Chapter 3

Hand in Hand with a More Dynamic Africa: TICAD V and Japan’s Initiatives

Suffering from poverty and low growth until the 1990s, Sub-Saharan Africa has achieved remarkable economic growth since the beginning of this century. Its average rate of real GDP growth in the last ten years (2002-2011) was 5.8%, significantly exceeding the world average of 3.8%. As a region, Sub-Saharan Africa had the second highest growth rate after East Asia (8.8%). Further still, Africa has more than tripled its nominal GDP (approximately $1.83 trillion) and as much as quadrupled its trade volume (approximately $997 billion) over the previous decade.

The driving forces behind the strong African economy are a stable political and security situation, abundant natural resources, and a high population growth rate. Since the beginning of this century, Africa has overcome the period of conflict and instability, and many countries have achieved peace and stability. Sub-Saharan Africa is blessed with energy resources such as crude oil and natural gas, and mineral resources which are important for Japan, such as chrome, cobalt, manganese, and vanadium. In recent years, Africa has witnessed the new development of and increased production at mines and oil and gas fields. Spiraling resource prices as a result of a sharp rise in demand in emerging countries, including China, as well as the effects of monetary easing on a worldwide level support the high growth of the African economy, including contributing to improving the current account balance of the whole of Africa.

The continued increase in Africa’s population is another key factor of growth. The average population growth rate in Africa of 2.3% is the highest among the six continents. Urbanization has also progressed.

Note 1: The area of the continent of Africa that lies south of the Sahara Desert
rapidly, with Africa already said to have over 40 cities with populations of more than one million inhabitants. Africa’s GNI per capita in 2011 was $1,570, on par with India with a population of comparable size. Like India, Africa has considerable potential to become a vast consumer market in the future. To give the mobile phone market for example, the number of mobile connections in Africa rose to 620 million as of 2011. Africa is the second largest mobile market in the world after Asia, and further increases in its mobile connections are expected. Moreover, the Southern African Development Community (SADC), East African Community (EAC), and Common Market for Eastern and Southern Africa (COMESA) are working to expand and facilitate regional trade in the area.

The strong performance of the African economy has transformed external financial flows to Africa. Although ODA used to account for the majority of financial flows to Africa, direct investment to Africa (equal to approximately $40 billion) exceeded the total amount of ODA (according to OECD, approximately $39.5 billion) in 2007. Over the past decade, the balance of direct investment to Africa nearly quadrupled (according to UNCTAD, from approximately $150 billion to approximately $569.6 billion). Growth stemming from increases in trade and consumption has brought in further direct investment, and the world’s eyes are on Africa as a business partner. The West and emerging countries have been paying attention to the potential of Africa. China, India, the Republic of Korea, and the European Union (EU) have respectively launched their own development fora with Africa and are taking steps to strengthen their relationships with Africa.

Stable economic growth has had positive impacts on the efforts to achieve the MDGs (See page 58) in Sub-Saharan Africa. Progress has been observed in such areas as enrollment in primary education, gender disparity in primary education enrollment, HIV/AIDS, and tuberculosis and malaria infection. On the other hand, a host of unsolved development challenges remain in Africa. The MDGs aim to achieve eight goals by 2015, including the eradication of extreme poverty and hunger and the reduction of child mortality. Nevertheless, Africa has a long way to go before achieving such goals as poverty reduction and maternal and child health. Over 40% of the Sub-Saharan African population are still forced to live below the poverty line, and it can hardly be said that the improvements in the access of the poor to health services and to safe water and sanitation facilities have been sufficient. In addition, with the population growing at an average 2 to 3% per year, concerns pervade that future increases in young people who reach working age will heighten pressure to create jobs more than ever before.
What are on the future development agenda for Sub-Saharan Africa, which has begun to show remarkable growth after years of stagnation? They are: the proper development and management of natural resources that constitute the foundation of growth; the promotion and diversification of domestic industries such as agriculture and manufacturing; and the promotion of sustainable economic growth by creating domestic employment opportunities, among other methods. ODA’s importance as “investment in the future” is increasing as Sub-Saharan Africa experiences continuous strong economic growth and inflows of private investment. To support Africa’s self-sustaining and sustainable growth, Japan will utilize ODA and other schemes as a catalyst to contribute to further attracting private investment, including Japanese investment, all the while respecting African ownership and conforming with the tradition of international partnership, which Japan has been continuously advocating since the commencement of the TICAD process.

Among the different sectors, Africa attaches the most importance to infrastructure development in the context of “investment in the future.” One of the significant impediments to African growth is the cost of transboundary transport. Having numerous landlocked countries, Africa has huge needs for transboundary transport across national borders. However, this entails extensive costs. Unless infrastructures, including transportation routes, are developed, Africa’s abundant natural resources will not be utilized. Unhindered transboundary transport is expected to reduce transportation costs, promote trade and industries, and by extension, encourage social and economic integration in the region. This in turn is expected to lead to economic growth.

To resolve these problems, the African Union (AU) Summit in 2012 adopted the “Programme for Infrastructure Development in Africa (PIDA),” a continental agenda for infrastructure development that should be undertaken by 2040. Japan supports the creation of a region-wide economic zone by promoting infrastructure development intertwined with regional development. Taking into account the above perspective, Japan’s assistance of this type includes cooperation in soft aspects, such as eliminating bottlenecks to international corridors (e.g., border customs clearance facilities and bridge construction) and strengthening the capacities of customs officers, and provides comprehensive supports for improving the distribution environment in the region. For example, Japan, through co-financing with the African Development Bank (AfDB), supported the improvement of the international trunk road between Arusha in Tanzania and Athi River in Kenya and that of the main section of the only route linking the capital cities of Kenya and Tanzania in the East African Community (EAC). Japan was in charge of improving the section on the Tanzania side (between Arusha and Namanga), and through technical cooperation, supports the establishment of One Stop Border Posts* on the Namanga border. Infrastructure development, in both hard and soft aspects, not only facilitates the movement of people and goods from production sites to consumption sites and boosts interstate economic and trade activities, but also has the effect of turning the entire region into an attractive market for private companies.

Meanwhile, many of the African population are still in poverty (in Sub-Saharan Africa, many people live on less than $1.25 a day and the poverty rate is high; see the graph below). Out of all regions, Sub-Saharan Africa has by far the worst record in terms of the number of deaths among children under age five, the number of maternal deaths, and the number of deaths due to HIV/AIDS and malaria. Furthermore, access to safe water in Sub-Saharan Africa is still far from adequate. From a human security perspective, ODA remains indispensable to the efforts in the MDG fields, and international assistance must be continued.

In addition to these efforts, improving the quality of primary and secondary education contributes to

![Proportion of people living on less than $1.25 a day (1990, 2005, 2010)](image)

establishing a foundation for training human resources for business and industry in the mid- to long-term, which is necessary for Africa to realize self-sustaining and sustainable economic growth, similar to infrastructure development. Development of human resources for business and industry is essential for attracting private investment, and African expectations in this area run high. Africa conventionally has had an absolute shortage of human resources who had primary and secondary education, and their professional skills were often not of a level to be hired by foreign companies that advanced into Africa. This made it difficult for companies to secure local human resources. As a result, companies at their own expense conducted trainings for local people or brought in workers from abroad. Increasing the professional skills of local human resources therefore not merely enhances the capabilities of local people, but also contributes to reducing human resource costs for companies at the hiring end, in turn making Africa a more attractive investment destination. Through ODA, Japan will implement assistance and human resource development towards achieving the MDGs and support African growth by promoting trade and investment.

**Glossary**

**One Stop Border Post (OSBP)**
One of the customs clearance approaches which has been drawing attention amidst the movement to create common customs procedures and increase the efficiency of customs clearance. While normally, export and import procedures are required at both sides of the border, these procedures are performed at one time under OSBP. This in turn shortens the retention time of supplies that cross the border and promotes distribution.

**Major economic corridors in Africa**

![Map of Major economic corridors in Africa](Photo: JICA)
From June 1 to 3, 2013, Japan hosted the Fifth Tokyo International Conference on African Development (TICAD V) in Yokohama with co-organizers, the United Nations, the United Nations Development Programme (UNDP), the World Bank, and the African Union Commission (AUC). Attended by more than 4,500 participants in total, including the representatives of 51 African countries, including 39 Heads of State and Government, such as Presidents and Prime Ministers, together with the representatives of 31 development partner countries and Asian countries, 72 international and regional organizations, private companies, and the civil society, including NGOs, TICAD V was the largest international conference Japan has ever hosted.

During TICAD V, under the over-arching theme of “Hand in Hand with a More Dynamic Africa,” discussion took place on “Robust and Sustainable Economy,” “Inclusive and Resilient Society,” and “Peace and Stability,” the three core themes of the conference.

The discussion points were compiled into two outcome documents, “Yokohama Declaration 2013,” which presents a vision of African development, and “Yokohama Action Plan 2013-2017,” which describes specific measures to be implemented during the TICAD process during the next five years based on the Declaration.

The significance of TICAD V lies in its identification of Africa not as an aid recipient but as a “business partner,” and in the fact that participants shared the view that...
that they support African growth by promoting trade and investment through public-private partnership. During their dialogues with African leaders, the representatives of the Japanese business community directly requested Africa to establish a free and safe investment environment, which was another important element of the conference.

The Japanese government announced an assistance package at TICAD V comprising up to approximately ¥3.2 trillion ($32 billion) in public and private means, including approximately ¥1.4 trillion ($14 billion) in ODA. This assistance package was spelled out in line with the aforementioned three core development themes and was unveiled as an implementation matrix of the “Yokohama Action Plan 2013-2017.” The key ODA initiatives of the assistance package include the following.

■ Robust and Sustainable Economy

To overcome vulnerable economic structures dependent on primary products, which is a challenge that applies to all of Africa, and achieve private sector-led economic growth, Japan will extend financial assistance of approximately ¥650 billion over five years for infrastructure, including transport and electricity. Through the establishment of strategic master plans and other activities, Japan will promote the development of transport, electric, and urban infrastructures, among other infrastructures. In parallel with this assistance, Japan will support the soft aspects of distribution improvements, including the training of customs officers. As human resource development measures, Japan will establish TICAD human resource development centers for business and industry, which will impart knowhow to approximately 30,000 people, including “Kaizen” (used mainly by workers on production floors in the Japanese manufacturing industry, this method involves the continuous review and improvement of work practices with the goal of increasing quality), and supply these human resources to local labor markets. Furthermore, Japan announced the “African Business Education Initiative for the Youth” (ABE Initiative). Under this initiative, 1,000 competent African youth will study at Japanese graduate schools and at other institutions and intern at Japanese companies. This initiative will train human resources who in the future can be employed by and play an active role at Japanese companies which will advance into Africa.

■ Inclusive and Resilient Society

Japan will take steps to ensure that all people enjoy the benefits of growth, that the living conditions of each and every person improve, that poverty is mitigated, and that low-carbon growth is realized. Japan will support small-scale farming, which accounts for approximately 80% of the African working population and whose workforce consists mainly of women, and promote a shift from subsistence farming to agriculture aimed at selling on the market. In the area of education, Japan will provide quality education environments to an additional 20 million children. In the health sector, Japan will extend support of approximately ¥50 billion and assist with the training of 120,000 health and medical workers. In the area of water and sanitation, Japan will provide access to safe drinking water and sanitation facilities to an additional 10 million people.

■ Peace and Stability

Based on the view that peace and stability constitute the foundation of growth, Japan will support Africa’s efforts from the standpoints of human resource development and organizational strengthening. Japan will also support the consolidation of peace, focusing on the Sahara belt stretching from the Sahel region to Somalia and on the Great Lakes region. In addition, resolving the issues of terrorism and piracy that threaten the stability of Africa poses a new challenge. For the stabilization of the Sahel region, Japan will provide ¥100 billion of support, including development and humanitarian assistance, and conduct human resource development for 2,000 people to enhance their counter-terrorism capabilities.