

JICA's activity for supporting Regional Integration within the Southern African Development Community (SADC)

Toshiyuki NAKAMURA

**Chief Representative, JICA South Africa Office
Japan International Cooperation Agency (JICA)**

Presentation Outline

I . Present Situations of Infrastructure Development in Southern African Countries

II . JICA's Activity for Strengthening DFIs Functions

III . JICA's Activity for Supporting Corridor Development

IV. JICA's Activity for Project Preparation

Japan's Assistance Package for Africa at TICADV



Basic Policy

Japan's basic policy of assistance for Africa is as follows:

- ▶ Boost the growth of Africa through trade and investment of private sector
- ▶ Promote "Human Security" through Japan's unique assistance

Therefore, Japan will contribute to the growth of Africa, utilizing private and public means of up to **approx. JPY 3.3 trillion (equivalent to USD 22 billion)**, including ODA of **approx. JPY 1.4 trillion (equivalent to USD 9 billion)**, in the next 3 years.

I. Promoting Economic Growth (Private Sector Development, Trade and Investment, Natural Resources)

(1) Trade and Investment

- ◆ **Up to USD 2 billion** by NEXI's trade and investment insurance
- ◆ Promote investment treaty negotiation
- ◆ Dispatch policy advice on investment promotion to **15** countries
- ◆ Capacity building of **100** people in **10** countries to function OSEP (One Stop Border Post) and to facilitate regional trade

(2) Private Sector Development ◆ Assist private sector including **USD 100 million** co-financing with AfDB under the EPFA (Enhanced Private Sector Assistance for Africa)

(3) Natural Resources ◆ Provide **USD 2 billion** of public finance by JOGMEC ◆ Capacity building of **1,000** people in natural resource industry

II. Accelerating Infrastructure and Capacity Development (Infrastructure, Human Resource Development, Science and Technology, Tourism)

(1) Infrastructure

- ◆ Financial assistance of approx. **JPY 450 billion (equivalent to USD 3.5 billion)** (ODA and JEC loan) for infrastructure
- ◆ Support formulating **10** strategic master plans for urban transportation / infrastructure planning
- ◆ Support development of **2** major growth corridors

(2) Human Resource Development

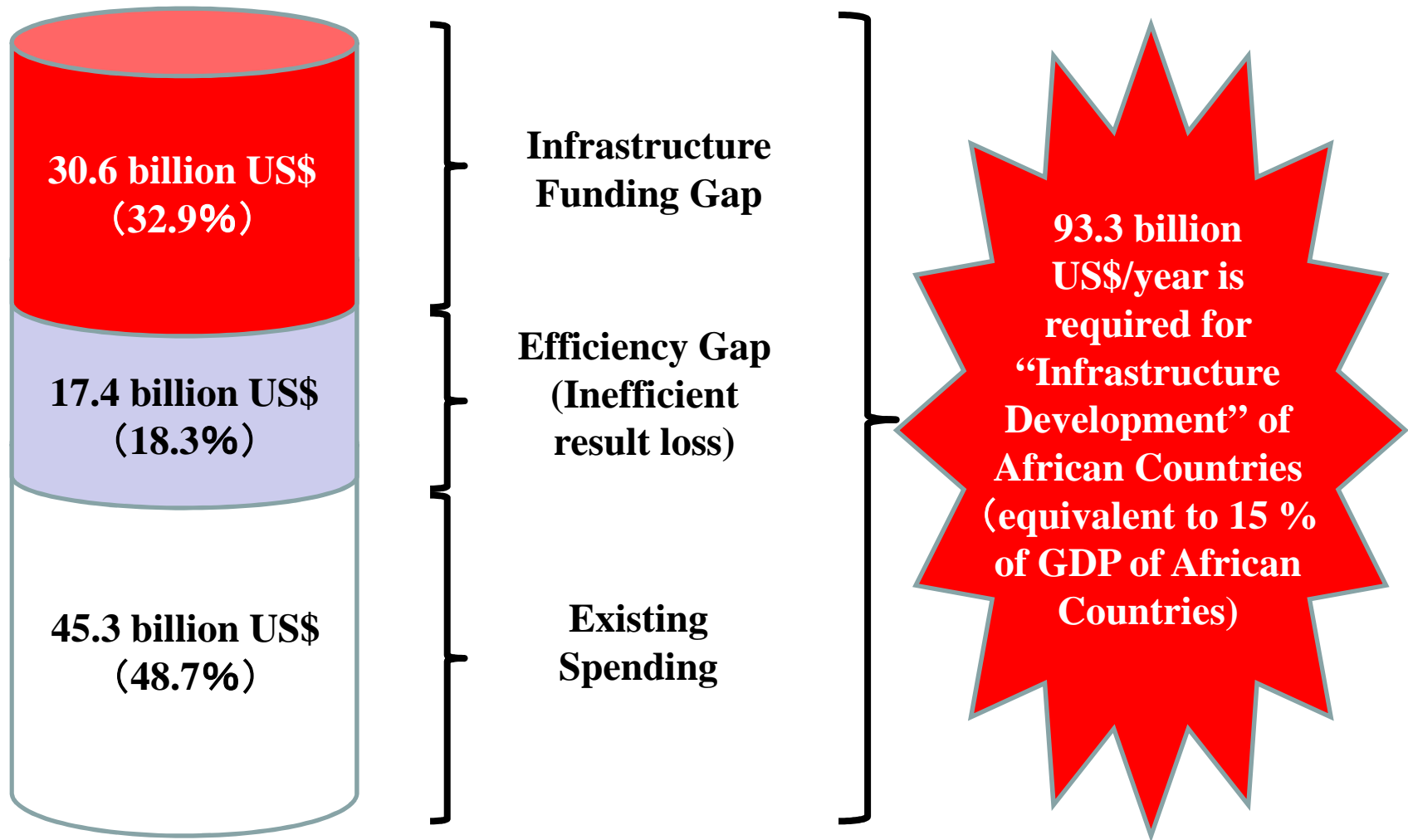
- ◆ Capacity building of **10,000** people for business and industry
- ◆ Launch **"Africa Business Education Initiative** for the Youth **ABE Initiative^(*)**, sending **1,000** people to Japan. ^(*) Provide opportunities for university African youth to study in Japan and learn in Japanese firms through public-private partnerships and build networks among the alumni to foster trade links for business between Japan and Africa
- ◆ Building TICAD human resource development centers for business and industry at **10** locations for **25** countries

(3) Science and Technology

- ◆ Support research institute and universities, including Pan African University (PAU) E-Fast, through technical assistance

(4) Tourism ◆ Host **10** tourism fairs by MOEA of Japan and JATA ◆ Capacity building of **700** people in tourism industry

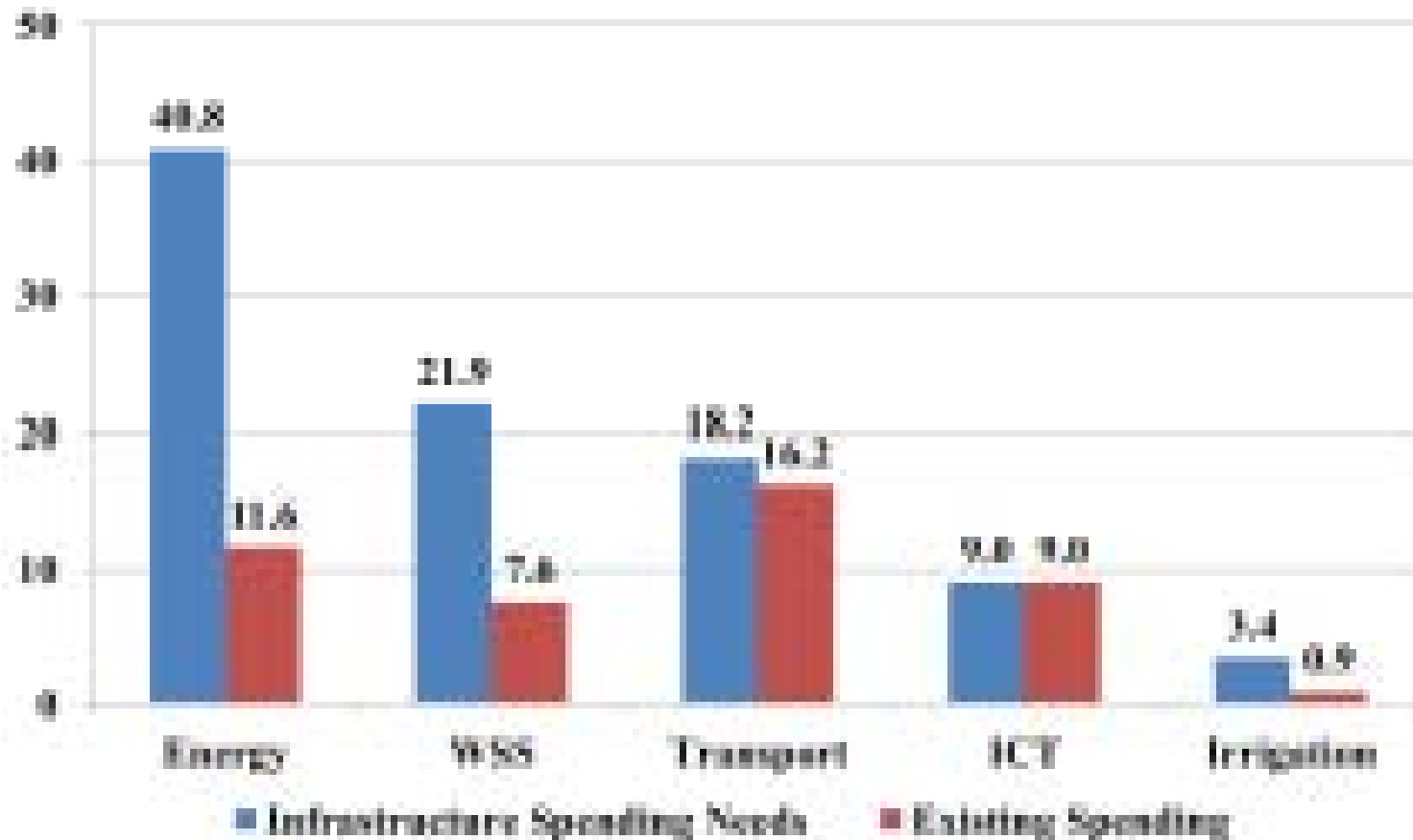
I. Present Situations of Infrastructure Development in African Countries



(Source) Briceño-Garmendia, Cecilia, Karlis Smits, and Vivien Foster. 2008. “Financing Public Infrastructure in Sub-Saharan Africa: Patterns, Issues, and Options.” AICD Background Paper 15, Africa Infrastructure Sector Diagnostic, World Bank, Washington, DC.

I. Present Situations of Infrastructure Development in African Countries

“Infrastructure Spending Needs” and “Existing Spending” (Billion US\$)





I. Present Situations of Infrastructure Development in African Countries

(1) Approximately 70% of public capital expenditure in total is used for operation and maintenance.

(2) Capital expenditure from private sector is highly concentrated on ICT sector. Capital expenditure for economic infrastructures is relatively small.

Infrastructure Spending on Sub-Saharan Africa's Infrastructure Needs (Billion US\$)*

Infrastructure sector	Operation and maintenance		Capital expenditure			Total	Total spending
	Public sector	Public sector	ODA	Non-OECD funders	Private sector		
ICT	2.0	1.1	0.0	0.0	5.7	7.0	9.0
Power	7.0	2.4	0.7	1.1	0.5	4.6	11.6
Transport	7.8	4.5	1.8	1.1	1.1	8.4	16.2
WSS	3.1	1.1	1.2	0.2	2.1	4.6	7.6
Irrigation	0.6	0.3	—	—	—	0.3	0.9
Total	20.4	9.4	3.6	2.5	9.4	24.9	45.3

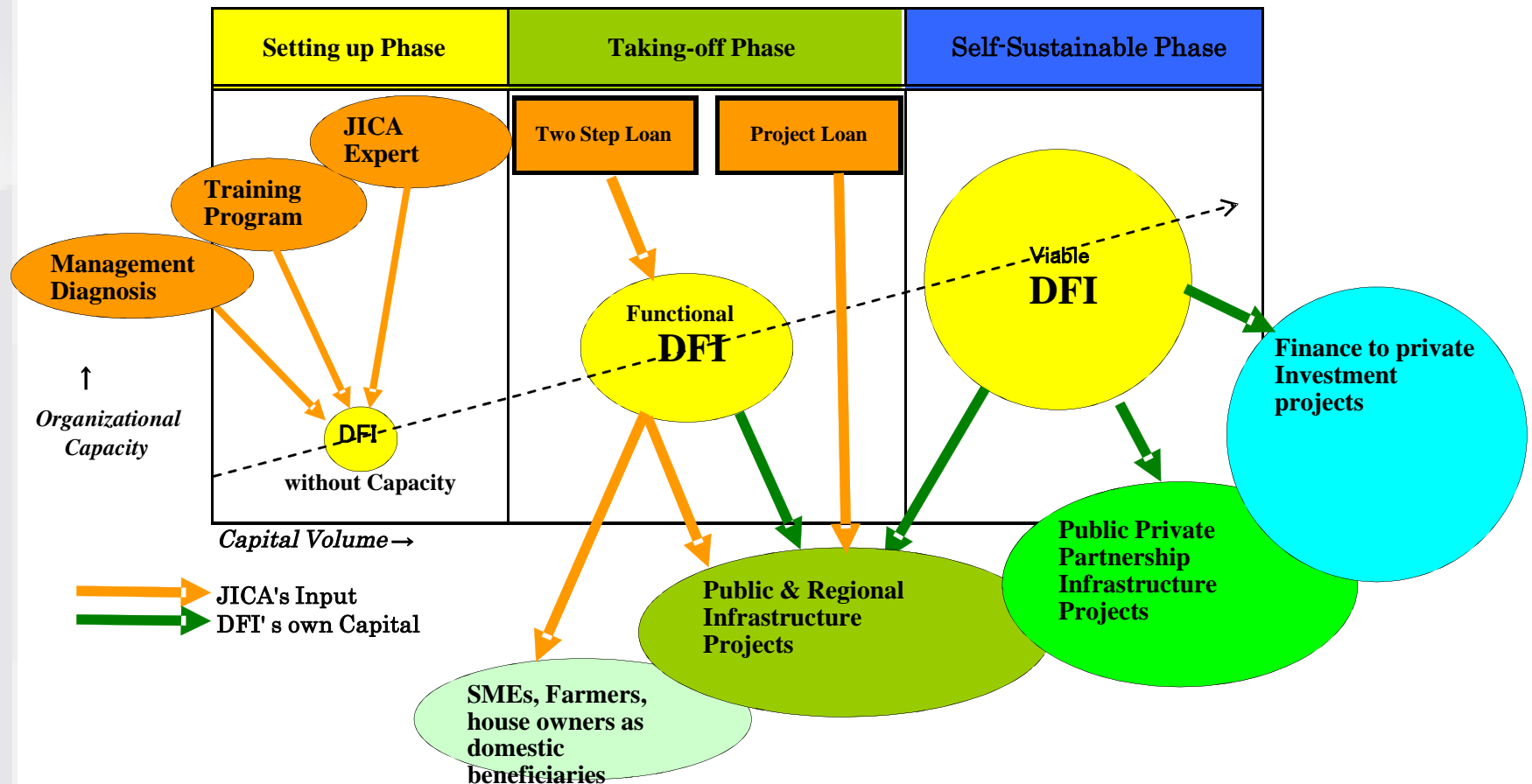
* Based on annualized averages for 2001–06.

(3) Capital expenditure for economic infrastructures is required for economic and industrial development, job creation and poverty reduction.

(4) Existing economic infrastructures has been aging and environmental countermeasures are required.

(Source) Briceño-Garmendia, Cecilia, Karlis Smits, and Vivien Foster. 2008. "Financing Public Infrastructure in Sub-Saharan Africa: Patterns, Issues, and Options." AICD Background Paper 15, Africa Infrastructure Sector Diagnostic, World Bank, Washington, DC.

II. JICA's Activity for Strengthening DFI's Functions



II. JICA's Activity for Strengthening DFIs Functions

What can JICA do for SADC DFIs?

1. DFI Diagnosis

- Dispatching JICA study team to selected DFIs for reviewing organizational capacities
- Identifying operational and managerial issues which the DFI should resolve

2. Dispatch of JICA Experts

- Designing and implementing the plan to the SADC-DFRC
- Coordinating interaction among AADFI, SADC-DFRC and ADFIAP

3. Training Program(s) in Japan

- Strengthening each DFIs' project value chain (project formation, preparation, appraisal, implementation and monitoring)

4. Dispatch of Lecturer(s) to Training Program of SADC-DFRC

- Sharing the knowledge of Japan and Asian countries and strengthening mutual network



III. JICA's Activity for Supporting Corridor Development

JICA: Southern Africa Growth Belt

--- Integrated Regional Transport Program (2010) ---

Desirable Growth Scenarios:

- ✓ **Scenario A: Growth Led by Mineral Resources Development**
- ✓ **Scenario B: Growth through Intra-Regional Trade**
- ✓ **Scenario C: Diversification and Advancement of Industrial Structure through Global Trade**

**Potential Mineral and
Agricultural Resources**



**Present Situations and
Challenges for Future**

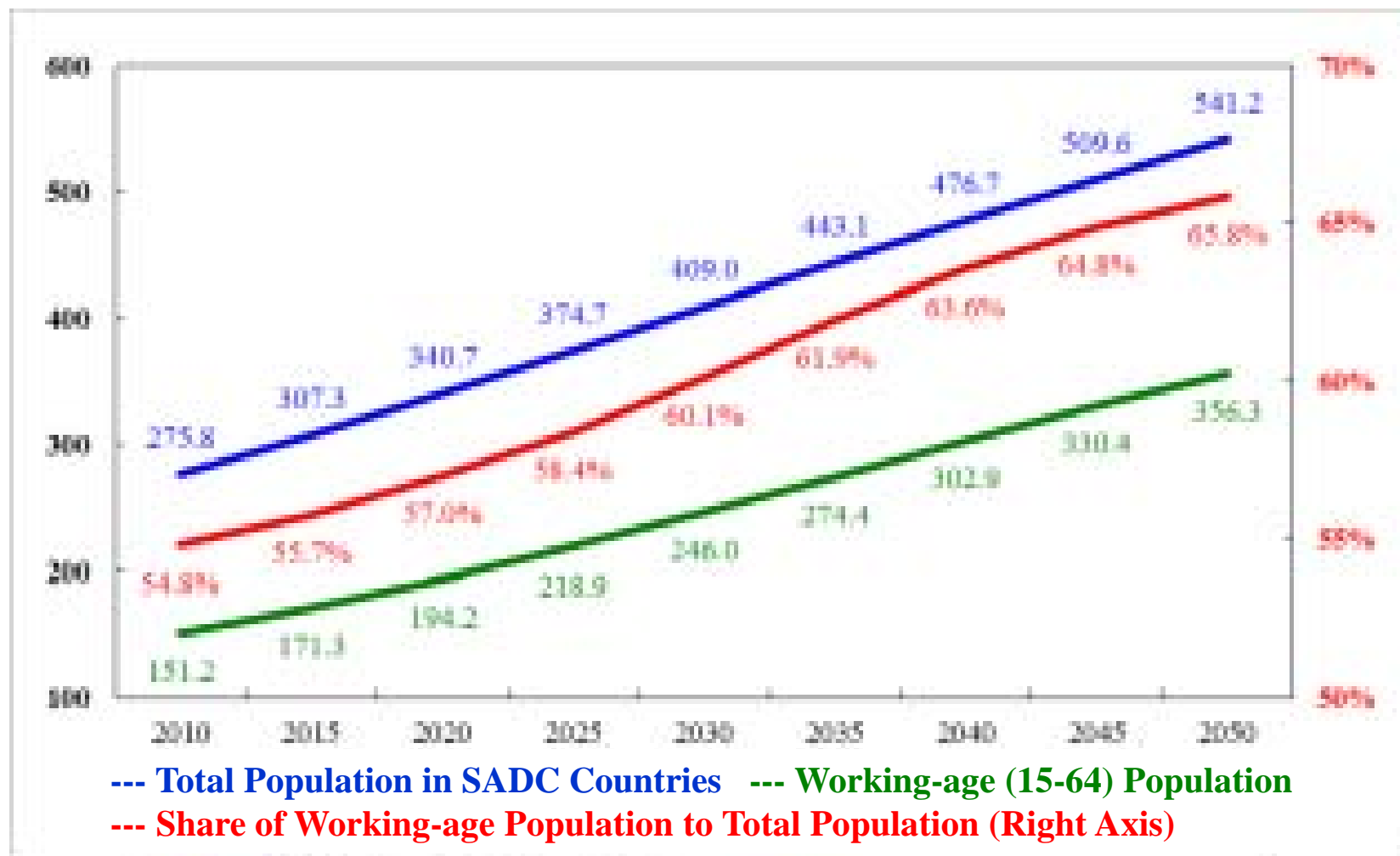
Bottlenecks to Growth Belt Development

Roads, Railways, Ports, Border Facilities, Region-Wide Regulations

(Source) JICA. 2010. Southern Africa Growth Belt – Integrated Regional Transport Program

III. JICA's Activity for Supporting Corridor Development

Population Estimation (million) of SADC Countries



(Source) Calculated by Data from World Bank.



III. JICA's Activity for Supporting Corridor Development

Joint DBSA-JICA Study: Preliminary Study for Economic and Industrial Development along Economic Corridors in Southern Africa (2013)

**Economic Corridors' Development
from
Mineral and Agricultural Resources Export-oriented Development
to
Job Creation-oriented Development**



**Promotion of “Industrial Locations” for Job Creation
by Using Mineral and Agricultural Resources**

- ✓ **Industrial Estates and Complexes along Economic Corridors**
- ✓ **Distribution and Logistics Centers along Economic Corridors**

(Source) JICA. 2010. Southern Africa Growth Belt – Integrated Regional Transport Program

Development Initiatives and Activities in Nacala Development Corridor

Population of the area
5 provinces-13.6mil.

Gas field development



Lichinga Agricultural
Experiment Station

Montepuez

Lichinga

Promoting Rural Water
supply, Hygiene and
Sanitation



Railway Rehab.
(Brazil)
To be started
from 2013



Secondary Schools in Nampula
Primary Teachers Training Institute in Nampula



Nacala Port Development



Nacala Airport
Development



**Reciprocal
relationship with
Malawi, Zambia**

Mandimba

Cuamba

2

Railway Construction/Rehab.
To be completed in 2015



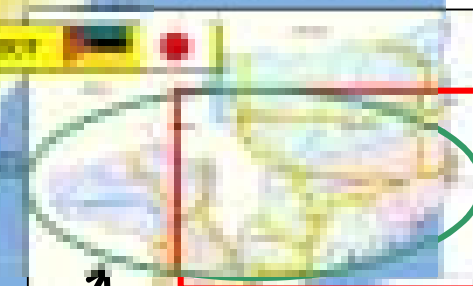
Gurue

4

Nampula Agriculture
Experiment Station

OMI WILL BE THE PROJECT

Japan Overseas
Cooperation Voluntary



Coking Cole
Development
In Tete



Roads/Bridges

- ① Montepuez-Lichinga Road Upgrading /349Km
- ② Nampula-Cuamba Road Upgrading /306Km
- ③ Cuamba-Mandimba-Lichinga Road Upgrading (under preparation)
- ④ Ile-Cuamba Road and Bridge



strengthening pedagogical and technical
skills of teachers of health training institute
(nation wide)



Establishment of Sustainable Forest
Resources Information Platform for
Monitoring REDD+



Preparatory Survey on Urea Fertilizer
Complex Project



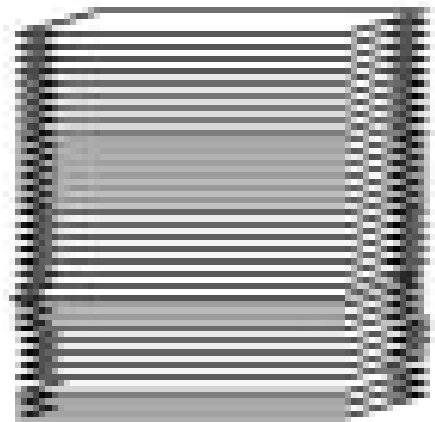
Economic Development Strategies

<Nampula, Niassa, Tete, Zambezia, Cabo Delgado>



IV. JICA's Activity for Project Preparation

Present Situations of Project Formation, Project Preparation and Project Implementation (Image)



(1) Project Formation:
Existence of a lot of projects in
infrastructure development



(2) Project Implementation: Very
few implementation of projects in
infrastructure development



**(Hypothesis) Lack of Institutional and
Human Capacity for “Project Preparation”**

IV. JICA's Activity for Project Preparation

JICA: Preliminary Study for Strengthening Project Preparation Capacity for Infrastructure Projects in Southern Africa (Provisional)

1. Field Study:

- (1) Two Municipalities in South Africa**
- (2) Two Countries in Southern African Countries**

2. Question:

Why are very few projects implemented although there are a lot of project formation?

3. Output:

Required institutional and human capacity building for strengthening of project preparation

4. Terms of Study:

Until the end of November, 2013

**Thank you very much
for your attention**