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Japan Promotes Investment in Africa

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October 4, 2019 - On August 28-30, 2019, Japan hosted the seventh Tokyo International Conference on African Development ("TICAD 7") in Yokohama. The Japanese government initiated the TICAD conference in 1993 and has actively promoted Japanese investment in Africa. In his keynote address at this year's conference, Prime Minister Shinzo Abe praised Japan's private sector for investing 20 billion USD in Africa over the past three years. Mr. Abe pledged that the Japanese government would "put forth every possible effort" to help the Japanese private sector surpass this amount in the years to come.

The ESPA4 Program

TICAD 7 generated a number of significant initiatives. Japan and the African Development Bank ("ADB") announced a 3.5 billion USD initiative to spur private sector development in Africa. The initiative, which is part of the fourth Enhanced Private Sector Assistance for Africa ("EPSA") program, will run from 2020 to 2022. During this time, Japan and ADB have set a target of 1.75 billion USD each, a significant increase on previous EPSA programs.

This latest program supports infrastructure development, with electricity, transportation and health as key priorities. The projects and programs will be implemented in accordance with G20 Principles for Quality Infrastructure Investment and the G20 Shared Understanding on the Importance of UHC (Universal Health Coverage) Financing in Developing Countries.

An Inaugural Deal for AFC

Following the conference, Africa Finance Corporation ("AFC") announced that it had entered into a groundbreaking Samurai loan facility of at least 150 million USD with MUFG Bank and Sumitomo Mitsui Banking Corporation as mandated lead arranger and bookrunner. AFC is an investment-grade multilateral finance institution and a catalyst for private sector-led infrastructure investment across Africa. This new facility, which is AFC's first Asian-denominated loan facility, helps diversify its coalition of international investors.

MOUs between Banks

TICAD 7 also spurred continued cooperation between Japanese and African banks. MUFG Bank signed a

Memorandum of Understanding with the African Export-Import Bank (Afreximbank), providing a framework for increased cooperation between the two banks through the joint financing of projects, sovereign financing and increased trade finance capabilities.

The Japan Bank for International Cooperation ("JBIC") signed a Memorandum of Understanding with the Development Bank of Southern Africa ("DBSA") for business promotion between Japan and African countries. The Memorandum of Understanding fosters the exchange of information between JBIC and DBSA concerning political and business climates, as well as potential projects.

Investment in the Automotive Industry

Japan's automotive section has also been active in Africa. At this year's conference, Toyota Tsusho Corporation signed an agreement with Côte d'Ivoire for the construction of a vehicle assembly plant in the West African country. The process for establishing the facility is expected to commence before the end of the year.

This development is part of a wider push by Japan's automobile manufacturers to boost investment and capture growing demand in Africa. Toyota has operations across the continent, Honda opened a plant in Nigeria in 2015, and Nissan plans to open assembly plants in Ghana and Algeria.

At a time when African countries are experiencing remarkable economic growth and attracting record international investment, Japan has renewed its commitment to Africa. The initiatives announced at TICAD 7 will facilitate collaboration between banks, government bodies, sponsors, and private companies, boosting long-term and sustainable Japanese investment and trade across the African continent.

Hughes Hubbard's long experience in Africa and Japan makes the firm an ideal partner during this period of rapid growth. For more information, please contact [Sena Agbayissah](#), [Paul Marston](#) or [Seth Rothman](#).

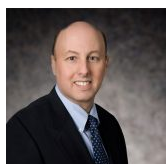
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