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Stabilising macro-economic policies and including the private sector in dialogue in Africa would have been unthinkable five or 10 years ago. That in itself is a major shift. I wonder if Christophe Beier shares that view. It is important to have him here because Germany has been an extremely active player in Africa in the past decade. On the private level, Germany's industry has significantly invested in African markets, but its public development aid has also been quite substantial—around 1% of GDP. It is one of the biggest donors of international public aid, especially in Africa. GIZ is a pillar of that public assistance.

Christoph BEIER

Thank you very much, and first of all, thank you very much also to the organisers for inviting us here. Not only me, but also my colleagues from AFD and from JICA. First of all, because I think the issue of investment in Africa is crucial. It is crucial for the development of Africa, but it is also crucial for Europe, and maybe also crucial for the world, so congratulations for putting this issue so high on the agenda, and for inviting us, who may represent slightly different approaches to the issue, but complimentary ones, and I would like to stress this point at the end.

Why is it so important to refocus development cooperation on investment, and on the business sector? I think if you have a look at what we have achieved regarding the millennium development goals, we can see that we had been quite successful in approaching the social dimension of development, so we have very good performance jointly with our African and other partners worldwide in education and health, so a lot of the basic indicators, the human development indicators have been improved, but if you have a look at job creation, and at economic development, especially in sub-Saharan Africa, we have to admit that we have to rethink if we have been jointly sufficiently successful? I have the feeling that no, we have not, so it is really time to rethink our approaches, and to rethink what we are doing there. Why is it so important? Because just a few numbers again, by 2050, we know that the population of Africa will have doubled, so we are then confronted with 2.6 billion people in Africa, and we are then in need of maybe 20 million new jobs created every year in Africa, and these jobs – decent jobs – can only be created if there is a total refocus on investments. That is why investments are so important; public investors will not create these jobs. Private investors, the private sector has to, and public sector has to be really the one who is enabling private investment.

I think we heard already – I do not have to repeat what Madam said already – because I think we agree that the frame conditions, for example, are a major bottleneck for investment, so creating a conducive environment for investment is key, being the legal environment, being red tape, corruption, uncertainty, policy changes – everything which you said. In addition, the gap of public infrastructure, and also vocational training and, I would say, also the environment, the framework for entrepreneurship. You know, a clever SME policy to support investments. Not only foreign direct investment. I think foreign direct investments are needed, but we need also national investments, regional investments. We need investments from all sides.

If I reflect on our own experiences, and we are working a lot in the field of improving the business environment, we work very closely together with our partners in Africa, and yes, we are sometimes also successful, but this is not enough, and it takes too long. It takes too long in order to cope with this dynamic of the population development and other issues which are needed. I think what we have jointly to reconsider is, do we have to refocus our activities a little on investment opportunities? Because according to my observation, especially in more and more difficult environments, like fragile contexts, and other contexts, where are the projects where investors could invest coming from? There is a need to build up a proper pipeline for bankable or investible projects, and we at least would like, in reconsidering our own activities, we would like to go a little bit downstream on our activities. Not only concentrating on

the environment any longer, the conducive environment conditions, but also being more directly involved in investments by preparing bankable projects. By building up a project pipeline which should then be matched by my colleague from AFD, or other investors. We are starting to cooperate more closely with the AFD, with the EIB, with the African Development Bank, with the African Pension Funds and others, to match their investment interests with bankable projects. This is a hard way to go. It is not so easy. There is a lot of capacity development needed in order to come up with proper investment opportunities, so this is the one thing we would like to change.

The other thing I still see as very important, and we discussed this in the framework of different African-related initiatives like the Compact for Africa, or the Marshall Plan with Africa, whatever, is how do we do huge public investments in infrastructure? Our experience is that if you work more closely together, with public infrastructure, investment and technical cooperation, we will be able to achieve more. And we did this for example in Ethiopia, when we helped the Ethiopian government in building up 10 universities in the whole country. The basic idea was not only to invest in education, which was already a good idea if you want to take off, but to support small-scale industry, and to build up the whole construction sector, starting with the vocational training and with small-scale industries of Ethiopia to become real entrepreneurs, and then being able to serve the needs of the country, and maybe also of the region. I think we have to better connect our activities and strengths in a certain sector with huge public investments, and for that, I think we jointly should more selectively identify other sectors where huge employment opportunities are, and there are a lot of opportunities, as you said, and then jointly try to connect better public infrastructure investment with our activities of strengthening small-scale industry, vocational training, and so on and so forth. This would be the second point.

The third point is to better link the support for foreign direct investment with development cooperation in order to be more cohesive at this point. I believe with subsidies and with other instruments, we can foster foreign direct investment, and then maybe, if we know where and in which sector those investments are most probable leading to employment, attach our own activities in development cooperation to those investments. I think there we could learn a lot from our colleagues from Japan, as they have a long history of foreign policy and development policy of Japan in better connecting foreign direct investment from Japanese enterprises with development cooperation. I think we are at the stage to rethink and re-evaluate our joint experiences, and then to come up with a more coherent, more comprehensive, more selective, and more promising development approach.

Thank you very much.

Jean-Michel SEVERINO

Thank you very much. You have brought up some very important points. By 2050, 450 million newcomers will have flooded Africa's labour market. At the present growth rate, we put the estimated number of jobs that can be created at around 220 million. So there is an enormous employment gap. We know that the difference between those two figures—230 million—will migrate within Africa or from sub-Saharan Africa to North Africa and then from there onward to Europe. In a way, Africa will be the key to Europe's stability in the next 30 years. The key to solving the problem is development, growth and investment. There is something very promising for me in your comments, because I am at the head of an investment fund devoted to African SMEs and start-ups, and we started an entrepreneurial revolution, which must be accelerated.

Africa must create its domestic economic fabric. That is why the theme you mentioned in your talk is absolutely crucial.