

Industrialisation in Africa and Donor's Functions as Facilitator

Matsuo WATANABE
Visiting Senior Advisor
Japan International Cooperation Agency

Contents

- Key principles of industrial strategy
- A JICA assistance in Zambia
- Donor's role in industrial policy

Industrial Strategy: Keys

More than labour intensive manufacturing – services and agriculture also considered

Clear and objective criteria to discover the industries through trial-and-error process

Maintain transparency in the process

Establish a process of P-P dialogue

Support with discipline (punishment and exit strategy) and apply competition

Policy measures can be scaled-up as institutional capacity develops

What are missing for African industrial policy execution?

Role model to emulate

Policy space -- narrow vis-a-vis Asia in 1970-80s

Diverse development strategies (local context)

Institutional capacities to implement 'full-scale'
industrial policy

Significant public-private partnership

JICA assistance in investment promotion in Zambia (as until July 2008)

Objectives

To transfer Asian experience to Africa

To substantialise a country-led trade & investment promotion initiatives (and industrial development) through intensive face-to-face dialogues

To materialise actual investments to Africa rather than just giving advises or recommendations

To address "We know the problem and what to do, but not how to do"

Approach

JICA-sponsored advisor—the former vice president of the Malaysian Industrial Development Authority

Coordination and sharing of vision among three partners of development – political leaders, private sector and civil service

Selected 12 priority sectors based on country's existing and latent potentials – even **the landlocked** **conceived to be an advantage** (sub-regional air cargo hub)

FDIs from Malaysia and India and joint ventures have already takes place: mobile-phone factory, telecom, ICT college and specialised hospital ...

Information management

Ex ante information of client country: **what are needed**

First hand country study (qualitative & quantitative)

Inputs for designing plausible assistance strategy

Information of supply side: **who can supply what**

Comprehensive know-how (on different stages of development process)

Applicable to client country

Matching information: not just matching service

World-wide network

Lessons from past experience (successes & failures)

Donor's function (2)

Consulting

Consulting Aid', like Business consulting service

insight: the way the client country realise FDI-led industrialisation and economic growth

to construct tailor-made strategies and pursue for **measurable** results

to encourage client to develop better insights and further actions by producing continual results

Catalyst and Back-ups

Catalyst to enhance the effect of project
Financial support: infrastructure, industrial estate
Technical support: operational know-how, business forum

Logistics and 'Authority'

JICA with diplomatic resources (with EoJ endorsement)

Contacts with investors

Logistical support by JICA to reduce 'transaction cost' by giving
Authority and credibility

Lobby for investment environment

Play-up at international arena

2nd generation PRSPs: a wish list with no priority, budgetary corroboration, consistency between the purposes and means.

Gaps between:

- (a) the proponents and opponents of the Washington Consensus policies in the failures of market and government
- (b) Asia and Africa in industrialisation performance
- (c) intention and implementation in industrial policy in many African countries
- (d) in donor practices bet/ *'telling what to do'* and *'working with clients to show how to do'* .

Mere removal of market distortions do **not** bring substantial, tangible industrial development by its own

Why did past industrial policy initiatives in developing countries fail if the donor functions would have not needed?

agriculture
cotton
mineral extraction
health and medical service
ICT
tourism
education (higher & specialised)
air and land transport hub
economic zone
SME
streamline administrative procedures
finance

Points

- Landlocked No labour intensive manufacturing
- Quick result smaller-scale FDI
- Knowledge-intensive, regional center of excellence education (BA, Master) /medical (for tests/treatments, e.g. magnetic resonance imaging (MRI), angiograms, angioplasty)
- Existing potential geographic spare capacity of Lusaka airport

16. Initial Achievements

olicies, laws, regulations, government services

**12 sector analyses and policy proposals have been duly filed by
Zambian themselves, o/w 8 approved and implemented.**

**The progresses are monitored by the respective ministries and
reported to the President every month.**

Information for investors has been publicised

**GoZ put out a project bulletin and profiles of Zambian companies
and disseminated to investors.**

**With these, GoZ dispatched investment promotion missions to
Malaysia (2006) and India (2007 & 2008)**

**Business forums for Asian investors in Zambia. These efforts
materialized as the actual investment projects.**

Public administration system is being consolidated.

**GoZ is working to establish an E-governance system, a
governmental Clients Charter and Integrated Approval Systems**

...e. Relevance of Asian Experience,
... magic formula, but...

Commonality: top-down style political process and British public administration system.

Effort to unite the people and national vision with a long term planning. Vision 2020 Vision 2030

Development path: formerly a resource depended economy to transform to leading exporters of electronic products by FDI-led industrialization

Peer counseling: Sharing the colonial legacy and has achieved a remarkable success in a game where the rules was set by others.

Well-versed in various operations: comprehensive and practical know-how relevant to the economies at the earlier stage of development today