



Federal Ministry
for Economic Cooperation
and Development



Agency for Business &
Economic Development

THE DEVELOPMENT INVESTMENT FUND

ACHIEVEMENTS AND OUTLOOK

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Investing in Africa – working together to harness business opportunities

Africa is a growth market with enormous potential. For small and medium-sized enterprises (SMEs) in particular, the continent provides tremendous opportunities for trade and investment. It is home to six of the world's ten fastest-growing economies. Over the next ten years alone, construction activity is expected to be ten times greater than in Europe over the whole of the last century.

Germany's Federal Government supports measures to boost economic development and create jobs and value chains in Africa in many different ways. Sustainable growth and employment depend crucially on trade and investment. The private sector is a key partner in this context. Without private engagement, there is simply no way we can achieve the 17 Sustainable Development Goals (SDGs) set out in the 2030 Agenda, which was agreed in 2015 and constitutes a commitment to global sustainable development by members of the United Nations. As such, the Agenda is the foundation on which all activities are based.

Only around one per cent of German foreign investment finds its way to Africa. The Federal Government is keen to change that. In the words of Federal Development Minister, Dr Gerd Müller, 'German and European companies should be part of this development in Africa – leading from the front.' With that in mind, the Federal Ministry for Economic Cooperation and Development (BMZ) is prioritising measures to reduce investment barriers.

In 2019, Germany's Federal Government established the Development Investment Fund (DIF) to help European companies set up operations in African markets. The fund is also intended to make it easier for African companies to access capital. In the period up to 2021, the Federal Government provided around a billion euros for the Development Investment Fund, primarily to support the Compact with Africa. The purpose of this brochure is to summarise the impact of the Development Investment Fund to date.

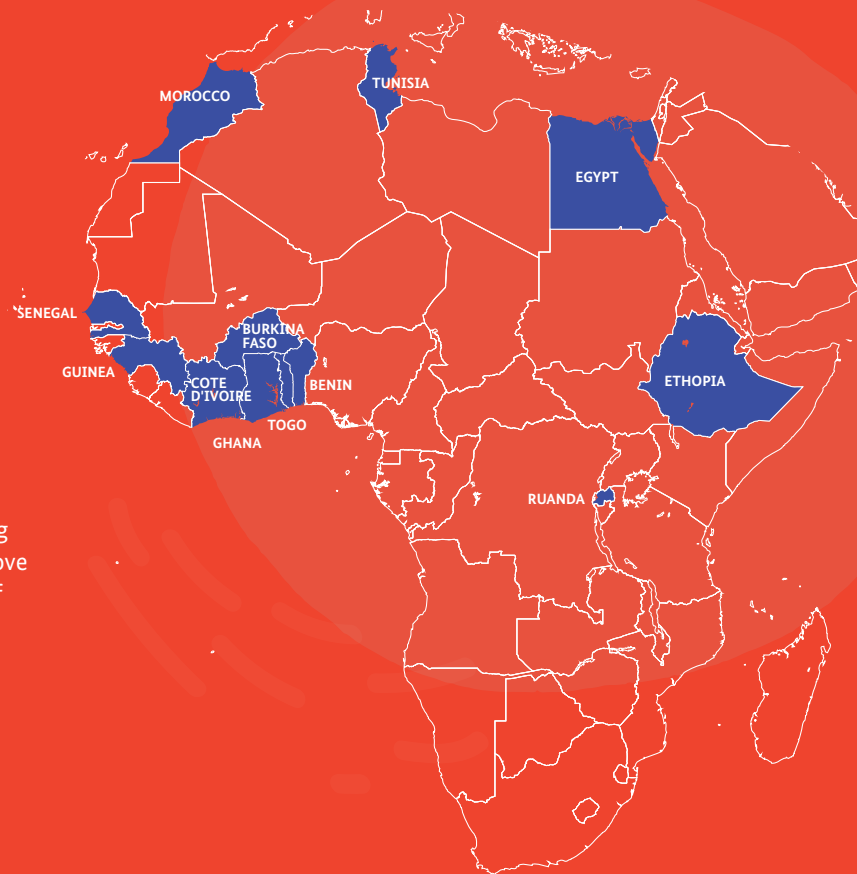
The Agency for Business & Economic Development (AWE) has been commissioned by BMZ to advise German and European companies on the support and funding opportunities available through the development cooperation sector. As well as providing comprehensive and tailored advice through its sector experts, AWE facilitates contact with key network partners and organizes numerous events, many linked to the Development Investment Fund. For more information and a list of event dates, see www.wirtschaft-entwicklung.de/en.

The Africa Business Network set up by the German Federal Ministry for Economic Affairs and Energy (BMWi) assists enterprises through its Coordination Office by providing an overview of the advisory and support programs of the Federal Government's development cooperation and foreign trade promotion schemes. Companies are directed to the appropriate advisory teams. Commissioned by BMWi, the CCI Network Office Africa (INA) of DIHK Service GmbH provides initial advice on the foreign trade promotion schemes available to support foreign trade. If the companies' questions focus on development cooperation, they are advised to contact the AWE.

Compact with Africa

The Compact with Africa (CwA) was established in 2017 during Germany's presidency of the G20 with the goal of improving the conditions for private-sector investment and job-creation in Africa. The Development Investment Fund is strongly focused on the twelve pro-reform CwA countries. By providing long-term support, the fund will help to improve the investment climate and reduce the level of investment risk.

Compact with Africa countries →



17 Sustainable Development Goals ↓



© UNITED NATIONS

Watch the DIF
launch video:



The Development Investment Fund

Three pillars to support trade and investment in Africa

The Development Investment Fund was set up with funds provided by BMZ and BMWi in order to facilitate trade and investment in Africa and overcome barriers to financing. The goal is to boost economic growth, especially in the twelve *Compact with Africa* countries and to provide long-term support for trade relations between Europe and Africa.





AfricaConnect

AfricaConnect offers financing solutions for small and medium-sized investments in Africa. Key elements of the program are its attractive conditions as well as a fast and unbureaucratic decision-making process. The overarching objective is to provide lean financings for companies based in the EU that either are already established in Africa or wish to expand their operations to the continent. Funds are made available directly to the African subsidiary, in most cases without requiring a guarantee from the EU parent. Complementing the offering, since last year, companies have been able to apply for liquidity financing on highly attractive terms through a special COVID-19 Response facility. This product aims at enabling companies to stabilise their operational business and safeguard local jobs throughout the pandemic.

The program is operated by a specialist team at DEG Deutsche Investitions- und Entwicklungsgesellschaft, which will guide you through every step of the process, from initial consultation to implementation of your project.

Who can apply?

AfricaConnect will primarily be of interest to companies that meet the following criteria:

- Well-established EU companies looking to co-finance the setup of a new subsidiary in the African continent
- EU headquartered companies looking to expand their successfully operating African subsidiaries
- Companies seeking additional liquidity following the COVID-19 pandemic
- African companies maintaining long-term business relationships with EU-based corporations

Key elements of the AfricaConnect financing program

- Loans from EUR 0.75 to 5 million, also available in USD or selected local currencies
- Attractive conditions
- Tenor of up to 7 years with optional grace period
- Previous equity contributions provided by the company can be considered in full as part of the applicant's contribution in case existing subsidiaries are financed (follow-on investments/liquidity shortages)

Loan structure

- Generally unsecured: no securities or guarantees
- Flexible early repayment option without breakage costs
- No arrangement fee
- No appraisal costs (only local legal fees: approx. EUR 5,000)
- Access to grants: up to EUR 200,000, e.g. for training, climate and environmental measures

AfricaGrow

Small and medium-sized enterprises (SMEs) as well as start-ups are important drivers of economic growth and employment in Africa. However, they often find it difficult to raise sufficient finance. AfricaGrow was set up to help bridge this financing gap. Through its support for private-sector investment, the AfricaGrow pillar of the Development Investment Fund also helps to create jobs in African countries. African companies are the primary target group. The AfricaGrow pillar combines financing for new venture capital and equity funds as a start-up or anchor investor with additional capital for selected existing funds. This helps to ensure that African SMEs and start-ups can rapidly access the finance they need. AfricaGrow currently supports around a dozen funds out of German Federal budget allocations.

Africa Business Network

The aim of the Africa Business Network, BMWi's contribution to the Development Investment Fund, is to enhance business engagement by German companies, especially SMEs, in African markets. Trade and investment create new prospects for local people. To this end, the Africa Business Network provides comprehensive information about African markets, as well as an overview of programs of foreign trade promotion and development cooperation, transfers companies to relevant program teams and guides companies from the planning stage to setting up business in African markets. It also offers new foreign trade promotion measures specifically designed to promote foreign trade with Africa. The Network brings together the combined Africa expertise of multiple organisations involved in foreign trade promotion and development cooperation, including federal ministries, business associations, bilateral trade associations (Ländervereine), DIHK (including the CCI Network Office Africa (INA), the network of German Chambers of Commerce Abroad, Germany Trade & Invest (GTAI), the Federal Government's Export and Investment Guarantees, the Agency for Business & Economic Development (AWE), Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

With GTAI's Africa Business Guide the Africa Business Network provides comprehensive information on African markets and business opportunities as well as useful German and local contacts online.

Africa Partners at the Africa Business Network's Coordination Office are available as a personal contact point to assist companies throughout the process of market entry. In this function, the Coordination Office liaises closely with INA and AWE, which provide comprehensive initial advice on foreign trade promotion (INA) and development cooperation (AWE).

In addition, the Africa Business Network also offers trade promotion schemes to help companies expand into promising African markets and sectors. These include a combination of schemes to enhance market entry such as target market studies, online information events, market survey and business acquisition trips and up to 40 hours of free individual advice on business projects. Sector experts in Egypt and Ghana are available to identify specific local business opportunities for companies.



*What impact has the
Development Investment
Fund had so far?*

AfricaConnect – promoting development through investment

AfricaConnect places great importance on economic, social and ecological sustainability. Projects only qualify for support if they are assessed to be future-proof. To date, the German Federal Government has made EUR 156 million available to finance suitable projects.

By the end of July 2021, AfricaConnect had approved financing applications for 25 projects totalling EUR 63.9 million. Around four-fifths of this funding capital is channelled into *Compact with Africa* countries. The loans have helped to create or safeguard over 9,000 jobs.

So far, Ghana has attracted the largest number of projects, followed by Tunisia and Senegal. The processing industry is at the top of the sector list, followed in joint second place by transport/infrastructure and agriculture/forestry. Tourism shares the fourth rank with energy/water.

Projects approved (as at 31 July 2021)

25



Number of
projects approved

63.9



Total volume of
lending in EUR m

9,153*



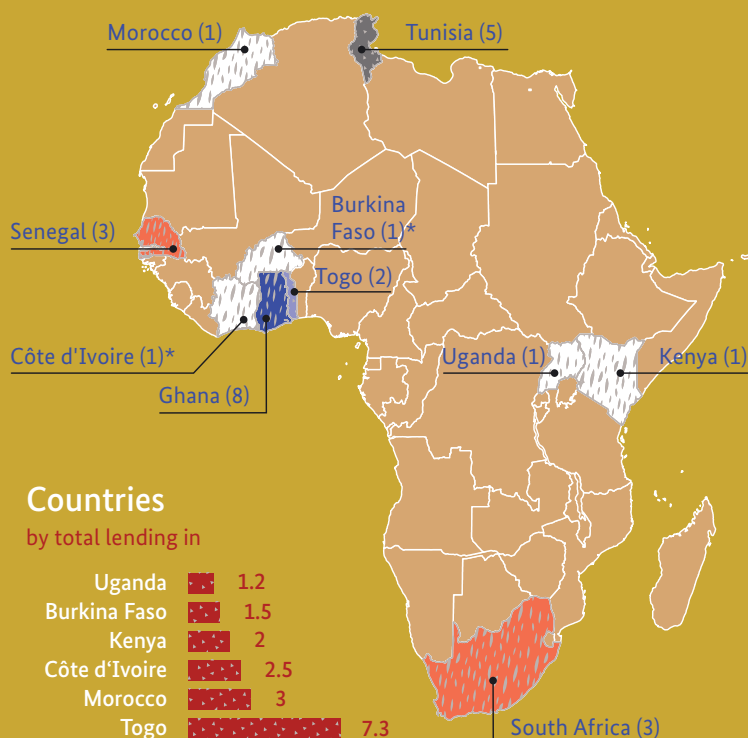
Jobs created or
protected

* Total jobs created or protected excluding any double payments from a combination of funding mechanisms

Countries

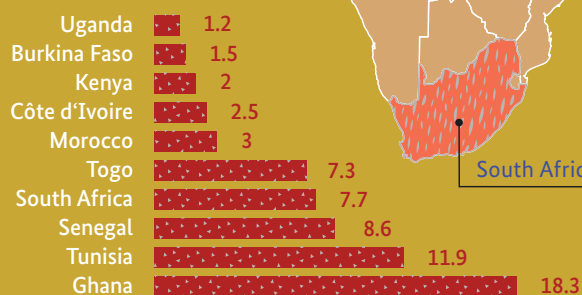
Number of projects per country

8 5 3 2 1



Countries

by total lending in



Sectors

by number of projects

11



Processing industry

4



Other services

3



Transport and
infrastructure

3



Agriculture, forestry
and fisheries

2



Tourism

2



Energy and water

* Project involving two countries

AfricaConnect

An interview with Jan Müller, Head of the AfricaConnect Program at DEG

Jan Müller heads the AfricaConnect program at DEG Deutsche Investitions- und Entwicklungsgesellschaft mbH, the financial institution implementing the program. We spoke to him about AfricaConnect achievements, success stories as well as the strong focus on sustainability.

Agency for Business & Economic Development (AWE): Mr Müller, BMZ set up AfricaConnect as a way of encouraging European companies, primarily SMEs, to invest in Africa as a market of the future. The program was launched in 2019. What has been the response so far?



© Jan Müller

Müller: The response has been excellent. Many companies are pleasantly surprised when they see that we are able to arrange lean and flexible financings for their subsidiaries, usually without asking for securities or a guarantee. That kind of support has not been available before. So far, at any rate, the companies we have supported are very satisfied. This has encouraged us to intensify contact to potential customers so that we can support even more European companies interested in setting up their business in Africa. Of course, we can also arrange funding for existing subsidiaries, too – in some cases up to 100 per cent.

AWE: Most of the projects that have received support so far are based in Ghana and Tunisia. Why is that?

Müller: Tunisia is a business hub right on Europe's doorstep. The country has made good progress since the Arab Spring and is relatively stable. The geographical proximity to Europe is also a major advantage. For many European companies, those are good reasons to expand there. The same is true for Ghana, which is also politically stable and business-friendly. Its popularity is also due to the fact that it is one of the few English speaking countries in West Africa. Unfortunately, particularly for companies from Germany, the French language is a barrier. Nonetheless, there are many signs of favourable change across various African countries. So it's definitely worth keeping an eye on the markets. Overall, they are developing at a very rapid pace and offer tremendous potential for growth.

AWE: Can you already tell which sectors are attracting most attention from investors?

Müller: As of yet there is no clear trend towards any particular sector. Companies are investing in sectors ranging from processing and retail to tourism. We certainly are keen to support that diversification. AfricaConnect is open to all European companies aiming to invest in Africa. The program has no particular sectoral focus, although we place a great deal of importance on sustainability and the development impact of each project.



*‘Sustainability really does pay off
and benefits everyone involved.’*

Jan Müller

AWE: How much emphasis is there on sustainability criteria?

Müller: We assess all projects very carefully for environmental, social and human rights risks. That assessment is completely free of charge. If there is need for remedial action, we can actively help companies to meet international environmental and social standards and improve their performance in those areas. In fact, this support is one of the key features of the program and considered valuable by many companies. Employees are more likely to remain loyal to companies that offer good working conditions, for example. Customers and business partners are very proactive now when it comes to demanding that companies implement high standards. Sustainability really does pay off and benefits everyone involved.

AWE: Creating and safeguarding jobs is very important for Africa. How exactly is AfricaConnect contributing to that goal?

Müller: We have created around 2,500 jobs through our investment financing program – all of them good, sustainable jobs with fair working conditions and wages above the legal minimum. On top of that, our COVID-19 Response liquidity support loans have protected further 6,500 jobs that were severely threatened due to the pandemic. As you can see, our commitment to sustainability also includes creating jobs and keeping people in work.

AWE: As the name suggests, the COVID-19 Response program was set up in response to the pandemic. Why was that necessary?

Müller: Many companies that are otherwise economically stable have found themselves in a difficult position during the pandemic. The response from DEG and BMZ has been quick and flexible, with a focus on providing liquidity to protect jobs. After approximately one year, all ten companies we have supported through the COVID-19 Response program are now stable and optimistic about their prospects of getting through the crisis. Applications for liquidity support are tailing off slowly, and we are seeing renewed interest in investment financing. This development is a very good sign.

AWE: What can you tell us about the next steps for AfricaConnect?

Müller: Things are looking good. We already have a large number of interesting projects in the pipeline for the rest of the year. In the medium term, it is clear that European companies will still need some form of support to invest and set up business in African markets. We look forward to building on the AfricaConnect success story and stimulating even more investment through our attractive financing packages.

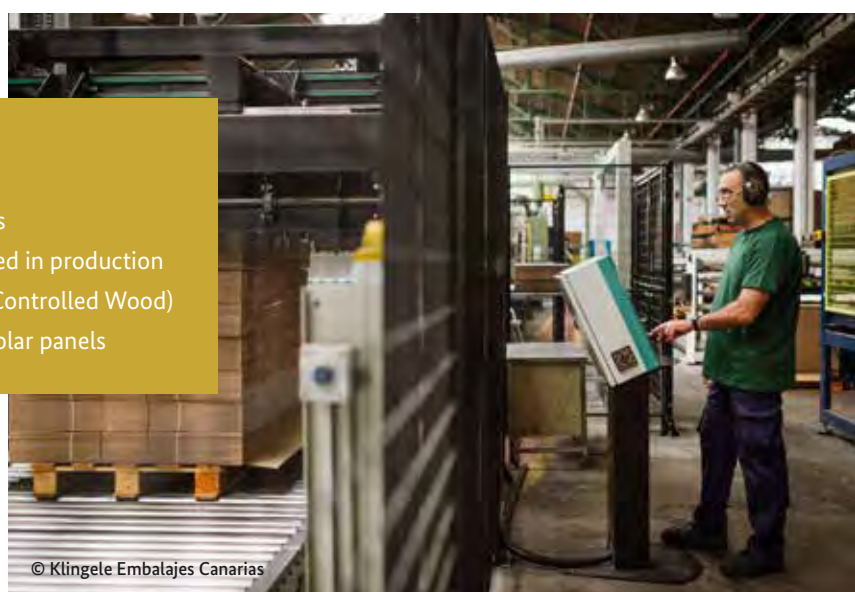
Project case study

Corrugated board processing in Senegal

Klingele Paper & Packaging Group is a German company with an international profile that supplies paper and corrugated board packaging solutions. It is currently setting up Senegal's first large-scale corrugated board packaging factory through its local subsidiary, Klingele Emballage Senegal. Up to now, most of the finished packaging has arrived by ship from Tenerife. In the future, only the actual corrugated board will be imported from there. The packaging will then be finished at the factory in Dakar serving mostly customers from the agriculture and fish sectors. Klingele Emballage Senegal received an investment loan of EUR 5 million for the implementation of the project.

3 plus points

- ▶ Over 35 new, high-quality jobs
- ▶ Certified corrugated board used in production (FSC Mix, FSC Recycled, FSC Controlled Wood)
- ▶ Factory powered by rooftop solar panels



© Klingele Embalajes Canarias



© Klingele Embalajes Canarias



3 plus points

- ▶ GOTS-certified production (Global Organic Textile Standard)
- ▶ Long-term safeguarding of local production
- ▶ Dedicated solar power installation

Project case study

COVID-19 Support for Steiff Tunisia

Steiff is a German company with a long tradition of producing soft toys and high-quality children's fashion. In addition to its factory in Giengen, it operates a dedicated production facility in Tunisia. DEG arranged financing through the AfricaConnect program to help Steiff's factory in North Africa overcome the pandemic. The loan has allowed a key employer in one of Tunisia's less economically developed regions to remain financially stable and keep its employees in work.

Steiff employs around 800 workers at its factory in Sidi Bouzid. The loan will also enable the company to achieve Global Organic Textile Standard (GOTS) certification for its products.







3 plus points

- ▶ Over 80 new, high-quality jobs
- ▶ Solar-powered chocolate processing plant
- ▶ Support for over 2,500 small cocoa farmers in the region

Watch the
fairafric video



© fairafric AG

Project case study

Chocolate production in Ghana

fairafric GmbH has been selling sustainably produced, fair-trade chocolate in Germany, Austria and Switzerland since 2016. To begin with, it sourced its chocolate from business partners in Ghana.

In 2020, the company finally set up its own production facility in the Accra city region with the help of a EUR 2 million investment loan for its subsidiary fairafric Ghana. When turnover declined due to the of the pandemic, a further EUR 2 million loan was provided through the Africa-Connect COVID-19 Response program in the form of liquidity financing.

Date: May 2021



© fairafric AG






















AfricaGrow: Ideas need capital to grow

The main objective of the Development Investment Fund's AfricaGrow pillar is to improve the range of financing available for SMEs and start-ups in Africa. To date, the German Government has provided around EUR 600 million for this purpose. One of the new funds established under AfricaGrow is the EUR 200 million AfricaGrow fund of funds, consisting of EUR 100 million budget funds and EUR 100 million market funds. Furthermore, budget funding is being used to finance a EUR 15 million support measure. This money is designed to mobilise multiple amounts of additional capital and create at least 25,000 jobs. Initial investments in target funds have already been made. These funds have many years of investment experience in Africa and cover the entire continent. All investments are assessed to international standards in terms of their environmental and social risks. KfW Project Manager Sybille Kellner talks extensively about the AfricaGrow fund of funds starting on page 20.

Other funds in the Development Investment Fund's AfricaGrow pillar include the Regional MSME Investment Fund for Sub-Saharan Africa (REGMIFA) and the Africa Agriculture and Trade Investment Fund (AATIF).

REGMIFA mainly awards local currency loans to financial institutions, the aim being to give SMEs better access to financial services in sub-Saharan Africa. Since it was founded in 2010, REGMIFA has provided more than USD 413 million to 85 financial institutions in some 23 countries. AATIF provides financing and know-how, essentially for the benefit of agribusiness and processing companies, the service sector and export industry as well as smallholders in rural Africa. Currently standing at around USD 170 million, AATIF's portfolio is scheduled to expand to up to USD 300 million in the medium term.

Provided/scheduled under the DIF (in € million)

Project/program	2019	2020	2021 (in planning)	Note:
AfricaGrow fund of funds	100	15	-	
AfricaGoGreen Fund for Renewable Energies and Energy Efficiency	-	35	-	 
European-African Fund (EAF)	-	50	-	 
Verdant Capital Hybrid Fund – Promoting financial inclusion of local SMEs	-	-	34	
African Trade Insurance Agency (ATI)	-	-	25	 
Global Impact Investment Facility (GIIF)	12.5	75	5	  
Microfinance Initiative for Sub-Saharan Africa (MIFSSA)	15	-	10	
African Guarantee Fund for Small and Medium-sized Enterprises (AGF)	30	-	-	
Microfinance Enhancement Facility (MEF)	9	-	-	 
MENA Regional Fund for MSME Financing (SANAD)	20	50.5	-	 
Regional MSME Investment Fund for Sub-Saharan Africa (REGMIFA)	-	25	-	
Africa Agriculture and Trade Investment Fund (AATIF)	-	56	-	
African Local Currency Bond Fund (ALCBF)	-	7.5	-	
Green for Growth Fund (GGF)	-	-	10	
TOTAL	186.5	314	84	

Icons:



Support for African SMEs and start-ups



Private-sector promotion



Promotion of Africa investments by European SMES and start-ups



Earmarked funds



Private-sector engagement in the African energy sector

AfricaGrow

An interview with Sybille Kellner, Project Manager
for the AfricaGrow fund of funds at KfW

Sybille Kellner is the KfW project manager in charge of the AfricaGrow fund of funds. In this interview, she gives us an insight into the fund's investments to date and explains how the fund is impacting the investment environment in Africa.



© Sybille Kellner

AWE: Ms Kellner, with its AfricaGrow fund of funds, Germany's Federal Ministry for Economic Cooperation and Development (BMZ) aims to support start-ups as well as small and medium-sized enterprises in Africa. The program got off the ground in 2019 – what has been the response to date?

Kellner: As a fund of funds, AfricaGrow invests in African funds which, in turn, invest in start-ups and SMEs. This means the AfricaGrow fund of funds supports start-ups and SMEs indirectly as an intermediary via portfolio funds. AfricaGrow was launched in November 2019 and is currently engaged in three funds. At present, we are thus indirectly supporting 20 businesses. Interest is very lively – a lot of funds approach AfricaGrow in their fund-raising phase to build their capital. Our goal is to invest in 14 to 20 funds by 2025 and thus assist 150 to 170 companies. We're very confident we'll be able to do this.

AWE: What kind of funds have you financed to date? And what volumes of investment are we talking about?

Kellner: Two of the funds are private equity funds, with regional focuses on North and West Africa respectively, and which lean towards fast-growing companies in fields such as industrial and consumption goods, food processing, logistics, health services or education. The third is a pan-African venture capital fund that targets start-ups with digital business models in various sectors such as transport, fintech, software or agriculture tech. In terms of regional focus, all three funds are geared to the Compact with Africa (CwA). The fund volume is EUR 200 million, of which one quarter has already been contractually awarded as part of capital commitments.



‘We invest in professionally managed and economically successful funds that also generate a development impact.’

Sybille Kellner

AWE: Generating and securing jobs is particularly important for Africa. What concrete contribution is AfricaGrow making?

Kellner: The aim is to maintain or create some 25,000 jobs via the fund of funds and we're sure we can make that happen. The fund of funds supports companies indirectly through portfolio construction, which allows for some large-scale leverage. The portfolio funds collect money from other investors. As a rule, the AfricaGrow fund of funds has only a minority stake in the portfolio funds.

AWE: Across the globe, the economy in 2020 was dominated by the coronavirus pandemic. How did that impact AfricaGrow?

Kellner: It made it more difficult to conduct assessments in the run-up to an investment because we couldn't meet up in person. It's important to get to know the fund of fund's management team as this makes it easier to assess stability and team dynamics. This all had to take place virtually and took longer. Without the coronavirus, one or two more investments might have been possible in 2020. However, the AfricaGrow fund manager, Allianz Global Investors, is confident we can catch up quickly. The pandemic has not had any discernible impacts on the fund's activity itself. We can't say that investors are hesitant about backing funds in Africa over the long-term. The mood is positive.

AWE: What are your hopes for the future development of the AfricaGrow fund of funds?

Kellner: We hope the portfolio will continue to evolve as positively as it has to date. We've received enquiries from some very interesting funds. Of course, we would like all the funds we invest in to continue to be able to grow their company portfolio as scheduled. We invest in professionally managed and economically successful funds that also generate a development impact. The upshot is a good ecosystem in Africa that will hopefully show many private investors that there's a wealth of investment opportunities available on this continent.



Project case study AfricaGrow-Fund

Artificial intelligence for greater efficiency in agriculture

The South African company Aerobotics has developed a machine learning technology that optimises agricultural processes and conserves resources. High-resolution and multi-dimensional images taken by drones and satellites are used to collect specific data – say about plant stocks, size, health, pest infestation or chlorophyll values. Farmers can leverage this information in a targeted manner to raise their efficiency and avoid harvest losses.

Thanks to venture capital funding from the Cathay AfricInvest Innovation Fund (CAIF), Aerobotics is now advancing the machine learning algorithms and widening its product portfolio. Furthermore, it aims to boost sales and business development, and optimise workflows. Aerobotics has just under 80 employees. More than 90 per cent of them work at the company's headquarters in Cape Town, the others in Los Angeles.



Case studies of other funds in the AfricaGrow pillar



Project case study REGMIFA

Support to small and medium-sized enterprises in Côte d'Ivoire

Baobab Côte d'Ivoire (Baobab CI) is a financial institution that finances microbusinesses and small and medium-sized enterprises. To date, its operations have already benefited around 32,000 customers. Baobab CI was founded in 2010 as a subsidiary of the Baobab Group France. REGMIFA has provided Baobab CI with EUR 4 million for investment funding.

Tamia is one of many small-scale entrepreneurs that Baobab CI is supporting. Having run her own hairdressing salon in Abidjan for more than ten years, she needed the loan to move her business from an open wooden shed to a shop with professional equipment she can lock up. She has no problems managing her instalment payments to Baobab CI.





Project case study AATIF

Grain processing in Zambia

The family-run company African Milling Limited (AML) operates a wheat and maize flour mill in the Zambian capital city of Lusaka. Thanks to ongoing reinvestment, AML has continually expanded its capacity. Today, the AML mill is one of the largest mills for processing maize in Zambia and a trading place for around 22,000 smallholders. AML's expansion created some 117 new jobs in the period from 2018 to 2020.

The loan has given AML the liquidity it needs to be a reliable buyer during harvest times. Inventory financing enables the company to better calculate costs and to keep sales prices for flour and maize bran stable throughout the year. Today, AML is less dependent on middlemen who put up prices when the mills have finished processing their stocks.



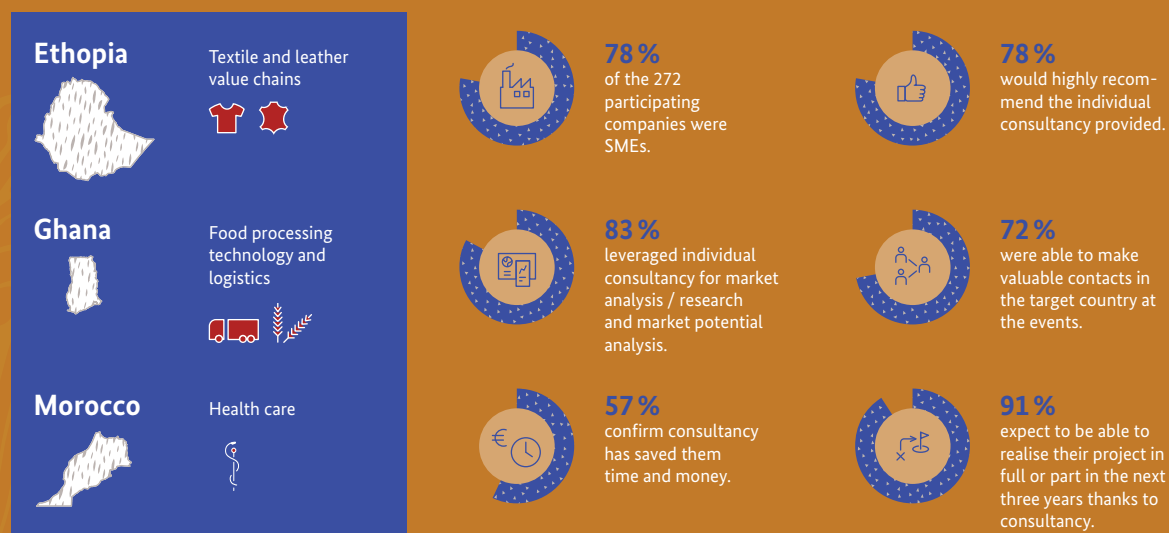
Well advised thanks to the Africa Business Network!

Apart from providing consultancy and networking services, the Africa Business Network also offers trade promotion projects for specific sectors in various countries across Africa. In 2020, the Africa Business Network piloted three projects that, for the first time ever, combined well-tried measures with new foreign-trade promotion tools. These pilot schemes comprised target market studies, (digital) information events, business development trips and up to 40 hours of free individual advisory services.












In all, 272 companies took part in the pilot projects up to the end of 2020. More than 160 businesses have been accompanied by Africa Partners in the consultation process. The positive response and increasing demand among businesses resulted in the projects being extended to other countries and sectors in 2021. With the Sector Experts – initially at two locations: Ghana for food processing and Egypt for water management – the Africa Business Network is also providing a new service to companies.

Pilot project results in 2020

The pilot projects



Services for companies in 2021

Title	Countries	Services
Regional project North Africa Health care	Egypt, Algeria, Morocco, Tunisia 	 Target market studies  (Digital) information events  (Digital) business development trips  Up to 40 hours of free individual advice
Regional project East Africa Food processing technology, including circular economy	Ethiopia, Kenya, Rwanda, Tanzania, Uganda 	
Regional project West Africa Food processing technology and logistics	Côte d'Ivoire, Ghana, Nigeria, Senegal 	
Sector expert water management	Egypt 	 Identifying concrete local business opportunities  Free service for German companies
Sector expert food processing	Ghana 	

Africa Business Network

An interview with Britta Ziemann
Head of the Africa Business Network
Coordination Office

Britta Ziemann is head of the Africa Business Network's Coordination Office on behalf of the German Federal Ministry for Economic Affairs and Energy (BMWi). In this interview, she provides insight into the cooperation within the network and what this means for companies.



AWE: Ms Ziemann, the Africa Business Network is one of three pillars of the German Government's Development Investment Fund that got off the ground in mid-2019. How has the response been to date?

Ziemann: A lot has happened in the two years since the Business Network started! The Coordination Office was opened in October 2019. Shortly afterwards the pilot projects were launched. In all, more than 270 companies took part in the pilot projects. In spite of the pandemic, some of them have been able to implement concrete business activities on site or are preparing them. The partner network has also continued to grow and now comprises more than 30 institutions. In addition, numerous Chambers of Industry and Commerce in Germany as well as federal states' business development agencies have been connected. The exchanges in the network's partner and focus group meetings, which are mainly digital due to the pandemic, have also received a good response.

AWE: The Africa Business Network connects established actors from German foreign trade promotion and development cooperation. Why is that important for companies?

Ziemann: Consultancy and support services are numerous but small and medium-sized enterprises in particular, with their generally limited research resources, struggle to get an overview. The Africa Business Network connects these actors and services. In the Coordination Office, the Africa Partners act as guides, directing companies to the correct agencies and contacts. The Africa Partners provide ongoing support during market entry and are available to answer questions regarding further advice and services. This professional support structure saves companies time and money when entering into new markets.



‘African markets hold considerable potential for German companies.’

Britta Ziemann

AWE: How should companies move forward if they are interested in engaging in business in Africa?

Ziemann: First, I recommend the GTAI's Africa Business Guide as a digital guide for businesses wanting to get information on countries and markets. This digital platform provides comprehensive information on the African countries, on the business conditions along with offers of advice and support on trade and investment in African markets. It also lists the respective contacts in Germany and on site. Furthermore, companies can get more in-depth information about markets and support offers from the CCI Network Office Africa (INA), the Agency for Business & Economic Development or the German Chambers of Commerce Abroad. INA or AWE may also direct companies to other support offers, such as market exploration or business development trips, financing and guarantee options or assistance in arranging specific business contacts on site. Once a company has determined its target market, the German Chambers of Commerce Abroad offer further advice on how to roll out the business undertaking on the ground. All of these partners are involved in the Africa Business Network.

AWE: The Africa Business Network has created new ranges of services for companies. How has that made things better for the companies?

Ziemann: The pilot and regional projects have combined well-established measures for promoting trade abroad with new tools so as to provide companies with targeted and comprehensive support when entering a market in specific sectors and countries. By introducing Africa Partners and Sector Experts, the Business Network has introduced new service offers to meet additional demand. The Africa Partners function as guides and contact points for companies during their market entry, while Sector Experts identify business opportunities on site and establish direct contacts with local clients. These services are provided free of charge.

AWE: What do you hope for the future development of the Africa Business Network?

Ziemann: We will continue to develop needs-oriented custom support for companies to help them implement their business plans in Africa. This is achieved by good and pro-active cooperation with all partners across the network and by considering the feedback of companies that use the services provided.

CCI Network Office Africa (INA)

Implemented by the Association of German Chambers of Industry and Commerce through DIHK Service GmbH and promoted by Germany's Federal Ministry for Economic Affairs and Energy (BMWi) as part of the Africa Business Network, CCI Network Office Africa (INA) began operations in June 2020. Working closely together with the Chambers of Commerce and Industry and the German Chambers of Commerce Abroad (IHK/AHK), INA advises on market entry and promising sectors, facilitates contacts and provides information on foreign trade promotion schemes.

With more than 20 events in its first year, INA already succeeded in reaching more than 1,000 participants and advising 80 companies on their business ventures in Africa. Moreover, INA organises sector-specific Regional Forums on Africa held jointly with the Chambers of Commerce and Industry in a bid to make companies more aware of the economic potential in Africa.

Case example

Europlast-Nycast widens its activities in Africa

Europlast-Nycast produces run flats, an emergency backup system that enables a vehicle to continue driving with a flat tire. Run flats are standard equipment for all armoured vehicles. To date, operations have mainly focused on Austria and the Middle East, but the company is now planning to enter the market in South Africa and Namibia. 'Consultancy provided by CCI Network Office Africa and the contacts that emerged as a result were very helpful,' said Europlast-Nycast's Michael Orth. Since then, the company has already taken part in projects under the Market Entry Program and the 'Civil Security Technologies and Services' export initiative. Furthermore, it is in close contact with the Southern African German Chamber of Commerce and Industry which proved an invaluable partner for planning the market entry strategy.



Africa Business Guide

As the central digital information platform of the Africa Business Network since 2019, the Africa Business Guide provides comprehensive information on African countries, local markets, opportunities for German exports and investments, and advice and support services for market development. It combines information and support services of the Network's partners, and offers small and medium-sized enterprises guidance through the complex variety of services.

The Africa Business Guide is published by Germany Trade & Invest on behalf of the Federal German Ministry for Economic Affairs and Energy (BMWi). The partners of the Africa Business Network actively contribute to its content and further development.

AFRICA
BUSINESS GUIDE

Pilot project Morocco

‘The Africa Business Network has given us excellent insight into the training sector in Morocco’s healthcare system! Thanks to the individual advice, we have been able to develop a market entry strategy for the North African market. We use our special blockchain technologies to produce forgery-proof documents and certificates that Moroccan education service providers can use for basic and advanced medical training, for example.’

Tim Miller, Co-Founder & Managing Director, Certif-ID



Pilot project Ghana

‘Our family company produces state-of-the-art meat production machines. In 2020, we used individual advice from the Africa Business Network in Ghana. The advice helped us establish good contacts, especially in West Africa, and secure initial orders. The Africa Business Network was a great help in establishing contacts with partners on site who can facilitate your market entry.’ Expert and professional consultation services are guaranteed by the Business Network’s partners in Africa, among others.’

*Nils Wüllner, Area Sales Manager,
FREUND Maschinenfabrik GmbH & Co.KG*

Pilot project Ethiopia

‘With their personal commitment and good network in the target market, the advisors in the pilot project in Ethiopia provided us with valuable information. In spite of the ongoing conflict situation in the north of the country, we remain interested in a joint venture with an Ethiopian company, our objective being to set up a representation for special components for the spinning industry. I thank the Africa Business Network for its professional support.’

Christian Krämer, Business owner, J. Kaulhausen & Sohn



Outlook

The Development Investment Fund's interim assessment is very positive and the fund is continuing to gather momentum.

AfricaConnect had received approximately 70 requests for financing by the third quarter of 2021, around 30 of which are actually meaningful contenders for implementation.

The **AfricaGrow** pillar is undergoing further expansion. New is the European-African Fund (EAF), an innovative facility with a total volume of up to EUR 300 million which promotes investments in start-ups and SMEs. EAF's special feature is that it grants access to African and also European businesses. With an overall volume of up to US\$ 100 million, another fund is fostering the availability of SME financing on a systemic basis, specifically by enabling local financial institutions in Africa to build up their SME operations.

The **Africa Business Network** is continuing to extend its range of information, advisory and support services. It is also developing its foreign trade and investment measures to assist businesses with market entry. INA is growing its consultancy capacities. The Africa Business Guide is also constantly expanding the information it provides.

As a first point of contact and for all questions regarding investments and sustainable projects in developing and emerging countries, the Agency for Business & Economic Development supports you in making good use of your opportunities in development cooperation:

Agency for Business & Economic Development (AWE)

T: 030 72 62 56 80

E: beratung@wirtschaft-entwicklung.de

I: www.wirtschaft-entwicklung.de

For more information on the Development Investment Fund, its specific services and how it can help you, please use the contacts below:

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