



Pro! Africa

Promoting the prospects, taking the opportunities, strengthening the economies

Africa is a continent with a lot of challenges and great opportunities. Its 54 countries are very heterogeneous, so that a differentiated approach is required. The population is young, and is growing at an above-average rate. According to estimates by the IMF, around 18 million new jobs need to be created in Sub-Saharan Africa each year up to 2035 if people are to be able to earn a living. At the same time, many African economies are picking up steam. The economies in Africa grew by an average of approx. 3.7% in 2016, faster than the world economy (3.1% in 2016). The growth is being driven by advancing urbanisation, a growing middle class, an expanding services sector, investment in infrastructure, and revenues from selling commodities (including oil). Further to this, many African countries are aiming to use more renewable energy.

Our Pro! Africa initiative is based on the German government's Policy Guidelines for Africa, which strengthen the foundations for stability and development and aim particularly to foster good governance, the rule of law, the fight against corruption, and educational opportunities. The National Action Plan for Business and Human Rights helps German firms to serve as role model as they comply with higher labour, environmental and social standards in Africa in particular, thereby improving the local human rights situation. By acceding to the Extractive Industries Transparency Initiative (EITI), Germany wishes to send out a clear signal for greater financial transparency in the registering and disclosure of payments relating to the extraction of natural resources in mineral-rich countries, so that all their citizens can benefit from the wealth of natural resources.

Via the Economic Partnership Agreements (EPAs), many African countries already enjoy 100% free access to the European market. In return, the African countries only need to open up their markets to an average of 80% of the tariff lines or of the volume of trade. The remaining 20% is permanently protected from European imports, and particularly from sensitive agricultural imports. This means that the EPAs are development-oriented, comply with WTO rules and asymmetrically favour the African countries. They also foster regional integration into the large African economic and development communities (SADC, EAC, ECOWAS, etc.), which also ultimately benefits the companies, as they find attractive internal markets for their products in these integrated economic regions.

Our Pro! Africa initiative aims to bolster Africa's economic development. The German business community is well positioned in many of these areas, and is a suitable partner. Germany's economic relations with Africa are already very close. For example, German foreign trade with Africa in 2016 amounted to around €41 billion; approx. €24 billion of this was with Sub-Saharan Africa, and roughly €17 billion was with North Africa. Whilst German imports totalled €16.5 billion, German exports amount to €24.5 billion. German firms generate jobs, and they provide vocational training along the lines of Germany's "dual" system. Africa offers fresh prospects as a business partner for German firms.

Germany currently holds the G20 Presidency. We are placing a major focus of our Presidency on Africa. An Africa Summit will be held in Berlin on 12 – 13 June 2017. This Africa concept of the Federal Ministry for Economic Affairs and Energy (BMWi) aims to boost the economies and foster sustainable growth in Africa, paving the way for deeper cooperation and more private-sector involvement.

It is important to create local prospects and employment, and thus to counteract the causes of divisions in society and increased migration towards Europe. The focus is on projects and initiatives in the field of new technology, innovation and digitisation, tailored to local needs and different regions. To this end, Germany's tried and tested instruments to promote foreign trade and investment will be boosted for Africa, our political cooperation will be deepened, and successful funding programmes will also be oriented to Africa. We intend to allocate an additional €100 million in the budget of the Economic Affairs Ministry for this.

I. New instruments for a fair partnership between equals

1. Setting up high-level institutions for economic cooperation

Our joint economic commissions (JECs) provide a good transmission belt to place the respective countries in the focus of the German firms and to foster trade and investment with the partner countries. We intend to set up this instrument together with other African partner countries:

- We will propose the establishment of joint economic commissions with initial "Compact with Africa" countries. We already have JECs with Morocco, Algeria and Egypt. We already have intergovernmental working groups on business in the form of binational commissions with Angola, Nigeria and South Africa. We will be organising more ministry-led business missions and fact-finding missions to Africa, and especially to Sub-Saharan Africa.

2. Building up administrative partnerships with North Africa

We have been engaged in administrative partnerships with North African countries since 2004. Via the EU-funded instruments of twinning and TAIEX, German agencies support the administrations of our Mediterranean neighbours in their processes of transition and reform. They also contribute to economic development and improving the standard of living in the partner countries. The Economic Affairs Ministry has implemented projects in North Africa, e.g. in competition authorities, accreditation bodies, and on supporting small and medium-sized enterprises.

- We will expand our involvement in the North African partner countries in the context of the EU instruments of twinning and TAIEX.

3. Transformation partnerships for Africa

We have gathered very good experience with the transition partnerships with Egypt and Tunisia. In this context, we have given lasting support to governments and agencies on their economic and social reforms towards a social market economy. We therefore propose a corresponding advisory programme to boost the administrative capacities and good governance for Africa:

- We propose a corresponding advisory programme to boost the administrative capacities and good governance in those authorities in Africa which are responsible for economic policy and commerce, along the lines of the North Africa transition team or TAIEX for Africa. In substantive terms, possible issues would be promoting exports and investment, quality assurance infrastructure, the small business sector, telecommunications, digitisation, tourism and energy efficiency.
- Here, we want to do more to tap the expertise of Federal German institutions, such as government agencies or the German Foundation for International Legal Cooperation (IRZ).

4. Supporting strategic large-scale projects

The new unit for Strategic Projects Abroad in the Economic Affairs Ministry gives backing to strategic projects abroad in the form of political support and combined financing services:

- The unit for Strategic Projects Abroad is also available to support such projects in Africa, and can offer its assistance to such projects in African countries in future.

5. Building up the expertise of German embassies in the field of commerce and energy

We want to strengthen the good cooperation with the German embassies in Africa by building up their economic expertise:

- The Economic Affairs Ministry will examine which embassies might be seconded a (deputy) head of division or executive officer for economic affairs and energy.

6. Vocational training – a successful export

If employees in Africa are to use new machinery and technology, they need high-quality training; this is a key precondition for industrial and economic progress. We therefore want to further enhance the social esteem in which vocational training is held in Africa, in comparison to academic education:

- Our “Skills Experts” programme will be extended to cover selected bilateral chambers of commerce in Africa. This programme supports German companies so that they can train the local workers they need in line with the German “dual” vocational training system. The possible core tasks of the “Skills Experts” includes the establishment of local networks with the relevant players, drafting a needs-based training concept, and delivering other services relating to vocational training like training for instructors and management of exams.
- In addition to the “Skills Experts”, an awareness raising campaign on “dual” vocational training will be launched, including the establishment of cooperation between schools and companies, so that the value of such training can be highlighted both for careers and in African societies.

7. Tourism – a driving force for employment

Tourism offers employment to many people. It helps to prevent poverty and is a key factor in the economy. The promotion of tourism particularly makes sense in those African countries in which there is a lot of potential to boost the number of visitors and which are also major countries of origin of migrants:

- We want to establish a centre of excellence for tourism, attached to a bilateral chamber of commerce, but with its own staff, in a selected country. The centre of excellence for tourism will advise and support companies, business associations and policy-makers on investment, securing the supply of skilled workers, enhancing quality, and marketing (in the context of the ITB tourism trade fair).

8. Energy partnerships and dialogues with Africa

Our existing energy partnerships with South Africa, Nigeria, Angola, Morocco, Tunisia and Algeria are bearing fruit. Events like “energy days” and business-to-government conferences foster trade and investment, local value creation, and a sustainable business environment in the African partner countries. We therefore wish to engage in further energy dialogues to enable a sharing of ideas on energy policy which backs all sustainable central, and in particular distributed, forms of energy generation in the African partner countries:

- Establishment of additional energy dialogues and business formats with Kenya, Ghana, Namibia, Senegal and Egypt.
- The office of the Delegate of German Industry and Commerce in Nigeria will set up a raw materials and energy centre in order to promote the sustainable extraction and use of raw materials.

9. Boosting the work of the Energy Export Initiative in Africa

Access to and the provision of energy is a key factor for the development of emerging and developing economies which can draw on a lot of potential for renewable energy and energy efficiency. Our Energy Export Initiative supports the entry of German firms into these highly promising markets:

- expansion of the Project Development Programme of the Energy Export Initiative, which is targeted at developing and emerging economies,
- expansion of the Renewable Energy Solutions Programme of dena (German Energy Agency) to include flagship projects and
- expansion of the fact-finding visit programme for businesses run by the bilateral chambers of commerce.

10. Strengthening the activities of the Healthcare Export Initiative in Africa

Good health is a precondition for a flourishing economy. It requires infrastructure, healthcare services and trained staff – particularly in the countries of Africa. Germany’s healthcare sector has an outstanding international reputation and can offer vital support towards the establishment and expansion of the healthcare sector in Africa. The Healthcare Export Initiative will therefore focus more on the countries of Africa, with tailored services like:

- information for African decision-makers about medical equipment which is adapted to local needs,
- information and awareness-raising for German firms in the healthcare sector regarding the potential market and specific challenges,
- Training for African students (doctors, engineers, etc.) in the form of pilot seminars and workshops at local universities and colleges; these can also familiarise them with German products and services.

II. Launching a new German-African partnership for digitisation and innovation

1. Building an intercontinental bridge for startups

Africa is a continent that has tremendous potential for digital development and already is a pioneer in some areas such as mobile banking. There are many opportunities for German and African companies, particularly startups, to work together. The Federal Minister for Economic Affairs and Energy will invite the most important stakeholders to Berlin for a “German-African Startup Roundtable” before the end of 2017 to discuss potential forms of cooperation.

- The outcomes of this roundtable – together with a number of other criteria – will be taken into account as we seek to find suitable places for setting up German Accelerators in Africa that will offer support for German startups seeking to break onto African markets.

- We aim to set up a German African Startup Exchange Programme (GASEP) in order to foster dialogue between German and African startups. We seek to identify opportunities for this by working with representatives from countries such as Tunisia, Egypt, South Africa, Rwanda and Kenya and with German representatives based in these countries.
- Programmes such as EXIST Startup Germany can be very attractive for young entrepreneurs from countries such as Angola, Kenya, Egypt, South Africa and Nigeria as these provide them with the opportunity to work with German startups to adapt their business ideas to the African or German market. This programme will be specifically adapted for the African market and set up by working with university networks and research institutes from Germany and Africa.
- One of our main goals is to link up African entrepreneurs with German startups and German technology. In order to achieve this goal, a startup fund worth around €100 million is to be established over several years. Funding from this fund is to be provided for a number of African cities that have a particularly vibrant startup scene. The funding terms will be adapted to the particular needs of the African markets. When it comes to structuring and managing the fund, the fund will use the support provided by DEG – which has particular expertise with investment business in Africa – and the support from the High-Tech Startup Fund.

2. Engaging in dialogue on digital policy with African countries

- As part of our digital policy dialogue, we want to identify opportunities for working together more closely with selected African countries.
- As agreed at the G20 Digital Ministers' Meeting on 6 and 7 April 2017, we will further specify the goals to be achieved in the area of digital inclusion, which are of particular importance for Africa: expanding infrastructure and providing internet access for all by 2025, improving digital education in schools and the world of work, closing the digital gender gap and creating a trading system that is fair.

3. Promoting cooperation between innovative SMEs

The Central Innovation Programme for SMEs (ZIM) boosts innovation within the German SME sector. Last year, we agreed to jointly fund R&D cooperation with a number of other countries in order to help SMEs go international.

- Under ZIM, we will provide even stronger backing for research cooperation projects between innovative German SMEs and African partners.
- Using existing ZIM cooperation projects with third countries as a blueprint, the Federal Ministry for Economic Affairs and Energy will assess whether and to what extent joint funding programmes for cross-border R&D projects can be agreed upon with other countries.

4. Strengthening high-quality infrastructure in Africa

In order for African business to be competitive and to take part in international trade, having a high-quality infrastructure in place is key. This is why our technical cooperation focuses on establishing the institutions needed for this and on enhancing the legal framework in the long term. The Federal Ministry for Economic Affairs and Energy supplements the measures undertaken in the context of technical cooperation and provides funding for long-term measures and cooperation projects in a partnership of equals.

- The National Metrology Institute of Germany (PTB), the Federal Institute for Materials Research and Testing (BAM), the Deutsches Institut für Normung (DIN), and Germany's national accreditation body (DAkkS) can use their expertise and their contacts to similar institutions to make a valuable contribution to this. We want to

particularly expand and initiate cooperation projects that place a strong focus on relevant economic aspects or that address the technical and social challenges that the African countries are facing (for example in the areas of healthcare, food and biotechnology).

- The DIN will assess how it can ensure that there is more regular cooperation, particularly with the South African Bureau of Standards, and how this cooperation can be intensified.
- Due to our technical cooperation, the PTB is already present in most of the African countries and is running projects there that help strengthen high-quality infrastructure for photovoltaics and solar thermal installations in the Maghreb countries. The PTB will continue to expand its cooperation with the African countries' national metrology institutes and the regional metrology organisation, AFRIMET.
- Germany's Federal Institute for Geosciences and Natural Resources (BGR) will further expand and strengthen its cooperation with the public geological services in Africa, particularly on groundwater, potable water, sustainable land use and the assessment of geogenic risks – not least in the context of climate change.

5. New partnerships between creative industries businesses

Over the last years and decades, Germany's creative industries businesses have continually built up a presence on the international markets. This leads to many new opportunities for cooperation, particularly in Africa.

- As part of the Federal Ministry for Economic Affairs and Energy's export promotion programme, we want to place a stronger focus on the African market when it comes to promoting the creative industries and helping creative businesses to break into African markets. We want to make more visible the opportunities offered by African markets by highlighting the strengths of local creative industries.

III. Boosting foreign trade and investment for a strong continent

It is important to provide German businesses with better and more in-depth information and advice on the opportunities offered by the African continent in particular. This is especially true of German SMEs.

1. Expanding the market development programme for Africa

Small and medium-sized enterprises in particular need political backing as they seek to open up new African markets. In this context, the publicly funded business missions carried out under the Economic Affairs Ministry's market development programme can prove helpful:

- We are expanding the range of business missions from and to Africa that are aimed at helping companies to open up new markets, initiate business contacts and participate in special visitor programmes, not least within the scope of the Environmental Technologies Export Initiative.

2. Making Hermes export credit insurance more attractive to Africa

Since December 2014, the Federal Government has opened up insurance coverage for the public sector in 10 Sub-Saharan countries. This allows these countries to provide cover for deliveries and services under public sector projects. Within the Federal Government, we are strongly advocating that the Hermes instruments be further adjusted to the needs of the African continent:

- We will therefore seek to reduce the increased deductible of 10% for Hermes covers for transactions with public-sector customers to the usual deductible of 5%.
- Furthermore, we are providing fixed-rate financing at the OECD's CIRR rate to increase planning certainty for African customers:
- In order to best support the financing of business transactions with African buyers by means of Hermes guarantees, we are planning to more closely involve the Federal Government's agents for export credit guarantees in energy partnerships and dialogues with Africa, in activities under the Energy Export Initiative in Africa and not least in the market development programme for Africa, whenever this is necessary.

3. Raising the profile of investment guarantees for Africa

The Federal Government is already providing investment guarantees to protect eligible projects against political risks in nearly all African countries. This also applies to SME projects:

- The bilateral chambers of commerce and the agents will provide information about this hedging option more proactively.

4. Fostering increased visibility: expanding German trade fair participation in Africa

In African countries, in particular, trade fairs have proved to be excellent business and matchmaking platforms.

- Germany is planning to participate in 16 trade fairs in Africa in 2017. Moreover, we are seeking to increase budget resources for German participation in trade fairs abroad to allow German businesses to set up stands at more trade fairs in Africa.

5. More experts on the ground: increasing the number of bilateral chambers of commerce and delegates' offices of German business in Africa

Bilateral chambers of commerce are the first points of contact for German companies in the partner countries. Currently, Africa still has too few of these successful centres for business advice and information. The Federal Ministry for Economic Affairs and Energy will therefore take the following steps:

- Expanding our network of bilateral chambers of commerce
 - Setting up a hub at an existing bilateral chamber of commerce for French-speaking West Africa with additional branch offices in these countries.
 - Setting up a branch office of the Kenyan delegation in Tanzania.
 - Extending the competences of the Ghanaian delegation to include Côte d'Ivoire (and setting up a branch office, if necessary).
- Setting up regional centres of excellence for individual sectors
 - Making greater use of the existing centre of excellence for mining and resources at the Southern African-German Chamber of Commerce and Industry and of the German Mining Network.

- Setting up additional centres of excellence for individual sectors at existing bilateral chambers of commerce to focus on areas such as raw materials, water management, urbanisation, agrobusiness/packaging, health-care, medical technology, energy, vocational training and tourism.
- The Federal Institute for Geosciences and Natural Resources will further expand and strengthen its cooperation with the public geological services in Africa, particularly on groundwater, potable water, sustainable land use and the assessment of geogenic risks – not least in the context of climate change.
- In the regional centres of excellence, companies also receive advice on vocational training in these sectors. Working in close cooperation with the “Skills Experts”, corporate training needs are identified for companies within a specific sector, a needs-based training concept is developed and implemented, and an exchange of experience is initiated between companies offering training. The regional centres of excellence also join with providers of training services to offer companies expertise on skills training tailored to the particular country in question (e.g. on elements of/quality assurance within the dual system of vocational training, typical problems met).

6. Expertise on business in Africa

- In its Directorate-General for External Economic Policy, the Federal Economic Affairs Ministry is to install a contact point providing expertise and support for German companies on doing business in Africa. No existing structures are duplicated by doing so.

7. The digital platform www.portalafrika.de is to be placed on a new basis

- The central internet portal offering business and tendering information is being turned into a comprehensive internet platform for all matters concerning business relations with Africa. This is to be operated by Germany Trade and Invest, under the political leadership of the experts on Africa at the Federal Ministry for Economic Affairs and Energy.

8. For more expertise on Africa at Germany Trade and Invest (GTAI)

In order to undertake sound risk management, small and medium-sized companies that are seeking to become more heavily involved in Africa need reliable, comparable and unbiased information on the most important conditions in place, especially legal conditions. Together with GTAI, the Federal Ministry for Economic Affairs and Energy is therefore planning to expand its correspondence network by opening two locations in Africa, seeks to ramp up GTAI publications, and to strengthen the advisory skills of four staff at the GTAI headquarters – including their legal expertise and expertise on development cooperation. The aim is to provide German companies with information on opportunities in Africa in a more efficient manner.

9. Expanding the Manager Training Programme in Africa

We want to significantly strengthen the Manager Training Programme and to provide African companies with progressive management and cooperation skills that they can use to increase their competitiveness. The Manager Training Programme operated by the Federal Ministry for Economic Affairs and Energy is already providing practice-based managerial training to management-level staff from 19 partner countries around the world (incl. Egypt and Tunisia). The four-week training programme, which takes place in Germany, enables participants to gain useful insights by visiting German companies and to build up business relations with German firms. As the Programme is designed to run long term (it has now been running for 20 years), the Federal Ministry for Economic Affairs and Energy plans to

- top up allocated budget funds so that the Programme can be extended to other, selected countries in Africa (e.g. South Africa, Morocco, Kenya, Ghana).