

President Tanaka's speech in Cape Town on May 8, 2013

<<*Changing Africa and Challenges for Japan*>>

Good afternoon Ladies and Gentlemen,

It is indeed a great pleasure to be here in Cape Town and to have this opportunity to address you. About two months ago, in February to be exact, I visited South Africa, but only in Gauteng, Pretoria and Johannesburg. Therefore, I am extremely happy to come to Cape Town this time. By the way, I heard that the Cape produces some of the best wines in the world, so I will put this theory to the test.

Standing here, I feel honored for various reasons.

Firstly, I feel honored that South Africa is globally recognized for its peaceful democratic transformation in the 20th century. In fact, I recommend any student of politics to visit South Africa. I regret that I never had the opportunity to visit this beautiful country before, but as the experts say, better late than never. Fortunately, I am a fast learner, so I hope to increase my visits. In any case, I still remember the time when I wrote a book review of Mr. Nelson Mandela's *Long Walk To Freedom*, when its Japanese translation was published in 1996. Despite reports of ailing health, I am pleased to hear that Mr. Mandela is recovering well at home.

Secondly, I feel honored that South Africa was the country where Japanese Prime Minister, Mr. Yoshiro Mori, delivered a major speech on Africa. Mr. Mori was the first Japanese Prime Minister who visited Sub-Saharan Africa in January 2001. At the time, he announced that the African Renaissance was indeed possible in the 21st century, and that, without resolving Africa's development challenges, it would not be possible to ensure a stable and prosperous world in the 21st century.

Since Mr. Mori's speech twelve years ago, Africa continues to grow. I am sure that his conviction was right, and that it has become a reality. Africa is valuable, not only for the world in general, but also for Japan in particular. JICA continues to contribute to accelerating the growth of Africa and tackling new challenges of the changing Africa and Japan.

Now, before sharing JICA's role in Africa, let me start with a fundamental question on the past performance of Africa's growth; "Why has Africa's growth been boosted since the beginning of the 21st century?"

One relatively simple answer is that it is due to the price hike of energy and mineral resources in the global market. A Japanese economist estimates that there has been a strong correlation between the oil price and the GDP (in nominal US dollars) of Sub-Saharan Africa; the correlation coefficient is estimated at 0.902 from 1970 to 2007. This is a very simple and appealing answer to this question. However, it does not explain why oil-importing countries are also growing strongly with an economic growth rate similar to oil-exporters. According to IMF estimates, the growth rate of oil-exporting countries in Sub-Saharan Africa is between 6.0% and 7.1%, and that of oil-importing countries, except South Africa, is between 5.8% and 6.0%.

It seems possible to argue that oil-importing countries benefit from the price hike of other export products. For example, prices of agricultural commodities have also been steadily increasing since the early 2000s. However, with regard to a number of oil-importing countries such as Burkina Faso, Ethiopia, Mali, Rwanda, and Uganda, their terms of trade have been remaining stable or declining since the early 1990s. Although they have not benefited from export, they are nevertheless showing growth. May I add that all these countries are landlocked, which are generally thought to be unfavorable geographical conditions for growth.

IMF economists reported that the most important factor for fast growers in Sub-Saharan Africa has been the significant increase in total factor productivity. World Bank economists also estimated that the role of policy reforms undertaken since the 1990s had been the most important growth factor since the late 1990s. If their views are right, we can attribute Africa's growth not only to external factors, or so-called "good luck", but also to results of efforts made by African governments and people. This is really an encouraging suggestion, alluding to the assumption that productivity growth and good governance were key factors.

On the other hand, we should not forget about great challenges pointed out by such prominent experts as Professor Paul Collier. In his book published in 2007, *The Bottom Billion*, he listed four development traps: the conflict trap, the natural resources trap, being landlocked with difficult neighbors, and poor governance in small countries. Overall, I agree with his

analysis and many of his suggestions. And we need not be pessimistic. What we need to do is to explore ways of avoiding entrapment during the process of development.

Now, mindful of the danger of entrapment, let me illustrate what Japan is doing in Africa.

Firstly, we believe in the importance of human security. Japan continues to support Africa's efforts for peace and stability, currently in South Sudan, the Democratic Republic of Congo, and thereafter in Somalia and the Sahel Region. In this area, our support is focused on mostly peace building and reconstruction in post-conflict countries to help them promptly and seamlessly shift to development and to assist them in avoiding the "conflict trap". As Paul Collier suggests, post-conflict situations are high risks; around half of all civil wars are due to post-conflict situations gone wrong, and the right kind of cooperation could be effective in raising the growth rate in these situations. It is also critical to support neighboring countries to avoid the risk of regional spillover of conflict.

Secondly, the natural resources trap, often called the "resource curse", is becoming a major development topic in Africa. As several "exceptions" of the resource curse exist, such as the South African and Botswana cases, we should learn from them, and we should attempt to prevent new resource-rich countries from falling into this "trap". In Mozambique, JICA is supporting an agricultural development project in the Nacala Corridor. JICA experts are working closely with counterparts in Mozambique and Brazilian experts to increase agricultural productivity, especially for smallholder farmers. By promoting agricultural productivity, this project is expected to promote diversification and reduce volatility of the Mozambique economy to external shocks.

I visited South Sudan two weeks ago. South Sudan is a typical case of post-conflict countries but it is also a case where the resource curse should be avoided.

Needless to say, to prevent the resource curse, eradication of corruption is essential.

Thirdly, I believe that regional and cross-border perspectives are especially important in Africa. At TICAD IV in 2008, regional infrastructure was highlighted as priority in its Action Plan, and the upcoming TICAD V is expected to further promote scaled-up initiatives at regional and continental levels such as the Program for Infrastructure Development in Africa (PIDA). In this context, JICA actively promotes regional transport networks in Southern Africa as Ambassador Yoshizawa already alluded to. We financed the construction of the

Chirundu Bridge connecting Zambia and Zimbabwe over the Zambezi River, and are now financing the Kazungula Bridge which connects Zambia and Botswana. In the Nacala Corridor development in Mozambique as already mentioned, the Nacala Port and road construction projects connecting Malawi and Zambia to the Indian Ocean are included. JICA supports regional transport networks also in other sub-regions of the African continent.

Fourthly, governance is critical. As Collier points out, there are very real limitations to what international cooperation can do to improve governance. Japan's approach to good governance is an eclectic one. We do not impose hard conditionality as pre-requisite for international cooperation. On the other hand, we are not indifferent to governance conditions. Ours is a gradualist approach that emphasizes people-to-people dialogue and capacity building. Japan does not necessarily cease cooperation to a country demonstrating poor governance. Normally, it is gradually reduced and concentrated on areas that do not reward poor performers. But of course, this poses a serious dilemma: cooperation with a government of poor governance may not be very effective. On the other hand, termination of cooperation with a government of poor governance may push that country into more fragile conditions that may end up in civil war or domestic violence.

As Collier estimates the cost of a single failing state is around \$100 billion. Ours is not a perfect approach, nevertheless, we believe that calculated and small-scale continuation of cooperation on a limited number of areas could increase the prospect of increasing trust between us and the people of the partner country, especially when governance performance improves. We are now observing this phenomenon in Myanmar. During the time most countries in the West terminated assistance to Myanmar; JICA kept its Yangon Office and implemented limited humanitarian cooperation initiatives. Now, with the democratization, the JICA office is able to expand its efforts with cooperative counterparts in Myanmar.

In my view, the growth center of the world economy is now beginning to shift from the Pacific Region to a much broader area which I call the Indo-Pacific Region. In the Pacific Region, Japan, the United States, China and Korea are the current economic powers. When we see the Indian Ocean Region, we find more economic powers emerging whose potential are yet to be fully developed, including South Africa, Mozambique, Tanzania, Kenya and Madagascar in addition to India, Bangladesh and Indonesia. As the Indo-Pacific Region becomes the broader region of economic dynamism, African countries will become invaluable to Japan in coming decades, as growing business partners with a huge potential market.

Obviously, we should not forget about Africa's development challenges. I believe that Japan's

efforts have been on the right track. I would like to outline some of the required principles, which may overlap what I have already said, although I believe that repetition is better than omission.

The first principle is inclusive development. As mentioned before, JICA has been emphasizing the importance of economic infrastructure as we believe the right kind of infrastructure is critical to disseminate the fruits of growth to all segments of society. In agriculture, we emphasize the importance of including smallholder farmers in our projects. In education, we emphasize the importance of Science and Maths for both boys and girls. In health, we emphasize the importance of hospitals being clean and safe for patients, especially mothers and babies.

The second principle is sustainable growth. Africa is in need of energy. Whilst access to electricity remains a huge challenge, Africa is rich in many energy sources. We need to create a system whereby energy produced within Africa should be utilized within Africa. Energy consumption should be environmentally friendly. JICA emphasizes the importance of renewable energy. Where applicable, geothermal power production has great potential in Africa. Solar power production is also attractive in many countries.

The third principle is good governance. Man shall not live by bread alone. People living in a growing Africa deserve better governance. Good governance accelerates further growth. I believe that the private sector is critical for the future growth of Africa. However, the private sector prospers only where governance of political, economic and social system is effective.

The fourth principle is human security. Although the number of civil wars has decreased in recent years, violence continues in several countries. There are many post-conflict countries where development cooperation in line with peace-building needs is desperately needed. Japan can support Africa's efforts to promote peace and stability in Africa. As I speak, JICA staff is working closely and intensively with Japan's peace keepers in South Sudan. We focus on peace building efforts in post-conflict stages to help countries shift seamlessly from humanitarian relief stage to development stage, and to prevent them from returning to conflict. It is also critical to support neighboring countries to avoid the risk of regional spillover of conflict.

Finally, Japan should promote business partnerships between Africa and Japan. As the global growth center is shifting to the Indo-Pacific Region, the Japanese business community is

focusing their attention on Africa. JICA will continue to support Africa in creating enabling business environments and building infrastructure to promote private investments from Japan to Africa. In addition to the business sector, other non-state actors such as civil societies, academics, artists, entertainers and athletes, etc. are also invited to jointly promote Africa-Japan partnerships.

In 2010, when South Africa hosted the Soccer World Cup, JICA, UNDP and Sony, a Japanese company producing electronics, jointly organized the events of “Public-Viewing in Africa” in remote areas in Ghana and Cameroon, where people had no access to TV. This event also aimed at providing HIV/AIDS anti-infection measures and knowledge to local populations gathering to events in collaboration with a local NGO called Ghana Family Planning Association. In total, 26 games were broadcast by Public-Viewing, 24,000 people joined the events and 4,800 received HIV/AIDS health checks.

In this event, JICA and UNDP provided their basis of operation at country-level, the NGO provided its local network and know-how, and Sony provided its technology voluntarily. This example of a joint venture encouraged us to further link Africa and Japan across the Indo-Pacific Oceans, and to strengthen ties between us through collaboration with more varied stakeholders.

I thank you for your attention and for your interest in the Africa-Japan topic.