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## Transcript

# Drivers of Japan's Development Engagement with Africa

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**Akihiko Tanaka:**

It is my great pleasure and honour to be at Chatham House today, and indeed a privilege to be able to speak on a topic that is important to me as JICA's President and to Japan. I would like to discuss what is driving the relations between Japan and Africa from three perspectives: first, from the perspective of somebody studying international politics for more than 30 years; second, from the perspective of a desirable modality of international development cooperation; and third, from the perspective of Japan's engagement with Africa, especially the process behind the Tokyo International Conference on African Development, known as TICAD.

The first perspective: in a book that I wrote in 1996, I submitted a view that the current world system was at an historic turning point which only happens once every several centuries. In fact, the title of the book was *The New Middle Ages*. I argued that the contemporary world was becoming similar to the European Middle Ages in terms of the complex make-up of sovereign states and non-state actors including private enterprises, local and international NGOs, informal interest groups and even warring and terrorist groups through globalization and economic interdependency. Now this transformation I argued 16 years ago appears clearer. Globalization has accelerated in conjunction with the development of information and communication technologies. Social networking connects people within countries, across borders and continents, like we saw in the Arab Spring and Occupy Wall Street Movement.

This fundamental shift of actor composition is now corresponded with the end of the overwhelming superiority of the western economy since the Industrial Revolution. New growth centres are emerging in many parts of the world. Furthermore, even on the stage of the inter-state relations, new powers are emerging since the end of the Cold War.

In this changing world system, our conventional view of developed and developing countries, the North and the South, is no longer an accurate description of today's world; on the one hand we see vocal, dynamic new emerging economies, and on the other we see fragile states suffering from conflict and poverty.

In light of this changing world system, I would like to touch upon the second perspective: we also need to rethink the way we practise international development cooperation.

The traditional flow of development assistance from the governments in the North to governments in the South has become increasingly less dominant;

newly emerging economies participate in development cooperation. Furthermore, the private financial flows to developing countries have grown even more rapidly.

In this process of expanding stakeholders in the development cooperation, I would like to submit that the development cooperation cannot be a simple transfer of hardware and software established in the 'advanced North' to the 'less advanced South.' The interaction between the providers and recipients of international cooperation should be more complex and better be conceived of as a process of what I call '*mutual learning and joint solution discovery*'.

Tomorrow's developed countries will not be able to cope with the challenge by simply importing systems from today's developed countries, whose systems might have proved to be wanting, if not completely faulty. Thus, in a world faced with multitudes of tasks with no ready-made solutions, development cooperation must take the form of '*mutual learning and joint solution discovery*'.

Just a few days ago, the United Nations Office for South-South Cooperation honoured JICA for years of dedication to South-South cooperation. It also conferred on us the Solution Award for our Triangular Cooperation project which seeks to improve the quality of health services by transferring experience of Japan-Sri Lanka cooperation to African countries. It seems that JICA has practiced what I mean. In South-South cooperation, I believe there are greater opportunities for mutual interaction and learning through sharing experiences amongst emerging new donors and developing countries.

You may have seen a recent article in *The Guardian* about Brazil's phenomenal corn production this year. In the past several years, Brazil has catapulted to become a food exporting country, and is now among the world's top five exporters of grain. Brazil has achieved this by converting its savannah region, known as *Cerrado* in Portuguese, from scrubland to the 'world's great breadbaskets'. JICA played a major part in Brazil's transformation of the *Cerrado* through a \$774 million development programme spanning two decades. Today, Brazil along with JICA is transferring the know-how through mutual learning and joint solution discovery to Mozambique to support the development of its agriculture. This is yet another prominent example of Triangular Cooperation.

Now where does Africa stand in this changing new world system and development cooperation?

Africa displays many of the characteristics of the transformation of the world system I mentioned. Africa has grown at more than 5 per cent per annum in

the past decade. South Africa is now an obvious emerging economy; Angola, Rwanda and Ghana are registering good economic performance. We cannot forget about the growing role of the private sector. However, many African countries still depend on natural resources for their growth; and a vast number of them are vulnerable to shocks such as conflicts, natural disasters and regional or global economic crisis.

Here comes our third perspective: TICAD. Held every five years since 1993, TICAD is attended by African Heads of States and development partners. The conference serves as a multilateral platform for raising international awareness of African development and agreeing on strategies and priorities.

Let me give you some highlights in the TICAD process so far.

- First, the promotion of regional integration and economic corridors through improving inter-urban and cross-border connectivity. To promote regional integration and economic corridors, JICA, the African Development Bank and other development institutions have jointly financed the construction of development corridors and 'One Stop Border Posts' to streamline border crossing procedures. These constructions are in progress in the Nacala Corridor in Mozambique, and the Northern and Central Corridors of the East African Community. Second, the development of sub-regional power pools for stable power supply. In Kenya, JICA and the European Investment Bank along with other donors are co-financing the construction of the Olkaria geothermal power plant that will generate low carbon energy. It will supply half of Kenya's power needs. A transmission line project in Tanzania is co-financed by five international financing institutions including Japan, the World Bank and the European Investment Bank. Third, the improvement of agricultural productivity including promotion of rice cultivation. The Coalition for African Rice Development, or CARD, aims to double rice production in Africa by 2018 and has so far seen production increase by 32 per cent from 14 million tons in 2008 to 18.5 million tons in 2010.

The fifth session of TICAD will be held in Yokohama on 1-3 June next year. It is co-hosted by the Africa Union Commission, UNDP, the World Bank, and Japan. Together with African colleagues, representatives of international organizations, and many stakeholders, we would like to make TICAD V another important occasion of mutual learning and joint solution discovery.

TICAD-V sets out three key themes which will be the basis for TICAD-V's action framework.

The first theme is economic and social transformation. Recent economic growth of African countries has been sustained by international price hike of minerals and agro-products. However, despite these achievements, it is important for African countries to also focus on economic and social transformation taking into account the demographic youth bulge.

Concrete actions desired to be taken may include: one, the provision of information on the business environment, two, human resource development, three, improving the business environment such as the reforming of custom systems to attract investments, and four, supporting private ventures and pilot projects. Official development financing can also take a more proactive approach to leverage private financing for development.

The second theme is regional integration. Regional integration in Africa is vital for economic development as Africa has, on the one hand, a number of countries that are landlocked or have small populations and, on the other, some resource-rich and large-scale economies such as South Africa and Nigeria. These economies have to be connected effectively by accelerating their regional integration and making the market larger and more attractive.

We are committed to ensuring our assistance brings about significant impact across the countries and regions. Our support will be extended to strategically roll out comprehensive regional development with an emphasis on development of economic corridors and natural resources. Our support will also be tailored to drastically improving energy access and boost broad-based energy development including the establishment of power pools. This would require international collaboration that underpins the best mix of large-scale financing from the public and private sectors.

The third theme is a country-based approach. Each African country develops and grows at a different pace and encounters different challenges. For example, resource-rich countries are facing challenges to reform their economies, to be more inclusive and diversified and to enable people to enjoy the fruits of economic growth. Resource-rich countries can often leave behind the poor. On the other hand, the major challenge for fragile states is to consolidate peace and security through overcoming limited human resource capacity, and poor economic and governance performance. Obviously there are no ready-made solutions that could mechanically be applied to conflict affected countries such as Somalia and Mali and post-conflict countries such as South Sudan and Côte d'Ivoire, we must craft strategies carefully so that

they take into account these different and evolving situations in each country. Therefore approaches based on country conditions are important for designing development cooperation.

Africa could be a new pole in the new, emerging multi-polar world system. Africa needs to be more positively and actively engaged in the new world system, not subject to it. Africa is our partner of mutual learning and joint solution discovery.

The Gleneagles Summit of 2005 brought Africa's development into sharp focus, and provided the basis for discussion in TICAD IV in 2008. One of the outcomes was Japan's promise to double its aid volume to Africa. JICA has kept that promise.

Next year, Japan and the UK can again create positive actions through a happy coincidence in the international calendar: TICAD V's meeting and the UK's G8 Summit, both in June 2013. I am optimistic about such convergence and sincerely wish that Japan and the UK can jointly mobilize international wisdom for Africa's development.

## SUMMARY OF Q&A

### Question:

China has been heavily criticised for not adhering to OECD and other regulations regarding investment, loans to, and involvement in Africa. Is Japan going to follow the same model, moving towards a new 'Shanghai consensus' as opposed to the Washington consensus?

### Question:

Are there plans to build on the relationship between agriculture and infrastructure because you have 'got to get goods to market'? Are there any more specific plans for co-operation on infrastructure with the UK, such as the North South corridor, when the UK takes up the G8 presidency in 2013? Are there any plans to shift JICA's focus beyond east Africa, where the focus has mainly been?

### Answer:

Dr Tanaka pointed out that China is a major provider of aid to Africa, but not of OECD development assistance. There are tremendous financial flows from China to Africa, but it is not known what amount of this is in the form of commercial financial flows, and what amount are aid loans. However, there are many infrastructure efforts and projects as a result of money coming in from China.

China is not obliged to follow the rules of the OECD because it is not a member. There is some conflict arising from some people being critical of China's focus on resource extraction. Dr Tanaka said that the Chinese government is not challenging the rules of other countries; it is probably changing its approach; and he would only suggest some modifications. China represents a case of independent development co-operation and part of this is in untied assistance.

Another aspect of this is the very competitive Chinese construction firms. Dr Tanaka explained that sometimes Chinese firms bid and obtain contracts to build infrastructure projects, tendered by an African government, but where the funding is coming from another country.

Dr Tanaka stated the need to discuss the involvement of emerging donors. Likewise, there are emerging complexities from the private sector, which now

has a very significant role in development. He pointed to the example of private capital inflows now being larger than official development assistance, and said that part of the reason why African countries are developing so quickly is because of private investment. This means that when spending public money, attention must be paid to what private money is doing. Dr Tanaka went on to say that the Chinese approach is essentially the best of both.

Dr Tanaka agreed that infrastructure is very important. Land-locked countries need connections to the rest of the world. A main concern is that border posts need improving, especially the further development of 'one stop border posts'.

On the subject of broadening the focus of JICA beyond east Africa, Dr Tanaka said that he had been in Senegal the day before the Chatham House event and realised the need for regional interaction in West Africa. He acknowledged the difficulties in West Africa, such as the continuing situation in Mali where he said the UN were not ready to intervene, but he pointed to the more positive situation in Senegal. In Senegal there are few natural resources, but the population are becoming more and more educated. One of the problems Senegal faces is the shortage of electricity, but if it could be connected to Mauritania and Mali, where there are abundant gas and hydro power resources respectively, the situation would improve. He stated the need here for improvements in power infrastructure.

Dr Tanaka also stressed the need for agricultural development and JICA is a partner in the Coalition for African Rice Development (CARD). There are currently pilot studies taking place in Tanzania on broadening education and expertise in rice production.

With regards to cooperation between the UK and JICA, a UK Foreign Office representative stated that the UK and the Japanese have worked well together in the past, and that they were looking at ways to cooperate further on a common agenda.

Dr Tanaka once again stressed the role of the private sector, particularly in infrastructure.

### **Question:**

There are efforts from the UK to try and improve tax transparency and the combatting of tax havens. Does this agenda hold similarities with what you do? How do you see potential for collaboration on the specifics?



**Answer:**

There are differences of perception on this issue, however Dr Tanaka was very clear on the common elements: governance and corruption.

He pointed out that even the least corrupt governments show signs of limited transparency. African leaders recognise the importance of the private sector. As it was stated earlier, private capital flows are one of the main drivers of growth on the continent and governments want more private sector involvement in their countries. However there are some problems: there are high corporate tax levels, and many economies are not welcoming to business. This increases the level of corruption as businesses try to overcome excessive regulation.

Dr Tanaka said that the issues of governance structures and transparency could be important issues for the G8 and JICA, asking what it is that they could do. He said that the Japanese approach to these issues is a low profile one. There is no room for frontal criticisms; it is about developing capacity with local government officials.

**Question:**

The Brazilian *Cerrado* Projects have been very controversial. They have been framed by Brazilian peasant organisations as land grabs, funded by the Japanese. Is the same happening in Mozambique, and is it recreating the Brazilian Landless Movement? Agri-business needs large tracts of land to be most efficient, and it is impossible to put these together without displacing people.

**Answer:**

Dr Tanaka responded by explaining that one of the problems has been the total lack of information. The issue needs more attention and further consultations need to take place, especially on the issue of 'land grabs'.

The concept of land and property ownership differs from country to country, culture to culture, and tradition to tradition. Areas that appear to be open are often owned by the state. But people live there, and in some cases they have been living there for a considerable amount of time. These people have an attachment to the land and believe it to be theirs. If the government then sells the land to a private enterprise it creates problems. JICA would like to be careful not to replicate that. Dr Tanaka pointed out that 'we [JICA] have not made a gross mistake, but we need to try to be careful'. JICA has correctly or

incorrectly been seen as the backer of big Brazilian agribusiness. Dr Tanaka stated that in Mozambique JICA will be careful and maintain consultations with the government and the people.

**Question:**

JICA has a long history of investing in Africa. Yet within the EU, AU, and USA few people know about what it does. How can it raise its profile?

**Answer:**

Dr Tanaka pointed out that that is why he was giving a talk at Chatham House. He expressed his intention of visiting more African countries, and in working together with the UK in the year of its presidency of the G8. He stated that at an organisational level the cooperation is there. In fact it is the Japanese public who are not particularly aware of Japanese involvement in Africa.

**Question:**

It seems that one of the most important issues is customs reform. What long term plan of customs development do you aspire to?

**Answer:**

Dr Tanka said one of the things that JICA is involved in is the development of the 'one stop' boarder posts. It is working closely with governments, particularly in East Africa, to assist in capacity building. JICA is involved in administrative exchange programmes, with technical cooperation and the provision of some IT equipment.

Japanese aid has traditionally flowed to Asia. What JICA is doing is shifting that, sending more aid and assistance to Africa. They are facilitating economic consultations on fiscal policies; providing assistance loans; and providing grant aid to Kenya, Tanzania; Senegal; and Mozambique. In the last ten years they have started cooperation activities in post conflict countries.

There are 55 states in Africa, and Japan's assistance to each one is relatively small. But, Japan is now the 8<sup>th</sup> largest donor to Africa, and will continue to provide technical input, facilitate knowledge exchange, and maintain a relationship of mutual learning.