

*The Quality of Growth in Sub-Saharan Africa: Africa  
and New Global Rules for Trade, Finance and Aid*  
Strategies and effective approaches for  
transformation with quality growth:  
Insights from international cooperation

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Increasingly greater attention is being paid to  
“quality growth” and transformation

- Transforming our world: the 2030 Agenda for Sustainable Development (SDGs)

“We are committed to achieving sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner..... We resolve also to create conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all, taking into account different levels of national development and capacities.”

The main attributes of “quality growth” are inclusiveness, sustainability and resilience according to *Development Cooperation Charter* of Japan (discussed below)

# Quality of Growth in APEC Growth Strategy:

It highlighted 5 attributes of quality of growth (2010):

“APEC aims to achieve

- Balanced,
- Inclusive,
- Sustainable,
- Innovative, and
- Secure growth

World Economic Forum Summer Davos in Asia (2011): **Mastering Quality Growth**

- Sustainability
- Inclusion
- Fairness
- Balance
- Technology and Innovation

See Hosono (2015) “Industrial Transformation and Quality of Growth”

## Fig. 2 Diverse “quality of growth” agenda

Examples of concrete actions to achieve growth with different desired attributes



Source: Prepared by the author, based on APEC Growth Strategy (2010)

Sub-Saharan Africa, Latin America, and Asia expressed their strong interest in **Quality of Growth and Transformation** almost simultaneously in 2012-2014

ACET (2014) *African Transformation Report: Growth with Depth*

UN-ECA (2014) *Making the most of Africa's commodities: Industrializing for growth, jobs and economic transformation*

UN-ECA (2015) *Industrializing through trade*

UN-ECLAC (2012) *Structural Change for Equality: An Integrated Approach to Development*

UN-ECLAC (2014) *International Trade and Inclusive Development*

IDB (2014) *Rethinking Productive Development: Sound Policies and Institutions for Economic Transformation*

ADB (2013) *Asia's Economic Transformation*

ADB (2013) *Framework of Inclusive Growth Indicators (FIGI)*

UN-ESCAP (2013) *Shifting from Quantity to Quality: Growth with Equality, Efficiency, Sustainability and Dynamism*

# In Africa, transformation is emphasized

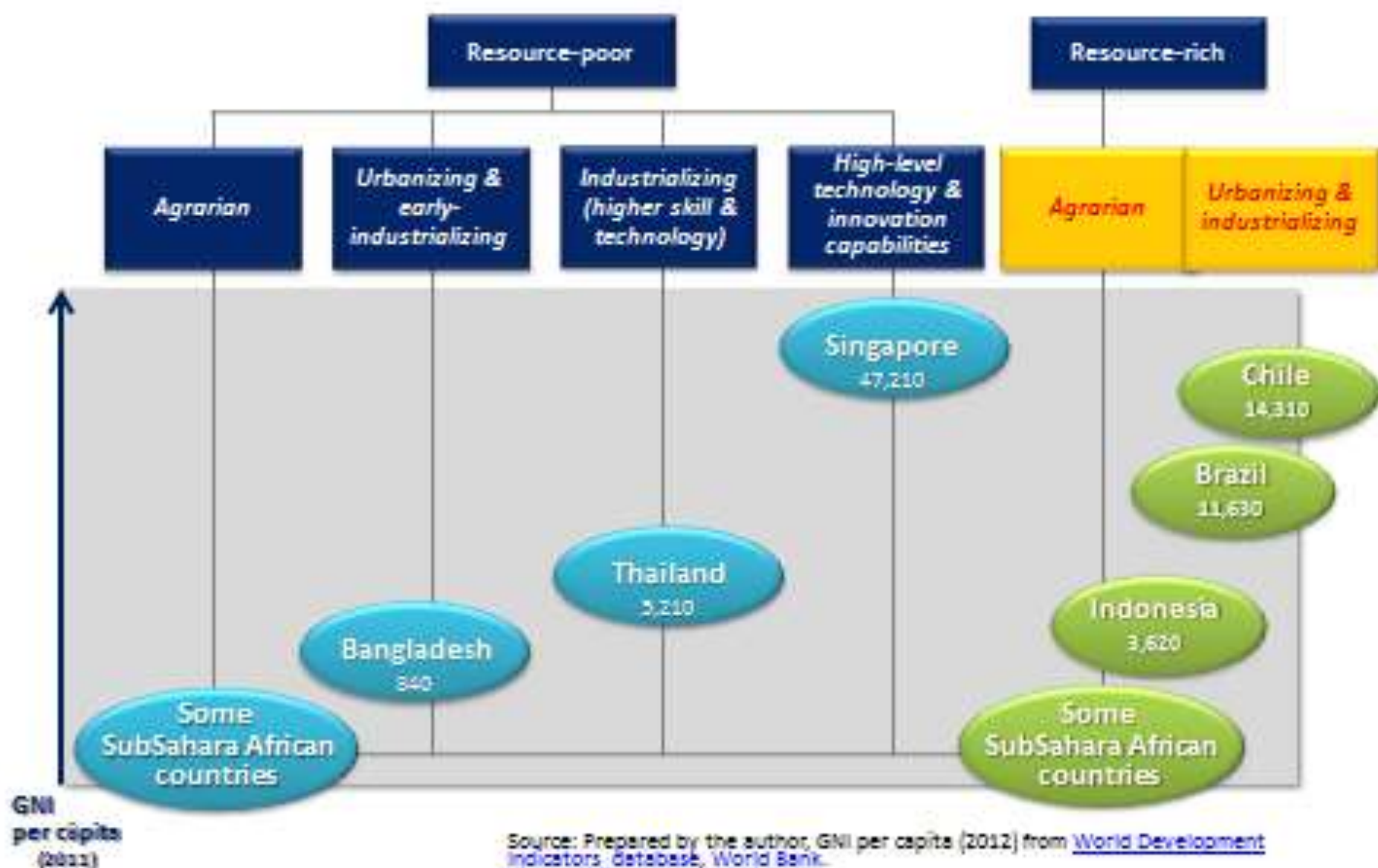
- To ensure that growth is sustainable and continues to improve the lives of the many, countries now **need to vigorously promote economic transformation** (ACET 2014)
- **African countries made little or no progress in transforming their economies**, notably with respect to reversing deindustrialization that began in the 1970s. Related to this **lack of transformation** is the woeful inadequacy of generating “decent” jobs, forcing large proportion of the rapidly expanding labor force into very low productivity agriculture and the informal sector. (Noman and Stiglitz 2015)



For “quality growth”, economic transformation is essential.



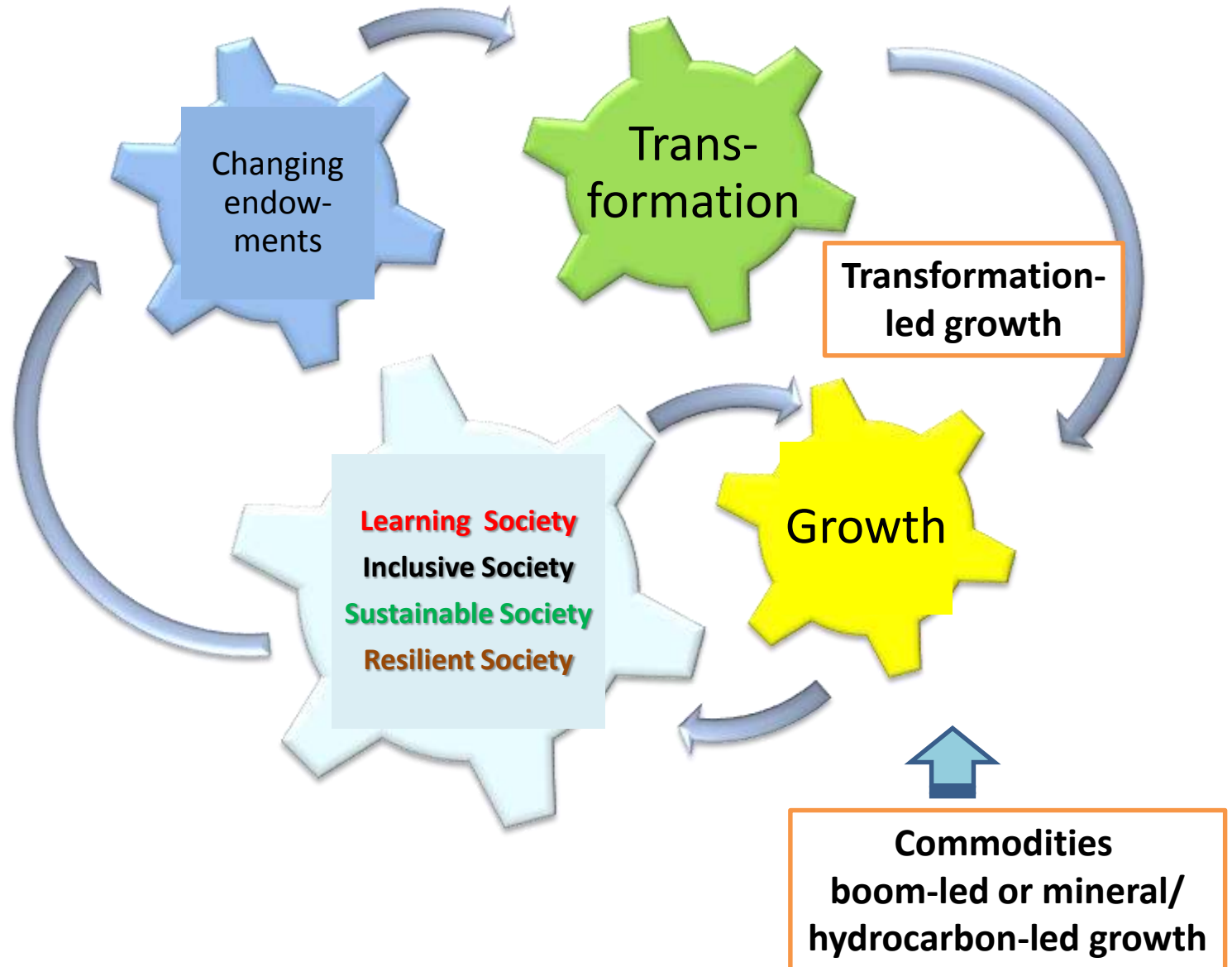
**Fig. 1 Diverse economic transformation agenda**  
(Selected cases)



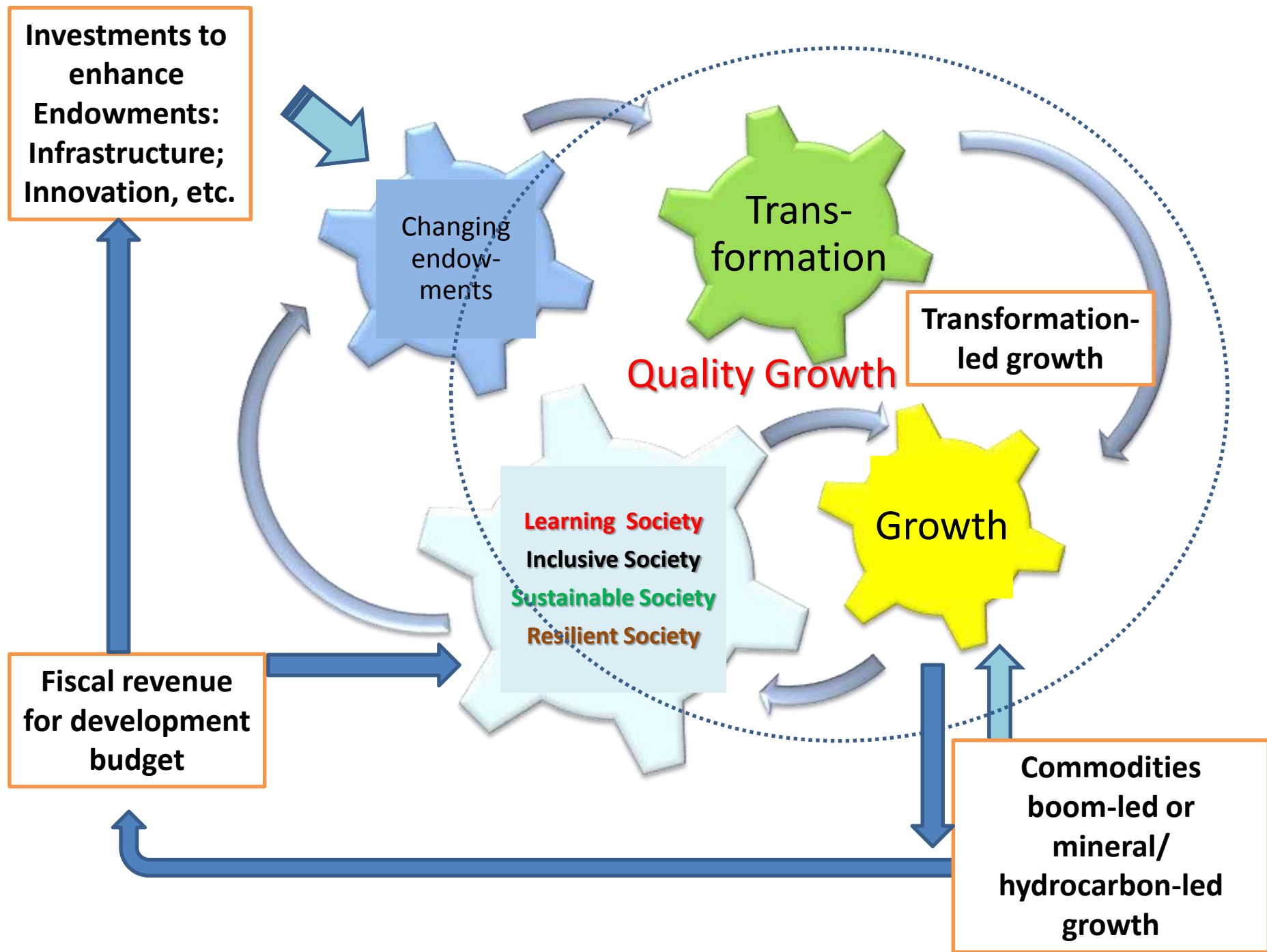


# Preliminary interpretation of relationship between Quality of Growth and Transformation

- Transformation-led growth is essential for quality growth: enhancement of endowments, transformation, (quality) growth, and learning, inclusive, sustainable and resilient society are intrinsically related. (see Figure) “In China, reallocation of labor across sectors contributed 4.1 % points of 7.3 % annual growth in aggregate labor productivity over the past decade (1999-2008). In Vietnam, it accounted 2.6 points out of 4.2. WB WDR 2013)
- Transformation is a driver of growth and related to different attributes of growth.
- Industrial strategy needs to address enhancement of endowments, learning capacity, transformation, and quality of growth

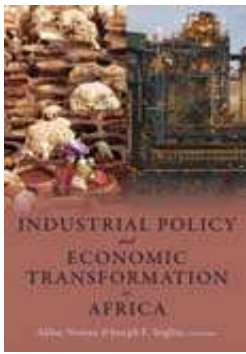


- We need to add cases of resource rich countries:
- Revenues from rich mineral resources or from temporary commodity boom could cause resource curse, if the generated income (revenue) is not used for transformation or for creation and expansion of learning society, inclusive society, sustainable society, and resilient society.

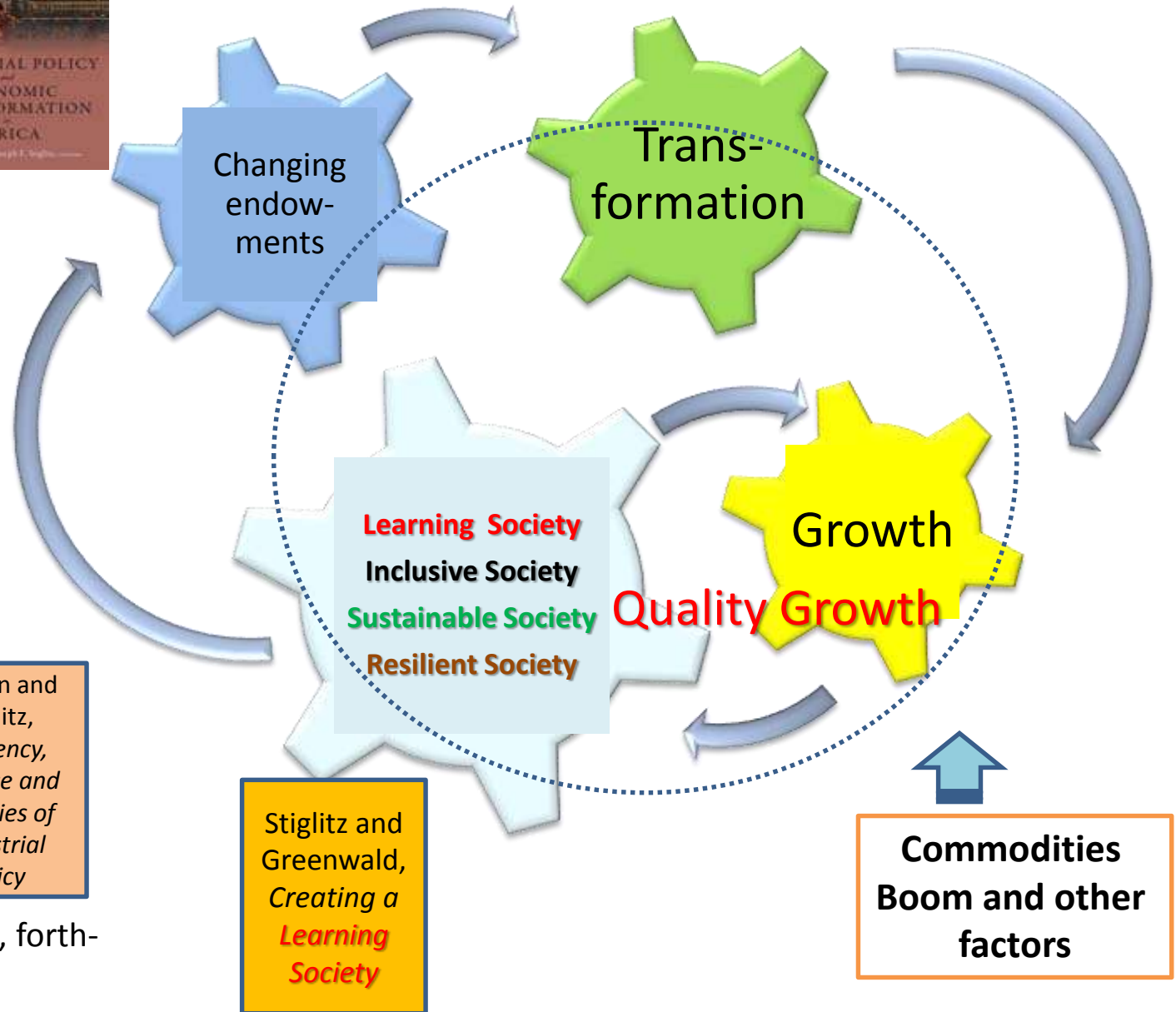


# Recent literature

- Stiglitz and Greenwald, *Creating a **Learning Society***
- Noman and Stiglitz (2015) *Industrial Policy and **Economic Transformation** in Africa*
- Noman and Stiglitz (forthcoming), *Efficiency, Finance and Varieties of Industrial Policy*
- ACET(2014) and UN-ECLAC (2012) have close relationship with Initiative for Policy Dialogue (IPD) studies



IPD Book on  
Transformation  
in Africa, 2015



Noman and  
Stiglitz,  
*Efficiency,  
Finance and  
Varieties of  
Industrial  
Policy*

IPD Book, forth-  
coming

Stiglitz and  
Greenwald,  
*Creating a  
Learning  
Society*

2014

**Commodities  
Boom and other  
factors**

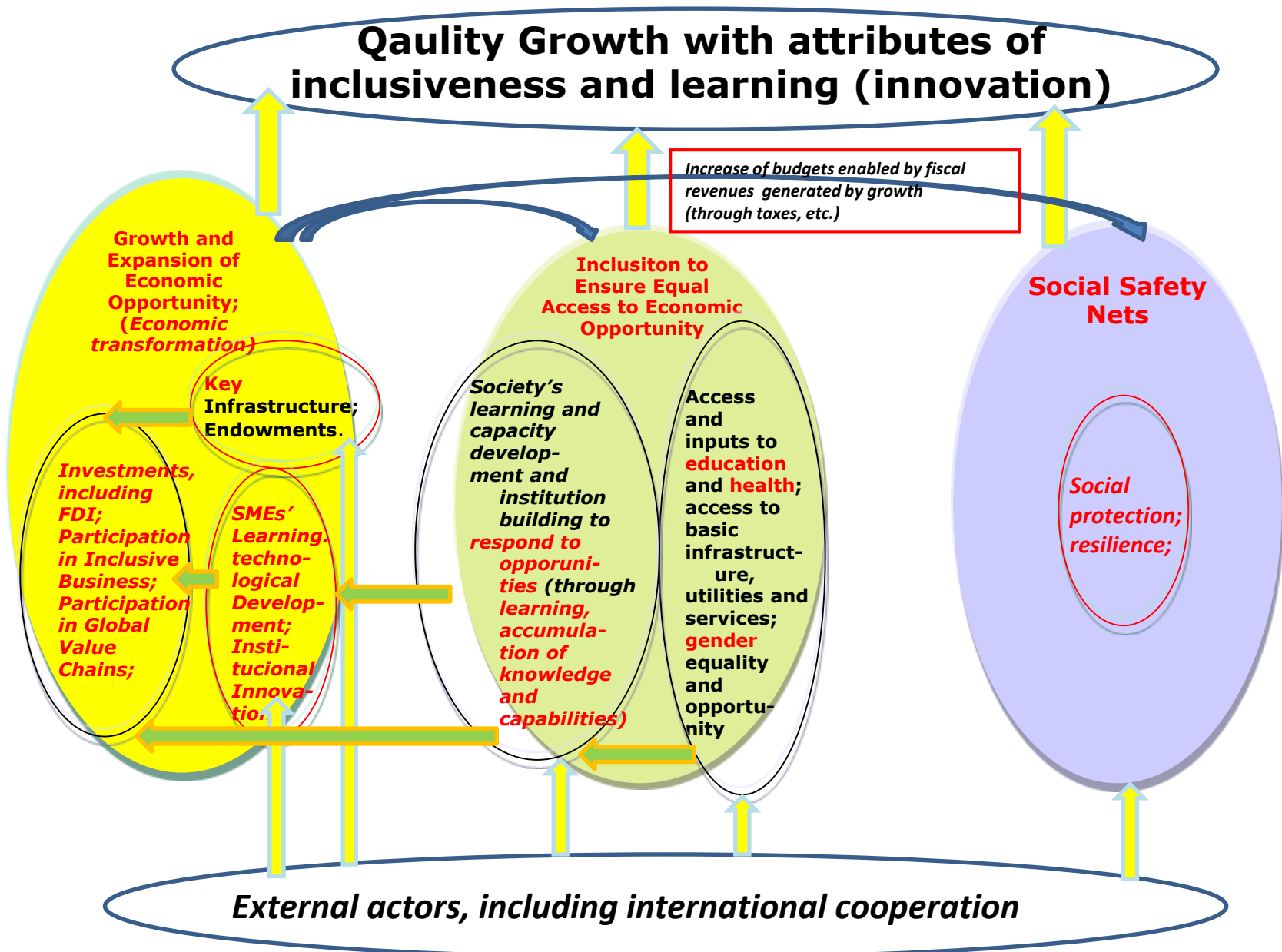
Strategy and effective approaches for transformation and quality of growth to create and strengthen learning society, inclusive society, sustainable society, and resilient society

- *Three Pillars of inclusive growth*
- Growth and Expansion of Economic Opportunity, and *Economic transformation*
- Inclusion to **Ensure Equal Access to Economic Opportunity**
- Social protection and resilience

See ADB (2013) *Framework of Inclusive Growth Indicators (FIGI)* ; Hosono (2015) “Industrial Transformation and Quality of Growth”



# "Opportunity and capacity" synergy for inclusive growth

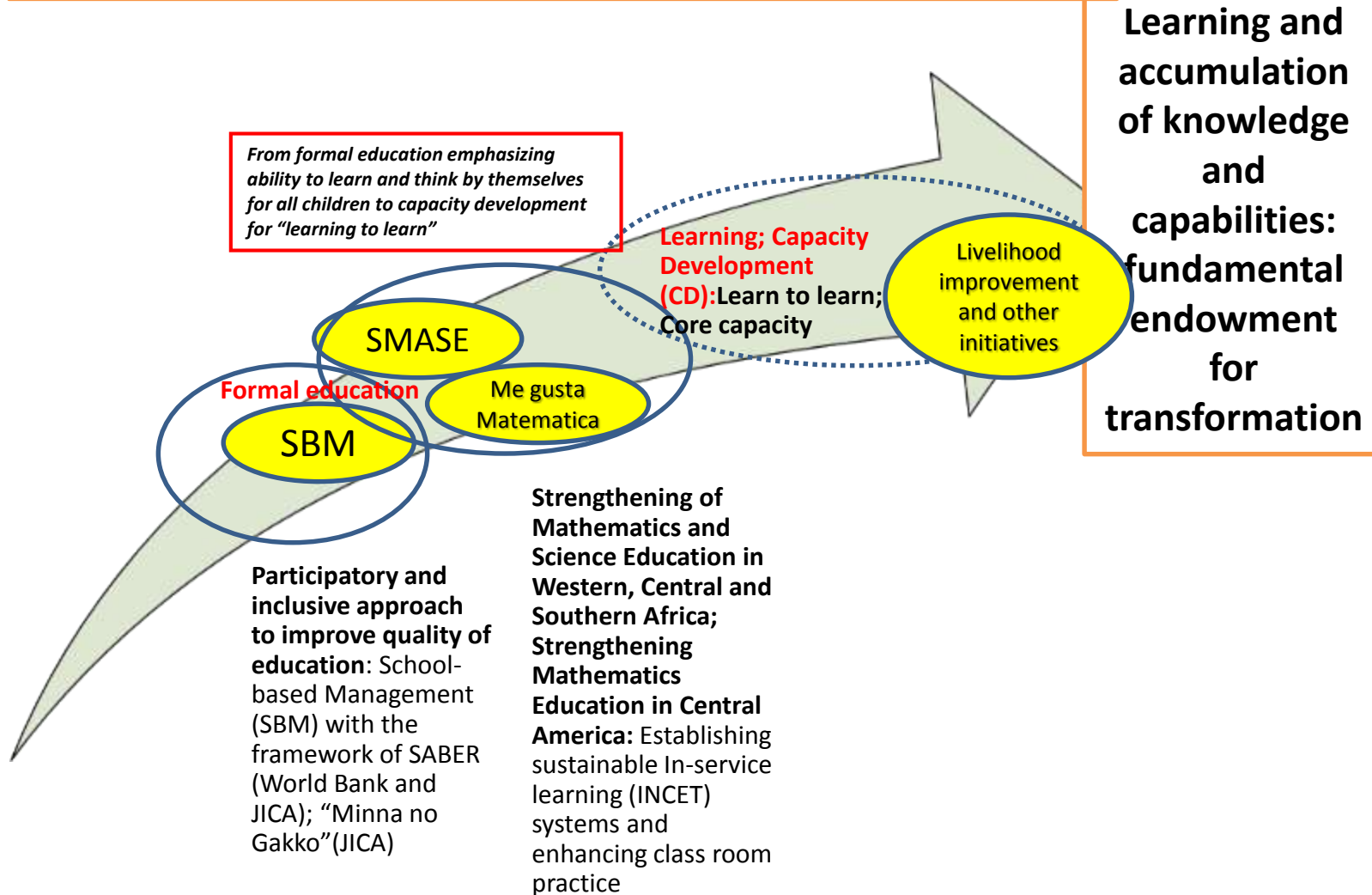


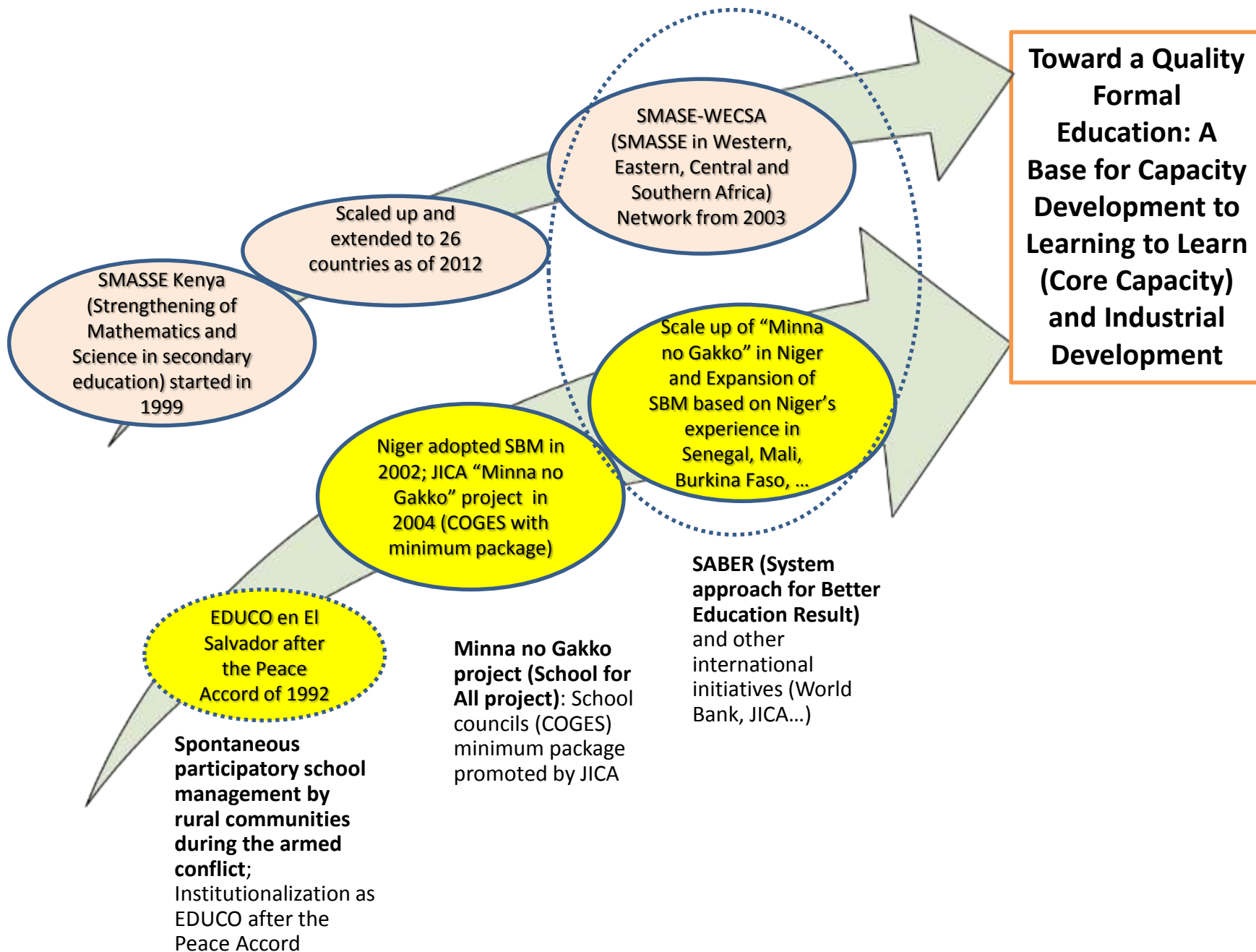
Note: This figure roughly illustrates the relationship between the main components of "inclusive growth." Words in *italic* are added by the author. Source: Author. Based on discussion of Hosono (2014) and ADB (2013: p.4).

# Strategy for transformation with quality growth (1): learning and accumulation of knowledge and capabilities as fundamental endowment (enhancing inclusive and learning society)

- “The most important endowment is a society’s learning **capacities**” (Stiglitz and Greenwald 2014, p.26); policies that promote more **inclusiveness may promote greater learning** (Ibid. p.381)
- JICA emphasizes comprehensive solutions in order to support the development of students’ basic academic **skills and abilities to learn and think by themselves**. (JICA 2016, 4)
- Quality education is essential for capacity of learning to learn.
- Quality education is featured in SDGs: “Goal 4: Ensure **inclusive and equitable quality education** and promote lifelong learning opportunities for all”

**Strategy for transformation and quality growth: learning as a  
fundamental endowment for transformation  
(enhancing inclusive and learning society)**





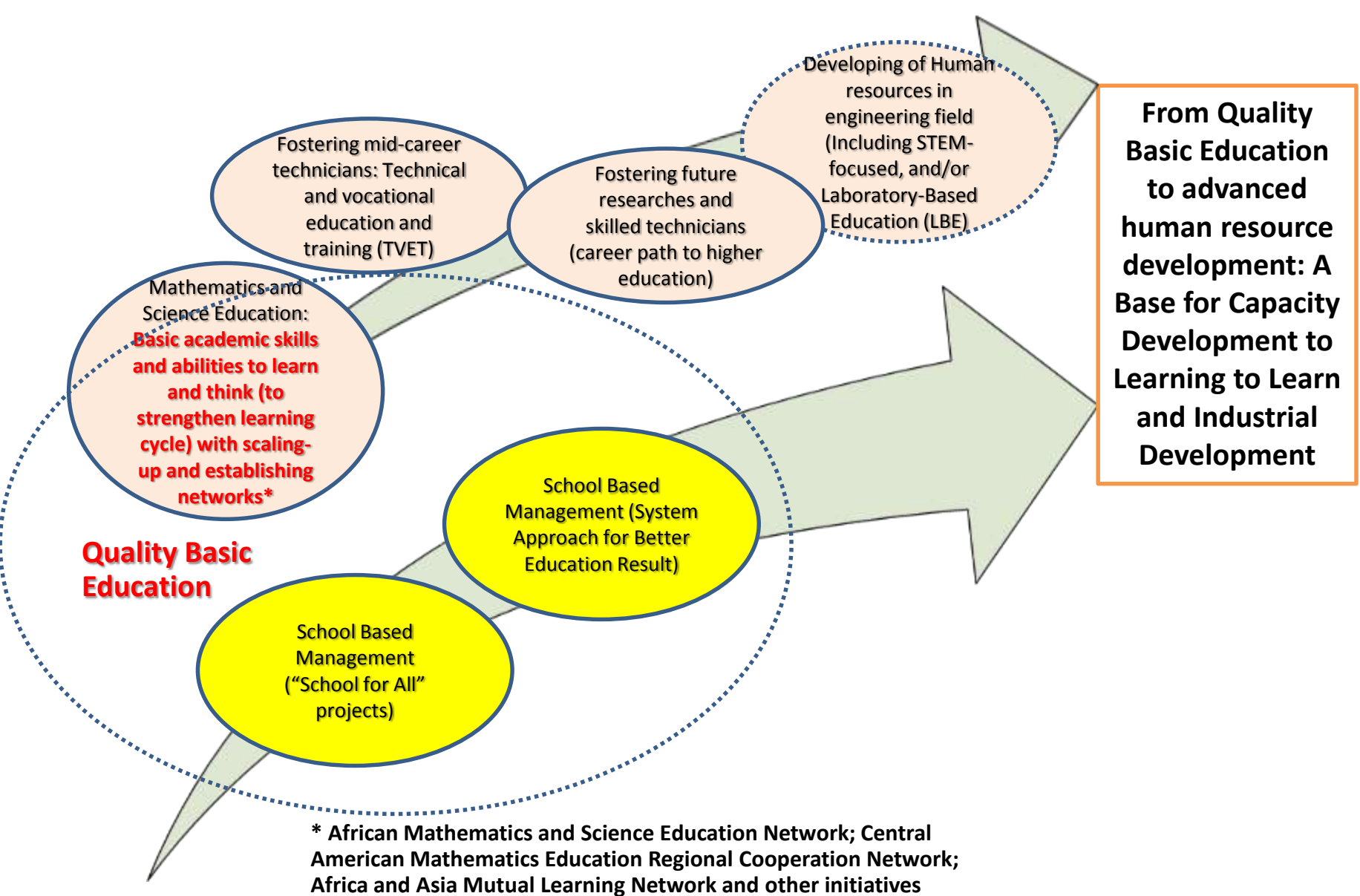
(TICAD V Commitment)

## Toward a **Quality Education** Environment

- Provide quality education for 20 million children through expanding “**School for All**” project and “**SMASSE**” (Strengthening of Mathematics and Science in secondary education) (JICA 2016, p.5)

# Approach

- Expand support to science and mathematics education, improvement of achievement tests, construction of schools, community participation to school management through “School for All” project, to achieve three main pillars of education development: “**Enhancement of education quality**”, “Progress in access to education”, and improvement of school management”
- Improve educational environment as a **basis for industrial development** and science and technology promotion
- Later in higher education, LBE (Laboratory-Based Education) could be an effective approach to “quality education” to obtain problem-solving ability. (JICA 2016, 2)





Together with formal education, approaches to strengthen capacity of learning to learn is essential

- *Stiglitz and Greenwald (2014, 56-57) indentified the following major determinants of learning:*
- Learning capabilities;
- Access to knowledge;
- The catalyst for learning;
- Creating a creative mind-set—the right cognitive frames:
- Contact—people with whom one interacts
- The Context of learning
- *Having these determinants in mind, effective approaches are needed to initiate, and maintain momentum and to scale up the learning process*

For more details, see also Hosono, A. (forthcoming) “Industrial Strategies Toward a Learning Society for Quality of Growth”

# Strategy for transformation with quality growth

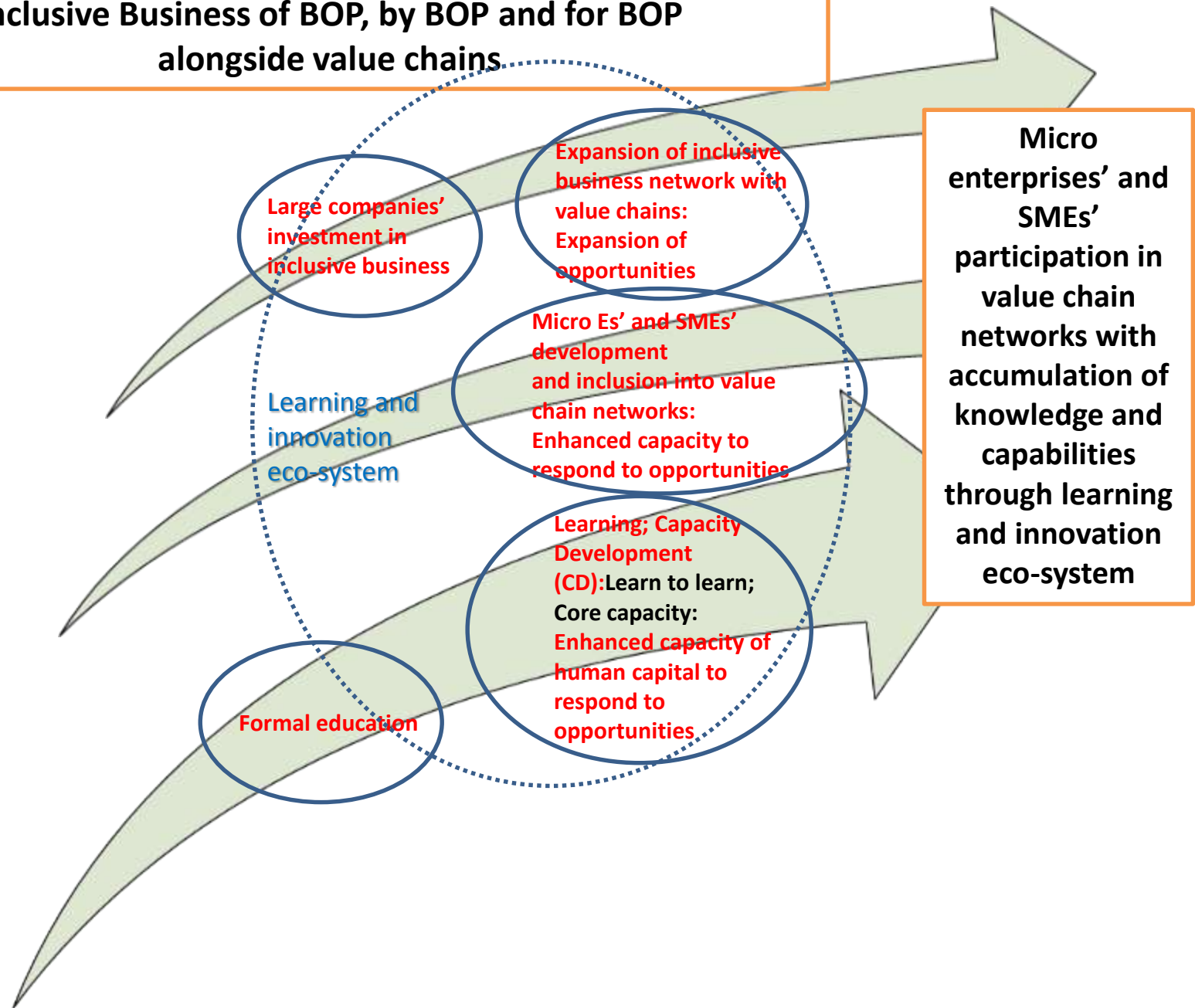
## (2): **Inclusive Business** of BOP, by BOP and for BOP **alongside value chains**

- Inclusive business models **include poor people into value chains as producers, employees and consumers**. (UNDP 2010, *The MDGs: Everyone's Business: How Inclusive Business Models Contribute to development and who support them*. p.3)
- Inclusive business models include the poor on the demand side as **clients and customers**, and on the supply side as **employees, producers and business owners** at various points **in the value chains**. (UNDP/Growing Inclusive Markets (2008), *Creating Value for All: Strategies for Doing Business with the Poor*. p.14)

# Inclusive business: (continued)

- **Business-led scaling up** at the base of the pyramid: based on the understanding that scale is not merely a desirable target for BOP business but that it **constitutes an essential condition for their success**.
- This is because BOP business are different from normal commercial business for a variety of reasons: **limited purchasing power of low-income customers; required innovative technology together with normally high levels of up-front investments; awareness and acceptance by users, difficulty of delivery** and so forth. (Kato, Hiroshi and Akio Hosono (2013) in Chandy, Hosono, Kharas and Linn (eds.) (2013), *Getting to Scale: How to Bring Development Solutions to Millions of Poor People*, Brookings Institution

**Strategy for transformation and quality growth:  
Inclusive Business of BOP, by BOP and for BOP  
alongside value chains**



# Inclusive business: a key for inclusive growth

- Some successful cases will be discussed to suggest policy options for inclusive business, which is an important pathway to realize industrial transformation and inclusive growth.
- For the first category of inclusive business, to produce goods at scale to make their price affordable for the poor and their delivery expedite for them is crucial.
- For the second category of inclusive business, to create and commercialize competitive products/services based on local resources, self-reliance and creativity, and human resource development is essential. From this perspective, the One Village One Product (OVOP) experiences will be discussed as an effective approach for incubating inclusive business. Other approaches are discussed as well.

Inclusive business **for BOP**: the poor, on the demand side, **as client and customers** **(also as workers for delivery)**

- Comprehensive approach to address constraints of inclusive business for BOP: (1) affordable price is normally enabled by production at scale, which requires “**finance for scale.**” (2) **Delivery at scale** is essential to make available new products for BOP. (3) **Partnership at scale** with governments, NGOs, international organizations and other stakeholders.

### Grameen Danone ■ MNC, Bangladesh

Microfinance institution Grameen and French dairy company Groupe Danone established a joint venture whereby a self-sustainable social business was set up with the objective to create a yogurt fortified with micro-nutrients to decrease malnutrition for the children of Bangladesh. The yogurt is produced with solar and bio gas energy and is served in environmentally friendly packaging. Around 25% of low-income children living around the factory are regular customers, 700 village ladies are getting an additional income by selling these yogurts door-to-door, and 370 micro-farmers around the plant sell daily to Grameen Danone, thus improving their income by approximately 40%.<sup>97</sup> The first plant started production in late 2006 and the 10-year plan is to establish 50+ plants, create several hundred distribution jobs and develop self-degradable packaging. In 2007 Danone launched a mutual fund, danone.communities, designed to finance the expansion of Danone's social business in Bangladesh as well as encourage the development of new social businesses that fight malnutrition and poverty in developing countries.

**Roots of “Grameen Lady” is “Yakult Lady”; Grameen Danone is the first social business of Danone**

Hirano, Katsuhiro, Executive Director of Yakult, was invited as a Visiting Director of Danone (2004-07) by Simon Israel, Vice President of Danone in charge of the Asia-Pacific Region. During this period Hirano explained to Danone “Yakult Philosophy” and “Yakult Model”

**Yakult Danone India**, a joint venture, was formed in 2005

**Source: Hirano, Katsuhiro (Former Director of International Department, Yakult) presentation at “Seminar of Possibilities of BOP Business and Partnership with JICA”, 2010; Sugawara, Hideyuki (2009). The Source of BOP Business: Simultaneous Achievement of Social Profits and Enterprises’ Profits by Yakult”**



# Single mothers provide both knowledge and products

- Dr. Minoru Shirota (Kyoto University), microbiologist, succeeded in culturing a strain of lactic acid bacteria beneficial to human health.
- Yakult is a probiotic drink, which contains Lactobacillus casei strain Shirota and is considered an effective drink for preventive health care, especially for children, to address infectious disease and malnutrition. Dr. Shirota established Yakult in 1935.
- Yakult Lady system was introduced in 1963. Yakult started international business in 1964 requested by several developing countries.
- The international business continuously expanded to 32 countries as of 2013.
- 42,300 Yakult Ladies (many of them single mothers) are working today. (They are in charge of delivery and communication with poor mothers.)

# Inclusive business for BOP as customers and clients **as well as workers for delivery**

## **Yakult**

- **Technology**: Effective for children's health (Basic and applied technologies for years of success)
- **Affordability**: small units and production at scale
- **Consciousness**: communication with Yakult Ladies and other factors
- **Delivery at scale**: Daily delivery by Yakult Ladies and at shops

## **Sumitomo Chemical (**Olyset Consortium**)**

- **Technology**: Long-lasting insecticide-treated mosquito net (LLINs), wide mesh size (good air flow) and safe
- **Affordability**: Production at scale in Tanzania, financial support by JBIC
- **Consciousness**: WHO, UNICEF, NGOs
- **Delivery**: Exxon Mobil sells nets through its Mobil Mart service stations

# Inclusive business by BOP: the poor on the supply side as employees, producers and business owners

- Several studies based on successful experiences on One Village One Product (OVOP) initiatives confirm its effectiveness for incubating and promoting inclusive business: Kurokawa, Tembo and TeVerde (2010) *Donor Support to Private Sector Development in SubSahara Africa: Understanding the Japanese OVOP Programme*, ODI/JICA; Kurokawa, Tembo and TeVerde (2010) *Challenges of OVOP in SubSahala Africa* JICA-RI; Haraguchi (2008), “The One Village, One Product (OVOP) movement: What is, how it has been replicated, and recommendations for a UNIDO OVOP type project.” UNIDO

**Promotion of new industries and their exports  
(including inclusive business such as OVOP) (1)**



**Promotion of new industries and their exports  
(including inclusive business such as OVOP) (1)**



# Some outstanding cases

- One of the most popular items to come out of Malawi's "One Village, One Product" initiative is *moringa powder*. Made from the *leaves of the highly nutritious moringa tree*, the powder is said to contain twice as much protein as yogurt, vitamin C levels seven times the amount of oranges, and four times as much calcium as milk. The powder can be boiled and then applied to the body as a medicine, drunk as tea, or added to food.
- Another Malawian product is the 100% *natural mapanga honey*, which comes from the nectar of mango flowers in the south of the country.
- Another noteworthy example is the growing lineup of products made from the baobab tree. In Malawi, *oil extracted from the fruit of the baobab tree is commonly used as a cooking ingredient*. In Japan, the vitamin-rich oil is popularly used as a moisturizing ingredient in cosmetics. A sweet-and-sour jam made from the fruit is also popular.
- Source: JICA, *Focus on African Development* (Press release at TICAD V)
- [http://www.jica.go.jp/english/news/focus\\_on/ticad\\_v/articles/article19.html](http://www.jica.go.jp/english/news/focus_on/ticad_v/articles/article19.html)



# MALAWI OVOP 10th ANNIVERSARY



## PROJECT MAP



## OVOP IN MALAWI

### OVOP CLOCKS 10 YEARS

The OVOP Programme has now celebrated ten years November 2012 since its inception in Malawi. In the ten years that the Programme has been in existence, it has managed to register over one hundred and fifty (150) cooperatives country-wide of which over fifty (50) are bringing various products on the market. This recognition for OVOP products and services shows the Programme's further plans to continue about fifty more OVOP products according to the 2014/15 financial year.

### Our Vision

An empowered community generating wealth

### Our Mission

To generate income and wealth for the Malawian society by community mobilisation to produce value added goods and services that are market able in order to reduce poverty/alleviate

### Our Core Values

- Transparency and accountability
- Continuous learning and innovation
- Gender balance and equity
- Inclusiveness • Teamwork • Sustainability

### Number of OVOP Projects



**ONE VILLAGE ONE PRODUCT  
PROGRAMME SECRETARIAT**  
PO BOX 11762 Lilongwe 3, MALAWI  
Tel: (0020) 1774444 Fax: (0020) 1774444  
E-mail: [ovop@ovop.org.mw](mailto:ovop@ovop.org.mw) <http://www.ovop.org.mw>





Members of Kamwendo cooking oil cooperative society.  
Cooking oil, a new product, developed by the society at the  
center of the photograph. Source: JICA  
[http://www.jica.go.jp/topics/news/2013/20130502\\_01.html](http://www.jica.go.jp/topics/news/2013/20130502_01.html)

# Other possibilities of “Inclusive business incubation”

- Fabrication Laboratories (Fablabs), originated from MIT's Center for Bits and Atoms Fab Lab Program, have been recently recognized as a transformative **tool for developing local industry**, boosting entrepreneurship, and increasing interest in STEM education.
- Fab Labs allow individuals to connect with the broader global innovation community while providing positive spill over effects in the area where the lab is located, including through building community engagement around the innovation ecosystem, **increasing the capacity of local firms and individuals to actively innovate, and building a skill base in the local population to drive forward innovative activity.**

- These “spaces have **democratized access to tools and empowered participants to build and learn on their own.**”  
(WB, *WDR 2016*)
- Recent JICA’s cooperation (1): Fab Lab Bohol, Philippines has several example of local entrepreneurs and SMEs who generated new ideas via the Fab Lab, used it to create prototypes, or added value to existing products. It also extended income-generating opportunities to local women. Fab Lab Bohol has positively **impacted the community by enabling local people to develop low-cost solutions to local challenges.**
- Recent JICA’s cooperation (2): JICA- and SolidWorks-supported Fab Lab in Rwanda.

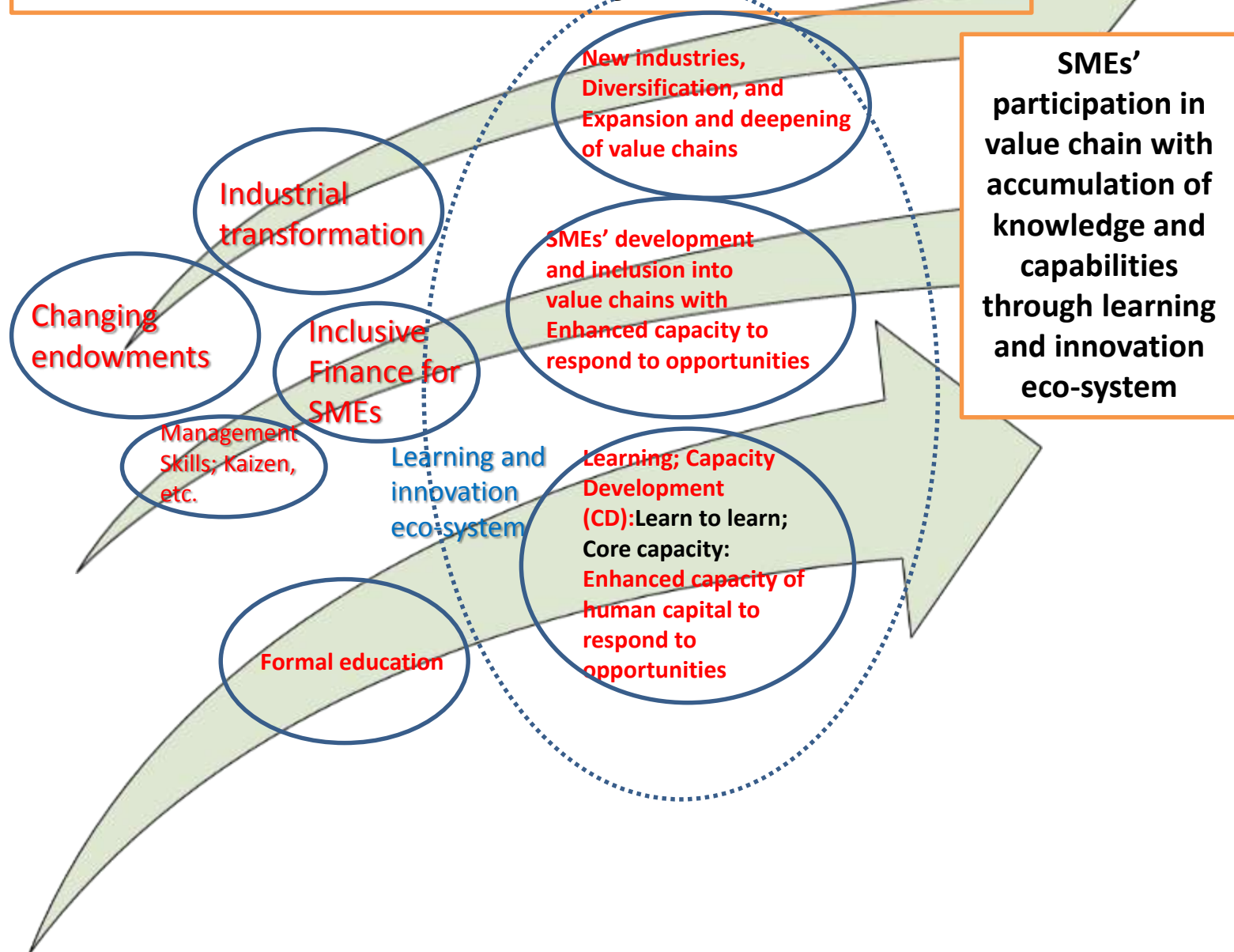
Based on JICA’s recent publication

Strategy for transformation with quality growth (3):  
**Transformation** (New industries, diversification of industries, and expansion and deepening of value chains) with **active participation of SMEs as a main driver of inclusive growth** along with learning

# SMEs are essential for “opportunities and capacity nexus” (**driver of inclusive growth**)

- In the “opportunities and capacities nexus (synergy) ”, SMEs play a fundamental role. People, even if highly skilled, cannot take advantages of new opportunities alone. They need to start up enterprises to participate in opportunities or to be employed by large or SMEs to get benefits of such opportunities.
- The “UN HLP report on post 2015 development agenda” recognizes the necessity of supportive policies towards micro enterprises and SMEs, together with infrastructure and other investments, skills development and so on. In other words, **policies, especially towards SMEs, are considered needed to trigger, and accelerate the process of growth generating more growth.**

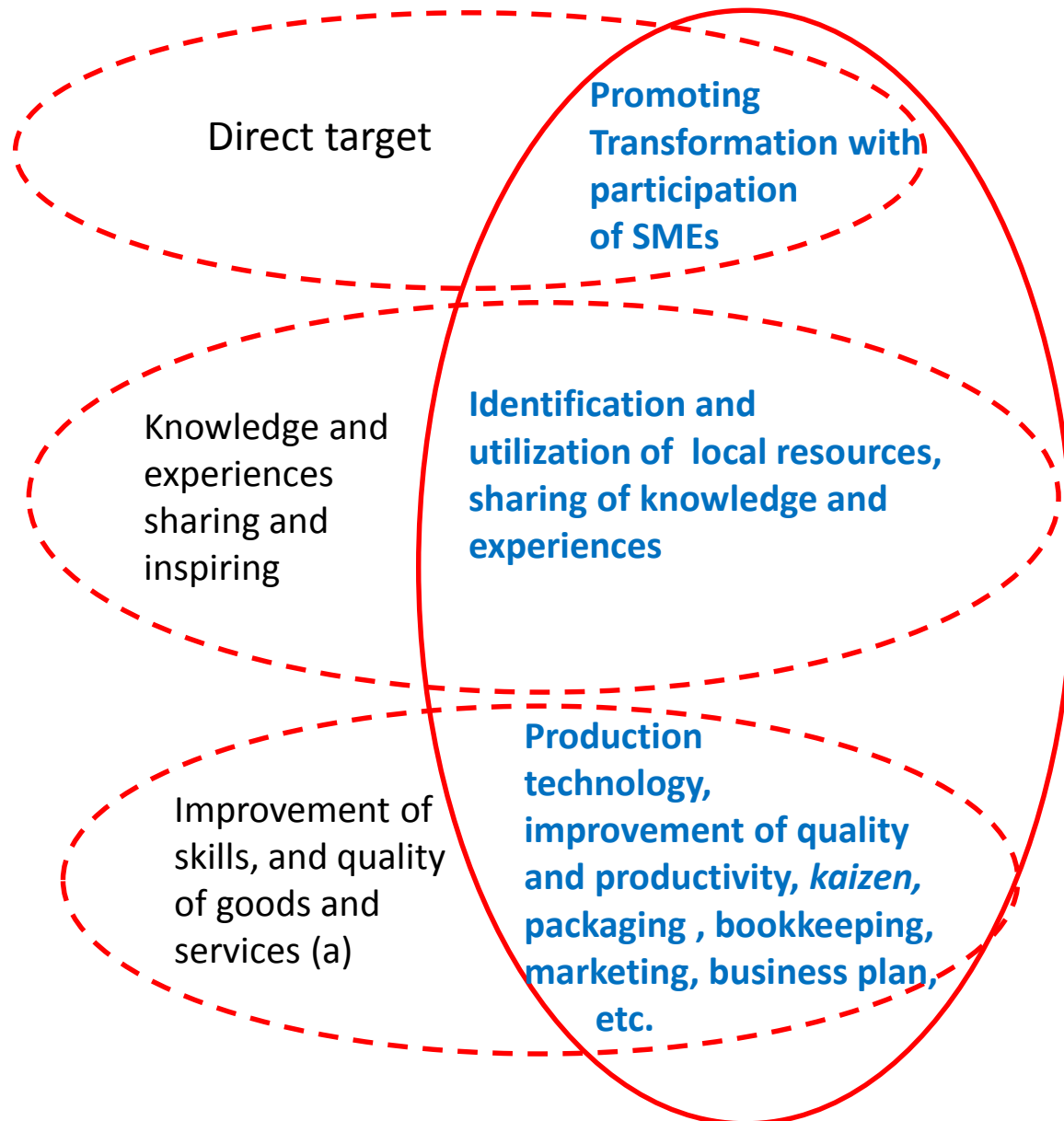
**Strategy for transformation and quality growth:  
Transformation with active participation of SMEs as a main  
driver of inclusive growth**



# SMEs and inclusive growth from SDGs' perspective

- Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation (67);
- Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and **their integration into value chains and market** (9.3)
- Promote development-oriented policies and support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and **growth of micro-, small- and medium-sized enterprises**, including through access to financial services. (8.3)
- **SMEs are one of the keys for inclusive growth**

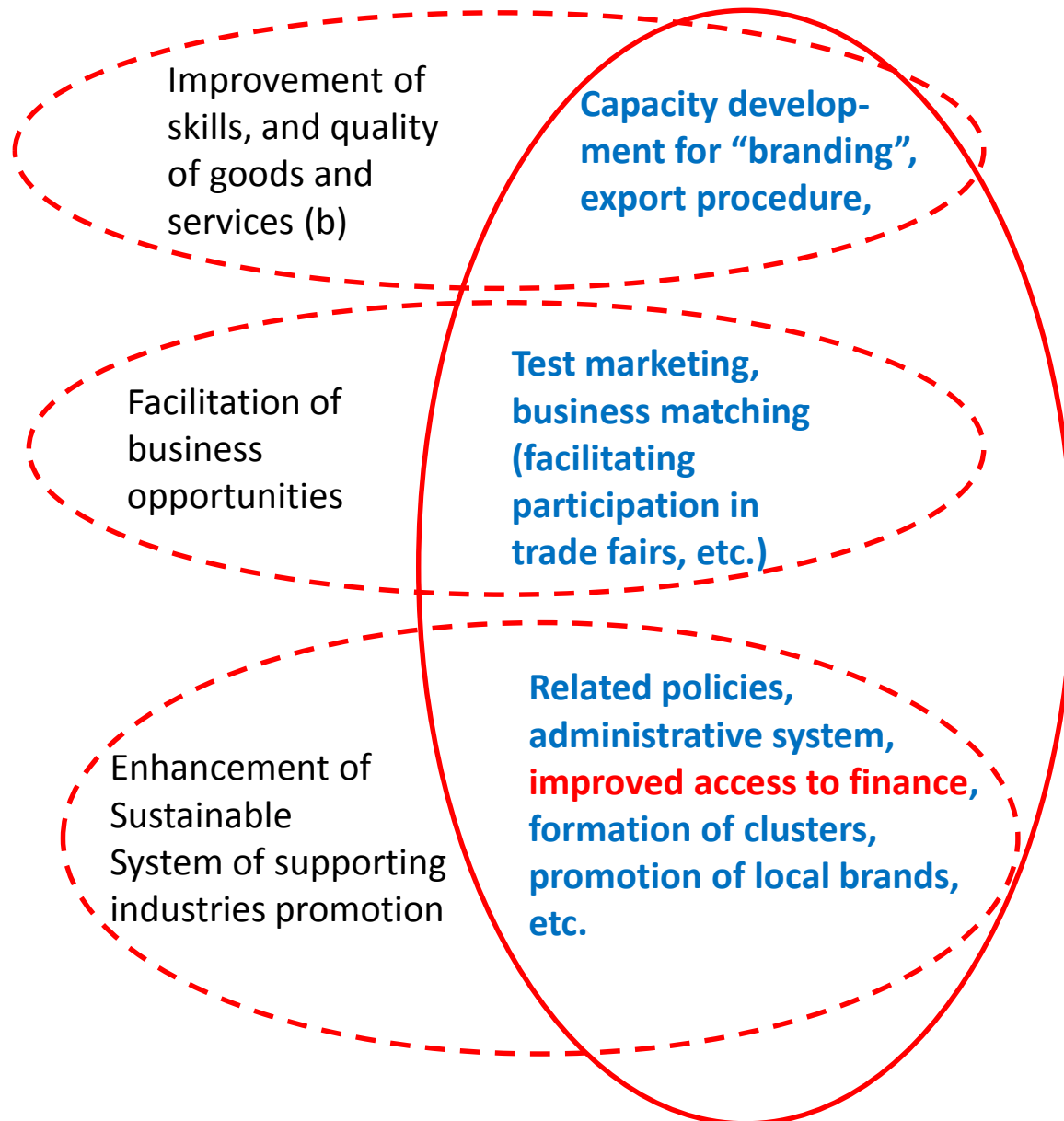
**Comprehensive approach for transformation  
with SMEs (1)**



Source: Author



## Comprehensive approach for transformation with SMEs (2)



Source: Author

# Finance for SMEs is crucial

- **SDGs emphasize** the importance of access of SMEs to **finance** (“inclusive finance”)
- In comparison with East Asian, **Sub-Saharan African countries “inclusive finance” (for SMEs) is still weak.** (Case studies of Kenya, Ghana, Nigeria, and Ethiopia, in Griffith-Jones and Gottschalk 2016)
- Many successful experiences in East Asia, including those with international **cooperation through “two step loans”**

## (TICAD V Commitment)

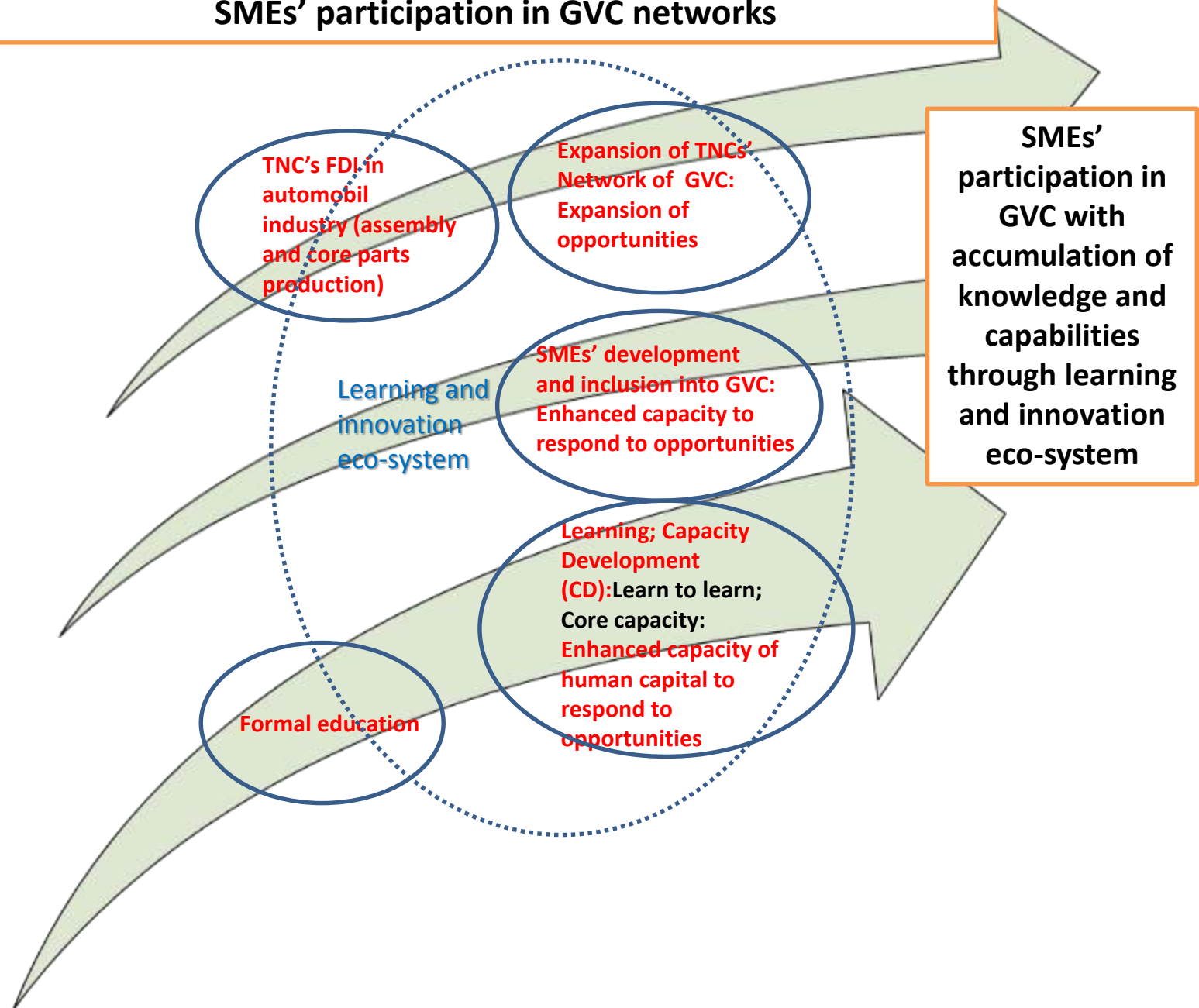
# Human Resource Development for Business and Industry

- Capacity building of 30 000 people for business and industry.
- Building TICAD Human Resource Development Centers for business and industry at 10 locations for 25 countries. (JICA 2016, p.2)
- *Approach: (among others)*
- Reinforce project activities of *Kaizen* and productivity improvement projects, university vocational training projects as Industrial Human Resource Development Centers (Ibid.,p.2)

## Strategy for transformation with quality growth (4): SMEs' participation in Global Value Chain (GVC) networks

- Importance of SMEs' participation in value chains are emphasized in SDGs (9.3)
- One important way for countries to connect to the global economy and develop is through global value chains (GVCs); GVCs provide opportunities to empower the local economy with sophisticated imported technology, know how and a richer skill-set. (OECD and World Bank Group 2015, *Inclusive Global Value Chains* )

# Strategy for transformation and quality growth: SMEs' participation in GVC networks



Automobile industry is a typical case where SMEs play a crucial role for opportunities and capacity nexus in the context of GVCs

- Automakers invest in car assembly, increasing the demand of car parts, which could be provided by local auto-parts makers or imported. To respond fully to these opportunities, the competitive capacity of local auto-parts makers (SMEs) is crucial.
- Human resource development is also essential for the competitiveness of local auto-parts makers (SMEs)

# Strategy of human resource development, transformation and quality growth

- Involvement of SMEs in Global Value Chains (GVC)
- Creating learning eco-system for SME's parts production and their competitive participation into automobile GVC
- Cases of Mexico and Thailand: **Mexico and Thailand are outstanding cases: the largest net exporters of automobiles among developing countries (83% and 46% of production in 2013)**

SME's integration into international markets (through GVCs) has **different paths** according to the structure of supply chains: Case of Automobile industry

- It is essential to identify the role of SMEs in the whole structure of supply chain of automobile industry
- Also it is necessary to design the type of support to SMEs according to the role they accomplish in the supply chain
- **Most of “supporting industries”**, or providers of parts, components, related services, need to **strengthen their relations with local or regional supply chains** first.
- Development of an automobile industry requires skilled labor and supporting industries to provide up to **20,000 to 30,000** parts and components. Supporting industries and automobile assembly plants are closely related and provide externality to each other.



# Automobile industry in Mexico

- Production of 2.9 million cars (including small tracks) and 120 thousand buses and tracks in 2013. 3.37 million cars in 2014.
- Export of 2.14 million cars in 2011. 2.64 million cars in 2014.
- Export of 49.2 billion US\$ of auto-parts in 2014
- 2139 car and auto-parts makers in 2009
- **Workers of auto-parts industry amount to 600,000 in 2014**

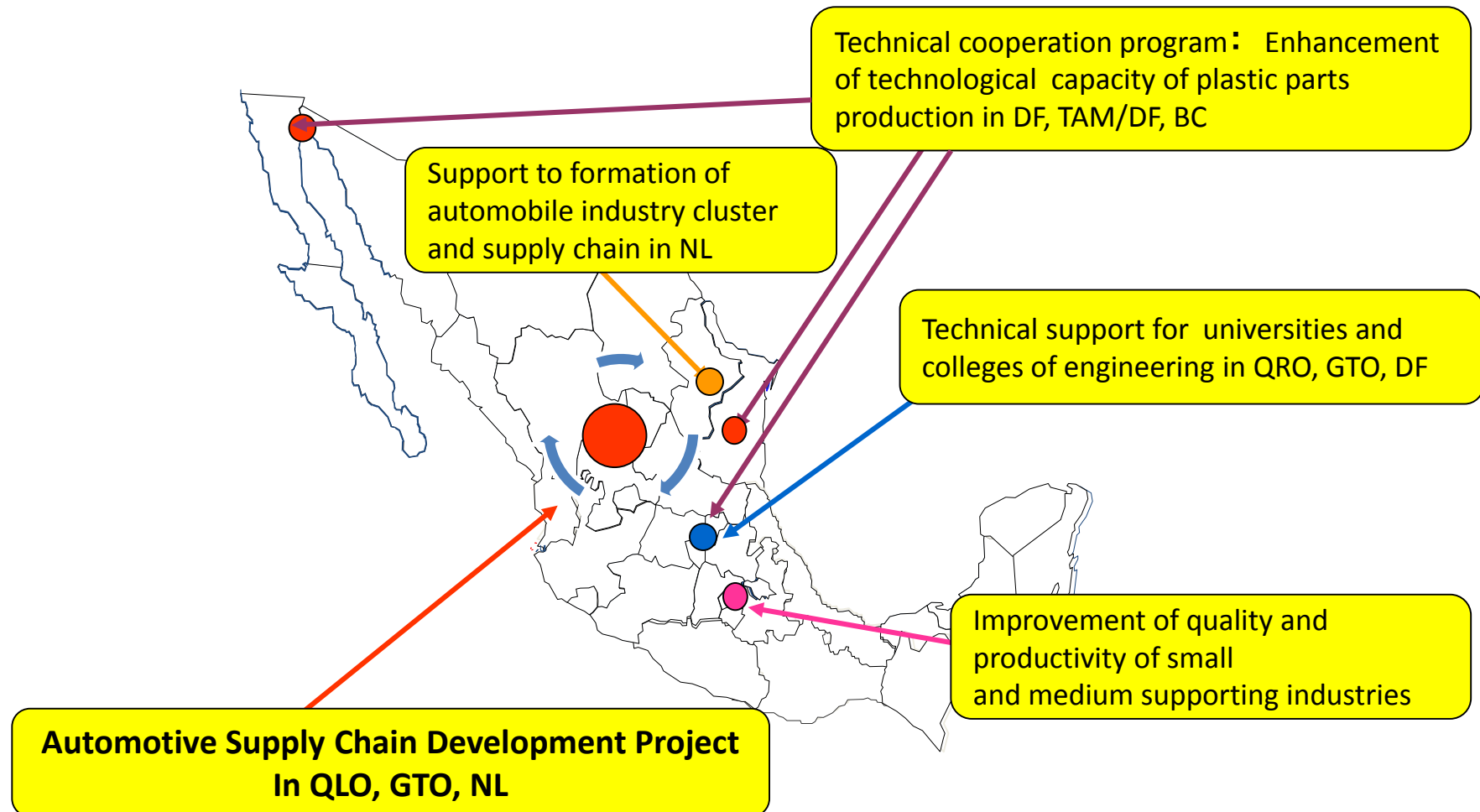
# Context of SMEs participation in GVCs of automobile industry in Mexico

- Basic Policy for SMEs: Law for development of competitiveness of micro, small and medium enterprises. (enacted in 2003)
- Free trade agreements: NAFTA; EU-Mexico FTA; Japan Mexico EPA (Economic Partnership Agreement)

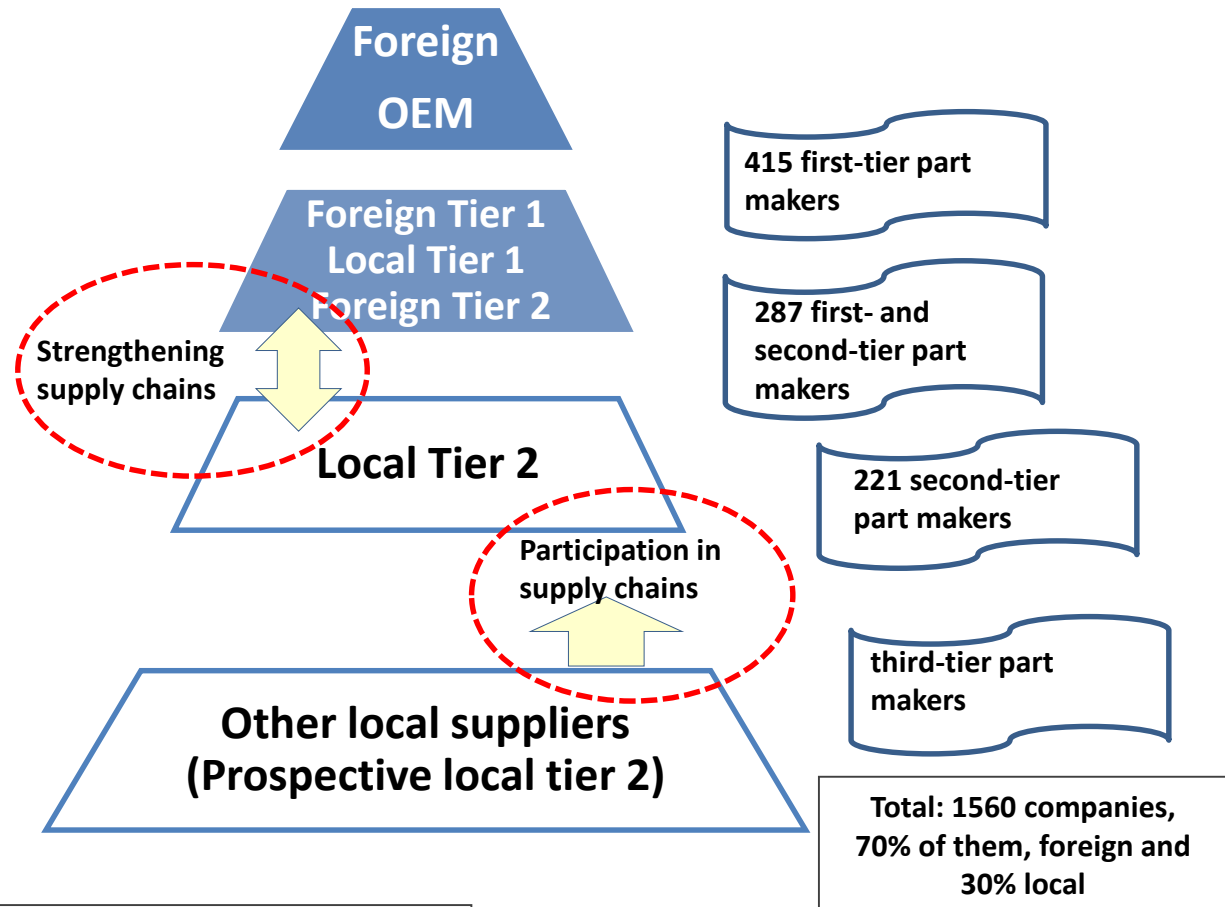
# Japanese cooperation for industrial development and for strengthening SMEs and training workers in Mexico

- 1996-97 Study on Promotion and Development Plan of Supporting Industries (SECOFI)
- 1997-99 Study on Technology Transfer (CIDESI)
- 2006-09 Press Process Technology Improvement Project (CIDESI)
- 2008-09 Study on SMEs' human resources development (Ministry of Economy)
- 2010-14 Plastic molding technology human resources development project (CNAD)

## JICA's small and medium supporting industries program in Mexico



## A strategy for auto-parts industry in Mexico



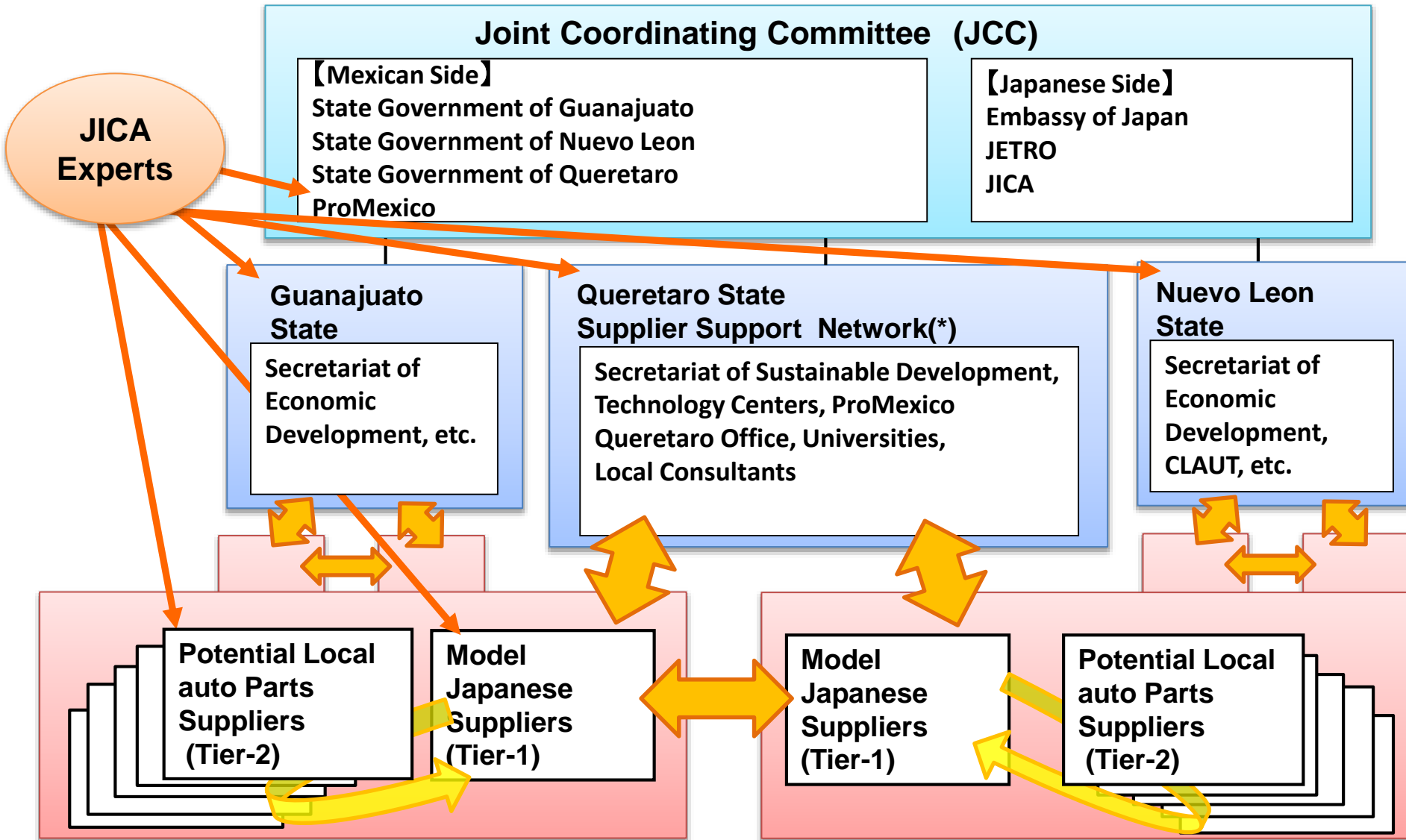
Source: Author, based on information of JETRO and Mexican automobile parts industry association

# Project for Automotive Supply Chain Development in Mexico

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- The project aims to establish a network of State Government, ProMexico, **Local Tier-2 and Japanese Tier-1 for development of the automotive supply chain.**
- It also aims that the State Governments strengthen their systems and institutions to support **enhancement of supplier's competitiveness.**

# Project Organization Chart



**【Number of Target Suppliers】** 6 Model Japanese Suppliers (Tier-1) and 30 Potential Local auto Parts Suppliers (Tier-2)

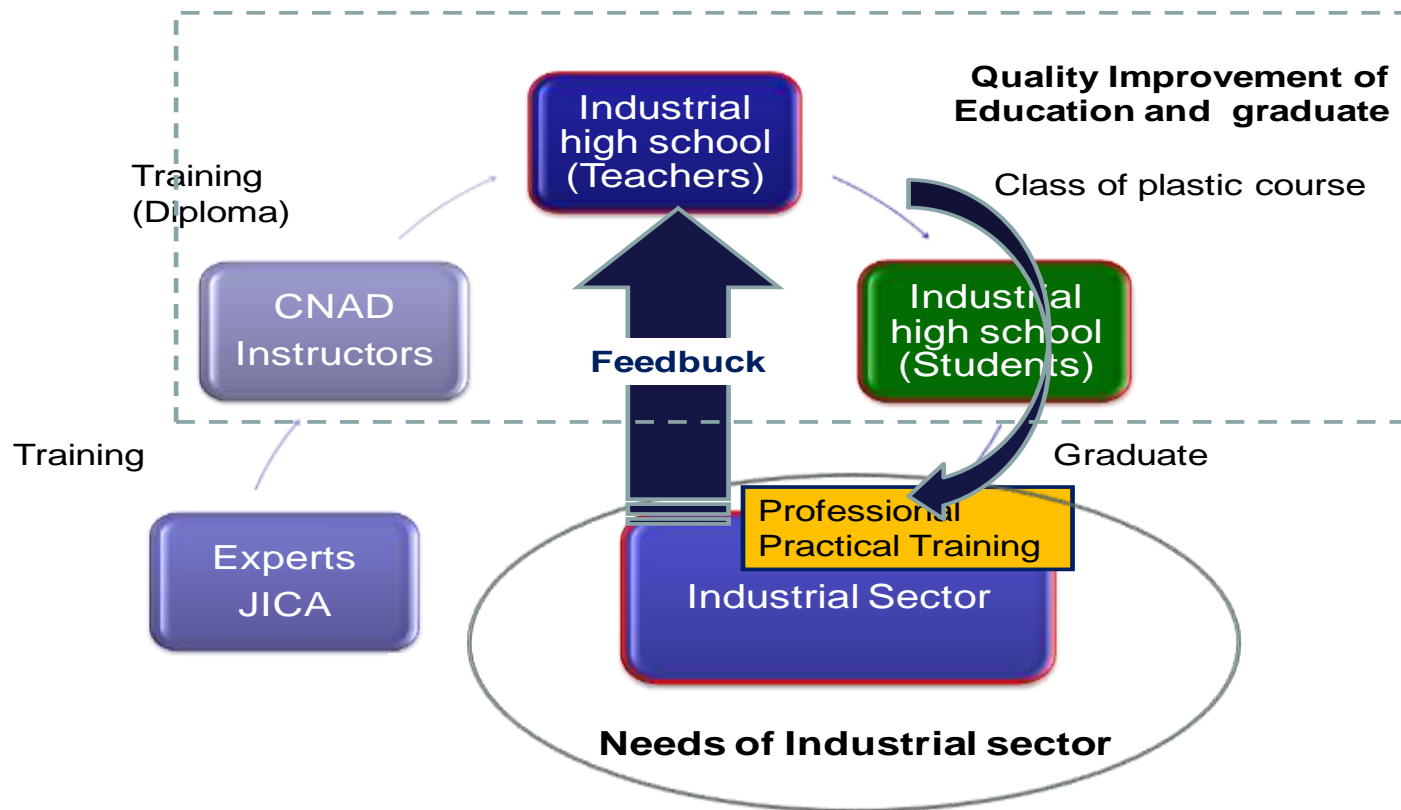
(\*)Each State might have its own supplier support network.

# Cooperation with a comprehensive approach: Creating a learning eco-system

- Technical cooperation project for automotive supply chain development in Mexico
- Technical cooperation projects for human resources development for the automotive industry in Mexico
- Support for vocational training schools
- Support for public technological institutions
- JICA-JETRO support for improvement of local suppliers

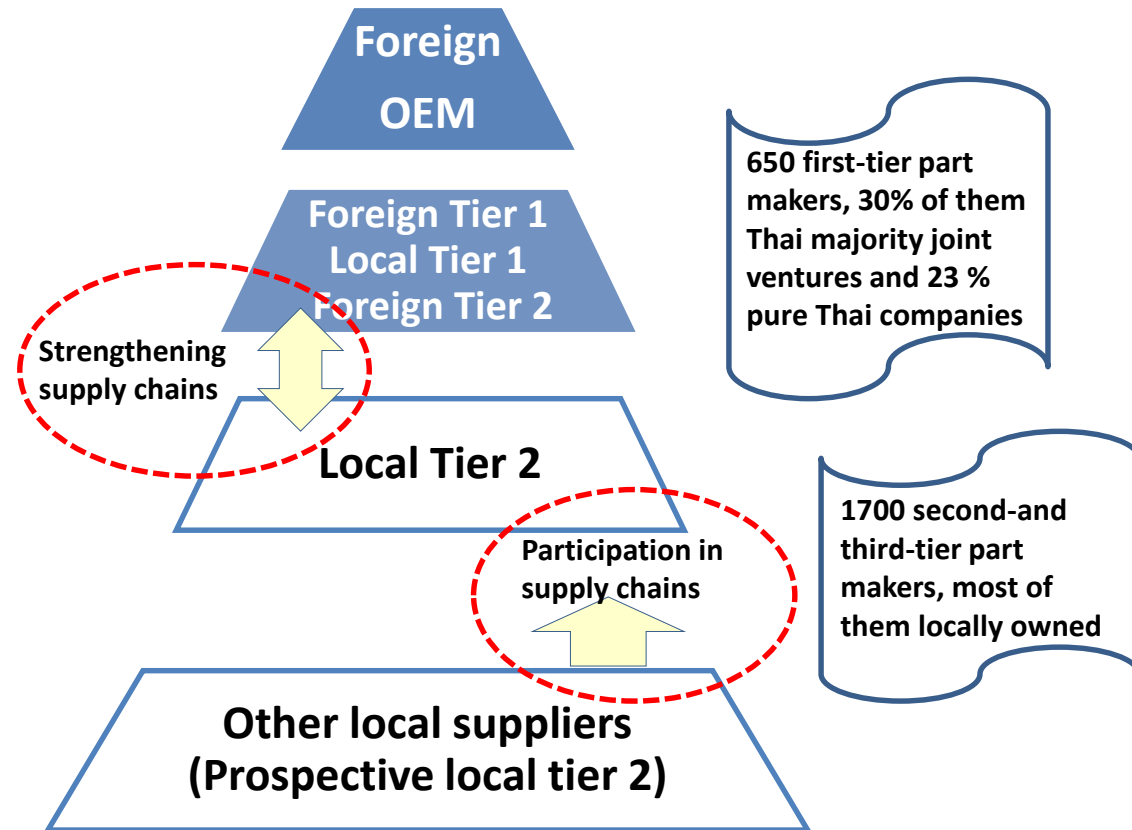


# Feedback system of needs of human resources of supporting industries: An example of college of engineering



Source: Industrial Development and Public Policy Department, JICA

## A strategy for auto-parts industry in Thailand



Source: Author, based on Hosono, Akio (2013)

# Thailand Automotive Human Resource Development Project (TAHRDP)

Phase 1: Four major Japanese manufacturers provided master trainers in their respective area of expertise to train trainers in Thai auto-parts manufactures

Thai government (Ministry of Industry), Thai Automotive Institute (TAI), Thai Automotive Industry Association (TAIA), Thai Automotive Parts Manufacturers Association (TAPMA) and others

## Phase 1: “Trainer’s Training”

### Master Trainer

*Production system (Toyota), Mold and dye (Honda), Denso, and Nissan*

Japan Chamber of Commerce Bangkok (JCCB) and others

Japanese government, JICA, JETRO, AOTS and other public organizations

JICA: Advisers and equipments

## Phase 2: “Continuous Training”

*Trainer’s training by Thai master trainers*

Thai trainers

Tier 1

Tier 2, 3, lowers

Level 1

Level 2

Level 3

Level 1

Level 2

Level 3

Thai engineers

# Strength of supporting industry (auto-parts industry) in Thailand

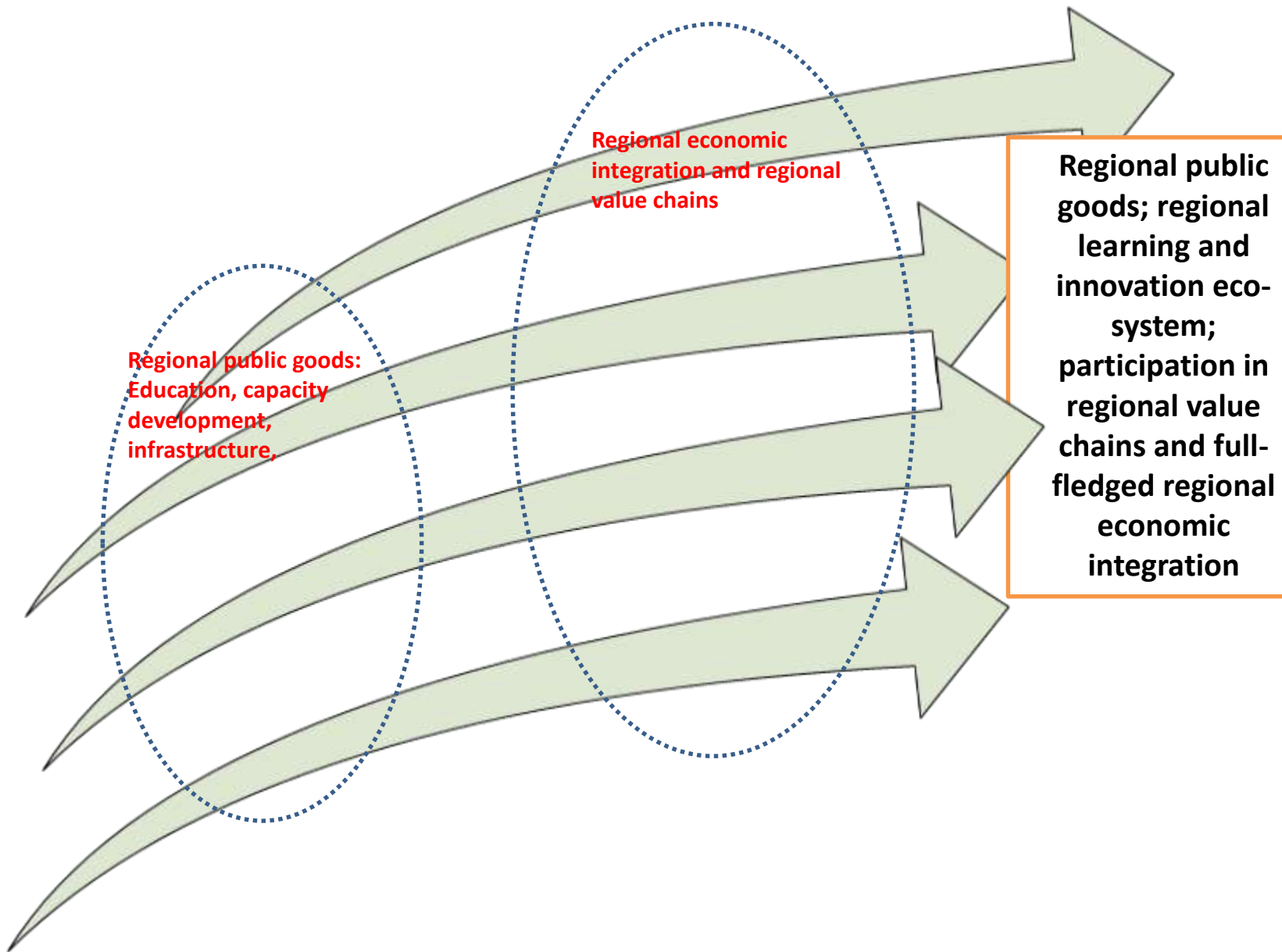
- “Thailand is not a country where carmakers assemble their products. Most parts come from local companies. At more than 80 percent, the country has the highest localization in Southeast Asia. Thailand also exports parts worth about \$ 5 billion.”  
 (“Thailand’s Booming Car Industry: Detroit of the East” *The Economist*, April 4, 2013)

# Strategy for transformation with quality growth

## (5): Economic integration with corridors and other effective approaches

- Reducing distance with physical integration by corridors
- Sharing other regional public goods: from human capital to institutions
- Experiences in ASEAN, Central America and SubSahara Africa
- SDGs 11a states “Support positive, economic, social and environmental link between urban, peri-urban and rural areas by strengthening national and regional development planning”

# Strategy for strengthening regional public goods, regional value chains and regional economic integration

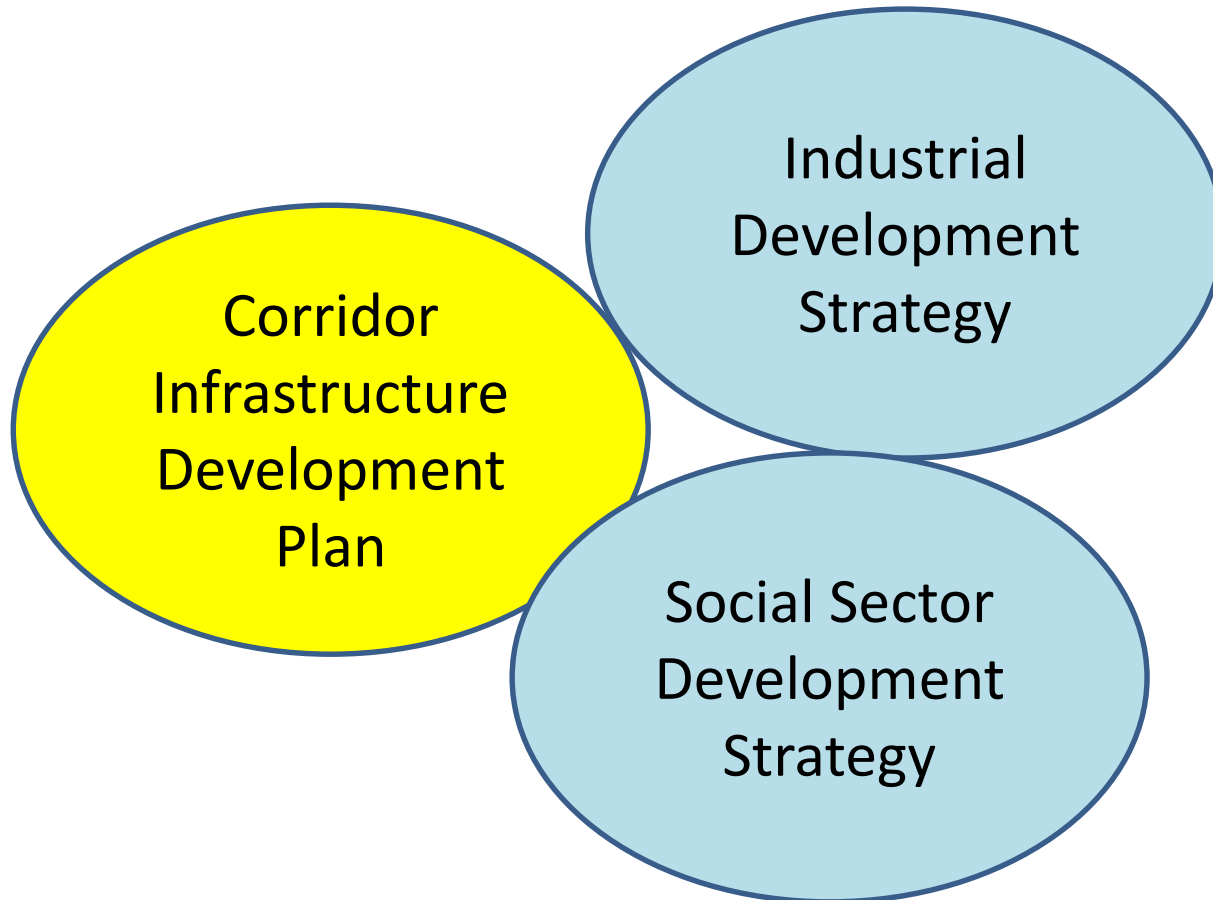


# Corridor Development Approach

- This aims to “revitalize the **region inclusively** and bring strong **sustainable economic growth for the people**”
- “The trunk corridor as the key development axis that will stimulate and increase economic activity in the countries and regions.”
- This approach is to overcome “unipolar urban concentration of economic activities and population which lead to an expansion of regional disparities (*against inclusive growth*) and a reduction of national growth” (JICA 2016; Italic added by the author)



# Corridor development master plan



Source: Author based on JICA 2016, 2

# Implementation of Corridor Development Plan: A comprehensive approach

- **Facility development/Hard infrastructure**: Development of ports, roads, bridges, railways, etc.; energy supply facility; one-stop border post (OSBP) facility development; Special Economic Zones (SEZ) development
- **Institutional development and technology transfer/Soft infrastructure**: Cross-border facility and institutional building; infrastructure operation and management capacity building; financial assistance for private investment promotion
- **Industrial development**
- **Social Sector Development**

# Examples of corridor development approach

- The Mekong Region: Corridor development contributed to the “regional strong economic growth”: East West economic corridor; Southern Economic Corridor (JICA, *JICA’s regional cooperation in ASEAN*)
- The Central America Region: In Nicaragua, JICA contributed to the construction of 4 logistic corridors that expanded opportunities to areas with extreme poverty. (Hosono et al. *Desarrollo Inclusivo en Centroamerica y la Republica Dominicana*)

# Comprehensive Corridor Development Initiatives in Africa

- *Development of Strategic Master Plans: Transport and Comprehensive Corridor Development:*
- The Northern Corridor in East Africa
- The Central Corridor in East Africa
- The Nacala Corridor in South Eastern Africa
- West Africa Growth Ring
- Infrastructure development plans in Algeria, Morocco, and Tunisia

# Concluding remarks

- An effective strategy for transformation with quality growth (especially, inclusive and innovative growth) is to **create strong nexus between “quality education and learning (to learn)” and “inclusive business”, “SMEs development”, “participation in Global Value Chains (GVCs), “participation in regional integration with corridors development”** and other inclusive growth initiatives.

# Concrete approaches in terms of trade, finance and aid (concluding remarks continued)

- *In order to implement strategies for transformation with quality growth:*
- Public Policies are essential;
- Free trade is not enough (Economic partnership agreements (EPAs) are well beyond FTAs)
- Finance for inclusive growth (“Inclusive finance”) is a cross cutting approach for initiatives aimed at transformation with quality growth
- International cooperation could play a catalytic role

# Thank you very much

- This presentation is preliminary and personal
- Comments welcome
- Not to be cited