

# TICAD7 Public-Private Roundtable Meeting

## Recommendations by the Japanese Private Sector

March 18, 2019

A working group was established to discuss and develop these recommendations. “*Reference: major views expressed in the WG*” is inserted in order to promote understanding of the recommendations.

### 1. Resolution towards TICAD 7

#### (1) Perception of the Current Situation

TICAD has contributed to international consensus-building on policies concerning African development and promotion of various partnerships as a “multiple-stakeholder framework” with the participation of not only African countries but also international organizations engaged in development, partner countries, private companies, and civil society. TICAD has also served various functions such as demonstrating Japan’s commitment to support Africa and following up its commitment.

Since the latter half of the 2000s, **expectations from African countries toward the roles played by the private sector in areas including trade, investment, and business are rising** in addition to Official Development Assistance (ODA).

At the same time, changes have occurred, such as expansion of economic relations and starting summit and ministerial level dialogues between Africa and countries such as the United States, European countries, China, India, Turkey.

**The question now posed is how TICAD and Japan, the initiator of TICAD, will take a significant role in Africa’s economic growth, development, and structural reform in the years to come.**

In response to such changes in the environment surrounding Africa, the “TICAD brand” is extremely important for Japan in expanding its presence in the development of Africa given that Japan is lagging behind in making inroads into Africa compared to European countries, India and China which have been involved in Africa for generations.

## **(2) The way forward for the future TICAD and resolution of Japanese companies**

With TICAD VI in 2016 as a turning point, the Japanese business community is also expressing growing interests in Africa. Yet, there are still major barriers for Japanese companies to enter into the African market.

Acceleration and expansion of business in Africa by Japanese companies is a shared challenge for both Japanese public and private sectors in the context of ensuring long-term growth opportunities for Japan and contribution to structural reform in Africa.

With a view to strengthening the “TICAD brand”, we would like to propose a “model change” to the TICAD process incorporating voices of Japanese companies which operate in Africa and understand the problems and issues of Africa from experience while leveraging its characteristic as an open multiple-stakeholder forum. This process should be the vital element of TICAD.

TICAD 7 in August 2019 would provide a good opportunity for supporting Africa’s own efforts to reform while presenting (1) a new form of TICAD, (2) its future direction (3) and the outcome to be achieved in TICAD in a visible manner.

Japanese companies remain committed to supporting Africa’s own efforts to further improve their business environment and to build even stronger partnerships for Africa's development.

## 2. Priority Areas for Realizing Africa's Sustainable Development

### (1) Future strategy towards Africa

In Asia, for over the past 40 years, Japan has contributed to income support, job creation, improvement of technology and skills, sophistication and diversification of industries. Japan has also supported development through activities such as trade and investment by the private sector based upon improved business environment by institutional building, infrastructure development, human resources development through Japanese public funding and technical cooperation.

While Africa places a priority on industrialization, diversification and sophistication of industry, Japan should carry forward the following specific initiatives leveraging such past achievements and vitality of the private sector aimed at building strategic and equal partnerships with African countries and achieving a collaboration incorporating the three strands of investment, trade, and aid in accordance with the following basic principles towards inclusive growth and sustainable development in Africa.

#### Basic Principles

- i. **Aim to contribute to both achievement of the Sustainable Development Goals (SDGs, which are set by the international community) and Agenda 2063<sup>1</sup>, priority issues set by African countries themselves;**
- ii. Maintain and strengthen the free and open economic order as a foundation of inclusive growth and sustainable development, and promote **regional economic integration** internally and internationally;
- iii. **Promote innovation** which drives inclusive growth and sustainable development. **Leverage Japan's experience and knowledge solving** various problems after the WWII **to offer institutional architecture and system improvement;**
- iv. **Showcase** initiatives which demonstrate the Japanese attitude and practices as (a) **TICAD model/project(s) in order to draw out proactive actions by African countries themselves. Involve African countries that are committed to taking specific actions** such as creating new systems; and
- v. **Support private companies taking specific actions toward doing business in Africa regardless of their size.** After pilot projects are implemented, then apply them to other African countries

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<sup>1</sup> Long-term development vision adopted by the African Union in 2013

**(2) Foster a business enabling environment conducive to economic growth, realize good governance, call on African countries to promote a better business environment, and enhance various partnerships including through the TICAD co-organizers**

Toward achieving the goals of the AU Agenda 2063, which aims for prosperous Africa based on inclusive growth and sustainable development, leaders of African countries promote economic development including through increased incomes and job creation as the highest priorities in their countries. They are also working on structural reform such as sophistication and diversification of industry.

It is widely recognized among African leaders that internal and international cooperation is also essential to achieve these goals. Recognizing the need of creating a virtuous cycle to attract investment to their countries and to promote industry, the leaders are now clearly expressing their determination to undertake reforms such as creating a better investment and business environment and realization of good governance.

In response to such a **growing trend of African “ownership”**, the Japanese public and private sectors should continue to demonstrate their partnerships, and further strengthen necessary actions and support aimed at realizing “free and fair, transparent, and highly predictable” business environment.

**① Resolving problems faced by private companies**

“Bilateral Committee on the Improvement of the Business Environment (tentative name)” in which specific solutions between the public and private sectors from both Japan and African countries are discussed and considered should be established to resolve various problems faced by private companies conducting business in Africa. The Committee consists of embassy of Japan, JETRO, Japanese companies operating business in the local market, and the governments of the country concerned. In the Committee, it is expected to identify issues necessary to address (see “**Reference: major views expressed in the WG**” as follows) including rules and institutions of the country concerned and particular issues of administrative procedures, draft an action plan, and create a mechanism for steady improvement while monitoring the progress of the implementation. The governments of African countries are expected to actively use such framework and to improve their business environment.

In addition, in order to support Japanese companies interested in doing business in Africa, including start-up companies and medium-sized and small enterprises (MSMEs), it is suggested that Japanese embassies in African countries and JETRO set up a forum to share with Japanese companies information regarding taxation system, legislative system, regional

market integration in the country concerned. While mutually sharing awareness of problems and challenges with Japanese companies, **Japanese diplomatic missions in African countries are highly expected to take an initiative in solving problems if necessary in cooperation with Japanese companies.**

*Reference: major views expressed in the WG*

- *The following actions are needed.*
  - *Ease or abolish restrictions on foreign investment in African countries (limitations on foreign capital ratio, local content requirements, requirement to employ local worker, requirement for joint ventures nationally run and local enterprises, limitations on royalty remittances, etc.)*
  - *Ensure the fairness, transparency, and predictability, and simplify and expedite procedures regarding custom clearance, immigration, quarantine, and work permit, business license, etc.*
  - *Enhance institutional systems, standards, and criteria for intellectual property rights, measures against counterfeit goods, a land management system including land registration, and compulsory vehicle inspection.*
- *Promote conclusion of free trade/economic partnership agreements, investment agreements, and tax treaties between Japan and African countries as well as free movement of goods, services, funds, human resources, and information between African countries through customs reductions and steady implementation of customs unions (a common tariff to foreign countries) in African countries*
- *Consider specific support for shortage of foreign currency in African countries that causes risks on transactions in dollar, restriction on cash withdrawal, and currency fluctuation*
- *Facilitate transportation between Japan and Africa and among African countries by introducing a safer and more convenient TICAD Business Travel Card making use of Japanese technology such as biometric authentication modeled after APEC Business Travel Card*

## **② Diversified partnerships and collaborations with the TICAD co-organizers and third countries**

TICAD is a multiple-stakeholder framework co-organized by the United Nations, the United Nations Development Program (UNDP), the World Bank, the African Union Commission (AUC) with the involvement of other partners such as the New Partnership for Africa's Development (NEPAD).

It is necessary to further strengthen relations with the TICAD co-organizers and other partners and **enable private companies to use co-organizers / partners' expertise and**

**networks** to the maximum extent possible through the TICAD process.

As it is difficult for Japan to rapidly expand its presence in Africa only by its own efforts due to its limited resources and expertise on Africa, formulation of diversified partnerships and collaborations with various partners should be one pillar of the Japan's strategies on Africa to accelerate business by the Japanese private sector in Africa.

*Reference: major views expressed in the WG*

- *Creating a mechanism to review human resources development which is Japan's strong point, including both through ODA and through other projects financed by international finance organizations is necessary.*
- *The Japanese public sector should provide its networks to enable countries those have knowledge and expertise on Africa, international organizations, and Japanese companies to share necessary information, expertise, networks, and resources, aiming to form a new project*
- *Collect and share the good practices and benefits on what can be possible through partnership and collaboration with foreign companies such as the United States, France, the United Kingdom, Turkey, China, and India, and whether public funding from such foreign countries can be utilized for Japanese companies regarding cooperation with third party countries.*

### **(3) Infrastructure development that serves as a foundation for people's life and industry activities**

It is indispensable to have a basic infrastructure that serves as a foundation for people's life and industry activities for inclusive growth and sustainable development.

Among others, Africa still lacks sufficient infrastructure including roads, railways, ports, electricity, housing, telecommunications and its security, sewage and waterworks. The lack of infrastructure is a major obstacle for doing business in Africa by Japanese companies.

Under this circumstances, Japan should **continue to strongly support the promotion of infrastructure development in Africa through public-private partnership.**

With international competition intensifying to build infrastructure in Africa, Japan should pursue the following approach in promoting infrastructure development in the years to come:

- 1) Ensuring economic efficiency and safety in terms of lifecycle costs including maintenance;
  - 2) Creating job opportunities;
  - 3) Transferring technological knowhow and fostering human resources;
  - 4) Ensuring consistency with economic development strategies of the country concerned;
- and

- 5) Promoting understanding that quality infrastructure in consideration of impact on social and environmental aspects contributes to strengthening social and economic foundations in each African country, and to ensuring regional stability and prosperity, as well as to achieving SDGs/Agenda 2063 goals.

For example, a concept of **“Made with Japan” can be proposed as follows:**

- 1) Building infrastructure with techniques, expertise and mind together with Japan;
- 2) Supporting capacity building of African countries through technology transfers from Japanese industry, government and academia, then continuing follow-up and legislative system support;
- 3) A company from a third country which holds expertise in Africa conducts projects with Japanese companies making use of Japan’s funding; and
- 4) Supporting Japanese MSMEs providing fine and sensible technology and services that better match needs of Africa.

Since African countries are not always seeking all the strong fields of Japanese companies, **it is important to develop quality infrastructure together with the host country in line with their needs including the content of “quality”** through supporting formulation of a master plan by public-private partnership and providing optimized total solutions.

*Reference: major views expressed in the WG*

- *Making use of all the aid tools, Japan should continue to request African governments to improve their public bidding systems to make comprehensive evaluations of quality such as economic efficiency from the perspectives of life cycle costs, revise the bidding requirements enhance capacity to carry out these evaluations, promote the wider use of technical criteria and standards, put in place systems related to public-private partnership (PPP), ensure work force to operate them, and ensure appropriate risk sharing between the public and private sectors including guarantees by the host government.*
- *Public-private partnership is important, for instance, in a case of an unprofitable area for a private company, to conduct a basic part of a project by ODA, then to hand over it to a private company.*
- *Enhance international rules for promoting export of high-quality infrastructure, and promote understanding by African countries about appropriate borrowing and spending.*
- *For promoting infrastructure projects in Africa, it is important to facilitate direct communication between Japanese private companies and government officials of the African country concerned by inviting government officials from Africa (including related agencies and state-owned enterprises) to Japan and having them see and feel the high-quality infrastructure technology on site. Although Japanese private companies are able to conduct this kind of invitations by consulting with the Japanese ministries and agencies concerned in advance preceding a certain fiscal year, there are many cases being difficult to know the requests of African invitees before the new fiscal year starts.*

*Therefore, a timing of consultation should be every quarter or twice in a year; one in the first half and the second one in the latter half of the fiscal year, and also allocate sufficient budget for invitations.*

#### **(4) Enhancing public-private partnership for developing human resources that contribute to African development**

Human resources with excellent knowledge, experience, techniques, and skills to carry out tasks in various fields in the public and private sectors underpin inclusive growth and sustainable development.

Among others, it is essential to foster and strengthen human resources for industry development including government officials who are familiar with industrial policy in a bid to promote sophistication and diversification of the industry.

In this light, Japan has launched the “African Business Education Initiative for Youth (ABE Initiative)”, which is highly evaluated both domestically and internationally.

Japanese companies have contributed to creating jobs, increasing income, and transferring technology through their businesses in Africa. They have also contributed to human resources development from a broader perspective including placing importance on high business ethics, long-term relationship of trust, handling customer needs carefully, and commitment to the quality of products.

These are widely recognized among the leaders of African countries. Japan should continue to enhance its support for fostering and strengthening human resources in line with the needs of Africa through public-private partnership.

Furthermore, if a program which would give opportunities to Japanese young people (and senior where appropriate) wishing to work in Africa is implemented, development and exchange in human resources between Japan and Africa will be further strengthened.

Japanese companies overseas businesses are expanding and partnership with third-country companies is growing. Under such circumstances, creating a framework designed to foster human resources for industry development not only between Japan and Africa but also through third-country training or dispatch of third-country experts while leveraging the Japanese technology are essential and support from the Japanese government is needed.

*Reference: major views expressed in the WG*

##### **i. Government initiatives, the ABE Initiative, etc.**

- *Strengthening human resources development and successor programs for the ABE Initiative are needed. It is necessary to create a network of ABE Initiative participants and to have a mechanism which supports the human resources aspects of market entry by small- and medium-sized*

*manufacturers. It is also necessary to consider fostering local human resources using local subsidiaries as a platform and to employ the ABE Initiative participants there.*

- *There is an overwhelming shortage of human resources in engineering. Since securing human resources is difficult due to the rise in income level of human resources as Japanese standard, it is necessary to foster more human resources in engineering.*
- *Industry-government-academia cooperation such as providing high school students who participate “Tobitate JAPAN” (Leap for Tomorrow) with the experiences at local subsidiaries would be considered. It is also worth considering recruiting and fostering Japanese human resources who have experience as Japan Overseas Cooperation Volunteers, students, or interns and wish to remain working in Africa.*

**ii. Role of the private sector**

- *Through on-the-job training (OJT), contribute to transferring technologies and knowhow and creating the foundation for the transformation of industry. It is recognized that the private sector has a major role in this field*
- *One of Japan’s strengths is its manufacturing and spirit. Ensure results of long-term training such as maintenance of machines after they are sold, and instruction for users, etc.*
- *It is necessary to have further support for such private sector-based human resources development activities.*

**iii. Enhancing basic education, public-private partnership, etc.**

- *For local human resources such as mechanics after service, improving the basic knowledge including lifecycle costs is needed to maintain activities such as provision of equipment. What companies can do is vocational training, but the question is how we can compensate public sphere beyond this. **In order to ensure mid- to long-term human resources, it is required to continuously consider among the public and private sectors on how to align basic education with vocational education as well as how to involve governments and universities.***
- *Explore possibilities of applying cases implemented in Asia to African countries such as package export of Japanese primary education*

**(5) Contribution to improving agricultural productivity and enhancing value addition conducive to the economic independence of those engaged in agriculture (Agenda 2063: No. 4, 5)**

People engaged in **small-scale agriculture** constitute the majority in Africa. Agricultural promotion is an important challenge as it generates employment which leads to self-sufficiency and stability in the region. Agriculture also provides a means of acquiring foreign currency by increasing export competitiveness. Transformation of the industrial structure

from agricultural sector can be considered.

However, **as long as Africa cannot overcome dependency on food imports, commodity prices remain high, and it is not possible to achieve comparative advantages in labor and as a result there is no progress in shifting from agriculture to other industries.**

Although discussions at the WG held twice did not lead to conclusion, the following positive views were expressed from **companies operating actively in Africa**. It is considered that there is much room for contributions from Japanese public-private partnership.

*Reference: major views expressed in the WG*

- *Cooperation with JICA, which is active throughout Africa, is effective. In addition to the Coalition for African Rice Development (CARD) that aims to double rice productivity, JICA has been implementing the Smallholder Horticulture Empowerment and Promotion (SHEP) Approach (market-oriented agriculture promotion) utilizing mobile services rapidly spreading in Africa in recent years.*
- *Improving productivity through introduction of technology such as ICT (already being tackled by Japanese start-up companies in Africa toward commercialization)*
- *Activities leading to improvement in life quality of farmers by utilizing rapidly spreading electronic currency for supporting their financial independence (already being tackled by Japanese start-up companies in Africa toward commercialization)*
- *Transferring and spreading agricultural policies and technology that secure the quality of Japanese agriculture is also highly effective*
- *Building a mechanism for farmers to buy materials, necessity of cooperation with NGOs that use funds*
- *Update the agricultural cooperative model based on Japanese experiences and lessons (functions of the Japanese agricultural cooperative which was initially expected: functions to offer comprehensive services such as sales of agricultural products at high prices, provision of production equipment at low prices, and extension of credit closely to cooperative members), and propose a cooperative package of several companies utilizing ICT*
- *Cooperation is also effective with international organizations such as the FAO, WFP and ITU*
- *The great majority of the people of Africa are engaged in agriculture, so an electronic agricultural cooperative platform could cover everything in daily life from energy provision to financing as well as for other industries as Japanese agricultural cooperatives*
- *As this is a cross-cutting matter, it is desirable that the Ministry of Foreign Affairs and the Ministry of Agriculture, Forestry and Fisheries play a center role in cooperation with the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry*

**(6) Creating a comfortable and healthy life environment by leveraging Japan's strengths (Health and hygiene, preventive medicine and nutrition improvement) (Agenda 2063: No. 3)**

“Health and hygiene” and “preventive medicine” is significant from the view point of ensuring the foundation of human resources and social stability. “Nutrition improvement” is also important as it contributes to protecting people’s health essential for sustainable growth.

These are the areas **in which Japanese-style contributions are feasible leveraging the initiatives of companies that have already entered the African market.** They are also the areas where Japan can establish a presence in Africa in strategically combining these companies’ business / CSR operations with various initiatives of the Japanese government.

Initiatives by companies and corporate groups are already being implemented or considered in Africa from the following perspectives:

- **Improvement of nutrition balance through diet;**
- Multifaceted support toward **eliminating infectious diseases such as malaria** (including provision of prevention, diagnostic exams, chemotherapy as a package);
- **Prevention projects** based on Japanese expertise and experience on new health issues such as **non-communicable diseases;**
- Food provision projects that lead to **nutrition improvement**, including raising awareness of consumers; and
- Creating a mechanism to support inclusion of care recipients in health hygiene and medical care based on insurance cards and mother and child health handbooks, as well as IDs to manage one’s health data such as immunizations, clinical history.

**These projects that individual companies have already implemented in the field of health hygiene, nutrition improvement and preventive medicine would be packaged as the TICAD projects. We would like to propose such package to Africa and share awareness of issues with the public and private sector in African countries while utilizing local media, and by all means consider continuing working on this for the long-term.**

The Government of Japan should not only propose, provide assistance and cooperate but also **solicit cooperation from the target countries** (including actual practical business, not just funding). This would be an area where a new form of public-private partnership can be advanced as a model case.

*Reference: major views expressed in the WG*

- *Expectations for the government to strengthen continuous support and cooperation systems for food analysis and nutrition education as there is low recognition and understanding among consumers*

*regarding nutrition balance, therefore activities for this cannot be conducted due to financial aspects*

- *Would it be possible to support making a scheme for when there are applications to the government for new items and ingredients in food, as there is a lack of an “approval and certification scheme” for evaluation criteria, organization enhancement, decision-making process, etc.?*
- *Hygiene is the field that directly affects sustainable growth in Africa, and it is the field in which Japanese strengths can be demonstrated. “People” are more important than money or things in this field, and although fostering human resources takes time it will provide a foundation of personnel. Not limited to the Abe Initiative, it is necessary to foster human resources such as training nutritionists and providing education for mothers. There should also be training for medical engineers.*
- *Although Africa used to have high occurrence of infectious diseases such as HIV/AIDS and malaria, now the problems are non-communicable diseases such as diabetes, high blood pressure, cancer, etc.*
- *A major factor of non-communicable diseases is the increase of people who are obese, so it is possible to bring in Japanese expertise on non-communicable diseases. If physical examinations are conducted, local people will have a high interest in their own health. Excessive carbohydrates is a factor in obesity in Africa and there is an overwhelming lack of vitamins and minerals, so proposing nutrition menus is a field in which it is possible to contribute.*
- *Healthcare services is the field Japan can be proud of.*
- *Establish an emergency support framework such as a private sector emergency network on infectious diseases such as the Ebola virus.*
- *By establishing a joint venture with local companies and conducting business on mosquito net, it would be possible to improve local health hygiene and contribute to job creation in addition to the business.*
- *How about symbolically implementing a “public-private cooperation all Japan” initiative like the TICAD projects?*
- *Utilize the media when spreading basic knowledge on health in agricultural communities. Have continuous support for enlightenment, learning, and nutrition education for consumers that leads to nutrition improvement*

**(7) Support toward the realization of clean cities and healthy livelihood (environmental issues, urban issues)**  
**(Agenda 2063: No. 7)**

Unfortunately, these issues were mostly not discussed at the WG meetings, however, as urbanization advances in a rapid and disorderly manner in the African continent, multiplex problems accompanying urbanization such as crimes, hygiene problems, environment issues, pollution, electricity shortage and others have surfaced.

There could be some areas where the Japanese public and private sectors are able to contribute in **promoting healthy, sustainable urban development in African countries**.

For example, Japan can provide infrastructure development and utilities backed by safety and security which can withstand issues arising from urbanization and form a basis of economic activities and growth. Japan should also **support introducing systems** with respect to waste management, reusing resources and recycling, renewable energy, and more in African countries, **using its experiences to have overcome environmental problems, pollution and energy issues**.

As a leading initiative, the African Clean Cities Platform, the Ministry of the Environment is currently undertaking awareness-raising of making a habit of waste separation. It is also producing statistical data to serve as a starting point for formulating a future action plan, and education support such as garbage incineration techniques and system, land reclamation, as well as providing materials and equipment related to activities mentioned above. In this connection, collaboration with this initiative.

**(8) Develop a framework that can take advantage of MSMEs and start-up companies as new supporters for Africa, including through innovation**

Many of Japan's MSMEs and start-up companies are entering African markets and developing businesses with a speedy action with a focus on Africa's social and development issues.

**Through the TICAD framework, we would like to set up a funding mechanism as quickly as possible, similar to the United Kingdom's Africa Enterprise Challenge Fund (AECF) supporting to accelerate such kind of business and its scale-up after the profit-making stage.** (Building scale up models through private investment funding, and making funding schemes flexible in accordance with the course of startup business development by JICA and others.) It is useful to set up a new schemes based on a concept of "social impact investment" through public-private partnership already conducted by the private sectors of Europe and India.

In particular, expansion of innovation and local start-up business in Africa can provide good opportunities of business, learning, and social implementation for Japanese companies that have not yet advanced into the African market.

In line with the movement above, we would like to provide opportunities for disseminating information and business matching through public and private partnership aiming to acquire new business opportunities arising in Africa.

*Reference: major views expressed in the WG*

- *We developed medical checkup apps and sold them to local insurance companies in Africa, then*

*Indian companies quickly imitate our technology and rapidly develop similar apps. In order to counteract it, it would be helpful to have a support system for Japanese companies to flexibly and speedily adjust their business model.*

- *In general, building profitable business models is difficult regardless of where companies operate business. In other words, it takes time to build a profitable business. It is important to quickly pivot business to be successful in a local market. It would be helpful to have a support system for changing the business model more flexibly.*
- *It is not surprised in a sense even if a pilot project fails. Because of this, it is necessary to adjust a business plan.*
- *In the case of start-up companies, they have to explain to the investors the reason why they go all the way to Africa, not Asia where large business opportunities and networks are existing. Compared to the Asian market, there are risks in Africa that cannot be taken by one company alone. Private investment will not increase without subsidies and support from government organizations.*
- *Private companies have their own priorities in their businesses. In a current situation, it is quite difficult to realize an idea to try and start business in Africa. It would be appreciated if a window of opportunity would be widely opened.*

### **3. Enhancement of Public Support including Finance Scheme that Meets the Needs of the Private Sector**

Japan has supported initiatives including economic diversification, strengthening medical care and healthcare systems, ensuring safety and security through counter-terrorism measures and realizing inclusive growth and sustainable development in Africa through development cooperation mainly by Official Development Assistance (ODA).

Among others, **enhancement of public support is essential and effective as the initial driving force for creating a virtuous cycle of economic development of Africa.**

To this end, each ministry including the Ministry of Foreign Affairs should fully secure and allocate budgets, business expenses, and funding scheme for this purpose, and **coordinate with various schemes and ensure their flexibility** for expansion and relief requirements of Yen loans, grant aid, JICA private-sector investment finance, Japan Bank for International Cooperation (JBIC) investment as well as increased guarantees by Nippon Export and Investment Insurance (NEXI).

*Reference: major views expressed in the WG*

#### **i. Yen loan system and others**

- *From the standpoint of differentiating Japan and contributing to the overseas development of Japanese utilities, Japan should have active provision of Yen loans that covers operations, management, after-sale-services, and long-term service agreements in addition to Engineering, Procurement, and Construction (EPC), dispatch human resources incorporating capacity building, and implementation of Yen loan model that can provide maintenance together with spare parts*
- *Relaxing of major contractor conditions for Special Terms for Economic Partnership (STEP) of Japanese ODA loans was decided through intragovernmental discussions, however, further relaxing conditions was controversial*
- *As a support from public funding, expand the system adding private sector initiatives to grassroots grants, such as Grant Assistance for Japanese NGO projects, emergency humanitarian assistance through the Japan Platform, etc.*
- *Accelerate the procedures for Yen loans, as acceleration of the provision of funds is indispensable to respond to the speed of business*
- *Even an exchange of notes includes tax exemption clauses, there are cases of this not being recognized by the local tax authority as well as cases requiring time for the refund process, so the items taken charge of by the enforcement organization of the country concerned for grant agreements and loan agreements should be clearly stated, and it is important for the Government of Japan and related organizations to continue to conduct encouragement of implementation thoroughness for tax exemption clauses to the host country during the implementation period*

- *As highly indebted countries are increasing in Africa, it is becoming difficult to provide Yen loans to them. However, there are many countries expecting for high growth even though they are heavily indebted. Considering to the debt situation of the country concerned, to provide highly concessional Yen loans to the countries truly in need could lead development of the country and promotion of private sector activities*
- ii. *Private-sector investment finance by JICA, investment and loans by JBIC, insurance by NEXI, etc.***
- *In order to expand private sector investment in the African market, expand the allocation (budget) of JICA overseas investment and loans*
  - *(From the viewpoint of strengthening the underwriting capacity of the African Development Bank (AfDB), which has a risk-sharing program for private financial organizations) Create a “guarantee” framework to JICA private-sector investment finance and a financial scheme to cover 80-90% of exposure (100% is desirable) in total with risk-sharing by the AfDB and JICA, while the underwriting ratio of the AfDB is currently 50% of exposure. It could further promote to mobilize resources of private financial organizations (which means it could encourage private financial organizations to deal with projects in Africa).*
  - *Draw a sharp line of underwriting demarcation between JICA private-sector investment finance and JBIC investment and loans. JICA should have a right of priority to take high risk projects and those of much development elements in Africa, or JICA alone should take those projects.*
- In order to promote above, we request further expansion of Private Sector Partnership and Finance Department of JICA, and JICA should be able to independently provide private-sector investment finance as well as cooperative financing together with international development financial organizations.*
- *Improve the JICA PPP F/S survey process, review excessive commitment requirements, and shorten its examination process.*
  - *Have consideration if finance costs of JBIC loans (interest rates during construction, handling fees, insurance premiums from NEXI and others) could be included in an object of financing. In particular, for consultations on projects in Africa, there are high needs for finance provision including funding for the finance costs portion.*
- iii. *Further coordination with international financial organizations such as the AfDB***
- *In order to promote cooperative investment finance to the private sector by JICA and the AfDB, it is recommended for them to make a memorandum of cooperation similar to that between JICA and the International Finance Corporation (IFC), and promote cooperative investment finance by JICA and AfDB, in advantage of high competitiveness of JICA private-sector investment finance, in addition to the Enhanced Private Sector Assistance for Africa (EPSA). The memorandum should include reinforcement of competitiveness (reduction of currency swap costs and others) through JICA private-sector investment finance in local currency in cooperation with AfDB.*

- *On sovereign bond projects (which the government of a developing country implements by a loan from the private sector and others), there are many projects that cannot make progress because the host country government cannot prepare 15% deposit responsibility. Also, as for business investment-type projects, there are many cases that cannot create projects due to concerns about the payment guarantee from the host country government.*
- *The measures to decrease risks are necessary for the local authorities and private companies in order to respond such problems. So consideration of strengthening insurance functions through cooperation between NEXI and international financial organizations is required.*

**iv. *Creation of a new support framework and system to leverage the strengths of MSMEs and start-up companies***

*For local start-up companies that contribute to add business value of Japanese companies and its projects operating by Japanese companies in Africa, the following should be considered.*

- *Provide JICA private-sector investment finance (by establish an allocation for innovation). As the start-up business goes on track, they need additional finances for further expanding their business. Investment finance such as JICA private-sector investment finance is effective at this stage of business.*
- *Currently, each project received JICA private-sector investment finance is required high probability of repayment, so an allocation for innovation could be used as special account*
- *It is useful to provide JICA private-sector investment finance for “working capital” of a project that could generate high development effect in Africa and elsewhere. It is also useful to provide “working capital” itself, not only for that connected to Capital Expenditure (CAPEX)*
- *There are financing needs in euros on the projects in the euro-pegged currency area such as the CFA franc. Finance in euros by JICA is very competitive and useful in addition to finances in Japanese yen and US dollars.*
- *The largest concern in investing to Africa is political risks, so establish a system reducing investment barriers by safeguarding against local political risks like the German system.*

#### **4. Model Change of the TICAD Process and Enhancement of Public-Private Partnership**

In order to utilize the TICAD brand to the maximum extent possible and achieve a collaboration incorporating the three strands of investment, trade, and aid by the Japanese public and private sectors, we propose changes to the future TICAD process as follows:

- (1) **Position the business sector as official partner; and**
- (2) Involve the business sector from the agenda setting stage in the process; and
- (3) **Coordinate with the existing frameworks** such as the Japan-Africa Public-Private Economic Forum, **and follow-up on progress of each agenda with a plan-do-check-act cycle (PDCA).**

Moreover, we propose the **“Japan Business Council for Africa”** be established as a **permanent platform** with participation of Japanese private companies doing business in Africa in a manner that reorganizes and develops the existing Public-Private Round Table Meeting. In the Council, it is expected to identify issues and challenges to be dealt with in the TICAD process (mainly issues to call on the African side to reform or improve) and priority areas in the strategy on Africa through public-private partnership. Proposing policy recommendations to the Japanese government and conduct a policy dialogue with African government leaders, ministers, and others along with the TICAD process are also envisioned.

Furthermore, **Working Groups (WG) on the specific themes and fields should be set up under the “Japan Business Council for Africa”** with participation of private companies, ministries and agencies concerned to improve the effectiveness of recommendations by the Council.

The WG should closely align and coordinate with the initiatives and **activities currently conducted by ministries and agencies** such as “Japan-Africa Public-Private Economic Forum” by the Ministry of Economy, Trade and Industry, “Japan Africa Infrastructure Development Association (JAIDA)” by the Ministry of Land, Infrastructure, Transport and Tourism, “African Clean Cities Platform (ACCP)” by the Ministry of the Environment, “Africa Health and Wellbeing Initiative and Universal Health Care (UHC)” in Africa by the Cabinet Secretariat and Ministry of Health, Labor and Welfare, and others.

We are convinced that such a consultation body with participation of the public and private sectors dealing with Africa would lead to **encourage Japanese companies currently hesitant to go into the African market to challenge.**

## **TICAD7 Public-Private Roundtable Meeting: History of Discussions**

- 1st Meeting (March 13, 2018)
  - (1) Status of the preparation for TICAD7, framework of the Roundtable Meeting
  - (2) Current situation of the development of business in Africa and future prospects
  
- 1st Meeting of Working Group (WG) (June 12, 2018)
  - (1) Start-up of WG
    - WG 1: Promoting Economic Transformation for Growth in Africa (Quality Infrastructure and others)
    - WG 2: Promoting Human Security and Resilient Society (Quality of life, New Business Frontiers, and others)
  - (2) Agenda setting
  
- 2nd meeting of WG (September 19, 2018)
  - (1) Presentations of the Keidanren, Japan Association of Corporate Executives, and the Japan-Africa Infrastructure Development Association (JAIDA)
  - (2) Summary of the issues for discussion
  
- Joint meeting of WG (December 13, 2018)
  - (1) Summary of the WG discussions
  
- 2nd Meeting (February 21, 2019)
  - (1) Report on the WG discussions
  - (2) Discussion on the Draft Paper of the Recommendations by the Japanese Private Sector
  
- 3rd Meeting (March 18, 2019)
  - (1) Adoption of the Recommendations by the Japanese Private Sector
  - (2) Status of the preparations for TICAD7

## List of Private Sector Members of TICAD7

### Public-Private Roundtable Meeting

#### < Co-chairs >

OZAWA Satoshi	Chair of Committee on Sub-Saharan Africa, KEIDANREN Senior Executive Advisor, Toyota Tsusho Corporation
NAGASAKA Katsuo	Chair of Committee on Sub-Saharan Africa, KEIDANREN Chairman of the Board, Chiyoda Corporation
YOKOI Yasuhiko	Chairman of the Africa-Japan Relations Committee, Keizai Doyukai Executive Advisor, Toyota Tsusho Corporation

#### < Members >

NISHII Takaaki	President & CEO	Ajinomoto
FUKUYOSHI Jun	CEO	Africascan
SUZUKI Yoshihisa	President & Chief Operating Officer	ITOCHU Corporation
KOBAYASHI Izumi	Outside Director	ANA HOLDINGS INC.
	Outside Director	Mizuho Financial Group, Inc.
	Outside Director	MITSUI & CO.
SATO Yoshiyuki	CEO	Organic Solutions
YOSHIDA Osamu	President	OTOWA ELECTRIC CO., LTD.
KONDO Norihiko	Chairman	Kaiho Industry
OHASHI Tetsuji	President and CEO	Komatsu Ltd.
SARAYA Yusuke	President	Saraya Co., Ltd.
SUGIMORI Tsutomu	Representative Director, President	JXTG Holdings
SHIBUSAWA Ken	Chief Executive Officer	Shibusawa and Company, Inc.
MIYAMOTO Yoichi	Chairman of the Board and Representative Director	SHIMIZU CORPORATION
SHINDO Kosei	Representative Director and President	Nippon Steel & Sumitomo Metal
ISHITOBI Osamu	Director & Counselor	SUMITOMO CHEMICAL
NAKAMURA Kuniharu	Director, Chairman	Sumitomo Corporation

(Provisional Translation)

FUJIMOTO Masayoshi	President & CEO	Sojitz
YAMAUCHI Takashi	Chairman, Member of the Board	TAISEI CORPORATION
TAKEUCHI Yoshiaki	President	Tottori Resource Recycling
SATO Masayuki	Representative Director & CEO	JGC CORPORATION
ARIMOTO Ryuichi	Representative Director and President	Nippon Koei Co., Ltd.
GODA Makoto	CEO	Nippon Biodiesel Fuel
FURUHATA Yohei	Chairman and Chief Executive Officer	Nippon Signal
IWAI Mutsuo	Representative Director, Executive Vice President	Japan Tobacco
ENDO Nobuhiro	Chairman of the Board	NEC Corporation
HIGASHIHARA Toshiaki	Representative Executive Officer, President & CEO	Hitachi
KOKUBU Fumiya	Chairman of the Board	Marubeni Corporation
IJJIMA Masami	Representative Director, Chairman of the Board of Directors	MITSUI & CO.
MIYANAGA Shunichi	President & CEO	Mitsubishi Heavy Industries
KAKIUCHI Takehiko	President and Chief Executive Officer	Mitsubishi Corporation
MIKE Kanetsugu	President&CEO	MUFG Bank
YANAGI Hiroyuki	Chairman and Representative Director	YAMAHA MOTOR CO., LTD.
NAKAMOTO Chizu	Founder & COO	RICCI EVERYDAY

**Facilitators of the Working Group (WG)**  
**for TICAD7 Public-Private Roundtable Meeting**

WG 1: Promoting Economic Transformation for Growth in Africa (Quality Infrastructure and others)

WG 2: Promoting Human Security and Resilient Society (Quality of life, New Business Frontiers, and others)

WG1

KAWAGUCHI Akira	Director, International Cooperation Bureau, KEIDANREN
ISHIKAWA Ichiro	General Manager, Strategic Business Planning and Administration Department, Chiyoda Corporation

WG2

HIGUCHI Makiko	Senior Manager for Policy Studies, Keizai Doyukai
HADA Yutaka	Manager, Overseas Government Relations Group, Public Affairs Department, Toyota Tsusho Corporation