

Speech  
by  
H.E. Christoph Retzlaff  
on the occasion of the INTEGRITY Magazine's business breakfast on

**Advantages of favorable Business Policies of the German Government for Ghanaian Entrepreneurs**

Accra, 16 April 2019

Dear Rev. Okosun,

Dear members of the Ghanaian business community,

Dear friends and guests,

Ladies and gentlemen,

It is my pleasure to speak to you today on a topic that is very close to my heart: Ghana's economic development and how Germany supports the Ghanaian private sector on its way to becoming a trade and cooperation partner for international businesses.

Germany offers a wide variety of support programs to Ghanaian companies. You will forgive me if I do not go into the details of each program. If you wish to have more detailed information on how you can profit from one of the programs, I am happy to provide you with the contact details of the partner organizations which implement the programs.

*[Folgt: Anreize für Investoren in Deutschland:]*

Partnering can come about in two ways: **Ghanaian investments in Germany** and German investments in Ghana.

Germany supports Foreign Direct Investment in the German economy through several measures:

Integrity & regulatory bodies

Business entities in Germany act within a very clear framework that is set by government and business associations. This framework formulates exact expectation and guidelines in which companies can interact with customers, regulating bodies and government agencies. This very clear picture leads to a very high-standard of legal certainty, which is also deeply rooted in the German culture itself.

Dual-vocational training

The Chambers of Commerce in Germany provide the internationally well-known system of dual vocational training that includes practical training in a company and theoretical training in vocational training institutes. This system has a very high level of standardization and assures employability.

Incentives for investors in Germany

Incentive programs in Germany are available through different public funding instruments and for different funding purposes.

(1) Grants for investment

Production site set-up or service location development is supported by investment incentive programs providing support in the form of cash grants.

(2) GRW Cash Grants

The most important grant program for investments is the “Joint Task Improving Regional Economic Structures” (Gemeinschaftsaufgabe “Verbesserung der regionalen Wirtschaftsstruktur” - GRW).

The maximum level of support that is permitted varies within the country. At its simplest, this is largely dependent upon a region’s level of economic development. In the maximum support areas in Germany, large companies can receive up to 20 percent of their eligible investment costs reimbursed; medium sized companies up to 30 percent; and small companies up to 40. The maximum support areas are located in eastern Germany.

(3) Grants for Research & Development Projects

R&D incentive programs in Germany focus on grants. These generally provide money for R&D project personnel expenditure. Other costs for instruments and equipment may also be eligible if they can be clearly assigned to the relevant R&D project.

All research programs financed by the German federal government have been concentrated within the federal High-Tech Strategy. The High-Tech Strategy defines future fields of priority:

- digital economy and society,
- sustainable economy and energy,
- innovative working environment,
- intelligent mobility,
- healthy living, and
- civil security.

The level of support can amount to 50 percent of eligible project costs. In certain instances, small and medium-sized enterprises (SMEs) can benefit from higher levels of support.

A number of national programs which do not have a specific technological focus also exist.

(4) R&D Support at the Federal State Level

The individual federal states also have their own R&D support programs. These are primarily targeted at SMEs and are normally technology open.

(5) Grants for Hiring Personnel

Labour-related incentives play a significant role in reducing the operational costs incurred by new businesses. Germany’s Federal Employment Agency (Bundesagentur für Arbeit) and the German federal states offer a range of labour-related incentive programs designed to fit the different company needs when building their workforce. They can be divided into four categories:

- Recruitment support
- Pre-hiring training
- Wage subsidies
- On-the-job training

The most attractive of these options is wage subsidies in the form of grants when hiring from the pool of unemployed. In this case, up to 50 percent of the respective labour costs can typically be co-financed from the local job centre for a period of up to one year.

#### (6) Public Loans for Different Purposes

Public loans occupy an important position in the German funding system – at federal (KfW Group), state (State development banks) and EU (European Investment Bank) levels. Long credit periods, attractive interest rates and grace periods are the most important features of this funding instrument. Small and medium-sized enterprises in particular are often entitled to preferential conditions.

#### (7) Public Guarantees

New companies often experience difficulties securing financing as the required loans often cannot be collateralized to a sufficient degree. In these cases (with economically appropriate projects), so-called “public guarantees” can replace or supplement any shortfall in loan securities. The instrument delivers additional confidence in favour of the investor’s bank.

#### (8) Equity Capital

Certain business situations call for, or even require, an injection of equity capital instead of debt. Start-ups and technology companies are often financed by a high degree of equity. However, equity capital also represents an efficient method of business activity financing for companies from the classical industry sectors. In Germany, equity capital from public sources is available from a number of different investor channels.

*Ende Anreize für Investoren in Deutschland]*

Since it has made quite some headlines lately I am sure you are aware of Germany's

### **One billion Euros Development Investment Fund for Africa**

Germany keeps implementing its pledge under the G20 – Compact with Africa (CwA) Initiative to promote more investment in Africa, in particular in the Compact with Africa frontrunner, Ghana. While details will be announced later this year, I can already share the broad outline of the fund:

- **200 Mill. Euros** will be made available for a **Business Network in Africa**, providing in particular German companies with business advice and contacts in African markets. So we are reinforcing the work of our Delegations and Chambers of Commerce in Africa and especially Ghana has been chosen as one of only 3 pilot countries. I will elaborate on the work of the Delegation of German Industry and Commerce in Ghana (AHK Ghana) in a moment.
- **400 Mill. Euros** will be made available for **Africa Connect**, providing German companies with risk mitigation capital for investments in Africa.
- **400 Mill. Euros** will be reserved for **Africa Grow**, an investment fund, that itself will invest in funds that in turn hold investments in African companies.

This may sound very much centred around German companies, but the aim is to promote German investment in Africa which should in turn offer opportunities for African companies to act as partners, suppliers and customers. Growing the business links will lead to more decent jobs, technology transfer and growth in Africa.

When it comes to business contacts between Ghana and Germany, the

### **Delegation of German Industry and Commerce in Ghana (AHK Ghana)**

is your partner. Part of the worldwide German Chamber Network (AHKs), the Delegation of German Industry and Commerce in Ghana (AHK Ghana) offers market expertise, extensive network and business development services to promote trade and industry between Germany, Ghana and the West African region. Dedicated Competence Centres on

- (1) Energy and Environment,
- (2) Private Sector Development and
- (3) Skills Development

closely monitor selected markets and build expertise in their respective industries, provide information on latest technologies and innovations, facilitate stakeholder dialogues and business delegations to Germany and to Ghana, and maintain up-to-date contact databases to promote the development of their focus sectors.

The AHK Ghana in February of this year hosted the **3<sup>rd</sup> German African Business Summit (GABS)** in Accra, welcoming more than 650 participants from all over Africa and Germany. It was a unique opportunity for African and German business leaders to meet and discuss projects, learn about new initiatives and close business transactions.

In the framework of the summit AHK Ghana, together with its partners Access Bank Ghana and DEG - the private sector investment branch of Germany's development bank KfW-, inaugurated a new service for German and Ghanaian SMEs:

### **The German Desk Ghana.**

The German Desk enables companies to gain access to financial support and solutions. It combines all the products and services offered by Access Bank with the network and support of AHK Ghana and DEG. The range of services extends from setting up a bank account through trade finance products and transaction banking, to credit lines or investment financing for local companies wishing to acquire German equipment or export to Germany.

If you plan to export to Germany, there must be a buyer in Germany. In order to find one, Germany operates the

### **Import Promotion Desk.**

The Import Promotion Desk (IPD) provides neutral, expert and cost-effective advice to Ghanaian agricultural producers and shares know-how and contacts for them to sell to the European market successfully and sustainably. The services are geared towards small and medium-sized companies from emerging markets and developing countries with few or no existing contacts to Europe. Any company which fulfils the program criteria can apply to IPD.

Apart from trade finance, Germany also offers more long-term financing through

### **DEG**

DEG offers financing, advice and support to private sector enterprises operating in developing and emerging-market countries. Currently, investments are focusing on agribusiness and food industry and on the infrastructure sector.

For enterprises from the agricultural, industrial or service sector, DEG offers long-term financing and packaged solutions tailored to the company's needs: long-term loans and arrangement of syndicated financing; equity investments; mezzanine finance.

For young companies and **start-ups** in Ghana Germany offers different types of support. We offer a 1-year

**mentoring program via our partners [enpact.org](http://enpact.org),**

a Berlin-based start-up mentoring and consulting.

Via the **Enable West Africa-Network** provided by our partner SmartHectar we offer a platform which links start-ups to established corporates. Partnerships on the platform vary from project cooperation to supply contracts up to equity investments by corporates into start-ups.

The Delegation of German Industry and Commerce offers a yearly

### **Start-Up Roadshow**

to the hotspots of the German start-up scene: Berlin, North Rhine-Westphalia and Munich.

A new program intended for start-up support is called

### **Make-IT in Africa**

It brings together key players and supports African entrepreneurs on their path towards sustainable solutions, growth and employment and promotes digital innovation in sub-Saharan Africa for sustainable and inclusive development. In close collaboration with more than 20 corporate and financing partners, social enterprises, hubs and networks, 'Make-IT in Africa' supports an enabling environment for young entrepreneurs – to enable better access to finance, markets and skills.

Key sectors focused on by Make-It:

- E-agriculture solutions,
- E-health solutions,
- smart energy solutions and
- fin-tech solutions.

I would now like to turn to our **development cooperation** through which we are working on preparing the ground for Ghana's economy to enter deeper into the globalized economy.

The **Technical Cooperation Programme PSED** (Programme for Sustainable Economic Development), pursues a multidimensional approach that embraces three broad pillars:

- (1) Financial Systems Development (FSD),
- (2) Technical and Vocational Education and Training (TVET) and
- (3) Migration and Employment Promotion (MEP).

In the microfinance sector PSED has developed tailor-made mentoring and training programmes for Micro Finance Institutions (MFIs) and helped produce basic financial literacy materials for illiterate target groups.

In TVET, occupational standards were developed with COTVET and trade associations, followed by corresponding competency-based training (CBT) teaching, learning and assessment materials.

In the area of labour migration, reintegration and employment, more than 1,800 people have been trained as of October 2018, including about 150 Ghanaians returning from the diaspora. If you have not been there yet I invite you to visit our **Ghanaian-German Centre for Jobs, Migration and Reintegration**, which is located on Independence Avenue close to the Ridge Roundabout. It will later move to the complex of the Ministry of Employment and Labour relations.

Our new **Special Initiative on Training and Job Creation** is intended to help create enough jobs for Africa's rapidly growing young population – which is one of the key goals of the Africa strategy of the Federal Ministry for Economic Cooperation and Development BMZ (Marshall Plan with Africa).

The intention is to make business locations and industries economically more attractive, engage with and mobilize the private sector, and work with companies and SMEs to address obstacles to

investment. In order to fill the Marshall Plan with Africa and the G20 Compacts with Africa with life, the results to be achieved are:

- Create decent jobs,
- improve workers' incomes and working conditions,
- create training opportunities and
- increase private investment.

Public-private partnerships are a model which the Government of Ghana is looking into in order to share the burden of development with the private sector while at the same time offering interesting investments opportunities for companies. Germany is doing the same in Africa and in Ghana under the titles of

**develoPPP and Employment for Development (E4D).**

The programs aim to foster private sector engagement in areas where business opportunities and the need for development action overlap.

The projects, which are co-investments of German or Ghanaian companies with German development cooperation partners (GIZ, DEG, and others), are realized in a wide range of sectors and include

- the training of local experts,
- the use of climate-friendly technologies and product certification, as well as
- the improvement of eco- and social standards in manufacturing facilities.

Over the last 20 years more than 2,000 of these public-private partnerships have been realised in more than 100 countries. Together they have invested over EUR 1.1 billion in sustainable economic development in sectors such as energy, agriculture, education and health. They have brought about long-term improvements to the quality and living standards in the partner countries.

Several projects are currently on-going in Ghana.

This was quite a long ride through our programs. I hope some of them sounded attractive to you. We are always happy to receive new ideas on how to cooperate and strengthen our economic ties.

Should you have any questions, I will try to answer them to the best of my knowledge or refer you to our implementing partners.

Thank you very much for your attention.