

# What can/should Japan do for Africa's Structural Transformation

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# Why to discuss at Structural Transformation at TICAD VI?

- TICAD is to be held every three years rather than five years ⇒ We should share both hopes and concerns of Africa through more close dialogues.  
Not only long-term encouraging factors for the future but also development challenges are to be discussed more in detail.
- It should be appreciated that the Nairobi Declaration is oriented towards square facing with the present problems.
- Among worries, what is notable is drastic fall of economic growth rates of resource-exporting countries.

# From resource-dependence/mono-export to diversification and industrial structural transformation

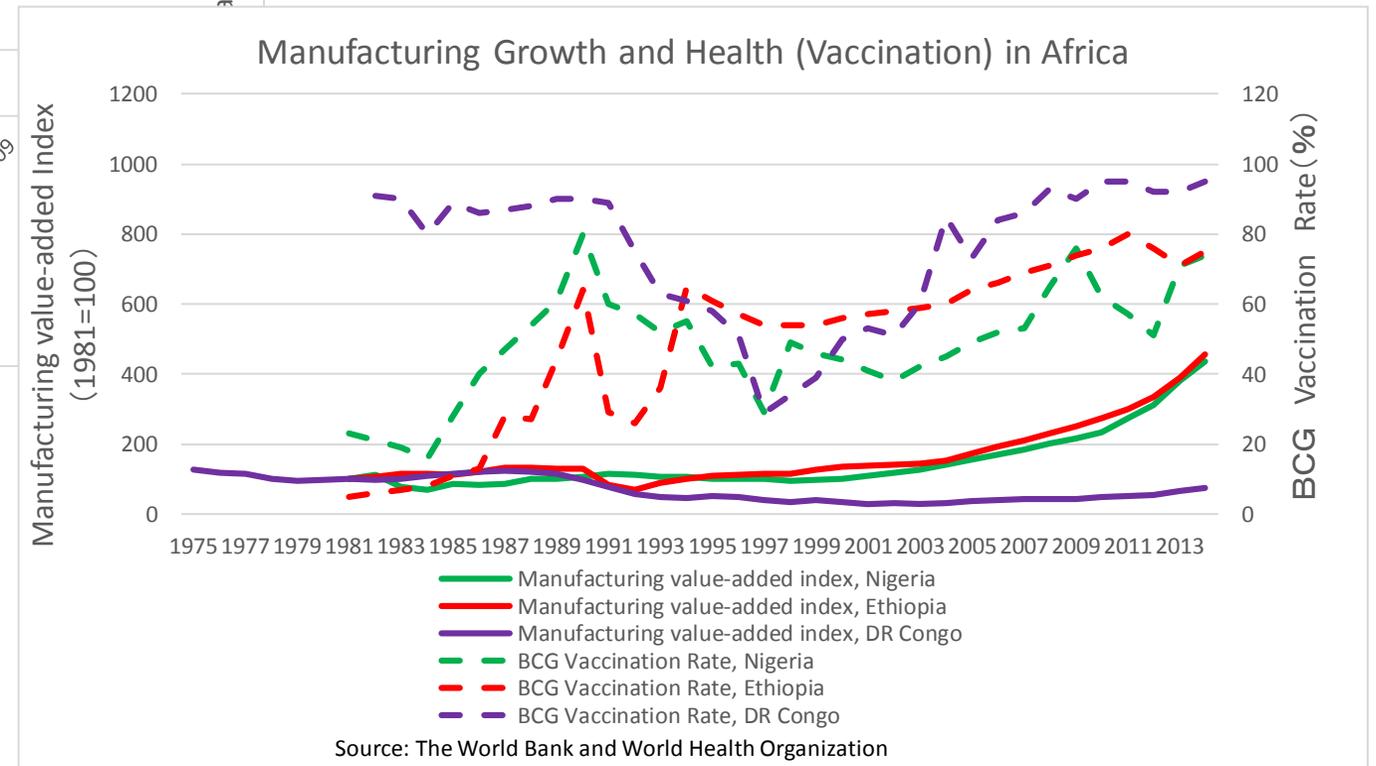
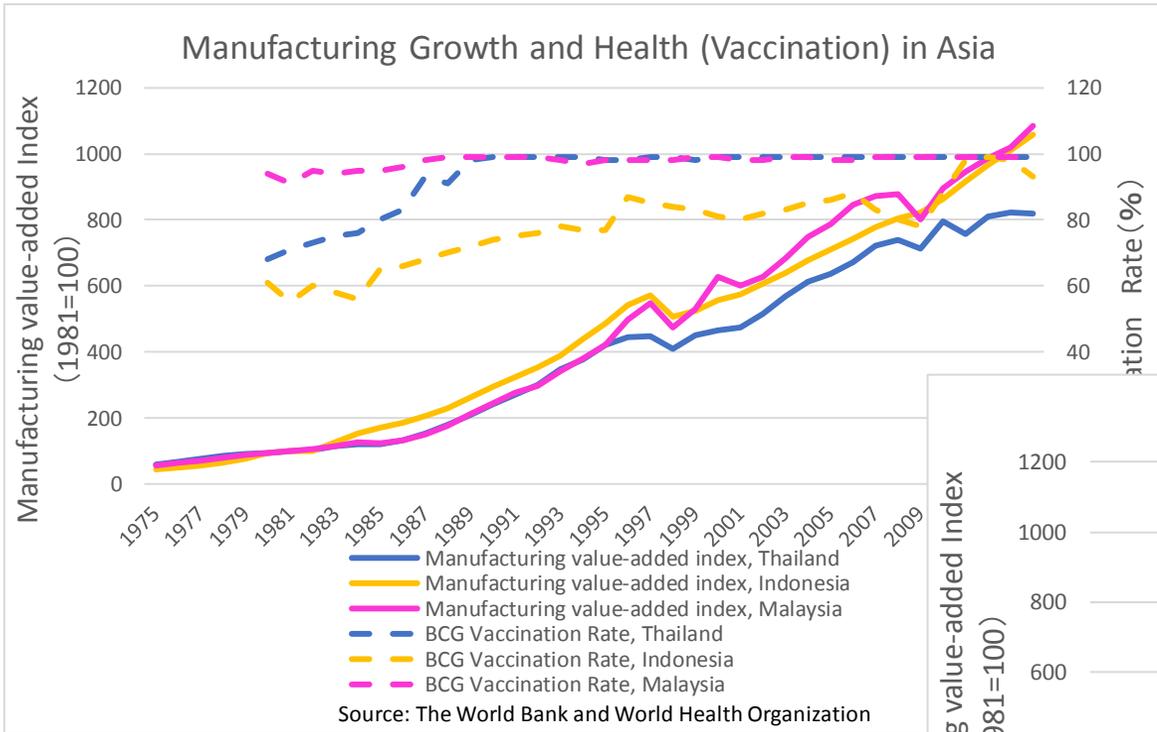
- Africa was expected to be a locomotive for global growth. But the said slow-down has bluntly revealed that growth was largely caused by external factors, i.e. booms of non-renewable natural resources and other primary commodities. Also, other serious challenges were that growing sectors are limited in the number and value-added.
- ⇒ Diversification in products and finally sectors, productivity improvement (increase in value-added), and industrialization are indispensable for sustainable and less externally dependent development.

# What to be done by Africa and Japan?

- For these purposes, it is not meaningless for African governments to invite FDI and for the Japanese government to promote it.
- However, without enabling (or frankly profitable) environment, they would do not respond.
- We have to recall requests by JEFO (KEIDANREN) to decrease regulations, tariff rates, and social insecurity to African governments at TICAD V. Have efforts in these respects been enough?

# Is good policy environment sufficient for diversification/industrialization?

- What do various experiences of countries in other continents tell us? ⇒ Most of higher-income countries have undergone some forms of industrialization.
- Good policy frameworks are not sufficient for start-up for new businesses, especially in view of higher-technology-intensive industries.
- One of major, indispensable factors is investment in human capital i.e. helping people to acquire knowledge and health.



# Healthy and educated labor force is a prerequisite for sustained industrialization, not vice-versa

- Stable provision of universal health services, as well as education for all, is not only indispensable for individual human security but also necessary for high and long-sustained industrialization.
- Introduction and development of higher technology/skill at factories require industriousness and endurance of labor force as well as basic education.
- Later, industrialization, through tax revenue increase, would facilitate governments to finance improved health services.

# Conclusion

- Economic growth through poverty reduction or human development, rather than poverty reduction through economic growth should be prioritized. Or, both should get along with each other.
- Structural transformation, Prioritization of health, and Social stability, the three main agenda of TICAD VI, are closely connected with each other. All the three should be addressed under coherent strategy for socio-economic development.
- If Japan/JICA at present are biased for economic aspects (promotion of FDI, economic infrastructure, mineral resource extraction, etc.), it should revitalize contribution to human development as done before starting of high growth of Africa in the early 21<sup>st</sup> century. It should be noted that there are no shot-cuts for industrial structural transformation.