

## Big things lie ahead of us

**A**frica is expected to shape this century more than any other continent. By 2050, Africa's population will have doubled from today's figure of around one billion to over two billion people. This growth in population presents a challenge for the African continent and for the international community. Jobs need to be created for millions of young people every year. In just a few decades, some 25 percent of the world's working-age population will be African. Accordingly, it is in everybody's interest that the continent gains greater connection to global value chains. To achieve this, nothing is more urgently needed than investments in infrastructure and local processing capacity. In addition to the indispensable efforts of African countries towards improved conditions and greater competitiveness, foreign direct investment can and should make a growing contribution.

The Compact with Africa (CwA), adopted by the G20 under the German presidency, represents a new policy, a "New Deal" with Africa that focuses more intensely on this aspect. Partnership and the objective of self-sustaining economic development are becoming more important than the traditional donor-recipient relationship of development policy. Not least, the aim is to make investments in selected, particularly reform-minded African countries more attractive to international companies, and to provide these investments with impetus, thereby promoting economic development.

This approach makes particular sense from a German perspective, as our companies are generally unaware of the scope of opportunities provided by the African continent. As such, it is entirely fitting that the German federal government has this issue at the top of their agenda in the year following the German G20 presidency as well. Inviting the heads of state of the eleven CwA countries to Berlin sends an important signal to German industry and our partners. In

this context, the German-African Business Association (AV) and the Sub-Saharan Africa Initiative of German Business (SAFRI) are very pleased to be involved in organizing an investor summit that, above all, places focus on successful investment projects.

German industry's interest in Africa is gradually increasing, and will continue to grow with these kinds of initiatives. What can be achieved was most recently demonstrated by the strong impact of the newly improved conditions for Hermes guarantees. With their products and technologies, German companies can offer expertise that is in demand throughout the world to meet the challenges of climate protection and industrialisation. Germany has a special interest in Africa's ongoing development. Germany is not only one of the world's largest exporters, it is also a highly internationalised economy in terms of direct investment. However, Germany still does not rank among the top ten investors in Africa, and its involvement is concentrated in just a few countries.

If this is to change, and there is massive development and foreign policy interest in this, then efforts should focus on providing stronger support to medium-sized enterprises in markets that are perceived as difficult and risky. For this to happen, among other measures, it is important that the financing and cover opportunities are improved and that more guarantees are provided, such as for exports or project development. Entirely new instruments to support investment also have to be considered, such as a development investment fund that becomes involved when the market and traditional forms of foreign trade promotion are not sufficient on their own to realise projects.

Photo: Christoph Kannengießer (left) and Stefan Liebing



To use part of the enormous growth of development funds in the federal budget for this not only makes sense, it is absolutely essential.

A new perspective on Africa is still lacking. Poverty, violence and disease determine the one-sided view of the continent that is very often conveyed, especially in Germany. Today, however, the continent is characterised more by the development of flourishing economic centres with young, highly motivated people, valuable natural resources, diversifying economies and improved political conditions in many places. We should no longer regard Africa as an impoverished continent, but as an economic partner. Africa is an important part of our future. German companies should seize opportunities not only in China and India, but also in Africa, and German policy should actively support them in this. Now is the time to bring the Compact with Africa to life – together with our African partners.

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