THEMATIC EVALUATION OF JAPANESE AID IN THE FIELDS OF TRADE AND INVESTMENT IN AFRICA

MARCH, 2003

INTERNATIONAL DEVELOPMENT CENTER OF JAPAN
PREFACE

This report compiles the findings of the Study conducted by the International Development Center of Japan which was commissioned by the Evaluation Division of the Economic Cooperation Bureau, Ministry of Foreign Affairs.

Following the end of the Cold War, interest towards Africa has been declining in the international community. Against this background, Japan has initiated a process called the Tokyo International Conference on African Development (TICAD) to evoke a resurgence of international interest in Africa which has been experiencing the most difficult situation in the world. Particularly since TICAD II in fiscal 1998, there has been increasing interest in the expansion of trade and investment (especially the expansion of trade and investment between Asia and Africa) based on the concepts of “poverty reduction in Africa” and “Africa’s integration in the global economy”.

In response to such growing interest in assistance for trade and investment in Africa, this study conducted a program-level evaluation with the assumption that Japan’s assistance in the fields of trade and investment in Africa (acceptance of trainees and dispatch of experts) was implemented as a set of program.

The main points of interest of the Study are listed below.

- Comprehensive evaluation of Japan’s assistance for African countries in the fields of trade and investment since fiscal 1998
- Examination of the possibility of cooperation between African countries and Asian countries (Asia-Africa cooperation) by means of a comparative analysis between Japan’s assistance for African countries in the fields of trade and investment and similar assistance for Indonesia
- Identification of useful lessons which can contribute to cooperation in the fields of trade and investment at TICAD III scheduled to be held in September, fiscal 2003 so that recommendations can be made to TICAD III.
- Grasping effects and efficiency of Japan’s past assistance in the fields of trade and investment through the study and fulfilling the accountability by publicly announcing the evaluation results
The Study has been conducted by the following members.

Koji Sekikawa (Research Associate, IDCJ)
Tetsuya Ishizuka (Researcher, IDCJ)

The Study Team is extremely grateful for the assistance provided by the Evaluation Division and the Technical Cooperation Division of the Economic Cooperation Bureau of the Ministry of Foreign Affairs and overseas Japanese diplomatic establishments, and the Planning and Evaluation Department, the Domestic Partnership and Training Department and overseas offices of the Japan International Cooperation Agency (JICA). Special appreciation is also due to Japanese experts working in Africa and Asia at the present or in the past for their valuable comments and suggestions.

Finally, it must be noted that the present report does not necessarily reflect the view of the Ministry of Foreign Affairs as it has been compiled at the sole responsibility of the International Development Center of Japan.

March, 2003

International Development Center of Japan (IDCJ)
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CHAPTER 1 BACKGROUND AND PURPOSES OF THE STUDY, SCOPE OF EVALUATION AND EVALUATION METHOD

1.1 Background and Purposes of the Study

[Background of the Study]

Japan has put forward three pillars for development assistance for Africa, i.e. “human-centered development”, “poverty reduction through economic growth” and “consolidation of peace” towards TICAD III which is scheduled to be held in the autumn of 2003. The evaluation of Japan’s past assistance for Africa in the fields of trade and investment since TICAD II in 1998 is not only important to verify Japan’s such assistance for Africa to obtain useful recommendations for future assistance but also very significant to examine the desirable manner of Japan’s assistance for Africa in the TICAD initiatives.

[Purposes of the Study]

The main purposes of the Study are listed below.

(1) To comprehensively evaluate Japan’s assistance for Africa in the fields of trade and investment since TICAD II in 1998, assuming that all individual assistance have been conducted under a set of program, so that useful lessons and recommendations can be obtained based on the evaluation results (program-level evaluation)

(2) To examine the significance and possibility of “Asia-Africa cooperation” for TICAD III scheduled to be held in the autumn of 2003 by conducting a comparative analysis of Japan’s assistance for East Asia in the fields of trade and investment and similar assistance for Africa

(3) To fulfill the accountability to the Japanese public by publicly announcing the evaluation results of the Study

1.2 Scope of the Study

[Subjects for Evaluation]

With regard to assistance in the fields of trade and investment, the subjects of evaluation can be diverse, including human resources development and the construction of economic infrastructure. In this Study, however, human resources development and
technology transfer for the facilitation of trade and investment are set as the subjects of evaluation. To be more precise, “acceptance of trainees” and “dispatch of experts” are the subjects of this program-level evaluation. The evaluation is conducted while regarding these types of cooperation as forming a single entity (program).

[Target Period and Countries for Evaluation]

In view of the proposal of “the expansion of trade and investment” as a development theme for TICAD II in 1998, the Study has been done assuming that it is of critical importance to verify the performance and results of assistance in the fields of trade and investment since 1998. The Study identified the years from fiscal 1998 to 2002 as the target period for evaluation of “acceptance of trainees” and “dispatch of experts” by Japan for Africa. A field survey was conducted in Egypt and Kenya. Indonesia was added as an evaluation target to examine the possibility of “Asia-Africa cooperation” as part of “south-south cooperation”.

1.3 Evaluation Method

[Evaluation Method]

For the implementation of the Study, “Evaluation Framework” (see next page) was set up and comprehensive evaluation was conducted in accordance with the said framework. In this evaluation exercise, the purposes, the processes and the results of the program were separately verified.
## Evaluation Subject: Cooperation Program in the Fields of Trade and Investment

### Subject Area: Africa

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CHAPTER 2 CURRENT CONDITIONS AND DEVELOPMENT TASKS IN THE FIELDS OF TRADE AND INVESTMENT IN AFRICA

2.1 Trends of African Economy

In the period from 1998 to 2002, the annual GDP growth rate in Africa was at an average level of 3 – 4%. By region\(^1\), North Africa showed an increasing trend up to 2001 but recorded a decline to 2.8% in 2002. In contrast, the rate in East Africa increased from 2.5% in 1998 to 5.2% in 2002. The range of fluctuation in West Africa and South Africa where the annual GDP growth rate was an average of approximately 3% was smaller than that of the other regions.

Comparison between 1980 and 2000 shows a different picture of the GDP share by industrial sector in Africa for each region. In South Africa, the GDP share of primary industries declined in 2000 compared to 1980 as the share of secondary industries increased. Exactly the opposite happened in West Africa and East Africa where the GDP share of primary industries increased to 35% in 2000, indicating a high GDP share of primary industries in these regions of Africa. Meanwhile, North Africa recorded the lowest GDP share of primary industries in 2000. The share of secondary industries in this region also declined in 2000 as the share of tertiary industries increased.

2.2 Trade and Investment Trends in Africa

Despite the achievement of continuous economic growth, Africa’s total trade value is extremely small compared to the global trade value. According to statistics compiled by the World Trade Organization, the value of commodity exports from and imports to Africa in the period from 1998 to 2002 was around 2.0% of the global figure. A similar trend can be observed in the case of service trade, illustrating the extremely small share of Africa in global trade.

\(^1\) African countries by region are as follows: North Africa (Algeria, Egypt, Libya, Mauritania, Morocco, Sudan and Tunisia), West Africa (Benin, Burkina-Faso, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Senegal, Sierra Leone and Togo), East Africa (Burundi, Comoro, Congo, Djibouti, Ethiopia, Kenya, Madagascar, Rwanda, Seychelles, Somalia, Tanzania and Uganda) and South Africa (Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Republic of South Africa, Swaziland, Zambia and Zimbabwe).
2.3 Development Assistance for Africa and Cooperation in the Fields of Trade and Investment

Japan raised the importance of assisting African development at the UN General Assembly Meeting in 1991 and held TICAD I in 1993. This was at a time when interest of the international community towards African development had declined in the midst of reform in African countries towards democracy and a market economy following the end of the Cold War. TICAD I was highly significant to raise renewed interest in African development. At TICAD II held in 1998, “the Tokyo Agenda for Action” adopted through discussions at this conference identified three major themes: “social development and poverty reduction: promoting human development”, “economic development: promoting private sector” and “basic foundations for development”. Under the theme of “economic development: promoting private sector”, several goals were adopted, including development of the environment to assist the activities of private enterprises, facilitation of direct investment, trade and export and promotion of small and medium-size enterprises while placing emphasis on industrial development centering on manufacturing industries.

Meanwhile, the Tokyo Agenda for Action emphasized strengthening of the framework for the facilitation of exports and investment (sound macroeconomic policies, liberalization of the foreign exchange and trade systems and establishment and preservation of a liberal economy) and construction of infrastructure. The Agenda also listed individual internationally required action items, such as encouragement of direct investment and expansion and promotion of South-South cooperation.

African countries have been making increasingly active development efforts. President Mbeki of the Republic of South Africa preached ‘the African Renaissance’ to ‘regain confidence in Africa through the discovery of Africans by themselves’. Using this idea as a basic idea, ‘the Millennium African Regeneration Program (MAP)’ in 2000 and ‘the Omega Plan’ of President Wade of Senegal have been integrated and finally approved as ‘the New Partnership for African Development (NEPAD) by the Organization of African Unity. In the face of the development initiative represented in the NEPAD, the G8 Summit meeting held in Genova in 2001 announced ‘the Genova Plan for Africa’, raising crucial themes for African development.

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2 IDCJ, Study to Assist the TICAD III Process, December, 2001, commissioned by MoFA.
3 See Footnote 2.
4 See Footnote 2.
This Genova Plan for Africa identifies such themes relating to the facilitation of trade and investment as the improvement of governance in economy, corporate governance, the stimulation of private investment and increase of trade inside Africa and between Africa and the rest of the world, indicating high expectations for progress in the fields of trade and investment.

CHAPTER 3  JAPAN’S ASSISTANCE FOR AFRICA IN THE FIELDS OF TRADE AND INVESTMENT

3.1 Outline of JICA’s Assistance in the Fields of Trade and Investment

JICA’s assistance to promote trade and investment consists of the following three main pillars.\(^5\)

- Infrastructure building to facilitate trade and investment (assistance for the formulation of commercial laws; building of economic infrastructure)
- Capacity building for trade facilitation
- Capacity building for foreign direct investment facilitation

The cooperation schemes provided by JICA include development studies and cooperation for the economic infrastructure building in addition to technical cooperation by means of acceptance of trainees and dispatch of experts which are the subjects of the present Study.

Although the statistics of the JICA on its performance lack a category of “trade and investment”, there is a sub-category of “commerce and trade”. For Japan’s assistance for developing countries in the fields of trade and investment, most programs/projects involving “acceptance of trainees” and “dispatch of experts”, which are the subjects of the Study, are placed under the “commerce and trade” sub-category in the JICA statistics.

3.2 Performance and Characteristics of Japan’s Assistance for Africa in the Fields of Trade and Investment by Scheme

[Performance of Trainee Acceptance from Africa]

In the period from fiscal 1998 to 2002, 114 trainees were accepted from Africa under Japan’s assistance schemes, including third country training and country-specific

\(^5\) JICA Home Page, Trade and Investment Facilitation
training. The number increased from 15 in fiscal 1998 to 27 in 1999. Although the number slightly declined to 19 in fiscal 2001, it increased again to 27 in fiscal 2002, suggesting a general trend of 20 – 27 trainees from Africa every year.

By country, the Republic of South Africa enjoyed the highest number of trainees of 32 between fiscal 1998 and 2002. The reason for this is the implementation of country-specific training for the Republic of South Africa. Other countries with a large number of trainees are Egypt (13), Tanzania (11) and Kenya (8). Meanwhile, Egypt, Tanzania and Ghana appear to be continuously sending trainees. In contrast, West African countries, except Ghana, sent 1 – 3 trainees a year in the same period.

The provisional classification of African countries receiving Japanese assistance by region shows that South Africa, which includes the Republic of South Africa, has the largest number of trainees with 44, followed by East Africa with 35, West Africa with 18 and North Africa with 17.

[Performance of Expert Dispatch to Africa]

The number of experts, both long-term and short-term, dispatched to Africa is rather small. Egypt is the main destination for Japanese experts dispatched to Africa. In the period from fiscal 1998 to 2002, out of nine experts dispatched to Africa, 7 were dispatched to Egypt. The background for this is the dispatch of experts to assist the operation of ‘the Egypt Trade Training Center’ under the jurisdiction of the Egyptian Ministry of Trade and Industry coupled with the further dispatch of experts as instructors for training courses provided by this center.

CHAPTER 4 EVALUATION OF JAPAN’S ASSISTANCE FOR AFRICA IN THE FIELDS OF TRADE AND INVESTMENT

4.1 Evaluation of Program Purposes

The program purposes of Japan’s assistance for Africa in the fields of trade and investment can be described as (i) contribution to the making and implementation of trade and investment policies through transfer of expertise and improvement of the practical capacity to use such expertise and (ii) contribution to the promotion of trade and investment activities. The Study has verified the conformity of these program purposes with Japan’s assistance policies, ‘the Tokyo Agenda for Action’ of TICAD II and the development needs of Africa.
4.2 Evaluation of Program Processes

This section verified the implementation processes for acceptance of trainees and dispatch of experts in the targeted fields. While appropriateness has been confirmed in regard to selection process of the target countries for trainee acceptance and also to selection process for expert dispatch, a request for improvement of selection process for candidate trainees in the target countries is upheld. Moreover, follow-up activities after conclusion of training have been found insufficient.

In regard to expert dispatch process, there were cases where the process, from original request to actual expert dispatch, took as long as a year. This confirms the necessity to shorten the time to complete the dispatch process. Additionally, experts often struggle to improve or deal with the local work environment after their arrival at the place of assignment. Therefore close collaboration between Japan and recipient countries is desirable to ensure efficient implementation of their work.

4.3 Evaluation of Program Results

To verify the program results, the Study analyzed the effectiveness of human resources development and impacts of technology transfer through acceptance of trainees and dispatch of experts in the fields of trade and investment in Africa. In regard to the effectiveness of trainee acceptance for human resources development, it has been found that the trainings are expected to be practically applied to the trainees’ work in their countries. However, implementation of the training is highly appreciated in general. Meanwhile, it has been confirmed that the effectiveness of expert dispatch for human resources development is largely determined by the state of personnel deployment as well as decision-making mechanism in the organizations to which experts are assigned.

The impacts of technology transfer rely on the extent of ex-trainees’ efforts to share knowledge with others working in the same organization and the extent of technologies/skills transfer through the work of dispatched experts. The questionnaire survey verified that the former is practiced in one form or another in most organizations, indicating the existence of some impacts by technology transfer in the public sector. At the same time, the limited impacts of technology transfer from the public sector to the private sector due to the lack of collaboration between the two sectors have been verified.
4.4 Lessons Learned from Program-level Evaluation and Recommendations

(1) Lessons Learned from Evaluation of Program Purposes and Recommendations

Clarification of the Relationship between TICAD and Japan’s Assistance in the Fields of Trade and Investment

As Japan is a principal country promoting TICAD initiatives, Japan’s development assistance for African countries should be based on the initiatives as a precondition. The questionnaire survey found some instances where African countries are not fully aware of the strong connection between TICAD initiatives and Japan’s assistance. One possible reason for this is that the intentions of and information on Japan’s assistance are not fully conveyed to African countries.

An approach which makes recipient countries in Africa fully aware that Japan’s assistance programs in the targeted fields are implemented in connection with TICAD is necessary to ensure sustainable implementation of the TICAD initiatives.

(2) Lessons Learned from Evaluation of Program Processes and Recommendations

Establishment of a Follow-Up Implementation System

The questionnaire survey conducted as part of the Study confirmed that there are scarcely any follow-up activities conducted for Japan’s assistance in the form of acceptance of trainees in the targeted fields. The reason indicated is that such a follow-up system has not been fully established. Some trainees do not necessarily remain at the same workplace or department after returning home and, therefore, it is sometimes difficult to establish a follow-up system. Nevertheless, the establishment of such a system may be worth considering for the future improvement of trainee acceptance scheme. Some ex-trainees have requested ‘the establishment of an alumni network’ and ‘the use of E-learning’ as practical follow-up methods. The latter appears to be worthy of consideration as a new follow-up method if communication facilities are available.

Shortening the Time Required for Expert Dispatch and Improvement of Experts’ Work Environment

In regard to expert dispatch process, it can sometimes take almost one year from a request by a recipient country to actual dispatch of an expert. Since a responsible person on the part of a recipient country may well change during this period, what is required is continuous studies on needs of a prospective recipient country by
Japanese diplomatic establishments and JICA overseas offices together with the introduction of a faster expert dispatch process. When experts arrive at the place of assignment, they sometimes find that the scope of work which they had previously understood differs from the contents of actual work expected for them. Such a discrepancy suggests the need for proper examination and coordination around the time of dispatch regarding how to deal with or improve the work environment after arriving at the place of assignment. Given that human resources development and its impacts are significantly affected by shortage of equipments, linguistic problem, the level of expertise of people receiving experts’ guidance and the policies adopted by their superiors, continuous support by Japanese diplomatic establishments overseas and JICA overseas offices for experts is highly desirable together with close collaboration between these bodies and experts.

(3) Lessons Learned from Evaluation of Program Results and Recommendations

Appropriateness of Training Contents: Transition to Training Contents Emphasizing Application

The Study has confirmed the local expectations for the provision of training contents which are more practical and which are based on the conditions of the countries of the trainees. The contents of the training provided by Japan are highly appreciated in general. The reputation of Japan’s training scheme can be further enhanced, however, if the trainees can apply their newly acquired knowledge and skills in the fields of trade and investment in their own countries. Such a prospect makes examination of the possibility of the design of a more concrete, case-oriented curriculum highly desirable.

Ripple Effect of Assistance in the Fields of Trade and Investment to Private Sector

In regard to Japan’s assistance in the targeted fields through acceptance of trainees and dispatch of experts, the direct beneficiaries are often government officials of recipient countries. The achievements of technical cooperation for government officials of recipient countries can be expected to be further transferred to private sector and to be used to facilitate trade and investment.

In the case of African countries, while there is still a strong need for capacity building of government officials, private sector even lacks sufficient knowledge of basic issues regarding trade and investment. For example, many local enterprises do not understand the meaning of FOB (Free on Board)\(^6\) which is the very basis for
international trade. Given such a situation, examination of a way to make trainees and dispatched experts aware of the importance of human resources development and technology transfer to private sector through ex-trainees and dispatched experts is worthy of consideration.

Assistance for ‘Public-Private Collaboration’ to Enhance the Impacts of Technology Transfer

At present, ex-trainees and dispatched experts are left to enhance the effectiveness and impacts of technology transfer through trainee acceptance and the expert dispatch schemes based on their own motivation and voluntary activities. As such, arrangements are not fully in place to develop the environment and the systems to spread the ripple effect of technology transfer.

Should Japan’s assistance in the targeted fields continue, mainly focusing on government officials with a view to foster private sector through such cooperation, establishment of a closer relationship between public and private sectors in recipient countries in Africa is essential. Given that formulation and facilitation of trade and investment policies can only be realized with mutual cooperation between public and private sector, assistance which is designed to strengthen the relationship between businesses and the government in Africa is an important place in Japan’s development assistance.

Assistance for Database Development in Recipient Countries

While information on trade and investment must be swiftly as well as accurately conveyed to private sector through the government, there is concern that the non-existence of a database may hamper smooth trade and investment activities in recipient countries. As a shortage of equipment and/or human resources for information management is a problem observed in many African countries, it might well be necessary to provide assistance for the development of a database for trade and investment using schemes such as project-type technical cooperation.

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6 Free on Board (FOB): The purchaser is responsible for payment of the transportation cost and has the right to determine the shipping method used while the seller bears all costs and risks of loading the agreed goods on to the ship arranged by the buyer. (Source: Japan Logistics Association ed., Basic Terminology of Logistics, Hakuto Shobo)
CHAPTER 5 EVALUATION OF ASSISTANCE FOR INDONESIA IN
THE FIELDS OF TRADE AND INVESTMENT AND
ASIA-AFRICA COOPERATION

5.1 Performance of Assistance for Indonesia in the Fields of Trade and
Investment

The number of trade and investment-related trainees accepted from Indonesia considerably
varies from one year to another. In the period from fiscal 1998 to 2002, 206 trainees were
accepted. While the number of trainees suddenly increased to 108 in fiscal 2000, 105 of these
trainees were trained at ‘the Indonesia Export Training Center’. Similarly, 60 out of 70
trainees accepted in fiscal 2002 were participants of capacity building courses for investment
facilitation provided by the said Center at various locations in Indonesia.

Meanwhile, the annual number of trainees invited to Japan was an average of 3 – 5 in the
period in question. Most of the experts dispatched during this period were assigned to the
Center as training instructors.

5.2 Overall Evaluation of Assistance for Indonesia in the Fields of Trade and
Investment

[Evaluation of Program Purposes]

Japan’s assistance for Indonesia in the fields of trade and investment has predominantly
focused on human resources development and intellectual assistance through assistance
for the operation of the Indonesia Export Training Center and the facilitation of domestic
and foreign investment by the Investment Coordinating Board. The purposes of Japan’s
assistance program for Indonesia in the targeted fields have so far been relevant in the
light of the ODA Charter, the Mid-Term Policy on ODA and Japan’s policies framework
indicated by the ODA country policies for Indonesia. When examined from the
viewpoint of the development needs of Indonesia, Japan’s assistance so far has been
consistent with the need for human resources development in the fields of trade and
investment. In particular, the assistance for the Indonesia Export Training Center aimed
at developing human resources is highly relevant in the light of Japan’s assistance
policies.
The purposes of Japan’s assistance program for Indonesia are also consistent with the Indonesian approach to the development of local areas and the promotion of ‘South-South cooperation’.

[Evaluation of Program Processes]

In regard to the program processes, the appropriateness of the implementation processes of trainee acceptance from and expert dispatch to Indonesia in the fields of trade and investment have generally been verified. While several points for improvement have been found regarding the efficiency of the candidate selection process of the trainee acceptance scheme, these are management problems within government organizations in Indonesia.

In regard to the expert dispatch process, the appropriateness of the project approval/rejection process and the project formulation process for implementation have been verified. Moreover, submission of interim and final reports by experts were appropriate process in terms of communication with Japanese embassy and the JICA office in Indonesia and of the information feedback to the next expert dispatch round.

[Evaluation of Program Results]

In regard to human resources development through the assistance program, the Indonesia Export Training Center has successfully achieved “the transfer of expertise and improvement of the ability to use such expertise” with the advice and guidance of dispatched experts in connection with the training of senior management staff of the Center and also the training of instructors involved in training and education. As a result, ex-trainees are now independent instructors and teach classes without external assistance. The training course participants at the Center are mostly local private business owners and export managers. The positive effects of the training provided by the Center have been steadily spreading as the venues for such training now include different parts of Indonesia.

5.3 Comparison of Japan’s Assistance for Africa and Asia in the Fields of Trade and Investment

[Comparison of Past Performance]

The ODA Charter considers Asia a priority area for Japan’s assistance. Asia is an area of extremely strong interest by both the government and private sector in Japan because of its primary status for trade and investment by the private sector in Japan. In contrast,
Africa’s development stage is still characterized by the need for basic social infrastructure (especially in education and health/hygiene sectors) and Japan’s private sector does not necessarily have a strong interest in Africa as a trade or investment destination. These different perceptions towards Asia and Africa are vividly illustrated in Japan’s past performance of trade and investment assistance for these two regions. As already mentioned in Chapter 2, the number of trainees from Africa was 114 in the period from fiscal 1998 to 2002. Meanwhile, a total of 206 trainees were accepted from Indonesia alone. The number of experts dispatched to Africa in the same period was a mere nine, including both long-term and short-term experts. In comparison, Indonesia alone received 45 experts from Japan in the same period.

[Comparison of Training Courses and Subjects of Expert Guidance]

In the case of trainee acceptance from Africa, many of the trainees undergo ordinary group training and the training subjects are “trade and investment facilitation”, “the development of laws to improve the investment environment” and “trade insurance”, etc. Many experts dispatched to Africa have in fact been dispatched to assist the operation of the Egypt Export Training Center, where short-term experts have taught such subjects as “trade promotion” and “export strategy”. As this Center only began providing training courses in 2002, the number and variety of the training courses are rather limited. In contrast, Japan’s assistance for Indonesia, examined here as an example of Japan’s assistance for Asia, offers training courses on such subjects as “physical distribution strategy and management”, “the establishment of trading houses”, “marketing”, “international commercial contracts”, “industrial design” and others on top of the courses provided for African trainees. This fact indicates Japan’s awareness towards Indonesian needs as to benefit the private sector.

[Comparison of Quantity of Information on Assistance]

In the case of Africa, as the number of assistance projects is small, the quantity of information provided to experts prior to their dispatch is generally small. The fact that there is a strong demand for applicable information in pre-dispatch group training is attributable to the less availability of information compared to assignment in Asian countries. In comparison, in the case of Indonesia as an example, much information is available due to the large number of experts dispatched and the long-term assistance for the Export Training Center.
While evaluation of the assistance program for the fields of trade and investment in Africa has confirmed the effectiveness for human resources development featuring government staff of recipient countries and the positive impacts of technology transfer, effectiveness and impacts of such program in private sector have not been necessarily sufficient. In comparison, Japan’s assistance to Indonesia has revealed its effectiveness for human resources development and the impacts of technology transfer in both the public and private sectors.

5.4 Analysis of Japan’s Assistance in the Fields of Trade and Investment in Asia and Africa

When assistance programs in the fields of trade and investment are compared between Asia and Africa, there are differences in terms of the effects on human resources development and of the impacts of technology transfer in private sector. Such findings suggest the importance of assistance which is aimed at nurturing private sector when planning Asia-Africa cooperation. As nurturing private sector through trainee acceptance and expert dispatch takes a long period of time, it is difficult to measure the effectiveness and impacts of assistance. Nevertheless, as observed in the case of Indonesia, technology transfer to private sector through Japan’s assistance has made relative progress, suggesting that expansion of the beneficiaries of Japanese assistance in the fields of trade and investment has contributed to the country’s economic development.

When accepting trainees from Africa, it is important to provide incentives for ex-African trainees to conduct reporting on their return home and technology transfer not only within their own government organizations but also to private sector of their own countries. The diffusion of the experience and methods by which Asian countries effectively conduct technology transfer from public sector to private sector should provide an opportunity to urge African countries to conduct similar technology transfer to private sector.

[Technology Transfer to Local Areas in the Fields of Trade and Investment]

It is hoped that the impacts of technology transfer will be spread nationwide in each recipient country. In this context, the spread of Japan’s assistance in the targeted fields to local areas in Asia is a very suggestive experience for Africa. In the case of Indonesia, the Export Training Center provides training courses in local areas while the investment...
promotion activities of local offices of the Investment Coordinating Board contribute to the activities to expand investment opportunities and the transmission of investment-related information. The diffusion of techniques to spread knowledge and skills to local areas ‘as observed in Indonesia’, is a very useful example for development in the targeted fields in African countries.

[Assistance for the Creation of Development Bases in the Fields of Trade and Investment in Africa]

A possible way of enhancing the impacts of technology transfer in the targeted fields in Africa is to create development bases. The Indonesia Export Training Center is not only a development base in the fields of trade and investment in Indonesia but is also a core base for South-South cooperation in Southeast Asian countries. In addition to the Indonesia Export Training Center, the Asia-Africa Investment and Technology Promotion Center (commonly called the Hippalos Center) established in Malaysia with the assistance of Japan and the United Nations Industrial Development Organization (UNIDO) is also known as a base for technical cooperation in the fields of trade and investment.

CHAPTER 6 INSIGHTS INTO JAPAN’S ASSISTANCE FOR AFRICA IN THE FIELDS OF TRADE AND INVESTMENT (TOWARDS TICAD III)

6.1 TICAD III and Japan’s Assistance in the Fields of Trade and Investment

The results of this evaluation Study suggest that the purposes of the program were relevant in the light of Japan’s expected role as a donor in the TICAD initiatives. However, the results pointed out some problems, including an insufficient follow-up system for the acceptance of trainees and the insufficient diffusion of the impacts of assistance to private sector which engages in practical trade and investment activities.

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7 The establishment of the Hippalos Center was initiated by the announcement of then-Prime Minister Obuchi at TICAD II held in October, 1998 to create a body to realize the development of private sector in Africa through the facilitation of trade, investment and technology transfer with Asia while emphasizing the role to be played by private sector. The main activities of this Center established in 1999 are 1) provision of an information service on the economic situation, investment environment and investment opportunities, etc. of African countries seeking inward foreign investment, 2) acceptance of private sector missions dispatched from Africa to Asia, 3) provision on advice on Asian enterprises planning to invest in Africa and 4) technical cooperation to enhance the ability of African countries to attract investment.
Meanwhile, in Indonesia as an example of Asia, the impacts of the assistance program in the fields of trade and investment are widespread, indicating much wider diffusion of the ripple effect of assistance compared to Africa. Compared to assistance in the fields of trade and investment in Africa, assistance for Indonesia involves introduction of training courses with awareness of the need to nurture private sector. Assistance for Indonesia is also characterized by the spread of activities to local areas to achieve effective human resources development and technology transfer along with the growth of development bases for assistance in the fields of trade and investment.

The lessons learned from the examples of Japan’s assistance in the targeted fields in Asia indicate that there is still room for better effectiveness and stronger impacts of Japan’s assistance in the fields in Africa. Sharing of the positive aspects and achievements of Japan’s assistance in Asia in the TICAD initiatives should constitute a beneficial approach for African countries in TICAD III.

6.2 Japan’s Desirable Assistance in the Fields of Trade and Investment in Africa

[Trade and Investment Assistance for Africa Based on the Locality and Creation of Core Bases]

As the situation of economic growth and industrial infrastructure differ from one region to another in Africa, careful consideration of the regional characteristics is important for Japan’s assistance in the targeted fields. Such consideration is also significant from the viewpoint of the efficient and effective implementation of ODA.

The principal African countries from which trainees in the fields of trade and investment were accepted by JICA in the period from fiscal 1998 to 2002 were the Republic of South Africa (South Africa), Egypt (North Africa), Tanzania (East Africa), Kenya (East Africa) and Ghana (West Africa). The allocation of Japan’s assistance to specific countries in Africa appears to be advantageous in that the efficiency of the assistance for each region can be enhanced by regarding these countries as regional core countries of Japan’s assistance.8

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8 In an interview with officials of the MoFA’s Technical Cooperation Division, expectations for spreading effects of Japan’s assistance within each region were expressed.
[Assistance for the Fields of Trade and Investment with Awareness to Benefit the Private Sector in Africa]

As already described in the evaluation of program results, it has been confirmed that the Japan’s assistance program for the fields of trade and investment by means of trainee acceptance and expert dispatch is mainly designed for government officials of recipient countries and that the effectiveness and impacts of such program have not sufficiently spread to private sector. Because of such shortcomings, it is hoped that Japan’s assistance in the fields of trade and investment in Africa would be provided with full awareness of the need to benefit the private sector in the future.

[Utilization of Resources of Recipient Countries in Assistance for the Fields of Trade and Investment in Africa]

Utilization of the resources of recipient countries in Africa has the advantage in the way that the assistance would be implemented with better understanding of the needs of recipient countries. This would also lead to the use of personnel with in-depth knowledge of the real conditions of trade and investment in these countries. Similarly, recruitment of personnel from universities, research institutes and industrial associations, etc. in Africa as instructors and persons to prepare textbooks for third country training held in Africa might well result in the implementation of training which is appropriate vis-à-vis the needs and way of thinking of the recipient countries.

[Promotion of Collaboration with Other Forms of Assistance Linked to Trade and Investment Assistance for Africa]

This Study has taken up acceptance of trainees and dispatch of experts as concrete forms of the assistance program in the fields of trade and investment. However, it is possible to consider assistance linked to trade and investment while implementing such assistance schemes as “development studies” and “construction of economic infrastructure”. In this case, as is seen in project-type technical cooperation, it is always desirable to consider supplementary implementation of acceptance of trainees and expert dispatch.