda 2030 – “Transforming our world: the Agenda 2030 for sustainable development”. It sets out a clear vision for a sustainable world and the global goals for sustainable development, which are formulated in the 17 new Sustainable Development Goals (SDGs). In a nutshell, they are about fighting poverty, promoting self-determination, prosperity and sustainable lifestyles, respecting ecological limits, defending human rights and building a global partnership.

The Sustainable Development Goals cannot be achieved without the private sector. But the framework conditions must also be right so that companies – from micro-entrepreneurs to multinationals – can invest and create jobs.

In order to have a flourishing private sector, it is crucial that states and governments guarantee stable political and legal frameworks. More specifically, the protection of land and property rights, the enforceability of contracts and low crime rate are particularly important for entrepreneurs.

Good framework conditions also include fair taxation, transparent regulations and functioning competition. If these are in place, the costs of doing business are reduced and private investment is facilitated.

In addition, a functioning infrastructure and a financial market is needed to connect entrepreneurs with their customers and suppliers – as well as with lenders and investors. Good education and training are additional factors.

Public policy is therefore required for many business sectors and plays an important role in creating an attractive investment climate – an essential criterion in order for companies from all over the world to be able to make investment decisions.



©Thomas Trutschel/photothek.net

Development should be sustainable worldwide. The United Nations sees governmental players in particular, but also the private sector, as having a duty in this respect. Economic reforms must first and foremost take place in the wealthy, industrialised countries that consume the most resources. But, the rapid growth of the emerging economies will also be increasingly impacted by environmental pollution, and poorer countries will be able to leapfrog certain stages of development by adopting a sustainable path of growth. Agenda 2030 has therefore created a universal approach that encompasses all countries, both in terms of their internal structures and in their relations with each other. The Sustainable Development Goals form a system of objectives that is valid for all countries, with the level of implementation and goals set being determined by the countries themselves in accordance with their position at the start and their requirements.

With the SDGs, the international community wishes to make tangible progress in global environmental, climate and resource protection. More than ever before, companies are called upon to operate as sustainably and efficiently as possible. Large parts of the private sector worldwide are dependent upon natural resources, either as part of their core business or within their

supply chain. In order for business to operate effectively in the future, it is essential to conserve existing resources, avoid harmful emissions and develop innovative solutions.

Corporate commitment to global environmental and climate protection as well as resource efficiency are therefore crucial for sustainable development.

# “COMPACT WITH AFRICA” FLAGSHIP PROJECTS FOR AFRICA

Benin  
Burkina Faso  
Côte d’Ivoire  
Egypt  
Ethiopia  
Ghana  
Guinea  
Morocco  
Rwanda  
Senegal  
Togo  
Tunisia

A long-term partnership as equals – that is what the Compact with Africa initiative is aiming for. The initiative Compact with Africa aims to promote more private sector investments in Africa’s markets of the future through long-term improvements in the business and funding framework. The aim is to get important infrastructure projects off the ground and to create new jobs. The initiative was launched in 2017 under the German G20 presidency.

The key players are the African countries themselves. The partnership also includes the World Bank, the International Monetary Fund and the African Development Bank. There are no fixed solutions within the cooperation. Together, the partners develop reform programmes and support measures tailored to each individual country. They implement the individual reform programmes together with the G20 partners. One idea that has already been successful is that twelve reform-oriented countries have joined the initiative Compact with Africa: Benin, Burkina Faso, Côte d’Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo and Tunisia. The initiative is demand-driven and in principle open to all African countries.

Compact with Africa was initiated by Germany and is a political commitment which Germany made. It does not involve financial support. For this reason, the Federal Government has also agreed to so-called reform partnerships. These have so far been concluded with Tunisia, the Côte d’Ivoire and Ghana. 300 million euros were invested last year. The objectives of the three reform partnerships are to expand renewable energies, improve energy efficiency and develop the financial and banking sector. The aim is to improve conditions for national and international investors and to facilitate access to loans for small and medium-sized enterprises. At the same time, more jobs and new training opportunities for young people in future technologies are to be created.



© Studio Fabian Hammert / Afrika-Verein

# A POINT WELL MADE: “INVEST IN AFRICA”

Interview with H.E. Gina Ama Blay,  
Ambassador of the Republic of Ghana to the  
Federal Republic of Germany



AS PART OF THE “COMPACT WITH AFRICA” INITIATIVE, THE GERMAN GOVERNMENT INTENDS TO PROMOTE INVESTMENTS IN AFRICA. WHAT MAKES AFRICAN COUNTRIES INTERESTING FOR GERMAN COMPANIES?

Due to their young and growing societies, many African countries offer great economic potential. In recent years, various regions in Africa have become more and more politically stable and have grown economically. West Africa leads this development. With increasing stability of the legal and judicial systems, as well as a stable political and economic climate, West Africa is now one of the safest regions for investments on the entire continent.

WITHIN WEST AFRICA, GHANA IS A PARTICULARLY STABLE AND ECONOMICALLY STRONG COUNTRY. DOES GHANA SPECIFICALLY PROMOTE FOREIGN INVESTMENT?

Ghana is one of the fastest growing economies in the world. We want to maintain this development. Foreign investments play a central role in this. That is why we have set up several investment incentives. Foreign investors, for example, can benefit from reduced corporate income tax in some important and promising industries. Ghana is considered one of the most stable countries in West Africa. We offer a secure, reliable business environment for foreign companies. Our judicial system is also ranked as one of the best in the world. This convinces a growing number of international companies to invest in Ghana.

ARE THERE ANY GERMAN COMPANIES AMONG THEM?

Yes, there are also successful investments by German companies. However, compared to other countries like the UK or France, the volume of German direct investments in Africa is low. We want to change that. Ghana's goal is to expand business relations with Germany.

IS IT ALSO ATTRACTIVE FOR MEDIUM-SIZED COMPANIES TO INVEST IN GHANA?

Absolutely! Success stories, such as the establishment of a training centre for a German medium-sized company in Accra, show that Ghana is also attractive for medium-sized companies. The aforementioned investment incentives and tax concessions are aimed at companies of all sizes.

THE PURPOSE OF INITIATIVES SUCH AS AFRICACONNECT IS TO CREATE ADDITIONAL INCENTIVES FOR GERMAN SMES TO INVEST IN AFRICA. WHAT ARE THE BENEFITS OF SUCH PROGRAMMES?

The recent economic and political developments in Ghana have shown that we do not need more development aid, but sustainable economic growth. Initiatives such as AfricaConnect are a great instrument for establishing long-term trade relations between German and African companies, thus contributing to sustainable growth, knowledge transfer and strong business partnerships. This is why we welcome and support these programmes.

# DEVELOPMENT INVESTMENT FUND AN INTEGRATED PROGRAMME

Africa is flourishing. More and more African countries are opening up to reforms, ensuring stability and building on cooperation. Germany wishes to specifically support these states in their economic development. This is why the Compact with Africa initiative was launched under the auspices of the German G20 presidency and under the leadership of the Federal Ministry of Finance.

We are now calling on companies to get involved. And they will be supported accordingly. After all, the so-called private sector is to make a much greater contribution to development in the African partner countries in future. With the help of Compact with Africa, the framework conditions for private investment and employment in particularly reform-oriented partner countries are now being improved long-term. There are currently twelve countries benefitting from this support: Benin, Burkina Faso, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo and Tunisia. The central part of the German support is the Development Investment Fund, which is financed by the German government. It comprises the key initiatives AfricaConnect, AfricaGrow and the Africa Business Network.

## AFRICACONNECT

AfricaConnect offers attractive risk sharing and a streamlined financing structure to companies who wish to launch or expand their business activities in Africa. The support for investments in Africa is coming with particularly attractive conditions. AfricaConnect provides up to EUR 4 million development funding for German and European SMEs. A substantial equity participation from the investor is required. In 2019, federal funding for AfricaConnect amounted to an estimated EUR 50 million. AfricaConnect is operated by DEG – Deutsche Investitions- und Entwicklungsgesellschaft.

## AFRICAGROW

Start-ups and small and medium-sized enterprises in Africa need support. The AfricaGrow Fund was designed as a fund of funds to invest in African venture capital and equity funds. In 2019, an estimated EUR 50 million in federal funds was planned to be contributed via KfW as a first-loss tranche to a fund-of-funds. AfricaGrow is managed by the KfW Development Bank, and DEG is an anchor investor with its own funds.

## AFRICA BUSINESS NETWORK

In addition, the Federal Ministry for Economic Affairs and Energy (BMWi) is involved in setting up a business network for Africa. The aim is to provide German companies with a bundled range of consulting and support services in order to open up African growth markets. Companies will be supported step by step on their path to African growth markets.

# AFRICACONNECT TAPPING THE POTENTIAL OF AFRICAN MARKETS



*86 % of DEG's customers have shown successful financial development in 2018 and are helping to fight poverty through higher local incomes.*

*Development Effectiveness Rating of DEG*



Attractive conditions for an attractive continent. This is how the concept of AfricaConnect might be described. African markets have been developing a positive dynamic for years. The Compact with Africa initiative of the G20 states aims to strengthen economic development, particularly in reform-oriented African countries. This is why AfricaConnect is an important initiative and part of Germany's commitment to Africa.

The advantage for German and European companies is this: with AfricaConnect funds, DEG – Deutsche Investitions- und Entwicklungsgesellschaft can substantially co-finance planned entrepreneurial investments with long-term loans. While the standard method involves financing local subsidiaries of European companies, distributors and suppliers can also be considered. Or growing companies who wish to capture African markets. The amount of loan funding granted can range from EUR 750,000 to four million euros.

Companies with innovative business models that create qualified jobs on the African continent are especially important. The programme is aimed, in particular, at companies investing in Compact with Africa countries. These include Benin, Burkina Faso, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo and Tunisia. In general, however, AfricaConnect is available to investments across the entire African continent. The project being funded must be economically viable. This is why DEG experts examine the investment project before any funding is granted.

DEG also provides support with structuring the project. Companies benefit from the special model of risk sharing and from DEG's network and experience of working in Africa. DEG also provides businesses with advice and support in relation to the implementation of international environmental, social and corporate governance standards.

# AFRICAGROW CAPITAL FOR SMES AND START-UPS

*In 2018 African economies have grown at an average of 3,5 per cent.*

BMW*i*



©Unsplash/insalesnavigator



© Ute Grabowsky/photothek.net

FinTech, off-grid, AgTech, EdTech, HealthTech, mobility, e-commerce: in all these future-oriented business fields, equity and venture capital play a decisive role. It is precisely these areas that will generate growth and employment in Africa. However, equity funds and venture capital funds, in particular, are still in their infancy in Africa, which means that there is a large gap in the financing options available to companies. Rapid population growth and urbanisation are likely to exacerbate this problem. The AfricaGrow Fund is expected to help close this gap.

The aim of AfricaGrow is to enable venture and equity funds to raise private capital more easily. To achieve this goal, the AfricaGrow Fund is being launched as a structured fund. In future, the fund is to serve the financing needs of SMEs in a wide range of sectors as well as technology start-ups. The SMEs are to pursue innovative business models, show a potential for high growth and be strongly geared towards exports. In addition, funds will be provided for advisory services to build up management personnel. As equity and venture capital funds typically operate in different countries for risk diversification purposes, AfricaGrow will work with proven pan-African regional and national funds, mainly in the Compact with Africa countries.

The lack of access to finance for SMEs and start-ups is an immediate obstacle to maintaining and creating jobs and economic growth in Africa. The AfricaGrow Fund therefore aims to have a catalytic effect on the new and dynamic African SME and start-up scene. In this way, we can move closer to the goal of promoting good jobs and stable incomes in the above-mentioned countries in the long term.

# THE AFRICA BUSINESS NETWORK COMPREHENSIVE CONSULTATION AND SUPPORT SERVICES

To improve access to African markets for German companies, the Federal Ministry for Economic Affairs and Energy (BMWi) set up the Africa Business Network in 2019. The idea behind it is to offer comprehensive and tailor-made support for companies wishing to enter African markets. The Africa Business Network interlinks existing German foreign trade and investment promotion services, advances successful programmes, and identifies service gaps for companies by developing additional measures.

The services and activities of the Africa Business Network are managed by a dedicated team of “Africa Partners”, who act as designated contact persons throughout the entire advisory process for companies interested in doing business in African countries. “Africa Partners” provide companies not only with an overview of available support services among the various partners but also offer initial consultation on specific business interests. For in-depth advice on topics such as project financing, business case development or on customs and legal issues, the “Africa Partner” will refer the company to the help desks of the relevant German foreign trade and investment promotion agencies directly. Further services offered by the Africa Business Network include informational sessions, webinars and fact-finding missions or trade and investor missions to Africa that involve opportunities to engage and connect with local key political stakeholders of the leading businesses.

The Africa Business Network is a partner network backed by established organisations involved in German foreign trade and investment promotion such as the German Chambers of Commerce in Africa, the German foreign trade promotion agency, Germany Trade & Invest (GTAI), as well as associations and state-funded institutions with Africa expertise. Existing and successful instruments such as the Market Development Program or the export initiatives of the Ministry of Economic Affairs and Energy can thus be implemented and utilized optimally.

The Africa Business Network offers support and advice across various industries Africa-wide. In summer 2019, the Africa Business Network launched its services with three pilot projects: Ethiopia (value chains in textile, apparel and leather industries), Ghana (food processing technology and logistics) and Morocco (healthcare sector).

Through the development of target market studies, specific business opportunities for companies in given industries can be identified and examined. Based on the results, the Africa Business Network actively approaches companies to alert them to possible new business opportunities. Additionally, companies with specific business case ideas (for Africa) can directly contact the Africa Business Network coordination office for consultation.

Furthermore, the Africa Business Network has a digital presence through the Africa Business Guide. Through this platform, it provides comprehensive information and a current schedule of up-coming events ([www.africa-business-guide.de](http://www.africa-business-guide.de)).

Companies interested in using the services of the Africa Business Network, or partners who wish to be a part of the network can find relevant information and contact details by scanning the page on the right with the ADmented app.



The “Africa Partner”: Availability of a designated contact person for your company

Identification and examination of business opportunities in growing African markets

Initial consultation on current programmes and services in the field of foreign trade and investment promotion as well as development cooperation

In-depth advice on financing, legal-framework conditions and other topics

Market development and business matching services are provided

Contact facilitation between companies and contacts in the target country

Africa Business Guide: Website and digital platform for information on topics dealing with business development in Africa

Pilot projects 2019

Ethiopia: Value chains in textile, apparel and leather industries

Ghana: Food processing technology and logistics

Morocco: Healthcare sector

Would you like to learn more about these pilot projects or wish to take part in any of them? [www.bmwi.de/wirtschaftsnetzwerk-afrika](http://www.bmwi.de/wirtschaftsnetzwerk-afrika)

develoPPP.de

## INVESTING RESPONSIBLY, PROMOTING DEVELOPMENT.



© GIZ/ Tristan Vostry

develoPPP.de was set up by the German Federal Ministry for Economic Cooperation and Development (BMZ) to foster the involvement of the private sector in areas where business opportunities and development policy initiatives overlap. To this end, within the scope of concrete projects, BMZ offers financial and technical support to companies who wish to establish or expand their commitment in developing and emerging market countries.

The sponsored projects may be in a variety of sectors and fields, and range from training local professionals or piloting innovative technologies and demonstration plants to the expansion of supply chains and the improvement of ecological and social standards in production plants. It is important that this leads to development that goes beyond the actual project, thus creating long-term benefits for the local population.

As part of a develoPPP.de project, BMZ contributes up to 50 per cent of the total costs, with funding ranging from EUR 100,000 to 2 million. During implementation, the participating company cooperates with one of the two partners who carry out the programme on behalf of BMZ: DEG – Deutsche Investitions- und Entwicklungsgesellschaft or Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

## A POINT WELL MADE: “GOOD WORKING CONDITIONS ARE INVALUABLE.”



Marc Hansult and Salma Salifu report on DTRT Apparel (Do The Right Thing) in Ghana

“DO THE RIGHT THING” (DTRT) PRODUCES SUSTAINABLE CLOTHING AND HAS A GLOBAL SUPPLY CHAIN INCLUDING A PRODUCTION SITE IN ACCRA, GHANA. WHY DID YOU CHOOSE GHANA AND WHAT ARE THE ADVANTAGES OF HAVING A MANUFACTURING FACILITY IN GHANA?

M. Hansult: There is a variety of reasons why we decided to come to Ghana. Generally, Ghana is a very stable country with a strong democracy and a well-established rule of law. Also, it was very important for us to be in a country where we can be highly cost competitive but at the same time pay our workers wages that are not only much higher than the legal minimum wage but actually lift people out of poverty. We have accomplished both in Ghana. We successfully compete against other much more established apparel production regions like South East Asia and we are paying our people wages and additional benefits that have a life-changing positive impact on them and their families.

MS. SALIFU, YOU HAD PLENTY OF EXPERIENCE IN THE APPAREL INDUSTRY BEFORE ENTERING INTO A JOINT VENTURE WITH DTRT IN GHANA. WHAT WERE YOUR CHALLENGES AND WHY DID YOU DECIDE TO ENTER INTO A JOINT VENTURE WITH DTRT?

S. Salifu: My biggest challenge was knowing the demands of the international apparel market and having the required network to service the needs of that market. My partnership with DTRT offered that perfect match. DTRT offered me the opportunity to bridge the capacity gap by offering the expertise of what the international buyers are looking for as well as the supply chain setup needed to service the needs of the market.

HOW DO THE JOBS PROVIDED BY DTRT IN GHANA IMPACT THE LIFE OF THE AVERAGE WORKER?

S. Salifu: Each worker at DTRT is paid a base wage well above the country's statutory minimum wage. Additionally, every worker is offered free health insurance, paid lunch, a transportation allowance and incentive bonuses, as well as free antenatal services for pregnant women through the in-house clinic at the factory. The package offered by DTRT allows the worker to save towards his or her life goals. Most often, workers can save enough money to further their and/or their children's education. With formal employment, each worker contributes to Ghana's social security scheme (DTRT also contributes) which secures a sustainable pension for the worker. Consequently, the incidence of intergenerational poverty is reduced, and the poverty cycle naturally terminates as a result of these investments. The impact of DTRT employment for the worker is not exclusive to the individual employee only, but significantly affects the growth of the non-traditional export sector of Ghana. This generates much needed foreign exchange to stabilize and strengthen the local currency and contributes to the overall development and economic transformation of the nation.

WITH INITIATIVES SUCH AS AFRICACONNECT, THE GERMAN FEDERAL GOVERNMENT AIMS TO CREATE INCENTIVES FOR EUROPEAN COMPANIES TO INVEST IN AFRICA. HOW DO YOU ASSESS THE SUPPORT OFFERED BY AFRICACONNECT?

M. Hansult: The German government's initiative to promote private sector investment in Africa and provide access to capital for such investments is crucial to a business like ours. Through the AfricaConnect project we will be able to invest in building additional sewing capacities which will allow us to hire over 1,500 more people that would otherwise have very limited opportunities to find jobs.

# THE SPECIAL INITIATIVE ON TRAINING AND JOB CREATION

Education is the commodity of the future. In Africa, the population is growing continuously. More and more young people are entering the labour market in the hope of finding work which will secure their livelihoods and give them good prospects for the future. Around 20 million new jobs are needed on the African continent per year. Many of these could be created by up-and-coming African companies or by the investment of foreign companies.

However, investment and trade barriers severely restrict the activities of the private sector in Africa. Insufficiently qualified skilled workers, a lack of infrastructure and underdeveloped markets pose major challenges for the private sector. Under the Invest for Jobs brand, the German Federal Ministry for Economic Cooperation and Development (BMZ) has therefore put together a package of measures to support German, European and African companies in investment activities that have a high impact on employment in Africa. The Special Initiative on Training and Job Creation – its official title – offers comprehensive advice, contacts and financial support to overcome investment barriers.

The developmental objective of the Special Initiative is to create up to 100,000 jobs and 30,000 apprenticeships and to improve working conditions in the partner countries – Egypt (in preparation), Ethiopia, Côte d'Ivoire, Ghana, Morocco, Rwanda, Senegal and Tunisia. Since 2018, EUR 445 million have been made available for this purpose. The Special Initiative contributes to the implementation of the Marshall Plan with Africa and the G20 investment partnership Compact with Africa.



# ALLIANCE FOR DEVELOPMENT AND CLIMATE

It isn't only since Fridays for Future that we have become aware that climate protection is a matter of human survival. The facts are well known. The earth is approaching its resilience limits ever more rapidly due to global warming. It is necessary to take immediate action and counter measures. The industrialised countries are mainly responsible for this situation, but the main victims of climate change are the people in developing countries. For example, the livelihoods of 100 million people in coastal and drought-stricken areas are threatened by heat and rising sea levels. According to the World Bank, up to 140 million people could be displaced from their homes due to climate change within the next 30 years. Climate protection is therefore not only about ecological issues – climate policy is also a key element of development policy.

Against this backdrop, the German Federal Ministry for Economic Cooperation and Development (BMZ) launched the Alliance for Development and Climate as a multi-actor partnership in autumn 2018 to promote voluntarily offsetting greenhouse gases. It offers a platform for non-governmental commitment – especially from the private sector. And it has the task of promoting development and climate protection at the same time and of putting this approach at the centre of public attention.

The offset of greenhouse gas emissions is achieved by financing high-quality projects in developing and emerging countries. These projects (e.g. on renewable energies, forest protection and energy efficiency) promote not only climate protection but also economic and technological progress and improve the living conditions of local people. In this way, they contribute to achieving both the Paris Climate Agreement and Agenda 2030, and their effects are ensured by applying recognised standards. Several hundred supporters have already joined the alliance: companies, associations, public authorities, project developers, compensation providers and civil society. All of them strive for climate neutrality in the long term and seek to contribute to climate protection by avoiding, reducing and offsetting greenhouse gases.

The activities of the partners in this alliance are voluntary. This commitment is urgently needed if climate protection and sustainable development are to be taken seriously. The time has come.



# APPROACHING EMERGING MARKETS: THE AWE ADVISES



*“The gladdest moment in human life, methinks, is a departure into unknown lands.”*

*Sir Richard Burton, British researcher on Africa*

Anyone who is travelling needs a good navigator. This is even more so for entrepreneurs who want to invest abroad and have to wade through the plethora of funding opportunities. This is where the international team of the Agency for Business & Economic Development provides support, as well as, proficient and free advice on funding, investments and local partners.

Financing projects abroad is a unique challenge. Whether this involves planning your own market entry or expanding your business location, conducting feasibility studies or acquiring more skilled staff – there are funding programmes for all of these cases. But, how these can be efficiently used is often unclear. This is where the AWE, which sees itself as a mediator and networker, comes into play. It integrates companies and associations into the network of sponsors and institutions in a meaningful way and establishes contacts with local projects. The AWE contacts are familiar with the offers of German and international development banks and guide the companies confidently through all issues related to corporate or project financing. As the central point of contact for development cooperation for investments and sustainable projects in Africa, Latin America, Asia and Europe, the AWE team offers advice on funding and financing options for markets with potential.

## DOOR OPENER FOR DIALOGUE

However, the AWE sees itself not only as a guide, but furthermore as a provider of good connections. For instance, AWE establishes important contacts with people in embassies and foreign chambers of commerce at the planned location abroad. Discussions initiated by AWE with other entrepreneurs, association members and experts often open doors and provide clarity on the next steps to be taken internationally. Various forms of dialogue such as the Round Table facilitate a continuous exchange of ideas between players from politics, business and civil society. This permits new approaches for entrepreneurial development cooperation to be jointly constructed.

## PARTNERSHIP AS A GOAL

Social and environmental standards, questions of sustainability and respect for human rights are becoming increasingly important. AWE has incorporated the NAP Business & Human Rights Helpdesk of the German government under its auspices to address these complex issues. Experienced advisors are available to assist companies and regularly provide information on new developments at events. The NAP Helpdesk also provides helpful free tools for sustainability management.

There is no doubt about the direction: AWE focuses on partnerships on a level playing field that create perspectives for the population in the investment countries. For the German and European project partners, in turn, there is an opportunity to develop new markets with potential and to be nurtured by the German government's attractive support programmes. They also gain valuable intercultural experience that facilitates global competition.

In the medium and long term, fair investments by companies not only create project-related jobs and traineeships. They are also committed to the quality of initial and continued training in developing and emerging-market countries, and promote the transfer of technology and know-how. At the same time, they help to improve the national budget through tax payments, help to increase export revenues and foreign exchange – and enable countries to make their own investments in infrastructure, health and education.

Hence, entrepreneurs contribute to the Agenda 2030 in order to meet the goals for sustainable development by 2030 that were already proclaimed by the United Nations in 2015. These include 'dignified work and economic growth', 'industry, innovation and infrastructure', and 'sustainable consumption and production'.

## PROFESSIONAL EXPERIENCE

Such complex tasks and challenges require trust. The AWE's advisors not only have professional experience as specialists and managers in various sectors and industries, they also have experience in international development cooperation. They provide confidential and personalised advice to entrepreneurs from Germany and the EU in four commercial languages. The focus of the consultations is on small and medium-sized enterprises (SMEs) as well as institutions, associations and chambers. The companies benefit from thinkers with different professional and national backgrounds who pool their know-how as a team and bring it into the project. Competence, which – like every navigation system – leads to the final statement: "You have reached your destination!"

# NAP HELPDESK BUSINESS AND HUMAN RIGHTS



Human rights concern all of us. But how are these rights implemented by German companies, not just here, but world-wide? What happens along the value and supply chains? The National Action Plan on Business and Human Rights, or NAP for short, was adopted by the German government in 2016, when it was created for the first time, and concrete assistance was offered. It is a framework for the responsibilities of German companies to uphold human rights in accordance with the UN Guiding Principles.

Since 2018, the German government has been monitoring the extent to which German-based companies with more than 500 employees have integrated human rights due diligence obligations into their business processes by 2020. After qualitative statements on the implementation of the NAP were collected and evaluated in 2018, the monitoring is now in its second phase: companies have participated in a quantitative survey on the implementation status of the NAP. The answers are currently being evaluated. The third and final survey will be conducted in 2020 and is intended to serve the German government as a basis for further steps in the area of business and human rights.

But companies also receive concrete support: the German government has set up the NAP Helpdesk at the Agency for Business & Economic Development (AWE) as a free advisory service on the NAP. This Helpdesk provides confidential and need-based support and information on how the requirements of the NAP can be implemented – by phone, in writing or in person on site at the companies. Within the scope of the NAP monitoring, the NAP Helpdesk is also the Federal Government's official point of contact for all participating companies for questions regarding content and the survey.

The NAP Helpdesk also helps companies to find the right partners for implementing sustainability projects and advises on funding and

financing offers from German Development Cooperation. Through a variety of event formats, the NAP Helpdesk also sets up platforms for exchanges between business, politics and civil society. A broad range of information on the NAP is already available on the NAP Helpdesk website. Companies can also make use of the CSR Risk Check here. This free online tool offers companies an initial entry point for assessing human rights, environmental and social risks along the supply chain and provides information on possible solutions. The implementation partners of the NAP Helpdesk are DEG – Deutsche Investitions- und Entwicklungsgesellschaft and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

# LEADING THE WAY INTERNATIONALLY: THE BMZ

*“Let’s go to Africa – that’s where  
the markets of the future are!”*

*German Development Minister Dr. Gerd Müller*

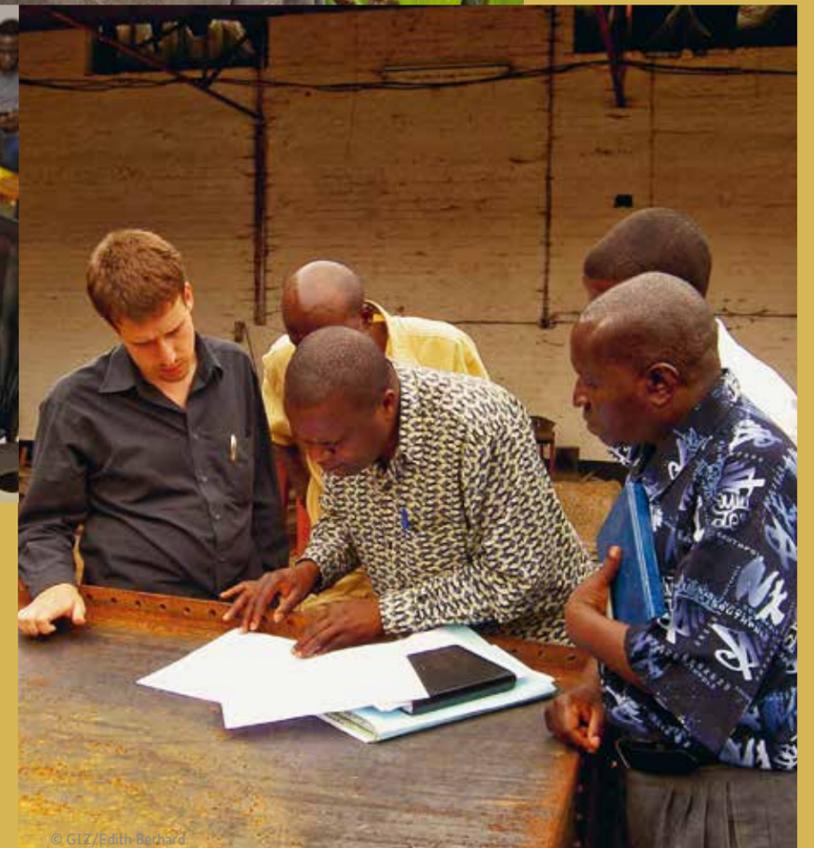


The Federal Ministry for Economic Cooperation and Development (BMZ) is responsible for German development policy within the Federal Government. The BMZ’s task is to define the objectives of German development policy, to coordinate cooperation with some 80 partner countries worldwide and to shape cooperation at the multilateral level.

The Agenda 2030 for Sustainable Development adopted by the United Nations provides the international framework for German development policy. The BMZ places particular emphasis on creating prospects in the countries of origin of refugees. Other important issues are global food security, sustainable economic activity, and climate protection.

Since June 2019, German and European companies who wish to invest on the African continent, the continent of the future, can apply for funding under the new Development Investment Fund. This fund provides loans at attractive conditions for German and European companies for their projects in Africa (AfricaConnect). In addition, a new umbrella fund will facilitate access to capital for small and medium-sized African enterprises (AfricaGrow).

The Ministry is also represented by staff at the German embassies in the partner countries and in international organisations. BMZ commissions at the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Kreditanstalt für Wiederaufbau (KfW) and Engagement Global, among others, to implement its projects.



# A POINT WELL MADE: “AFRICA HAS IMPORTANT EMERGING MARKETS.”

MS LAIBACH, DEG IS COMMITTED TO SUPPORTING GERMAN AND EUROPEAN ENTERPRISES IN THEIR BUSINESS ACTIVITIES IN AFRICA. WHY IS THIS SO IMPORTANT?

There is market potential for enterprises not only “around Europe” or in Asia. Important growth markets of the future lie in Africa. In many African countries, the middle class has been growing for some years now, and its purchasing power with it. Therefore looking towards Africa is also worthwhile for German SMEs.

The more developed the economic structure of a country is, the more interesting it becomes as a sales market for German industrial products and capital goods. As a development finance institution, we support and advise German companies who become active in Africa and invest there. In this way we want to help them make the most of these opportunities – and at the same time promote sustainable development on the ground. Jobs and the transfer of know-how are very important factors here.

WHAT ARE SOME OF THE CHALLENGES THAT GERMAN SMES OFTEN FACE IN AFRICAN MARKETS?

The African continent consists of over 50 countries that are at very different stages of development. The framework conditions for foreign companies are challenging in some countries. Production processes, for instance, are made more difficult by an insufficient energy supply. The legal systems in the different countries have developed differently. Finding or recruiting qualified, suitable, local employees is not always easy either.

HOW CAN COMPANIES WHO ARE SEEKING TO INVEST HANDLE THIS?

There are certainly interesting markets where the framework conditions for companies have already improved significantly. This is true,

for example, of Kenya and Rwanda in East Africa or West African countries such as Ghana, the Côte d'Ivoire or Nigeria. There are also good business opportunities in some countries north of the Sahara.

FOR WHICH INDUSTRIES DOES AFRICA OFFER THE GREATEST BUSINESS OPPORTUNITIES?

Nearly all countries are currently investing in infrastructure. There is a particular need for solutions that use renewable energies. German technology and know-how are in demand here. I see further business potential in the medical and electrical engineering sectors and in innovative construction projects, for example. There is also interest from the entrepreneurial side in the field of organic farming.

WHAT ABOUT FINANCING OPPORTUNITIES FOR SMES WHO WISH TO EXPAND OR DEVELOP THEIR BUSINESS IN AFRICA?

In many African countries the local financial sector is often not yet able to offer long-term financing for investments. This also applies to more developed countries. DEG closes this gap: we have been successfully active in Africa for nearly 60 years – also in numerous countries that many commercial



Christiane Laibach  
CEO of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

banks have not even tapped into or from which they withdraw if they perceive them to be too risky. The fact that we have a very good network there and have contact points in five countries helps in any case.

WHAT EXACTLY DO YOU OFFER COMPANIES?

We offer German companies long-term financing in the form of loans, mezzanine financing and equity investments. In addition, we support them with our Business Support Services (BSS) on issues such as energy efficiency, risk management or employee training, among others, to make their international business even more successful.

In cooperation with the Association of German Chambers of Industry and Commerce, we have set up three “German Desks” in Africa so far. These are points of contact at DEG partner banks in Nigeria, Ghana and Kenya which, among other things, advise German enterprises and their local trading partners and offer loans.

Alongside AfricaConnect, a pillar of the BMZ’s Development Investment Fund, we are now also offering attractive financing to small and medium-sized enterprises planning to enter the African market.

WHAT STEPS DO YOU RECOMMEND TO GERMAN SMES WISHING TO SET UP A BUSINESS IN AFRICA?

When entering a new market, the first step should always be to conduct a market and feasibility study. We help with our know-how and provide promotional programmes for this. In the next phase, companies can use the develoPPP.de programme to implement development-effective pilot projects or sustainable training programmes. AfricaConnect is particularly suitable for financing initial investments when entering the market.

In general, our experience shows that it is particularly important that companies which want to establish and produce locally have sufficient staying power, personnel and financial capacities. Companies can obtain well thought-out, risk-adequate finance from DEG as described above. We are their long-term partner on whom they can rely in all phases of an investment.

# INVESTING ABROAD: DEG FOR GERMAN BUSINESSES



Private companies have always been drivers for more and better-qualified jobs, for technology and know-how transfer. This also applies in developing and emerging countries. With their investments, the companies expand local value chains and improve the range of goods and services on offer locally. Their tax payments and export earnings help to improve government and foreign exchange revenues – funds that are needed for investments in infrastructure, education and health.

This is why the promotion of the private sector is becoming increasingly important, particularly in developing and emerging countries. But how do you find your bearings in the jungle of unknown political, cultural and legal conditions? For nearly 60 years, German SMEs have been able to rely on the advice and support of DEG - Deutsche Investitions- und Entwicklungsgesellschaft. This long experience pays off for companies. With its international network, 21 locations worldwide and comprehensive knowledge of the world's fast-growing regions, DEG offers knowledge and expertise even regarding high-risk countries. The aim is to promote private business initiatives in future-oriented markets and to work out solutions for stable growth together with customers and partners.

But how does this actually happen? DEG provides companies with long-term investment capital in the form of loans or equity. This is otherwise difficult to obtain, especially in developing countries. Customers are continuously advised and supported in all processes. This enables them to design their projects professionally, efficiently and sustainably. Specific support programmes are also offered. DEG's experts pay particular attention to ensuring that the investments have positive developmental effects in the partner countries. With win-win solutions of this kind, DEG enables its customers to open up new markets and compete in the existing markets. At the same time, the enterprises create qualified jobs

and provide local income and economic development. It is not without reason that DEG is now one of the largest development finance providers for private enterprises and has been making an effective contribution to business success and development since 1962.

But DEG's work goes even further: DEG specialists are actively involved in establishing and disseminating international environmental, social and corporate governance standards. Environmental and social audits are carried out carefully and companies are intensively supported in implementing contractually agreed action plans. This is the responsibility of a team of experienced experts, supported by external specialists.

DEG's investments are aimed at making a long-term contribution to value creation on site. This is why DEG finances companies which, like DEG, are committed to long-term success and act responsibly.

## SUPPORT THROUGH TARGETED PROMOTIONAL PROGRAMMES

DEG can advise companies in the run-up to an investment and provide targeted support through promotional programmes. The offer is directed at companies from developing and emerging markets, from Germany and other industrialised countries. For instance, feasibility studies and various accompanying measures can be developed and co-financed with DEG.

## Long-term financing

With loans or equity capital, DEG offers tailor-made financing solutions to companies worldwide. Working in close cooperation with them, DEG develops well thought-out, viable financing solutions that take appropriate account of possible risks.

## Feasibility studies

If a medium-sized European enterprise plans to invest in a developing country and wants to prepare a feasibility or environmental study, a legal opinion or a market analysis, DEG can bear up to EUR 200,000 of the costs. This is financed with funds from the Federal Ministry of Economic Cooperation and Development (BMZ).

## develoPPP.de

If a company wants to implement a project that is effective for development, such as a pilot project or environmental or qualification measures, this can be co-financed through the BMZ programme develoPPP.de. To this end, competitions for ideas are held four times a year in which companies can submit their proposals to DEG or GIZ. Up to EUR 2 million can be made available per project on a pro rata basis.

## Up-Scaling

A programme financed by DEG funds can promote innovative pioneering investments by German and local SMEs in developing countries that are in the start-up phase. Such a project can be co-financed with up to EUR 500,000, which can be invested in the event of success of the investment.

## AfricaConnect

With AfricaConnect, DEG supports European companies in their move to Africa with long-term loans. Investments in reform-oriented African countries are specifically promoted and facilitated through a special form of risk sharing.

## Business Support Services (BSS)

With its business support services, DEG helps companies to further improve their performance, growth and the developmental impact of their projects. Corporate governance, further training of employees and suppliers, risk management, environmental and social management, resource and energy efficiency are fields of application for BSS. Parts of the costs of BSS measures can be met by DEG.

Further information on DEG's range of services can be found on the following website: [www.deginvest.de/solutions](http://www.deginvest.de/solutions)

# THE GERMAN DESKS – FINANCIAL SUPPORT AND SOLUTIONS TAILOR-MADE ADDITION TO DEG'S OFFER IN AFRICA

Medium-sized German companies are faced with a variety of challenges when implementing their projects in Africa. In addition to language and administrative hurdles, access to financing (especially in local currency) and handling payment and freight transport are often major obstacles. The idea of the "German Desks" was born: a personal contact point for German SMEs at established DEG partner banks in selected target markets. So far, appropriately trained bank staff have been recruited in Ghana, Nigeria and Kenya to actively support German enterprises in precisely these challenges. As competent partners of German SMEs and their African trading partners, the German Desks open the door to the services offered by their local bank. This includes a wide range of offers, from opening an account to the most varied forms of trade finance to complex investment finance, if it makes sense to combine these with the services offered by DEG. The German Desk contacts on site are familiar with the needs of German companies as well as the local customs, so they can help to make processes more efficient and are always available to advise companies.



© GIZ/Dirk Ostermeier

*"Through collaboration with local partners in Africa we want to support German companies and their trading partners. You can find out about financing solutions from a single source and use the network of local cooperation partners."*

*Christiane Laibach, CEO of DEG*

A glance at the projects that have already been successfully implemented shows that the services offered by the German Desks are a perfectly fitting addition to DEG's range of services. For instance, the market entry of a German SME in Ghana was realised thanks to the local support of the German Desks. Through the German Desks, the company received advice on local finance solutions, DEG promotional opportunities, and contacts to relevant local players from a single source. This made it possible to implement the project, whereas similar projects often fail due to a lack of suitable financing solutions. DEG has tailored its range of services specifically to the conditions of attractive but challenging markets. The implementation of the federal initiative AfricaConnect is a further building block which, as an attractive offer for German and European SMEs, makes investments in Africa possible.

In this environment, the German Desks, which are offered by DEG with the support of the BMZ, have proved to be a useful addition to DEG's financing and advisory services. This has been demonstrated in particular by the lively business development of the three African German Desks. Thanks to their network and platform function, they were able to provide comprehensive support to German clients and their local trading partners in Ghana, Nigeria and Kenya in their Sub-Saharan African projects. The German Desk contacts will be happy to support you on your way to Africa!

Incidentally, the German Desks are not only available to support you in Africa, but also in Peru, Indonesia and Bangladesh.



© istockphoto/Tempura

# FOCUS ON GLOBAL SUSTAINABILITY GOALS: THE KFW DEVELOPMENT BANK

*“Never before has working with Africa been so exciting!”*

*Helmut Gauges, Member of the Management Committee Africa and Middle East at KfW Development Bank*



Africa holds great potential: a wealth of resources, cultural diversity, entrepreneurial spirit and innovative power. About half of the 20 fastest growing economies are located in Africa. By 2035, the continent will have the world's largest labour supply. It is an enormous challenge to harness this potential of the rapidly growing population – it will double to 2.5 billion people by 2050. Every fourth person on earth will be African. This is where the global markets, employees and customers of the future are growing.

Africa has been the focus of attention for some years now. This is also due to the refugee issue, to the possibility perceived by many as a threat that millions of Africans will set off for Europe in the coming years. Why do young people in particular want to leave Africa? In their home countries, they see no prospect of building a dignified life in economically and politically stable conditions, with educational opportunities, good jobs and the prospect of providing for their families. And: in many countries, persecution, discrimination, ethnic conflicts, and human rights violations are on the rise.

The German Government is committed in many ways to supporting the neighbouring continent of Africa in its responsibility for security and development. The Federal Ministry for Economic Cooperation and Development (BMZ) is giving concrete expression to the Compact with Africa initiative agreed during Germany's G20 presidency in 2017, which involves substantial commitments of funds at a bilateral level, with a "Marshall Plan with Africa" and reform partnerships.

## THE COMMITMENT OF THE KFW BANKING GROUP IN AFRICA – THE INSTRUMENTS

The KfW Development Bank promotes investments and reform programmes, mostly by public executing agencies, e.g. in the areas of health, education, water supply, energy and financial system development. Most of the financing is carried out on behalf of the BMZ. From 2013 to 2018, new commitments for Africa increased from EUR 1.7 billion to EUR 2.9 billion.

## REFORM PARTNERSHIPS – SUPPORT FOR AFRICAN REFORM CHAMPIONS

As early as 2018, the BMZ concluded reform partnerships with the Côte d'Ivoire, Ghana and Tunisia, followed in November 2019 by Ethiopia, Senegal and Morocco. In return for the funding commitments, the countries have committed themselves to ambitious reform agendas that improve the investment climate – for both African and European companies. Central to this cooperation is a close political dialogue, and mutual commitments in the partnerships. African reform efforts are accompanied by targeted support.

The reform partnership in Tunisia concentrates on the financial and banking sector with a current promotional volume of around EUR 490 million; in Ghana EUR 201 million and in the Côte d'Ivoire EUR 95 million are available for private-sector driven expansion of renewable energy sources, grid expansion and energy efficiency. In surveys among African founders, the lack of a secure electricity supply and cheap loans are repeatedly cited as crucial deficits. Hardly any African country has a stable electricity supply – two thirds of the people have no access to electricity.

## INVESTMENTS FOR EMPLOYMENT

As part of the BMZ's Special Initiative on Training and Job Creation, KfW Development Bank provides co-financing grants for new investment projects addressing investment barriers to German, European and African companies as well as non-profit organisations and public partners via the "Investing for Employment" facility. Through this, more jobs and apprenticeships can be created in the partner countries, which are currently Egypt (in preparation), Ethiopia, Côte d'Ivoire, Ghana, Morocco, Rwanda, Senegal and Tunisia.

# AFRICA'S GROWING MARKET: THE GIZ



With a growing economy, a large digital market, huge reservoirs of renewable energy, and many young workers, Africa has enormous potential. With the right framework conditions, these factors can make the African continent very interesting to foreign investors. With a global presence, extensive networks and many years of experience in Africa and in cooperation with the business community, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) supports German companies.

The focus is on improving the framework conditions for private sector involvement. To this end, the GIZ advises African countries on reforms, for example in questions of economic policy and the rule of law or the creation of sustainable value chains. An important focus is on training and employment. So far, more than 80 percent of Africans are employed informally. In addition, every year around 20 million young people enter the labour market. The GIZ directly supports companies and regional business locations so that they can grow and create jobs. To this end, the GIZ, together with the KfW and other organisations, also began implementing the Special Initiative on Training and Job Creation of the Federal Ministry for Economic Cooperation and Development (BMZ) at the end of 2018. Under the Invest for Jobs brand, the Special Initiative aims to create up to 100,000 jobs and 30,000 apprenticeships in selected African partner countries.

## ACHIEVING MORE TOGETHER

Together with the companies, the GIZ develops sustainable business ideas, implements public-private development partnerships or works out and implements sustainability strategies for companies. The companies are supported in complying with environmental and social standards in order to make supply chains and production processes more transparent and sustainable. This is regardless of whether this involves working conditions in the textile sector in Ethiopia, the responsible use of natural resources in the Democratic Republic of Congo or sustainable agriculture in Ghana. The existing knowledge of local employees in developing and emerging countries is incorporated and systematically expanded upon with the help of technical training, vocational education and ongoing mentoring. In this way, measurable results and impacts are achieved.

The GIZ offers companies individually-tailored advice on cooperation and accompanies a project from the idea to the conception, including project management and evaluation. Access to dialogue platforms and networks such as Lab of Tomorrow or Leverist.de enables companies from every sector of the economy to exchange ideas on a wide range of topics with national and international interest groups. These contacts are the basis for successful business, especially in developing or emerging countries.

# A POINT WELL MADE: “BRINGING JOBS AND VALUE CREATION PROCESSES TO AFRICA.”

*Protecting and improving people's health is at the heart of B. Braun's activities – and this now applies worldwide. In constructive dialogue with customers and partners, the company promotes the exchange of knowledge and expertise.*

MS BRAUN, B. BRAUN IS SYNONYMOUS WORLDWIDE WITH HIGH-QUALITY MEDICAL TECHNOLOGY AND PHARMACEUTICAL PRODUCTS. IN ADDITION TO THE EUROPEAN DOMESTIC MARKET, YOUR COMPANY IS ALSO STRONGLY REPRESENTED IN THE EAST ASIAN REGION. ON THE AFRICAN CONTINENT, YOU ARE CURRENTLY PRESENT WITH YOUR OWN SUBSIDIARIES IN FOUR COUNTRIES. HOW DID YOU DECIDE ON THESE LOCATIONS AND WHAT ARE THEIR MAIN FOCUSES?

Customer proximity is a matter of course for us. This is why B. Braun operates worldwide through its own organizations and local partners. We have been active in Africa for many years and are continuously strengthening our presence there. We attach great importance to creating local jobs and bringing value-added processes to Africa. We currently employ nearly 1,000 people in South Africa, Zimbabwe, Zambia, Algeria and Kenya. In South Africa and Kenya we have branches with production facilities. From there, our qualified sales staff look after the surrounding markets.



Anna Maria Braun, Chairman B. Braun Melsungen AG

WHAT ARE YOUR EXPERIENCES IN AFRICA SO FAR? AND WHAT OPPORTUNITIES DO YOU SEE THERE FOR GERMAN COMPANIES?

More than one billion people live in Africa in over 50 countries, some of them with completely different cultures. That brings many challenges, but also holds great potential. Here is just one example from the field of dialysis: In Angola, the government is providing a public budget for a dialysis programme in which B. Braun cooperates. In 2019, we equipped six dialysis centres with approximately 100 dialysis machines, which are currently treating 450 chronic patients. In addition, seven machines are still in use for acute dialysis, for example for the treatment of malaria patients. Malaria can lead to acute kidney failure, which is particularly dangerous for children. However, B. Braun Avitum not only supplies the machines, but also the consumables necessary for treatment, and contributes its technical expertise.

B. BRAUN AND DEG ARE WORKING CLOSELY TOGETHER TO BUILD THE FIRST PRIVATE DIALYSIS CENTRE IN GHANA, WHICH WAS OPENED IN 2019. WITHIN THE KFW BANKING GROUP, DEG IS THE SPECIALIST FOR FINANCING AND SUPPORTING PRIVATE COMPANIES IN EMERGING AND DEVELOPING COUNTRIES. IN YOUR OPINION, WHAT ARE THE ADVANTAGES OF THIS COOPERATION?

The cooperation was a classic “sharing expertise” experience. Everyone brought in their own strengths: DEG is responsible for financing, Engisys for implementation on site and B. Braun for the products and treatment know-how. Here, too, we not only supply the technical equipment such as water treatment systems and dialysis machines, but also train 30 medical professionals in Ghana and Germany in the use of B. Braun equipment in cooperation with the University of Ghana and a local hospital. However, we are still at the beginning of this project. In contrast to Angola, there is no national dialysis programme. We are also hoping to be able to talk to the government here and to jointly develop a functioning concept to treat as many dialysis patients as possible. Our goal is to protect and improve the health of the people in Ghana. The opening of this private dialysis centre is a significant milestone on this road.

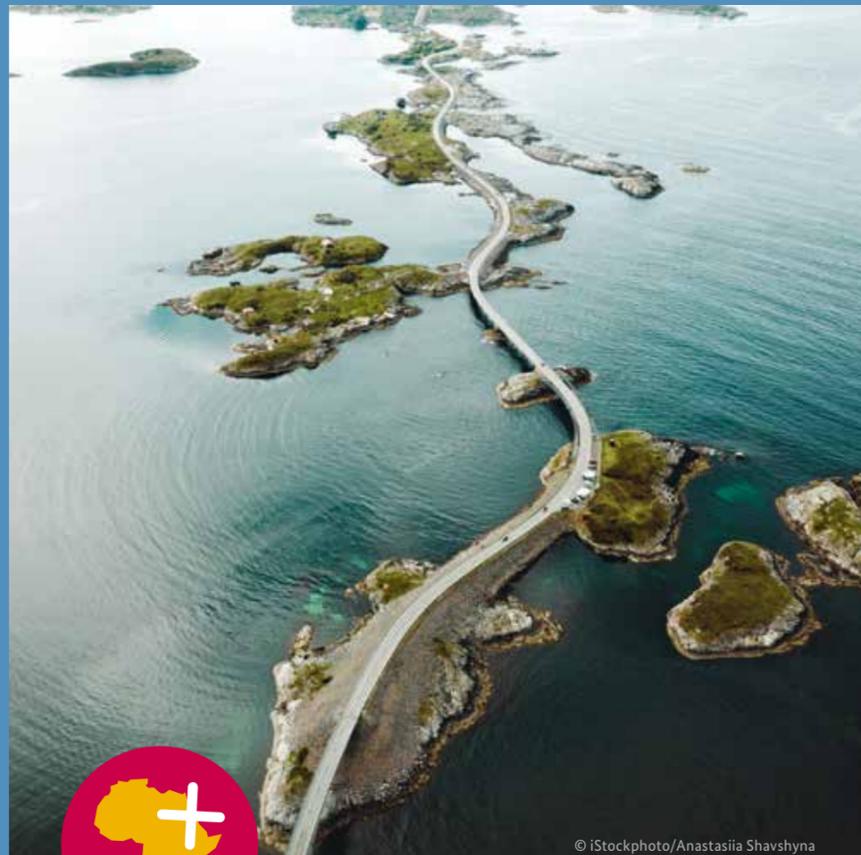
# GERMAN CHAMBERS OF COMMERCE ABROAD – BUILDING BRIDGES FOR FOREIGN TRADE

Africa and Germany are an excellent match. The German Chambers of Commerce Abroad, AHKs for short, are convinced of this. German companies and their products stand for top technology and quality. Africa, on the other hand, is the continent of future opportunities that sees German businesses as attractive partners.

## THE BOOMING CONTINENT

The African continent has been experiencing an economic boom for several years now. According to the International Monetary Fund, Africa's economic output will continue to grow at around 4 per cent in 2020 and 2021. But the continent still has an enormous amount of catching up to do. There is an urgent need to invest in infrastructure as well as in the education and qualification of the people. The economies of Africa should be able to develop from raw material suppliers to producers within the global value chains. German companies can contribute a lot to this for mutual benefits.

This is reason enough to strengthen the presence of the AHKs on the second largest continent in the world. Two new delegations are now being opened in Ethiopia and the Côte d'Ivoire. Both countries are characterised by a high level of economic dynamism and have impressive growth rates. Now with 16 locations on the African continent, even more will apply in the future: the AHKs are a strong partner in Africa.



© iStockphoto/Anastasiia Shavshyna



## ON SITE FOR 125 YEARS

For 125 years now, this presence has been in situ for German business worldwide. The success story began in 1894 with the establishment of the first bilateral Chamber of Commerce Abroad in Brussels and is constantly being updated. Over the decades, a strong network has developed that brings together people from the business world with multipliers from politics and society. This now takes place at 140 locations in 92 countries, with more than 50,000 members.

Just how important such a network is becomes particularly apparent when the waters become more turbulent. Just think of the Brexit and the various trade conflicts. The AHKs have always been of great benefit when it comes to opening up new markets and developing Germany's bilateral economic relations. Politicians are also increasingly relying on development cooperation being promoted through entrepreneurial commitment. Against this background, the Association of German Chambers of Industry and Commerce, together with the AHKs in the region, established a Sub-Saharan Africa Office in Berlin in September 2019. It is tasked with supporting German companies.

# SEIZING OPPORTUNITIES TOGETHER: BDI TAKES A STRONG STANCE ON GERMAN INDUSTRY IN AFRICA



Partnership-based cooperation is very important to the BDI. For this reason, partnerships between Germany and sub-Saharan Africa need to be strengthened, business opportunities in African markets identified and explored. This is also the clear objective of BDI's strategy "Sub-Saharan Africa: Continent of Opportunities".

In order to implement the strategy, the BDI regularly brings together German and African decision-makers from business and politics in various event and discussion formats. For example, the German-African Business Summit (GABS) is the largest German business conference in Africa. It is co-initiated by the BDI and organized together with the other supporting organizations of the Sub-Saharan Africa Initiative of German Business (SAFRI). At the conference stable, trusting networks are built, experiences, expectations, opportunities and challenges are discussed and exchanged. Those networks form an important basis gathering the concerns of German companies active in Africa and addressing political leaders in Germany, Europe and worldwide.

#### BDI ON SITE

After six years of intensive engagement in Ghana, the BDI is currently devoting particular attention to Eastern Africa. For example, the BDI developed a close partnership with the East African industry association, the East African Business Council (EABC). Our common goal is effective representation of private sector interests in the East African community and a deepening of regional economic integration. At the same time, networks between politicians and companies from Germany and East Africa are being established and German companies are being directed towards local business opportunities and investment potential.

"Creating Perspectives: Business for Development" is another project that is very close to BDI's heart. Together with the Gesellschaft für Internationale Zusammenarbeit (GIZ), the East African Business Council (EABC) and the East African Community (EAC), the project promotes selected East African companies. The aim is to create new jobs and to stimulate projects and partnerships between German and East African businesses. In this way, the BDI improves the prospects of East African companies and at the same time enables German companies to enter the market. This is a real win-win situation for all parties involved.



The focus is on Africa. Looking for new sales markets, German companies are increasingly interested in Africa, with good reason. The African continent is the fastest growing region in the world.

In the coming years, markets in sub-Saharan Africa will continue to grow. Getting involved now means not leaving future markets to competitors from other parts of the world. Getting involved now means seizing opportunities. Therefore, the Federation of German Industries (BDI – Bundesverband der Deutschen Industrie), the umbrella organisation of German industry and industry-related service providers, has for several years been increasingly turning its attention to Africa.



# AFRICA CAN DO MORE – BE SUCCESSFUL ON THE AFRICAN CONTINENT WITH THE GERMAN-AFRICAN BUSINESS ASSOCIATION!

*“The development in Africa will not wait for German industry, but will continue to progress. It will lead the way. This will be either with or without Germany. And I say that German industry cannot afford not to be in Africa.”*

Prof. Stefan Liebig, Chairman of the German-African Business Association



Africa can do more – and German companies can have a far greater impact in Africa. The German-African Business Association (Afrika-Verein der deutschen Wirtschaft) is convinced of this. It has been supporting companies in their economic activities on the African continent for over 85 years. The association has plenty of success stories to draw on from its members. It paints a realistic and multi-layered picture of Africa – one that focuses on an opportunity-oriented Africa policy and a stronger political perception of the African continent.

A voice that is being heard. More than 550 companies, institutions and private individuals, mainly German, but also European and African, are part of the association. The association represents around 85 percent of German business in Africa – across all sectors, from start-ups to DAX companies.

First and foremost, it is all about networking. This is why the German-African Business Association promotes the exchange between German and African representatives from business and politics. In Germany, the German-African Business Association is the first point of contact for business information and matchmaking. Every week, events take place in various formats – from cross-sectoral business conferences and country-specific business round tables to delegation trips to African markets.

At regular meetings and consultations, the German-African Business Association represents the interests and concerns of its member companies vis-à-vis political decision-makers at state, federal and European level, as well as high-ranking government representatives from African countries. Committed and critical, it regularly comments on important issues regarding German policy towards Africa, and influences the framework conditions for successful entrepreneurial engagement of German business on the African continent.

But what would such a commitment be without the contacts in African countries? The German-African Business Association also has an exclusive local network. African partner organisations, a reliable network of honorary representatives on site and the competence of its members, together with decades of experience, ensure the best possible business contacts.

To make even more companies aware of the continent's concrete opportunities and help them to enter African markets – that is what drives the German-African Business Association.

# PARTNER



Federal Ministry for Economic Cooperation and Development (BMZ)

Stresemannstr. 94  
10963 Berlin  
Germany  
T.: +49 30 18 535-0  
poststelle@bmz.bund.de  
www.bmz.de



Agency for Business & Economic Development

Am Weidendamm 1  
10117 Berlin  
Germany  
T.: +49 30 72 62 56 80  
info@wirtschaft-entwicklung.de  
www.wirtschaft-entwicklung.de



DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

Kämmergasse 22  
50676 Köln  
Germany  
T.: +49 221 4986-0  
info@deginvest.de  
www.deginvest.de



KfW Development Bank

Palmengartenstr. 5-9  
60325 Frankfurt am Main  
Germany  
T.: +49 69 74 31 - 0  
info@kfw.de  
www.kfw.de



Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Friedrich-Ebert-Allee 36 + 40  
53113 Bonn  
Germany  
T.: +49 228 44 60-0  
info@giz.de  
www.giz.de



The Africa Business Network

Potsdamer Str. 199  
10783 Berlin  
Germany  
T.: +49 30 27 57 57 60  
beratung@wirtschaftsnetzwerk-afrika.de  
www.wirtschaftsnetzwerk-afrika.de



German-African Business Association e. V.

Friedrichstr. 206  
10969 Berlin  
Germany  
T.: +49 30 20 60 71 90  
berlin@afrikaveroin.de  
www.afrikaveroin.de



German Chambers of Commerce Abroad  
c/o Deutscher Industrie- und Handelskammertag e. V.

Breite Str. 29  
10178 Berlin  
Germany  
T.: +49 30 20308-0  
info@dihk.de  
www.ahk.de/en, www.dihk.de



Federation of German Industries e. V. (BDI)

Breite Str. 29  
10178 Berlin  
Germany  
T.: +49 30 2028-0  
info@bdi.eu  
www.bdi.eu

Disclaimer

#### Publisher

Agency for Business & Economic Development, Berlin, Germany  
A project by DEG and GIZ:  
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Köln, Germany  
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn und Eschborn, Germany

#### Creative design and layout

MFMK – Martin Fritz Marketing Kommunikation GmbH,  
www.fritz-marketing.de

#### Images

Sources directly with the pictures  
Image editing: CNLmedia  
**Print**  
printmedia solutions GmbH, www.printmedia-solutions.de

#### Date of publication

February 2020

#### Rights, use and copyrights

Agency for Business & Economic Development, Berlin  
Excerpts and replication only with written permission.



Agency for Business & Economic Development

Am Weidendamm 1A, 10117 Berlin

T: +49 30 72625680

E: [info@wirtschaft-entwicklung.de](mailto:info@wirtschaft-entwicklung.de)