

**Statement by Mr. Tatsuo Yamasaki,  
Deputy Director-General, International Bureau,  
Ministry of Finance of Japan, and Temporary Governor for Japan,  
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The Thirty-Fourth Annual Meeting of The African Development Fund,  
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**1. Introduction**

Mr. Chairman, Mr. President, distinguished Governors, ladies and gentlemen:

I would like to express my heartfelt gratitude to the Government of the Republic of Mozambique as the host country and to the people of Maputo for their warm hospitality on the holding of the 43rd Annual Meeting of the African Development Bank (ADB) and the 34th Annual Meeting of the African Development Fund (ADF). One might think that Japan is not only far from Mozambique geographically, but also has little relationship with Mozambique historically. However, historical records show that in 1586 a Japanese delegation visited Mozambique for the first time. More than 400 years have passed since then, and relations between Mozambique and Japan have become strong. A symbol of such relations is the Mozal aluminum smelter here in Maputo, the development of which a Japanese company and the Japan Bank for International Cooperation (JBIC) have contributed to. The aluminum smelting has grown into a key industry for the country, comprising 60% of the goods currently exported by Mozambique.

At the outset, I would like to offer my congratulations on the successful conclusion of the agreement for the ADF 11 replenishment. Japan will contribute 47.5 billion yen, a 30% increase from the previous replenishment. I am pleased to be able to report to you today that the Japanese Diet approved and enacted the budget for this at the end of March of this year. We are entering a crucial stage towards achieving the Millennium Development Goals (MDGs) in Africa, and the ADB Group should play a central role in this international effort.

I am also glad to report that Japan has fulfilled its commitment to double its official development assistance (ODA) to Africa over three years, which Japan announced at the Gleneagles Summit in 2005. The disbursements of Japanese ODA to Africa in 2007 (1.71 billion dollars) came to just over double the disbursements in 2003 (840 million dollars).

**2. Africa's Recent Status and Challenges**

## (Growth Strategies for Africa)

In Africa, for the past decade, the economies of seven resource-rich countries have grown at an annual average rate of 9 percent, buoyed by commodity prices, including oil. Some 20 countries, on the other hand, have faced various difficulties including conflicts, and have been stagnating at a growth rate of around 2 percent. It is therefore very difficult to accomplish Goal 1 of the MDGs, which is to halve the proportion of people living in extreme poverty from the 1990 level by the year 2015. In order to achieve this goal, we must focus on countries where economic growth remains low and promote their economic development.

To reduce poverty, private sector-led economic growth is essential, supported by improvements in investment climate, including development of infrastructure.

Speaking from the development experience of various Asian countries, including Japan, infrastructure development such as construction of roads, ports, and power plants is an essential basis for economic growth. There are many landlocked countries in Africa whose access to world markets is limited. For such countries, it is difficult to accelerate economic growth through trade and investment. Therefore, I welcome the fact that the importance of cross-border infrastructure developments has been emphasized in the negotiations for the ADF 11 replenishment and that 17.5% of the net total of the funds from this replenishment will be allocated to regional operations in order to promote them. In addition, I appreciate the fact that the Fragile State Facility (FSF) was established for which 7.5% of the funds for the period of the ADF 11 replenishment were allocated in order to support economic growth in fragile states.

It is the private sector that drives economic growth. Private sector-led economic growth must be facilitated through establishing climate that is friendly to trade and investment; the strengthening of the financial sector; and support for micro, small, and medium-sized companies. From this standpoint, Japan launched the Enhanced Private Sector Assistance for Africa (EPSA for Africa) initiative with the ADB in 2005 and has been providing support for private sector development in Africa by making concessional financial resources available through co-financing with the ADB or as two-step loans through the ADB. I am pleased to see that, at present, loan projects and technical cooperation projects are being actively implemented under this initiative and that 5 sovereign guaranteed loans totaling US\$164 million, 2 non-sovereign guaranteed loans of US\$100 million and 12 technical cooperation projects totaling US\$10.4 million are being formulated. In this regard, I welcome the resolution that has just been adopted

regarding the ADB's 2007 net income allocation, which includes the transfer of 5 million UA to the Fund for African Private-Sector Assistance (FAPA), the technical cooperation component of EPSA, and expect that the transfer will help FAPA develop into a multi-donor fund.

Furthermore, in Africa, an inclusive growth strategy must address the issue of agricultural and rural development. In Sub-Saharan Africa, where farmers make up 65% of the overall workforce, public investment in agriculture accounts for only 4% of total public expenditures, and irrigated land accounts for only 5% of the cultivated area. Medium-term and long-term action is essential to increase food production, to raise productivity and to improve the distribution system. From such a perspective, I welcome the fact that the ADB is striving to contribute to agricultural and rural development in Africa through measures such as improvement of the infrastructure in rural areas and strengthening water resources management. In its capacity as a country with a high level of technology and considerable experience with respect to rice cropping, Japan will work hard to increase rice production in Africa by further disseminating New Rice for Africa (NERICA) for upland rice, developing varieties of lowland rice for wetland cultivation and improving irrigation facilities through the Japan International Cooperation Agency (JICA).

On a related issue, I would like to comment on the recent rise in food prices around the world. For the poor, food consumption accounts for a very high proportion of their total expenditures. We must therefore carefully monitor how higher food prices will affect them. Higher food prices may cause social instability. In this sense, the United Nations system should play a central role in proactively supporting the emergency measures that are needed immediately. In this regard, based upon an emergency appeal issued by the World Food Programme (WFP), Japan last month announced its intention to provide food aid worth about US\$100 million over three months as an emergency measure. As medium- and long-term measures, Japan will provide assistance such as increasing rice production as already mentioned to strengthening the agricultural sector in cooperation with international financial institutions.

(Environmental and Climate Change Issues)

Africa is one of the regions that are most vulnerable to the impacts of climate change. It is crucial to support measures taken by African countries to cope with climate change. In this respect, I welcome that the ADB is moving forward with its work to formulate strategies and action plans within the year for the adaptation and promotion of the use of clean energy.

Japan will host the Hokkaido Toyako G8 Summit this July and climate change

will be one of its major topics. Japan is working towards establishing a framework in which all major emitting countries can take part and that sets fair targets. We have also announced the setting up of a new financing mechanism, the Cool Earth Partnership, with a contribution in the order of US\$10 billion to help developing countries to adapt to the serious effects of climate change. Furthermore, Japan is working with the United States, the United Kingdom, and the Multilateral Development Banks (MDBs) to establish a new multilateral fund to support measures taken by developing countries with respect to climate change issues, and is calling for the participation of other donors.

(Health in Africa)

Without human security the poor cannot benefit from economic growth. People must be free from the fear of death and able to enjoy a healthy life. However, In Sub-Saharan Africa, one out of every six children dies before turning five. The maternal mortality rate is 200 times higher than that of developed countries. Despite this situation, only 3% of the global health workforce is working in the region.

Providing intensive preventive care in specific areas is the most effective means of avoiding epidemics of highly infectious diseases such as polio and tuberculosis. Governments must maintain effective health care systems and retain an adequate quantity and quality of health workers at the community level. At the global health summit held in Japan in February this year, we highlighted the importance of promoting the improvement of health systems as well as the approach to fighting specific diseases, which is the mainstream of health sector assistance these days. It was also recognized that a strong commitment from governments and capacity building within communities will be particularly important.

Delivering results in the health sector is not an easy task. The health workforce requires special skills and experience. The logistics of delivering health services are also complicated. A wide range of infrastructure elements, including clean facilities, water, electricity, roads and means of transport are needed. These factors call for a multi-sectoral approach.

Furthermore, Japan newly made an additional contribution of around US\$184 million in February of this year to the Global Fund to Fight AIDS, Tuberculosis and Malaria, which brings Japan's cumulative total contribution to US\$850 million. As this demonstrates, Japan is continuously and actively taking initiatives to support the health sector.

### **3. Japan's Support for Africa**

Japan will hold the Fourth Tokyo International Conference on Africa's Development (TICAD-IV) from the 28th to the 30th of this month in Yokohama. Japan held the First Tokyo International Conference on African Development (TICAD-I) in 1993. Since then, TICAD has been held every five years, with this year's conference marking the fourth such event. This year TICAD will gather together everyone playing an important role in African development, such as representatives like President Kaberuka, from African countries, international organizations, and regional organizations to discuss the future of African development. The three issues of (i)accelerating growth though the promotion of trade and investment, as well as improving the infrastructure and agricultural and rural development, (ii)establishing human security to protect people from threats to their lives, livelihoods, and dignity through such measures as strengthening the health system and supporting democratization, (iii)removing obstacles to growth by supporting African countries to tackle climate change issues, especially through adaptation, are scheduled to be taken up and discussed at TICAD-IV.

It is my expectation that TICAD-IV and the G8 Hokkaido Toyako Summit will provide good opportunities for further economic growth in Africa, for the establishment of human security such as the improvement of health conditions, and for the strengthening of measures to tackle environmental problems and climate change.

#### **4. Conclusion**

Comprising more than 20% of the world's surface, Africa is endowed with abundant natural resources and possesses a latent wealth of human resources: Africa has the potential for enormous growth in the future. It is anticipated that Africa will continue to grow by overcoming its numerous difficulties, which include achieving the MDGs and combating poverty, through the strengthening of its self-help efforts and increased ADB support. Japan will continue to make further efforts as a steady partner for the sake of the economic growth and sustainable development of African countries into the future.

Thank you very much for your kind attention.