

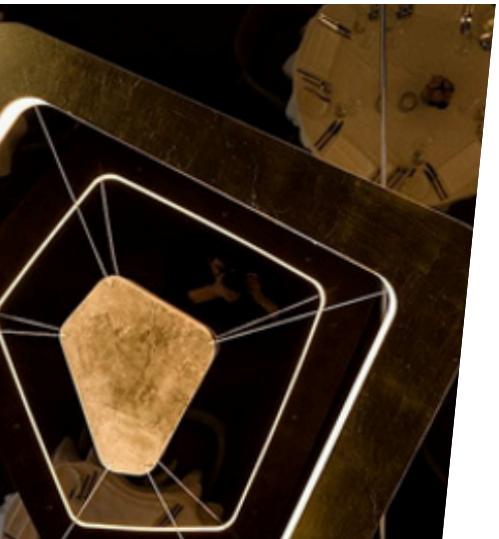
Afrika-Verein
der deutschen Wirtschaft



TOGETHER WE BUILD. TOGETHER GROW.



Germany and Africa: Strengthening Partnerships, Opening Up New Markets and Creating Shared Growth.



Position Paper on the occasion of the **German-African Business Summit in Accra**, 23–25 November 2026.

EXECUTIVE SUMMARY

Germany's economic partnership with Africa is not starting from scratch. It builds on decades of trade, investment and business engagement, supported by long-standing commercial relationships and partnerships. Germany has a strong foundation on which to build. Yet international competition for African markets, projects and partners is intensifying: Africa is not waiting for Germany. The task now is to put Germany's strengths to work strategically and, together with African partners, generate sustainable growth that benefits both sides and contributes to broader socioeconomic development.

Afrika-Verein recommends four priorities:

1. DEFINE SHARED OBJECTIVES AND ALIGN PARTNERSHIPS STRATEGICALLY.

- Develop a coherent Africa strategy across federal ministries that aligns German economic interests with the priorities of African partners and improves the investment climate.
- Use the Compact with Africa as a platform for reforms, investment and renewed political momentum.

2. FACILITATE TRADE AND PROVIDE BETTER PROTECTION AGAINST BUSINESS RISKS.

- Strengthen trade finance and export credit guarantees, bring in multilateral guarantees, take a more differentiated approach to risk assessment and make market entry easier, particularly for small and medium-sized enterprises (SMEs).
- Reduce mandatory risk retention and make export finance more accessible to SMEs through a risk-capital fund.

3. STRENGTHEN PROVEN INSTRUMENTS INSTEAD OF CREATING NEW STRUCTURES.

- Build strategically on proven instruments such as ImpactConnect, export credit and investment guarantees, and development cooperation programmes. Give KfW, GIZ and DEG greater flexibility to act. Prioritise projects that strengthen African countries' public finances and creditworthiness.
- Give greater weight to quality in KfW-financed procurement and establish legally robust ways to exclude state-owned enterprises that enjoy advantages which distort competition. Implement the 11-point plan of the Federal Ministry for Economic Cooperation and Development (BMZ) and the Federal Ministry for Economic Affairs and Energy (BMWE) consistently, making targeted use of legally permissible tied procurement to improve opportunities for German companies.

4. TURN SUCCESSFUL PROJECTS INTO LONG-TERM BUSINESS PARTNERSHIPS.

- Design major investments and pilot projects from the outset to generate follow-on investment, local value creation and lasting commercial relationships. Take a longer-term approach to pilot projects, with a focus on impact and scalability.
- ·Involve German, European and African businesses more closely and replicate successful approaches in other markets and sectors.

THE GERMAN-AFRICAN ECONOMIC PARTNERSHIP IS ALREADY TAKING SHAPE. THOSE WHO WANT TO HELP DEFINE ITS FUTURE MUST ACT DECISIVELY NOW.

SECURING THE FUTURE AND DRIVING GROWTH — TOGETHER

German-African economic relations that deliver results and lasting impact are not a vision for the future. They are already a reality—in trade, investment, joint ventures and long-standing partnerships. Even so, much of their potential remains untapped.

Germany is looking to new markets, seeking to diversify its supply chains and relying on strong international partnerships to achieve these aims. African countries have priorities of their own. Where these interests converge, robust partnerships based on mutual respect and equality can emerge. Germany faces competition from numerous international players. Africa is not waiting for Germany: speed, reliability, competitive offerings and stability in business relations will be decisive.

Trade figures show that the partnership is gaining momentum. In 2025, trade in goods between Germany and Africa reached a record €63.4 billion, while German exports to Africa rose by eight per cent year on year. But the way success is measured must also change. What matters is not how many new initiatives are launched, but what follows from an initial successful project—and the potential, scalability and sustainability it creates. Does it lead to further business and investment? Do more companies enter the market? Are lasting relationships established between partners in the two regions?

AFRIKA-VEREIN RECOMMENDS FOUR PRIORITIES.

1 | SHARED INTERESTS. A CLEAR STRATEGY.

GERMANY'S AFRICA POLICY NEEDS A COMMON PURPOSE.

Germany has significantly expanded its engagement across the African continent in recent years. The activities of individual federal ministries and institutions are important. What is still missing, however, is a binding, cross-government strategic framework that brings these efforts together around shared political and economic objectives.

A German strategy for Africa should connect Germany's interests with the priorities of its African partners. African governments and companies set their own economic policy agendas and shape regulatory conditions and the investment environment. Shared objectives must translate into concrete, measurable projects and reliable operating conditions.

This does not call for a one-size-fits-all strategy for a continent with diverse markets and economic circumstances. Overarching objectives should be combined with clear priorities tailored to individual countries and partnerships.

The African diaspora in Germany should be involved more systematically and extensively in developing partnerships and opening up new markets, drawing on its knowledge, networks and commercial ties.

The Compact with Africa offers an opportunity to combine strategic partnerships with renewed political momentum. As an established platform, it should be used more effectively to

advance reforms alongside African partners, enable concrete investment projects and mobilise private capital for shared priorities. The benchmark must be implementation and sustained impact—not the number of additional initiatives.

An effective “Team Germany” approach can bring existing capabilities together in pursuit of common goals. There is no need to create parallel structures.

AFRIKA-VEREIN RECOMMENDS:

- Agree on a common strategic direction for the Federal Government’s economic relations with Africa.
- Align economic partnerships with the shared interests of German and African stakeholders.
- Establish an effective “Team Germany” approach with clear goals and coordinated action.
- Actively use the Compact with Africa as a platform for policy dialogue on reforms and concrete investment priorities.
- Expand the network of double taxation agreements with African countries in a targeted manner and modernise existing agreements to give investors greater legal certainty.

2 | STRENGTHEN TRADE. MANAGE RISKS MORE EFFECTIVELY.

ECONOMIC PARTNERSHIPS BEGIN WITH CONCRETE BUSINESS RELATIONSHIPS.

The momentum is evident in individual markets: in 2025, German exports to Nigeria rose by 21 per cent, while exports to Egypt and Morocco each increased by 12 per cent. With German exports worth €9.1 billion, South Africa remains Germany’s largest export market on the continent.

For German business, Africa is not a market of some distant future. German companies are already active in many countries and are continuing to deepen their commercial ties.
Alongside major investment and infrastructure projects, trade and market entry deserve greater attention. Many long-term business relationships begin with a first transaction, a local partner or a workable financing arrangement.

SMEs in Germany and Africa, in particular, need reliable support throughout the process—from initial entry into an African market and the establishment of local operations through to local production, wherever this is feasible and sustainable. Access to trade finance, export credit protection, market intelligence and local networks often determines whether a commercial opportunity develops into a lasting business presence. Local firms also need access to capital, expertise and markets if they are to grow as equal partners. Risks must be assessed with an eye to the future and in ways that reflect the country and project concerned.

The impact of high perceived risk is reflected in financing costs. According to analyses by the International Energy Agency, the cost of capital for large-scale clean-energy projects in Africa can be two to three times as high as in advanced economies—even when the technologies are comparable. Better risk assessment and targeted risk cover can make viable projects substantially easier to finance. Germany’s export credit guarantees, particularly Hermes Cover, are central to this effort. They should be used more effectively where otherwise sound transactions fail because of financing constraints or avoidable risks. Investment guarantees also remain important for long-term business engagement.

The level of risk exporters must retain under export credit guarantees is often too high, especially for smaller firms. This share should be reduced in line with the underlying risk. Country ceilings must reflect current economic conditions, debt sustainability and the quality of individual projects. In addition, the Federal Government should work with the African Development Bank (AfDB) and other banks to pilot practical models for using multilateral guarantees and risk-sharing arrangements to support German export transactions.

AFRIKA-VEREIN RECOMMENDS:

- Strengthen trade finance and targeted risk cover for export transactions.
- Align export credit and investment guarantees consistently with country- and project-specific risks and opportunities.
- Reduce exporters' mandatory risk retention, adjust country ceilings to actual needs and draw on multilateral guarantors to secure export financing.
- Improve risk perceptions through differentiated market analysis.
- Make it easier for SMEs to access financing, information and local networks.

3 | STRENGTHEN PROVEN INSTRUMENTS. INCREASE IMPACT.

NO NEW STRUCTURES. GET MORE RESULTS FROM WHAT ALREADY EXISTS.

Germany has a wide range of instruments to support trade, investment and economic development. The key questions are which of them work in practice, how businesses can access them more easily and how they can be used to best effect.

The Compact with Africa (CwA) should also be used more effectively as a strategic and financial lever. The initiative's second phase and its Multi-Donor Trust Fund provide an opportunity to link reform priorities to specific investment projects, reduce risks in a targeted way and mobilise private capital. Trade should be treated more explicitly as a driver of growth and reform.

With public resources limited, the focus must be on approaches for which there is clear demand. ImpactConnect supports investment in developing markets. TradeConnect offers a promising approach to trade finance that should be systematically tested and, if its effectiveness is demonstrated, expanded.

A revolving risk fund for SMEs should be established within existing support structures. Working with banks and private investors, it would assume part of the default risk associated with investments and export financing, thereby mobilising additional capital. It should facilitate smaller financing volumes, require private-sector risk participation and avoid subsidising investments that would have proceeded without support.

These instruments do not all need to serve the same purpose. What matters is combining their respective strengths, making access easier for companies and scaling up successful approaches where they generate tangible economic benefits.

The scope for action within Germany's development finance system should be reviewed. KfW has extensive experience and established relationships in strategically important partner countries. Where greater financing capacity can unlock private investment and local value creation, that capacity should be expanded selectively. DEG also needs sufficient financial flexibility to mobilise private capital.

Greater flexibility is also needed in bilateral development cooperation. Working with BMZ, GIZ should be able to design projects more closely around actual needs and less around individual funding instruments, so that German and local companies receive support tailored to their circumstances.

Priority should go to projects that improve the economic performance of state-owned enterprises, relieve pressure on public budgets and reduce fiscal risks. Such projects can help strengthen debt sustainability, improve sovereign credit ratings and make financing more affordable over the long term.

In procurement for KfW-financed projects, greater weight should be given to quality, life-cycle costs, reliability and sustainability. State-controlled bidders that demonstrably benefit from state support which distorts competition should be consistently excluded wherever permitted under applicable procurement law.

Where compatible with procurement law and international obligations, German public funding should be linked to contracts awarded to German companies and demonstrable value creation in Germany.

International experience shows how public instruments can reduce risk and mobilise private capital: FMO shares risks with local financial institutions, Proparco uses guarantees to strengthen lending, and Norfund provides risk-bearing capital. Germany should draw lessons from these approaches when refining its existing instruments.

Development cooperation programmes such as develoPPP, IPD and Invest for Jobs can connect private-sector activity with sustainable local development. Their impact will increase if procedures become simpler, faster and more closely aligned with concrete investments.

AFRIKA-VEREIN RECOMMENDS:

- Develop, scale up and adequately fund successful instruments for which there is demonstrated demand.
- Use the CwA to advance reforms, investment and the mobilisation of private capital.
- Pilot TradeConnect and expand it if its effectiveness is demonstrated.
- Make develoPPP, IPD and Invest for Jobs more flexible and reduce bureaucracy.
- Expand the scope of KfW and DEG to mobilise private investment, and examine suitable ways for DEG to access federal guarantees.
- Establish an SME risk fund for investment and export finance within existing structures.
- Give greater weight to quality criteria in KfW-financed procurement and establish legally robust grounds for excluding non-European state-owned enterprises that enjoy advantages which distort competition.
- Prioritise projects that strengthen the economic performance of state-owned enterprises, relieve public budgets and could, by improving debt sustainability, secure more favourable financing terms over the long term.
- Where legally permissible, link public support more deliberately to contracts for German companies and demonstrable value creation in Germany.

4 | SCALE UP SUCCESSFUL PARTNERSHIPS.

FROM PILOT PROJECTS TO LASTING BUSINESS RELATIONSHIPS.

A successful project should be the starting point for further economic activity. Scaling up does not simply mean making individual projects bigger. It means attracting additional companies, generating further investment and building lasting partnerships.

The African Development Bank estimates that Africa needs between US$130 billion and US$170 billion in infrastructure investment each year, leaving an annual financing gap of between US$68 billion and US$108 billion.

The greatest multiplier effect comes from forming joint strategic alliances and involving additional stakeholders in major projects at an early stage. Publicly supported projects should therefore consider from the outset how German and European companies, as well as African suppliers, can gain access to new business opportunities. This creates growth and employment in both regions.

Achieving lasting impact requires looking beyond project construction. Particularly in energy and infrastructure projects, as well as initiatives to strengthen healthcare systems, operations, maintenance, spare parts and workforce training must be planned from the beginning. This creates lasting commercial relationships and builds local capabilities. Successful training and exchange models should be used more widely. Collaboration among businesses, universities and skilled professionals helps foster long-term economic ties.

Development cooperation and foreign trade promotion should be better coordinated around outcomes. The priority is to bring the right capabilities together for specific projects—not to add further institutional complexity.

AFRIKA-VEREIN RECOMMENDS:

- Design pilot projects from an early stage to encourage follow-on investment and further commercial relationships.
- Involve German, European and African companies more closely in major publicly supported projects.
- Build operations, maintenance and workforce development into project planning from the outset.
- Replicate successful training and partnership models in other countries and sectors.
- Align stakeholders and support instruments consistently with the needs of specific projects.

TOGETHER WE BUILD. TOGETHER WE GROW.

German-African economic relations rest on a solid foundation. Over decades, companies and institutions in both regions have built relationships, expertise and structures that Germany can draw on in many ways.

Germany's strengths lie in long-term partnerships, commercial expertise, a strong SME sector and a broad range of support instruments. But these strengths will not deliver results automatically. Germany is competing with other countries for projects, markets and lasting partnerships. Africa is not waiting for Germany.

What matters, therefore, is not who announces the largest investment, but who can offer the most compelling overall package: swift decisions, reliable finance, high quality and measurable local value creation. That package must respond to the priorities of African partners and create commercial opportunities in both regions.

Achieving this requires clear strategic objectives, better conditions for trade and investment, effective and practical support instruments, and a commitment to scaling up successful partnerships. The foundations are already in place. What matters now is turning opportunities decisively into joint investments, trade and sustained growth.