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“The Southern African Region: Prospects for Development Cooperation Toward the 21st Century”

Inukai (Chairperson): So ladies and gentlemen, we would like to start the panel discussion. And today's theme, as you know, is entitled “The Southern African Region-Prospects for Development Cooperation Toward the 21st Century.” We have the members of the panel here on the stage, and they are all experts in this field, in their own capacity in their various specialized fields. First, we will ask all members of the panel to give presentations. After that, I will be asking the African representatives seated on the floor to give us additional remarks. And lastly, as the third part of the session, we will be soliciting views from anybody in the audience, including Japanese people.

But first of all, we would like to begin the session with a presentation by Mr. Kipokola from Tanzania. I would like him to talk to us about the development issues in Tanzania, as well as those issues in the Southern African Region. What the issues are, how they are being resolved, and how they are being coordinated. He will talk to us about the efforts undertaken at the national level, as well as at the regional level. And so I would like to ask Mr. Kipokola to give us his presentation. Please.



Kipokola (Tanzania): Mr. Chairperson, Master of Ceremonies, excellencies, ladies and gentlemen:
Foremost, I would like to pay tributes and ask for the sentiments expressed by Ms.

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Johnson-Sirleaf with regard to the tragedies which have occurred in this country. Secondly, I would like to take this opportunity to thank and congratulate Ms. Johnson-Sirleaf for the keynote statement. It was a true umbrella statement on Africa, excellently compiled, and brilliantly presented. I congratulate her for that.

Secondly, I feel very privileged to be here, to be a panelist. I know it is a unique privilege in the sense that there are many of us, but because time wouldn't permit, I have this privilege of being a representative. So with a mind for that, whatever I am going to say will be almost equally applicable throughout the Southern African Region.

Chairman, as a panelist I am going to address development plans in the Southern African Region with reference to Tanzania in particular, and the other measures being taken in that area. Tanzania, like several other countries in the Southern African Region, as pointed out in the keynote speech, is implementing an economic recovery program. This is basically a plan of actions and the necessary budget for implementing these actions.

The objective of the plan is to revive the economy, and to put it on a sustainable growth path and footing. This is the objective in the medium term. In the medium to longer term, of course, this effort is supposed to overcome poverty as well. The actions involved in the plan are economic reforms at macro and sectoral levels. There are many reforms which are being undertaken in the civil service, in the para-statal sector, in the financial sector, overall macro policies, in the agricultural sector, in trade and exchange regimes, and in the liberalization of the economy.

This effort has been ongoing since the mid '80s, and for the rest of Southern Africa, these efforts have been backed up at different stages. Tanzania has been quite early in the time table, along with Malawi and Zambia. And so, we are lucky to have had time to also see some results of these efforts, which have been undertaken with very strong and generous support from the donor community.

Now, side by side with these economic reforms, there also are ongoing political reforms, and reforms of democratization. Now these two undertakings, when done together, exert a lot of pressure, and are very demanding on the capacities in the economy and — I will come back to this later — a lot is required to sustain this effort. In the long term, the government of Tanzania is working on a prospective power plan, which will consist of a development vision involving the need to accelerate growth, and also to restructure the economy, and to put it on sustainable footing.

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Now in this overall context, development assistance is clearly required. As I said, when economic and political reforms are undertaken simultaneously, that is a very expensive affair, and it is also a very demanding undertaking on the different capacities — limited capacities — in the economy. So, support is required, or is highly desirable for the economic and political reforms. And because we have been undertaking these reforms since the mid '80s, we now see a very strong need for budgetary support resources, and balance-of-payments support resources.

Now, there are some underlying fundamentals related to these problems, but whatever the case, Tanzania is now at the stage where this kind of support is highly desirable in order to prevent slippage. I should also add that there is very strong a commitment to change. Tanzania has missed opportunities in the past, and in economic management approaches we took in the past, we definitely did not do very well.

And this came out in the keynote speech, but we would like to turn a problem situation into an advantageous position, and we have managed to use — the government has managed to use — the retaliation during the period of centralist planning and stronger intervention, to convince the general population to agree to a strong commitment to reform and to change. And so, there is a good enabling environment for change, and therefore I am saying it is a very opportune time for Tanzania to get the necessary support to push this forward.

This, as I said, is equally applicable to other countries in the Region. Now, what kind of resources then, would be appropriate or suitable? We have been thinking about this, and we think more efficiency, more effectiveness can be derived from balance-of-payment support — first and foremost — and bilateral support resources. We have also had experienced with commodity import support, but in the presence, or in the context of liberalizing the economy, this has been considered to be incompatible with the trend of events, even though it has also been adequately, strongly argued that balance for commodity import support, can be a very effective instrument for targeting beneficiaries within national boundaries, and even within regional corporation arrangements.

And then, complementary to these forms of support, project support/project aid which has been traditionally the most important element in the development cooperation systems, will continue to be very important. Project aid will be required for rehabilitation, for modernization of the investments which are already in place, for rationalizing the investments which are already in place, for obtaining the best outputs from existing capacities — sometimes it is necessary to invest a little bit more in order to make that possible — and for additional investment to meet growing demand from a rapidly growing population. Resources will be

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required for human resource development, and this is very important, and in fact, Tanzania has recently launched a social sector strategy which aims at looking again at the social sectors, and introducing change there. I think the key word here is change. And, resources will also be required for institutional restructuring, and capacity building for managing the change. I think this is a requirement which needs to be underscored. As I said, a lot of reforms are occurring, and the cumulative effect of that is, there is an excess kind of strain on the limited capacities available to manage these reforms. So, we definitely have to pay a lot of attention to developing capacities to manage these forms.

I understand I am making this statement when there is a general feeling of aid fatigue in the donor community, when in fact, there are pressing needs also in the economies in the donor countries, and also when, as I understand it, strong forces from the rightist groups are also emerging. But, it is good to know that the disappointments of the past, in the form of ineffectiveness of aid can now stand very good chances of being reversed.

And in fact, for those of us in Tanzania, we are very certain of success. And this is simply because, the economic reforms and policy reforms we are undertaking are creating a very good enabling environment for productive investments, both by the public sector, and particularly by the private sector. We have also prioritized the investments, and we have invested fairly heavily in the economic infrastructure, which is very important for productivity of investment.

We have also designed policies to encourage the development of the private sector, and the government believes strongly as we look ahead towards the 21st Century, in strong partnership between the government, the private sector and the nongovernmental organizations on the one hand, and the development partners on the other.

And we think that if by looking ahead, we can further strengthen the past partnership, we can together obtain more mileage from the same quantum of resources we invest in Tanzania and in the Southern African Region.

Also, very fortunately here, as you know in the past and as demonstrated by the statistics cited in the keynote address, we have invested jointly in human capital development, and I think now we are at a stage where we can reap the benefits of this farsighted investment. Tanzania was particularly strong in this area, and a lot of our investment went into education, health, and water services, and for that reason, we think we now have indigenous, local capacity to design the development cooperation better, to coordinate aid better, and to transact more effectively with the development cooperation partners, in order to make these investments more productive.

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We are also in a position to assume very strong partnership of the programs we are going to undertake. Now, development in the Southern African Region — Tanzania as a member of the front line states — has a chance to develop very strong links with the countries in the Southern African Region. In fact, these links have traditionally been more political, but overlaid under the SADC arrangement, the economic links have become very strong. And in fact, Tanzania is the very key partner in this SADC arrangement. So, as we look ahead into the 21st century, we see Tanzania identifying herself more closely with the South African Region, particularly through the SADC arrangement, as one of the strategies for sustaining the achievements we are going to make together with the assistance of our development partners.

Now finally, I should mention that clearly the Southern African Region provides a very strong basis for promoting regional cooperation and regional integration, and for the success to occur there. As said earlier the developments which have occurred there particularly the coming into partnership of South Africa offers a lot of advantage. But I should add that, it would be extremely important for regional integration efforts to be pursued such that growth will be occurring, because it is normally very difficult to divide a cake which is not growing. But where a cake is growing, it would be possible to introduce into the arrangement some compensatory mechanisms such that those countries ahead of the rest can also assist the disadvantaged ones in catching up, as a strategy for long-term investment.

Lastly, Mr. Chairperson, I would like to thank JICA and CIDA for taking the initiative to arrange this seminar, and I am very convinced that the timing is good, the subject is very opportune and important, and I am very hopeful that this will create the momentum for a general movement forward. Thank you very much.

Inukai: Thank you very much, Dr. Kipokola. As he has outlined, Tanzania is now promoting democratization and restructuring of the economy from the 1980s, and Tanzania has faced many challenges. As Dr. Kipokola said, it is very important to improve capacity. Reform is needed, but they lack capacity to promote such reforms. And I think that is a problem in Tanzania. Development assistance to promote capacity is very needed. So he would like to have cooperation between the donor and recipient to improve the capacity in Tanzania. I was very impressed with his presentation.

Dr. Kipokola expressed their desires on development cooperation, so I would like to invite Mr. Saper to talk from the viewpoint of the donor. What is your cooperation plan for Southern Africa, and what is the strategy or cooperation policy toward Southern Africa? So, Mr. Saper, please.

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Saper (CIDA): Master of Ceremonies, Iwanami-san, Mr. Chairman, Inukai-san, members of the panel, distinguished participants, honored guests, ladies and gentlemen: Thank you both for your very kind words of introduction. It is a great honor for me to be a member of the panel for this session this afternoon. We are very grateful for the opportunity to meet together, to discuss the development prospects and challenges facing Southern Africa. May I also extend a special welcome to our African colleagues who have traveled very far to be with us today. To our hosts from JICA, please accept our gratitude and appreciation for the excellent arrangements for this seminar, and for providing these fine facilities for our discussions over the next two days. Domo arigato gozaimasu — Thank you very much.

This seminar is very important. We shall remark many times during our deliberations in the next two days, that Southern Africa is a region in transition politically, economically, and socially. It will never be the same again. The challenges of democratic development, globalization, and forging new international relationships, face all of us as we approach the 21st Century. Nowhere is this more evident perhaps, than today in Southern Africa. This seminar is an opportunity to renew old acquaintances for some of us, and we hope to begin a new relationship for all of us. We believe it is evident that no country can address the issue of sustainable development on its own. The global interdependence of our people, our economies, and our environment, make it essential that we combine our expertise, resources, and efforts, to achieve the maximum benefits for us all.

Development assistance is also in a period of transformation. The 50th year of the UN, and the Bretton-Woods institutions has led all of us to reflect and to reexamine our most basic premises about development cooperation. As Mr. Bassett described this morning, or earlier this afternoon in fact, we in Canada have recently completed a review of our overall foreign development assistance policy. Throughout the OECD, development assistance budgets are under pressure, as governments attempt to deal with deficiencies and debt of their own. Further, they are subject to every increased scrutiny, because of domestic economic pressures. Future aid will be judged and supported by results. Globally, we may well be at a watershed.

I believe that Southern Africa provides an opportunity for us to define that future. This panel discussion is a beginning, I hope, to open the dialogue as to how we can work more effectively together to improve the impact of our investments. In his opening address, Mr. Bassett set the stage by referring to the major recent events in the Region, and to the opportunities and challenges we face as partners in the future development of Southern Africa. He mentioned the achievement of majority rule in South Africa, Namibia's independence, the peaceful achievement of multiparty democracies in Malawi and Zambia, the end to a long and brutal civil war in Mozambique, the peaceful settlement to the civil war in Angola, and the

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emergence from a long period of drought.

But today we want to discuss the future. To focus on the most determinant aspects of economic development in Southern Africa. I want to take a few moments if I may, to address one of these, namely human resources. People are the most important asset of any country. Even more so in times of uncertainty. History has taught us over and over again, that a healthy and educated population, combined with appropriate policies to encourage investment, achieves remarkable results. These lessons are even more relevant in today's environment. The countries of this Region are facing rapidly increasing populations, but economic growth has not kept pace.

The World Bank's current projection for GDP growth implies that by the year 2004, much of the Region's population may only have regained a standard of living comparable to that enjoyed in 1980. In 1992, in all Sub-Sahara African countries, 220 million people were living in absolute poverty, unable to meet basic needs that both numbers and proportion of Africans living in absolute poverty could increase by the year 2004. This has led to increasing numbers of economically and socially marginalized people. Serious land degradation and food shortages, and locals. Even in those countries reporting an increase in per capita GNP, there has not necessarily been a corresponding improvement in the basic human condition. Countries with high per capita GNPs, still have high under-five mortality rates, for example. Earlier advances are now being reversed. There has been a decline in the quality and accessibility of primary and secondary education, as well as primary health care.

Investment in human resources is undermined further by the impact of AIDS. It demoralized people, decimates the work force, and disrupted the family as the basic social and economic unit. Furthermore, it insidiously reduces the rate of return of the investment in people. In Southern Africa, the impact on the adult population will raise dependency ratios, lower school attendance rates, diminish household food security, and reduce disposable income. We must stem the tide, and reverse these trends. To do so, investment in human capital will have to increase substantially, become more effective, and become more focused on results. This leads directly to the next point I want to raise, namely the ability, and indeed the need for the Region to be able to attract all forms of investment, in addition to concessional flows.

With changes in the global economy, international private investment flows are becoming increasingly important. Globally, these flows are seven times the level of gross ODA from all OECD countries combined. Therefore, the immediate question is: Has Africa been as successful as it might be in attracting this formative investment? It now has less than 1% of world trade of air travel and foreign direct investment. This is exacerbated by the impact of

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growing indebtedness — a problem that afflicts Canada as well — which under even favorable growth, a government struggles to service.

In short, to realize investment and capital requirements needed to build the human resource base for the future, will necessitate private, as well as public investment. In the future, development prospects for all countries will be linked directly to global competitiveness. Timely access to international investment and markets will be a major determinant of a country's ability to increase the standard of living of its people. Therefore, the wise investment in people, infrastructure, and technology, is crucial. Clearly, there is a need for both an intermediate, and a longer term strategy to address these challenges, and to realize the development potential of this Region. Such a strategy will require the close cooperation of all of us. It will also require political and economic stability, good governance, and management of the economy. An enabling environment to encourage domestic and foreign investment, and the satisfaction of basic human needs.

If I may, Mr. Chairman, I would like to take just a brief moments to outline CIDA's program in Southern Africa in this regard. It has as its primary goal to support the sustainable development of the countries in the Region. To achieve this, we focus primarily on programs which attempt to reduce poverty, promote social justice and economic development, and invest in people. Our program is proud of its support for democratic development and good governance, including public administration, sound macroeconomic management and reform, and emphasis on investing in human resource development with a special emphasis on women, and a major effort in the area of environmental and natural resource management.

In the future, we intend to redouble our efforts to satisfy basic human needs. This has been established as the first priority for our development assistance program, as a result of the recent foreign policy review. Canada has committed itself to allocate a minimum of 25% of the development assistance budget to this priority. This exceeds the 20/20 target advocated by the UN and adopted at the recently completed social summit, in Copenhagen, Denmark. Within the Southern Africa program, we have set a target for ourselves, of 30-35%. To achieve this target, we intend to significantly increase our investment in primary education and health. An increasing proportion of the population in Southern Africa is young. By the year 2000, the vast majority will be under the age of 25. This is a direct result of the combination of high birth rates, and the potential impact of AIDS upon the 25 to 45-year-old age group. Some demographers estimate a potential reduction of 50% in this age group by the beginning of the next century, potentially creating an enormous gap in knowledge, skills, and experience. This gap will have to be bridged by those who are now 5 to 15 years of age, the so-called window of hope. AIDS prevention and basic education of these young people must be addressed on an

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urgent basis.

In order to satisfy this need, we can not emphasize enough the requirement for extensive consultation, and cooperation with our partners in development. The Southern African governments, other development agencies and nongovernmental organizations, including family — and community — based organizations. To be successful, we believe we need to work more closely together, to incorporate the lessons we have all learned, to share experience and expertise, and to increase efficiency and reduce duplication and overhead. A tangible example of this is the joint CIDA-UNICEF program for girl/child education in Sub-Sahara Africa, including Southern Africa. We believe to realize a significant increase in investment, for the necessity of closer cooperation among developing nations and the international community. For our part, we are willing to seek this closer cooperation. We believe this seminar is a worthwhile step towards achieving this objective, involving, as is it does, the countries of Southern Africa, JICA, and CIDA. We welcome the opportunity to exchange views, to share information and ideas, and to begin a process of mutual understanding of areas where increased cooperation may be possible.

In summary, Mr. Chairman, I have tried to address ever so briefly this afternoon, some of the emerging trends and challenges we face with regard to the development of the Region. We are entering a new era for development assistance. There is a great potential for cooperation and collaboration among the development partners in Southern Africa, and a great need to do so. Investment in human resources may well be the key for the future. To achieve the required increased levels of investment, specific account will have to be taken of the new and predominant role of private capital flows in international finance. It is essential that these flows be increased to Southern Africa, and that the necessary enabling environment be put in place.

In order to allow time for discussion and questions, Mr. Chairman, may I close by thanking you again, and all your colleagues present, for their kind attention. Thank you.

Inukai: Thank you very much, Mr. Saper. Today, I think this is the very first time for us to have responsible representatives from CIDA, and to listen to their explanation about CIDA's policy on development, and I think this is a very precious opportunity for us to have such an explanation on CIDA's emphasis on the importance of the human-oriented assistance. There is a target set by the United Nations called 20/20 Compact. This is one of the objectives by the United Nations, but in the case of Canada, their objective surpasses this target of 20/20. In other words, they are placing greater emphasis on basic human needs. Thank you very much, Mr. Saper.

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Now, I would like to ask Mr. Hayashi to tell us about the work done by the Study Committee of JICA for Development Assistance for the Southern African Region. Mr. Hayashi, please.

Hayashi: Thank you very much, Mr. Chairperson. Before I start, I would like to express my gratitude to CIDA and JICA for co-sponsoring this seminar. I am a researcher on Southern Africa, and I think it is indeed a great opportunity for all of us to discuss the problem of Southern Africa here, and I would like to express my gratitude for your coming here today in spite of your very heavy schedule. I am very impressed with the fact that so many people have an interest in Southern Africa. So anyway, I would like to thank you very much for your coming today.

As Mr. Chairperson noted in his introduction of me, JICA has organized a Study Committee for development assistance for the Southern African Region in 1992 by JICA, and I would like to report on the report compiled by this Study Committee. I would like to tell you why this Study Committee was organized. There are three reasons for that, but Ms. Johnson-Sirleaf as a keynote speaker mentioned about this, so at the risk of duplication I would like to tell you the three reasons why this Study Committee was organized.

The first one is that, Southern Africa was most affected by the Cold War in the continent. As a result, the end of the Cold War itself may marginalize Southern Africa in terms of international politics and economy. That means the aid to Southern Africa may be reduced. There is a good possibility for the reduction of aid to be given to the Southern African countries.

As of October 1992, Mozambique agreed to the peace treaty in Angola. By the agreement of the peace treaty in May 1991, in September 1992 they had an election, and a multiple-party system. So there was an end to the civil war, and political democratization. But unfortunately, Angola went into civil war once again after the election. So, there was a trend toward democratization. During the 1980s, there was economic restructuring, and liberalization of the economy was promoted in this Region. But this economic restructuring was accompanied with many problems. So, what can Japan do for Southern Africa to maintain political democratization and economic liberalization?

The third reason why the Study Committee was established is that, we expected democratization of South Africa, and the relations between South Africa and its neighboring countries to change from confrontation to cooperation. As of 1992, in South Africa a new government was not established under the leadership of Mr. Mandela. But we expected that a peaceful transition to the new government would take place in South Africa, and our prediction proved to be accurate. So we expected that new regional order would start in Southern Africa, and we wanted to know what Japan could do in the medium and long terms.

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That was the purpose for the establishment of this Study Committee for development assistance for the Southern African Region. We know that Southern Africa is blessed with mineral resources and that there is big economic power in South Africa there. There is a good possibility for development in South Africa. So, we always consider that priorities should be given to stability and development in the Southern African Region, including South Africa. We had more than 10 meetings, and we had a lot of discussion. So I would like to give you only the results of the meetings.

As a basic direction for an aid program, we would like to contribute to the establishment of an economic zone in Southern Africa, and Japan would like to cooperate with this trend. But, Japan does not have much experiences in Southern Africa, so when we contribute to the establishment of an economic zone, we would like to cooperate and have a good linkage with Southern African nations as well as with the other donors. That is our first recommendation.

The second recommendation is that we consider South Africa to be an engine of development in the Region, and we would like to support the black people who have heavily been affected by apartheid. We would like to help them participate in the development, and we would like to continue to support the aid for promoting fiscal policy and the promotion of economic infrastructure.

The third recommendation would be that we still have several LLDC in Southern Africa, and they need assistance: that is, grant aid, or reduction of the burden of local costs were recommended by us.

Next, we propose that we should consider Southern Africa as a regional group. Japan's aid has been given on a bilateral basis. That has been the trend of Japanese aid. So we have had no aid and cooperation to the Region. But in this case, we consider that a regional approach, or regional cooperation, would be important. The reasons are as follows: Southern Africa has a close relationship among the countries, that is, historically they have a close relationship. So regional-level cooperation and assistance will be more effective. Secondly, Southern African nations have already expanded and strengthened regional cooperation, and we consider this as collective self-help efforts, and we would like to positively support these collective self-help efforts. Thirdly, that help and support would stabilize the Southern African Region — that has been our recommendation as a group.

We would like to give three priorities in aid. The first is that in order to promote economic liberalizations, we would like to supplement a restructuring plan of member countries here, and it is important to have a division of labor between the government and the private sector.

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In order to promote economy by the private sector, we would like to give priority to the following. These three points are important: First, cooperation for institution building, that is, capacity building on the part of the private sector. Secondly, an appropriate division of responsibilities between public and private sectors. The public sector plays a very important role, so we would like to help improve the capacity building of the government sector. And thirdly, investment promotion to Southern Africa.

There are five recommendations for the support of sector-specific development. The first one, agriculture, is a very important industry for Southern Africa, so development of agriculture, especially food security is important; that is, self-sufficiency in food. Secondly, it is very important to improve the regional network of transportation. That is very important for the inter-trade in the Region. Thirdly, as pointed out, support for health and medical services; in particular, it is very important to pay attention to countermeasures against AIDS. Fourthly, support for human resource development — that is going to be a very important topic for tomorrow's session. The fifth is environmental protection in the development of mineral resources, and natural environment protection, especially the protection of wild life.

So, for the time being, there are organizations like SADC and PTA, and we would like to give support to PTA and SADC. There is a need for higher education institutions and research institutes. There is a need for the regional-level higher educational institution, and that may not be able to be established at the country level.

There are problems, challenges on the part of Japan. I pointed out one of the challenges is that Japan does not have enough experiences in Southern Africa. In order to overcome these problems, we proposed three points. That is, we need to establish a mechanism under which, we can plan and support at a regional level. The mechanism is for Japan to support the planning. Secondly, it is very important to establish a local office or network, so that we can get information as soon as possible on this Region. For effective cooperation, we need information collection through a local office.

Thirdly, we need to do human resource development. That means that we have to develop people who are specialized in Southern Africa. And of course, there should be a system under which we can take advantage of human resources, including specialists on Southern Africa.

That is, we need specialists on Southern Africa to be dispatched to Southern Africa, and people should be received in South Africa. And Japan can give financial assistance for the training course held in South Africa, but for that purpose we need the agreement and cooperation from Southern African people.

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I have briefly outlined a report and recommendation of our committee — our Study Committee for development assistance for the Southern African Region. We have a Japanese report and an English version as well. So if you would like to know further about our study, please refer to the English version or Japanese version.

Inukai: Thank you very much Mr. Hayashi for your presentation. JICA has organized the Study Committee, and he has explained the reasons why this Study Committee was established, and the results and recommendations of the Study Committee. I hope you have clearly understood the recommendations made by the Study Committee.

When we extend economic cooperation to Southern Africa, Japan lacks know-how and experiences in aid-giving to South Africa. So it is very important to develop local human resources in Southern Africa. And, we need to cooperate with those specialists in the local area, and I think that is quite new. And that idea cannot only be applied to Southern Africa, but other areas as well.

Next, I would like to invite the keynote speaker today. She gave a very good presentation here today. I have met Ms. Sirleaf many times, several times at international conferences. And I have heard something quite impressive, talking about democratization and self help. When we talk about self help, we often say that there is no capacity for self help in African countries. Is it really true? Can we really say that African people do not really have self-help capacity? Do we have to do everything on the part of the donor? For instance, in the structural adjustment programs carried out by the World Bank, usually the programs are formulated by Washington, and then that would be brought to the African countries, rather than having the people in Africa formulate their own plan, and bring that plan to Washington to ask for approval. Before the 1993 TICAD conference, I had a chance to attend a United Nations conference held in Tokyo, and I remember Ms. Johnson-Sirleaf supported my opinion or statement at that time.

Now, talking about democratization too, the World Bank, and donors say that African Countries would have to democratize themselves. But often they use "*democracy*" instead of democracy. So we have to be very careful about that, and I was happy to hear what Ms. Johnson-Sirleaf had to say. I would like to call upon Ms. Johnson-Sirleaf again.

Johnson-Sirleaf (UNDP): Thank you very much. As you know, UNDP is primarily a technical assistance agency. That means that most of our programs get national capacity building, enabling countries to have the capabilities and the abilities to manage the process of development. Our efforts at capacity building over the years culminated in the establishment of the African Capacity Building Foundation jointly with the World Bank and the African

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Development Bank, the Harare-based institution.

Those of you who have followed our works may know that through some research, in 1993 we released a study under the authorship of Professor Elliot Bourq, called "Rethinking Technical Cooperation." The findings of that study has lead us to conclude that capacity building, yes, is good, that in fact Africa does have capacity. As I pointed out there is some 100,000 African experts serving outside Africa. Therefore, capacity building needs to be enhanced by focusing on capacity retention and capacity utilization. In other words, capacity building in itself, unless it is put in a situation of an overall conducive environment, is not going to get us the results we want.

That has led us away from a policy practice of the past, in which we responded to priorities established by governments and by national institutions themselves, and while we must respect those priorities and continue to respond to them, we have been developing programs that attempt to focus on a few specific areas. First of all, we stress ownership. Because unless countries own the process, unless they formulate the policies and the strategies, unless the programs are their own — internally derived, internally driven — then our study shows, they are not sustainable.

I don't think there is any country that believes in this ownership more than some of the countries in Southern Africa — South Africa, to name one. As a case in point, with all the agencies just sort of crowding the South African government today, wanting to give them aid of any kind, to do programs of any sort, we all get exasperated at the slowness in their response, their slowness to take this great amount of money that has been thrown at them. And that's because of the stressed ownership, that they want to make sure that those programs are their own, to reflect their own priorities and their own policies. So I think we all need to sit back and think, and support them in this ownership position, to see maybe set up in Namibia, to see maybe set up in Zimbabwe, increasingly moving toward — even if it is structural adjustment that the World Bank and IMF supported — having the policy framework to decide by themselves, by their own nationals. Support from outside where needed, but an internally driven process is so important.

The second, in terms of the all-round environment, is governance. And governance means different things to different people. Governance as we define it, is merely a system of accountability. And accountability itself can take two different major forms. There is financial accountability, and in that area we help governments to improve their capacity in fiscal systems management, auditing systems, etc., building the administrative capability to be able to manage the budget, etc. But there is also policy accountability. And policy accountability

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tells us that's where we have to build the parliaments, in which executive branches have to go before, and justify to the representatives of the people. That's where the elections come in, where people have the right to exercise choice. Added to the area of governance is the one area where, when you say governance everybody thinks of it, and that's human rights. But that's another side of governance. That's the side that says we should build judicial systems. So, people's basic rights, property rights and the rights of the individuals are protected because they do leave the security of the environment that are so important for the security, or the confidence that would attract foreign investment that would lead to an even local investment. As also important to capacity retention, the brain drain is a result of a lack of the protection of these rights. And so the whole governance, we respond to governance based upon country's own desires, their own interests, their own willingness to move at a certain pace.

The third area we would like to stress in these issues, is what we call strategic planning, helping governments to get out of the fire fighting mentality. Being able to look at what are your options, based up on your national endowment and your national capacity, to be able to reach the national objectives as envisioned by the people themselves. And in the strategic planning, we have a team that assists government in working on this. The first phase of this has just been completed by Mauritius, and is being embarked on by Swaziland, Zimbabwe, and a few other countries. We hope that we can get people to think in a 25-year term. That is something that Japan is a leader in — Japan has been very much a futurist, that is called the future mentality and modality.

We then have, and many people have further said over and over again, that now our new emblem — our new flag is sustainable human development as SHD. That has four major planks. There is poverty elevation, job creation, gender and development, and the environment. And these are so all encompassing that any country embarking on an SHD program can virtually attack many of the social problems of society at its core. We have many of our countries embarking on SHD in one form or another. Botswana was the first one to complete a national human development profile — a national human development program. We have many others. Malawi, has a poverty alleviation program that is exemplary. Zimbabwe has just completed its first poverty alleviation program. Lesotho is embarking on an environmental program to be able to counter what maybe the adverse effects of the huge water development plan — the highlands water scheme. As for others, Tanzania has a job creation program, aimed at small businesses.

And then not to forget the area that leads to the private sector, and that attempts to pave the way for private-sector investment. We have been discussing with the World Bank what they call the sector-to-sector program. Essentially what that means is that we would come in with

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the technical assistance that provides the studies, etc., which leads to the determinations of the feasibility of a particular endeavor, that provides the sector, the early sector work for designing the policy framework to enable the World Bank to come in with a capital. We have done that with the agricultural sector in Zambia, which we think sets the pace for the future UNDP-World Bank collaboration as a means for paving the way for opening the door to private-sector involvement in our economy. So, all these things are the new thinking built upon country zones, abilities based upon country zone determination on what the future should be, based upon participation of the people, in the determination of these. And in helping the countries not only to build the capacities to enable them deliver on this, but to create that overall extenuating circumstance that will keep people at home, keep people at work at home, keep people with the confidence to participate in those programs in their own countries, and to invest themselves, to be able to unleash their own creativity and ingenuity in trying to reach their development targets. This we hope will, not only build upon the work of UNDP in the past, but we hope that the kind of dynamism that seems to characterize the countries of South Africa will meet with what we see as a new invigorating challenge to UNDP, and that the synergy that comes from fusing these two into one will help to propel this Region of the world into setting an example for the rest of the continent to follow. Thank you.

Inukai: Thank you very much, Ms. Johnson-Sirleaf. You have provided a very detailed explanation of African capacity-building initiatives carried out by UNDP. I would like to thank you very much for that, and also for speaking about development assistance to Southern Africa, and on the importance of capacity building, and how significant a meaning it has. Thank you very much for your comments.

Now, I would like to call upon the last but not the least panelist, Mr. Ishikawa. He is representing the Japanese government, and so the Japanese government's view for the development assistance to the South African Region.

Ishikawa: Thank you very much, Mr. Chairman. My name is Ishikawa. At the outset, I would like to say welcome to the people who have come from Africa, and also from the other side of the Pacific Ocean, Canada, all the way to Japan. I would like to say, welcome to Japan. I used to live in Kinshasa in Zaire. Door to door, it took me and my family 40 hours to move from Tokyo to Zaire. It was quite tiresome. You have, I'm sure, experienced the same kind of trip this time, and I assume you are tired. But listening to all the things that you have said today, I have learned quite a bit, and I would like to thank for your sharing the information for what is going on in your part of the world today.

During the keynote speech, Ms. Johnson-Sirleaf, and also the representative from Tanzania

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and other people here have expressed their good will wishes for us Japanese who have suffered from a major earthquake in January and also with regard to the recent event. I would like to say thank you for your concern, and expression of good wishes to the Japanese people.

Keeping the keynote speech in mind, I would like to make the following statements. In providing assistance in development to Southern African countries, what are we thinking as the Japanese government? I would like to share that with you. Listening to the keynote speech, I have found a number of points in which I agree completely. I would like to point out three things about the Japanese policy on the development assistance to the Southern African Region.

One of them, as already mentioned by the Chairman, and that is in providing assistance to Southern African countries in development. I believe we have to pay due respect to the cultures, histories, and societies in the Southern African countries. There was a movie made in the United States called "The Mask". Probably you have seen it in the airplane or some place. I have seen it on an airplane. The mask I believe, or I was told by one of my colleagues who is knowledgeable about Africa, is an entrance to African cultures.

African masks are completely different from the masks that we Japanese normally imagine when we hear the term or word mask. In Japan, we do have traditional masks worn by *noh* players or *kabuki* players, but African masks are quite different from Japanese traditional masks. And I had the impression when I first saw the masks of Africa, I was quite shocked to be quite honest with you. It was completely different form what I had expected. But when we try to provide systems to the Southern African countries, what is most important to us is not to forget about is that even if those masks appear to be very strange to us, they are a part of culture of African countries, or maybe expressions of their religions. We do have to have due respect for those masks, and also cultures, including the masks. This is the basic attitude we must have.

In the keynote speech, Ms. Johnson-Sirleaf talked about the sad, unfortunate past of the African countries, and she said that we have to forget the past to overcome the past, and we have to make steps forward, and I appreciate that statement very much. But from the side of the donors, we must always remember the unfortunate past history of the African countries, because the past experience of those countries may have a major impact or influence upon how we carry out our assistance to those countries. We have to keep that experience of theirs in mind, in trying to provide assistance.

For instance, in trying to provide assistance to African countries, if we say the societies should

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be such and such; or in other words, the societies must have social or fiscal accountability, social accountability. If we say anything of that nature, we have to keep in mind the fact that the society in the South African countries had been destroyed once by the experience of slavery — slave merchandizing. This is one of the historical factors we must keep in mind. Otherwise, we won't be able to provide proper assistance to African countries. The basic element in the assistance, or the development assistance, is self help. Self help means people have to help themselves to develop a society of their own. Of course, slavery is something quite unfortunate in any place. You can name it in various African Kingdoms. Slavery destroyed the society, the foundation of the societies in those countries completely. And also as it has been mentioned, it effected the solidarity, the philosophy, or justice, amongst the African countries. All these past sad stories in history, we have to be aware of those facts. In other words, we have to keep that in mind to start with, in trying to provide assistance for the development of African countries.

Now, this seminar is being organized jointly by JICA and CIDA, Japan and Canada. That is quite because, I believe that, Japan and Canada do not have any political ambitions over African countries. It has been mentioned by the Chairman earlier, and I agree with him to this point.

Now, the second pillar of our assistance to African countries is the emphasis on human beings, people, human resource development. Old samurai warriors in Japan once said that, people are fences — or rock fences — and people are a castle. In other words, human development is the key to the national development. This has something to do with what I had said before. In developing human resources, developing a nation, we would like to be able to help establish a society, or create a society. If I tell you this, you might find it rather strange.

But the African countries' national boundaries are very unnatural, so to speak. But of course, many people say that should not be touched. The origin of the African boundaries may be unnatural, or artificial, and most of the countries are very young — less than 30 years old as it was mentioned during the keynote address. But within those artificial boundaries, people are trying to create societies.

Since we talked about the society, we also have to talk about citizens, who are residents in that society. We need to think about the relations between ordinary people's livelihood, and the development of that particular society. This relationship, I believe, does make a great contribution to the development of that country.

In modern economic textbooks, there is a reference to the multiplier effect. Modern economics

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or theories are not functioning very well today. One of the reasons is that, they do not pay attention, at least a part of the economists today do not pay enough attention, to the fact that there is no linkage between ordinary people's livelihood, and development of a society. So, in trying to provide development assistance, we have to pay attention to the relationship between the ordinary people's livelihood, and the development of society.

Now thirdly, on top of the first and the second principals we have the so-called fermentation or the creation of a society. Mr. Hayashi has given us a brief explanation of the report that they had compiled, and I do agree to a number of things in that report. But for the fermentation of societies, so to speak, today we need to provide an assistance to the countries in question to build infrastructures — social infrastructures are something like the nervous systems, or blood vessels of a society.

When we pay close attention to the ordinary people, and this is very important especially in Southern African countries because there is that possibility. What's most important for us to do is to provide assistance to ordinary people, to improve ordinary people's livelihood. In other words, we try to help them in creating an environment in which ordinary people can have their own lives, with their free will, for instance, in the area of education, or primary health care. Earlier, the population issues and the seriousness of AIDS had been mentioned. And that is true. Maybe we can put them together, and call them basic human needs, or account for them as a part of basic human needs.

I do not have enough time to go into details, but if I take the education area, we do have a friendship program with African countries. We call it the "Friendship Program for the 21st Century" with the African nations. In other words, in this program, if we invite teachers from African countries to Japan and provide assistance in training them, this is one of the important things for us to do. In other words, ordinary people should be able to lead their lives with their own free will.

But for this, what is most important is governance by law. Maybe you can call it democratization. But democratization today is very theoretical, or has a specific concept behind it as Mr. Chairman had said earlier. Therefore, of course, Japan is not a common law country, but we do have statutes, written laws to govern the country. So, I believe real democratization, or help for the democratization of a country would be to help the country in creating a state which would be governed by law. And in fact, we do invite some people from African countries for that kind of program.

Now, in providing assistance to Southern African countries, what we keep in mind is that we

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have to be able to help generate, a sort of a sense amongst the people, ordinary people in Southern African countries. In other words, people should be able to have a sense that tomorrow is going to be better than today.

Now I would like to talk about SADC. You have been talking about the importance of the regional cooperation. That is very true, and I agree with it. And especially in the Southern Africa, the countries in that Region, many of them do have a great possibility for economic takeoff. So, I think it is very very important for us to try to provide assistance in such a way that the countries in that Region can somehow lift the bottom level of the entire Region. And by doing so, I personally feel that we can eliminate the negative aspects of the artificially placed national boundaries in that Region. But of course, amongst the countries belonging to SADC, there are differences in terms of cultures, histories, and societies. There is diversity amongst countries in that Region. And within that diversity, I believe tolerance, acceptance, or leniency, maybe I can call it a friendship, is very important. To what extent SADC countries can have tolerance within the diversity they have would become a key. When the SADC, or the predecessor of SADC was established, the countries in that Region did have a common enemy, so to speak. So it was rather easy for them to unite themselves, but today they do no longer have that common enemy. But within that context it is important still for them to unite themselves, and enhance the solidarity amongst themselves.

I would like to mention two more things.

One is about the world of image. If I took the notes properly during the keynote speech, Ms. Johnson-Sirleaf said as follows: "...war and destruction, but Africa is an arena where an irreversible evolutionary transformation of structures and systems is taking place." Of course, I do not need to tell you people who are here together with us. But as one of the Japanese, if I honestly reflect upon ourselves, what image do we have of Africa amongst the Japanese? So far — we do have journalists with us today — but if I may be allowed to say this, you only write about starvation and apartheid. Of course when we had Japanese Self Defense Forces in Gomma, you talked or you wrote about Gomma. But you journalists in Japan, do not spend much space in your newspapers or magazines to talk about negative aspects of African countries. I am not trying to be critical of you, but this is a part of my self reflection, and also about my colleagues in the government. This is a very nice passage that I heard today in the keynote speech — I would like to take a special note of that.

Another point I would like to make was raised by the other panelists. In other words, reference to the negative impact of, caused by, brought about by the end of the Cold War and the end of the apartheid. Of course, surely because the Cold War ended, and apartheid was eliminated, we

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started to see greater aid fatigue and interest amongst the donor countries toward African countries begin to decline. It is true, but there is no point, without the back side, you have to think about the positive side. The end of the Cold War means that Southern African countries, if I may say, have been liberalized from the manipulation of the outside world. And it also means, as a number of panelists have mentioned, it means that you have obtained racial reconciliation which would be the basis, or precondition, for Southern African countries to utilize the South African economic power for their own benefits. In other words, the end of the Cold War and the end of apartheid would be negative if you think about relying on somebody else. But if you think about self-help, self-reliance, it is going to be positive. And always, this is something that you will have to keep in mind. In other words, self-help, self-reliance, the positive aspects of the end of the Cold War and apartheid would have to be kept in mind. Thank you very much for giving me such a long time.

Inukai: Thank you very much, Mr. Ishikawa. In some respects, your presentation was quite philosophical, and we have learned a great deal from it. Thank you very much. This completes presentations by the panelists.

And now, since we have representatives from the Southern African Region, from the SADC Region, I would like to give time to them now. Would anyone like to say something — our African delegates?

Soko (Zambia): Thank you very much. Since this is the first time I am speaking, I would like to join the keynote speaker in thanking the government of Japan, and in expressing, or joining hands with the government of Japan in the loss that was really suffered in the recent earthquake, and also in the recent past.

In the first place the presentations were very very interesting, so I hope you won't mind if I speak across them without making specific reference in most cases to any one particular speaker. I would like to note that we seem to be believing that when we talk about the democratization business, that democracy itself brings about development. Or dictatorship necessarily in itself, brings about total destabilisation or stagnation in economic growth. This may not necessarily be true.

The reason why I say that is really because, when any particular transformation is not totally internalized, if it is not with the basic support of the individuals, in that particular country it is still external, and therefore cannot be sustained over time. So, in whatever case wherever you see over democracy, that is called a democracy which is not supported internally by internal structures, by internal systems, then you do see that you need a lot of external effort to keep it

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standing. And as long as that does not happen, Mr. Chairman, I don't see any form of democracy being sustainable. Simply going to the ballot box, and simply voting for a particular candidate, or if you had 10 candidates, that is not a democratic process in itself. Democracy itself should go much further into the level where people express their choices for the various alternatives, even if there should be social, political, or economic alternatives, not simply the fact that you have three or four, or 10 political parties, and you go to any one of them. But you could have a dictatorship of an elite, which is not necessarily a democracy at all, since you still have the masses of people totally alienated from the developments in that particular country.

Mr. Chairman, when you look at this basic question of regional cooperation, I believe it is absolutely essential. However, regional cooperation must not be taken as a substitute for say, bilateral cooperation for the internal development process of each individual country. The reason why I put that forward is that regional cooperation is meaningless if you only have one particular region, or one member of the region, who is sufficiently strong, and the rest of them being exactly in a situation where they have nothing to contribute to that cooperation process. So, for SADC Region, COMESA, or PTA, whichever region you like to think of, sustainable cooperation would be such that you definitely have each of the member states in the Southern African Region to be sufficiently strong enough to contribute meaningfully to the union, or to the partnership. Be it Zambia and Malawi, or Zambia and South Africa, or Zambia and Namibia, whatever. But there should be some degree of exchange. But if you live in a situation where there is no exchange, then obviously, you are looking at a situation where again you are looking at a donor-receiver relationship, which is not sustainable.

Maybe for this one, I will have a very specific question. The speaker from Tanzania, Dr. Kipokola, did mention that balance-of-payment support was really resulting in growth. For this one, I think it may be true, depending on what instruments balance-of-payment support is used to target. Because the balance-of-payment support, and even to some extent debt relief, does show that in fact it suppresses domestic demand. And by suppressing domestic demand, therefore, you suppress your industrial growth. Or, and then it could in fact, result in stagnation, or in fact, in reduction of your own growth process. So, depending on the instruments, and personally I would like to learn what sort of instruments are being used in self help for administering this balance-of-payment support. I am not saying balance payment support is bad. It is actually very very good, but has to be targeted.

In case of capacities, Mr. Chairman, I think the whole question of capacity has been talked about. The UNDP is helping, everybody else is helping. But what we seem to be missing out on is that Africa is not in lack of capacity. It is really the confidence that is taken away from

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the people of Africa to be able to stand and decide. So, the question of capacity building is really not exactly the capacity building. It is the — let's put it this way — the return of the confidence to the people that they should do what they want. And the donors in this case are partly to blame for the lack of confidence, because of the number of activities in terms of the planning of processes that take place.

And finally, I couldn't agree more with what Mr. Ishikawa said when he talked about the question of not forgetting history. I think that is absolutely important. If we forget history, then we would not understand why we had the weak governance, why we had the corruption, because really these things are a result, partly of even the Cold War itself. Because in a government that was supposedly acceptable to whatever side, regardless of how corrupted it was, however bad the governance was, may have received some support, and encouraged to be so. So I think we shouldn't forget history. Mr. Chairman, those are a few comments that I thought I should make. Thank you, Mr. Chairman.



Inukai: Thank you very much, Mr. Soko. And next, your name and your country first, please.

Guibeb (Namibia): My name is Andreas Guibeb, I am from Namibia. First of all I would like to associate myself with the comments of the panel, and particularly our mother and sister, Ellen Johnson-Sirleaf, with regard to the loss and the tragedy of our Japanese brothers earlier this year with regard to the earthquake in Kobe. And more recently to the terrorist attacks in your subways.

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I would also like to associate myself with the comments, and particularly the praise, given to JICA and CIDA for the initiative to bring together the representatives of Southern Africa, Canada, Japan, and the general public here from Tokyo on these important deliberations on the prospects for development cooperation towards the 21st Century in the Southern African Region. I think the topic, as was said, is timely not because of the substance of the topic itself, but also in the sense that it is forward looking.

From a broader perspective, I would like to underscore, Mr. Chairman, that Japan and Canada maybe together as northern countries today represent the finest example of global good neighborliness within the international community. I would like to stress — and it is something important which we from developing countries in general, but particularly from South Africa, have a great appreciation for — the spirit of solidarity and global good neighborliness.

I wish to underscore one more thing. The track record of both Canada and Japan was elucidated clearly by the keynote speaker — their consistent and persistent track record with regard to our assistance and solidarity, not only to Africa but to the developing countries. But I want to underscore the symbolic importance of this second meeting of African development here in Tokyo.

Tokyo is very important for us in Africa, because like Africa is today, Japan emerged out of the destruction of the Second World War, into one of the greatest economic powers of the present moment, and has shown and demonstrated that with determination, with political will, with leadership, and consistent hard work, that it is possible to overcome the greatest human adversities. I can say that you are meeting today with representatives from a Region in Southern Africa who share the same belief, the same outlook, and the same philosophy with the Japanese people, who would like to believe that in spite of all the adverse things which may be said about Africa, that it is possible for this continent to rise and demonstrate the energies which it has, the resources it has, to become the great nation that it really is.

Southern Africa — I think we are emerging like Japan out from destruction, if I may call it spiritual destruction caused by colonialism and apartheid over the last, in some instances longer, but in my own case, in Namibia's case maybe 35 years of liberation struggle. In some instances, like the people of South Africa itself in a much longer, and epic-making struggle. But we believe as we are emerging from the destruction of that spiritual impoverishment that there is a new resolve, if I may call it a third awakening of Africa. If one takes the slave period as the first period of subjection of African people, then after the colonial period, and now with the destruction of apartheid we are entering maybe the third awakening of Africa.

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You have a group of countries, across 11 nations, united in the resolve to make use of that political infrastructure. I would like to refer to it as political infrastructure which was forged during the period of the liberation struggle — the solidarity across boundaries, to use that as a basis for the reconstruction and development of the entire African continent. Southern Africa is in a position — I am concluding Mr. Chairman — Southern Africa has created since 1990 through the treaty signed in Windhoek, and then took the treaty establishing SADC, a framework for economic cooperation. A framework for economic cooperation through which these 11 countries jointly decide on economic development projects which have a cross boundary, which have an impact not only in the national sense but across the entire boundaries for that entire Region. This is very important to underscore what my colleagues from Zambia just mentioned. It is our core belief that the entire Region cannot rely only on the resources of one country; that we are only strong, only as strong as we can be strong collectively, to prevent internal migrations, stronger economic growth points, and as a result of that, a displacement of people.

We are busy elaborating that SADC without boundaries. And it is important that our development cooperation partners should take note of that. The second thing which is important for them to take note, particularly with regard to our cooperation, is that there is a need for assistance in terms of creating that common regional infrastructure. In terms of development, construction of roads which link these countries together, communications infrastructures which links these countries together to facilitate the movement of goods and people within that particular Region. Mr. Chairman, at another appropriate point, I would like to highlight some of the very relevant points that were mentioned by all the panel speakers here, which will certainly come up within the course, but I do not want to overstep the limit of the 10 minutes which you have given me. I thank you.

Inukai: Thank you very much, Mr. Guibeb. And will there be anybody else who wants to speak?

Matsvayi (Zimbabwe): Thank you very much, Mr. Chairman. My name is Matsvayi from the Ministry of Finance of Zimbabwe. Mr. Chairman, I would like to join my other colleagues from Africa who have expressed their sympathy and solidarity to the loss of lives which was experienced some time ago.

This is a very interesting seminar, I think. And the title itself is very interesting also. But I think as it has been said, Africa, or the Southern part of Africa, the Southern African Region, nearly every country in that Region is embarking, or has embarked on a reform program of one kind or another. But what is very interesting is, that we find that we embark on all these measures, the sad thing is that resource flow is also going down. We are expected to improve

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from our situations, we have agreed to take these reforms, and by their very nature, they are very expensive. At the same time we find a contradiction in terms of resources to support the reforms. So we would urge the donors, among them are Japan and Canada, the co-hosts of this seminar, to see to it that in order for us to move forward, we need this support. It is a critical step that we have taken. We can't move backwards; we are only supposed to move forward, and in order to move forward we need this support, and we need it urgently.

The second point, Mr. Chairman, is related to the same reforms. We are expected to have taken our steps to creating an enabling environment, in terms of an inflow of investments. But what do you still see in spite of all these changes? Investment levels themselves are not coming to our region. So we expect that, given that we have also accepted and agreed with the international community to make the reforms. They also, on their part, continue to support us, so that at least we become self sufficient and self reliant in terms of resources, so we can improve the levels of our own people.

Obviously I would like to agree with my two colleagues from Zambia and Namibia about regional cooperation. Regional cooperation itself is a very good thing. But it has to start with national boundaries, so that people are able to support it. They are supposed to agree, not necessarily agree, but to have commitment in regional cooperation if they can actually see tangible domestic results. So you would have to start with developing your own domestic economies, so that you raise the levels of your domestic people. Then from there, people can support these regional integrations.

Finally, I think my colleague from Namibia must have used more than 10 minutes. I would like to make good for the 10 minutes. I would like to agree with Ms. Sirleaf on her question of technical assistance. The issue here is not that Africa, you know, lacks the expertise. Africa has lots of bodies, physical bodies, and even the expertise. I think what is needed here, is to bring in a mechanism of returning them, so they are actually part of the development process in their own countries.

And related to that, if we talk about regional integration, what we are actually doing right now, for example, in this state we have South Africa, and what we notice is that regional experts are moving down to the South. So in the end, what is going to happen is that we are going to weaken South Africa. And then it is not going to develop its own people. Because its own infrastructure is already flooded by the people who are already there. So, what I think we need to do, really is to develop, or use the expertise that we have internally. And I would like donors to support this. Because what you find all the time is that most of our donors don't believe that we have expertise. Anything that we do must be done by the second party. And I think this

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notion itself, this kind of approach, needs to be revised and be examined. Because once you do that, and give confidence to the people who are in that country, you actually would have developed and assisted in human development in itself. Thank you very much, Mr. Chairman.

Inukai: Thank you very much, Mr. Matsvayi. Just a moment please. We have heard from every participant, so we would like to open the floor before going back to you, African colleagues. You will have an opportunity again tomorrow, so I would like to open the floor to people other than our African colleagues. Anybody who would like to speak from the floor. The floor is open. Yes, please. Would you please give your name and affiliation.

Yoshida: I will speak in English. My name is Masao Yoshida, and I am professor at Chubu University. I would like to know if there is any concrete idea of how to self-generate employment. That means there is a lot of talk about how to create capacity and give some aids to social services, health, education. These are very important, I agree, but what is probably necessary is to create a kind of development which self-sustains these kind of services, with its own domestic financing eventually. So, that probably needs some sort of macroeconomic development. And so, I mean that these social services must be hand in hand with the macro development. So today, I think the focus was on the development of human capacity and social services, but in order to keep this up for the future, I think there must be some sort of macro development.

Another point I wanted to ask — there was no talk today about the role of NGOs, and especially when one speaks of donor fatigue — I really don't like this word because I don't think it is a donor fatigue — But in the question of the probable reduction of foreign aid, the role of NGOs must be increased very much, but there was no talk today about the possible utilization of NGOs, and especially from the Canadian experience I would like to know how NGOs are cooperating with African NGOs, or with ODA. Thank you very much.

Inukai: Professor Yoshida, thank you very much for your intervention. Yes, nobody spoke about the roles of NGOs. But in January this year, ECOSOC sponsored an NGO conference for development in Africa, in New York, sponsored by ECOSOC of the United Nations. I had an opportunity to participate in this conference. How much of a contribution are international NGOs making to the development of Africa? I learned how much they do, but I also learned that there are many, many NGOs in Africa itself. Not only international NGOs, but African NGOs are very active in development. So, this problem could be put for more discussion.

Any other intervention from the floor? Yes.

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Takahashi: My name is Takahashi from Kobe University. About the catch up cycle model. For example, leading industries like the textile industry or electronics industry that led Japanese growth in the past, and have been transferred to the less developed countries like Korea, or other NIEs, and then to the ASEAN countries. And such kind of economic-injection experience can be a lesson for Southern African countries as well. And automatically, or instinctively, we think that South Africa, RSA, could play a role as Japan which can lead the growth of Southern Africa.

But it may cause some anxiety among the other Southern African countries that, maybe South Africa deprived the opportunity for growth of other African countries by gathering the resources excessively from those countries. But I think all of the Southern African countries should overcome such kind of jealousies, or mutual doubt with each other, and to get together and cooperate with each other and share the fruit of growth. I would like to have opinions from the representatives from some of the Southern African countries about such kinds of ideas, maybe about the experience of the Asian countries about mutual economic interactions. Thank you very much.

Inukai: Thank you very much, Mr. Takahashi. In fact, for the follow-up of TICAD in Bandon, Indonesia last year, there was an African development forum. And TICAD was a place where countries could make a pledge, a political pledge, but in the Bandon conference people with more practical experiences came and got together to discuss what African countries could do in terms of development of their own countries. It was quite meaningful.

Now, another person. Mr. Hattori, I think, if you would like to make a comment.

Hattori: My name is Hattori, and I am a retired banker. Or, development banker. One thing that surprised me in today's discussion was that very little reference was made to the debt question, and I am quite sure that the speakers did not mention it. Because African debt took harder, or to Japan are very small problems. So, it was not relevant to what Canada or Japan can generally do.

However, if you look at the increase of African debt since 1980 until today, most of the increase comes from the World Bank. And what does the World Bank have to show in development? The growth of debt has exceeded, many times the growth of production. Now, so quite clearly the World Bank lending from 1980 to today has not been very effective. It was bad lending.

Mind you, this is by concessional terms. But still, I believe Tanzania has an enormous amount

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of areas. When you are worried about how you are going to meet the next interest installment, can you really plan for your own development? So, we have heard a lot of broad, worthy proposals for general purposes. I wish to make a contribution by suggesting something concrete, because Japan is one of the biggest suppliers to the World Bank — it is the No.2 shareholder, and Canada has an influence at the World Bank — I worked at the World Bank so I know — Canada has an influence that far surpasses her participation, which is substantial, too. If these two countries could persuade IDA to cancel the debt, so that the African countries may start seriously thinking about development, would not that be a good idea? I know that the Japanese government is against the idea. But still, since Mr. Ishikawa has made a speech that is a drastic departure from the traditional Ministry of Foreign Affairs' approach, so I count on him to persuade the ministry to change its tack.

Inukai: Humbly he said that he is a retired banker, but I would like to introduce him to you briefly. Mr. Hattori is the first President of the Central Bank of Rwanda. As the first President of the Central Bank of Rwanda, he has a very deep experience in this, and also he has had much experience in the World Bank. Now, I would like to return to the panelists, and ask each panelist to make statements, or make comments, or make responses to the comments made from the floor. So, Mr. Kipokola, please.

Kipokola (Tanzania): Thank you very much, Mr. Chairman. First, I would like to expand on the "BOP" question by Zambia. "BOP" is Balance of Payment support, it really means making resources fully available to the Central Bank, to the governments through the Central Bank. And that is totally compatible with the liberalized foreign exchange situation. In Tanzania it has gone very far, so there is very little room for administrative allocation of resources any more. So, that is moving with the times I think. I am sure this is the case with Zambia as well. So probably with that, Zambia and Tanzania will continue to move together, as usual.

Secondly, I think I would like to join my colleagues from the six countries in tracing the points they made with regard to economic cooperation, and integration in the Southern African Region. Clearly, that Region represents very high possibilities for successful regional integration, and the coming into existence of a free South Africa is an added advantage. And of course behind all that, there are developments which occurred under SADC during the front line states period, which my colleagues from Namibia stated very clearly, and very very well.

But, it is extremely important that whatever happens in the Region, equitable distribution of benefits is considered seriously. Our experience in this difficult community, should underscore this fact. It is a fact. If an individual commission doesn't see it is gaining from the arrangement, then it is not going to be possible to sustain the arrangement. And that is why I

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have elsewhere stated that, for that to occur, we need to avoid a zero sum gain situation, and operate with the situation where growth is occurring. And I think this is where our development partners, most specifically with regard to this gathering, the governments of Japan and Canada, can be very helpful to our system, making sure that growth is occurring in the Southern African Region, so that the additional income can be distributed equitably to the members of the Region. And this is the best way to move forward. Thank you Mr. Chairman.

Inukai: Thank you very much. Mr. Saper, please.

Saper (CIDA): Thank you Mr. Chairman. Before I start, could I ask if a microphone could go to Mr. Mackinnon, because I would ask him on my behalf to answer the question on NGOs. I am going to mention this now, to give him a few minutes to collect his thoughts. So I will give him a share of my five minutes, if that's all right with you, Mr. Chairman.

So therefore, let me be very brief about basically two points. The first to the very thoughtful comment by Hattori-san. It is clear that for Africa, and for Southern Africa, that there will inevitably have to be creative solutions to the debt question. What we have managed to do is turn ODA from an investment good essentially into a consumption good in the Region. And we have done this collectively, not only donors but also the people who formulated those projects and in fact, who consumed those goods and services over the years. Debt cancellation may in fact be an option. It is not, as you know, part of the Bretton/Woods institution's charter at the moment. But of course, we all own those institutions. Nevertheless, Canada as you know, has forgiven its debt.

That doesn't mean we are not concerned about it in the future. Recently Denmark also forgave its debt at the social summit conference two weeks ago. And Austria as well. So, I will only speak personally here, because this has not been consulted within the Canadian government. But there is no question that debt swaps and various other creative methods perhaps, other forms of the famous rescheduling word which cannot be used, will have to be seen in addition to straight outright cancellation, perhaps, zero coupon bonds or something like this, so the credit rating of the IFIs is not put in question. But at the same time, the debt load of the African countries is extensively reduced.

Let me just make, also a very brief comment about the person who asked the question about the transferability of the Southeast Asian experience to Africa. I think that is a very topical question, a very topical point of view here in Japan. This is a very deep subject and a whole conference was held on it, so I am not going to show my stupidity by trying to summarize it in one minute. But let me just say that there are three or four things that come to mind

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immediately.

The first is the need or the ability for those countries to reach consensus within their own countries, on what their development priorities are. This is very important, and some members of our African friends here today have talked about taking ownership. I know our keynote speaker did. So consensus building, and certainly ownership is important. The second is the point I made earlier, I thought, or at least I tried to make, and that is that they invested very heavily in human resource development, and in infrastructure. And finally of course, they were able to get access to technology. And those are very important aspects to Southeast Asian development, and will ultimately be very important, I think, to African development.

Now, if Mr. Mackinnon has collected his thoughts, with your permission Mr. Chairman, let me again thank all you people who have made interventions from the floor. I have taken careful note. If I didn't respond to you individually, I certainly have my notes here and I will take them back with me, and thank you for sharing them with us. Mr. Mackinnon, please.

Mackinnon (OXFAM-CANADA): Thank you, Mr. Saper. I don't know if I have collected my thoughts, but I will try and be as articulate as possible. And thank you Mr. Chairman for allowing me to speak a little bit.

Around the involvement of NGOs, I think it is very important in Africa, and I think the Canadian government has shown that over the years, its their support for Canadian NGOs working in Africa. And I think this seminar today — tomorrow there is a — I will be making a presentation attempting to represent the Canadian NGO perspective and experiences in the past in Africa. It it a bit of a big task, because Canadians have been involved for many years. But I will attempt that. And I think it is a real recognition that the partnership between the Canadian government and the Canadian NGOs, that I was invited by CIDA to represent the Canadian perspective. So I would very much like to thank CIDA and JICA for inviting me, and hopefully I will be able to present that tomorrow, and represent that tomorrow.

Inukai: Yes. Mr. Hayashi, please.

Hayashi: I would like to say two things, to respond to two things. One is about regional integration. The other is about a point raised by Mr. Takahashi, and the experience of Asian countries — excuse me, the South African experience to Southern African countries. By regional integration of the economies, yes, as a principal I think it is most important to have the benefit to be shared equally by all the member countries in that Region. However, it is also true that South Africa is the greatest leading country in that Region. For instance, in terms of GDP,

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South Africa is three times greater than all the other countries in the Region. Last year, South Africa joined SADC for the first time. And after that for the first time, how to realize the equality among the countries in that Region. This is very difficult.

The new South African government, how they are going to carry out the coordination for that purpose, I do not know what they are going to do. I have read the document issued by ANC, and also the South African policy report given by Mr. Mandela at the end of 1993. He raised about ten items, and said he is going to have dialogue with SADC countries, but I do not believe there is any specific policy set by South Africa, as to how to coordinate with SADC countries in creating equality amongst the nations in that Region.

Now, transfer of the Southeast Asian countries' experience to the Southern African Region -- I believe that the experience of South Africa can be utilized, capitalized by Southern African countries. For instance, in the mining technology, they do have an accumulation of advanced technology in that area, and South Africa is very close to Southern African countries. That sort of benefit should be utilized by Southern African countries around South Africa. I believe it is important for us to think about the transfer of Southeast Asian experience to the Southern African countries, but also to think about the South African experience.

Inukai: Then, Ms. Johnson-Sirleaf.

Johnson-Sirleaf (UNDP): A few points. First, on democratization. I think if we gave the impression that multi-party democracy is what achieves pluralism, let me dispel that. I don't think we meant to say that. I think democratization means choice, participation, accountability. Any system that achieves that, in my view achieves democracy. Traditional African life had democracy, even though we had the chieftaincy. Because you did have fora whereby people met, and discussed ideas, and took choices and made decisions and had participation. If we can come up with an indigenous African form that achieves these three things, then I think we can call it anything we want. It does not have to be Western style.

On capacity building, I agree with those who talked about capacity building being useless, or is not as meaningful if you don't have retention and utilization. That is the point I was trying to make, and I think we have got to find a means to do that. The instruments we are using, the conventional means for technical assistance, as brought up in the book I referred to in which \$3-4 billion goes into Africa every year in the form of technical assistance, essentially the use of expatriate expertise and institutions, certainly is not sustainable. We have to channel a significant portion into building indigenous and local institution, and using local talent as best we can. I think growth and development, the two must go hand in hand. You cannot have

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social development that is not grounded in growth, that provides the basis for the expansion of the economy. At the same time, growth without development, without focusing on the people who are the agents of growth and development, if you don't have that then growth itself is not sustainable. So one must be able to have growth, but to have that growth and to use it in building the productive capacity of people.

Finally on debts. I think Mr. Hattori took the genie out of the bottle. Because those of you who either participated or listened to the social summit, know that was a big bone of contention. All the discussions we took on the World Bank, the World Bank took us on, we took on some bilaterals, some bilaterals took us on. And it was all a big thing. I think that commercial debt is largely settled. First of all, we need to differentiate when we talk about debt and debt cancellation. Commercial debt largely settled, either through swaps, through buy-backs, some through World Bank facilities and others — I think we have got that under control. But bilateral debt is not yet settled.

We just had the Paris Club, which is the one that controls and keep a lid on the bilateral debt, just made a decision in Naples to increase the amount of the relief to 6-7%. But there are so many conditionalities that even for Africa under the Napoli terms, only five African countries would qualify for the full extent of the Naples terms. So clearly it is not sufficient. Naples has to be revisited. And by all the arguments about "you are all in debt, you must be in debt, if you've got to get a new debt, if you've got to borrow new money you must pay it," yes, but for some of the countries in the Southern African Region — Zambia to name one in point, Mozambique to name another in point — unless we find a means to deal with their debt, there is no way they can achieve their equal targets.

Multilateral debt, as was pointed out, is an increasing problem. And even though we must also again recognize the position taken by the World Bank — our own bank in the Region, the African Development Bank, is equally affected — is that their own credit rating and their own access to the capital markets would be affected if their debts were canceled. We must recognize that point, but then at the same time, recognize that the share of multilateral debt and the burden of multilateral debt is getting to be such a problem that we have got to find a way to deal with it.

I am surprised about the chancellor who made the recommendation about the sale of IMF gold to settle a multilateral debt. How quickly that was snuffed out and there was no discussion on it. After that recommendation. I take it that chancellor was a very learned man, he would not have made a recommendation that was silly, so he must have had something to it. We should have examined it a little bit more. And so I think the debt issue brought out in Copenhagen is

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an issue that we are all going to have to keep thinking about, we are all going to have to be putting pressure on, we all have to fight in a way that they used to deal with it for those countries that are seriously indebted. Thank you, Mr. Chairman.

Inukai: Mr. Ishikawa, please.

Ishikawa: I think there are four points I would like to raise. Two of them concern the NGO activities, and the remaining, the other one has to do with whether or not Asian experiences can be transferred or transplanted to African countries. And also what Mr. Hattori mentioned about debt relief. And then, the regionalism and bilateralism, which some of you mentioned. I would like to give my comments on those four issues.

As for NGOs and their role and involvement in the whole affair. If I may cite my own concrete example in my own capacity, one thing I am placing a great deal of emphasis on is the Global Issues Initiatives. For example, we will be spending \$3 billion in the coming years to control the population and AIDS issues, problems. These population and AIDS issues, as you may know, cannot be conducted effectively without the cooperation of the local NGOs. So to control the population and AIDS issues, we do give money, we do send experts, and Japan Overseas Cooperation Volunteer members are those people — JOCV, the young people who go and do some cooperative work overseas — these people are sent, and we also have the international NGOs and local NGOs to implement what we would like them to do, or to implement the programs that we devise. Not only NGOs, but other donor countries like Canada, for example, could be our partners. And there are some projects we are undertaking in joint effort with the United States' authorities. In the area of AIDS control and AIDS prevention, we are taking programs to combat AIDS in cooperation with France in Rwanda, that is not in Southern Africa, but in Central Africa, but this is another example of joint work with other countries.

Now, as for the second issue, whether or not the Asian experience can be transferred to Africa, now this is my personal view, but I am quite cautious about it. There can be various reasons, but I think I am cautious, because the social structures are too different between Southern Africa and Asia.

As for the third issue about debt, I think departure from the traditional line is too difficult. But as you may know, there is bilateral debt, the cancellation of bilateral debt. Now the way Japan handles this, in the case of LLDCs, we will have the money repaid to us. But we will be giving it as donations, and the African recipient countries will return this to Japan, but then we will be giving the same amount of money back to these countries. Our basic principal is that, what we

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have lent should be repaid. So, they will repay, but we will be giving donations as an extra upon receipt of those repayments.

As for the debt cancellation programs of the World Bank, I am sorry, I am not really well versed in that matter, and I am not trying to criticize the World Bank here, but when I talk with my friends working in the World Bank, I often have this feeling that they are not really understanding the situation. They think that the passing of time goes hand in hand with economic growth. It seems that that is the view in the World Bank, and that might be the case in some tribes in Africa, that time works in their favor, and with the passing of time, increasingly growth comes.

But that is not always the case, because I have an example here of a country or a tribe. The word for yesterday in that tribal language is "rero te", and the word for today is "rero". And so I give a quiz to my Japanese friends. In this tribal language, what do you think the language will be for tomorrow? The word that stands for tomorrow, the Japanese people really want to think in a logical way. They have been educated to do so. So if you ask the question to one hundred Japanese people, if yesterday is "rero te" and today is "rero", then tomorrow must be "te rero". But no, that is wrong. Tomorrow is also "rero te". That tribe only has today, and non-today.

That is not understood by the economists in the World Bank and IMF. If they had known that culture in that way, they would not have made such a huge mistake and made a disaster out of Africa. In that tribe, time is digital. It is switch on, or switch off. So you have to do everything when the switch is on. And when the switch is off, you have to leave. The concept of investment is very difficult there. There is no theory and concept of depreciation there. I studied business cycles and relevant theories when I was a student, but I found them useless. All these waves and business cycles and so fourth are analog, not digital. The passage of time is analogous. The growth of economy is analogous, it is an analog style. But in our society where time is digital, economic growth cannot be interpreted by that sort of analog way of thinking.

The reason why the World Bank has failed is because they tend to think that it is common sense that tomorrow will be better than today, but that may not be the case. Tomorrow you may have the switch off. And so to these countries you must think hard, as to what sort of investment you must do, or what sort of conditionality you have to give to that country. That is what I mean when I say you have to have due respect to the culture and the society. This is my last personal comment.

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But anyway, regionalism and bilateralism, this is what I want to talk about last. I think South Africa can still become a locomotive, an engine of growth for the whole Region, and you should make best use of that. Here in Japan, we are not giving contributions and aid to SADC itself, but when a member state of SADC wants to undertake some project and requests for foreign aid, we do consider that proposal, that request, and we do give assistance. So we have our own way of giving bilateral aid as well as multilateral aid in this way. We are not doing it in a 100% perfect way, but we are trying to give regional aid in that way too. Not just always bilateral.

Inukai: These are the responses from the five panelists, and thank you Mr. Ishikawa.

We still have a bit of time, and perhaps two participants from Africa would like to use some time. And so our representative from Lesotho, would you like to say a few words? Please.

Mokotjo (Lesotho): I just wanted to give comfort to Mr. Takahashi behind there, who remarked that Southern African states should not be so suspicious about South Africa. I want to give comfort in this manner. We lived in Southern Africa for years, through pains, and then we have known each other, and we are here today. What I am trying to say is we started in Southern Africa by a tiny economic cooperation called South Africa Customs Union in 1910. I think that is the longest economic cooperation in the world. We are now in the process of re-negotiating it. We have lived through that cooperation in South Africa, through apartheid, and we are here. So there is no jealousy, there is nothing. We have experience with that small cooperation even before SADC came in. Now South Africa is open. Now, the cards are on the table, and we are saying to South Africa, through experience there were these problems of polarization. Now in the new set up, given the changes, and then clearly expressly put South Africa's paper on reconstruction and development, that polarization will be one element that South Africa will address, and there is going to be deliberate regional investment. This is within the customs union.

Now, also we are re-negotiating the customs union bearing in mind our obligations to SADC. So there is no fear, but these are the sort of things that we want to remove. We learned from the past, and then we want to have better cooperation, better agreement, better balance of trade between the states. So to South Africa we are saying, open up so that we trade with you. As for as investment from Asia is concerned that is welcome. And then have to work on the details of that.

South Africa, yes, is strong. But not in all, let's not say not in overall industry. Mining, fine. But when it comes to textiles, they can tell that Lesotho and Zimbabwe is beating them. So that

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those sectors, whereby we have a comparative edge over South Africa, and they recognize that, and that is why they are saying, that is why I am saying — and they are open now — they are saying we are not going to put any artificial distortion to distort the natural cause of competition. This is exactly what we are negotiating with South Africa. South Africa is now faced with overhauling the textile industry, the motor industry, because those were heavily under protection, and we could not even compete with them. They are opening up to the world, and meeting the obligations to the world's trade organizations. They are also very sympathetic about the past, they hindrances that made us not even able to export to South Africa. So they are opening up. These are the sort of things that we are tracing. There is no jealousy. We are partners. I thank you.



Kamanga (Malawi): Maybe for just five minutes. I would like actually to join my colleagues in the observation that our regional cooperation is really indeed vital at this stage in Southern Africa. But as Lesotho indicated, where other countries have got an edge on South Africa, or any other member, that should be recognized by our cooperating partners in that regard. And I think the arrangement that is inside, we have located sectors to each other. I think that speaks for itself that our people within the Region, know that really this is a community of interdependency, whereby sudden arrangements, economic or otherwise found in one country or another. So I believe while we are focusing, in that regard, we should not lose sight of that framework which is already existing. We also need to make an observation that especially this time the issue of democracy as being sustained within the Region, within each boundary, people will not want to eat democracy, they would want to eat something.

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They want good education and training, they want good roles and so fourth which have been already indicated. I believe that system is the one which Malawi, for example, subscribes to. And we therefore support the regional cooperation, but at the same time individual members must have basic needs and all things I have mentioned. Thank you.

Inukai: Thank you, Mr. Kamanga from Malawi. Ladies and gentlemen, the time has come for us to close this session. I would like to thank the panelist for good cooperation, and cooperation from the floor. We ought to finish the panel discussion at 5:50, we have two more minutes to go. So can I use the remaining the two minutes to round up the session.

I attended an international conference, and somebody talked about how Europeans described Japan 100 years ago. One hundred years ago, Japan had four features. One is, Japanese were idle, not workaholics. The second is that the Japanese did not keep time. They didn't care about time keeping. Thirdly, Japanese were dirty, filthy, they smelled. Fourthly, Japanese will never be civilized. That was the description of the Europeans about the Japanese 100 years ago.

One European traveler wrote this in his travelogue, these are the four distinct features of the Japanese people at that time. That is 100 years ago. If you read this travelogue, Japanese will consider that this writer, this traveler, misunderstood Japanese. When you travel to Africa, Japanese may say Africans do not keep time, African people are this and that, and Africans are this and that. Japanese may criticize Africans, as Europeans criticized us 100 years ago. The reason why, as Mr. Ishikawa said, with regard to history, society, and culture of Africa, we do not have a good understanding. But anyway, our understanding of Africa, by Japanese, has changed in 30 years time. We say we do not have a good understanding of Africa, but as compared to 30 years ago, we have developed an understanding. The Japan African Society has a membership of 500, in the Japan Nile Ethiopia Society, we have many members, nearly 100. So there is an increased number of Japanese who are interested in Africa.

With this we would like to finish the panel discussion. Thank you very much for your kind cooperation.

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Mr. Teruo Kijima

Vice President

Japan International Cooperation Agency

Professor Inukai, and ladies and gentlemen. I would like to begin by expressing my sincere appreciation to you all for taking time out of your busy schedules to gather for this seminar. This seminar provided a great opportunity to hear the valuable opinions of the keynote speaker, Ms. Johnson-Sirleaf, and the other panelists. I think we had very good lively discussion today.

The goal of this seminar was to examine the assistance experiences and the research of both JICA and CIDA, and to exchange opinions with the participants from the Southern African countries, regarding the exchange of research results between JICA and CIDA and the kind of technical cooperation that should be promoted in the Southern African Region in the future, including the possibility of cooperation between Canada and Japan. I firmly believe that goal was fully achieved. At the seminar we have listened to a good exchange of opinions on how the countries of the Southern African Region should grapple with important issues, democratization, economic liberalization, and self reliance, the structural adjustment as well as discussion on the role that the Republic of South Africa and regional cooperation should play toward this end. At the same time I have heard valuable opinions on development strategies and the need for cooperation among Japan, Canada, and UNDP.

As we continue to witness an insufficiency of our assistance funding in this world, there is an expectation for Japan to play a still greater role in the area of development assistance. I think this seminar was very meaningful, in that it provided an opportunity to consider JICA's future assistance in the Southern African Region, and to explore the possibilities for cooperation between JICA and CIDA. Thank you very much for your cooperation in making this seminar meaningful.

As one of the sponsors of the seminar, it is a great pleasure for me to celebrate its success. I would like to express my deep appreciation to our keynote speaker, Ms. Ellen Johnson-Sirleaf, Director of UNDP Regional Bureau for Africa, as well as to all the panelists, representatives of participant countries, and all the people from various sectors who have gathered for this seminar. Thanks to all of you, the seminar has been an enormous success.

Tomorrow, we are scheduled to begin discussions based on the results of today's seminar. At this discussion, we will take a closer look at three themes: the role of the public and private sector in development, the building of human resources to support development, and the future tasks and the prospects of assistance. I expect the discussion to bare even more fruit, and sincerely hope that all the

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participants will work hard to take the results achieved together during these sessions, beyond the doors of this conference room, and link them to actual assistance practices. Thank you very much for your cooperation.

IV. DAY 2 (Thursday, March 23)



1. FIRST SESSION

“The Roles of Government and Private Sector on the Development of the Southern African Region”

Saper (CIDA • Chairperson): Good morning. Ohayo-gozaimasu. I want to welcome everybody. Now that I have been installed officially as the chair for this morning's session, we can begin. Let me first of all say that I hope everybody had a good evening last evening. We are going to start the session this morning with presentations: I would ask all of you to please feel free to ask questions at the end. The presenters this morning are from Angola, and I would give the floor first to the delegation from Angola.

Ferreira (Angola): Thank you very much, Mr. Chairman. Good morning, ladies and gentlemen. I would like to present this theme about the role of the government and the private sector in development. Ladies and gentlemen, when national independence has been achieved, there was no significant indigenous private sector in most countries in Southern Africa. The indigenous private sector was mainly made up of very small enterprises concentrated in the formal sector of the economy. Under such circumstances, the government has been seen as the most organized national body, in a position to mobilize the financial, technological, and managerial capacities to the extent required for the establishment and operation of modern enterprises, without which the objectives of national economic development could not be a shift as quickly as possible.

With reform programs that are being implemented in most of these countries, it is not recognized that the responsibility has to be allocated between the government and private sector, in such a way the role of the government should be concentrated in the creation of an enabling macroeconomic environment for the private sector, which should become the main engine of economic growth. In this regard, it has been recognized that the most important issue is no longer the extent, but the quality of the role of the state. The responsibility for the production of wealth is more and more allocated to the private sector, which has to take advantage of the enabling macroeconomic environment that is emerging with the government's reform policies. New legislation on economic activities are enlarging very substantially the sectors in which, private enterprises, including foreign capital, are expected to play a key role is been issued.

Policies aiming at the creation of a favorable climate for the private sector to invest, operate, and contribute to the national economic development include the improvement of the legal environment for private enterprises; the facilitating of conditions for the installation of new

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enterprises, establishment of programs of incentives for private enterprises, and promoting the development of economic and social infrastructures, such as water supply facilities, power plants, roads, railways, education and health facilities, research and development facilities, and so on.

Good economic policies combined with political and social stability result in conditions under which private-sector initiatives can be sustainable. It is, therefore, crucial that the exercise of power be legitimated through a democratic process, and have such recognized at a national scale, and have the government's capability to assist, formulate, and implement an economic policy be improved. Particularly crucial, is the improvement of the government's capability to coordinate the various economic policy measures, in order to stimulate and sustain the entrepreneurial initiative. Such measures include the removal of and the regulatory constraints, the improvement of infrastructure, the burden of the financial system, in particular, in order to facilitate access to bank credit. Thank you very much, Mr. Chairman.

Chairperson: Thank you very much to the delegation from Angola. Mr. Ferreira has provided us with an explanation about how the role of government is changing and how the role of the private sector will become an engine for economic growth, and also spoke on policy formulation on the part of the government in terms of social and economic policy. So you have provided a very good opening statement for us this morning. I thank you for that. I neglected to mention at the outset that we are looking for a very lively and lengthy discussion, so I am going to just indicate as the first chair of the day, that I hoping the presentations will be in the 5 to 7 minute category. I will try to catch your eye and wink at you if you're getting close to the period. So now without any further delay, I will pass the floor to the delegation from Lesotho, and ask you to please make your presentation.

Mokotjo (Lesotho): Thank you, Mr. Chairman. As so far, Mr. Chairman, my paper is not structured in such a way that it really focuses mainly, solely on this subject. However, the subject comes across throughout my paper. But if I may focus on the role of the government and the private sector in development, first of all, we all know the typical functions that are supposed to be performed by the government. What I am trying to say is that my presentation will not really follow the paper. The whole principal as long as we understand it within the government of Lesotho is that the government role is dictated by the principal of equity, the principal of welfare. And then along those lines, government functions are clearly defined.

One has to facilitate, the government being the facilitator, in the areas whereby, the private sector is able to act with the understanding that the private sector will only be attracted to the activities which are profit orientated. The private sector will not get into areas whereby

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free-riders are involved. The private sector — that is, particularly with the regional private sector — will not get into such services as infrastructure, road building, health facilities, communications such as radio services and so forth, because those have got externalities and they are not that attractive to the private sector.

So, those are the roles that we definitely defined to be government responsibilities within the principal of welfare: that the government is there to put up physical infrastructure, to facilitate, to enable the private sector to assume its appropriate roles. The government has to be there to put up security and order, as a factor for enabling an environment for the private sector to operate. Our private sector is not that developed really to take, and then be engaged in very high cost services. Therefore, education and training are defined typically as government responsibilities. The private sector, its role is to be in the production of goods and services which are profitable. The private sector is not there for the welfare of the society without getting returns.

That is where we see the role of the private sector. We see the government to be there to facilitate and enable, put in place an enabling environment for the private sector to be engaged in the production, manufacturing, and trade services. We recognize that past development left the the private sector behind, because it wasn't really our culture — I think this should be understood — we were very suspicious even of the traders, because we used to believe that a trader is a cheat.

We used to believe that you could find a poor farmer working hard, and then within a year a trader will be driving by in a Mercedes. This is how we judge them. We never really recognize their role as that important in really providing the service between a supplier, a farmer, and a consumer. But this has changed. We have really changed in our line of thinking and perspective now, really that, yes, business is people, business is there to survive, and that it is providing a very very crucial role. That's why, therefore, we now have government programs in place to support the private sector.

The problem that we have is that the banking institutions in place have no support mechanisms particularly for small and medium entrepreneurs. And then, now we are putting it as a delivery policy to assist the private sector, particularly the small and medium enterprises to have access to finance.

But this is still a problem. We see again, that there is the need to really provide skills training in the private sector, to try to make up for our mistakes of having not recognized the role of the small and medium enterprises in the economy.

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What we focused on was large investment. We had things like expatriate schemes in place. But these are the people every time that you will find that it is very easy for them to get access to the banks. So the focus now is being on the small and medium enterprises, to try and develop linkages between them and the large foreign investors. For them at least, to gain in terms of technological transfer from the large investors. So the areas of support here, as far as the private sector is concerned, as required it is mainly in terms of skills training, and then assistance in terms of appropriate technology. And then assistance also in terms of having access to the markets, access to finances. Mr. Chairman, let me stop here. Thank you.

Chairperson: Thank you very much, Mr. Mokotjo, for your presentation. You highlighted for us very clearly that the role of the government is guided principally by questions of equity and welfare, and the provision of public goods. And that the private sector of course is a major producer of goods and services, principally of course in areas that are economically viable that will produce returns to investment. And you mentioned also, I think a very important issue, the question of access to credit for small and medium sized enterprises, and the need for industries or businesses particularly in Lesotho to have skills training, appropriate technology, and access to markets.

So I thank you very much for your intervention this morning. I just will try to summarize very quickly at the end of each presentation, and at the end of the day we will have a wrap up. But just so that we are all noting the same points for the discussion period which will follow very shortly, I'm going to try just very briefly summarize. And with that I will turn to my friend from Mozambique, our delegate from Mozambique, for his presentation. Please.

Fortuna (Mozambique): Thank you, Mr. Chairman. I would like to start by saying that my colleague from Angola has explained the general picture, and I would like to emphasize that in Mozambique we face the same problem. I would like to start by saying that our private sector was under control of expatriate companies, and now we have a program of structural adjustment. We are making a major effort with a view to promoting our national entrepreneurs. But I would like to say that we are navigating in a high ocean, without direction, due to the lack of experience in our private sector.

If you understand that after independence all enterprises withdrew from Mozambique, and we started with the planning for economy, which from '87 we started negotiating with the World Bank on a view to turn to a new direction and in '87 we started the structural adjustment program, and from there we were able to start planning in both directions for emphasizing production and relying on the government much more for political planning and economic planning, and the private sector for the productivity areas. But to set up this program, I would

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like to say it is not easy if you consider it a country after 20 years of central planning. We lack experience of management, experience on international contacting, and even on production. As a measure, the government emphasized that if possible, from now on with the donor if it is possible, that all kinds of assistance can be extended also for the private sector, not only in terms of balance-of-payment support, but in terms of training the private sector, in terms of funding the private sector, because in reality it does not exist in Mozambique. If we consider inflation, if we consider all the economic problems we are facing, we know the big challenge we are facing. The big problem of unemployment, of economic problems can be solved by wide interventions of the private sector. But this seems to be like a miracle. It must be with support from several directions. We are following the recommendation of the World Bank and the international community, and also within our effort.

We think that without real support of the international community, Mozambique cannot go ahead making this program. We would like, therefore, to consider that we have a private investment law, and with several economic measures, and if you consider that we have wide resources in agriculture, mining and energy, if our private sector in a joint venture with a foreign institution or the foreign private sector is capable to start playing a very good role within the country, because we have infrastructure such as railways, roads, and ports. And within our infrastructure Mozambique really would, if we follow this privatization program, possibly in the near future play a good role for creating the resources for the country, creating the resources for the region, creating the resources for the world.

We think that if countries like Japan and Canada are able to convince or support the private sector to approach Mozambique, this could be the best occasion for us to grow up with our economy. And also we think that, in a country like Mozambique where we find basically a wide population in the countryside like 90% of population, and 90% of the population illiterate due to distortion of the war. The small-scale initiative could be a target for starting, not considering a wide or big project, not considering medium project.

We think that a starting point could be small-scale, or home industries. And this really would bring a job immediately beside a big initiative in agri-industry, mining, and so on. And we would like also to emphasize that our country should for the within 100,000 demobilized soldiers, and up to 60,000 immigrants along the neighboring countries. A plan for industrialization must be considered. As a form of starting up, we think that a training program for those must be a first priority. Because even if thinking in terms of industrialization on a wide scale, we lack very good power labor training, and human resources is not possible to set up a program. Therefore our target is training at the low level, medium level, and high level. On the view to create in the short term the capacity of the country to produce itself food, to

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produce itself clothes, to avoid disruption, to avoid the problem of starting again a fight among citizens due to the lack of resources.

We would appreciate, therefore, if a donor country like Japan or like Canada is able to help us on making a master plan for development on a small scale. We have experience from Asian countries, but they have prioritized their development like home industries, small scale industries, and this is creating them miracles.

In our position, we can't think of wide-scale industrialization if we don't have very skilled people. We think that we can't only wait for foreign investment, for foreign investors. We have experienced that if we don't protect this level of group, or low level, we will really create a problem as we had in the previous years, with the colonial times when all the industries were controlled by foreigners, and we were obliged to say, "ok we are left with a miserable situation because we are controlling nothing". But if you open the door immediately, with that participation of our citizenship, we believe that in the near future we can again have the same problem...We are not controlling the country, we are not controlling the economy. Therefore we think it is the best, not only thinking of the usual investment, and usual training, but also funding, how to promote the nation, if you consider that.

Now we are facing the critical problem, with this new system of privatization in the agricultural field and the industrial field, because our citizens have no money to invest. Now we are finding foreign companies coming and buying the premises, buying the agricultural property. And we are hearing rumors, we are receiving claims that our government is not playing a very good role, they are not prioritizing our citizens, they are giving back their industries, they are giving the agriculture up to the foreigners, and so on.

And it means without the special attention of the donors, that the national enterprise, the citizens at least must play a very good role. The citizens must have their friends outside with a view to promote, with a view to decide about their industry, about what is their basic needs, which means that the private sector will not have success. Therefore, we think that the ODA role will be to secure a need, as we know any infrastructure to create a motivation for the foreign investors. And also, we would like to see if the ODA fund is possible to facilitate the creation of joint ventures, and if it is possible to facilitate the creation of friendship with a company from Japan, a company from Mozambique, a company from Canada, or any other countries.

In a joint venture, in a mixed credit, it means that the government, an ODA fund can be used to facilitate the access to a credit. Because in our new privatization, in the new law, you can only

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apply to run a company if you have got at least 30%. At least 30% to start a business in Africa is not so easy. Who will afford, who will support this 30%? With the view that our nationals, our citizens can participate in a joint venture, or start their own business, because without that, Mozambique will really not have a private sector. We will start again with dependence, because dependence does not only mean political dependence, it also means economic dependence.

Therefore, we would appreciate if really ODA funds could support the creation of new enterprises, and new companies, and new joint ventures, because it is the only way which can create good confidence between the North and the South. And to avoid the domination from the North to the South. We know the North are giving us very good benefit, the North will give us good technology. But we need for finance, participation — joint participation. And on the view to see that our resources such as energy, such as minerals, such as fisheries, can really benefit on an equity base both from the North, to the South. And we can work on equalities, on the friendship and relation, and to create a very good future for the world. Many thanks.

I apologize that I am not from an English-speaking country, I speak Portuguese, and it is not easy for me to explain ideas in English. If it was in Portuguese, maybe I could have explained better. Many thanks.

Chairperson: Thank you very much, Mr. Fortuna, or your very comprehensive presentation. Certainly we appreciate the effort. You mentioned the very important role of the transformation which is occurring in Mozambique, which we have all seen happen very dramatically recently, in going from a centrally planned to a market economy. And I think the theme of your presentation was one of balance. Balance between private sector, and the creation of jobs and wealth, and the need for the public sector to provide the infrastructure to support this investment, and to assist with policy planning and the environment necessary. You also were very articulate in your description of small industry and the need for balance between small industry for job creation, particularly with the demobilized soldiers, as opposed to some of the more, what we would call mega-project type of investments in the agriculture, mining, and energy fields. And finally, your other point on balance of course, was the need for participation by Mozambicans in the development of their own country. I hope I did justice to your presentation. Thank you very much for that this morning. And with that I will turn to the delegation from Namibia, please.

Guibeb (Namibia): Thank you very much, Mr. Chairman. I will be brief. But before I briefly run through the framework questions, which the secretariat has been very kind to provide to us to guide us in our expose, allow me just a brief general comment. I believe that the particular role

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which the government, or the distribution of the role of the government and the private sector in any country, is a factor of history on the one hand, but also of the social economic relations in that particular country. In order to understand the role of the government and the private sector in Namibia, therefore, it would be necessary just to give you a brief introduction.

It is impossible to do justice to that about the particular relationship which we have in Namibia, which gave rise to the present sort of distribution of roles between the government and the private sector. As you may know, Namibia is located on the Southwest corner of Africa, midway between Angola on the North, and South Africa on the Southern end. In a way, one could look at it as being at the crossroads of the North-South, and the East-West access. It is on the Atlantic ocean, and shares boundaries with five other African countries: Angola, Zambia, Zimbabwe, Botswana, and South Africa. The total size is 820,000 square kilometers, with a population of barely one and a half million people. Certainly one of the most sparsely populated countries in the African continent. That in itself presents certain challenges in terms of infrastructure development, which I shall not want to go into in detail for the present moment.

The second feature which I would like to highlight, and maybe which plays a major factor in the distribution between the role of the government and the private sector is the dichotomy. Namibia is a very sophisticated country. It is a country with a very sophisticated infrastructure, by African standards. A fairly well-developed road infrastructure linking the most extreme points in the North, East, West, and South. Certainly by capita, one of the best developed infrastructures on the African continent, certainly in terms of airports, in terms of communications infrastructure. This month or next month in April, with the introduction of cellular phones, it will be the second country only to South Africa in the African continent to have mobile or cellular telephones. So, there is a fairly sophisticated infrastructure.

Banking wise, banks, and insurance, fairly developed financial markets with banks. The stock exchange, although the youngest at the present moment on the African continent, certainly the fastest growing stock exchange. In terms of overall trading volume, we are second only to South Africa. But this country which is sophisticated on the one hand, is also characterized by a dichotomy. Ninety-five percent of the wealth of this country is shared by 5% of the population, and the biggest challenge for the government is to bring about, over and above the political reconciliation, a reconciliation on the economic field.

At independence, we inherited a country or society which was strongly divided across racial lines. Across the urban and rural lines, the very well developed and flourishing urban areas juxtapose with very squalid underdeveloped rural areas, where the bulk of our population

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lives. So the challenge to the government was to bring development to 95% of the population, to develop an entrepreneur class amongst the majority of the population.

As the business community, the private sector is composed almost exclusively of people of European descent, or Africans from South Africa, or Germans — predominantly these two communities, which were not necessarily sympathetic with the social, political, goals and objects which the government is pursuing. So you have a peculiar situation where the private sector is dominated by a group of people who would like, to a certain extent, to retain the control in Germany which the minority had over the economy, to the exclusion of the majority. So the role of the government has a completely different function. The government is involved to a large extent in the national economy through para-statal, important para-statal, which are important in terms of national economy.

That is, in the mining sector, the government has just renegotiated and acquired a substantial share in the diamond mining business in its effort in trying to secure as much national benefit from the wealth of the country, para-statal in the transport, communications, post and telecommunications. The government has most importantly set up a national development corporation which is aimed at broadening through loans, broadening the basis for the private sector, and especially to extending it to the majority black population.

So, that is the details. We have seen over the last five years that the government has worked. The closest partner of the government in realizing this part of empowerment, and economic affirmative action, if I may call it that, was foreign investors who were more keen to take up the local black population as joint venturer partners than their own national enterprises.

The government has developed quite a number of policies and laws to liberalize the economy to and to facilitate an even greater share to the private sector in terms of wealth generation and job creation.

One of the measures which was just passed last month in parliament, was the creation of an export processing zone, in an effort to promote a rapid economic development and to create a zone within the national economy which will create conditions which are conducive to foreign direct investment and the private sector.

Our manufacturing sector was very small. As we, under the South African colonial rule, imported almost 96% of all our manufactured goods we imported from South Africa, and there was very little encouragement and promotion of domestic manufacturing industries. Overall, there is a large possibility for foreign direct investment as well as local private-sector

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participation in the economy.

And the sectors which are most important are the fishing industry, the tourism industry — which has been growing by 30% annually since our independence, and which has shown a lot of potential. The fishing industry in which the government's policy of encouraging investment — on-shore investment. That is value addition, before export as well as the petroleum sector. Exploration has begun this year with five major international petroleum companies drilling for petroleum, as well as the exploration of confirmed gas resources which were discovered quite a while ago. So the overall economic outlook is good. I think the most important missing factor is joint venture partners. Joint venture partners would bring in technology, capital to exploit the abundant resources which are available, and within the process also provide thorough training.

The government is investing a significant amount of its own resources in infrastructure development. One example is roads. The Trans Capripia Highway, which will be linking the Central African countries, with the Port of Walfish Bay, as well as the portion over Namibian territory of the Trans Kalahari Highway, which will link the South African industrial heartland around Johannesburg, with the West coast part of Walfish bay. The sections of the road over Namibian territory have been completed with our own resources. We are appealing for resources together with other SADC partners for the completion of the other parts of the road. There is a large extension program currently under way for the extension of the port of Walfish bay. It is already at the present moment the tenth most efficient port, and certainly the most significant West coast port on the African continent. But to further expand its capacity to handle freight from European and Latin American markets distant from the heart of Africa.

Mr. Chairman, with regard to measures which may improve structural adjustment programs in the region, in Namibia we had chosen not to follow World Bank and IMF prescriptions, but to institute our own structural adjustment programs. Certainly with the advice — we have called in advisors from the World Bank, and from the IMF, as well as from the UNDP, Professor Adadiju — as well as through the kind assistance of the UNDP, which has been involved for the last two years in assisting us with public expenditure, a view program which should guide our policies in the future. But the attitude on our side was that we should rather institute these programs on our own before they are imposed at a later stage on our government.

The emphasis, most probably in terms of the assistance from our donor countries should shift from — may I agree with my colleague from Zambia — as important as assistance for balance of payments is concerned, I think the important factor is to help us develop our economies. Through increased foreign direct investment which will create sustainable growth, and of our

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economies in order to facilitate that, job creation in the countries themselves that we would rely less and less on. Many governments in the region, including our own, as part of its incentives schemes have provided foreign companies or local companies which are training, putting an emphasis on the training of its labor force, the possibility to write-off those against taxes as an incentive in trying to spread the trained skills to both the public and the private sector. Mr. Chairman, I would like to restrict myself with these comments at this stage, and reserve the right to comment further on at the later session. Thank you very much.

Chairperson: Thank you very much, Mr. Guibeb for your presentation this morning which certainly highlighted the dichotomies being faced at the present time by Namibia. And in particular, you were the first one to actually mention the particular role the government plays in the productive sector of the economy, in the form of para-statal, and the emphasis which is being placed on providing your indigenous manufacturing throughout export processing zones and actively seeking more foreign direct investments through joint venture partners. I want to thank all of the presenters this morning for giving us a better part of half our time remaining, and half of our time allotted, for open discussion. The presentations this morning have certainly highlighted the challenges that are being faced by the government, and the new economy — if we can put it that way — and the requirement for a vital and energetic private sector, in terms of job creation. Some of you may have noted yesterday, there was a question asked, which I am also going to put to the floor this morning. There was a question asked in yesterday's session about sustainable job creation, and whether or not that is possible — "sustainable employment" — I think is the way the question was put, as I recall. And so I would ask if anybody has any ideas or any comments they wanted to make.

It was one of the questions that was not picked up yesterday, but how to get self-generated employment ourselves to get sustainable employment. Mr. Yoshida asked that yesterday. I thought that was a very interesting question that we did not have time to deal with yesterday. So the floor is now open to anyone. I will try and keep a speakers list, and if you wish to be recognized just catch my eye and I will get to you in the order in which I see you. So I apologize in advance, and I am going to ask everybody to again respect the time. Since our presenters have shown courtesy this morning, I would ask now that the questioners help us let everyone have their say. So now I will recognize Dr. Links from South Africa, please.

Links (South Africa): Thank you very much, Mr. Chairman. I would like to make a few comments. Perhaps not so much questions to the previous speakers, but just a few comments I think to complement what they have been saying, and what we heard yesterday. If I look at the instructions that we got by mail, it did also focus this conference on ODA, and the role that that plays in these various sectors. And I would like to say that that is an aspect that we should

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concentrate on a little bit more how to focus the ODA to achieve these objectives we are speaking of, because whatever we speak or talk about this morning and today is in the realm of ODA.

I would also like to say that we, in Southern Africa, should recognize the comparative advantage we have implicitly foremost amongst most of our countries, as regards a state of mind when it comes to markets, that perhaps was absent in the East European economies — an advantage I would like to underscore, we have not exploited fully. We have not exploited the advantage of having markets in the remotest corners of our countries to the full. And I think that ties in with the fact that we have not really developed our private sectors as we should.

My colleague pointed out that there is a blurred line between the role of the government and the role of the private sector. I would like to state that the private sector has always been the sector that made growth sustainable. Your question earlier, if growth is to be sustainable, the government is enabled to do that. We could also go further and say that, the objective of ODA should then be sustainable growth in the end. And to have that achieved, it cannot just flow to the government in the sense of cushioning the government and not developing the private sector. So the ultimate objective of ODA should be linked to the creation of a private sector that can sustain the economic development within a country. I think this is also a point that the keynote speaker made yesterday. It is important for us to focus then, really on the ultimate objective of ODA.

I would also like to just mention that, in the same way, growth and development are then inextricably intertwined. Development cannot take place without growth, and especially in a sustainable form. But growth falls almost exclusively in the domain of the private sector. And that is why the topic of this morning's session is so important.

Unless we focus on an environment of private-sector development, we will miss the boat, and to a great extent — I think I am just being frank as an African — we have missed the boat because we focused on the wrong objective. We focused on the government. And the government ultimately provides us everything. Instead of focusing on the government as a facilitator of private sector development, and private-sector growth, the government's role should be a facilitating role. It should have policies that are transparent, that are predictable, that are sustainable, and that are consistent. So that the domestic private sector can thrive in investing in bricks and mortar, not be subject to make changes that would make a risk so great that it would not invest.

We might as well also just look at private sectors. When we speak of ODA, the concentration of ODA to facilitate such private-sector development, it should not only focus on — as the

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speaker from Mozambique emphasized — on the projects of great foreign investment. That is normally what we think of ODA — foreign sector must come in with big IBMs, the big corporations coming into countries. I think that that is a misgiving. It is also trade, it is also industrial strategy that the domestic country must devise a competition policy. A policy of small business, a policy within the labor markets that make it conducive, that make it attractive for inviting a foreign investor from abroad to come in. Let me focus just lastly, Mr. Chairman, and I am not a speaker at this session; I am a commentator so I shouldn't take too much time, but just on the small and medium enterprises, that is a facilitator of enormous importance for any country that wants to tackle the problem of development, unemployment, you have mentioned. And unless we focus on the right order of magnitude between big and small, we will also miss the objective of development. We in South Africa have very big corporations, as everyone knows. But our focus, is increasingly on small, medium, and micro sized enterprises, to try and make development available to the man at the lowest level in the economy. The type of support for this sector would be access to advice, for instance.

And some of the donor countries come in there. We are focusing their technical support in some of these areas. Favorable amendments to legislative and regulatory conditions as regards these. To make that street vender go through fifteen government offices to get a license to operate on the street is strangling this initiative. So that is making a process streamlined for anyone to access that. And accessing to marketing and procurement, it is a very interesting area.

How do we make it possible for that small, very small entrepreneur in the black rural township, but who is efficient, is effective, to take part in a big contract that comes from the big industrialists in South Africa, all from a country abroad, making available investment funds? Do we have an avenue through which small individual firms informally can access procurement? Access to finance is an obvious one, access to the infrastructure, premises that he wants to hire. Do we make these little factories available?

Then very importantly, the access toward training. How do we cope with the training? And there again, ODA comes in. Technical support to make available training facilities. But not only training facilities, use local people to come in and train those that need the training to run the businesses. I think we all know these things. I think we just need to focus appropriately on them. The appropriate technology — Don't get the guy stuck with something that if he breaks it, he cannot continue to work with it. I think that very important encouragement of the inter-firm linkages as well. All these things just highlight the importance of a management of small businesses in way that will bring out the best of people on the ground, so that they contribute not only to their own development, but be a catalyst for employment, a catalyst for

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development throughout the economy, permeating every sector of the economy, both in terms of sector, and in terms of geography. Mr. Chairman, I have spoken too much. I would like to say some more things at a later stage.

Chairperson: Thank you very much, Dr. Links. Yes, Michael Soko, from Zambia please.

Soko (Zambia): Mr. Chairman, thanks very much. I will comment on what you asked — if there is any proposal that can be put forward, that would encourage employment. My understanding of employment creation — One, I would actually say much depends on the macroeconomic variables that are put in place in any one country. As such, one of the key factors that would actually assist employment generation is, if you look at the microeconomic equation, actually if one can increase their savings in any particular country. We know that it can exist, whether it is through pension funds or whatever, those can be transformed into direct usable resources for growth-oriented activities.

And also, one would have to look at the capital markets themselves. Can any one business person borrow from within their country to actually invest, be it a small-scale person or whatever the case may be. So really, the money markets becomes one of the key variables. Now in the case of the donors, I mean, what one could imagine would be, if the donors would also increase, let's call it the risk capital. In this context, are we targeting our resources — the donor resources — into what might be considered a risk capital? I mean, are we really directing towards investment? Is BOP being directed towards investment, or into consumption purposes? And so what one would be likely to see is that there is this window that is directed towards investment — not government investment or such — but looking at a pool of resources which the private sector can access. It maybe subsidized; I don't know. It maybe whatever the case may be. But it should be something accessible, and something that can stimulate growth.

We then have the question of import and export financing. This one question, that actually one would see that for at least in case of the Zambian business persons, you do see that there are constraints in terms of the ability to export, because that does need some degree of financing. And similarly even in importing, whether there is an import guarantee scheme of some kind, this would really depend a lot on government effort. And to some extent, the donors may not be able to play a role in that sort of environment.

And Mr. Chairman, the whole question of development of internal markets is one thing that seems to be ignored. I mean, one shouldn't really look at totally exporting all the time, but one should be able to develop their own markets. And that increases your own ability to produce. If you're focusing on external markets all the time, then there is a limit to how much you can

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produce. So you limit your growth, and a lot of your own growth is generated by using the resources within, at least consuming what you produce. So we also have to concentrate a lot on the development of internal markets. Mr. Chairman, I may speak about these things a little later, but I thought I could actually throw some of those on the table right from the beginning. Thank you.

Chairperson: Thank you for that. It was very thoughtful, and very thought provoking. Thank you. Ms. Johnson-Sirleaf, please.

Johnson-Sirleaf (UNDP): Recent business surveys identify four major handicaps to private-sector expansion in Africa: macroeconomic instability, the high cost of doing business, the risk of policy reversal, and insufficient scale.

Now I think most of the speakers addressed the progress that many countries have made on just about all of these fronts. And so we come back to the question I was asked by Dr. Kipokola, I believe, yesterday when he said, "having done all these things, why is not an investment coming into Africa? what is missing?" And that is the question I think we all ponder from time to time. Now that's not to say that there's not scope for much more on all of this, for example in the high cost of doing business, the bureaucrat red tape is sometimes referred to, sometimes corruption — all of those that retard business. But I do believe that — and I want to drive Dr. Links' point, and also Zambia made the point a bit further — that is, given the inadequacy in the financial markets, the shallowness of the markets in our business, given the relatively underdeveloped state of infrastructure, that perhaps one needs to forge a much stronger linkage between bilateral and multilateral aid as a means of stimulating private-sector investment, and private-sector capital flows. Perhaps to use World Bank financing, for example, if in the infrastructure plans, they were linking it to the potential for some factory or some industrial enterprise, thereby making the economic feasibility of that enterprise much more attractive, perhaps that kind of linkage might be able to force the development.

We never see the World Bank going out in their plans taking IFC, which is their private-sector arm, to say, "let's see how can we link IFC's activities, or World Bank activities to assure that we open the road for private-sector development" — I must say that in the same case of bilateral aid, and I threw it out to CIDA and to JICA here — in your training programs, for example, you might target it more to the skills requirements of businesses and enterprises to be able to raise the level of technical capacity there. So, I am just saying we are looking for what is going to provide the enhancement to the traditional efforts that have already been made on the part of government. And I think perhaps the responsibility is going to rest with our partners

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from the government, to say that they themselves, as they go back, would try and look for these kinds of linkages, in a much more comprehensive and coherent fashion, as they try to link public sector and endeavor to private sector potential. Thank you, Mr. Chairman.

Chairperson: Thank you, Ms. Johnson-Sirleaf. A very interesting presentation. Very interesting linkages to what has been happening this morning. Mr. Ishikawa, please.

Ishikawa: Thank you, Mr. Chairman. I followed with great interest, the presentations this morning. I have picked up some key words, I believe. The word which struck me the most, I think raised by our friend from Namibia who said it is very important to develop an "entrepreneurial class." I totally agree to that way of thinking. In fact, Mr. Chairman, when we think about the role of the government or the role of the private sector, we must not forget that we can't jump up. We must climb.

That is our starting point. To climb up, the most important thing, as I said yesterday, is that the government should believe in their own people's capability. The national elite should have confidence in their own people's wisdom, in their own people's energetic activities. And the national elite should give their people — how should I put it — say, a kind of aspiration for another way of life. I might say these ways of thinking from another angle, that let's say the role of the private sector is very easy: "Work, work, and invest." Having said that, the role of the government, or the responsibility of the government is huge. To allow the private sector to work, or invest, the government should always assure the predictability. It might be in the context of legal stability, or tax regime stability.

If you are to invest, you need at least a mid-term plan, a mid-term program. You need to calculate, you must say to yourself, "ok, I put this money this year, I paid this much for tax, I made this much interest, and so on, and so on. So in ten years time, I will have not only gained back the total sum, but I would have the total margin, and so on." I think whatever policies each government would implement, the most important factor is the stability of that line. You can say beautiful words, but if you change, or replace those beautiful words with other beautiful lines the next year, I can assure you, I can even bet there won't be any investment. That is the importance of the assurance of predictability.

Now, Mr. Chairman, the other role of the government, which I always believe, is information transparency, which indeed is a very difficult thing for our developing world. Some friends mentioned this morning about exportation. Fine, but a citizen in a young African nation, does he or she know about the world market? Of course not. Of course not. Who can give the information? The government. And if the government can't obtain the full range of

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information — there comes the role of international organizations. Many talks, many friends, many government officials or opinion leaders, talk about the reform of the United Nations family. I entirely agree.

And if there is something to be done in the UN system reform, I would certainly include a new role in their, or, new role I said, but rather it should be their original role. That is to say, give full range of information about what is going on in the world to each member state, and then comes the role of each government, which should transmit that message, that information to their own people. I think whatever policy lines, whatever sectors importance, or whatever regime they might take, the common denominator should be predictability, legal stability, tax regime stability, information dissemination, and work and investment. Thank you very much, Mr. Chairman.

Chairperson: Thank you, Ishikawa-san. And now I will give the floor to Mr. Matsvayi from Zimbabwe, please.

Matsvayi (Zimbabwe): Thank you, Mr. Chairman. I have two observations, or two questions. One would be to my colleague from Namibia. Maybe just to seek clarification on how they are doing it. And then the other one, I would direct it to both the governments of Japan and Canada. Now, in the presentation by my colleague from Namibia, if I understood you, he didn't mention the efforts being made by the government in Namibia to create para-statals, I suppose parallel to the private sector as efforts to "indigenize," I suppose the economy.

But what I would seek clarification on is that, given the main failures that have been experienced within the para-statals, I don't know in your own situation how you see your para-statals in relation to their claim to the national budget. And vis-a-vis the implications in terms of the subsidies and in consequence to the high budget deficits, what sort of areas are you looking at, that you think maybe profit making or breaking even at one level. That's one thing, because that looks exactly where everybody is moving away from. And it looks like you are also going into some area where — I think it has been tried and everybody has been saying — "look, these are the major areas of government expenditure," thereby crowding our resources to the private sector. So I would be interested to see how you do it.

My second one would be directed to both the host government and the co-host government, Canada and Japan. I think a lot has been said about the government not involved in the economies, or things like that. But I would like to know the experiences of the two governments, in terms public enterprises, because what I have also observed in the case of the United Kingdom, is that there has been a kind of marriage and divorce, a marriage and divorce.

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Each time somebody comes in, either they draw away with something, somebody comes in again, and they take it back. So, that I would like to know the experiences of the two governments here, in relation, because we are being told that, or we have been told that, governments should leave the question of economy to the business people. But at the same time, one would like to see the role of these governments in terms of the need to provide social services to their general populations. Maybe the experiences of the two governments would be critical, because I think we can learn something, as much as I would now want to learn, because we are moving, actually we have done a lot of doing away with most of our para-statal. But I notice in your presentation, that you seem to be trying to create them. So, maybe there will be lessons in terms of the approach, that perhaps it's not necessary to do away with them. Of course, we know we have been asked, "maybe if you privatize sections or you commercialize," but what is your approach? Thank you, Mr. Chairman.

Chairperson: Thank you very much, Mr. Matsvayi. You asked some very important questions, and I have a list now of Mr. Bassett, Ikegami-san, and then I will turn the floor to maybe deal with your question. So, Mr. Bassett, please.

Bassett (CIDA): Thank you, Mr. Chairman. My first comment was triggered by the intervention of Mr. Mokotjo, about the private sector being driven by the profit motive, and the role of government being to look after those issues related to equity and welfare. And it prompted me to put on the table, something which I think industrialized countries have got to very belatedly, and even belatedly, not terribly comprehensively. And that is applying pressure on the private sector to assume a social conscience, and to assume a role in social affairs, and this is something which I see developing slowly, but consistently.

The kinds of interventions I am talking about, I mean, there are firms that do have social conscience, and which do establish all manners of social mechanisms. It could be supporting a football team, it could be having a nursery for looking after children, it could be having a clinic, it could be a school, it could be supporting the development of the arts in the community, it could be a whole range of things, and I think that there is a lot of scope there. I mean, you can't really apply much pressure on very small firms to do that, because it does take a certain amount of capital. But once you get into the larger firms, I think there is a role for applying pressure, and sometimes that is pressure that you can exert through raising public opinion, getting people to write to newspapers, getting newspapers to write articles, which sort of shame firms to doing things.

I know on the Canadian scene, for instance, I suppose in most countries the people who never seem to lose any money are very few. There are some notable recent exceptions, but they are

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banks. Banks generally do quite well. But banks by in large, to me are the most anti-social, or unsocial of institutions in any country. And now there is a lot of brow beating going on in Canada to make the banks take a far more active role in the social fabric of the society in which they operate. So I think that that is something that emerging economies should look at far more rapidly than the industrialized countries have been.

Secondly, a comment in response to Ms. Johnson-Sirleaf about what donors can do to support the private sector, and I will just — this is not a commercial — but by way of information, the fastest growing element or the fastest growing part of the CIDA program over the last 5-7 years is what we have called our industrial cooperation program. And the function of that program is to set up twinning arrangements of all kinds between Canadian firms and the private sector in developing countries. The purpose being to support the development of the private sector in the developing countries. The danger with having that kind of mechanism in an aid program is that it gets seen by the domestic exporters, or manufacturing, or business community as a support for them.

And one of the refreshing things about our recent parliamentary review that resulted in the new aid policy, is that time and time again, the parliamentary committee, and then the government, underlined the fact that the purpose of the exercises to support the development of the private sector in the developing countries, and if in fact it doesn't achieve that end, the money should disappear, because it is not there as a support for the Canadian private sector. And as one quick example of this, we set up a small venture in Zimbabwe, located in Zimbabwe but helping the various countries of Southern Africa. It was an office of the Canadian Exporters Association that we established in Zimbabwe, to favor the establishment of linkages for transfer of technology, for joint ventures, for creating a local manufacturing capacity, for transfer of training skills — all those kinds of thing.

The exercise cost to CIDA was about US\$4 million over five years, and that was just to support the mechanism. Now, that sounds on the face of it, an expensive way of spending aid dollars. But the result was, and just to take the example of Zimbabwe, in four years we established about 20 successful projects, which created 600 direct jobs, permanent jobs in Zimbabwe, another 3,000 or more indirect jobs. The suppliers to the firms in which the 600 jobs were established, created an infusion of about US\$15 million of foreign investment in the small firms in Zimbabwe, and added up to about — I'm transferring from Zimbabwe dollars now into U.S. dollars — about US\$20 million over 4-5 years of production. So, I think that was a useful mechanism, as long as — and I repeat — as long as it does not lose its focus and become a little prop to the domestic private sector instead of a support for the private sector in the developing countries.

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I guess I would, since my colleague from Zimbabwe has asked his question about the flip-flop between various governments in terms of ownership of public enterprises. In our case, I would say first of all it comes down to two factors. The first is political ideology, and when you have a government which has a more socialistically inclined, you tend to get a greater feeling of the need of the government to be involved in various kinds of enterprises, and we have certainly gone through that trend in Canada.

The second in our case is that we live next to this huge, not always sleeping giant to the South of us, who's population is nearly ten times as large as ours, and who's economy is more than ten times of ours, and since we've got a totally open border as far as commerce is concerned, there is a great risk in Canada that you lose all of your industrial or manufacturing independence because U.S. firms just come in and take over. So we do, and we have tended in the past, use mechanisms that protect us from that danger. And one of them is for governments to set up mechanisms to get them themselves into business, which is Canada-wide, and therefore becomes a rather large entity, rather than having very small businesses across the country which are much more likely to be rolled over by big corporations next door.

Our experience is that by and large there is not work, and the general view now is that governments should get out of things governments should not be in, and leave to the private sector those things which the private sector is much better at doing. And so, the Canadian government is getting out of -- it had the biggest oil company, it was a national oil company -- well, we have got out of that, and we are looking at privatizing a large number of things. We privatized our national rail line, and it seems to miraculously work just as well if not better not owned by government as it was before. And so I think that the current trend, I don't see much likelihood that that is going to be change over the next little while. I think the view of the people now is that governments are not very efficient at running businesses. Thank you, Mr. Chairman.

Chairperson: Thank you very much, Mr. Bassett. And I will turn the floor to Kagami-san.

Kagami (JICA): Thank you very much, Mr. Chairman. This session is on the roles of governments and the private sector. To link that with ODA is kind of difficult for us to do, but I would like to make a few comments on the linkage between ODA and the roles to be played by the government and the private sector. One of the things I would like to say is that, many of you said that you need not large-scale industries, but you need to nurture small-scale industries, and to that end what sort roles ODA can play as the representative from Mozambique had said I think we need to carry out a study about this in order to nurture small- and medium-sized industries or companies. How this can be realized effectively in Southern African countries,

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maybe we can use ODA, or you can use ODA and carry out a so-called master plan study and find out what would be the best way to nurture the small industries in each of your countries in the South African region. So ODA can be used in that manner for one thing.

Secondly, as again mentioned by a number of people from Southern African regions, you said you are expecting, or you are wishing to have joint venture opportunities with the investments from abroad. For this, I would like to say that what is important, is that you would need to have an environment within each of your own countries, which would enable, the overseas direct investment. And Mr. Ishikawa, and Mrs. Johnson-Sirleaf also said earlier, that that sort of effort on the part of the recipient countries would be very important. Otherwise you cannot really expect joint ventures or direct investment from abroad. You would need to have improvements in the areas of the legal systems, taxation, and so on.

So in this area, what kind of roles can be played? As the representative from Angola had said, some of the countries have been under a socialistic regime for many years, and also many countries in that region do have remains of the social conflicts. And it is very difficult, he said, to create a proper legal system/regime in the countries in that region. So the advanced countries or donor countries can send specialists in those areas, and provide advice as to what can be done in creating an improved legal system and regimes, and so on. And also, we can have people from your countries to Japan, or any other countries to give training in this area. The provisional fund should not be the end of the assistance from the donor side.

The third thing I would like to talk about is the training assistance. In assistance in training, ODA can be used in that area too, and by doing so, we can nurture private-sector enterprises. In other words, if we provide training to the people, they can in turn nurture the private sector industries. In other words even if we receive trainees here in Tokyo, or in Japan and provide training, if they go back home and there is no opportunity back in their countries, it is not going to work very properly. So, these are the two sides of the coin. The training and the total development plan on the part of the receiving countries.

Lastly, the representative from Zimbabwe asked what sort of intervention the government should make in the nurturing of the private-sector industries. This is my personal opinion, but if I may say, I think it deeply depends on the economic development of a country. One thing is that the government should provide or facilitate the fair competition among the private-sector companies. If we leave the market alone altogether, we may start to see a oligopoly or monopoly, so in the area where we do not have strong private industries, certain interventions would have to be made by the government to ensure fair competition.

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The second area where the government should intervene is the services for the people. A major initial investment would be required, so you cannot really just leave it to the private sector. But when the country grows, and the economy grows, certain public-sector services can become redundant. So a portion of the public sector, or public services, can be transferred from the public sector, from the governments hands to the private sector. That you would have to keep in mind.

The last thing is safety, the security of the people, for instance, the medical goods and drugs, which has a great deal to do with the safety of the people. I think this area cannot be left to the hands of the private sector altogether. Maybe the government would have to have an interest and a responsibility in ensuring the safety of those items. And for this, the government can facilitate or import laws and regulations. But sometimes, as the regulations grow in number, we start to see ineffectiveness, inefficiency in the system, and that is what we are experiencing in Japan. So we have to be very mobile and responsive to the over-accumulated regulations, and when it is necessary, we have to have the principal that the role of the government should be minimized when necessary. Thank you.

Chairperson: Kagami-san, domo-arigato-gozaïmasu. Do you wish to have the floor, or should I recognize Mr. Mokotjo of Lesotho? Mr. Mokotjo, please, from Lesotho.

Mokotjo (Lesotho): Thank you very much, Mr. Chairman. I will be very brief within the context of the private-sector involvement. One factor that we normally forget is that we don't have institutions specialized in our countries really to cater for the small and medium entrepreneurs, and that is our closed box. We have financial institutions. I remember one time at one forum it was discussed that in Botswana, Lesotho, South Africa, and Swaziland, as far as the credit liquidity in the banks is concerned, that is not a problem. Yes that is not a problem as far as liquidity is concerned. The question is accessibility, and then the orientation of this financial institution. And then the fact that our small entrepreneurs, well, the requirements that they have to meet with these commissioners. They are required to put up what is called bankable proposals, the bank will look at the financial — and you know bankers, how they do it, and so forth. And then these people, they are shy, even going to the bank.

Now, they want to look upon the government and say, "ok fine — I have an idea, I have this concept, I can move ahead. But the thing is I cannot really present it professionally as these bankers want it. So this is again the problem. We really lack the capacity in advising counseling indigenous entrepreneurs. In counseling them, providing extension, providing these other services, even if we charged them, providing professionals to say, "ok, go there tell them what you want — those professionals they have been trained for that. They will conceptualize

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your problem, and then put it in manner that will be acceptable for being evaluated by that institution. But we lack that capacity, so there is a missing link there.

The other thing is that, you find that our banks — standard banks and so forth — They're really shy in taking a risk, as far as the indigenous entrepreneurs are concerned. That's why you will find that there always is a gap. We invite foreign investors. Yes, they are acceptable by these institutions, we find we need them, they create employment. But politically we have to be honest. The indigenous entrepreneurs see the foreign large investors as, I don't know, favored by the government against them. They don't see them — there is no working relationship. They don't, honestly, they think they are here, very successful, the government is supporting and behind them, we hear of export incentives, we hear of favorable tax regimes. So, what has been done for us? That also creates conflicts.

So it is really one area that because foreign investors, they don't need money from the government and so forth. So once the stability is there, and we talk, and once we talk about the stable, predictable legislations, policies in place, that's the kind of environment they need. But we need to facilitate in having them work closely with the local entrepreneurs, either through sub-contracting, we have to remove suspicion, so this is where then we need some mechanism institutionalized, really to assist and facilitate that working relationship. Now again, when we talk about privatization, commercialization, and so far, which is very good and we are responding very positively to that. But we forget again that it is a new area, a new phenomena, as far as this is concerned.

I remember when I was deputy principal secretary in planning, when the World Bank came of this proposition/program — it looks very good, we accepted it for a number of reasons and so forth, but I think after a month, they left. I was stuck. I said, how are we going to carry out this, I called all planning officers, experienced people there, so far. None of them ever handled this. My alternative was to get a consultant from elsewhere to come and help us. The concept is good, it is there. It was just therefore, how to move and implement it.

And again, this is where we forget the question of capacity. Getting people ready, understanding for implementing, and this sort of thing. Therefore you find that this beautifully conceptualized initiative, they start, but they are not sustainable. Probably we start with one or two people who would think, and would understand the proposition program. But critics of this, as you go to the para-statal, looking into the books, working on the steps of privatization, elements such as — therefore, how to draw up a compensated program for people that are going to be the plot — What do you do about that? Do you just dump them in that experience, or do you want to move into private sector business? How, therefore, do you help them? Those

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questions, those are things that we don't even ask, because we don't even have the skills to look into all those things. So, that's another element of, I think an area where we really need support. In terms of these new initiatives, they are good but every time we move into them, we have to think about capacity building. The institutional aspects of this in terms of sustainability, and so forth. Thank you, Mr. Chairman.

Chairperson: Well, the nice thing about being in the chair is that I have the first word and I have the last word. And at twelve o'clock, well, since we will have ample time over lunch I hope to discuss these things. So, let me just thank the presenters this morning for getting the discussion going. Mr. Ferreira from Angola, thank you very much, Mr. Mokotjo from Lesotho, Mr. Fortuna from Mozambique, merci beaucoup, and Mr. Guibeb from Namibia. So we will now break for lunch, and reconvene. And I want to thank all of you for making this morning a very productive and lively discussion, and for your participation. I will now turn the floor back to our Master of Ceremonies, Kato-san.