



Deutsche Afrika Stiftung e.V.
Fondation Allemande pour l'Afrique
German Africa Foundation

Summary

The war in Ukraine and Covid-19: What does it mean for Africa?

Africa's possible trajectory, opportunities, and challenges

Wednesday, 31 August 2022, 11:00 – 12:30hrs

Haus der Deutschen Wirtschaft, Berlin

Background

Some African countries are hesitant to take sides in the war in Ukraine, although many will suffer the consequences. The war has caused prices for food, especially wheat, and fertilizer, to increase rapidly. Oil and gas prices have also increased sharply whilst efforts to combat inflation in many countries serve as a damper on growth. Aid organizations are warning of impending famine. This comes at a time when the impacts of the Corona pandemic have not yet been overcome. What does this mean for Africa's growth and development prospects? How will the Corona crisis affect the future of Africa? Do African countries still offer opportunities as strategic partners for German companies in their efforts to diversify their supply chains? These and other questions were at the centre of the discussion hosted by the *Federation of German Industries* (BDI), the *Hanns Seidel Foundation* (HSS) and the *German Africa Foundation* (DAS).

Highlights

- Desire for cooperation between German and Ghanaian companies in the energy sector
- Increased cooperation in the field of hydrogen promotion demanded to achieve CO2 neutrality in industry
- Call for more political initiative to facilitate market entry into African countries, e.g., through risk cover and strengthened bilateral relations

Development prospects of African states

Dr Jakkie Cilliers introduced the newly developed data and knowledge platform [African Futures](#) that

Welcome

Wolfgang Niedermark

Member of the Executive Board, BDI

Presentation

Dr. Jakkie Cilliers

Chair and Head of „African Futures & Innovation“, ISS, South Africa

Discussion

Heike Bergmann

Senior Vice President Sales Africa, Voith Hydro Holding GmbH & Co. KG

I.E. Gina Ama Blay

Ambassador of the Republic of Ghana to Germany

Hanns Bühler

Resident Representative, HSS, South Africa

Stefan Rouenhoff MdB

Chair of the Africa working group of the CDU/ CSU Parliamentary Group in the German Bundestag

Moderation

Sabine Odhiambo

Secretary General, DAS



bundles current research results of his team and shows possible economic development paths of all African states as well as the regional economic communities and also the African Union. The so-called *Current Path Forecast* provides a forecast under the current circumstances ("Current Path Forecast") as well as eleven positive future scenarios for the sectors of stability, demography, agriculture, health/WaSH, education, production/transfers, free trade, leapfrogging, financial flows, important infrastructures and governance and a combined Agenda 2063 scenario. Although the calculated scenarios are quite speculative, they provide explanations for future developments and give actors the opportunity to prepare for them. In order for the "best case scenario" to come true, there must be increasing investment in the industrialisation of the continent. Furthermore, the comprehensive implementation of the *African Continental Free Trade Area* is important for Africa to grow as a market and attract international investors. These factors are essential to bring economic growth and to contribute to the sustainable reduction of poverty. Dr Cilliers also addressed the interdependence between Europe and Africa, saying that the current crisis, consisting of climate change, the effects of the Covid-19 pandemic, geopolitical disputes and global food insecurity, among others, brings the relationship to a crossroad and will force Europe to change its actions. This also affects Europe's attitude towards Chinese activities in Africa. In view of the current framework conditions for Western investment, Africa needs China in order to be able to develop further.

Growth and diversification of the Ghanaian economy

In the subsequent panel discussion, the panellists commented on the current challenges in their areas against the backdrop of the war against Ukraine and the still serious impact of the Covid-19 pandemic. Ghanaian Ambassador H.E. Gina Ama Blay explained how her government had laid a stable foundation in time through policy measures introduced in 2017 to stabilise and diversify the economy, from which they are now benefiting. In the wake of the Corona pandemic, the infrastructure of the health system was decisively strengthened through the construction of more than 100 new district hospitals. She pointed out, however, that despite its own oil exports, her country is dependent on the purchase of fuel and is thus subject to the effects of the energy crisis. The recently discovered national natural gas fields are to supply the southern regions with the help of pipelines. In this area, especially for the liquidation of gas, she would like to see a significant increase in German entrepreneurial activity in Ghana.

German Economy in Africa

From a business perspective, Heike Bergmann of *Voith Hydro* reported that the years 2020 and 2021 had significantly weakened the African business of her and other companies. Not only in the companies were there budget cuts but also the federal states changed their budget priorities, so that the already meagre support in the area of Africa fell even further. Financial resources for infrastructure projects, for example, had been scarce, as the budgets of the federal states for infrastructure were reallocated to expenditure in the area of health care or social spending. In principle, however, there are now new opportunities for cooperation and investment, especially in the form of private-public



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partnerships. German companies are far less aware of these investment opportunities, especially in infrastructure projects, than French companies are, for example. Bergmann also pleads for stronger promotion in the field of hydrogen, as sub-Saharan Africa offers a lot of potential. More activity on the part of politics and business would advance the goal of a CO₂-neutral industry. An important element would be to ensure greater risk coverage for small and medium-sized enterprises and to initiate coverage for financing via Hermes guarantees. This would simplify access to potential cooperation countries for German companies.

German politics in responsibility

MP Stefan Rouenhoff, head of the Africa working group of the CDU/CSU parliamentary group, also stressed the need for Africa's CO₂-neutral economic growth. To support this, he advocated the contribution of German expertise through close cooperation. He saw the cornerstone for this in the *Compact with Africa* initiated by Chancellor Angela Merkel in 2017. Rouenhoff opposed to the objection from the audience of the Sierra Leonean Ambassador, H.E. Dr M'Baimba L. Baryoh, that the Compact was discriminatory towards many African countries, as it chooses very selectively and even countries that were economically well-positioned would not benefit and the entire concept should therefore be abolished. In his opinion, the Compact was not too selective; it was open to all African countries that were willing to accept the criteria which were primarily aimed at good governance. Then it would be a good construct to find new ways for stronger growth and job creation.

Heike Bergmann from *Voith Hydro* expressed the desire for closer economic relations with Africa and brought up the idea of a regular Africa summit initiated by politicians to provide a platform for exchange between African and German actors. Countries with weak diplomatic bilateral relations are difficult to reach for German companies. However, these are often precisely the key countries for the goal of CO₂ neutrality or even the deposits of rare earths that are so important for industry. Bergmann hopes that politics will flank the framework conditions for easier market entry in African countries, such as the afore-mentioned Hermes guarantees. Hanns Bühler, project manager of the Hanns Seidel Foundation in South Africa, also calls for general facilitation, which he sees in particular in the de-bureaucratisation of development cooperation.