The Federal Republic of Germany

Positions for the African Development Bank

## I. Addressing the Youth Employment Challenge

*"A world in which everyone can live a self-determined life in freedom, a world without poverty, violent conflicts and environmental degradation – international development policy has set itself the goal of coming closer to this ideal."* –Federal Ministry of Economic Cooperation and Development

The Federal Republic of Germany, hereto referred to as Germany, has greatly invested in the continent of Africa and seeks to promote African's economy by its continued investment in regional organizations and programs that support African youth. Germany supported the "2010 General Capital Increase VI and ADF-XII to replenish the African Development Bank Group" (AfDBG) with 467.94 million euros which was the same as the ADF-XI but it reduced Germany's shares to 9.781 marking an increase in African self-reliance.[1] Germany supported the Making Finance Work for Africa (MFW4A) organization which is dedicated to "providing a platform for African governments, development partners and private sector entities to coordinate financial service development". Having heavily invested in the AfDBG, Germany holds a 5 percent voting right in the organization. A joint youth Employment Initiative for Africa launched in 2011 named the Zim-Fund was supported by Germany as well as Australia, Denmark, Norway, Sweden, Switzerland and United Kingdom[2]. To this day the fund is backed by 553.4 million dollars in grants from private and public entities that in turn invest in Zimbabwe youth. German Federal Enterprise for International Cooperation (GIZ) acts on the authority of the Federal Ministry of Economic Cooperation and Development (BMZ) and is a result of the consolidation of the defunct Deutsher Entiwicklungsdient (DED), German Development Service (gGmbH), German Technical Cooperation (GTZ GmbH) and Inwent. Under the auspice of GIZ, several bilateral donors have supported youth employment strategies by helping establish the Youth Employment Network (YEN) and the Youth Employment in Sub-Saharan Africa Project (YEAP). Germany will continue to support these organizations by increasing funding upon approval of its parliament.

In the *United Nations World Youth Report*, UNESCO found that most participants surveyed thought that vocational programs were often outmoded by the time they reached the changing labor market and were often inaccessible. Germany endorses an increase in marketing to make a wider and more diverse range of youth aware of the existence of such programs, especially in regions of high security vulnerability. Germany encourages creating a job specific apprentice program directed by regional employers to train students based on their current and projected needs. This type of direct student access will enable youth to feel encouraged about their job prospects outside of subsistent farming and give employers better access to rural/traditionally disenfranchised youth.

An analysis by the German Institute of Global and Area Studies (GIGA) notes that the Nigerian economy is too dependent on oil exports; Africa's economy today is by enlarge still production based.[3] Germany is interested in developing industries in places like Kenya and Rwanda by increasing its own investment in its successful work and infrastructure programs. Rwanda will receive another 750,000 energy efficient stove to the already 7 million purchased by GIZ on behalf of the BMZ. The African Cashew Initiate, supported by BMX through GIZ will expand to more Sub-Saharan African countries willing to expand their industry. Lastly, as done in Ethiopia and Kenya, BMZ will expand educational and vocational opportunities in primarily rural regions by budgeting for the construction of 5 more school to compliment the 13 Universities already built and increasing school capacity from those facilities by a modest estimation of 5 percent (dependent on budget and region).

The legal protection of sex in both the public and private sphere can be found in Germany's constitution, therefore Germany supports public policy initiatives that will institutionalize the equal

[1]http://www.bmz.de/en/what_we_do/approaches/multilateral_cooperation/players/RegionalDevelopmentBanks/AFDB/index.html

[2]http://www.afdb.org/en/news-and-events/article/zimbabwean-youth-and-others-to-receive-usd-53-4-million-from-afdb-12766/

[3]http://www.giga-hamburg.de/en/system/files/publications/wp120_maehler.pdf

protection of male and female sex as a mode of social progression towards political representation and stability of African Member Nations.[4]

## II. Strengthening Intra-African Trade through Infrastructure Development and Investment

Germany believes that the diversification of financial system structures will also diversify risks typically associated with economic investments in Africa as proposed by Germany's BMZ in *Financing Africa Through the Crisis and Beyond*. Germany believes, as suggested by the International Bank for Reconstruction and Development in the aforementioned volume, that this can be achieved by providing external finance to enterprises in the form of equity, debt or some hybrid. Particularly, Germany suggest, the prioritization of enterprise credit over household credit is the most politically feasible way to achieve financial stability. To compare financial structures, Morocco has 9 ATMs per 100,000 adults while Malaysia has 47.5.[5] Furthermore, a gallop poll revealed that a majority of African Citizens said that they do not have a formal Banking Service (FBS): Kenya has 71 percent and Zimbabwe has 72 percent of its citizens with no FBS. From 1980 to 2007 private credit GDP averaged 18 percent in Ethiopia but 87 percent comparable to Thailand. As a whole with more private credit, GDP would have seen a 1.4 percent increase instead of the 0.1 percent observed now. The initiative, as proposed by Germany, will help increase Africa's average income that will created additional demand for financial services hence a "positive feedback loop" of income and financial services will develop affecting global markets.

In the interest of increased cooperation with Nigeria, Germany will fund and consequently become a member of the Nigerian Trust Fund and also consider endorsing Aminu Wali to the International Telecommunication Union position at the 25 of May election this year should Nigeria lower its oil tax rates to Regional Members as well as adhere to a fair trade provision as set by the Infrastructure Secretariat for Africa (ICA) and its water sector platform.[6] Germany proposes a lower Fund Manager tax rate currently at 20 percent in Morocco, to mitigate some of the effects of "double-taxation" by Regional Members. It is with that in mind that Germany proposes a treaty to form a uniform taxation code that should represent a 45 percent (depending on country) or more increase in available funds to both local and foreign investors.

NEPAD is a multi-donor trust-fund hosted by AfDB that aims to help bridge the gap in regional infrastructure project preparation. This will serve as the basis for German interest in funding infrastructure project such as roads and wiring because NEPAD has a proven track record of managing and allocating funds to such projects. There's a projected 5 million euro cost.

Should all of Germany's measures be implemented, Africa's Growth projections, as estimated by AfDB should consistently increase by 1 percent from the originally estimated 7.2 percent growth for West Africa, 3.1 for North Africa, 6.0 for East Africa, 6.2 for Central Africa and 9 percent for Southern Africa.[7] Germany petitions members to consider the impact that credit will have on global trade and social progress of the region.

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[4] http://www.gesetze-im-internet.de/englisch_gg/englisch_gg.html#p0034

[5] http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Financing%20Africa%20Through%20the%20Crisis%20and%20Beyond.pdf

[6] http://www.berlinglobal.org/index.php?germany-supports-african-development-bank-adb

[7] http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Annual_Report_2013.pdf