

**UNU Report**



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# 2004 Africa Day

**Trade and Investment  
in the Context of TICAD**

**UNU/ADC Africa Day Symposium**



2004 Africa Day Symposium

# **"Trade and Investment in the Context of TICAD"**

## **A Report**

On the conference held at United Nations University, Tokyo

24 May 2004



UNITED NATIONS  
UNIVERSITY

### **Disclaimer**

In the spirit of free and open discussions, the 2004 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 United Nations University (UNU).

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### **Hans van Ginkel**

**Rector, United Nations  
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Building on the success of the previous Africa Day symposiums in Tokyo, United Nations University (UNU) and the African Diplomatic Corps (ADC) have agreed to establish the Africa Day Symposium as an annual event. In 2004, the symposium focuses on the importance of enhancing trade and investment in Africa.

This year's topic, "Trade and Investment in the Context of TICAD", is indeed very timely for two reasons.

First, this is the first Africa Day celebration held after the Third Tokyo International Conference on African Development (TICAD III), which took place in autumn 2003. Based on the past experience of its collaboration with the African Economic Research Consortium (AERC), UNU set up an "African Experts Group" in 2003 to prepare for TICAD III. This expert group is composed of members coming from the ADC, UNU, and the research community. The small group met for the first time in July 2003 to discuss such issues as the role of infrastructure, capital flows, and the integration and development of Africa. A number of conclusions were drawn, and a policy brief was prepared in time for the conference: *TICAD III – United Nations University's Policy Brief*.

The Africa Experts Group met again this spring with the aim to reflect on TICAD III and the implementation of its decisions. The workshop was also intended to prepare for the 2004 Africa Day Symposium. This time, the group's discussions focused on issues such as trade facilitation, aid and development, and the regional integration of human security. During the preparation of the 2004 Africa Day celebration, UNU and ADC agreed that the 2004 public symposium should bring to the forefront the importance of enhancing trade and investment in Africa. In our views, this aim is in complete harmony

with the recommendations adopted on the occasion of TICAD III.

The second reason that this year's topic of "Trade and Investment in the Context of TICAD" is extremely timely is that the discussions of the 2004 Africa Day Symposium should provide valuable input for an important forum to be held later this year: the TICAD Asia-Africa Trade and Investment Conference (AATIC).

Regarding the celebration of Africa Day, I would like to add a few words about our common world history. The Africa Day Symposium, jointly organized by ADC and UNU, is an annual event in celebration of the founding of the Organization of African Unity (OAU). In May 1963, thirty-two independent African States, who had genuine hopes and visions for the continent of Africa, came together in Addis Ababa, Ethiopia, to create the OAU. On 26 May 2001, the African Union (AU) was established as a successor to the former OAU. It is important that we keep supporting the road map provided by the AU, as well as the New Partnership for Africa's Development (NEPAD), and the 2004 Africa Day Symposium provides us with an opportunity to do so.

It is important that this symposium provides policy relevant and high-quality inputs to the implementation of the road map. I would like, therefore, to thank very much all the experts who accepted our invitation to speak during the symposium. We have assembled for this task a very distinguished group of speakers on African development, with representatives of the Economic Community of West African States (ECOWAS), the International Trade Centre UNCTAD/WTO, the Ministry of Foreign Affairs of Japan, the African Diplomatic Corps, and the Japanese business community. We are certain to benefit from the wealth of their experience.

In particular, I would like to thank our partners in organizing the Africa Day Symposium. Since 2000, UNU has been working closely with the African Diplomatic Corps in Tokyo in seeking solutions to Africa's development challenges. I would like to thank the new Dean – H.E. Salah Hannachi of Tunisia – who has been instrumental in the organization of the

subsequent Africa Day Symposiums, also this year. I wish also to thank the many African diplomats present on the occasion of the 2004 Africa Day Symposium – and, in particular, Ambassador Mbella Mbella of Cameroon, who played an instrumental role in the organization of this symposium as Chairman of the Organizing Committee of the 2004 Africa Day Celebration. This year, as in the previous years, the cooperation between ADC and UNU has been highly successful; the displays prepared by the African Embassies on the occasion of this symposium show the commitment of the African Embassies to the success of the Africa Day Celebration.

I would also like to specifically thank the Government of Japan – the host country of UNU Centre. African development is one of the areas in which we are working most closely with the Ministry of Foreign Affairs of Japan. I would like to thank the Government of Japan – represented by Mr. Masatoshi Abe, Senior Vice – Minister, Ministry of Foreign Affairs of Japan, and Mr. Shigeru Omori, Director, First Africa Division, Ministry of Foreign Affairs of Japan – for their on-going cooperation in hosting this annual event as well as in all the other areas in which we are working together. We are convinced that these substantive meetings on African development, such as the annual "Africa Day Symposium", have great potential to further innovative ideas and creative thinking for developing new approaches and appropriate, effective policies. Such ideas and approaches can only develop when we are open for friendly, but also frank and in-depth, dialogue.

With these brief remarks, I am pleased to introduce the keynote speech delivered by Mohamed Ibn Chambas, Executive Secretary of the Economic Community of West African States, on "International mechanisms of trade & investment facilitations for Africa". I trust that you will find this, as well as the other contributions presented in this report, interesting, challenging, and useful.

I look forward to seeing you again next year, on the occasion of the 2005 Africa Day Symposium.

## Salah-Hannachi

**Ambassador Extraordinary and Plenipotentiary of the Republic of Tunisia, and Dean of the African Diplomatic Corps**



It is indeed a great honour for me to welcome you all, on my own behalf and on behalf of all my colleagues of the African Diplomatic Corps. I would like to thank you for being here today at the fifth annual Africa Day Symposium.

I would like to welcome Senior Vice-Minister Masatoshi Abe of the Ministry of Foreign Affairs of Japan, and to thank him for being with us here today and for the moral support the ministry has always given to the symposium.

I would also like to reiterate our thanks to our partner in the Africa Day Symposium, United Nations University, and its Rector, Prof. Hans Van Ginkel, for their sustained material and moral support for this initiative by the African Diplomatic Corps in Tokyo.

I would like to thank Mr. Reiji Hattori, Honorary Chairman of Seiko Corporation and President of the Africa Society of Japan, for being with us today.

Finally, I would like to thank all the speakers and panellists from the Economic Community of West African States (ECOWAS), the World Bank, Multilateral Investment Guarantee Agency (MIGA), United Nations Conference on Trade and Development/World Trade Organization (UNCTAD/WTO), Ministry of Foreign Affairs of Japan (MOFA), Japan External Trade Organization (JETRO), Japan Bank for International Cooperation (JBIC), and Tokyo Chamber of Commerce.

This year's symposium comes as a concluding event to a week full of events concerning Africa. Indeed, Africa Festa – celebrated a week ago at Hibiya Park – was a fantastic success, and is on its way of becoming one of the favourite *omatsuri* (festivals) in Tokyo of Japanese of all ages.

## Foreword

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Also this week, the Japan-African Union Parliamentary Friendship Association, founded by former Japanese Prime Minister Yoshiro Mori, celebrated its first anniversary. The association includes among its members Mr. Yohei Kohno, Speaker of the House of Representatives of Japan, and many other eminent members of the Japan Diet.

Finally, on 19 May, Mr. Jean Ping, Senior Minister of Foreign Affairs of Gabon and President-designate of the 59th Session of the United Nations General Assembly, gave a well-attended lecture here at United Nations University.

The Africa Day Symposium was started in the year 2000, on the occasion of the Okinawa-Kyushu 2000 G8 Summit. The symposium is on its way to becoming a well-established tradition in Tokyo, one that is useful to all stakeholders.

- It is particularly useful for the members of the African Diplomatic Corps in their collective diplomatic efforts to make their voices and their concerns heard in Japan, not only by Japanese officials but also by representatives of academia, of the media, of the private sector and of civil society in Japan.
- It is useful to United Nations University in its continuous reflection on the challenges of development and human security in Africa.
- It is useful to the Ministry of Foreign Affairs of Japan as an input to its African policy, and as a follow-up mechanism on the Tokyo International Conference on African Development (TICAD), New Partnership for Africa's Development (NEPAD), and various other initiatives concerning Africa.
- It is useful to all the other friends of Africa in the private sector, in academia, and in the civil sector in Japan, and also to other international stakeholders.

The theme for this year's symposium is "Trade and Investment". It is a follow-up to the 3rd Tokyo International Conference on African Development (TICAD III), which was held in September 2003. TICAD III was opened by Japanese Prime Minister Koizumi and attended by 23 heads of states and governments. Former Prime Minister Mori chaired all

the plenary sessions and the closing session.

This year's Africa Day Symposium will also prepare for the Africa-Asia Public Sector-Private Sector Forum, which will be organized by the Ministry of Foreign Affairs of Japan in October-November 2004.

We particularly welcome the increasing presence of the private sector and civil sector at the Africa Day Symposium. Indeed, one of the major objectives of the symposium is to bring to the fore the importance of complementing Japan's Official Development Assistance (ODA) policy toward Africa with a Trade and Investment Promotion Policy and strategy.

At today's symposium, we will discuss which actors from the private sector are likely to be interested in Africa's potential for trade and investment. We will also discuss the range of activities, the general enabling environment, and the policies and instruments that are available or desirable to promote both inter-regional and international trade and investment in Africa.

The symposium is also an opportunity to get together with all the Japanese and international friends of Africa. I hope we will have a lively and mutually beneficial symposium.

Thank you for your attention. *Arigato gozaimashita.*



## **Masatoshi Abe**

### **Senior Vice-Minister for Foreign Affairs of Japan**

It is my pleasure to say a few words today on the occasion of opening the 2004 Africa Day Symposium. Year by year, this symposium has become established as an important opportunity to deepen mutual understanding between Japan and Africa. Being engaged in African affairs, I find this very encouraging indeed.

#### ***TICAD III***

Recently, Africa has made some notable achievements in the area of consolidation of peace, centred on the African Union (AU). Nevertheless, the Continent still largely suffers from problems of conflict and poverty.

At the end of last September, Japan hosted the 3rd Tokyo International Conference on African Development (TICAD III). Japan has supported African development through the TICAD process since 1993, based on the conviction that there can be no prosperity or stability in the twenty-first century world unless issues of conflict and poverty are solved, and peace and stability are achieved not only in the individual countries of Africa but also on the Continent as a whole, thereby providing a basis for development. TICAD III, attended by more than 1,000 participants – including the leaders of 24 African states and the AU – was a great success.

"Trade and Investment", the theme of today's symposium, is one of the three major pillars of Japanese policies for Africa, as announced at TICAD III. I expect this symposium provides an important opportunity, not only as a follow-up to that but also as a link to the TICAD Asia-Africa Trade and Investment Conference, which is to be held in Tokyo this autumn. While fully confident that African countries will continue their own efforts, at the same time – from Japan's point of view – we would like to help push forward the TICAD process and exert utmost efforts to promote development in Africa.

#### ***The new image of Africa***

A new Africa is being born, thanks to progress in the peace process, the activities of the New Partnership for Africa's Development (NEPAD) and the AU. And now, South Africa has been chosen to host the 2010 FIFA World Cup. The negative images of poverty and conflict are becoming things of the past, replaced by images full of dynamism and opportunity. Beyond this symposium, I believe both we, and Africa herself, should utilize various opportunities to put across this new and positive image of an Africa that is now being reborn.

#### ***Conclusion***

In just the last six months, more than 10 ministers from African countries have visited Japan. Meanwhile, in the area of "consolidation of peace" – one of the pillars of TICAD III process – the cooperative relationship between Japan and Africa is steadily growing (for example, in Japan's support for the reintegration of ex-combatants). The Japan-AU Parliamentary Friendship League, led by former Prime Minister Yoshiro Mori, has increasingly been active in response to the growing sense of solidarity in Africa under the AU.

In the future, based on the principles of "ownership" and "partnership", we will continue our efforts to deepen mutual understanding and cooperation. It is my sincere hope that today's symposium will be an important stepping stone towards a better and stronger relationship between Japan and Africa. I will be happy to make my own contribution to that goal.

Last, but not least, I would like to express my sincere gratitude to the African Diplomatic Corps and to United Nations University for their efforts in organizing this symposium. Thank you very much indeed.

### **Mohamed Ibn Chambas**

**Executive Secretary, Economic Community of West African States (ECOWAS)**



### **International mechanisms of trade and investment facilitations for Africa**

I should like to begin by expressing my sincere gratitude to the African Diplomatic Corps for the honour of being invited to be part of the celebration of Africa Day here in Tokyo. It is my pleasure to deliver this speech at your symposium on Trade and Investment in Africa, because it is an opportunity for those interested in African development to share information and exchange views on enhancing the development process in Africa. I am much impressed by the solidarity that exists within the African Diplomatic Corps, and the very good relations that have been developed with the different sections of Japanese society – government, the business community, and the academic world. You are proving yourselves to be very worthy ambassadors of Africa and, back home, we are all quite proud of your contribution to the growth of African-Japanese relations.

I seize this opportunity to thank the Japanese authorities for being such wonderful hosts, and for showing mounting interest in African affairs. I see the presence of our Japanese friends at this symposium as an eloquent re-affirmation of the commitment to African development, which they renewed at the 3rd Tokyo International Conference on African Development (TICAD III) last September. It was in that same spirit that I was invited as a guest of the Japanese government on a tour of Japan in March this year.

The theme for this year's symposium, Trade and Investment in Africa, is timely. African governments across the continent are challenged to expand Africa's share in global trade, and also to attract a greater share of direct foreign investments to boost growth and development.

### ***The priority of Africa***

At the beginning of the twenty-first century, Africa is a continent facing massive poverty, weak economies that are not growing fast enough, a large debt burden, worsening terms of trade, the HIV/AIDS pandemic, and political instability as manifested in the conflicts in several countries. These daunting circumstances are such as to make the pessimists to write off Africa.

However, there have been sufficient countervailing forces in favour of Africa's rebirth, Africa's renaissance and Africa's progress. Africans have determined to take their destiny into their own hands and adopt the necessary measures to bring about positive change on the Continent.

At the continental level, the adoption of the Constitutive Act of the African Union (AU) and the New Partnership for Africa's Development (NEPAD) have excited enthusiasm and generated attention – not only at the highest level in Africa, but also within the international community. NEPAD, in particular, is a new window of opportunity that presents a long-term vision of an African-owned and African-driven development initiative.

This point is not lost on a country such as Japan, which has mobilized the TICAD initiative in support of African development and NEPAD. In a speech in Addis Ababa on 26 August 2002, the Foreign Minister of Japan, Yoriko Kawaguchi, stated:

The TICAD process has constantly advocated that "ownership" by African countries of their development process, and "partnership" by the international community in support of such ownership, are essential for African development.... NEPAD, in particular, shares with TICAD its emphasis on African ownership and its focus on priority areas such as peace and governance, human resources development, infrastructure, agriculture, and private sector development. The TICAD process thus welcomes the establishment of NEPAD, while NEPAD recognizes the TICAD process as a pivotal initiative in addressing the challenges of African development. It is therefore a mutual consequence that the TICAD and NEPAD support and complement each other.

The recognition by Japan of the importance of NEPAD, and the strong desire to make the TICAD process reinforce it, is much appreciated by Africa, as demonstrated by the large turnout of African Heads of State and thought leaders at TICAD III in 2003. It is the expectation of Africa that the TICAD process will facilitate expanded trade and investment from Japan, and the sharing of best experiences in development strategies from Japan and the Far East as a whole.

The African Union and NEPAD are two regional instruments that define a comprehensive African development agenda – an agenda which seeks to create, through political and economic liberalization, an appropriate environment for the private sector to drive the development process. In specific terms, NEPAD puts emphasis on entrenching good governance (political, economic, and corporate) as a fundamental requirement for the development of a dynamic private sector led by real entrepreneurs. It is against this backdrop that I wish to present the promotion of trade and investment in Africa.

### ***Trade and investment promotion in Africa***

Trade and investment are central to the development of Africa as they are crucially important to expanding African economies. Trade and investment are the driving force of the African development agenda, as has been the case in other parts of the world (for example, Japan and China, and the "tiger" economies). In other words, trade and investment sustain and expand the production of goods and services; good prospects of enhancing production, in turn, make for new investments and an expansion of trade.

In recognition of this linkage, African policy makers have adopted appropriate strategies that are directly aimed at promoting trade and investment, and some other equally important measures that are supportive of trade and investment.

### ***Trade promotion strategies***

The African trade pattern has consisted of exports of primary products to developed countries and imports of manufactured goods from those industrialized economies. In view of the deteriorating terms of trade, the relatively undynamic nature of the

commodities market, and the historically low level of intra-African trade, a number of trade promotion strategies have been adopted, at both national and regional levels, to infuse dynamism and ensure the development of the trade sector.

### ***Liberalization of African trade***

One of the components of the general economic liberalization policy of African governments is to evolve a liberal trade regime, in which market forces operate freely. The earlier high protective tariff and non-tariff barriers are being reduced unilaterally by African countries. This trend is reinforced in the regional integration arrangements wherein intra-regional trade is being completely liberalized through the creation of a free trade area – as already has been done in the Economic Community of West African States (ECOWAS) and the Common Market for Eastern and Southern Africa (COMESA), for example. Given that the rules of origin are fairly liberal (where the goods are not wholly produced locally, there should be at least 35 per cent of value added), foreign capital is attracted to invest in local enterprises or establish local branches. This is obviously an incentive for Japanese investors to explore new avenues of doing business, in partnership with African entrepreneurs.

The trade liberalization process at the regional level extends to the adoption of a common external tariff. ECOWAS is in the middle of designing a common external tariff for all the fifteen West African countries, as a step towards the establishment of a customs union. Invariably, this involves a general reduction of tariffs to the level of the country with the lowest tariffs (WTO rules do not allow an overall tariff increase in a customs union). In the process, the customs regimes of the countries are rationalized and the procedures simplified. In West Africa, eight of the countries are already effectively operating a customs union. The objective is to create an ECOWAS/West Africa-wide customs union by 1 January 2008, and good progress is being made in that regard.

The adoption of a common commercial policy facilitates the smooth insertion of the member countries in the global economy, as their foreign trading partners now deal with a harmonized larger

regional market instead of the previous fragmented national economies. This is an additional positive factor that, as other African regions establish customs unions, Africa would like its Japanese partners to take into consideration.

### **Trade promotion measures**

At the national, regional and continental levels, conscious effort is constantly being made to promote the expansion of trade – both within Africa and also with the rest of the world. There is an all-Africa trade fair that is held periodically to exhibit African trade potentials and develop trade partnership with the rest of the world. There also are regional fairs, such as the ECOWAS trade fair that has been held every four years since 1995. And there are, of course, many well-established national trade fairs, which are held regularly and which attract worldwide participation. These are time-honoured commercial events in which Africa wishes to invite a much greater Japanese participation.

Related to trade exhibitions and manifestations are trade missions, buyer/seller meetings and industrial fora that are organized periodically, with a focus on specific trade and investment activities. In West Africa, for example, a regional industrial forum is organized biennially on a selected theme in collaboration with the United Nations Industrial Development Organization (UNIDO). The latest West African industrial forum, held in Dakar at the end of 2003, focused on investments in agro-industry.

It is a welcome development that within the TICAD initiative, an Asian/African trade and investment forum is being planned for the latter part of this year. The leaders of the African business organizations with whom I have discussed this issue are quite enthusiastic and are willing to nurture greater business interactions with Asia, with a marked preference for Japanese investors.

A permanent regional arrangement for trade and investment promotion is the *Système Informatisé de Gestion des Opportunités d'Affaires* - Trade Opportunities Management System (SIGOA-TOPS) database of trade opportunities in West Africa. Just like the Japan External Trade Organization (JETRO)

version, SIGOA-TOPS can be used to match offers and demands in a wide range of products and businesses – and the base is still expanding.

### **Enhancing market access for African products**

In line with the concept of "trade, not aid", African governments are taking various steps to achieve better market access for both traditional and new export goods. Within the WTO negotiation framework, Africa is showing determination to translate the Doha Development Agenda into concrete terms. Using the cotton issue as a test case, Africa and other developing regions are fighting against the established world trade order, particularly agricultural export subsidies and farm support of the United States and the European Union. Substantial concessions in these and other areas are needed to make international trade serve NEPAD's market access and the export diversification objectives that Africa seeks to achieve in the WTO negotiations.

Greater support for the African cause from Japan and a few other OECD countries would make all the difference. The WTO concept of "special and differential" treatment should be given a wider interpretation to make international trade support the development process in Africa – that is, to make the Doha development round become a reality.

At another level, concessional terms have been offered to sets of African countries in bilateral arrangements such as the African, Caribbean and Pacific-European Union (ACP-EU) Cotonou agreement and the African Growth and Opportunity Act (AGOA) of the United States of America. While these arrangements are recognition of the development needs of Africa, they do not go far enough. It would be a significant positive step if, within the TICAD/NEPAD framework, Japan could devise its own trade and investment assistance programme which truly addresses Africa's development challenges in these two vital areas.

### **Africa's investment needs**

Africa lives with the paradox of possessing enormous natural resources but not being a "wealthy" continent. In spite of the many development plans and

strategies, the pace of economic development has been slow, due to a significant extent to the inadequacy of investments. There is, consequently, a determined drive to mobilize internal and external capital, accompanied by an infusion of appropriate technology, managerial skills and access to new markets.

The Africa Development Bank (ADB) and, to a lesser extent, the regional development banks (such as in East Africa, West Africa and Eastern and Southern Africa) serve as the medium for mobilizing long-term capital resources, particularly from external sources. These development banks have been good channels for directing capital to priority development areas – mainly in the infrastructural sector in the past, but now with growing attention being given to regional integration and private sector programmes and projects.

### ***Capital market development***

It has come to be appreciated that capital markets are a good source of domestic resource mobilization for development, which, ideally, should be financed with long-term investment funds and resources obtained at less than commercial rates. Consequently, emphasis has been put on the development of the capital market in Africa.

The stock exchanges of Johannesburg and Cairo are well known internationally, but there are quite a few others, such as in Morocco and Tunisia (in North Africa) and in West Africa. In the ECOWAS region, efforts are ongoing to establish new ones (in Sierra Leone, for example) and to promote collaboration between the existing exchanges (in Lagos, Accra, and Abidjan). The Abidjan stock exchange is, in fact, a regional establishment open to participation by investors of all the eight countries of the Communauté Financière Africaine (CFA) Zone. The development of the capital market in Africa offers an additional avenue for foreign investors, and I would urge that Japanese businessmen explore that possibility.

### ***Privatization***

Another area that is attracting foreign capital is the privatization programmes being implemented in

many African countries. The many years that countries have spent on the privatization programme have helped to refine the process – developing various approaches to the divestiture process, and thus offering different possible packages to potential investors.

It is particularly important to note that, for Africa, privatization has helped to rationalize government expenditures and intervention in the management of the national economy, wind up unviable enterprises and rehabilitate those with better prospects, and engage competent management teams or employ credible managerial procedures – generally, to put state enterprises on a more viable and commercial footing. The privatization programmes are ongoing, and African governments would welcome the partnership of Japanese and Asian investors.

### ***Enhancing the business regulatory framework***

In the bid to attract and retain private capital, many governments (operating through their investment promotion agencies) have come to realize that a well-defined and efficiently managed regulatory framework is as important for prospective investors as, if not more so than, a whole package of "incentives". Particular attention is being paid to the business regulatory frameworks, to make them simple, clear, transparent, predictable, and reliable.

In the case of French-speaking West and Central Africa, this has been taken a step further with the creation of the Organization for the Harmonization of Business Law in Africa (OHADA). ECOWAS is in the process of formulating a region-wide programme for a common business regulatory framework for West Africa, and a related exercise is the preparation of a common regional investment code. These instruments should improve the attractiveness of the region as an investment destination.

### ***Mobilizing the private sector***

The thrust of government policy in African countries is to create a propitious socio-economic environment to encourage private entrepreneurs to invest more and lead the development process. Governments have encouraged economic operators to adopt more

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modern and efficient business practices, and also to organize themselves into professional bodies and associations.

At the regional and continental levels, the organized private sector has been assisted to see beyond national borders, through regional interactions. Some of these efforts have led to the creation of non-governmental organizations, such as the African Business Roundtable (ABR), for the promotion of cross-border investments. As a further example, regional private sector NGOs in West Africa include the federations of chambers of commerce, the manufacturers associations, and the West African Enterprise Network. Such bodies provide an appropriate entry point for new investors, or the corresponding local body for the organization of inter-regional events. I expect that Nippon Keidanren would have in these regional organizations a useful counterpart for developing business relations with African operators.

### ***Investment flows to Africa***

The relatively small amounts of capital inflow have shown a marked preference for only a few countries and for the extractive industry (the petroleum sector, for the most part). Concern over this inadequacy of capital to meet the development needs of the Continent has led to renewed efforts at generating and attracting additional capital.

For many countries, official development assistance (grants and soft loans) will continue to be their main source of capital inflows. Cooperation with the relevant Japanese government agencies in this regard will assume added importance in the coming years. As the economic performance of more countries improves, other forms of external resources would become within their reach. It is expected that here, too, the official Japanese policy would be to adopt measures that encourage the flow of direct investment to Africa.

### ***Support programmes***

Various programmes have been introduced at national, regional and continental levels to enhance the trade and investment prospects of African countries. As I mentioned at the beginning of this presentation, there is a general trend towards

economic and political liberalization in Africa. National macro-economic policy reforms are aimed at sound management of the economy to achieve stability and sustainable growth.

This effort is reinforced at the regional level through the policy harmonization programmes of the regional economic communities. For instance, in the ECOWAS region, this is being pursued within the framework of the introduction of a single currency (through macro-economic convergence) and creation of a regional telecommunications market. Regional infrastructural networks (in energy and all modes of transport) are being developed to achieve the physical integration required for supporting regional business transactions.

The principles enunciated under NEPAD and the African Union institutions, which have been created in the political field, confirm the determination of African countries to work together to build peaceful and stable societies. The recently adopted Continental Conflict Prevention Mechanism and the African Peer Review Mechanism put a premium on the preservation of regional peace and security. It is gratifying that in West Africa, and elsewhere on the African continent, our development partners have been supportive of this collective approach to ensuring peace and democracy. Japan was an early contributor to the ECOWAS peace programme adopted under our regional mechanism for conflict prevention; we are grateful and shall continue to count on this form of assistance.

### ***Future challenges of Japanese-African relations***

There is a determination on both the African and Japanese sides to nurture to maturity the relations that the TICAD initiative has given birth to. At TICAD III, Prime Minister Koizumi stressed that future cooperation would be conducted within the framework of NEPAD, with emphasis on encouraging increased Asian participation in the African development process; this was very well received by the African participants at TICAD III.

NEPAD has established clear guidelines, in the different plans of action, for the pursuit of the African

development agenda. It will require political commitment, sustained interest and determination, and a spirit of solidarity and partnership in order to achieve effective implementation of the NEPAD agenda. These constitute some of the challenges facing NEPAD implementation and African development.

The kind of understanding and good neighbourliness that I see in evidence at this Africa Day celebration gives me hope that the future challenges are not insurmountable. I warmly commend your good initiatives, and wish us all every success in this noble endeavour of participation in the development of our great continent, through increased trade and investment.

I thank you for your attention.



Hans van Ginkel, Mohamed Ibn Chambas

### Reijiro Hattori

President, The Africa Society of Japan

### The contribution of the Japanese private sector in stimulating trade and investment between Asia and Africa

In examining how Japan's private sector can help stimulate trade and investments between Asia and Africa, there are different types of role players that can be categorized into three groups, as follows:

- 1) Countries and regional organizations in Africa, and the Continent as a whole, who are the recipients of investment as well as subjects who import/export;
- 2) Asia and its countries; and
- 3) Japan as a member of Asia.

I would like to take a look at these.

The Third Tokyo International Conference on African Development (TICAD III) was held in Tokyo in the fall of 2003. TICAD III was a follow-up of the first TICAD in 1993, and TICAD II in 1998. The theme of the first general session of TICAD III was "Elimination of Poverty through Economic Growth". While "ownership", or a self-help attitude, on the part of African countries is a significant factor to promote economic growth, it must be noted that other factors are also important – factors such as international aid, partnerships with outside organizations, foreign trade, and investments by the private sector.

On 30 September, the second day of the conference, six issues were discussed in a subcommittee meeting. Among them was an issue of consolidation of peace (which includes conflict prevention). When you look for a partner for trade or investment, you are unlikely to choose countries where peace is not consolidated, regardless of whether you are from Japan, Asia, or elsewhere. It is thus obvious that peace and security in Africa are prerequisites for the Continent's sustainable development.

A second issue is "capacity building". Here, again,

## **Session 1 : The contribution of the Japanese private sector in stimulating trade and investment**

there is a consensus that governments and organizations with "good governance", management capacity, and political stability are very important prerequisites for foreign trade and investments. In other words, those countries that suffer from political uncertainty, or that do not have a solid legal system or business rules – that is, countries with risks – may not be able to attract foreign business. Issues of human resources and their development must also be considered here.

A third issue is "human-centred development". Regrettably, infectious diseases (such as HIV/AIDS) continue to spread throughout Africa, and widespread access to potable water remains a problem. Both of these problems pose a major threat to trade and investment with Africa, making the establishment of healthcare, medical, and sanitation management systems an urgent task. This issue is also related to capacity building as well as human resources development; in order to build capacity, improvement of the education standard is essential.

How these issues – and other problem such as provision of adequate infrastructure – can be solved through various programmes and procedures will be key for African countries in their quest to be more attractive partners in foreign trade and investment.

What, then, are the roles that can be played by Asia and Japan? The private sector in Asia ranges from *sogo-shosha*, or trading companies, to developers of natural resources, construction companies, manufacturers of primary commodities, finance and insurance companies, research organizations, consultants, legal offices, and others.

The political, economic, and social situation of Japan and other Asian countries is a vital consideration. In the 1950s and 1960s, almost half a century ago, there seldom was a period of consolidated peace in Asia. The region saw chronic conflict: in China, in the Korean peninsular, in Viet Nam, and in Cambodia. Coups were a frequent occurrence, and efforts to prevent conflict were often in vain. Efforts for capacity building were also disorganized, and sanitary conditions were often poor. It is little wonder, then, that during this era of continuing confusion,

investment from Western countries into Asia showed minimal growth.

Just a few decades ago – and in some cases, even now – we, the people of Asia and Japan, faced the same problems and had the same concerns, sadness, and hardships that are endured by the people of Africa today. In Japan, people over the age of 60 still have memories of food shortages, malnutrition, social instability, poor public order, foreign currency shortages, and poor school facilities in the aftermath of World War II.

I wish today's symposium to be a good opportunity for us, as business people, Asians and Japanese, to take a look at how we can work hand-in-hand with our partners in Africa who are ready to make utmost efforts to build their nations.



**Kenneth Kwaku**

**Chief Representative for Africa,  
The Multilateral Investment  
Guarantee Agency**



**Investment and private sector  
development in Africa: Challenges and  
Opportunities\***

It is my great pleasure to speak at today's symposium on Trade and Investment in Africa. In the context of investment and private sector development, I will first introduce the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group and briefly describe the risk mitigation tools that we employ for facilitating Foreign Direct Investment (FDI) into Africa. Then, I will discuss the overall World Bank Group strategic framework for Africa and focus on some of the challenges and opportunities for investment and private sector development.

**MIGA's non-commercial risk insurance**

The Multilateral Investment Guarantee Agency (MIGA), one of the five organizations that make up the World Bank Group, was formally launched in April 1988. MIGA's mission is "to enhance the flow to developing countries of capital and technology for productive purposes under conditions consistent with their developmental needs, policies and objectives...." We do this by providing investment insurance (that is, guarantees against political risk) and by offering technical assistance for investment promotion.

It is a sad fact that concerns about uncertain political environments and perceptions of political risk tend to inhibit investment in many of the world's poorest economies. MIGA helps to overcome this obstacle by establishing a framework of legal assurances of fair treatment and amicable arrangements for settling disputes within which foreign investors can operate.

\* This article is based on the PowerPoint presentation given by Dr. Kwaku and supplemental materials submitted after the symposium, and does not represent a transcript of his keynote address.

Through its guarantees, technical assistance, and legal services, MIGA serves as an important catalyst for promoting FDI – a key driver of growth – into developing countries.

Commercial risk in development projects is typically borne by investors and financial institutions. What MIGA covers are the non-commercial risks, such as those related to transfer restrictions and currency inconvertibility, expropriation, war or civil disturbance, and governmental breach of contract.

In addition to insuring investors against such political risks, MIGA also provides investment dispute mediation services for investors and financial intermediaries in the private sector. A special programme for small and medium enterprises (SMEs) is also under preparation.

MIGA'S GUARANTEE PROGRAMME  
**Eligible Structures**

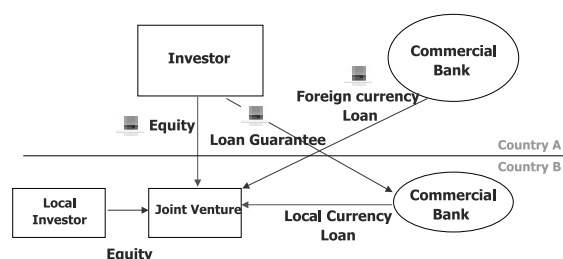


Figure 1. The framework of MIGA's guarantee programme

Figure 1 shows the eligible structures of MIGA's guarantee programme. Coverage is provided for up to 15 years, in amounts up to US\$200 million per project (with greater amounts possible through co-insurance and syndication) and US\$690 million per country. Up to 90 per cent of equity and 95 per cent of debt is covered. Among the instruments and liabilities covered by MIGA are:

- equity and quasi-equity;
- shareholder loans and loan guarantees;
- non-shareholder loans (in combination with equity/quasi-equity investment); and
- other forms of technical investment (such as technical assistance, management contracts, leases, franchising/licensing agreements, and performance bonds).

MIGA's guarantee programme offers a number of unique strengths. Because MIGA is a member of the World Bank Group, it can:

## Session 1: Investment and private sector development in Africa

- provide an "umbrella of deterrence";
- act as an objective intermediary between governments and investor countries (as evidenced by more than a dozen successful mediation cases for non-guaranteed projects);
- draw upon extensive resources and unparalleled knowledge from all parts of the World Bank Group; and
- act without host country approval (since no host government counter-guarantee is required).

Applicants seeking MIGA guarantee coverage submit a free confidential preliminary application. When investment and financing plans are established, applicants then submit a fee-based definitive application along with relevant project documentation. The overall process takes three to four months and includes early management screening, underwriting, and review by an internal risk management committee. Upon board approval, the investor and MIGA sign a contract of guarantee. Premiums, which are in line with industry norms, are determined by a combination of country and project risk.

Let's now turn our attention to Africa. Many African countries suffer from crucial obstacles to FDI, the chief among them being inadequacies in:

- access to finance;
- regulatory, legal, and judicial frameworks; and
- reliability and quality of basic infrastructure.

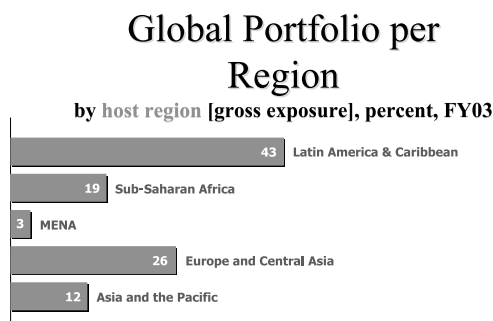


Figure 2. MIGA's portfolio by host region

The gross exposure of MIGA's global portfolio by host region in fiscal year 2003 is shown in figure 2. As you can see, sub-Saharan Africa accounts for about one-fifth of the total portfolio (19 per cent), up from just 8 per cent in 1999. The outstanding gross

exposure of MIGA's Africa Guarantees Portfolio more than tripled, from US\$294 to US\$952.9 million, in the 1999-to-2003 period, with 58 projects being covered.

MIGA's Africa Guarantees Portfolio now comprises a total issuance of over US\$1.3 billion in 24 countries, and to date has facilitated an estimated US\$5.3 billion in FDI. The USA is MIGA's largest investor country, with about 17 per cent of total exposure. MIGA has facilitated the involvement of US companies in 35 developing countries, and issued 157 contracts (worth some US\$2.5 billion) to US investors.

### Africa Guarantees Portfolio

[gross exposure], percent, FY03

by sector

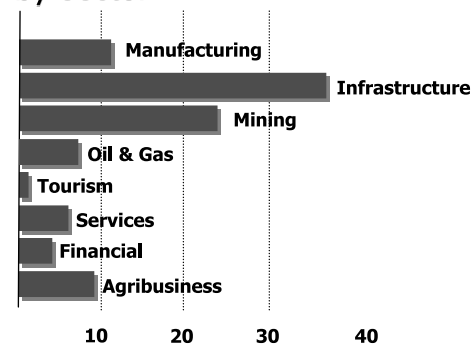


Figure 3. MIGA's Africa portfolio, by sector

### Africa Guarantees Portfolio

[gross exposure], percent, FY03

by country

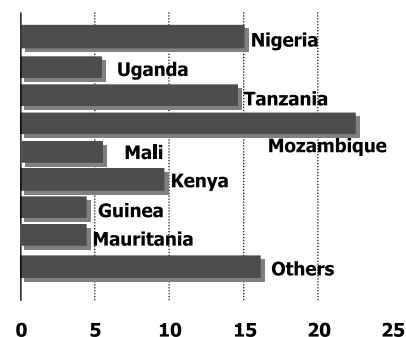


Figure 4. MIGA's Africa portfolio, by country

Figure 3 shows MIGA's Africa Guarantees Portfolio by sector as of fiscal 2003; infrastructure and mining are the two dominant sectors. Figure 4 shows the

same portfolio by country; Mozambique, Nigeria, and Tanzania are the top three by gross exposure.

Some examples of typical guarantees provided by MIGA to companies investing in Africa are:

- a guarantee of Harsco Corporation (US) in the manufacturing sector of South Africa;
- a guarantee to support investment in the rehabilitation of the Port of Maputo in Mozambique;
- a guarantee provided to Starlight Communications (US) to cover its investment to expand telephone service in Uganda; and
- coverage provided to Ormat Holding Corp. for its investment in a geothermal plant in Kenya.

MIGA has been particularly active in projects in East Africa. Among the largest of these projects have been:

- guarantee of US\$63 million to mining companies in Canada, France, and the United Kingdom for a mining sector project in Uganda (1993);
- guarantee of US\$107.5 million to OrPower 4 Inc. of Cayman islands for an infrastructure sector project in Kenya (2000); and
- guarantee of US\$172 million to Barrick Gold Corp. and SocGen of Canada for a mining sector project in Tanzania (2001).

### **World Bank Group activities in Africa**

The World Bank Group, as a whole, has an African Portfolio with a commitment of US\$16.7 billion for 365 projects. This commitment comprises two types of lending: investment lending and adjustment lending. Over a quarter of the portfolio's total commitment – US\$4.4 billion, or 26 per cent – is concentrated in three countries: Tanzania, Uganda and Ethiopia.

As figure 5 shows, the components of the World Bank's strategic framework for Africa, as well as the major structural themes, have changed over the past four decades. The current major themes are multi-sectoral and multi-country projects, particularly in the areas of governance and economic policy/management.

### The Bank's Strategic Framework for Africa

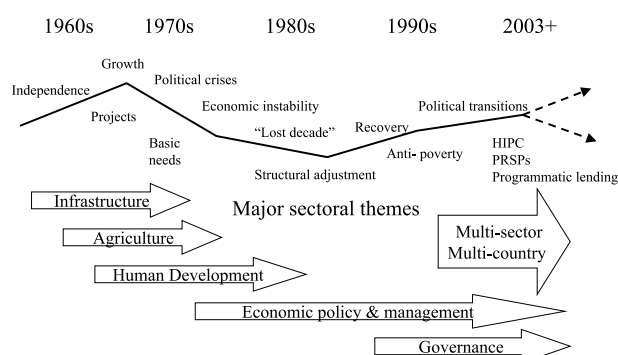


Figure 5. The World Bank's strategic framework for Africa

Why is development of the private sector so important in Africa? Consider the following facts:

- Since 1997, world prices of Africa's traditional non-oil exports have fallen 35 per cent.
- Africa's total loss of world trade since 1970 is equivalent to almost US\$70 billion (five times the current level of Official Development Assistance).
- In 2000, Africa accounted for less than 2 per cent of world merchandise exports, and attracted less than 1.2 per cent of world FDI flows.
- Intra-regional merchandise trade in Africa amounted to just US\$11 billion in 2000, a minuscule amount compared with the US\$650 billion and US\$1,625 billion, respectively, of Asian and Western European intra-regional merchandise trade.

Growth and competitiveness of the private sector in African nations are key to generating income and employment across the continent as well as to attaining the UN's Millennium Development Goals. African countries urgently need to increase private investments, both domestic and foreign, and the role of the private sector is critical to achieving sustainable growth.

The World Bank's Private Sector Strategy encompasses growth via "entry points", investment climate assessments (ICAs), a minimum infrastructure platform (MIP), trade facilitation, and the Micro, Small and Medium-size Enterprise (MSME) sector initiative. The World Bank has identified four strategic pillars for achieving its

## Session 1: Investment and private sector development in Africa

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Private Sector Strategy goals in Africa:

- improving governance (by offering continued support to post-conflict and low-income countries under stress, strengthening popular demand for good governance, and enhancing the capacity for service delivery);
- investing in people (by strengthening top-down and bottom-up systems to deliver services, building integrated systems for risk mitigation, and providing leadership and advocacy in selected areas, such as HIV/AIDS and Education-for-All);
- enhancing growth and competitiveness (through growth back at centre, a strong trade lens, a deepened regional approach, mainstreaming of gender, major investments in infrastructure, improved access to capital, and sustainable agriculture and rural recovery); and
- increasing aid effectiveness (by implementing emerging aid models and mainstreaming statistical capacity).

The role of the World Bank's Private Sector and Finance Group is to promote private investments in the region and help to strengthen competitive efficiency and improve access to finance by:

- facilitating improvements in business environment,
- building skill capacities to supply the emerging private sector,
- improving access to finance,
- promoting Private Participation in Infrastructure (PPI) and parastatal reform, and
- promoting the MSME sector.

By sector, the greatest net commitment of World Bank projects is in the transport sector (US\$3.1 billion; 32 projects), while the sectors with the greatest number of projects are health, nutrition, and population (53 projects; US\$1.8 billion) and education (43 projects; US\$1.5 billion).

The three main areas of growth are diagnostic work, operations, and innovations. Current diagnostic work in Africa includes:

- assessment of the investment climate;
- review of Recent Economic Development in

Infrastructure (REDI);

- analysis and strategies of sources of growth, such as tourism sector assessments and growth strategies in Madagascar and Senegal, manufactured export (garment) assessments and growth strategies in Kenya and Lesotho, and agro-processing and value chain analysis in Ghana and Uganda;
- a joint Financial Sector Assessment Programme (FSAP) with the IMF in Ghana, Kenya, Mozambique, Senegal, South Africa, and Zambia); and
- the MSME initiative and Multi-Country HIV/AIDS Programme (MAP) in Mali and Nigeria.

Current work in operations in Africa focuses on "growth poles." These include:

- entry points linked to a Minimum Infrastructure Platform (MIP) for growth, such as investment in physical infrastructure and public-private participation – the Ghana Gateway, Mali Sources of Growth, and Madagascar Growth Poles;
- bringing trade facilitation and public institutions (customs, standards bureaus, immigration for market access, etc.) up to international standards; and
- upgrading the competitiveness of export firms (through technology acquisition, market intelligence, and skills and capacity).

Among ongoing innovations in Africa are:

- non-bank financial institution-pension reforms in Senegal and Uganda, and insurance sector reforms (domestic savings and local currency);
- Rural Micro Financing in Madagascar and Tanzania;
- public-private partnerships for infrastructure; and
- trade insurance for regional trade (Africa Trade Insurance Agency).

I wish to highlight that Africa has set its own trade and investment guarantee agency, based in Nairobi, Kenya: the African Trade Insurance Agency (ATI) is Africa's only multilateral import and export credit and

investment insurance agency. This new agency provides on the ground, in Africa, support that is similar to MIGA's support.

Finally let me say that I am very proud that today Africa represents 20 per cent of MIGA's US\$5 billion portfolio. The business community in Japan, and in Asia, should be aware of these new developments.

I thank you very much for your attention.

**Joseph Smadja,**

**Deputy Executive Director,  
International Trade Centre,  
UNCTAD/WTO**



### **Building capacity in Africa: An overview of the Joint Integrated Technical Assistance Programme and other trade-related technical assistance initiatives**

It is a great pleasure and a privilege for me to be here with you on the occasion of this 2004 Africa Day Symposium. This symposium has become an integral part of the very important Tokyo International Conference on African Development (TICAD) initiative and process, and it offers an excellent forum for discussion on current issues of concern to Africa.

I would like to thank the African Group of Tokyo, and the Japanese authorities, for having invited the International Trade Centre UNCTAD/WTO (ITC) to talk about a subject that is becoming more and more important in the field of development: trade-related technical assistance (TRTA) and capacity building.

Indeed, over the last decade, the fact that trade and development are closely linked has been acknowledged by the international community in a number of major declarations, including the Doha Ministerial Conference, the Monterrey Consensus on Financing for Development, and the United Nations Millennium Development Goals. All these major commitments, as well as others, specifically refer to the provision of trade-related technical assistance to developing countries, and particularly to Least Developed Countries – the majority of which are in Africa.

Trade capacity building, according to a broad definition provided by the Development Assistance Committee in its "Guidelines on Strengthening Trade Capacity for Development" (2001), aims at enhancing the ability of policy makers, enterprises and civil society in developing countries to:

## Session 1: Building capacity in Africa: An overview of the JITAP and other TRTA initiatives

- Collaborate in formulating and implementing a trade development strategy embedded in a broader national development strategy. This means establishing a trade policy process with broad stakeholder participation that can set agendas and identify clear objectives.
- Increase the volume and value-added of exports, diversify export products and markets, and increase foreign investment to generate jobs and exports. This involves strengthening trade policy institutions as well as raising the potential of enterprises to seize trading opportunities as they emerge.
- Participate in – and benefit from – the institutions, negotiations and processes that shape national trade policy and the rules and practices of international commerce. This requires active participation in the World Trade Organization (WTO) and other trade negotiation forums to promote each country's own trade interests.

The ultimate strategic objective of donors' collective and overall support to Trade Capacity Building is to promote and strengthen a durable, efficient and participatory trade policy framework and process in the partner country.

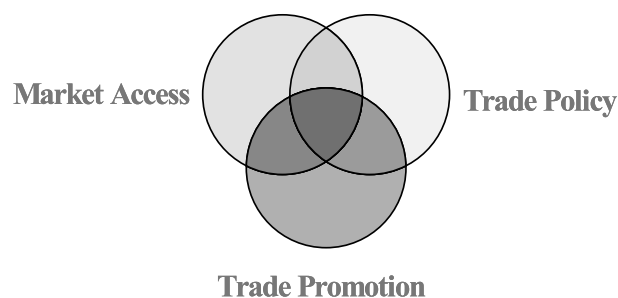
ITC contributes to the realization of the above-mentioned objectives of TRTA as the focal point in the United Nations system for technical cooperation with developing countries in trade promotion. Today, as ITC celebrates its 40th anniversary this year, I am pleased to be able to share with you some thoughts on TRTA in Africa and ITC's efforts to respond to the key challenges to trade development in Africa.

Allow me, first and foremost, to stress that trade development is indeed a multidimensional endeavour. It includes issues relating to:

- market access (quotas, customs tariffs, technical barriers to trade (TBT), sanitary and phytosanitary (SPS) regulations, as well as other non-tariff barriers),
- trade facilitation (export licences, customs clearance, harmonization of shipping documents, etc.),
- trade policy (national-level policies on trade,

import and export duties, taxes and subsidies, safeguards, export incentives, etc.), and

- trade promotion (product and market development activities, Small and Medium Enterprises (SMEs), and private sector development through information and awareness raising, training and advisory services).



The three trade-related organizations operating in Geneva aim to address specific components of the above-mentioned aspects of trade development, each having its own comparative advantage:

- United Nations Conference on Trade and Development (UNCTAD) is the global forum for integrated responses to development concerns and related issues of trade, finance, services, investment, and technology.
- The World Trade Organization (WTO) is the platform for negotiating multilateral trade rules and monitoring their implementation, and for the settlement of disputes.
- The International Trade Centre (ITC) – the technical cooperation organization of both UNCTAD and WTO – deals with the strategic and operational aspects of trade and export development.

Let me attempt to briefly explain what the work of these three organizations looks like in practice. UNCTAD helps governments to develop the local capacities to formulate trade-negotiating positions. WTO disseminates and explains the rules and agreements and how to implement them. ITC complements UNCTAD's and WTO's research, policy, advocacy, and normative work by clarifying the business implications of multilateral trade agreements and explaining to exporters in developing and transition economies how they can benefit from

the rules-based trading system. ITC provides effective trade promotion services to trade support institutions, SME exporters, and government and parastatal institutions (such as trade promotion organizations) in developing countries and countries in transition to help those countries expand their exports and improve their import operations.

As we are all aware, Africa is confronted with a number of development challenges, many of which were the subject of intensive discussions here at the TICAD meeting. Some among you may be of the view that against the backdrop of critical development constraints in African countries, why should we be talking about trade? Should development initiatives not focus, first and foremost, on such critical developmental concerns as education, health, food security, water, and sanitation? Isn't poverty alleviation the paramount concern of the development community? We at ITC agree that development efforts need to be focused on such social sectors; but, we are equally convinced that the development of the trade sector and the integration of African economies in the global economy can play an important role in alleviating poverty and addressing many of the above-mentioned social concerns.

What, then, are the key challenges that Africa faces in the effort to enhance its participation in the global economy?

First, and foremost, countries in Africa need to build their capacities in trade negotiations with the full and effective participation of the business community. The views, aspirations, and needs of exporters need to be fully taken into consideration in developing trade-negotiating positions in any given country.

Second, African countries need to have improved access to export markets. Whereas they have been offered duty- and quota-free access to a number of important markets for a large number of products – under agreements such as Everything but Arms (EBA), the African Growth Opportunities Act (AGOA), and the African, Caribbean and Pacific Group (ACP) - Cotonou – their exports continue to face severe non-tariff barriers as well as tariff barriers on a number of manufactured products.

Last, but not least, African countries in general face critical supply side constraints that need to be addressed at the national level. These include production-related constraints as well as issues relating to standards and quality management, export packaging, trade finance, trade information, quality of trade support services, etc.

ITC programmes aim to address these key challenges by providing a range of technical assistance information and advisory services as well as a variety of tools and programmes aimed at building core and sustainable capacities in trade development. A full list of ITC tools and services can be found in ITC's Compendium of Tools and Services on the ITC website. Today, I will focus on three of our flagship programmes which aim to respond comprehensively to these challenges, and which can give you a flavour of ITC's mandate, products, and services as well as its partners in TRTA. These flagship programmes are the Joint Integrated Technical Assistance Programme (JITAP), the Programme for Building Africa's Capacity for Trade (PACT), and the Integrated Framework for trade-related technical assistance to least developed countries (IF).

### ***Joint Integrated Technical Assistance Programme***

JITAP is a multi-country, multi-agency capacity building programme. After a successful first phase (qualified as such by external evaluators), which ran from 1998 to 2002, a second phase was launched in February 2003 and is expected to be completed in 2006. The JITAP programme was highly commended, inter alia, by the Conference of African Trade Ministers held in Mauritius in June 2003, and also by the ACP Trade Ministers Meeting in Brussels in August 2003.

JITAP is a joint programme, in the sense that it is jointly executed by three agencies – UNCTAD, WTO, and ITC – in 16 African countries. Its total budget over the second phase is US\$12.6 million.

The first group of countries that participated in JITAP I are Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tanzania, Tunisia, and Uganda. These countries will continue to receive support for a further

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period of two years in JITAP II to further enhance capacities built under JITAP I and ensure sustainability in the long term. The new countries in JITAP II – Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal, and Zambia – will go through a full implementation period of four years. The selection of partner countries was based on criteria resulting from their commitment in terms of national allocations of counterpart resources to support programme activities, the establishment of National Steering Committees, creation of Inter-Institutional Committees on the Multilateral Trading System (MTS), and mainstreaming of trade as an engine for poverty reduction.

The main objective of JITAP is to build capacities and enhance national knowledge based on the MTS, with a view to more effectively participating in trade negotiations, implementing the WTO Agreements, and formulating related trade policies. In addition, JITAP aims to improve the supply capacities and market knowledge of exporting enterprises to derive benefits from business opportunities resulting from better market access under the MTS.

Programme implementation takes place through five inter-linked modules, each of which plays an important role in meeting the overall objectives of the programme. An integral part of the programme is the development of generic toolkits under each module that allow "self-implementation" of certain module activities. The modules cover the following areas:

- providing institutional support on MTS issues in the area of compliance, trade policies, and negotiations,
- strengthening MTS Reference Centres and National Enquiry Points,
- enhancing MTS knowledge and networks,
- formulating product and services sector strategies, and
- enhancing networking and programme synergies among beneficiary countries and project partners.

A Steering Group oversees the operations of the programme; it is composed of donors, representatives of beneficiary countries, and the three executing agencies. JITAP is funded through a Common Trust

Fund administered by ITC to which ten donors currently contribute: Canada, Denmark, Finland, France, Germany, Japan, Netherlands, Norway, Sweden, and the United Kingdom. I take the opportunity to extend our thanks to the Government of Japan for their contribution to JITAP; we look forward to a continued collaboration in this regard.

### ***Programme for Building Africa's Capacity for Trade***

At the Kananaskis G8 Summit, the Canadian Prime Minister announced the Canada Fund for Africa in support of the New Partnership for Africa's Development (NEPAD). This includes a joint programme by the ITC in Geneva and the Trade Facilitation Office Canada (TFOC) in Ottawa. These two organizations, both involved in trade-related technical assistance to developing countries for several decades, are tasked with providing "practical assistance to enhance the capacity of the African private sector to do business internationally and to promote their exports".

Since the announcement of this new initiative, ITC and TFOC have jointly developed a programme concept known as "Programme for building Africa's Capacity for Trade" (PACT), for which the Canadian International Development Agency (CIDA) earmarked a budget of US\$6 million over a five-year period.

PACT is a direct response to the market access initiative of NEPAD as well as to the Doha Development Agenda, which combines the launch of a new round of multi-lateral trade negotiations with a commitment for trade-related capacity building so as to enable developing countries to better reap the benefits of globalization. Specifically, PACT addresses supply-side constraints of developing countries with a view to diversifying their production and export base.

The programme, although in its early stages, has already achieved some "early deliverables" by providing technical assistance that addresses urgent supply-side needs. These include export packaging assistance to Ghana and Tanzania, support to horticultural exporters in Ghana, and market



opportunities studies for export of Tanzanian and Senegalese products to Canada.

The programme will be implemented in seven countries – in four pilot countries (Ghana, Senegal, South Africa, and Tanzania) where implementation is already underway, and in three new ones (Ethiopia, Mali, and Mozambique). The programme provides a unique opportunity for exporters to tap export markets (including in Japan) and helps identify key sectors in each of the countries having sound export potential. In addition, the programme will launch a regional initiative on gender and trade.

### ***Integrated Framework***

The Integrated Framework for trade-related technical assistance to least developed countries (IF) is a multi-agency, multi-donor program that assists the least developed countries (LDCs) to expand their participation in the global economy, thereby enhancing their economic growth and poverty reduction strategies. The IF programme was first mandated by the WTO Singapore Ministerial Conference in December 1996. The participating agencies are the International Monetary Fund (IMF), ITC, UNCTAD, United Nations Development Programme (UNDP), World Bank, and WTO.

The IF has two objectives:

- to mainstream" (integrate) trade into the national development plans, such as the Poverty Reduction Strategy Papers (PRSPs), of least developed countries, and
- to assist in the coordinated delivery of trade-related technical assistance in response to needs identified by the LDCs.

The IF is built on the principles of country ownership and partnership. Other key elements for the revamped IF are:

- an improved governance structure with the establishment of the Integrated Framework Steering Committee (IFSC) and the expanded IF Working Group (IFWG) for better coordination amongst donors, beneficiary LDCs, and the agencies;
- the establishment of the IF Trust Fund, which finances mainstreaming work, led by the

World Bank, as well as follow-up activities from the studies; and

- improved coordination of the delivery of trade-related technical assistance amongst bilateral and multilateral donors within a coherent policy framework.

ITC's contributions to the IF initiative have been designed with specific objectives in mind: namely, to show immediate and concrete results by promoting the participation of the private sector; to use, to the greatest extent possible, locally available expertise so as to enhance local capacities; and to optimize the potential for a broad-based participation of development partners.

ITC is committed, under the IF, to put in place new ways to link the LDCs' production capacities to fast-growing export markets. Thus, ITC concentrates on strengthening the capacity of export-oriented SMEs in LDCs, particularly labour-intensive enterprises, so as to have a direct impact on employment and income generation, and hence on wealth creation. This is done through capacity building in the formulation of sector strategies, provision of trade support services, and improvement of enterprise-level performance.

ITC participates actively in all the steps of the IF, ensuring inter-agency coherence in the area of export development. Some concrete examples of assistance being provided by ITC under the IF initiative are as follows:

- ITC assists in the formulation of strategies for export diversification of products and sectors with good potential, such as fishery and agro-processing in Gambia, mushrooms and green beans in Tanzania, and silk and grains in Uganda. Activities include improvements of export production technology and quality management, training in product conditioning and marketing, as well as production-related assistance to small-scale farmers.
- In Burundi, ITC has provided a comprehensive package of assistance using Haitian know-how on exports of essential oils. This included feasibility studies followed by advice on plantation, agro-processing, and marketing. Hundreds of jobs have been

created, with export orders recently placed for Patchouli oil and citronella by a French company. A sharp increase is foreseen in terms of exports and employment from 2005.

- In Mauritania, ITC is implementing two projects aimed at strengthening the trade support services provided to SMEs, in particular in the field of trade information, to provide exporters with timely business information on prices, market trends, buyers, etc.

### **Conclusion**

In conclusion, I would like to emphasize that our activities and programmes in Africa have revealed high export potential for specific product sectors as well as for investments and for entering into strategic business alliances in the form of joint ventures. A number of possible partnership opportunities for building international competitiveness in Africa have been identified. Based on research and analysis carried out under JITAP and PACT, the promising sectors include apiculture, cassava/tubers, clothing, crafts, dates, fisheries, fresh fruits/vegetables, leather, meat, medicinal plants, oilseeds, sericulture, spices, tourism, visual arts, and the wood sector.

I call upon you, especially members of the business community, to take advantage of these business opportunities that present a win-win situation for both Japan and for African economies. I am at your disposal for any questions or clarifications you might require.

I thank you for your attention.



Salah-Hannachi, Mohamed Ibn Chambas, Reijiro Hattori, Kenneth Kwaku, Joseph Smadja, Shigeru Omori

### **Shigeru Omori,**

**Director of First Africa Division, Ministry of Foreign Affairs of Japan**

### **The TICAD follow-up process: The perspectives of Japan**

It is my great honour to speak to you at this symposium to commemorate the establishment of the African Union. As you know, today's theme is "Trade and Investment"; this is precisely what the Government of Japan has pursued with its Tokyo International Conference on African Development (TICAD) process, which it has co-hosted with the United Nations, Global Coalition for Africa (GCA), United Nations Development Programme, and World Bank. Indeed, at TICAD III, which was held in Tokyo last September, Prime Minister Koizumi announced that Japan would host a TICAD-related Asia-Africa Trade and Investment Conference this autumn. Today, I would like to explain Japan's efforts in this field, focusing on the trade and investment initiatives raised at TICAD III.

### **The TICAD follow-up process**

First, allow me to give a quick overview of the TICAD process. Japan started the process in 1993, aiming at rekindling world interest in the issue of development in Africa – an interest that was then starting to wane following the end of the cold war. This initiative was much appreciated by the international community, and became a symbol of Japan's positive foreign policy (alongside other efforts, such as participation in the UN Peacekeeping Operations in Cambodia and Mozambique, which started in the same period). Japan continued to play a leading role in efforts for African development in international society, with the basic concept of "ownership" (self-help efforts) by the African side and partnership by the international community, through the TICAD process.

This initiative bore fruit in Africa, such as the establishment of the African Union (AU) and the New Partnership for African Development (NEPAD).

Within the international community, it led to formulation of the Millennium Development Goals (MDGs) and the Africa Action Programme at the G8 Summit. We believe this initiative has thus pioneered a new movement in the past few years on the issue of development in Africa.

TICAD III, which was attended by some 1,000 participants from 89 countries and 47 international organizations – including 23 heads of state as well as AU Commission Chairman Konare, former President of Mali, and other leaders – was a great success. It is an international conference on African development that is unprecedented, not only in Japan but anywhere in the world, and has been well appraised from all quarters. I think this proves that, as a result of continuing the TICAD process over a decade or more, it has become internationally established and has found its role as a "marketplace" in which all countries and bodies involved in African development gather to exchange their respective ideas and initiatives.

In this "marketplace", Japan has raised, as the three pillars of cooperation with Africa, the "consolidation of peace" (including peace building and humanitarian aid), "people-centred development" (in the basic subsistence fields of capacity building and health care), and "poverty reduction through economic growth" (i.e., infrastructure, agriculture, and private-sector development). As Japan's own individual approach, meanwhile, we have also advocated "human security" and "South-South cooperation". This approach has won international understanding, to a certain degree, through TICAD III, and I think it is important for us to maintain a steady follow-up to TICAD III in order to further promote it. In this context, promotion of trade and investment is an area that will be an important pillar in future.

### ***Trade and investment in African development***

Now, let's take a look at the present state of trade and investment in African development. The Millennium Development Goals drawn up at the UN Millennium Summit in 2000 included a number of numerical targets, such as halving world poverty by 2015. To realize these targets in Africa, however, the consensus today is that Official Development Assistance (ODA)

to the public sector needs to be matched by the introduction of private-sector capital through trade and investment.

This idea has also been asserted in NEPAD, and Western countries are considering policies for improving market access and strengthening investment guarantee frameworks to promote trade and investment in Africa. At TICAD III, similarly, the need for trade and investment was stressed by many leaders, reflecting the failure of the WTO Ministerial Conference in Cancun that immediately preceded TICAD III.

Japan is aware of the private sector's role in African development, and recently has been even more interactive to promote trade and investments. To name just a few examples, Japan hosted the Tokyo Conference on Investment in Africa in February 2003, and also announced Japan's policy on cooperation for Africa on the eve of the G8 Evian Summit held later that year. At TICAD III, "private-sector development" was one of the top agenda items as well. In the Working Groups, the need to nurture domestic industries was discussed, as well as the need to reduce the risks and costs resulting from unstable political, economic, and social environments and a lack of information.

The future of Africa is again expected to be raised as an important topic at the G8 Summit in UK next year, with the trade and investment as possible major issues.

### ***TICAD Asia-Africa Trade and Investment Conference***

In response to these trends, as a follow-up to the TICAD process, the TICAD Asia-Africa Trade and Investment Conference will be held in Tokyo this autumn. In this conference, we will focus on trade and investment as a follow-up to TICAD III. However, it can be said that there is an emerging sense of "discussion fatigue" on the issue on trade and investment in Africa in international society. Therefore, to give a fresh "added value" to the conference, we would like to raise the following two points.

First, the focus of the conference must be on trade and investment between Asia and Africa. While trade and investment between these two regions do not necessarily account for a large share in the world at the present time, they are growing steadily along with the recent growth in many Asian economies. At the conference, we will analyse the current situation of trade and investment between Asia and Africa, both of which show a positive trend, as well as debate what can and should be done for further growth. This will probably be the first time this has been attempted – in fact, "South-South cooperation", or "Asia-Africa cooperation", is the catchphrase of the TICAD process. Meanwhile, deal-matching was also actually done at the Africa-Asia Business Forum co-hosted by Japan and United Nations Development Programme in Senegal in April. Various other initiatives are now underway, such as the Asia-Africa Public and Private Sector Joint Forum in Kuala Lumpur. By incorporating these opportunities and their outcomes, I hope that we can see even more concrete results from the conference this autumn.

Secondly, at this conference, rather than addressing general problems in promoting trade and investment with Africa, we would like to focus on as specific and practical a debate as possible – one based on actual experiences of policies and business in each country – and to link the discussion to actual measures. We should put those successful experiences together to overcome enduring obstacles in promoting trade and investment in Africa: a lack of information, and a negative image as a result. From this point of view, in this symposium today, it will be very effective to redirect our attention to a more empirical approach of studying actual cases. I hope that this will lead us to start working on some specific projects afterwards.

### ***What is expected from this symposium***

Based on the concept of the Asia-Africa Trade and Investment Conference, which is a follow-up to TICAD, as I have mentioned, we expect that Japan, African countries, and the various institutions will discuss what is needed to develop trade and investment in Africa, and what role each can play. I also hope that in today's discussions, we will find some ideas for future projects that Japan and Africa will work on together, and that eventually will enable

us to promote increased trade and investment between the two regions.

Before concluding, let me just add that another important issue with regard to Japan's ODA. I think it is necessary to consider how we can promote trade and investment in a way that will mutually benefit both sides. This is a part of our basic concept in formulating ODA strategy; based upon our successful experience of economic cooperation in Asia, in particular, we put much more focus on such projects as development of infrastructure, agricultural productivity, etc. than do other countries in their ODA. It is the same context that we are advocating at TICAD III: we should concentrate on "reducing poverty through economic growth". I believe that Japan's ODA can help boost trade and investment with the cooperation from the private sector, and that the relationship between Japan and Africa will grow stronger. I hope today's discussions will give us a chance to think about what we can do to achieve that goal.

At present, the amount of trade and investment between Japan and Africa is by no means satisfactory. In other words, it can be said that we still have plenty of room, which may turn into a big success.

In conclusion, I would like to reiterate that we need your cooperation for our run-up to the Asia-Africa Trade and Investment Conference for the next six months, so that we can make the conference successful in providing opportunities for Japan, Africa, and the whole of international society. I would also like to stress that we will make every effort, too, for this symposium to draw attention among all of us to reconsider what contribution each party can make.

### Iwao Okamoto

Senior Executive Director,  
Japan Bank for International  
Cooperation

### The Japan Bank for International Cooperation's contributions to African development and economic stability

Ladies and gentlemen, it is my great honour to have this opportunity to speak at today's symposium commemorating the 2004 Africa Day.

Let me first introduce our institution, the Japan Bank for International Cooperation (JBIC). JBIC is affiliated with the Government of Japan, and is engaged in international financial operations as well as overseas economic cooperation, or Overseas Development Assistance (ODA) loans. The main objectives of our international financial operations are to promote Japanese imports and exports as well as overseas economic activity, and to contribute to international financial stability. The main objective of our overseas economic cooperation, meanwhile, is to provide financial resources that will contribute to economic and social developments as well as to economic stability in countries in need.

Formerly organized as the Export-Import Bank of Japan and Overseas Economic Cooperation Fund, JBIC has brought together the financial tools of these organizations to support African countries. We provide export financing and overseas investment credit to commercially feasible projects in which Japanese companies participate as exporters or investors. Also, we take a comprehensive approach, as can be seen in the case of MOZAL II aluminium-refining project in Mozambique in which we provided direct financial support for the main project as well as financial resources for power-line construction for the project. In other areas, we have provided a large amount of ODA loans focusing on the economic infrastructure such as transportation, electricity, and telecommunications in Maghreb (north-western Africa) and sub-Saharan countries through ODA loans.

To date, JBIC has approved the equivalent of roughly US\$31 billion in financing and guarantees to African countries. As of the end of March 2004, we still have a balance of some US\$11 billion. In addition, as a part of government efforts, we are planning to take measures for debt-relief of up to US\$3 billion in line with the Expanded Heavily In-debt Poor Countries (HIPC) Initiative and with the efforts of the Government of Japan. Through these measures, JBIC is contributing to reducing poverty and promoting growth in Africa.

I would now like to discuss Japan and Asia's strategies toward Africa. Unfortunately, motivation among Japanese businesses for investment in and trade with sub-Saharan countries is not high, with the exception of South Africa and a few other resource-producing countries. Under this circumstance, we at JBIC would like to ask for sincere efforts to improve the investment environment in Africa as a first step to expanding trade and investment from Japan. Among the needed improvements, I would like to mention four points in particular:

- political stability and public order;
- predictability in various systems related to trade and investment, legal and tax systems, and currency-exchange control;
- adequate infrastructure, such as water, electricity, roads, and railroads; and
- promotion of market integration

We believe that Japan must work to build a framework so the Government of Japan, organizations such as the Japan External Trade Organization, Japan International Cooperation Agency, and JBIC, as well as the business circle can collaborate effectively. By doing this, we can help to increase the motivation of Japanese companies. We will also be able to facilitate support from the Government and related organizations to make it available interactively and effectively for those companies that are interested in projects of trade and investment to sub-Saharan countries, by providing information, feasibility study support, and consultation and support in capital procurement, and making requests to host governments.

With regard to the infrastructure needed to improve the investment environment, we are aware that this is an area where ODA loans can play a significant role,

and that African countries have great expectations in this regard. As for Maghreb countries, such as Tunisia and Morocco, JBIC will continue to actively provide ODA loans in the fields of economic infrastructure, human resources development, and water resources management, as these will help make industry more competitive.

As for sub-Saharan Africa, JBIC had provided a large amount of ODA loans through the 1990s. We are currently implementing or planning to implement debt-relief measures in many countries, based on the Expanded HIPC Initiative. Since it is a basic policy of the Government of Japan not to provide new loans to countries undergoing debt relief, however, it is difficult for us to extend new loans to the HICPs. I will add, though, that the Government is now surveying how Japan can cooperate with sub-Saharan countries in order to meet their needs in infrastructure.

At the 3rd Tokyo International Conference on African Development (TICAD III), held in September of last year, Prime Minister Koizumi announced that Japan will "promote investment from Japanese enterprises to Africa through investment financing, with a target of 300 million dollars over five years". As I mentioned previously, it is important to create a suitable investment environment that will attract more investments from Japan. Since each country of sub-Saharan Africa has a relatively small-scale market, it is vital to integrate these small markets to make them more attractive. With this in mind, we will study possibilities for assistance that will contribute to this integration, such as construction of cross-border transportation.

Finally, I wish to note that when providing financing to the sub-Saharan countries, bilateral organizations such as JBIC cannot take high risks. Therefore, we would like to seek collaboration with World Bank Group members, such as the Multilateral Investment Guarantee Agency (MIGA) and International Finance Corporation (IFC), the African Development Bank, and other regional development and financing organizations.

Thank you.

### Jean-Christian Obame

Ambassador of Gabon to  
Japan



### Enhancing the TICAD III follow-up process: The African Diplomatic Corps' perspective

It is a once again a great honour and pleasure to participate as a panellist in this symposium at United Nations University, in connection with the 2004 Africa Day celebrations and also in preparation for the forthcoming Asia-Africa Trade and Investment Forum, which is to be held here in Tokyo during October/November 2004.

My comments today will focus on two main areas. First, I will revisit the concept of the institutionalization of the Tokyo International Conference on African Development (TICAD) process as perceived by the African Diplomatic Corps in Tokyo, in light of the TICAD III Summit's recommendations. Then, I will present two initiatives that we of the African Diplomatic Corps believe are badly needed for enhancing the TICAD III process, and which could go a long way to promoting investment, trade and cultural exchanges between Africa and Japan and Asia.

#### ***The institutionalization of TICAD III: From concept to action***

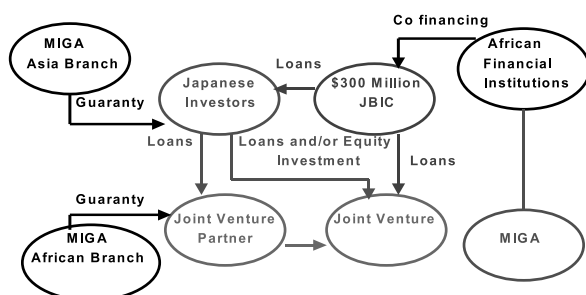
Let me begin by elaborating on the concept of institutionalizing TICAD III. The TICAD process, which was launched in 1993 by the Government of Japan, has so far been supported by four main Institutions: the United Nations Development Programme (UNDP), United Nations Office of the Special Coordinator for Africa and the Least Developed Countries (UN-OSCAL), Global Coalition for Africa (GCA), and World Bank. Over the past 10 years of implementation, the TICAD process has been recognized as having achieved its main objectives of:

- raising awareness about African development issues,

- promoting "ownership" by Africa, and "partnership" in the international community, and
- helping to catalyse and mobilize resources towards the financing of priority development projects (education, health, and socio-economic infrastructure) in Africa.

Through a series of conferences and plans of action, the TICAD process has succeeded in becoming an important major international forum focusing on African issues. The TICAD process can now create a synergy with other recent initiatives on Africa, such as the New Partnership for Africa's Development (NEPAD). It is in recognition of this that 23 African Heads of State and Governments, as well as others, attended the TICAD III Summit in September/October 2003.

CONTRIBUTION FOR EFFECTIVE USE OF THE  
US\$ 300 MILLION MANAGED BY JBIC  
FOR PROMOTING JAPANESE INVESTMENT IN  
AFRICA



While it has been highly successful, however, the TICAD process has some shortcomings. First of all, TICAD is simply a forum for discussion; it is neither a fund-raising mechanism nor a pledging institution for developing and financing projects. Furthermore, the TICAD process has so far been coordinated by the Government of Japan through a steering committee working in either in New York or Washington, DC. The TICAD process has no coordinating body outside the Ministry of Foreign Affairs of Japan, even though the representatives of African countries (33 embassies) in Tokyo have always requested to be more involved (such as in setting the agenda, selecting the main themes, and following up on the implementation). Overall, the involvement of Africans in the TICAD process has generally been limited; while the TICAD preparatory ad-hoc meetings in Africa have been useful, we are still left

with the impression that there is a "missing link" in the process.

There is widespread support for the institutionalization of the TICAD process. During the TICAD III meeting, it was acknowledged that African leaders have engaged in the process of ensuring Africa's ownership of its own development through the strengthening of the African Union (AU) and the adoption of NEPAD. Several African Heads of State specifically proposed in their speeches the establishment of a follow-up mechanism to TICAD III – including (to name just a few) Presidents Thabo Mbeki of South Africa, Omar Bongo Ondimba of Gabon, Abdoulaye Wade of Senegal, and Joaquim Chissano of Mozambique. Furthermore, the TICAD Tenth Anniversary Declaration provides that "the TICAD process would continue in a more institutionalized manner, and its outcomes would be regularly followed up".

The Prime Minister of Japan, Junichiro Koizumi, in recognition of the importance of Africa's ownership and expansion of partnership, indicated that "Japan will move to institutionalize TICAD as a mean of strengthening its follow-up and to make the TICAD process more dynamic". Former Prime Minister Yoshiro Mori also indicated that "the co-organizers of TICAD have committed themselves to continue the TICAD process in a more institutionalized form."

We of the African Diplomatic Corps would like to propose two initiatives to enhance the TICAD process: establishment of a TICAD Secretariat, and establishment of an Africa-Japan and Asia Centre for Investment, Trade and Cultural Exchange (AJAC).

### **Establishment of a TICAD Secretariat**

There is a perceived need for setting up a small TICAD Secretariat in Tokyo, where 33 African Embassies are based. A joint committee composed of members of the Ministry of Foreign Affairs of Japan and members of the African Diplomatic Corps (ADC) could be formed for drafting the articles of such a Secretariat and outlining its functional organization chart.

Initially, the main initial functions of the Secretariat

would be:

- Assisting the Ministry of Foreign Affairs of Japan in the follow-up of the TICAD process;
- Coordinating activities relating to the TICAD process with the African Diplomatic Corps in Japan and China;
- Facilitating contact with the NEPAD Secretariat, the African Union and African sub-regional organizations;
- Setting up a network of communications with Japanese official agencies, the private sector, media, and NGOs; and
- Preparing the grounds for a feasibility study on launching of an Africa-Japan and Asia Centre (AJAC) for promoting investment, trade, and cultural exchanges.

This feasibility study could receive assistance from Japanese agencies (such as the Japan External Trade Organization), the Joint Integrated Technical Assistance Programme (JITAP) of UNCTAD/WTO, and other multilateral institutions. Initial comments from their respective representatives here today are indeed welcomed and expected.

It is proposed that, at the beginning, the small Secretariat be located in a place widely open to the public, such as United Nations University (which is already cooperating with ADC in providing intellectual and logistical assistance for the organization of symposiums on African issues). In the second phase, the Secretariat would be moved into the new Africa-Japan and Asia Centre.

### ***Establishment of the Africa-Japan and Asia Centre***

A second initiative would be establishment of an Africa-Japan and Asia Centre for Investment, Trade and Cultural Exchange (AJAC). The roles of AJAC would be:

- promotion of effective partnership through economic, trade, and cultural exchanges between Japan and Africa, as well as between Africa and Asia as a whole, and
- enhancement of the synergy between TICAD III and NEPAD.

Thus, the AJAC would, together with the TICAD

Secretariat, become a follow-up tool for TICAD III and successors. The primary objectives of the centre would be:

- to further enhance friendship and mutual understanding between the Japanese and African peoples;
- to contribute to a better rationalization and streamlining of the aid inflows to Africa, so as to increase efficiency in both poverty alleviation and sustainable development; and
- to enhance the partnership between Africa and Japan/Asia through the promotion of investment and trade and the transfer of technology.

The main activities that AJAC would undertake to achieve these objectives would be:

- to introduce and publicize products, industries, and the natural and tourism resources of African countries in Asia;
- to provide useful information through an up-to-date database on African economies and investment opportunities;
- to facilitate the provision of market access information on African products, and information on Japanese market requirements, through research and publications;
- to promote cultural exchanges by hosting symposiums and exhibitions, organizing festivals and cultural events, etc.;
- to improve the communication channels between Africa and Japan, with an emphasis on language facilities; and
- to enhance the positive image of Africa in Japanese society.

AJAC would be managed by a Consultative Council (consisting of representatives of the Africa-Japan Parliamentary League) and an Executive Board (consisting of representatives of national partners, appointed by members). The Executive Board would supervise the activities of the Centre, which would be carried out by a Director General and staff comprising both Africans (former students in Japan and professionals) and Japanese (former staff of agencies and NGOs).

Various options for financing AJAC are possible,



hinging only on a political will for setting up such a centre. The six main sources that can be contemplated are: the Government of Japan, African countries (through their embassies in Japan), other Asian countries, sponsors (such as Japanese companies established in, or having business interests in, Africa), African sub-regional and regional organizations, and others (donations). Through its main activities (hosting of symposiums, exhibitions, and cultural events, publications, etc.), it is envisaged that AJAC could become a self-financed institution in the medium term.

### ***Conclusion***

To conclude my remarks, let me say that strong economic growth is essential for ensuring sustainable development in Africa, and invigorated investment is critical to achieve this objective. It is our strong view that the proposed centre will be instrumental in enhancing the synergy between TICAD and NEPAD, and it will contribute to the mutually beneficial partnership between Africa and Japan and between their respective peoples.

With the African Diplomatic Corps in Tokyo, together with the Friendship Japan-AU Parliamentary League and other partners (such as UNU, the Japan Ministry of Foreign Affairs, Japanese agencies, the business community, and NGOs), let's work together to establish a stronger partnership between Africa and Japan and Asia.

Thank you.

## Concluding Remarks

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The presentations and discussions at the 2004 Africa Day Symposium highlighted various issues related to trade and investment in the context of the Tokyo International Conference on African Development (TICAD). One main outcome of this symposium is the general concern regarding "How to better strategize Africa?" In other words, it is extremely important to identify actions, policies, and strategies that can promote a better integration of the entire African continent in the world economy. The symposium participants made many fruitful comments, among which we can underscore the following main responses:

First, the 2004 Africa Day Symposium's participants highlighted the importance of creating an "African viable business environment". This relates directly to the consolidation of peace, the building of capacity, the development and strengthening of relevant institutions, and the implementation of a more human-centred development.

Second, the participants underscored Africa's own capacity to solve its own problems. Western Africa, in particular, has already proven its ability to support its own development – more specifically, in terms of development through trade and investments. In recent years, Africa has developed some instruments that support its own development. Both the New Partnership for Africa's Development (NEPAD) and the African Union are already playing an active role in this process.

Third, the participants strongly encourage Africa to take better advantage of mechanisms that are already in place, such as the Multilateral Investment Guarantee Agency (MIGA) initiative, the Joint Integrated Technical Assistance Programme (JITAP), the Programme for Building Africa's Capacity for Trade (PACT), and the Integrated Framework for trade-related technical assistance to least developed countries (IF). These mechanisms can greatly support the African continent in order to strengthen its trade and investments and effectively attract more Foreign Direct Investment (FDI).

Fourth, it is important to actively support the already

well-established relations that exist between the Japanese government and business community and African partners. The Japanese government has shown its strong interest in African Development (i.e., the TICAD process). The Japanese business community has also contributed to the development of trade and investment with and within Africa. In order to make Africa more attractive to Japanese and Asian business communities, it is important and timely that all partners join their efforts in providing more accurate and reliable information, highlighting the advantages of investing in Africa.

Fifth, the African Diplomatic Corps (ADC) representatives reiterated the need to enforce the institutionalization of the TICAD process, the need to establish a TICAD secretariat, as well as the need to establish the Africa-Japan and Asia Centre for Investment, Trade and Cultural Exchange (AJAC).

Finally, the participants highlighted that the TICAD Asia-Africa Trade and Investment Conference (AATIC), to be held in Tokyo on 1 and 2 November 2004, will be the opportunity for all partners interested in African development to better strategize Africa and to promote the development of the Continent.

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