

Statement by Mr. Daikichi Momma
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at
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1. Introduction

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

I would like to express my sincere gratitude for the warm welcome by the Government of Portugal and the people of Lisbon upon their hosting this year of the Forty-sixth Annual Meeting of the African Development Bank (AfDB) and the Thirty-seventh Annual Meeting of the African Development Fund (AfDF).

2. Great East Japan Earthquake

About three months have passed since the occurrence of the Great East Japan Earthquake: the number of dead and missing people has reached some 23 thousand, and approximately 98 thousand people still have to remain in evacuation centers. Upon this unprecedented disaster, we in Japan have received messages of sympathy and encouragement from more than 150 countries and territories, nearly 40 international organizations, including AfDB, and people all around the world. I would like to express my deepest gratitude to all of them. Our spirits have also been lifted by receiving cooperation from many AfDB staff members in collecting donations to support our country.

It is recorded in history that here in Lisbon, a huge earthquake and tsunami occurred in 1755, destroying almost the entire city which had been celebrated as the most beautiful in Western Europe, and leaving 60,000 people dead, that was, more than 20% of the city's population at that time. Under the leadership of then Marquês de Pombal, Lisbon successfully established the basis for reconstruction in only one year after the disaster, and created the founding framework for what became the Lisbon of today, as a

city even more orderly and beautiful than before. In Japan now, economic activities are reviving swiftly, while Shinkansen bullet train services in the disaster-stricken region have entirely returned to normal at an early stage and the damaged airport and seaport services have resumed. As to the production sites in the affected areas, more than 60% have been restored and the remaining 30% are expected to be restored by this summer. Japan will continue to strive, to the best of our ability, toward achieving post-disaster recovery and reconstruction as soon as we can.

We take it very seriously that the Fukushima nuclear power plant accident, triggered by the tsunami of the earthquake, has caused great concern to the international community. As our immediate goal, we will work hardest, aiming at cooling the reactors to a stable level, to reduce the release of radioactive substances and bring it under control by January next year. We are reminded of the huge risk that a nuclear power accident could entail, and such risk could even affect energy and climate change policies not only in Japan but throughout the world. Japan will thoroughly examine the Fukushima accident and share relevant knowledge and experiences thereby obtained with the international community in a transparent manner.

No difference is found between Japan and African countries in that we face the violent nature. Compared with other areas in the world, Africa has been less affected by natural disasters, but it is nevertheless susceptible to droughts and floods. Natural disasters take away precious lives and damage the property of countless people, and ruin past development efforts instantly. In this respect, disaster prevention should be among the most important development challenge. With the entire world having witnessed the calamity which natural disasters could inflict, as the Great East Japan Earthquake has done, it is the best timing now for us to consider what we should do to be prepared for and prevent disasters. We hope that the AfDB will support the mainstreaming of disaster prevention in the development policy-making in its member countries. Japan would like to actively convey the lessons learned from the earthquake and the reconstruction process to follow it, and share them with the countries in Africa and the AfDB.

3. Development Challenges in Africa and the Expected Role of AfDB

Next, I would like to speak about Japan's views with regard to the development challenges in Africa and the role that AfDB is expected to play.

(Economic situation in Africa)

The global economic crisis after the Lehman shock had a relatively limited impact on Africa as a whole. Some non-oil producing countries in the North Africa have been experiencing a stagnant inflow of funds through tourism and investments since the beginning of this year due to the growing risk caused by political instability. On the other hand, the countries in the Sub-Saharan region, driven by the growth in low-income countries, have achieved growth at the world's second highest rate only behind the developing Asia, and they are expected to further accelerate their speed of growth. Such economic situation provides a favorable environment for promoting development and poverty reduction.

(Support for North Africa)

Great reforms toward shifting to more democratic and open societies and inclusive economies have begun in the North African region, represented by the changes of the government which occurred in Tunisia and Egypt. As agreed on at the G8 Summit held in May, Japan believes that international development finance institutions should cooperate in supporting the sustainable and inclusive growth of the countries in the region in the course of the reforms.

As a cause of the recent political upheavals in the North African countries, it has been pointed out that the unity of society might have been undermined due to the high unemployment especially among young people and the lack of transparency in administrative or economic governance. In this context, the theme of the Governors' Dialogue in this annual meeting, "Inclusive Growth in Africa," is a very timely subject. I would like to recommend that the AfDB take into full account the results of the dialogue, with a view to developing effective cooperation with other related organizations, and by doing so, actively working to support the North African countries in the fields of social development, including for improving the labor sector and governance reform, in addition to the Bank's continued support for enhancing investment environment and other agenda in the economic field. Thanks to the General Capital Increase agreed on in May last year, AfDB's capital base has been boosted threefold. I believe that by taking full advantage of its enhanced operational capacity due to the capital increase, the AfDB will be able to vigorously carry out such support for North Africa as expected by the international community.

(Support for Sub-Saharan Africa)

In the Sub-Saharan region, delays are still recognized in achieving the Millennium Development Goals (MDGs) by 2015, and the international community should make further efforts toward the goals. Several international organizations have pointed that the lack of capacity of the governments in the region hinders progress for poverty reduction and development. The AfDB Group should do its best to help strengthening the capacity of these governments and promoting governance reform in the Sub-Saharan countries as well, in cooperation with other aid organizations, so as to reinforce the foundation which ensures that the assistance provided by the AfDB Group itself and other parties in the international community will bring about the expected results in poverty reduction.

I hope that, based on the strengthened capacity and governance of the recipient countries, the AfDB Group will make the best use of the resources secured by the AfDF's 12th replenishment agreed on in October 2010, thereby providing effective and efficient support for the Sub-Saharan countries.

In Japan, last year, Prime Minister Kan announced an initiative in the fields of health and education under the title of "Kan Commitment," in which he proposed an assistance model called EMBRACE, which stands for "Ensure Mothers and Babies Regular Access to Care", to be applied in the maternal and child health sectors where we witness particular delay in progress toward the MDGs. By putting this model into operation, Japan will also make further contribution to poverty reduction in the Sub-Saharan region. On June 2 and 3, immediately before this Annual Meeting, a follow-up meeting was held in Tokyo in relation to the MDGs Summit held in September last year, where Japan and the other participating countries and organizations reconfirmed their commitment to poverty reduction in developing countries.

(Climate Change)

Japan sees climate change as a make-or-break challenge for Africa, and adaptation, especially in the area of agriculture, is a pressing issue. The seriousness with which Africa currently faces with the climate-related challenges and problems, such as drought, flood, scarcity of water resources, epidemics, and rise in the sea level, differs widely from country to country and regionally. We therefore need to provide country-specific and tailor-made assistance, paying due respect to the country's ownership. Japan will proactively contribute toward a success at the COP17 meeting to be held in Durban, South Africa, at the end of this year: in addition to our active participation in the negotiation for establishing the Green Climate Fund, we currently plan to host the 2nd

Transitional Committee meeting in Tokyo this July. Further, Japan is willing to provide assistance to African countries in formulating country strategies to address country-specific challenges of climate change, so that the climate finance of a substantial size including one through the Green Climate Fund could be mobilized to African countries rapidly and effectively in line with such strategies once such finance becomes available. In doing so, we would like to ask the AfDB for its cooperation in utilizing actively the relevant expertise and know-how of the Bank.

4. Cooperation between AfDB and Japan

(Support for the African private sector through the EPSA)

Nurturing and promoting the private sector is key to realizing sustainable economic growth coupled with creation of employment. Based on such a philosophy, Japan launched the Enhanced Private Sector Assistance for Africa (EPSA) initiative with AfDB in 2006, and for the five years until 2010, we have made significant contributions to the development of economic infrastructure and to the support of small and medium-sized enterprises (SMEs) in African countries. The EPSA initiative has utilized various tools, such as co-financing of Japan's ODA loan and AfDB loan, two-step loans via AfDB, and technical assistance through the Fund for African Private Sector Assistance (FAPA) sponsored by Japan. In particular, the FAPA has provided technical support for building institutions to promote investment in the private sector. In projects such as the African Training and Management Service (ATMS) Project, the FAPA has proved to be effective in creating job opportunities and increasing female workers in the supported companies, and has also contributed to strengthening SMEs. We warmly welcome that in light of such successful results, Austria decided to participate in the FAPA in October last year.

With the aim of launching the second stage of the EPSA in a further upgraded manner, we would like to fully review the results achieved up to the end of last year, and based on that, to discuss, with President Kaberuka and the AfDB's management, what measures should be taken to enable the EPSA to produce development effects at a higher level than before for fostering and promoting the private sector in Africa.

(Opening of AfDB Tokyo Office)

We welcome that the AfDB has been considering to establish its office in Tokyo

under a strong leadership of President Kaberuka. I am confident that the Tokyo office, once opened, will make a great contribution to linking Africa with Asia, the world's growth centers, and to helping to actively apply Japan's technologies as well as human resources to the development and poverty reduction in Africa. I also hope that the Tokyo office will be able to act as an intermediary between Africa and Japanese companies with enthusiasm to support the private sector in Africa. Even after the earthquake, the government agencies and private companies have been operating normally in Tokyo: so there is no need to worry. I would like to add that at this moment, when Japan is doing its utmost for post-earthquake reconstruction, the AfDB could offer the most heartfelt encouragement for us all in Japan by opening the Tokyo office.

(Recruitment of Japanese staff)

Japan is willing to continue cooperating with the AfDB by providing human resources. I believe that in the course of African countries endeavoring to achieve inclusive growth, Japanese specialists will be able to contribute a lot, based not only on their respective knowledge and experience in the development sectors but also on Japan's own experiences. I hope that President Kaberuka and the AfDB's management will continue to recruit and promote talented Japanese staff members.

5. Conclusion

African countries face various challenges, such as reducing poverty toward achieving the MDGs and addressing sharp rises in food and resource prices, and also new challenges including the great reforms underway in the North African countries. Under such circumstances, expectations for the AfDB have grown bigger than ever. Japan strongly hopes that the AfDB will make the most of its experience and knowledge that the Bank has accumulated as an international financial institution in Africa, and tackle these challenges actively and effectively with demonstrable results to achieve, thereby becoming the *premier institution in Africa* in the truest meaning. Japan will always be willing to provide cooperation with, and contribution to, such high-aiming AfDB.

Japan is determined to overcome the immediate difficulties caused by the earthquake and to reconstruct itself as soon as possible, aiming to become a stronger country than before the earthquake. In this process, and expecting continued cooperation from President Kaberuka and the AfDB's management, we would like to

further strengthen our relation with African countries and the AfDB.

Thank you very much for your kind attention.