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DIPLOMATIC CORPS TICAD COMMITTEE AT SESSION OF THE 2nd JAPAN-AFRICA
BUSINESS FORUM**

**TICAD AND BUSINESS: FEEDBACK
FROM YOKOHAMA PLAN OF ACTION
TO THE NAIROBI DECLARATION**

INTRODUCTION

Excellencies

Dear participants

I am humbly honored to be standing here today on behalf of the African Diplomatic Corps, in my capacity as Chair of the TICAD Committee, to share with you our views on the important perspectives of TICAD process, especially TICAD VI on business partnership between Japan and Africa.

My purpose is not to repeat what many of you can say better than I do. I will focus on the following:

SUMMARY

- Background of the decision taken in Nairobi
- Implementation process
- What we expect from both private sectors and government for a successful TICAD process in promoting business

BACKGROUND

- In Yokohama, our Heads of State and Government have resolved to use TICAD framework as an engine to promote private sector-led growth. This resolve was reflected on paragraph 3.1 which reads as follows:
- **3.1 Promoting Private Sector-led Growth**

Affirming that the private sector is a vital engine of growth, we will support and strengthen the private sector, promote greater private investment, and improve the investment climate and legal and regulatory frameworks. We will encourage expanded trade, tourism and technology transfer, and assist the development of the SMEs. We will also support regional integration to expand intra-regional trade and create new opportunities for private sector development and employment.

II. IMPLEMENTATION PROCESS

From this standing point, the African Diplomatic Corps through the TICAD Committee has undertaken key activities for the implementation, in close consultation with Japanese stakeholders:

- Government representatives
- Private sector representatives
- Civil society representatives

Meanwhile, we have also engaged our respective Governments on actions to be taken accordingly. As matter of fact, we have taken many of them to either JICA or JETRO in view to apply for funding.

II. Implementation process (continued)

1. Lessons learnt at this stage

From business sectors

Japanese Side

- big corporations' stance are:

- We have no information on the opportunities in Africa;
- There is a language barrier;
- We know/have nobody/network which could support us for business in Africa;

- Small businesses are ready to go but say they have no financing

II. Implementation process (continued)

- From Japanese Government side

The good news is that the Japanese Government is strongly committed at all levels and ready to take up the challenges.

- From the Civil Society

There is an unprecedented involvement through advocacy for more support to Africa.

The conclusion is that there is a strong will at all levels but more actions need to be taken in view to address the pitfalls.

II. Implementation process (continued)

- Some challenges were also observed at the Government level
- Existing financing mechanisms are not promoted appropriately;
- Decision process for financing is quite slow at JICA level; budget is insufficient;
- Procedure is quite impossible at JBIC level; High interest rate; paperwork; guaranties, etc.

Other challenge is a bias in the perception of investment in Africa

- Many Japanese companies just assimilate investment to the implementation of projects funded under ODA.

Actually, behind the big corporations' stance, there is in fact a fear for investing in Africa. They consider the risk to be highest than the benefit o get.

II. Implementation process (continued)

- Challenges from African side
- Most African business people are enthusiastic participating to business events hosted in Japan. They spare no resources to attend because they do believe that they will get good opportunity to build a strong partnership with Japanese companies. Usually they have a project to promote with the wish that they will attract a partner which will come in with money and technology for the implementation.

But at the end of the day, they return home either frustrated or with a hope which will turn to be short.

Financing is a major issue for African business and TICAD didn't take it on board. The approach is one sided: only Japanese business can have access to Japanese loans. African side will only get it when they partner with Japanese companies.

III. ACTIONS TAKEN

Informed by the above stated,

2. Many actions were engaged immediately through forums and seminars held at all levels (Continent, regional and individual country), of which:

- First Japan-Africa business Forum in 2014;
- ECOWAS business Forum in 2015;
- SADC business Forum in 2016;
- Business tours to individual countries;
- Panels with Japanese media;
- Panel with Japanese business Sector;
- Panels with Civil society;
- Etc.

The goal was of two folds:

- Matching Japanese Business people with their African counterparts with the hope that this would give room for the establishment of partnerships and signature of MOUs;
- Bridging the information gap.

III. ACTIONS TAKEN (continued)

3. Suggestions were also made for consideration by in the TICAD VI process

To Japanese Government:

- Increase JICA's budget and request JICA to review its procedures for more efficiency and speedy answer to the Companies demand of financing.
- Establish a Forum between Japan and Africa for more interaction between the business sectors from both sides.
- Establish an information center which would make information on opportunities in Africa available to Japanese companies
- Admit African Development Bank as TICAD Co organizer
- Give more room to civil society in the process
- Encourage triangular cooperation
- Increase the budget of EPSA at the AfDB and open loans for African companies and ABE Initiative trainee when they partner with Japanese Companies

III. ACTIONS TAKEN (continued)

Jointly to Japanese Government and African Development Bank

- One of the major decisions during TICAD V was the offer by Japan to train 1 000 young Africans through the ABE Initiative.
- The philosophy behind this initiative was to build the confidence between Africa and Japan in blending the beneficiaries of the scholarships into Japanese culture, giving them a unique opportunity to learn Japanese language and also build a business network through a hand on training in leading Japanese companies.
- African young people have positively reacted to this initiative. The demand has exceeded the number of available scholarships. As matter of fact, it was advocated for an increase of the number of scholarships and the improvement of the distribution among the countries.

IV. NAIROBI DECLARATION

- Landmarks decision at TICAD VI.

Japanese Government has taken on board most of the above suggestions and announced very important measures during TICAD VI in Nairobi. The most important are as follow:

1. Statement in Nairobi TICAD VI Declaration

Paragraph 3.1.3. *We also emphasize the significant role played by the private sector and the importance of improving the business environment to promote trade and investment to create employment, especially for women and youth. We will take measures to enhance the role of private sector in development, including through increased private investment, entrepreneurship, business reform, innovation, public-private partnership and access to financing. We will encourage the introduction of incentives that would serve as an encouragement for industrialists to establish and enhance production capacities in Africa.*

IV. NAIROBI DECLARATION (continued)

2. Actions taken in Nairobi

This statement was elaborate further in the implementation plan, pillar 1 dedicated to **Promoting structural economic transformation through economic diversification and industrialization** .

This paragraph recognizes that structural economic transformation through diversification and industrialization depends on progress in a range of areas. It therefore encourages public and private sector actors as well as relevant organizations to take clearly-defined measures to support:

- **1. Economic diversification and industrialization**
- **Region-wide development**
- Promotion of trade facilitation measures such as efficient custom procedures
- Facilitate acceleration of Africa's own initiatives such as the African Union NEPAD's Programme for Infrastructure Development in Africa (PIDA).
Promote high quality research, technology transfer and innovation
- **Food value chain (FVC)**
- Provide support to FVC
Promote market-oriented sustainable agriculture and fisheries for small scale farmers and fishers.

IV. NAIROBI DECLARATION (continued)

- Develop capacity of human resources
- Promote industrial development in Africa through financial, technological and other support
- Enhance support to rural communities, especially women and youth,
- **Agriculture and blue/ocean economy**
- Increase agricultural production, commercialization and productivity in line with the Comprehensive African Agriculture Development Programme (CAADP) process.
- Encourage dialogue to increase the coherence of agricultural policies, strategies and investment plans with trade and industrial development policies and strategies
- Promote Africa's blue/ocean
- Expand and strengthen agribusiness investment

IV. NAIROBI DECLARATION (continued)

2. Quality infrastructure

- Construct and manage quality transport infrastructure,
- Develop large infrastructure for electronic communication band to reduce the digital divide.

3. Private sector and human resources

Productivity and quality standards

- Introduce effective working methods, such as KAIZEN,.

IV. NAIROBI DECLARATION (continued)

Business environment, trade and investment

- Improve the business environment by developing Special Economic Zones (SEZ),
- Encourage innovation and ICT development to enhance productivity and effectiveness of existing industries and to create new business opportunities and jobs.
- Expand support to and enhance the role of African private sector including SME/SMIs by providing financing, including in partnership with multilateral development banks, such as the African Development Bank.
- Enhance national efforts for improving domestic regulation, strengthening regulatory institutions, ensuring more simplified, stable and transparent rules and operations, promoting fair competition, and for concluding the Trade Facilitation Agreement.
- Promote capacity building for negotiation for complex contracts to secure fair revenues from the natural resources in Africa,
- Develop partnership between CSOs and private sectors with a view to nurture corporate social responsibility.

IV. NAIROBI DECLARATION (continued)

Human resources development

- Develop human resources particularly in the field of science, technology and industry, including fostering women entrepreneurs and researchers, through such initiatives as providing vocational and technical training and improve access to quality primary, secondary and higher education.
- Promote utilization and access to, as well as elaborate national policies and strategies of new technologies of information and communication in the education sector.

Public-private partnership

- Establish a high level business forum between Africa and developed countries with participation from both public and private sectors.
- Practical measures

IV. NAIROBI DECLARATION (continued)

Furthermore, Prime Minister Shinzo ABE has announced the following:

- Increase of the ABE Initiative scholarships to 1 500;
- Increase EPSA up to USD 3.5 billion;
- Extension of credit line at JBIC for one year term by US\$2 billion.

V. EXPECTATIONS FROM BOTH PRIVATE SECTORS AND GOVERNMENTS

The Forum should reflect on concrete actions in view of the implementation of the following concept contained in Nairobi Declaration:

“We will take measures to enhance the role of private sector in development, including through increased private investment, entrepreneurship, business reform, innovation, public-private partnership and access to financing. We will encourage the introduction of incentives that would serve as an encouragement for industrialists to establish and enhance production capacities in Africa”.

The questions we must ask ourselves are:

- How to increase the role of private sector investment? Entrepreneurship?
- What shall be the priority in business reform?
- What kind of innovation might be useful?
- How to facilitate access to financing?

V. EXPECTATIONS FROM BOTH PRIVATE SECTORS AND GOVERNMENTS (continued)

- It is the ADC hope that the high level panelists who will be speaking today and tomorrow will help pave the way for a concrete proposals to our Ministers during their meeting scheduled to take place in Maputo in August 2017.
- The ADC would like to see more proactiveness of the African business sector in proposing suitable candidates to be selected in the process of ABE Initiative scholarships;
- We would like to see Japanese and African business sector come up with new partnership initiative in view to building a long lasting confidence, through joint bidding at national and international levels, use of available financings where African side should use the loans made available by TICAD process in combination of Japanese leading technology to implement projects;

V. EXPECTATIONS FROM BOTH PRIVATE SECTORS AND GOVERNMENTS (continued)

- We wish to see Japanese companies which are still reluctant use their third countries partners to invest in Africa;
- African business sector could help promote Japanese technology if their counterparts in Japan take a bold step to select them as their representatives;

To our Governments

- There is an emergent need to go forward with the promotion of trade facilitation measures;
- TICAD VI has also called for the negotiation and signature of agreements such as mutual promotion and protection of investment and Non double taxation. Let's make it happen.

V. EXPECTATIONS FROM BOTH PRIVATE SECTORS AND GOVERNMENTS (continued)

- We call upon Japanese Government to make loans available for Japanese holding good plans for investment in Africa; Many countries might be more comfortable with SMEs/SMLs. Their presence will probably pave the way for Hi-tech consortiums to come in.
- Open loans for the beneficiaries of the ABE Initiative trainees who might have relevant start ups;
- JETRO is expected to support African Institutions in charge of business promotion; We would like to see such support extended to our Regional Economic Commission in view to help them promote business relation with Japan in their policies.

VI. CONCLUSION

- We would like to take the opportunity to commend the Japanese Government for its resolve to support African development policy. TICAD was established as a platform to mobilize international support for Africa at a time of a fatigue and a prevailing afro pessimism. Today, many countries have positively responded to TICAD appeal (Turkey, India, US, France, Republic of Korea, just to name few. On the same vein, the Japanese Government has strongly advocate for the alignment of TICAD to MDGs and then SDGs. TICAD VI has responded to the demand of African countries by taking on board the African Union Agenda just adopted.
- It is our view that TICAD should not last forever. We see it as a circumstantial response to a situation. The positive results must be boosted to make them irreversible. Industrialization will never happen unless investment capital is available. Prime Minister ABE has announced at TICAD VI that Japanese private Companies are expected to invest around US\$ 20 billion in Africa. We shouldn't put the burden on them as we know how hard the economic crisis is their reluctance. We rather urge Japanese Government whether individually or through other partners, to make the share expected from the private sector available within the African Development Bank in the framework of a revised EPSA. This fund should be used for loans to implement projects held by either African or Japanese and using Japanese technology.
- We also recommend the compilation of all available information on existing financing mechanism in Japan including the required procedures in view to avail it to the public.

THANKS

- Thank you very much for your kind attention
- Merci beaucoup de votre aimable attention
- Arigato gozaimasu

Tokyo, July 25, 2017