

JAPAN-AFRICA RELATIONS AFTER TICAD IV-A CASE STUDY OF JAPAN-UGANDA RELATIONS, A PAPER BY AMBASSADOR JAMES M. MUGUME, PERMANENT SECRETARY OF THE MINISTRY OF FOREIGN AFFAIRS OF THE REPUBLIC OF UGANDA DELIVERED AT THE FOUNDATION FOR ADVANCED STUDIES ON INTERNATIONAL DEVELOPMENT, TOKYO, JAPAN, 1ST AUGUST, 2008.

The Executive Director of the Foundation for Advanced Studies on International Development, Mr. Toshio Tsunozaki,

Distinguished Ladies and Gentlemen,

I. INTRODUCTION:

From 28-30 May 2008, the 4th Tokyo International Conference on African Development (TICAD IV) Summit was hosted in Yokohama by Prime Minister Rt. Hon. Yasuo Fukuda under the theme **“Towards a Vibrant Africa: A Continent of Hope and Opportunity”**. The importance of the Summit was underscored by the active participation of 51 African countries, 44 of which were led by Heads of State/Government including Uganda’s delegation, which was led by H. E. Yoweri Kaguta Museveni, President. Japan’s co-organisers in TICAD are the United Nations, the United Nations Development Programme and the World Bank.

In addition, Japan then conveyed the views of the African countries arising from TICAD IV to the 2008 G8 Summit, which it also hosted this year at Toyako in Hokkaido from 7-9 July. In 2008, therefore, Japan fully seized opportunities by promoting African issues on the international agenda and boosting dialogue between Africa and the international community on key issues of development and MDG’s.

I wish to re-emphasize the gratitude of my Government to the Prime Minister of Japan, Rt. Honourable Yasuo Fukuda and the Japanese people for the commitments made to Africa in line with Japan’s partnership with Africa under the TICAD process following from TICAD I (1993), TICAD II (1998) and TICAD III (2003). The African Heads of State and Government at TICAD IV reiterated Africa’s commitment to continuing the implementation of measures to promote economic growth, socio-economic advancement and consolidate peace and security in partnership with Japan and other countries.

As pointed out during the Summit, our continent still faces a number of challenges including poverty, disease, adverse climate and relative instability in some parts. In the midst of this adversity, however, the Summit identified the overwhelming opportunities and

potential for development and reflected Japan's key partnership role in harnessing this potential.

Japan's initiative to establish TICAD fifteen years ago has proven to be a major framework within which these objectives are being achieved. Specific cooperation under TICAD with Uganda as a case study shall be outlined below with an overview of critical areas for future Japan-Africa cooperation in the post-TICAD IV landscape.

II. TICAD IV: AFRICA-JAPAN FRAMEWORK:

The TICAD process is a good testimony of synergy between Africa and Japan. It has laid a strong foundation for a fair, balanced and equitable strategic partnership in capacity building, training, development of Small and Medium Scale Enterprises, and support for intra-African cooperation including through the African Union (AU) and the New Partnership for African Development (NEPAD).

As announced by Rt. Hon. Fukuda at TICAD IV, Japan has committed to undertake the following new initiatives in cooperation with Africa;

- 1) Assistance in the establishment of regional infrastructure with regards to road, rail and power networks;
- 2). Utilizing ODA to trigger private investment;
- 3). Promoting assistance for agriculture and rural development;
- 4). Comprehensively working on measures against infectious diseases, including HIV/AIDS, malaria and tuberculosis to meet MDG targets;
- 5). Promoting maternal, infant and child health as well as human resource development of health workers;
- 6). Improving access to safe drinking water and basic sanitation; and
- 7). Supporting the consolidation of peace.

Interventions by Japan will address the following sectors:

1. Boosting Economic Growth:

(A). Infrastructure: TICAD IV emphasized the development of integrated infrastructure (roads, rail and energy) as critical to mitigating the cost of doing business and a pre-requisite for economic development. Future cooperation therefore will lay more emphasis on improving regional infrastructure including road and rail corridors, regional energy networks, communication networks and integrating regional infrastructure to promote private sector investment.

(B). Trade and Investment: To be enhanced by encouraging transfer of appropriate technology and technical know-how, sharing of best practices in adherence to international quality standards, skills development and finance innovation, dissemination and analysis of relevant data, emphasis on value addition and investment guarantees from Asia to Africa.

(C). Agriculture: To be enhanced for economic growth and poverty reduction, primarily through the introduction of the New Rice for Africa (NERICA) and promotion of irrigation and improved farming methods. Japan is supporting the 'green revolution' in Africa and tackling climate change impact on agricultural productivity.

2. Achieving the Millennium Development Goals:

(A). The Community Based Approach to development is indispensable for achieving the MDGs. Under TICAD, rural communities are a vital stakeholder in development activities to enable self-sufficiency; the One Village One Product (OVOP) movement will be expanded and programmes will be promoted to link the private sector, including Small and Medium Scale Enterprises (SMES) as well as civil society to the formal sector.

(B). Education: TICAD IV noted the need to balance education at all levels through a holistic approach, promoting access to education by females and vulnerable groups. Training in science and technology as well as technical/vocational training will also be enhanced.

(C). Health: Support for programmes to improve health by comprehensively fighting disease, taking into account enhanced solutions to HIV/AIDS and other killer diseases. Sanitation and preventative community level measures also play a key role.

(D). Resources, both financial and human, including their availability, planning and judicious application can guarantee aid effectiveness, utilization and mutual accountability. Countries emerging from conflict should be assisted in post-conflict building towards realization of the MDGs.

3. Consolidation of Peace and Good Governance:

Peace and security are essential for economic growth and sustainable development. Through the TICAD framework the capacity of African countries emerging from conflict to attain sustainable peace will be strengthened. The TICAD framework focuses on strengthening post-conflict measures to prevent the recurrence of conflicts and we are desirous that it cover African peacekeeping logistical support as well.

4. Addressing Environment Issues/Climate Change:

Africa is the continent most affected by the negative impact of climate change and yet the continent is the least emitter of green house gases (GHG). It is expected that the TICAD process as well as the global post-Kyoto framework will effectively address this challenge especially in areas of mitigation, adaptation and transfer of appropriate technology and mobilization of financial resources for sustainable development.

Cooperation between Africa and Japan should lead to success in managing global and African climate concerns. Africa expects to be actively part of the Bali Road Map, and to access support for mitigation and adaptation bearing in mind the “common but differentiated responsibility”. Africa acknowledges the need to stop deforestation as a source of fuel as long as the continent is equipped with alternative sources of energy, including mini hydro dams, solar energy, and bio-gas.

We also call on Japan and other developed countries to take firmer action to substantially reduce their greenhouse gas emission levels.

III. TICAD IV CASE STUDY: JAPAN-UGANDA RELATIONS:

As a case study, Japan-Uganda relations offer a useful microcosm of Japan-Africa relations after TICAD IV.

Japan and Uganda enjoy warm mutually-beneficial relations based on trade, tourism, investment and cooperation at multilateral fora e.g. the United Nations.

Japan is the world's 5th largest ODA donor after US, Germany, France and the UK. Japan's net ODA in 2007 was US\$ 7.7 billion, representing 0.17% of GNI. The 30.1% fall in real terms was in part due to a decrease in debt relief operations, which were exceptionally high in 2005 and 2006, and to a decrease in contributions to international financial institutions. Japan's ODA has been on a downward trend since 2000, except for an increase in 2005 and 2006 due to debt relief*. However, Japan undertakes significant multilateral assistance as well.

Uganda is an influential country in the Great Lakes Region and in Africa. Currently, Uganda chairs the Commonwealth Heads of Government Meeting (CHOGM), as well as Conference of Foreign Ministers (CFM) of the Organization of Islamic Countries (OIC). She is also a member of the African Union Peace and Security Council

* Organisation for Economic Cooperation and Development:
http://www.oecd.org/document/8/0,3343,en_2649_34447_40381960_1_1_1_1,00.html

for the period 2008/2009, and the African Union candidate for a non-permanent seat on the United Nations Security Council for the period 2009/2010. Uganda is also an active participant in United Nations Security Council and African Union peacekeeping operations including in Darfur and Somalia. Uganda has played a leadership role in peace facilitation in the region including Burundi, D. R. Congo, Sudan and Somalia. Uganda has also played a role in the building of a stronger East African Community (EAC) bringing together over 120 million people encompassing Kenya, Tanzania, Rwanda and Burundi. Bilateral cooperation between Uganda and Japan is therefore a mutually beneficial and strong one.

Uganda has enjoyed over two decades of consistent economic growth and in 2007 the economy grew by 6.5% with a GDP of US\$ 31.47 billion (PPP) based on sound macro-economic management coupled with sustained political stability and security. As a percentage of GDP, private investment in Uganda rose from 12.4% in FY 2002/03 to 17.9% in FY 2006/07.

(A). Bilateral Relations:

Japan's relations with Uganda are largely undertaken within the TICAD principles, on a bilateral and multilateral basis. Uganda's interest in post-TICAD relations with Japan were expounded upon by President H.E. Yoweri Kaguta Museveni in Yokohama, focusing on value addition to Uganda's products to enable the country to export processed goods, to expand employment opportunities; additional resource flows for private sector-led growth; skills development through vocational/technical training; building sufficient infrastructure including transportation and energy production as well as information and communication technology and commitment to free trade.

Because of Japan's important global standing, Uganda has prioritised diplomatic relations between the two countries which were established with the opening of Uganda's Embassy in Tokyo in 1963. In 2003, Japan upgraded its Mission in Kampala to a full-fledged Embassy, greatly boosting bilateral cooperation between the two countries.

This cooperation has been strengthened through high level exchange of visits. H.E. President Yoweri Kaguta Museveni has visited Japan including in 1993, 2003 and most recently in 2008 when he participated in TICAD IV. Several other high ranking Ugandan officials have made visits to further underscore the strength of our bi-lateral relations.

Likewise, Uganda has hosted high ranking officials from Japan including Hon. Muneo Suzuki, Deputy Cabinet Secretary in 1999;

Japan's Parliamentary Secretary for Foreign Affairs, Hon. Kazunori Tanaka in September, 2004; the Vice President of JICA in-charge of Africa, Mr. Etsuo Kitahara, in February, 2005; the Education, Science and Technology Minister, Hon. Kenji Kosaka in July 2006; Members of the House of Representatives, Hon. Yoshitaka MURATA Member and Hon. Seigo KITAMURA in August 2006, Vice Minister for Foreign Affairs, Hon. Masayoshi Hamada in February 2007 and the former Minister of Finance, Hon. Sadazuka Tanigaki, in his capacity as UNICEF goodwill Ambassador, in May 2007.

In December 2005, our relations got a further boost when Japan opened an office for the Japan International Co-operation Agency (JICA) in Kampala.

(B). Multilateral Cooperation:

Uganda and Japan co-operate closely on international matters at the United Nations especially on the reform of the United Nations, as well as candidatures for International positions e.g. in 2007 Uganda supported Japan's successful nomination of Amb. Fumiko Saiga as a Judge at the International Criminal Court. Uganda and Japan also cooperate and discuss on the way forward with regard to issues including reform of the UN and maintenance of international peace and security.

Since both countries are expected to be nominated as non-permanent members of the United Nations Security Council for the period 2009-2010, our cooperation can only be enhanced.

1. Boosting Economic Growth:

Since boosting of economic growth is key to Uganda's development and transformation, Japan-Uganda cooperation has emphasized the need to encourage Japanese investors to undertake investments in agro-processing, health, telecommunications, mining and knowledge-intensive industries in Uganda, promoting market access to Japan for Uganda's products.

(A). **Infrastructure:**

The importance of private investment especially from foreign countries including Japan cannot be over-emphasized. However, foreign investment can only be successful if the basic investment infrastructure is in place, as Japan and Asia's economic development history has shown.

It is for this reason that Japan-Uganda cooperation aims to improve important infrastructure with regards to

(i). **Energy:** In 2007 Japan approved the Bujagali Inter Connection project to construct electricity transmission networks Bujagali power station to various node points around the country. Japan is also supporting the Rural Electrification project in Masaka and Masindi Districts and at TICAD IV agreed to support investment in the Ayago power dam (700 megawatt potential) as a power source for the Great Lakes Region,

(ii). **Road and Rail:** Japan has availed support through the project for improvement of traffic flow in Kampala, the Greater Kampala Traffic System as well as rural road development, and support for the modernization of the East African Railway system for cheap and timely transport of commodities. In addition at TICAD IV Japan agreed to support construction of a new bridge, Nalubaale Bridge, over the River Nile at Jinja as a gateway to the Great Lakes Region through,

(iii). **Information and Communications Technology (ICT)** by upgrading the ICT Cable system and improvement of the radio broadcast network for improved communication.

(B). Trade and Investment:

The trade and investment opportunities between Uganda and Japan have not yet been fully exploited. Uganda is working to attract Japanese investors focusing largely on Japanese Small and Medium Enterprises (SMEs) and subsidiary branches of major Japanese electronic and mechanical industries in Asia.

Uganda currently exports to Japan mainly frozen fish fillet, coffee, tea, vanilla, metals and oil seeds (nuts). There is a potential for mutual benefit from investment in **agro-processing**.

(i). The Banana Industry:

Uganda is a major producer of bananas in the world. About 75% of Ugandan farmers grow the crop on 1.3 million hectares producing 8.6 million metric tonnes. Japan, which is the biggest market for bananas in Asia, can benefit from Ugandan imports in this regard. There is also increased potential for industrial exploitation of Banana fiber to produce high quality textiles and paper with transfer of appropriate technology to Uganda.

(ii).The Beef industry:

Uganda is also endowed with livestock and in cooperation with Japan, the enhancement of local industries and promotion of animal husbandry is being undertaken. This is an area that can meet

market demands in Japan with appropriate cooperation on standards and regulatory negotiations.

(iii). Tourism:

Few Japanese tourists visit the “Pearl of Africa” as Uganda is famously known. The number increased from 500 in 2005/06 to 1000 in 2007/08. There is tremendous scope for expansion in this area with investment opportunities in tourism infrastructure e.g. hotels and developments on natural resources.

Tourism opportunities include an environmentally friendly experience through eco-tourism, savouring the luscious nature, wild game including Uganda’s big seven (Lion, Elephant, Hippopotamus, Leopard, Tiger, Giraffe and Rhinocerus), the unique mountain gorilla trekking experience, River Nile rafting and cruises, scaling the 5,000m snow-capped Rwenzori mountain on the equator, the various cultural experiences, among others.

(iv) Energy Sector

Uganda is endowed with an enormous potential for hydrological and other renewable sources of energy. The Government of Uganda strives to meet the unenviable challenge of expanding access to affordable, reliable and adequate energy to meet ever increasing household, commercial and industrial demands.

(v) Mining

The mining and quarrying industry is growing at a rate of about 11% per annum e.g. in limestone mined for the production of cement and lime, aggregate, gravel and gold, tin and tungsten concentrates are currently produced largely for export. There are many high mineral potential areas in Uganda, which remain inadequately explored despite the country’s long history of production. Uganda has potential to produce a variety of other important minerals, which are being produced in the neighboring countries with similar geologic environments. Such mineral commodities include: platinum, nickel, diamond and rare earth elements.

(vi) Petro-chemicals and other oil/gas deposits

Following exploration by companies such as Tullow Oil (UK) and Heritage Co., the Lake Albert Rift basin has been confirmed as a major emerging petroleum province, with commercially viable deposits of oil and gas. Investment opportunities abound for Japanese companies in exploration and concessional exploitation of these deposits as well as as petro-chemical processing industries.

Tullow and Uganda Government shall install a mini-refinery in Hoima by 2009.

(vii) Information and Communication Technology

Uganda's Information and Communications Technology (ICT) sector is dynamic and vibrant. The sector has registered double digit growth since 2000 and grew by 33% in 2006/2007. Investment inflows have been very strong and in 2006, the sector attracted in excess of US \$73 million. Direct employment stands at 6000 while over 350,000 people are indirectly employed. Sector dynamism is a result of Uganda's good ICT legal and regulatory framework, a stable micro economic environment and economic reforms pursued since the early 1990s. The telecommunications sub-sector, formerly dominated by a single national operator, has been progressively liberalised over the last 10 years.

Infrastructure capacity is rapidly improving. Most national and regional transmission links are digital. Optical fiber links connect major economic centres, with expansion in progress. There is extensive use of microwave in the backbone infrastructure and Vsat Services. International gateways are satellite based but connection to the world optic fiber network is eminent. Although still small, export of ICT services has started generating foreign exchange inflows. With virtually no earnings in 2001, the sector now earns over US \$ 10 million per annum.

A wide range of investment opportunities are available due to Uganda's geographical location which favours business process outsourcing and low licensing and entry cost. Other positive factors include a strong market potential across most service areas, a skilled labour force with specialized ICT training, a population that fluently speaks English, low factor costs including land, good quality support infrastructure and a young population suitable for ICT.

(viii) Agro-processing; value addition

The performance of the agricultural sector in Uganda has continuously improved. Uganda prides herself of good agricultural soils (arable land) and climate such there are enormous investment opportunities in the following sub-sectors: Fish, Coffee, Flowers, Fruits and Vegetables and Forestry

(C). **Increase in Japanese ODA and Yen Loans to Uganda:**

Within the TICAD Framework, Japan has provided substantial grant aid to Uganda. This has helped Uganda to make greater strides

towards eradicating poverty. In 2004, Japan granted debt relief to Uganda worth Yen 6,296, 800,000 (approximately USD 62m) under the HIPC arrangement. While this led to a moratorium on yen loans to Uganda, Japan in 2007 resumed yen loans to Uganda based on Uganda's economic performance in debt servicing and sound macro-economic management. MOFA Japan, JICA and JBIC manage the portfolios of grant aid, technical assistance and yen loans.

Uganda continues to negotiate with Japan to augment her financial assistance within the TICAD IV framework, in particular through direct concessional loans rather than going through intermediary mechanisms to optimize operational costs and management of the loans.

(D). Agriculture/Food Security and Rural Development:

Introduced as a Japanese project, the New Rice for Africa (NERICA), known as Upland Rice, is already doing very well in Uganda and Japan is promoting its production within Uganda as well as to establish the country as a regional Centre of Excellence in NERICA production. NERICA has boosted household incomes, empowered women, and improved child feeding, especially in Northern Uganda where the World Food Programme (WFP) and Japan Government are undertaking a joint programme to expand rice seed multiplication. NERICA bears testament to the great impact that can be achieved by targeted, sustained project support for agricultural productivity at the rural level in Uganda.

Uganda envisages that the NERICA programme will also focus on imparting good harvesting and post harvest measures including agro-processing for export.

2. Achieving the Millennium Development Goals:

Japan has extended cooperation to Uganda in critical sectors as follows:

(A). Community Development/Empowerment:

(i). One Village One Product:

In Uganda stimulating growth at community level is the key to development and therefore the Government has implemented the zoning mechanism in which local communities specialize in niche high yield products based on the principle of comparative advantage. Japan is promoting the One Village One Product (OVOP) movement to supplement this zoning mechanism to empower the grassroots to become self sufficient.

(ii). Safe and Clean Water Supply:

To provide replenishable water resources, which are critical to sustenance of human life, Japan is already undertaking development projects to improve rural water supply and has indicated the intention to consider support for the integral water resource management plan in Lake Kyoga Basin. Japan is also assisting in socio-economic development projects at grassroots level, through the Grants Assistance for Grassroots Human Security Projects (GGP).

(iii). Japanese Technical Assistance; Experts/Volunteers:

By the end of 2007, Japan had dispatched 18 Japanese technical experts attached to development projects in Uganda as well as 93 Japanese Overseas Cooperation Volunteers (JOCV) spending long (up to 2 years) and short terms in Uganda. They transmit skills in community development, local administration, education in especially science and mathematics, automobile mechanics, health care including nursing, *inter alia*.

(iv). Post Conflict Consolidation in Northern Uganda:

The Government of Uganda is implementing the Peace Recovery and Development Programme for Northern Uganda, as well as developing a proposal on support for resettling displaced persons, former combatants and infrastructure development in the region, which has been ravaged for over 20 years by atrocities meted by the rebel group, the so called Lord's Resistance Army (LRA). Government continues to participate proactively in the Juba Peace Process, which has led to a cessation of hostilities on the ground since 2006.

Because Japan is an important partner, Uganda has sought the country's intervention in the establishment of a model community and improvement of infrastructure in Northern Uganda in line with the PRDP.

Japan provides humanitarian aid for internally displaced persons, including "Emergency Food Aid" through the World Food Programme (WFP) and emergency relief through UNICEF; training by JICA with support from WFP to set up fish ponds and rice cultivation fields; provision of Multi-skills Training and Community Service Facilities for Sustainable Livelihoods and Poverty Alleviation; as well as Reintegration of Ex-combatants and Former Rebels through the United Nations Industrial Development Organization (UNIDO).

(B). Education and Human Resource Development:

Japan is involved in capacity development in education management especially in science and math, construction of class rooms and dormitories in rural communities, promoting clean water sources, supplying essential books and stationery for rural schools, teacher training in science and math at secondary school level, vocational training at the Nakawa Vocational Training Institute, which now produces about 200 graduates annually in the technical and engineering fields and provision of approximately 141 technical scholarships annually for Ugandans to train in various sectors in Japan and third countries.

Japan's involvement in the education sector is comprehensive and offers a solid contribution to human development in Uganda.

(C). Health and Medical Care:

The efforts being undertaken by Japan include the reinforcement of health administration capacities as well as technical cooperation in improvement of Health Infrastructure Management and control of infectious diseases, focusing on HIV/AIDS, malaria and tuberculosis.

(D). Addressing Environmental Issues and Climate Change:

Japan has expressed interest in implementing its "Cool Earth Partnership" in Uganda especially with regard to solar energy and small scale hydro energy and other clean energy sources. Uganda has welcomed Japan's offer to dispatch a Research Mission to explore the solar energy potential, and would like it expanded to include mini-hydro plants. In designing measures to control climate change account should be taken of adaptation, mitigation as well as financial and technological transfer which support clean and renewable sources of energy.

IV. CHALLENGES AND OPPORTUNITIES IN POST-TICAD IV JAPAN-AFRICA AND JAPAN-UGANDA RELATIONS:

The Yokohama Declaration makes a political statement regarding the overall direction of the international community on African development. It notes that there has been a positive trend in Japan-Africa under the TICAD process. It recognizes, however, that Africa still faces challenges, including poverty and unemployment, low agricultural productivity, poor infrastructure, increased food and energy prices, negative effects of climate change, limited industrialization, low energy and education levels, as well as infectious diseases including HIV/AIDS.

The following specific challenges and opportunities under post-TICAD IV relations merit emphasis in Japan-Africa relations to real results on the ground:

1. **Boosting Japanese development assistance to Africa in both grants and Yen loans in priority sectors.** Opening the TICAD IV Summit in Yokohama in May 2008, Prime Minister Yasuo Fukuda announced that Japan intends to double its ODA to Africa by 2012. Over the next five years, therefore, Japan will channel ODA soft loans of up to 4 billion US dollars to Africa to improve African infrastructure including road networks, railways and ports, among others.

In July 2007, Japan granted Uganda a Yen 3.5 billion (approximately US\$ 27.96 million) concessional loan for the Bujagali Inter-Connection Project, which shall construct the transmission infrastructure necessary to connect Bujagali power plant to electricity node points e.g. Bujagali, Kawanda, Nalubale, Tororo, Mutunde. This loan marked the end of the embargo Japan previously placed on long term lending to Uganda, which was placed by Japan when Uganda got loan cancellation under HPIC. Furthermore, the Japan Government in 2007 commenced implementation of the Rural Electrification Phase II. The project has been approved and implementation has already commenced in Hoima, Kibaale and Masaka districts.

Following discussions at TICAD IV, Japan has agreed to provide assistance to Uganda in key infrastructure projects including the construction of Nalubaale bridge on the River Nile at Jinja, which connects the East and Central African hinterland to the sea as well as the 700 megawatt Ayago Dam in Northern Uganda. These projects reflect Japan's commitment to support projects that serve the entire region including neighbours such as Sudan, Congo, Rwanda and Kenya.

In addition, Japan will double its grant aid and technical cooperation for Africa over the next five years. These ODA policy measures present huge opportunities for Africa to develop the vital strategic foundations for development including infrastructure, technical knowledge and technology transfer.

We need to more than double Japan ODA to Uganda as well as the yen loan disbursement to build development infrastructure yet we face declining domestic support for Japan's ODA Charter as well as limited knowledge and understanding abroad of the impact of Japan's ODA. According to a poll conducted by Japan's Cabinet Office prior to revision of the ODA Charter in 2003, the percentage of Japanese people having a positive attitude toward ODA dropped from 43.2% in 1990 to 19.0%, while those who favored a reduction

in ODA increased from 10.7 % to 25.5%. The reasons for this about-face in public opinion were clarified by the poll's respondents: 74.7% of those who responded negatively to ODA referred to Japan's sluggish economic conditions and 44.8% to Japan's dire fiscal situation, 37.5% reported that ODA implementation lacked transparency, and 34.8% said that ODA was not effective enough. Indeed, this led to a reduction in Japan's overall ODA budget, meaning that the increase of assistance to Africa represents Japan's close strategic partnership with Africa in the new century.

It was therefore important against this background that TICAD IV doubled Japan's ODA to Africa targeting specific, results-oriented ODA assistance stimulating socio-economic development and since TICAD I in 1993, we have seen a rising understanding of Japan's critical contribution in the consciousness of the African public in countries such as Uganda where the positive results of Japanese ODA are clearly visible. There is therefore a need for a clear communications strategy relaying the strategic importance of engaging with Africa to Japan's national interest to the Japanese public.

2. Increasing Japanese private sector investment in Africa.

Japanese investment in Africa has been low, accounting for only 0.6% of Japan's global outward stock. While recent UNCTAD statistics show FDI inflows into Africa of US\$ 31 billion in 2005 and US\$ 38.8 billion in 2006, Japan remains largely on the periphery of FDI in Africa. In addition, Japanese investments in Africa are largely concentrated in specific countries e.g. S. Africa, Morocco, Tunisia and Egypt, with sub-Saharan Africa largely ignored in comparison. Surveys by institutions such as JETRO* have shown that Japanese companies have hesitated to invest in Africa due to perceptions of the size of the domestic African market, the availability of investment destinations closer to home e.g. in other Asian countries and the lack of a support network and weak linkages between FDI and official development assistance (ODA).

However, this has thus far proved to be a bottleneck with dual implications in Japan-Africa relations as the many investment opportunities in Africa remain untapped and foreign firms from other countries such as India and China move into Africa.

In Uganda, lucrative investment opportunities await Japanese firms in countries in production and value added processing including agricultural commodities such as fish, coffee, flowers, fruits and vegetables and forestry. Opportunities also exist in mining and energy including oil, gold, diamonds, platinum group minerals and iron among others. Uganda has identified over 50 potential mini

* 'Survey of Japanese Companies in Africa' by Japan External Trade Organisation (JETRO), 2008.

hydropower sites for investments. Other opportunities exist in ICT, pharmaceuticals, foods and beverages, livestock, metal and metal products, dairy and dairy products etc**. Uganda has also developed the necessary framework within which a private sector-led investment engine can grow with the creation in of the Uganda Investment Authority as a one-stop centre for all procedural needs of the foreign investor from licensing to infrastructural support and have passed enabling national investment legislation known as the Investment Code. Currently, Government is discussing a Land Bill that will revolutionise the land tenure system in Uganda to enable large-scale leases and reverse the land fragmentation under the traditional land tenure system.

TICAD IV opened a new era in that Japan introduced the African Investment Facility, a new comprehensive investment-promotion facility package aimed at doubling Japanese firms' direct investment in Africa. From 2009, this facility under the Japan Bank for International Cooperation (JBIC) will avail up to US \$2.5 billion (approximately 260 billion yen) to directly finance investments in countries such as Uganda and guarantee the financing provided by Japanese banks for investments in Africa.

Uganda also intends to take advantage of the facility of trade insurance and a human resource-cultivation fund under the TICAD IV commitments to develop natural resources, such as crude oil and rare metals, and to construct plants related to such resources, as well as electricity business, all of which have a direct positive impact on economic development in Uganda. These facilities of trade insurance and debt guarantee have opened up low-risk finance sources for Japanese private companies and we call on the Japanese private sector to take advantage of the opportunity. Already, Phenix Logistics (U) Ltd, a Japanese-owned textile company, received a loan worth US\$ 5.2m from JBIC to upgrade its production capacity and currently exports clothes to Japan in partnership with Lee Japan Co. and the US. This is an investment model that points the way for future Japanese private sector investments in Uganda and Africa as a whole.

TICAD IV has also brought in the element of public-private partnership to promote investments. In September this year, Japan will send a joint economic mission to East Africa led by line Ministers in METI and MOFA and Members of the House of Diet. The revolutionary component will be that, for the first time, Japanese private sector SMEs will travel to Uganda and other countries alongside the Ministers and Parliamentary delegates to meet Ugandan investors, manufacturers and businesspersons, to see first-hand the opportunities available and to learn about the

** Ref: Uganda Investment Authority: www.ugandainvest.com

regulatory framework for investments. We are confident that this new approach by Japan will greatly boost investment and Uganda is targeting at least three investments in sectors including agro-processing, mining, alternative energy and others.

It is also important to note that post-TICAD IV, Japanese ODA will be re-oriented to support Japanese investments in an integrated manner e.g. road networks linked to Japanese private sector investments in Africa, thus optimizing the cost of doing business in Africa for Japanese companies and significantly increase FDI inflows from Japan. In Uganda, we are focusing on construction of a new bridge over the River Nile at Jinja, upgrading the East African railway network as well as energy supply by building the Ayago dam. Under TICAD, Japan is taking the lead in mobilizing international support for such projects in Uganda and across Africa with huge benefits regionally and across the continent.

The Private Sector, which is the driving force behind economic growth, is still quite weak in many parts of Africa. It therefore needs to be strengthened through technology and technical transfer; cooperation and partnership through inter-regional trade expansion as well as between Asian and African companies (South – South Cooperation) through networking and linkages; skills development and access to credit.

3. Promoting tourism: Approximately 19 million Japanese tourists travel abroad annually and the Japanese tourist market is a highly lucrative one on a global scale and is actively courted around the world. East Africa, however, is just beginning to be appreciated by Japanese tourists as a tourist destination in Japan. Uganda for instance has seen a rise in Japanese tourists from just 500 tourists in 2004/05 to approximately 1000 in 2007/08 valued at US \$ 2.9m. Kenya receives over 10,000 Japanese tourists annually.

Opportunities to invest in tourism infrastructure abound in Uganda for the Japanese private sector e.g. hotels and lodges, communication and other infrastructure geared towards meeting the standards of Japanese and other tourists. Uganda is already abundantly blessed with niche tourist attractions such as flora and fauna, rivers, falls, unique culture and various sight-seeing attractions and post-TICAD IV, we look for increasing investments in the tourism infrastructure. Japanese private companies will be able to access low-risk JBIC funding and Uganda Government support to ensure the success of these investments.

In addition, Uganda's tourism efforts in Japan previously suffered a perception challenge due to the security situation in Northern Uganda situation. Influential bodies such as Japan Ministry of Foreign Affairs as well as the large tour agencies including Japan

Association of Travel Agents (JATA) and Japan Travel Bureau (JTB) therefore discouraged Japanese nationals visiting Uganda on security grounds. However, this position was not regularly reviewed to reflect actual conditions on the ground. Following discussions, in July 2007 the Japanese Ministry of Foreign Affairs improved its security rating of Uganda from Level 4 to Level 3. However, this travel advisory still does not reflect the peace and stability in Uganda almost two years since the return of total peace and security even in the remotest areas of Northern Uganda and the post-TICAD IV engagement shall see Uganda holding discussions with our Japanese partners to review such ratings to reflect actual situations on the ground since it has deterred many Japanese from visiting Uganda in spite of the peace and stability prevailing in Uganda.

We also intend to continue and even boost our tourism promotion activities in Japan including publicity through trade fairs and exhibitions and publications e.g. brochures in the Japanese language. Uganda actively participates in exhibitions such as the Japan Association of Travel Agents (JATA) World Travel Fair in Odaiba every September, which is the world's largest travel fair.

Post-TICAD IV, Uganda continues to call on Japanese tour agencies to promote tours to Uganda as well as a joint East African destination package since these agencies influence the travel plans of the vast majority of Japanese tourists. We have invited officials from JATA, JTB and similar companies to visit Uganda and personally assess the tourism attractions and security situation on the ground with a view to promoting tours to Uganda among their Japanese clientele instead of relying on certain perceptions that may have been formed during the negative periods of instability, which ended close to 30 years ago and do not reflect the existing security and stability in today's Uganda. Currently, Japanese tour agencies such as Doososhin Co. offer niche packages to Uganda including mountain gorilla tours, safari drives and R. Nile tours and the interest in Uganda among Japanese tourists will continue to increase in the post-TICAD IV environment.

4. Boosting Trade: Under the World Trade Organisation Doha Round, discussions continue with developed countries like Japan on improving market access for exports from developing countries. Indeed, Japan in 2003 granted duty-free and tariff-free access for 175 agricultural products from developing countries including Uganda to its market. However, such facilities are hamstrung by supply side challenges as well as Japanese regulatory and standards bottlenecks that translate into negligible actual Japanese importation from Africa and Uganda.

Post-TICAD IV engagement between Japan and countries such as Uganda should meet challenges of increasing FDI inflows especially to add value to export commodities through processing commodities before export. Currently, for example, a Ugandan coffee farmer/exporter loses most of the potential revenue by exporting raw coffee at about US\$ 1, which is then roasted and packed abroad and sold at upto US\$20 abroad or even resold in Uganda at triple the price of unprocessed beans. In all such cases, it is the producers in developing countries such as Uganda who 'donate' revenue to processors in the developed world and economic development of Africa. Japanese investment in processing in Africa e.g. Phenix Textile Co. Ltd in Uganda are the blueprint for meeting supply side challenges.

On the market access side, exports from Uganda face the challenge of entry into the Japanese market due to a regulatory framework in Japan that often rejects such items on the basis of standards and certification. In the post-TICAD process, Uganda will focus on working with partners such as JETRO on mechanisms to build capacity for boosting quality of export products to meet the standards of the Japanese market through dispatching expert consultants to the Uganda National Bureau of Standards to work on certification and quality control issues. JETRO should therefore cooperate in sensitization on Japanese import regulations and procedures as well as supply side standards e.g. production and packaging quality.

Ultimately, our vision under TICAD IV is to work with partners such as JETRO to establish in Uganda a quality control laboratory responsible for standards and certification, which would serve as a regional centre of excellence serving the whole East and Central African region. It is only through such facilities that commodities from Uganda and other countries will be able to gain entry to the lucrative Japanese markets. This would also reduce prices to Japanese consumers due to Uganda's comparative in producing certain commodities e.g. fruits such as bananas, beef, organic coffee and cotton etc. TICAD IV should therefore yield actual results.

Furthermore, Japanese support for the movement of labour should be an aspect of Uganda-Japan relations in the area of trade under TICAD. Uganda's labour force working overseas has now overtaken coffee as Uganda's largest foreign exchange earner worth over US\$ 1billion per annum. Japan on the other hand is devising mechanisms to mitigate the effects of a declining labour force due to demographic trends. It is important that cooperation be commenced with partners such as Uganda who have an abundance of skilled labour to boost Japan's workforce with skilled and semi-skilled Ugandan labour. Already, Japan is pursuing similar programs with other countries e.g. with the Philippines in the nursing sector.

Japan should therefore consider reviewing its immigration and labour policies by extending such programmes to Uganda and Africa under which our abundant and well-trained workers can gain employment in Japan on a quota system for a restricted period of, say, 2-3 years each in various areas e.g. health, agriculture and others. Such facilities will have a tremendous impact on economic growth in Uganda, meet Japan's labour force challenges and ensure that such workers return to Uganda at the end of their period in Japan with important skills and resources that can be ploughed back into investments and even exports to the Japanese market as well as transferring their high-level skills to other Ugandan workers.

It is through such specific and practical mechanisms that Uganda and Japan can seize the opportunities of TICAD IV and translate them into actual economic development through trade.

5. Transfer of Technology and Technical knowledge: The TICAD process has greatly influenced transfer of technology and technical know-how between Japan and Africa. The Japan International Cooperation Agency (JICA) has been at the forefront of implementing Japan's technical assistance through training in engineering, health and other vital sectors.

In 2006/07, for instance, JICA availed 141 scholarships to Ugandans to study in Japan and elsewhere. JICA also dispatched 18 Japanese technical experts attached to development projects in Uganda as well as 93 Japanese Overseas Cooperation Volunteers (JOCV) to disseminate knowledge in science/math education, irrigation, environment, mechanics and trade promotion. Japan also supports the Nakawa Vocational Training Institute in Uganda, which is now a regional centre for excellence in technical vocational training.

At TICAD IV, Prime Minister Fukuda noted that Africa is facing a shortage of as many as 1.5 million health workers. This situation is exacerbated by factors such as brain drain of African professionals to developed countries. The Prime Minister announced that Japan will train one hundred thousand people in Africa over the next five years as health workers and promote sensitisation on health issues in Africa.

As will be detailed later in this document, climate change is an area in which very critical cooperation between Japan and Africa will be seen in the post-TICAD IV landscape. A triangulation of initiatives by Uganda, Japan under TICAD and other Asian countries e.g. Malaysia under the the New Asia-Africa Partnership framework is necessary for shared experiences and logistical support on production standards and skills development. This triangulation will also bring resources and know-how for transfer of appropriate

technology to develop a low emissions development model dependent on clean, renewable energy i.e. the 'new economy' .

In the face of increasing food and energy prices, Japan and Africa agreed at TICAD IV to cooperate on promoting food security by supporting agriculture in food-producing countries. Uganda is a potential regional food basket and cooperation with Japan should continue in various measures to promote a 'green revolution' of increased agricultural productivity through training and research by increasing support to the regional centres of excellence in Uganda e.g. Namulonge NERICA research centre (NERICA rice) and Nakawa Vocational Training Institute (technical/vocational training), exchange programmes, introduction of clean, renewable technology, developing irrigation systems, improving the varieties of crops raised, fostering extension workers in the field of agriculture. This program aims to increase agricultural productivity e.g. by doubling the current rice production output of 14 million tons over the next ten years. Uganda's production of NERICA rice, introduced under Japanese Grant Aid, has proven a highly successful economic activity.

Private Japanese investment in technical planning will also greatly boost the 'green revolution. Partner organizations such as the the Nippon Foundation are a key component. Over the past 22 years, The Nippon Foundation has funded the Sasakawa-Global 2000 (SG2000) programme, which has worked with small-scale farmers in 14 African countries including Uganda to increase and diversify their food crops and improve rural livelihoods including one-stop centres, demonstration farms and cooperatives. To strengthen the capacity of agricultural extension services, the Nippon Foundation has funded education programmes for mid-career extension workers at 13 universities and colleges in nine African countries. To date nearly 2,300 students have graduated or are currently benefiting from the programme, an important model for Japan-Africa cooperation in the future.

Linkage between African educational institutions and Japanese counterparts in research and exchange programmes is a further area of cooperation that should be strengthened in the post-TICAD IV environment. Currently, Makerere University and Waseda University have a partnership programme involving scholarships and student exchanges. Project cooperation and research has also developed successfully between Makerere and Hiroshima University to develop banana paper. Uganda is also working with Tokyo's Tama Art University on the development of banana textile and the University's has produced results that could have huge potential benefits for industrial development in Uganda.

6. Cooperation on Climate Change 'Cool Earth Partnership':

At the 2007 Heiligendamm G8 Summit, Japan proposed the 'Cool Earth 50' strategy aimed at reducing global greenhouse gas emissions by at least half by 2050 and establishing a post-Kyoto international framework to address global warming after 2012.

The African continent contributes the least to global emissions and yet is the hardest hit in immediate terms by climate change. At TICAD IV, Africa called on the developed countries to take measures to reduce their emissions of greenhouse gases. There is also a need to support the development ambitions of developing countries such as Uganda with appropriate environmentally-friendly technology e.g. solar, bio-fuels and hydropower through partnership with Japan Government and Japanese investors. Uganda is still at the initial stage of development and recognises that we should not follow the old carbon-based economic development model used in Asia and elsewhere but should adopt a low-carbon development model i.e. the 'new economy', which involves the use of new sources of clean and renewable energy e.g. solar and hydro energy, bio-fuels. In Uganda, Japan has agreed to provide soft loans to develop the 700 MW Ayago Dam, which will supply cross-border energy and greatly reduce widespread deforestation for firewood.

Both at TICAD IV and at the 2008 G8 Summit in Toyako, Hokkaido, Japan outlined the Cool Earth Partnership***, under which it intends to engage in assistance to developing countries, including African countries that aim to achieve both greenhouse gas emissions reductions and economic growth in a compatible way. To this end, Prime Minister Fukuda announced financial mechanisms worth US\$ 10 billion over the course of five years from 2008 aimed at realising low carbon development projects in Africa by availing US\$ 2 billion for adaptation and US\$ 8 billion for mitigation measures.

On the international front, while the G8 Toyako Summit did not conclude agreements on mid-term specific reduction targets, it developed a clear long-term direction on the issue. Furthermore, the G8 leaders at Toyako reiterated their support for the Climate Investment Funds administered by the World Bank, which aims to prevent deforestation and promote 'new economies' in developing countries while increasing global reliance on clean energy through the Clean Technology Fund and the Strategic Climate Fund. Other facilities such as JBIC's Facility for Asian Cooperation on Environment (FACE) offer pointers on global cooperation to reduce emissions and promote economically sustainable development in a

*** <http://www.mofa.go.jp/policy/environment/warm/cop/index.html> ;
<http://www.mofa.go.jp/policy/environment/warm/coolearth50/index.html>

post-Kyoto world. It is therefore clear that the world has woken up to the issue of climate change.

Japan has initiated policy consultations with Uganda and other African countries on projects to build low-emissions economies under Cool Earth as well as to formulate a post-2012 framework in which the major economies participate in a responsible manner, with a view to mitigating the negative impacts of climate change on developing countries in Africa and elsewhere.

Under the Kyoto Protocol, the Japanese private sector can sponsor carbon projects that provide a reduction in greenhouse gas emissions in Uganda as a way of generating tradeable carbon credits. The Protocol allows this through Clean Development Mechanism (CDM) and Joint Implementation (JI) projects. Japan has already initiated dialogue on this and Uganda is drawing up a comprehensive policy within the trading scheme to participate.

Uganda therefore believes that combating climate change requires a two-pronged approach:

- (i) Developing countries e.g. Uganda tackling deforestation and focusing on developing low carbon societies through clean, renewable energy, and
- (ii) Developed countries reducing their greenhouse gas emissions as well as supporting access to clean technology by developing countries based on the new economy model.

Indeed, Japan has proven to be a world leader in energy efficiency and developing a technological base for sustainable development that enabled it to cut its own emissions while at the same time doubling its GDP. Japan-Africa cooperation, if triangulated with appropriate technology from other Asian countries will be vital in post-TICAD IV development of a 'new economy' in Uganda.

7. Support for Regional Economic Integration: Uganda has taken a leadership role on regional integration as a means to mitigate the historical fragmentation of the African market and pool together resources for regional economic development. With a population of over 900million, the potentially huge African internal market has faced artificial restrictions on trade and the movement of factors of production since it is divided into 53 countries.

The integration of these economies under the various regional economic blocs (RECs) is therefore a vital step to overcome these challenges. Uganda, Kenya and Tanzania founded the East African Community (EAC) in 2000. In 2007, Rwanda and Burundi also joined the Community, which now has population of 120 million on a land area of 1.85 million sq kilometres with a combined GDP of

\$ 41 billion. The EAC became a Customs Union in 2004 and is targeting the establishment of a common market by 2010, subsequently a monetary union by 2012 and ultimately an East African political federation.

The EAC has developed standardized policies across the region including joint policies on FDI, Tourism, Trade, ICT etc. These joint policies are a huge advantage to private investors since they translate into region-wide investment opportunities, regulations and market access to the entire region.

Japanese companies and SMEs have an opportunity to establish ventures in East Africa and access the tariff-free market of over 120 million people, a large pool of low-cost, skilled labour with unhindered movement of people and goods across borders as well as concessionary investment terms supported by East African governments, local joint venture partners and JBIC investment finances and insurance in a secure and stable region. In July 2006, JBIC produced the 'Blue Book for Investment in East Africa' sharing best practices to attract Japanese investors and we look forward to increased cooperation such as the Joint Economic Mission to bring to the attention of Japanese investors the opportunities in the EAC.

Under TICAD, Japan should engage with Uganda and other EAC countries to deliver regional projects in key areas of infrastructure such as energy e.g. Ayago and Bujagali power plants, roads/rail e.g. the Kenya-Uganda (Northern Corridor) and Tanzania-Uganda (Southern Corridor) lines, which are vital to transport of goods and people from the entire hinterland including Rwanda, Congo, Sudan, Burundi and beyond. Partnership with Japan should also deliver vital investments in regional ICT, trade promotion and other opportunities. A key aspect of this cooperation will be for Japan to channel its Yen loan facility directly through the East African Development Bank (EADB) and Uganda Development Bank in order to ensure interest rates and operational costs of JBIC's soft loans remain low.

Uganda believes that a gradual approach to African integration through the strengthening of RECs is the best approach to build sustainable partnerships across Africa and we look forward to Japan's continued engagement in supporting regional projects as well as Japanese investors taking advantage of the myriad opportunities in the East African region.

8. Consolidation of Peace and Security: Under TICAD, Japan and Africa have cooperated on measures to consolidate peace and security and this was a key outcome of TICAD IV in Yokohama as well.

Under TICAD, it was noted that most of the long-running conflicts in Africa are being resolved due to Africa's own enhanced efforts to resolve and manage its conflicts, through various initiatives by the African Union (AU) and regional organizations, supported through partnerships with the international community. Japan has however noted that several of these conflicts flare up again after resolution due to a weakness in the post-conflict consolidation and this is where TICAD has focused. The 2006 TICAD Ministerial Conference on Consolidation of Peace that took place on February in Addis Ababa noted that three key areas of peace consolidation are security, political governance/transition, and community reconstruction/socio-economic development.

In Uganda, discussions are underway with Japan regarding the consolidation of peace and security in Northern Uganda resettlement of internally displaced persons and ex-combatants as well as community reconstruction to stimulate economic development as a foundation for lasting peace in Northern Uganda. In addition, under South-South Cooperation framework, Japan and other Asian countries are sharing conflict-resolution/peace consolidation experiences with Africa.

African countries have assumed greater responsibility for managing conflict resolution in joint efforts across the continent. In February 2007, the AU formed the African Union Mission to Somalia (AMISOM) with the approval of the United Nations Security Council. Uganda is leading the AMISOM peacekeeping operation, which is a stabilisation force to support Somalia's transitional governmental structures, implement a national security plan, train the Somali security forces, and to assist in creating a secure environment for the delivery of humanitarian aid. Uganda is also an active contributor of personnel and logistics to the United Nations African Union Mission in Darfur (UNAMID) peacekeeping operation. Uganda was also a key facilitator of the successful peace talks that led to the Comprehensive Peace Agreement (CPA) in Sudan and was lead facilitator in the Burundi peace process that ended civil wars in those countries.

These efforts reflect Uganda and Africa's commitment to tackling African peace issues with full commitment and responsibility to solve African issues. However, there is need for increased partnership with friends such as Japan to ensure that these peacekeeping missions have the necessary logistical and related requirements. The Uganda-led AU/UN peacekeeping operation in Somalia, for instance, is estimated to cost approximately US\$ 335 million p.a.

An opportunity therefore exists under TICAD for Japan to take a leadership role in promoting international peace and security by

supporting such peacekeeping activities, which deliver security and stability to millions across the continent.

V. CONCLUSION:

The TICAD process has evolved over the last fifteen years into a comprehensive mechanism with greater commitments and achievements.

For the first time there has been agreed a clear plan of with implementation mechanisms and strategy as well as a Follow-Up mechanism, which will monitor implementation in the mid- and long term of the Yokohama Declaration to ensure steady implementation of initiatives and improve accountability. TICAD IV broadened the TICAD development partnership into a more action-oriented process.

At the TICAD IV Summit, the clear and strong commitment of both the Government of Japan and Uganda and other African countries was clearly demonstrated and this will no doubt ensure even closer cooperation and mutual engagement in the post-TICAD IV period to meet challenges and grasp opportunities jointly. Uganda's focus in relations with Japan in the post-TICAD IV period will therefore be to move forward with actual projects that fulfill the spirit of the Yokohama Declaration and enables business to flourish between our two countries as well as cooperating on issues of mutual concern to our two peoples such as climate change within the TICAD framework.

Uganda is ready and looks forward to working with Japan as our strategic partner to commence the actual programmes and work on the ground with Japan as our strategic partner.

Arigatoo gozaimasu!



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