

Resolving Policy Trade-offs and Inconsistencies

Ethiopia's Mechanisms and Asian Experiences



Taiwan



Vietnam



Ethiopia

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Essential Players in Industrial Policy Formulation

National leaders – leadership, commitment, demanding results

Prime Minister/President

Ruling party

Technocrats – competence, dedication, cleanness

Advisors to PM (Macroeconomic Team)

Planning and HR management

MOF, NBE, Revenues, Customs

MOI and other line ministries, institutes and centers

Private sector – effective involvement, dynamism, business action

Domestic and foreign firms

Business chambers, associations and organizations

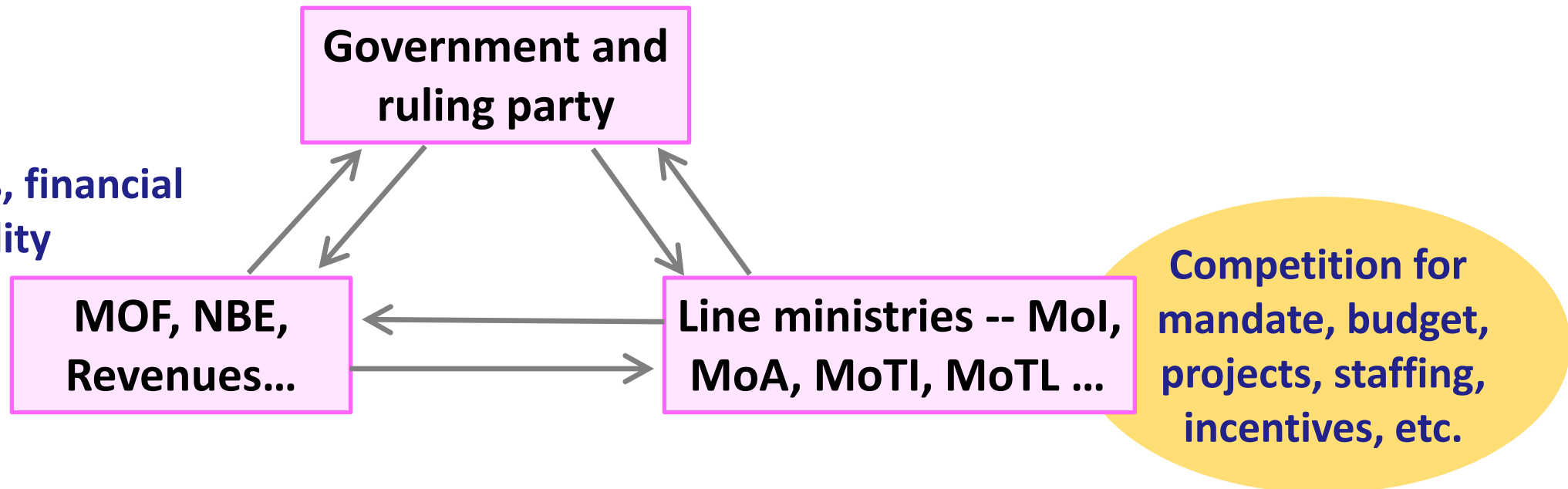
Policy Trade-offs and Inconsistencies: Typology

Type 1 Competition for prioritization and resource allocation

National leaders, MOF and line ministries often compete for priority and budget. Competition also exists among line ministries. Politics and negotiation are often involved.

Spending for burning issues, gaining popular support

Fiscal soundness, financial and macro stability



Type 2 Overlapping and/or ambiguous mandates

- ✓ Policies involving many ministries and departments
- ✓ Mandate duplication vs. absence of responsible bodies
- ✓ Difficulty in coordinating many ministries (including Tamirt Movement)



Type 3 Frequent changes in the government

- ✓ Changes in government structure, ministerial leaders and officials without proper policy hand-over
- ✓ Need to re-establish information, trust and rapport within and between ministries and with external stakeholders (businesses, development partners, etc.)
- ✓ Delay, weakening and discontinuity of projects



Type 4 Defective policy design

- ✓ Lack of ground information and industry knowledge
- ✓ Lack of stakeholder involvement (esp. businesses)
- ✓ Inconsistency generated by additional ad hoc measures



Type 5 Problems on the ground level (approval, licensing, taxes, customs, business support, etc.)

- ✓ Officers without industry or policy knowledge
- ✓ Bureaucratic attitude, lack of customer orientation
- ✓ Power abuse, corruption, nepotism



Ethiopia Tamirt Movement

Coordination Mechanisms (Information based on our Sep. & Dec. 2022 missions)

- MOI-centered and layered policy structure
 - ↑ - National Industrial Movement Council (inter-ministerial) (not established)
 - Steering Committee (MOI, chaired by Minister)
 - Cluster committees (stakeholder discussion with MOI by issue or ministry)
 - Technical committees (studies on incentives, linkage, etc.)
- Macroeconomic Team (handling all economic issues)
 - High-level policy advisory body attached to PM
- MPD's screening of all policies in advance for inconsistencies (incl. industrial policy)

National Council is replaced by MOI's Steering Committee



These two clusters are unified

Coordination Mechanisms within MOI

(Information based on our Sep. & Dec. 2022 missions)

- Minister's leadership and commitment
- Ethiopia Tamirt Movement Project Office
- State Ministers
- Manufacturing Industry Development Institute (MIDI) as the policy formulation body of MOI
- Advisors to Minister and State Ministers

Checklist

- **Internal structure of MOI** – clear, efficient and without duplication?
- **Vertical coordination** – Is PM strongly leading the Movement? Good communication with the Macroeconomic Team? Are instructions and reporting smooth and effective?
- **Horizontal coordination**
Relationship and cooperation with fiscal and monetary authorities, planning and HR ministries, other line ministries
- Effective participation of **private businesses and associations**
- Effective participation of **regional states**
- Do officials at various levels have **competence** and **incentive** to work hard and do a good job?

East Asian Experiences and Solutions

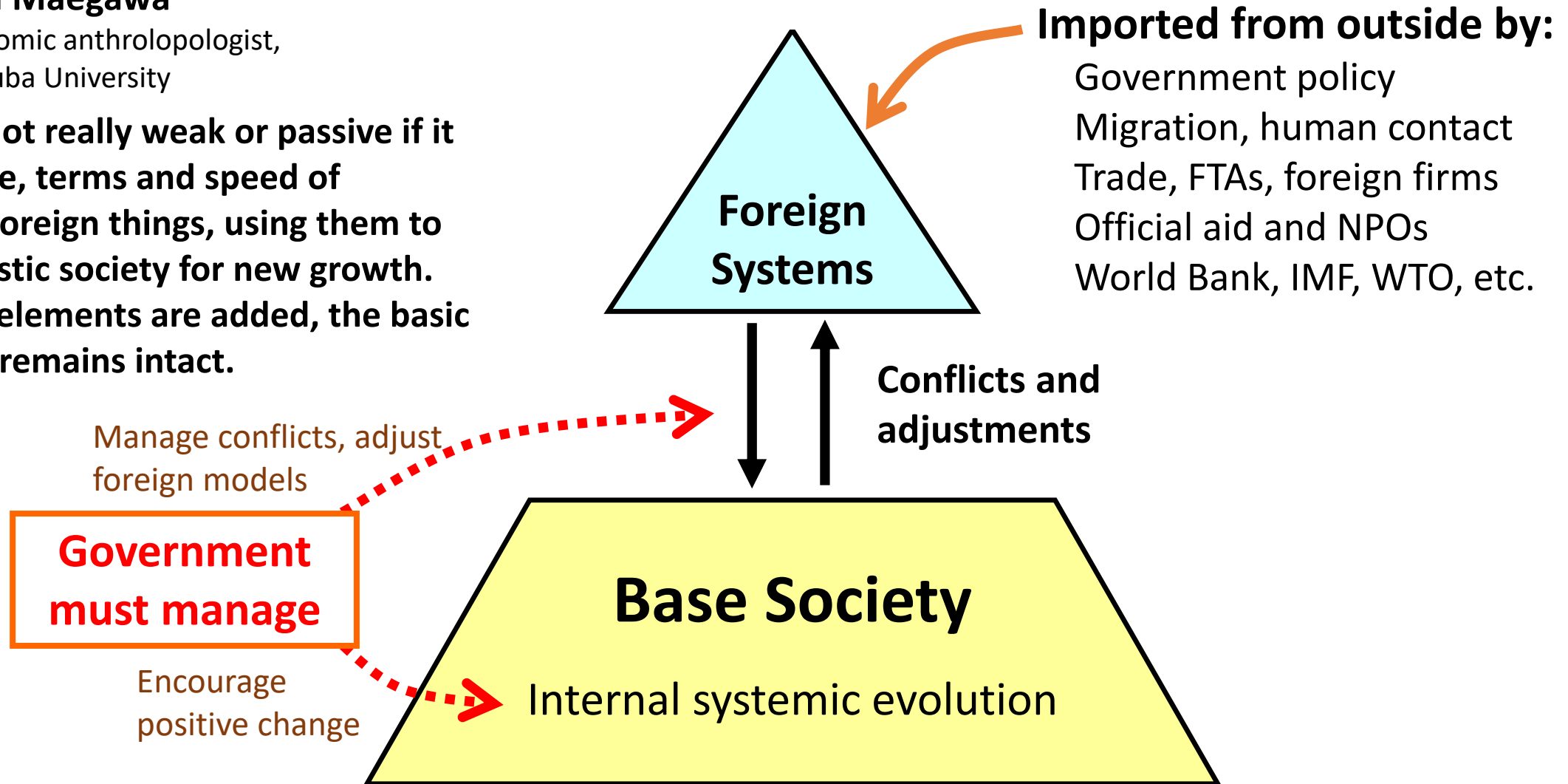
Translative Adaptation: Import with Local Adjustment



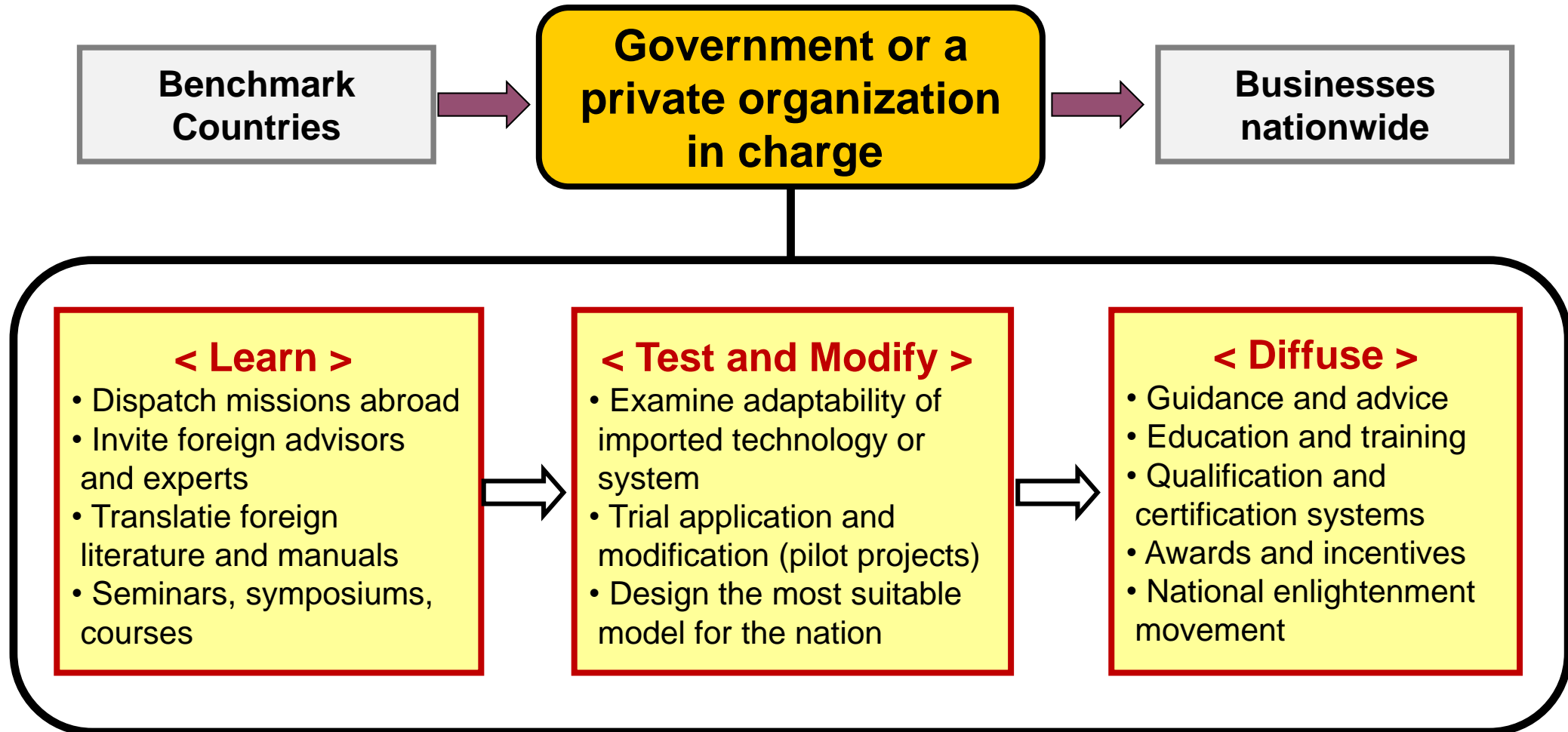
Keiji Maegawa

economic anthropologist,
Tsukuba University

A latecomer is not really weak or passive if it controls the type, terms and speed of importation of foreign things, using them to stimulate domestic society for new growth. Even as foreign elements are added, the basic social structure remains intact.



Three Steps to Learn Foreign Technology and Systems

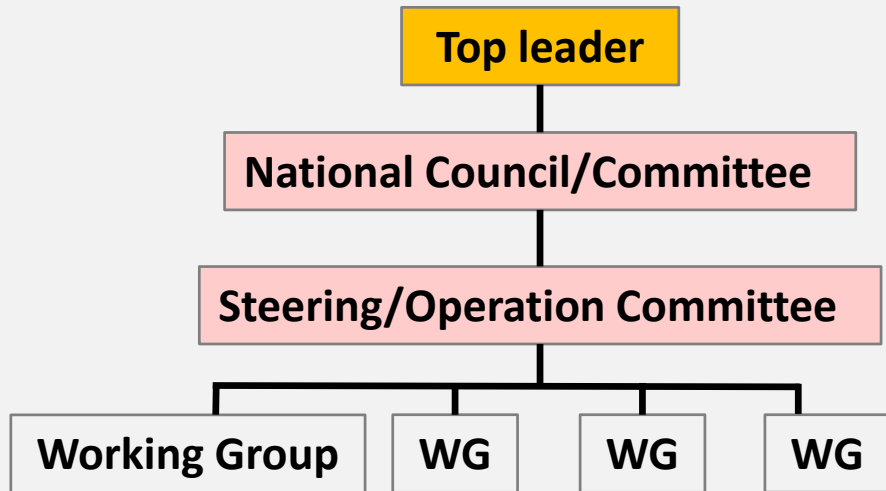


Source: Adapted with modification from Tsuyoshi Kikuchi "The Roles of Private Organizations in the Introduction, Development and Diffusion of Production Management Technology in Japan" (2011).

1. Standard Coordination Mechanisms

- Policy coordination mechanisms are many. There is no single international best practice.
- Mechanisms are not mutually exclusive. Government may employ more than one mechanism at any time.
- Effectiveness depends not so much on particular method but on the competence of people who administer them. They are:
 - A strong and wise **national leader** who uses the mechanism intensively and effectively
 - Competent, dedicated and clean **technocrats** who design, implement and monitor policy actions
 - Professional **officials** who execute policies effectively on the ground

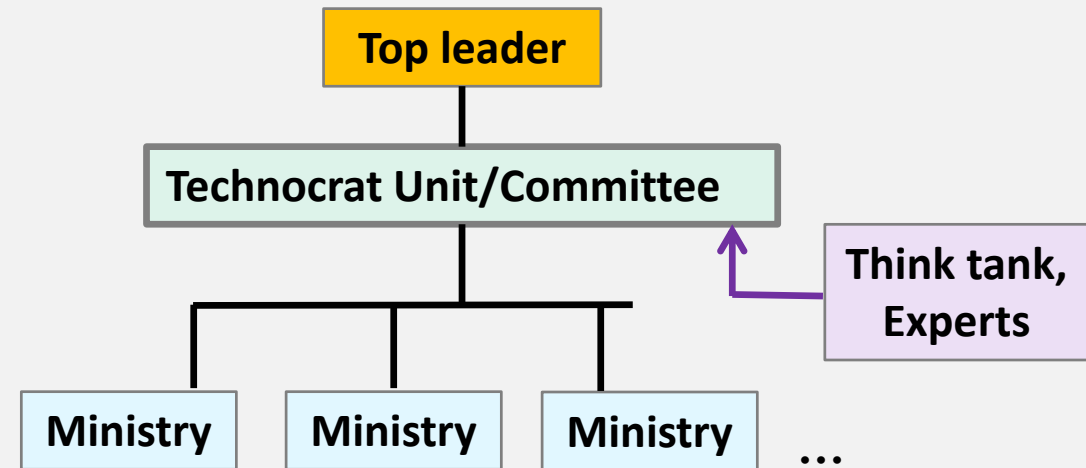
(A) Layered Structure with National Council/Committee



This mechanism is task-based and time-bound; more than one national council may operate simultaneously.

- ✓ Singapore (specific policy - productivity)
- ✓ Malaysia (specific policy - SMEs)
- ✓ Ethiopia's Tamirt Movement

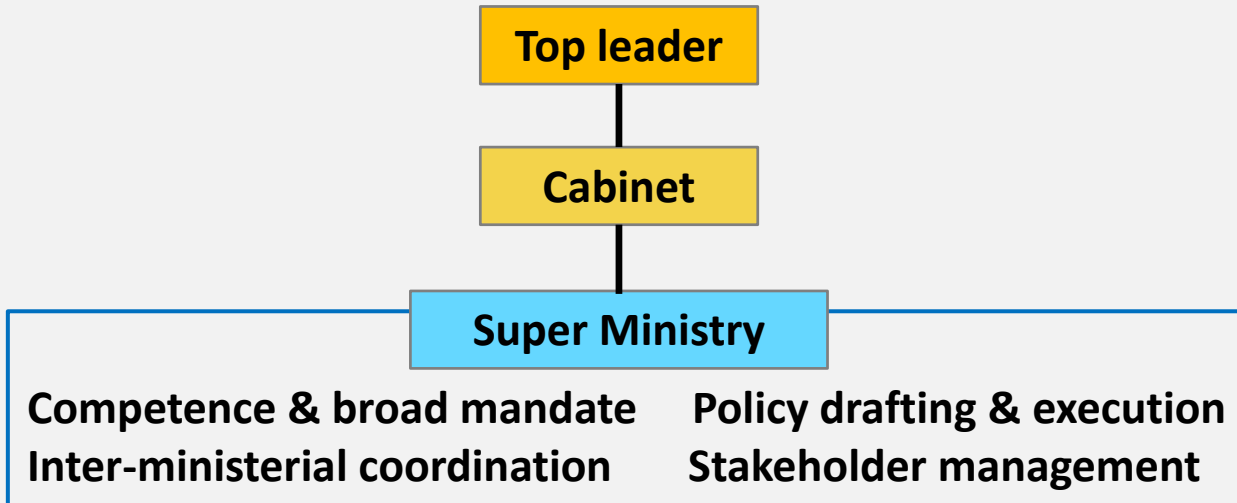
(B) High Technocrat Team to Draft and Coordinate Policies



This is a standing (permanent) mechanism, not task-based. There is only one unit. Ministries become policy implementers.

- ✓ Korea (1960s & 70s)
- ✓ Malaysia's Economic Planning Unit [EPU]
- ✓ Thailand's NESDB, Indonesia's BAPPENAS, Philippines' NEDA
- ✓ Ethiopia's Macroeconomic Team

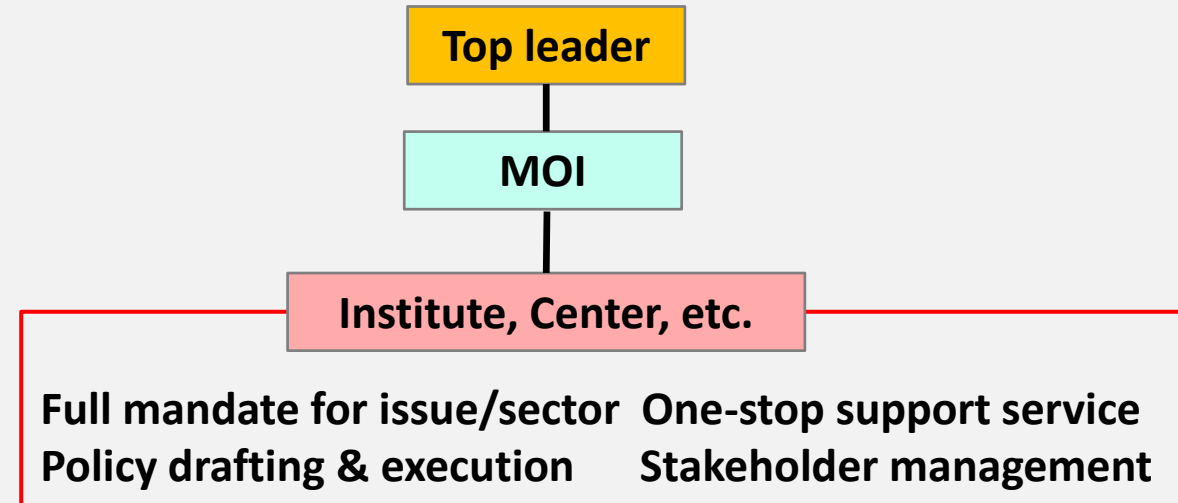
(C) Super Ministry with Broad Mandate Covering Entire Policy Chain



Super ministry conducts industrial policy with full and broad mandate and strong trust from top leader and cabinet.

- ✓ Japan's MITI (1960s)
- ✓ Taiwan's Ministry of Economic Affairs
- ✓ Malaysia's MITI
- ✓ Singapore's EDB

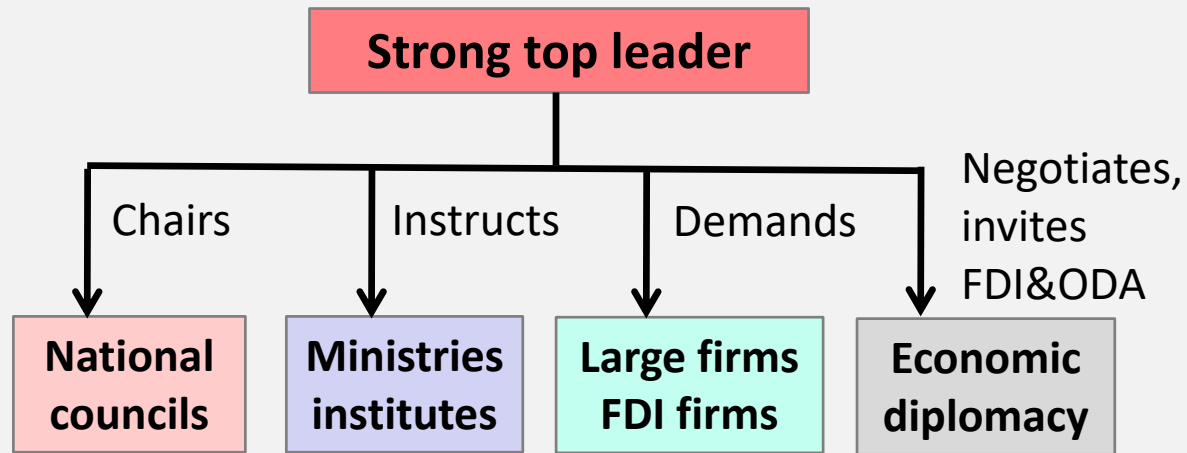
(D) Single Hub Agency to Draft, Coordinate and Implement Specific Policy



Despite being a lower level, the body is fully mandated and able to conduct an assigned policy or sector promotion

- ✓ Japan's SME Agency
- ✓ Thailand Automotive Institute
- ✓ Enterprise Singapore (firm support)

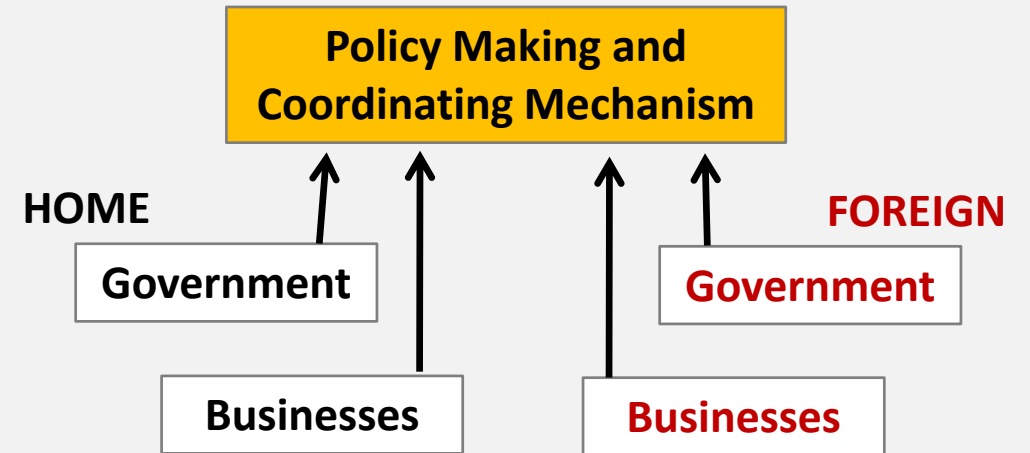
(E) Strong and Economically Literate National Leader Guiding the Nation



An effective PM/president can produce and coordinate policies, but sustainability is not ensured without institutionalization.

- ✓ Korea's Park Chung-hee (1960s-70s)
- ✓ Taiwan's Chiang Kai-shek (1950s-70s)
- ✓ Malaysia's Dr. Mahathir (1980s-90s)
- ✓ Ethiopia's PM Meles (-2012)

(F) Coordination Mechanism with Businesses and/or Foreigners



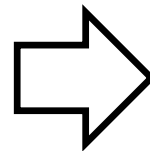
A forum with strong participation of domestic and foreign firms can improve policy if properly managed.

- ✓ Vietnam-Japan Joint Initiative
- ✓ Kenya Association of Manufacturers

2. Japan's MITI in the 1960s

- After the war defeat in 1945, Japan grew fast (about 10% annually) from 1955 to 1970. From hunger and shortage, the nation quickly rose to high income and frontier technology.
- The Ministry of International Trade and Industry (MITI) was the key official body to propel this industrialization in cooperation with MOF (finance) and the Economic Planning Agency (data analysis).

Japan after the war defeat



Japan in the 1960s



Features of Japanese MITI in comparison with Ethiopia

	MITI in the 1960s	Ethiopia Tamirt
Internal structure	Broad mandate over issues, sectors and policy process; MITI's horizontal and vertical bureaus cooperated	Minister & Deputy Ministers; MIDI, Tamirt Project Office, advisors
Vertical coordination	Clear national goal (industrial catch-up); productive relation with politicians through mutual interaction and inputs	Prime Minister – Macroeconomic Team – MOI & other ministries
Horizontal coordination	Policy triad of MITI (industrial policy) – MOF (finance) – EPA (data analysis)	Interact with MOF, EIC, etc. through clusters and technical committees
Relation with private businesses and associations	Working closely with firms and business associations; joint policy making and execution; trust from private sector	Private participation in policy making is relatively limited
Relation with regional states	MITI had offices all over Japan; JETRO had a global network; policy was executed consistently nationwide	Regional states welcome and actively participate in Tamirt Movement
Competence and incentives of officials	Low to middle MITI officials worked hard with pride for national goals despite low salary	Low to middle officials need strengthening

Features of MITI in the 1960s



- **Broad mandate**

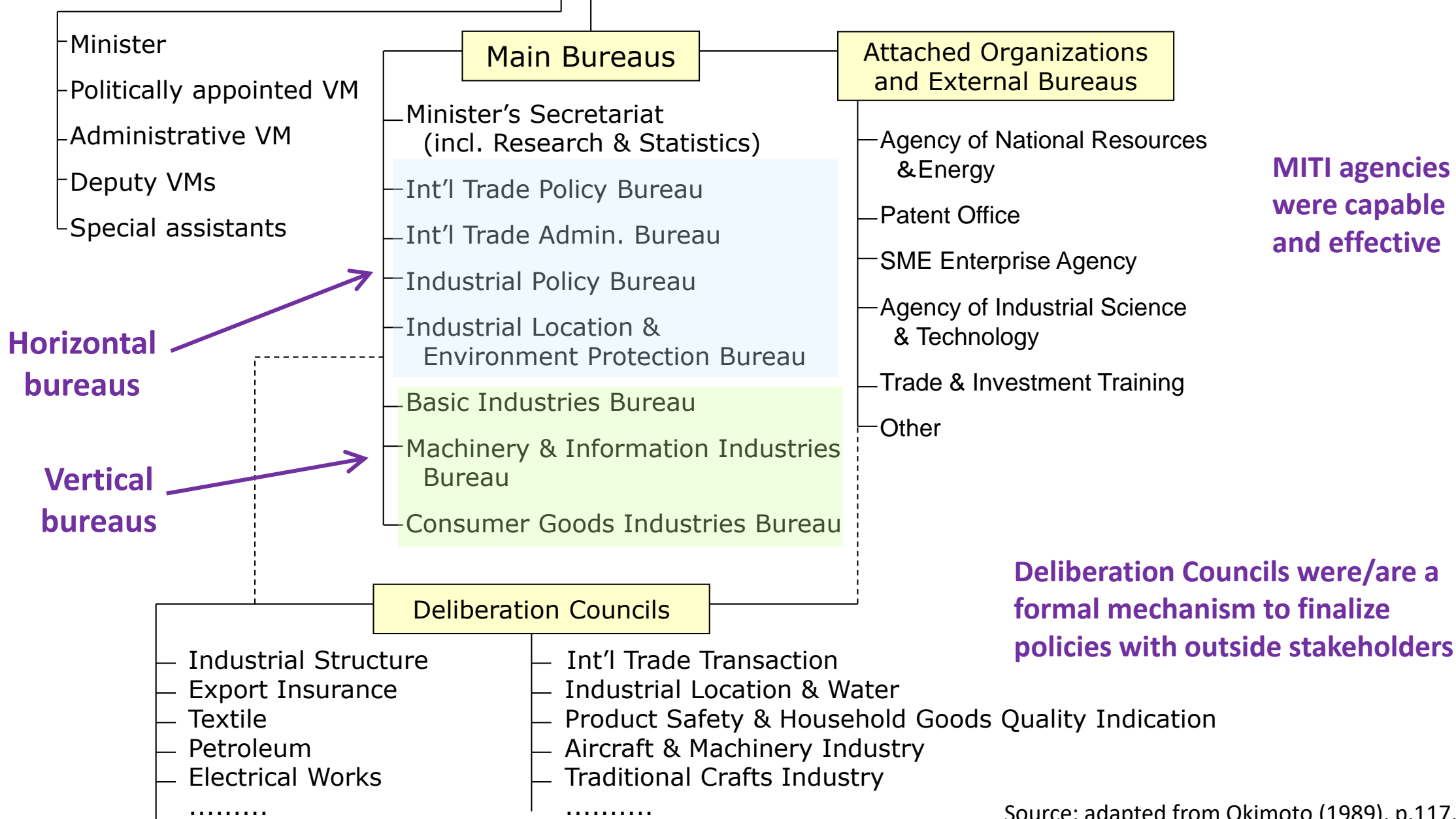
MITI was responsible for industry, trade, investment, energy, mining, technology, industrial HR, SMEs, intellectual property, etc. MITI also covered the entire policy chain from vision-setting to survey & research, stakeholder consultation, law-drafting, execution and monitoring.

- **Many policy instruments**

MITI had many tools including Investment Bank, EXIM Bank, JETRO, SME Agency, Patent Office, Energy Agency, technology institutes, etc. (created mostly in the late 1950s) for effective policy implementation.

- **Horizontal and vertical bureaus** (next slide)

Ministry of International Trade and Industry



MITI agencies were capable and effective

Deliberation Councils were/are a formal mechanism to finalize policies with outside stakeholders

Source: adapted from Okimoto (1989), p.117.

MITI Features – External Relations

- **Productive relationship with politicians**

MITI submitted policy proposals to politicians for deliberation. Politicians also asked MITI to study certain issues. MITI was a highly autonomous professional body.

- **Thick and intensive network with the private sector**

MITI and businesses shared awareness and future visions, working jointly to produce policies. Business associations were extensively consulted. Private firms trusted and willingly cooperated with MITI.

- **National and international information network**

MITI had local offices and channels all over Japan. It also cooperated with Japanese embassies and JETRO offices for foreign information.

MITI Features – Officials

- **Highly motivated staff**

Despite low salary, MITI officials were very happy and proud to work on industrialization, a big national dream. After working hours, they organized private study meetings with academic and business people (no overtime pay).

- **Internal rotation**

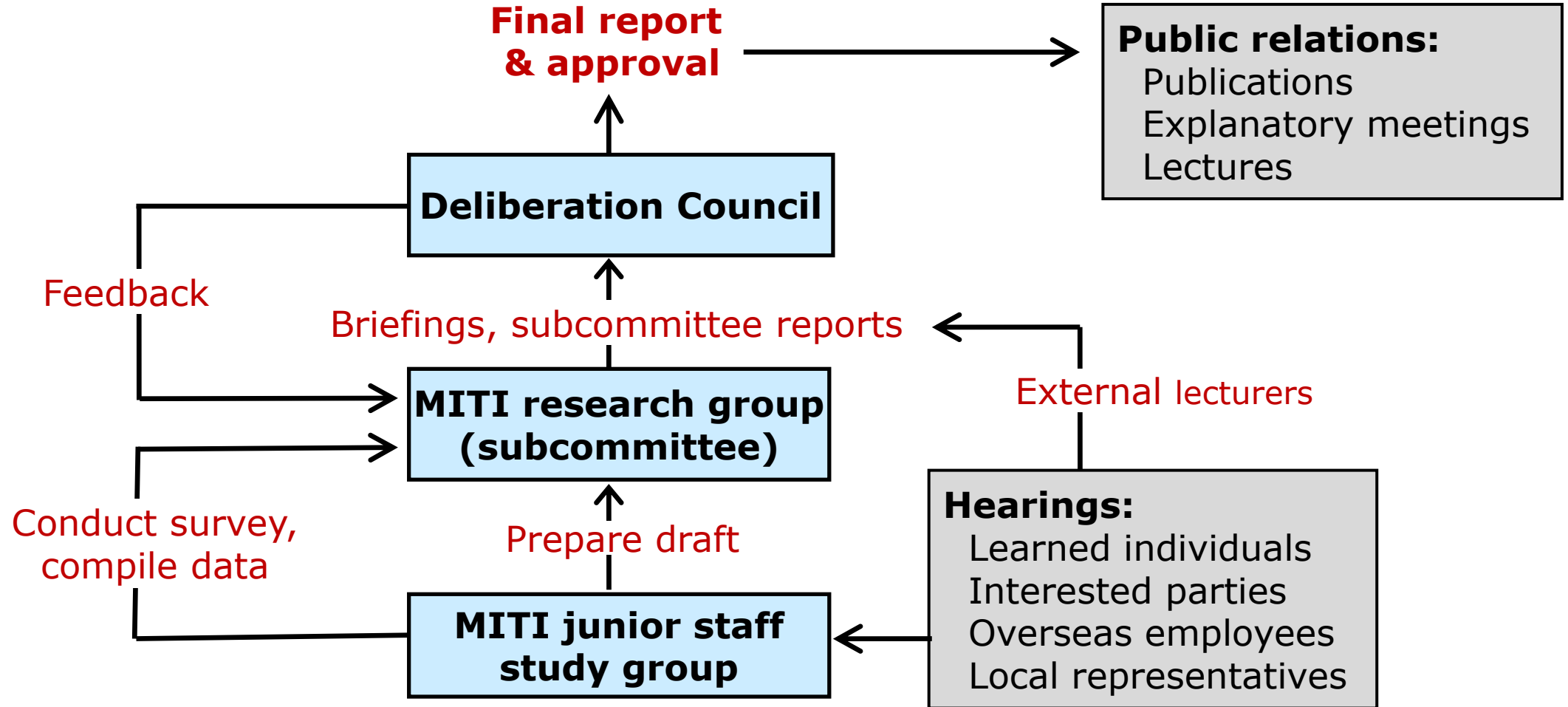
MITI staff rotated every 2-3 years to experience many positions, including overseas placement, to cultivate a broad perspective.

- **Bottom-up policy formulation**

Young officials in their 30s prepared policies through interviews, research and drafting. The policy draft was reviewed by an internal mechanism and examined by outsiders (Deliberation Council).



MITI's Policy Making Was Bottom-up



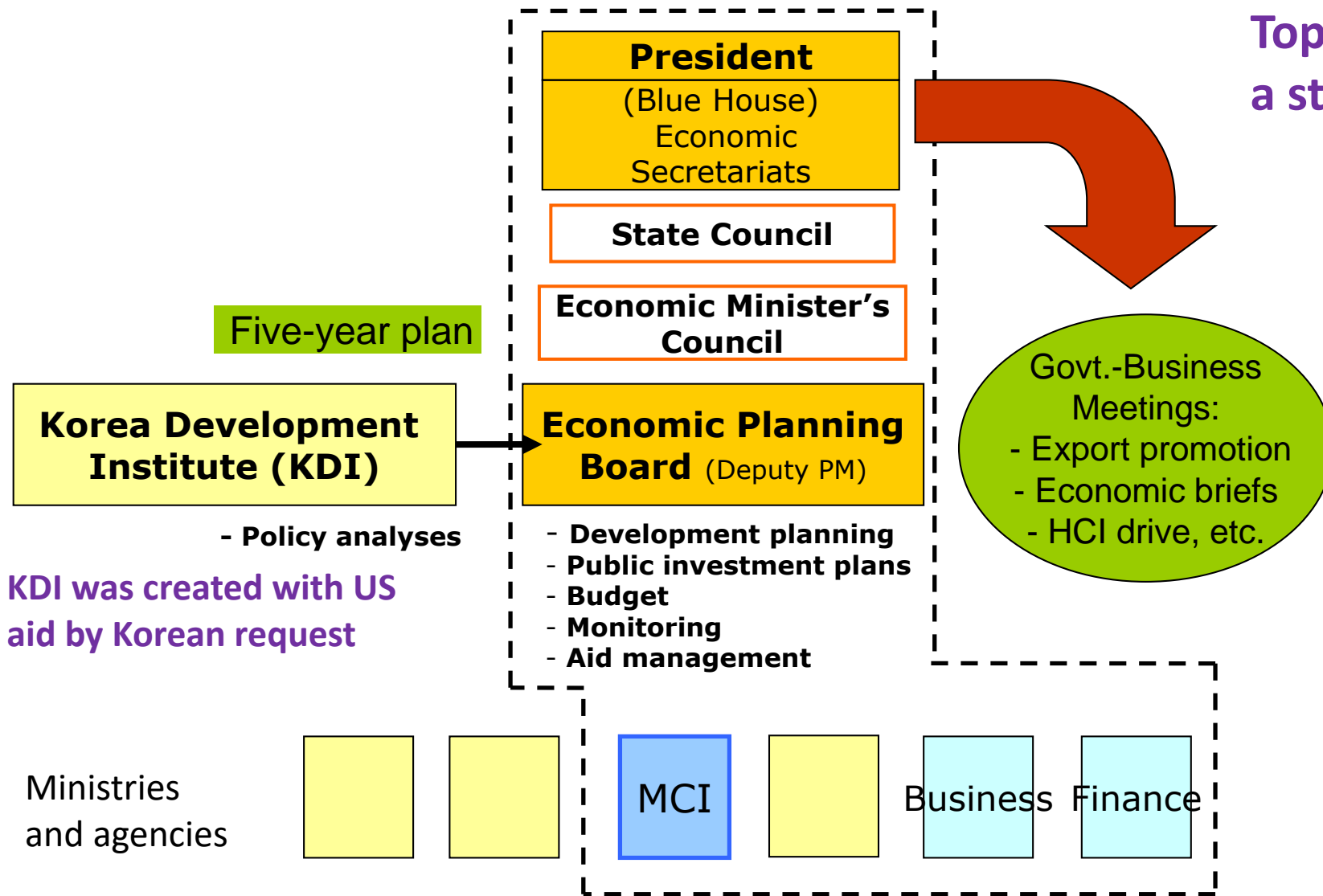
Young officials in their 30s actively gathered information and interacted with stakeholders, thus having substantive influence on final result—unlike in most other countries where young officials only take orders from above and do what was assigned.

Source: Ono (1992); original graph was rearranged so reporting direction goes from bottom to top.

3. Policy Methods and Organizations in Asia

- **Korea in the 1960s & 70s** – top-down directives by a strong president
- **Thailand in the 1980s** – managing a huge infrastructure project
- **Malaysia in the 1990s & 2000s** – complex mechanism with a strong command post (EPU), national council and ethnic consideration
- **Taiwan in the 1990s to now** – powerful MoEA, outsourcing certain policy making processes to think tanks
- **Thailand in the 2000s** – automotive promotion by TAI
- **Vietnam in the 2010s** – excessive public investment and a power shift from MPI (planning) to MOF (finance)
- **Myanmar in the 2010s** – automotive assembly: learning from foreign experts first

Korea: Industrialization under President Park (1960s-70s)



Top-down directives by a strong national leader



- Park Chung-hee directly ruled economic policies
- EPB acted as a super-ministry
- Research institutes (KDI and others) provided analyses
- Very close and cooperative gov't-business relationship
- Performance-based rewards and penalties

President Park Chung-hee Commands, Chairs and Honors



Monthly Export Promotion Meeting chaired by President Park (late 1960s)



President Park confers medals and great honor to firms with excellent export performance



In Saemaul Undong (massive rural movement), every Korean village was ordered to transform mindset and lifestyle, conduct communal projects and raise income (1970s)

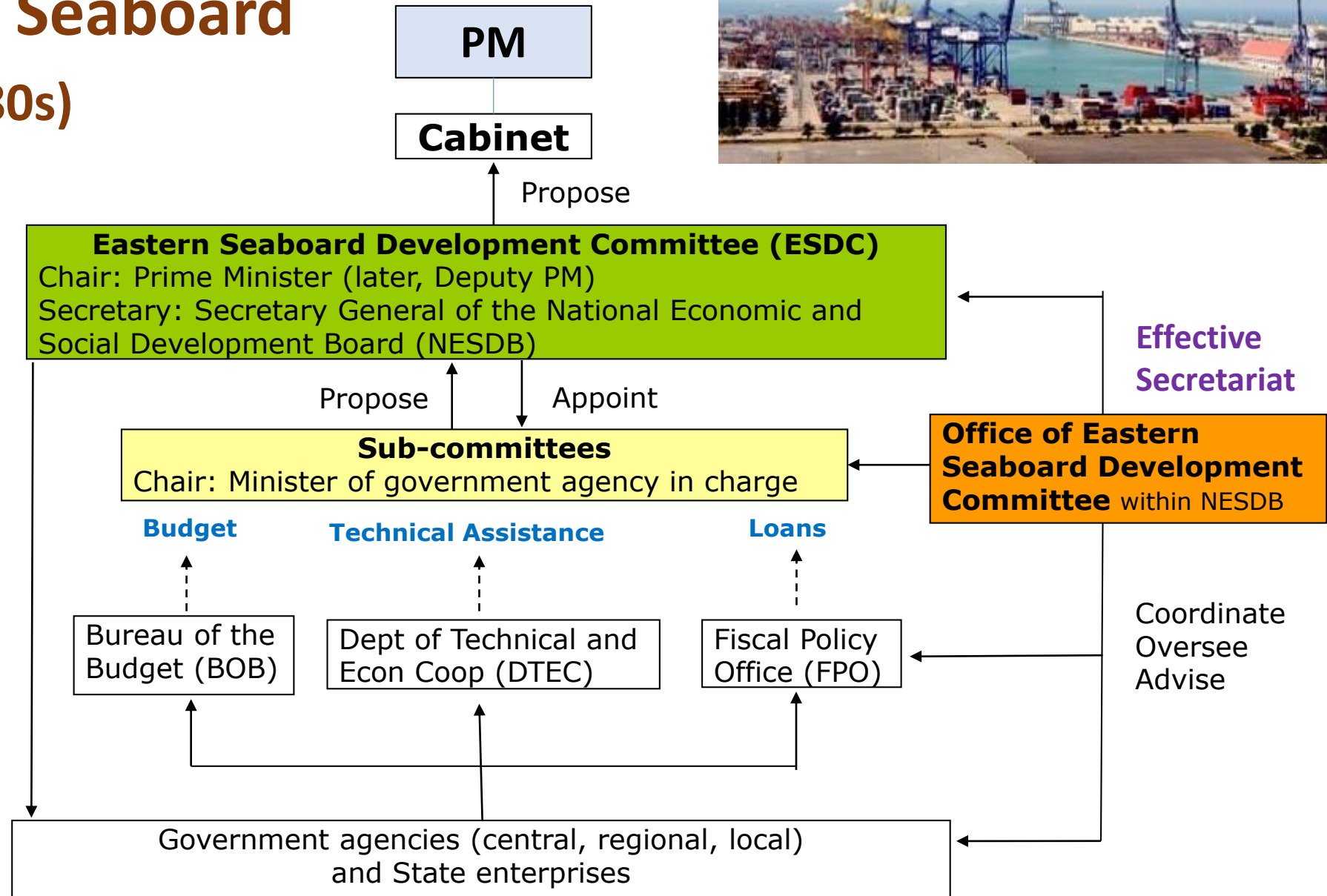
Source: KDI, *From Despair to Hope: Economic Policymaking in Korea 1945-1979: A Memoir* by Kim Chung-yum, 2011.

Thailand: Eastern Seaboard Development (1980s)

A huge regional development project with deep-sea ports, highways, railways, industrial parks, petro-chemicals, etc.



Council approach with PM Prem's strong leadership and involvement



Source: compiled by Masumi Shimamura based on the Regulations of the Office of the Prime Minister Governing the Eastern Seaboard Development (1985) and information provided by NESDB, TICA, BOB, FPO, PDMO and MOI to the GRIPS team

Malaysia: Capable Officials vs. Inactive Private Sector

- Despite past growth, Malaysia faces slow investment and innovation and the lack of global competitiveness. Growth momentum is waning.
- **The government-people gap:** Malaysia has competent officials with competitive recruitment and promotion. Technocrats can manage complex policies but private sector response is weak.
- **Economic Planning Unit (EPU)** as a command post, the **council approach**, and **inter-ministerial cooperation** (MITI, MOF, Central Bank) are used simultaneously.
- Representation is ensured for each ethnicity (Malay, Chinese, Indian).



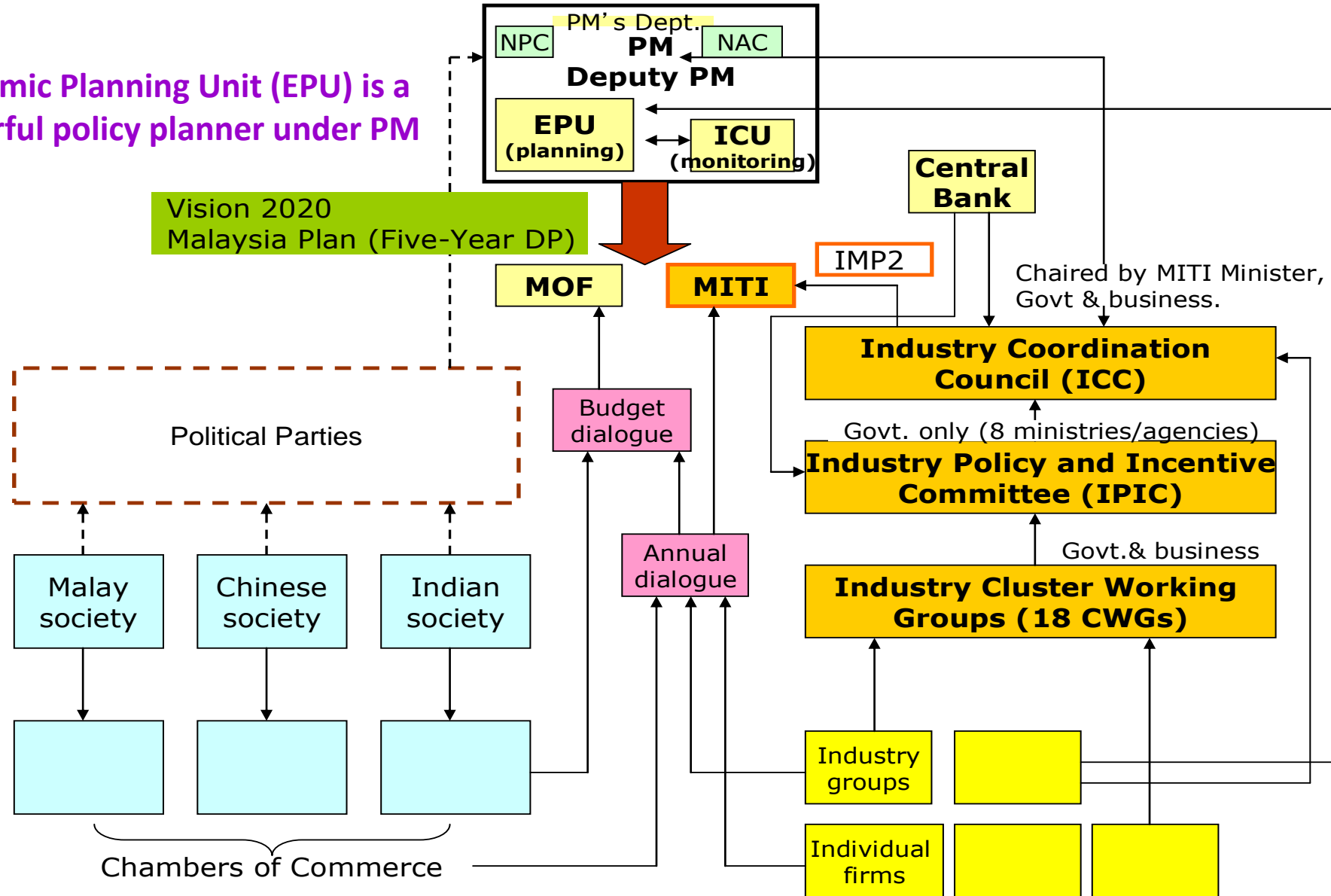
Malaysia's SME Promotion (Late 1990s-early 2000s)

Economic Planning Unit (EPU) is a powerful policy planner under PM

Multi-ethnicity requires mechanisms for hearing diverse voices

Bank Negara, MITI and MOF are key official bodies

Three-layer council/committee/WG model for policy execution



Taiwan: Ministry of Economic Affairs (MoEA)

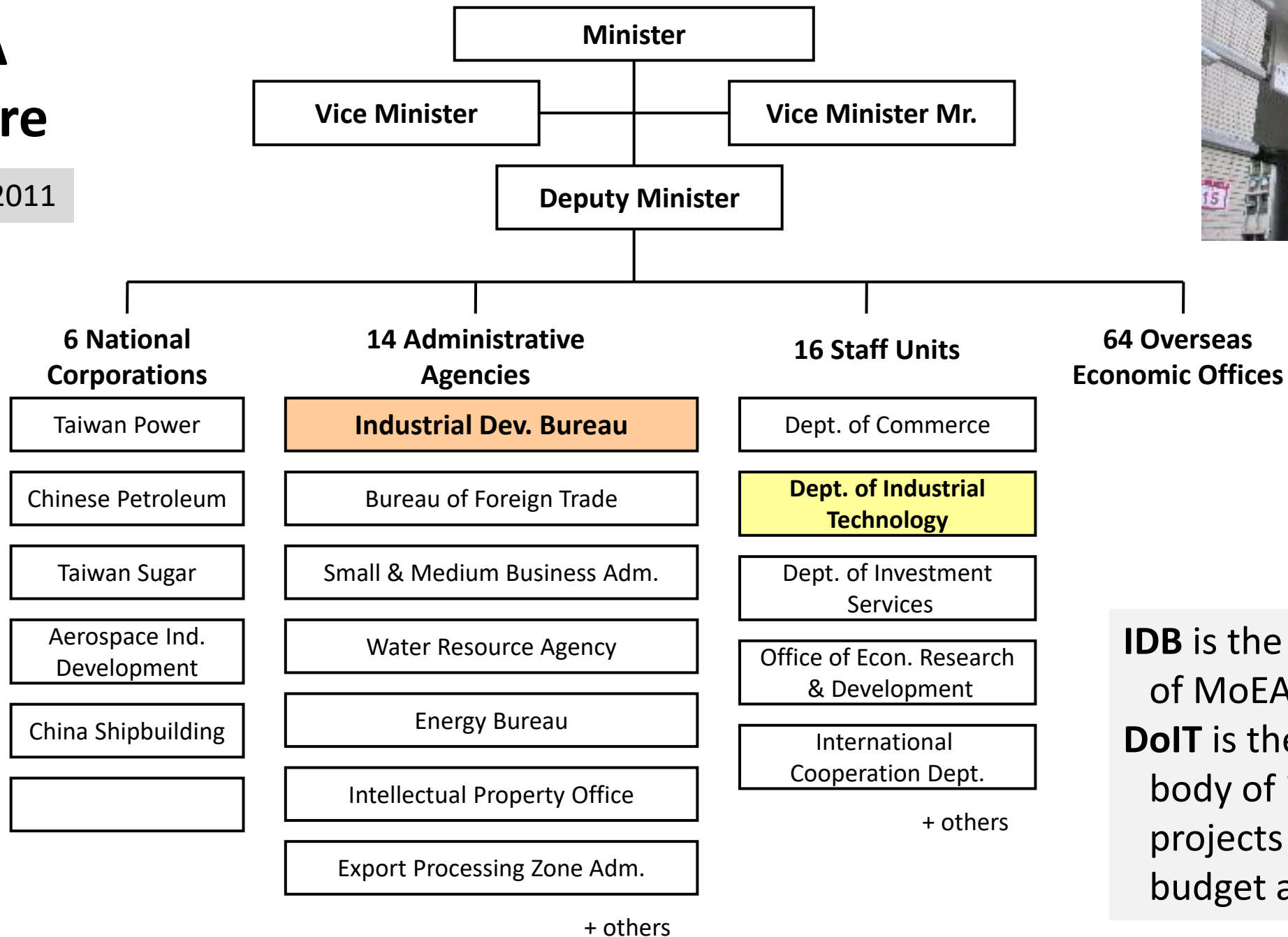


Industrial Technology Research Institute (ITRI)

- ❑ MoEA was very powerful until the 1980s when Taiwanese firms became sufficiently competitive. MoEA is still powerful in setting policy direction and enterprise support.
- ❑ Key policy instruments are **technology institutes**, **industrial projects** (for commercializing innovation), and **science parks**, EPZs & industrial parks.
- ❑ Unlike Japan's MITI, survey & research, report drafting and stakeholder consultation are outsourced to two think tanks through competitive bidding—the Taiwan Institute of Economic Research (TIER) and the Chung-Hua Institution for Economic Research (CIER).

MoEA Structure

Our mission 2011



IDB is the policy brain of MoEA.
DoIT is the executing body of industrial projects with large budget allocation.

Thailand Automotive Institute (TAI) (2000s)

- TAI is an MOI-affiliated NPO created in 1998 with both private and official funding. It now receives no government budget.
- TAI served as an effective hub among MOI, FDI, local firms and Japanese ODA, and successfully developed the sector.
- Annual production rose to 2-3 million. Domestic parts suppliers increased to 2000+ firms. Export of cars and components expanded. Thailand is the 10th largest automotive producer in the world (2021 data).

Past presidents of TAI



Vallop Tiasiri
(1999-2012)



Patima Jeerapaet
(2012-2015)



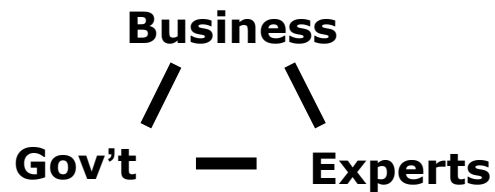
Vichai Jirathiyut
(2015-2018)



Drafting of Automotive Master Plan 2 (2007-2011)

As explained by former TAI President Mr. Vallop. TAI managed the whole process which took about 1 year.

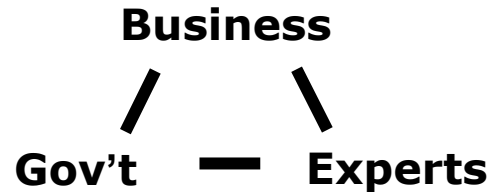
Brainstorming; agreeing on goals & directions



(Informal)



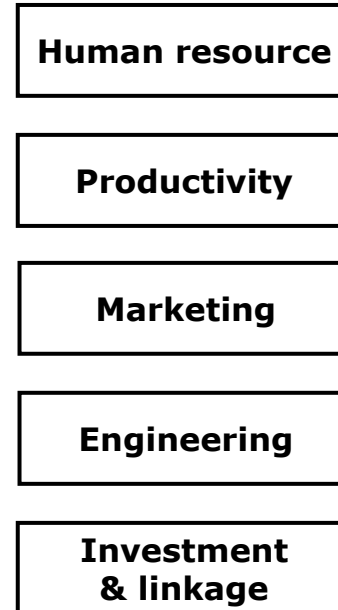
Set up formal committee for drafting M/P



(Formal)



Subcommittees study identified issues



Drafting team of MP2



**Comment &
dissemination**



Implementation

Vietnam: Power Shift from MPI to MOF

- Vietnam industrialized rapidly since the 1990s through liberalization, integration, private dynamism, FDI, ODA, and land bubbles. However, policy quality remains low.
- Vietnam actively borrowed from WB, AsDB & Japan to build infrastructure. Public debt hit the nationally imposed ceiling of 65% of GDP and construction had to be temporarily suspended.
- In this process, power shifted from the Ministry of Planning and Investment (planning & ODA) to MOF (fiscal prudence). Construction speed must now be balanced with macroeconomic stability.



Myanmar's Car Assembly: Learning from Japan (Initially)

- Myanmar's MOI had no experience of automotive development. It largely accepted the proposals of Japanese firms and chamber of commerce in drafting its first automotive policy (approved in 2019).
- Used car imports were ended at Toyota's request. Suzuki advised on the importance of market size, priority models, SKD/CKD definitions, proper incentives and the future development of supporting industries.
- As a result, the policy became conducive to global carmakers. Suzuki expanded its factory. Toyota built its first plant in Thilawa. Koreans also planned to assemble cars.

[However, after the military coup of Feb. 2021, Myanmar's automotive sector slowed down.]



4. The Case of Investment Incentive Policy

- Standard tax incentives are
 - ✓ Corporate income tax (CIT) exemption/reduction (tax holiday)
 - ✓ Customs duty exemption on eligible imports
- Other incentives—subsidies, policy loan access, reduced charge on land or infrastructure service, special import privilege, visas, housing, fast track treatment, etc.
- Some governments have clear policy structure while others add many measures over time making the policy complicated and ambiguous.
- The quality of investment promotion agency varies across countries. Malaysia's MIDA and Thailand's BOI are exemplary. They can effectively guide investors and reduce business uncertainty.

Thailand: 2015 Revision and Competent BOI

- The **Board of Investment** (BOI) under PM is a one-stop agency for all investors. It effectively disseminates, administers and monitors FDI policy.
- As industrialization progressed, FDI policy was **revised in 2015 from general to more selective**—contribution to high technology, value chains and national goals. BOI spent one year to publicize the change in advance.
- Thailand requires FDI to have the following conditions:
 - ✓ Value-added > 20% (manufacturing, not mere trading)
 - ✓ Minimum investment of 1 million baht (=\$26,350)
 - ✓ Modern production processes
 - ✓ New machinery (with exceptions)
 - ✓ ISO9000 or ISO14000 (for large projects)
 - ✓ Environment protection

Thailand: Two-tier Incentive System

Firms may receive both incentives if they qualify

Basic Incentives (by activity and product)

Group A: high technology

Group B: value chain promotion

Activity Group	Incentives				
	CIT tax holiday	Import duty exemption			Non-tax
		Machinery	R&D	Inputs	
Technology and Innovation Development	10 years no cap	✓	✓	✓	✓
A1	8 years no cap	✓	✓	✓	✓
A2	8 years	✓	✓	✓	✓
A3	5 years	✓	✓	✓	✓
A4	3 years	✓	✓	✓	✓
B1	— *	✓	—	✓	✓
B2	—	—	—	✓	✓

Additional Incentives

Issue-based

Contributing to such national goals as:

- 1/ **Competitiveness** (R&D, high-level HRD)
- 2/ **Area-based** (Eastern Economic Corridor, SEZs, TSP, remote areas)
- 3/ **Agenda-based** (stock market development, temporary issues...)

For this, CIT privilege (tax holiday) extension only

Malaysia: MIDA Handles Additional Incentives Well

- Malaysia's incentives are based on the Promotion of Investments Act 1986, Income Tax Act 1967, and other laws.
- Since 1967, **Malaysian Investment Development Authority (MIDA)** under MITI has performed one-stop functions consistently. It evaluates, approves and monitors investment projects for the entire nation.
- The two key incentives for manufacturing are (choose one, not both):
 - ✓ **Pioneer Status**—70% CIT reduction for 5 years
 - ✓ **Investment Tax Allowance**—60% of qualifying capital expenditure for 5 years can offset taxable income
- MIDA publishes and updates detailed lists of eligible products and activities.

Malaysia

- **Additional incentives** are created for various policy purposes (table).
- They are given in the form of either PS or ITA.
- They are integrated into MIDA's incentive scheme.
- MIDA can guide individual firms for their eligibility. Early contact with a MIDA official is advised.

Targeted activities or products		Pioneer Status	Investment Tax Allowance	Remark
Standard privilege		70% CIT reduction for 5 years	70% CIT reduction using 60% of qualified expenditure for 5 years	Details are listed in Appendix I
1	High technology companies	100% CIT exemption for 5 years	100% CIT exemption using 60% of qualified expenditure for 5 years	Details are listed in Appendix II
2	Strategic projects	100% CIT exemption for 10 years	100% CIT exemption using 100% of qualified expenditure for 5 years	Large capital-intensive, high-tech, broad-linkage projects
3	SMEs	100% CIT exemption for 5 years	100% CIT exemption using 60% of qualified expenditure for 5 years	CIT 17% instead of 24% up to corporate income of RM 500,000; Appendix I & III
4	Investments in selected industries	100% CIT exemption for 10 years	100% CIT exemption using 100% of qualified expenditure for 5 years	Designated products in (specialized) machinery and equipment sector
5	Automotive industry (application 2016-2020 only)	MIDA offers CIT exemption or CIT exemption equivalent of Investment Tax Allowance for 5 or 10 years		Production of energy efficient vehicles and its critical components or systems
6	Aerospace industry (application 2016-2020 only)	MIDA offers CIT exemption or CIT exemption equivalent of Investment Tax Allowance for 5 or 10 years		Aerospace manufacturing; system integration; maintenance, repair and overhaul; related services
7	Utilization of oil palm biomass to produce value-added products	100% CIT exemption for 10 years	100% CIT exemption using 100% of qualified expenditure for 5 years	If existing project, privilege applies to reinvestment only
8	Industrialized building system	70-100% CIT reduction for 5 years	70-100% CIT reduction using 60% of qualified expenditure for 5 years	Columns, beams, slabs, wall, roof trusses, precast concrete and other systems
9	"Desirous" companies	MIDA offers tax exemptions equivalent to Pioneer Status or Investment Tax Allowance based on the prevailing rates and eligibility criteria under the Promotion of Investments Act 1986		Malaysian firms desirous or just started to engage in promoted activities or products

Source: MIDA, Chapter 2: Incentives for New Investments. Accessed on October 25, 2022 and summarized by the author.

Vietnam: Incentives are Complex and Confusing

- Vietnam offers privileges in CIT, import duties, land rent, R&D, subsidies, accelerated depreciation, etc. These incentives are significant if usable. In reality, however, they are decentralized, complex and ambiguous.
- Investment Law 61/2020/QH14 defines 14 priority sectors and 2 locations. But other policies also provide incentives for project size, social contribution, science and technology, innovation, SMEs, supporting industries (domestic component suppliers), etc.
- There is no comprehensive one-stop service. Foreign Investment Agency is weak and does not cover provincial FDI.
- Many ministries and provincial government are involved in approving individual projects which causes delay and confusion.

Indonesia: Incentives are Limited and Highly Uncertain

- Indonesian Investment Coordinating Board (BKPM) is a relatively efficient one-stop agency. However, many line ministries also get involved. Under decentralization, local governments are responsible for assisting and monitoring projects.
- Delay, ambiguity and inconsistency are common. There is rivalry among ministries and even among directorates of the same ministry. Information flows freely among friendly ministries but not between contending ones.
- Regulations were issued frequently with unclear conditions and without advance notice.
- Incentives come with strict conditions—minimum \$32-64 million or 100-300 workers, bank deposit and R&D are required, firms must contribute to infrastructure, etc. Only a few large firms can receive them.

Policy has been reviewed since 2018 but results need to be assessed.

5. VJJI: Bilateral Problem Solving Mechanism

- In 2003, the **Vietnam-Japan Joint Initiative (VJJI)** was established to improve Vietnam's business environment.
- Japanese firms report problems, action plans are bilaterally agreed to solve them, and they are executed with interim and final review. This is repeated in two-year cycles (now in Phase 8).
- **Vietnam**—the Ministry of Planning and Investment (MPI) is the hub organization that invites other ministries to participate in VJJI.
- **Japan**—Keidanren (Japan Business Federation) and the Ministry of Trade, Economy and Industry (METI) strongly support this initiative. The Japanese embassy in Hanoi manages operation and logistics.
- Japanese firms, grouped into several Working Teams, contribute actively. Official and private support are provided to realize solution.

VJJI: Check Sheet

EXCEL Format used to track progress of VJJI policy actions (in Vietnamese and Japanese)

Classification	Category	Item number and problem
	Responsible ministries/agencies in Vietnam	
Problem description and action plan	1. Description of current problem(s)	
	2. Concrete incidence(s)	
	3. Relevant laws and articles that need consideration/revision	
	4. Action plan	
Review and assessment	5. Progress of actions [interim]	
	6. Final assessment of actions	
	7. Ongoing or planned Japanese cooperation (ODA and/or private)	

VJJI: High Success Rate

Phase	Period	Working Teams	No. of items	Success rate
1	Dec. 2003 - Nov. 2005	--	44	85%
2	July 2006 - Nov. 2007	7	46	94%
3	Nov. 2008 - Dec. 2010	7	37	81%
4	Jul. 2011 - Nov. 2012	6	70	87%
5	Jul. 2013 - Dec. 2014	13	104	78%
6	Aug. 2016 - Dec. 2017	7	32	81%
7	Jul. 2018 - Dec. 2019	9	52	85%
8	Oct. 2021- (delayed by Covid)	11	TBD	--

Seven phases have been completed with 385 issues selected for correction. Results are classified into DONE, ON TRACK, DELAYED and NO PROGRESS. Success means DONE or ON TRACK.

Initially, business barriers related to taxes, imports, visas, permits, procedures, etc. were dealt with. Later, the focus shifted to policy improvements and the strengthening of local firms and workers.

Source: the website of the Japanese embassy in Vietnam (original in Japanese).

Summary

Policy inconsistencies are many and their solutions are also many. Success depends on the existence of the human factors as listed below rather than any particular solution method.

- The critical role of the **national leader** in overseeing all policy trade-offs and inconsistencies – strong involvement, proper instruction, mandate allocation and monitoring
- The importance of **competent technocrats** who can identify, solve and follow-up any inconsistencies
- Sufficient involvement of **private stakeholders** (significant and responsible producers)

Foreigners (development partners, firms, NPOs, researchers) may additionally assist if the government is on the right track.

(Cont.)

Ethiopia in general and MOI's Tamirt Movement in particular face the following two challenges:

- The large number of ministries, commissions, committees, institutes, etc. involved in industrial promotion and the resulting acute need to coordinate among them (cf. super ministries in Japan, Taiwan).
- Frequent changes of government structure in recent years make it more difficult for MOI to coordinate effectively and maintain good working relations with internal and external stakeholders.