Dynamic Capacity Development:

What Africa Can Learn from Industrial Policy Formulation in East Asia

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Abstract

The essence of East Asian development experience should be sought in the methodology of policy formulation rather than individual policy measures whose applicability differs greatly across countries. East Asia approaches development as a joint process of political and economic factors where leadership and nationalism matter as much as technicalities. Policy formulation in East Asia is characterized by real-sector pragmatism, goal orientation, and aspiration for building the country's unique strength rather than removing general negatives. The problem of weak policy capability is overcome through focused hands-on endeavor to achieve concrete objectives, which we call *dynamic capacity development*, rather than trying to improve governance scores generally vis-à-vis the global standard. These features are sharply distinct from the dominant development thinking of Western donors which emphasize good governance and an early adoption of policies and institutions that copy international best practices. Examples of dynamic capacity development are presented, and four entry points for bringing this methodology to Africa are suggested.

Key words: East Asia, Africa, industrialization, development policy, capacity development, ODA

1. Introduction

Transferability of East Asian experience to Sub-Saharan Africa is a popular topic in development economics, but investigation into this matter needs to go deep to be useful for policy makers. An ad hoc introduction of what an East Asian country did in the past, without analyzing its social context or transferability to other societies, is hardly informative. Similarly, general refutation that Africa is different from East Asia and thus cannot adopt what the latter did is not very constructive.

Diversity of ecology, history, and social and economic structure is common to any region including East Asia and Sub-Saharan Africa. In view of this intra-regional diversity, it is futile to come up with one or a few concrete policy lessons from East Asia or to offer one or a few concrete policy recommendations to all economies in Sub-Saharan Africa. The lessons from East Asia should not take the form of a small number of generally applicable policy packages. At the minimum, various policy experiences in East Asia should be construed as raw materials from which a development strategy unique to each country is built with selectivity and modification.

However, East Asian experience should not be reduced to mere policy references. If that is the case, references should be sought throughout the world as there is no reason to confine the search to East Asia. What is striking in East Asia is not the similarity of development policies within the region--which does not really exist--but the *methodology* by which individually unique but equally effective policies are designed and implemented. This methodology, in a broad sense, includes not only technicalities of policy making procedure and organization but also the way non-economic factors such as passion, nationalism and the sense of pride and humiliation are strategically mobilized under strong leadership to serve as driving forces of catch-up industrialization. This, more than anything else, is the aspect of East Asian policy formulation that is highly distinct from the mainstream development trends dominated by European donors and international organizations.

This paper aims to extract the methodological essence of East Asian policy formulation in its ideal form for policy practitioners in the rest of the world who is seriously interested in what East Asia did in the past. The next section stresses the diversity of East Asian experiences which include both miracles and disasters as well as “high performing economies” with significantly different speeds of catching up. Section 3 makes a general point that the lack of consideration of interaction between politics and economics has been a major cause of development policy failure. Section 4 presents the key ingredients of industrial policy formulation in East Asia with some examples of such policy making from the past and present. Finally, section 5 addresses the question of how Japan, a donor with rich experience in assisting East Asian countries into graduation from aid, can make a meaningful contribution to African development. Four entry points are suggested.

2. Diversity of East Asian experiences

East Asia is a region that draws awe and admiration from other developing regions. The region works as if it were a big factory with individual economies competing to become more effective machines in it. One by one, countries in different stages of development initiate economic growth by participating in the production network spanned by private firms. Linked by trade and investment, an international division of labor with clear order and structure has emerged. Industrialization has proceeded through geographic spreading on the one hand and structural deepening within each country on the other. The term *flying geese* refers to these systematic supply-side developments. In this sense, the very existence of the East Asian region provides an arena for economic interaction among its members. There is no other developing region that has established such an organic intra-regional dynamism as East Asia (Ohno 2008a).

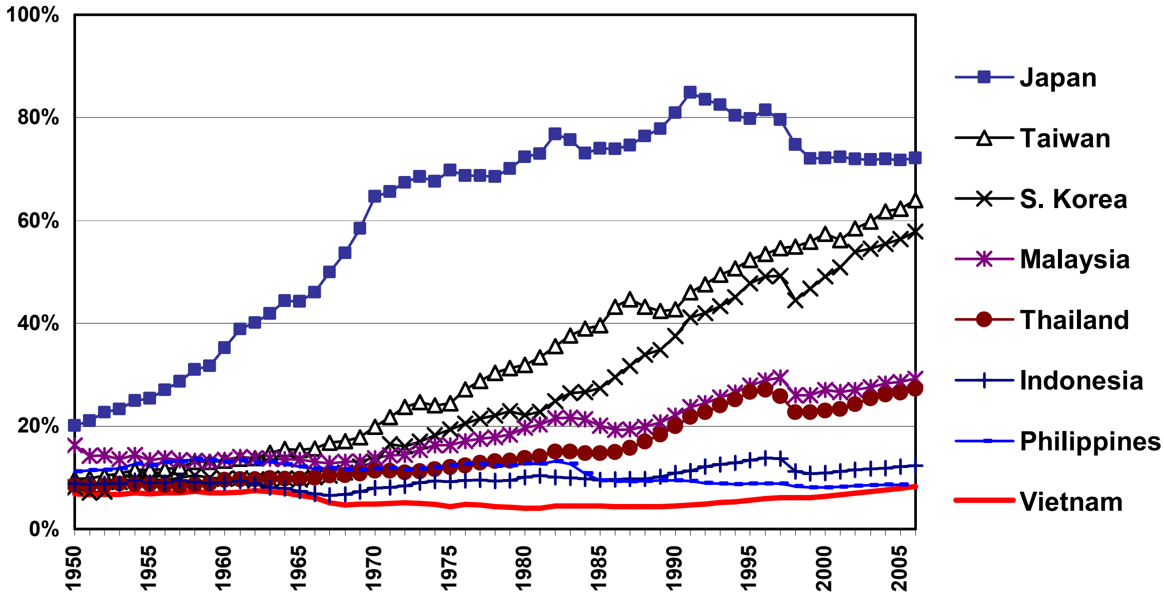
Despite its success *on average*, the most striking feature of East Asia is diversity. It has been noted earlier that each region is diverse. East Asia is a region that exhibits greater diversity than Sub-Saharan Africa, Latin America, Middle East, South Asia or Central Asia in terms of country size, per capita income, economic structure, religion, and political regime. It contains societies boasting the world's highest income and advanced democracy as well as the world's most oppressive regimes with horrendous economic mismanagement. The population size also ranges from giant China (over 1.3 billion) to tiny Brunei (0.4 million). All the three major religions of the world are strongly represented in the region. Because of this diversity, the *average* picture of East Asia is highly misleading.

In this regard, the fact that not all East Asian countries are the paragon of high economic performance deserves special mention. The region contains both economic miracles and disasters. There are both participants and non-participants in the East Asian production network. When researchers extract lessons from East Asia, they almost invariably look at experiences in a subset of economies with relatively good performance. The winners' bias is quite understandable because success is far more interesting to analyze and report than failure. But meaningful research can also be conducted by explaining the gap between the winners and the losers in East Asia and their causes.

Even among the so-called "high performing economies" of East Asia (World Bank 1993), degrees of success vary considerably. In this regard, there should be a clear distinction among high achievers such as Taiwan and South Korea, middle achievers such as Malaysia and Thailand, and low achievers such as Indonesia and the Philippines. The first group is far ahead of the second or the third in terms of income and industrial capability. Figure 1 shows per capita real income of selected East Asian economies relative to the United States level. Until the mid 1960s, these economies (except Japan) showed no clear sign of catching up. However, Taiwan and Korea, which started from equally low levels, took off in the late 1960s and have improved income dramatically. In comparison, the catching up of Malaysia and Thailand looks less impressive, and Indonesia and the Philippines failed to improve their positions vis-à-vis the United States. Divergent performance comes from different speeds of catching up rather than delayed starts (except Vietnam where wars and socialist planning prevented economic take-off until the early 1990s). ASEAN4 are taking much longer to reach the industrial capability that Taiwan and Korea had achieved in the 1980s and 90s. The image of flying geese in perfect formation with all birds flying at the same speed is not quite right. In addition, there are economies which are not even on our radar screen—those that continue to struggle at the bottom of income ladders such as Cambodia, Laos, Myanmar, North Korea and East Timor.

Figure 1. Different Speeds of Catching Up

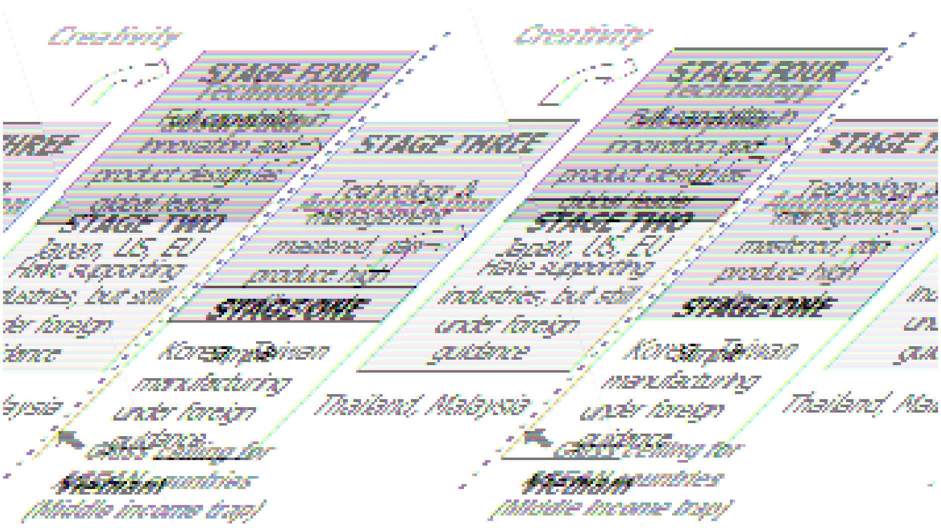
(Percent of US real income)



Sources: Angus Maddison, *The World Economy: A Millennium Perspective*, OECD Development Centre, 2001; the Central Bank of the Republic of China; and IMF *International Financial Statistics* (for updating 1998-2006).
Note: Per capita real income relative to the United States as measured by the 1990 international Geary-Khamis dollars.

Different income performance closely reflects different industrial capability. Income rises greatly only when difficult processes in the value chain are internalized. Figure 2 illustrates four typical steps in climbing the ladders of industrialization in East Asia, according to the degree of industrial capability building of the local private sector. The pre-industrialization stage is characterized by a very low income, limited integration through trade and investment, and heavy reliance on extractive industries, monoculture exports, subsistence agriculture or foreign aid (stage zero). Especially, in today's globalization age, economic take-off starts with the arrival of a sufficient mass of manufacturing FDI firms that perform simple assembly or processing of export-oriented light industry products such as garment, footwear, and foodstuff. Electronic products and components can also be assembled in this way. In this early stage, design, technology, production and marketing are all directed by foreigners, key materials and parts are imported, and the country contributes only unskilled labor and industrial land (stage one).

Figure 2. Stages of Catch-up Industrialization



In the following stage, as FDI accumulates and production expands, the domestic supply of parts and components begins to increase. This is realized partly by the inflow of FDI suppliers and partly by the emergence of local suppliers. As this occurs, assembly firms become more competitive and a virtuous circle between assemblers and suppliers sets in. The industry grows quantitatively through the internal supply of physical inputs. Internal value creation rises moderately, but production basically remains under foreign management and guidance (stage two). The next challenge is to internalize skill and knowledge by accumulating industrial human capital. Locals must replace foreigners in all areas of production including management, technology, design, parts and components, factory operation, logistics, quality control, and marketing. As foreign dependence is reduced, internal value rises dramatically (stage three). In the final stage, the country acquires the capability to create new products and lead global market trends (stage four).

However, progress is not guaranteed for all. A large number of countries that receive too little manufacturing FDI stay at stage zero[1]. Even after reaching the first stage, climbing up the ladders becomes increasingly difficult. Another group of countries are stuck in the second stage because they fail to upgrade human capital. It is noteworthy that none of the ASEAN countries, including Thailand and Malaysia, has succeeded in breaking through the invisible "glass ceiling" in manufacturing between the second and the third stage. In Latin America, many countries remain middle income even though they had achieved relatively high income as early as in the 19th century. This phenomenon can be collectively called the *middle income trap*. The shortage in internal capability, especially private sector dynamism and policy formulation capacity, is the cause of this divergent performance.

Another important fact is that policy content and industrial outcome also differed significantly among economies that have reached middle to high stages. With respect to government intervention, Korea and Singapore had very strong states while Hong Kong consistently pursued laissez-faire policy. Taiwan, Malaysia and Thailand stayed in the middle of this scale. The relative importance of FDI as an instrument for industrial catch-up increased over time, along with the acceleration of economic globalization. In mobilizing foreign savings, during the 1950-60s, Japan did not avail itself to FDI or foreign loans, Korea accepted foreign loans but not FDI, whereas from the 1980s on, China and ASEAN4 vigorously courted FDI as the main engine of growth before opening the capital account. With respect to the manufacturing sector, heavy industry promotion was successful in Japan and Korea but not so in Malaysia and Indonesia. Most latecomers specialized in labor-intensive manufacturing industries such as electronics, garment, footwear and food processing, but city economies of Hong Kong and Singapore achieved high income through finance, commerce and other high-value services. It is impossible to extract one development model from such diverse experiences.

The final point about East Asia is that most countries initially had low capabilities just as in the rest of the developing world. Competitiveness was weak in the private sector and governance was wanting in the public sector. In the early 20th century, an official report found that Japanese workers were lazy, unskilled and only half as productive as American workers, and that they never saved and hardly remained in one factory to accumulate skill and experience (Ministry of Agriculture and

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[1] Low-income countries may receive FDI in mining, telecom, power, tourism, or property development. While such projects are lucrative for investors and can generate jobs for the poor and provide basic infrastructure for the nation, these alone cannot put the country on a dynamic path of structural transformation as manufacturing does.

Commerce, 1901). Until 1960, South Korea was considered a basket case with inept and corrupt officials, heavy dependence on US aid for survival, and no prospect for profitable investment in comparison with the resource-rich North (World Bank, 1993; Kim and Leipziger, 1993). In 1959, the World Bank report on Thailand pointed to the severe shortage of trained manpower, managers and administrators as well as the sheer absence of planning in public investment (World Bank, 1959). These are familiar scenes in developing countries, but many East Asian economies have by now overcome these problems. Clearly, capabilities were built in the process of industrialization; they were not prepared *ex ante* as the precondition for growth.

3. Interaction of politics and economics

Development is a political as well as an economic process. It succeeds only when both aspects are fully taken into consideration, especially the complex interaction between the two, and appropriate visions, strategies and action plans are fleshed out and executed. Here, the politics of development refers broadly to *what can be done* under the political landscape of the country as well as the administrative capacity of the government, whereas the economics of development refers to *what should be done* in terms of policy content to move the economy to a higher level given its initial conditions. The one is about the feasibility of development policy and the other is about its desirability.

Not all feasible policies are desirable and not all desirable policies are feasible. To be effective, a policy maker at any level or in any organization must rack his brains for a narrow and delicate set of actions that satisfy both feasibility and desirability. Because all countries are different in both aspects, no one-size-fits-all solution can apply. Since the first best from the viewpoint of economics is often impossible from the viewpoint of politics, compromises must be made and a detour may have to be taken. Policy making is a very complex game, and any advice that looks only at one aspect is easy to formulate but certain to fail. While this general point may be too obvious to anyone, it must be stressed that the lack of consideration of this obvious fact constitutes a major cause of failure in development policy advice.

While the government is directly responsible for designing and implementing development policies, the weight of foreign advice cannot be ignored in latecomer countries. Depending on what they say, foreign advisors from aid organizations or academic institutions can contribute significantly to the country's welfare or bring misery and despair to its people. This is why we emphasize the importance of the methodology by which foreign advisors or donors assist in policy formulation of a developing country. Although there is no need to explicitly state the political and administrative constraints of a developing country, foreign advisors are well advised to take them fully into consideration when they draft any report. Some advisors seem to believe that their job is to find an economically sound solution while implementation is the problem of the host government. But if the advice is meant to be practical rather than academic, the fact is that policy advice not based on (implicit) feasibility analysis can hardly be implemented regardless of whether proposed actions are a few or many, or whether they are globally common or tailor-made to a particular country.

From this perspective, the shortcomings of the traditional IMF conditionalities and World Bank policy matrices are clear enough and need no further elaboration. By now, few economists defend an international organization that imposes a long list of common policies on countries struggling with macroeconomic crisis or popular discontent.

The argument for good governance suffers from the same problem. The advocates of this view regard the inadequacy of governing institutions as the main source of poor policies. They extract desirable attributes of growth-friendly governments from the advanced West and evaluate and rank developing countries by these criteria. For instance, the World Bank's Worldwide Governance Indicators (WGI) consist of six scales: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption. Member countries are given grade points ranging from 0 to 100 on each of these scales. This approach is criticized from various angles including the confusion of causality between growth and governance, the impossibility—and even non-necessity—of attaining good governance in low-income countries, the need for a smaller or different set of institutional targets to start with, and the absence of empirical evidence that good governance is necessary for growth (Grindle, 2004; Khan, 2008; Shimomura, 2005). On the last point, it should be recalled that high performing economies in East Asia generally had poor records in public-sector efficiency, transparency or cleanliness at the beginning or even during their high growth periods. From the viewpoint of interaction of politics and economics, however, the most fundamental shortfall of the good governance drive is the total lack of analysis on the political and administrative feasibility of Western-style governing principles in the socio-political context of the country in question.

Growth diagnostics, which is supposed to overcome the problems associated with the long and universal policy menu of the Washington Consensus, is subject to similar criticism. This research program was proposed by three economists associated with Harvard University (Hausmann, Rodrik and Velasco, 2005) to discover a small number of most binding constraints to growth in each country. It proposes a logic tree (the HRV tree) that instructs researchers to look systematically for such binding constraints and also serves as a checklist—albeit a rather simple one. The HRV tree assumes that boosting private investment is the key to growth, which can be thwarted by either low return or high financing cost. For each case, the inquiry continues by asking the reason why it occurs. The idea that policy advice should be simple and geared to the situation of each country is commendable. This research program has already produced a large number of country growth diagnostics at Harvard University, the World Bank, the Inter-American Development Bank, the Asian Development Bank, and the British Department for International Development. However, it must be pointed out that growth diagnostics writes prescriptions only from the economic side. When political and administrative constraints are added, it is highly doubtful that a small number of economic problems identified to be most binding in a particular country are the correct entry point for reform. Sometimes it is more effective not to tackle the greatest constraint head-on, and instead work on peripheral issues first to gain political support and administrative competence for a bolder action later. There may also be other sophisticated scenarios for improving the chance of success. It must therefore be concluded that the analytical scope of growth diagnostics is too narrow. Policy sequence which works in real world requires far deeper thinking than just following down the HRV tree.

How should we cope with the nexus of politics and economics in development with the understanding that the two are inseparable? One obvious suggestion, at least for academicians, is to conduct inter-disciplinary research. However, the producing a book with economists and political scientists analyzing development independently and without intellectual cross-fertilization hardly helps. Each discipline is deeply entrenched in its methodology which is scarcely mutable. Operationally meaningful results cannot be had simply by inviting them into the same conference room.

The World Bank's *World Development Report* in 1997 proposed a strategy which may be dubbed as *policy-capability matching* (World Bank, 1997)[2]. It acknowledged that some policies, such as selective industrial policy, were inherently more difficult and required far more information and policy skill than others, such as providing universal primary education or a level playing field for all businesses. It argued that countries with already advanced institutions might try difficult policies but those without them should first build institutional capabilities in three areas: (i) effective rules and restraints, (ii) greater competitive pressure, and (iii) increased citizen voice and partnership. The latter group should content themselves with easy policies (or "fundamentals") for now and leave difficult ones for later when their institutions were upgraded. This advice can be useful in preventing

[2] The exact phrase used in the report was the two-part strategy of "matching the state's role to its capability" and "raising state capability by reinvigorating public institutions." The latter included the five "fundamental tasks" of (i) establishing the foundation of law; (ii) nondistortionary policy environment including macroeconomic stability; (iii) social services and infrastructure; (iv) protecting the vulnerable, and (v) protecting the environment (World Bank, 1997, pp.3-4).

developing countries from over-reaching themselves, but it shares the same weakness as the good governance approach. It is based on the belief that institutions and capabilities can be enhanced generally and more or less independently from the particular development path that the country has chosen to tread. But such unfocused effort at capacity development is difficult to rally politically and too broad to implement administratively. There should be an alternative and more concentrated way to strengthen capability that appeals to the political constituencies as well as the hearts of the general public.

What East Asia's successful economies practiced was quite different from any of the above. Starting from an incompetent and often corrupt government, a leader rose to take over power, either legally or illegally, to establish a new government with the sole purpose of achieving rapid economic development to maintain national unity or defend the nation from external threats. Such a leader often launched the political regime of authoritarian developmentalism where he himself became the prime driving force of development. He was backed by a technocrat team to concretize his vision, national ideology that glorified material advancement, unwavering belief in upgrading technology and competitiveness, popular support for rising living standards, and political legitimacy based on industrial results rather than democratic procedure (Ohno, 2008a; Watanabe, 1995). Military-like discipline ruled to largely wipe out corruption and nepotism. In this process, politics and economics were deeply intertwined. Leaders had no illusion that politics and economics could be practiced separately or solved independently from each other. Social scientists have a lot of catching up to do to analyze what these policy practitioners actually did. We do not mean to blindly justify the "authoritarian" rule, which often leads to human rights violation and political oppression. Nevertheless, it is necessary to recognize the fact that in East Asia's successful economies, economic development preceded political development and that their leaders played a decisive role in. pursuing developmental policies in a pragmatic way.[3]

East Asian economies raised policy capability through hands-on efforts to attain concrete goals rather than trying to improve governance generally and aimlessly. Organizations were created or restructured, and officials and advisors were mobilized or re-assigned, to execute specific tasks required by the five-year plan, the master plan for a priority industry, or the blueprint for a new industrial zone. This approach had several advantages such as concentrating limited human and

[3] For a fuller discussion on "authoritarian developmentalism" and "democratic developmentalism," see Ohno 2008a (pp.47-60). It argues that the existence of democracy is not all-or-nothing choice, but a matter of degrees. Since both markets and democracy grow slowly and in steps, low-income developing countries should be able to choose from a broad spectrum of political regimes instead of between full democracy and no democracy.

financial resources on truly needed areas, clear criteria for monitoring and assessing performance, flexible reshuffling of resources in response to initial results or changing circumstances, and the cumulative pride and sense of achievement that emerge as specific targets were realized one by one. We shall call this approach *dynamic capacity development*. The next section will explain it more in detail with some concrete examples.

4. Industrial policy formulation in East Asia

There are three inter-related features of industrial policy formulation in East Asia that are quite distinct from the dominant development thinking. Dynamic capacity development takes place in the process of designing and implementing policies that satisfy these conditions. They are (i) real-sector orientation; (ii) goal orientation under the multiple policy layers of visions, strategies and action plans; and (iii) enhancement of unique strength instead of removing general negatives. These features are explained below.

Real-sector pragmatism

Yanagihara (1992) distinguishes the "framework approach" practiced by Western aid donors and the "ingredients approach" adopted by the Japanese government in its development aid strategy. The framework approach emphasizes the rules of the game according to which the private sector acts and policy makers make decisions while leaving the actual outcome of the game to individual matches and players. In this approach, the functioning of markets, the principle of official intervention, budget and public investment frameworks, empowerment and participation, monitoring mechanisms, administrative efficiency and accountability, and the like, receive great attention. Aid harmonization and general budget support are clearly couched in this tradition. In contrast, the ingredients approach takes deep interest in how individual players are doing in the field and the outcome of each game. It examines the state of technology, factors of production, demand trends, product mixes, industrial structure, marketing and logistic efficiency, and the like, in the concrete context of individual sectors and regions of the country in question. Matching crop species with particular soil or training factory inspectors for *kaizen* and efficient use of equipment are considered to be crucial for successful development[4]. Similarly, the technical specification of roads and bridges to be built, the lot size and administrative supports in an industrial zone, and other details which are normally left to consultants

[4] Kikuchi (2008) reports that the same goal of boosting the competitiveness of Tunisian industries was approached in two different ways. The EU's Industrial Modernization Project aimed to assist acquisition of ISO certification while Japan's Study on the Master Plan for Quality and Productivity Improvement tried to level up the operation of 30 companies in electronic assembly and food processing by dispatching experts with experience in factory management and training the Tunisian trainers. A senior manager of the EU project described this difference as ready-made versus order-made.

and contractors are the proper concern of Japanese aid officials.

Both approaches are indispensable and should be highly complementary since general frameworks need to be filled with concrete contents. Yet, the two approaches are not well integrated in reality. Japan feels uncomfortable with the explosion of new aid rules, tools and meetings set up by European donors while the latter do not look kindly on "selfish" donors who refuse to participate in aid harmonization or do so only unwillingly. Europeans should broaden the scope of aid to embrace more concrete ingredients while the Japanese side needs to effectively communicate what it has been doing and become part of the broader aid framework.

Goal orientation

In high performing economies in East Asia, industrial policy has usually taken a goal-targeting form. The top government leader proclaims a long-term national vision which shows a direction without specifying details. To realize this, appropriate government organizations are created or designated to draft ambitious but feasible strategies and execute concrete action plans. Strategies and action plans may be revised as circumstances change, but the long-term vision remains intact. Working backwards from broad goals to phased strategies and concrete action plans, while making necessary adjustments and accumulating experience and confidence along the way, has been the hallmark of East Asian development planning. This is in sharp contrast to the call for wide-ranging reforms without specific real-sector targets such as those of IMF conditionalities, World Bank policy matrices, good governance drive, and other institutional reform agenda.

Japan in the 1960s had the goal of doubling income within the decade as well as competing effectively with Western multinationals as trade barriers were lifted under the GATT Kennedy Round commitments. The Ministry of International Trade and Industry (MITI) together with the Japan Development Bank coordinated and assisted private efforts in improving productivity. Taiwan in the 1980s launched high-tech industry promotion to replace the heavy industry drive of the 1970s. Priority areas were designated, a science and technology industrial park was created in Hsinchu, FDI marketing was conducted, and measures were introduced to support R&D and financing of eligible companies. More examples are given below.

Enhancing unique strength rather than removing general negatives

Instead of comparing countries across the board to rank them or find faults with individual countries relative to the global norm, the East Asian approach is to identify the future potential (dynamic comparative advantage) unique to each country. Limited resources are poured into this area to realize that potential rather than scattered across many unrelated programs. The development strategy of a land-locked country with rich mineral resources should be entirely different from that of a country with long coastal lines and excellent seaports. A society with nomad population cannot tread the same path as a densely populated agricultural society. Unique potential for each country should be identified, and main policy effort must be directed to removing barriers to attain that potential (Secretariat of the Stocktaking Work, 2008).

As noted in section 2, domestic capability of a latecomer country is initially very weak. Corruption and rent seeking are rampant. However, Khan (2008) contends that it is not only difficult but even *undesirable* to eradicate these "evils" in an economy where market-enhancing rules and institutions are severely underdeveloped. In such an economy, commerce, production, and investment are carried out with the help of these non-market activities and their sudden removal (by strict policing and punishment, for example) would bring the economy to a halt. According to Khan, what is required is to design policies and incentives so that these non-market activities are channeled towards learning, productive investment, and political and social stability. Khan calls this capability *growth-enhancing governance*.

Foreign investors do not expect a latecomer country to become an investors' paradise overnight. They know that inefficiencies and irregularities are part and parcel of a developing country. What they really need is a few specific guarantees that are crucial to their investments and not an overall reform. Masaki Miyaji, a JICA expert with extensive business experience in Africa, asks each African country to declare its "charm point," an (untapped) advantage unique to that country that would attract investors. Then the government should defend that advantage by all means to realize the promised returns. After all, there is no need for a country to improve on all fronts before launching a growth strategy.

When a country clearly understands its real-sector potential and is equipped with a policy system of vision, strategies and action plans to attain it, it is not difficult to know where to start building capability. Action plans must be implemented, and specific problems arising in this process must be solved as a matter of highest priority. Weak coordination among concerned ministries, gaps in budgeting and execution, delays in land procurement and resettlement, training of officers in charge, and devising incentives to curb brain drain are some of the issues that may be encountered. Capacity is created where it is needed through solving such problems one by one, rather than by a general campaign to eradicate corruption or promote administrative efficiency. Dynamic capacity development is a natural consequence of the East Asian policy making characterized by real-sector pragmatism, goal orientation and the pursuit of unique strength.

More Examples

Generally speaking, East Asian countries are good practitioners of development but they are not very good at explaining their achievements or articulating their differences from the Western way. There are numerous development policies worthy of study in the region, but few are known to the rest of the world. Four stories from Japan, China, Malaysia and Thailand are added below to illustrate how East Asian approaches work in policy formulation and implementation for industrial catch-up. The four stories are individually different yet share the three common features stated above—real sector pragmatism, goal orientation, and focus on country-specific strengths.

Japan in the late 19th century was a backward agricultural country just out of the feudal system. Trade with the West was resumed in 1858 and imports of British cotton products surged. Under the strong competitive pressure from the Western powers, the Meiji government promoted industrialization for *yunyu boatsu* (import substitution). One of the key policy targets was to establish a cotton spinning industry to replace imported cotton yarn with domestic production. State-owned enterprises were set up in the 1870s but they did not succeed economically. The reasons for the failure included the lack of capital, small capacity, use of water power which was constrained by location and operation hours, and the general lack of expertise. The turning point came when private Osaka Spinning Company was established in 1883 by the strong leadership of Eiichi Shibusawa, a super business coordinator and former MOF official[5]. Shibusawa was determined to build a factory that overcame the defects of the previous SOEs. Innovations were made in production scale (10,500 spindles instead of 2,000), the use of steam engines for 24 hour operation, adoption of the Ring spinning machine rather than the traditional Mule, and the use of low-cost Chinese cotton instead of domestic one. Osaka Spinning was a joint stock company subscribed by big merchants and former samurai lords who were personally persuaded by Shibusawa to invest. For working capital, loans from the First National Bank, where Shibusawa was the president, were made available. But what contributed most to Osaka Spinning's performance was the recruitment of Takeo Yamanobe, a young engineer who was persuaded and then financially supported by Shibusawa to study the cotton industry in the United Kingdom. Equipped with the latest technology and pragmatic knowledge, Yamanobe could lead the company into instant success in the first year of operation.

[5] Shibusawa mobilized capital, technology and human resources for setting up companies but never assumed general directorship. He delegated the running of the company to others and went on to establish over 500 companies, numerous economic institutions such as the stock exchange and the chamber of commerce, and non-economic organizations such as hospitals and universities. Unlike Yataro Iwasaki who founded the Mitsubishi group, Shibusawa did not form his own zaibatsu.

This had a powerful demonstration effect. Soon, several spinning factories modeled after Osaka Spinning were established. By the early 20th century, Japan overtook the United Kingdom to become the top textile exporter in the world and the City of Osaka, where many textile mills were located, was called the "Manchester of the Orient." Without Shibusawa's endless passion and meticulous attention on details, this feat could not have been achieved (Ohno, 2006b).

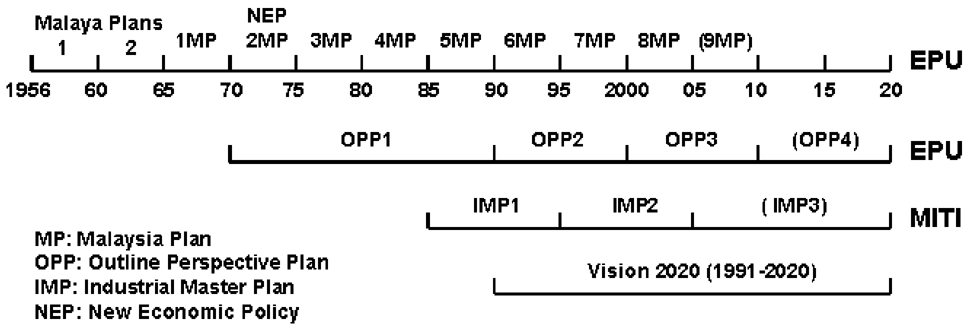
Deng Xiaoping, who held power in China during 1978-1997, was a very pragmatic leader penchant for material progress in sharp contrast to Mao Tsetung who ruled during 1949-1976 with political ideology and radicalism which brought chaos and misery to the Chinese people. This leadership switch completely changed the economic landscape of China. Under Deng, agricultural liberalization and gradual international integration became the two pillars of "reform and opening" policy[6]. His method was to try everything, even capitalist mechanisms and foreign elements, to increase production, then continue if it works and adjust or abandon if it does not. Many of his dictums, such as "It does not matter whether the cat is white [SOEs] or black [FDI or private] as long as it catches mice [increases output]," "My invention is staying away from debates," "Poverty is not socialism," and "Even try the stock market and see," exemplify his unwavering pragmatism. The greatest engine of the Chinese economy introduced by Deng was the attraction of FDI into special economic zones and economic development zones along the eastern and southern coast. FDI flows, initially timid and cautious, turned into a tsunami in the 1990s. The event that precipitated this inflow was a series of pep talk Deng gave in Shanghai and Southern China in early 1992. Strong reaffirmation of "reform and opening" policy by the supreme leader reinvigorated investors' psychology, and China started to grow at double digits ever since. Deng also denied egalitarianism, the hallmark of socialism, and encouraged the pursuit of wealth by those who were able and let all others follow later. This idea was highly effective in removing the stigma of materialism and accelerating growth but also created a huge gap in income and wealth by the early 21st century.

In Malaysia, *Vision 2020*, an aspiration to become a "fully developed country" by 2020 set by former Prime Minister Dr. Mahathir in 1991, remains the overarching goal. The Economic Planning Unit (EPU) of the Department of the Prime Minister directs national effort to concretize this vision under a system of overlapping policy documents and cascading organizations (Figure 3). Dr. Mahathir mentioned nine general challenges without further elaboration. They are national unity, confidence, democracy, moral and ethics, tolerance, science and technology, caring culture, economic justice, and prosperity. To achieve this, Malaysia drafts multiple layers of policy documents such as industrial master plans (Ministry of International Trade and Industry, or MITI), Outline Perspective

[6] Though SOE reform was also attempted, it met with limited success. Township and village enterprises became another source of Chinese dynamism in much of the 1980s and 90s, but they emerged more or less spontaneously and cannot be regarded as the direct outcome of Deng's industrial drive.

Plans (EPU), and Malaysia Plans (i.e., five-year plans, EPU). Under MITI, special agencies such as MIDA (FDI policy), SMIDEC (SME promotion), MATRADE (trade), and MPC (productivity) have been established. Although this policy structure may sound quite complex, the Malaysian government manages it surprisingly well without being bogged down in bureaucracy. In terms of industrial policy framework, Malaysia has reached a level where no significant improvements are possible[7]. If Malaysian industries still fail to emerge strongly, the blame should be on the dearth of local private dynamism rather than the shortage of policy sophistication (Ohno, 2006a).

Figure 3. Malaysia: Overlapping Policy Structure



The entire working of the government of Thailand changed in 2001 when Thaksin Shinawatra came to power. Previously, most Thai governments were weak and uncoordinated. But Prime Minister Thaksin was strong and wanted to run the country as if it were a private company. He determined general directions and ordered related ministries and organizations to work out the details and implement actions. This top-down decision making affected the entire scope of policy making. The role of economic ministries changed from building policies from bottom up to concretizing pre-determined policy orientation. Many officials positively evaluated this change. Previously, Thai ministries did not talk to each other and their policies were often at cross purposes. Under Thaksin, policies became more integrated under his vision, decision making became faster, and dialogue among concerned ministries, domestic and foreign firms, and international partners was activated. Policy directions were also clearer. The Thaksin government wanted to promote industries that had high domestic value-added and created many jobs regardless of the nationality of the firm. Targeted industries included automobiles, agro-industry, fashion goods, high-value services, electronics and ITC, and energy and renewable energy. For the automobile industry, Thaksin declared the vision of Thailand becoming the "Detroit of Asia" while leaving the Ministry of Industry (MOI) to define what it exactly meant. For this purpose, the master plan of the automobile industry 2002-2006

[7] In 2006, a policy research mission from Vietnam asked the representative of the Japan External Trade Organization (JETRO) in Kuala Lumpur to list main constraints for foreign investors in Malaysia. He paused, and replied that he could think of none as far as policies and institutions were concerned.

upheld the following numerical targets: (i) produce 1 million cars per year; (ii) export 40% of the cars; (iii) produce 2 million motorcycles; (iv) export 20% of the motorcycles; (v) export 200 billion baht of high quality parts; and (vi) achieve localization of over 60%. These targets were fulfilled in 2005, one year ahead of schedule, by close cooperation among producers, MOI, and the Thai Automotive Institute, a body set up by the Thaksin government to promote the industry. While Thaksin was ousted for corruption charges in 2006 and the overall effectiveness of his rule remains an open question, his leadership style in industrial promotion has attributes that are well worth investigation (Ohno, 2006a)[8].

5. Entry points for African industrialization

It was argued earlier that policy making in latecomer countries is a complex game due to the interaction of politics and economics. It was also shown that East Asia's successful economies overcame their weak policy capability, by setting clear goals, concretizing implementation plans, and making focused efforts. At least in East Asia, this approach—dynamic capacity development—has proven to be effective in building industrial policy capability, through a joint process of tackling the political and economic factors. The core problem in the reality of developing countries may not be informational but operational. Senior officials are usually well informed about the barriers to growth in their countries. They need to know more than the necessity of investment, productivity and political stability, or a decision tree that helps them discover bad infrastructure, low human capital or the lack of domestic saving. In this regard, the Western framework approach may remain too general to be implemented while it can serve as a useful guide for overall diagnosis.

Then, how can outsiders such as donors and foreign advisors help in this process, by bringing new insights that fit the economic reality, political configuration, and administrative capacity of the country? To give a clue to such a fundamental problem, this section explores the role of Japan in assisting policy capability building for industrial catch-up of Sub-Saharan Africa. More specifically, four suggestions are made so that Japan, a donor with rich experience in assisting East Asian developing countries, may begin to make a meaningful contribution to the development of Sub-Saharan Africa (GRIPS Development Forum, 2008b). All of the four entry points for engagement proposed here are the ones that are commonly practiced in East Asia. But their application to a new region requires care and sufficient lead-time because the East Asian way is unfamiliar there and initial conditions, including the state of intra-regional manufacturing dynamism, are not the same as in East Asia.

[8] Another policy that Thaksin introduced was subsidies and support for the rural poor who had long been neglected by Thai politics. This made him unpopular with urban voters and partly contributed to his downfall.

Align assistance to existing policy vision and strategies

If the country already has a valid vision and strategies for development, donors and foreign advisors should provide support for their realization. The vision and strategies must be clear, mutually consistent, and have the quality of being ambitious yet attainable with concentrated effort among all stakeholders. They must be strongly owned by the country's top leaders and shared by all policy makers. However, latecomers that satisfy these conditions are not very many[9]. Five-year plans, industrial master plans, and vision papers are produced in abundance but few are really operational.

If the vision and strategies are reasonably good, there is no need to start from debating a national vision. Existing strategies may be revised over time but should be accepted in principle. However, even in a country with a well-formulated vision and strategies, implementation is usually weak and conditions that facilitate implementation are missing—including human and financial resources, institutional mechanisms, private-public partnership, and coordination among programs. Thus, enhancing the ability to design and execute concrete action plans becomes crucial.

In East Asia, there is a standard set of policy measures for industrial promotion. Table 1 shows such measures contained in recent support programs of the Japanese government. In light of the fact that both FDI and local firms must play important roles in industrialization, some of these measures assist local firms, others are aimed at inviting a sufficient volume of targeted FDI firms, and still others provide links between the two groups of firms and a business-friendly policy framework for all. Needless to say, careful assessment must be made—jointly with countries—to identify which measures are most in need and how they should be adapted to the reality of individual countries.

Table 1. Japan: Policy Menu for Enhancing Industrial Capability in East Asia

Policy area	Measures
1. Capacity building (for specific firms)	- *Shindanshi* (enterprise evaluation) system - TA for management and technology - Mobilization of current or retired Japanese engineers - Intensive support for limited sectors (e.g., die & mold) - Awards, PR and intense support for excellent local companies
2. Human resource	- Management/technical centers and programs

9 Ethiopia, which has a core vision of Agricultural Development Led Industrialization (ADLI, formulated in 1991) backed by the Ethiopian Industrial Development Strategy (2003), the Rural Development Policies, Strategies and Instruments (2002), PASDEP (five-year plans), and other strategic and sectoral documents, MTEF and annual plans, may be an exception.

(general or institutional)	- Mobilization of current or retired Japanese engineers - Alliance between FDI firms and local universities/centers - *Monozukuri* school (to be upgraded to university) - Meister certification system
3. Finance	- Credit guarantee - SME finance institutions - Two-step loans
4. Incentives	- Exemption or reduction of taxes and custom duties - Grants or loans for specified actions
5. FDI-local linkage	- Database and matching service - FDI-vendor linkage program - Parts Industry Association and Business Study Meetings - Trade fairs and reverse trade fairs - Improving logistics
6. FDI marketing	- Creation of strategic industrial clusters - Industrial parks and rental factories - Efficient logistics and infrastructure - FDI marketing targeted to specific sectors or companies
7. Policy framework	- Supporting industry master plan - SME law - SME ministry - Business associations and industry-specific institutes - Quality standards and testing centers

Note: this table summarizes Japan's assistance measures to East Asian countries contained in the New Aid Plan for ASEAN (late 1980s to early 1990s), the Mizutani Report for Thailand (1999), the Urata Report for Indonesia (2000), and ongoing discussion for strengthening Vietnam's supporting industries (Ohno, 2008b).

In Africa, JICA has recently provided technical cooperation to assist the formulation of a master plan for quality and productivity improvement in Tunisia, where concrete measures were introduced at individual pilot firms in the electronic and electrical industry and the food processing industry (Kikuchi, 2008). This JICA project aimed at strengthening the international competitiveness of Tunisian firms, a key element of the country's existing industrial policies. As such, it is a good example of Japan's concrete assistance in alignment with the country's existing policy vision and strategies. More recently, the Ethiopian government has shown strong interest in this project as an attempt to transfer Japan's factory-level quality and productivity improvement techniques to developing countries and as one of the key instruments to implement the Ethiopian Industrial Development Strategies. Currently, discussions are underway between the governments of Ethiopia and Japan for possible cooperation in the future.

Policy dialogue with a view to future actions

If the country does not yet have a vision and strategies that are good enough, Japan usually prefers to start with a bilateral policy dialogue which leads either immediately or eventually to concrete actions. This may take government-to-government form or private-public partnership depending on the agenda. Each project usually lasts for two to three years, but policy dialogue often continues in multiple phases or overlapping projects with slightly different objectives.

In a country with little knowledge of East Asian policy formulation or a transition country unfamiliar with the market mechanism or global competition, a general research project that assesses the country's current status and introduces relevant international experiences may be initiated (the Okita Project for Argentina, the Ishikawa Project for Vietnam, the Hara Project for Laos, and the Shiraishi and Asanuma Project for Indonesia, and the Odaka Project for Myanmar; the name of the project refers to the professor(s) who led the research group). If the target area for policy action is already identified, the dialogue may take an appropriate style for that purpose such as the business forum for improving investment climate and the producer-government dialogue for drafting an automobile master plan. Table 2 lists past and current action-oriented policy dialogues between Japan and Vietnam. Similar bilateral dialogues are also conducted in other ASEAN countries.

Table 2. Japan-Vietnam Bilateral Policy Dialogue for Industrial Competitiveness

Program	Period	Principal actor(s)	Content
Ishikawa Project (Study on the Economic Development Policy in the Transition toward a Market-oriented Economy in Vietnam)	1995-2001 (3.5 phases)	MPI-JICA	Joint research on macroeconomics, finance, agriculture, industry, integration, currency crisis, SOE reform, private sector development (PSD); based on the principle of country ownership and mutual respect, with emphasis on long-term real sector issues.
New Miyazawa Initiative (Economic Reform Support Loan)	1999-2000	JBIC	Quick disbursing loan (20 billion yen) with conditionalities in PSD, SOE auditing, and tariffication of non-tariff barriers. Action plans in PSD were monitored and evaluated.
Vietnam-Japan Joint Initiative to Improve Business Environment with a View to Strengthen Vietnam's Competitiveness	2003-2009 (3 phases, ongoing)	MPI-4J	Bilateral agreement and implementation of concrete action plans which were monitored and reported to high-level, with focus on removal of FDI/business impediments, strengthening of local capabilities, and drafting of missing industrial strategies.
Joint Work between Vietnam and Japan to Strengthen the Competitiveness of Vietnamese Industries	2004	MPI-4J	Analyses by Vietnamese and Japanese experts as inputs to the drafting of the Five-year Plan 2006-2010, with attention on industrial policy formulation and competitiveness issues of individual industries (automobile, electronics, supporting industries, etc).

Joint drafting of Motorcycle Master Plan under MOI and VJJI2	2006-2007	Joint Working Group (MOI, VDF, producers, experts)	Drafting of master plan following new content and method, with active participation of large motorcycle assemblers and interaction with other stakeholders; VDF serving as facilitator. Master plan approved in August 2007.
Vietnam-Japan Monozukuri Partnership for Supporting Industries	(Under preparation)	(To be decided)	Build strategic partnership for monozukuri (high-skill manufacturing) with Japan transferring its know-how to Vietnam. Action plans for supporting industry promotion to be implemented with joint effort.

Abbreviations: 4J (Japanese Embassy, JICA, JBIC, JETRO), JICA (Japan International Cooperation Agency), JBIC (Japan Bank for International Cooperation), JETRO (Japan External Trade Organization), MPI (Ministry of Planning and Investment), MOI (Ministry of Industry), VJJI2 (Vietnam-Japan Joint Initiative Phase 2), GRIPS (National Graduate Institute for Policy Studies), NEU (National Economics University), VDF (Vietnam Development Forum), PSD (private sector development), SOE (state-owned enterprise).

The Ishikawa Project, formally the "Study on the Economic Development Policy in the Transition toward a Market-Oriented Economy in the Socialist Republic of Vietnam," was the first large-scale bilateral research project for Vietnam after diplomatic relations with the West were restored in the early 1990s. The project was officially agreed by the two governments when the Communist Party General Secretary Do Muoi visited Tokyo in April 1995. Shigeru Ishikawa, professor emeritus of Hitotsubashi University, was appointed by the General Secretary as the leader on the Japanese side. The Ishikawa Project was implemented jointly by Vietnamese and Japanese teams over six years in 3.5 phases as part of JICA technical cooperation. The research examined issues related to the formulation and implementation of Vietnam's long-term development plans and made policy proposals to address them.

An increasing popular format is the one adopted by the Vietnam-Japan Joint Initiative. Several issue areas such as law and regulations, industrial policy, labor issues, etc. are identified and a working team is set up for each. Representatives from relevant ministries are appointed on the Vietnamese side and general directors of Japanese firms operating in Vietnam and industrial experts are appointed on the Japanese side. In each working team, concrete targets are proposed, agreed, implemented, monitored, and followed up if not properly executed. Each phase lasts for two years and the Initiative is currently in its third phase. In each phase, a total of about 40 problems are solved with a high completion rate of 80-90%[10].

[10] In the first phase (2003-2005), 37 out of 44 proposed actions were successfully completed. In the second phase (2006-2007), 43 out of 46 proposed actions were implemented. In the third phase (2008-2010), 37 actions are being proposed. Examples of actions include clarification, revision or abolishment of certain laws and regulations, privatization of the power sector, drafting of master plans for certain industries, and so on.

In Africa, JICA is conducting the “Triangle of Hope” project in Zambia, mobilizing a Malaysian consultant to provide policy advice to improve the investment climate as an example of South-South cooperation. The working format is somewhat similar to the Vietnam-Japan Joint Initiative in that concrete tasks to be completed are reported in matrix form with vivid colors showing the degree of progress made for each task. Based on this work, FDI marketing is underway, targeting Indian and Malaysian firms who might be interested in coming to Zambia. Also, a master plan and a feasibility study for the establishment of Multi-Facility Economic Zones (MFEZ), as a receiver of FDI firms, are being conducted.

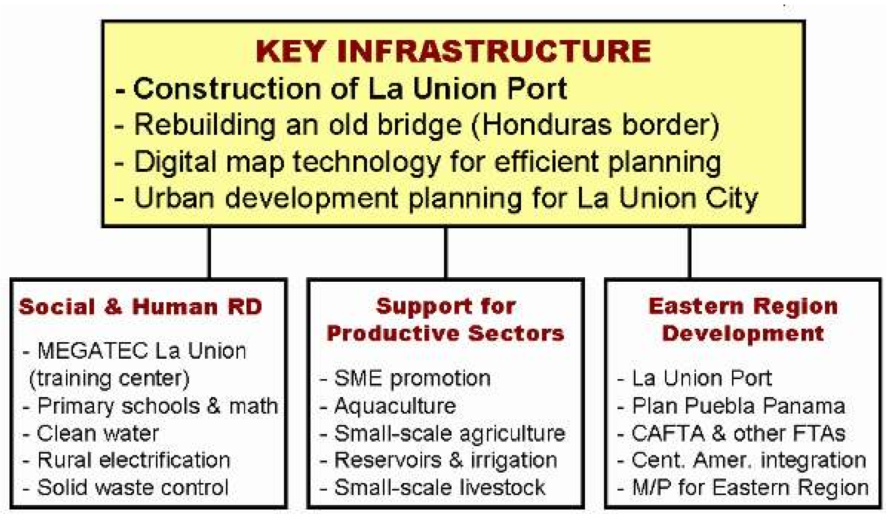
Regional development around a core infrastructure

A large part of Japanese ODA regularly goes to building large-scale infrastructure, especially in the transport and power sectors. When such infrastructure is built, it is customary that supporting programs that take advantage of that infrastructure or complement it are also provided for effectiveness and synergy. This includes the formulation of master plans for regional or industrial development, operation and maintenance programs, human resource development, safety and environment programs, local SME development, the “one village one product” program, and the installation of one-stop border posts.

In East Asia, there are a large number of core infrastructure projects accompanied by satellite programs. Examples include the Eastern Seaboard Development Program in Thailand that created huge industrial zones around a port infrastructure; the development of the Hanoi-Haiphong transport corridor along National Highway No.5 in conjunction with Haiphong Port improvement, FDI attraction, and traffic safety programs in Vietnam; and the development of Sihanoukville Port and power and telecommunication networks combined with the construction of a special economic zone and FDI marketing in Cambodia. At even a larger scale, the development of the Greater Mekong Region encompassing six countries (China, Thailand, Vietnam, Laos, Cambodia, and Myanmar) is promoted under the leadership of Japan and the Asian Development Bank where the East-West and the North-South corridors serve as the core infrastructure.

In El Salvador, Japan supports the development of La Union Port situated in the Eastern Region of this small country. By international standards, the quality of El Salvador’s transport infrastructure--seaports, airports and the road network--is above average and even considered the best in Central America. For this reason, infrastructure was not identified as the “binding constraint” in the growth diagnostics conducted for this country by Hausmann and Rodrik (2005). However, the government of El Salvador hoped to upgrade the existing port to augment the country's position as the regional transport hub. This could also contribute to the development of the Eastern Region which was the poorest region of this country. The Japanese government assisted the drafting of the Master Plan for the Development of the Eastern Region, provided an ODA loan to expand La Union Port as the core infrastructure, and aligned other aid programs to it. For example, an old bridge on the Honduras border was rebuilt, digital map technology was introduced, and the development planning of La Union City was conducted. In addition, Japan provided training for port workers and implemented social sector programs such as education, clean water and rural electrification as well as productive sector programs for SME promotion, aquaculture, agriculture, irrigation and livestock (Figure 4). Although this assistance took place outside East Asia, it had all the features of East Asian policy formulation such as real-sector pragmatism and boosting the country's strength rather than working generally on its weaknesses.

Figure 4. El Salvador: The Japanese Aid Package around La Union Port



In Africa, Japan is interested in a multi-faceted project along the Nacala corridor in Mozambique which will be coupled with industrial development in the Nacala port area—with more programs to follow. The Nacala corridor will become an international corridor when it is extended into Malawi and Zambia, with a possibility of even greater impact on the regional development across national borders.

Providing conditions for concrete foreign investment

Finally, Japanese ODA may be mobilized in conjunction with the planned investment by a large-scale foreign (especially Japanese) firm. In a low-income country, FDI with a large sunk cost (requiring large capital equipment or geological exploration, for example) will not occur unless sufficient infrastructure and friendly policy environment are in place. Moreover, Japanese manufacturing enterprises are by far the most cautious investors in the world and Africa is a destination largely unknown to them. To reduce the cost and uncertainty associated with the proposed investment, the Japanese government may build the necessary infrastructure and engage in a policy dialogue with the host government to improve the business environment surrounding the project. The private decision to invest and the official decision to build infrastructure must be made in tandem and in close consultation to overcome the coordination problem. Without such cooperation, the investment will not happen and the ODA project will be underused. In this way, ODA can catalyze private investment in a new region.

For a long time, the Japanese government has been cautious about using public money to assist only one firm (or a very few firms). However, such stigma is gradually melting away and active support for Japanese firms with concrete investment projects abroad is becoming more acceptable--and even desirable in the name of public-private partnership. Although there is no theoretical reason to exclude non-Japanese firms to participate in this strategy, the core investment is most likely by a Japanese firm for political reasons. In Japan, there are some constituencies that insist that ODA should be used mainly or even exclusively for pursuing (narrow) national interest.

In reality, Japan has often built large-scale infrastructure in developing countries with the implicit understanding that FDI firms will surely come after its completion (or even before). The two examples mentioned above, the Eastern Seaboard Development Program in Thailand and the Hanoi-Haiphong transport corridor along National Highway No.5 in Northern Vietnam, attracted a large number of Japanese manufacturers in the automobile industry in the former and the motorcycle and printer industries in the latter.

In Sub-Saharan Africa, initial large-scale investors from Japan may be in the extractive or energy-intensive sector rather than manufacturing. For this reason, the interest of the host country and the interest of Japan may have to be properly adjusted and aligned. Although ODA may be used to build transportation or power capacity to execute a particular investment for the benefit of a Japanese private firm, the core infrastructure should be accompanied by a range of other programs such as regional development, SME promotion, human resource development in the same way as discussed in the previous subsection. Corporate social responsibility of the investing firm may also be evoked to generate the spillover effect to the host society.

6. Conclusion

The problem of weak policy capability was common in today's successful East Asian countries; but they overcame the problem through focused hands-on endeavor to achieve concrete objectives, which we call dynamic capacity development. This paper analyzed the key ingredients of dynamic capacity development, showing how the East Asian approach works to build policy capability and how it differs from and complements the Western approach. It also discussed how outsiders such as donors and foreign advisors can assist dynamic capacity development of latecomer countries and suggested that Japan make a meaningful contribution to African development by sharing the East Asian way in which Japan itself has practiced through its own development and aid experiences in East Asia.

East Asia approaches development as a joint process of political and economic factors where leadership and nationalism matter as much as technicalities. This approach is characterized by real-sector pragmatism, goal orientation, and aspiration for building the country's unique strength rather than removing general negatives with limited consideration to their feasibility. The East Asian approach is also distinct from the Western approach which emphasizes the functional framework, good governance and an early adoption of policies and institutions that copy international best practices. Thus, the essence of East Asian development experiences should be sought in the methodology of policy formulation rather than individual policy measures whose applicability differs greatly across countries. While East Asia and Sub-Saharan Africa are different, and issues and solutions may differ considerably between the two regions, the methodology of organizing policy dialogue should be valid for both.

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