



2003 Africa Day

The Role of Infrastructure in the
Development and Integration of Africa

Report

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2003 Africa Day Symposium

The Role of Infrastructure in the Development and Integration of Africa

A Report

On the conference held at the United Nations University, Tokyo
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Disclaimer

In the spirit of free and open discussion, the 2003 Africa Day Symposium invited the views of academics, NGOs, journalists politicians and representatives of international organizations. Participants did not necessarily agree with one another, but we believe that it is important to provide a forum for a frank exchange of views. The opinions and comments expressed at the conference and reproduced in this report do not necessarily reflect the opinions of the United Nations University.

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Hans van Ginkel

**Rector, United Nations
University**



Building on the success of the previous Africa Day symposiums in Tokyo, the United Nations University (UNU) and the African Diplomatic Corps (ADC) have agreed to establish the Africa Day Symposium as an annual event. In 2003, the symposium sought to bring attention to the importance of infrastructures in achieving development goals, such as sustainable economic growth, trade and regional integration in Africa.

The 2003 Africa Day Symposium was intended to generate specific input for the G8 Summit held in Evian (France) in June 2003, and for the Third Tokyo International Conference on African Development (TICAD III) to be held during September/October 2003 in Tokyo.

Acknowledging that the lack of adequate infrastructure constitutes a major obstacle to the development and integration of the African continent, the New Partnership for Africa's Development (NEPAD) has identified infrastructure as one of its priorities. Quality infrastructure is needed to place Africa on a path of sustainable growth and development. On the occasion of Africa Day 2003, symposium participants highlighted the importance of adopting a definition of infrastructure that includes both hard infrastructure (such as transportation, rural electrification, clean water supply and sanitation) and soft infrastructure (such as education, health, telecommunications, information and communication technology, global governance, etc.).

With NEPAD, African leaders have stressed the benefits of regional integration, whereby capacities and resources are pooled together. Symposium participants underscored the positive impact that regional integration can have on Africa's international competitiveness.

Furthermore, participants emphasized that the mobilization of funds for infrastructure development requires close cooperation between African governments,

governments of developed countries, the private sector, UN agencies and development banks. In addition to resources provided through Official Development Assistance (ODA), Africa needs to open up infrastructure development to private investors - if necessary, in a mutually beneficial partnership with the public sector. The challenge lies in creating an environment that, on one hand, is attractive and secure for private investors and, on the other hand, protects the interests of the poorest.

African leaders expressed their hope to enhance business ties and investment flow between Asia and Africa. It was proposed that a Japan-Africa and Asia Centre for Economic and Cultural Exchange be created to enhance Asia-Africa cooperation through the provision of information about investment and trade opportunities in Africa.

I want to thank all those who made the 2003 Africa Day Symposium possible, including the many African diplomats who participated in the preparation for the symposium and those who were present at the 2003 Africa Day Symposium. I would also like to thank the Government of Japan, UNU's main host country, for its continuous support. Mr. Tetsuro Yano, Senior Vice-Minister for Foreign Affairs of Japan, and Mr. Hideaki Domichi, Former Director-General of Sub-Saharan African Affairs for the Ministry of Foreign Affairs of Japan, contributed to making this 2003 Africa Day Symposium a success.

With this report, I am very pleased to introduce the keynote speech delivered by President Abdoulaye Wade of the Republic of Senegal on the occasion of the 2003 Africa Day Symposium, as well as other presentations. Speakers at the 2003 Africa Day Symposium included representatives from the Japanese Government, African countries, G8 and other countries, UN agencies, et al. These texts present a broad range of analyses and reflect creative thinking on African development. I trust that you will find this report interesting and useful in your further study and reflection.

Rachad Farah

Dean of the African Group



Today's symposium is in the line of the tradition that the African Group of Tokyo inaugurated nine years ago. It has been made possible with the active support of the Rector of the United Nations University, Prof. Hans van Ginkel, and his staff, to whom I would like to address my gratitude.

This year's symposium has special importance, because it coincides with the celebration of the 10th anniversary of the historical initiative taken by the Government of Japan to launch the Tokyo International Conference on African Development (TICAD). We have fully supported this unprecedented initiative of Japanese diplomacy to contribute to the sustainable development of Africa. Such initiative has created a special and strong relationship between Japan and the African continent.

Furthermore, this symposium will start the preparation process of the forthcoming TICAD III, which will be held in Tokyo in late September 2003. As you are aware, subregion meetings will be held in Addis Ababa, Nairobi and Younde to contribute to this aim. I am convinced that TICAD III will be an important conference and will achieve a successful outcome for the sake of development and reconstruction of the African continent.

Yes, indeed, we are talking about the reconstruction and the improvement of our infrastructure in order to achieve African development through the process of regional integration. His Excellency Mr. Abdoulaye Wade, President of the Republic of Senegal - to whom I express our gratitude and appreciation - will emphasize in his keynote speech, with significant examples, the painful situation and the lack of infrastructure from which Africa suffers. The challenge we have to confront is huge. We are fully aware that without adequate infrastructure, sustainable development cannot be achieved.

African leaders created, last year in Durban, South Africa, the African Union, which seeks to respond to the

African peoples' aspirations for development and peace. In same spirit, the New Partnership for Africa's Development has been launched. These two important events have demonstrated the determination and the strong will of Africa's leaders and peoples to tackle together this great challenge.

It is obvious that Africa will need the support and the partnership of the industrialized nations. This support could be made manifest in several ways: an increase of Official Development Assistance, the transfer of technology, increased investments and opening of their markets to African products. We hope that the forthcoming G8 Summit, which will be held in Evian, France, will provide a strong signal of the determination of its members to respond of the expectations of Africa's peoples.

I think that after 50 years of independence, after the end of the cold war, and after the many losses that our continent has suffered and continues to suffer, we are taking the right direction to achieve the "African Renaissance." Africa has many natural resources, as well as human resources.

The time has come for us to end the cycle of poverty, hunger, disease, conflict and humiliation. We hope that the twenty-first century will be the "African Millennium." I am convinced that, in this symposium, we will highlight the ways and means to achieve this goal.

Once again, I would like to reiterate our gratitude to H.E. Mr. Abdoulaye Wade, President of the Republic of Senegal, for his great contribution to our discussion. I would also like to express our appreciation and thanks to the panellists and to the participants. Lastly, but not least, I would like to warmly thank Prof. van Ginkel, Rector of the United Nations University, for his continuous and precious support.

Thank you.

Abdoulaye Wade

President of the Republic of Senegal



The role of infrastructures in development and regional integration

I should like to begin by expressing my warmest thanks to the African Group of Tokyo for bringing forward its Africa Day celebrations to coincide with my visit to Japan. I am delighted to be taking part in your discussions on "the role of infrastructures in development and regional integration," a subject that could hardly be more topical or more relevant in the present context, which is marked by the recent launch of both the African Union and the New Partnership for Africa's Development (NEPAD).

Indeed, I believe it is from this dual perspective that this subject should be addressed. By launching the African Union last July in Durban, Africa's leaders wished to speed up the process of integration and step up their efforts to achieve the unification of the continent. And as we shall see, NEPAD was born from the combination of a philosophy (the "African Renaissance") and a strategy (to catch up with the world's developed countries).

A third element to be considered is the phenomenon of globalization, with all its attendant opportunities and demands (including innovation, creativity and the ability to be competitive). Globalization is a simple fact of life for everybody, Africans included. Our task now is to use it as best we can by facing up to competition and to our competitors.

As Vice-President of the NEPAD Implementation Committee, I should like to remind you of NEPAD's most important aspects. NEPAD was created at a time of profound African crisis: an acute economic crisis, marked by economic decline and an unprecedented increase in poverty; a crisis of core values, which has left the youth of Africa disoriented, increasingly devoid of self-confidence and prone to take refuge in mysticism; a crisis of confidence that has made African people increasingly

fatalistic; and a crisis of a continent out of control, lagging behind the rest, and frightened at the prospect of facing globalization and competition.

In the wake of African independence, many expert plans were adopted, amid an atmosphere of heady optimism. No sooner were those plans adopted, however, than they were mothballed, even before they began: the Lagos plan, which was to have created an African community in 20 years; the Abuja plan; the Programme d'action des Nations Unies pour le redressement économique et le développement de l'Afrique (PANUREDA), and so on.

Africa seemed to have lost its way following the failure of all development policies attempted so far. Now, it is seeking to reconcile with itself, by embracing the philosophy of "African Renaissance" - which was inspired by President Thabo Mbeki of South Africa, who quickly shared his vision with President Olesegun Obasanjo of Nigeria and President Abdelaziz Bouteflika of Algeria. The outcome of their reflections was the Millennium Africa Recovery Plan (MAP), which offered an analysis of the historical impoverishment of Africa (slavery, colonization and unfair trade) as well as an appeal to Africa's political leaders to take action.

At the same time, Senegal's Omega Plan, a "catching-up theory," proposed ways and means to bridge the divides that separate us from developed countries. After vying with each other for a brief period, the two plans were merged to form the New African Initiative, which was subsequently renamed the New Partnership for Africa's Development, or NEPAD, in order to incorporate the element of partnership with developed countries.¹

The essential focuses, or parameters, of NEPAD are good public and private governance, emphasis on the private sector rather than the public sector as the main source of financing of the African economy, and use of the region as the operational unit (instead of the State, which has limited territory). Essentially, today's topic addresses this first phase of NEPAD.

Within these parameters, NEPAD has identified eight priority sectors, or variables, which are to be implemented together, in accordance with certain choices that will ultimately define the type of development desired: (1) infrastructures, (2) education, (3) health, (4) agriculture,

(5) new information and communication technologies, (6) the environment, (7) energy and (8) access to the markets of developed countries. A given type of development can be achieved by placing more or less emphasis on one or more of these variables.

Remember that we are talking about a choice between certain strategic variables. This does not mean that other issues are not important but, rather, that these variables are leading sectors that have a major impact.

You will have noted that infrastructures occupy first place, and may have wondered why that is the case. The term "infrastructures" refers not just to physical phenomena, such as roads, ports, airports, railways, bridges, etc., but also to the new information and communication technologies, or NICT (which, significantly enough, are also often referred to as information and communication highways). All these parameters are essential to growth, development and integration.

Many of us thought that the debate over whether the "road" should come before or after the economic activity was well behind us. And yet, some of our Western partners are now asking us to give priority to the fight against AIDS or malaria, or against poverty.

Let us look at this issue. These partners are essentially suggesting that we do that which their countries did not do when they were at the same level of development as we are now:

- When the Europeans arrived in America, they began by constructing highways and a railway to the Great West, without really understanding what they might find there. The roads and the railway led to the development of the regions they crossed.
- The Russians did the same in Siberia.
- We might also mention Australia or South Africa.
- When they arrived in Africa, the Europeans constructed roads from the interior to the ports in order to export mining or agricultural products. The economic activity came later.
- Transport is a cost. Therefore, African producers who wish to export and take on international competition will never succeed if they must travel along rough roads or tracks: loss of time, loss of

product quality, etc.

Even if the situation may vary from one country to another, it is the poverty of infrastructures that best defines the general state of this sector in Africa, thus constituting a major obstacle to the development and integration of the continent. By way of illustration, according to the annual report on African integration, published in March 2002 by the United Nations Economic Commission for Africa (ECA), the cost of a phone call in Africa is, on average, 250 per cent as expensive as in Europe; a plane trip from Abuja to Bamako can cost as much as 250 per cent of a flight from Amsterdam to New York; and freight shipping costs between Addis Ababa and Abidjan can be 350 per cent as much as between Tokyo and Abidjan. Under conditions such as these, Africa will never be able to compete in the world of international trade.

In rural areas - which is where some 70 per cent of Africans live - the absence of water infrastructures means that two-thirds of the population have no access to drinking water and sanitation services. Furthermore, more than four out of five people in rural areas have no access to electricity.

Africa's disadvantage is even more striking in the area of new information and communication technologies: only 0.1 per cent of Africans have access to the Internet. The North-South divide may widen further if no concrete steps are taken to reduce, if not close, this critical "digital divide."

Under such conditions, any talk of development or integration, or of the free movement of persons and goods, has more to do with fantasy than with a viable social project. It is this situation that NEPAD seeks to end by including infrastructures among its major priorities.

With respect to the design of projects, as I remarked at an international conference on the Omega Plan on 11 June 2002, in Dakar, it is essential that we break with "nation-centred thinking" by using the region as the departure point, and the continent as the destination point. The region was thus chosen as the operational unit for development policies in the area of infrastructures, and NEPAD offers the best form of regional integration. In addition to national roads, NEPAD concerns inter-regional roads, transnational roads and continental roads. Moreover,

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certain sectors are well suited to integration, including:

- universities and major regional colleges;
- health centres, police stations and border schools that should be made accessible to the public, regardless of their country of origin; and
- NICT, which essentially include networks, cables and satellites, and thus cannot be "national."

Former US Transportation Secretary Rodney Slater, who was above all else an expert in this area, rightly declared:

"Transportation is about more than concrete, asphalt and steel. It is about connecting people to people and people to services. It is about creating links between communities and promoting the integration of regional blocs and markets. It is about creating jobs and more economic opportunities. Transportation is thus the tie that binds, links, and integrates."

I should like to say a few words about the financing of infrastructures (that is, about the development of Africa).

Development will certainly not be achieved through aid (which is almost stagnant) or through loans (which have produced the insoluble debt problem). Ever since it achieved independence, Africa has followed those same two paths. And yet, after a period of 40 years, they have brought us to a dead end. That is why I refer to the "aid/loan" combination as the "infernal duo": abandon all hope, all ye who enter here!

The financing of NEPAD should primarily be a matter for private investment - if necessary, together with the public sector, and within the context of a mutually beneficial partnership. In a continent where everything, or almost everything, remains to be constructed, it is a question of creating the right conditions for attracting private investment by minimizing the risks to which private investors may be exposed.

Ultimately, then, the challenge we need to face is to how to create an environment in which "the advantage of investing" is clearly apparent, and in which business security is assured. In order to meet that challenge, NEPAD will focus on two main areas:

- *good political governance*, which requires democracy, peace, political stability, a constitutional state, respect for human rights and sound management of public affairs; and

- *good economic governance*, which requires a business-friendly environment, an independent legal system, the elimination of corruption, and secure investment conditions.

This is the price we must pay if we are to ensure that public partners and, more especially, private partners are willing to participate in NEPAD projects. Assuming that the conditions for profitability are in place, there is nothing to prevent a private company from participating in road construction by financing certain stretches on a toll basis.

I believe the infrastructure component has made a strong beginning, for the following reasons:

In Dakar, on 31 January, Benin, Ghana, Nigeria and Togo signed the West African Gas Pipeline (WAGP) Treaty, for a gas pipeline that will stretch over 600 km and provide 3,640,000m³ of Nigerian gas per day to the power stations and industries of Benin, Ghana and Togo. Costing a total of US\$500 million, the project is wholly funded by a private company called the West African Gas Pipeline Company Limited, whose shareholders are the Volta River Authority of Ghana, the Societe Togolaise de Gaz, the Societe Beninoise de Gaz, the Nigerian National Petroleum Corporation, Chevron and Shell.

As NEPAD's operational arm in the region, the Economic Community of West African States (ECOWAS) is one of the initiators of the project, and is responsible for its coordination. In its second phase, the project will be expanded to include Cote d'Ivoire and Senegal. This is a concrete model for development and integration at the regional level, but also for collaboration between the public and private sectors.

I might also cite the Southern African Interconnection Network, which comprises the national electricity companies of the 12 member states of the South African Development Community (SADC), which is fully operational as coordinator of regional activities for the construction of new infrastructures and the production and conveyance of electricity. Other concrete projects are also underway, such as the road from Casablanca to Dakar, jointly financed by Morocco, Mauritania and Senegal, with a bridge at Rosso; the road linking Dakar with the Indian Ocean, and probably to Mombassa in Kenya; the Algiers-Bamako road; the Tripoli-Niamey-Lagos road; and the

bridge and dam over the Gambia River (a joint Senegal-Gambia project). NEPAD has identified a total of 14,000 kilometres of trans-regional and continental highways.

As far as NICT are concerned, there are fibre-optic cables linking Europe and America to Dakar, Pretoria, and Kuala Lumpur in Malaysia, with intermediary branches to the interior.

The urgent need today is to close the digital divide that separates the world into two separate parts that communicate less and less. The South, which is under-equipped in the new information and communication technologies, remains isolated from the expertise and knowledge developed in the North. That is why I have proposed the concept of "digital solidarity" as a way to bridge the digital divide on the road to the e-civilization.

Our quest for expertise and our efforts to bridge the divide depend on our ability to acquire these technologies. The potential opportunities are many, but there are also many areas of concern. Africa, which discovered writing before the rest of humanity, is now largely illiterate, and runs the real risk of being excluded from the temple of a universal knowledge to which it has contributed in countless ways (to take just one example, the revelation of the mystery of the "golden section").

The fabulous technological wealth of certain countries has given rise to a fascinating "e-economy." And yet, those countries must not become intoxicated by knowledge and power. In this context, we might do well to reflect on this passage from the Bible's Old Testament:

"So that the land could not support both of them dwelling together; for their possessions were so great that they could not dwell together." (Genesis 13:6)

What, exactly, is "digital solidarity," and what are its implications? In certain regions of the world, monetary policy is shared among two or more countries with a view to stabilizing exchange rates, which must remain between two parameters. In a similar way, digital solidarity defines the information society according to a range of values located between two (digital) parameters. Those values reflect the degree of accessibility to the information society: number of computers per inhabitant, number of

websites, telecommunications penetration rate, etc.

The higher parameter does not refer to countries with the most advanced communications media (high digital density), because that would be to set the bar too high over the short term. The criteria for the information society, which corresponds to the area between the two parameters, are defined according to the objectives of the international community: number of computers per family/per person, number of telephones, etc. These criteria, which can be easily adjusted, are presently being defined by a group of experts, whose conclusions and recommendations will be included in a Charter of Digital Solidarity to be drawn up by a team of legal specialists.

The lower parameter represents the threshold for countries that are "excluded" from the information society. As it develops, the information society will progressively find its bearings, attract more members, and climb toward the top (the highest digital density). For that reason, we refer to it as the "digital ladder." Digital solidarity is about helping those countries that lie beneath the lower threshold to "step onto the ladder," so to speak, and about helping those already on the ladder to stay there.

To make this happen, we have proposed the creation of a Digital Solidarity Foundation, which will set up a digital solidarity fund. Based in Geneva, the foundation would manage funds acquired through voluntary contributions made in coordination with the International Telecommunications Union (ITU), the United Nations, civil society, the international private sector and individual states. For example, it might be possible to contribute 0.5 cent per international call, \$1 per computer sold or purchased, \$1 per router sold or purchased, etc. The funds would be used to purchase equipment for countries excluded from the information society, so that they can begin to "climb the ladder."

Thus, digital solidarity will enable the international private sector to access new markets whose technological purchasing power and information technology industry will be significantly improved as a result. The proposed initiative will be a joint endeavour, and all of us must demonstrate the necessary wisdom and foresight to make it a reality. In the words of Confucius: "He who does not look ahead will soon stumble." The many peoples that make up our modern world are all subject to the laws of

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human destiny and must all live together, in full knowledge of each other's existence. Either they will communicate, or they will not.

The new information and communication technologies constitute a formidable trading tool. The Web is where cultures meet; it is where the civilizations of the world will be able to contribute their arts, their wisdom and their accumulated history - provided that we, their leaders, are prepared to meet the challenge of digital solidarity. In this context, I would cite the following passage from the Koran:

"O people, we created you from the same male and female, and rendered you distinct peoples and tribes, that you may recognize one another." (Koran, 49:13)

These words of wisdom from the Muslim religion echo those of the Old Testament and of Confucius referred to earlier, in identifying communication as the purpose of man's existence.

An international committee of sponsors, comprising Senegal for Africa, India for Asia, Russia and France for Europe, Canada and the United States for North America, and Brazil for South America, is presently being constituted.

Senegal is preparing resolutely for the communication society. On 4 March, the US administration launched the Digital Freedom Initiative in favour of countries of the South. Senegal was chosen to be the first beneficiary of the initiative, in a programme worth \$6.5 million. It is estimated that more than 500,000 Senegalese will benefit from the positive effects of this initiative, which also targets small and medium-size businesses.

Still on the subject of NICT, I might give the interesting example of a successful experience with "distance medicine" conducted by the Senegalese organization Education and Health, in cooperation with a French non-governmental organization. A team of doctors based in Dakar was asked to provide a long-distance diagnosis of a pregnant woman who was in Kedougou, located 740 kilometres away in one of Senegal's most inaccessible regions. Women in the region usually have to travel hundreds of miles, either on foot or by donkey, simply to

see a nurse, because there are few doctors. But this woman lay on an examination table, and a doctor sat at her side with a suitcase containing the examination equipment. The woman watched her baby in her womb, sucking its thumb, and the doctors in Dakar watched with her. They were able to make an immediate diagnosis.²

The train bearing the new information and communication technologies is already underway, and Africa must act now to get on board. As I have had occasion to remark to UNESCO, it is better to take even a third-class carriage on that train, if necessary, than not to take the train at all.

That spirit of pragmatism encapsulates NEPAD's entire philosophy. The vision of a developed and fully integrated African Union will not be realized until modern infrastructures enable its inhabitants, and their products and services, to overcome the obstacle of distance and the challenge of isolation.

¹ On the subject of NEPAD, I would cite the following: Le NEPAD explique (Senegal), NEPAD, edited by Peter Anyang' Nyong'o, Minister in the new Kenyan Government, and Le NEPAD, Pr. Kasse et al., Dakar.

² This concrete example is addressed by Laurent Fontaine in his article "Distance Medicine in Senegal: Take the Internet and Take It Easy," *Interface*, November/December 1999.

Hideaki Domichi

Director-General, Sub-Saharan African Affairs, Ministry of Foreign Affairs of Japan



Japan's policy towards Africa

It gives me a great pleasure to say a few words on behalf of the government of Japan on this auspicious occasion of receiving the President of Senegal at the United Nations University, and to share with you our visions of the Japanese policy on Africa.

Japan has engaged with Africa for a long time, but the most significant event in the history of our relations with Africa was the initiative Japan took in hosting the Tokyo International Conference on African Development (TICAD) in 1993. Looking back, it was at the time when the cold war had ended and international attention was being diverted from Africa that we took an initiative for African development. Conceptually, we intended to promote African ownership and partnership; Africa should make clear in its own mind the visions for development for its own people, and we - Africa's international partners - should respond. Today, it is widely acknowledged that partnership based on African priorities should replace assistance based on a donor's assumptions about African development.

This year, we are organizing TICAD III, commemorating the 10th anniversary of the first TICAD. During these ten years, we have mobilized resources for Africa in its combat against poverty and related human insecurity. For instance, in the past five years - since TICAD II was held in 1998 - we have provided vaccine for 250 million African children, helped provide access to safe water for 3 million people and built elementary schools for 2.6 million children.

In 2000, at the dawn of the twenty-first century, the United Nations established the Millennium Development Goals. But it seems increasingly clear that most of these goals are unrealistic unless Africa improves its record. This means, in other words, that Africa is at risk of being marginalized. Historically, it is true to say that when the developing

countries, including Asia, started their process of development, they grew from more or less the same level of development. Most of Africa, however, was left behind.

Today, we are encouraged by epoch-making new movements on the African continent, including the launch of the New Partnership for Africa's Development (NEPAD). President Wade of Senegal is one of the inspiring leaders whose initiative has led to the formation of NEPAD, the fundamental spirit of which is the development of Africa by Africans. The NEPAD commitments include good governance, the rule of law, investing in the continent's peoples and pursuing policies that spur economic growth and alleviate poverty.

NEPAD is a process, and we recognize that it will take some time before we see how it will evolve. For instance, the international community is taking great interest in how the African Peer Review Mechanism will actually work. The NEPAD process is beginning to deliver results, but it still remains fragile.

This does not change the fundamental significance of NEPAD, however. This is why the G8 nations responded positively at the G8 Summit in Kananaskis, Canada, and decided to support NEPAD collectively or independently. This culminated in the G8 Africa Action Plan, to which Japan is committed.

In the context of TICAD III, which will be held from 29 September to 1 October in Tokyo, we plan to transform TICAD into a platform to support NEPAD as well as make it an occasion to expand the partnership. In light of the immense task facing Africa, strong partnership is essential. NEPAD and G8, and other key international organizations, will form the core of this partnership.

As part of the TICAD process, we would also like to invite Asian countries to work together, in the hope that increased Asia-Africa cooperation will develop. Many Asian countries have already shown interest in triangular cooperation and the TICAD process. Likewise, North African and Sub-Saharan African cooperation is already in existence with Japanese participation.

As for the agenda of TICAD III, we have set out priority areas based on consultations with the cosponsors of TICAD (including the United Nations, Global Coalition for

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Africa, UN Development Programme and World Bank) and with all of the African countries with whom we had a preparatory meeting in March (thanks to the good offices of the Government of Ethiopia). The ten priority areas are:

- peace consolidation,
- good governance,
- human resources development,
- agricultural development,
- infrastructure building,
- dealing with HIV/AIDS and other contagious diseases,
- information and communication technologies (ICT),
- private-sector development,
- water supplies, and
- South-South cooperation.

Today, I cannot dwell upon these issues, but I would like to stress that these issues more or less correspond to the eight priority areas of NEPAD.

In terms of strategy, we would like to stress the importance of poverty reduction through growth. Without economic growth, poverty reduction is difficult to achieve. From this point of view, we would like to draw attention to the prospect of agricultural development and infrastructure.

Agricultural development is a key; it does not make sense that Africa as a whole has to import food from outside. Land and water are considerably underutilized in Africa, even compared with the rest of the developing world. Irrigation systems can be developed, and roads and other agriculture facilities can be developed. A community-based approach may be effective in the immediate future; food for work can be encouraged.

It is often pointed out, perhaps with expectations, that Foreign Direct Investments (FDI) play a pivotal role in African development. There is no denying that this is the case, but when we think of the domestic resources mobilization (which is absolutely necessary for capital formation) in most countries in Africa, this should come - at least for the foreseeable future - from development of the agricultural sector, on which about 70 per cent of Africans depend.

Food self-sufficiency should be a clear target of national policy. This is evident just from considering recent famines, and the misery they have brought to the people affected. International partners should work to reverse the

decline in the provision of agriculturally oriented assistance in Africa in the last decade; agricultural development, effective water use and effective harvesting methods should be encouraged.

Attention should also be paid to infrastructure. We can talk about investment and trade, which ought to play a larger role in development, but without adequate infrastructure these are unlikely to come. It has been pointed out that investment into Africa is generally costly; one should not forget that investors, if they come, will come to Africa to seek profit, and will weigh each opportunity against other competitive opportunities in the rest of the world.

It is also argued that investors will follow a prospect of growth, thus downplaying to some extent expectations that FDI will generate growth. Central to this argument is the inadequacy of infrastructure. Adequate infrastructure is essential also in discussing development of intra-African or regional trade, which ought to be encouraged.

Inadequate infrastructure plays a role in food insecurity as well, as it can prevent transportation of relief food supplies to the famine area, even within national borders, and thus aggravate famine. Similarly, it should be reminded that transportation costs account for a large share of international food assistance.

Truly, we have yet to find a solution to the question of how financial resources should be made available. It is to be hoped that the international community will further deepen the dialogue with NEPAD on this issue. Meanwhile, Japan will continue to cooperate in infrastructure-building in Africa.

I wish I could continue to highlight our thought on priority areas: for instance, on human resources development, particularly basic education (which has already been referred to by the Prime Minister himself, when he received the African Diplomatic Corps in June last year). There are many other subjects, as well, which I would like to discuss, but my time is limited.

So, I would simply like to conclude by saying that Japan will continue to commit to African development. TICAD III is a good indication that we will do so, and we look forward to working closely with Africa through the TICAD process.

Torao Tokuda

Member of the House of Representatives, Japan, and Chairman of the Tokushukai Medical Corporation



Medical diplomacy, transfer of technology and the upgrading of health infrastructure in Africa

At the present time of worldwide economic depression, holding this symposium on "the role of infrastructure in development and integration in Africa" is timely. Most of the participants here are professionals in the fields of politics and economy. As a medical doctor by profession, I may be able to contribute to discussion of the development of Africa in the field of medical care and welfare.

I grew up in Tokunoshima, a remote island of Kagoshima Prefecture, and wanted to become a doctor since the death of my 3-year-old younger brother. That day, at midnight, a doctor refused to examine my younger brother. I thought, "if my family was rich, this would not have happened!" Soon, I was determined to become a doctor who would help poor people even at midnight. That was the starting point of my medical career, and ever since, my medical practice has been guided by the belief that "all people are born equal," which applies to patients as well.

For the past 30 years, my hospital group has provided medical treatment to anyone who sought it, 365 days a year, 24 hours a day, turning away no one. Our group's guiding principle is to provide medical care for patients, medical care for everyone. I have been promoting medical reform in Japan through our network of 50 hospitals, 170 clinics and welfare establishments, and a staff of 16,000 medical personnel.

Today, about 8 per cent of Japanese companies operating in the export industry may survive globalization. The other 92 per cent are companies that are supported by the conservative cultural and business climate prevailing in Japan and, as such, they may not be able to survive the globalization process. The financial and construction

industries have failed, for the most part, while the medical industry has also caused trouble to our people because of "academic clique-ism," a "seniority system," "conservatism" and an inherent "inability to cooperate easily with foreign countries."

I founded the Tokushukai Medical Corporation based on my firm belief that "all living beings are created equal." With this motto in mind, I was able to build a system in which both the rich and the poor, those living in the city or in the remotest farm village, and even those living on an isolated island can have equal access to the best medical treatment possible. I believe that this system and know-how, which my group developed, is the only medical development in Japan which will benefit foreign countries, especially those in the Third World, with particular emphasis on Africa.

Nowadays, Tokushukai is the only group that can afford to build hospitals throughout Japan, from northern Hokkaido to southern Okinawa. As your countries are fighting to develop economically and become wealthier, the issue of medical care will gain more importance. As a percentage of GDP, the United States spends 13 per cent for medical care, Europe 10 per cent, and Japan 7 per cent. In Japan, our group's research and findings indicate that medical care in our country can be realized at 4 per cent of GDP, using our know-how. Our know-how enables us to provide low-cost, high-quality medical treatment to anyone - the basic condition of providing good medical care to everyone.

Being the largest private medical group in Japan which can offer such low-cost, high-quality medical care, we are ready to collaborate with you should you have problems with the medical system in your country, or should you decide to build large hospitals. At present, no other group in the world has the know-how to build a hospital having more than 500 beds, using totally borrowed money and operating it at a profit. In Japan, our group alone has this technology. This know-how should be useful to Africa.

I have joined this meeting with a strong wish to cooperate with Africa. Over the past 20 years, our group has realized medical interchanges with other countries. So far, we have invited 144 doctors from China for a 3-month training programme. Other such exchange programmes are under way; currently, we have invited 50 doctors from Bulgaria,

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10 from Mongolia, 20 from Yugoslavia, 40 from the Philippine Air Force, and now - sitting on your side in this room - 10 other doctors from the Philippines and 7 doctors from Mongolia. It is our wish to keep establishing cooperative relations with many other countries in the future. To achieve this, we plan on medical interchanges as a first step, with the invitation coming from our side. If Africa so desires, let us think it over together.

Now, the Japanese economy is sluggish. The same is true in the United States and in Europe, where the stock market is down and business as a whole is slow. We are now in an era where things will not go well unless a new order is established throughout the world. Historically, races and nations have fought for territory and then for resources. Now, the focus is on intellectual property rights; for this new age, in which intellectual people are the resources, a new structure is necessary

In Japan, next to the past two openings of our country - during the Meiji restoration, and following our defeat during World War II - a third opening has become necessary. Japan has to build a structure which will survive globalization. The next two to three years will be very crucial for Japan, and a restructuring of our political world and immediate implementation of administrative and structural reforms are in order.

Why am I talking about politics and its reform, when the African Diplomatic Corps (ADC) in Tokyo has asked me to develop my concept of "medical diplomacy" with the possible implication of Tokushukai assisting in the improvement of African medical infrastructure? I am focusing on political reforms in Japan because politics is a global concept. If the body politic of Japan reforms itself from inside, this will have a direct impact on its international intervention, and this will reflect directly on the distribution of its ODA and, especially, on the targets of that ODA. Should not medical care be the first beneficiary of ODA?

A few healthy rich politicians, a few healthy rich businessmen, a few healthy middle-class engineers, doctors, lawyers, economists, etc., cannot develop any country with many unhealthy simple citizens. Because a sick person cannot study, a sick person cannot work, a sick person cannot operate the best computerized tomography (CT) scan machine offered by Tokushukai. So, in talking

about politics, we are talking the same language, that of the motto of our medical corporation: "Equal medicine from the king to the simplest toilet cleaner, so that the cleaner will keep the toilet clean for the king every day."

So, we are not talking about how I will bring machines to Africa. I am convinced that ODA, JICA, G8, WHO, UNICEF, World Bank and so many others have brought a huge amount of machines to Africa. Have those machines increased the life expectancy of Africans? I am not pretending that I will do better than the praise-worthy work of all the organisms I have just cited; equally, I have no ambition to replace them. On the contrary, I want to sit with them, along with the African medical decision makers, at the same table to explore all the routes to put modern medical technology at the best service of the people, at the cheapest accessible price. All this invented and conceptualized with the Africans themselves as the initiators.

Some of the Ambassadors here visited my hospitals two weeks ago to see Tokushukai in real time, and that is why the first African opinion leaders in medical, public health or related educational fields will be arriving in Tokyo two weeks from now. Direct talk with the Africans. Is not this NEPAD?

That is why the presence of President Abdoulaye Wade of Senegal here today, one of the designers of the concept of NEPAD, is symbolic for the continuation of a dynamic movement we have started some years ago with Africa. For this new partnership, I pledge once again, solemnly, to start first by inviting opinion leaders from your countries. My services are already in contact with you. This will help us apprehend their views, and get them to understand ours, for a solid start and a sustainable continuation of our partnership.

This is my concept of "medical diplomacy."

Shunji Yanai

**Senior Adviser to the UNU Rector
and Professor, Chuo University**



The contribution of TICAD in the implementation of NEPAD and the realization of infrastructure projects

I am delighted to be here again at the United Nations University and very honoured to speak before such a distinguished audience at the Africa Day Symposium on "Regional Integration and Infrastructure Development in Africa." My topic is "the contribution of the Tokyo International Conference on African Development (TICAD) in the implementation of the New Partnership for Africa's Development (NEPAD) and the realization of infrastructure projects." It is most timely to take up this topic, since the African Union Summit adopted a NEPAD action programme shortly after last year's Africa Day Symposium, and TICAD III will be held in less than five months, commemorating its tenth anniversary.

As we all know, TICAD has been advocating "ownership and global partnership" as the basic principles for the development of Africa. The most encouraging development in recent years is the launching of NEPAD, which was created by African leaders themselves and based also on "ownership and global partnership." Thus, the two initiatives have become complementary in that they both share the same concepts of African development.

As is often said, real peace and prosperity in the world are not possible without the resolution of Africa's problems. If we look at some of the statistics on Africa, particularly south of the Sahara, we will understand that the challenges are daunting. Let me cite just a few examples: While the total population of the African countries represents 10 per cent of the world population, their combined GDP is only 1 per cent of the world GDP. Out of the 42 Heavily Indebted Poor Countries of the world, 33 are in Africa. And there are more than 4 million refugees and displaced persons in Africa who need the assistance of the UN High Commissioner for Refugees.

Now, it is time for African states, their global partners, international organizations, NGOs and other actors from the private sector to take immediate actions to resolve the problems facing many African countries. In this connection, I would like to make a few observations that focus on several aspects of infrastructure.

First, I welcome the initiative that NEPAD took in July last year to adopt a Short-Term Infrastructure List. The list includes some specific projects (such as the Libya-Tunisia Gas Pipeline, and the Dakar Port Rehabilitation and Construction of Container Facilities), but it also comprises other projects that are described in more general terms. Therefore, it is necessary to study these projects more carefully before taking any action, and many of them require further elaboration so that they can become viable projects. In the process of elaboration, the countries proposing these projects will need technical cooperation from other countries or international organizations.

Second, since the improvement of infrastructure requires heavy initial investments, human and financial resources must be mobilized both from within Africa and from international partners, including public and private institutions. Trade and investment play important roles in economic development, but it is obvious that such activities cannot take place without proper infrastructure. For the economic development of African countries and the integration of their markets, I would like to stress the importance of the improvement of transportation facilities such as roads, railroads, ports and airports.

Speaking of railroads, about forty years ago I participated in a feasibility study mission in Africa, and traveled from Nigeria to Sudan through Chad. The purpose of the mission was to investigate the feasibility of the construction of a railroad connecting West Africa with East Africa. But the survey revealed that there was neither enough cargo nor enough passengers to make such a railroad commercially viable. So, we gave up the idea of constructing a trans-African railroad.

Nevertheless, if we talk about railroads connecting big cities and ports or industrial complexes, for instance, railroad construction can be a very useful and cost-effective project, because railroads are still the most

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efficient means of mass transportation on land. Therefore, careful consideration should be given to the specific economic circumstances of the country or region concerned in order to make the best choice from among different means of transportation.

Third, I would like to touch upon the role of ODA, which will continue to be an important resource for the financing of infrastructure in Africa. In light of the prolonged recession in some developed countries, such as Japan, and slow economic growth in other countries, a single or a limited number of donors cannot bear the burden of financing the heavy investments needed for the improvement of infrastructure in Africa. This makes it all the more necessary to mobilize resources from different sectors, including private and international institutions.

Last, but certainly not least, South-South cooperation is also important for the improvement of infrastructure in Africa - not so much in the field of financing, but more in that of technical cooperation. In my view, in some cases, especially in the case of basic infrastructure, technologies offered by the newly developed countries of Asia and Africa are more useful and readily applicable to countries which are still at the start of their economic development than the state-of-the-art technologies and know-how of the highly developed countries.

Now, let me turn to the G8 Summit process. I look forward to hearing the views of Ambassador de Montferrand, as he represents France, which will host the forthcoming session of the G8 Summit in Evian. At this stage, I would simply like to refer to paragraph 9 of the G8 Africa Action Plan, adopted at last year's Kananaskis Summit. As you may recall, at Monterrey, Mexico, in March 2002, the G8 countries agreed to revitalize efforts to help unlock and more effectively utilize all development resources, including domestic savings, trade and investment, and ODA, for the development of Africa. A clear link was made between good governance, sound policies, aid effectiveness and development success. In support of this strong international consensus, substantial new development assistance commitments were announced at Monterrey. By 2006, these new commitments will increase ODA by a total of US\$12 billion a year.

Now, in concluding, I earnestly hope that at the

forthcoming TICAD III, African countries, NEPAD members and their partners will be able to agree upon concrete actions for the development of Africa, especially in the eight key sectors - namely, (1) infrastructures, (2) education, (3) health, (4) agriculture, (5) new information and communications technologies, (6) the environment, (7) energy and (8) access to the markets of developed countries - to which His Excellency President Wade of Senegal referred this morning.

Jean-Christian Obame

Ambassador of Gabon to
Japan



Overview of investment and financing to Africa: Challenges and risk management

It is a great honour and pleasure to have been asked to present to you today a brief overview of investment and financing to Africa, and to highlight the challenges and risk management associated with this process. In my presentation, I will make the following points:

First, I will briefly recall the importance of infrastructure in the sustainable development of Africa and discuss, through some economic indicators, how and why Africa lags behind the rest of the world in all aspects of infrastructure development.

Second, I will present the financial challenges associated with the financing of investment and, namely, infrastructure in Africa. On this particular point, I will devote some thoughts to current financing needs in infrastructure and emphasize some of the areas of investment opportunities in Africa where public and private partnership, as well as international cooperation, can be enhanced. I will end by suggesting a "road map" that will include some urgent tasks to be undertaken so as to alleviate the financial constraints on infrastructure development, in line with the NEPAD agenda.

Third, I will address the issue of managing the risks of investment projects in Africa, and propose some innovative avenues that could be explored to promote investment generally in Africa.

The role of infrastructure in Africa's development

Why is infrastructure so important for Africa's development? His Excellency President Wade of the Republic of Senegal has already, in his brilliant and inspiring keynote address, outlined the NEPAD vision of integrating hard and soft infrastructure, including

transport, energy and NITC, among others, as vital components not only for regional integration, but also for promoting strong economic growth in Africa.

Africa needs a strong and sustainable economic growth of at least 7 per cent per year to achieve the Millennium Development Goal of reducing poverty by half by 2015. So far, performance has been rather modest, as GDP growth in the region slowed again in 2002, averaging only 3.4 per cent, and no major improvement is expected this year. Meanwhile, despite the structural reforms being implemented, the current account deficit deteriorated further in 2002, representing almost 2 per cent of GDP.

While economic growth in Africa is influenced by many factors, including exogenous shocks (deterioration of the terms of trade and the volatility of exchange rates), low infrastructure development plays an important role in this process. Africa lags behind the rest of the world in almost all aspects of infrastructure. According to recent data from the World Bank and the OECD, compared with other regions of the world, Africa has to catch up on infrastructure. The accompanying table shows some examples of the disparity (2002 figures).

Country group/region	Electric Power cons Kw/capita	Telephone mainlines/ 1000 p	Paved Roads % of Total roads	% of People with access to safe water
East Asia and Pacific	624	50	10	77
Europe & Central Asia	2,788	204	83	--
Latin America & Caribbean	1,347	110	26	75
Middle East & North Africa	1,166	75	50	--
Sub-Saharan Africa	439	16	16	47

Source: World Bank reports

As a consequence of the lack of adequate infrastructure, Africa's economic and social growth has been limited. Weaknesses in infrastructure also have affected Africa's competitiveness in external markets.

Financing of infrastructure

Inadequate financing has contributed to poor infrastructure development in Africa. Africa needs more infrastructure, both hard and soft. Recent estimates from multilateral institutions indicate that in the period 1980-2000, investment collapsed in most African countries. In aggregate numbers, investment to GDP has been reduced by half, from about 13 per cent of GDP in the 1970s to about 6 per cent of GDP in the late 1990s. By comparison, the investment rate in Europe and Central

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Asia has averaged 30 per cent of GDP.

This decline resulted mainly from the combination of several factors, including the reduction in both Official Development Assistance (namely, the share devoted to infrastructure) and Foreign Direct Investment (FDI). When it comes to assessing the flows of FDI in the world, Africa unfortunately is the continent that receives very few investments. For instance, today only 1.5 per cent of total global FDI goes to Africa.

FDI from Japan has followed the same path, as only about 2 per cent of Japan's total FDI reaches the African continent. This is very surprising, knowing that most products consumed in Africa (cars, electronics and heavy equipment) are Japanese made. One can only conclude that, with just a few exceptions (sectors such as transportation, oil and mining), the current trading links between Africa and Japan are still too indirect, and have not yet led to direct investment.

FDI is important because, together with domestic savings, it can promote economic growth and social development, and thereby reduce poverty in Africa. The questions, therefore, are: Why does Africa not attract enough FDI? What are the impediments? Several reasons are usually put forward to justify the situation, most of them related to the lack of a conducive environment to promote investment in Africa. The main impediments are:

- political instability in some African countries;
- lack of good governance (political, economic and institutional);
- inadequate information on Africa;
- distance (Africa for some investors, including Japanese, is too far away); and
- the high economic and financial risks attached to investments in Africa.

While some of these reasons may be valid, they sometimes constitute only excuses for the so-called "Afro-pessimists" and others. Indeed, despite these negatives, there is a good story to tell about Africa.

The following facts should be known and emphasized about Africa. Africa is endowed with:

- vast natural resources, including minerals, crude oil, natural gas, hydropower, agriculture, etc.;
- exclusive large potentials (flora and fauna) for eco-tourism;

- abundant human resources ready to be trained and utilized;
- a large potential market (with about 800 million consumers, Africa is a big market and a potential niche for the development of small and medium-size enterprises); and, above all,
- a vast demand in infrastructure projects that can easily accommodate the excess capacity that Japanese construction and engineering companies enjoy. (These companies should be encouraged, outside of ODA schemes, to participate in bidding on infrastructure projects - roads, ICT facilities, etc. - in Africa and contribute to the transfer of technology.)

The good story is also that many African countries have embarked for some time now, through structural adjustment programmes, on improving their investment environment. These efforts will be pursued more forcefully in the context of the implementation of the NEPAD agenda.

A road map for promoting investment

There is a strong commitment from African countries to do the following in order to attract investment:

- ensure political and social stability;
- improve legal frameworks; and
- upgrade socio-economic infrastructures (roads, energy, telecommunications, NICT, ports) at the subregional and regional levels, which is vital for economic development and regional integration in Africa.

The forthcoming G8 Summit in Evian will be an occasion for African leaders to present to their development partners the projects that have been selected, and which constitute Africa's priorities. I will not dwell on that, as we will be very much interested to hear from my colleague the Ambassador of France as a representative from the G8.

Another area where efforts are being made is in the strengthening of financial systems to promote domestic savings and alleviate funding constraints for local businesses. Japan can contribute much to this process. As we prepare for TICAD III, what Africa expects to achieve in partnership with Japan for encouraging investment to the continent are the following:

- promoting the provision of information to

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investors through the creation in Tokyo, with branches in Africa, of a Japan-Africa and Asia Centre for Economic and Cultural Exchanges (Information is vital to encourage investment in Africa. JETRO, JBIC, JICA and Chambers of Commerce, etc., can be sponsors of such a centre, which will play an important role in disseminating, in Japanese, information, data and investment opportunities in specific African countries and subregions.);

- encouraging trade and investment missions to Africa;
- enhancing Asia-Africa cooperation through various schemes (including the formation of investment agreements and the improvement of economic infrastructure, as well as exchange of human resources);
- eliminating trade barriers to promote the sale of African products in Japan and other markets; and
- promoting technology transfers, namely those well adapted to the African context.

Moreover, in the areas of resource mobilization, it has been identified in NEPAD as critically important that Africa's debt should be urgently alleviated. Most of Africa's scarce financial resources are largely devoted to repaying debt. Given the scarcity of domestic resources and the easy borrowing mechanisms prevailing in capital markets in the 1970s, debt financing was the major tool used by most Africa countries for investment and consumption. This process has led to unbearable debt burdens which, unfortunately, current debt alleviation schemes - including the so-called Highly Indebted Poor Countries (HIPC) initiative - have done little to alleviate; only six out of over 40 eligible countries have so far obtained debt relief.

A road map for investment risk management

From the viewpoint of investors, three potential risks are usually perceived in Africa:

- the risk of political instability or unrest, which could affect ownership and lead to expropriation or nationalization and, in some cases, to a repudiation of a contract or a debt;
- the risk of non-transferability of funds generated locally, namely when the central bank refuses to (or cannot) convert and transfer funds in local currency into foreign exchange (dollars, euros,

yen, etc.); and

- the risk of non-payment by a government or a state-owned company of a legitimate debt to a creditor.

There are various schemes that actually exist to cover such risks, which are known as sovereign risks. They have been applied to many syndicated loans extended to African countries. For export credit, some countries - such as France through COFACE and PROPARCO, or the US through EXIMBANK, and Japan through JBIC - have developed schemes to deal with risks associated with commercial contracts and investment in developing countries, including Africa.

Moreover, multilateral institutions such as the World Bank have put in place an institution called MIGA (Multilateral Insurance Guarantee Agency), which deals with various country risks associated with investments in member countries. MIGA provides the following guarantees to developing countries:

- insurance for investment;
- protection for investors against the risks of transfer restriction; and
- further protection against the risks of expropriation, war and civil disturbance, and breach of contract.

MIGA does not seem to be well known by investors, perhaps including those in Japan. Through its website¹, however, it can be seen that 161 countries are now members of MIGA - the latest one being, ironically, Gabon, my own country, which became a full member on 8 April 2003 after the completion of the membership requirements. Japan is also member of MIGA, among 22 industrialized countries.

Does Africa need still more tools to promote private investment and cover underlying risks? For many potential investors to Africa, it seems that besides the risks indicated above - which are already covered by existing institutions - there may be another set of risks in dealing with the problem of good governance: weaknesses in the administrative, legal and judiciary systems, as well as corruption, which are perceived as impediments to the relationship between the private sector and public authorities.

To address these risks, NEPAD's Plan of Action has placed the establishment of a credible and effective African Peer Review Mechanism (APRM) as a top

priority in the agenda. The APRM, which includes the implementation of Principles for Good Political Governance as well as Codes and Standards for Economic and Corporate Governance, has already been adopted by African leaders, and is being ratified by each country.

The strengthening of the human, legal and institutional capacities in Africa, emphasized in the APRM, next to existing institutions such as the Organization for Harmonisation of Business Law in Africa (OHADA), is indeed to be viewed as an additional tool for promoting both the quality and quantity of investment toward Africa. As such, the APRM could well be logistically conceived as a MIGA-type supportive insurance institution, which will become ultimately its backbone.

The African Multilateral Investment Guarantee Agency (AMIGA) to be created could be a subsidiary of the current MIGA of the World Bank, or a specific institution at the African Development Bank. Especially designed for promoting investment in Africa, it will have agencies in the headquarters of all the African Economic Groupings, with its main correspondents being the investment promotion agencies that exist in individual African countries. Its main missions shall be:

- promoting investment in Africa (investment guarantee services and marketing of investment opportunities), and
- providing and covering various commercial and non-commercial risks.

For a concrete action on putting in place this new entity, we are suggesting that a feasibility study be undertaken jointly by relevant bodies, such as the United Nations Economic Commission for Africa, the NEPAD Secretariat and the African Development Bank, among others, with assistance from the World Bank (MIGA).

To conclude, let me reiterate that strong economic growth is essential for ensuring sustainable development in Africa, and invigorating investment is critical to achieve this objective. A good synergy between TICAD and NEPAD will be a contributing factor to the mutually beneficial partnership between Africa and Japan, and their respective peoples.

¹ See <http://www.miga.org>.

Bernard de Montferrand

Ambassador of France to Japan



The contribution of G8 to the implementation of NEPAD and the realization of infrastructure projects

First of all, I should like to express my gratitude to the Group of African Ambassadors in Tokyo for inviting me here today, and to tell you how honoured I feel to speak after President Wade, who is among the five founders of NEPAD and a living symbol of the will of renewal of the African continent.

By way of introduction, I would like to make three remarks:

First, I shall recall what the G8 is. The G8 is an informal consultation forum for a small group of countries that play a major role in the world economy (representing 60 per cent of world Gross Domestic Product (GDP)), and that are aware of their responsibilities. It represents an important meeting place for the discussion of world affairs, and it has a vital role to play in raising governments' awareness and in coordinating and promoting initiatives.

The G8 is not, however, an international organization, nor is it some sort of "global board of directors." The various international organizations concerned - the International Monetary Fund, World Bank, United Nations and regional organizations - are responsible for taking the necessary concrete measures. As President Chirac of France recently reaffirmed: "The G8 will remain legitimate as long as it remembers its proper role."

Moreover, France wishes that, at Evian, the G8 Summit will return to its original calling as an informal forum for consultation and dialogue, whose purpose is to underline the major issues and offer suggestions for action. Essentially, that is all the G8 is. But that is, after all, quite something.

My second remark has to do with the present political context in which the G8 must operate. We are presently

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engaged in constructing a genuinely fairer, more united international community, in which each country can make its voice heard and take part in decision-making. This multilateral approach is the best way to legitimize decisions and to make it easier to implement them. In spite of the various differences of sensibility that may exist, this is the focus of this summit's activities. Its support for NEPAD, which represents a new way of looking at international affairs in Africa, is thus very natural.

My third remark is about the economic climate. We cannot speak of Africa in isolation; Africa is a continent in crisis within a world economy in crisis. That is why it should benefit from the message of unity and confidence that France would like to see conveyed by the members of the G8 to the world's economic actors at the Evian summit. That confidence must be reflected in concrete commitments made by G8 countries, in the areas of finance and structural reform, to improve the world economy.

The Evian G8 Summit and Africa

Why does Africa top the agenda at the Evian G8? First, because the Evian G8 Summit represents the continuation of an ongoing process. That process began at the 2000 Okinawa Summit, a Japanese initiative, when G8 leaders initiated a dialogue with African leaders. It led to the 2001 Genoa Summit agreement on a new partnership between the G8 and Africa, based on the New Africa Initiative (NAI) and then on its successor, NEPAD. At Kananaskis, in 2002, G8 leaders adopted the Africa Action Plan in support of NEPAD. France would be very glad if the Evian Summit could reaffirm that decision and monitor the start of the plan's implementation.

Second, the African economy is lagging seriously behind. I will not quote the statistics for Sub-Saharan Africa's share in the world's GDP, in international investment flows or in world trade. I will say, however, that those statistics show an economy that lags seriously behind - and that is actually in decline, rather than improving. Moreover, infrastructures remain at an insufficient level, and the health situation is a matter of very grave concern. These facts alone are enough to justify significant efforts on the part of the international community.

A third reason why NEPAD is on the agenda at the G8 in Evian is the proximity between France and the European Union, on the one hand, and Africa, on the other. We are geographically close, and we have a shared history - factors that produce a feeling of shared responsibility for the development of the continent.

Europe cannot thrive if Africa is ailing.

The G8 contribution to NEPAD

How can the G8 contribute to the promotion of NEPAD, and the implementation of the infrastructures that are so essential to Africa's development and growth?

With respect to the whole summit's programme of work, France has proposed four priority areas that are linked to NEPAD's concerns: "Solidarity," "Responsibility," "Security" and "Democracy." Each area is primarily concerned with infrastructures; there can be no infrastructures without solidarity (financial resources), responsibility (transparency and sound management), security (a climate of confidence) and democracy (participation of the stakeholders).

Solidarity

The first area, solidarity, is focused in particular on Africa and NEPAD. A number of concrete initiatives have already been announced in this context. Allow me to give two examples:

Example 1 is the increase in Official Development Assistance (ODA). Several G8 members have pledged to increase their annual ODA budget. This represents a reversal of the trend seen over recent years, and should be continued. We would like the G8 to head in this direction.

Example 2 is that on 20 February, at the France-Africa Summit, President Chirac announced a bold farm trade initiative for Africa, based on the following three principles:

- a moratorium on all forms of farm trade subsidies for exports to Africa (with a view to achieving their ultimate abolition by WTO), including food aid for commercial purposes and export credits;
- granting Africa a special and privileged trade treatment, on a sustainable basis (here, it is a question of simplifying, unifying and ensuring the sustainability of the various preferential regimes granted to Africa, by focusing on the most effective regime); and
- efforts to minimize the vulnerability of the poorest producers to variations in commodity prices (for example, by adjusting aid to fluctuations in commodity prices, providing guarantees and financial coverage against price volatility, etc.).

This initiative, which has the official backing of the

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European Commission, is presently being reviewed by the WTO. France would like its G8 partners to recognize the initiative as a priority for Africa.

Responsibility

The G8 must reaffirm the common code of conduct to be accepted by all those involved in globalization. The code concerns both corporations (corporate governance, conflicts of interest, social responsibility and environmental responsibility) and public administration (the fight against corruption, and transparency of transactions in the management of natural resources).

How can the principle of responsibility be translated into reality? What concrete proposals have been put forward? Here again, allow me to name just four examples:

The first example is the issue of water management. Water is a public asset which must be managed as such, at the appropriate local level and in a transparent manner (that is, with the participation of the various stakeholders). This was affirmed at the 3rd World Water Forum in Kyoto. Examination of the Camdessus Report at the Evian G8 Summit will provide a further opportunity to address this vital area.

The second example is the relationship between infrastructures and regional responsibility. It will be easier for sponsors to study the implementation of infrastructures if there is a coherent and clear approach by African countries seeking aid. Those countries must agree about priority projects. The African Development Bank (ADB) has drawn up a list of 39 such projects, and it is also drafting a strategic plan, which must receive the political sanction of NEPAD. This African vision will make it possible to articulate regional and sectoral strategies, which must serve as a benchmark for all actors.

A third example is the peer-review system. Ten of the 20 African countries on the NEPAD Implementation Committee have committed themselves to this approach; joining in the system is voluntary and unconditional. The idea behind the system is to encourage countries to exchange experiences. Members of the G8 might support this process by inviting African countries to participate in the peer-review of their ODA policies within the Development Assistance Committee of the Organization for Economic Cooperation and Development (DAC-OECD). France is prepared to enter into this process.

My fourth example is that France will propose that the G8 support the "publish what you pay" initiative.

Security

Global security implies efforts to combat terrorism and the spread of weapons of mass destruction. If the environment is not stable, then it is not possible to invest. Again: confidence about security is essential if we are to create infrastructures and make them operational.

Democracy

The ideal of good governance requires dialogue between the State and civil society, and among individual states, and particularly between members of the G8 and their African counterparts. NEPAD offers an excellent forum for healing political divisions, for promoting dialogue between the actors concerned and for confidence-building (particularly among private sector participants).

Promotion of the idea of governance is essential when it comes to infrastructures, since they require management, appropriate administration and political structures that allow transparency and partnership (in other words: democracy).

France's contributions

How can France contribute to the G8 initiatives to support NEPAD? Let me remind you that France has provided support at every stage of the process begun at Okinawa. The President's initiatives have been followed up by a number of concrete measures. Among them:

- France has increased its Official Development Assistance, and now devotes 60 per cent of its total bilateral aid to Africa. Moreover, it has pledged to increase its annual aid budget by 50 per cent within five years, from 0.31 per cent of GDP (the highest percentage of any G8 country) in 2001 to 0.5 per cent in 2007 and 0.70 per cent in 2012.
- On 17 March 2003, a cooperation agreement was signed in Tokyo between the Japan Bank for International Cooperation (JBIC) and the French Development Agency (AFD), concerning the coordination of their activities, especially with regard to the financing of infrastructures. The agreement may eventually be extended to include Germany's development bank (KfW).

Moreover, as chair of the G8, France would like to propose certain priorities with respect to infrastructures. France intends to present at the Evian Summit several examples of

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regional or subregional infrastructure projects based on proposals developed by the African Development Bank. Three projects were addressed at the meeting of aid development agencies that was held by the AFD in March 2003, on the theme "Infrastructures at the heart of NEPAD." These were the "West Africa Power Pool," submitted by the World Bank; the Niger Basin, submitted by France; and MOTRACO, submitted by the European Investment Bank.

becomes a reality.

Another priority for France is the financing of NEPAD and the financing of infrastructures. We must find a way to ensure that public financing is suited to NEPAD projects, and that risk coverage for private investors in Africa is improved. At the Evian G8 Summit, France will promote discussion on how to adapt sponsors' practices to the objectives of NEPAD, especially in the area of infrastructures. Sponsors might, for example, take better account of the local financial sector as an actor in its own right in the financing of infrastructures. They might also place the emphasis on projects' financial viability (price-setting being the key factor in this regard) and use the widest possible range of financial instruments available to them (budgetary aid, projects, sectoral approaches, funds, technical assistance, etc.).

Conclusion

Let me conclude with the following remarks:

In an uncertain world, France understands that a strong political will can change the course of events. Everything is possible.

With regard to Africa, we could simply resign ourselves to the present situation. Instead, we have chosen the opposite course of action. A very strong political will is being expressed today, by all sides, to rise up against poverty and injustice. Let us keep that will strong.

Keeping that will strong is the task of the G8 and of the international community as a whole. Let me assure you that France will do everything in its power to ensure that such determination remains undiminished and, moreover, that it remains so at the forthcoming Tokyo International Conference on African Development (TICAD III).

It is also the task of African countries themselves. The symposium being held today in Tokyo by Africa's Ambassadors to Japan - in the presence of President Wade, one of the five founders of NEPAD - demonstrates Africa's determination to ensure that the "African Renaissance"

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Private financing of infrastructure in Africa - A concept of international partnership

In my presentation, I would like to highlight some issues and findings on how host governments in Africa should promote investments for infrastructure development through public-private partnership schemes. Further I would like to indicate UNIDO experience and priorities related to infrastructures and integration in Africa.

I intend to divide my presentation into three topics:

- the need for private investment in infrastructure projects in Africa,
- UNIDO methodology and experience in promoting Private Financing of Infrastructure in developing countries, and
- UNIDO's contribution to the integration process in Africa through industrialization.

Introduction

Industries facing global competitiveness depend more and more on modern and efficient local infrastructure to enhance low operational costs and high-quality service. Traditionally, the construction and operation of infrastructure facilities (namely, power supply, transportation, telecommunications, water supply, etc.) have been the exclusive domain of the public sector. In recent years, however, there has been a surge in the demand for private financing of infrastructure due to several factors:

- lack of government financial resources to maintain appropriate levels of investment,
- new demands, both in terms of sophistication and broad spectrum of infrastructure services,
- a decline in concessional aid (both bilateral and multilateral) for infrastructure projects, and

- dissatisfaction by the local population and industry with the level and service of existing infrastructure services (which has been principally due to inefficient public sector administration).

As a consequence of these acknowledged inefficiencies, there is increasing acceptance among governments to expand the role of the private sector in infrastructure development. This is specially so in Africa, in view of lack of resources and the dire need to accelerate industrial and economic development.

Public-private partnerships can be expanded using both traditional approaches as well as new and innovative schemes. Private participation in infrastructure is being promoted through different schemes, such as contracting out or management contracts, private financing of public facilities, leasing, joint ventures, build-operate-transfer/build-operate-own (BOT/BOO) type schemes, and privatization.

My presentation intends, firstly, to discuss the main features to be considered in enhancing international partnership towards the application of private financing for infrastructure development in Africa. It presents also the UNIDO experience in this field.

The need for private investment in infrastructure projects in Africa

Role of infrastructure for industrial growth

Many studies have demonstrated that, in order to enhance growth and development in developing economies (to enable them to participate in and benefit from the process of globalization and liberalization), investment in infrastructure is an imperative need. A strong association exists between the availability of certain infrastructures and per capita GDP.

Investment in infrastructure has a direct effect on the reduction of poverty, as well as supporting economic growth and enabling environmentally sustainable development. The intrinsic link between infrastructure and poverty is demonstrated by the fact that access to at least minimal infrastructure services is one of the essential criteria for defining welfare.

The economic returns on investment in and rehabilitation

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of infrastructure are high; but, conversely, the lack of or poor infrastructure in developing countries also has indirect adverse effects on the economic growth of a country. Governments are aware that the availability and quality of infrastructure are factors determining the attractiveness of a country to Foreign Direct Investment. The quality of communication and transport systems, in particular, has become more important in light of the complex strategies increasingly being pursued by transnational corporations.¹ Indeed, many African countries have faced low flow of investment to their industries because of the non-existence of infrastructure of basic quality.

Regarding industry, infrastructure is the single most important factor for global competitiveness. From the industrial development perspective, infrastructure construction is a very strong industrialization driving force, just as infrastructure facilities are amongst the major consumers of industrial products and machinery. Well-designed and negotiated infrastructure projects can be an important source of technology and subcontracting, being a spin-off instrument for the use of local competitive manufacturing and engineering industries.

Need for investment in infrastructure in developing countries

Whether investment in infrastructure causes growth or growth causes investment in infrastructure is not fully established. However, the link between development of infrastructure and economic growth certainly exists. A fully integrated economy cannot be achieved unless the country can provide and maintain adequate internal and cross-border transport systems, reliable energy sources for production, clean water and sanitation systems for the population and efficient communications technology.²

Analysis of the existing state of infrastructure in developing countries clearly shows that across several sectors, the need for investment in basic infrastructure is huge. A comparative appraisal of the infrastructure coverage in developing and developed economies also indicates that, in order to bridge the existing gap, significant amounts of funds will be necessary.

The example of infrastructure coverage in economies at different income levels is reflected in table 1.

Public investment in infrastructure in developing

Table 1. Overview of average infrastructure coverage in low-, middle-, and high-income economies

<i>Indicator</i>	<i>Low-income economies</i>	<i>Middle-income economies</i>	<i>High-income economies</i>
<i>Power-generating capacity (thousand kilowatts per million persons)</i>	53	373	2,100
<i>Telecommunications (main lines per thousand persons)</i>	3.2	81	442

Source: World Bank, *World Bank Report 1994: Infrastructure for Development*, New York, Oxford University Press, 1994.

countries typically represents about 20 per cent of total investment in the economy, and 40 to 60 per cent of public investment.

Public investment in infrastructure ranges from 2 to 8 per cent of GDP (averaging 4 per cent). A general estimate of the potential need for investment in infrastructure in developing countries, considering basic demand (3 per cent of GDP per year) and an accelerated growth of the infrastructure coverage (6 per cent of GDP per year) indicates a total need for investment per year of \$100 and \$200 billion, respectively.

Private participation in infrastructure projects in developing countries

A real challenge to developing countries exists in the mobilization of resources to modernize and build up their economic infrastructure. As indicated above, the required outlays for investment in this area are high and have to cover a broad spectrum, encompassing energy, transport, telecommunications, environmental protection, etc. The adjustment and austerity programmes set up to control the expansion of internal budget deficits and external debt have, however, severely reduced the capacity of governments to further invest in or pledge for sovereign loans for building up or modernizing infrastructure.

Governments are increasingly willing to open up infrastructure to private investors. Countries in Asia, Africa and Latin America, in particular, have taken significant steps towards opening infrastructure to foreign direct investment in many sectors formerly considered as natural monopolies³ for the public sector. Private participation in infrastructure is being promoted through different schemes, such as contracting out or management contracts, private financing of public facilities, leasing, joint ventures, BOT/BOO-type schemes, and privatization.

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Trends in private financing of infrastructure

The trends in infrastructure financing in emerging markets have represented major shifts in global capital flows that present challenges to which governments and industry must adapt. Given the long-term financing requirements and complex risk structures, infrastructure financing is significantly different than financing other types of business activities.

Net resource flows to emerging economies have seen a dramatic shift away from bilateral ODA grants, bilateral loans and multilateral development bank loans, from more than 55 per cent of total in 1990 to only 16 per cent in 1996, with a declining tendency until today. Private capital in the form of both equity and debt has increased from 45 per cent to 84 per cent in just six years. Out of total net resource flows to developing countries in 1995 of US\$284.6 billion, US\$243.8 billion was from private sources. Most foreign capital at this stage is going into commercial activities, which involve taking less risk and earning a more attractive return over a shorter period of time (see figure 1).

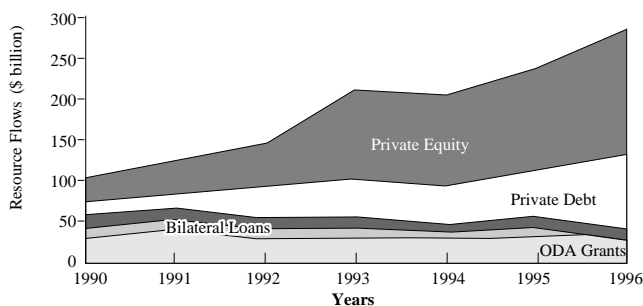


Figure 1. Net resource flows to emerging markets

Source: World Bank, Global Development Finance, 1997

From the perspective of developing countries, Foreign Direct Investment (FDI) is often regarded as the best form of investment because it is long term and mostly applied in fixed assets and capability building on the ground. Although FDI in plants and equipment continues to represent an important component of private investment, it is on the decline, going from 55 per cent of the net private capital flows in 1990 to 45 per cent in 1996. The biggest increases in private capital have come from the expanded role of private debt in the form of commercial bank loans and bond issues in the international capital markets, growing from about 12 per cent to 33 per cent between 1990 and 1996. Although portfolio investments (basically, equity issues from pension funds, mutual funds, hedge funds and other

vehicles) expanded during 1990 and 1996 from about 7 per cent to 19 per cent, in the subsequent period, they showed their limited contribution for long-term investment, as required in infrastructure projects (see figure 2).

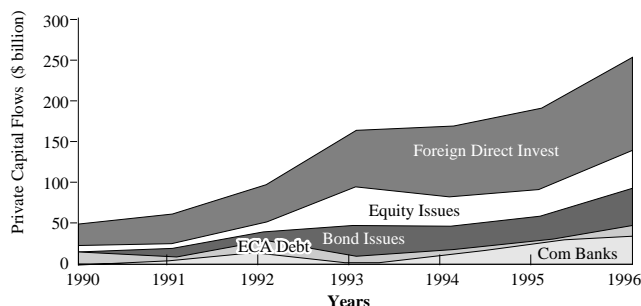


Figure 2. Private capital to emerging markets

Source: World Bank, Global Development Finance, 1997

At this point, it is important to analyse the level and type of private investments observed in major infrastructure sectors in developing countries. Between 1990 and 1995, Asia and Latin America clearly have attracted by far the largest amounts of private capital flows to emerging economies (see figure 3).

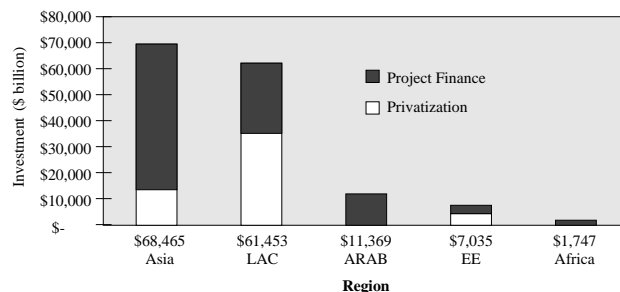


Figure 3. Private infrastructure finance in emerging markets by type & region, 1990-1995

Source: IFC, Financing Private Infrastructure, 1996.

Challenges for successful private financing of infrastructure

According to recent experience of UN agencies, a number of areas have been identified in which critical challenges need to be addressed:

- legal and regulatory frameworks,
- institutional weakness and lack of coordination within public administration,
- difficulties in access to national and local government authorities by the foreign private sector,
- lack of project management skills amongst the government authorities, and
- insufficient involvement of local business in PFI operations.

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The development and application of standard solutions that would be particularly relevant to developing countries can be summarized as follows:

- Definition of an explicit national development policy that clearly commits the host government to promote private sector participation in infrastructure projects, thus reducing the role of political risk in the sponsors' decisions.
- Provision of a credible legal and regulatory framework to facilitate a public-private partnership strategy, including an orderly and transparent procurement procedure, thus reducing bidding risk. Such a legal framework should also include the establishment of standard concession agreements and other project-related contracts.
- Implementation of a credible administrative framework to expedite the development of privately financed infrastructure projects and to support such projects when they encounter the problems inherent in all large projects. The one-window system has been seen as best practice. This administrative framework would also include the establishment of a regulatory authority. These measures should reduce project risks.

If governments wish to continue their momentum of opening their economies for foreign private investment and trade, formulating new investment legislation and codes, privatizing the state-owned enterprises, etc., they will need to invest rapidly in the provision of infrastructure services.

Though many opportunities exist for the use of public-private partnerships in Africa, severe constraints must be overcome. The major constraints that many developing countries face in attracting private financing for infrastructure development include low levels of purchasing power, political and economic risks, social risk, and lack of proper legal and regulatory framework.

UNIDO'S methodology and experience in promoting private financing of infrastructure in developing countries

Evolving since 1991, the UNIDO PFI-related services encompass a general methodological approach on Private Financing of Infrastructure (PFI) projects. The development of guidelines and their application in different regions and countries have achieved broad international recognition of the

UNIDO PFI model and for UNIDO's leading position in technical assistance to implementing BOT/PFI strategy in developing countries. UNIDO's assistance is mainly concentrated in the methodological, policy, legal and financial aspects of the PFI mechanism. Its assistance also covers issues related to investment promotion, technology transfer, quality system, engineering and environment. In accordance with UNIDO's mandate and its present business plan, the PFI methodology programme is closely related to industry development.

In line with the principle of forging international industrial partnerships in order to enable member countries to increase the inward flow of investment and technology, and enhance their participation in the global marketplace, the PFI methodologies contribute with an overall strategy to promote partnerships for private financing of infrastructure, especially in the poorest developing countries or regions, and countries in transition.

Structure of the programme

Concerning the project cycle of the PFI mechanism, UNIDO concentrates its services in the introduction phase of the PFI strategy, in the pre-investment phase, and in the critical steps during implementation of PFI strategy and projects. The type of typical services provided by UNIDO are the following:

- elaboration of guidelines and standard documents and procedures,
- advice on policy and strategy,
- assistance in capacity building and training,
- technical assistance for the implementation of specific PFI projects, and
- certification of procedures in accordance to international best practices.

UNIDO mobilizes various specialized in-house services and expertise, such as industrial and technology policy, investment promotion, quality systems, sectoral development, procurement, environment and engineering. A multi-disciplinary task force of highly specialized and internationally reputable staff members and external consultants was built up to provide advisory services in the areas indicated above.

In relation to the cycle of the development and implementation of privately financed infrastructure projects, table 2 indicates the correspondent services

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responsible or involved in each stage of this process.

Table 2. Stages of privately financed infrastructure projects

Stage	Service	Special facility	Actual results in Africa
Policy and strategy	PFI initiative Governance Technology foresight	Integrated programmes	
Project framework	PFI initiative Quality promotion		Concept for a food park in Tanzania Concept for an economic special zone in Gambia
Feasibility studies	Project evaluation	COMFAR	
Investment and partnership promotion	UNIDO Exchange	TICAD Exchange	Asia-Africa Investment and Technology Promotion Center (AAITPC)
Procurement	PFI initiative Sub-contracting	SPX	RASCOM Africa Satellite project
Contract formulation and negotiation	PFI initiative		
Financing arrangements	Sponsors identification	COMFAR Business forums	
Project monitoring	PFI initiative Quality promotion Cleaner production	Cleaner production centres	UEMOA System for Accreditation Standardization and Quality Promotion

Instruments and methodological support

The basic methodological reference of UNIDO's activities in applying the PFI methodology is the UNIDO BOT Guidelines. In the course of the implementation of technical assistance to member countries, a series of reference documentation has been prepared, such as the Model for Bid Evaluation, Standard Concession Agreements, Standard Power Purchase Agreements, Concession Laws and Legislation.

UNIDO technical assistance to developing countries on the PFI framework has been applying a six-step approach:

- A preliminary country study on bottlenecks for industrialization caused by lack of or poor quality infrastructure (such as electricity supply, telecommunications, transportation and water supply) and/or on opportunities for local industries derived from infrastructure projects (such as supply of goods and services, technology acquisition and capacity building).
- An assessment exercise in the host country to assess the necessity and possibility of applying some form of public-private partnership for infrastructure development or rehabilitation. In case the host government decides to apply public-partnership schemes, as a result of this exercise a comprehensive technical assistance programme is proposed.
- Preparation of a basic policy, legal, regulatory and institutional framework, including definition

of the procurement strategy and procedure.

- Drafting of standard project agreements for each selected infrastructure sector.
- Assistance during the pre-investment phase of the development of PFI pilot projects, as base cases, for each selected infrastructure sector. This step includes financial evaluation, the bidding process, promoting involvement of local industry, capability building, investment and technology transfer promotion.
- Revision of the PFI framework, including the standardization of contractual documents and procurement procedures.

Technical assistance and capability building have been provided by UNIDO to several countries, such as Senegal, Brazil, Ecuador, India, Pakistan, Tunisia, Algeria, Laos, Cambodia, Mauritius, Cote d'Ivoire and China.

In summary, UNIDO's assistance strategy in the PFI mechanism focuses on the potential of such international business partnerships to enhance the host country's industrial and technological capability and to make its industry more competitive in globalized markets.

UNIDO's regional initiatives

UNIDO is engaged in a total of 39 regional projects benefiting 43 countries in Africa. These programmes aim at enhancing regional integration and cooperation.

In this line, UNIDO is implementing €8,200,000 of the more than €12 million European Union-funded programmes to establish the West African Monetary and Economic Union (UEMOA) System for Accreditation, Standardization and Quality Promotion. Similar programmes are presently under development for the countries of ECOWAS which are non-UEMOA-members, and the SADC region.

Support to NEPAD and TICAD

UNIDO has been participating in the main events of launching the NEPAD initiative in Johannesburg and Dakar. A NEPAD Business Forum was jointly organized by UNIDO, ECOWAS, the African Business Round Table, and the UK Department for International Development (DFID), in Abuja, Nigeria, in March 2003.

The NEPAD Secretariat for Senegal has requested UNIDO to provide assistance for the elaboration of

programmes in the sectors it covers, namely infrastructure, environment, ITC and energy. UNIDO is also coordinating, with ECA and the African Union, the organization of sub-regional meetings under the aegis of the Conference of African Ministers of Industry, aiming at the adoption of new productive capacity initiatives for each sub-region through a sectoral approach falling within the framework of the implementation of the New Partnership for Africa's Development.

Within the context of TICAD, in addition to the establishment of the Asia-Africa Investment and Technology Promotion Center (AAITPC) or Hippalos Centre funded by Japan, UNIDO has developed a tailor-made Electronic Networking Platform called TICAD EXCHANGE for enhanced Africa-Asia business and knowledge partnerships. TICAD EXCHANGE, funded by UNDP and presented and endorsed by the TICAD High-Level Meeting in Casablanca, Morocco, will be officially launched in Tokyo during TICAD III.

¹ World Bank, *World Development Report 1994: Infrastructure for Development*, New York, Oxford University Press, 1994.

² "The Private Sector's Role in Infrastructure Development," Washington, DC: World Bank, 1996.

³ See project examples in *World Investment Report 1996* (United Nations publication, sales no. E.96.II.A.14) concerning Argentina, Philippines, Chile and Thailand (table 1.9), and measures for liberalization of foreign direct investment in infrastructure from 1991 to 1995 in many countries (table 1.11).

Samuel Koo

Director, UNICEF Office for Japan and Special Representative to the Republic of Korea



The infrastructure for children in Africa

First, let me sketch out the context of the challenge, as we see it in UNICEF.

Despite its relatively small population and even smaller economy, Sub-Saharan Africa accounts for 43 per cent of the world's child deaths. The region also accounts for 50 per cent of the world's maternal deaths, 70 per cent of people with HIV/AIDS and a staggering 90 per cent of AIDS orphans. Ninety per cent of all malaria deaths in the world occur in Sub-Saharan Africa, nearly all of them young children. Malaria has, in effect, become an African disease.

Achieving the international community's goal of sharply lowering global "under-five" mortality and other health and education goals, therefore, hinges on progress in Sub-Saharan Africa. Even if the rest of the world, including the most populous countries of Asia, achieved the international development targets of reducing infant and maternal mortality - if Africa fails, the world as a whole would fail to achieve the Millennium Development Goals (MDGs).

The world simply cannot develop in peace, dignity and prosperity when children in a whole continent face death, malnutrition and illiteracy in massive numbers over a prolonged period.

Ensuring access to basic education, primary health care, adequate nutrition and safe water and sanitation is not only a fulfillment of basic needs and human rights, it also contributes to economic growth. Indeed, investment in children today is the best guarantee of equitable and sustainable development tomorrow. To achieve these goals, UNICEF must emphasize the importance of strengthening infrastructures in what we might call

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software areas.

Allow me to use education to make this point. We all know that by investing in education, we are investing in the future stability and prosperity of the country and of the region. We also know that most of Africa is reeling under the impact of HIV/AIDS. Teachers are dying; young children are becoming heads of households and major wage earners for the family.

The number of AIDS orphans is increasing, and these orphans usually end up in the houses of their relatives. It is not uncommon to find families in Africa with 10-12 children without a corresponding increase in household income. These orphans, boys and, usually, young girls, are often forced to move toward prostitution to earn money. This tends to lead to the further spread of HIV/AIDS.

The best way forward to prevent this economic and infrastructure decline is to invest in educating children, and in creating the best possible condition for their learning. Schools should become centres for all programme interventions - like HIV/AIDS awareness, food for work, feeding programmes and health interventions. By making the school the centre of service delivery for the young population, there is an incentive for the community to send kids to school for its development.

Unless we invest in education and in the school system, Africa's development will always lag behind. Africa's development in an era of globalization requires that countries should be reliably plugged in to the world of knowledge through appropriate infrastructure. Secondary schools, colleges and universities need to be constructed to high standards, and the provision for water, sanitation, electricity and telecommunications should be an integral part of the concept of education infrastructure at this level. In addition, there needs to be further investment in such infrastructure as Teacher Resource Centres that can provide access to modern technology (computers) and knowledge sources (the Internet), even for primary school teachers and administrators.

Before closing, let me mention the concept of "accompanying" countries on the road to education goals, which seeks to go beyond the basic requirements of

partnership. It is based on the notion of countries taking the lead, but also acknowledges that countries often need help beyond provision of funds and monitoring or evaluating their progress. The idea of "accompanying" a country, therefore, emphasizes continuous and long-term support with a total resource package (not just funds) throughout the difficult journey that will lead to achievement of the MDGs and other national or regional goals (e.g., NEPAD).

Accompanying a country means being there through thick and thin, without being unduly obtrusive or trying to dictate matters. It means sharing and empathizing with the vision and objectives of the country, yet being constructive with both support and advocacy for change where needed. It is about being involved in the day-to-day decisions and problem-solving difficulties that national officials and local communities will invariably face throughout this journey. It is about being there for a country, and walking the distance - as well as the extra mile, if necessary. UNICEF should boldly stake its claim to being uniquely able to "accompany" countries because of its track record, its organizational structure and its mode of operation in over 160 countries.

The future of Africa's children, therefore, ought to be a matter of global concern, and of TICAD's primary concern. The well-being of Africa's children does impact on all of our futures.

It is with this realization that UNICEF attaches the highest priority to Africa's children - not just in words, but in deeds. Forty per cent of UNICEF's staff worldwide work in Sub-Saharan Africa, and 46 per cent of UNICEF's regular budget is allocated to programmes in this region.

Akiko Yuge

**Director, United Nations
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Financing infrastructure projects in developing countries and in Africa: Challenges and implementation

Since the Millennium Development Goals (MDGs) were adopted by world leaders at the UN Millennium Summit in September 2000, the international community has renewed its commitment to eradicate poverty and meet the MDGs by the year 2015. The experience of the last decade has shown that achieving them will be difficult, but not impossible.

According to the UNDP Human Development Report 2002, many countries have made progress. But much of the world, generally the poorest countries, seems unlikely to achieve the goals. Although 55 countries, with 23 per cent of the world's people, are on track to achieve at least three-quarters of the goals, 33 countries, with 26 per cent of the world's people, are failing on more than half. According to this report, especially extraordinary efforts will be needed in Sub-Saharan Africa, where 23 countries are falling behind, and 11 others do not have enough data to be assessed. That leaves just 10 Sub-Saharan countries on track to meet at least half of the goals.

I should mention that the UNDP Human Development Report to be published in July this year focuses on the MDGs. Up-to-date and detailed analysis on the progress towards achieving the MDGs will be provided in this forthcoming report.

MDGs, infrastructure and UNDP's strategy

Attaining the MDGs requires a multi-faceted effort by both developing and developed countries and all the different partners, including governments, civil society, the private sector, academia and international organizations. Ensuring peace and stability is at its basis, and conflict prevention, peace-building and consolidation of peace are fundamental to this.

Good quality infrastructure is essential for attaining the MDGs - both hard infrastructure and soft infrastructure.

Development of basic infrastructure - including roads, telecommunication, rural electrification, education, health and clean water supply and sanitation, and others - should therefore form important priority components in national development. Furthermore, as the world is globalized, information and communications technology (ICT) is an increasingly powerful tool for development. IT can provide innovative solutions for African development, especially in the areas of wireless infrastructure, connectivity, and open-access to information, content development and e-commerce.

Although the exact approach to infrastructure development may vary from country to country, there is an important central principle that stretches across all of them: the need to involve the poor themselves in crafting and implementing solutions. One of the lessons we have learned over the years is that giving local people, particularly women, a real say in how resources are used and managed in their own communities is key to successful and sustainable results. At UNDP, we see this working in both urban and rural areas.

We have been working with governments in Africa to help communities make infrastructure planning and management decisions, with a particular focus on the role of women. For example, in Niger, UNDP's Local Initiatives for the Urban Environment (LIFE) programme has enabled poor communities to gain access to tube wells, install latrines and erect standpipes in the rural areas. At the 3rd World Water Forum held in Kyoto in March this year, UNDP launched the Community Water Initiative that will provide small grants to support innovative approaches to water supply, sanitation and watershed management at the community level.

Private-public partnership and Asia-Africa cooperation

Improvement of infrastructure requires vast financial resources, and we need to not only mobilize public resources from African countries and the international community but also to combine these resources in innovative ways with private money in order to maximize the impact and reach the poor. There must be effective private-public partnerships that meet the needs of the poor.

South-South cooperation is an effective strategy for development of Africa involving both the public and the private sectors. One of the promising strategies to promote

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private investment in infrastructure in Africa is an Africa-Asia business partnership. The Africa-Asia Business Forum has been held twice, the first one in Kuala Lumpur in 1999 and the second one in Durban in 2001. They were primarily sponsored by the Government of Japan and UNDP, in accordance with the Tokyo Agenda for Action, adopted at TICAD II.

Through these two forums, about 130 investment projects, worth around US\$100 million, have been agreed upon between Asian and African companies. About 40 per cent of these projects are related to the infrastructure sector. The projects need to be followed up closely by those concerned so that they are fully realized to become sustainable business. The Third Africa-Asia Business Forum will be held in Africa around the end of this year, and we expect this forum to further enhance business ties and investment flow between Asia and Africa.

Development of capital markets is also important to mobilize private funds for investment opportunities. In this regard, UNDP co-organized the African Capital Markets Development Forum, in April this year in New York, with the New York Stock Exchange, African Stock Exchanges Association and Wall Street investors. This forum was one in a series of UNDP-sponsored initiatives aimed at facilitating foreign investment in developing countries. In this forum, leading experts on capital markets reviewed incentives for investment in Africa as well as progress in economic reforms.

A new UNDP handbook on African stock markets was launched there, with cross-country data, country profiles and detailed market information on all 18 African stock exchanges. The handbook also provides information on new investment opportunities now accessible through the continent's emerging financial markets. The handbook is available on the UNDP webpage.

TICAD III

UNDP is pleased to be a co-organizer of TICAD III. Infrastructure will be one of the agenda items in TICAD III. Discussions on infrastructure are expected to focus on access to basic services, infrastructure for growth acceleration, and promotion of a regional approach to infrastructure development.

We firmly believe that TICAD III will foster international support for NEPAD. We do expect that renewed commitment to African development in the 21st century will be made at TICAD III by political leaders and international organizations, as well as representatives from the private sector and civil society in Africa and other countries.

Hisao Azuma

Senior Vice President, Japan International Cooperation Agency



JICA's involvement in African infrastructure development

JICA's development studies

The Japan International Cooperation Agency (JICA) has been working to expedite infrastructure development through Japan's grant aid, as well as playing a role in this area through its development studies, which support the formulation of infrastructure development. During the ten-year period since the First Tokyo International Conference on African Development (TICAD I) in 1993, JICA has conducted 62 development studies, including master plans and feasibility studies. These studies have been aimed not only at hard infrastructure development, such as irrigation and transportation, but also at geographical information system as a basis for national development, groundwater development, waste management, health care system enhancement and so forth.

In implementing development studies, JICA places emphasis on consistency with the national development plans and public investment plans of partner countries, and takes alignment with other donor agencies into consideration. With the purpose of facilitating the realization of such projects, JICA's development studies contain the examination of internal rates of return, and economic and financial feasibility of proposed projects for the possibility of Japan's grant aid and loans by international organizations.

At the same time, JICA is keenly aware that capacity building is vital for promoting infrastructure building in African countries, and technical cooperation in this area is emphasized in the process of the studies.

African aid policy and infrastructure development

Next, regarding infrastructure development in Africa, we

should note that the key perspective is the issue of poverty reduction. In accordance with the TICAD process, JICA recognizes poverty reduction to be the ultimate objective of African development. Toward TICAD III, to be held at the end of September, JICA will continue to develop cooperation in the following four fields as the priority areas:

1. social development, with emphasis on education, health and water supply;
2. agricultural development for food security and pro-poor growth;
3. development of the private sector by strengthening market economy systems and promoting small and medium-size enterprises; and
4. democratization, prevention of conflict, and post-conflict recovery as the foundation for development.

The importance of rural development

Taking a look at the current situation in Africa, we can see that approximately 80 per cent of the population lives in rural areas, while 90 per cent of the poorest segment consists of rural people. Although the agricultural sector accounts for only 17 per cent of GDP, it is a key industry by reason of its employing 64 per cent of the working population.^a

Consequently, in order to achieve sustainable growth with poverty reduction, today's African countries need to improve and stabilize people's livelihoods in rural areas, through women's empowerment, labor productivity improvement, rehabilitation of agricultural product processing and so forth. Since the 1960s, Japan has consistently earmarked 20 per cent of its public investment for rural areas, and this has resulted in well-balanced development between urban and rural areas.

For infrastructure development, we should not forget investment in rural areas. Rural development is expected to expand domestic markets, which in turn leads to economic growth.

Karamchund Mackerdhuji

Ambassador of South Africa to Japan



The presentations and discussions at the Africa Day Symposium highlighted numerous issues related to the theme "Infrastructure Development and Integration in Africa." What was revealing and remarkable was that most participants clearly enunciated ideas within the theme and framework of the New Partnership of Africa's Development (NEPAD).

The incisive opening remarks by Professor Hans van Ginkel (Rector UNU), His Excellency Rachad Farah (Dean of the Africa Diplomatic Corps) and Senior Vice Minister for Foreign Affairs of Japan, Tetsuro Yano, set the symposium apart from other similar gatherings and anticipated the tone, substance and significance of the many and varied knowledgeable participants.

Four points from the opening remarks are to be noted:

- that such platforms are for developing new ideas,
- that new ways are to be sought for new solutions,
- that the inspiration of African development was to engage Japan and others on the basis of ownership and partnership leading to the forthcoming Tokyo International Conference on Africa Development (TICAD III), and
- that economic growth is a vital entity for sustainable development.

His Excellency President Abdoulaye Wade, President of Senegal, in his brilliant keynote speech, mentioned many of the critical issues, from which greater emphasis can be exercised on four important aspects:

1) The regional approach

This point highlights the new attitude of African leaders towards development. It moves away from the rationale of perceiving economic development within national boundaries, to a regional one. He stipulated this idea in his eloquent submission: "in infrastructural policies, the region is our starting point, and the continent our arrival point."

SUMMARY AND CONCLUDING REMARKS

2) Regional infrastructures as priorities within NEPAD

The development of regional infrastructures is of prime importance, as they facilitate the integration of local markets and communities in addition to the free circulation of people and goods. These are necessary conditions for Africa's sustainable economic development.

3) The incentive to invest in Africa

One issue of importance is the financing of infrastructure without falling into the trap of aid and credit that leads to indebtedness of African countries. This can be evaded by financing infrastructures through mutually beneficial partnership and risk-covered investments. This incentive to invest is created by an environment of good political and economic governance.

4) Current examples of NEPAD-type regional infrastructure

The approach to achieve regional integration through the development of infrastructures within the framework of NEPAD, emphasizing partnership, is gaining momentum.

An excellent example of this is the treaty for a gas pipeline serving power stations and industries of Benin, Ghana and Togo. This project, covering 600 kilometers at a cost of half-a-billion US dollars, will be entirely financed in partnership by the Volta River Authority of Ghana, Societe Togolaise de Gaz, Societe Beninoise de Gaz, the Nigerian National Petroleum Corporation, Chevron and Shell. Another example citing the importance of inter-regional communication and integration for infrastructure development was the creation of transport links between regions in Africa, an example being the existing road between Casablanca and Dakar.

Throughout his address, President Wade continually referred to the fact that infrastructure development was the number one priority of NEPAD and, as such, it is an integral part of the ultimate action of the fight against the scourge of poverty. To achieve its aims, NEPAD has identified many projects in different fields of activity: namely, transportation, information technology, education, training and capacity building.

During a short question-and-answer time, President

Wade expostulated that in order to mobilize funds for infrastructure development, there should be close cooperation between international financing agents (IMF, World Bank), governments of developed countries, African governments and finance institutions and the private sector. He also expressed the view that private capital follows public funds, citing the examples of ODA and FDI.

In session one, which dealt with the importance of soft and hard infrastructure - including governance, education and health - international cooperation and the contribution of TICAD in NEPAD's development, the following contributions emerged:

- that TICAD I in 1995 was the most significant development between Japan and Africa;
- that because NEPAD was a programme of, for and by Africa, it could succeed where others have failed since it is based on ownership and partnership;
- that TICAD should be transformed to support NEPAD, and that a synergy should be established between the two;
- that Asia-Africa cooperation must be vigorously promoted;
- that real peace cannot be achieved without attending to Africa's problems; and
- that infrastructure development is a pre-requisite for economic development.

An interesting and impressive input was made by a Member of the House of Representatives of Japan, Dr. Torao Tokuda, who is the chairperson of the largest medical group in Japan. He introduced the original approach of "medical diplomacy" in partnership with Africa to ensure "medical care for patients" in Africa. A concrete step in this regard is the invitation to African leaders, politicians and health officials by the Tokushukai group to share its experiences of an efficient and low-cost medical care system. This should lead to establishing a partnership with African countries in the medical field.

The G8 countries perspectives for Evian were given by Ambassador Bernard de Montferriand of France, in which the problems of infrastructure will be approached through four points:

- solidarity: the commitment to raise ODA size and promote African products;

- responsibility: encouraging good governance;
- security: fighting against terrorism and weapons of mass destruction; and
- democracy: dialogue between the state and civil society, between G8 countries and African countries and among African countries themselves.

In addition, the Ambassador informed the symposium of the French action which sought to increase aid development; the agreement reached between the French Development Agency and JICA on 17 March to coordinate their activities, mainly in infrastructure projects; the three projects that have already been studied by the French Development Agency under the theme "infrastructure within NEPAD," namely West African Power Pool, Niger River, and Motraco; and a better way for public financing and risk management.

A powerful and interesting submission was the contribution by His Excellency Jean-Christian Obame, the Ambassador of Gabon. In the context of the preparation for TICAD III, a proposal was made to encourage Japan to promote the creation, in Tokyo, of a Japan-Africa and Asia Centre for Economic and Cultural Exchanges. Such a centre will aim at providing information to investors on opportunities in African countries and sub-regions. He also proposed the conversion of the African Peer Review Mechanism into an African Multilateral Investment Guarantee Agency (AMIGA) as a tool for promoting investment in Africa. AMIGA would ensure investment guarantees, cover commercial and non-commercial risks, provide country ratings, provide legal services, and establish a network of partnership with other insurance guarantee agencies worldwide.

The panel discussion in session two generally focused on the topic of "Financing Infrastructure Projects in Developing Countries and in Africa: Challenges and Implementation." The session was chaired by Abdou Aziz Sow, Minister in Charge of NEPAD, of Senegal. It is to be noted that the panelists represented a variety of organizations with wide-ranging expertise in different field of activities. They shared their visions on issues such as synergy between NEPAD, TICAD, the G8 and other ODA contributors; the role of Japan in financing infrastructure in Africa; donor policies and coordination; resource mobilization with an

emphasis on national savings; debt; FDI; and the private sector. The experiences of the Asian Development Bank as well as those of UN specialized agencies (UNIDO, UNICEF, UNDP) were particularly enlightening.

An interesting discussion during the session was on soft infrastructure versus hard infrastructure, with the view that it may be better to concentrate on soft infrastructure, which generally relates to "people issues" and which invariably leads to hard infrastructure.

ACRONYMS

AAITPC	Asia-Africa Investment and Technology Promotion Center
ADB	African Development Bank
AFD	Agence Francaise de Developpement; French Development Agency
AMIGA	African Multilateral Investment Guarantee Agency
APRM	(NEPAD's) African Peer Review Mechanism
BOT/BOO	Build-Operate-Transfer/Build-Operate-Own
DAC-OECD	Development Assistance Committee of the Organisation for Economic Cooperation and Development
DFID	(UK) Department for International Development
ECA	(United Nations) Economic Commission for Africa
ECOWAS	Economic Community of West African States
EXIMBANK	Export-Import Bank
FDI	Foreign Direct Investment
GCA	Global Coalition for Africa
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Countries
HMO	Health Maintenance Organization
IMF	International Monetary Fund
ITU	International Telecommunications Union
JBIC	Japan Bank for International Cooperation
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
MAP	Millennium Africa Recovery Plan
MDG	Millennium Development Goal
MIGA	Multilateral Insurance Guarantee Agency
MOTRACO	Mozambique Transmission Company
NAI	New Africa Initiative
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organization
NICT	New Information and Communication Technologies
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OHADA	Organization for Harmonisation of Business Law in Africa
PANUREDA	Programme d'Action des Nations Unies pour le Redressement Economique et le Developpement de l'Afrique
PFI	Private Financing of Infrastructure
SADC	South African Development Community
TICAD	Tokyo International Conference on African Development
UEMOA	West African Monetary and Economic Union
WAGP	West African Gas Pipeline
WTO	World Trade Organization