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RETHINKING THE AID PARADIGM: JAPAN'S ENGAGEMENT IN AFRICA

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PANEL 1: RE-ENVISIONING JAPAN'S CONTRIBUTION TO AFRICAN
DEVELOPMENT: THE ROLE OF THE PRIVATE SECTOR

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PANEL 2: ENGAGING AFRICA: DONOR COORDINATION STRATEGIES TO REALIZE THE
CONTINENT'S PROMISE

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P R O C E E D I N G S

MS. SOLIS: Rethinking the Aid Paradigm: Japan's engagement with Africa. My name is Mireya Solis and I'm the holder of a Knight Chair in Japan Studies at the Center for East Asia Policy Studies. And today's program represents a collaboration with the African Growth Initiative and my colleague, Senior Fellow Amadou Sy.

I want to take just a couple of minutes to introduce some of the themes that we will be covering in today's event. I would like to start by noting that Africa is a continent of great promise. The region has made great strides in improving governance and economic management, has witnessed the expansion of a middle class, and some areas of the continent are experiencing very fast growth. I think it's very interesting to note that this year the projected growth rate of Sub-Saharan Africa at six percent meant that this is the world's second most dynamic region in the world. Now many donor nations have noticed these trends and have stepped up their engagement with the region in ways that go beyond traditional aid and humanitarian efforts to emphasize more public-private partnerships and a greater role for private entrepreneurship. In this context one of the main objectives for our program today is to understand how one of the world's largest donors, Japan, is rethinking, recalibrating its aid approach to Africa. And I first should note that Japan's involvement with African development is certainly not new. If you think about one of the main vehicles for these interactions between Japan and Africa -- and I have in mind the Tokyo International Conference on African Development, or TICAD -- well, these meetings have been taking place for the last 20 years. So Japan's commitment to African development is long standing.

But there are very interesting new policy departures that we want to discuss today. One is of course that last year, TICAD V, there was a new priority, new emphasis on really bringing on board in a much more systematic and direct matter the

private sector. And I think it's also interesting to note to that even though over the years, over the past 15 years or so, Japan's foreign aid budgets have decreased, the share that goes to Africa actually has grown. So we want to understand what place does Africa play in Japan's aid policy and to what extent it can realize these new policy departures.

Let me walk you very briefly over the different panels that we will have today. The first panel is going to try to understand in much more depth in which ways Japan is reconfiguring its approach to Africa and what are the opportunities and challenges to realize these new visions of involving more the private sector. As we move into the second panel we will engage in a broader comparative discussion of the ways in which different donors, Japan, the United States, and China are stepping up their engagement with the continent and to what extent can African policy makers tap on these opportunities to promote their own development goals. And, finally, we're very honored and excited that Ambassador Okamura will provide the closing keynote this afternoon. I should note that the Ambassador is traveling to Washington just for the specific purpose of addressing this audience and I think we're all very grateful that he'll come straight from the airport today to be able to give his keynote this afternoon.

So let me just briefly introduce our panelists for the first session. It is really a stellar lineup. We're very grateful to all of them for agreeing to participate today. Hiroshi Kato is Vice President of the Japan International Cooperation Agency and Director of JICA's Research Institute. He joined JICA in 1978, has served in many different capacities within JICA and as you know this is Japan's premier Agency behind the foreign aid program. And he at some point was on assignment on the Ivory Coast. Miss Keiko Honda is Executive Vice President of the Multilateral Investment Guarantee Agency, or MIGA, which is a political risk insurance and credit enhancement arm of the World Bank Group. Prior to joining MIGA Miss Honda was the first woman that became

Senior Partner in Asia at McKinsey & Company. Amadou Sy, a Senior Fellow at the Brookings Africa Growth Initiative. And before joining Brookings Amadou worked for 15 years at the IMF and his research focuses on banking, capital markets, and macroeconomics in Africa and emerging markets. And Mr. Satohiro Akimoto is Senior Vice President and General Manager of Global Relations Department at the Mitsubishi Corporation and his work focuses on geopolitical and economic research and intelligence. And in this capacity he travels with regularity to Africa. Just before coming to this panel he was telling me he had just been in Nigeria a couple of weeks ago.

So without further ado we're going to start out discussion today and I'll ask Vice President Kato to get us started. Thank you.

MR. KATO: Good morning, ladies and gentlemen, and thank you, Mireya, for the introduction. It's indeed a great pleasure to be here to have an opportunity to talk about JICA or Japan's policy toward Africa. The purpose of my talk is threefold. The first is to look back on Japan's engagement in Africa, talking primarily on the TICAD process which started as Mireya said in 1993. The second I'd like to touch on the discussions that took place last year when the TICAD V conference was held June last year. And thirdly I would like to share with you some of my views on the effective approaches which I think or we think might be effective and useful for the promotion of inclusive development in Africa driven by the private sector.

Now the first point, I'd like to talk about the TICAD process. Japan's engagement in Africa cannot be discussed without referring to the purpose of the Tokyo International Conference on International Development, and in fact I believe that the biggest contribution of the Japanese government toward African development in the last 20 years or so might be that it has initiated the process of TICAD and made it functional over the years. At that time in 1993 Japan was the world's top donor, now it is the fourth

biggest donor, but it was the largest donor during the 1990s and it started this TICAD process in 1993 while Japan was the top donor, while what they called the aid fatigue was rampant among other donors, like in Europe or in the United States. So I view that this initiative of the Japanese government to start the TICAD process was aimed at fulfilling its responsibility as the then top donor.

From the very beginning the process of TICAD advocated the importance of several important principles like self-help or ownership of the development process by the African states, or partnership between Africa and the global community. These principles may sound obvious from our ears today but none of these concepts was so common at that time in early 1990s when the policy prescriptions of the structural adjustment was very dominant, and perhaps reflecting the view of the Japanese government which in my view as never totally comfortable with the Washington consensus of development. One of the conferences highlighted the role of the government to be played in leading development. In another salient feature of the series of conferences was the emphasis of mutual learning between different regions, especially between Asia and Africa. Through its 20 year history the TICAD process has brought forth a number of practical outcomes. NEPAD, or the New Partnership for African Development was a brainchild of the process of TICAD. Also there emerged two important continent-wide policy frameworks from the TICAD process. One is the Program of Infrastructure Development in Africa, PIDA, and the other Comprehensive African Agricultural Development Program, or CAADP. And TICAD V last year came up with Yokohama Action Plan which compiles 617 specific action plans proposed by 57 countries and organizations. And the progress of each one of these specific action plans is going to be monitored by various mechanisms including the Annual Ministerial Meetings. Organized jointly by the Japanese government, the World Bank, the UNDP,

and the U.N., and African Union Commission, the process, the TICAD process has grown into an open forum, a forum open not only to Japan and Africa's states but also to other actors such as developed countries other than Japan and private sector and civil society and international or philanthropic organizations. And this is a unique feature of the TICAD process which not is often seen in any similar looking conferences organized by other actors which are essentially bilateral in nature.

Let me now turn to the second point and talk about the recent development, especially what happened during the TICAD V conference last year. In my view the last year's conference made a clear break with the traditional scope of African development. Until then TICAD conferences honestly were primarily a place for discussing the traditional forms of foreign aid. At the conference Mr. Shinzo Abe, Prime Minister of Japan, highlighted that what Africa needs now is private sector investment and public-private partnerships leverages flat investment. He also urged the private sector of Japan to invest more in Africa saying that Japan needs Africa to grow. So I think it is the kind of compilation change of mindset. Before that maybe the mindset was, you know, if you need Japanese aid please African states to come to Japan to hold discussion on aid. But what Mr. Abe said is that -- he clearly stated Japan needs Africa for it to grow. So it was compilation in my view, change of mindset *vis a vis* African continent. Those strong statements from the top leader of Japan can be explained as I see it by two factors, both from Africa and from Japan. The African factor that must have been in Mr. Abe's mind was obviously robust growth rates as Mireya said greater than five percent of Africa since the early 2000s. In addition Japanese leaders have often heard from the African leaders that while they appreciate the foreign aid of Japanese government what they really need is investment from the Japanese private sector. As I view it, however, that is not the only reason for Mr. Abe's strong statement. I believe that

in addition to the pulling factor from the African side there was a pushing factor that came within the Japanese economic and social conditions. As part of his economics policy reinvigorating that private sector of Japan was at the top of his policy agenda, of Mr. Abe's agenda. In encouraging Japanese firms which had tended to be complacent in dealing with the mature Japanese market to explore new frontiers, including Africa, was one of the key priority renditions of the current government. So the TICAD V conference was held when there was enthusiasm both on the African side and on the Japanese side. And it is important to keep this enthusiasm alive and going in the years to come or in the decades to come. And for that I believe ODA can play an important role and this belief of mine leads to my third point and that is how should ODA be used to promote inclusive development in Africa driven by the private sector?

Obviously there are several fundamentally important factors for any conditions for the private sector activities to thrive in any country and that is one of them is obviously infrastructure. And it is based on this conviction that the Japanese committed support to African growth over the next five years up to \$32 billion of which \$6.5 billion would be allocated for infrastructure development. I must admit, however, that compared to the vast financial resources needed for infrastructure development in Africa this amount of money, \$32 billion or \$6.5 billion offered by the Japanese government will be a tiny bit and it alone will not, you know, satisfy the needs of the African infrastructure development. However, if used wisely and strategically I believe that ODA can be an effective tool for infrastructure development and private sector development. Here I have two points. First, infrastructure development must emphasize the regional integration both within countries or across national borders. This is imperative given the need for inclusive development through which all the countries on the continent and all the people living there must enjoy the fruit of development.

Infrastructure development therefore must be promoted with a regional constrictive in mind and that is why the Japanese government is promoting strongly what they call International Corridor Projects as its pillar of cooperation. And also being promoted in this context by Japan is one stop border post project which aimed to reduce various costs associated with cross border transactions. And second, infrastructure development must be comprehensive and go in hand with a variety of development projects including manufacturing, agriculture, and natural resource development. To realize such a comprehensive development it is useful -- or I would even go so far as to say necessary to have a long term comprehensive vision of development or master plans. The idea is that by preparing these master plans governments can share the vision of development with various actors such as external donors, domestic and foreign private companies, and people living in the region. And public resources to be provided through ODA could support governments to work out these master plans and any accompanying documents such as feasibility studies.

Public-private partnership can happen in a variety of ways at various levels but it can be more effective it is promoted based on the shared vision of development, such as the one provided by a master plan. Actually this is what Japan has been doing in Asia since the 1980s. Though I fully recognize that there is a vast difference between Asia and Africa I still believe that these approaches that have been tested and proven effective in Asia are worth trying in Africa in the spirit of the TICAD process which emphasized the mutual learning between Asia and Africa.

Thank you very much for your attention.

(Applause)

MS. SOLIS: So Miss Honda is going to go to next. Miss Honda is going to come next and because she is going to use Power Point I'll ask all the panelists if we

can just step down for a few minutes so we don't have the lights in our eyes and then we'll come back right after her presentation.

MS. HONDA: Good morning. Thank you for inviting me to discuss Japan and investment, two topics which steal my heart. I make my remarks from the vantage point of MIGA. MIGA is the pride of the World Bank Group, provides political risk insurance and a credit enhancement for the private investors. I'd like to thank you, Mr. Kato, to emphasize the importance of the private investors.

Well, let's start looking at the Japanese foreign direct investment. This chart shows the cumulative FDI from Japan to the rest of the world. As you can see largest investment destination is United States of America which occupies 28 percent, then China, Netherlands, Australia, and U.K., and Brazil. Only one percent went to Africa, including South Africa as well as rest of Africa. This trend continued in 2010 and '12. The next chart shows the net cumulative investment between 2010 and 2012 to the developing world. Number one among the developing world destination is China, then Brazil, Thailand, Indonesia, India, but again it's not that much still going into Africa. Africa's aggregated number is \$1.8 billion. Then we kind of project it and looking at each of the countries, among the Africa, South Africa's the largest because of the shipping industry effect (inaudible) it looks big. But again it's a lot of debris, small money, at this moment so far when to Africa. Then we looked at how we are doing in MIGA. Left hand side shows MIGA's regional support for Japanese clients. Majority went to Asia Pacific, then Latin America, Columbia, Middle East. Very small portions are going into Africa. So this is consistent. Even with MIGA's support Japanese private investors not necessarily having a large portion with the money spending in Africa. But I'd just like to highlight to you this is really the same for the rest of the world. I must say European, especially French as well as Americans are increasing the investment activities in Africa. Among

the MIGA support last four years Africa is getting more and more popular, it's getting more and more popular destination. As a matter of fact last fiscal year -- fiscal year '13 finished end of June 2013 because World Bank's fiscal year starts July and ends June, so the last fiscal year '13 -- 54 percent of guarantee was extended for the investment in Sub-Saharan Africa. What kind of project are we supporting? Let me start with Cote d'Ivoire where if my memory is correct Mr. Kato stationed before.

MR. KATO: A long time ago.

MS. HONDA: Okay, long time ago. I had an opportunity to visit last year. We supporting bridge, power plants, we supporting container terminal. Then Zambia as well as Ghana we also have some support going on. But unfortunately those five projects I have not seen any Japanese investors or EPC contractors. But I must say one kind of spotlight is now shed in Kenya. Kenya we have been serving the Olkaria Geothermal Power Plant. This is actually wonderful investment. First of all it's a geothermal; it's environmentally friendly. Also this geothermal power plant operator decided to extend the power at relatively reasonable cost to the people nearby. So they started to building flower garden to export roses and other European flowers to Netherlands. This Olkaria Geothermal Power Plant has expansion plan where I'm hearing a lot of interest from Japan, especially Japanese trading company. So I see some lights but I think at this moment light is still small.

Then we thought about it, what is kind of the good reasons for private investors to go to Africa right now. I can think of three reasons. First one, as Mireya pointed out Africa is one of the highest growing regions. Some people may say average rate of five percent is not really high, however, given the recent global economic growth which World Bank just announced yesterday, it's actually about half of this one. So five percent grows last entire decade and also we're forecasting the similar growth in near

future. I must say this is high growth, also high returns. 2010 U.N. estimation about the U.S. FDI in Africa, return on investment was 20 percent. Compared to the 14 percent of Latin America, 15 percent in Asia, again I must say this is a high return. So Africa is a highly -- one of the fastest growing countries at the same time provides the highest return. And second of all there is a need for the investment, especially infrastructure that it's stated again by Mr. Kato as well as Mireya. This is really true. You probably know this one really well.

Then I'd like to add one more interesting point which is Japan can't add a lot of value. Serving for Japanese clients more than 25 years as a consultant I found operational and maintenance expertise of Japanese company is superb. This can be used in Africa. Let me share World Bank Group's analysis. This is a little old. We announced 2008 but this I believe still actually holds somewhat true. 2008 in Africa World Bank estimated funding needs of the infrastructure is about \$93 billion. At that time \$45 billion has already financed, so therefore it's done. By the way among those \$45 billion, 25 percent was financed by the private investors. Well, most of the people can create financing gap by 93 minus 45, however, we found one more gap between the financing gap and fiscal efficiency. If we improve the efficiency for example, increasing the capacity of the power plants, reducing the loss of the power transmissions, we can use those \$45 billion more. Based on World Bank as a (inaudible), efficiency gap in 2008 was \$17 billion. I strongly believe Japanese companies are well positioned to achieve or support to achieve to fulfill those efficiency gaps.

Well, thank you again for inviting me to be a part of this panel and I'm looking forward to having more discussion after this. Thank you. (Applause).

MR. SY: It's me?

MS. SOLIS: You want to speak from your seat or do you (inaudible)?

Whichever you want.

MR. SY: I can speak from here.

MS. SOLIS: All right. Thank you. Thank you, Amadou. So you are next.

MR. SY: Yeah, thank you. First of all I have to thank Mireya and all the guests for coming from so far for this, and also my colleagues here at Brookings who have been working very hard.

So I mean we -- I will just go briefly. We have heard this Africa rising narrative from the two previous speakers. So going forward, you know, economic project growth in Africa is predicted to be about six percent and seven of the world's fastest ten economies in 2011 to 2015 will be from the region. But it's good maybe to put this growth in perspective and countries in Asia and in Latin American provide a good benchmark. So if you take the GDP per capita of Africa in 1970 and that of Asia and index everything at 100 in 1970 now we are at about 530 for this peer group, and for Africa we are only about 170. So if you think about convergence we have -- Africa has picked up only about 10 years ago, around 2001 where other countries have started their growth much earlier. And although we're growing very fast there's a big gap. So we need to grow even faster. We need more growth and we need better quality of growth. Because this Africa rising narrative should not mask the remaining challenges of the continent. You know, there's insufficient job creation, we haven't yet reduced inequality as much as we could, progress has been uneven, agriculture is really beyond its potential in Africa, we have de-industrialized since our independence, and the role of natural resources with these new discoveries might even be even more important and we all know the challenges that natural resource wealth entail. So that's the first point. But African policy makers are aware of this and there is right now a consensus about a transformation agenda, or if you

will a convergence agenda. And in this objective to transform our African economies infrastructure plays a big role, private sector plays a big role, so do agriculture and creating jobs.

Okay. Second point I would like to make is that donor engagement, and I thank my colleague Laurence Chandy for pointing that to me, donor engagement in general for the continent is not growing all that much, but there's a growing interest in the use of aid to support private sector. And, you know, so in 2005 at the Gleneagles Summit there was a commitment -- it is pledged to increase aid by \$50 billion, half of which was supposed to go to African countries but aid only increased by \$30 billion and only \$11 billion went to African countries. And more recently aid flows have gone down. So these are OECD figures and if you look at non OECD figures -- and here I have to quote Mr. Kato's institution, the JICA Research Institute who had just a report on Chinese aid -- non OECD aid is increasing and Chinese aid is increasing. It's probably driving it. So the good news is that there is a lot of thinking right now and we have I think more questions than answers, but there's a lot of thinking about what should be the role of the private sector in this new aid architecture. As a note, as Africa consolidates its macroeconomic fundamentals and improved governance which are some of the key drivers of the growth that we have seen, many countries can aspire to attract foreign investment and it's happening. So actually a colleague of mine who is here, we have been looking at FDI data by country all over Africa by different categories and we find that if you look at the 2001 to 2012 period you have 14 African countries in which FDI flows are higher than ODA flows. And this is compared to eight countries in the 1990 to 2000 decade. So countries are attracting more FDI but it goes mostly to natural resource sector, extractive oil, gas, diamonds, and so on.

Now an interesting fact again what that mirror what is happening on the

ODA front is that a lot of the dynamism that we see is driven by non OACD country, again China but also other BRICS. So these countries account now for more than one quarter of capital investment to Africa and this trend is increasing. So the real -- the key question is then how should new growth opportunities and this Africa's transformation and convergence agenda lead changes in donor behavior and in the private sector? So as a note one -- it's possible to at least aim to attain a kind of virtuous circle between FDI and growth because as we know good policies including financial sector, governance, education, and maybe vocational education here is the key, and infrastructure attract -- should attract for an investment and should also help lead to higher growth. And we can see a little bit concerns in many countries, you know, where in spite of an increase in FDI employment has not increased. We've seen some countries trying to come with some local content regulation, trying to see how they could have their FMEs be involved and so on. And there's this lots of talk about this global value chains and how North African countries can insert themselves in these global value chains.

So what do African policy makers say? So as mentioned in here the TICAD played an important role because it provided a forum to come with development strategies and these include this agenda of economic transformation. And it's clear that from African policy makers there's a consensus about the role of infrastructure. You have also sectoral plans like Mr. Kato mentioned. You have also some sectoral plans in health, sustainable energy, and so on. And integration also is a key priority. So it's clear that African countries want more infrastructure and want more investment in those sectoral roles. There's been a push to increase domestic resources to achieve those goals, but as Ms. Honda showed that's not enough, right. In infrastructure domestic resources will not be enough and foreign investment is needed. So I think we have some kind of consensus on what we would like to do but we are constrained by the poverty and

the low fiscal resources, fiscal revenues in these countries. What do foreign investors say? So this is a nice paradox or interesting paradox because there's a lot of long term money out there. If you just take the sovereign well funds you have trillions of dollars. If you take the institution and inventors in the developed countries you add a lot of trillions of dollars. So there's a lot of money out there which actually is patient money, long term money, and there's a big need for long term money in Africa. But the match is not happening. Why? When you talk to long term -- to foreign investors the key word here is governance. You cannot avoid the government in Africa, you cannot avoid state owned enterprises in Africa, especially if you're dealing in infrastructure projects, and foreign investors have a certain perception of this risk which is not conducive to investment. So the key word here is having partners like MIGA go try to mitigate these risks, but also to really think carefully about exactly the difference between the perception of risk and the real risks, and also really see what in the governance of the different stakeholders is really impeding, is really preventing the money from investing. So for example you could have a very good project in a country but the foreign investor would say well I need a guarantee. The government would say okay I offer the guarantee, but then if it is a country under program you have limits on non concessional borrowings that will say well, no, you cannot because it would endanger your debt sustainability. So it's a complex issue I agree but I think that -- really I think the key word here is governance and what in the governance of these projects really is a constraint.

So what do bilateral donors say? You have a whole spectrum let's say from China to OECD countries. China which will often go by itself and you've seen lots of big contracts being signed. There's also some kind of evolution in the types of projects you see China having. You see for example in Guinea recently you had a huge iron ore project with Chinalco, Rio Tinto, and the IFC, International Financial Corporation, which is

part of the World Bank Group. And according to the figures it could even double Guinea's GDP from a low base, of course. But anyway, so you could say that you have the spectrum from China changing all the way to OECD countries. And a buzzword these days is blending. We hear a lot of -- this word a lot from the bilateral donors, blending or leveraging the private sector to use aid more strategically or smarter, in a smarter way. So I would -- to just quote here, although it said in the U.S. Power Africa Initiative it's quite interesting also, according to the numbers I heard recently, first of all the object here is to leverage the private sector and partner with the private sector, U.S. and African private sector, and coordinate I think about 12 U.S. agencies to invest only in the energy sector. And according to high official from U.S.A. out of the \$14 billion that have been raised recently half come from African private sector or from Africa. So you have other models like Aid for Trade and so on, but the idea is just like how do you use aid in the most strategic way and leverage the private sector?

So I would like to also again here say that even, you know, now going forward is it possible to also coordinate among all these partners, Japan and China and the U.S., and the lesson from -- first of all I think key questions -- I don't have answers but should it be the case because in the aid literature there's a debate whether you should have competition or coordination. So the coordination we have seen in fragile countries, but what is better? I don't think we really have a -- we have a definitive answer. But in any case aid coordination has not worked that much. And again my colleague Laurence is saying it's like herding cats, it's not easy. So I will stop there. Thank you. (Applause)

MS. SOLIS: Thank you very much, that was really interesting. And then I'd like to ask Akimoto-San to give his remarks.

MR. AKIMOTO: Okay. Thank you, Mireya, for inviting me. I'm delighted to be here with such distinguished fellow panelists. It's great to see some familiar faces

in the room. I spent 10 years in Washington until 3 years ago that I was called back to Tokyo and it only brings back good memories that I have in Washington.

We're here to talk about Africa from the viewpoint of Japan with the emphasis on the private sector. Mr. Kato and Ms. Honda pointed out that Japanese company activities in Africa at the low level and cumulative investment in Africa is very small. From the viewpoint of a person who are out there to make money, who are out there to increase corporate value, who are out there to protect the interests of shareholders, I must say that there's a good reason why investment remains small and Japanese company activity looks like stalling. But I guess the purpose of this meeting is to cast a positive light on the relationship between Japan and Africa so I'll do my best now in that respect.

First positive news in Africa, let me begin by saying there are optimistic views in Africa emerging among Japanese companies. We used to see Africa -- it has a great potential but it also has lots of problems. But now the way we see Africa has changed, changed in a sense that despite lots of problems it has begun to see a new era of economic growth and integration to the world economy. What's brought this perception change? First, African economy has shown bright economic performance. The average GDP growth of African countries in 2014 was 5.4 percent higher than the world average. The average annual GDP growth from 2003 to 2014 was 11.9 percent. It is well known that seven out of ten fastest growing economies in 2013 are in Africa. Secondly, with the economic development the standard of living has been on the upward trend. The per capita average income was roughly \$800 in 1980 but now it is expected to reach \$3,000 in the second half of this decade. Additionally the population has been rapidly growing on the African continent. The total population in Africa was 1 billion in 2010, but it is expected to reach 2.4 billion in 2050. It is remarkable, four countries on the

continent now has more than 10 million middle class people, and six countries in Africa has roughly over 5 million middle class people now. The number of households with more than \$5,000 annual income is 84 million in 2008 and it is expected to grow to 128 million in 2020. Thirdly, natural resources such as oil, gas, copper, diamonds, platinum, ferrochrome, rare earth materials, and so on are still untapped largely in Africa due to the lack of infrastructure and finance, together with the political instability. But now because of high commodity prices it is expected that there will be a much stronger push to develop natural resources in the future that have been left untouched. Lastly, we began to see more stable business environment in Africa. For a long time many African countries were plagued with political instability and violent fighting over ethnic, religious, and economic divisions, even within national boundary. But now many of these countries with bloody past have seen improved peaceful political environment. So business and opportunities with high economic growth, rising level of living standards, growing young population, rich natural resources, and relative political stability have combined. You must say there seems to be that a bright future is waiting for Africa. If you consider the fact that Africa accounts for 23 percent of the world land mass, 15 percent of world population, and yet it has only 3 percent of the world GDP it is obvious that there is lots of room for growth. Against this backdrop Japanese private sector companies now have renewed interest in engaging Africa in terms of business. There are roughly 400 to 450 Japanese companies operating in Africa; roughly 30 percent of them are in South Africa. Because of the size of the economy, growing population, rich natural resources, and relative political stability companies in a wide range of business of interest such as automobile, automobile parts, natural resources, machinery, paint, general merchandise, and so on are in South Africa. Mitsubishi Corporation is one of the Japanese countries in South Africa and we own and operate ferrochrome mine among other businesses that we engage in. We also have

African business headquarter in Johannesburg.

Having pointed out the importance of South Africa to Japanese business it is also important to point out the fact that the Japanese companies' penetration in South Africa goes beyond South Africa. A number of Japanese companies are in Kenya, Tanzania, Nigeria, Mozambique, Angola, Zambia, Ghana, and so on. Mitsubishi Corporation has 12 offices on the African continent with roughly 100 employees; 30 percent of them expats from Japan. Japanese companies see roughly four areas of business with high hopes in Africa. First, Japanese companies expect business development in basic infrastructure, such as roads, power, transportation, and water. It is well known that Japan is the world leader in many technologies in this infrastructure project. Secondly, Japanese companies will continue to develop natural resources. Japan is one of the resource poor countries in the world but has technology and some finance to help Africa in this respect. Thirdly, Japanese companies will engage themselves in retail markets and consumer goods. The sizeable consumer market in Africa is expected to grow from roughly \$3.5 billion in 2010 to \$11 billion in 2060, however, having said that penetration rate of modern retail outlet remains very low in Africa. While the penetration rate of the modern retail outlet in South Africa is 55 percent and that of Kenya 35 percent, it is only 3 percent in Nigeria, the largest economy in Sub-Saharan Africa. Lastly Japanese companies have great hope in automobile, automobile parts, and related services. The automobile market in Africa is expected to grow from 1.5 million units in 2011 to 2 million units in 2015. So what are the enablers? There are still many hurdles such as political instability, security, finance, collection of money, infrastructure, institution, expertise, legal framework, cost of business, risk mitigation, terrorism, disease (laughter) that must be negotiated by Japanese companies to transform business aspiration into reality. First, the Japanese companies must think

about public-private partnership. It is particularly important to secure public financing at the early stage of a project when the risks are high. Japanese companies can work with the Japanese government as well as international finance institutions in this respect. Of course Keiko's MIGA -- or Ms. Honda's MIGA can help in the area of political mitigation as well as credit enhancement as she said. Second, Japanese companies must have a long term view of business in Africa. With all the future expectations Japanese companies are still in need of experts who understand Africa, products which appeal to the African consumers, management skills which are functional in African context, and the trusted partnership with the local partners, local companies. Third, Japanese companies must align their interests with Africa's interest, particularly in the area of capacity building such as basic education and professional training. It takes time to invest in human capital but there are lots of young people who are eager to learn and long term commitment in human capacity building by Japanese companies will eventually pay off. Of course Africa needs jobs for young people who have acquired basic and professional training. Agriculture is critically important in this respect and there must be some areas Japanese companies can contribute such as fertilizer, seeding, farming technique, and possibly GMO products. Fourthly, Japanese companies should aggressively consider M&As to accelerate their business in Africa. Toyota Tsusho has recently purchased CFAO, a French trading firm which has both geographical and industrial complementarity with Toyota Tsusho. This is a good example of a strategic M&A by a Japanese company recently.

Finally it is important to mention Prime Minister Abe's ODA policies. The current administration has an aggressive attitude to use ODA project to cater to the interests of Japanese companies. While the primary focus of Japanese ODA has been on Asia, but Africa is becoming important. In fact roughly one fourth of Japanese ODA

goes to Africa today. Tokyo International Conference on African Development, or TICAD V, was held in June 2013 to strengthen ties with African nation through ODA. Prime Minister Abe announced \$32 billion aid package to Africa particularly in the area of infrastructure and capacity building. What Japanese government should do is to participate in early planning, particularly in the support of a strategic planning of the host country's major infrastructure project. It is also critically important for Japanese government to give advice or advices in the area of legal framework, custom regulations, investment climate, and environment. One area of Japanese ODA which needs to be modified is the fact that the ODA project are considered with a single country as a unit. Regionally invigorated economies have been emerging in Africa, such as many infrastructure projects goes beyond the national boundaries, but Japanese ODA lacks mechanisms to address those needs.

In conclusion, Africa has seen tremendous growth in the last decade. While it seems to usher in a new era much of the growth has been largely sparked by Chinese investment in natural resources. The question is whether Africa can use the recent growth as a step to have more sustainable and equitable growth in the future. There are many areas in which Japanese private sector companies can play a role as Japan has certainly achieved one of the most sustainable equitable economies in the world. Japan has a great track record in promoting human security both in Japan and overseas. I am certain that the Japanese companies together with the Japanese government can support African countries to help themselves --because they have to help themselves -- in this respect by providing support in infrastructure, human capacity, model institutions, and job creation. Thank you very much. (Applause)

MS. SOLIS: Thank you very much. Those were really terrific presentations. There is so much on the table, a very rich agenda and just a few minutes

left. And I do want to give the audience an opportunity to ask questions so I'm going to restrain myself because I have so many questions to ask, but there are at least three or four points that I would like to bring up and try to encourage a conversation among the panelists and then I'll go to the audience and collect questions.

Let me start by noting that, you know, traditionally Japanese ODA has been criticized. One of the early criticisms was that it was about the promotion of corporate interest, that mercantilism seemed to be a larger drive of Japanese aid giving. And Japan actually took this criticism I think to heart and in many ways achieved tremendous progress in untying its aid, but so much so that actually the many Japanese corporations felt that there was no real incentive for them to participate in this effort, that ODA was kept separate from export and FDI and therefore they were less engaged in the process. So I wonder, Mr. Kato, now that Japan is saying that they want to promote the role of the private sector, how do you address this possible concern among some that they may see that indeed, you know, corporate interests are going to figure out very prominently in Japanese ODA and how you achieve that right balance between having an ODA program that also maintains the private sector engaged? So that would be one first question.

The second question I have -- and I think it's something that we did not touch in the presentations, and I agree that the goal of this panel is not just to, you know, present the rising narrative and not take into account the many, many challenges that remain in Africa, and of course to also discuss the possibility that foreign direct investment can play in increasing those growth opportunities. But I think it was very interesting if we think about well what is the role of the African private sector and to what extent can ODA programs, to what extent can the investment activities of foreign corporations team up with local entrepreneurs and try to achieve growth in that more

inclusive way? That would be second question.

And the last question I actually am going to use all the points that Mr. Akimoto used and ask Mr. Kato if he could reply to these suggestions as to how to move forward with ODA in the sense of thinking of ODA not just as, you know, a bilateral process, Japan versus the recipient nation, but to think about the regional economy to try to incorporate private companies much earlier in the planning process, and all these suggestions he had about giving advice on the legal framework, custom procedures, and other regulations.

Thank you. If you could please provide some short answers then we'll move on to questions from the audience.

MR. KATO: Okay. Thank you very much for those very difficult questions to answer (laughter); very challenging ones. I'd like to talk the first question that is how we're going to deal with the challenge that, you know, using ODA wisely in such a way that Japanese ODA will not be criticized as renewed mercantilism. There is no official statement -- maybe official statement is to adhere to the rules as published by the (inaudible) or the export credit arrangements. But, you know, I think there are several ways to look at this problem. One is that, you know, as Mr. Akimoto was saying that the Japanese companies see many hurdles that must be overcome before they decide to go into African market that are, you know, infrastructure and human resources and many of those things that can be, you know, dealt with by ODA. So not necessarily giving the contract to Japanese firms in purchasing and providing services for infrastructure, maybe ODA can be used for the general improvement of the business environment in Africa. Then it will have a generous way of looking at ODA's use. But other people might say that if Japanese loans and the projects implemented by Japanese loans are all won by companies of other nationalities then that will be going to be kind of a politically sensitive

question. So what we are trying to do is strike a balance between the two conflicting interests. One is maybe to satisfy the interests of the interested parties, interested Japanese firms which want to win contracts and at the same time, you know, maybe use ODA resources for the general improvement of the business environment, not necessarily intending to favor or, you know, give contracts to particular private firms.

And I'd like to turn to the third question that Mireya wants, how can ODA play a role in facilitating the private firms but especially in Africa. As Mr. Akimoto was rightly pointing out, you know, the early planning and coordination of various projects are very important. And without having a clear vision of what is first going to happen in a certain country maybe individual Japanese firms will be quite reluctant to go into a market or country with which information -- where information is very scarce. So what we did in Asia and between the private sector and the public sector is that there is a kind of trust between the government and the private sector and if the government is going to commit to a certain country then the private sector will have a sense of security and supported and pushed by this sense of security the private sector will decide to go into a certain country. And there is an interesting research finding made by a micro economist in Japan which found that a one percent increase in Japan's ODA is associated with a 0.7 percent increase in a total stock of -- in foreign direct investment by the Japanese firms in five selected Asian countries. That means, you know, ODA can work as a vanguard or as an inducer for the private sector to go into a certain country. So with this kind of tradition between the private sector and the public sector I think there is a lot of things that ODA can do.

Maybe the second question is too difficult for me to answer so let me think about that. Thank you very much.

MS. SOLIS: Thank you so much. So very briefly some of the other

panelists would like to address this questions? Miss Honda?

MS. HONDA: Thank you. I'd just like to briefly touch upon, Mireya, your second and third questions. One of Africa's challenges average size of the country is actually relatively small. Of course there are still some large markets like in Nigeria but there are a lot of small countries out there too, but each country has different registrations versus some of them have a different (inaudible) and so forth, so this is the challenge. Therefore regional approach, Mireya, I completely agree with you this is very important, but for just one private investor setting up something regional is quite challenging. Therefore this is the area I feel like a multilateral developmental organization like World Bank, or African Development Bank, or IMF should be able to play that role. As a matter of fact we just supported a private investor going into one country generating the power which actually distributed by the different private investor into two different countries in Africa. I think if this kind of thing is happening we can freely enjoy or private investors can freely enjoy this scale of economy. And second of all role of the African investors, yes, this is actually one thing. Yes, how house investment is happening but it's not a lot. The reason is again I think some African investors understands one country really well but that's not necessarily probably enough except for maybe South Africans, possibly Nigerians. We need to think about it, you know, what kind of investors you really need to pick. At the same time one other -- this is a pitfall for Japanese investor particularly. Japanese investors prefer to form a joint venture with a local partner. That was the formula of success in Asia, but joint venture is not necessarily the popular way to conduct the business not only in Africa but in Europe as well as America. So we need to come up with some other way to collaborate with the African investors, either like Asian or either actually having them to take a more leadership role, Japanese company more like a technical advisor or something. I do not have any one answer to it. This is also myself

was thinking about it, but, you know, heavily relying upon joint venture scheme not necessary like a great way to succeed in Africa. Thank you.

MS. SOLIS: Thank you very much. With my apologies to the other panelists that I cannot take any comments right now on these two questions because I do want to give the audience an opportunity to participate. Given that our time is very limited I'm going to group the questions together. We'll start taking three and see how much we can get in terms of answers from the panelists and if there's time for a second round or not. If you can please raise your hand, wait for the microphone to arrive and identify yourself and be very concise given time constraints. This gentleman here.

MR. HERSHEY: I'm Bob Hershey, I'm a consultant. What can be done to use the internet to get more transparency in it and get people who are potential investors to see exactly what their money is going for and help in making decisions?

MS. SOLIS: Thank you. And I had a question at the back, that lady.

QUESTIONER: Thank you. Hi, my name is Sakina from American University. Thank you so much for informative discussion. And I was wondering how we can make sure that all the benefits of macroeconomic growth can trickle down to the bottom of the pyramid? Thank you.

MS. SOLIS: Thank you. And one more question? In the back please.

MR. AMERICA: Hi, Richard America, Georgetown University. Would Mitsubishi Corporation give \$20 million to one business school in Africa to make it a world class business school?

MS. SOLIS: Thank you. Now we'll take answers from the panelists. Anybody would like to comment on those questions?

MR. AKIMOTO: Since somebody mentioned Mitsubishi (laughter) I feel like I have to say a word or two. My answer is I don't know. I pointed out lots of

difficulties for Japanese private sector companies going into African and doing business. And that could be a well enough reason to invest in human capacity but \$20 million is a big amount of money. And sometime down the road we may consider not just a single company but a group of Japanese companies may be able to do that. I give you two examples, one is that in the late 1990s when the Japanese economy was not doing so well visionary Japanese business leaders including Mr. Ben Makihara, ex-chairman of Mitsubishi, Shoichiro Toyoda, chairman of Toyota, got together and raised \$21 million, a pretty close amount of money, to start Asia Center at Harvard University to foster dialogue between Harvard scholars and Asian leaders. So, you know that could be a model to do that kind of thing sometime down the road. I mentioned Toyota Tsusho; I have a new -- there could be competitors but, you know, they've been doing a good job in Africa. And one example is that they have just started a training center to train not just car mechanics, engineers, but engineers in other machinery businesses. And they are doing a good job and perhaps we should start doing smaller more realistic type of training contribution to African work force. Thank you.

MS. SOLIS: Amadou?

MR. SY: Yeah, maybe just so the internet -- I mean right now if you look at one success that Africa had it's, you know, this mobile technology which -- I mean everybody has a cell phone in Africa, even the poorest villages. And apps are being developed to increase productivity. Of course they are your old phones and they are sending SMS but it has a lot of potential into basically increasing governance, making sure that voices are heard, and even in the delivery of aid. For example if I'm not mistaken in Nigeria farmers get agricultural subsidy using their mobile phone, you know, to check whether they have it. So I think it's happening. And with the cost of smart phones decreasing -- apparently probably we'll have smart phones costing less than \$20

pretty soon and internet penetration increasing, I mean there's a lot of, lot of, lot of -- if you look at the Africa Progress Panel Report they have a page in there showing a number of apps and innovations using mobile technology in Africa.

MS. SOLIS: Thanks. I think we have time for one more question, or two. In the back, Franklin, behind you.

MR. SINGH: Hello, my name is Harjop Singh; I recently graduated from Seton Hall University. My question has to go along the lines of aid and development. I feel like the missing point is political. Could you comment on like the political interests of the various actors? I believe China was discussed, BRICS, even, you know, besides Japan. How do we try to converge the political interests with the private sector since that hasn't been really talked about?

MS. SOLIS: One more question. Yes?

MS. MUSTAPHA: Hi, I'm Lolade Mustapha; I'm an attorney and a consultant here in D.C. And I was wondering what is the reason why you haven't had as much business in Nigeria and what are your plans in the next 10-15 years to increase Japan's presence in Nigeria since there's such a huge middle class in that country? Thank you.

MS. SOLIS: Thank you very much. So last round of answers from the panelists. I should also note that this question of competition and coordination among donors is going to be touched upon in the next panel. Any comments from the panelists to these questions?

MR. KATO: Will you paraphrase the question once again please? The political interest of?

MR. SINGH: Sorry if I wasn't clear. Well, there's a lot of discussion that the reasons states are taking more interest in Africa is given the power dynamics of an

emerging multi polar world and so some countries are apparently losing influence within say the U.N. or international community feel that Africa is very pivotal not only economically but politically. And so there's an issues like a divergence that some analysts are saying that like the economic interests aren't actually coordinating with the political and so there's a lot of waste in resources.

MS. SOLIS: Okay. Akimoto-San?

MR. AKIMOTO: While Mr. Kato is thinking about that question (laughter) I would like to say a quick word about having a partnership with local companies. Keiko, or Miss Honda, may be right that, you know, finding viable respectable local partner could be difficult in Africa, but if I paraphrase the difficulty or go into the details, Japanese companies, many of them have very high level of standard of compliance. And sometimes there's a gap between the level of compliance we have with the local commercial customs. So that makes things kind of difficult. Number two that many Asian companies, Pakistanis, Indians, Singaporeans, and others are interested in African market and we are actually -- Mitsubishi as well as many Japanese companies are thinking about going into Africa with Asian partners with whom we have a trusted relationship in the Asian market. Finally, I think Amadou is right, that we don't have to think about this Africa and Japan in terms of a bilateral relationship only. There are many players and China is the biggest, biggest player and I'm not going to waste your time by going into detail but China sent Premier Li Kequang and Foreign Minister Wang Yi to award economic forum in Nigeria about a month ago. And their presence is big. And I think relationship between China and African countries have transformed in a positive way. And we are not competing with the Chinese companies, and as a matter of fact we feel like there are some areas that we can be in partnership, we can build a partnership with the Chinese companies. And that's just something that I want to say, that we don't

see this is as some game between Japan and China or other Asian companies. Thank you.

MS. SOLIS: Thank you so much. So we have come to the end of our time. I just want to make a few lunch announcements. We have food for everyone. You are very welcome to join us for lunch. But I would like to ask you to please give a few minutes just so that the panelists could get ahead of the line to make sure that we feed them before they come back on stage. And the food is going to be on the hallway and then the seating will be in the room right next to us. It should all be very clear.

I think we had a really interesting discussion. I think that we're just getting started. We're going to continue and the second panel will reconvene at 1:00 o'clock and in that panel we're going to touch more on the engagement strategies of different donor countries, that is Japan, the United States, and China. Please join me in thanking the panelists for a terrific discussion this morning. (Applause)

MR. PAGE: The average low-income African country derives somewhere between ten and thirty percent of its gross national income from donor assistance. Donors occupy a very important place in the dialogue over public policies for growth and over appropriate strategies for development. And as a result, what we've seen, of course, is focus by a number of European, Asian, and North American donors on Africa's development and a number of different modes of engagement beginning to emerge in the region.

Today, we have quite an interesting panel of three people representing (inaudible) the supply side of the aid business, two scholars and a practitioner, and then one on the demand side; former Minister of Finance and current advisor to the President of Uganda. So, I think we have a nice balance. Two of our panelists are scholars; two of them are people who have to deal with the real world.

We're going to run things in a slightly different way than this morning's session because one of our panelists wants to use PowerPoint. So, what I'm going to do is I'm going to introduce him, then ask him to come up and give his PowerPoint presentation, and then the four of us will move to the table. And because I don't like introducing people when you can't see the front of their head as opposed to the back of their head, I'll introduce the other three panelists once we get to the table.

So, we're going to start with Professor Katsumi Hirano who is the Chief Senior Researcher in the Area Studies Department at the Institute for Developing Economies in Tokyo, Japan. He's a scholar on the development of Sub-Saharan Africa. He's written in both English and Japanese about issues of African development. And before he joined the Institute for Developing Economies, he served in the Embassy of Japan in Zimbabwe, he served in the International Development Center, and he was a member of the staff of the Sasakawa Peace Foundation. So, he comes to us with a longstanding reputation for scholarship on Japanese aid policy and Japan's engagement in Africa. Hirano sensei, the floor is yours.

MR. HIRANO: Thank you so much, Professor Page. And let me talk about basic condition which described as the relationship between Japan and Africa, and Africa and East Asia in general.

First, let me explain this graph. It's showing is African share in Japanese import and export. And it used to be we have to very big -- we have to be big portion of our tradership with Africa. It's more than the (inaudible) to China. It mean there's for the East Asian type of they're going to make growth, especially in the past stage, is African market is quite important.

And another thing which I tried to your attention is special position of South Africa, tradership with South Africa. After the 1970s, since the share of the Africa,

our tradership is going to Greece. But South Africa -- with South Africa it's maintained the same level, and the next thing is current stage now that Japan is at trade deficit with the trade with Africa.

Why we keep the tradership maintained in South Africa is -- let me explain by this graph. This is the main item of the trade between Africa and Japan, and its automobile export is the most important component of exportship to Africa and the pravachanam import. And the pravachanam is used for, as you note, as a catalyst for automobile exhaust gas. So, it mean its automobile industry has sustained our tradership with Africa.

Nowadays, (inaudible) import is increasing (inaudible) that explained by this graph. Now we import crude oil and also the natural gas from several African country. This increase, of course, is after the March 11 big-ass gray gun of (inaudible). After (inaudible) we now faced with all-nuclear power station that stop, and we definitely need its (inaudible) for the electricity generation.

So, now the Japanese general trade (inaudible) going to that and the same situation now we experience with the trade with Africa.

And this is export side from outside. As I said, it's now. We must have looked at the (inaudible) for the (inaudible) generation must import from Africa. But our export is not catch up with the sort of the speed of the increase of the importation.

This graph is comprised on there, Japan and China. Our main export, that is machinery. Transport machinery is some sort of equivalent. It's China and Japan. And Japan is transport machinery. It's mainly composed of Oldsmobile, and China was motorcycle. But electric machinery and the general machinery now that Japan cannot see (inaudible) back of China. China is much, much bigger than -- and it's mean is China's a very -- larger export ability and also the lack of the export ability of the

Japanese economy.

This kind of situation in itself does not (inaudible) the tradership with Africa, but we also have to (inaudible) in the globally. Now that (inaudible) and (inaudible) match, it is expected to increase our export ability and the profitability.

And the very different but very important aspect in the relationship with Africa is food security. This graph showed is a cereal import of East Asia and Africa. East Asia region, as you know, is the most populated area in the world. It mean we are destined to import as food especially in the (inaudible) because we don't have the enough arable land to get cereal especially for the meat production.

So, the other country, Japan, is definitely the biggest importer of the cereal (inaudible) it mean there's a -- we are the biggest and the good -- best customer for the American farmers, and China will follow us.

But recently cereal import of Africa is catch up us and actually is total cereal importation is 49 Sub-Saharan African country exceeded to the Japanese import at the year of 2009. And the total African import, it -- it mean including the North African country is now touch on the 70 million tonnage. It's tremendously big. It's much higher than the East Asian, the total.

So, it mean is international cereal market is half the structure. It's mainly a supply to buy the North and South America and also the Europe. And that volume was divided by the mainly East Asia and Africa. But the East Asian import is a little bit stable. But African import is growing very rapidly so that African importation increase is the main threat for the international cereal market. It mean I got catch (inaudible) Africa, the African country is also the main topic for the African development but also is a very big set for the East Asian food security.

And last point, which I mentioned here, is demographic transformation of

the East Asia (inaudible). So, almost all country in East Asia, okay, enjoy the very high economic growth period including our country, Japan. We (inaudible) demographic bonus. But Japan already lost its democratic bonus, and now we will suffer as a different demographic onus.

And South Korea is just now the (inaudible) and China too. So, the -- if same things happen in South Korea and China, East Asia as a region is suddenly lose its economic growth capacity. Almost 20 years ago nobody can observe -- anticipated its suddenly stop of the economic growth in Japan.

So, the point which I mentioned I here, our requirement to Africa may be that staple resources (inaudible) to Africa -- Africa be the staple resource of (inaudible), and food security in global dimension. But this kind of requirement is observed not only in the country of Japan; it's commonly observed and shared with China as is Korea and also is Taiwan. So, that East Asia country share the -- also, our East Asian countries share much of the similarity in economic (inaudible) and also the aid policy and its priority.

Aid policy document in China or, for example, in Japan and South Korea have some -- they're all rhetoric. But basically we share the same phenomenon. So, I think that Japan will be able to understand well China's African policy because let's say our policy is have a much difference to the our history, our economic corporation policy to other Southeast Asia. Almost the same formula we share.

As far as that point-of-view, we -- as a region, East Asia, that is a global center for manufacturing as that have the necessary have the biggest amount of all the natural resources. That's kind of the (inaudible) we request that (inaudible) regional-wide collaboration is the most desirable for us and definitely productive. So, is African policy. But unfortunately now, you may know, is East Asia region politically-speaking divided by

the confrontation and the (inaudible).

So, I think if we have -- there's a more economic ratio now, and the rationality about this, a comeback about international terrorism, maybe we have to some more productive African policy, East Asia regional-wide. Thank you very much.

(Applause)

MR. PAGE: Right. Well, now we move to the panel discussion, and it's my pleasure to introduce the other three panelists, each of whom, again, will speak from the table for probably about 10 minutes. But let me introduce all of them now, and then we can very quickly move from one to the other once we begin.

I'll start on my far right with Don Niss who is the Deputy Coordinator for President Obama's Power Africa and Trade Africa initiatives. He sits in the United States Agency for International Development, but has the unenviable task of trying to draw resources and expertise from across the government to make the initiatives work. For those of you who've had some experience in Washington, getting anyone around the Cabinet table to actually work together, I think probably he deserves some kind of a presidential award just for that.

He has a long history in the private sector before coming to USAID, having worked for people like Chase Manhattan, worked for OPIC, and he's spent some time at my alma mater, the World Bank, which we won't hold against him.

But Don is intending to give us a bit of a perspective on the U.S. approach to Africa and also some thoughts on the coordination of donor efforts in Africa.

Next to Don is Ezra Suruma, who is a former colleague of ours here in the African Growth Initiative at Brookings. He's had a distinguished career in the public service of his country, Uganda, having at one time served as the Deputy Governor of the Bank of Uganda and then the Minister of Finance. He currently serves the President of

Uganda as his senior advisor on finance, economic issues, economic coordination.

So, Ezra has a very strong basis of expertise. And can we make the book plug? He's written a rather interesting book on public policymaking in Uganda. As I'm his senior fellow here at the Brookings Africa Growth Initiative, so I wouldn't be embarrassed if he were to make a book plug while he was giving his talk.

And then to a further colleague, Yun Sun, who was visiting with us a couple of years ago here at Brookings. She is currently at the Stimson Center where she is one of their experts on China, China's foreign policy toward conflict and emerging economies in Asia and Africa, and is a fascinating colleague with whom to talk because she brings some genuine insights and some perspectives for having spent time on both sides of the Pacific, I think, which will help us to get an understanding of where China is going in Africa today.

So, without then further comment on the panelists, let me turn to Don and ask you if you would give us your remarks?

MR. NISS: Sure. Thank you very much, John. I want to thank you and to the initiative here at Brookings for inviting us to talk about Power Africa today.

What I'd like to do, we have just a brief time to sum up something that's fairly complex, so what I'd like to do is just talk to you a little bit about what Power Africa is, what the model is about, go into a little bit of detail about what the implications are for Power Africa's private sector focus, and then wrap up with a couple ideas on what the implications of all of that is for donor coordination and how that might have some impact on how Japan engages in Africa.

Power Africa was announced almost a year ago, June 30th, by President Obama in Cape Town. And basically the idea behind is it's -- we had a number of discussions the previous year with leaders and businesses in Africa, asking, what are

some of the biggest impediments to your continued economic growth?

At that time, 6 of the 10 fastest-growing economies in the world were in Sub-Saharan Africa. I think that's now increased to 8 of the top 10 fastest-growing economies. And to a tee, almost everybody said to us that power was the most significant impediment to their continued economic growth.

And so, for USA, we're engaged not only in economic growth issues, but we're also engaged on issues related to -- of development. So, it also has serious implications for health, for agriculture, for education.

We took that all into consideration, and so there was a number of discussions that took place amongst the different foreign policy agencies of the United States government to figure out how can we best address this question. Power Africa is a model emerged.

A couple of things that come out of this; The president announced two key goals. One is that we are trying to add 10,000 megawatts of additional generation to the grid, and that general -- the idea behind that is just to increase general availability and capacity for power generation.

But the second element of it, which is really important as well, which is we also want to add another 20 million connections to the grid, which also -- these are new connections, households and businesses, which is really critical because this also has to do with access. Because you could add power to the power capacity of the grid, but that doesn't necessarily mean that you're going to address questions of access. And obviously in rural areas that's a huge issue where access may be fifteen percent or lower in many of these countries.

So, the key here is the -- if you look at the overall need, what kind of investment is needed in Sub-Saharan Africa in order to reach universal access by, say,

2030 or even 2040, the estimates range anywhere from \$300 billion to a trillion dollars. That obviously is well in excess of what any of the donors can expect to put on the table, any of the governments themselves could put on the table.

So, the question came back to us is how do you generate, how do you create the environment and the leverage for that additional gap to be bridged? And so, what we said is this has to be a private-sector-driven initiative. So, how do we focus our resources on not only getting the investment in the short term, so looking at what things can be done in terms of catalytic interventions, but also what can be done in terms of the longer term environment for private sector investment in Sub-Saharan Africa.

What we came up with is a very flexible tool that -- or a frame work that taps into the 12 US government agencies and departments. It ranges from obviously USA who serves as a secretariat and the interagency coordinator for the initiative, State Department of Commerce, OPIC, Exim, Millennium Challenge Corporation, US African Development Foundation. All of these agencies have tools and resources that they could bring to the table to bring to bear to these questions of additional generation and additional access.

Fundamental to this is this is all about partnerships, and how do we work best together with not only with the private sector, with our host country governments, with other donors. What we did in terms of the private sector engagement is we decided to focus our efforts on six priority countries: Three in East Africa and three in West Africa. So, in West Africa we're working with: Liberia, Nigeria, and Ghana; in East Africa: Kenya, Ethiopia, and Tanzania.

What we did from there was we said, what transactions, what power projects are going on in those countries right now which have catalytic impact? How can we get involved with them to help deal with some of the key challenges and obstacles

that come up in the natural project development cycle of a power project, and how they -- how that power project gets completed and brought on to the grid.

What we did is we identified 26 priority transactions which range in size from 1 megawatt all the way up to 1000 megawatts, and they range in technologies from -- we're looking at gas, we're looking at solar, geothermal, wind, solar. And the key to this is the proper mix of technologies is really critical to this. By looking at that mix we also said -- by picking certain catalytic projects we said, how can we set the foundation for greater investment with some of these technologies going forward?

In the case of Kenya, we've been involved with the wind project there, where the bank was concerned about ability of the grid to be managed because wind is intermittent. It's not blowing constantly, and so generation comes and goes. You really have to worry about how do you manage the grid; how you bring that electricity on.

So, we built capacity within the institutions that are responsible for that to help ensure that the banks felt comfortable with the risk associated with buying that electricity from the wind producer.

In the case of Nigeria, we've worked closely with them on their privatization process for their energy sector which has been tremendous, and engaged in certain ways so that they could leverage resources from other donors like the World Bank who are putting a large amount of resources and guarantees on the table.

The critical part of this is, so these transactions range in size, and they range in technologies, but then we also have this question still of what do we do about access? There's a lot out there going on in renewables. There's a lot going on in off-grid and mini-grid work. There's a lot of great technologies out there. We don't want to crowd that out.

What we said are, what are ways that we can engage on these

technologies to encourage these technologies to either move from a pilot stage to be scaled up or to find new business models that make those sustainable over the long run? These are all going to be private-sector driven, but what are key ways that USA can engage and other agencies can engage to make that happen?

So far, one of the things that we've done is we've engaged a number of impact investors. These are people who are interested and already have the expertise in investing in off-grid and renewable projects around the world and particularly in Sub-Saharan Africa. We said to them, this is what we're thinking about. We've asked them, how we might engage in the best ways to really help you advance and scale up your models to hit this 20 million connections target that we have?

We've come up with an initiative that we call Beyond the Grid, and this just got announced last week in Otis. There was the African Energy Minister that the US held with countries of Sub-Saharan Africa and North Africa and talked about what are key ways that we can work together on energy. But Beyond the Grid is a frame work under Power Africa to really encourage these off-grid and mini-grid investments to strike a balance with some of the larger type of transactions that take place.

I'll jump now to -- because of the private sector focus, how we actually operate is really unusual. We've had to hire a lot of people from the private sector who are used to working with private sector decision-making timelines and understand the language that they're talking about. We've placed people in critical roles to help bridge that gap between governments and private sector investors so that they can help -- a private sector investor can talk to a transaction advisor.

This is someone that we have in each of the countries who is almost like an investment banker but understands what the government is thinking, understands what the private sector wants to do, and then helps translate that and identify key

obstacles to moving a transaction forward.

The other part of this, we had to have really streamlined coordination amongst the 12 US government agencies, so we've created what we call a one-stop shop, and we have an interagency working group that meets on a biweekly basis, so if -- formal and informal coordination that's going on. But what that does is that means a private sector partner can come to one spot in the US government and say, these are the issues that I'm working on. How can you help me address these issues? That helps address this short time frame that private sector decision makers are working with.

The third is that we decentralized our decision making. The coordinator for Power Africa is based in Nairobi. Andy Herscowitz, who's a coordinator for this and speaks for the interagency, has resources, has the authority, and has staff to help make the Power Africa initiative take place, and he can reach across the interagency. So, that's really critical as well is this decentralization; this ability to make decisions and move forward fairly quickly.

In terms of what this means for donor coordination, real quickly I'll just sum up. What we've looked to do in terms of our partnership, particularly with donors, is we have created a frame work, but we don't have all the answers, and we don't have all the resources. Really what we're about is catalyzing cooperation and coordination with other donor partners.

We're working closely with the World Bank, with the African Development Bank, with a number of the bilateral donors, figuring out what are our comparative strengths not only across the region but in individual countries. For instance, we've worked in Liberia. The Norwegians are particularly well-placed there to engage with us, and so we're working with them on policy issues and institutional capacity building.

And then the other thing is not reinventing the wheel. There are a number of great mechanisms in place. The African Development Bank has something called the legal support fund which helps make world class legal expertise available to governments for negotiating deals. We don't need to duplicate that type of advice, and so we've tapped into that, and we've made money available to them.

That's roughly some of the implications, and I look forward to answering questions as we get into that. (Applause)

MR. PAGE: Thanks, Don. Now we're going to travel across the Pacific and ask Yun Sun to talk a bit about China and Africa.

MS. SUN: Thank you very much, John. Thank you for the invitation to be here. I was asked to discuss China's aid policy, Africa, and the perception of a China-Japan competition in the continent, so I will focus on those two issues and if time allows, I will try to discuss a prospect of any donor coordination between Japan and China.

First of all, China's aid in Africa in terms of the volume, Africa has been the top recipient of Chinese aid. Aid data in China is regarded as state secret, but the general description is Africa has received about fifty percent, so half of the cumulative aid China has provided historically. In his most recent trip to Africa, Premier Li Keqiang, promised that Africa would receive at least, if not more, the half of the aid that China is to provide every year.

Officially, China provides eight types of foreign aid: Complete projects, goods and materials, technical cooperation, human resources development, medical assistance, emergency humanitarian aid, volunteer programs, and debt relief. China's aid to Africa covers a lot of fields such as: Agriculture, education, transportation, energy, communications, and house. According to Chinese scholars, since 1956, China has provided more than 900 packages of aid projects to Africa.

OECD's official development assistance is defined as concessional funding given to developing countries and to multilateral institutions primarily for the purpose of promoting welfare and economic development in the recipient country. However, China is not a member of OECD, and therefore does not follow its definition or practice.

The bulk of China's financing in Africa actually falls under the category of development finance, but in fact they're not aid. This fact is often acknowledged privately by Chinese government officials and analysts although Chinese literature and media constantly blurs the distinction between the two. For example, from 2009 to 2012, China provided \$10 billion US in financing to Africa in the form of concessional loans. Then during President Xi Jinping's first Africa trip last year, he doubled his commitment to \$20 billion from 2013 to 2015. Then last month, when Premier Li Keqiang visited Africa, this credit line is further raised to \$30 billion US.

China's own policy actively contributes to the confusion between development finance and aid. The Chinese government encourages its government agencies and commercial entities to "closely mix and combine for aid direct investment, service contracts, and labor cooperation, as well as foreign trade and exports." The goal is to maximize visibility and flexibility of Chinese projects to meet local realities and demands, but it also makes it very difficult to capture which portion of the financing is or should be categorized as aid.

To be clear, aid is a policy instrument for China. As Africa experts in Beijing constantly point out, the basic premise and goal of aid to Africa is to maintain and strengthen China's national interest in influencing Africa. Politically, African countries are seen as a key force with support to Beijing's One-China policy and this diplomatic agenda's multilateral institutions such as the UM (inaudible). In the past several years,

given the rising tension between US and China and in China's neighborhood, Africa has further emphasized as an important partner to broaden China's strategic space.

Economically, aids helped to expand China's commercial interest as China frequently provides low-interest loans to nations who rely on commodities such as oil and mineral resources as collateral. Furthermore, China's capital flows into Africa also creates business opportunities for Chinese contractors, especially the construction companies. This is why Beijing always emphasize that China's aid to Africa is mutually beneficial instead of just one-sided contribution to Africa's development.

The political and economic agendas of China's aid to Africa sometimes create internal problems in China because aid is managed through the Ministry of Commerce rather than the Ministry of Foreign Affairs. So, for the foreign policy folks, they see aid as a political instrument, and aid issuance should first of all serve China's political aspiration.

Economic benefits associated with aids projects such as profitability, resource extraction, and the acquisition of service contracts in Africa for Chinese vendors should be secondary. But trade promoters, such as the Ministry of Commerce, have rather an opposite perspective. In their view, foreign aid is to service China's overall national priority which by definition is economic growth. Therefore, they would argue that all aspects of aid issuance in China should reflect rather economic considerations. And there's this logic -- the inclination is to allocate aid budget toward countries that offer China the greatest commercial opportunities. This internal conflict of China's aid policy has yet to be addressed.

Then China and Japan in Africa. Starting with Prime Minister Abe's 2013 announcement of \$32 billion aid to Africa, there has been a strong tendency in the media and in the policy community to portray a Japan-China competition in Africa. Such

speculations peaked earlier this year when Chinese foreign minister and the Prime Minister Abe visited Africa both in January and some of their destinations overlapped.

Given the deterioration of China-Japan relations such speculations are understandable, although I personally do not subscribe to the theory. Africa is important for China with or without Japan, and China has had a longstanding relationship with Africa regardless of Japanese interests of presence on the continent.

At the same time, Africa is also important for Japan for its own merits. To portray a contentious, competitive, and zero-sum relationship wherever China and Japan have overlapping interest is not helpful for the bilateral relations and is not necessarily helpful for the African countries either.

The Chinese Africa policy community has certainly noticed this perception of a rising competition in Africa. However, the general response to it is that the Chinese analysts and officials do not seem to feel as agitated or threatened as the media has portrayed them to be.

Chinese analysts have compared the volume of trade and investment between China and Africa and between Japan and Africa, and they draw the conclusion that Japan has lagged quite far behind. For example, there are public research reports saying that Japan's trade with Africa was around \$30 billion a year, while Sino-Africa trade last year was \$200 billion. And China's investment in Africa also is believed to exceed that of Japan significantly.

Politically, the Chinese feel that China has invested heavily in the friendly political ties with Africa for decades, while such strategic investment by Japan historically seems to be lacking.

At the same time, China also acknowledges that Japan does enjoy certain advantage over China and Africa such as a good reputation of Japanese

products, a positive national image, and the rich experience in dealing with local communities. Therefore, it's a concern in China about Japanese competition in Africa with China, mostly focused on the (inaudible) power issues.

As with coordination, the donor coordination between China and Japan, the issue is yet to gain major attention from the Chinese policy community. It's pointed out that there are a lot of similarities between Chinese and Japanese activities in Africa such as the government-sponsored or government-supported trade and advancement campaigns and the development financing provided to Africa. But both Japan and China have the tendency to be tied to their own economic interests.

Viewing from Africa's perspective, China and Japan certainly have shared interest in Africa. This would include the peace and stability issues as well as economic development. And Africa might aspire for China and Japan to work together using their comparative advantages to advance and contribute to the continent's growth.

However, when we examine individual motivations of China and Japan, they would suggest more of a competition rather than cooperation. For example, both China and Japan are interested in local economic opportunities providing (inaudible) as well as gaining strategic influence in Africa. China has been particularly wary of Japan trying to gain Africa's support for its bidding for permanent membership of the UN Security Council.

The issue might be less of a concern for Beijing now, but still, given the broader context of the Sino-Japan relations, any discussion between China and Japan on major economic or political cooperation or donor coordination in Africa is going to be difficult.

I'll stop there. Thank you very much. (Applause)

MR. PAGE: Thank you, Yun. And now, as I said, we switch to the other

side of the table, and the last guest, Mr. Suruma, to give us perspective from the recipient's side, I hope.

MR. SURUMA: Thank you very much, Professor Page. I'd like to comment on five issues briefly concerning the topic that was given to me of possible donor coordination strategies.

First, I would like to comment on the historical context of aid among the three countries: China, Japan, and the United States. I'd like to comment about values, common values that are shared between these various countries in Africa. I'd like to say a lot about complexity of aid, and the need for aid simplification. And then I will talk about donor coordination and the importance of governance and stability in Africa.

First is the historical context. I think it's important to be clear that aid is not starting today. It has a circle of context. The relationships between Africa and various donors have been going on for quite some time, and I must say that in the case of China, it has a long history going back more than 50 years of assistance to Africa liberation struggles. And it's well-known that China's policy is one of non-interference in Africa's politics which makes it very attractive to many African governments, of course. I think there's a history of consistency on the part of China (inaudible) consistency of assisting in liberation struggles without interfering in the governance issues of Africans. In other words, accommodating Africa's needs.

Now, with respect to Japan, we have a long history of trade with Japan. Even as a child in 1950s, I do remember some specific textiles we used to have from Japan even when we were still a colonial country. Japan has been largely silent in Africa's liberation struggles, but it has been (inaudible) of course, known has never been a colonial power in Africa and has generally not been involved in Africa's struggles on the donation side.

In the case of the USA, I think it is fair to say that the United States is very well-known for its interference in African politics, notably in Democratic Republic of Congo in South Africa. Sometimes on the good side, sometimes on the not-so-good side.

But the USA has a reputation of human relationships with Africans that go back a long way, particularly in areas of education where many Africans come to USA to study. And through the Peace Corps, they have contributed a great deal in education in Africa. So, a great deal of empathy in this regard between the USA and Africa.

And common values, I think that this long-standing relationship with China of anti-colonialism and anti-imperialism is important and were regarded by Africans when they're communicating with Chinese. It's known that they have been there and probably will be there in time of need.

With Japan, trade, neutrality, and non-colonial past is always in front of us. When we talk to the Japanese we are open-minded. We will respect each other, and we feel that they are not engaging in backhand political issues; that they mean what they say, and they say what they mean.

With the USA, we share many African countries. We share a common language. We speak English, official or otherwise. There is an element of Christianity that's important in many African countries. Many of us have adopted a democracy aspirations which are very much emphasized by the United States. And as I said earlier, there are a large number of African diaspora as well as African Americans in the USA who'd be a basis for a strong relations between Africa and the United States.

So, this, I think, are important, but (inaudible) context within which aid takes place. It's not taking place in a vacuum in the context of such relationships historical and otherwise.

Now, the issue of -- I want to say a word about the aid complexity and the need for simplification. Now, many announcements are made at (inaudible) symposiums or has participated in the Beijing Summit, Sino-Africa Summit in 2008 the announcements were made. The announcements have been made in Japan recently in TICAD. I also participated in TICAD in 2008.

But I think what is critical is that we follow-up with implementation of what is announced, and I must say that the implementation of this aid announcement is a complex matter. Specifying what is to be delivered and having the African governments and African countries actually understand what has been communicated and what to expect, and then working towards delivery; these are very difficult issues.

We find that in many of these agreements there are many, many aspects that are probably not deliverable, or the deliverables are not necessarily to Africa but to the donating country, and yet they are counted as aid. So, there is a need for simplifying the agreements and the announcements so that there is a clear understanding of what is to be delivered.

The Chinese, in my view, and to a large extent the Japanese, have emphasized the visibility of aid; aid that can be seen. If you go to Uganda I can point out to you that this complex was built by the Chinese and this one -- and so on. The USA, I think, has been less visible. It's often not easy to identify where American aid has actually gone except in recent years perhaps with regard to PEPFAR where so many thousands of people are benefitting from aid for health for AIDS.

Now, I think that one of areas where we could benefit in this aid coordination is Aid for Trade. There has been a great deal said about it, but still very little delivery. Helping Africans to access Chinese markets, Japanese markets, and American markets. And I think that granted there is a great deal of trade in natural resources, I

think we have to look for the day when the natural resources will be exhausted, and if we are not aided to have other products, I think this is going to create a problem.

Another area is financing. Since we are talking about private sector assistance, in my view one of the key areas that need to be addressed in assisting African economies is financing for private enterprises in Africa. The financial sectors are still very weak, and we need assistance in financing the private sector in Africa.

Now, donor coordination could perhaps be improved by each contributing what is best. Well, what does best? We know that China has done very well on infrastructure, and Japan also is doing some infrastructure; for example, in Uganda they (inaudible) a bridge across the Nile thanks to my work with them as minister. Japan has done extremely well in Uganda in delivering small-scale rice, (inaudible) rice. This has boosted food security in Uganda and other parts of Africa, and I hope that they will do more.

And the USA, of course, its emphasis on governance because the long-term stability of Africa is critical to its growth. When we talk about its promise and growth, if there's no (inaudible) stability, of course nothing will come of all of this. And so, I hope that the USA will continue in its efforts in governance aid. It's not very popular, but it's critical, and I hope that the other countries as well.

Although it's sensitive and not easy, it's necessary that some subtle assistance in stabilizing African countries continues because the current growth we are seeing is mainly because there's been increased stability. If that is undermined in any way, I think we will go the other way. So, I hope that these efforts will continue.

Thank you very much, Mr. Chairman. (Applause)

MR. PAGE: I think we've had four very interesting perspectives on aid in Africa.

They tell me here that I have to earn my lunch by asking a few questions of the panelists. I don't want to take too much time to do that because I want to come back to the floor, and we do need to finish by about 2:20, but one thing that struck me in almost every presentation was whether it was Hirano sensei talking about the motivations (inaudible) in Japan, whether it was Dr. Suruma talking about desired initiatives, aid and trade seemed to part of it. And Don, in fact, wears two hats, one of which is Trade for Africa, I think, as well.

What I wanted to do, since we've heard Ezra's views on this, is to go back to the first three panelists, Dr. Hirano to Don and to Yun, and say, how does the trade story fit into this? Is there any effort, in a sense, to have a coherence between aid policy and trade policy? And if so, are we making much progress, and is there any scope there for, perhaps, some collaboration?

One can't help but be struck by the fact that here in America and in Europe, we have two different sets of preferences. AGOA and the Economic Partnership Agreements, they tend to work in a quite uncoordinated way. Some unkind observers of Asian economies have argued that Asia is even less forthcoming with respect to trade preferences to help developing countries.

I'd just like to hear a bit of a reaction from each of the three panelists starting with Dr. Hirano and we'll just work our way down the table this way on this issue of aid and trade.

MR. HIRANO: Yes, thank you. Good question. Trade, I think, is the most important thing for the development. After the Second World War, the most influential factor for the development speed is trade (inaudible) and one thing (inaudible) speaking in the relationship with East Asia and Africa, and -- example, if (inaudible) very happy to expansion. Not sure resource exploitation is quite important.

Someone said it's not so good things for the development. I understand, but in the case of the China and the African government, is that the natural resource development is definitely contribute to the development and promote the development of Africa. And provide a huge amount of the foreign in exchange for the African nations, and that is a basement of the consumption expansion is African economy (inaudible).

But on the other hand, it's more human resource-related trade can be observed, and we are much experienced in the East Asian region, and that is manufacturing (inaudible). Nowadays, the Chinese government seem to be try to the employment shift from the Chinese self to the Africa, especially in the manufacturing sector.

I think in the future, our nation, Japan, can assist such kind of the movement from the employment frontier in East Asian China, and after the China development (inaudible) of the manufacturing can be moved to the Africa. But for that purpose, (inaudible) must be (inaudible) in African continent, at least to the self-sufficient level.

And the next things is very important one, is most potential market can be found inside African continent itself because now the Africa have 55 country, but only one country in Zambia count -- enjoyed its foodstuff (inaudible). But as an old African country, it is suffer from the deficit of the cereal importation.

So, it mean it's only one country can sustain, can attain to the self-sufficiency of cereal production. They can find easily to the neighboring market for surplus (inaudible) foodstuff production. China seem to have put on agriculture production, and at today's session Mr. Kato's already said is Japan long time has put a priority our cooperation to the agriculture development. So, agriculture development quite important to exploit is a trade, opportunity for the African countries.

MR. NISS: In terms of some of our work, I can talk briefly just about in terms of Trade Africa. Trade Africa to-date has been focused mainly on East Africa and focused on the EAC, the East African Community, and through a mechanism called Trademark Africa. And a lot of it's focused on how do we facilitate trade amongst the countries of East Africa, looking at questions critically of the transportation corridors, addressing the speed and the cost of trade and getting to key ports since a number of those countries are landlocked. That's been part of the issue in terms of the key issues there.

We also have the trade hubs that we have working in West Africa and East Africa largely focused on how do we help access markets, working with small businesses in those areas. Some of the work that we do helps facilitate partnerships in the same way that we do with Power Africa in trying to draw those connections between US firms and African firms as well.

MS. SUN: In terms of the relationship between Chinese aid and Chinese trade with Africa (inaudible) primarily two things.

The first one is a Chinese term, what the Chinese slogan is called, "Resources for development," where the African countries use natural resources as a collateral, and China provides them with the infrastructure projects. (inaudible) projects are funded by Chinese policy banks, and they're carried out by the Chinese service contractor. So, it creates both export of natural resources by Africa and service trade or service contracts for Chinese companies.

I would say that China has realized a problem of that approach and it seems 2, 3 years ago, especially now, China is trying to diversify its trading relationship with Africa.

One of the motivation of that tendency is trying to also -- itself also wants

to move out the global supply chain because there is a tendency to transfer some of the manufacturing businesses and companies to Africa. At the same time, Chinese government has emphasized providing training and human resources to (inaudible) Africa, and they have increased the number of fellowships for African students, African engineers, to study in China as well.

As far as aid coordination between China and western countries, European or United States or Japan, I would say one issue is the different standards that these countries implement.

China follows a no interference principle, and one of its aids policies, the principle is no strings attached. Well, there is a string attached in terms of diplomatic relations with Beijing rather than Taipei, but other than that China would rather not to have any requirement or any interference in domestic politics with the governance issue in Africa. And that could limit the potential or the scope of cooperation with western donors.

MR. PAGE: Now, Ezra is not going to escape. As a close observer of these three major actors: China, Japan, and the United States, I wonder, Dr. Suruma, if you would give us just one thing you would like each of them to do more of, less of, or differently than they do currently in Uganda. What kinds of strengths, weaknesses, and behaviors would you like to see these donors change?

MR. SURUMA: Thank you. I think that I would say that I am satisfied with China's contribution to our infrastructure and development, and definitely I would like to see them put more money for civil. We still have many roads to do and railways to build and pipelines and so on. But overall I'm happy with their contribution in that regard, and I hope they will continue to do so.

With regard to Japan, I think their strength has been trade, but also

mainly, in part, for their own interest. I mentioned that their assistance at least to Uganda and I think some other African countries in agricultural small-scale agriculture has been very successful.

They talked about one village (inaudible) some time back where they would attempt to bring methods of developing small villages. I'm not sure how far that has gone. I thought it was an exciting idea of trying to include the rural people in trade, but I would like to see more of that talk revived and more money put into it.

But I think that in all these cases, as I mentioned earlier, financing for private enterprises in Africa is crucial if we are to come up.

With regard to the United States, I think that there is still a problem of access to the American market. Despite Al Gore, I think the Aid for Trade is still required and perhaps it needs to be intensified. Perhaps the long-term issue, but again it revolves on financing; it revolves on actually opening up with the removing nontariff barriers.

And I think this applies to all of these countries, that if we can't access their markets, at the end of the day, I think, the aid is intended to make us stand on our own feet. And if we are going to be on aid for decades to come, that's not good. So, I hope that there will be an effort to help us to become self-sustaining in the sense of opening up our own enterprises. Thank you.

MR. PAGE: Thank you, Dr. Suruma. Now I think it's time to have all of you join the conversation. May I ask just a couple of things?

One, when you ask your question would you introduce yourself first so you know who's asking the question. And secondly, what I'll try to do is take about three questions, so try to keep them reasonably short, and then come back to the panel for some responses, and people can select whether they choose to answer or not. If you have a specific question for a specific panelist, please do mention that. Let me start

here.

MS. SCHMITZ: Hi, thank you very much. My name is Marico Schmitz. First, I would like to thank Dr. Suruma for his comment about the Peace Corps. I'm a return Peace Corps volunteer, and in Washington, where the Peace Corps budget is always threatened, and it's taken more than 600 days for the Peace Corps to get a new director, comments such as yours, I think, help volunteers and people in Washington appreciate how much the Peace Corps does on the ground, so thank you.

My question is particularly for Don Niss but also for the other panelists. Could you compare the private sector relationship with Power Africa to the types of private sector, public sector relationships in Asian, Japanese aid, Chinese aid? Thank you.

MR. PAGE: Over here.

MS. DORHOY: Hi, my name is Monica Dorhoy, and I'm trying to stay here. I'm at Georgetown, a professor, and I'm doing research. We are publishing in about three weeks an updated a book on the World Bank Balance Sheet 2013, and it's an update from a previous book on World Bank Balance Sheet 2012.

So, why should you care? It's the most extensive analysis on the investments of the World Bank Group. I have really high marks for JICA, and I mentioned to Mr. Kato what JICA is really good at. They have real clear standards; I'm lending you this money, and I want you to treat this. And they're really, really thorough. They don't lose the money, at least in the trust funds that we look at. So, that's the high marks that I give to JICA, and I think you guys should support and be ambassadors for JICA because -- and for this kind of work.

Now, given that would be a lot of cuts in many countries, so I think you really need to be the ambassadors for agencies like this whether you agree with the

agenda or not. And John Page, I think you should really punch forward because also you (inaudible) with the Republicans going forward, so really, really you need to be aggressive going forward.

That's all. I think it's more of a message to (inaudible) you really, really need to go at it because that's how you ensure -- now again, if you look at the portfolio there are many, many ways you can look at JICA internally and their impact. I don't want to say that, but I think your mission really is -- and your legacy to have agencies -- not just agency, but really the smart way --

MR. PAGE: Excuse me, but is there a question in this?

MS. DORHOY: That's all. It's a remark, and it's a long one.

MR. PAGE: So, let's let some other people ask some questions. Yeah, back here. Yes, you, ma'am.

MS. NOLEEST: Hi, my name is Nicole Noleest. I'm a law student, and I'm also a law clerk at the EPA this summer. Dr. Suruma, you stated that natural resource exploitation is finite.

My question is, have you noticed that if the African state governments who depend on natural resource manipulation or exploitation, have they been simultaneously regulating these activities to ensure environmental protection? Because my concern is after these industries leave and the environment is not sustainable for the remaining citizens and those who are there. Have you noticed that these countries, have they taken action to ensure that they are (inaudible) environments in a sustainable matter? Thank you.

MR. PAGE: Thanks. Let's take one more, and then I'll come back to the panel. There's a hand in the back there.

MR. REMY: Thank you very much. My name is Abraham Remy,

resident of Washington, D.C. I appreciate everything that's been said.

There are many concerns and considerations about human rights issues and whether or not there is a correlation between conditions for aid and the willingness of a given country to adhere to human rights protocols and agreements. The question generally to the panel is, particularly as you look at Chinese and Japanese (inaudible) to have good nations, whether or not there are human rights considerations that factor into the aid and development equation, and if so how are they looked at and how are they quantified?

MR. PAGE: Thanks very much. I'm going to come back to the panel then and ask them -- actually, to think somewhat broadly, I know the question, for example, on the environment was to Ezra, but I think it would be interesting also to hear the reaction of other panelists. As part of the aid agenda, do people worry about natural resources and the environment? And indeed, as we think about climate change, is that coming onto the agenda for donors as well?

Probably the easiest thing, although it's unfair to Yun, is to start here and work our way down that way.

MS. SUN: First of all, on the issue of human rights in Chinese aid to Africa, the Chinese definition, the perception is the biggest human right issue is development. So, in their perception they see that the opportunity to use Chinese aid to facilitate economic growth and economic development inside the African countries are serving the purpose of better human rights in Africa. But that's Beijing's perception. I know many countries don't necessarily agree.

Then on the issue of climate change, it has become an increasingly important topic in China's consideration of Africa. For example, last month when Premier Li Keqiang visited Kenya, he emphasized that environmental issues and climate change

is one of China's priority in its Africa policy. We're expecting to see more out of China's activities in Africa on that aspect.

MR. SURUMA: The issue of natural resources exploitation and they being finite, we are -- Uganda, where I come from, we have discovered oil, and we are struggling with this debate. I think we can certainly use assistance in making sure that we do a good job of regulating the industry. There is some possible threats to the natural parks where we found the oil, and we are trying to make sure we don't make any mistakes so we don't have a disastrous impact. The oil is right on a major lake that feeds into the river Nile, so any catastrophe there would affect not only us, but Sudan and Egypt.

As for the utilization of these resources, we are debating for several years now on how to make sure that we use the resources wisely and make sure that they benefit future generations. This is a big debate that's going on, and you're welcome to contribute to the debate. Thank you.

MR. NISS: We had a lot here, but starting off with the first question in terms of the US approach to private sector engagement. We have 12 US government agencies and departments that are involved all engaged with the private sector in different ways.

At the end of the day when we are engaging with each of the countries, it's actually the private sector that's coming to us with projects that they are engaged on. We're looking at them in terms of what their overall impact is, how they fit in with the objectives of Power Africa are, and how catalytic they can be. In that sense, it's being driven a bit by the private sector in terms of our engagement.

That said, our opportunities to engage there are somewhat balanced by the fact that it's not only the US private sector that we're working with, but also the private

sector in many of the respective countries. There are African firms that have committed resources, and roughly at this point we have about \$15 billion of commitment from private sector firms that have said that they want to be Power Africa partners. This includes financing firms, engineering firms, equipment suppliers, developers.

And so, I think that's one of the other things about what we're doing here is it's not just about US firms, but it's also more broadly about firms both in Africa and other firms that are interested in investing in Africa more broadly.

In terms of environmental protection issues, our colleagues at the state department are engaged to an extent in Uganda and Mozambique in terms of natural resource management, and we're engaged also in other countries that have recently discovered or bringing online gas deposits. Some of the things we're trying to do there is work with countries to provide information and analysis on how to get some ideas on the policy side right early in the process as these resources come online. There are opportunities there to, before you get too far down the line, to get it right at the beginning rather than after certain frame work is put in place and certain interests have had a chance to get engaged or get entrenched.

In terms of our work more broadly in environmental protection, that's a really important issue because that really feeds into the long-term sustainability of these projects. If they're not in line with the long-term environmental interests and the long-term social impact interest, the interest of the communities that we're working with, then in the long term it's going to be difficult to make that sustainable. So, we do want to make sure that as we engage in these communities and with these projects, whether they're a large or a small, that they are taking environmental and the social impact considerations well into hand.

MR. HIRANO: They got into the environment matter and the climate

change. Japan is safe now. We are in a very difficult situation after (inaudible) death. But this morning's question, topic of the efficiency gap, estimated by the \$70 billion by the World Bank, is (inaudible). We find this a good opportunity and some possibility for the mutual benefit realization between Japan and the Sub-Saharan African country because energy-saving technology and the green energy technology is one of Japan's advantage, technical advantage. We do hope to find a good business model, a collaborationship with African colleagues to sort out the new technology in Africa and also in Japan (inaudible). That is all.

MR. PAGE: All right. We've come to the end of our allotted time, and unfortunately if I were to take another set of questions we would greatly overrun our allotted time. So, I think I'll have to draw this conversation to a close. I want to very much thank all four panelists, who I think have offered us some really interesting and new insights into the relationship between Japan, the United States, and China, and Africa. I hope that AGI will continue to sponsor these conversations. (inaudible) you're next. (Applause)

MR. SY: Thank you. So I would like to introduce now, our final speaker. Last but not least. First, I would like to thank Ambassador Okamura for coming all the way to Japan, just coming from the airport. So thanks again.

So, Ambassador Yoshifumi Okamura is Director-General for African Affairs at the Ministry of Foreign Affairs of Japan, and a Personal Representative of the Prime Minister for Africa since September 2012. And Ambassador Okamura was in charge of convening TICAD V, so the Tokyo International Conference on African Development; in last June, at Yokohama, as Secretary General of the Conference; so, who is really well placed to speak about TICAD V.

He also has been in charge of the state visit of the Prime Minister, Shinzo Abe, to African countries. You'll remember that the Prime Minister visited Côte d'Ivoire, Mozambique and Ethiopia in January 2014. And he has a vast array of experience and deep knowledge on Africa through servicing as Ambassador of Japan to Côte d'Ivoire, from 2008 to 2011, and covering Togo, Benin, Burkina Faso and Niger.

The only question you are not allowed to ask him is who will -- who is he rooting for, because Japan is playing Côte d'Ivoire tomorrow. Thank you. (Applause)

MR. OKAMURA: Good afternoon, ladies and gentlemen, it is a great, great honor for me to stand in this podium, to be invited to make some presentation on Japanese -- Japan's foreign policy towards Africa.

I'm Director General, as was introduced, for Africa in Foreign Service, and I'm very happy Director General. Why? Because during my tenure we had TICAD, and not every director generals have that chance, you see, because TICAD is every five years, and the tenure of the Director General is something, like two years -- three years. And also I'm very happy Director General for Africa, because now everybody looks at Africa with a very, very strong hope and -- you see.

The continent is no more the continent of despair, but really the continent of hope. And I'm a very happy Director General for Africa because I am invited by Brookings today, and it happens that this seminar is taking place shortly before the U.S. hosts the United States Africa Leaders' Summit in August. So it is very, very opportune. And I really feel that if my comments prove at all informative in that context, I'll be more than happy.

So, I'm talking about TICAD. What is TICAD? Maybe the previous speakers already talked about TICAD, so I have no need, but I'll make a short comment because TICAD, the Mayor of Yokohama came to me and say that I have to change

TICAD into YICAD, because TICAD, T, should be a bit like that. Because nowadays the TICAD since -- it started in 1993 that it was in Tokyo, and every five years this big event, of inviting all the African leaders to Japan, and it was held in Tokyo; but last two times it is in Yokohama.

But you see, the name of TICAD is so (inaudible), so we decided not to put TICAD into YICAD. But anyway, last June I organized -- I planned and we did that last TICAD, TICAD V in June 2013; and 51 countries representing, and 39 African countries had sent the Head-of-State level, so Presidents, Prime Ministers, and Vice Presidents, and so on.

And they said that the attendance is higher than at the Annual African Union Summit, okay. Furthermore, the conference was held in Japan. You know how many hours it takes from Africa to Japan; 20 hours, more than that. And it is really wonderful to see that Heads of States flying from African Continent to Japan, taking that pain and that energy.

TICAD is just not a ceremony, or just a festivity, or the conference, but it is a real, real process. I insist that this is a really long, very labor-cumbersome process to reach at documents; so one document is declaration, which indicates a political orientation for the next coming, five TICAD years.

And another document is action plan, so what is important that this action plan make a specific program of development in order to realize what is declared in the declaration. So, in order to arrive to that outcome document, numerous discussions -- was made to work things out. In the preparation of TICAD V, we consciously chose not to have Japan to take the lead, so we had a very inclusive approach. We made preparation to broadly address the three areas of economy, society and peace and stability.

We put that robust and sustainable economy, and inclusive and resilient society, and peace and stability. Okay. Come, put any, anything that you wish to put, and this approach had -- make things, any pending issue can be fitted in somewhere. So we took the approach of letting African countries put forth as many issues and proposals for considerations as they wished. And this work had started with senior (inaudible) -- with Senior Officials' Meeting, SOM, we called it SOM, and the ministerial.

The meeting was held in March, and then the Summit Level Meeting in June. So it's a very -- it's a long process that made things alive at summit level with declarations and -- declaration and action plan. This approach was acclaimed by the African participants as demonstrating Japan's willingness to listen to African views. That is us showing that Japan respects Africa's autonomy.

However, this is a -- there is some risk, danger, in discriminatory -- permitting all issues to be presented, would inevitably have -- leave us with a sort of Christmas tree, everything is -- end up in the tree. And furthermore, if contentious points of discussion, such as environmental issues, climate change, dispute, the tense discussion that results could keep us from reaching a consensus, so this is the risk and danger. So I m a bit worried.

But in the previous TICAD this worry proved needless. The vast majority of African countries were of one opinion. Okay. Development assistance is very important, but now Africa needs -- is what they need is private sector, trade and investment, in one voice. Every single country claim that, and also this, meshed with the interest of the Japanese participants, as Japan's private companies continue to be strongly interested in Africa's potential as a resource supplier as well as a market. Both the African side, Japanese side, that's in agreement on the primary objective of bringing Japan and Africa via the private sector.

So in the TICAD V, the private sector's involvement is really important issue. So, anyway, the declaration conversed on several priority items. I put a handout in front of this room, so I let -- I ask you to read if you are interested, but in a very short, short (inaudible) I explain you, the first thing is that private-sector-led economic growth should be promoted. And given the shortcomings in infrastructure and personnel, improving infrastructure and development -- developing human resources, are urgent needs.

And next pair is the farmers. The farmers, who make up the vast majority of the population, should be helped out of poverty through agricultural development, and that shifts -- our objective is the focus from farming to eat, to farming to earn to enrich the farmers.

The last thing is, of course, peace and stability which is the base of all aspects of our development. And Japan decided on its assistance measures based on these. Among the specific policies it advocated, we are formulating strategic master plans to improve infrastructure in 10 locations; establishing industrial human resource development center at 10 sites, and accepting 1,000 young trainees in Japan as part of -- in the name of ABE Initiative. Why ABE? African Business Education, good huh!

Okay. There is some -- characteristics of TICAD, you see TICAD-like partnership conferences are now everywhere. You see that China are now -- not only the European Unions, some European countries, China, South Korea, India, Brazil, and quite recently Turkey is going to have this kind of partnership conference with Africa.

The African Heads of States are so busy visiting many partnership countries, including Japan, but from my point of view, Japan's TICAD can be distinguished by several clear-cut characteristics, there's three points. First is ownership, the principle of ownership, this idea is already declared when the first TICAD was held in

1993, 20 years ago. African countries at that time, was strong need of assistance, suffering from a business slump due to falling commodity product -- prices during the 1980s.

On the other hand, the donors, dismantling of the Communist Block and other economic factors, left donors little leeway to steer assistance funding to Africa. So in venturing to hold an aid conference with African countries in these circumstances, Japan declared, Africa must undertake self-help efforts and not just rely on assistance. Africa must take responsibility for properly utilizing any assistant's funds that are forthcoming. Japan will off its support for ideas generated by Africa itself, so this is ownership.

Well, in Japan, the first thing that parents do tell to their children, to it yourself. So this is first step of the education. So this ownership seems to be a rather cold and detached expression. However, the African participants welcomed this approach. Why? Well, it's my interpretation, since the Colonial era, Africans had been told that their ideas and ambitions were generally wrong, and they should do as they are told.

It's a historical background, because I really felt that while I was in Côte d'Ivoire. You see the Colonial power's job to give and Africa to receive. The Colonial power's responsibility to teach, and Africa to learn, but Japan asked self-help -- self-help efforts and this was interpreted as Japan having faith in the capability and potential of Africa. And this ownership concept is really a center pillar of TICAD.

And we took that into a message of hand-in-hand. We are together but we are equal, but you should not look at Japan simply, a country of donor. And secondly, economic growth had been a leading topic. That traditional approach in discussion -- in discussing African development has been that of poverty reduction. And various

international organizations have focused their attention and efforts to the -- on the negative dimensions of Africa, such as hunger, disease, illiteracy, child labor, corruption, HIV, et cetera, et cetera, and working to alleviate -- or eliminate these problems.

And this is a sort of very mainstream approach to talk about African development, but TICAD took these dimensions of course, we have social aspects, in one of the very important pillar, but our first thought was that achieving economic growth is more than important; in reaching people, even a little, will likely make the problem of poverty disappear naturally. Well, sometimes this growth first approach is criticized by poverty reduction approach, because growth first is saying that it only lead the economic interests of private companies.

However, Japan was confident about its approach, because we have an experience in Asia. You see, until the 1970s, and even in 1980s, the countries of Asia themselves, were suffering from poverty, and woes, and coup d'état and some instabilities, and insurgencies inside the country, et cetera, et cetera. But nowadays these problems have almost, more or less disappeared, to a greater extent, and we think that this attribute to the prosperity that people have come to enjoy through economic growth. And this economic growth somewhat by official assistance from Japan as well as expansion and investment by Japanese companies, the localization of their production to Asia, and so on, which Japan suffers a lot.

But anyway, this prosperity had changed Asia a lot, and African countries have taken notice of that process. Their overall -- expected of TICAD is that of examining the factors underlying Asia's development, and linking Asia's development to Africa's. And also they have -- the African countries have their own reason, because the job creation is becoming a major issue in their internal politics. So that within the TICAD economic growth was put in a mainstream of that development issue of -- I'm running out

of time.

Third, some political issues, how to handle the political issues? There are political disputes and even war ongoing between African countries, and if we were to take up specific disputes, the result will inevitably -- the conclusions, favoring one party over the other and TICAD become yet another arena for conflict. So there is an increased understanding that we should seek to avoid this. This understanding allows even countries involved in disputes with each other, to participate side-by-side in a TICAD Conference.

Nevertheless we do actively address issues on which African countries can come to a consensus; for example, Sahel crisis, and Somalia issues. Why? Because those are also the matter of keen interest of almost all the African countries, counter-terrorism, refugee issues, border control, law enforcement, et cetera, et cetera. So, those issues that African countries confront in common, TICAD is dealing with them. And also Japan and Africa agreed on the need for U.N. Security Council Reform. So we invariably discuss this as well.

And also, we effect -- well, we are actually working on issues such as democracy, governance and the rule of law. You think that African -- you may think that African countries are quite wary about discussing issues involving political values. And some suspicions about Colonialism and the interference in domestic affairs. Yes, more or less, but in TICAD they are quite ready to talk about that. Even these issues come up for discussion. I believe Japan's standing as an Asian country that is not a former Colonial Switzerland in the region, offers a sense of reassurance of TICAD.

And especially the empowerment of women, this is a very big issue in which African countries have expressed great interest. For its part, Japan has been giving priority to tracking -- attacking -- tackling -- sorry -- tackling women's issues in line

with Prime Minister Abe's goal of a society in which women shine. Our view is that efforts are needed in Africa, not only to improve women's livelihoods and rights, but also to involve women in the management of development projects, and to support women entrepreneurs. (Applause) Oh, thank you, very much.

Women are very, very important in Africa, because the women are those people who know how to manage, because they have -- they have homes. They have their household, they take care of children, they have to go to the market to buy things and sell things, and they calculate, and they -- prospect, while men just drink and dance.

Okay. Fourth, TICAD is really a multi-meeting. And it is not bilateral at all. Japan is not the only Chair, but we Co-Chair with Africa, and also for organizing Japan as well as U.N., World Bank, UNDP and AUC; AUC is African Union Commission. We are altogether called co-organizers. Japan is one of co-organizers, and participation is not limited to African countries and Japan, but other countries of the region anywhere come to participate in TICAD, and international organizations, NGOs, observers that TICAD is very open fora, and you may think that this conference makes debate among delegations of governments and international organizations.

But I found TICAD is something more than that. That private companies, head of states, come and talk, and in the margin of the conference, the bilateral talks are going on between different countries, and also the public is coming -- in Yokohama last time, more than 60,000 visitors came to join in a symposia for the trade show, and other events. So, it is really a good -- a big forum or, I can say, opportunities for those people who are interested in Africa, to join, get together to produce, to generate something.

So, this phenomenon is to make TICAD all the more appealing. So I talk about TICAD, so you may have the impression that TICAD is the whole and some of Japan's falling policy toward Africa, but this assessment would be quite mistaken. TICAD

is certainly, as important tool, in Japan's Africa's policy. But it is by no means the entirety of this policy.

To the contrary, TICAD and our policy toward Africa, is in conflict. Two, approaches might be in conflict, and I sometimes find myself torn between these two approaches, I'll explain. TICAD calls on Africa as a whole; and what dominates, is universalism, maybe I -- you may find another -- other English word, but what I want to say is that each of every 54 countries, African countries, should be treated as equal, one voice. And Japan's assistance measures must equitably benefit all of these countries.

On the other hand, Japan's foreign policy toward Africa, should be pushed forward according to Japan's own national interest, and we have very limited resources available for investment. Well, our policy of priority predominates. So, universalism within the context of TICAD, and priority issue within the context of Japan's foreign policy, that is sometimes in conflict.

So it is an area -- sometimes we need to think about it, but which countries -- or we don't want to select some of the countries which are very important for Japan and these other countries are not, but we think about this priority thing according to Japan's national policy. And what kind of policy is most urgent need in Japan, economic reconstruction, economic reconstruction, but Japan has been in stagnation for a long time, and Prime Minister Abe's priority of our politics is how to reconstruct Japan's economy.

And so, the African's growth should be somewhat linked to Japan's economic activity, so the business relation is very important, and there is notable bias in the countries in which Japanese companies have set up local operations. If I talk about Sub-Saharan Africa, the most notable expansion has been into Southern and Eastern Africa, particularly South Africa, which accounts 20 to 30 percent of Sub-Saharan Africa's

GMP, as well as Kenya and Tanzania. That part is where we are -- important for the Japanese business.

In Western Africa corporate interest is focused on two countries, Nigeria, a major market, and Ghana. Why Nigeria and Ghana? Because they speak English, and other countries a bit; but now a certain Japanese trading company had suddenly turned its attention to French-speaking West Africa, that Japanese trading company had purchased a French distribution company, and then now the -- many people start thinking of the Western part of -- French-speaking part of Western Africa.

So, Japanese firms feel a strong need for infrastructure improvement and human resource development in these countries, so they plead with the Japanese government to actively undertake development corporation. Another priority is the natural resources. Japan needs also -- Japan needs those natural resources, and that is a security-rated matter. From this perspective, Africa resource potential is quite attractive. Priority is given to countries with energy resources.

Close attention has been paid lately to Mozambique, where significant, major natural gas reserves have begun to be tapped. Africa is now an important provider of several scarce resources essential for today's frontier industries. So those countries who produce those -- that make potential suppliers will be a priority.

Third, there is some public opinion; Japanese public is very much interested in Djibouti and South Sudan. Why, because we have this Self-Defense Force dispatched there in order to offer concrete examples of Japan's contribution to global peace and stability through active -- through constructive peace, and stability. And then other countries, some modalities of Japanese economic corporation and levels of official and private exchange differ depending on longstanding friendly relations with Japan. And according to that also, we have some priorities. And so you may think about how to deal

with this principle of universalism, and the requirement of priority will live between them.

Several significant attempts have been made to bridge these two requirements. First, I tell you that Prime Minister Abe had made bilateral talk during the TICAD conference last year. And I hesitated to propose that to our Prime Minister, because there are 39 heads of states coming, and if Prime Minister had made all of them -- to all of them, the bilateral meeting, how long would it take? But finally, he decided to do that, he allotted 20 minutes to each of 39 heads-of-states level delegations.

You just calculate how long it took, but this placed quite burden on the Prime Minister, but also make clear, the policy of dealing with all countries without discrimination. The second is Prime Minister's Abe's visit to Africa. You see then, the last year that TICAD suggested that in addition to African leaders visiting Japan for TICAD Meeting every five years, the Japanese Prime Minister should, himself, visit Africa. This is a claim made by African countries.

Well, it is certainly the case that recent Japanese administrations have not been very long-lived, and in the consequence, no Japanese Prime Minister had visited Africa since 2006. In answer to this suggestion, Prime Minister Abe decided to visit three African countries in January of this year, great. The problem is which three countries?

Well, okay, a question of priority would say that, okay; we go to the very important countries that everybody regards as important. But this itinerary would give the impression that Japan only values those countries that can serve its own interest, and which fly in the face of TICAD's universalism. After long and very careful deliberation, Prime Minister selected the three countries, in fact, I selected; Côte d'Ivoire, Mozambique and Ethiopia, for the following reasons.

First, they represent a regional balance, you see Côte d'Ivoire, maybe

you are quite informed about the continent; so Côte d'Ivoire is in the west, and Mozambique in the south and Ethiopia is in the east. So this is a real balanced -- one program, Africa is so vast and it will -- and it will go from one place to another, it is really a long flight, but nevertheless we selected those very big itinerary.

Next, balance of messages. The first message is the Prime Minister visits French-speaking Western African country, which is Côte d'Ivoire. And second message that we are very much interested in business opportunities in Mozambique. And then, finally, Ethiopia is political, because Ethiopia, Addis Ababa, is located by AU Commission, the big building, and to make a keynote speak from the podium of African Union's room, is meant to address all the continents.

So this is a balance of messages, and especially in Côte d'Ivoire, where I was Ambassador, not because I was Ambassador and Côte d'Ivoire was my mission, but it is representing the -- visiting West Africa, and at that time Côte d'Ivoire was the Chairmanship of ECOWAS. So Prime Minister asked President, Alassane Ouattara, in fact I asked him, eh; to invite the leaders of ECOWAS countries, and to my surprise there, 10 countries took the trouble to fly there. Even Goodluck Jonathan of Nigeria flew -- came to Abidjan to meet our Prime Minister.

And so it's really a good presentation that Prime Minister is not just visiting one country, but in the -- visiting the region. And finally, those three countries are relative mid-sized, you see. If a Prime Minister visited big country like South Africa, Nigeria, Egypt or -- what else -- well, they say, oh, okay, Japan is selecting, but you see, that many people will no doubt supply by the section of three mid-sized countries.

Another attempt to bridge universalism and priority thing, is that the idea of regionality, distinct from our approach of providing economic corporation to individual countries, we consider economic corporation in terms of projects spanning multiple

countries in a given region. There are in fact, good reasons, you see the -- relatively the African countries are small-sized, because they inherited the Colonial demarcation.

But in the modern economic activity that regional integration is required to make the market bigger. Okay must -- so strategic master plan, or corridor concept, where one-stop border issues, very important to stop -- to facilitate interregional transport. And so regional aspect is how -- is a very good way to bridge this one particular country's concept to this universalism. And in last year's U.N. General Assembly, Prime Minister Abe contacted the leaders of the Chair countries, of seven regional organizations, like SADC, ECOWAS, EAC, COMESA, et cetera, et cetera, and arranged Japan REC Summit Meeting, and we talk about the Prime Minister and Presidents of each of the Chair country, of region RECs, talked about agriculture.

And this hopefully served to send a message that Japan's values -- Japan values regional organizations. So I think, the lady say that, stop. Okay. I stop.
(Applause)

But the conclusion -- the conclusion is that, you see, Japan and Africa is now having many things, although very long distance separates the two areas, but Africa and Japan share quite a few common agenda. So the key to Japan's Africa policy will be to accurately identify this agenda, and tie them together. Thank you very much.

(Applause)

MS. SOLIS: Thank you, so much, Ambassador Okamura, that was really quite a comprehensive and very, very insightful description of TICAD and Japan's foreign policy in Africa. And I think it was really interesting to talk about the universalism versus the need for attaching priorities, and how you actually strike a balance between those two needs of Japan's approach to Africa.

Unfortunately, we have come to the end of our time, we actually went

over time, and the room is needed, so we are going to have to stop.

And I want to thank again, on behalf of my colleague Amadou Sy, and myself, all the panelists for excellent presentations; Ambassador Okamura for a wonderful keynote; and all of you for joining us today. Thank you so much. (Applause)

MR. OKAMURA: Sorry, I run over time.

MS. SOLIS: No. No. No. Thank you. Thank you.

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