

On the Creation of the African Business Promotion Support Network (Draft)

As a follow-up to the Fifth Tokyo International Conference on African Development (TICAD V), which was held with great success in June this year, this new initiative has been launched to create a platform for providing information that will help promote African business through public-private partnership. This platform, which we call the African Business Promotion Support Network, is meant to allow such information to be made widely available to Japanese enterprises and entrepreneurs who are engaged in or interested in business in Africa, as well as to other parties interested in enhancing their partnerships with Africa through their business activities, with the ultimate goal of helping facilitate private sector-led growth in Africa, which was included as a core theme of TICAD V.

At TIVAD V, the Japanese government and the African leaders reached an agreement in the form of the Yokohama Declaration, which has the following six core themes: (1) promoting private sector-led growth; (2) accelerating infrastructure development; (3) empowering farmers as mainstream economic actors; (4) promoting sustainable and resilient growth in response to climate change; (5) creating an inclusive society for growth through enhancement of health and education; and (6) consolidating peace, stability and good governance. Among these, the promotion of private sector-led growth is the fundamental theme that serves as the basis for all the others, and it can be identified as representing Africa's growth strategy for the future.

The driving force for future growth in Africa can be drawn from entrepreneurial business activities, which are an essential factor in the creation of added value. The public sector may be capable of providing various indirect supports, such as by developing and improving the necessary business environment and fundamental conditions. Except in some fields, however, it would likely be difficult for public entities to take on corporate activities, create added value by themselves, and bear the expenses and risks.

Africa's transformation—of which Japan, as well, gained a wider awareness on the occasion of TICAD V—is proof of the rise and advancement of such private sector-led business activities in Africa, and a sign of the growing hope that more people will be able to achieve and enjoy increasingly higher living standards through their participation in such activities.

In his opening address at TICAD V, Prime Minister Abe announced that Japan will enhance its support for Africa in various fields, such as business environment and infrastructure development, human resource development, education, health, and other public services in fragile countries in particular, and at the same time, he called for greater investment in Africa by Japanese corporations, stating that “What Africa needs now is private-sector investment, and public-private partnership that leverages that investment.” At TICAD V, not only the conference sessions but also the African fair and other side events had a vibrant atmosphere and drew a great many visitors. There are a vast number of business opportunities in Africa; Japan’s participation in business and investment in Africa will lead to private-sector development there, and in turn, African growth will benefit Japanese companies and bring growth to Japan. This is now widely understood by the Japanese people, which could be thought of as one of the major results of TICAD V.

As Prime Minister Abe emphasized, the reinforcement of Japan’s business activities in Africa means that the Japanese people and the African people will be working together as good partners, and also as co-managers, colleagues and coworkers. Collaborative work with many Japanese companies will provide a good model and precedent for African companies in carrying out their business activities, thereby creating goods and services that are needed in society, generating employment, training human resources, improving technical standards, and finally contributing to increased national tax revenues. If such a positive cycle is established and amplified, it will greatly contribute to the future prosperity of Africa.

Although news about business opportunities in Africa is likely to come into Japan rather slowly due to a lack of information being available in Japanese, an increasing number of countries and regions have already begun to see the expansion of their business in Africa along with the continent’s transformation. While the public sector still has some fine-tuning to do on this score, we have already heard reports of pioneering business activities that Japanese nationals and companies have launched to expand their investments and businesses in Africa, without waiting for the encouragement of the Japanese government. While the development of natural resources has brought about a number of related business opportunities, business targeting the rapidly expanding middle-class market is also rising. Some Japanese companies also have started involving in B to B business that provides things such as

making machineries, machine parts, and business related service. Business related to development aid is generating a new business model that does not depend solely on government aid, and many people involved in development projects have become entrepreneurs, aspiring to contribute to the economic development of Africa. The support toward the “agriculture that can earn money” was advocated at TICAD, and there are some cases already seen from private sectors that follow SHEP model.

Japan is expected to contribute to the improvement of the business environment in Africa through financial aid, investment and loans, technical assistance, and advice provided by the public sector. At the same time, creating an African business community in Japan through public-private partnership and making it easier for various useful pieces of information to be accessed and shared among Japanese companies operating or planning to operate business in Africa, will encourage active participation by Japanese enterprises and entrepreneurs from diverse fields, thus greatly contributing to putting private sector-led African growth on a stable, accelerated track.

The African Business Promotion Support Network, created as a follow-up to TICAD V, seeks to provide all parties in the public and private sectors who are anticipating dramatic progress in Japan-Africa relations through business by the next TICAD, as well, and who wish to offer their active cooperation and support to this end, with the opportunity to communicate and share information with one another via a portal site established on the Internet. It aims to provide helpful information—mostly in Japanese—for Japanese enterprises and entrepreneurs who are planning to expand or launch a business in Africa, in a continuous and timely manner.

Information expected to be provided via this network will cover various examples of transformations that are happening in Africa, changes in the investment and business environments, success and failure stories from Japanese companies that have already launched business in Africa, measures, systems and schemes implemented by the Japanese government and international organizations that promote African business, and information on various conferences, seminars and meetings.

With the special support of Africa Society of Japan, the African Development Bank External Representation Office for Asia are in charge of creating and managing

the portal site of the new network for the time being, with support from the Ministry of Foreign Affairs, the Ministry of Economy, Trade and Industry, and the African Diplomatic Corps in Tokyo.

We would like to assign the managing role to organizations which will be so kind as to undertake the task of continuously providing information to the network, and ask that they provide their recommendations and support to improve the network. While the portal site is accessible to all, we will also be sending email newsletters regularly to provide a summary of the relevant news topics, for those who wish to receive them. In particular, we would like to provide information on seminars and study meetings on the promotion of African business to as many people and enterprises as possible.

Also, in the hope of contributing to expanding the circle of aid activities in Africa, we will be providing links to the websites of organizations engaged in volunteer activities and companies carrying out CSR activities involving African aid.

We hope that many organizations, companies and others will participate in this new network which can be the portal site for Africa business community in Japan, and make active use of it.