

## Advancing Public-Private Partnerships in Africa

### ■ Outcomes of the Fifth Tokyo International Conference on African Development (TICAD V)

Expectations and interest in Africa are rising in the international community along with its recent, remarkable growth. Africa's presence as a future global growth center is truly increasing. Japanese companies to see business opportunities in Africa's splendid economic growth now, with many closely watching the development of this expanding 1 billion consumer market.

In August 2012, ahead of TICAD V the following year, Japan established the Public-Private Council for the Promotion of TICAD V, a council comprising the leaders of major Japanese companies and representatives of relevant ministries and government organizations. This Council was brought together to discuss assistance from Japanese companies for the promotion of Africa as well as the future of public-private partnerships (PPP) in the region. Its discussions resulted in the May 2013 compilation of a recommendation of measures to be undertaken by both the African and Japanese sides: the African side was to facilitate a free and safe investment environment, while the Japanese side agreed complement the efforts of the African

side to that end, promote the entry of Japanese companies into African markets, and offer assistance for the improvement of a business environment that would advance trade and investment in Africa (including support for political/regulatory reform, the development of infrastructure, capacity building, and so on). This proposal was eventually reflected in the assistance measures announced by Japan at TICAD V.

For their part, African countries welcome the advancement of Japanese companies into their markets in the hope that it will lead to job creation and the transfer of technology. Each country has expressed strong expectations towards the expansion of trade and investment with Japan.

PPPs are growing in importance as they can connect the expectations of Africa to the desire of private companies towards local expansion and thereby further cement growth in Africa. Above all, it is hoped that ODA from Japan will be used to support the expansion of Japanese companies into Africa.

### ■ Real World Examples of PPPs

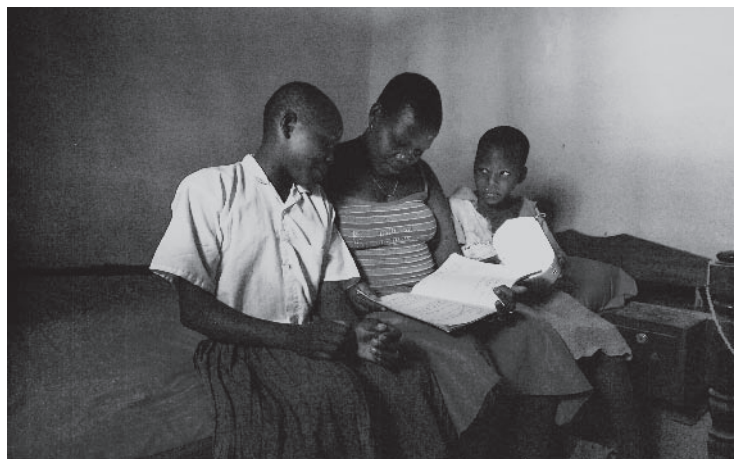
Then, what kind of PPPs are ongoing? Take a look at some examples of actual PPPs in Africa.

#### 1. Using the Technological Prowess of Japanese Companies for Development Issues in Africa

Among the products created using the technology of Japan are those that may be used to resolve long-standing development issues. As such, it is vital that local people first come to understand the merits of these products and experience how they can be relied upon to raise local standards of living. ODA is being dispersed for the spread and commercialization of such products from that perspective.

One example of this is the project being developed by Ajinomoto Co., Inc. in Ghana for "KOKO Plus," an amino acid nutritional supplement for infants. Malnutrition has pushed the Under 5 Mortality Rate (U5MR) of Ghana very high. To combat this problem, Ajinomoto has cooperated with a local university and other organizations to develop a nutritional supplement that can be added to *koko* (a porridge made of fermented corn), the food traditionally used to wean infants off breast milk. The Japan International Cooperation Agency (JICA) is supporting market research towards the commercialization and development of a business model for this product. Another example involves

countermeasures for malaria (a disease transmitted by the *Anopheles* mosquito), a major issue in the field of health in Africa. For this effort, Japan is cooperating with international organizations and supporting the production and spread of the "Olyset® Net," a mosquito net developed by Sumitomo Chemical Co., Ltd. that can repel insects. Furthermore, there is the "Solar Lantern" (a lantern that stores electricity generated by a solar battery during the day for illumination at night) developed by Panasonic Corporation, which is being used to provide light for



Solar Lanterns (such as the one held by the child on the right) have made a major contribution to areas of Tanzania without access to electricity.

people living in regions of developing countries without access to electricity. The lanterns protect people from risks to their health (it is said that the mortality rate due to the smoke emitted by kindling, animal excrement, and oil used as fuel for cooking and lighting in the agricultural communities of developing countries is greater than the mortality rates due to malaria and tuberculosis). They can also be used as batteries to charge small devices such as mobile phones, which continue to grow in popularity. And then there are the reverse osmosis membranes developed by Toray Industries, Inc. that are being used to tackle water reserve pollution caused by run-off from mining operations in South Africa. These membranes are being used to filter out toxic compounds contained in the run-off, making it possible to provide safe drinking water to a regional community of 430,000 people. The installation of solar lanterns in primary and junior high schools of a region without electricity in Kenya and the water purification process using reverse osmosis membranes in South Africa are both being supported by Grant Assistance for Grass-Roots Human Security Projects.

## **2. Cooperation between the Public and Private Sectors for the Development of Industry-savvy Human Capacities for Local Industries**

When Toyota entered South Africa, it was quick to establish an in-house training system to improve the skills of local employees. The company is also conducting on-the-job training for local employees working on its assembly and production lines (Toyota calls its training facilities “Toyota Academies”). In recent years, there have been many cases like this of private sector companies offering some aspect of support for capacity building among personnel employed in local industry through the management of training operations. For instance, since 2012, Komatsu Ltd. has been training heavy machinery operation instructors via a JICA job training program in Senegal. This program is not only for Senegal – workers in all of the surrounding francophone countries can participate and develop technical skills. Toyota too has plans to use some of the space of its Toyota Academy in Kenya through a partnership with JICA for capacity building projects targeting people employed in the local manufacturing sector. This project will offer not only technician training for automobile maintenance work, but also training on construction equipment, agricultural equipment, and so on.

Inspired by these activities and others, at TICAD V, Japan announced a commitment to establish 10 TICAD Human Resource Development Centers for Business and Industry around Africa. The TICAD Human Resource Development Centers for Business and Industry will foster the human resources needed by Japanese companies entering local markets as well as local personnel needed by local industries identified as promising. At the same time, it is thought that these centers will actively accept equipment and specialists from Japanese companies for their management.

Additionally, at TICAD V, Japan proposed the “African Business Education Initiative for the Youth: the ABE Initiative.” Through this initiative, 1,000 outstanding young people from Africa will be invited to Japan based on their interest in the Japanese private sector. They will be given experiences studying abroad and internship opportunities at Japanese companies. It is expected that these personnel will be useful for the expansion of Japanese companies into Africa in the future.

## **3. Support for Corporate Activities through the Development of Infrastructure and Regulations within the Wide Regional Markets Targeted by the Private Sector**

It is thought that the consumer markets of Africa will only grow in the future, and the number of companies operating in these markets is increasing. For this reason, Japan has established a policy of making contributions to the improvement of distribution networks and lowering of distribution costs by offering support for the development of port and road infrastructure and the creation of regulations within the wide regional markets prioritized by Japanese companies.

A characteristic example of such support is the plan to create a wide regional distribution network centered on the northern corridor that starts at the Port of Mombasa – the gateway to Eastern Africa – and stretches through Kampala in Uganda and Juba in South Sudan into the African interior. In addition, work is now underway on the formulation of a master plan in the area around Mombasa, which is currently functioning as such a distribution center. This master plan is just one of the ten “Strategic Master Plans” committed to at TICAD V. Efforts are currently underway to bring this formulation process to fruition in light of the interest shown by the private sector.

## **4. Calls on African Leaders by the Prime Minister and Ambassadors of Japan for the Improvement of the Investment Environment**

In addition to public relations efforts to advertise the merits of Japanese products and PPPs for the development of infrastructure and capacity building support, the Prime Minister and local Ambassadors of Japan are making direct calls on the leaders of Africa towards the improvement of the continent’s investment environment. Such efforts include requests made by Prime Minister Shinzo Abe to the leaders of Africa at TICAD V for the construction of free and safe investment environments, as well as other calls made on the officials of each African country as the occasion presents itself. Moreover, local Japanese Ambassadors are directly communicating the requests of local companies heard through such opportunities as the expanded ODA Task Forces those members include Japanese companies gaining ground in Africa, Japanese embassies, JICA, etc. (See “ODA Task Forces” in the Glossary on page 38) to the officials of partner countries and calling upon them to make improvements.