



Speech by Federal Chancellor Dr Angela Merkel at the G20 Investment Summit – German Business and the Compact with African Countries on 27 August 2021

Friday, 27 August 2021

Ministers,

Excellencies,

Professor Große,

Ladies and gentlemen,

I would like to extend a very warm welcome to all of you, particularly those of you from the Sub-Saharan Africa Initiative of German Business and, of course, our guests. I am delighted you are taking part in this conference whether digitally or in person.

On my many trips, I have got to know Africa as a continent of opportunities and ideas, as a continent with promising growth markets and many, many committed young people. That is why the G20 Compact with Africa, created during Germany's G20 Presidency in 2017, was and remains particularly important to the Federal Government and to me personally. I am pleased that this Investment Summit is now being held for the third time and that we as

partner countries can inject further impetus into our economic relations. There is a good chance of success and I want to outline three reasons why.

Firstly, the Compact with Africa is working. In most Compact countries, reforms have improved the business environment. Compared to Africa as a whole in the period up to and including 2019, they were able to attract above-average investment levels, also from German companies. Furthermore, in 2020 the Compact countries did actually chalk up 0.1% growth while other African economies were struggling with negative growth. This shows that the reforms that the Compact countries have launched are paying off. In these times of the pandemic, this is not something we can take for granted, even though of course the pandemic has made its presence felt. Above all this year, many companies were not able to launch or extend their investment as originally planned. Yet a survey of more than a hundred German companies revealed that almost all those questioned were sticking to their plans even though implementation of course now has a question mark attached.

In Africa and in every other continent, keeping the pandemic under control and if possible overcoming it is crucial for economic recovery. For this, we need above all to increase global production of the vaccines and ensure they are distributed fairly. That is why Germany supported the G20 initiatives ACT Accelerator and COVAX from the outset. Having earmarked 2.2 billion euro, we are the world's second-largest donor after the United States. We are also involved in sharing vaccine doses. As part of COVAX and as Co-Chair together with South Africa, Germany is committed to increasing global vaccine production. We are also providing concrete support to set up production in Africa.

However, we do of course need to think beyond this time of the pandemic. It is thus right for the Federal Government to continue supporting both Compact countries and reform, as well as businesses and investment.

And that brings me to my second point: the Compact creates new opportunities. I would like to draw your attention to the three pillars of the develop-

ment investment funds. We are using them to support the plans of businesses to engage more on the African market. The first pillar of this fund is AfricaConnect which provides financing on attractive terms. The green light has now been given for 22 local business projects. With the second pillar, AfricaGrow, we are focusing on the financing needs of small and medium-sized businesses and for start-ups in Africa. The Federal Government is supporting AfricaGrow with more than 500 million euro. Companies wanting to branch out can only do so if they know about the market. This is where the third pillar, Africa Business Network, comes into play. It offers as it were tailor-made advice and mentoring both in Germany as well as through the chambers of commerce abroad or in digital form through the Africa Business Guide. The latest instrument to be added is the fixed-rate programme Africa-CIRR. CIRR stands for Commercial Interest Reference Rate. With this instrument we are thus mitigating the risk of interest rate fluctuation for financing German exports to Africa.

As you can see, there are various support mechanisms in place and it is up to businesses to use them. I want to encourage you to reach out to the Business Network and find out more about the various instruments.

The reform partnerships are also all about creating new opportunities and are now helping seven Compact countries to improve the conditions for private-sector involvement. Also when it comes to emergency aid to tackle the repercussions of the pandemic, our close cooperation has paid off.

All this shows – and this brings me to my third point –: the Compact has a future. This is a view shared by many, as also shown by the many participants in this conference. We are still thinking about how we can use the Compact to lower the remaining hurdles to trade and investment. Africa has vast potential as a market but this is a potential we need to tap more successfully.

We have every reason to look to the future with confidence. Take for example the G7 Infrastructure Initiative which I hope will create fresh impetus for new investment, also in African countries. Investment in renewable energies

is a particular priority. It is hugely important to invest here so that we can actually achieve our global climate targets. Furthermore, as a result of the launch of the African Continental Free Trade Area, the discussion on an EU-Africa agreement has also gained momentum. The Compact with Africa is certainly helping pave the way here.

So I am looking forward to a lively dialogue both on progress made in the Compact process and also on creating fresh impetus for this multilateral initiative. On this note, I hope we all have a successful discussion.

Thank you very much.