



Preparing Strategic Commitment to Help Africa Grow

For TICAD V

~To Build Rewarding Japan-Africa Relationships~

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1. Introduction—Overview of Japan-Africa Relationships and Desired Policy Orientation

(1) Growing Africa

Today, worldwide attention is focused on Africa, which is considered as the “next emerging region” and a “continent full of hope and opportunities.” Underlying such views is the continent’s potential to grow into a huge market, supported by the presence of abundant natural resources in Africa, its growing and youthful population, and the settlement of its regional conflicts and civil wars.

Throughout the 2000s, Africa as a whole achieved steady economic growth: from 2001 to 2010, the average annual growth rate reached 5.8%, and nominal GDP and the amount of trade increased 2.8-fold and 3.6-fold, respectively. Since the population of Africa is expected to increase by 300 million per decade, in 2050 it is estimated to double the level of 2010, to reach over 2 billion.

Driven by this economic growth and increasing population, the population of the middle class is also expected to increase. According to an estimate, 128 million African households will have discretionary income in 2020.

In view of such changes in Africa, we at Keizai Doyukai believe that Japan must renew its strategy for Africa.

(2) Challenges for Japan to Maintain and Expand Its Presence in Africa

[1] Japan’s Aid to Africa: Achievements and Associated Challenges

To date, Japan has been constantly supporting the development of Africa by providing financial aid and dispatching specialists. Since the 1990s, Japan has continued to offer development aid to African countries to meet their demand by hearing their opinions at the Tokyo International Conference on African Development (TICAD), inaugurated in 1993.

Throughout the 2000s, Japan’s ODA to the African Continent steadily grew in parallel with the economic growth of African countries. In 2011, Japan’s net disbursement amounted to approximately U.S.\$1,957 million, the fifth largest sum in the world.

African countries value Japan highly, in recognition of its donations and its attitude to

faithfully fulfilling its commitments, as well as the excellent quality of its technologies and products. On the other hand, however, Japan's presence in Africa is diminishing relatively amid global changes in the environment and structure of development aid. In fact, not a few African leaders have voiced the necessity of making Japan's aid more visible, and of expanding Japan's presence by involving the private sector.

[2] Increasing Investments by the Private Sector

Aid to Africa is undergoing extensive structural changes. Throughout the 2000s, the African economy marked steady growth. In this environment, the engine of the African economy has shifted from foreign governmental aid to trade and investment by the private sector.

As a result, greater attention is now focused on the development of market functions and the private sector in Africa, in addition to conventional inter-governmental assistance. In other words, fostering local markets and private companies are regarded as essential for Africa's sustainable and autonomous growth. Today, Africa receives foreign direct investment from around the world, the amount of which nearly tripled over the decade from 2002 to 2011, reaching \$42.7 billion. Over the past few years, the amount of private investment in Africa has surpassed that of ODA. African leaders welcome this trend and explicitly demand that donors increase their amount of trade and investment.

Amid this trend, however, from 2002 to 2011 the annual average amount of Japan's investment by the private sector remained at approximately \$440 million. This amount, far below than the amount of ODA (approximately \$1,580 million), indicates that Japan must make further efforts to meet Africa's expectations.

[3] Rise of Emerging Donors

Japan's presence in Africa has been relatively diminishing, due partly to the diversification of the donors of development aid. Apart from the countries on the DAC list, many countries have begun to provide development aid, thus enhancing their presence in Africa. In addition to offering a great amount of ODA, these countries construct large facilities, such as buildings of governmental organizations, headquarters of international organizations, and airport terminals. Moreover, these emerging donors are reinforcing their relationships with African countries through trade and investments by the private sector.

In tandem with ODA, many countries have established related conferences to promote dialogues with African countries and actively engage in African issues. Such conferences include the Forum on China-Africa Cooperation, the Korea-Africa Forum, and the

India-Africa Forum Summit. The United States has also prepared the U.S. Strategy toward Sub-Saharan Africa.

It is worth noting that the aid of a few such donors has raised concerns among recipient countries as to whether or not such aid truly benefits African people, helping the sustainable growth of their local economy and creating job opportunities for local people.

(3) Evolving Japan-Africa Relationships through the TICAD V

The Tokyo International Conference on African Development (TICAD) was inaugurated in 1993 under Japan's leadership. This year, 20 years after its inauguration, the fifth conference (TICAD V) will be held in June. In response to changing international trends concerning aid to Africa, the fifth conference will focus on initiatives to build solid and sustainable economies in the region and to foster the private sectors, which is expected to lead the growth of the African economy as its engine. In this context, TICAD V will mark an important turning point for Japan-Africa relationships, since the event is expected to define future relationships that transcend the conventional framework of donor-recipient relations.

To date, the Japanese government has been committed to fulfilling its commitment that it announced at TICAD IV (2008): to double Japan's ODA to 1.8 billion dollars by fiscal 2012, and to offer yen loans amounting to \$4 billion (¥420 billion) in the five years until fiscal 2012. Moreover, the government is studying and delving into various problems regarding Japan's engagement in Africa by holding discussions with NGOs, NPOs, and private companies concerned. On the other hand, the government has not been sufficiently successful in preparing a comprehensive strategy to effectively offer aid in an integrated system, involving both the public and private sectors, nor in preparing a future vision of Japan-Africa relationships. We believe that it is essential to prepare such a strategy and vision, based on studies of problems associated with Japan's engagement in Africa, since the lack of a comprehensive strategy and vision is attributable to the diminishing Japanese presence in assistance to Africa.

Africa is now emerging as a focus of world attention with its rising economy, as well as its great potential for resource development. The regional economy is entering a new stage of economic growth. Based on this recognition, Japan should consider Africa not only as a target for development aid, but also as a promising future market and economic partner. Based on this renewed view of Africa, we must build a mid- to long-term strategy to reinforce our relationships with Africa.

In this regard, the upcoming TICAD V will offer an excellent opportunity. At the conference, Japan should present its new African strategy and concrete initiatives to aid Africa based on the new strategy.

At Keizai Doyukai, based on the activities of its Committee on Africa-Japan Relations over the past three years and discussions that we have held with various stakeholders, including African leaders, we would like to furnish to the Japanese government this proposal about development aid to Africa.

2. To Develop a New African Strategy

(1) Preparing a New African Strategy

We believe that the upcoming TICAD V will be held at a strategic timing from the standpoint of full-fledged growth of the African economy, as well as the reinforcement of Japan-Africa relationships over the long term. With this in mind, we propose that the Japanese government take the opportunity of TICAD V to prepare a new African strategy based on a mid- to long-term perspective.

To deepen our relationships, it is essential that Japan help invigorate the African economy and contributes to its sustainable and self-reliant growth, while at the same time pursuing Japan's own economic growth in these endeavors.

In the first step, it is important to promote exchanges between heads of Japan and African countries to promote mutual understanding and deepen relationships. Only after building friendly relations can Japan offer aid that will boost the growth of the African economy, particularly in the areas where Japan's advantages can be best exerted, and where Japan can best contribute to developing African economic and industrial infrastructures. In the mid- to long term, we hope that Japan's aid will provide Japanese companies with greater access to African markets and natural resources, enabling them to expand their business in Africa. In other words, it is essential that Japan's aid result in a positive growth cycle that will invigorate and grow Japan's economy.

(2) Basic Policies of Development Aid to Africa

In developing an African strategy, Keizai Doyukai believes it essential to contribute to the

region in areas where Japan can best exert its strong points, and to make Japan's aid helpful in enhancing our country's presence in Africa. From this viewpoint, we would like to ask the Japanese government to prepare concrete programs on the basis of the following two policies.

[1] Contributing to Fixing Bottlenecks That Inhibit Africa's Growth

Many structural bottlenecks still remain in African countries, bottlenecks that restrict the region's sustainable and autonomous development.

One such bottleneck is the great economic disparities that exist within the region. The level of economic development, for instance, differs greatly, from the Republic of South Africa, where per capita GDP exceeds \$8,000, to countries whose per capita GDP remains below \$500. Geographical conditions, including the presence or absence of natural resources, also differ greatly from one country to another. Such great economic disparities reside not only between countries, but also within a single country, a fact attributable to the frequent occurrence of social tension and unrest. These elements can seriously hinder the economic growth of African countries.

Other inhibitors of growth include insufficient or inadequate governance in the taxation, judiciary, and administration systems of many African countries. Specifically, the inadequate legal systems regarding investment, foreign capital, land ownership, and intellectual property rights inhibit foreign investment in Africa and the fair redistribution of economic benefits within respective countries. Underlying these problems are the shortage of technocrats in governments and other specialists in the private sector, which has resulted mainly from insufficient scientific and higher education. Specifically, the shortage of engineers and factory managers, as well as of factory workers, is a serious problem that occasionally leads to skyrocketing wages, which in turn deteriorates the investment environment.

Moreover, many of the 54 African countries do not enjoy a sufficiently sizable domestic market. Because of the historic background and frequent regional conflicts, transnational cooperation has not been developed. Lack of infrastructure also restricts the transfer of people and merchandise. This explains why the percentage of intra-regional exports remains at a low level (10%) in Africa, a level far below that of other regions. All these problems seriously inhibit the sustainable and autonomous growth of the African economy, particularly restricting efforts to promote investment from the private sector and to build a solid base for future growth.

To help resolve these problems, Japan must combine the efforts of both the public and

private sectors and act as a fair and dependable partner of African countries.

[2] Broad Partnerships and Comprehensive Aid Programs

To date, Japan has offered aid programs in a wide variety of areas, ranging from public health, medical treatment, education, basic infrastructure, technological transfer, and human resource development. To enhance the effectiveness of such aid programs, and to maintain and expand Japan's presence in Africa, we must combine the efforts of various stakeholders, including the national government, private companies, and grassroots organizations, and act as Team Japan.

To foster and develop the private sector in Africa, Japanese companies are expected to play a particularly important role. Many Japanese companies, however, feel a great distance toward Africa, psychologically as well as physically, and at least for the time being, they do not place high priority on expanding their business into Africa.

To encourage private companies to place higher priority on African business, we believe that the Japanese government should provide a type of development aid that will improve regional economic and social infrastructures, and which will identify the types of business needs and seeds existing in Africa. By providing such aid, the government must pave the way for Japanese companies' business expansion into Africa. We also hope that the Japanese government will support private companies intending to penetrate into African markets. To ensure the security of business activities, which is an essential prerequisite for private companies' business, both the public and the private sectors must collaborate in collecting and sharing related information.

We understand that Japan's ministries and agencies concerned have already taken various measures to support the development of Africa. However, all related agencies must share a common awareness and policy orientation, so as to facilitate mutual communication and implement programs in a more concerted and efficient manner. This we believe will enhance their comprehensive power as team Japan.

At the same time, Japanese private companies must become more proactive toward developing promising markets in Africa from a mid- to long-term perspective. Individual companies must build channels with Africa in the best ways for each respective company. They should seek effective ways to use their own technologies, products, and networks to resolve various problems in Africa. To find out the best way to set out their own commitment and then to develop their markets in Africa, they should also take optimal approaches, which can vary from an approach to inclusive business (BOP business) to the one focusing on fulfilling their CSR.

Meanwhile, NGOs and NPOs are expected to seek effective use of their experiences, knowledge, and local networks that they have developed through their grassroots aid activities. Moreover, by building partnerships with the government and private companies, NGOs and NPOs must work to ensure the fairness of Japan's development programs.

To use the limited human and financial resources available, it is also effective to seek long-standing partnerships with the African Development Bank, local banks in Africa, and other donor countries, which have a wealth of experience in terms of aid to and business in Africa.

3. Announcing Japan's Commitment at TICAD V

In recognition of the present situation and future trends of aid to Africa as we have thus far described, Keizai Doyukai requests that the Japanese government announce Japan's new commitment at the upcoming TICAD V. In addition to Japan's conventional development aid, which has been designed to promote social development and to satisfy basic human needs, the new commitment should feature initiatives to support Africa's sustainable and autonomous growth.

Specifically, we believe that the government should prepare initiatives from the following four viewpoints: [1] contributing to human resource development and nation building in Africa, [2] supporting the development of regional economic communities, [3] effective use of Japan's ODA, and [4] effective use of diverse financial schemes.

(1) Contributing to Human Resource Development and Nation Building in Africa

In many African countries, inadequate economic and social systems and the shortage of human resources who operate such systems are common challenges. Resolving these problems is essential to realizing sustainable and autonomous growth in Africa, developing the private sector, and improving the income levels of individual people through fair redistribution.

Meanwhile, Japan's aid to Africa features its relatively long time span and expertise in human resource development. By taking advantage of these strong points, we believe that Japan must place the utmost priority on human resource development and nation building programs. Specifically, we believe that the government must take the following measures.

[1] Contributing to Nation Building by Developing Human Resources for the Governmental Sector

The shortage of human resources engaged in national governance restricts Africa's growth in diverse areas, including the implementation of development plans and various other policies, the promotion of fair redistribution of wealth among people, and the operation of transparent and efficient market systems. Many Japanese private companies seem to be reluctant to penetrate the African market because of complex licensing procedures, together with inadequate legal systems concerning investment, foreign capital, land ownership, and intellectual property rights.

To resolve these problems, we believe that it is effective to encourage African governments to improve their legal systems and promote deregulation by taking the opportunity of negotiations for investment agreements. From the viewpoint of offering more sustainable and extensive contribution, however, we believe it essential to dispatch specialists from Japan. Specifically, we recommend that the government dispatch specialists in administrative services who have a wealth of experience in governmental works to African governments and related organizations. Working together with local specialists to establish adequate economic and social systems, Japanese specialists can help the development of human resources for governmental works. We believe it is an urgent task for the Japanese government to seriously consider the preparation of such a support scheme.

We understand that Japan has already dispatched experts in various fields to Africa. However, their specialties primarily concern the areas of basic human needs, such as agriculture, education, public health, and medical treatment. In addition to these specialists, Japan must also dispatch experts in administrative services and market/economic systems.

It is an urgent task to shift the priority of Japan's aid to the development of economic and industrial systems, in response to the shift in the African growth engine from the public to the private sector.

[2] Contributing to the Development of Businesspersons

To develop the private sector, which is expected to play the key role in the African economy, it is urgently required to develop human resources who have skills, knowledge, and experience in business.

In this context, we propose that the Japanese government initiate practical human resource development programs particularly in areas that meet the needs of Africa and

where Japan can exert its strengths. Specifically, we believe it important to prepare educational programs designed to foster knowledge and skills in basic business; to provide knowledge about Japanese-style management and production expertise, highlighted by *kaizen*; and to transfer expertise in machinery and manufacturing technologies.

To this end, we would like to propose that the Japanese government dispatch a wide variety of specialists with the above-described skills and expertise to African countries, and offer human resource development programs on a continual basis. Since governmental agencies have long been committed to similar programs by dispatching specialists to Africa, they can offer such programs by expanding and enriching the curriculums of existing programs. At the same time, it would also be effective to receive sizable groups of trainees from Africa on a regular basis, and to equip them with knowledge of Japanese society, industry, and technologies, in order to foster them into Japan's future business partners.

[3] Promoting Public-Private Collaboration in Human Resource Development

In tandem with the growth of the African economy, we believe that the needs for human resources will be increasingly diversified and advanced in Africa. To satisfy such changing needs with great flexibility for many coming years, and to promote truly practical human resource development programs, it is essential to build partnerships by transcending existing barriers between ministries and agencies, as well as between the public and private sectors.

To foster governmental officials and businesspersons in Africa, both the public and private sectors in Japan should pool experts who have the technologies and skills required by African countries, together with young people who are interested in Africa. From such a pool of human resources, we can select individuals to dispatch to Africa within the framework of development aid.

In receiving trainees from Africa, on the other hand, private companies and existing vocational schools (technical high schools, agricultural high schools, technical colleges, etc.) should be encouraged to host trainees and cooperate in planning practical curriculums.

When Japanese companies establish their facilities in Africa, they can also provide education and training to local people. By seeking the effective use of Japan's ODA and combining it with the efforts on the part of private companies, Japanese companies can reinforce training programs in Africa.

(2) Support for the Development of Regional Economic Communities

[1] Significance of Regional Partnerships and Economic Integration in Africa

Currently, policies to develop Africa are planned at three levels: the African Continent at large (by the AU, or African Union), regions in Africa, and individual countries. To implement policies thus developed, organic partnerships are sought between the three levels. Concerning the regional level, several regional economic communities (RECs) are developing activities toward economic integration in their respective regions.

Currently, RECs are enhancing their presence by exerting their power in settling regional conflicts and planning development projects of regional infrastructures. However, the progress in developing a common market differs from one region to another, particularly in terms of the abolition of tariffs.

In consideration of the future growth of Africa, Keizai Doyukai believes it essential to promote regional economic partnerships or economic integration. In this sense, RECs are expected to play an increasingly important role.

This is because we believe it imperative to expand the market sizes of the currently small domestic markets of Africa's 54 countries by unifying them, so as to promote the sustainable development of Africa as a whole. To unify their markets, however, African countries must construct region-wide infrastructures and harmonize their trade and investment rules across the continent. Although efforts to unify the markets entail cooperation among countries of different development stages and economic levels, by cooperating with and complementing each other, African countries will be able to overcome various bottlenecks that have restricted their respective economic growths.

Based on this recognition, Japan should actively promote aid to RECs, in addition to bilateral cooperation.

[2] Aid Policies to Promote Regional Partnerships and to Reinforce Functions of RECs

i . Reinforcing Functions of RECs by Dispatching Specialists

Like many African countries, RECs suffer from a shortage of human resources who can coordinate between national governments and plan and implement development programs. Accordingly, Japan should dispatch specialists to RECs, as well as individual

national governments, so as to help foster experts in policy implementation. Such specialists should be selected from both the public and the private sectors from the viewpoint of their wealth of experience or interest in Africa. In consideration of the great number of African countries and the limited human resources available in Japan, we should probably dispatch specialists first to RECs. After collecting information from RECs and negotiating with RECs, Japan can also dispatch specialists to individual countries.

In this way, we will be able to build multi-layered networks of our own across the African Continent, through which we will be able to define the various local needs, as well as the challenges to be tackled, even more precisely. Through such networks, we can also collect information on respective regions, including security information. To ensure that dispatched specialists can develop their activities effectively, Japan must also work to prepare a good environment for their activities through financial provision and various other means.

Strengthening ties with regions in Africa can help improve the effectiveness of Japan's aid and establish more solid relationships between Africa and the Japanese government/private companies, since many African countries still remain influenced greatly by their former colonial powers.

To enable this, however, the Japanese government must take a flexible approach. Since its conventional aid scheme has been based on a bilateral framework, the Japanese government must adjust it to enable direct aid to RECs in terms of both financial donations and the dispatch of specialists.

ii. Promoting Policy Dialogues with RECs

In addition to bilateral talks, Japan should also hold high-level policy dialogues with RECs on a regular basis and strengthen relationships with RECs. To support economic integration, Japan should help construct region-wide infrastructures and harmonize the institutions and systems of the member countries of RECs. In negotiations, in addition to inter-governmental talks, it is important to organize meetings involving representatives of the private sectors of both Japan and Africa, so that both parties can develop practical and feasible programs.

Regularly dispatching Japanese researchers to either RECs or the African Union will be effective, since by doing so, Japan can contribute to the promotion of policy dialogues and planning of regional development and unification. In the mid- to long-term, we propose that the Japanese government establish an African version of the ERIA (the Economic Research Institute for ASEAN and East Asia), which was established with the

aim of promoting the economic integration of the East Asian region.

(3) Strategic and Flexible Approach to Japan's ODA

At this turning point in development aid to Africa, we must radically review Japan's ODA to Africa. We request that the Japanese government take a more strategic and flexible approach to ODA, to meet the needs of both African countries and Japan's national interest in the mid- to long-term.

Based on the philosophy of human security, to date Japan has focused its aid in the areas of basic human needs, such as public health, hygiene, and education. However, Japan must expand the scope of its aid to encompass the construction of social and economic infrastructure and the improvement of the business environment in Africa.

[1] Increasing ODA Budget and Enhancing Its Transparency

As a proportion of Japan's ODA budget, aid to Africa comprised 18% in fiscal 2011. Given the importance of aid to Africa, we request the government to increase the percentage of aid to Africa in its comprehensive review of the ODA budget, and to enable the implementation of the various policies that we hereby set forth in this proposal.

Although Japan promised to double its aid to Africa at TICAD IV, because of the severe financial conditions we understand that Japan's commitment to be announced at TICAD V will be more modest. However, the government can still set a goal to increase its amount of aid to Africa at least 1.5-fold in the coming five years. Japan can achieve that goal by increasing its percentage of ODA budget to GNI from 0.18% (the present rate in terms of net disbursement) to 0.25% within the coming five years, and by increasing the percentage of aid to Africa to 20%.

In the mid- to long-term, the government must consider raising the percentage of Japan's ODA budget to GNI, in parallel with the integrated reform of income and expenditure, and the reform of social security systems. This is essential to fulfill Japan's international responsibility as a developed country, as well as to ensure Japan's economic growth, since strengthening relationships with emerging countries is becoming increasingly important for growing Japan's own economy.

Needless to say, the government should enhance the transparency of ODA and fulfill its accountability by disclosing in what projects the aid is used and what outcomes result from the aid.

[2] Selection of and Concentration in Priority Areas of ODA Programs

To seek the effective use of limited resources, Japan must carefully select priority areas and concentrate its resources in those selected areas. For instance, the government can select countries and regions where Japan has provided a greater amount of aid and/or has invested a greater amount than in other regions, and concentrates its efforts in constructing social and industrial infrastructures in such countries/regions. Moreover, the government should encourage private companies to engage in business in such regions under the solid partnerships of the public and private sectors. Establishing successful model cases in a few such regions will pave the way for Japanese companies to penetrate into other regions as well.

Japan should also select the business areas in which the country has a comparative advantage (such as energy-related areas, including geothermal power generation), areas where public-private partnership is essential due to the relatively high risks involved (such as the exploration and development of natural resources), and areas where Japan's aid is demanded by African countries in order to create job opportunities and foster local industries (such as agriculture). Japan should concentrate its efforts and resources in aid to those areas.

To satisfy the diverse needs of African countries while at the same time facilitating the participation of Japanese companies in areas where Japan's advanced technologies are highly evaluated, such as areas related to environmental technologies and renewable energy, the Japanese government should increase its budget and expand the scope of its grant aid (tied) in those areas.

[3] Effective Use of ODA to Promote Human Resource Development and Technological Transfer

To date, Japan's ODA has been basically limited to construction projects; after the completion of such facilities, their operation and maintenance have been entrusted to the African governments concerned. This is partly because Japan strongly demands self-reliant efforts on the part of the recipient countries, and partly because the recipients of aid are strictly limited to the national governments of the recipient countries. However, the quality of operation and maintenance of the facilities after their completion determines their sustainability and the ultimate effect of the aid. Continual support after the completion of projects is particularly vital in Africa, where basic education and training remain at insufficient levels in comparison with Asia and other emerging regions.

Accordingly, we believe that the Japanese government should continue to provide ODA

even after the completion of infrastructure and other facilities, at least until local people become able to operate the facilities autonomously. During this period, the duration of which should be fixed in advance, the Japanese government should cooperate in technological transfer and the development of human resources to be responsible for facility operation and maintenance.

Using yen loans, for instance, Japan can offer funds for developing engineers and purchasing components necessary for maintenance. This helps enhance stability in operating facilities constructed by Japan and extend their lifespan. Eventually, this can lead to higher evaluation of Japan's aid by African people, and greater expectations of Japan's ODA projects.

As bottlenecks unique to Africa, there are problems relating to public health and hygiene. These problems significantly affect corporate efforts to secure sufficient staff and maintain the productivity of their businesses. In this regard, we hope that the Japanese government will take measures against these problems using ODA, since the provision of ODA in this area will be extremely effective in facilitating economic activities.

[4] Flexible and Agile Operation of ODA to Drive Activities of Private Companies

We request that the Japanese government consider the effective use of ODA to support Japanese companies planning to penetrate African markets.

A Japanese company planning to engage in an inclusive (BOP) business, for instance, is likely to find it difficult to research local market conditions, and to build favorable relationships with local partners and governments. Although the Japanese government has already commenced supporting feasibility studies for inclusive business, we expect that the government will also provide the companies concerned with related information and access to networks.

Meanwhile, many Japanese companies have the capacity to offer valuable products and services in diverse areas, including environmental protection, public hygiene, and public health. By using ODA, the Japanese government can support the purchase of such products/services by African governments and international organizations. This can boost the business of Japanese companies, while at the same time realizing public interest in African countries.

In Africa, there is growing demand for developing small and labor-intensive industries. To meet this demand, Japanese small and medium-sized enterprises are expected to

expand their business into Africa. Since such enterprises have only limited resources, they are encouraged to build aid schemes by seeking partnerships with national governments and international organizations.

For instance, Japanese small and medium-sized enterprises can explore local needs and find business partners by seeking support from the United Nations Industrial Development Organization (UNIDO), responsible for the industrialization of developing countries. If the Japanese government works to improve the business environment of host countries through the effective use of its ODA, and to combine its commitment with support from UNIDO, this will be extremely effective in driving Japan's small businesses to expand their business in Africa.

(4) Effective Use of Diverse Financial Schemes

[1] Investment and Aid Schemes Involving JBIC, JICA, JOGMEC, etc.

Although the business environment in Africa is gradually improving, as evidenced by the enactment of investment laws, for private companies, stand-alone investment in Africa is still regarded as risky due to inadequate (or the absence of) bilateral investment agreements, the high costs of natural resource development projects, and country risks that are greater than in other regions due to the frequent occurrence of conflicts, riots, and forcible expropriation of properties by national governments.

To encourage private companies to invest more in Africa and to engage in the development of natural resources, the effective use of investment schemes should be sought, involving the Japan Bank for International Cooperation (JBIC), the Japan International Cooperation Agency (JICA), and the Japan Oil, Gas and Metals National Corporation (JOGMEC), etc.

[2] Partnerships with African Development Bank (AfDB) and Local Banks in Africa

The African Development Bank (AfDB), funded by African countries and major countries in other regions, has been investing in many significant, social and economic projects in Africa, based on its solid relationships with African countries. Few Japanese companies, however, access the AfDB.

Since the AfDB opened the External Representation Office for Asia in October 2012 in Tokyo, the Japanese government and companies are expected to build close relationships with the AfDB. To offer "visible aid" and promote investments by private companies, Japanese governmental organizations, including JBIC and JICA, must seek

partnerships and collaboration with the AfDB and local banks in Africa, which have deep knowledge of African markets.

4. Preparing for the Implementation of New African Strategies

To take the measures thus far described in an effective manner, Keizai Doyukai requests that the national government promote personnel exchange, which will support relationships between countries as a solid base, build cross-governmental systems to implement strategies, and take security and other important measures.

(1) Promoting Personnel Exchange to Build a Solid Base for Japan-Africa Relationships

[1] Reinforcing Personnel Exchange between Japan and Africa

Relationships between countries should be built upon solid personal relationships, which are fostered through the exchange of people of a wide variety of social classes, ranging from national leaders to grassroots people. To build such relationships, it is imperative to invite many African people to Japan, particularly young students who will shoulder the next generation. Although there are many student exchange and other personnel exchange programs with many regions around the world, the government is expected to place priority on reinforcing relations with Africa, and to allocate budget in this area.

JICA, for instance, annually receives some 10,000 trainees from abroad, but of those only 20% are from Africa. We propose that the percentage of African trainees should be increased. Specifically, we suggest that the government set its goal at increasing the number of African people, including students, received to an annual total of 10,000.

[2] Disseminating Information about Japan and Promoting Intellectual Exchange

Many other countries, including China, are eager to disseminate information about their own countries so as to promote mutual understanding. Although Japan has established 21 information centers in Africa primarily at universities, the primary role of these centers is not disseminating information about Japan, but conducting academic researches and specific, temporary projects entrusted by JICA.

In this regard, we would like to propose that the Japanese government open a course of Japanese studies at a prestigious university in Africa, a university where many students enter from across Africa, and to develop it into a knowledge center that disseminates information about Japan. As a candidate for such a university, we would like to

recommend prestigious universities in Africa, such as the University of Cape Town in the Republic of South Africa.

[3] Building a Network of Stakeholders in Japan

As a result of Japan's longstanding commitment to aid to Africa, there are many people in Japan who have firsthand knowledge, experience, and interest concerning Africa. To expand the scope of Japan's aid to Africa and propel development projects in the region, the government should build a network of people who have experience in doing business or studying in Africa, researchers of African studies, members of related NPOs and NGOs, former members of Japan Overseas Cooperation Volunteers, etc. The government should collect and integrate their knowledge and wisdom, and reflect their views in policy planning so as to reinforce Japan-Africa relationships.

Building such a network will facilitate various programs, including the dispatch of specialists to African countries and RECs, the support of private companies in expanding their business into Africa, and the reinforcement of Japan-Africa relationships. Keizai Doyukai, comprising corporate executives, is eager to help build such a network. We are also eager to hire former members of Japan Overseas Cooperation Volunteers and other people who have firsthand experience in various development programs. At the same time, we believe that the government should assist the building of a network of African people who have studied or worked in Japan. It is important to help the formation of such a network (such as the Japan Alumni Network), which we believe will be effective in increasing the number of pro-Japan Africans who are well-versed in Japan.

(2) Building a Cross-Governmental System towards the Implementation of a New African Strategy

To prepare policies and implement aid programs and other related projects based on a new African strategy both effectively and efficiently, it is imperative to build a cross-governmental system, transcending existing barriers between ministries and agencies.

We understand that some initiatives that we suggest in this proposal are already implemented by individual ministries and agencies under the present system. Although we admit that some such initiatives have been successfully implemented, we still question whether or not they have been sufficiently coordinated with other ministries/agencies in line with a shared vision, and whether or not they have truly helped enhance Japan's presence in Africa.

With the view that the upcoming TICAD V will be held at a crucial moment to determine the future of Japan-Africa relationships, we propose that the government build an appropriate system to exert its political leadership. As one such means, we would like to suggest the establishment of a minister responsible for TICAD, who will administrate various ministries and agencies and integrate their policymaking and coordination functions regarding African strategies under his/her leadership.

(3) Reinforcing Security Measures

As evidenced in the recent terrorist attack in Algeria, in which 10 Japanese businesspersons were killed, security is the greatest challenge for business expansion into Africa. In this environment, we ask the government to reinforce information channels with African countries and other donor countries, collect risk information on a daily and regular basis, and conduct studies of international situations transcending national borders.

In this matter, business communities in Japan will cooperate with the government based on the recognition that the public and private sectors should work together and share information in order to ensure the security of people working in Africa.

5. Conclusion

The international community is considering Africa as the next frontier, a view that is becoming increasingly common across the world. In this environment, as a long-term agenda Japan must seriously reconsider its policy orientation toward Africa since it will determine Japan's economic conditions 100 years from now.

Individual private companies are expected to consider Africa as a promising future market and Japan's economic partner. Private companies are encouraged to develop their own strategies to penetrate this potential market. At the same time, the national government is expected to address bottlenecks that restrict the growth of the African economy, such as inadequate social, economic, and market systems, since these problems cannot be tackled through the efforts of private companies alone. Likewise, it is an urgent task for the government to seriously consider and take appropriate measures against risks of terrorism, so as to secure both the national interest and the lives of Japanese people.

Despite these problems and risks in Africa, as members of Keizai Doyukai we are fully aware of the vital importance of reinforcing Japan-Africa relationships, and we are firmly determined to contribute to the development of Africa and the growth of the Japanese economy through our own business activities.

To support Africa, which has finally begun to take the path toward growth and social stability, it is imperative to offer sustainable aid based on long-term partnerships. We believe that Japan's aid to Africa should be evolved gradually in tandem with the development of the African economy, from the initial stage highlighted by aid for social development, to the next stage featuring aid to foster the private sector, and finally to aid to build business and economic relations based on the principle of mutual benefit. To ensure that Japan's aid will take such a long-term approach, as corporate executives, we will continue to monitor changes in Africa and seek opportunities to contribute to the development of Africa, as well as business seeds, while constantly embracing a firm faith in the unlimited potential of this great continent.

We believe it essential to build a network of companies and corporate executives who have ambitions and aspirations to develop the new frontier, and to proactively develop and propose measures to reinforce economic relationships between Japan and Africa. Finally, it is our sincere hope that Keizai Doyukai will participate in various initiatives and programs to be planned at TICAD V. For instance, we are eager to offer our own resources and expertise in various ways, in order to promote strategic investments in African countries, and investments of both funds and human resources, under the framework of public-private partnerships.