

Speech

by the Ambassador of the Federal Republic of Germany,

H.E. Christoph Retzlaff,

on the occasion of the GGEA Business Forum, titled

“What Ghana stands to benefit from the G20 Compact”

Accra, 14th March, 2018

Honourable Senior Minister Yaw Osafo-Mafo,

Dear President of GGEA, Mr. Stephen Antwi,

Dear representatives of AHK,

Dear board members and members of GGEA,

Ladies and gentlemen,

Thank you very much for the invitation. It is my pleasure to be here today and to have the chance to talk about the G 20 Compact with Africa and what Ghana stands to benefit from it.

I just came back from Berlin where I accompanied President Akufo-Addo and the Hon. Ministers for Foreign Affairs and Science and Technology, who met Chancellor Merkel and representatives of German Business in Dortmund and Berlin. The G 20 Compact with Africa Initiative and investment opportunities for German companies in Ghana was the main topic of this visit. And I'm delighted to note that the Business Conferences were a great success. In Berlin we had more than 100 German companies attending. When President Akufo-Addo was in Berlin in June 2017. The Business Meeting was attended by some 20 German companies. From 20 to 100: I would call this significant progress! This is proof of the good work of the Ghanaian Government and it is proof of the positive effects of our G 20 Compact with Africa initiative.

Ladies and Gentlemen, just to recall: What exactly is the G20 Compact with Africa?

- The initiative was launched during German G20 Presidency last year; it is a core element of the new G20 Africa Partnership
- It aims at creating a favorable business environment thereby supporting private investment, including in infrastructure.
- Its format is tailor-made. The country-specific Investment Compacts combine individually agreed commitments by bilateral and multilateral partners, forming a comprehensive and effective package to improve the framework for sustainable private investment. The reform commitments aim at improving the macroeconomic, business and financing frameworks for private investment (both domestic and foreign).
- The goal of the G20 is to provide credibility, visibility, and scale to the initiative, and attract African and international private investors and entrepreneurs.

- So far we have 10 African countries in the Compact initiative.
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In a nutshell, Ghana stands to benefit from the Compact in four ways:

- It gives an additional push to internal reforms
- It provides guidance to partner countries and raises additional support
- It leads to increased interest in Ghana by investors
- And it provides the ground for peer-to-peer exchange between the CwA countries.

Ladies and gentlemen, reforms are meant to improve the investment framework.

Emphasis lies on reforms to get the investment framework right: In the framework of the G20 Compact with Africa, Ghana works on much needed reforms to improve the macroeconomic framework, the business framework and the financial framework.

For instance, Ghana decided to improve domestic revenue mobilisation by simplifying tax administration in order to boost voluntary compliance, to finalize the Public Private Partnership Bill in 2018, and to introduce the Cash Waterfall Mechanism for the SOEs in the energy sector in the first half of 2018.

Many of these reforms were planned anyway and might have been implemented without the Compact. But now they have become Ghana's international commitments under the Compact - and the world is watching how Ghana will perform.

This can provide important political backing for planned reforms and a sense of urgency to all stakeholders involved.

What does this mean for Ghana's international partners?

International partners start to line up behind the Compact and its reform commitments. For Ghana, the CwA comes at the right time. It blends perfectly with the government's efforts to make Ghana the most business-friendly country in Africa and with the "Ghana Beyond Aid" vision. It fits to the strategy of several partner countries to move from aid to trade. It also matches our own strategy to focus on Governance and Job creation in Ghana.

Ladies and gentlemen,

In the case of Germany, the CwA has also led to significant additional support:

In June 2017, Ghana and Germany have signed a memorandum of understanding to enter into a new partnership for private sector investments and sustainable economic development under the G20 'Compact with Africa'. The focus of this reform partnership is renewable energy and energy efficiency complemented by technical education and vocational training in the sector.

To support this, Germany has committed up to 100 Mio EUR in 2017 in the form of highly concessional loans. The bilateral reform partnership aims at a privately driven expansion of renewable energy in Ghana.

Germany and Ghana agreed to focus in particular on strengthening competition in power generation and to make the renewable energy sector a shining example for reduction in cost of generation, to introduce open and competitive bidding for energy supply contracts to get the best value for money invested.

Secondly, priority was given to an increase of the share of renewable energy in the energy mix. Investments are mainly coming from the private sector to benefit primarily households and small and medium sized companies. Therefore, one goal of our partnership is to reduce the costs of financing for the private sector.

Ghana has used the G20 CwA to initiate a peer-learning process between African countries on the CwA topics. Last September, the first CwA Finance Minister meeting took place here in Accra. Now, beginning of April, Ghana is organizing a follow-up conference jointly with IMF and the African Center for Economic Transformation on the more specific topic of domestic revenue mobilisation.

Ghana benefits twice from this development: it profits from the experiences of other African countries with similar ambitions and challenges, and it gains further international weight by taking the lead in this peer-learning process.

Ladies and gentlemen, improved investment climate means more interest in Ghana

The philosophy of the CwA is that an improved macroeconomic, business and financing framework will lead to more investments. In return for the African countries' commitments to reforming their respective investment climates the G20 partners have committed to promoting private-sector investments in the African partner countries. Germany from the start has delivered on this pledge. Even though the implementation of CwA commitments is only starting, the interest in Ghana is growing significantly. More and more business delegations from Germany (and other countries) are visiting Ghana while Ghana's macroeconomic indicators are improving.

During the visit of German President Steinmeier to Ghana in December 2017 important agreements were signed on investments in the power and health sectors in Ghana, totalling 800 m EUR.

More and more German companies are opening regional offices in Ghana, some of them even relocating them from Nigeria. I only want to mention the latest arrivals: Kühne & Nagel, Hapag-Lloyd, ThyssenKrupp. B Braun I understand is currently looking at options for a stronger footprint in Ghana. To all of them I wish to say: Akwaaba!

The Association of German Industry and Commerce has decided to bring the "German-African Business Summit" (GABS) to Accra next year. This is big news! This high-profile conference and business forum offers Ghana and the West-African region huge opportunities to present itself as a good place to do business. We can expect 500 high-ranking politicians and business leaders here in Accra for a two-day major event which should put Ghana firmly on the map of investment destinations for German companies.

Ladies and gentlemen,

Despite all the encouraging steps taken by the government of Ghana so far, there is still some work to be done: stronger and institutionalized exchange with the private sector is important. I hope that the

CwA will also provide the basis for this. If Ghana wants to become the most business friendly country in Africa, the input of the private sector is needed for the necessary reforms. I would like to ask all of you to provide that input and to support the Compact idea from your side.

We have made a very good start last Friday when the participants of a panel discussion organized by the AHK, Konrad-Adenauer-Foundation, the French and the Dutch chambers of Commerce in Ghana had the opportunity to share their thoughts, requests and concerns about the business climate with the Minister of Finance, Hon. Ken Ofori-Atta. My impression is that the discussion really served the purpose of conveying the views of the business community to one of the most important decision makers in the economic field in Ghana. His declared readiness to continue this exchange should hopefully serve as an example for other government institutions to increase meaningful stakeholder consultation in policy making.

The high attention Ghana currently receives amongst the German business community should also lead to increased trade from Germany to Ghana. The entry into force of the Interim Economic Partnership Agreement (iEPA) between the EU and Ghana -which provides completely tax and customs free import of Ghanaian products into the European market- should reinforce Ghanaian exports to Europe and Germany.

Ladies and gentlemen,

to conclude, I believe it is reasonable to say that 2017 has seen many positive developments in Ghana and in Ghanaian-German relations and we have prepared the ground for an even more successful partnership in the future. We have worked hard and we should start to see the harvest from this engagement. Let us all work equally hard to make 2018, 2019 and the years to come a success story for Ghana and Ghana German relations!

Thank you.