

# II. Boosting Economic Growth

Despite the setbacks African countries have suffered, many are well-placed to recover, provided governments continue with reforms and the international community plays its part. Significant growth prior to the onset of the global economic crisis was due in part to a favourable external environment, including high commodity prices, favourable terms of trade, and increased private capital flows, but sound economic policies and improved macroeconomic management also played an important role. The policy environment in Africa remains largely favourable and conducive to robust growth provided the global economy revives and external resources are forthcoming.

Potential sources of growth on the continent include exploitation of natural resources, agriculture, tourism and manufacturing. However, serious challenges will have to be addressed. Major infrastructure gaps continue to inhibit the productivity and competitiveness of most African countries, while improvements in governance, transparency and public sector management are needed to generate public confidence and attract domestic and foreign investment. In many instances also, women lack employment opportunities, and education systems do not equip students with the skills needed in a competitive global economy.

In terms of boosting economic growth, the policies African governments put in place will be decisive, but the support of bilateral and multilateral partners, as well as the private sector, will also be needed. Support must also go beyond development assistance, so that private investment and regional and international trade become key factors in promoting and sustaining Africa's growth.

## 1. Infrastructure



Taking into account the massive demand for infrastructure in Africa, it is clear that all stakeholders must strive for efficient and effective support and that clear prioritisation within each region is essential.

Currently, the Infrastructure Consortium for Africa (ICA) is working on a strategic business plan, intended to entrust coordination among partners to sectoral working groups, while waiting for finalisation of the Programme for Infrastructure Development in Africa (PIDA) by the African Union (AU) and the New Partnership for Africa's Development (NEPAD).

### The Status of Japanese Assistance - April 2008 - March 2010 (provisional)

Japan aims to maintain close contact with the international community and the private sector in order to facilitate strategic resource allocation to each region. Japan has made considerable progress in the infrastructure sector with the YAP target for grant aid and technical cooperation already achieved (117%) and Yen Loan infrastructure projects committed accounting for nearly US\$ 1.5 billion. However, in each sub-sector level, more assistance is required especially in the irrigation sector. Japan will continue to contribute to this sector beyond the YAP target.

#### Total amount of committed ODA projects in the infrastructure sector (April 2008-March 2010)

(100 million yen)

	Transport	Power	Water	Irrigation
Loan	294.54	1,046.25	225.00	0
Grant & Tech. Coop.	318.43	113.62	280.42	92.98

\*Detail of the data can be found in the web site: <http://www.mofa.go.jp/region/africa/ticad/ticadfollow-up/report/index.html>

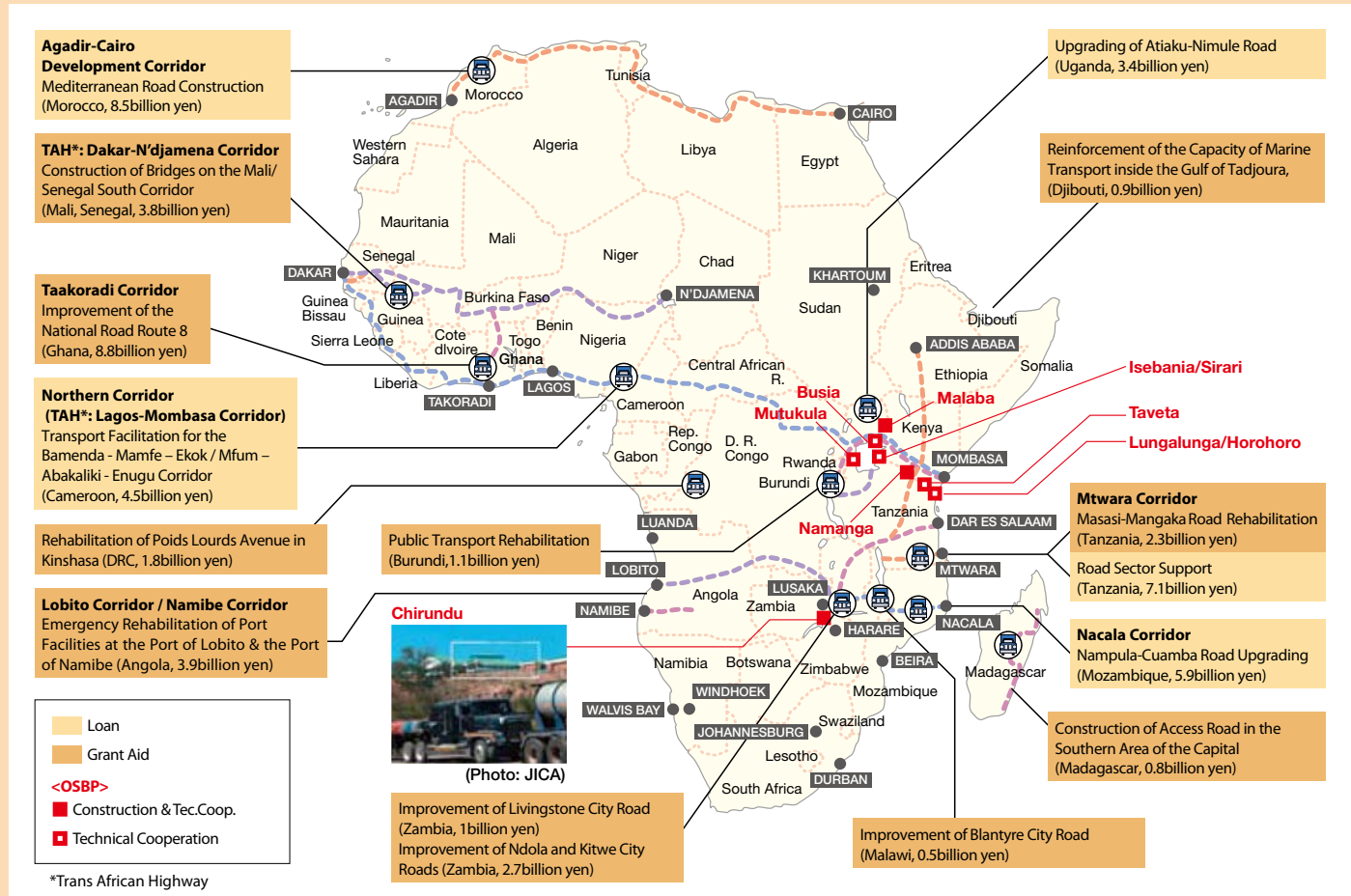
# 1. Infrastructure(Cont.)

## Regional Transport Infrastructure

Japan intends to concentrate its financial and technical support on selected corridors in each region, primarily focusing on roads, but not excluding ports, bridges, urban transport and railways. With regard to the establishment of 14 "One Stop Border Post" (OSBP) to facilitate smooth and efficient cross-border procedures,

support for eight locations is currently in progress, and plans are underway for six other locations. Seminars for heads of Revenue Authorities and Customs Administrations of African countries were also held in collaboration with the World Customs Organisation (WCO).

### Japan's cooperation for regional transport infrastructure



## Involvement of Regional Institutions and Public-Private Partnership

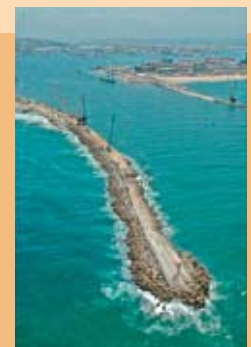
JICA is currently dispatching personnel to the NEPAD and the East African Community (EAC) Secretariats. However, as the role of the Regional Economic Communities (RECs) is expanding especially in the infrastructure sector, it would be desirable to further strengthen future partnerships.

The utilization of Other Official Flows (OOFs) is progressing in the infrastructure sector to promote public-private partnership that will facilitate business activities. (See Figure)

(See "I. Overview" and "II.2.Trade, Investment and Tourism" section for further information on Public-Private Partnership)

### Expansion of Port of Durban: (signed on March 26, 2009)

The loan of 35 billion yen was co-financed by three Japanese commercial banks and JBIC with JBIC also providing a guarantee for their co-financing portion. The loan finances activities to be undertaken by Transnet, a 100% South African state-owned freight rail, ports and pipeline company, including widening of entrance channel and deepening of Port of Durban.



(Photo: Transnet)

### South African power transmission: (signed on July 9, 2008)

The loan of 7.5 billion yen was co-financed by six Japanese commercial banks and JBIC with JBIC also providing a guarantee for their co-financing portion. The loan finances ESKOM for its Northern Grid Transmission Projects, which aim to strengthen and expand the existing transmission network to promote growth within the Limpopo province, South Africa.



## Regional Power Infrastructure

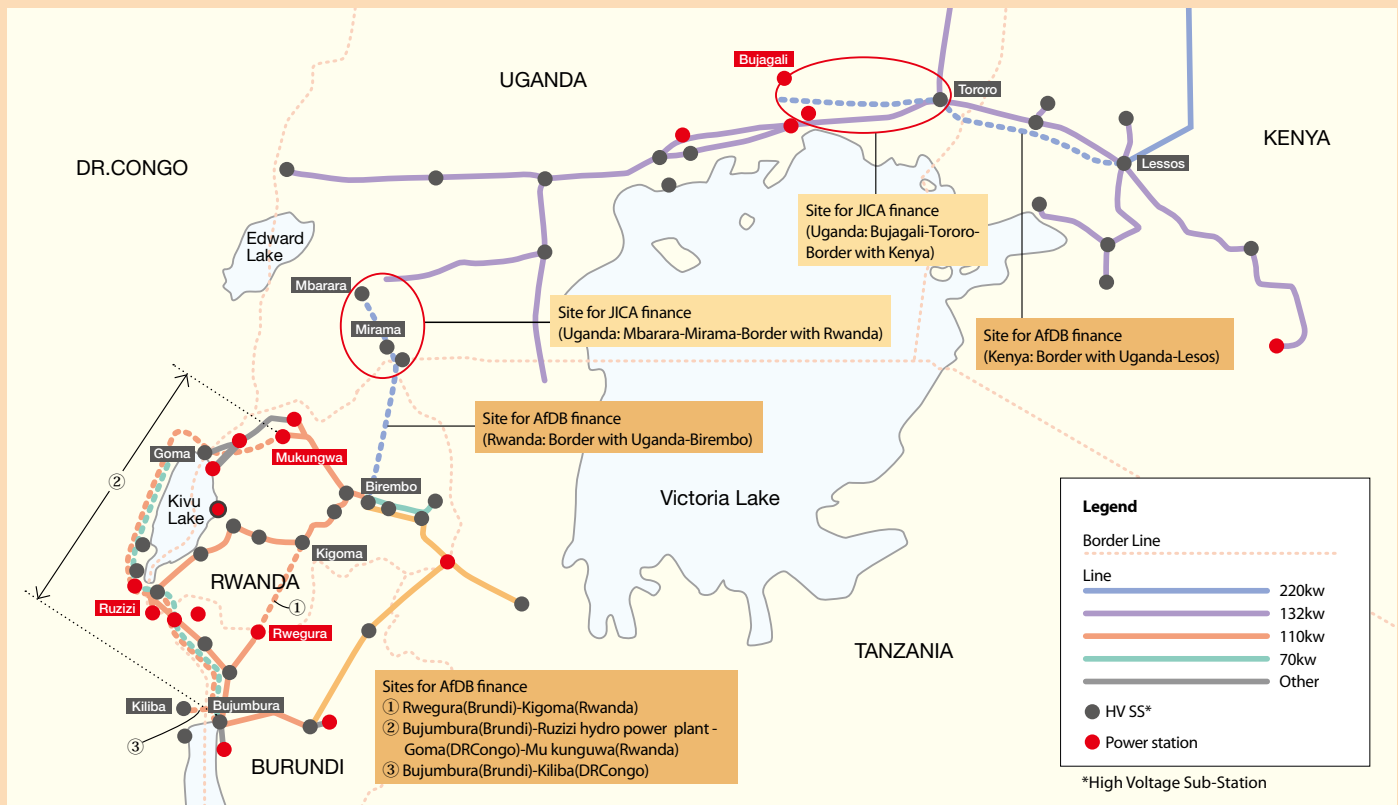
Effective ways for supporting regional power infrastructure, in collaboration with other partners, are being sought according to the circumstances surrounding the existing power pools of each region.

### Examples of Japan's recent support

#### Large-scale international transmission lines for a power pool:

##### Interconnection of Electric Grids of the Nile Equatorial Lakes Countries Project

ODA loan of 5.41 billion yen (equiv. US\$ 52.6 million) was provided to Uganda in Mar 2010, for installing a power transmission network among 5 countries of the Nile Basin (Uganda, Kenya, Rwanda, Burundi, DRC) through co-finance with AfDB.



#### Local Electrification:

##### Urgent Improvement of Electric Power Supply System in Sierra Leone

Grant aid of 1.651 billion yen (equiv. US\$ 16.1 million) was provided to Sierra Leone in May 2008, installing a 10MW power plant in Freetown which suffers from severe shortage of electricity due to internal turbulence.



## Efforts by Other TICAD Partners

The World Bank launched The Africa Infrastructure Country Diagnostic report, "Africa Infrastructure: A Time for Transformation", in November 2009. This indicated that a financing gap of US\$ 31 billion a year would remain even if an additional US\$ 17 billion each year could be mobilised through improving the efficiency of existing spending.

IBRD/IDA lending to infrastructure in 2009 totaled US \$3.6 billion

to Sub-Saharan Africa and US \$1 billion to North Africa, while IFC provided US \$219 million in support of private sector investments. In recognition of the importance of regional infrastructure, assistance to regional transport corridors, power pools and ICT backbone linkages was scaled up. The WBG will continue to increase lending for infrastructure as planned.