



Industrial Master Plans: International Comparison of Contents and Structure

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Master Plan Types

- Overall industrial (covering multiple sectors)
- Sector-specific (electronics, garment, etc.)
- Issue-specific (SMEs, TVET, etc)
- Regional development plans
- Technical blueprints

We will discuss only the first three types.

Vision	Importance, role, orientation, and positioning of industry in national development
Targets	Long- and medium-term numerical and/or qualitative targets
Situation analysis	Current status, potentials and obstacles of the domestic industry in the national, regional and global context; tables and graphics for data, surveys, international comparisons, etc.
Policy issues	A small number of selected issues should be identified, prioritized, and analyzed in preparation for designing policy action
Action plan or action mechanism	<p>A large matrix that pre-specifies actions, sub-actions, expected output, success criteria, deadlines, and responsible organizations; procedure for monitoring and reporting should also be specified.</p> <p>Alternatively, a monthly high-level committee chaired by top leader, or a well-focused and well-coordinated budgeting and project approval process may substitute the action plan matrix.</p>

Vision



- A statement of importance, role, positioning of industry in question.

“Thailand is the automotive production base in Asia which creates more value added to the country with strong automotive parts industry.” (Thai Automotive)

“Motorcycles should continue to be used to ensure people’s mobility and reducing infrastructure cost per year, provided that problems of traffic congestion, traffic accidents, environment, and industrial property rights are solved...” (Vietnamese Motorcycles)



Targets

- Long- and/or medium-term targets, both qualitative and quantitative.
- What and how many targets should be set depends critically on sector characteristics, private capability, and policy capacity.

“By 2006, (i) produce 1 million cars with 40% exported; (ii) produce 2 million motorcycles with 40% exported; (iii) export 200 billion baht of high-quality spare parts; (iv) localization of 60%” (Thai Automotive)



Situation Analysis

- Current status, future potentials, and impediments to growth.
- (Optional) general features of industry, global trend, international comparators
- The amount of situation analysis depends on the existing knowledge of stakeholders.

Ex. past performance, capacity, export and import, localization, domestic products and producers, quality, cost, productivity, competitiveness, demand forecasts, etc.



Analysis of Policy Issues

- In-depth analyses of a small number of key issues as background to the action plan (action plan must solve these problems).

Ex. Human resource, technology, cost reduction, quality improvement, forward and backward linkage, marketing, material procurement, export promotion, infrastructure services, etc.

Action Plan Matrix or Action Mechanism



- An action plan matrix is a large table that specifies actions in detail and in advance (part of the main text or separate volume)
- High-level monthly committee chaired by top leader (only for a few important issues)
- Annual budgets and projects coordinated by a strong hub organization

While process-oriented approaches are more flexible, they require strong leadership or hub organization.

Standard Format of Action Plan Matrix



Triangle of Hope Project, Zambia, 2007 (excerpts)

Recommendation (action)	Activities (sub-action)	Status	Expected output	Status	Activity period	Respons ibility	Monitoring indicator
Promote investment in cotton production by allocating land to appropriate producers	1. Identify land to be held in MACO trust	Little progress	Land for cotton production identified and secured	Not yet started	Jun. 2007	MACO (main), MoL (sub)	Monthly report
	2. Write to MoL for title deed	Not yet started					
	3. Develop adm mechanism for farm blocks	Done					

- This approach requires much effort in constructing and monitoring the matrix. It is suitable for countries lacking strong industry leaders or hub organizations.
- Effective mechanisms for *drafting* and *monitoring* must be established.



Optional Materials

Other materials can be cited in main text, or placed in appendix or background papers.

- General explanation of the industry, global trend
- Performance review (past master plan results)
- SWOT, benchmarking, competitiveness index, HRV trees, other country rankings.
- Surveys, empirical studies, etc.

These should not be the main part of the master plan.



Required Features

- Targets should be ambitious but realistic.
- For compactness, *relevance* should be the criterion for inclusion of any materials.
- All components should be logically linked.
- Flexibility and adaptability—because all industries and countries are different.
- Implementability is crucial.
- Effective, not superficial, stakeholder involvement in the entire process.

Relative Scope of Government versus Market



- Proper domain of government depends on (i) industry characteristics, (ii) private sector capability; and (iii) policy capability.
- For each sector and at each point in time, policy reach should be defined pragmatically – state and market must be mixed but with varying weights.

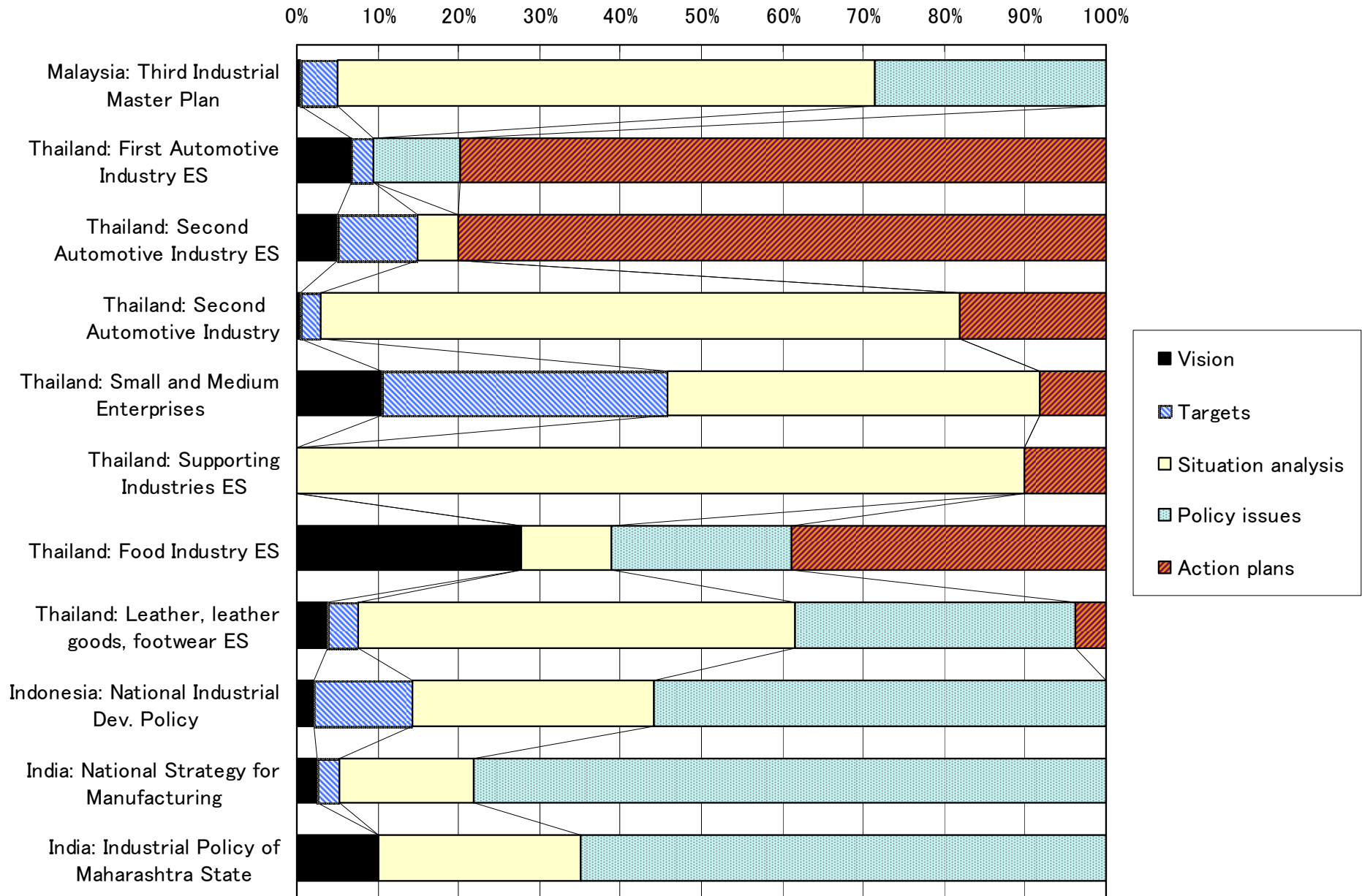
General Rules



	Setting targets and specifying products, producers, investment, technology, location, markets, etc.	
	Greater scope for government	Greater scope for markets
Initial capital investment (sunk cost)	Large	Small
Gestation period	Long	Short
Market volatility	High	Low
Product type	Industrial inputs	Consumer goods
Private sector maturity and dynamism	Low	High
Government policy capability	High	Low
Trust between government and business	High	Low

Note: this table shows general tendencies. Government scope may be larger when many conditions on the left are met, and market scope may be expanded when many conditions on the right are satisfied. There is no need to have all conditions satisfied for either conclusion.

Comparison of Master Plan Structure





General Remarks

- All master plans are different; it is difficult to find one prototype for all countries to emulate.
- Vision and targets usually take up 5-15%.
- Some M/Ps mainly provide situation and issue analyses; others carry a large action plan section.
- Executive summaries are sometimes used more often and therefore more important than the main text.

Thailand Automotive M/P 2007-2011



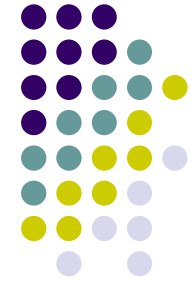
Drafting team at Thailand Automotive Institute

- Vision 2011 → 4 Objectives → 5 Strategies
→ 12 Action Plans
- Strong coordination by Mr. Vallop of Thailand Automotive Institute
- Effective stakeholder networking – FDI, local producers, government, donors
- Process-based action mechanism – annual budget and projects for implementing actions (no matrix)

Thai Automotive Strategies and Action Plans



Thailand Supporting Industry Promotion M/P 1995



- Thai supporting industries = component suppliers of automobiles and electronics.
- Japanese cooperation in 1987-91, 1995, 1999, 2000-04, 2006-10, etc. (studies, experts, training, other).
- Master plan drafted in 1995 – still used as a checklist of policy actions and their relations.
- Action plan summary (3 pages only)

Table III-1 SUMMARY OF PROPOSED PROGRAM

Proposed Programs	Objectives	Supporting Measures	Operational Institutions
<p>1. Policy & Legislation</p> <p>1.1 Basic law of SMEs development</p> <p>1.2 Law of subcontracting promotion</p> <p>1.3 Restructuring of DIP for SMEs & SIs promotion</p> <p>1.4 Preparation of industrial statistics</p>	<p>Unification of SME's policies.</p> <p>Subcontracting promotion and protection of subcontractors.</p> <p>Centralization and reinforcement of SME's policies implementation.</p> <p>Basic data preparation for industrial development planning.</p>	<p>Establishment of basic law.</p> <p>Establishment of basic law.</p> <p>Establishment of basic law and department for SMEs.</p> <p>Build up data base system.</p>	<p>Parliament, DIP</p> <p>Parliament, DIP</p> <p>Parliament, DIP</p> <p>DIW & concerned</p>
<p>2. Market Development</p> <p>2.1 Expansion of BUILD activities</p> <p>2.2 Subcontracting assistance program</p>	<p>Subcontracting intermediation.</p> <p>Subcontracting business promotion</p>	<p>Information supply, trade fair, visiting parent enterprises regularly, etc.</p> <p>Mediation of financial services, exemption of company tax.</p>	<p>BOI, DIP (NSDP)</p> <p>BOI, DIP (NSDP), FTI</p>
<p>3. Technology Upgrading</p> <p>3.1 Technology extension service program</p> <p>3.2 Expansion of Occupational Skill Standards system</p> <p>3.3 Public technical center activation program</p> <p>3.4 Joint industry-university training schools</p>	<p>Improvement of soft wares in production & quality control skill.</p> <p>Upgrading of occupational skill and development of human resources.</p> <p>Improvement of public services for industrial testing, R&D, etc.</p> <p>Fostering of skilled workers working in factories.</p>	<p>Traveling clinic service.</p> <p>Expansion to parts industries, favorable salary system and consignment testing system.</p> <p>Consigned management of institutions to NGO.</p> <p>Providing of investment privileges.</p>	<p>DIP, FTI</p> <p>DSD</p> <p>DIP, TISI, FTI, etc</p> <p>University, Private sectors, Industrial estates</p>
<p>4. Financial Supports</p> <p>4.1 Improvement of SMEs' financing schemes</p> <p>4.2 Assistance for SMEs' in machinery leasing</p>	<p>Expansion of financial service network for regional SMEs.</p> <p>Financial support for SMEs by a leasing system.</p>	<p>Promoting of loan agents network.</p> <p>Interest subsidizing system, payment guarantee for leasing.</p>	<p>SIFC, IFCT, etc</p> <p>Leasing companies, Fiscal Policy Office</p>
<p>5. Upgrading of Management</p> <p>5.1 Entrepreneur re-education program</p> <p>5.2 Continuation of Technoprenuer Development Project</p>	<p>Improvement of management skill in manufacturing.</p> <p>Entrepreneurship education for new comers.</p>	<p>Teaching management by cost analysis method.</p> <p>Continuation of KMITNB Program (TDP).</p>	<p>DIP</p> <p>KMITNB, DIP</p>
<p>6. Investment Promotion</p> <p>6.1 Grouped investors attraction program</p> <p>6.2 Entrepreneur incubation program</p> <p>6.3 Assistance for new comers' penetration</p>	<p>Investment attraction of foreign SMEs.</p> <p>Extension of the foundation of parts industry by Thai capital.</p> <p>Extension of foundation of Thai parts industry.</p>	<p>Assistance & incentives for grouped SMEs investors.</p> <p>Supporting for establishing new company with leasing system</p> <p>Promoting technical collaboration with foreign companies.</p>	<p>BOI, DIP</p> <p>DIP</p> <p>BOI, DIP (NSDP)</p>

Table III-2 INTERRELATION BETWEEN PROPOSED PROGRAMS AND AREAS OF ASSISTANCE

(Remark) XX : The area mainly concerned to the program X : Areas related to or involved in the program	1. Policy & Legislation	2. Market Development	3. Technology Upgrading	4. Financial Support	5. Upgrading of Management	6. Investment Promotion
1. Policy & Legislation						
1.1 Basic law of SMEs development	XX					
1.2 Law of subcontracting promotion	XX	X				
1.3 Restructuring of DIP for SME's & SIs promotion	XX	X	X	X	X	
1.4 Preparation of industrial statistics	XX					
2. Market Development						
2.1 Expansion of BUILD's activities		XX				
2.2 Subcontracting assistance program		XX	X	X	X	
3. Technology Upgrading						
3.1 Technology extension service program			XX	X	X	
3.2 Expansion of Trade Skill Standards system			XX			
3.3 Public technical center activation program	X		XX			
3.4 Joint industry-university training schools			XX			
4. Financial Supports						
4.1 Improvement of SMEs financing schemes				XX		
4.2 Assistance for SMEs in machinery leasing				XX		
5. Upgrading of Management						
5.1 Entrepreneur re-education program				X	XX	X
5.2 Continuation of Technopreneur Development Project					XX	X
6. Investment Promotion						
6.1 Grouped investors attraction program						XX
6.2 Entrepreneur incubation program			X	X		XX
6.3 Assistance for new comers' penetration		X	X	X		XX



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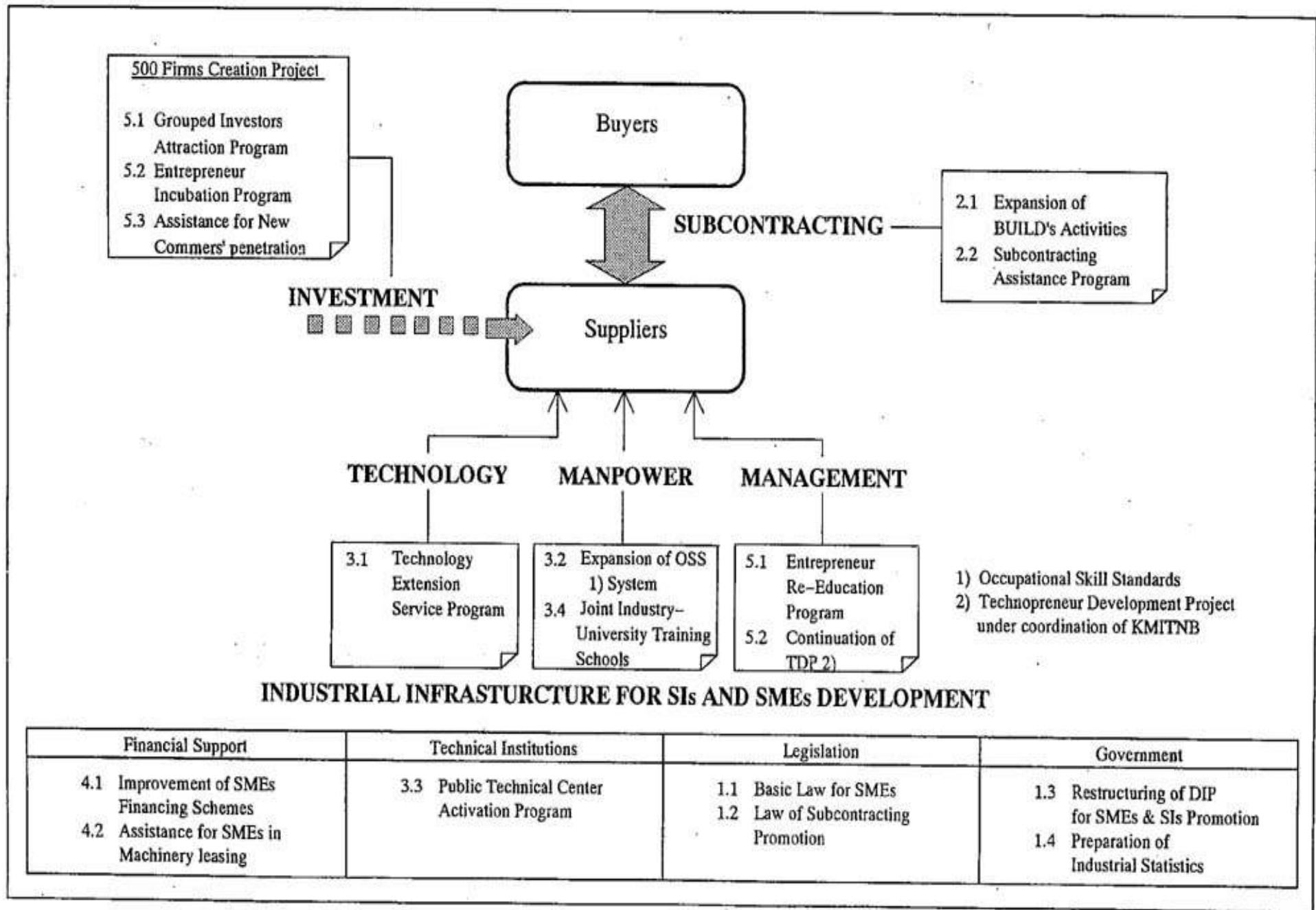
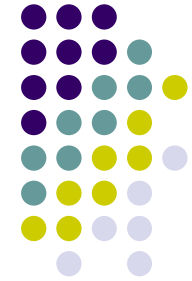


Figure III-1 MASTER PLAN FOR DEVELOPMENT OF SUPPORTING INDUSTRIES

Ethiopia: Leather and Leather Product M/P 2005 (2 volumes)



- “Master Plan” – situation analysis, vision (TDA), targets and actions
- “Business Plan” – detailed targets and actions for footwear, garment, leather goods
- Too many numerical targets – policy domain should be reduced.

Ethiopia: Basic Metal and Engineering M/P



- General industry information → situation analysis → “gap analysis” (capacity vs. demand forecasts) → vision/mission/goals → action plan matrix
- Structure is simple and reasonable.
- General industry information is appropriate.
- The question is quality and concrete contents of strategies, goals, and action plans. More information and analyses are needed to upgrade them.

Recommendations for Ethiopia



- Priority industry M/Ps should be drafted or revised over medium term (PASDEP II period and beyond).
- About 10 industrial M/Ps at maximum.
- Relatively compact M/Ps (50-100 pages).
- Action plan matrix with reasonable size (not too large) with proper monitoring mechanism.

Suggested Master Plan Structure for Ethiopia



- Introductory materials (brief)
- Overview – vision, goals, positioning (5-10%)
- Situation analysis, past and current (20-30%)
- Analysis of selected policy issues (20-30%)
- Implementation procedure (brief)
- Action plan matrix (40-45%)

Background papers containing surveys, technical appendix, etc. may be prepared in separate volume.