



TICAD7 Preview

Aiming to Achieve Self-Sustaining Growth through Private-Sector Engagement

The Seventh Tokyo International Conference on African Development (TICAD 7) is scheduled to take place in Yokohama on Aug. 28-30. TICAD is a comprehensive initiative Japan launched in 1993 to spearhead efforts to promote the development of Africa. In 2016, the preceding edition, TICAD VI, was held on African soil for the first time. Japanese enterprises are encouraged to explore business opportunities in Africa.

TICAD returns to Yokohama

TICAD stands for “Tokyo International Conference on African Development” and, as indicated by its name, is an international conference dedicated to dealing with the theme of the development of Africa. Since 1993, the government of Japan has led the TICAD process and co-organized a series of TICAD summits and ministerial meetings with the United Nations, the World Bank, the United Nations Development Programmes (UNDP) and the African Union Commission (AUC).

TICAD summits took place every five

years until 2013 when TICAD VI took place in Yokohama. Then, it was agreed at the request of African countries that TICAD summits take place every three years alternatively in Africa and in Japan. In 2016 when TICAD VI was held in Nairobi, Kenya, as the first event of its kind in Africa, it turned out to be the largest TICAD event drawing more than 11,000 participants, including those taking part in TICAD VI official side events, such as seminars and symposiums. Three years on, TICAD 7 is now set to be held in Yokohama on Aug. 28-30. The venue is Pacifico Yokohama.

Over the 26-year period since the

first TICAD summit was held in 1993, there has been a sea change in the circumstances surrounding the TICAD process. In the past, “assistance” like official development assistance (ODA) played a pivotal role in the development of Africa. African development has moved to a new stage, today’s key words being “trade and investment.”

Two massive challenges facing Africa have prompted the shift in the emphasis from “assistance” to “trade and investment.” They are the issue of Chinese debt and the worsening of unemployment in Africa due to the explosive growth of the population in Africa. Countries in sub-Sahara Africa have been experiencing rapid balance sheet aggravation in recent years (Figure 1). Rather, many African countries are actually struggling to meet debt repayment obligations.

The rise in unemployment stemming from the explosive population growth is

Figure 1: Sub-Sahara Africa Public Debt (2014-2016 Changes in Percentages of GDP)

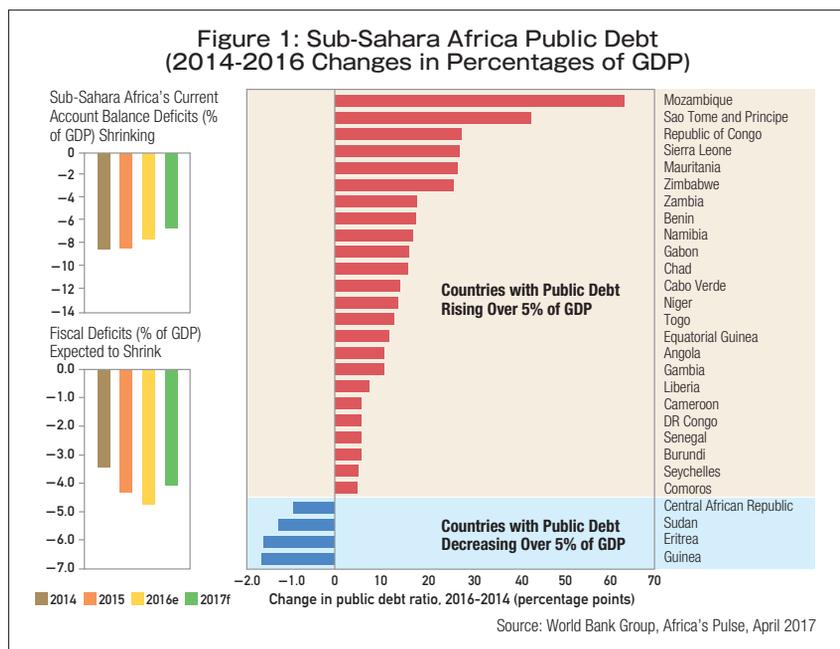


Figure 2: Population Prospects

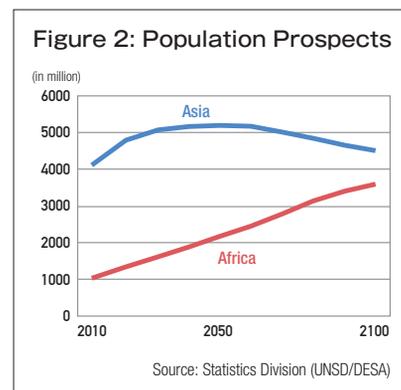
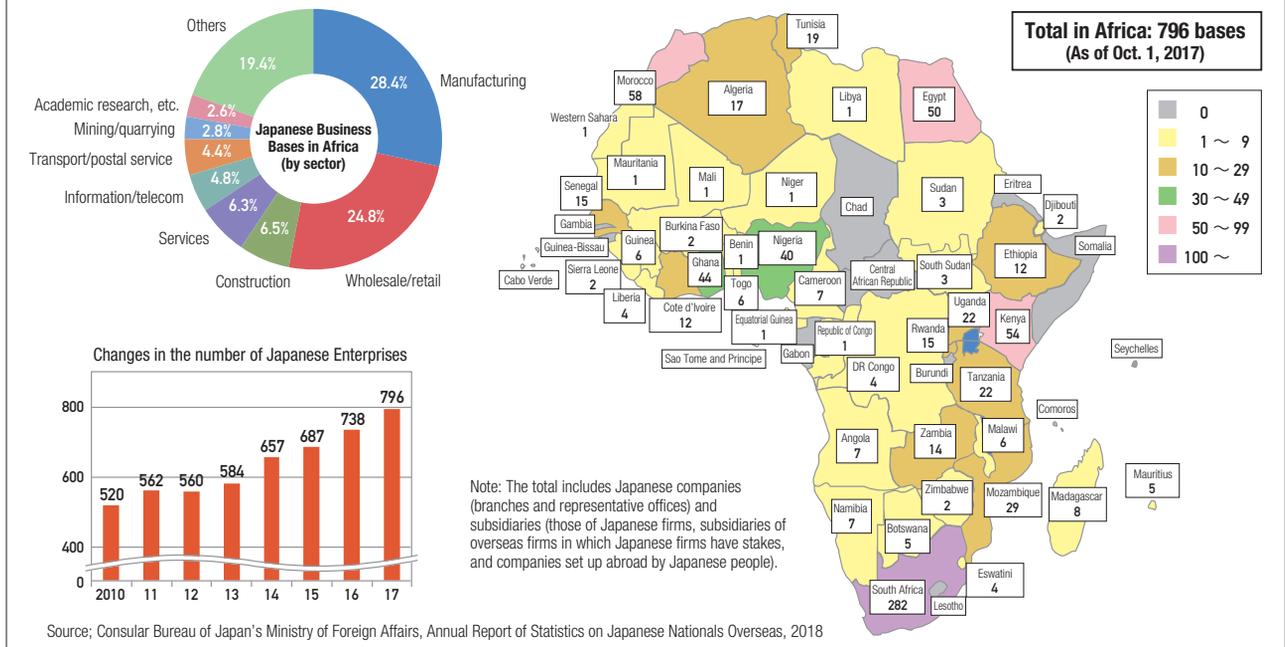


Figure 3: Japanese Business Bases in Africa



Source: Consular Bureau of Japan's Ministry of Foreign Affairs, Annual Report of Statistics on Japanese Nationals Overseas, 2018

a serious challenge Africa has to tackle. While the population in Asia is projected to begin contracting around 2060, the population in Africa is likely to keep increasing to surpass the 2 billion mark in 2050 (Figure 2). In theory, the rise in the population of youth can be a tailwind for economic growth, but, in South Africa and Nigeria, it has caused the jobless rate to increase to over 20%.

The entry of businesses from the rest of the world is the surest way for them to stride toward the development of the local industry and the creation of jobs. African countries are aware of the importance of advancement and diversification of the local industry. So, they are looking for partners to work together with them to that end.

Japan's HRD expertise sought after

How can Japanese enterprises contribute as partners of Africa to its efforts toward economic transformation? The key word for this is "human resource development" (HRD), according to Mr. Kaname Araki, Director of the First Africa Division of the African Affairs Department of the Japanese

Ministry of Foreign Affairs, who also serves as the deputy head of the Secretariat for TICAD 7, said in an interview: "Sustainable development needs human resources equipped with excellent knowledge, experience and skills. For more than 40 years now, Japan has contributed to human resource development in China and other Asian countries through the transfer of skills and techniques. It is widely known in the world that Japanese companies have profoundly contributed to the economic development of Asia with their capital investment and HRD investment creating jobs. African leaders are looking forward to seeing what happened in Asia happen in Africa as well."

Many Japanese firms have already captured business opportunities in Africa, known as the "last frontier" in the global economy. The number of African business bases of Japanese companies has kept rising sharply (Chart 3). Statistics of the Japanese Ministry of Foreign Affairs show that as of Oct. 1, 2017, Japanese firms had a total of 796 business bases in Africa, up about 1.5

times from 520 bases in 2010. Meanwhile, the same statistics also show that Japanese enterprises tend to concentrate on a few countries, such as South Africa, Morocco, Kenya and Egypt.

Against the backdrop of these circumstances, one of TICAD 7's themes is to stimulate the development of private-sector activities. During TICAD 7, private-sector enterprise from not only Japan and Africa but also third countries are scheduled to hold active dialogues on ways to develop and enhance partnerships for increased business engagement in Africa.

Japanese firms can excel in 3 areas

Foreign direct investment (FDI) flows



A Sakata Seed Corporation expert gives a cultivation guidance to African farmers. Photo by courtesy of Sakata Seed Corporation

The Seventh Tokyo International Conference on African Development
 Toward **TICAD7**

to Africa from the rest of the world in 2015/2016 surpassed official development assistance (ODA) flows. Japan used to be the top ODA donor to Africa, but it now is the fourth-largest donor after the United States, Germany and Britain (Figure 4).

Japan is no longer competitive with other major countries in terms of ODA amounts provided to African recipient countries. The private sector of the country is in a similar situation. In what areas in Africa can Japanese enterprises use their strengths in competition with global corporations? Mr. Araki believes that Japan can play to its strengths in three areas — (1) raising farming efficiency, (2) establishing a quality infrastructure development system and (3) resolving “urban challenges.”

Raising a agricultural productivity

Raising farming efficiency or agricultural productivity is a highly critical theme, given that Africa fails to ensure food self-sufficiency, importing more food than it produces. The realization of food self-sufficiency will certainly result in diversifying the African economy. In other words, unless Africa succeeds in raising agricultural output and stop being a net food importer, food con-

sumer prices will remain high and the shift from agriculture to other industrial sectors to reduce poverty will hardly progress. Raising farm efficiency itself will definitely lead to the creation of jobs and make each farming community self-sustaining and stable.

In TICAD IV held in 2008, Japan introduced plans to double rice production in sub-Saharan Africa by setting up “the Coalition for African Rice Development” (CARD). In 2018 or the last year of the initiative, rice production in the region doubled to 28 million tons.

Mr. Araki said, “Japanese technologies and know-how are being utilized in Africa to develop high-yield rice varieties suitable to local weather conditions and mechanize farm labor.”

In the field of cash crop promotion, Japan’s expertise has proved to be effective in Africa. For Instance, Burkina Faso produces strawberry varieties that have a very good balance of sweet and sour, but its farmers have to compete with their peers in France and Morocco who grow and market strawberries of a similar quality. Farmers in Burkina Faso want to improve the quality of their products to regain their competitive edge in strawberries. Ethiopia and Kenya are major exporters of flowers in Africa.



Venture capital firm WASSHA lends LED lanterns to households in off-grid areas at affordable costs. Photo by courtesy of WASSHA

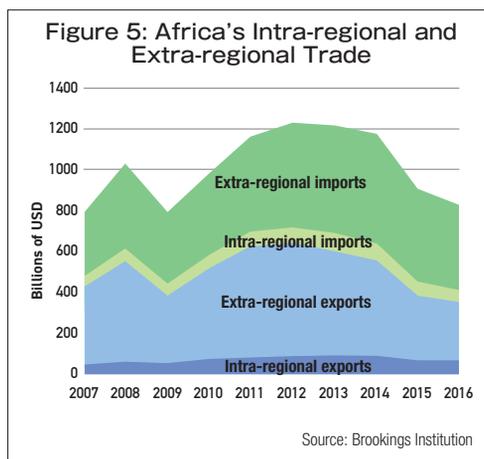
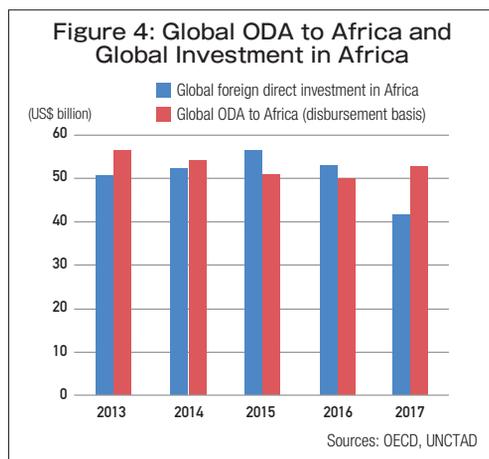
Quality infrastructure development system

In Africa, while several millions of people cannot afford to buy enough food and suffer from malnutrition, the continent, too, has the issue of food losses. In Africa, food losses occur in early stages of the value chain. Plenty of harvested fruit and vegetables are wasted due to the shortage of cooling facilities and frequent power outage, which causes the existing facilities to stop functioning. Indeed, infrastructure development to provide foundations for people’s livelihoods and businesses’ industrial activities continues to be a pressing agenda for Africa.

In May 2019, the African Continental Free Trade Area (AfCFTA) agreement came into effect. However, trade within the newly launched free trade area will remain inactive without year-round stable power supplies and

progress in road and railway construction (Figure 5). To make the AfCFTA pact really effective, Japanese companies’ cooperation is being sought to facilitate infrastructure development.

If Japanese companies want to be competitive in Africa again, they will have to make their approaches different from other countries. As men-



Uniqueness of TICAD

1 Pioneering Forum

Most developed countries became less interested in supporting African countries in the post-Cold War era, but Japan emphasized the importance of Africa. As proof of its unwavering stance toward Africa, Japan embarked on the TICAD process. Today, there exist many forums between various non-African countries and African countries. But the TICAD process, launched by Japan, was a really pioneering forum on African development.

2 Inclusiveness and Openness

It is an open and inclusive forum. Its participants include African countries, international development organizations, partner countries, Asian countries, private-sector enterprises and civil society. The international community has brought together wisdom and effort in the TICAD process to discuss genuine development solutions for Africa. TICAD 7 provides the world with an opportunity to discuss what should be done to facilitate African development.

3 Upholding Africa's 'Ownership'

Japan has kept emphasizing the importance of upholding the dual principles of Africa's ownership (self-reliance) and international partnership for African development. This development philosophy is shared internationally and has taken root in Africa. Under the philosophy, Japan continues to support Africa's efforts to achieve the goals set under "Agenda 2063," the continent's blueprint for transforming it into the global powerhouse and the United Nations-set Sustainable Development Goals (SDGs).

4 Seamless Follow-up Mechanism

The TICAD process has a follow-up mechanism to hold ministerial conferences to ensure that African development initiatives adopted by TICAD summits are progressing. African countries have highly appreciated Japan's robust development support through the TICAD process.

tioned earlier, Japan should commit to contributing to human resource development in Africa through the transfer of skills and techniques. To make Japan's approach more attractive, it should help African countries to install a comprehensive infrastructure development system, including the necessity of continuous follow-up services and a robust legal regime. This will be helpful for Japan to offer quality infrastructure development packages to which African countries will find no alternative from elsewhere. Instead, it should be always willing to join hands with African countries to undertake infrastructure development that will end up pleasing each host country.

Resolving 'urban challenges'

Some African countries have been experiencing rapid and disorderly ur-



Yamaha Motor introduces a purification system to supply clean water to African households. Photo by courtesy of Yamaha Motor Co., Ltd.

banization to the extent that they now face multiple "urban challenges," such as the rising crime rate, soil contamination, air pollution and other serious issues. Japan once had a similar experience during its high-growth period. Japan's experience of overcoming the issues of environment contamination and air and water pollution caused by industrial waste should be used by African countries to promote sustainable urban development.

"The issue of plastic waste is one of the challenges for Africa to deal with. The first thing African countries have to do with plastic waste is to establish the separating and recycling method to stop simply dumping such waste in landfill. Ethiopia has Africa's first waste-to-energy incinerator. In this particular field in Africa, too, Japanese companies are likely to find greater opportunities," Mr. Araki said.

Touchstone of the will of Japanese firms

Africa still has many issues to address. However, situations vary from country to country. For instance, Rwanda, which tends to be perceived to be a country plagued with civil wars, was commended by the World Bank's annual "Doing Business" report re-

leased in 2017 for having "implemented the most reforms in the past 15 years" among sub-Sahara African countries. Ethiopia and Eritrea have formally ended a war between them. As in these cases, Africa has been making positive efforts of its own toward peace and stability. TICAD 7 can be a good opportunity to get the "latest" on Africa.

Those Japanese firms that are thinking of advancing to Africa as "latecomers" to it supposedly cannot wait for a long time until they can acquire all the African business know-how on their own. Many of those Japanese firms that are already active in Africa have chosen to accelerate their penetration there by collaborating with partners in host countries or third countries. In this context, TICAD 7 is an optimal platform for Japanese companies to explore the possibilities of building partnerships with enterprises in host countries and/or third countries. This is true because TICAD is an open and inclusive forum with participants including not only African countries but also international organizations, partner countries, private-sector enterprises and civil society.

TICAD 7 is likely to be a touchstone of the will of Japanese enterprises to become genuine partners in the process of African development. ■