

## Foreword

This policy minutes compile the presentations and main points discussed at the GRIPS Development Forum-JICA Joint Seminar on “Japan’s Approach to African Development during TICAD IV: The Case of Ethiopia”, held on October 17, 2011. The seminar aimed to disseminate the results of the first phase of Japan’s cooperation for industrial development in Ethiopia (2009–2011) with wider audience, in light of how Japan is sharing East Asian experience with Ethiopia, and to discuss its broader implications for Japan’s growth support for Africa in general.

Since 2009, the Japan International Cooperation Agency (JICA) has supported Ethiopia’s industrial development with two components: a Kaizen pilot project and bilateral industrial policy dialogue. This cooperation was personally requested by H. E. Mr. Meles Zenawi, Prime Minister of Ethiopia, who has great interest in East Asian development experiences. It is also part of the follow-up programs to the Fourth Tokyo International Conference for African Development (TICAD IV), held in May 2008, which highlighted the importance of accelerating growth in Africa. Within this bilateral cooperation framework, over the past years the GRIPS Development Forum (GDF) has conducted industrial policy dialogue, in collaboration with JICA, and has advised the Ethiopian government on a large number of issues in assisting the formulation of the Growth and Transformation Plan (GTP) 2010/11-2014/15. With successful completion of the first-phase cooperation, JICA has begun the second phase of industrial policy dialogue with GDF and a new technical cooperation project to support the institutionalization of Kaizen practices.

The seminar greatly benefited from the participation of H. E. Mr. Markos Tekle Rike, the Ethiopian Ambassador to Japan, Mr. Masaki Noke, Deputy Director-General, International Cooperation Bureau and Middle Eastern and African Affairs Bureau of the Ministry of Foreign Affairs, as well as Prof. Daniel Kitaw, Associate Professor and expert on kaizen and quality control, Addis Ababa University. We are also grateful for active participation by African Ambassadors and diplomats, researchers, private sector, NGOs, policymakers and aid practitioners who are interested in African development.

The information on this seminar and more details on policy dialogue on industrial development in Ethiopia can be obtained from the following website of GDF:

<http://www.grips.ac.jp/forum-e/events/eventinfo.htm>

[http://www.grips.ac.jp/forum-e/af-growth/support\\_ethiopia/support\\_ethiopia.htm](http://www.grips.ac.jp/forum-e/af-growth/support_ethiopia/support_ethiopia.htm)

We sincerely hope that the information will contribute to sharpening the focus of Japan’s growth support to Africa.

February 2012

GRIPS Development Forum

**GRIPS Development Forum–JICA Joint Seminar**  
**“Japan’s Approach to African Development during TICAD IV:**  
**The Case of Ethiopia”**

◆ **Date and Time:** October 17, 2011 (Monday), 15:00-17:30

◆ **Venue :** Conference Room 1-A & B (1<sup>st</sup> floor),  
National Graduate Institute for Policy Studies (GRIPS), Tokyo

◆ **Programme:**

- |               |   |
|---------------|---|
| 15:00 – 15:20 | Opening Remarks<br>H. E. Mr. Markos Tekle Rike, Ambassador Extraordinary and Plenipotentiary of the Federal Democratic Republic of Ethiopia<br><br>Opening Remarks<br>Mr. Masaki Noke, Deputy Director-General, International Cooperation Bureau / Middle Eastern and African Affairs Bureau, Ambassador for Civil Society, Ministry of Foreign Affairs |
| 15:20 – 15:40 | Presentation “JICA’s Assistance for Industrial Development in Ethiopia”<br>-- Kyoko Kuwajima, Director General, Industrial Development and Public Policy Department, JICA<br><br>Presentation “Achievements in the KAIZEN Project”<br>-- Go Shimada, Director, Research Program Division, JICA Research Institute                                       |
| 15:40 – 16:00 | Presentation “Industrial Policy Dialogue in Ethiopia”<br>-- Kenichi Ohno, Professor, GRIPS  |
| 16:00 – 16:20 | Presentation “Experience of Kaizen in Ethiopia and the way forward”<br>-- Daniel Kitaw, Associate Professor, Addis Ababa University   |
| 16:20 – 16:40 | Presentation “Sharing East Asian Experiences with Africa: Japan’s Policy Dialogue and Korean Knowledge Sharing Program”<br>-- Izumi Ohno, Professor, GRIPS  |
| 16:40 – 17:30 | Discussion  |

\*Kaizen: Quality and productivity improvement

**GRIPS Development Forum–JICA Joint Seminar**  
**“Japan’s Approach to African Development during TICAD IV:**  
**The Case of Ethiopia”**

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**GRIPS Development Forum-JICA Joint Seminar**  
**Japan's Approach to African Development during TICAD IV:**  
**The Case of Ethiopia**

**Seminar Report**

The GRIPS Development Forum-JICA Joint Seminar was held on October 17, 2011, with over 70 participants from diverse background—African Ambassadors and diplomats, researchers, private sector, policy makers and practitioners—who are interested in the African development.

Prof. Izumi Ohno gave brief introduction about the theme of the seminar and the speakers of the session. The seminar focuses on JICA's technical cooperation to Ethiopia and its implications for Japan-Africa cooperation in general. The first phase of JICA assistance to Ethiopia has two main components: (i) policy dialogue on industrial development; and (ii) quality and productivity improvement (Kaizen). The objective of the former is to help Ethiopia's policy formulation and coordination including the drafting of master plans and action plans in collaboration with Ethiopian higher officials, including the Prime Minister, and operational-level experts. The latter is aimed at introducing Kaizen activities to the Ethiopian manufacturing sector to improve their productivity. This JICA assistance is in response to the Ethiopian Prime minister's formal request to the Japanese government to introduce Kaizen to Ethiopia and provide advise to Ethiopia's industrial development strategy from East Asian perspectives. And for Japan, this is part of the commitment it made at TICAD IV.

**Opening Remarks**

**H. E. Mr. Markos Tekle Rike, Ambassador Extraordinary and Plenipotentiary of the Federal Democratic Republic of Ethiopia**

The fall of the socialist regime in 1991 marked the prevalence of peace and stability in Ethiopia. As a result, Ethiopia has embarked on development activities since then. For the last seven years, Ethiopia registered an average GDP growth rate of 10 percent. Ethiopia has been implementing 5-year plans. The current 5-year plan, known as the Growth and Transformation Plan (GTP) succeeded the previous one, called PASDEP. By many standards, the current GTP is a grand plan that we hope will make fundamental changes in our economy.

Ethio-Japan diplomatic relations started in the 1930s. Since then relations have been strengthened. Emperor Haileselassie was particularly interested in Japan's miraculous development. A book titled "Japan endet seletenech"—meaning "how did Japan develop?"—was written by a renowned Ethiopian writer. This shows that there has been an obsession on the Ethiopian side to know how Japan developed from ashes to riches.

Over the past years, the government of Japan has increased its assistance to Ethiopia. At TICAD IV, Japan has reinforced its commitment to help developing countries get out of poverty. The policy dialogue on industrial development with the Ethiopian government and the Kaizen Project in the Ethiopian manufacturing sector are part of Japan's commitment at TICAD IV.

The policy dialogue on industrial development has helped the Ethiopian government to streamline and articulate its policies and plans through the series of discussions held with GRIPS professors, namely Izumi Ohno and Kenichi Ohno. The JICA-supported Kaizen Project has helped pilot firms apply the required tools that enable them to reduce costs, raise productivity and improve their quality. H.E. Mr. Markos closed his remarks by thanking Professors Kenichi Ohno and Izumi Ohno and JICA for their support to Ethiopia's development.

**Mr. Masaki Noke, Deputy Director General, International Cooperation Bureau, Middle Eastern and African Affairs Bureau, Ambassador for Civil Society, Ministry of Foreign Affairs, Japan.**

Industrial development cooperation in Ethiopia is significant in three contexts: African, Ethiopian and Japanese. In the context of Africa, the Yokohama Action Plan of the TICAD IV urges to “support African countries to plan and implement industrial development strategies and policies, drawing on Asian experiences as appropriate.” Today's seminar theme—the case of Ethiopia—is a concrete example. In the context of Ethiopia, industrial development support for Ethiopia is promoted through two synergistic components: (i) policy dialogue on industrial development; and (ii) a specific project on Kaizen. For long, the priority of Japanese cooperation to Ethiopia has been food security. But, Japan has decided to elevate industrial development to the second priority of cooperation to align our assistance to Ethiopia's current development policy. In the context of Japan, techniques such as 5S principles (*Seiri, Seiton, Seiketsu, Seisou and Shitsusuke*) are more of disciplines rooted in the Japanese way of life than abstract concepts. Kids are taught to clean their class rooms; when these kids join the workforce, they clean their workplaces. Hence, if we apply such a specific Japanese virtue to development cooperation, we can make a difference from other donors. At the same time, we have to be mindful of social and cultural circumstances in the recipient country.

Mr. Noke shared his experience of a recent mission to Ethiopia, particularly his visit to Ambassador Garment, the biggest Ethiopian suits maker and one of the companies that adopted Kaizen activities. He was pleasantly surprised to observe that the factory was clean, workplaces were logically organized and compartmentalized by colored tapes according to the fabrication process and that workers were absorbed in their works. The situation before Kaizen was totally different. For example, stocktaking needed 15 days but it took only 3 days this year (after Kaizen). He also learned that this movement is promoted by the Ethiopians themselves as the Kaizen Unit was created after the initial JICA technical cooperation, and 8 local Kaizen leaders are devoted themselves in Kaizen promotion. In a word, this

Japanese approach is internalized in Ethiopia. In Ethiopia, the fact that Prime Minister Meles personally took the lead to introduce this movement, ensuring local resources for it has made the Kaizen project successful.

Mr. Noke hoped today's seminar would find useful suggestions and guidance for our future cooperation with Ethiopia in particular and with Africa in general. This seminar will yield useful inputs to the TICAD V, which the Japanese government has decided to host in 2013. Growth promotion will remain as an essential component of the TICAD V, and we hope to make good use of Japan's unique advantages in the cooperation with Africa that can make a difference for development and make Japan and Africa even closer.

### **Presentations**

#### **1. "JICA's Assistance for Industrial Development in Ethiopia" by Kyoko Kuwajima, Director General, Industrial Development and Public Policy Department, JICA**

Ms. Kuwajima explained that JICA has been following up the Japanese government's commitment to Africa made at TICAD IV and Hokkaido Toyako G8 Summit held in 2008. As a side event of TICAD IV, JICA sponsored a symposium on "Economic Development in Africa and the Asian Growth Experience" in which Ethiopian Prime Minister Meles took part. In July in the same year, the Initiative for Policy Dialogue (IPD) Task Force on Africa meeting was held in Addis Ababa, co-organized by JICA and Prof. Josef Stiglitz of Columbia University. The IPD meeting aimed to open a debate on economic growth and poverty reduction in Africa by applying Asia's development lessons. Prime Minister Meles participated in most of the sessions in the two-day meeting. At this meeting, the GRIPS professors introduced the experience of JICA's KAIZEN Project in Tunisia, which led to the conception of the industrial policy dialogue and the Kaizen project in Ethiopia. Following these events, Prime Minister Meles requested the two components of support from JICA: (i) intellectual support to help formulate industrial development policies for Ethiopia by applying the Asian development experience (industrial policy dialogue); and (ii) technical cooperation for nurturing the private sector in Ethiopia by introducing KAIZEN concept.

Regarding the initial results of this bilateral industrial policy dialogue, Ms. Kuwajima emphasized three points. First, the policy dialogue made substantial contributions to the drafting of GTP and Micro and Small Enterprise (MSE) strategy in Ethiopia (by filling knowledge gaps, adopting import substitution policy and basic metal and engineering industry in GTP, and introducing the KAIZEN concept in the MSE strategy). Second, it helped the Ethiopian government and collaborators to identify weaknesses in policy-making capacity (e.g., the importance of mindset and methodology for effective policy making, need for inter-governmental coordination mechanisms, need for the consultation process between the government and the private sector). Third, JICA took program approach by combining policy-level

support and a specific technical cooperation (KAIZEN). This has proven to be effective, producing synergy effects. The next phases of the industrial policy dialogue and the Kaizen project are scheduled to start in early next year and November 2011 respectively.

## **2. “Achievements in the Quality and Productivity Improvement (Kaizen) Project” by Go Shimada, Director, Research Program Division, JICA Research Institute**

At the outset, Mr. Go Shimada stressed that his presentation was made jointly with Ethiopian counterpart, and he would speak on behalf of the team of Ethiopian Kaizen Institute and JICA. After a brief introduction of the meaning of KAIZEN (continuous improvement), he explained the profile of the JICA-supported KAIZEN project, “The Study of Quality and Productivity Improvement (KAIZEN) in Ethiopia,” which was implemented during October 2009-June 2011, working with the Ministry of Industry (MOI) as the counterpart. The project aimed at: (i) formulation of a KAIZEN manual for Ethiopia, based on the verification and implementation of pilot activities for selected manufacturing companies (in Addis Ababa and its surroundings); (ii) human resource development of the staff of the KAIZEN Unit of the MOI; and (iii) formulation of a national plan to disseminate KAIZEN activities for manufacturing companies in Ethiopia.

Mr. Shimada highlighted both qualitative and quantitative gains of the KAIZEN project. The qualitative gains include: clean work place, team work, health and occupational safety, improvement suggestions by lower-level workers, and knowledge of quick delivery and cost reduction. The quantitative gains include: monetary impact (average: ETB 500,000 (equivalent of around 29,000 USD) per company), as well as non-monetary improvement (e.g., reduction of time loss and defect ratio, lead time improvement, labor saving). Among the 28 pilot companies, 10 companies achieved high and good performance (regarded as candidates of the excellent companies). The project also involves skills transfer to the Ethiopian counterparts (the members of the KAIZEN Unit) so that they can serve as qualified KAIZEN consultants and the promoters of KAIZEN—even after the JICA project comes to an end. Lastly, Mr. Shimada stated that based on such tangible results of the phase I, JICA plans to start the phase II project in November 2011, which supports the establishment of the Ethiopian KAIZEN Institute to institutionalize and disseminate KAIZEN.

## **3. “Industrial Policy Dialogue in Ethiopia” by Kenichi Ohno, Professor, GRIPS**

Prof. Kenichi Ohno explained that the purpose of our policy dialogue with Ethiopia is to transfer mindset and methodology of East Asian policy making through concrete issues and projects. We support developing countries by offering policy methodology from Asian perspective and raw materials for policy formulation. This includes systematic collection and comparative analysis of the past and present industrial policies of selected Asian countries; and tailoring them to fit each country’s unique conditions. East Asia generally practices industrial policy. Many African countries are interested in industrial policy that draws on the experiences of East Asia. Japan, Asian Tigers, ASEAN and China



industrialized through self-study, learning from neighbors, and trial-and-error. Even today, no systematic instruction exists for effective policy making and execution in developing countries. This is what is missing, and our effort is to fill such a gap. Learning from the East Asian experience is not about copying specific policies to late-comers; but it involves learning mindset and methodology of designing and implementing industrial strategies. While there is a standard industrial policy menu, selectivity and adjustment are needed to the unique conditions of each country. That is why we prefer to have long-term and open-ended engagement with developing countries' governments so that tailored policy support based on concrete studies and projects can be provided.

The Eastern approach of development is complementary to the Western approach. More specifically, the Japanese approach to development emphasizes target orientation, field (*gemba*) orientation, joint work and dynamic capacity development. Given these features, Japan can offer: (i) for a country with reasonable visions and plans, standard policy tools (training, QC, Kaizen, SME promotion, etc) can be provided; (ii) policy dialogue for making and strengthening visions and strategies; (iii) comprehensive regional development with core infrastructure, supported by human resource development, regional planning, industrial support, rural development, etc.; and (iv) creating enabling environment for Japanese investment under the principle of open access and non-exclusivity.

The participants of the industrial policy dialogue include higher Ethiopian government officials (including the PM) and operational level experts. The Japanese side includes GRIPS Development Forum, JICA officials and experts and the Embassy of Japan in Addis Ababa. The Japanese side visited Ethiopia every three months to meet their Ethiopian counter parts for policy dialogue. The main topics of the policy dialogue include democratic developmentalism (DD) and Agricultural Development Led Industrialization (ADLI), policy formulation and implementation mechanisms, structure of master plans and action plans, advice on the GTP, concept, practice and institutionalization of Kaizen, etc.

#### **4. “Experience of Kaizen in Ethiopia and the Way Forward” by Daniel Kitaw, Associate Professor and Chair of Industrial Engineering, Addis Ababa University**

After brief introduction of the concept of quality and productivity, Dr. Daniel explained that quality and productivity is the key in the process of industrialization. He also explained the background for Kaizen activities in Ethiopia supported by JICA and noted that the initial success of the implementation of Kaizen in Ethiopia is encouraging. At the same time, Dr. Daniel pointed out several challenges during the implementation stage of Kaizen. These include: (i) gap between top management and employees (power is very much concentrated in the hands of top managers); (ii) limited worker's motivation to improvement and change in the organization, and (iii) long time necessary for creating awareness among managers and employees.

To accelerate the quality and productivity movement in Africa, Dr. Daniel suggested the establishment of the Pan African Kaizen Initiatives Institute (PAKII), working in collaboration with AU and other

African institutions. PAKII would: (i) serve as a focal point for promoting quality and productivity improvement in Africa; (ii) disseminate Kaizen activities and concepts to all African countries; (iii) promote networking, sharing, harvesting ideas and learning with peers to each other in all African countries; and (iv) discuss common issues and solutions in the African context.

#### **5. “Sharing East Asian Experience with Africa: Japan’s Policy Dialogue and Korea’s Knowledge Sharing Program” by Izumi Ohno, Professor, GRIPS**

Prof. Izumi Ohno shared her perspectives of the next phase of Japan-Ethiopia industrial policy dialogue (which is expected to start from early next year), in light of a possibility for enhanced collaboration with new Asian partners such as South Korea. A new element to be considered for the phase II industrial policy dialogue is that South Korea’s participation in intellectual support to Ethiopia. The Korean government has recently announced its willingness to share its development experience to Ethiopia, following President Lee Myung-bak’s visit to Ethiopia in July 2011. This move will complement the Japanese ongoing efforts to project the East Asian experiences in Ethiopia’s development policies. Both Japan and Korea represent non-Western donors having dual experiences of aid and development (recipients and donors). They have catch-up experiences, which can be shared to the developing world. Both countries direct their aid activities in productive sectors; respect for uniqueness of each country and both emphasize long-term engagement.

The strengths of Korea include: strong leadership commitment to development and ability to offer the latest successful experiences of catch-up as it has documented its experiences in modular forms under the banner of knowledge sharing program (KSP). On the other hand, Japan is a large donor and with vast experience of being a donor and network-based cooperation. Japan should be in a position to mobilize the cooperation from its neighboring emerging donors, with which Japan has fostered long-term partnership based on its aid and economic cooperation. The strengths of the two countries complement each other; and as non-western donors they can project the East Asian experience to the developing world as an alternative model of development.

#### **Questions and Answers Session**

**Q:** How do you build trust in communities? More specifically, how do you foster trust and relations between the Japanese and Ethiopian people?

**A: Kyoko Kuwajima (JICA)**

- Linking people to people is well integrated into JICA’s technical cooperation programs in developing countries.

**Q:** While Kaizen activities (such as 5S, QCC) are good, I believe that they will become effective when they are transferred by private companies (i.e., the private-private model of Kaizen transfer). This will

also create business linkages that benefit both parties. So, the JICA Kaizen project should give more attention to the private sector.

**A: Go Shimada (JICA)**

- We also work with the private sector (such as the Chamber of Commerce) in some other countries. In the case of Ethiopia, we are primarily working with the government because we found our counterparts in Ethiopia were very much capable enough for Kaizen, and ownership and leadership of the government are very strong. As I explained, the result of the success comes from joint work by our counterparts in Ethiopia and JICA.

**A: Kenichi Ohno (GRIPS)**

- It is possible to let the private sector handle Kaizen activities in the countries where Japanese businesses exist (e.g., Vietnam, Thailand). But in countries (such as Ethiopia) where no Japanese companies operate, the private-private model of transferring Kaizen may not be feasible.

**Q:** Achievements in Ethiopia so far appear impressive. Nevertheless, we should study what are the real problems holding back African countries. I would also like to know the procedure on how we can request the Japanese government for such support.

**A: Daniel Kitaw (AAU)**

- My answer to your first question is that mindset change is the problem in Africa.

**A: Kenichi Ohno (GRIPS)**

- I think if mindset change is achieved, then what is left is applying technical tools to bring the desired change.

**A: Izumi Ohno (GRIPS)**

- But, mindset change doesn't come by itself; it is a function of appropriate and concrete policies and actions. The Singaporean experience suggests that national movements are effective to drive the popular mindset change.

**Comments (from JICA Kaizen Project Team):** On behalf of JICA Kaizen Project Team for Ethiopia, I would like to stress the vital importance of mutual trust between management and employees in the transfer of Kaizen. Management needs to empower employees, delegate power and train them.

**Q:** While mindset change is important, it comes when the people start to see the fruits of economic growth. Japan itself got tremendous financial help from the US, although the Japanese themselves did the job. The same is true for Korea, Malaysia and Thailand. The point is that as the fruits of development start to be felt by the public, mindset change will come automatically. Another question is that why does a Malaysian expert provide advice in Africa under the JICA project? (-with reference to the Triangle of Hope Project in Zambia, where an ex-senior official of the Malaysian government has been mobilized)

**A: Go Shimada (JICA)**

- Malaysia experienced a crisis in 1960's. At that time, per capita GDP of Malaysia was less than that of Zambia. After the crisis, Malaysia has started to transform their economy uniting politician,

government authorities and private sector. They established MIDA (Malaysian Investment Development Authority) to attract foreign direct investment to Malaysia, then they succeeded to achieve high economic growth. With this experience of transforming their economy, JICA started to mobilize its expertise to attract more investment to Africa, because its experience must be replicable in other countries. This is how we started the Project in Zambia. We called it as the TOH (Triangle of Hope) project because the uniting triangle of politician, government authorities and private sector is the hope for the future.

**Q:** Did the Kaizen project raise workers' wages? What are the fruits of Kaizen for workers? Is the project sustainable after JICA leaves Ethiopia?

**A: Kenichi Ohno (GRIPS)**

- Real wages may not rise immediately. It may take time to show up. This will happen after the company's value added increases. My Ph.D student, Mr. Berihu, is doing some regression analysis on the benefits achieved by firms and workers.

**A: Kyoko Kuwajima (JICA)**

- Singapore offers a good model for Kaizen projects around the world, in terms of success, sustainability and shared benefits.

**Q:** Ethiopia's results are impressive. Prof. Daniel's recommendation to establish the Pan African Kaizen Initiatives Institute (a continental-level initiative of Kaizen) is a good idea, and I agree. It is also necessary to nurture entrepreneurship by incorporating quality and productivity in our educational system.

**A: Daniel Kitaw (AAU)**

- My suggestion is to incorporate quality and productivity in the education system starting from kindergartens.

**Q:** Japanese FDI is yet limited in Africa. How does the Japanese government plan to convince Japanese companies to invest in Africa?

**A: Go Shimada (JICA)**

- It is not easy to convince Japanese companies to go and invest in Africa in the immediate future. This will happen only gradually. Investment promotion is another area JICA would like to have more programs and projects in the future. We have already started several projects, but more will come in the future.

**A: Mr. Masaki Noke (MOFA)**


- Japanese companies will go and invest when there is interest. I am sure that there must be reasons why they are not yet investing in Africa with sufficient volume. It is important to investigate and find the reasons behind—whether the problems are information gaps or others, etc. The Japanese government is prepared to help Japanese firms to have more contacts with African governments and businesses to increase Japanese investments in Africa.

**H. E. Mr. Markos Tekle Rike, Ambassador Extraordinary and Plenipotentiary of the Federal Democratic Republic of Ethiopia**, concluded the seminar by thanking the GRIPS professors and the JICA team. The Ambassador also stated his great hope and high expectation to the next phase of Japan's industrial development cooperation to Ethiopia.

## **ANNEXES**



Slide 1



**GRIPS Development Forum - JICA Seminar**  
“Japan’s Approach to African Development  
during TICAD IV: The Case of Ethiopia”


# JICA’s Assistance for Industrial Development in Ethiopia

17 October 2011

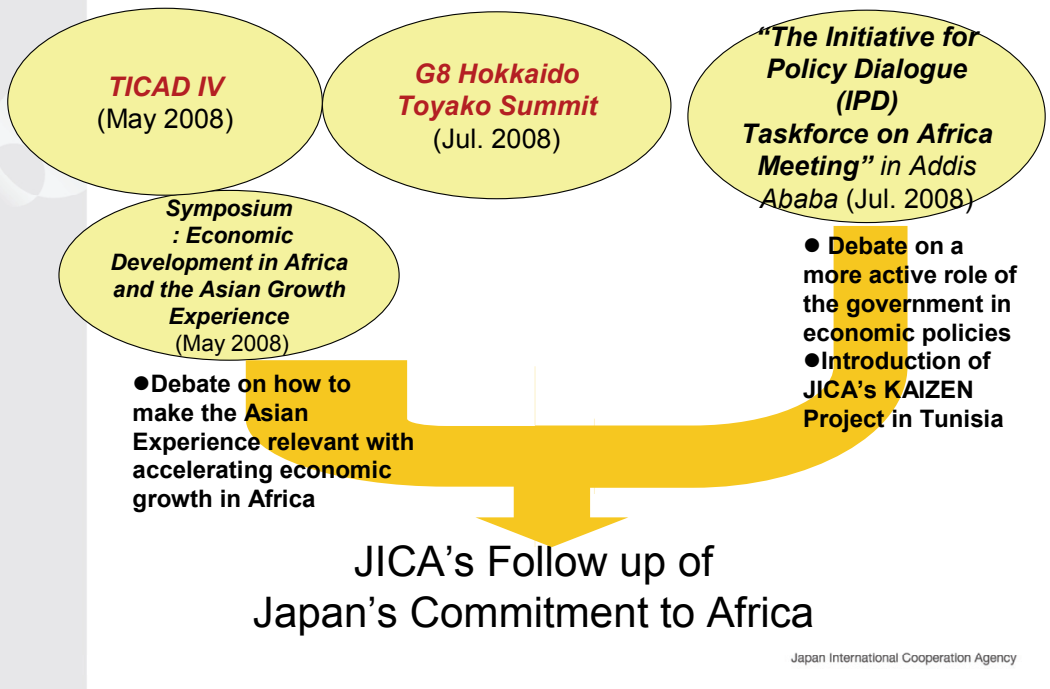
Kyoko Kuwajima  
Director General, Industrial Development  
and Public Policy Department, JICA

Japan International Cooperation Agency

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## Background: Japan’s support to Africa



**TICAD IV**  
(May 2008)

**G8 Hokkaido  
Toyako Summit**  
(Jul. 2008)

**“The Initiative for  
Policy Dialogue  
(IPD)  
Taskforce on Africa  
Meeting” in Addis  
Ababa** (Jul. 2008)

**Symposium  
: Economic  
Development in Africa  
and the Asian Growth  
Experience**  
(May 2008)

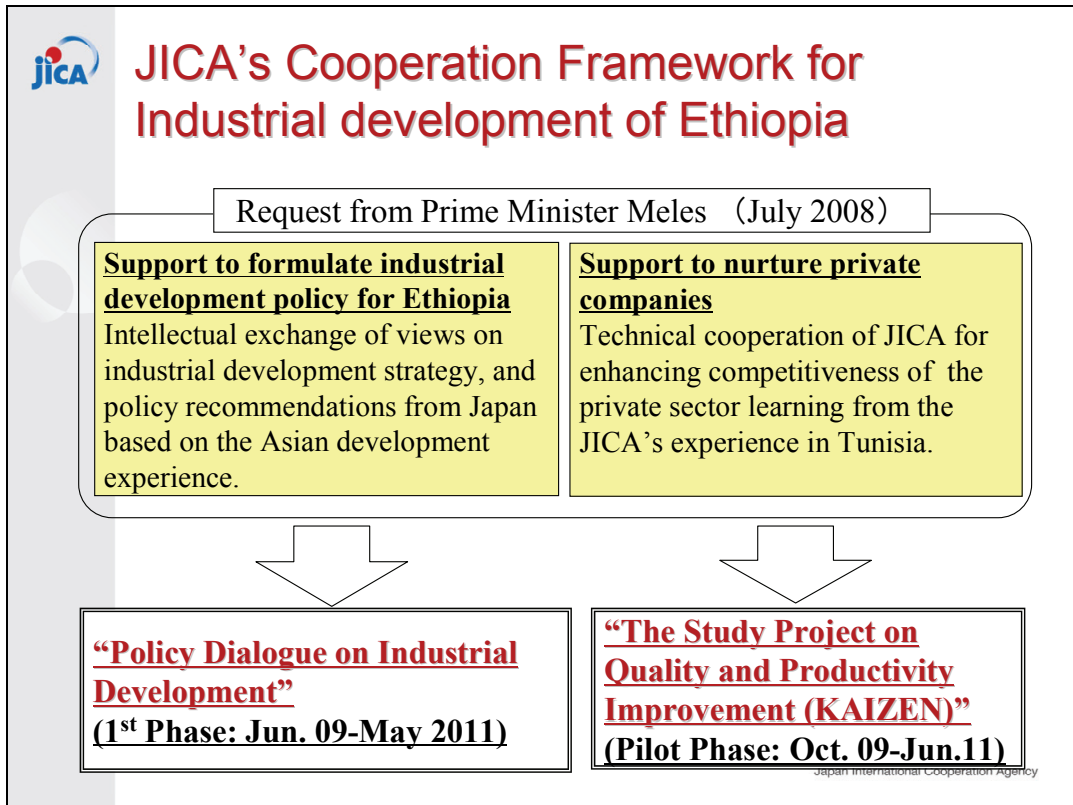
- Debate on how to make the Asian Experience relevant with accelerating economic growth in Africa
- Debate on a more active role of the government in economic policies
- Introduction of JICA’s KAIZEN Project in Tunisia

**JICA’s Follow up of  
Japan’s Commitment to Africa**

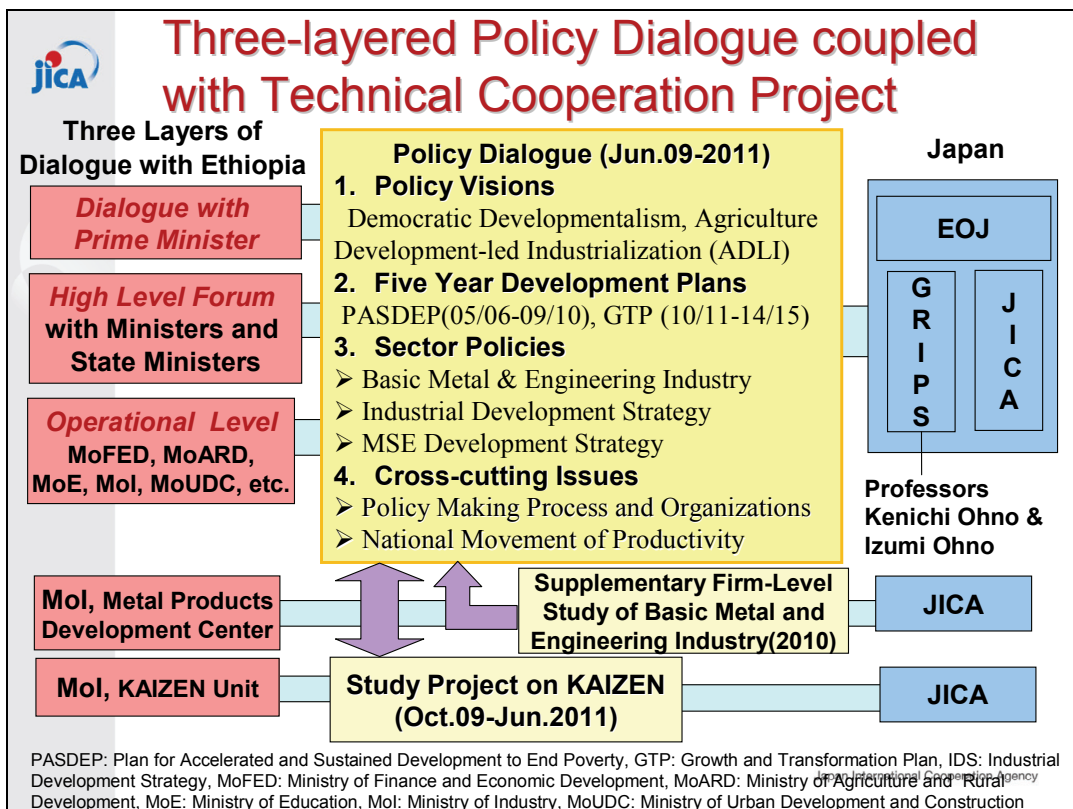
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## Partners of “Policy Dialogue on Industrial Development”

- ◆ Japanese side: the Embassy of Japan (EOJ) in Ethiopia. The team of GRIPS led by Professor Kenichi Ohno and Professor Izumi Ohno are the intellectual core.
- ◆ Ethiopian side: Prime Minister. Senior Economic Advisor to the PM is the key person who co-chairs High Level Forum with Ambassador of EOJ. Ministers and State Ministers concerned.
- ◆ Daily follow-ups by the EOJ and the JICA Office in coordination with JICA Hdq

Japan International Cooperation Agency

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## Progress of “Policy Dialogue on Industrial Development”

- ◆ Dialogue with the Prime Minister in ten meeting sessions (incl. those in the preparatory period) and through written communications by Prof. Kenichi Ohno
- ◆ High Level Forum were held quarterly in 8 sessions (Jun.2009-May 2011)
- ◆ Numerous meetings at operational level
- ◆ Regular conversation with donors including GIZ, the Engineering Capacity Building Program, World Bank, DfID, USAID, UNIDO, UNDP, China, Korea, etc.

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**Initial Impact (1) Contribution to the preparation of GTP and MSE Strategy**

Views and comments were provided with deep insights from comparative development studies esp. on Asia by the Japanese side

- “Fill the knowledge gap” (PM and Minister’s comments)
- GTP adopted Import Substitution Policy and Basic Metal and Engineering Industry
- New MSE Strategy refers to the introduction of KAIZEN concept

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**Initial Impact (2): Identification of weakness in policy making capacity**

In the Dialogue, the Japanese side identified and communicated to the Ethiopian side:

- Importance of mindset and methodology for effective policy making
- Desirable Inter-governmental coordination mechanism
- Needs of consultation process between the government and the private sector to activate the sector

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## Initial Impact (3) Program Approach combining Dialogue and Projects

Input from Study Project on KAIZEN to the Policy Dialogue


- ◆ Validation of the usefulness of the concept and the skills for productivity and quality improvement (KAIZEN) in the Ethiopian Industry
- ◆ Potential entry to activate the private sector

Input from the Policy Dialogue to the KAIZEN Project

- ◆ Institutionalization of KAIZEN (KAIZEN Unit of MoI was officially endorsed by the Council)
- ◆ Possible Coordination with MoE and MoUDC for Nation-wide dissemination of KAIZEN for MSE

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## The Way Forward

Policy Dialogue (2<sup>nd</sup> Phase)  
to be started early next year

Technical Cooperation Project on  
Capacity Building for Dissemination  
of Quality and Productivity  
Improvement (KAIZEN)  
to be started in November 2011

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**Thank you very much.**

Japan International Cooperation Agency

Slide 1




# Achievements in the Quality and Productivity Improvement (KAIZEN) Project

Go Shimada,  
Director, Research Program Division,  
JICA Research Institute

Japan International Cooperation Agency

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## What is KAIZEN?

- Simply a word which means “improvement” in Japanese
- Incremental and continuous improvement with the involvement of entire workforce
- Quality and Productivity Improvement
- Without additional cost: “If no money, use your brain.”
- Participatory process and bottom-up from factory floors (*gemba*)
- Emphasis on process as well as results
- Reflecting a Japanese philosophy (continuous improvement through all aspects of life)


Source: Masaaki Imai, “Kaizen: The Key to Japan’s Competitive Success”, McGraw-Hill/Irwin, 1986.

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	105	125	145	165	185
	106	126	146	166	186
	107	127	147	167	187
	108	128	148	168	188
	109	129	149	169	189
	110	130	150	170	190
	111	131	151	171	191
	112	132	152	172	192
	113	133	153	173	193
	114	134	154	174	194
	115	135	155	175	195
	116	136	156	176	196
	117	137	157	177	197
	118	138	158	178	198
	119	139	159	179	199
	120	140	160	180	200

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Slide 5




## Profile of the Project

- Project Title: The Study of Quality and Productivity Improvement (KAIZEN) in Ethiopia
- Project Duration: October 2009 to June 2011
- Project Holder: JICA & Ministry of Industry
- Study area: Addis Ababa and its surroundings
  - Sector Focused: Manufacturing
  - Objectives
    - 1) Pilot Project Performance: To formulate a manual to be used for conducting KAIZEN activities in Ethiopia, which is prepared based on results from verification study through the implementation of pilot activities for selected 30 (thirty) companies;
    - 2) Human Resources Development: To transfer relevant skills and techniques to the staff members of KAIZEN Unit of Mol; and,
    - 3) National Plan Formulation: To make a plan to disseminate KAIZEN activities for manufacturing companies in Ethiopia.

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Slide 6



## Sample Improvement Results (1)


**Qualitative Results:**

- Clean working environment created,
- Team work and motivation of workers developed,
- Health and occupational safety of workers improved,
- Lower level workers accustomed to suggesting improvement ideas to management decisions – Increased Employee Participation,
- Knowledge obtained on how to meet quick delivery and to reduce costs.

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## Slide 7




## Sample Improvement Results (2)

### Quantitative Results

- ✓ Monetary impact from the improvements reported is ETB 500,000/company. The reporting ranges from ETB 10,000 to ETB 3.2 mill.
  - By **Reducing costs (a)** ETB 10,000 per month and **(b)** ETB 78, 000 per annum;
  - By **generating additional income** of ETB 1.2 million per year;
  - By **just decreasing down time** ETB 204, 000 per day.
  - By **rectifying raw materials defect** used for manufacturing ETB 2.4mill;
  - By **identifying, repairing and reusing** of usable **machines & equipments** worth of ETB 3.25 mill.
- ✓ Non-Monetary Measures of Improvement include:
  - Increasing labor productivity, by **reducing time loss for searching** tools on average 50%;
  - Reduction of floor space around 50%;
  - **Defect ratio improvement** in the range of 50-70%;
  - **Lead time improved** in the range of 16 to 90%;
  - **Labor saved** from 15 to 90%.

*Note: USD1 = approximately ETB 17.1 as of Aug. 2011*  
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## Slide 8



## Sample Improvement Results (3)

### Quantitative Results

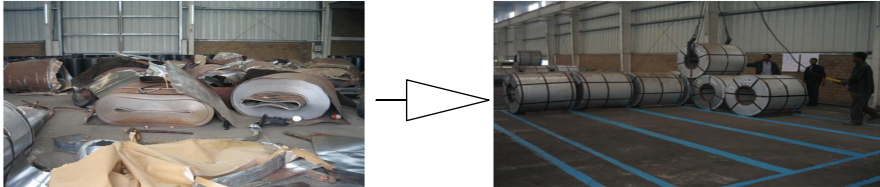
- Company A (Metal)
  - Recovered additional revenue with an amount of 118,995 birr
- Company B (Metal)
  - Lead time reduced from 2weeks to 1week
- Company C (Textile)
  - Reduced wastage of time by 624 min/month
- Company D (Chemical)
  - Reduced wasters of over production by 50%
  - Motion and movement by 100%
- Company E (Agro)
  - Decreased flour wastage by 190 qtl of wheat flour
- Company F (Agro)
  - Produced additional 12,000 lit/day
  - By eliminating 6hours down time/day
- Company G (Agro)
  - By decreasing milk wastage recovered 846 birr/day

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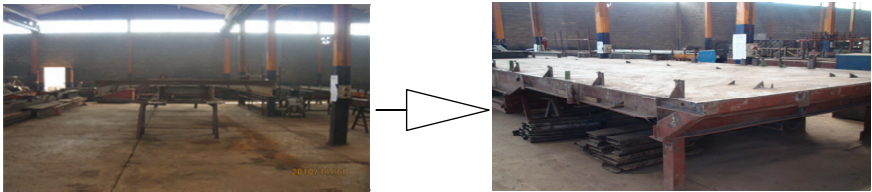
Slide 9

**Pictorial Presentation of some of the achievements obtained in the pilot companies**

**Fig.1 Sort, Set-in-order & Shine (3S) are implemented to standardize the inventory stock**



**Fig. 2 In-process stock is repositioned to avoid Muda of transportation**



**Before Kaizen** **After Kaizen**

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Slide 10

**Highlighted results of the Pilot Project (1)**


Possibility*	high	good	some	low	no	total
Grade	5	4	3	2	1	
number of the companies	6	4	8	6	4	28

\* Possibility to be a "KAIZEN model company"

- 10 companies which are graded 5 and 4 are a candidate of the excellent companies.
- Exceeds one third of the companies has a possibility of the KAIZEN model companies.

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Slide 11



## Highlighted results of the Pilot Project (2)


**KAIZEN Model Company (Graded 5)**  
 means a company which continuously practices KAIZEN and as the result realizes achievements that significantly excel other companies in terms of quality /productivity improvement (6 companies).

**Key Criteria for the Model Company**


- Model workplace activities: 5S, Standard operation sheets, Layout study
- General activities: Employee training of basic KAIZEN knowledge, Workload reduced
- Organization management: QCC activities, Wide dissemination of KAIZEN
- Management direction: Active top management, Good employee relations, Development of KAIZEN activities

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Slide 12



## Assessment of Capacity Development of KU members

Level	Competence	Assignment	Before project	After project
0	no experience of KAIZEN		9	
I	Competent to conduct KAIZEN activities for yourself	Junior KAIZEN Consultant		
II	Competent to guide KAIZEN activities	Assistant KAIZEN Consultant		3
III	Competent to provide consultancy services on KAIZEN	KAIZEN Consultant		6
IV	Competent to provide consultancy services on KAIZEN	Senior KAIZEN Consultant		
V	Competent to provide consultancy services on KAIZEN	Lead KAIZEN Consultant		

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Slide 13

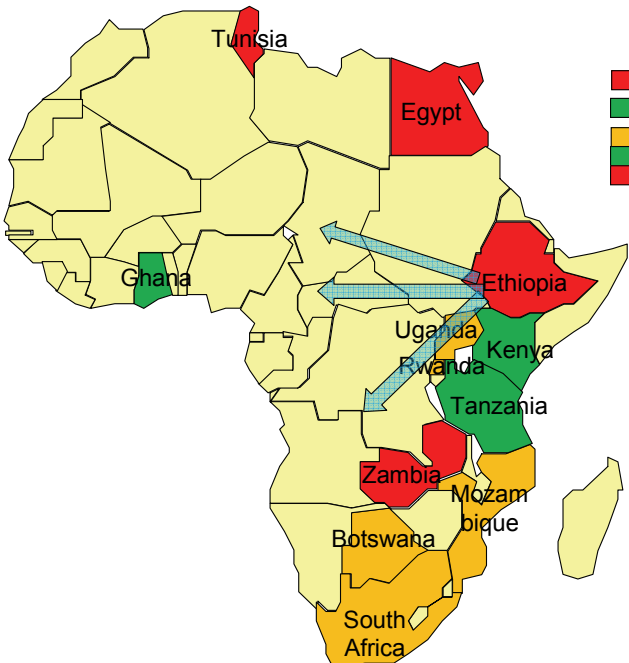
 **Institutionalization of KAIZEN dissemination system and JICA's continuous assistance**

1. Established first Kaizen-titled body (KAIZEN Unit) and first Kaizen-titled organisation (Ethiopian KAIZEN Institute) in Sub-Saharan Africa under Ministry of Industry
2. Phase 1 ended with tangible results in June 2011 and Phase 2 will start in November 2011 for 3 years

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Slide 14

 **JICA KAIZEN assistance spread in Africa**



**LEGEND**

- Project implemented/ing
- Project officially requested
- MPC course participated\*
- (only for Sub-Saharan)

\*Malaysian Productivity Center (MPC) have conducted "JICA Third Country Training Programme for African Countries on Enhancement of Productivity and Competitiveness for Trade Promotion through TQM and KAIZEN Approach".

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Slide 15



**Thank you very much.**

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Slide 1

# Industrial Policy Dialogue in Ethiopia

Transferring Mindset and Methods from East Asia



Kenichi Ohno

National Graduate Institute for Policy Studies (GRIPS)  
Tokyo, October 2011

Slide 2

## Studies in Industrial Policy

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**Type 1** - Ideological and/or theoretical debate over “industrial policy”: Washington Consensus vs. J.Stiglitz, D.Rodrik, H.J.Chang, Justin Lin...

**Type 2** – Narration of concrete but isolated policy experiences in particular countries: Japan, Korea, China, Singapore, Malaysia...

**Type 3** – Systematic collection and comparative analysis of past and present industrial policies, offering raw materials for policy formulation in each country.

Slide 3

## Willing to Learn Practice (rather than debating theory)

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- ❑ East Asia generally accepts government's role in industrialization and widely practices industrial policy. Rich experiences, and no allergy.
- ❑ In Africa: Ethiopia, Zambia, Rwanda, Ghana, Uganda, Tanzania, Egypt, Tunisia, Namibia, African Union, East African Community... are interested in industrial policy or already implementing it.
- ❑ Ethiopian senior economic advisor: "We want action-oriented advice, not academic theories."

Slide 4

## Pragmatic Policy Making

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- ❑ Validity of industrial policy argument depends on actual successes on the ground.
- ❑ For industrial policy "converts," pragmatic and detailed guidance is needed, not theoretical justification of industrial policy.
- ❑ Japan, Asian Tigers, ASEAN, and China industrialized through self-study, learning from neighbors, and trial-and-error.
- ❑ Today's latecomers also face random and fragmented advice. No systematic instruction exists for effective policy design and execution.

Slide 5

## Systematic Instruction on Industrial Policy Making is Needed

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Featuring:

- Strong country ownership
- A policy package tailored to each country
- Policy learning and gradual expansion of policy space
- A broad policy menu to choose from, based on international comparison of policy measures
- Policy dialogue with advanced country experts (individual coaching & tutoring at initial stage)

Ethiopia: “Please show us how East Asian countries draft industrial master plans and action plans.”

Slide 6

## Learning from East Asia

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- NOT copying some specific policies adopted in some East Asian country to Africa.
- Learning *mindset* and *methodology* of designing and implementing industrial strategies.
- There is a standard industrial policy menu, but selectivity and adjustment are needed to adapt to unique conditions of each country.
- The Eastern approach should be complementary to the Western approach – benchmarking, SWOT, PSD, business climate, good governance, policy frameworks...



## Slide 7

### East Asia's Standard Policy Menu for Enhancing Industrial Human Resource and Enterprise Capability

Objective	Policy measure
(1) Legal and policy framework	Provision of necessary laws and regulations
	Designation or creation of lead ministry/agency for priority policy
	Inter-ministerial coordination mechanism
	Effective public-private partnership (PPP)
	Policy structure consisting of vision, roadmap and action plan
	Monitoring and evaluation mechanism
	National standards for quality, safety, skills, environment, etc.
	Framework for technology transfer and intellectual property rights
	Industrial statistics and database
	Strategic mobilization of international cooperation
(2) Industrial human resource (education and training)	Technology and engineering universities and institutes
	Polytechnics and industrial colleges
	Technical support in specialized skills for engineers
	Technical and vocational training for new and/or current workers
	Subsidies and incentives for worker training
	Skill certification, competition, and awards
(3) Enterprise capability (management and technology)	Introduction of kaizen or productivity tools (5S, QC circles, elimination of muri and muda, suggestion box, just-in-time system, etc.)
	Benchmarking, business process re-engineering, and other management tools
	Management or technical advisory service (by visiting consultants, short-term)
	Enterprise diagnostic and advisory system (institutionalized shindan or technical extension services)
	Short-term courses and tours for entrepreneurs and managers
	Quality standards and certification, testing services and centers
	Awards and recognition for business excellence, productivity, competitiveness
	Subsidies & incentives for upgrading management, technology, marketing, ITC...

## Slide 8

(4) Finance	Development financial institutions
	Subsidized commercial bank loans for targeted firms (two-step loans)
	Special loans and grants for priority products and activities
	Credit guarantee system
	Equipment leasing
	Enterprise credit information system
	Linking loans with enterprise diagnostic and advisory system (see (3) above)
(5) FDI attraction	Clear announcement of preferred investors, sectors, regions, etc.
	Effective investor information package and website
	Investment promotion seminars, missions and offices abroad
	Provision of high-quality infrastructure services (power, transport, land, water, waste water and solid waste treatment, etc)
	One-stop investor support service (both before and after investment)
	Development and management of industrial estates including EPZs, SEZs and special zones for priority sectors, high-tech firms, etc.
	Rental factories for local and/or foreign SMEs
(6) Marketing and business linkage	Support for labor recruitment, matching, housing, commuting, healthcare, etc.
	Negotiation and provision of special incentives for attracting targeted anchor firms
	Support for domestic and export market development
	Trade fairs and reverse trade fairs
	Enterprise database (SMEs, supporting industries, sectoral)
(7) Innovation	Incentives and subsidies for FDI-local firm linkage and technology transfer
	Official promotion/intermediation of subcontracting
	Establishment and strengthening of industry/business associations and local firm networks
	Business start-up support
	Support for R&D, branding, patenting
	Business incubation centers
Venture capital market	
Innovation clusters among industry, research institutes and government	
Incentives/subsidies for designated activities and products	

Slide 9

## Features of Japanese Approach to Development

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### Pragmatism and concern with specific industries:

- **Target orientation**—striving for concrete vision, targets, roadmaps, and actions instead of general capability improvements.
- **Field (*gemba*) orientation**—working on factory floor or crop field to solve concrete problems.
- **Joint work**—transferring skills and knowledge to developing countries by working together (OJT); no parallel mechanisms.
- **Dynamic capacity development**—policy learning and expectation of graduation from aid.

Slide 10

## Entry Points for Japan's Industrial Cooperation in Africa

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Japan, a small investor and donor in Africa, but with East Asian experience, can offer the following:

1. For a country with reasonable visions and plans, **standard policy tools** (training, QC, *kaizen*, SME promotion, etc.) can be provided.
2. **Policy dialogue** for making and strengthening visions and strategies.
3. **Comprehensive regional development** with core infrastructure, supported by HRD, regional planning, industrial support, rural development, etc.
4. Creating **enabling environment for Japanese investment** under the principle of open access and non-exclusivity.

## Slide 11

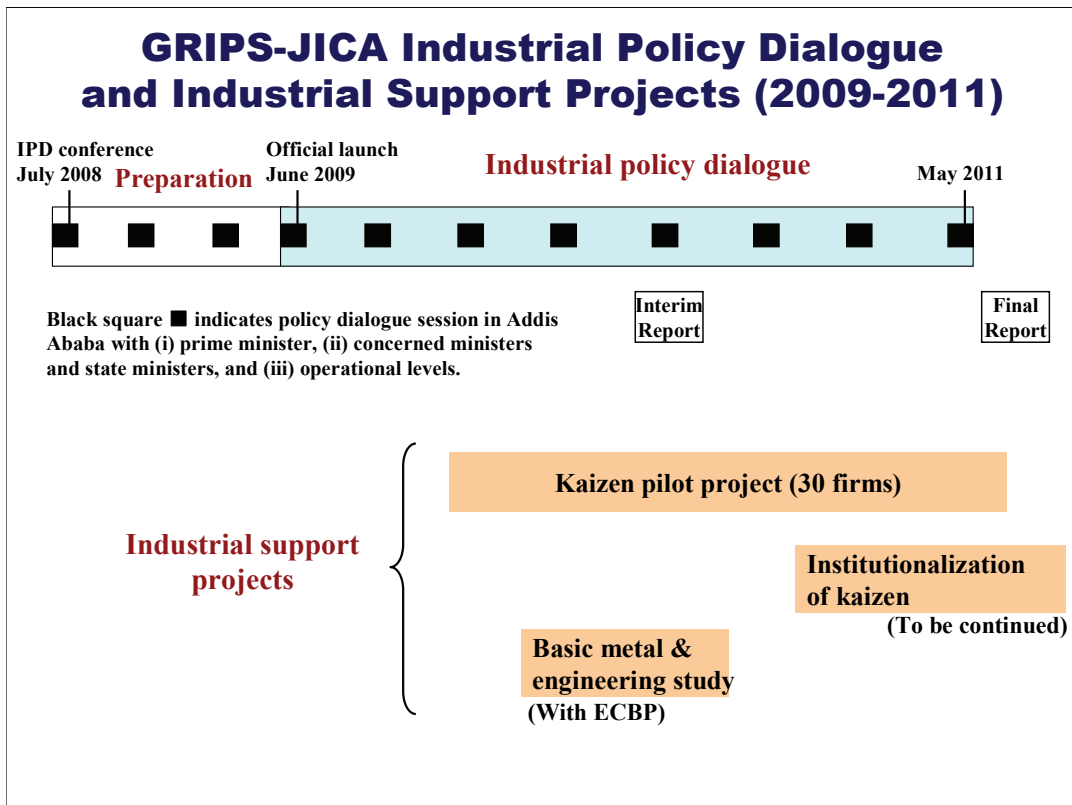
Japan's Policy Dialogue with Developing Countries			
Country	Period	Head/key players	Purpose and content
Argentina	1985-1987 1994-1996 (follow up)	Saburo Okita (former foreign minister)	Comprehensive study on agriculture and livestock farming, industry, transport and export promotion
Thailand	1999	Shiro Mizutani (former MITI official)	Study on the master plan for SME promotion policy
Vietnam	1995-2001	Shigeru Ishikawa (professor)	Large-scale joint study on macroeconomy, industry, agriculture, enterprise reform, crisis management, etc.
Vietnam	2003-current	Japanese embassy, JICA, JETRO, JBIC	Bilateral joint initiative to improve business environment and strengthen competitiveness through 2-year monitoring cycle of action plans
Indonesia	2000	Shujiro Urata (professor)	Policy recommendation for SME promotion
Indonesia	2002-2004	Takashi Shiraishi and Shinji Asanuma (professors)	Policy support for macroeconomic management, financial sector reform, SME promotion, private investment promotion, democratization, decentralization and human resource development
Laos	2000-2005	Yonosuke Hara (professor)	Study on macroeconomy, finance, state enterprise, FDI and poverty reduction, etc.
Myanmar	1999-2002	Konosuke Odaka (professor)	Study on agriculture, rural development, industry, trade, finance, ITC, etc.
Mongolia	1998-2001	Hiroshi Ueno and Hideo Hashimoto (World Bank economists and professors)	Study on the support for economic transition and development
Ethiopia	2009-2011	GRIPS Development Forum and JICA	Kaizen, basic metals and engineering, productivity movement, policy procedure and organization, etc.

## Slide 12

## Bilateral Policy Dialogue between Ethiopia and Japan

- **May 2008:** 4th Tokyo International Conference on African Development (TICAD IV): Japan's commitment to increase cooperation in Africa.
- **July 2008:** PM Meles' request for two-part cooperation: (i) *kaizen* (factory improvement) by JICA; and (ii) policy dialogue with GRIPS. Actually, two components are implemented jointly by GRIPS and JICA.
- **July 2008-:** Preparation (2 sessions)
- **June 2009-May 2011:** Eight quarterly sessions of industrial policy dialogue were conducted.
- **Jan. 2012-:** 2nd phase of policy dialogue will start together with continued JICA support for *kaizen*.

## Slide 13



## Slide 14

## Purposes of Policy Dialogue with Ethiopia

- Transferring *mindset* and *methodology* of East Asian policy making through concrete issues and projects.
- Establishing linkage between policy dialogue and Japan's industrial projects in Ethiopia.
- Cooperation and networking with other projects, donors, and academic institutions.
- Creating pilot projects which should be scaled up by Ethiopian effort.
- Promoting industrial policy dialogue in the rest of Africa (if Ethiopian dialogue is successful).
- Providing specific information upon request (Japanese TVET system, *kaizen*, metals, rural life improvement movement, etc).

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## Participants of Industrial Policy Dialogue

### Ethiopian side (3 levels)

- Prime Minister Meles Zenawi
- High-level policy makers headed by Mr. Newai (Senior Economic Advisor to PM), Mr. Mekonnen (Industry Minister), Mr. Tadesse (Industry State Minister) and others
- Operational levels

### Japanese side

- GRIPS researchers
  - JICA officials and experts
- Supported by Japanese Embassy in Addis Ababa

Note: the Japanese team visited Ethiopia every three months for policy dialogue. Additional visits by Japanese experts and project teams. Ethiopian visits to Japan and other countries were also organized. Ethiopian PhD students were trained at GRIPS.

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At the Prime Minister's Office

Meeting with Senior Economic Advisor to PM



Presenting JICA's Kaizen Report to PM



Slide 17



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## Main Topics of Industrial Policy Dialogue

- ❑ Democratic Developmentalism (DD) and Agricultural Development Led Industrialization (ADLI), with PM.
- ❑ Policy formulation and implementation mechanism from East Asian perspective.
- ❑ Structure of master plans and action plans from East Asian perspective.
- ❑ Advice on the next five-year plan (Growth and Transformation Plan).
- ❑ Concept, practice and institutionalization of *kaizen* (productivity improvement)—global practice and Ethiopian context.
- ❑ Basic metal and engineering industries—local survey and review of international experience.



## Slide 19

## Key Comments from Japanese Experts and Officials

- ❑ Ethiopia's strong policy ownership, clear vision and eagerness to learn are highly admirable.
- ❑ Policy vision must be backed by effective implementation at operational levels. Capabilities of ministries and agencies are still weak.
- ❑ Coordination mechanism among different ministries must be set up without relying on one powerful leader (cf. alternative E. Asian models).
- ❑ Development planning, MSE policy, and kaizen institutionalization must be greatly enhanced as the focal points of industrial policy learning.
- ❑ Quality over speed: policy is made too hastily without sufficient interaction with stakeholders.

## Slide 20

## Issues Discussed at High Level Forums

	Presentations by Japanese side	Presentations by Ethiopian side
1st HLF (Jun. 2009)	(1) "JICA's plan to policy dialogue and development study" (Masafumi Kuroki) (2) "ADLI and future directions for industrial development" (Kenichi Ohno)	(1) "Evaluation of current PASDEP focusing on industrial development and related sectors" (HE Tadesse Haile)
2nd HLF (Sep. 2009)	(1) "Cross-cutting issues on industrialization and policy menu under the age of globalization: examples from East Asia" (Kenichi Ohno) (2) "Organizational arrangements for industrial policy formulation and implementation: examples from East Asia" (Izumi Ohno) (3) "Planning and decision-making process for SME policies in Japan" (Go Shimada)	(1) "Comments and feedback by the Policy Dialogue Steering Committee on the presentations by GRIPS and JICA" (HE Tadesse Haile)
3rd HLF (Nov. 2009)	(1) "Designing industrial master plans: international comparison of content and structure" (Kenichi Ohno) (2) "Industrial policy direction of Ethiopia: suggestions for PASDEP II and the next five years" (Izumi Ohno)	(1) "Concept for the industrial chapter of PASDEP II and the formulation plan" (HE Tadesse Haile)
4th HLF (Mar. 2010)	(1) "Basic metals and engineering industries: international comparison of policy framework and Ethiopia's approach" (Toru Homma)	(1) "Draft plan of industry sector for PASDEP II" (HE Tadesse Haile) (2) "Overview, contents of PASDEP II draft of chemical subsector" (Shimelis Wolde)

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5th HLF (Jul. 2010)	(1) "Result of basic metal and engineering industries firm-level study – parts conducted by MPDC and JICA" (Toru Homma)	(1) "Report of kaizen training for capacity building of Kaizen Unit and pilot project companies in Osaka, Japan" (Tola Beyene) (2) "Report of kaizen training for capacity building of Kaizen Unit and pilot project companies in Chubu, Japan" (Bekele Mekuria) (3) "Current status of kaizen project and institutionalization of kaizen" (Getahun Tadesse)
6th HLF (Oct. 2009)	(1) "Singapore's experience with productivity development: internalization, scaling-up, and international cooperation" (Izumi Ohno)	(1) "Contents of industry sector in Growth and Transformation Plan" (HE Tadesse Haile) (2) "Singapore's productivity movement and lessons learned" (Daniel Kitaw)
7th HLF (Jan. 2011)	(1) "The making of high priority development strategies: international comparison of policy procedure and organization" (Kenichi Ohno)	(1) "Organizational structure of Ministry of Industry and linkage with other ministries" (Ahmed Nuru)
8th HLF (May 2011)	(1) "Ethiopia's industrialization drive under the Growth and Transformation Plan" (Kenichi Ohno) (2) "Achievements in the Quality and Productivity Improvement (Kaizen) Project" (Go Shimada) (3) "Overview of national movement for quality and productivity improvement: experiences of selected countries in Asia and Africa" (Izumi Ohno) (4) "Taiwan: policy drive for innovation" (Kenichi Ohno)	(1) "MSE development strategy of Ethiopia" (Gabremeskel Challa) (2) "Kaizen dissemination plan and institutionalization plan" (Getahun Tadesse) (3) "Botswana's productivity movement and its Implication to Ethiopia" (Daniel Kitaw)

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## Some Related Research at GRIPS Development Forum

- Learning to Industrialize: From Given Growth to Policy-aided Value Creation* (Routledge, coming soon).  
*East Asian Industrial Policy Handbook* (project in progress).  
 Comparative research on industrial policy making in Singapore, Korea, and Taiwan (2010-2011).  
 "Japanese Approach to Growth Support in Developing Countries: International Comparison and Case Studies" (JICA, Mar.2010; English translation in progress).  
 "Backgrounds, Policy Measures and Outcomes for Development of Supporting Industries in ASEAN: Malaysia and Thailand in comparison with Vietnam" (JICA, Feb.2010).



Slide 1

# Experience of Kaizen in Ethiopia and the way forward

17<sup>th</sup> October, 2011  
Tokyo, Japan

Daniel Kitaw (Dr.-Ing.)  
Associate Professor and Chair of Industrial Engineering  
Founding Fellow of Ethiopian Academy of Sciences  
Addis Ababa University

Slide 2

## Outline

1. Introduction
2. Concepts of Quality and Productivity
3. Quality/Productivity in Ethiopia
4. Kaizen in Ethiopia and Africa
5. A Way Forward
6. Conclusion

Slide 3

### Key Statistics of Ethiopia (2010)

- Land Area                      1,106,000 sq km.
- Population over                80 million
- Labor Force                    38 million (2007)
  
- Contribution of sectors to the GDP growth:
  - Agriculture                    41.5 %
  - Industry                        13.3 %
  - Service sector                46.9 %

Slide 4

### 1. Introduction

- Ethiopia has registered successive development in the past five years at about 10% per year.
- The Government of Ethiopia planned to sustain the growth and increase the contribution of industrial sector from 13.3% in 2010 up to 19.1% in 2015.
- Quality and productivity improvement are considered as a means to achieve the plan.

Slide 5

## 2a. Concept of Quality

- Reducing variation - Deming
- Fitness for purpose - Juran
- Conformance to requirements - Crosby

Exceeding customers expectations!!

Slide 6

The central idea lays on customer, because;

- Today is the **customer economy**.
- Customer has **upper hand**.
  - **Lowest price, highest quality and best services** are the standards of customer satisfaction.

Slide 7

At the heart of quality movement, there are **two simple aims**, they are:

- **Make things right the first time and every time.**
- **Work for continual improvement.**

Slide 8

If **Quality (KAIZEN)** is introduced and managed correctly, will:

- **Eliminate waste**
- **Cut inventories**
- **Improve customer satisfaction and**
- **Enhance profitability**

Slide 9

## 2b. Concept of Productivity

"Productivity is a state of mind... an attitude that seeks the continuous improvement of what exists. It is a conviction that one can do better today than yesterday and that tomorrow will be better than today."

European Productivity Agency(1959)

Slide 10

" Productivity is an attitude of mind that strives for and achieves the habit for improvements, as well as the systems and the set of practices that translate the attitude into action"

National Productivity Board, Singapore

Slide 11

### 3. Quality/Productivity in Ethiopia

- There were and are sporadic efforts to promote quality/productivity in Ethiopia.
  - Government
  - Ethiopian Quality Award Organization
  - National Association of Ethiopian Industries
  - Ethiopian Society of Industrial Engineers
  - International development partners
  - Private quality promoters

Slide 12

### Government's effort

- Related to quality:
  - Ethiopian Standard Institute
  - Ethiopian Authority for Standardization
  - Quality and Standard Authority of Ethiopia
  - Quality Infrastructure
- Productivity improvement center
- Civil Service reforms

Slide 13

## International development partners

- GiZ - Quality infrastructure
- JICA - Kaizen

Slide 14

### 4a. Kaizen Activities in Ethiopia

- Prime Minister Meles requested - July, 2009:
  - Advice on Ethiopia's industrial development strategy, from East Asian perspectives.
  - How to stimulate private sector dynamism? How to enhance the policy of the private sector?
- JICA-GRIPs team responded :

**"National Movement for Mindset Change !"**

Slide 15

- Accordingly, framework of study for Kaizen was designed (from October, 2009 to May, 2011) with three phases.

Phase1 (2009): Preparatory work

Phase2 (2010): Implementation of pilot project

Phase3 (2011): Kaizen unit start performing diagnosis & guidance

- All the three phases are completed on time.

Slide 16

- In 2009
  - JICA and MOTI agreed the study on Kaizen
  - KU (Kaizen Unit) formed under MOTI
  - Kaizen Project launched
- In 2010
  - Lessons from African countries that implemented Kaizen
  - Training and Seminars were conducted
  - Kaizen implementation commenced in 1<sup>st</sup> batch companies
  - Kaizen high level forum carried out
  - Performance evaluation of implementers' carried out.



Slide 17

- In 2011
  - 2<sup>nd</sup> batch implementation of Kaizen commenced
  - Kaizen manual prepared and it is under pilot testing
  - Kaizen high level forum carried out
  - Kaizen Audio-visual materials have been prepared
  - Kaizen dissemination plan has been proposed
  - Kaizen Library formed and equipped
  - EKI institutional design

Slide 18

- Kaizen implementation project constitutes:
  - Organizing of Quality Control Circle (QCC)
  - 5S implementation
  - Operation Standard and Time Study
  - Elimination of wastes (MUDAs)

Slide 19

- General **benefits** obtained from the **Kaizen projects** were:
  - Capacity utilization improvement
  - Profits improvement
  - Waste minimization
  - Costs reduction
  - Down time minimization
  - Cycle time reduction

Slide 20

- Some of **qualitative results** obtained are:
  - Clean working environment created
  - Teamwork and motivation of workers developed
  - Health and occupational safety of workers improved
  - Knowledge obtained on how to meet delivery & reduce costs
- Some of **quantitative results** obtained are:
  - Reducing costs - ETB 78,000 per annum
  - Generating additional income of ETB 1.2 million per year.
  - Decreasing downtime ETB 204,000 per day
  - Reduction of floor space around 50%

Slide 21

- **Challenges** faced in the kaizen implementation process were:
  - **Power** is very much concentrated in the **hands of top managers**
  - Workers **motivation** to improvement and change in the organizations were **limited**
  - **Awareness creation** among the management and employees **took much time**

Slide 22

- **National dissemination of kaizen activities in Ethiopia may require:**
  - Kaizen needs to be publicized as **a national movement**
  - Create **enabling environment** for Kaizen dissemination
  - Create **Kaizen day/month**
  - Establish **Kaizen award**
  - Human resource development through **training**
  - **Customization** of the Kaizen guidance methodology
  - **Standardization** of Kaizen consultancy
  - **Integrate** Kaizen in all **educational systems**
  - **Synchronization** of the **GTP** with Kaizen projects

## 4b. Kaizen in Africa

- Currently, four organizations are considered as vital to spread Kaizen method in Africa.
  - Kaizen institute
  - JICA
  - APO
  - ILO



## Slide 25

- The efforts are *very limited*
- However, *competitiveness* of Africa is still *very low*

## Slide 26

## Global Competitiveness Index (GCI) - Selected Countries

Countries	GCI - 2009/10	GCI - 2010/11	GCI - 2011/12	Status
Switzerland	1	1	1	Growth
Singapore	3	3	2	Growth
USA	2	4	5	Decline
UK	13	12	10	Growth
Turkey	61	61	59	Growth
German	7	5	6	Growth
Japan	8	6	9	Decline
South Korea	19	22	24	Decline
China	29	27	26	Growth

## Slide 27

African Countries	GCI - 2009/10	GCI - 2010/11	GCI - 2011/12	Status
Tunisia	40	32	40	Stagnant
South Africa	45	54	50	Decline
Mauritius	57	55	54	Growth
Botswana	66	76	80	Decline
Egypt	70	81	94	Decline
Morocco	73	75	73	Stagnant
Namibia	74	74	83	Decline
Rwanda	NA	80	70	Growth
Gambia	81	90	99	Decline
Algeria	83	86	87	Decline
Libya	88	100	NA	Decline
Senegal	92	104	111	Decline
Kenya	98	106	102	Decline
Nigeria	99	127	127	Decline
Tanzania	100	113	120	Decline
Benin	103	103	104	Decline
Lesotho	107	128	135	Decline

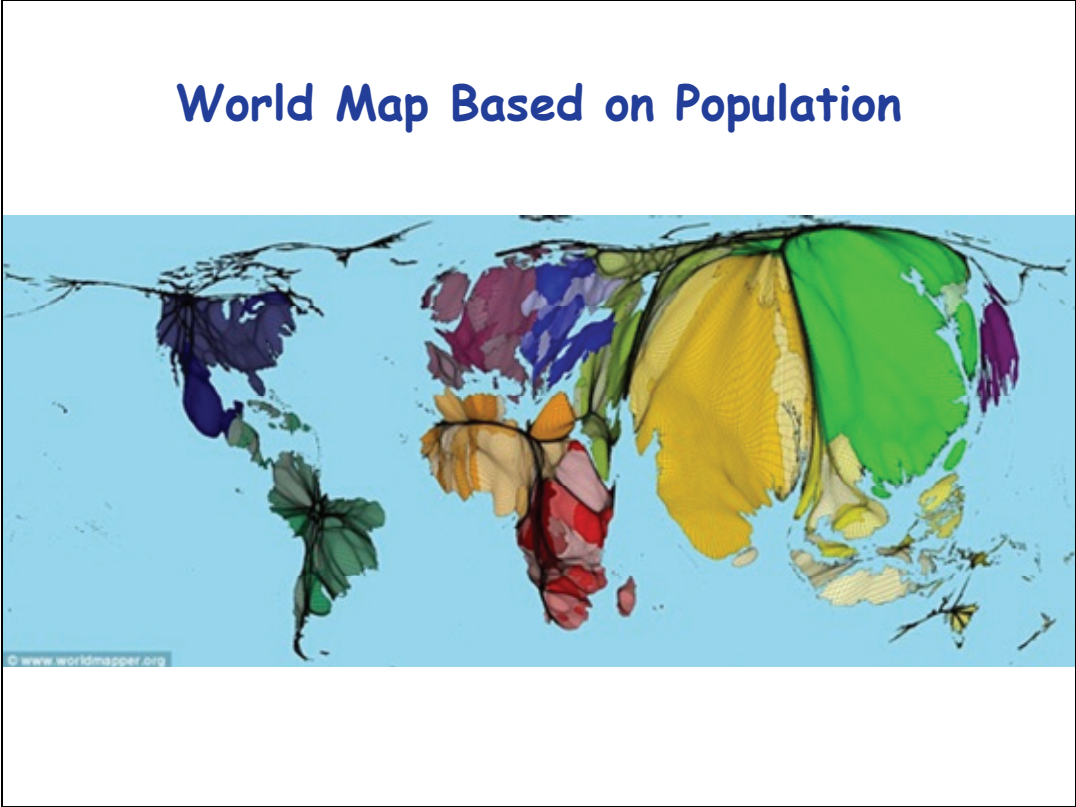
## Slide 28

African Countries	GCI - 2009/10	GCI - 2010/11	GCI - 2011/12	Status
Uganda	108	118	121	Decline
Cameroon	111	111	116	Decline
Zambia	112	115	113	Decline
Ghana	114	114	114	Stagnant
Cote d'Ivoire	116	129	129	Decline
Ethiopia	118	119	106	Growth
Malawi	119	125	117	Growth
Madagascar	121	124	130	Decline
Mauritania	127	135	137	Decline
Burkina Faso	128	134	136	Decline
Mozambique	129	131	133	Decline
Mali	130	132	128	Growth
Zimbabwe	132	136	132	Stagnant
Burundi	133	137	140	Decline
Swaziland	NA	126	134	Decline
Angola	NA	138	139	Decline
Chad	131	139	142	Decline

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## World Map Based on Development



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- The need to integrated movement of quality/productivity in Africa are;
  - To maximize *resources utilizations*
  - To facilitate successful *experience sharing*
  - To conduct *joint research*
  - To *accelerate* the movement of quality/productivity



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## 5. A way Forward

- Quality and Productivity improvement is a global agenda.
- Kaizen has become a global activity spread by multinational companies and their employees to improve quality and productivity.
- However, propagation of Kaizen in Africa is still very low due to the limited number of players who bring the practice and excellence.

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- Establishing **Pan African Kaizen Initiatives Institute (PAKII)** will be a remedy to the challenges faced by African countries

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## What would be the objectives of PAKII?

- To serve as a focal point for promoting quality and productivity improvement (Kaizen) in Africa.
- To disseminate Kaizen activities and concepts to all African countries.
- Networking, sharing, harvesting ideas and learn with peers to each other in all African countries.
- Discuss common issues and solutions in African context.

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## The establishment of PAKII

- It is important to create a conducive environment for PAKII that will enable it to coordinate and participate all African countries.
- PAKII would work in cooperation with AU and other African institutions that would enable to achieve its objectives.

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## 6. Conclusion

- Currently, the leadership in Ethiopia has recognized the need for attitude change in working culture and established the **Ethiopian Kaizen Institute (EKI)** .
- It is high time to **keep the momentum**
- African's **integrated action (PAKII)** for quality/productivity improvement **in an organized way** will significantly accelerate the movement's success.

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Thank you

Slide 1

# Sharing East Asian Experiences with Africa:

## Japan's Policy Dialogue and Korea's Knowledge Sharing Program

Izumi Ohno, GRIPS Development Forum,  
October 17, 2011



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## Background

- JICA is currently preparing the 2<sup>nd</sup>-phase program of industrial cooperation in Ethiopia—(i) institutionalization of Kaizen and (ii) **industrial policy dialogue (II)**—to support the implementation of the five-year development plan, i.e., the Growth and Transformation Plan.
- An important new factor is South Korea's engagement in **Knowledge Sharing Program (KSP)**—following President Lee Myung-bak's visit to Ethiopia in July 2011.
- Japan welcomes the Korean initiative—because this will greatly contribute to projecting the East Asian perspectives into Africa's development efforts.



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## What are the East Asian Perspectives of Aid and Development?

-- Are Japan and Korea different from Western donors?

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## East Asian Perspectives of Aid and Development

Shared by Korea and Japan


- Non-Western donors, having “dual experiences” of aid and development (recipients and donors)
- Latecomer perspectives, based on their own catch-up experiences
  - Growth strategy with “real-sector concern” (e.g., trade, investment, industries, technology, human resources)
  - Respect for the uniqueness of each country
  - Long-term perspective; development is a long-term undertaking and path-dependant in nature
  - Realistic and pragmatic approach in aid delivery

→ ***Dynamic Capacity Development***

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## Dynamic Capacity Development

Improving capability with pride & hands-on experience



- Goal orientation: **long-term vision → phased strategies (“roadmap”) → concrete action plans.**
- Direct most effort to perfecting your strengths rather than correcting your general weaknesses.
- Reform government (improve efficiency and organization) to attain concrete policy targets (e.g., Japan in the Meiji era, S. Korea under President Park, P.R. China SEZ under Deng Xiaoping)
- Achieve successes one by one, and be proud.
- Eventually, graduate from aid and become a donor

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## Example: Latecomer Japan Beats British Textile Industry



### 1883 Establishment of Cotton Spinning Industry

**Target:** import substitution of cotton yarn (industrial input)  
**Actors:** Eiichi Shibusawa (super business organizer)  
Takeo Yamanobe (engineer studying in UK)  
**Action:** establish **Osaka Spinning Co.** with sufficient scale and technical breakthrough  
**Result:** instant success with a large number of followers; Japan overtakes UK as top textile exporter by early 20th century; The City of Osaka is called “Manchester of the Orient”



Shibusawa      Yamanobe

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## Example: Korea's Export-Oriented Industrialization



- In July 1965, 13 items were selected for export promotion that were considered to be superior in terms of the effects on the international division of labor, the balance of payments, as well as, having spillover effects on other industries.
- For each of these industries, a deputy director (in the Ministry of Commerce and Industry) was tasked with providing financial and technical assistance.
- Monthly Export Promotion Meetings were also established in 1966, chaired by the President Park Chung-hee, with MCI serving as the secretariat. Attended by high-ranking government officials and business representatives, the meetings provided a forum to monitor progress and devise institutional innovations and solutions to emerging problems.



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



Monthly Export Promotion Meetings headed by President Park (in the late 60s)

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**What are comparative advantages of Japan and Korea respectively?**  
**-- How can the two countries collaborate complementally?**



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## Korea: Strengths

- Strong leadership commitment to development cooperation
  - President Lee Myung-bak: “Korea through international cooperation would become a guiding light for developing countries in the 21st century.”
  - G20 Seoul Development Consensus (2010); hosting the OECD/DAC Busan High-Level Forum for Aid Effectiveness (2011)
  - Increasing ODA significantly
- High global attention and expectation on the role of Korea, based on its achievements
- Ability to offer the latest successful experiences of catch-up, serving as a bridge between the developed and developing worlds

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## Sharing Korea’s Development Experiences

- **Knowledge Sharing Program (MOSF/KDI),**
  - (i) Modularization (database on exemplary cases & best practices); and
  - (ii) Policy consultation



- ◆ Former high-ranking government officials and experts with extensive research experience participate in policy consultations to share their intimate knowledge of development challenges.
- ◆ These government officials and experts effectively pair up with their counterparts in partner countries to work jointly on pressing policy issues and share development knowledge in the process.
- ◆ Instead of offering “one-size-fits-all” or template approach, this knowledge-sharing exercise is much more effective in discovering what really works for development.

Source: Korean Development Institute (KDI)

- **Consultation Program (MOFAT/KOICA),** based on the Korean Development Model


MOSF: Ministry of Strategy and Finance / KDI: Korean Development Institute  
 MOFAT: Ministry of Foreign Affairs and Trade / KOICA: Korea International Cooperation Agency




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## Example: KSP Modularization

**Initiated in 2007**



**Implementation Plan**




Year	Number of Cases
2010	20 cases
2011	60 cases
2012	100 cases

- **Background:** Convert embedded knowledge into codified format
- **Implementation:** Government-wide participation, select 100 exemplary cases (e.g. "Saemaul Undong")
- **Main research areas:** Economics, Energy & Industry, Health, Human resource, Administration/ITC, Agriculture Environment, and etc
- **Utilization:** Background document in KSP, EDCF and other ODA project, Feedbacks from MDBs and partner countries

(Source) Taeyong Yoon, Director General, International Economic Affairs Bureau, Ministry of Strategy and Finance of Korea, "Bilateral Knowledge Sharing: What works with Korea's Knowledge Sharing Program (KSP)?", presentation at the OECD Workshop on Knowledge Sharing, July 11-12, 2011.

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## Example: KSP Policy Consultation



- Combination of joint research, study tours, and seminars, with the involvement of senior government officials in both sides (-- systematized)
  - Each year, a different topic will be selected, and relevant expolicymakers, researchers, consultants will be mobilized.
  - Priority countries have 3-year program, while other countries start with 1-year program (which can be extended).
  - Rapid expansion: 11 countries (2009) → 16 (2010) → 26 (2011) → 32 (2012 planned)
- Dilemma?: As the number of KSP countries increases, how to engage a group of experts familiar with a particular country and have continuous dialogues....

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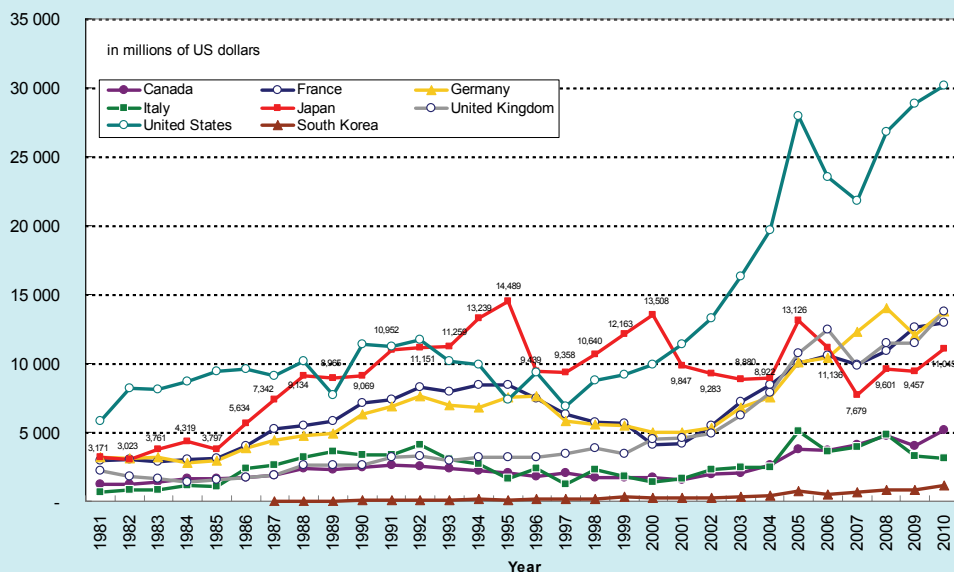
## Japan: Strengths



- Remains a large donor (-- despite recent ODA cut)
- A trusted intermediary (ODI: Menocal and Denney 2011)
  - Sensitivity, humility and understanding in its engagement with recipient partners
- Japan's **policy dialogue**, conducted as an integral part of JICA technical cooperation
  - Long-term and open-ended engagement; while less systematized, flexibility embedded
- With sufficiently long experience of being a donor, positioned to provide "**Network-based Cooperation**" mobilizing knowledge and human assets accumulated through its past ODA to Asia
- Positioned to provide global & regional public goods to the developing world.
  - E.g., Kaizen, science & math education, disaster management, energy saving, environment, aging

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## Trends of Net ODA from G7 Countries + Korea: 1981-2010 (net disbursement basis)



Source: OECD Development Assistance Committee - Statistical Annex of the 2011 Development Co-operation Report, (CRS online database)

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<b>Emerging (?) Donors in East Asia</b>			
	<b>Policy</b>	<b>Implementation</b>	<b>Instruments</b>
<b>Korea</b>	Ministry of Strategy & Finance (MOSF)	KEXIM EDCF (1987)	●Concessional loans
	Ministry of Foreign Affairs & Trade (MOFAT)	KOICA (1991)	●Grant aid, technical cooperation
<b>China</b>	Ministry of Commerce (MOFCOM)	China EXIM (1994)	●Concessional loans
		MOFCOM (2003)	●Grant aid, technical cooperation
<b>Thailand</b>	NESDB Ministry of Foreign Affairs (MOFA)	NEDA (2005)	●Concessional loans, grant aid
		TICA (2004)	●Technical cooperation
<b>Malaysia</b>	Economic Planning Unit (EPU)	MTCP (1980)	●Technical cooperation
<b>Singapore</b>	Ministry of Foreign Affairs (MOFA)	SCP (1992)	●G-G based technical cooperation
		SCE (2006)	●Fee-based technical cooperation

<Korea> EDCF: Economic Development Cooperation Fund, KOICA: Korea International Cooperation Agency  
 <Thailand> NESDB: National Economic and Social Development Board, NEDA: Neighboring Countries Economic Development Cooperation Agency, FPO: Fiscal Policy Office, TICA: Thailand International Cooperation Agency  
 <Malaysia> MTCP: Malaysia Technical Cooperation Program  
 <Singapore> SCP: Singapore Cooperation Program (G-G basis), SCE: Singapore Cooperation Enterprise (fee basis)

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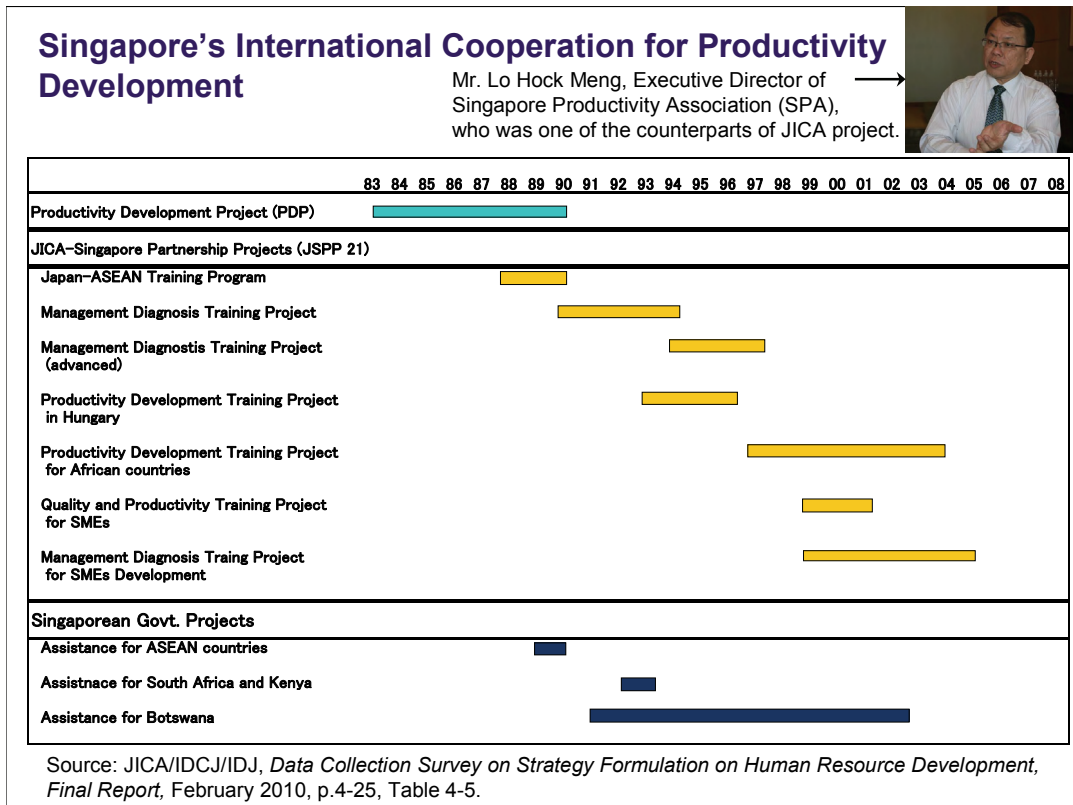
**Network-based Cooperation: Mobilizing assets accumulated through Japan's past ODA**

**(1) Singapore: Productivity Development**

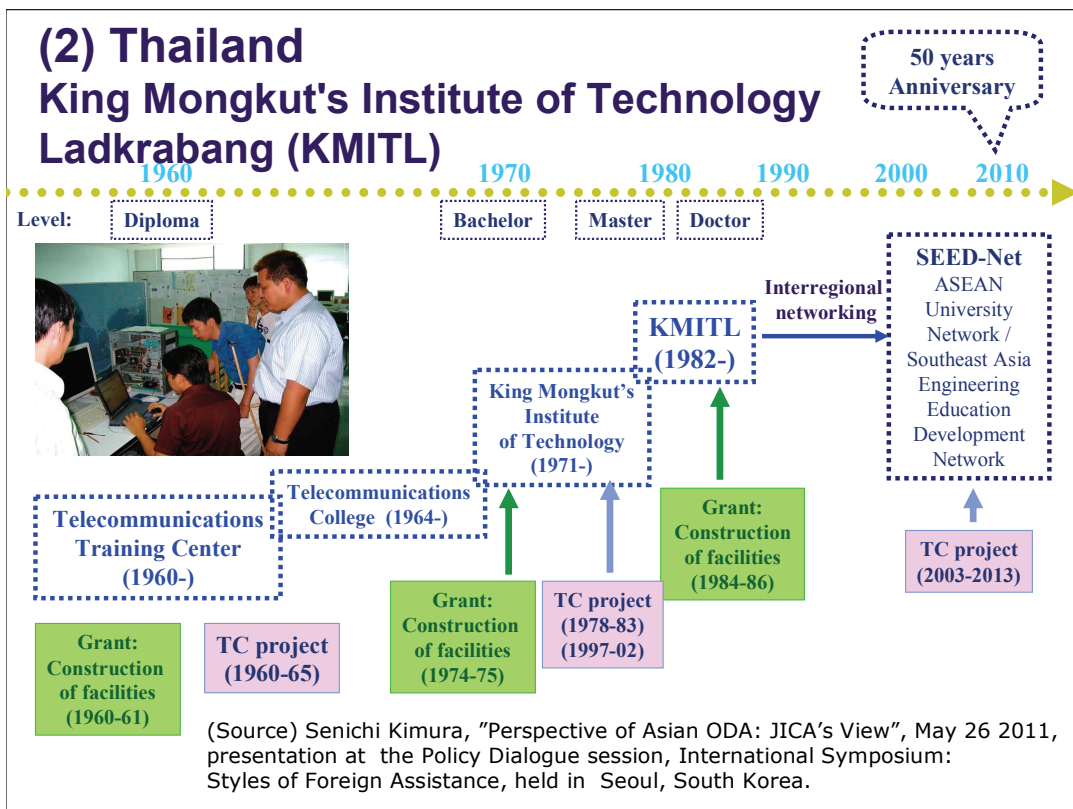


- The first country where JICA provided comprehensive technical cooperation for Productivity Development Project (PDP) during 1983-90 -- at the request of then Prime Minister Lee Kuan Yew.
  - In 1979, LKY lamented: "Workers here were not as proud of or as skilled in their jobs compared to the Japanese or the Germans."
- Successful example of internalization, scaling-up, institutionalization of *Productivity Movement*.
- Singapore now offers consultancy in this area to developing countries, including the ASEAN countries and Africa.

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### (3) Malaysia-Zambia Cooperation: Triangle of Hope (TOH)



- JICA implemented “Triangle of Hope” Project during 2006-09 to support the improvement of business environment in Zambia
- Dato Jegathesan was Deputy DG of the Malaysia Industrial Development Authority (MIDA), under ex-Prime Minister Mahathir.
- TOH project formulated 12 concrete policy recommendations, and catalyzed Malaysian investment in Zambia (a cedular company).
- Currently, JICA is supporting capacity development of Zambia Development Authority (ZDA).

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### Japan-Korea Collaboration



- Operational collaboration, already started (KOICA-JICA, EDCF-JICA), including:
  - Consultations and seminars for information sharing (various levels)
  - Afghanistan (vocational training, gender)
  - Mozambique (Nacala Corridor)
  - Tanzania (transmission networks), and a few other countries.
- More recently, collaboration is expanding into the policy and research areas
  - Asian Development Forum (May 2011)
  - Preparation for the OECD/DAC Busan High-Level Forum for Aid Effectiveness (Nov. 2011), etc.
- ***In the future industrial policy dialogue with Ethiopia, we would like to explore a possibility of inviting experts from Korea and emerging Asian countries.***



