

# Towards Quality Growth in Africa

## From the Experiences of Policy Learning and Industrial Policy Dialogue with Ethiopia

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August 29, 2019



\* This presentation is based on my personal experiences with JICA/GRIPS industrial policy dialogue with Ethiopia. It does not represent JICA's official views.

# Policy Learning and Translative Adaptation



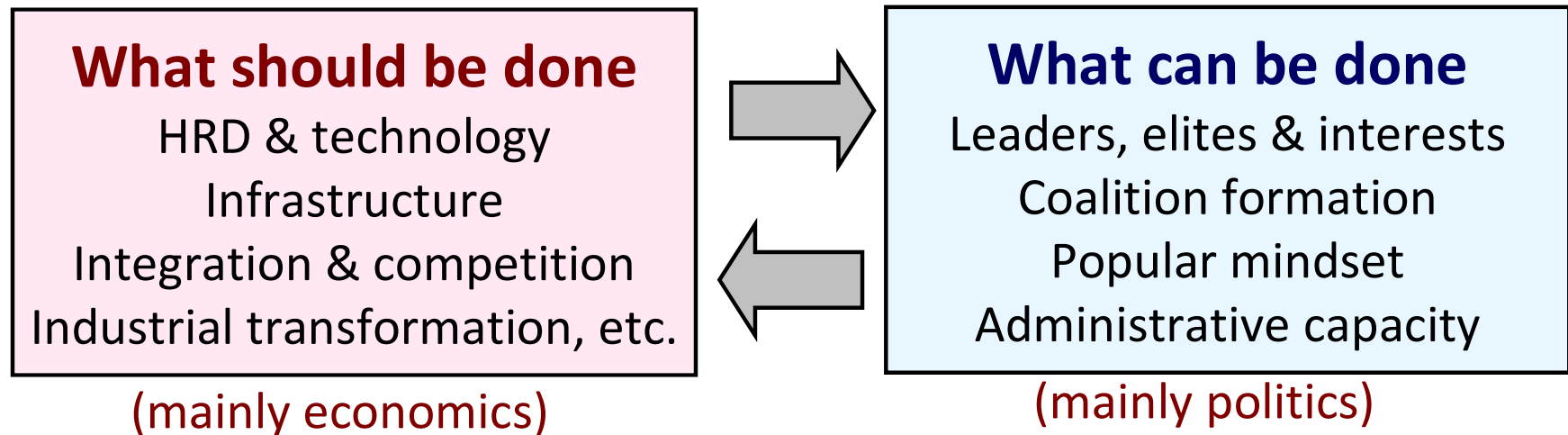
- What separates developed from developing countries is not just a gap in resources, but a gap in knowledge.
- Development entails learning how to learn.
- A critical aspect of “learning” is that it takes place locally and must adapt to local differences in culture and economic practice. Thus, “learning” prescriptions that work in some environments will not work in others.
- The Washington Consensus policies, derived from an excessive reliance on the neoclassical model, paid no attention to learning.
- It is important that developing countries have their own innovation policies and an industrial policy which promotes indigenous learning.

J. Stiglitz and Bruce Greenwald (2014)  
*Creating a Learning Society: A New Approach  
to Growth, Development and Social Progress*

# Policy Desirability vs. Feasibility

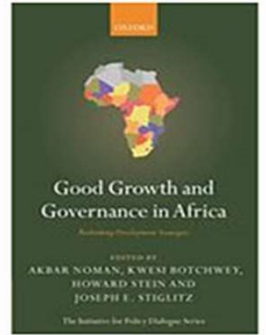
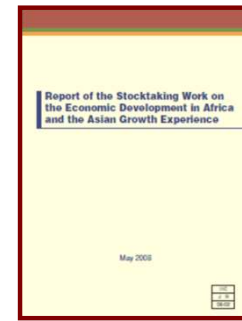
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Development is both a political process and an economic process.



- Each country is unique in what needs to be done (economics) as well as what can be done (politics and administrative capacity).
- Any serious policy maker must work on both aspects.

# Incorporating East Asian Perspectives



- As follow-up to TICAD 4, IPD and JICA co-hosted Africa Task Force in Addis Ababa (July 2008).
- Ethiopian late PM Meles Zenawi attended the entire sessions (2 days), eager to learn from Prof. Stiglitz & other experts.
- Immediately after this conference, PM Meles requested for Japanese industrial cooperation, based on East Asian perspectives.

## **Our Message** (Ch.7: Ohno & Ohno, 2012)

- No standard "East Asian model" exists
  - It should be a *methodology* (in a broad sense) to design and implement policies unique to each country
    - Continuous policy dialogue for joint strategy formulation
    - Goal orientation with concrete thinking, building on your strengths
- ***Dynamic capacity development***  
Step-by-step learning through concrete, hands-on-experience—clear goals, focused effort, trials and errors, cumulative sense of achievement



At the Prime Minister's Office

Ministerial High Level Forum (held twice yearly)



PM Hailemariam



Dr. Arkebe, PM advisor



New PM Abiy Ahmed

# Main Features of Ethiopia-Japan Industrial Policy Dialogue

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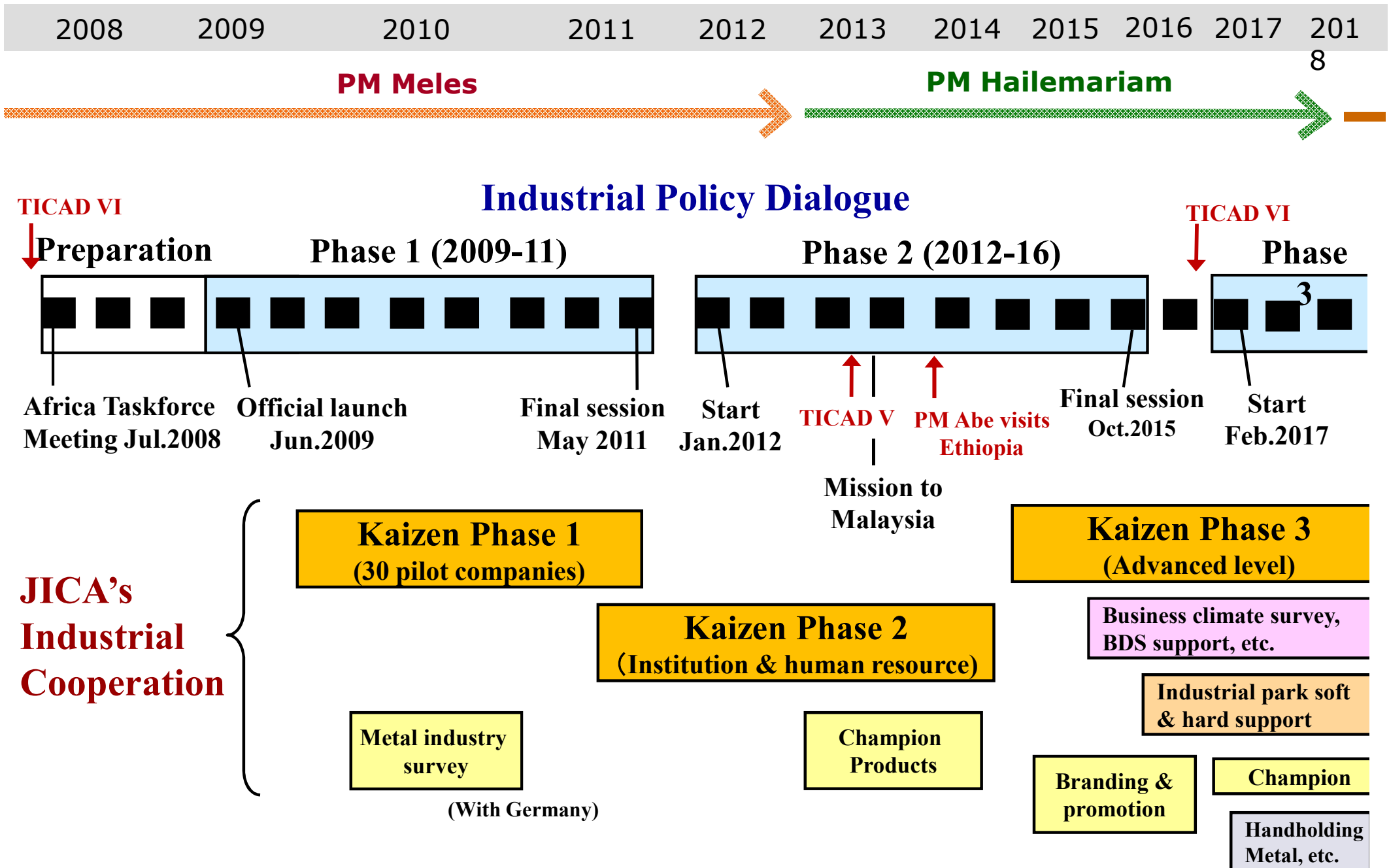
**Phase I (2008-2011)**—Initial mutual learning about East Asia and Ethiopia's policy orientation; kaizen cooperation started; advice on next five-year plan.

**Phase II (2012-2015)**—Champion export products, one-stop investor service, SME handholding support, industrial park management, etc. Many of our suggestions, such as Light Manufacturing Vision, kaizen targets, and quality, productivity & competitiveness, were adopted in the new five-year plan.

**Phase III (from 2017)**—Productivity research, mindset issue, intensive dialogue to invite Japanese FDI (automobile, apparel, etc.)

Besides these, 16 policy missions were dispatched to Asia and Africa on various policy issues. A large mission to Malaysia in 2013 led to significant revisions of FDI policy and organization.

# Ethiopia-Japan Policy Dialogue & Industrial Cooperation



Note: Black boxes indicate three-level policy dialogue in Addis Ababa (PM, ministers, operational level).

# How Can Early Achievers Teach Industrialization to Latecomers?

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## **Proactive industrial policy**

- Suitable to the GVC era, mindful of promoting markets & international/regional integration; attracting “Quality FDI.”

## **Policy learning**

- International best policy practices (and failures) must be collected and compared systematically.
- Using them as references and building blocks, government must acquire general capability to create a policy most suitable for a particular country, time and sector.

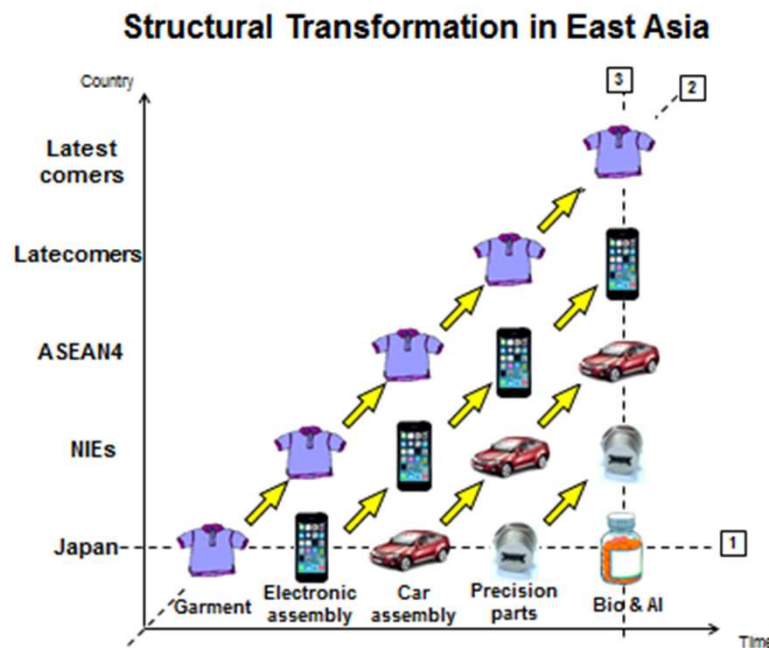
## **Policy dialogue**

- Candid, concrete and pragmatic discussion between developing country government and experts & officials from advanced economies, followed by concrete industrial projects to implement what was suggested.
- Japan started policy dialogue in the 1980s (with Argentina). It is now one of Japan’s standard tools for knowledge cooperation.
- Japan’s policy dialogue is different from “policy discussions” by WB or IMF (more practical, open-ended and tailor-made, and less standardized).



# Upgrading the Enterprise and Policy/Regulatory Capabilities of Developing Countries to Maximize Potential Benefits of Their Participation in GVCs.

- Promoting “Quality FDI” to developing countries, which gives due attention to sustainable management of entire value chains (incl. people and companies of the host countries).
- Supporting capacity development of host country govts in upgrading their GVC industrial policy and improving the business environment.



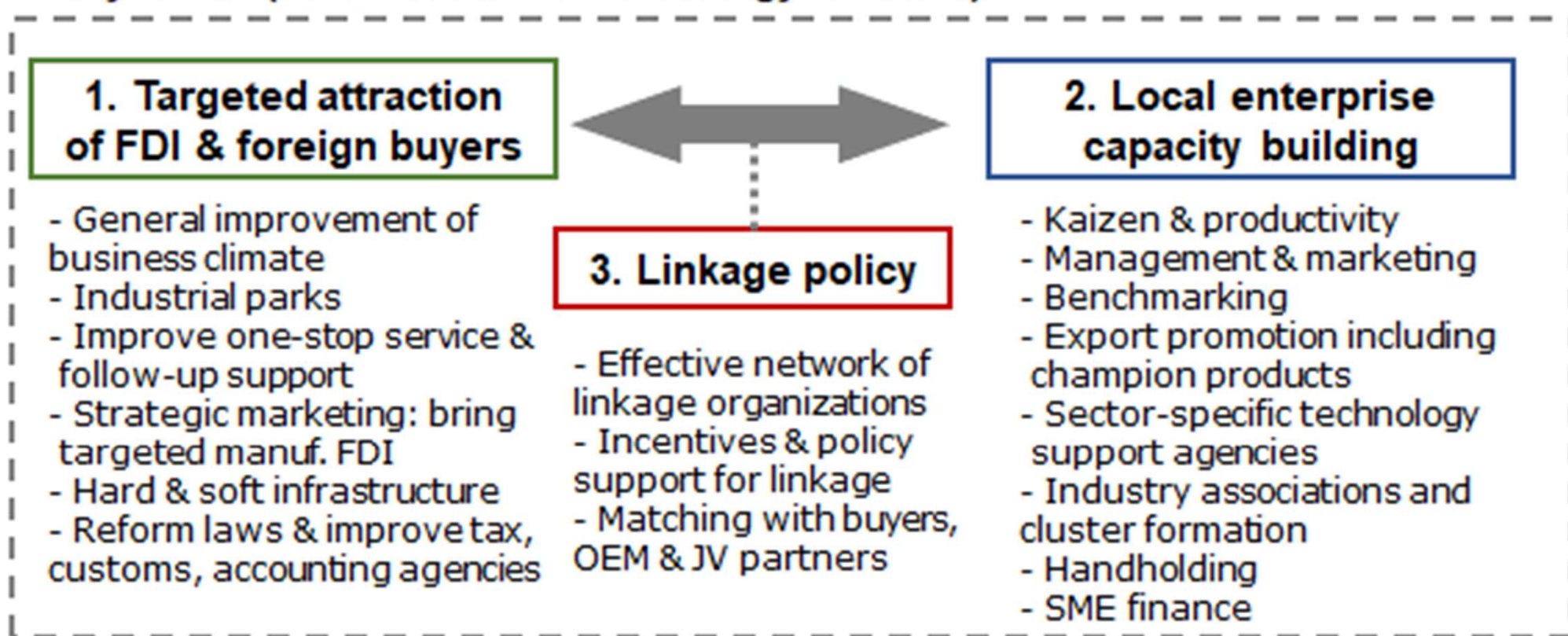
**Are the East Asian Geese Still Flying & Replicable in the Other Regions?**



(Source) Kenichi Ohno: “Catching up in East Asia” PPT  
(How Nations Learn Project), presentation in Addis Ababa, 2018

# Five Core Policy Areas for Latecomer Countries Receiving Manufacturing FDI

## Policy areas (for FDI-linked technology transfer):



## Policy areas (cross-cutting):



# Recommendations for the International Community and TICAD (my personal views)

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- More policy space, by providing policy options (support learning by doing, learning to learn by learning, etc.).
- Policy dialogue approach, based on mutual trust, to promote **indigenous learning**.
- Promoting Quality FDI to facilitate market-led learning.
- TICAD could serve as multi-stakeholder **“Quality Growth” Forum** for African leaders with strong political commitment by:
  - Engaging and inspiring leaders (peer learning)
  - Sharing practical knowledge, promoting learning from good performers
  - Deepening partnerships among interested parties for practical actions (both govt. and private sector)