

# I. Overview



The TICAD IV held in May 2008.

(Photo: MOFA)

**O**verall progress in the second year of the implementation of the Yokohama Action Plan (YAP) has been significant. This digest report records the highlight of progress made during the period from April 2008 to the end of March 2010, while primarily focusing on the progress made in 2009. The detail of activities submitted by respective implementing partner by sector, by targeted countries, and by reporting year can be found in the new web site launched by this report.

The period covered by the report coincides with the worst global recession in recent history, although the world economy is now showing signs of recovery, driven in large part by the extraordinary stimulus measures implemented by industrialized countries. While the situation remains fragile in Africa as elsewhere, the African Economic Outlook\* estimates that the continent is likely to achieve growth of 4.5 % in 2010.

Despite this positive forecast, it is imperative that Africa's development partners honour the commitments made in international fora. This report reviews how far activities included in YAP are being implemented, and thus the extent to which commitments made at TICAD IV are being met.

The TICAD process also welcomed the revised AU/NEPAD African Action Plan(AAP) for 2010-2015, which proved to be a strong framework for Africa's flagship programmes/projects aimed at advancing regional and continental integration, anchored on AU/NEPAD guiding principles. The TICAD process is committed to working in closer synergy with the AU/NEPAD and with the Regional Economic Communities(RECs).

\*Published jointly by the African Development Bank (AfDB), the Organisation for Economic Co-operation and Development (OECD) Development Centre and the United Nations Economic Commission for Africa (UN-ECA)

## The Impact of the Global Financial and Economic Crisis on Africa and Follow-up to the First TICAD Ministerial Meeting in Gaborone, Botswana, March 2009

The global financial and economic crisis has led to a significant decline in private capital flows, remittances, commodity prices, export demand and tourism throughout Africa, slowing growth and threatening to undercut the substantial gains made in the previous decade. Available data suggests that growth in 2009 was much lower than the 5.2 % the continent registered in 2008; currently, Sub-Saharan Africa's growth rate for 2009 is estimated at 1.9 %. For the first time in almost a decade GDP per capita fell, throwing millions more into extreme poverty.

Although the effects of the crisis have differed across countries, African governments have responded in similar ways, focusing on minimizing the growth shortfall, protecting the poor, and preparing economies to benefit from a global economic rebound. A key feature is that countries have continued—and in some cases accelerated—the prudent economic reforms that sustained the continent's previous decade of economic growth. Countries with fiscal space have maintained public expenditure programmes and

run modest deficits, while those without the fiscal space to implement countercyclical policies have taken steps to reduce macro-economic imbalances. Most countries have scaled up targeted safety nets to cushion the impact on the most vulnerable. The positive policy response of African governments has also meant that external resources have been effectively spent.

Although the actions of both African countries and their development partners have mitigated the impact of the crisis, the continent's difficulties continue. Countries need to position themselves to take advantage of the global economic recovery and get back on a sustainable growth path, while taking into account challenges like climate change. This will require continued concerted attention, commitment, and decisive action on the part of both African governments and the international community.

The First TICAD Ministerial Follow-up Meeting was held in Gaborone, Botswana, in March 2009, against the backdrop of the in-

creasingly severe impact, on African countries, of the global financial and economic crisis. The Government of Japan faithfully conveyed the views and concerns reflected in the Communiqué of the meeting to the London G-20 plus Summit in April 2009. It also

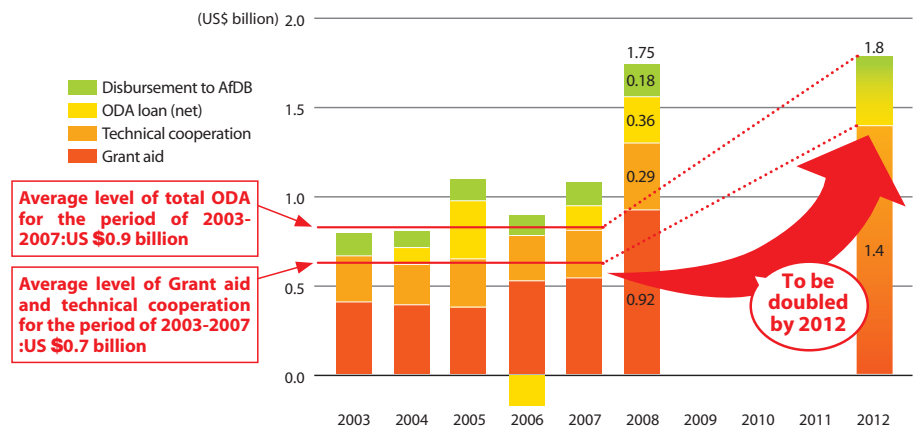
showed strong leadership in speedily implementing the support measures that it announced at the meeting, as indicated in the Figure. As will be described hereinafter, implementation of key aspects of YAP has indeed been accelerated.

## The Status of Japanese support measures announced at Gaborone (Implemented March 2009-March 2010)

- **Rapid implementation of US\$ 2 billion worth of grants and technical assistance**  
→ approximately US\$ 1.8 billion disbursed / committed
- **Humanitarian relief measures of US\$ 300 million**  
→ over US\$800 million disbursed (included in the US\$ 1.8 billion mentioned above)
- **Disbursement of US\$ 200 million to the Global Fund to fight HIV/AIDS, TB, and Malaria**  
→ US\$ 380 million disbursed
- **Capacity building for personnel in financial sector management**  
→ JICA already conducted training for 122 persons

### Japanese Official Development Assistance (ODA) to Africa

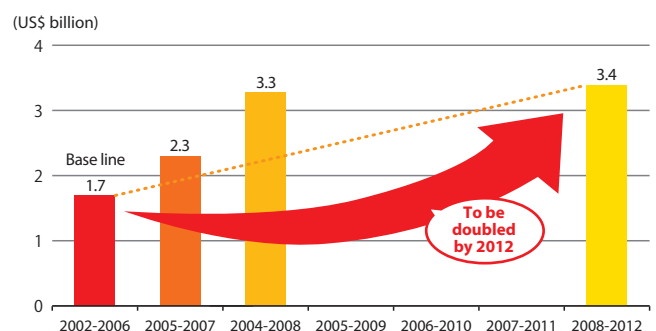
At TICAD IV, Japan committed itself to double its total ODA to Africa excluding debt relief, with a target of US\$ 1.8 billion by 2012. In 2008, US\$ 1.75 billion was disbursed. The Government of Japan intends to continue its efforts to secure a sufficient ODA to Africa.



### Japan's Direct Investment in Africa

As indicated in the Figure, the five year average of direct investment position in Africa at the end of 2008 is promising. However, considering the withdrawal of investment due to the global financial and economic crisis in 2009, the trend is unforeseeable. While the utilisation of various financial facilities is progressing well as can be found in this report, continuous efforts by all stakeholders are needed in order to achieve tangible results by 2012. (see "II.2 Trade, Investment and Tourism" for further details)

### The five year average of Japan's direct investment position in Africa



### The position (assets) of Japan's direct investment to Africa at the end of year

Year	2002	2003	2004	2005	2006	2007	2008
US\$ million	1,232	2,052	1,628	1,332	2,701	3,895	7,325

(Source: JETRO)

\*The balance of direct investment position fluctuate yearly, therefore the average of 5 years' position at the end of year is calculated for the baseline (\$1.7 billion) and the target (\$3.4 billion).

\* Egypt and Libya not included.

\*The figure includes Mauritius where the majority of investment is estimated to be transferred to India.



## Financial Facilities

Contracting of Japanese ODA loans by the Japan International Cooperation Agency (JICA) is progressing well, with 45% of the pledged target amount being committed by the end of March 2010. The largest portion of the ODA loan committed is directed towards renewable energy (41%) followed by private sector development (19%) and transport (18%) as shown in the Figure.

Finance by the Japan Bank for International Cooperation (JBIC) is also progressing well, with 50% of the pledged target amount being committed by the end of March 2010. Examples of the JBIC loans extended include: Increasing production of Anti-Malaria Nets in Tanzania and infrastructure-related projects in South Africa such as Power Transmission projects and the Port Expansion project (see p.8). JBIC has also established "The Facility for African Investment (FAI)" with a view to supporting business by Japanese corporations in Africa, a part of it being invested in a fund offering emerging currency swaps and other derivatives.

The World Bank Group also increased lending to help African countries manage the economic impact of the global crisis. The 2009 IDA lending to Africa was front-loaded and fast-tracked, and reached to US \$7.8 billion, up from US \$5.7 billion in 2008. IBRD financing for the continent was increased to US \$1.5 billion, while IFC provided US \$1.8 billion in support for private sector initiatives, and MIGA supplied US \$50 million in new guarantees. In addition, emergency assistance of \$710 million was provided to 21 African countries through the Global Food Response Facility, a new initiative established in response to the global crisis. This funding was targeted at safety net programmes, school feeding and food-for-work programmes, seed and fertilizer purchases, and budget support to help address fiscal imbalances.

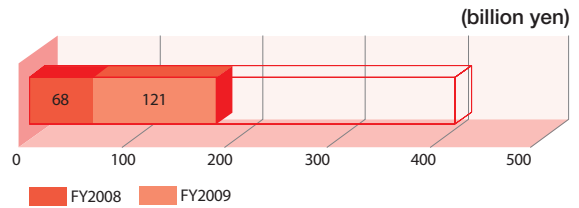


## Analysis by Sector

The YAP targets for grant aid and technical cooperation for all five sectors progressed satisfactorily. The most significant progress was made in the infrastructure sector which exceeded the target amount (117%). This is followed by water and sanitation (93%) and the agriculture (80%) sectors, while the education (58%) and health (56%) sectors are proceeding at a steady pace for the second year. Many projects are in the pipeline, and further progress is therefore expected during 2010.

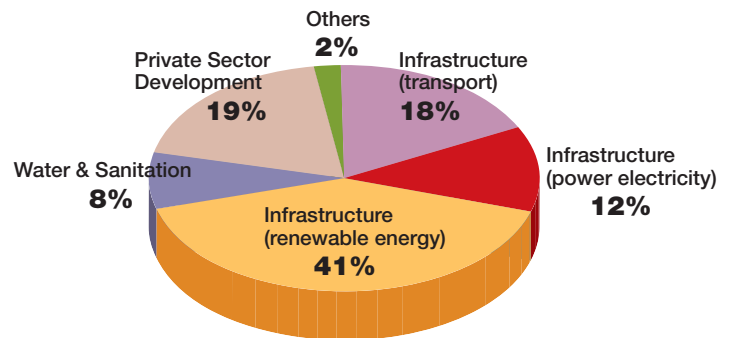
Capacity building programmes with numerical targets are on track to attain their respective targets by 2012, such as "capacity building for 50,000 agricultural leaders", "improving the management of 10,000 schools", "training 100,000 mathematics and science teachers", "100,000 health and medical workers", "5,000 water managers/users", and "providing safe drinking water for 6.5 million people". Nevertheless, further efforts are needed in order to attain the target for "the development and rehabilitation of irrigation facilities (100,000 ha)".

### The progress on Japanese ODA loan commitment up to US \$4 billion (420 billion yen)

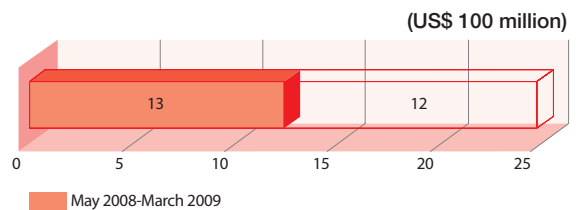


\*Includes projects for which E/Ns are to be signed by the end of March 2010.

### Committed Japanese ODA loan projects by sector

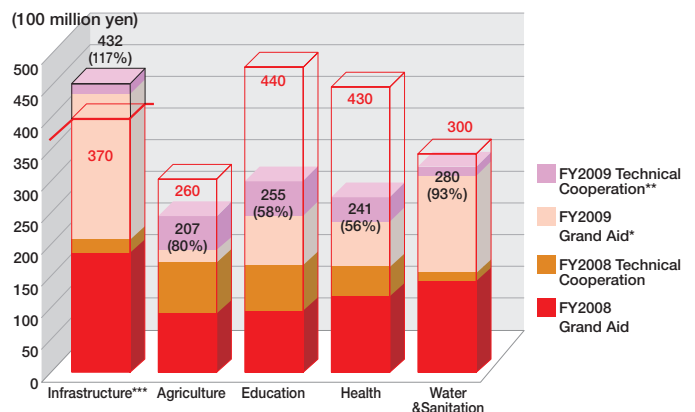


### The progress on JBIC loan commitment up to US\$ 2.5 billion



With regard to measures to address climate change, it is expected that mitigation and adaptation measures in Africa will advance, making use of funds made available through such initiatives as the "Hatoyama Initiative" by Japan. (see p.24)

### The progress of grant aid & technical cooperation by sectors



\*FY2009 Grant Aid: E/N base (as of March 31, 2010)

\*\*FY2009 Technical Cooperation: Estimated figures based on the total amounts of FY2008

\*\*\*Excludes the support for irrigation and water sub-sectors.