

GRIPS

Development Forum Report

Records of Ethiopia-Japan Industrial Policy Dialogue
Policy Research in Third Countries

Vol. II

GRIPS Development Forum

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Vol. II

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GRIPS Development Forum

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注、14. タイは、アジア太平洋研究所（APIR）研究プロジェクトの企画と予算による調査報告である。15. インドネシアは、7. Indonesiaを訳出したものである。16. ルワンダは、8. Rwanda執筆前に日本語で書かれた簡略版である。

Introduction

The two volumes, of which this volume is one, contain internal records of Ethiopia-Japan Industrial Policy Dialogue Phase 1 and Phase 2 conducted jointly by GRIPS Development Forum and JICA, and other related reports. Documents have been edited for external publication. The first volume provides records of policy dialogue and research in Ethiopia (in Japanese) while the second volume offers records of policy research in third countries (English and Japanese). The Drafts of the Ethiopian mission reports contained in Volume I were usually started on the plane returning from Ethiopia to Japan, which were sent to JICA for comment in the following week, and used in internal strategy meetings held frequently by connecting Tokyo, Addis Ababa, and other locations via a TV conference system. Meanwhile, the English records contained in Volume II were prepared to report the results of industrial policy research in countries other than Ethiopia to the leaders and relevant officials of the Ethiopian Government. Volume II also contains Japanese reports. The report on Indonesia was translated into Japanese for Japanese readers. The Japanese report on Rwanda is shorter than the English full version. Additional Japanese reports on Uganda, EAC & Tanzania, Ghana, and Thailand were produced not so much for informing Ethiopians but for formulating and adjusting industrial cooperation strategies on the Japanese side.

We publish these internal records because we want to share our main activities with a broad range of stakeholders, because we need to fulfill the accountability and transparency for this project supported by Japanese taxpayers' money, and because we hope to inform the concrete methods of our Industrial Policy Dialogue—preparation, implementation, responding to unexpected developments and Ethiopian requests, strategy formation on the Japanese side, etc.—to those who may be interested in this type of cooperation. In so doing we had to delete parts which were confidential information of companies or governments, but such parts were very limited in amount (edited records for public viewing had been uploaded in the GRIPS Development Forum homepage each time a new record was added). As for our policy letter exchange with Prime Ministers and Economic Ministers, we would like to publish them on another appropriate occasion. Apart from these, there were additional documents, presentation

slides, and records and memos for strategy formulation, but they were too numerous to be included in published volumes. We believe that reading the two volumes we have compiled should be enough for the reader to understand how our policy dialogue with the Ethiopian Government started, how it evolved, and what it achieved in concrete detail including our sense of wonder, urgency, and pride in conducting the policy dialogue (however, Volume II contains policy research outside Ethiopia and does not directly inform how our policy dialogue progressed in Addis Ababa).

Except for very limited deletion for confidentiality, our records published this time are the same as those originally written (except for minor corrections and some updating). The spellings of Ethiopian person and place names, which may have oscillated from time to time, and other style and wording inconsistencies, are left as they were originally written.

How it began

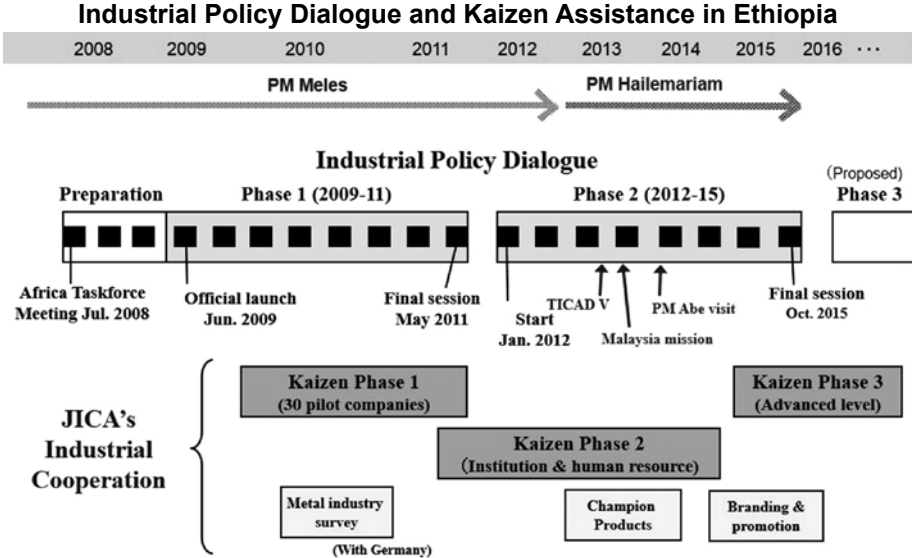
From around 2002, the GRIPS Development Forum was looking for an ideal partner of industrial policy dialogue on the African continent. We visited Zambia, Tanzania, Ghana, Uganda, Mozambique, etc., met Presidents and Economic Ministers and Permanent Secretaries, conducted policy research, and implemented mini policy dialogues. However, we were not very satisfied with the results. Then, in the summer of 2008, we were invited by JICA to Addis Ababa to participate in the African Taskforce Meeting, a series of high-level policy conferences hosted by Professor and Nobel Laureate J. E. Stiglitz. JICA, a financial sponsor of this project, wanted to send a Japanese team to the meeting to be held in Ethiopia to contribute Japanese ideas as well as money. We were happy to oblige because we had known that the Ethiopian Government was serious about industrial policy. What we did not know was that Prime Minister Meles was to attend almost all sessions of this two-day event.

We explained industrial policies in East Asia. During the break, we approached Prime Minister Meles to give him a copy of the book we recently edited¹. During

¹ GRIPS Development Forum ed., *Diversity and Complementarity in Development Aid: East Asian Lessons for African Growth*, GRIPS Development Forum, 2008. This volume was later re-edited for commercial publication under a different title: Kenichi Ohno and Izumi Ohno eds. (2013), *Eastern and Western Ideas for African Growth: Diversity and Complementarity in Development Aid*, Routledge, 2013.

the conference he started to read it. Chapter 7 of the book discussed JICA’s kaizen assistance in Tunisia. In the following week, Prime Minister Meles invited the Japanese Ambassador to his office and requested two-part cooperation from Japan: policy dialogue with GRIPS and kaizen assistance by JICA. This was the beginning of our industrial policy involvement in Ethiopia.

In reality, Industrial Policy Dialogue was implemented jointly by GRIPS and JICA (not by the GRIPS Development Forum alone) and at three levels including Prime Minister, Ministers and State Ministers, and other officials. We also frequently visited regions, enterprises, universities, international organizations, and other development partners in Ethiopia as well as gave lectures at ministries, agencies, and universities on request basis. Policy dialogue sessions were conducted four times a year during Phase 1 (2009-2011) and twice a year during Phase 2 (2012-2016). Even though frequency was reduced, we were equally or even more busy in Phase 2 because works in Japan, letter exchanges with top leaders, and visits to third countries in Asia and Africa were increased. As a result the GRIPS Development Forum was constantly engaged in Ethiopian policy research throughout the year.



Note: the black boxes indicate three-level dialogue sessions with Prime Minister, Ministers and State Ministers, and operational level in Addis Ababa.

Several key points

The two volumes serve as our aide memoire, a report to stakeholders, and a textbook for those interested in policy dialogue. At the same time, however, we fear the contents are too long and tedious for normal readers. In the hope of arousing interest in what are contained in these volumes, we would like to explain several key points of our policy dialogue here at the outset. We would be happy if the reader has the patience to at least go through the next several paragraphs. We would be even happier if the reader will be prompted to actually read some or all of our records.

First, our Industrial Policy Dialogue in Ethiopia was successful. Supported by Ethiopia's strong desire to learn from Japan and the rest of East Asia, we were able to provide a wide range of information and cases to the Ethiopian Government, some—actually, many—of which were used to formulate or revise industrial policy. Specifically, JICA-supported kaizen was put into practice from the beginning with resolve. Industrial policy organization and structure were learned and implemented. The Light Manufacturing Vision was declared. Our advice on FDI attraction, high-quality industrial zones, creation of champion products, the wage-labor productivity nexus, re-branding of national image, and so on, was also reflected in many policy actions. Our method was not to explain what Japan did in the past but to introduce and analyze a large number of selected international cases that best fit the policy reality of Ethiopia. We dispatched research missions to and invited experts from many countries in Asia and Africa. What we wanted to convey was not concrete and unique measures adopted by Meiji or Post-WW2 Japan but the Japanese mindset and attitude toward economic development. The important thing was learning the methodology of how to identify and overcome economic challenges of each country in the way typical of Japanese or Asian industrial officials and experts.

Second, candidness was valued. We from East Asia were often puzzled by the thinking and action of the Ethiopian Government. Nevertheless, from the very beginning, the Ethiopian leaders pleaded us to be open and frank in policy discussion, and we strictly followed their advice. We remained honest and sometimes even critical in our meetings with Ethiopian policy makers from top to bottom, but we never received any reproach or discomfort from them. Probably they understood our sincere desire to be useful to Ethiopia, and they accepted our frankness and discourtesy. We believe that most of our recommendations were

on the mark, but on some occasions we had to admit that we were wrong and the Ethiopians were right. For example, seeing what happened recently, we had to eat our words that state-run industrial parks in a latecomer country were unlikely to function, or that few Japanese manufacturers would be interested in coming to Ethiopia. On the other hand, we still continue to insist that SME policy should be concentrated in one ministry (MOI) and that specialized and powerful agencies should be established under it for FDI attraction and export promotion. Our advice may be initially ignored or rebutted. But over time, the Ethiopian Government may listen to our counsel and even implement some of our recommendations.

Third, Ethiopian policies and institutions change fast. The Ethiopian Government is highly action-oriented, and we often feel that it moves too fast. Our repeated advice such as “Slow and Steady Wins the Race” and “Quality over Speed” are countered with the refutation that Japan and Japanese businesses are too slow. Ethiopian officials started revising Investment Proclamation on the plane back from Malaysia where JICA invited them for policy study. Industrial zone policy and institutions are created and revised at bewildering speed. The Government is determined to build a high-quality industrial zone within six months (despite the fact that many delays occur). An SME policy is drafted and approved after researching three countries briefly. We fear that the different attitudes toward policy speed between our two countries will never be bridged. All the same, we are still happy to continue to work with the Ethiopians in the full knowledge of our different mindsets.

Fourth, the topics for discussion were chosen carefully just before each session. We did not select topics a few years in advance because Ethiopian situations and policies shift rapidly and because it is important to link what we discuss with concrete policy actions instead of engaging in just academic research and presentation. As already noted, the Ethiopian Government is quick to adopt whatever ideas it thinks are useful. As a result, we also have to be cautious and vigilant to give only such advice that is relevant and worth giving, and listen carefully and selectively to the problems raised by the Ethiopian side. Unlike a construction project that must follow pre-agreed detail design, the best strategy in policy dialogue shifts quickly as the dialogue partner or the situation changes. It is similar to a chess match, a judo or kendo (Japanese sword) match, instructions by a baseball manager, or even how you go out with your date until the two get serious and marry. For these cases, it is hardly possible to declare in advance what

concrete steps you will take. The key is being alert and having good insights as to what action is required at every instant, moving quickly on such insights, and preparing necessary human resource and budget in time.

Fifth, there must be clear linkage between policy discussion and JICA's industrial support. Many donors and NPOs offer "intellectual assistance" to Ethiopia but most of such programs are just talk and no action. A meeting arranged for the Prime Minister and a visiting eminent foreign scholar, provision of research funds, bilateral joint research, supporting researchers through foreign study opportunities and research guidance, and so on, can produce policy analysis and proposals but their relevance and implementability are often in question. Only a few countries study one problem deeply together with the Ethiopian Government, propose policy actions, and implement some (if not all) of them actually on the ground. In our case, Industrial Policy Dialogue and kaizen have been firmly linked from the outset, and JICA has followed up our discussions with many additional industrial projects including frequent expert dispatches, a metal and engineering industry survey (in cooperation with Germany), a large policy mission to Malaysia, champion products creation, national re-branding, a cost-benefit analysis of export subsidies, a survey on labor productivity and wage, and a comparative survey of Ethiopian business conditions with other African countries. This cooperation model which combines policy discussion with industrial projects is very effective in encouraging both Japan and developing country government to seriously engage in bilateral dialogue and improving the chance of what was discussed being implemented.

Sixth, East Asia's experiences are becoming increasingly germane to Ethiopia. When our policy dialogue started, Ethiopia seemed a poor African country with little economic interaction with Japan. Initially, we did not discuss interests of Japanese businesses or industries. However, the situation changed around 2009 when manufacturing FDI began to race into Ethiopia. With rapid increases in their domestic wages, Turkey, India, China, and other emerging economies had to relocate labor-intensive garment and footwear production to new frontiers. Taiwan, Korea, EU, US, Southeast Asia, and South Asia soon followed. Construction of new factories in Ethiopia continues even today. Some foreign professors brag about this FDI inflow as their achievement, but the fact is Ethiopia's existing advantages such as cheap and good labor and social stability have been boosted by proactive FDI and industrial policies of the Government. Phase 2 of Industrial Policy Dialogue began to highlight FDI policy, industrial zones, productivity,

industrial human resource, FDI-local firm linkage, attraction of Japanese FDI, and improving business environment. The East Asian Flying Geese seem to have arrived in Africa. Industrial policy issues in Ethiopia are no longer distinguishable from those in developing Asia. In fact, problems Ethiopia faces also remain unsolved in many Asian countries. This means that industrial policy lessons from East Asia—both successes and failures—are now more directly relevant to Ethiopian policy formulation.

Seventh, Japanese industrial cooperation in Africa will be effective only if internal and external policy networks are activated. This is because Japan is only a small player in Africa. In our policy dialogue, we actively listened to and worked with other industrial policy stakeholders. Networks must be created at three levels: within Ethiopia, within Japan, and with other development partners and investors interested in Ethiopia. Weak coordination among industry, government, academics, and even among their internal units is commonplace in developing countries. Dialogs and actions initiated by foreign outsiders such as us often invigorate horizontal exchange and cooperation (meanwhile, vertical communication is fairly strong in Ethiopia). As for Japan, JICA must involve MoFA, METI, JETRO, JBIC and others in strategy formation and work in the context of industry-government-university coalition. We also actively exchanged information and conducted hearings with non-Japanese agencies such as UNIDO, GIZ, DFID, USAID, KOICA, EU, and other foreign missions and international organizations in Addis Ababa. Japanese aid officials have a bad habit of trying to do projects by Japanese alone but such an approach will not maximize the impact of limited resources or produce visible results in Africa.

Industrial Policy Dialogue is like a heated tennis match. At the beginning we had no idea of whether or how policy dialogue would proceed in Ethiopia. We were constantly amazed at unexpected developments and actions by the Ethiopian Government. We only did our best to come up with most suitable advice and assistance given what Ethiopia needed at every instant. Cumulative interactions such as this, without any prescribed scenario, were how we conducted the total of 18 sessions of Industrial Policy Dialogue and many policy research trips in third countries.

Plato in his Seventh Epistle says that philosophical truths cannot be expressed in written form but must be delivered from a teacher to a student like flying sparks through repeated discussions. Philosophy consists not only of recorded discussions of the past but also of uncertainty, amazement, concord, and joy at every instant of a

serious dialogue. Truths emerge by sharing such a holistic experience. In this sense, our records of Industrial Policy Dialogue are akin to a fossil that does not convey unpredictability and excitement we always felt in our sessions. But for those with sharp eyes such unwritten feelings may well be sensed between the lines.

GRIPS Development Forum

Appendix Table 1. Topics Discussed at High Level Forums (Ministerial Level)

	Presentations by Japan or Third Country	Presentations by Ethiopia
< PHASE 1 >		
Session 1 June 2009	(1) JICA's plan for policy dialogue (2) ADLI and future directions for industrial development"	(1) Evaluation of current PASDEP focusing on industrial development and related sectors
Session 2 Sep. 2009	(1) Cross-cutting issues on industrial policy & East Asian policy menu (2) Organizational arrangements for industrial policy formulation (3) SME policies in Japan	(1) Comments and feedback by the Policy Dialogue Steering Committee on Japanese presentations
Session 3 Nov. 2009	(1) Designing industrial master plans: international comparison (2) Industrial policy direction of Ethiopia: suggestions for PASDEP II	(1) Concept for the industrial chapter of PASDEP II and the formulation plan
Session 4 Mar. 2010	(1) Basic metals and engineering industries: international comparison of policy framework & Ethiopia's case	(1) Draft of industry sector for PASDEP II (2) Overview, contents of PASDEP II draft of chemical subsector
Session 5 July 2010	(1) Result of basic metal and engineering industries firm-level study – parts conducted by MPDC and JICA	(1) Report of kaizen training in Osaka (2) Report of kaizen training in Chubu (3) Current status of kaizen project and institutionalization of kaizen
Session 6 Oct. 2010	(1) Singapore's experience with productivity development: internalization, scaling-up, and international cooperation	(1) Contents of industry sector in GTP (2) Singapore's productivity movement and lessons learned
Session 7 Jan. 2011	(1) The making of high priority development strategies: international comparison	(1) Organizational structure of MOI and linkage with other ministries"
Session 8 May 2011	(1) Ethiopia's industrialization under GTP (2) Achievements of Kaizen Project (3) Kaizen movement in Asia & Africa (4) Taiwan: policy drive for innovation	(1) MSE development strategy of Ethiopia (2) Kaizen dissemination plan (3) Botswana's productivity movement and its Implication for Ethiopia

< PHASE 2 >		
Session 1 Jan. 2012	(1) Export orientation: 3 policy directions (2) Export promotion: JICA's experience (3) Export promotion center in Egypt	(1) Export promotion of Ethiopia (2) Assessing Ethiopian investment and export policies
Session 2 Aug. 2012	(1) Results of champion product seminar (2) Export promotion of Malaysia (3) Economic diplomacy in Thailand	(1) Performance of export promotion in Ethiopia (2) Export promotion by foreign mission
Session 3 Jan. 2013	(1) Proactive FDI policy (2) FDI policy experience of Malaysia (3) JICA's assistance in Zambia etc.	(1) FDI inflow into Ethiopia
Session 4 Jul. 2013	(1) JICA's PSD assistance in Indonesia (2) FDI-linked technology transfer	(1) Malaysia's strategic FDI policy (2) Revision of Investment Proclamation
Session 5 Feb. 2014	(1) International comparison of manufacturing performance (2) Handholding programs	(1) Sectoral institutes: roles & performance (2) Kaizen in GTP II and long-term vision
Session 6 Aug. 2014	(1) FDI-led industrialization in East Asia (2) FDI inflow into latecomer Asia	(1) Proposal for key ideas in GTP II (2) Current status of Ethiopian FDI
Session 7 Jan. 2015	(1) Modality & key points of Japanese-run industrial zones in Vietnam & Thailand (2) Industrial zones & foreign currency issues in Myanmar & India	(1) Productivity & competitiveness chapter, industry chapter & kaizen in GTP II
Session 8 Oct. 2015	(1) Remaining industrial issues ahead (2) Industrial zone experience in Cambodia	(1) Discussion on GTP II draft (2) Ethiopian wage & labor productivity survey

Appendix Table 2. Policy letters exchanged with high-level leaders

(Those with substantive policy discussion only)

No.	Date	To/from	Pages	Main topics
1	June 9, 2009	From PM Meles	16	Democratic Developmentalism (DD) & Agricultural Development Led Industrialization (ADLI)
2	July 27, 2009	To PM Meles	9	Agriculture, import-substitution, ADLI
3	July 30, 2009	From PM Meles	6	Agriculture, proto-industrialization, import substitution, ADLI
4	Nov. 16, 2009	To PM Meles	3	Master plan structure, energizing private sector, proactive industrial policy
5	July 13, 2010	To PM Meles	9	Kaizen, metal industry, MSEs
6	Oct. 29, 2010	To Minister of Industry Mekonnen	5	Formulation of GTP; report on high-level discussion
7	Dec. 27, 2010	To Minister of Industry Mekonnen	8	Response to the question on how to cope with export firms that do not fulfill their targets
8	Apr. 30, 2013	From PM Hailemariam	--	Request for meeting in Yokohama (TICAD V) regarding GTP2 & kaizen, via Japanese Embassy
9	May 27, 2013	To PM Hailemariam	8	Kaizen, GTP2, planning mechanism, think tank (response to PM's inquiry)
10	Aug. 11, 2013	To PM Hailemariam	10	Vision & industrial strategy in GTP2
11	Aug. 11, 2013	To high-level participants of IPD	7	Comments on the draft report on Ethiopian Industrial Development
12	Sep. 2, 2013	From PM Hailemariam	5	Response to Aug. 11 letter; light manufacturing vision, Planning Commission, Competitiveness Council, etc.
13	Dec. 24, 2013	To PM Hailemariam	4	Light manufacturing vision, FDI data problem, export promotion
14	Apr. 28, 2014	To PM Hailemariam	11	Data analysis & key issues of large inflow of manufacturing FDI from the viewpoint of East Asia; kaizen, handholding
15	Sep. 29, 2014	To high-level participants of IPD	17	Issues related to industry, productivity & competitiveness (input to GTP2)
16	Jan. 26, 2015	To PM Economic Advisor Dr. Arkebe	5	Concrete conditions & requests for inviting Japanese firms (based on bilateral discussion)
17	Mar. 27, 2015	To PM Hailemariam	18	Comprehensive discussion on industrial issues in GTP2
18	Nov. 13, 2015	To PM Hailemariam	9	Progress in Japanese Investment Area, remarks on latest GTP2 draft, future of Industrial Policy Dialogue

Note: it has been customary to cc policy letters to high-level participants in Industrial Policy Dialogue. Page numbers include tables, figures, and appendices. Apart from the correspondence in the table, shorter letters were sent from GDF to PM Meles on July 6 and Dec. 2, 2009.

Appendix Table 3. Third Country Policy Missions

No.	Date	Country	Participating officials & experts				Purpose (other than studying policy formulation & organization)
			Total	Ethiopian	Japanese	Other	
1	Nov. 2009	Burkina Faso	1	0	1	0	Current status of national productivity movement
2	Aug/Sep. 2010	Singapore	9	1	4	4	National productivity movement, FDI policy, SME policy, Nanyang Politechnics
3	Oct. 2010	Tanzania	2	0	2	0	East African Community (Arusha), MOI & industrial policy
4	Nov. 2010	Korea	5	1	2	2	Industrial policy, SME policy, ODA strategy
5	Jan. 2011	Burkina Faso	1	0	1	0	Current status of national productivity movement (follow-up of Nov. 2009 mission)
6	Feb. 2011	Botswana	1	1	0	0	Current status of national productivity movement
7	Mar. 2011	Taiwan	5	1	2	2	Technology & RD, science parks & EPZs, SME policy
8	Aug. 2012	Ghana	8	0	8	0	African Center for Economic Transformation (ACET), industrial & finance policy
9	Sep. 2012	India	3	0	3	0	National Manuf. Policy, industrial corridor, kaizen
10	Oct. 2012	Mauritius	3	0	3	0	EPZ & FDI policy, garment & sugar sectors, export promotion, SMEs & HR, kaizen, policy coordination
11	June 2013	Malaysia	16	11	5	0	FDI, export & industrial park policies as a model for Ethiopia; National Transformation Strategy
12	June 2014	Indonesia	5	0	3	2	Development planning, policy coordination, new industrial policy, FDI policy, private efforts
13	Aug. 2014	Rwanda	6	0	6	0	Development planning, Rwanda Development Board, industrial HR, ICT, SEZ
14	May 2015	Thailand	3	0	3	0	FDI-local firm matching & linkage policy
15	May 2015	Cambodia	3	0	3	0	Collective policy formulation, new industrial dev. policy, FDI & SEZ policy under CDC, Sihanoukville
Total participants			71	15	46	10	

Note: as a general topic, most of the policy missions examined industrial policy formulation and implementation including policy procedure and organization. Total number of participants includes double-counting of some individuals. During the period of Ethiopia-Japan Industrial Policy Dialogue, industrial policies of Vietnam and Mozambique were also studied intensively on other budgets.

1. Singapore

—Productivity and Policy Competency

(August 29 - September 3, 2010)

The GRIPS Development Forum, together with researchers and officials from Vietnam and Ethiopia, visited Singapore from Aug. 29 to Sep. 3, 2010 to study Singapore's experiences in productivity improvement and skills upgrading as well as organizational aspects of industrial policy formulation and implementation. Findings of this mission will be provided to concerned officials in developing countries including Ethiopia and Vietnam¹. We also gathered information on Singapore's international cooperation in the industrial sector of developing countries. The mission had meetings with government ministries and agencies, research institutes and universities, and Japanese organizations such as JCCI, JETRO, and JICA. It also visited a Japanese manufacturing company operated by Singaporeans.

The mission members consisted of Prof. Kenichi Ohno, Prof. Izumi Ohno, Ms. Sayoko Uesu (GRIPS Development Forum); Prof. Daniel Kitaw (Addis Ababa University); and Ms. Nguyen Thi Xuan Thuy, and Ms. Truong Thi Nam Thang (Vietnam Development Forum). In addition, Mr. Le Mang Hung and Mr. Nguyen Quang Vinh (Ministry of Planning and Investment, Vietnam), and Ms. Kumiko Kasai (JICA expert/SME policy advisor in Vietnam) joined the mission (see attachments for mission schedule, places visited, and information collected). We would like to express our deep appreciation to all organizations and individuals who kindly received us and shared valuable information with us. The main findings of the mission are as follows.

¹ This mission was commissioned by the Japan International Cooperation Agency (JICA) to compile information on industrial policies in selected East Asian countries for the use of other developing countries. Visits to South Korea and Taiwan are also planned in the near future.

1. The current situation surrounding productivity

In recent months, productivity improvement has been resurrected as a high-priority national agenda in Singapore. As the Singaporean economy came out of the global recession, the government sees an opportunity to restructure the economy and maximize growth capability in the post-crisis era which is characterized by rising China and India. The government formed the high-level Economic Strategies Committee (ESC) chaired by the Finance Minister in May 2009 with tripartite participation of government, labor unions, and industry². The ESC submitted a final report to Prime Minister Lee Hsien Loong at the end of January 2010, which was officially launched on February 1, 2010. Envisioning “high-skilled people, innovative economy, distinctive global city,” the ESC Report recommended a drastic shift from factor-driven to productivity-driven growth. It set an annual productivity growth target of 2-3% and an average GDP growth target of 3-5% in the next ten years, and presented seven key strategies to achieve these goals. The main thrust of the ESC Report was endorsed by the Prime Minister and reflected in the FY2010 budget (starting from April 1).

One of the seven key strategies is “growing through skills and innovation.” To oversee and drive the national effort to boost productivity and skills upgrading, the government established the National Productivity and Continuing Education Council (NPCEC) in April 2010 (see Section 3).

While the Singaporean economy grew by an average 5% per annum over the past decade, productivity gains have declined in recent years³. According to the ESC Report, the country’s productivity levels in manufacturing and services are only 55-

² The ESC was formed as one of the many *ad hoc* mechanisms for shaping economic future and long-term development visions of the country. Under the committee headed by the Finance Minister and comprising of 25 members, eight subcommittees and several working groups were formed. Each subcommittee was co-chaired by the representatives of the public and private sectors. For formulating key policies the Singaporean government does not produce five-year or any other regular plans.

³ In Singapore, productivity primarily means labor productivity or value-added per worker, reflecting the government’s deep concern with sustaining high wages and high living standards for its citizens. As such, it is affected by technology, capital accumulation, efficiency and waste reduction, systemic innovation, and training adopted by companies. Concerns about Singapore’s recent slowdown in productivity have been also pointed out in *Singapore Competitiveness Report: 2009* (foreworded by Michael E. Porter) produced by the Asia Competitiveness Institute of the Lee Kuan Yew School of Public Policy. This report also supports the government’s ongoing effort to move towards an innovation-driven economy.

65% of those in the US and Japan. In the construction sector, the productivity level is only one-third and one-half of Japan and the US, respectively. According to many whom we interviewed, this apparent low productivity in a country renowned for well-educated people and excellent policies was caused by the existence of low-skill foreign workers and the old generation of Singaporeans who received little education in the past, both of which bring down average productivity. In terms of sectors, low productivity is observed in construction, SMEs, and certain services such as retails, restaurants, and tourism.

Over the past decade, Singapore has become increasingly dependent on foreign workers, including both highly skilled professionals and low-skill workers, which now account for about one-third (or 1 million) of the entire workforce. Low-skill foreign workers compete with relatively less educated Singaporeans on the job market. The ESC Report points out the need to manage (i.e., gradually reduce) the country's dependence on low-skill foreign labor and support continuous education and training of low-wage Singaporean workers. The Report also emphasizes the importance of productivity growth to sustain high wages and high living standards which Singaporeans have come to enjoy, and urges the government to encourage enterprise innovation, investment in technology, and training to create better and more high paying jobs.

2. History of Productivity Movement⁴

Singapore was the first country where JICA provided comprehensive technical cooperation called Productivity Development Project (PDP) to transfer Japan's knowhow in productivity improvement. At the request of then Prime Minister Lee Kuan Yew, JICA implemented PDP during 1983-1990. Subsequently, Singapore became quite successful in internalization, scaling up, and institutionalization of Productivity Movement. Its experiences should offer useful insight for developing countries which plan to introduce similar projects.

Singapore's interest in productivity dates back to the early days of independence, before the initiation of JICA cooperation. In 1967, the National

⁴ This section is based mainly on the information provided by Mr. Low Hock Meng, Executive Director of the Singaporean Productivity Association and the former counterpart of JICA-supported PDP.

Table 1. History of Productivity-related Organizations

Period	Organization	Remark
1964	Productivity Unit, EDB	1965: Charter for Industrial Progress, Productivity Code of Practice
1967-1972	National Productivity Center (NPC) - an autonomously-run division under EDB	1971: Tripartite Interim Management Committee (to prepare NPB)
1972-1995	National Productivity Board (NPB) - a statutory body, initially affiliated with Ministry of Labor and later with Ministry of Trade and Industry (MTI)	1973-present: Singapore Productivity Association (SPA) 1981-85: awareness stage 1986-88: action stage 1989-90s: ownership stage
1996-2001	Productivity Standard Board (PSB) - a statutory body, affiliated with MTI	
2002-present	Standards, Productivity and Innovation Board (SPRING) - a statutory body, affiliated with MTI	

Productivity Center was established under the Economic Development Board (EDB). In 1972, the Center was upgraded to a separate agency, the National Productivity Board (NPB), and in 1996 was merged with the Singapore Institute of Standards and Industrial Research to become the Productivity Standard Board (PSB). In 2002, PSB's productivity-related functions were transferred to the Standards, Productivity and Innovation Board (SPRING). Separately, the Singapore Productivity Association (SPA) was established in 1973 as an affiliated body of NPB with the purpose of promoting active involvement of organizations and individuals in Productivity Movement and spreading the idea of productivity and its techniques.

Productivity Movement in Singapore evolved in three stages: (i) awareness stage (1981-85); (ii) action stage (1986-88); and (iii) ownership stage (1989-90s). The awareness stage aimed to create widespread awareness of productivity among companies and workforce. The National Productivity Council (NPC) was established in 1981, chaired by the State Minister of Labor and with the participation of about 20 members from government, employer groups, unions and academia, which reviewed productivity efforts and outlined future strategy. Massive productivity campaigns were launched at both national and company levels. November was designated as "Productivity Month," in which then Prime Minister Lee Kuan Yew delivered annual speeches on productivity from 1981

for seven consecutive years. In the action stage, “awareness” was translated into specific programs to improve productivity at the workplace, by introducing a management consultancy referral scheme, model company projects, training of workforce through the Skills Development Fund (see Section 3), and so on. The ownership stage assured sustainability of Productivity Movement by launching many initiatives to encourage company-level productivity movement. The Singapore Quality Award was introduced in 1994.

Throughout the three stages, NPB played a key role as the secretariat of NPC by providing training and management consultancy, spreading quality control (QC) circles, promoting the concept of productivity, and administering SDF. Key factors for successful scaling-up of Productivity Movement included establishment of institutional mechanisms (including NPC), strong support of key stakeholders (public sector, unions, and employers), and sharing productivity gains among these stakeholders. JICA-supported PDP made important contributions to this movement by sharing best practices, training NPB staff and company workers, and developing manuals.

After PDP was completed in Singapore, NPB and JICA conducted joint training programs in developing countries in Asia and Africa until around 2005. In parallel, under the Singapore Cooperation Program (see Section 5), SPA also provided cooperation to productivity improvement in Botswana from 1991 for about ten years at the request of the President of Botswana to then Singaporean Prime Minister Goh Chok Tong. Based on the experience of PDP, SPA supported promotion of tripartite cooperation among government, labor, and industry, staff training of the Botswana National Productivity Center, and implementation of pilot projects. In its first phase, cooperation produced mixed results as it caused brain drain of trained staff. In the second phase, however, cooperation successfully strengthened the Botswana National Productivity Center which has come to be regarded as a center of excellence in Sub-Saharan Africa. For countries interested in introducing Productivity Movement in Africa and elsewhere, a detailed study of SPA’s cooperation in Botswana should be a useful guide for understanding how technical cooperation should be designed for maximum impact and minimum brain drain.

3. Current industrial policy measures and organizations

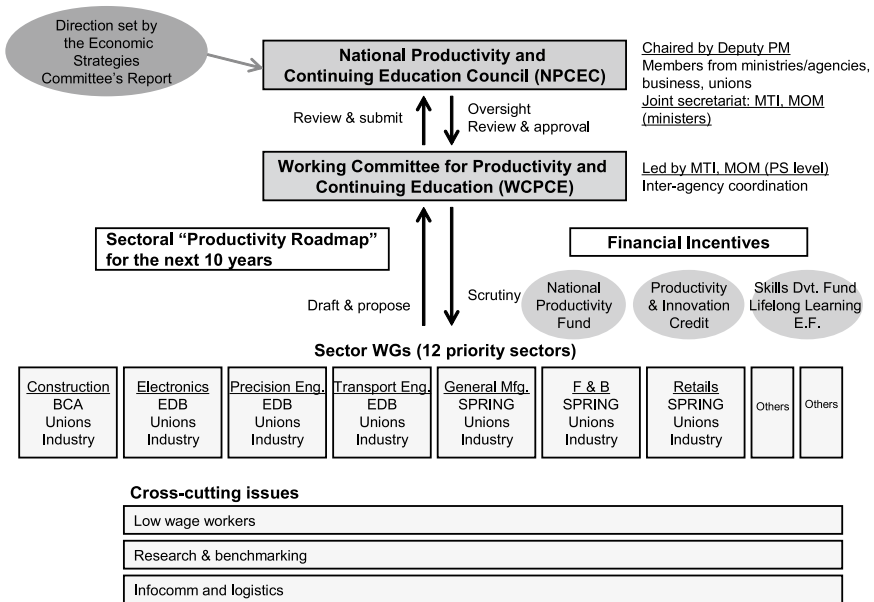
The policy process in Singapore is characterized by: (i) tripartite cooperation among government, labor unions, and industry, and (ii) a multi-sectoral and multi-functional approach involving all relevant government ministries and agencies in good collaboration. Regarding industrial policy measures, the Singaporean government takes both broad-based and targeted/sectoral approaches. The government offers various incentives to encourage enterprises to adjust and restructure by following (policy-adjusted) market price signals rather than through quantitative quotas or direct subsidies to individuals. Recent initiatives related to productivity, SMEs, and FDI attraction include the following.

3-1. Measures for productivity and continuing education and training

As explained before, the National Productivity and Continuing Education Council (NPCEC) was established in April 2010 to lead the national effort to transform Singapore into a productivity-led economy. NPCEC is chaired by Deputy Prime Minister Teo Chee Hean and its members come from government, business community, and labor unions. Chairpersonship of DPM signifies the high priority accorded to the productivity issue. The Ministry of Trade and Industry (MTI) and the Ministry of Manpower (MOM) jointly act as the secretariat. Under NPCEC two layers of organizations are created including (i) the Working Committee for Productivity and Continuing Education (WCPCE) led by the Permanent Secretaries of MTI and MOM; and (ii) 12 sector working groups and horizontal thematic working groups which are coordinated by responsible government agencies (see Figure 1).

NPCEC has selected 12 priority sectors based on the criteria of the size of contribution to employment and GDP and high potential for productivity gain. Each sector group formulates a productivity roadmap for the next ten years. These roadmaps are reviewed by WCPCE and submitted to NPCEC for final approval. A ministry or an agency is assigned to oversee each priority sector. For example, EDB is responsible for electronics, precision engineering, transport engineering, logistics and storage, while SPRING is responsible for general manufacturing, food and beverages, and retails. In addition, horizontal working groups are created to work on cross-cutting issues such as low-wage workers, research and benchmarking, and infocomm

Figure 1. Institutional Mechanism for Boosting Skills and Enterprise Productivity through National Effort



(ICT) and logistics. As usual, government, businesses, and unions participate in these sectoral and thematic working groups.

The government has committed to a total of S\$5.5 billion over the next ten years to support productivity initiatives. This includes S\$3 billion for the National Productivity Fund (NPF) and the Productivity and Innovation Credit (PIC) and S\$2.5 billion for CET. PIC, a new tax benefit scheme, is one of the broad-based supports. Under PIC, any enterprise in any sector is eligible for a fiscal incentive when they invest in productivity enhancement or innovation. Specifically, they are entitled to a deduction of 250 percent of eligible expenditures from their taxable income with a cap of S\$300,000 per activity. Meanwhile, NPF is a targeted support which provides funding for productivity initiatives in specific industries or enterprises only. Under the priorities and guidelines established by NPCEC, sector working groups propose productivity initiatives which are reviewed by WCPCE.

Regarding Continuing Education and Training (CET), the previous system has been expanded to upgrade workforce skills and competitiveness at all levels, by

Table 2. Major Initiatives on Productivity and Continuing Education and Training (CET)

Policy area	Actions taken
Boosting skills and enterprise productivity through national effort	-Establishment of National Productivity and Continuing Education Council (NPCEC)
Investing in people	-Enhancement of Continuing Education and Training System -Introduction of Workfare Training Scheme -Enhancement of Workfare Income Supplement
Supporting enterprise investments in innovation and productivity	-Introduction of Productivity and Innovation Credit -Establishment of National Productivity Fund -Raising foreign worker levies
Supporting business restructuring	-Introduction of tax allowance to defray acquisition costs for qualifying mergers and acquisitions -Introduction of stamp duty relief for acquisition of unlisted shares
Enhancing land productivity	-Introduction of Land Intensification Allowance

Source: Sanchita Basu Das, *Road to Recovery*, ISEAS, 2010, Appendix IV, pp.190-200.

providing multiple skills-based progression paths to complement the academic path, and by reaching out to more professionals, managers, executives and technicians. Furthermore, the government now encourages companies to retain and train workers (especially low-wage workers and older workers) by introducing the Workfare Training Scheme and enhancing the Workfare Income Supplement Scheme. Companies can also receive financial support for employee training from two sources: the Skills Development Fund (SDF) and the Lifelong Endowment Fund (LLEF)⁵. Until 2008, SDF targeted only low-wage workforce, but more recently the SDF Levy was broadened to cover the entire workforce. While all workers have access to the CET scheme in principle, subsidies from SDF and LLEF are currently limited to Singaporean workers only.

⁵ SDF was established in 1978 as an employer-based funding that provides financial incentives for staff training. Through SDF, employers can enjoy course fee subsidies of up to 90%, though the amount of subsidies depends on each course. All employers must pay Skills Development Levy for all workers up to the first S\$4,500 of gross monthly remuneration at a levy rate of 0.25%, or S\$2 per worker, whichever is higher. The Central Provident Fund collects the levy on behalf of WDA. The levy collected is channeled into SDF, which provides grants to companies that send their workers for training. LLEF was established in 2001 with an initial capital of S\$500 million and with the current total capital of S\$2 billion. Interest earned from this endowment fund can be used to support various lifelong learning initiatives.

3-2. SME development

There are over 116,000 local SMEs in Singapore. SMEs account for 50% of value-added, and 60% of the total employment⁶. Responsibility for SME development rests with MTI's Enterprise Division (policy) and SPRING (implementation). SPRING is an SME development agency and a national standards and accreditation body.

The Singaporean government takes both broad-based and targeted approaches to SME promotion. Broad-based approaches are implemented on a scheme base in collaboration with business chambers and associations. There are five Enterprise Development Centers located at business associations and chambers, where a team of business advisors give face-to-face advice to SMEs on government assistance schemes applicable to SMEs, finance, management, human resources, operations, etc. As part of this advisory service, the Financial Facilitator Program has financial facilitators (composed of ex-bankers, financial consultants, and advisors) who help SMEs to gain access to financing. Targeted approaches are tailored to individual enterprises (which are usually relatively large SMEs). SME managers can contact designated SPRING officers when necessary to seek advisory services and resolve problems.

Singapore does not have the equivalent of Japan's Shindan system (SME Management Consultants System), an institutionalized and state-backed system for training, testing, registering, and renewing certified SME consultants (shindanshi) who advise on management and facilitate SME finance (shindanshi's reports on SMEs' business plans are regularly used by Japanese banks to evaluate loan applications). In Singapore, banks and management consultants work independently, and it is the responsibility of banks' loan officers to assess and decide on loan applications. There is however the Practising Management Consultant (PMC) Certification Scheme, which gives formal endorsement on the quality of management consultants (authorized by SPRING, WDA, and International Enterprise Singapore). This system is modeled after the UK's Certified Management Consultant System. About 200 consultants have so far

⁶ In Singapore, an SME is defined as a company with: (i) less than S\$15 million fixed asset investment (for manufacturing), or (ii) less than 200 workers (for non-manufacturing and services). The government plans to revise this definition next year to align with international norms which use revenue-based definition.

been qualified by the Certification Board. Although more information is needed, a quick look at the training and examination modules of the PMC Certification Scheme indicates that this scheme focuses primarily on project management, finance, laws, and applications for government incentives, and less on production management on the factory floor (which is covered by Japan's shindanshi).

3-3. FDI attraction

MTI's Industry Division (policy) and EDB (implementation) are responsible for FDI attraction and industrial development. The two work closely to attract FDI, foster "industry verticals" (suppliers of intermediate inputs), and enhance business environment. Singapore generally ranks very high in the ease of doing business. It has consistently held the top position among nearly 200 countries in the World Bank's *Doing Business* Reports from 2007 to 2010.

EDB is a one-stop agency for FDI marketing as well as the hub of industrial development, especially in transport engineering, electronics, precision engineering, chemicals, biomedical sciences, logistics, healthcare services, education services, infocomm and media, professional services, and consumer businesses. It also promotes new areas of growth such as clean energy, environmental technologies, bio-technology, and digital media.

In attracting FDI, EDB also combines broad-based approaches with targeted approaches. In addition to improving business environment generally, it offers targeted, company-specific support and incentives based on individual negotiations. This is called the "Queen Bee" approach where inviting the queen bee (an anchor firm) automatically brings a large number of other bees into the country (similar to the "Canon effect" in Northern Vietnam). A good example in this regard is the attraction of world-class aerospace firms such as Rolls-Royce, Pratt & Whitney, ST Aerospace, to the Seletar Aerospace Park which was transformed from a secondary airport with an area of over 300ha, which prompted arrival of related maintenance and repair services.

4. Nanyang Polytechnic

Nanyang Polytechnic (NYP) is one of the five national polytechnics in Singapore. It was established in 1992 and now has about 78,000 students. NYP provides both Pre-Employment Training (PET, for students) and Continuing Education and Training (CET, for current workers). Regarding PET, seven schools of NYP run 47 full-time courses for three-year diploma in engineering, information technology, business management, interactive and digital media, design, chemical and life sciences, and health sciences. CET at NYP offers formal diploma courses, customized courses, and degree programs with overseas universities. The government provides full funding for administration and operations of NYP (minus tuition fees collected). Meanwhile, NYP is free to use its revenue from services provided to industry for any activities or investments.

NYP has a strong link with industry. This includes: (i) preparing suitably trained graduates to meet the manpower needs of industry; (ii) practice- and application-oriented training; (iii) “industry attachment” (internship) for students; and (iv) collaboration with industry and development agencies such as SPRING, Infocomm Development Authority, etc. NYP carries out many industrial projects on a commercial basis in R&D, product design and development, and innovative solutions for industry, as well as teaming up with EDB to support start-up technopreneurs. Such collaboration is “win-win” for both industry and NYP, because industry can benefit from reduced cost and risk for R&D and start-up investment and because NYP can have ample opportunities for staff capability development and student training in frontline technology in addition to earning money. Industry is represented in NYP’s Board and Advisory Committees and participates in course development and review. NYP’s reputation is firm and long standing among Singaporean manufacturers. It cannot accept all cooperation applications from industry because it receives too many.

NYP is also active in international cooperation. NYP International provides consultancy services including a World Bank Project in TVET reform (China) and cooperation with the Suzhou Industrial Park Institute of Vocational Technology (China). It also conducts training programs for management staff and specialists of TVET institutions around the world.

In Singapore, manpower policy is formulated through close collaboration between

concerned official bodies and educational institutions. The National Manpower Council (NMC), a ministerial council headed by the Minister of Manpower, identifies the country's human resource needs in the medium to long run and maps out strategies to meet these needs. Various government ministries and agencies, including MTI, the Ministry of Education (MOE), and EDB, participate in NMC. Based on demand projection and skills mapping, NMC sets numerical targets for specific skills required by the country and decides on the number and type of students to be graduated from universities and polytechnics over the next four to five years. MOE provides funding to educational institutions for establishing new courses if that is judged necessary. EDB may also provide additional funds to relevant industries (e.g., aerospace) for upgrading its workforce.

5. Singapore's international cooperation in the industrial sector

In 1992, the government established the Singapore Technical Cooperation Program (SCP) to share the country's development experience and public sector expertise with developing countries. SCP is administered by the Technical Cooperation Directorate (TCD) of the Ministry of Foreign Affairs (MFA), which is responsible for planning and executing various training courses, seminars, workshops, and study visits in collaboration with domestic agencies and foreign partners. In FY2009, about 300 such activities were organized, and the number of SCP participants reached a record 6,729.

SCP is implemented in various channels including: (i) bilateral training programs, (ii) joint training programs or third-country training programs, (iii) Initiatives for ASEAN Integration (IAI) Centers; and (iv) small island developing states technical cooperation programs. Bilateral training programs are offered directly by Singapore to developing countries on a government-to-government basis, in the areas where Singapore has strength. Examples of FY2010 training courses include private sector growth and FDI attraction (executing agency: Civil Service College) and technical and vocational education and training (TVET) programs for principals and instructors (executing agency: ITE Education Services). Since 1997, JICA has managed the Japan-Singapore Partnership Program for the 21st Century (JSPP21) with TCD/MFA. This included the joint training program on productivity

management in the Southern African Development Community (SADC) countries which was implemented during 1997-2004.

Apart from SCP, the Singapore Cooperation Enterprise (SCE) provides fee-based technical cooperation which does not fall within SPC's responsibility. SCE was formed by MTI and MFA in 2006 to respond to growing foreign requests to tap on Singapore's development experiences. It mobilizes expertise accumulated in the country's public agencies and retired civil servants and politicians on a project basis. SCE does not receive financial support from the government and charges fees for technical cooperation on a cost-recovery (non-profit) basis.

The Singaporean government sees complementarity between ODA-based SCP and fee-based SCE, and uses them strategically. On a government-to-government basis, SCP is used as an entry point to share Singapore's development experiences with developing countries in general, which can lead to more specific country-tailored cooperation projects conducted by SCE. Meanwhile, SCE can work with both government and non-government clients in developing countries.

A good example is the ongoing cooperation with Rwanda. President Kagame has a strong desire to learn from Singapore, a small and resource-poor country which, despite these handicaps, achieved impressive economic growth by building human capability. Cooperation started with SPC-managed bilateral training programs, which subsequently developed into various projects supported by SCE (e.g., workforce development and public sector capacity building, and social security fund reform). Currently, SCE implements cooperation projects in China as well as other countries in Asia, Middle East, and Africa.

6. Other visits

The mission visited the Center for Strategic Futures in the Strategic Policy Office, under the Prime Minister's Office. Detached from daily administrative works, this center conducts long-term scenario planning from national and global perspectives and analyses chances and risks that may affect Singapore's future. Their exercises are inputs to setting broad policy directions and determining Singapore's future positioning. Similar divisions also exist in different ministries to conduct scenario planning exercises in respective areas. These "future divisions" work closely with research institutes, universities, and other stakeholders to collect

information and facilitate vision-sharing. Singapore does not produce regular national development plans (there was only one Five-Year Development Plan in the 1960s). Instead, it does long-term vision formation and strategic planning through *ad hoc* and task-based committees and councils (such as the Economic Strategies Committee and the National Productivity and Continuing Education Council mentioned above) and scenario planning by “future divisions.” Being a small and open economy, the government considers it vital to retain flexibility and ability to quickly respond to changing global environment. Flexible strategic planning is possible thanks to high institutional capacity of civil servants who are clean, purposeful, and able to translate policies into actions. The small size of Singapore and its unique politics may also facilitate information sharing among all stakeholders without political capture and serious conflicts of interest.

We exchanged views with the management team and faculty members of the Lee Kuan Yew School of Public Policy at the National University of Singapore. At their invitation, Kenichi Ohno gave a public seminar on “Industrial Policy in Africa: What and How East Asia Can Teach.” The mission also visited the Institute of Southeast Asian Studies and exchanged views with its researchers.

The mission also visited Yokogawa Electric Asia Pte. Ltd, a Japanese company producing made-to-order equipment for factory automation such as distribution control systems, transmitters, measurement instruments, and power supply units. The mission met with the management team as well as toured the factory. Yokogawa started its Singapore operation in 1974. Since the late 1990s, Yokogawa Singapore has been run by Singaporeans only. The company introduced QC circles in the early 1980s, and there are currently 14 active QC circles with the participation of about 90% of the workforce. We were impressed with the strong commitment of both management and workers to quality, cost reduction, and continuous improvement. Yokogawa Singapore won the 2010 Manufacturing Excellency Award (EDB Award), and became the first among Japanese companies operating in Singapore to receive this honor.

Mission Schedule (29 Aug.- 3 Sep. 2010)

1. Mission Members

Kenicni Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Izumi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Sayoko Uesu	Research Associate, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Daniel Kitaw	Associate Professor, Dept. of Mechanical Engineering, Addis Ababa University, Ethiopia
Nguyen Thi Xuan Thuy	Researcher, Vietnam Development Forum (VDF) / GRIPS-NEU Joint Research Project, Hanoi, Vietnam
Truong Thi Nam Thang	Researcher, Vietnam Development Forum (VDF) / GRIPS-NEU Joint Research Project, Hanoi, Vietnam
Le Manh Hung	Director, The Assistance Center for SME - North Vietnam (TAC Hanoi), Enterprise Development Agency (EDA), Ministry of Planning and Investment (MPI), Vietnam
Nguyen Quang Vinh	Senior Official, SME Development Division, Enterprise Development Agency (EDA), Ministry of Planning and Investment (MPI), Vietnam
Kumiko Kasai	SME Policy Implementation Advisor / JICA Expert, SME Development Division, Enterprise Development Agency (EDA), Ministry of Planning and Investment (MPI), Vietnam

2. Mission Schedule

DATE		TIME	ACTIVITY
1	Aug 29	Sun	PM Arrival
			PM Short introductory meeting
2	Aug 30	Mon	AM Institute of Southeast Asian Studies (ISEAS)
			PM Lunch meeting with mgt. team and professors at Lee Kuan Yew School (LKYS) / NUS
			PM Prof. Hui Weng Tat, LKYS
			PM JICA Representative Office at LKYS
			PM Public lecture at LKYS
3	Aug 31	Tue	AM Manpower Planning and Policy Div., Ministry of Manpower (MOM)
			AM Industry Division, Ministry of Trade & Industry (MTI)
			PM Japanese Chamber of Commerce and Industry (JCCI)
			PM Industry Skills & Planning Office, Workforce Development Agency (WDA)
			PM Dinner with Prof. Khuong Minh Vu (LKYS)
4	Sep 1	Wed	AM Human Capital, Planning, Strategic Planning, Energy & Chemical / Japan Desk, Economic Development Board (EDB)
			AM Technical Cooperation Directorate, Ministry of Foreign Affairs (MFA)
			PM Nanyang Polytechnic (NYP)
5	Sep 2	Thu	PM Prof. Pang Eng Fong, Singapore Management University (SMU)
			AM Enterprise Development, Research & Enterprise Div., Ministry of Trade and Industry (MTI)
			AM Center for Strategic Futures, Public Service Div., Prime Minister's Office (PMO)
			AM JETRO Singapore Representative Office
6	Sep 3	Fri	PM Combined Session with Productivity Programme Office, SPRING and Singapore Productivity Association (SPA)
			AM Plant Visit to Yokogawa Electric Asia Pte Ltd
7	Sep 4	Sat	PM Departure
			AM

Note:

Among eight members, Kenichi Ohno, Izumi Ohno, Sayoko Uesu (GRIPS Development Forum) and Nguyen Thi Xuan Thuy and Truong Thi Nam Thang (Vietnam Development Forum) are the members of the JICA-commissioned study mission.

Organizations/Persons Visited

The Government of Singapore

Organization	Name	Position
Ministry of Trade & Industry (MTI)	Gaurav Keerthi	Senior Assistant Director, Industry Division
	Tan Hual Tze	Senior Assistant Director, Resource Division
	Cheong Wei Yang	Deputy Director, Industry Division
	Benjamin KW Koh	Deputy Director, Research & Enterprise Division
Ministry of Foreign Affairs (MFA)	Koh Tim Fook	Director, Technical Cooperation Directorate
	Denise Cheng	Assistant Director, Technical Cooperation Directorate
	Mindy Low	Technical Cooperation Officer, Technical Cooperation Directorate
Ministry of Manpower (MOM)	Jane Lim Hui Chen	Deputy Director, Manpower Planning & Policy Division
	Jo Law Jiu Rong	Assistant Manager, Manpower Planning & Policy Division
Economic Development Board (EDB)	Kimberly Quek	Director, Human Capital Division
	Matthew Lee	Head, Planning
	Vincent Kwek	Assistant Head, Planning
	Andre Heng	Senior Officer, Energy & Chemical/Japan Desk
Workforce Development Agency (WDA)	Anil Das	Senior Director, Industry Skills & Planning Office
	Chai Yee Yuen Lionel	Assistant Director, Industry Skills & Planning Office
	Hee Gin Siang Kelvin	Senior Manager, Industry Skills & Planning Office
Public Service Division, Prime Minister's Office (PMO)	Aaron Maniam	Head, Center for Strategic Futures / Deputy Director, Strategic Policy Office
	Bernard Toh	Economist
Standards, Productivity, and Innovation Board (SPRING)	Woon Kin Chung	Executive Director
	Desmond Choo	Manager, Productivity Programme Office
	Loo Ya Lee	Manager, Productivity Programme Office
Singapore Productivity Association (SPA)	Low Hock Meng	Executive Director
	Chew Poh Hong	Senior Manager, Marketing & Public Relations

Universities / Research Institutes

Organization	Name	Position
Lee Kuan Yew School (LKYS), National University of Singapore (NUS)	Stavros N. Yiannouka	Executive Vice-Dean
	Eduardo Araral	Assistant Dean (Academic Affairs) & Assistant Professor
	Charles Adams	Visiting Professor
	Darryl S. L. Jarvis	Associate Professor
	Hui Weng Tat	Associate Professor
	Khuong Minh Vu	Assistant Professor
	Wong Kang Jet	Director of Strategic Planning
	Toby Carroll	Research Fellow
Institute of Southeast Asian Studies (ISEAS)	Omkar Shrestha	Visiting Senior Research Fellow
	Sanchita Basu Das	Research Fellow, Researcher for Economic Affairs, ASEAN Studies Centre
	Aekapol Chongvilaivan	Fellow, Regional Economic Studies
Nanyang Polytechnic (NYP)	Edward Ho	Deputy Principal/Development
	John Tan	Deputy Principal/Technology
	Cher Thon Jiang	Director/Office for International Students
Singapore Management University (SMU)	Pang Eng Fong	Professor

Japanese Organizations in Singapore

Organization	Name	Position
Japan International Cooperation Agency (JICA)	Takaaki Oiwa	JICA Senior Fellow/JICA Representative in Singapore
	Michiyo Morohashi	Project Coordinator
Japanese Chamber of Commerce and Industry, Singapore (JCCI)	Junichi Azuma	Secretary General
	Masamitsu Okada	Management Consultant for Japanese Enterprises
	Wendy Hwee	Coordinator
JETRO Singapore Representative Office	Shigeki Maeda	Managing Director
	Eiji Hisatomi	Deputy Managing Director
	Masamichi Yamaguchi	Senior EPA Advisor

Japanese Company in Singapore

Organization	Name	Position
Yokogawa Electric Asia Pte Ltd	Lai Ah Keow	President
	Chua Seng Kian	General Manager, Head, Manufacturing Center
	Clement Yeo	General Manager, Production Control Centre
	Yvonne Tong	Assistant Manager, Managing Director Office

List of Information Collected

Source	Title	Authors / Publishers
Ministry of Foreign Affairs	Singapore Cooperation Programme Training Calendar 2010-2011 DVD: Singapore, a Global Citizen	
Nanyang Polytechnic	PPT: Nanyang Polytechnic NYP network, 2010. Issue 44 & 45 DVD: Prospectus 2010-2011	
Economic Development Board	Annual Report 09/10 Revolutionising Electronics Nanotechnology in Singapore Singapore – The Biopolis of Asia Precision Engineering PPT: Singapore Story	
Ministry of Manpower	<i>Heard Work: Stories of How EDB Steered the Singapore Economy from 1961 into the 21st Century</i> , 2002	Lead Author: Chan Chin Bock / EDB Singapore
SPRING / Singapore Productivity Association	PPT: Singapore's Labour Market and Manpower Strategies Annual Report 2009 Government Assistance Programmes for SMEs Spring News August 2010 PPT: The Singapore Productivity Movement Productivity @ Work Achieve more with less through SME-PRO	
Workforce Development Agency	DVD: Annual Report 2008 Success: A Career Kit for PMETs The Key to Building Capabilities, an Employer's Handbook Workforce Skills Qualifications System	
Economic Strategies Committee	Report of the Economic Strategies Committee: High Skilled People, Innovative Economy, Distinctive Global City, February 2010.	
Lee Kuan Yew School of Public Policy,	Newsletter of the Lee Kuan Yew School, Issue 07 2010	
National University of Singapore	Singapore Competitiveness Report 2009	Christian Ketels, Ashish Lal, Neo Boon Siong / Asia Institute
Institute of Southeast Asian Studies	<i>Road to Recovery - Singapore's Journey through the Global Crisis</i> , 2010	Sanchita Basu Das / ISEAS
Japanese Chambers of Commerce and Industry	"FDI, Financial Constraints, and Productivity: Firm Level Study in Vietnam" "Learning by Exporting and High-tech Capital Deepening in Singapore Manufacturing Industries, 1974-2006" Salary Survey Report 2010 (Japanese) Personal data on Mr Okada Construction Productivity and Capability Fund (CPCF) Construction Engineering Capability Development (CED) Programme	Shandre M. Thangavelu, Christopher Findlay, Aekapol Chongvilaiwan Aekapol Chongvilaiwan
Others	<i>Pioneers Once More - The Singapore Public Services 1959-2009</i> , 2010	Chua Mui Hoong / Straits Times Press

2. Korea

—Knowledge Sharing with Latecomers

(November 22-26, 2010)

An international team visited Seoul during November 22-26, 2010 to study South Korea's experiences in industrial development and draw lessons for other developing countries including Ethiopia and Vietnam¹. The mission members were Prof. Kenichi Ohno, Prof. Izumi Ohno (GRIPS Development Forum); Mr. Berihu Assefa Gebrehiwot (GRIPS and Ethiopia Development Research Institute); Ms. Nguyen Thi Xuan Thuy (Vietnam Development Forum); and Ms. Truong Thi Chi Binh (Ministry of Industry and Trade, Vietnam).

Specifically, the mission studied: (i) Korea's economic and industrial policy making processes in the past and at present; (ii) industrial policy tools and approaches, especially for promoting small and medium enterprises (SMEs); and (iii) Korea's ODA policy with a focus on its recent initiative for compiling Korean development experiences and sharing knowledge with developing countries. We had meetings with the government ministries and agencies as well as research institutes and universities (see attachments 1-3 for the mission details, organizations/persons visited, and information collected). We would like to express our deep appreciation to all organizations and individuals who kindly received us and shared valuable information with us. Below are main findings of the mission.

1. The policy making process in South Korea

1-1. Five-Year Economic Development Plans (from the 1960s to the early 90s)

Starting from the First Five-Year Economic Development Plan in 1962, the

¹ This mission has been commissioned by JICA to compile information on industrial policies in selected East Asian countries for the policy learning of other developing countries. We visited Singapore in August/September 2010 and plan to visit Taiwan in early 2011.

Korean government formulated seven Five-Year Economic Development Plans between the 1960s and 90s (until 1996, just before the Asian Financial Crisis or the so-called “IMF” Crisis of 1997-98). These Plans made critical contributions to the realization of rapid growth through building a national consensus on the necessity of economic development effort and setting its major directions.

The Economic Planning Board (EPB)², created in 1961, was a super-ministry equipped with strategic functions such as development planning, national budget management, and management of aid, foreign capital (borrowing), and technology. Headed by Deputy Prime Minister who chaired the Economic Ministers’ Council and directly reported to the President, EPB had authority above other ministries and agencies. Policy research institutes, especially the Korea Development Institute (KDI) established in 1971, supported EPB’s development planning. Within EPB, the Bureau of Planning was charged with drafting policies in collaboration with KDI, which provided assessment of international environment and domestic capabilities, resource availability, growth and other macroeconomic scenarios. Sectoral plans were prepared by relevant ministries and included in the Five-Year Economic Development Plan. Preparation of each Five-Year Economic Development Plan took two to three years.

Notable features of Korea’s development planning were sharp strategic focus based on the selectivity and concentration principle, as well as adaptive implementation accompanied by annual action planning and performance monitoring. Being a resource-poor country, Korea in the 1960s and 70s focused on three priorities: (i) export promotion to ameliorate chronic trade deficits; (ii) industrialization by mobilizing human resources; and (iii) wise use of foreign capital and technology. Five-Year Economic Development Plans set targets for economic growth and mobilized national resources and capabilities toward achieving them. In implementation, action plans were formulated and then constantly adjusted in response to shifting domestic and foreign environments. Korea thus had a mechanism for flexible and adaptive implementation of the Plan rather than rigidly following pre-defined targets and policy tools.

² In 1994, EPB and the Ministry of Finance were merged into the Ministry of Finance and Economy, which was later separated into the Ministry of Planning and Budget and the Ministry of Finance in 1999. In 2008, the Ministry of Strategy and Finance was formed by combining both functions.

In addition to annual action plans, there were two important monitoring devices: the Monthly Council for Export Promotion and the Monthly Council for Monitoring Economic Trend, both of which were chaired by President Park Chung-hee and attended by key government officials, business leaders, and representatives of financial institutions. The Ministry of Commerce and Industry provided secretariat functions for the former council which carried out measures to eliminate impediments to export growth in specific sectors while EPB provided similar functions for the latter council which analyzed and monitored macroeconomic performance indicators such as growth, export, and investments.

The role of the Korean government in development planning changed over time. In the 1970s, which was the period of Heavy and Chemical Industry (HCI) drive, the government intervened directly in the market for the execution of the Plan although the degree of official involvement varied among industries³. From the 1980s onward, as private businesses grew and economic liberalization proceeded, the government began to play a less direct role. Korea's development planning ended with the seventh Five-Year Economic Development Plan in 1996.

1-2. Presidential Committees (at present)

In present Korea, Presidential Committees serve as a key instrument for economic policy making. Under the presidential system, every President establishes a small number of Presidential Committees (up to 4 or 5) to concretize, implement, and monitor the priority agenda during his five-year term. Each Presidential Committee is headed by a person who has expertise in the chosen subject and enjoys strong confidence of the President as well as secretarial support by staff seconded from various ministries.

President Lee Myung-bak, who assumed office in February 2008, established four Presidential Committees: (i) Future and Vision; (ii) Green Growth; (iii) National Competitiveness; and (iv) Nation Branding. These committees operate only during his presidential term. The most important among them is the Presidential Council

³ The promotional law targeted six strategic industries including industrial machinery, shipbuilding, electronics, automobiles, steel, and petrochemicals. Among these, the government took full responsibility for initial investment in the steel industry. Meanwhile, the private sector took the initiative to develop other industries such as electronics, automobiles, and shipbuilding, with the government playing a facilitating role by, for example, assisting with finance and technology acquisition.

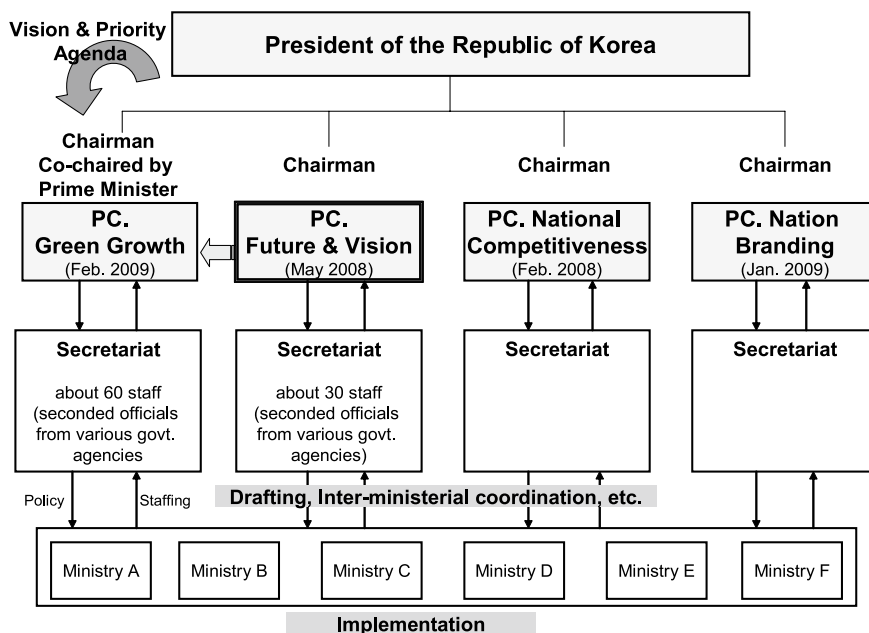
for Future and Vision (PCFV), established in May 2008, which is an advisory body to the President for establishing national strategies and setting policy priorities (i.e., national strategies and unity, diplomatic and security issues, environment, energy and science, industry and economy, and “soft power” leadership). It is chaired by Prof. Seung Jun-kwak, Dean of Korea University, and has 26 members drawn from academia, NGOs, legal experts, and business leaders. Vice Ministers also attend the Council. The Council meets on a need basis without any fixed schedule. PCFV is supported by the Executive Office of the Council, a secretariat of about 30 staff comprised of seconded officials from various government ministries and agencies. The secretariat is charged with drafting of policy documents, inter-ministerial coordination, and related administrative works.

The Presidential Committee on Green Growth (PCGG) was established in February 2009 at the recommendation of the Presidential Council for Future and Vision. PCGG is co-chaired by the Prime Minister and Dr. Kim Hyung-kook, an eminent scholar representing the non-government sector⁴. By November 2009, the Committee met six times which were presided by the President except in one occasion. PCGG adopted the National Strategy for Green Growth as the highest-level government plan on Green Growth, and set policy objectives for 2050 and performance indicators for 2020 in 10 key policy agenda points. It also adopted the Five-Year Green Growth Plan by reviving the past practice of five-year planning cycles. This is because Green Growth⁵ (environmental agenda) is an area where government must play a proactive role even though the present Korean economy is driven by the private sector. A large number of government ministries and agencies and public research institutions participated in developing the Green Growth strategy and its five-year implementation plan. All central and local government institutions are required to develop their own Green Growth Action Plans which must be approved by PCGG.

⁴ The operation of PCGG is similar to that of PCFV. PCGG consists of 47 members including ministers and representatives from private stakeholders. It is supported by a secretariat of 60 staff comprised of seconded officials from over 14 government agencies and public and private institutions (see Presidential Committee on Green Growth, *Green Growth Korea's Choice: Progress Report 2008-09*, p.10).

⁵ The objective of the national vision on “Green Growth” is to tackle the issue of climate change, environmental degradation and the depletion of energy resources. Unlike past approaches, however, green growth puts more emphasis on sustainable growth while reducing greenhouse gas emissions (*Green Growth Korea's Choice: Progress Report 2008-09*).

Presidential Committees (Lee Myung-bak Administration)



One of the ten key policy agenda of the national strategy for Green Growth is ODA-related, namely, “becoming a role-model of green growth for the international community.” To this end, performance indicators are set to increase the proportion of Green ODA from 11% in 2009 to 20% by 2013 and to 30% by 2020. The Korean government has also proposed to the OECD/DAC to introduce new ODA classification to measure and encourage donor support to the sectors related to “Green ODA.”

Apart from regular Presidential Committees lasting for the five-year term, the Korean government set up the Presidential Committee for the G20 Summit in November 2009, a special committee for preparing the Seoul G20 Summit which took place in November 11-12, 2010. It was chaired by Dr. Sakong Il, who served in the Office of the President as Special Economic Advisor to the President from March 2008 to February 2009 and then led the G20 Korea Coordinating Committee in the Office of the President, formed earlier in 2009 and the precursor to the current

committee⁶. This Presidential Committee was temporary but its activities were intense and received much attention. A separate building was reserved for this Presidential Committee, a large number of officials were mobilized as its secretariat, and various consultation meetings and working groups were organized involving academia, NGOs, donor agencies.

2. Small and medium enterprise policy (also see attachment 4)

The mission asked many SME experts and officials about the effectiveness of SME policy in Korea. Their opinions were divided, with some seeing positive developments while at least one expert bluntly put it as a “failure.” The majority seem to agree that the results have been mixed, policy consistency was not maintained, and the performance of Korean SMEs was not as good as their counterparts in Japan or Taiwan. However, there are some bright spots such as the emergence of creative IT companies after the “IMF Crisis” and recent exports of Korean parts and components to Japan assisted by the Korea Trade-Investment Promotion Agency (KOTRA). Korea also provides intellectual aid to UAE, Kazakhstan, and other countries in setting up SME policy and institutions, industrial promotion agencies, and so on.

At end 2007, manufacturing SMEs (employment size from 5 to 299) were 118,506 in number and occupied 99.5% (establishments), 76.9% (employment), 48.7% (production), and 50.6% (value added), respectively, in the total manufacturing sector of Korea.

Korean SME policy has gone through various stages. Its goals have also been varied, combining job and income generation for the poor, protecting and strengthening suppliers of parts and components to large corporations, and creation of innovative and independent venture businesses, even to this date. It is our impression that Korean programs to support SMEs are more numerous and more complex than Japanese.

In the 1960s the basic policy framework was created which included the Korea Federation of Small and Medium Business (1962), KOTRA (1962), the Kookmin Bank (1963), the Basic Law on SMEs (1966), the SME Policy Deliberation

⁶ Dr. Sakong held a number of key positions in the government, including Minister of Finance (1987-88), Senior Secretary to the President for Economic Affairs (1983-87), and Senior Counselor to the Minister of EPB (1982).

Committee (1967), the SME Department of the Ministry of Commerce, and many others. Many of these tools were modeled after Japanese policies and institutions.

In the 1970s and 80s the main policy objective was protecting weak SME suppliers from the exploitation of big chaebols and boosting their competitiveness and productivity. The 1970s was the period of state-led HCI drive, and it was thought that Korea needed SME producers of competitive parts and components to import-substitute industrial inputs. Policies to “systematize” SMEs (have stable business contracts with big buyers) and ensure fairness in their relations were introduced. Financial supports were enhanced with credit guarantee (1976), technology credit fund (1989), and so on. Highly interventionist measures were also used to narrow the gap between strong chaebols and weak SMEs. Mandatory loan ratios to SMEs (30-40%, later 35-55%) were imposed on commercial banks and regional banks, and 23 industrial sectors were first prioritized (1979), then exclusively reserved (1982), for SMEs in which no big companies could enter.

After the IMF Crisis of 1997-98, policy weight shifted toward creation of autonomous venture businesses with creativity. As a result, a cluster of IT ventures appeared in Seoul’s Kangnam area and SMEs began to engage in export and outward FDI. In the 1990s annual outward FDI averaged only a few thousand in number (registration basis) and \$1-5 billion in disbursed investment but these increased to over ten thousand and \$23 billion by 2008, of which SMEs accounted for \$5.9 billion (before declining in 2009 due to the global financial crisis). Outward FDI includes both suppliers moving outside Korea and independent businesses unrelated to big corporations.

Currently, SME policy is designed at the Small and Medium Business Administration (SMBA, located in Daejeon City) and implemented mainly by the Small and Medium Business Corporation (SBC). SMBA covers all SMEs, small businesses, and micro enterprises. There are different promotion policies and measures for manufacturing SMEs and others. SBC targets manufacturing SMEs only. SBC was established in 1979 and has 23 regional offices, four training institutes, and the Korea Business Development Centers. SBC’s supports are divided into financial programs and non-financial programs. The former includes venture business start-up, loan for commercializing R&D results, new growth industry promotion, industrial structural adjustment, management stabilization, Asset-Backed Securities (ABS) issuance, and assistance for small merchants and

industrialists. The latter includes consulting, training, marketing assistance, global cooperation, and information services. SBC and KOTRA cooperate to assist SMEs to export or invest abroad in their respective fields (SBC supporting them inside Korea and KOTRA outside).

Notably, in Korea, financial and non-financial support are integrated in one agency (SBC). This policy configuration is different from Japan or Malaysia, where SMEs of all sectors, not just manufacturing, are supported while various promotion measures are implemented by different agencies and organizations.

More than one SME experts remarked that one cause of inconsistency and ineffectiveness of Korea's SME policy was politicization. Politicians and interest groups use SME support programs to rally support and win votes in elections, leading to multiplication and overlapping of similar measures with no strict selection criteria or economic reasoning. Korean SMEs may have good potential but policy has not been able to realize it fully. In this sense, Korean SME policy may have some resemblance to Japan's agricultural policy.

Standard productivity tools (5S, six sigma, etc.) are used in supporting SMEs in Korea. However, terms such as "kaizen" and "shindan" are not known even among the SME experts and officials whom we met. While many Japanese ideas were imported into Korea, these Japanese terms were not used as drivers of productivity movement.

3. ODA policy making and institutional framework

Korean ODA, through both bilateral and multilateral channels, is currently about US\$0.8 billion (2008 data, net disbursement basis), or 0.09% of Gross National Income (GNI). Although this is still small in absolute volume, there is a growing sense of global responsibility among the Koreans. In an effort to increase its global contribution as an emerging donor, the government plans to triple ODA by 2015 and raise the ODA/GNI ratio to 0.25%. President Lee Myung-bak himself declared that Korea through international cooperation would become a guiding light for developing countries in the 21st century. A symbolic example in this regard is an intensive advance effort to mainstream the development agenda in the latest G20 Summit in Korea.

Similar to (past) Japan, Korea has a dual structure of ODA policy formulation

and implementation. Two key ministries charged with ODA are: (i) the Ministry of Strategy and Finance (MOSF), which oversees concessional loans administered by the Economic Development Cooperation Fund (EDCF, located in the Export-Import Bank of Korea) and contributions to international financial institutions such as the World Bank, ADB, AfDB, EBRD; and (ii) the Ministry of Foreign Affairs and Trade (MOFAT), which has authority over grant aid and technical cooperation implemented by the Korea International Cooperation Agency (KOICA) and other government ministries and agencies as well as contributions to the UN and other multilateral agencies. EDCF and KOICA are the main implementing agencies of bilateral aid⁷.

Korean ODA: Past and Future

(Unit: million USD, net disbursement basis)

Korea's ODA: 2004-2008	ODA Scale-up Plan						
Classification	2004	2005	2006	2007	2008	2012	2015
Total ODA	423.3	752.3	455.3	699.1	803.8		
Bilateral Aid	330.8	463.3	376.1	493.5	540.7		
Grants	212.1	318.0	259.0	361.3	370.2		
Loans	118.7	145.3	117.1	132.2	170.6		
Multilateral Aid	92.6	289.0	79.2	205.6	263.1		
ODA/GNI (%)	0.06	0.10	0.05	0.07	0.09	0.15	0.25

Source: Ministry of Foreign Affairs and Trade, "Korea's Development Cooperation."

Korea is widely known for its economic "miracle" and its successful transformation from an aid recipient to an emerging donor in a relatively short period. In November 2009, Korea joined the OECD Development Assistance Committee (DAC). On November 11-12, 2010, it organized the G20 Summit in Seoul and will host the OECD's Fourth High-Level Forum for Aid Effectiveness in Busan a year later. The Lee Myung-bak administration regards ODA as a key instrument to raise Korea's soft power and brand-image, and took a strong initiative to incorporate the development agenda in the G20 Summit which led to the "Seoul Development Consensus for Shared Growth" and the "Multi-Year

⁷ In 1965, Korea began to provide ODA in the spirit of South-South cooperation by inviting trainees from other developing countries. In 1982, it initiated the International Development Exchange Program (IDEP). In 1987, EDCF was established under MOSF to implement concessional loan programs, and in 1991, KOICA was created under the supervision of MOFAT by consolidating diverse technical cooperation and grant aid programs.

Action Plan on Development”.

Domestically, the Korean government has also started to enhance its institutional framework for providing ODA. This includes the introduction of the International Development Cooperation Basic Law (enacted in January 2010, effective from June 2010) which stipulates the fundamental ideals, objectives, and principles of Korea’s ODA. Prior to this, the Committee on International Development Cooperation (CIDC) was established in 2006 to improve policy coordination⁸. CIDC is the highest-level ODA policy council chaired by the Prime Minister with the participation of about 25 members (6-7 private-sector members, plus ministers of concerned ministries). It meets about twice a year and deliberates key ODA policy directions such as priority countries and sectors and the ratios of loans and grants. In 2010, 26 countries have been designated as strategic partner (recipient) countries for Korea’s ODA (the list of countries is not published).

Below CIDC, there are a Working Committee and a number of sub-committees consisting of MOSF and MOFAT officials, academia, NGOs, etc. These committees and subcommittees are charged with formulation of country assistance strategies, ODA evaluation, and other operational matters requiring holistic approach (see the figure below). Moreover, every five years, MOSF and MOFAT are expected to draft the “Basic Plan” for ODA and submit it to CIDC via the Working Committee. To improve efficiency and transparency of ODA, CIDC has been given the mandate for ex-post evaluation of ODA policy and projects, and must submit an ODA evaluation report to the National Assembly by June 30 every year.

4. The Knowledge Sharing Program (KSP)

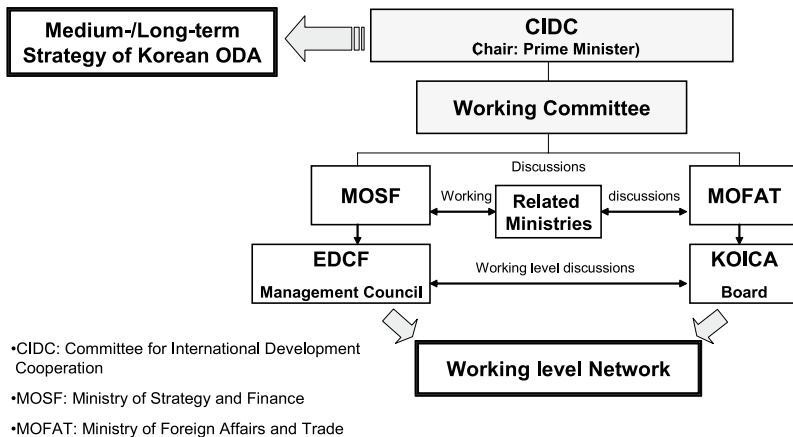
The Korean miracle in economic and political development has drawn admiration and strong interest from developing countries. Recognizing its global responsibility and comparative advantage of having a relatively recent memory of development⁹, the Korean government is working hard to become a bridge

⁸ For the details of CIDC, see “Korea’s Development Cooperation Experience” by Dr. Ahn Eungho, Country Research Office, Korea EXIM-Bank. This paper was presented at the Jeju Peace Institute-Friedrich Nauman Foundation for Liberty Joint Workshop, held on Oct. 18-20, 2010.

⁹ Many of our interviewees stressed that, unlike Japanese or Westerners, Korean officials and

between traditional and emerging donors as well as donor and partner countries. As a new and still small ODA provider, Korea has clearly highlighted and institutionalized its intellectual aid as the “Knowledge Sharing Program (KSP).”

Korea's ODA Policy-Making Structure



Source: Ahn Eungho, “Korea’s Development Cooperation Experience,” paper presented at the fifth JPI-FNF workshop, October 2010

KSP activities are carried out through two channels: (i) MOSF and KDI; and (ii) MOFAT and KOICA. Regarding the former, KDI receives the program fund from MOSF and then hires Korean and local consultants for their work and supports their visits to and from partner countries. The latter is conducted by KOICA as part of bilateral ODA. Both emphasize the knowledge sharing of Korean development experiences tailored to each developing country.

KSP by MOSF/KDI started in 2004 and contains two main activities: (i) systematization of Korean development experiences; and (ii) policy consultation with developing partner countries. KSP initially tended to focus on “knowledge transfer” of what Korea did in the past, but more recently, its emphasis has shifted to “knowledge sharing” which means demand-driven and tailor-made consultation

experts have gone through initial poverty and subsequent rapid growth so they can understand what poverty is and share their lessons with other countries from their own experiences.

and joint problem-solving with individual partner countries. Currently, these are carried out by the Center for International Development (CID) of KDI¹⁰.

Regarding the systematization of Korean development experiences, over the next three years, MOSF plans to create about 100 modules (case studies) of specific policy measures and tools (e.g., Export Promotion Fund, Export Promotion Committee). Each module will have about 40-50 pages in English and contain background, options, decision making process, policy content, assessment, conclusion, etc. In 2010, compilation of 25 modules is underway with KDI assuming overall responsibility for supervision, coordination, and quality assurance. Some of these modules are produced by KDI itself (primarily in the areas of economic development planning, macroeconomic management, export promotion, and development financing) while other modules are assigned to other research institutes and consultants (increasingly through a bidding process). Discussion will be general and examples will be drawn not just from Korea but also from other countries, since Korean policies cannot be copied directly to other countries with different contexts (however, this intention by KDI does not seem to be completely shared by all concerned officials and experts yet).

Policy consultation began in 1982 when Korea offered seminars and tours for developing countries (under IDEP). These activities were consolidated and institutionalized as KSP in 2004. Policy consultations are normally conducted in a one-year project cycle consisting of demand identification, policy research, policy consultation, and monitoring and evaluation¹¹. In the first stage, MOSF conducts demand survey through Korean embassies in about 20 partner countries. Based on its results, Korea short-lists countries with high demand for intellectual support, political will, etc. and visits are organized to hear details from these countries. If a decision is made to initiate policy consultation, a joint team is organized (usually consisting of 4-5 experts from the Korean side and relevant officials from the other

¹⁰ During 2004-09, KSP was carried out by various units within KDI—with the Center of Economic Cooperation (CEC) of the KDI School of Public Policy and Management providing education and training, and the Office of Development Cooperation (ODECO) conducting policy research and consultation. In 2010, CID was established to integrate these activities (as well as North Korea Research Division).

¹¹ Examples of policy consultations include Vietnam (support to Socio-Economic Development Strategy 2011-2020); Uzbekistan (development of Free Economic Zones); Indonesia (development of policy solutions for four high-priority areas); Cambodia (microfinance and public-private partnership development); and Kazakhstan (industrial-innovative development plan).

side). The Korean team visits the partner country a few times and conducts policy research and consultation, and the counterparts are invited to Korea for workshops and visiting relevant institutions, factories, industrial zones, etc. In this process, (retired) senior officials who have hands-on experiences in Korean development are mobilized to head policy dialogues. After monitoring and evaluation, the project may continue into the second or even the third year with additional topics selected by the partner country.

The other channel for KSP is provided by MOSF/KOICA which started more recently. An example is policy consultation for industrial development of Algeria implemented by the Korea Institute for Industrial Economics and Trade (KIET) during 2007-09. This KOICA/KIET support was initiated at the request of Algerian President to former Korean President Roh Moo-hyun on the occasion of his visit to Algeria. 13 KIET experts were mobilized to conduct analyses on six industries (petrochemical, iron and steel, IT, automotive, textile and apparel, and pharmaceutical) and six policy issues (export promotion, FDI attraction, technology, regional development, human resource, and SMEs). The project included eight (or more) visits and five workshops. Main counterparts were senior and middle-managers of the Ministry of Industry and Investment Promotion of the Algerian government.

To link KSP more effectively with KOICA's technical cooperation on the ground, the KOICA Research Office in 2010 proposed the "Korean Development Cooperation Model (KDCM)"¹² which selected 10 primary sub-sectors and 13 general sub-sectors as priority areas for KOICA's KSP. Prioritization was based on supply-side factors (Korea's experience, technical competency, complementarity with other donors, etc.) and demand-side factors (needs of partner countries, applicability, alignment with MDGs, etc.) Among sub-sectors, TVET, e-government, economic development strategy, integrated rural development, and supply of stable electricity scored high as Korea's priority areas. Beginning in 2011, KOICA plans to integrate KDCM into its operations gradually in the 26 strategic partner countries using country assistance strategies and sector strategies as key vehicles. To this end, KOICA hopes to strengthen the program-based approach and conduct a wide spectrum of consultations with various stakeholders

¹² "The Korean Development Cooperation Model," by Woojin Jung (Research Office), published by KOICA, 2010.

(governments, NGOs, research institutes, etc.)

In our meetings, several experts noted that the two channels of KSP (MOSF/KDI and MOTFA/KOICA) are implemented separately without coordination. Since KSP hires Korean and local consultants under the MOSF-supported program fund, the traditional division of labor between grant aid/technical cooperation (MOFAT) and loan aid (MOSF) is becoming less clear in KSP, as the turf of MOFAT/KOICA is increasingly shared by MOSF/KDI.

Despite this problem, KSP is clearly a focal point for Korean development cooperation and expanded vigorously for projecting the Korean voice to the rest of the world. Together with Green Growth initiative mentioned above, knowledge sharing is regarded as Korea's strategic attempt to lead global agenda and design global rules. While Japan has also conducted intellectual cooperation with many developing countries in various forms and in large quantity—policy dialogues, drafting sectoral or regional development plans, joint research, industry surveys, seminars and lectures, study tours and training in Japan, etc.—Japanese effort in this area is less documented and institutionalized, less linked to global development architecture, and therefore less well known to the rest of the world.

5. Other

During this mission, we did not have time to visit SMBA (located in Daejeon City) which is responsible for overall SME policy and support. Nor did we have sufficient time to visit *Saemaul Undong* Center (HQ located in Seoul) and *Saemaul Undong* Central Training Institute (located in Sungnam City). Many experts emphasized the contribution of *Saemaul Movement* (or New Village Movement), launched in 1970, to the modernization of Korea's rural economy—not only through community-based infrastructure and rural-livelihood improvement projects, but also through mindset and attitudinal changes of the people. “Can-Do spirit,” a collective confidence-building effort, was encouraged, and three main values—diligence, self-help, and cooperation—were promoted across the country. Although *Saemaul* Movement took place primarily in the rural context, such national movement may parallel Singapore's Productivity Movement in the urban context. These aspects deserve further investigation.

Mission Details (21- 27 Nov. 2010)

1. Mission Members

Kenicni Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Izumi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Berihu Assefa Gebrehiwot	Researcher, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan and Ethiopian Development Research Institute (EDRI), Addis Ababa, Ethiopia
Nguyen Thi Xuan Thuy	Researcher, Vietnam Development Forum (VDF) / GRIPS-NEU Joint Research Project, Hanoi, Vietnam
Truong Thi Chi BINH	Director, Supporting Industry Enterprise Development Center, Institute for Industry Strategy and Policy, Ministry of Industry and Trade, Hanoi Vietnam

2. Mission Schedule

DATE				TIME	ACTIVITY
1	Nov	21	Sun	AM	
				PM	Arrival
2	Nov	22	Mon	AM	Korea International Cooperation Agency (KOICA)
				PM	Korea Institute for International Economic Policy (KIEP)
				PM	Dr. Thomas Kalinowski, Assistant Professor, Ewha Womans University
3	Nov	23	Tue	AM	Korea Development Institute (KDI)
				PM	Korea Institute for Industrial Economics and Trade (KIET)
4	Nov	24	Wed	AM	Korea Institute for Development Strategy (KDS)
				PM	Ministry of Knowledge Economy (MKE)
				PM	Prof. Eun Mee Kim, Ewha Womans University
5	Nov	25	Thu	AM	Korea Small Business Institute (KOSBI)
				PM	Korea Institute for Industrial Economics and Trade (KIET)
				PM	Small Business Corporation (SBC)
6	Nov	26	Fri	AM	Korea Trade-Investment Promotion Agency (KOTRA)
				PM	Prof. Kang Sun Jin, Korea University
7	Nov	27	Sat	PM	Departure

Note:

Among five mission members, Kenichi Ohno, Izumi Ohno (GRIPS Development Forum), Nguyen Thi Xuan Thuy (Vietnam Development Forum) and Truong Thi Chi Binh are the members of the JICA-commissioned study mission.

Organizations/Persons Visited

The Government /Governmental Organization of Korea

Organization	Name	Position
Ministry of Knowledge Economy (MKE)	Ahn, Chang-yong	Senior Deputy Director, Industrial Economic Policy Div., Office of Industrial Economic Policy
	Son, Hoyoung	Director, Planning & Management Team, Planning Office of Free Economic Zone
	Kim, Beom Soo	Deputy Director, Policy Planning Team, Planning Office of Free Economic Zone
Korea International Cooperation Agency (KOICA)	Kim In	Managing Director, Research Office
	Woojin Jung	Policy Analyst, Policy Research Office
	Moon, Sangwon	Manager, Policy Planning Team, Regional Strategy Department
	Kang Kongnae	Policy Research Office
Small & Medium Business Corporation (SBC)	Kim, Yi-Won	Senior Manager, Global Cooperation Dept.
	Junghee Baek	Manager, Global Cooperation Dept.
	Chung, Ha Rim	Global Cooperation Dept.
Korea Trade-Investment Promotion Agency (KOTRA)	Mi-Ho Jon	Director, Business Development Team
	Seung-Woo Lee	Manager, Business Development Team

Research Institutes / Universities

Organization	Name	Position
Korea Development Institute (KDI)	Kim, Joo Hoon	Vice President
	Kwang Eon Sul	Managing Director, Center for International Development
	Wonhyuk Lim	Director of Policy Research, Center for International Development
	Kim, Ji Hwan	Specialist, Policy Consultation Division, Center for International Development
Korea Institute for International Economic Policy (KIEP)	Bokyeong Park	Director, Dept. of International Macroeconomics and Finance
	Yul Kwon	Head of Development Cooperation Team, Center for International Development Cooperation
Korea Institute for Industrial Economics & Trade (KIET)	Kim, Dohoon	Senior Research Fellow
	Joo, Dong-Joo	Research Fellow, Industrial Cooperation and Globalization Division
	Yang, Hyun Bong	Research Fellow, Small and Venture Business Research Division
Research Institute for Small & Medium Industries (KOSBI)	Soon Yeong Hong	Senior Research Fellow
Korea Institute for Development Strategy (KDS)	Seung-Hun Chun	President
	Yeon Seung Chung	Visiting Research Fellow
Korea University	Sung Jin Kang	Professor, Department of Economics
Ewha Womans University	Eun Mee Kim	Professor, Graduate School of International Studies
	Thomas Kalinowski	Assistant Professor, Graduate School of International Studies

List of Information Collected

Source	Title	Authors / Publishers
Ministry of Knowledge Economy (MKE)	Ministry of Knowledge Economy	
	Where Business Blossoms, Korean Free Economic Zones	
Korea International Cooperation Agency (KOICA)	<i>Journal of International Development Cooperation, 2010 No.3</i>	KOICA
	PPT: Korean Development Cooperation Model (KDCM)	Woojin Jung/ KOICA Research Office
Small & Medium Businesses Corporation (SBA)	Supporting your Success (English and Japanese)	SBA
Korea Trade-Investment Promotion Agency (KOTRA)	Korea Trade-Investment Promotion Agency	KOTRA
Korea Development Institute (KDI)	<i>Toward the Consolidation of the G20, From Crisis Committee to Global Steering Committee</i>	Editors: Colin I. Bradford and Wonhyuk Lim/ KDI, The Brookings Institution
	<i>Postcrisis Growth and Development, A Development Agenda for the G-20</i>	Editors: Shahrokh Fardoust, Yongbeom Kim, Claudia Sepulveda/ The World Bank
	<i>Economic Growth in Low Income Countries: How the G20 Can Help to Raise and Sustain it (Working Paper 2010-01)</i>	L Alan Winters, Wonhyuk Lim, Lucia Hammer, and Sidney Augustin/ KDI
	Center for International Development	CID/KDI
	Knowledge Sharing Program	KSP/KDI
Korea Institute for Industrial Economics & Trade (KIET)	<i>Proceedings for The Fourth Workshop for the Industrial Development Plan of Algeria, October 20-22, 2007, In Algiers, Algeria</i>	KOICA·KIET
	<i>Report on ODA (Korean)</i>	EDCF, EXIM, KIET
Korea Small Business Institute (KOSBI)	Paper submitted to APO Study (selected pages)	Soon-Yong Hong/KOSBI
Korea Institute for International Economic Policy (KIEP)	PPT: Changing Landscape of the ASEAN and Korea ASEAN Cooperation	Yul Kwon/ KIEP
	<i>Reinterpretation of Korea's Economic Development and Lessons for Developing Countries (Policy Analysis 07-13) (Korean)</i>	Bokyeong Park/KIEP
	<i>Nordic Aid Untying Policy: Implications on Korea's Aid Strategy (Korean)</i>	Yul Kwon, Jisun Jeong/KIEP
	<i>Overall Strategy for Korean ODA Reform (Policy Analysis 06-03) (Korean)</i>	Yul Kwon, Han Sung Kim, Bokyeong Park, Jooseong Hwang, Sooyeon Hong/KIEP
	<i>Korea's Systematic Approach of ODA Policy toward Africa (Policy Analysis 08-19) (Korean)</i>	Yong Ho Park/KIEP
Prof. Kang Sun Jing, Korea University	Presidential Council for Future & Vision (Organization)	Presidential Committee on Green Growth
	Green Growth Korea's Choice, Progress Report 2008-2009	
Prof. Eun Mee Kim,	Graduate School of International Studies	
Ewha Womans University	Cross-National Comparative Analysis of the Effectiveness of Development Assistance	

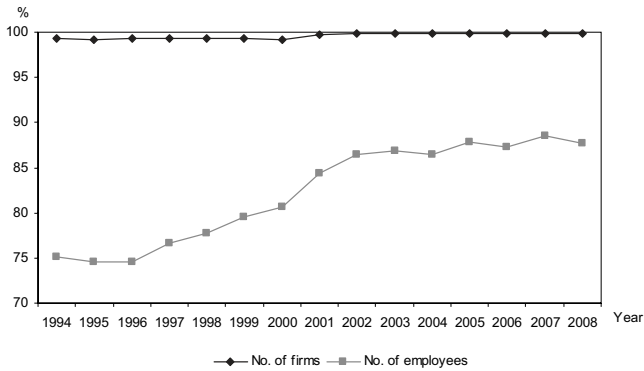
Korean SMEs

Table 1. Definitions of SMEs, Small Businesses and Micro Enterprises

Sector	SMEs		Small business	Micro enterprises	
	No. of employees	Capital/Sales	No. of employees	No. of employees	
Manufacturing	Less than 300	Capital worth \$8M or less	Less than 50	Less than 10	
Mining, construction and transportation	Less than 300	Capital worth \$3M or less	Less than 50	Less than 10	
Services	Large general retail stores, hotel, hospital...	Less than 300	Sales worth \$30M or less	Less than 10	Less than 5
	Seed and seedling production, fishing, business support services, etc.	Less than 200	Sales worth \$20M or less	Less than 10	Less than 5
	Wholesale and product intermediation, machinery equipment rent for industrial use, etc.	Less than 100	Sales worth \$10M or less	Less than 10	Less than 5
Others	Less than 50	Sales worth \$5M or less	Less than 10	Less than 5	

Source: Small and Medium Business Administration.

Graph 1. Shares of SMEs in Establishments and Employment



Source: Small and Medium Business Administration.

Table 2. Korean SMEs' Overseas Investment by Region

Region Distribution	2006		2007		2008	
	Number of Cases	Amount (mil USD)	Number of Cases	Amount (mil USD)	Number of Cases	Amount (mil USD)
Total	9,148	3,383	11,192	5,882	10,408	5,707
Asia	85.0%	73.7%	81.3%	67.1%	77.9%	65.7%
Middle East	0.6%	1.3%	1.3%	1.1%	1.5%	1.3%
North America	8.7%	14.1%	9.5%	12.0%	11.7%	10.3%
Latin America	1.0%	3.9%	1.7%	6.4%	1.8%	12.1%
Europe	3.1%	5.6%	3.9%	9.8%	4.8%	6.6%
Others	1.5%	1.4%	2.2%	3.7%	2.4%	3.9%

Source: The Export-Import Bank of Korea

3. Taiwan

—A Silicon Island on the Move

(March 21-25, 2011)

A policy research team visited Taipei, Hsinchu and Kaohsiung in the Republic of China during March 21-25, 2011 to study Taiwan's industrial policy and its formation mechanism¹. The mission consisted of Prof. Kenichi Ohno, Ms. Sayoko Uesu (GRIPS Development Forum); Mr. Berihu Assefa Gebrehiwot (GRIPS and Ethiopia Development Research Institute); Ms. Nguyen Thi Xuan Thuy and Ms. Pham Thi Huyen (Vietnam Development Forum). Ms. Uesu participated in Taipei meetings only.

The issues we investigated in Taiwan were (i) past and current industrial policy and its formulation; (ii) technology and R&D policy; (iii) industrial park creation and operation; and (iv) small and medium enterprises (SMEs). We visited government ministries and agencies, policy and technology research institutes, industrial parks and their management organizations, and one private firm operating in an export processing zone (EPZ). The mission schedule, interviewees and information gathered are listed in the attachments. We would like to thank all the people we met in Taiwan for their kindness and hospitality.

Main findings of the mission are reported below.

1. Past policies and new direction

In 2010, Taiwan's per capita GDP was \$19,046 and its real income was equivalent to Japan's level.² Taiwan has successfully transformed itself from an

¹ This mission was commissioned by the Japan International Cooperation Agency to compile information on industrial policies in selected East Asian advanced countries for the policy learning of developing countries including Ethiopia and Vietnam. For this purpose we previously also visited Singapore in August/September 2010 and South Korea in November 2010.

² Japan's per capita income in 2010 was \$42,325 but Japanese prices are much higher than Taiwan's. As a result, living standards in the two economies are similar. Using Angus Maddison, *The World Economy: Historical Statistics*, OECD Development Centre (2003) and updating with IMF data, Japan's price-adjusted per capita income in 2010 was estimated at \$21,900 while Taiwan's was \$22,227.

agro-based economy exporting rice and bananas to a highly industrialized silicon island with large global shares in mask ROM (93.8%), IC foundry (66.4%), blank optical disk (63%), IC package (44.4%), electronic glass fabric (39%), IC design (27%), DRAM (21.8%), etc. Moreover, if overseas production (including Mainland China) by Taiwanese firms is also included, Taiwan is by far the top exporter of such ICT hardware as motherboard (95.5%), notebook PC (95%), server (88.9%), WLAN CPE (81%), cable modem (78.6%), portable navigation device (76.9%), LCD monitor (71.8%), and so on.³

Taiwan's industrial policy thrust and its key industry shifted over time as follows.

- 1950s – import substitution – food industry
- 1960s – export expansion – textile industry
- 1970s – infrastructure enhancement – petro-chemical industry
- 1980s – economic liberalization – IT industry
- 1990s – industrial upgrading – IC industry
- 2000s – global deployment – LCD industry

Up to the mid-1980s, this remarkable transformation was driven by a powerful bureaucracy (Industrial Development Bureau of the Ministry of Economic Affairs (IDB/MoEA)—see below) and a handful of key elite figures that constituted a developmental state model described as “Governing the Market” by Robert Wade. At that time, principal policy instruments included SME finance, market entry regulation (to protect SMEs), trade promotion agency, credit facilities and insurance, and technical assistance by government-created research institutions. SMEs in Taiwan were dynamic and responded strongly to these policy initiatives. In those “old days,” SMEs were Taiwan's main exporters while a few large corporations such as Formosa Plastic (private) and China Steel (state-owned) supplied to the domestic market.

After the mid-1980s, a number of structural shifts occurred. First, the private sector became more powerful relative to the government. Second, large domestic firms emerged while the relative share of SMEs in output, export and employment all declined. Third, liberalization, economic interaction with Mainland China

³ These global market shares for 2009 are provided by the Ministry of Economic Affairs of Taiwan.

and WTO entry (2002) exerted global competitive pressure. Currently Taiwan's largest firms include TSMC (semi-conductor), UMC (semi-conductor), AUO (LCD), Foxconn (EMS), Acer (PC), Asus (PC), Yulon Motor (automotive), San Yang Motors (SYM, motorcycle) and Kwang Yang Motor (Kymco, motorcycle). Previous giants are also moving into new fields including Formosa Plastic (artificial fiber) and China Steel (high quality steel for auto, E&E and machinery).

With the growth of vibrant domestic firms, Taiwan's industrialization is no longer mainly dependent on FDI or expatriates. Even today, Taiwanese SMEs remain more autonomous (not under keiretsu or chaebols) and have higher start-up ratios (turnover of 7.1% per year) than Japanese or Korean. However, as globalization deepens and size becomes increasingly important, large firms are becoming dominant and the role of SMEs in industrialization is shrinking. Nevertheless, even large firms feel that they are too small compared with Korean chaebols and want to grow more with brand-name products. Contracted hardware manufacturing for foreign brand-name electronic products—original equipment manufacturing (OEM), original design manufacturing (ODM) and electronics manufacturing service (EMS)—has already reached a plateau and Taiwan needs a new business model to grow into the future.

Given these trends, industrial policy of the Ministry of Economic Affairs (MoEA) is also changing. In Taiwan, the industrial policy statute is the most important legal document for industrialization. The first such law, the Statute for Encouragement of Investment (1960-1990) and its revision, the Statute for Upgrading Industries (1991-2010), guided past policies. The most recent one, the Statute for Industrial Innovation, approved by the National Assembly in May 2010, sets future directions for Taiwan's industries⁴. Three features of the new statute are noteworthy. First, it expands policy scope from the previous manufacturing focus to include agro and biotech industries, industrial services and high-value services (which requires involvement of ministries other than MoEA). Second, it replaces the previous system of multiple incentives for various specified activities by a simpler, more uniform system of 17% corporate income tax (previously 25%)⁵ and

⁴ The statute gives only guidelines. For implementation, detailed laws must be prepared for all relevant sectors. Concerned ministries are currently working on them.

⁵ Corporate income tax rates of neighboring countries are as follows: Japan (30%), Korea (22%), Singapore (17%), Hong Kong (16.7%), and China (25%).

eliminates all tax incentives except for R&D⁶. Third, it aims to shift Taiwan from hardware manufacturing to an economy of “soft power” with national brands and regional logistic and transport hubs. Like many other high-income economies, Taiwan wants to become an innovation-driven economy as it graduates from factor- and efficiency-driven ones of the past.

Taiwan’s current industrial policy, as explained by MoEA, has two pillars: creation of soft power and improving cross-strait relations. The soft power drive has three sub-components: (i) supply of industrial professionals; (ii) promoting emerging industries;⁷ and (iii) upgrading conventional industries including ICT, garment and footwear. Even without tax incentives, MoEA can promote targeted sectors and activities through technology projects commissioned by the Department of Industrial Technology (DOIT) and other agencies, as explained below.

Regarding cross-strait relations, restrictions on China-bound investment were relaxed in August 2008 with higher permissible ratios or value ceilings for corporate and individual investors. Meetings, seminars and industrial collaboration with Mainland China were also activated. Taiwan’s market is also opening, gradually and based on observation of actual performance, to Chinese investors since June 2009. The recent cross-strait Economic Cooperation Framework Agreement (ECFA), effective from January 2011, is expected to have further impacts on cross-strait relations. ECFA is modeled after the ASEAN-China FTA which features “early harvest” trade items in goods and services.

With the exception of Mainland China, Taiwan does not care about the nationality of investors whether they are domestic, foreign or joint venture. Taiwan accepts FDI in any sector except in national defense. Taiwan provides a universal low corporate income tax and transparent incentives for R&D only and,

⁶ Previous tax incentives amounted to about NT\$70 billion per year, of which tax holidays, mainly benefiting large firms, were about NT\$20 billion, automation tax credits were about NT\$30 billion (both of which are now abolished), and IT tax credits were about NT\$20 billion (now halved). As a result of the new industrial statute, only NT\$10 billion remains. As of end March 2011, US\$1 is worth about NT\$29.

⁷ Six “major emerging industries” are biotechnology, precision agriculture, green energy, medical and healthcare, tourism and cultural innovation industries. Four “emerging intelligent industries” are invention and patent commercialization, cloud computing, electric intelligent cars and intelligent green construction industries. Besides these, 10 service industries are also targeted which are however outside the mandate of MoEA.

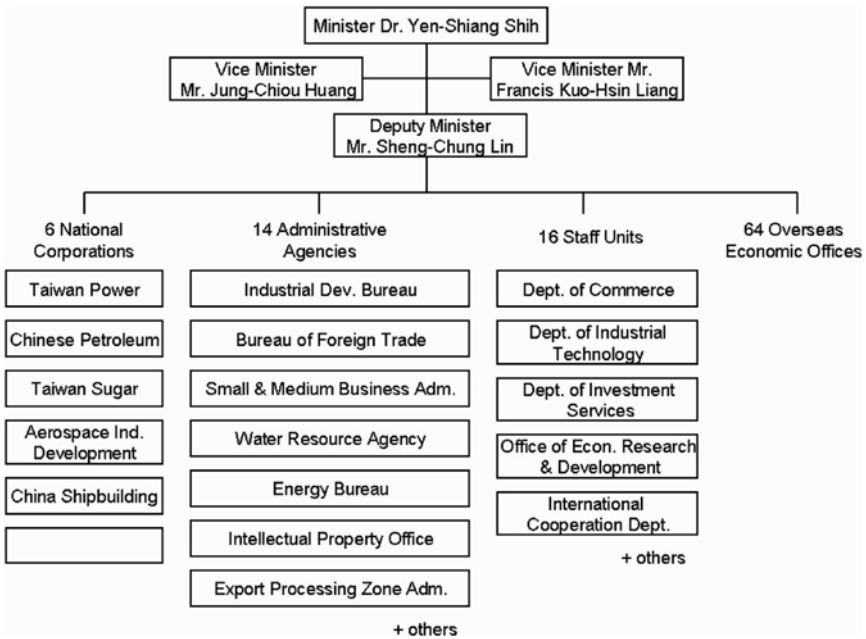
unlike Singapore, does not engage in customized negotiation to attract individual foreign investors.

2. Policy making process

As noted above, the most important policy making body for Taiwan's industrialization is the Industrial Development Bureau of the Ministry of Economic Affairs (IDB/MoEA). Although its influence has waned over the decades, it still yields substantial power in guiding the private sector. IDB currently has 240 permanent staff mainly from engineering backgrounds (recruitment of economists into IDB is only a recent phenomenon). Temporary staff are also hired to cope with its heavy work load. Unlike Japanese METI, many processes in policy drafting and stakeholder consultations are outsourced to government-created semi-official policy "think tanks," especially the Taiwan Institute of Economic Research (TIER) and the Chung-Hua Institution for Economic Research (CIER), as discussed below. "Committees" are used for consensus building among ministries and experts, and "seminars" are extensively organized for interacting with the private sector. In Taiwan, think tanks, committees and seminars are not just means of information exchange and dissemination but integral parts of action-oriented policy making. They will not be assessed highly or receive much funding unless they directly contribute to the policy process.

IDB has seven divisions which include three "industry-oriented" (i.e., sectoral) divisions (metal and mechanical, IT, and consumer goods & chemicals) and four "industrial support" (i.e., functional) divisions (industrial policy, knowledge services, sustainable development, and industrial parks). Besides these, task forces and offices for sectoral promotion are also placed under IDB. Restructuring of MoEA is expected for the implementation of the new industrial statute which has a wider sectoral scope than the previous one.

Another important body under MoEA is the Department of Industrial Technology (DOIT). Its main task is to identify, screen and finance projects that will directly enhance technology of the private sector. In 2010, the national budget for science and technology was allocated among the National Science Council (43.0%), MoEA (30.8%) and Academia Sinica (11.0%). DOIT received US\$618.1 million, which was the lion's share of this fund allocated to MoEA.

Figure 1. Organizational Structure of the Ministry of Economic Affairs

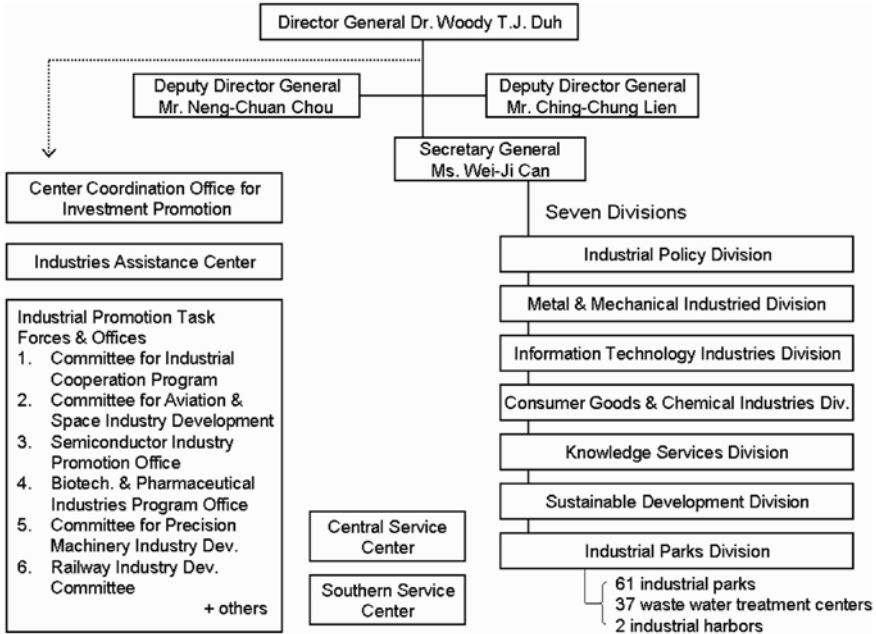
DOIT uses this to finance projects conducted by research institutes, private organizations or universities that support national industrial policy. Funding is allocated competitively, based on proposals submitted by applicant organizations (DOIT sometimes works closely with them to improve proposals) and outcome is reviewed strictly by DOIT advisory groups for alignment with national policy and key performance indicators such as number of patents and awards, levels of R&D relative to GDP or corporate revenue, and so on. DOIT's technology projects have been a very important policy tool for Taiwan's innovation drive⁸.

The process of industrial policy making, in the case of the Statute for Industrial Innovation of 2010, was as follows.

In anticipation of expiration of the previous industrial law (Statute for Upgrading Industries, 1991-2010), a taskforce was created by IDB/MoEA three years in advance

⁸ DOIT is the main department for technology project funding although IDB and SMEA, also under MoEA, have budgets for industrial purposes. MoEA has bureaus, departments and administrations under it as shown in Figure 1. It seems that bureaus are larger than departments, and administrations are tasked with implementing functions.

Figure 2. Organizational Structure of the Industrial Development Bureau, MoEA



to draft a new law. MoEA Minister Dr. Yen-Shiang Shih, an MIT graduate, led brainstorming sessions which were organized by CIER, a think tank in support of MoEA policy. According to one IDB official, “Dr. Shih dominated this law and vision.” The proposed ideas were then conveyed to the private sector through a large number of public hearing meetings with six business associations (steel, IT, etc). These meetings were mainly used for the Ministry to “persuade them” for easy passage of legislature rather than receiving substantive comments from the private sector. Sometimes private firms had divided opinions.

In addition, “one or two inter-ministerial meetings” were also held with Dr. Shih presiding and ministers of other related ministries attending. Interventions by other ministries were few and no objections were raised against MoEA’s ideas. While MoEA has historically dominated industrial promotion, other ministries in charge of services, agriculture, health care, education, culture, etc., which are now included as targeted sectors, are only “regulators” unfamiliar with positive promotion measures (issuing certificates for R&D, for example) and remained

passive on the listening side. After these consultations, the Industrial Policy Division of IDB/MoEA drafted the law with support of law firms for wording.

However, the draft law prepared by IDB was substantially revised in the legislative process. Taiwan's National Assembly is strong and attracts lobbying by interest groups. The law drafted by technocrats originally proposed lowering of the corporate income tax from 25% to 20% and kept four incentives for R&D, branding, human resource training and attracting headquarters of MNCs to Taiwan. The National Assembly, backed by industrial and SME lobby, slashed the corporate income tax rate further to 17% (though the Ministry of Finance was concerned about revenue loss) and eliminated all incentive measures except for R&D. According to one industrial expert, this was too aggressive an act by legislature but results must be accepted as a compromise in democracy. Finally, an "island tour" was conducted in the North, Middle and South of Taiwan to disseminate the new law.

The policy making procedure as described above was established around the late 1980s when the previous industrial statute was formulated. Before that, a few elite leaders and technocrats created policies while research institutes produced internal studies only.

In sum, consensus building over the contents of the new law was strongly guided by MoEA, especially Minister Shih, with CIER serving as secretariat. However, consultation with other ministries and the private sector was somewhat unilateral in the case of the 2010 Statute. Another unique aspect of Taiwan is strong legislative intervention which upsets the picture painted by technocrats.

Regarding this policy making process, we heard many non-government voices. According to one expert, private firms often complain that government does too much R&D which competes with and crowds out private R&D. However, another expert argued that government must be more proactive in pushing innovation in the 21st century. One expert said that private firms (especially SMEs) are still willing to listen to government because government-backed R&D and technology transfer are useful to them. Another scholar stated that "embedded autonomy" (government with close interaction with businesses without being hijacked by vested interests) was possible in Taiwan because of such historical factors as social mobility, fair competition without class discrimination, and leadership paranoia over external threats previously from Communism and now from integration pressure. A number of experts expressed mild

doubts about the prospects of the current innovation drive (biotech is slow to emerge, for example).

3. Policy and technology research institutes

In Taiwan, there are 19 government-related research institutes created by MoEA which play vital roles in designing and implementing national industrial and technology policy. Some of them received seed money at establishment but they now operate as NPOs competing for funds for industrial projects commissioned by both government and private firms. These research institutes can be classified into policy think tanks (TIER and CIER, for example) and technology support institutes (ITRI, III (triple eye), and sectoral institutes for metal, auto, bicycle, precision machinery, etc.) The mission visited four of them.

Among policy research institutes, the Taiwan Institute of Economic Research (TIER) and the Chung-Hua Institution for Economic Research (CIER) are two think tanks created by and supporting the policy making of MoEA.

TIER, founded in 1976, maintains a databank of Taiwanese industries, conducts domestic and global economic forecasts, and acts as secretariat to the Industrial Development Advisory Council as well as several cross-strait economic cooperation projects, among other things. It also conducted the impact study of ECFA (increased trade with Mainland China). TIER has seven research divisions, several service providing centers, Tokyo Office, and other departments and committees. Its revenue comes from undertaking government projects (about 70%) and private sector projects (about 30%). The Industrial Development Advisory Council, to which TIER serves as secretariat, is a platform for interaction among government, businesses and academics established in 1984 following the Japanese model of MITI's Industrial Structure Council. MoEA uses the Council to fathom the impact of its policies and hear the requests and problems of the business community. The Council holds 15 meetings per year, two of which are organized by IDB/MoEA and others by other bureaus of MoEA.

CIER, established in 1982 with the official endowment of NT\$1 billion, is located on the premises of the National Taiwan University. Like TIER, it conducts commissioned projects for the President, the Executive Yuan (Taiwan's executive branch), and government ministries and agencies. It has three research divisions

that conduct applied research respectively on Mainland China, international issues and domestic issues. CIER also produces economic forecasting and operates the WTO Center as well as other *ad hoc* centers. CIER was the secretariat to the formulation of the 2010 industrial statute, ECFA and WTO entry. For ECFA, for example, CIER conducted 2-3 years of research and produced a report on ECFA's costs and benefits which was circulated to the public and academia for critical review. The report was then discussed among concerned ministries and agencies, businesses (through "seminars"), and finally with legislators before it was sent to the National Assembly. CIER feels that about 70-80% of what it proposes in its report makes to the final stage.

Among 11 technology support institutes, the mission visited the Industrial Technology Research Institute and ITRI College in Hsinchu and MIRDC in Kaohsiung.

The Industrial Technology Research Institute (ITRI), founded in 1973, is Taiwan's largest R&D organization in support of technology transfer and commercialization. Its supervising agency is MoEA. ITRI has 5,800 employees in its huge complex, of which 80% are engaged in R&D and 1,200 hold doctorate degrees. There are three ways to disseminate R&D: (i) technology licensing; (ii) spinning off a research team to form a start-up company⁹; and (iii) forming a joint venture to become a new section in an existing company ("spin-in"). ITRI also offers open labs where domestic and foreign companies can send staff to do joint research with ITRI researchers using ITRI facilities. Half of ITRI's revenue comes from industrial service fees and the other half from state-funded research projects on a competitive bidding basis. ITRI is commissioned to plan, train and formulate policies mainly for MoEA but also for other ministries. Its location in Hsinchu, in proximity to science parks and two technology universities, allows active cooperation with private firms and academia although ITRI also works with partners all over Taiwan. Many graduates from the two universities join ITRI for several years to learn industrial application and accumulate practical experiences, then start migrating back and forth between industry and ITRI. Thus, ITRI is the largest focal point for industry-government-academia cooperation to carry out

⁹ Taiwan Semiconductor Manufacturing Company (TSMC) and United Microelectronics Corporation (UMC), the two world largest IC foundries, are ITRI's most famous spin-offs. ITRI has produced 65 ventures and 19,589 ITRI alumni.

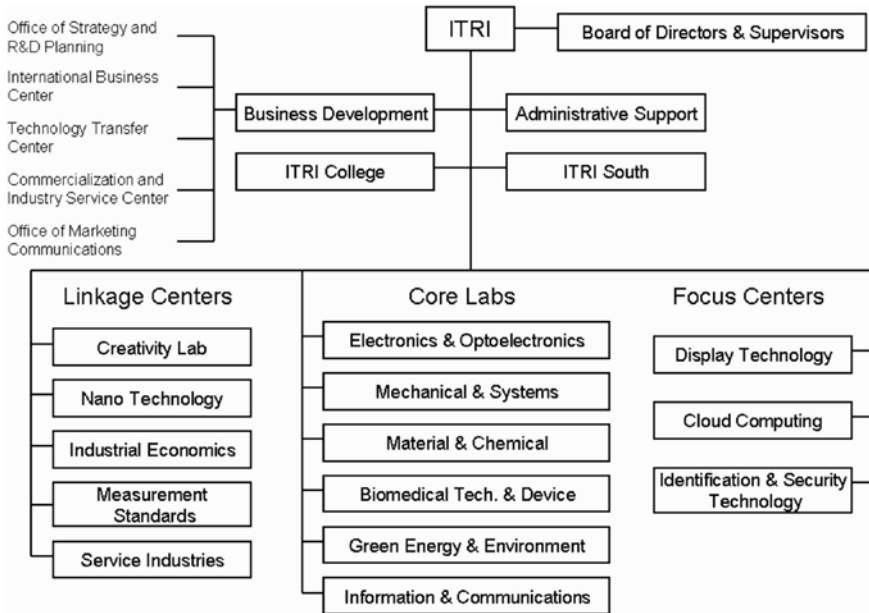
MoEA's technology development programs.

ITRI College, a new addition to ITRI, is a training provider for ITRI employees at all levels as well as for industry. It offers courses lasting from one day to three months on five innovation competencies and six technological domains¹⁰. It also offers customized training programs for enterprises. It issues certificates but no degrees because its courses are for the actual use by industry to create value and not for academic merits. Of particular interest are its need-based programs for government officials and researchers from developing countries in such topics as national innovation system, human resource development system, SME promotion, science park development and intellectual property management. In 2010 ITRI College received four official delegations from Vietnam and Philippines (about 25 persons each) as well as India and Poland (2 persons each). However, Taiwan is not conducting knowledge sharing as a national project, and the size of its intellectual assistance to the developing world remains small compared with Japan or Korea. Political concern vis-à-vis Mainland China is another reason for Taiwan to remain low-key in its assistance activities.

The Metal Industries Research and Development Center (MIRDC), established in 1963, is one of the sectoral technology institutes under MoEA. It is headquartered in Kaohsiung with eight branches and centers across Taiwan. It supports metal and related technologies, including automation, with 612 employees (51 with doctorate and 325 with master degrees) with main specialization in mechanical (38%), material and chemical (11%) and electrical, opto-electronic and info-tech (8%) areas. Its annual staff turnover is 10% and the average working period is 10 years (at ITRI, they are 20% and 6 years respectively). MIRDC also hires staff on a contract base. It has five focused industries of metal material and fabricated metal products, mold and die and micro parts, automotive, opto-electronics and energy equipment, and medical devices and care. Its revenue of NT\$2 billion per year comes from industrial services (25% directly from private sector, 35% commissioned by government) and government's technology projects (40%). A team is formed for each project which may last for

¹⁰ The five innovation competencies are creative thinking, industrial analysis, R&D management, business development, and intellectual property management. The six technology domains are information and communication, materials and chemical engineering, electronics and optoelectronic, biomedical technology and device research, mechanical and system research, and energy and environment management.

Figure 3. Organizational Structure of the Industrial Technology Research Institute



4-5 years for big projects and 3-6 months for small ones. For a large DOIT-funded project, for example, about two years are spent for sounding local industry needs and working out a proposal jointly with DOIT. If approved, implementation and monitoring will usually take 3 to 4 years. As with other institutes, MIRDC must bid competitively for projects and their performance is reviewed for number of patents and companies helped, new investments and technology applications generated, and so on.

4. Hsinchu Science Park

In Taiwan, there are three types of centrally managed industrial estates with different overseeing authorities: 13 science parks under the National Science Council, 8 export processing zones under the EPZ Administration of MoEA, and 61 industrial parks under IDB/MoEA.¹¹ Besides centrally managed industrial estates, Taiwan also has 18 industrial

¹¹ Industrial parks under IDB/MoEA (last category) focus on light industry, basic consumer goods, petrochemical, etc. with regional specialization and local regulatory differences. Un-

parks developed by local governments and 93 industrial parks developed by the private sector.

The National Science Council, through its Science Park Administration, supervises Taiwan's 13 science-based parks. Among them, Hsinchu Science Park (HSP), established in December 1980, was the first and most successful, and has become the central location for Taiwan's ICT industry with high international reputation. It now receives about 1,000 visiting missions annually from all over the world to learn how such a high-tech park can be created and managed. In its 30-year history, the number of tenant companies, their revenues, and park employment grew significantly, which as of 2010 stood at 449 companies, US\$40.9 billion and 139,416 employees (including 4,134 foreigners of which 1,074 are highly skilled), respectively. The average R&D/sales ratio at HSP was 6.0% in 1989-2008 against the national manufacturing average of 1.1%. Land in HSP is state-owned and leased out on a 20-year contract at subsidized rates to domestic and foreign firms with no intervention in companies' activities. 400 standard factories with the size of 700-1,000 m² are also available for rent (a firm may rent more than one unit). The monthly rent is NT\$50/m² for land and NT\$100/m² for rental factory. One-stop service, good infrastructure and comfortable living conditions are guaranteed.

By company revenue, HSP's largest industry is IC (67.5%) followed by optoelectronics (20.7%), computer (6.4%), telecom (2.7%) and precision machinery (1.8%). Its renowned tenants include TSMC, UMC, Acer, Foxconn, AUO, Logitech, Du Pont, Hoya, Shin Etsu and DNP. HSP is host to 44 foreign firms, of which 10 are Japanese and 17 are American. 95 companies were set up by overseas Chinese.

Although HSP's land (653 ha) has no plan for future expansion, there is a relatively high turnover of tenant companies whose number is continuously increasing. Instead of enlarging HSP, satellite parks are created to accommodate more firms. At HSP, about 30 companies move in every year. As for the number of the companies moving out, it depends on the fluctuations in economy and differs every year. Average land size per factory is becoming smaller over the years, which is the intention of the Science Park Administration. Applying companies are given exams regarding their

like science parks or EPZs, these industrial parks can sell land to investors. On the other hand, they may not provide one-stop investor service. There is a plan to merge the administration of EPZs and MoEA-managed industrial zones.

R&D activities, capital, environmental concern, etc. There are about 60 companies waiting to enter HSP at present. Companies which fail to spend at least 2.28% (twice the national average) of sales revenue on R&D, or those which miss monthly payments twice, are asked to leave HSP.

The Science Park Administration is a central agency which has invested about NT\$86 billion since the establishment of the park. Besides state investment, HSP's income came from management fee and rental and operational revenues. HSP started to make profit ten years ago and now enjoys stable revenue. Because HSP is the leading science park, it financially assists other science parks in Taichung, Tainan, etc. and monitors their operations.

5. Export processing zones

Taiwan established its first export processing zone (EPZ) at Kaohsiung Port in December 1966, combining the functions of free trade zone and industrial zone¹². Its industrial focus changed over time along with overall structural transformation of Taiwan. Its tenants were engaged initially in low-end OEM such as garment which gradually moved up to mid-end and high-end OEM in technology- and capital-intensive products by the mid 1990s. Subsequently, R&D and high-value ICT industries were added. The current focus industries include IC testing and packaging (Nantze EPZ), LCD modules (Kaohsiung EPZ), and opto-electronics (Taichung EPZ). Gauged by total corporate revenue in 2009 (US\$8.66 billion), the dominant sector in EPZs was electronic parts and components (64.2%) followed by non-metallic mineral products (8.8%) and computer, electronic and optical products (8.6%). Compared with science parks which require high R&D/sales ratios for entry and stay, EPZs are for more downstream manufacturing.

The EPZ Administration of MoEA, located in Kaohsiung, oversees eight EPZs in Central and Southern Taiwan. The total area of these zones is 532 ha, which includes Kaohsiung EPZ (72.4 ha) and Nantze EPZ (97.8 ha). Corporate revenues, investments and trade at EPZs have increased significantly over the decades. In 2010, total tenant companies were 456 in number producing NT\$380 billion in revenue and US\$19.2 billion in export (US\$10.12 billion) and import (US\$9.09

¹² The brochure of EPZ Administration says Kaohsiung EPZ was the first such park in the world but some MoEA officials in Taipei said it was not (Ireland created the first).

billion). As factors of success, EPZ Administration cited right timing, excellent location, perfect legal system, single contact window, excellent investment environment, skilled workers, and others.

About five years ago, EPZ Administration began to bridge and mediate industry-university linkage. The program consists of human exchange such as student internship and visiting professors as well as research cooperation for technology transfer and commercialization. EPZ Administration offers matching services, one-stop window and database for universities. Based on company needs, a student team led by a professor is to conduct joint R&D (as is actively done in Nanyang Polytechnic in Singapore). While such industry-university linkage was strong from the outset at HSP, this is a relatively recent policy drive at EPZs.

The mission visited the EPZ Administration office in Nantze EPZ and paid a factory visit to Taiwan Brother Industries, Ltd. located in that EPZ which manufactured high-end personal-use sewing machines with artistic embroidery capability.

6. SME policy

Promotion of small and medium enterprises is the responsibility of SME Administration under MoEA. In 2010, the number of SMEs in Taiwan was 1.24 million, or 97.77% of all enterprises. The SME sector accounts for 76.7% of total employment, 29.8% of total sales, and 17.9% of total export. The number of start-up companies is 88,531 annually, amounting to 7.1% of total SMEs. For manufacturing, construction, mining and quarrying, SMEs are defined as establishments with less than NT\$80 million (US\$2.5 million) in paid-in capital or less than 200 persons. For service and commerce, they are establishments with less than NT\$100 million (US\$3.2 million) in paid-in capital or less than 100 persons. Micro businesses are defined as establishments with less than 5 persons for all sectors.

SME support is provided in three layers. The “award strategy” is adopted for top SMEs (1-3% of total) by which national, rising star and R&D awards are given. The “guidance strategy” is used for the middle layer (27-34%) where 11 guidance systems

are available¹³. For the remainder of “foundation” SMEs (65-70%), the “grouping strategy” comprising of mutual cooperation, industry cluster, local cultural industry and financing programs is offered. SME Administration works closely with IDB, DOIT, Bureau of Foreign Trade and Department of Commerce, all under MoEA, to provide integrated support.

SME Administration has five divisions corresponding to five task areas, which are Policy Planning, Management Consulting, Business start-up and Incubation, Information Technology, and Financing. Taiwan’s SME service network consists of SME Administration headquarters with a one-stop service center in Taipei, two regional offices in Center and South, and 24 local service centers. SME Administration also cooperates with the National Association of SMEs and its 20 branches, the China Youth Career Development Association and its 21 branches, and 23 industrial associations and 24 chambers of commerce at central and municipal levels. SMEs located in industrial estates can receive services from zone administrations.

Financial support for SMEs is provided by the SME Development Fund and the National Development Fund. These funds are on-lent by commercial banks to SMEs and start-up companies. 15% of funding from the SME Development Fund goes through SME investment companies. Additionally, the SME Credit Guarantee Fund guarantees 80-90% of commercial bank loans to SMEs (which seems a very generous guarantee). The Incubation Fund Account and various official rewards given to excellent SMEs are additional facilitators of SME finance. These government measures are expected to pump-prime SME finance by private funds, capital markets and venture capital.

For management and technical support, SMEs are provided with classes, enterprise consultancy (which is connected to bank loans), technology and linkage. SME consultation service is given by private firms and individual consultants through open bidding for government procurement. Unlike Malaysia (or Thailand in the past), no government officials are SME consultants. SMEs receive consultation free of charge. However, if new investment or training

¹³ The guidance systems are managed by appropriate bureaus and departments of MoEA and consist of industrial safety, R&D, pollution prevention, production technology, marketing, management, finance, quality upgrading, information management, business start-up and incubation, and mutual assistance and collaboration.

becomes necessary, that must be financed by SMEs themselves. Among Taiwanese industrial experts, Japanese terms such as *kaizen* and *shindan* are not well known although standard productivity tools such as 5S and QCC are widely recognized and used.

One promotion measure of interest is the Taiwan One Town One Product (OTOP) program, adopted from Japan's One Village One Product movement, which aims to develop local specialty industries with township or city as units. Starting from 1989, SME Administration has supported local SMEs with management, design, packaging, technology, space arrangement, and so on; participation in exhibitions and training courses; and creation of publications, websites and Taiwan OTOP shops. A total of 96 featured towns have successfully generated their distinctive local products.

Mission Schedule (20- 26 Mar. 2011)**1. Mission Members**

Kenichi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Sayoko Uesu*	Research Associate, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Berihu Assefa Gebrehiwot	Researcher, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan and Ethiopian Development Research Institute, Addis Ababa, Ethiopia
Nguyen Thi Xuan Thuy	Researcher, Vietnam Development Forum (VDF) / GRIPS-NEU Joint Research Project, Hanoi, Vietnam
Pham Thi Huyen	Researcher, Vietnam Development Forum (VDF) / GRIPS-NEU Joint Research Project, Hanoi, Vietnam

*Participated from 20 to 23 March only.

2. Mission Schedule

DATE		TIME	Location	ACTIVITY	
1	20	Sun	AM		
			PM	Taipei	Arrival
2	21	Mon	AM	Taipei	Industrial Development Bureau, Ministry of Economic Affairs (IDB/MOEA)
			PM	Taipei	Taiwan Institute of Economic Research (TIER)
3	22	Tue	AM	Taipei	Prof. Tain-Jy Chen, College of Social Sciences, National Taiwan University
			PM	Taipei	Dr. Wan-Wen Chu, Research Fellow, Research Center for Humanities and Social Sciences, Academia Sinica
4	23	Mar	AM	Taipei	Department of Industrial Technology, Ministry of Economic Affairs, (DOIT/MOEA)
			AM	Taipei	Small and Medium Enterprise Administration, Ministry of Economic Affairs (SMEA/MOEA)
			PM	Taipei	Chung-Hua Institution for Economic Research (CIER)
5	24	Thu	AM	Hsinchu	Hsinchu Science Park Administration, National Science Council
			PM	Hsinchu	Industrial Technology Research Institute (ITRI) and ITRI College
6	25	Fri	AM	Kaohsiung	Export Processing Zone Administration, Ministry of Economic Affairs (EPZA/MOEA)
			AM	Kaohsiung	Taiwan Brother Industries Ltd.
			PM	Kaohsiung	Metal Industries Research and Development Centre (MIRDC)
7	26	Sat	AM	Kaohsiung	Departure

Note: Among the five mission members, Kenichi Ohno and Sayoko Uesu (GRIPS Development Forum); and Nguyen Thi Xuan Thuy and Pham Thi Huyen (Vietnam Development Forum) are the members of the JICA-commissioned study team.

Organizations/Persons Visited

Government and its Organizations

Organization	Name	Position
Industrial Development Bureau, Ministry of Economic Affairs	Hui-Ying Chen	Deputy Director, Industrial Policy Division
Export Processing Zone Administration, Ministry of Economic Affairs	Robert M.S. Jahn	Senior Specialist
	Han Wen Kuan	Chief of P.R. Office
	Kuan-Yu Huang	Office of Public Relations
Department of Industrial Technology, Ministry of Economic Affairs	Hao-Chu Lin	Section Chief, Department of Industrial Technology
	Edie Chin An Wang	Business Manager, International Business Center, ITRI
Small and Medium Enterprise Administration, Ministry of Economic Affairs	Chen-Tsair Cheng	Deputy Director General
	Pu-Yun Long	Commercial Secretary, Business Startup and Incubation Division
	Chia-Hsien Yang	Section Chief, Business Startup and Incubation Division
Hsinchu Science Park Administration, National Science Council	Susan S. Chen	Deputy Director, Investment Services Division
	Tuan, Ssu-Heng	Section Chief, Investment Services Division
	Grace Chen	Investment Services Division

Research Institutes / Universities

Organization	Name	Position
Taiwan Institute of Economic Research (TIER)	Sung Min-Te	Director, Secretariat of Industrial Development Advisory Council
	Gary Chen	Public Relations Officer, International Affairs Specialist
	Liu Yau-Jr	Project Principal and Associate Research Fellow, Research Division II
National Taiwan University	Tain-Jy Chen	Professor, Department of Economics
Metal Industries Research and Development Centre	Paul Chung	Vice President
	Judy C.Lo	Project Manager, IP & Innovalue Section, Planning & Promotion Dept.
	Louis Hung-Lu Yen	Project Manager, IP & Innovalue Section, Planning & Promotion Dept.
	Charles Chen	Project Manager, Industrial Research Section, Planning & Promotion Dept.
Industrial Technology Research Institute (ITRI)	Ethel Cheng	IP & Innovalue Section, Planning & Promotion Dept.
	Shing-Yuan Tsai	Vice President and Executive Director
	Ho, Kwun-Yao	Deputy Representative of Tokyo Office
ITRI College	Feng-Kwei Wang	Executive Director
Academia Sinica	Wan-Wen Chu	Research Fellow, Research Center for Humanities and Social Sciences
Chung-Hua Institution for Economic Research (CIER)	Jiann-Chyuan Wang	Research Fellow and Vice President
	Hui-Lin Wu	Research Fellow, Division of Taiwan Economy
	Tsung-Che Wei	Assistant Research Fellow, Division of Taiwan Economy
	Hsien-Yang Su	Research Fellow, International Division/Director, Japan Center

Company

Organization	Name	Position
Taiwan Brother Industries Ltd.	Morinaga Tadashi	Representative Director & General Manager
	Da Shi Kong	Manager, VM Promotion Department

List of Information Collected

Source	Title	Authors / Publishers
Industrial Development Bureau, Ministry of Economic Affairs (IDB/MOEA)	PPT: Industrial Development in Taiwan, R.O.C, 2011	IDB/MOEA
	Industrial Development in Taiwan R.O.C. 2010	
Taiwan Institute of Economic Research (TIER)	Leaflet/Pamphlet: Taiwan Institute of Economic Research	TIER
	PPT: Taiwanese Economic Development	Ming-Te Sun, TIER
Department of Industrial Technology, Ministry of Economic Affairs (DOIT/MOEA)	PPT: Industrial Technology Innovation (Date: 2011.3.23)	DOIT/MOEA
	Leaflet/Pamphlet: 2010/2011 Department of Industrial Technology	
Small and Medium Enterprise Administration, Ministry of Economic Affairs (SMEA/MOEA)	Small and Medium Enterprise Development in Taiwan, ROC	SMEA/MOEA
	PPT: SME Development and Policy Measures in Taiwan, March 2011	
	Taiwan One Town One Product, Taiwan Local Cultural Industries Map	
	DVD: Building Industries from Creative Ideas	
	Incubation Centers 2010	
	White Paper on Small and Medium Enterprises in Taiwan, 2010	
Chung-Hua Institution for Economic Research (CIER)	Annual Report 2009	National Association of Small & Medium Enterprises
	Taiwan No.1, Highlights of Taiwan's Featured Industries, 2010 International Small Business Congress Special Edition	
Chung-Hua Institution for Economic Research (CIER)	Unbiased, Independent and Transcendent, National Policy Think-Tank	CIER
	Figures: The system of technology development in Taiwan/ The division of labor for technology development in Taiwan	Dr. Wang, CIER
Hsinchu Science Park	Discovering the Beauty of the Hsinchu Science Park, A Compilation for the 30th Anniversary of the Hsinchu Science Park	Science Park Administration
	Innovation for a better tomorrow	
	Investment Guide	
	Map of Hsinchu Science Park	
	PPT: Welcome to the Hsinchu Science Park	
Industrial Technology Research Institute (ITRI)	PPT: ITRI/Industrial Development /Government Policy	Shing-Yuan Tsai, ITRI
	Annual Report 2009	ITRI
	Innovative Technologies for a Better Future	
ITRI College	Program Overview	ITRI College
Export Processing Zone Administration, Ministry of Economic Affairs (EPZA/MOEA)	Historical Gallery Guide	EPZA/MOEA
	Transforming for the Global Economy, An Investment Guide to Export Processing Zones in Taiwan	
	EPZ Statistics at a glance	Victoria Kuan-Yu Huang, EPZA/ MOEA
	PPT: Export Processing Zone: An Overview	
	"Taiwan's Export-Processing Zones: Shifting Roles through the Decades", Taiwan Business Topics (December 2010)	
Metal Industries Research and Development Centre (MIRDC)	Pamphlet: Metal Industries Research and Development Centre	MIRDC
	CV of Dr. Paul C.K.Chung	
	PPT: A Brief Introduction of MIRDC, March 25, 2010	

4. India

— A Liberalizing Giant

(September 23-29, 2012)

Researchers of the GRIPS Development Forum visited India (Delhi and its vicinity, Gurgaon and Manesar in the State of Haryana) during September 23-29, 2012 to study India's experiences in economic and industrial policy making and to draw lessons for other developing countries including Ethiopia and Vietnam¹. The mission members were Prof. Kenichi Ohno, Prof. Izumi Ohno, and Ms. Mieko Iizuka (research assistant).

The mission studied (i) methodology of India's economic and industrial policy making, including the policy contents and processes of the latest Five-year Plan, the National Manufacturing Policy, the Delhi-Mumbai Industrial Corridor, kaizen (productivity and quality improvement), investment attraction, and the roles of export promotion organizations and industry-specific organizations; and (ii) institutional aspects of policy making at present and in the past including how coordination works among various ministries, agencies, and other stakeholders; the roles of state governments and the private sector; and how implementation and monitoring and evaluation mechanisms are set up.

We had meetings with government ministries and agencies, the resident office of the State of Gujarat in New Delhi, business associations, industry-specific organizations, and research institutes and universities (see attachments for mission schedule, places visited, and information collected). We would like to express our deep appreciation to all organizations and individuals who kindly received us and shared valuable information with us. This report summarizes main findings of the mission.

¹ The purpose of this mission, which was commissioned by JICA, was to compile information on industrial policies in selected Asian countries for the policy learning of other developing countries. In the phase 1 of Japan-Ethiopia industrial policy dialogue 2009-2011, we visited Singapore (August and September 2010), South Korea (November 2010), and Taiwan (February 2011). Our India mission was part of phase 2 of Japan-Ethiopia industrial policy dialogue 2011-2013.

1. The state of the economy: liberalization and the role of manufacturing

After independence in 1947, India embraced heavy industrialization and state-owned enterprise development under socialistic planning. Serious effort in economic liberalization was started in 1991 by the Narasimha Rao government (1991-1996) where Dr. Manmohan Singh, the current Prime Minister, served as Finance Minister. Economic growth and FDI inflow were stimulated by this policy shift. Ever since, despite changes in ruling parties, India has stayed on the course of gradual and steady liberalization. In 1991, seven sectors were designated as public-sector only areas, 18 sectors were licensing areas, and over 800 sectors were reserved only for small-scale enterprises. Today, only two areas are public-sector only areas (atomic energy and railroad), only five areas are licensing areas (defense industry, industrial explosives, cigarettes and tobacco, hazardous chemicals, and portable alcohol), and only 20 items are reserved for small-scale enterprises. Many of these permissions are devolved from federal to state levels.

According to a non-government researcher, remaining focal points in industrial policy are (i) licensing policy, (ii) FDI policy, (iii) monopoly restrictions and trade practices (MRTP), (iv) plan documents, and (v) annual budgets that determine actual resource allocation. According to other researchers, the only remaining significant economic controls are mainly in FDI policy, where Prime Minister Manmohan Singh just recently launched a new drive to liberalize even that area (multi-brand retail FDI). Another current move is introduction of “e-Biz” to simplify business permissions. Despite these policy efforts, however, India’s business environment generally and in reality still remains difficult and fraught with delays, ambiguity and bureaucracy according to foreign firms.

The Indian economy registered high growth in the early 2000s, to the tune of 9% per annum, but growth has fallen recently to the 6% level². This slowdown was partly due to the tightening of macroeconomic policy to fight inflation and partly due to the impact of a series of global crises. As interest rates rise and both

² The reader should be aware that India’s economic data captures only registered (formal) units with 10 or more employees whose shares of production and employment are two-thirds and one-fifth, respectively, in the national economy. Annual changes in the small-scale sector, mainly family businesses, where wages and productivity are low, are difficult to estimate although surveys are conducted for such enterprises every five years.

domestic and global markets shrink, Indian manufacturers are currently facing difficulties. Fiscal and current-account deficits are other serious problems for India at the moment.

From a longer perspective, high growth generated by economic liberalization in the past two decades was remarkable, but growth came mainly from service sector expansion in which ICT and finance were prominent drivers. Services rose and agriculture fell in the share of GDP, but manufacturing's share remained stagnant at about 15-16%. A concern rose among political leaders that lopsided growth in certain service sectors did not produce enough jobs for all, and that strong manufacturing was needed to sustain shared growth in a huge economy such as India. The incumbent United Progress Alliance (UPA) government led by Prime Minister Manmohan Singh, which came to power in 2004, immediately appointed Dr. V. Kurishnamurti as the head of the National Manufacturing Competitiveness Council (NMCC) to coordinate related ministries and produce a manufacturing policy for the first time in India. Businesses and academics also participated in this policy formulation. The National Manufacturing Policy (NMP) was finalized in 2011 and implementation details are currently worked out. The key thrusts of NMP will be carried into the industry chapter of the 12th Five-year Plan. Details of the procedure and content of NMP will be discussed below.

The overarching "macro" objective of Indian economic policy is job creation, followed by value creation, infrastructure, ameliorating regional inequalities, further liberalization, and so on. The new manufacturing drive is required mainly to create more jobs on a broad basis, not just for few elites and professionals. India's sectoral preferences are not very strong; priority sectors in manufacturing are specified but they are not given special incentives or treatments unlike in some other countries.

As explained below, India's policy making features broad consultation with all stakeholders, especially business associations and academia. In addition, under federalism, close consultation with state governments is a must. Policy visions are generated both top-down and bottom-up, as extensive consultation covers various aspects and interests and informs them for policy makers, while the Prime Minister announces prioritization based on such information. It is amazing to see such a complex and "democratic" policy formulation to work so reasonably well in India without breaking down or causing significant delay and confusion. At the same

time, implementation and ultimate performance are less spectacular and also vary across states. Proactive states such as Gujarat, Tamil Nadu, and Andhra Pradesh are attracting domestic and foreign investment while conservative states are left behind. According to a representative of one of these proactive states, good economic performance requires a mixture of “enabling environment” (general liberalization) at the federal level and wise and strong leadership at the state level. Some researchers mentioned good governance and cultural differences as additional determinants of divergent economic performance across states.

2. The policy making process

Reflecting the large size and diversity of the country, India’s policy planning is systematic and comprehensive. It is said that a democratic process must take all important aspects into account if policy is to win legitimacy. Jurisdictions of federal and state governments are stipulated in the Constitution in which matters related to manufacturing fall into the category of “concurrent” or joint responsibility of both federal and local governments. Additionally, in the last ten years or so, the policy making process has become increasingly participatory and interactive among government, industry, and academia. Not only the Planning Commission but also all ministries, in producing any policies, now actively seek and incorporate the voices of industry, through business organizations such as the Confederation of Indian Industry (CII), the Federation of Indian Chambers of Commerce and Industry (FICCI), and the Associated Chambers of Commerce and Industry of India (AssoCham), as well as academicians in universities and think tanks. Policy making without deep interaction among key stakeholders is unthinkable in India today. The mission was informed by a number of researchers that government ministers often hijacked, “owned,” and printed their names on studies independently prepared by external experts when ministers discovered that the content was agreeable. Tripartite policy consultation among government, industry, and academia has become pervasive, substantial, and highly institutionalized in India.

2-1. The Planning Commission and the 12th Five-year Plan

India is well known for its elaborate policy machinery led and coordinated by the Planning Commission that produces development plans³. The Planning Commission was established in 1950 and the first Five-year Plan was launched in 1951 under the chairmanship of Jawaharlal Nehru. While five-year planning was interrupted several times in the 1960s, 70s and the early 90s due to India's political and economic crises, it has been normalized since the Eighth Plan 1992-97. The Planning Commission consists of Prime Minister as ex-officio Chairman, one Deputy Chairman appointed by Prime Minister with the rank of a full Cabinet Minister, and full-time members who are experts of such fields as *economics*, industry, science, and general administration⁴. Cabinet Ministers with certain important portfolios act as part-time members of the Commission. Mr. Montek Singh Ahluwalia is presently Deputy Chairman of the Commission. The Commission works through its various Divisions (the website shows 30 Divisions, including Industries Division). Full-time members of the Commission provide advice and guidance to the subject Divisions for formulating Five-year Plans, Annual Plans, State Plans, Monitoring Plan Programs, and Projects and Schemes.

The 12th Five-year Plan (2012-17) was recently approved by the Cabinet. This Plan seeks to achieve average economic growth of 8.2% per annum. The overarching vision of the 12th Five-year Plan is "Faster, Sustainable, and More Inclusive Growth⁵." The Plan has been drafted through extensive stakeholder consultation, taking about one-and-half years since April 2011 when preparation works started. The Plan document will be placed for final approval by the National Development Council (NDC) which has all Chief Ministers and Cabinet Ministers as members and is headed by the Prime Minister, and must eventually be approved by the Parliament. It will then be reflected in the annual budget, with the new fiscal year starting April 2013.

³ In January 1, 2015, Prime Minister Narendra Modi replaced the Planning Commission with the National Institution for Transforming India (NITI), which is expected to be less interventionist and more open to diverse developmental needs [Editor].

⁴ The tenure of full-time members and Deputy Chairman is not fixed. The total number of members can also change according to the wish of the government.

⁵ See Approach Paper to the 12th Five-year Plan. Before the Plan is drafted, the Planning Commission prepares an Approach Paper which lays out major targets, key challenges in meeting them, and a broad approach that must be followed to achieve the stated objectives. The Approach Paper is approved by the Cabinet and the NDC.

The nature of Five-year Plans and the role of the Planning Commission have evolved over time. The first eight plans put strong emphasis on the public sector with massive investment in basic and heavy industries. Since the launch of the Ninth Plan in 1997, Five-year Plans have become more indicative. The function of the Planning Commission has changed accordingly from central planning to policy coordination through multi-stakeholder consultations. There are a large number of ministries and agencies in India whose policy scopes are limited to narrow sectoral issues. To rectify this situation, the Planning Commission is increasingly becoming a focal point for producing a holistic approach in formulating policies and bringing “macro” and cross-cutting perspectives in the critical areas of human and economic development. Many officials and experts note that the Five-year Plan still remains an important policy document which sets priorities and policy direction of the country every five years and influences the allocation of development budget (excepting for defense, subsidies, and maintenance). Based on the Five-year Plan, the Ministry of Finance formulates annual budgets. It is also charged with the recurrent budget. The Planning Commission conducts mid-term appraisal of Five-year Plans. Because of the country’s size and diversity, five-year planning continues to enjoy legitimacy as an instrument for ascertaining the current situation of socio-economic development and agreeing on future direction through the process of multi-stakeholder consultation.

At the same time, we heard from a number of officials and experts that implementation is a problem not only for the Five-year Plan but also for other key policies under it. Once the Five-year Plan is approved, individual ministries assume responsibility for implementation, by “notifying” (officially announcing) policy measures and securing budgets. Furthermore, under the federal system, state governments are also charged with executing a large part of policy measures. While close collaboration between federal and state levels is necessary, in reality it is difficult to always ensure this.

2-2. Key features of the 12th Five-year Plan as related to the Manufacturing Plan

The Industries Division of the Planning Commission assumes prime responsibility for creating policy inputs to the industry chapter of the Five-year Plan. In the process of drafting the 12th Five-year Plan, 25 working groups (WGs)

were created, with 15 WGs for sector-specific industries (e.g., steel, automobile, and textile) and 10 WGs dealing with cross-cutting issues (e.g., business environment, environment sustainability, and export competitiveness). Sectoral WGs are normally chaired by respective ministries in charge. These WGs submit reports to the Planning Commission. Although these reports are not treated as official documents of the Planning Commission, the Commission takes due note of their recommendations as policy inputs to the Five-year Plan.

According to an Advisor at the Industries Division of the Planning Commission, with regards to the formulation process there have been two notable changes in the industry chapter of the 12th Five-year Plan: (i) more attention given to cross-cutting issues which are beyond the interests of specific industries; and (ii) more intensive consultation with various stakeholders including ministries and agencies concerned, the private sector (through business associations and industry-specific organizations), think tanks, and universities.

Regarding (i), for the first time in India's planning history, the Manufacturing Plan was created as a new and comprehensive document on industry for informing and serving as a pillar of industry chapter of the 12th Five-year Plan. The Steering Committee was established and managed by the Industries Division to provide the overall guidance and strategic direction to the development of this Plan. In this process, recommendations of various reports produced by WGs were incorporated. The Manufacturing Plan also gave due consideration to the NMP produced by the Department of Industrial Policy and Promotion in 2011 (see section 3).

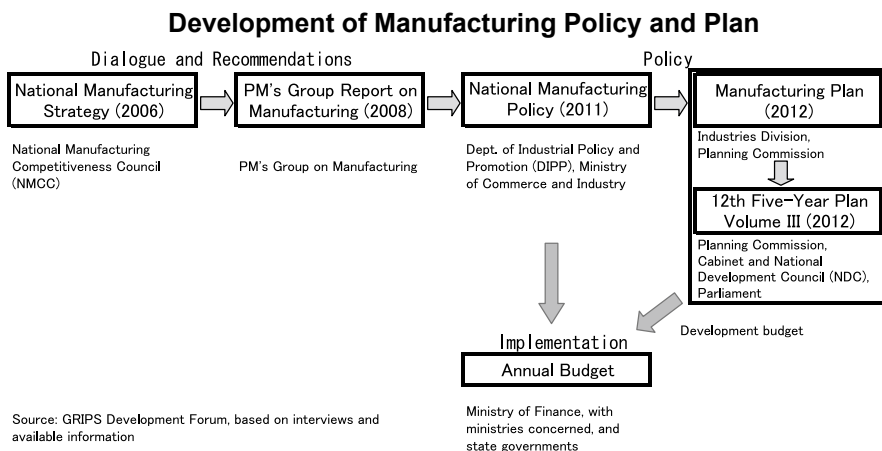
Regarding (ii), both government officials and experts and researchers in the private sector whom we met confirmed a very intensive nature of multi-stakeholder consultation⁶. Many experts and organizations stated that they took active part in the policy-making process through diverse channels of communication and appreciated the government's effort in this.

⁶ Our interviewees included the Confederation of Indian Industry (CII), the Apparel Export Promotion Council (AEPC), the Society of Indian Automobile Manufacturers (SIAM), Jawaharlal Nehru University, the Institute of Economic Growth (IEG), the Research and Information System for Developing Countries (RIS), and the Indian Council for Research on International Economic Relations (ICRIER).

3. National Manufacturing Policy (NMP) and related documents

In 2011, the Indian government formulated the National Manufacturing Policy (NMP). This was the first policy document for the manufacturing sector in India. The NMP sets two main targets that must be attained by 2022: (i) increasing the share of manufacturing in GDP to at least 25% (currently around 16%); and (ii) creating 100 million additional jobs (which is almost doubling the current manpower of 120 million).

There were several reasons for such a manufacturing drive. First, there is a growing concern about the low and stagnant share of the manufacturing sector in India's GDP compared to East Asian countries such as China (35%), Thailand (34%), and Malaysia (31%)⁷. The contribution of manufacturing in India is considered far below its potential. Second, India is a country with the largest young population in the world. This creates opportunities and challenges. India must have 220 million jobs by 2025 in order to reap the demographic dividend. Although India has achieved remarkable growth over the past decade, the main driver of growth was a few service sectors such as ICT, hostelry and finance, which however does not generate broad employment opportunities for all. There is mounting pressure to create gainful employment for the entire workforce, especially for the youth, and robust growth of manufacturing is integral to the inclusive



⁷ Quoted from the National Manufacturing Policy of 2011 with original data based on the World Bank's World Development Report.

growth agenda of the government. This point was emphasized by many in our meetings with officials and experts. Such obsession with job creation is unique in India. In many East Asian countries, policy focus tends to cover global and regional competition (especially with China), productivity and innovation, integration into global value chains, industrial skill development, and other competitiveness-enhancing issues in addition to the sheer number of jobs created.

Like Five-year Plans, the NMP is formulated through extensive stakeholder consultation in which the Department of Industrial Policy and Promotion (DIPP) of the Ministry of Commerce and Industry assumed prime responsibility for coordinating the drafting work.⁸ The initial draft of the NMP was placed on the DIPP's website in March 2010 for stakeholder comments. In response, the National Manufacturing Competitiveness Council (NMCC) proposed a draft national manufacturing policy, incorporating the views of member organizations such as CII, FICCI, management and technical institutes, and various ministries. Industry-specific organizations sent their comments through their supervising ministries. The Planning Commission also commented on the draft NMP, and more recently prepared the National Manufacturing Plan, as part of drafting work of the 12th Five-year Plan as noted above. After the clearance of its final draft by the Cabinet, the NMP was notified by DIPP in November 2011. After that, it entered the implementation stage, with the latest Five-year Plan (through the Manufacturing Plan) supporting this policy direction.

It is important to note that, as a background of this work, the National Strategy for Manufacturing, published by the NMCC previously in 2006, played a critical role. This Strategy gave an impetus to the manufacturing drive and contributed to raising political awareness of "manufacturing imperative" in India. It triggered subsequent actions by the government, such as the Prime Minister's Group Report on Manufacturing (2008)⁹, NMP (2011), and the Manufacturing Plan (2012). The NMCC was created in October 2004 as an apex advisory body to the government based on public-private partnership. It acts as a

⁸ The Ministry of Commerce and Industry has two departments, the Department of Commerce and the Department of Industrial Policy and Promotion. Previously they belonged to different ministries.

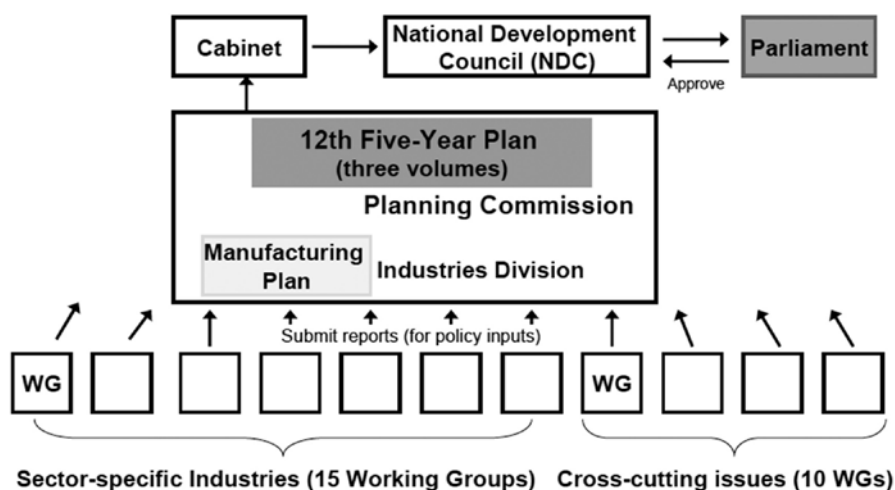
⁹ In 2008, Prime Minister Manmohan Singh constituted a group led by NMCC Chairman Dr. Krishnamurthy to look into the reasons behind the sluggish growth of the manufacturing sector. The group produced the Prime Minister's Group Report on Manufacturing, which recommended measures to ensure its sustained high growth.

policy forum for framing government policies to enhance competitiveness in the Indian manufacturing sector. Its Chairman, Dr. V. Krishnamurthy, is a guru in manufacturing who previously served as the first chairman and CEO of Maruti Suzuki as well as a member of the Planning Commission and enjoys high trust of the Prime Minister. The NMCC is composed of 25 members representing industrial sectors, management and technical institutions, economists, industry organizations, and various offices of the Indian government.

Content-wise, the most notable features of the NMP are (i) establishment of National Investment and Manufacturing Zones (NIMZs) which intend to offer comfortable business environment for both exporters and domestic market targeting enterprises in place of failed SEZs; and (ii) rationalization and simplification of business regulations (e-BIZ project). These measures collectively aim to ease the problems of administrative red tapes and business regulations. The NIMZs are one type of industrial zones where procedural clearances are simplified—for example, in the areas of environment, labor, land acquisition—and one-stop services are provided to enterprises but without any specific financial incentives. To this end, Special Purpose Vehicles (SPVs, for this purpose often called industrial estate management authorities in other countries) are to be created, assuming the role of developer of industrial zones. On the other hand, the e-BIZ project is applied to those firms operating outside NIMZs. It aims to drastically improve business environment by providing efficient and convenient electronic services to investors in the areas of information on forms and procedures, licenses, permits, registrations, approvals, clearances, permissions, reporting, filing, payments, and compliance. Additionally, the NMP also discusses simple and expeditious mechanisms for closure of units, incentives for SMEs, industrial training and skill upgrading measures, and green technologies.

Here again, many government officials and non-government experts stated that the drafting process of the NMP had been consultative with very active participation of stakeholders including concerned ministries, apex business associations (CII, FICCI, AssoCham, etc.), industry-specific organizations, and academia. They appreciated the participatory process and opportunities provided for them to comment on the draft. The process of policy formulation in India is built on the value of democratic society with various constituencies, with enormous effort and energy being expended to ensure the inclusive and

Process of Five-Year Plan Formulation in the Industries Sector



- Often chaired by relevant ministries
- Industry-specific associations participate and/or submit comments through ministries concerned.
- Academia (thinktanks, universities, etc.), business associations participate and/or comment.

Source: GRIPS Development Forum, based on interviews and available information.

participatory nature of the process.

Despite the impressive policy formulation process, India continues to face problems in the implementation stage. This is another point stressed by many officials and experts we met. India needs to strike a balance between formal correctness of policy making procedure which can be supported by democratic aspiration of all stakeholders on the one hand and ensuring effectiveness of implementation (budgeting, staffing, monitoring, etc.) as well as obtaining ultimate objectives such as growth, productivity and competitiveness on the other. India seems to be very strong on the former but weak on the latter. Three things may be mentioned in relation to this problem.

First, though India is admittedly a huge and complex society, extreme subdivision of organizational structure makes the policy process unnecessarily cumbersome. For example, there are 12 ministries directly involved in manufacturing such as the Ministries of Textile, Steel, Heavy Industry, Micro and SMEs, and so on; and 48 ministries are either directly or indirectly related to the manufacturing sector. In most East Asian countries such as Japan, Taiwan, Korea,

Malaysia, and Thailand, only one ministry directly handles all manufacturing issues. In export promotion, the textile sector alone has 10-12 agencies separately promoting exports of apparel, cotton, wool, synthetic fiber, handloom, power loom, silk, etc. whereas East Asian countries usually have only one export promotion agency for all sectors (JETRO in Japan, KOTRA in Korea, MATRADE in Malaysia, etc.)

Second, while state governments assume prime responsibility for implementing policy measures specified in the NMP, their commitment to policy reforms varies significantly. In manufacturing, state governments issue licenses, provide infrastructure, facilitate land acquisition, oversee environmental clearance, and so on. In these matters state autonomy is ensured and the federal government cannot simply instruct state governments. Consequently, large performance variation exists among states in, for instance, attracting investment and developing industries.

Third, although the NMP outlines policy direction and broad measures, there is no concrete action plan which specifies sub-actions, expected outcome, deadlines, monitoring criteria and procedure, organizations with principal responsibility, and organizations with supplementary responsibility. Such action plan matrices are used to ensure policy implementation in a number of countries, but no such mechanism has so far been mobilized in India.

National Investment and Manufacturing Zones (NIMZs), featured in the NMP in which the Delhi-Mumbai Industrial Corridor (see section 5) is supposed to be the spearheading showcase, may also face similar problems in the forthcoming implementation stage. It is unclear whether and how fast the NIMZ concept can be put into practice. First, the establishment of an NIMZ requires approval by both federal and state governments. According to the NMP, the application for establishment of an NIMZ must be forwarded by the state to DIPP upon which DIPP will constitute a Board of Approval for considering all such applications and approving such proposals as are found feasible. Each NIMZ will be notified separately by DIPP. How quickly and smoothly this process will go is to be seen.

Second, it is questionable whether a state-run SPV is capable of functioning as an effective one-stop shop for NIMZs. Providing customer-oriented services to prospective investors and promptly solving daily operational problems faced by tenant firms in NIMZs is a challenge that requires deep understanding of global

trends, enormous expertise, and dedicated effort. East Asian experiences show that only a limited number of industrial estates can supply such services, and it is particularly a tough call for state-run bodies. In fact, industrial zones in East Asia, upon official approval, are usually built and managed by domestic or foreign private developers rather than operated directly by the public sector. Given that Indian authorities have not had any experience in offering efficient business-support functions in industrial estates, how effectively proposed SPVs can operate needs to be seen.

4. Kaizen

The concept and practice of kaizen, and its associated tools such as 5S, muda elimination, suggestion box, QCC, TQM, quality awards, etc., are widespread among officials and organizations in the manufacturing sector of India. Though our mission had no time to study the extent of sectoral or geographical reach, it is clear that kaizen is a firmly established practice in the Indian automotive sector and is also recognized in some other sectors such as textile¹⁰. India is one of the few countries that use the Japanese term “kaizen” to denote this practice¹¹.

Kaizen was introduced to India with the establishment of the first factory of Maruti Suzuki (joint venture of Suzuki for automobile manufacturing) in Gurgaon in the State of Haryana in 1984. Indian managers and engineers at Maruti Suzuki were trained and local component suppliers were selected and improved as required by Japanese quality standards. For this, the Maruti Center for Excellence (MACE) run by Maruti Suzuki, as well as the Association for Overseas Technical Scholarship (AOTS)¹² training in Japan (Nagoya), played key roles. Japanese component suppliers, such as Daiichi, and Japanese organizations, such as the Japan Productivity Center, also assisted Indian companies. Introduced practices changed names from Toyota Production System (TPS) to Suzuki Production

¹⁰ Previously we visited an Indian textile firm spinning synthetic fiber in Kitwe, Zambia, which practiced kaizen throughout its factory.

¹¹ The term kaizen is also well known in Thailand and Ethiopia among industrial circles. In Singapore, Taiwan, Korea, and Malaysia, substance of kaizen is broadly introduced without calling it kaizen.

¹² In April 2012, AOTS and the Japan Overseas Development Corporation (JODC) were merged into the Overseas Human Resources and Industry Development Association (HIDA).

System (SPS) then to Maruti Production System (MPS) but the contents remained essentially the same. Honda also teaches kaizen. Other automotive producers in India include Hyundai, Toyota, GM, Volkswagen, Tata, and Mahindra & Mahindra (the last two are local and mainly produce commercial vehicles).

After nearly three decades of introduction, kaizen is widespread among car assemblers and component suppliers. It is practiced smoothly without Japanese assistance. All 380 first-tier suppliers of Maruti Suzuki must practice kaizen which is introduced by vendor training programs and monitored regularly. Local suppliers teach kaizen to employees and new recruits through in-house training as well as MACE and other external programs. One salient feature of Indian kaizen is active interaction and migration of kaizen leaders both vertically and horizontally (between Maruti Suzuki and suppliers as well as among suppliers). It is common that experienced kaizen experts at Maruti Suzuki teach vendors through short-term visits or long-term assignments. Kaizen leaders of each company know each other well through various programs, award ceremonies, and mutual assistance. This promotes information sharing, standardization, and training of new employees. While exact data are difficult to obtain, it is suspected that highly experienced Indian kaizen leaders are thousands in number, if not more. While excellent persons and practices are frequently recognized by prizes and awards, India does not have any official licensing or certification of kaizen leaders.

Another interesting feature of India is that kaizen has so far been private sector activity without any support from government. In this sense, its development is closer to Japan than Singapore or Ethiopia where the state is (was) the initiator of national productivity movement. The Confederation of Indian Industry (CII) and the Automotive Component Manufacturers Association (ACMA), as business associations, are active promoters of kaizen. CII is particularly important in spreading the practice to non-automotive sectors. Its headquarters has a library that carries manuals and textbooks on kaizen. In this regard, JICA's Visionary Leaders for Manufacturing (VLFM) program, led by Professor Shoji Shiba, for inculcating the spirit of Japanese manufacturing to senior and middle managers, is an important component (human capital). Another important industrial cooperation of JICA is the Delhi-Mumbai Industrial Corridor (physical infrastructure), as discussed below.

The mission visited one factory, Horizon Industrial Products, Pvt. Ltd., a

Blue Peter Group company, in Manesar Industrial Zone in the State of Haryana. Blue Peter was a metal utensil manufacturer which turned to the production of Maruti Suzuki components with the help of Maruti Suzuki in 1985 and Honda components in 1996. Its products are welded and stamped automotive metal parts (45 parts for 6 car models) as well as jacks for all Maruti Suzuki cars. The factory has 120 staff (all Indians, of whom 60 are managers and engineers) with a very low turnover (1% quit rate per year). It has six experienced kaizen leaders who migrate actively across companies, three of whom were trained by AOTS. General Manager Mr. V.K. Saxena is a veteran of kaizen since 1984 who was dispatched from Maruti Suzuki to Horizon in 2010. The factory practices the same quality and productivity activities as in any excellent Japanese company, including morning meetings, weekly staff meetings, wall posters, kaizen and other boards, safety control, suggestion box, red box (rejected parts are analyzed), in-house training and awards, seven QC circles, clean toilets, family events and sports, etc. It received the Corporates of the Future Award from CII and 5S Silver Award from the Suppliers Convention. For Maruti Suzuki (largest customer occupying 60% of orders), the Dispatch Instruction System is used where part orders are received on the previous day by email and delivered the next day by trucks, by 11am to the Gurgaon Factory and by 2pm to the Manesar Factory of Maruti Suzuki.

5. Delhi-Mumbai Industrial Corridor and investment promotion by the State of Gujarat

The Delhi-Mumbai Industrial Corridor (DMIC) is a flagship project of the governments of Japan and India, agreed by the two top leaders¹³. DMIC is conceptualized to eventually become India's largest industrial belt by linking the industrial zones and harbors of the six states between Delhi and Mumbai (Uttar Pradesh, Haryana, Madhya Pradesh, Rajasthan, Gujarat, and Maharashtra) in order to promote export and investment by foreign enterprises, particularly those from Japan. Under the DMIC initiative, plans are also being developed

¹³ See the Japan-India Strategic and Global Partnership, signed by two Prime Ministers Mr. Noda and Dr. Singh in December 28, 2011, entitled "Vision for the Enhancement of Japan-India Strategic and Global Partnership upon Entering the Year of the 60th Anniversary of the Establishment of Diplomatic Relations." http://www.mofa.go.jp/mofaj/kinkyu_img/20111229_01.pdf

to create industrial zones and logistics hubs with well-developed infrastructure extending up to 150 kilometers on both sides of the Western Dedicated Freight Corridor (DFC) which aims to provide fast-freight railway connection between Delhi and Mumbai.¹⁴ The Japanese government is actively exploring ways to support the implementation of the NMP for which the DMIC project is regarded as the principal instrument. The Japan International Cooperation Agency (JICA) has already signed ODA loan agreements (450 billion yen on STEP terms¹⁵) on the DFC project. The Japan Bank for International Cooperation (JBIC) is also supporting the DMIC Initiative by contributing to the Project Development Fund (US\$75 million) and equity participation in the DMIC Development Corporation (DMICDC)¹⁶. The majority of infrastructure projects in DMIC are envisaged to be implemented through public-private partnerships.

Out of the six states covered in DMIC, the State of Gujarat is the front runner in investment promotion and business environment. Furthermore, about 37% of the planned DMIC route will pass through Gujarat and more than 60% of total investment is likely to come to Gujarat (according to the information provided by the Resident Commissioner of Gujarat in Delhi). Thanks to its proactive and business-friendly policies for investment promotion, Gujarat has achieved tangible results in enhancing the social and economic welfare of its people and has become a highly industrialized state. Gujarat accounts for 7.5% of India's GDP (2011-12), 17% of national industrial output (2011-12), 26% of total investments (implemented projects up to 2011), and 25% of India's exports (2010-11). With a long coastal line, the state is strategically located and its ports handle 37% of India's total port cargo (2011-12). Unlike other states, Gujarat is a power-surplus state that can supply electricity without interruption in every town and village in the state.

Gujarat's achievements can be attributed to three factors: (i) good leadership of the current Chief Minister, Narendra Modi, who assumed office in 2001; (ii) cultural traits of the Gujarat people who are industrious and business-oriented; and

¹⁴ Quoted from JICA homepage: <http://www.jica.go.jp/english/news/press/2010/100726.html>

¹⁵ The scheme of Special Terms for Economic Partnership (STEP) is designed to promote ODA with a distinct Japanese profile through transfer of Japan's advanced technology and know-how to developing countries.

¹⁶ JBIC will invest about 260 million rupees (\$4.67 million) or 26% stake and send an executive as a board member of the DMICDC. JICA will also send an expert to DMICDC to provide technical advice.

(iii) enabling business environment provided by the federal government through economic liberalization since 1991. In particular, Chief Minister Modi has won high reputation for his pro-business policy and moral authority. From around 2002-03, various reform initiatives were taken under his leadership, which led to increasing FDI to Gujarat. A good example is “Vibrant Gujarat Global Investors Summit,” a summit organized every two years by the Gujarat state government inviting business leaders and prospective investors from all over the world. The first summit was held in 2003, and the sixth one is planned for January 2013. Gujarat is ranked top among Indian states in terms of total investment attraction including both domestic and FDI, and is poised to become a new hub for automotive production in India. Tata and Ford have already car plants in Gujarat¹⁷ and Maruti Suzuki plans to build its third factory in Gujarat with expected start of operation by 2015.

Gujarat formulated its state industrial policy in 2009 embracing a vision of “Gujarat aspires to become a beacon of comprehensive social and economic development”. The industrial policy of Gujarat discusses extensively the need to leverage DMIC and its surrounding area to integrate industrial, social, and infrastructure development. To this end, special emphasis is placed on clusters, large industrial zones (which can become NIMZs, subject to the approval of DIPP), special economic zones (SEZs), and special investment regions (SIRs). The state industrial policy is also mindful of the urgency of job creation and skill development in light of growing young population who will enter the labor market in the near future.

Regarding large industrial zones, the Gujarat Industrial Development Corporation (GIDC), an SPV funded by the state through paid-up capital, constructs basic infrastructure such as roads, power, water, sewerage, waste treatment, etc. and develops industrial zones including land acquisition¹⁸. The Industrial Extension Bureau (iNDEXTb) of Gujarat promotes investment in industrial and infrastructure projects, acting as a single contact point. As part of the DMIC initiative, establishment of an industrial park dedicated solely to

¹⁷ Tata Motors originally planned to invest in the State of West Bengal, but decided to eventually come to Gujarat due to the difficult business environment in the former, especially in land acquisition.

¹⁸ In India, land acquisition for industrial purpose is a very difficult matter due to complex registration of land inherited through history which does not easily reveal all owners. As a result, investors must spend significant time in investigation and negotiation with farmers.

Japanese enterprises is planned at Detroji (Sanand area)¹⁹. Currently, details are being worked out to launch the offer in December 2012.

A unique feature of this industrial zone is deep involvement of the Japan External Trade Organization (JETRO) in providing full advisory and consultative services to Japanese firms interested in investing there. Furthermore, JETRO even directly negotiates with state authorities (including GIDC and iNDEXTb) on behalf of individual Japanese enterprises on matters that require immediate attention and action. In East Asia, such concrete problem-solving is usually handled by private industrial estate developers, foreign or local, while JETRO's role is to provide general information and facilitate FDI in its initial stages. India is the only country where JETRO provides full investor services both before and after investment in place of private developers. Detroji is the second case of Japanese industrial zones fully supported by JETRO, following the Nimurana Industrial Zone located in the State of Rajasthan²⁰. JETRO intends to scale up the expertise accumulated through the experience of the Nimurana Industrial Zone to other states, particularly Gujarat.

In India, manufacturing is the “concurrent” sector in which federal and state governments have shared responsibility for policy implementation. While the federal government sets minimum standards for the regulatory framework (e.g., environment, labor codes), state governments can set their own guidelines (which are stricter than federal standards), issue business licenses and permits, facilitate land acquisition, and supply infrastructure. Now that the first generation of economic reforms (general liberalization) has advanced at the federal level, state-level efforts for the second generation of reforms (which should include creation of jobs and value added) matter a lot for investors' choice of location for establishing new factories. States that offer superior initiatives and business environment are likely to garner the lion's share in new industrial investment.

¹⁹ Along DMIC, there are five planned NIMZs including a Japanese industrial zone in Gujarat (Detroji) mentioned in the text. They are the first NIMZs notified by DIPP. It should be noted, however, that the concept of DMIC was shaped before the NMP invented the concept of NIMZs.

²⁰ The Rajasthan Industrial Investment Corporation is responsible for the development and management of the Nimurana industrial zone. About 80% of the Nimurana Industrial Zone has already been rented out to approximately 40 companies.

6. Concluding observation

Successful execution of development policies requires fulfillment of the following steps.

- (i) *Policy formulation*—vision creation, consensus building, stakeholder consultation, surveys and analyses, and documentation
- (ii) *Implementation*—budgeting, staffing, legal base, organizational setup, assignment of authority and responsibility, and monitoring and evaluation
- (iii) *Economic performance*—growth, structural transformation, job and income creation, productivity, innovation, and competitiveness.

Needless to say, (iii) is the ultimate goal while (i) and (ii) are the means to attain it. It must be stressed that perfection in (i) alone, or even (i) and (ii) jointly, does not automatically guarantee (iii). Each step requires separate expertise and conditions, and their linkage is a complex one. If (ii) is lacking despite good effort in (i), implementation must be additionally learned. If (iii) is missing despite progress in (i) and (ii), government should go back to (i) and re-work the direction and concrete content of the policy from scratch. Studying India's policy method sharply reminds us of linkage issues among these policy steps.

India is very strong in (i) but weaker in (ii) and (iii). The new manufacturing policy in particular and development policies in general are the products of highly complex consultation and interaction of all key players—national leaders, federal and state governments, business associations, and academia. The participatory process is exemplary and admirable, and may even serve as a model for other developing countries. Virtually all officials and experts whom we interviewed emphasized that the huge size, diversity, and democratic tradition of India supported and legitimized this elaborate policy process.

Special features of India certainly dictate its policy methods. Due process and consultative effort must be respected. At the same time, however, it should also be pointed out that size, diversity and democracy do not justify all complexities and duplications. What can be simplified without loss of efficiency or legitimacy should be simplified. There seems to be excessive subdivision of policy organizations and too many overlaps of responsibilities within the Indian government that can be streamlined. For competent and proud technocrats, there is even a risk that policy formulation becomes the end in itself without producing final economic results. The

way must be sought to strengthen (ii) and (iii) while maintaining the achievements in (i)²¹.

The first-generation reforms launched in 1991 were “easy” ones of gradual liberalization and opening up. The process has almost run its course and produced initial results in economic growth. However, this is not enough to compete globally and reach high income in the 21st century. The next step should be establishment of policies and institutions to encourage and even compel domestic citizens and enterprises to create value and compete effectively with a strong foundation in productivity and innovation. Topics frequently discussed by Indian authorities during our mission—further liberalization and deregulation, job creation, infrastructure, industrial zones, etc.—are traditional ones that constitute only a subset of industrial policy menus in East Asian high performing countries. From now on, India is likely to need more proactive industrial policy that not only cursorily mentions but can also actually implement a large number of capability enhancing measures such as TVET, skills matching, SME management and finance, FDI-local linkage, benchmarking, technology transfer, commercialization of R&D, coalition among government, businesses, and academia to produce new industries and products, and so on.

²¹ During our stay in Delhi a local newspaper printed an article by one of the members of the Planning Commission (Arun Maira, “The Reforms That Matter,” *The Times of India*, September 29, 2012). His argument was that institutional reforms of government and policy making institutions were key to the successful implementation of the 12th Five-year Plan, in which coordination within the Indian system and administrative reforms were most urgent. Admittedly, coordination and effective administration are important for policy execution, but they are not enough. For India, acquiring technical expertise in industrial corridor design, strategic FDI attraction, one-stop investor services, etc. on the ground is equally important for successful policy implementation.

Mission Schedule (23- 30 Sept. 2012)

1. Mission Members

Kenichi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Izumi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Mieko Iizuka	Research Assistant, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan

2. Mission Schedule

DATE				TIME	ACTIVITY
1	Sep	23	Sun	AM	
				PM	Arrival
2	Sep	24	Mon	AM	Prof. Amitabh Kundu, Jawaharlal Nehru University
				PM	Office of the Resident Commissioner, Government of Gujarat
3	Sep	25	Tue	AM	Confederation of Indian Industry (CII)
				PM	Indian Council for Research on International Economic Relations (ICRIER)
				PM	Mr. Kazuki Minato, Institute of Developing Economies, Japan (@IEG)
				PM	Prof. Arup Mitra, Institute of Economic Growth (IEG)
4	Sep	26	Wed	PM	Business dinner with JICA India office @ Oberoi Hotel
				AM	Horizon Industrial Products PVT. LTD.
5	Sep	27	Thu	PM	Apparel Export Promotion Council (AEPC)
				AM	Dr. Ram Upendra Das, Research and Information System for Developing Countries (RIS)
				AM	Planning Commission
6	Sep	28	Fri	PM	Society of Indian Automobile Manufacturers (SIAM)
				PM	Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry
				AM	JETRO New Delhi
				AM	JICA India Office
7	Sep	29	Sat	PM	National Manufacturing Competitiveness Council (NMCC)
				PM	Department of Economic Affairs, Ministry of Finance
8	Sep	30	Sun	AM	Departure (Kenichi Ohno & Izumi Ohno)
					Departure (Mieko Iizuka)

Organizations/Persons Visited

The Government / Governmental Organization of India

Organization	Name	Position
Planning Commission	Renu S. Parmer	Adviser (Industry & VSE)
Department of Industrial Policy & Promotion, Ministry of Commerce and Industry	Daniel E. Richards	Director
National Manufacturing Competitiveness Council (NMCC), Ministry of Commerce & Industry	Gaurav Dave	Joint Secretary
	R.Dharini	Deputy Chief
Department of Economic Affairs, Ministry of Finance	M.C.Singhi	Senior Adviser
	Gopal Singh Negi	Adviser
Office of the Resident Commissioner, Government of Gujarat	Bharat Lal	Resident Commissioner
Industrial Extension Bureau, A Govt. of Gujarat Organization	Amresh Chandha	Jr. Resident Officer
Apparel Export Promotion Council (AEPC)	Chandrima Chatterjee	Director, Economic & Consultancy /Compliance

Research Institutes/ University

Organization	Name	Position
Jawaharlal Nehru University	Amitabh Kundu	Professor
	Purushottam M. Kulkarni	Professor
	Deepak Kumar Mishra	Associate Professor
	Bishwanath Goldar	Visiting Professor
Indian Council for Research on international Economic Relations (ICRIER)	Rajat Kathuria	Director & Chief Executive
	Arpita Mukherjee	Professor
	Chetan Ghate	Researve Bank of India Chair
	Sanjana Joshi	Senior Consultant
	Francis Xavier Rathinam	Senior Fellow
	Pooja Sharma	Senior Fellow
Institute of Economic Growth (IEG)	Arup Mitra	Professor of Economics
Research and Information System for Developing Countries (RIS)	Ram Upendra Das	Senior Fellow

Private Sector

Organization	Name	Position
Confederation of Indian Industry (CII)	Sarita Nagpal	Deputy Director General
Society of Indian Automobile Manufacturers (SIAM)	Ritika Changia	Assistant Manager
Horizon Industrial Products PVT. LTD.	V.K.Saxena	General Manager (Quality)
	Sugata Roy Chowdhury	Factory Manager

Governmental Organization of Japan

Organization	Name	Position
JETRO New Delhi	Tomofumi Nishizawa	Director (Research)
	Kenichiro Toyofuku	
	Shinya Ejima	Chief Representative
JICA India Office	Sei Kondo	Representative
	Kazuyoshi Ohnuma	Representative
	Yui Nakamura	Programme Specialist
Institute of Developing Economies	Kazuki Minato	Researcher

List of Information Collected

Source	Title	Authors/Publisher
Jawaharlal Nehru University	Centre for the Study of Regional Development (CSRSD), A Profile Vibrant Gujarat, Global Trade Show 2013	CSRSD, SSS, Jawaharlal Nehru University
Office of the Resident Commissioner, Government of Gujarat	CD (including "Summit Brochure, Destination Gujarat, Sector Profile, Presentations & Films, Doing Business in Gujarat" 50 Golden Facts about Gujarat Destination Gujarat Welcome to Vibrant Gujarat -The Global Business Hub- Centres of Excellence Wider Perspectives, Clearer Strategies, Smarter Initiatives <i>Retail in India</i> , 2009 <i>FDI in Retail Sector INDIA</i> , 2005 Japan Project Newsletter 2011-12 about ICRIER ICRIER : Medium Term Strategy (2009-10 to 2019-20) Leaflet	Industrial Extension Bureau, A Govt. of Gujarat Organization
Confederation of Indian Industry (CII)		CII
Indian Council for Research on International Economic Relations (ICRIER)		Mathew Joseph & Nirupama Soundararajan Arpita Mukherjee & Nilisha Patel / ICRIER
Society of Indian Automobile Manufacturers (SIAM)	Automotive Mission Plan 2006-2016 -A Mission for Development of Indian Automotive Industry- List of Items reserved for Exclusive Manufacture by Micro and Small Enterprise Sector Definition of Micro, Small and Medium Enterprises in India (ANNEXURE-XII) Statement on Industrial Policy (July 24, 1991)	Ministry of Heavy Industries & Public Enterprises
Ministry of Commerce and Industry Department of Industrial Policy & Promotion (DIPP)	Brief on Package for Special Category States of J&K, H.P. and Uttarakhand Delhi-Mumbai Industrial Corridor (DMIC) Project National Manufacturing Policy Press Note No.2 (2011 Series) Annual Report 2011-12	DIPP, Ministry of Commerce and Industry
National Manufacturing Competitiveness Council (NMCC)	Measures for Ensuring Sustained Growth of the Indian Manufacturing Sector (Report of the Prime Minister's Group), September 2008 PPT: Welcome to the Mission Members of GRIPS, Japan The latest economic situation of India (Sept. 2012)	NMCC
JETRO New Delhi	JETRO Business Support Center (New Delhi) Economic situation and business environment of India (Sept. 2012) Comparative cost study for investment (Apr. 2012) List of Japanese companies operating in India (Oct. 2011) Trend of Japanese companies starting business operation in India, by industry (Apr.2012~) Trend of local & foreign companies in India, by industry (Apr. 2012~) Summary of the 6th survey on wage (Jun. 2012) News Letter from JICA-India Office, Issue 18 & 19	JETRO, New Delhi Office (originally written in Japanese)
JICA India Office	List of Projects in India 2012 Operations & Activities in India Visionary Leaders for Manufacturing (VLFM) Indian National Award on Professor Shoji Shiba	JCCI (originally written in Japanese) JICA India Office JICA (originally written in Japanese) CII

5. Mauritius

—A Business-Friendly Island Economy

(October 1-4, 2012)

The policy research team of the GRIPS Development Forum (GDF), consisting of Prof. Kenichi Ohno, Prof. Izumi Ohno and Ms. Sayoko Uesu, visited Mauritius from 1 to 4 October, 2012. The mission objective was to collect information on (i) industrial policies, tools and policy formulation mechanisms of Mauritius in the past and present, and (ii) its current economic policy direction. We have conducted similar missions in a number of other Asian and African countries in search of best and diverse policy practices. Information from these countries, including Mauritius, will be used in our policy dialogue with other developing countries as well as for informing the Japanese authorities involved in development cooperation, including those preparing for the Fifth Tokyo International Conference on African Development (TICAD V) scheduled in June 2013. We would like to express our sincere appreciation to all organizations and individuals who kindly received us and shared valuable information and insights with us¹.

1. History

Mauritius is a small island located in the Indian Ocean with a population of 1.3 million. The island was uninhabited until the Dutch came to colonize the island, unsuccessfully, in the 17th century. After being abandoned by the Dutch in 1710, the French took possession of the island in 1715 and ruled for the next hundred years bringing Malgash and other African people from the continent. As a result of France-Britain battles, Mauritius was colonized by Britain in 1810 and a large number of Indians were brought to the island as labor at sugar and tea plantations. With a constant influx of Chinese workers beginning in the early 20th century,

¹ Our deepest gratitude goes to Mr. Seewraj Nundlall, Director of Goods Producing Sector of the Board of Investment, who kindly coordinated all meetings with the public sector. The mission members would also like to thank Dr. Jean-Claude Maswana of the JICA Research Institute for his intellectual and pragmatic help in conducting the field research.

Mauritius became a multi-ethnic society where the majority was Hindu followed by Créole, Muslim, and Chinese. Ethnic and cultural diversity has become a fundamental feature and asset of Mauritius to this date, where every citizen speaks both English and French as well as their native language. Mauritius became independent in 1968 and has enjoyed relative political stability since then.

At the time of independence, the economy was dominated by sugar plantation which exported raw sugar to Europe. In the 1980s, Mauritius initiated economic development with steady progress in structural transformation. With its per capita GNI reaching US\$8,240 in 2011 (World Bank), by now the country is regarded as one of the most successful economies in Africa and extensively studied as model cases. Mauritius is also ranked high in terms of investment climate, competitiveness, climate and governance. For consecutive years, the country has been ranked top in Africa in the World Bank's Ease of Doing Business Report². The World Economic Forum's Global Competitiveness Index ranked Mauritius at 54 out of 133 countries in 2011-12, behind only South Africa in the Africa Region. The country scored the highest in the 2011 Ibrahim Index of African Governance.

However, success was neither naturally arising nor easily foreseeable at the outset when the economist and Nobel Prize winner James Meade, around the time of independence, gave a pessimistic view on the future of the island nation due to the lack of natural resources and remoteness to any industrial areas, which were seen as major obstacles for industrialization³. However, monoculture and isolation did not prevent Mauritius from achieving an economic miracle. In retrospect, the Mauritian government has been reasonably wise and strategic, making right choices at every difficult point in the nation's short history. Proactive and foresighted policies included establishment of Export Processing Zones (EPZs) and development of the textile sector in the 1970s, as well as a more recent and

² Mauritius was ranked 19th out of the 185 countries in the 2013 Doing Business Report, improving five ranks from the previous year. The country's ranking of Ease of Doing Business is always the focus of attention of the government and private sector. For example, when Mauritius lost three ranks in the 2012 Report, both the government and private sector took this issue seriously (even though it has remained top rank in Africa). The JEC memorandum on 2013 budget suggests that Mauritius improve its "Ease of Doing Business" environment and aim at the top 15 countries in the next three years.

³ James Meade, a British recipient of the Nobel Prize in economics, prophesied in the early 1960s that Mauritius's development prospects were poor—that the country was a strong candidate for failure, with its heavy economic dependence on one crop (sugar), vulnerability to terms of trade shocks, rapid population growth, and potential for ethnic tensions.

successful restructuring of the sugar sector, as explained below. Mauritius has diversified its industrial base and moved up to high-end products and services, as described by the Joint Economic Council (JEC) in Figure 1 below, a movement that still continues today.

By the 1990s the national economy had three pillars of sugar, textile and tourism. The textile industry was particularly remarkable, as it created more jobs, boosted export, and contributed significantly to the industrialization of the island.

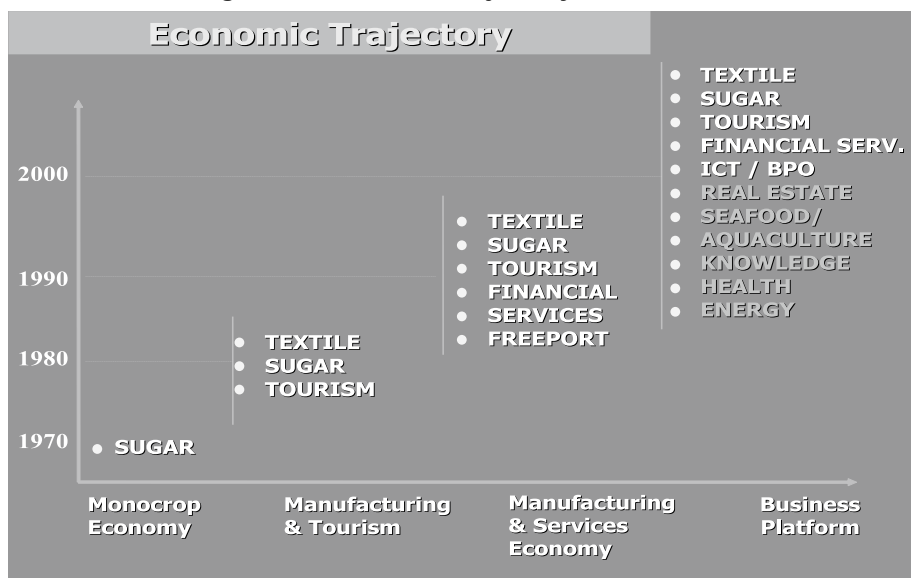
Whenever possible, the mission asked public and private sector leaders of Mauritius for the reason of success. Common answers included the smallness of the country where all key players in businesses and government personally know each other and work together intensively; and historical existence of entrepreneurs and strong business culture which can interact with and lead government effectively. With a capable public sector and a dynamic private sector, balance between state and market has also been well managed historically without going to either extremes.

2. New policy direction

However, success up to recent past was mainly due to ample supply of unskilled labor and trade privileges such as sugar quotas and price guarantees in the European market as well as the Multi-Fiber Agreement (MFA) and the US African Growth and Opportunity Act (AGOA) for Mauritian garments. In recent years, harsh competition from China and other Asian countries emerged. Moreover, as the country gradually lost generous trade preferences in sugar and textile mentioned above, especially with the dismantlement of MFA at the end of 2004, many investors relocated their factories to other countries and the manufacturing sector of Mauritius began to shrink. This compelled the government to shift its policy focus from privileged market access to a more open economy in pursuit of global competitiveness based on human resource and technology.

The government has often sourced developmental ideas from East Asian economies such as Taiwan and Singapore. In particular, the experiences of Singapore, an island nation with spectacular performance, have been closely studied influencing the economic and administrative management of Mauritius as a reference point and benchmarks. In 2005, when the administration of Navin

Figure 1. Economic Trajectory of Mauritius



Source: Joint Economic Council (2012).

Ramgoolam came to power, the new government initiated a series of bold economic reforms, which were also inspired by Singapore’s experiences.

One of the boldest measures was extreme simplification of tax rates. All taxes, including corporate tax, VAT and personal income tax, are now uniformly set at 15%. No special treatment or exemption is offered unlike the previous incentive system built on generous tax holidays.

The government currently promotes both traditional sectors and new growth areas. Traditional sectors—sugar and textile in particular—are supported for consolidation and more value creation. Mauritius still wants to develop manufacturing as it has greater spillover effects than other sectors⁴. At the same time, ICT, medical devices and services, precision engineering, pharmaceuticals, seafood, “land-based oceanic” (deep sea water development), and so on, are added as newly targeted sectors. The government is preparing skills upgrading programs to meet human resource needs of these industries.

⁴ According to a certain study, an output increase of 1 rupee in manufacturing generates additional 51 cents in other sectors whereas a similar increase in the service sector creates only 27 cents additionally.

Another policy initiative is opening up to more aggressively absorb financial and human resources from abroad to stimulate the economy. While Mauritius has always tried to attract professional expatriates such as accountants and lawyers, the government has extended the policy even to unskilled labor despite some social concerns. In fact, because of the shortage of non-professional labor in the country, the manufacturing sector now has to recruit unskilled workers from China, Bangladesh, Madagascar, and so on.

Deepening regional integration and becoming an international bridge is another important pillar. Being a member of the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), Mauritius now sees countries in Eastern and Southern Africa as promising markets. The government is also trying to take full advantage of its geographical location to become a bridge between growing Asia and Africa for business and finance. In this connection, the government is negotiating a new Air Access Policy to increase flights to these regions. Certainly, Mauritius is well connected to Europe by air; but there are no direct flights to targeted African countries except South Africa.

Two recent instances of successful policy adjustments in key industrial sectors of textile and sugar also deserve special mention.

First, in order to cope with the announced disappearance in January 2005 of the MFA, from which Mauritian garment producers had benefited greatly, the government established a High-Powered Committee led by the Ministry of Industry. The committee reviewed the sector and decided to put much greater emphasis on productivity and competitiveness instead of guaranteed access to large markets. Textile Emergency Support Team (TEST)⁵ was set up in July 2003 as a joint private-public initiative to assist any enterprise which showed serious intention to become more competitive. TEST conducted work in two stages: (i) diagnosis of individual enterprises, followed by (ii) financial assistance to restructure them with the help of external consultants. Free diagnoses were carried out by the National Productivity and Competitiveness Council (NPCC, see below).

⁵ Gilles Joomun, "The Textile and Clothing Industry in Mauritius," pp.206-207, in Herbert Jauch and Rudolf Traub-Merz (eds.) *The Future of the Textile and Clothing Industry in Sub-Saharan Africa*, Bonn: Friedrich-Ebert-Stiftung, 2006, see <http://library.fes.de/pdf-files/iez/03796/14mauritius.pdf>.

Out of 260 eligible textile and garment firms, only 43 took advantage of free diagnosis, and none of them actually availed itself of subsidized restructuring. A balanced mix of private effort and partial official support succeeded in downsizing the sector. Weak producers exited while remaining enterprises are continuing to improve productivity and becoming lean⁶.

Second, when the sugar industry was seriously hit by the removal of price and quota privileges of the EU market and forced transition to global competition in 2007, the Mauritian government negotiated with the EU for the provision of funding for an upgrading program, in which the sugar industry was assisted in consolidation and upgrading. New activities such as establishment of refineries, development of specialized sugar, creation of the bio mass industry, and distillery of rum were initiated. Job loss due to the closure of many sugar mills for consolidation into four large mills was compensated by a general retirement scheme. The fact that the Mauritian sugar industry could be transformed in this way within only five years was considered a miracle.

In the current policy debate, another wave of policy adjustments, which may be larger than the case of textile or sugar, is discussed. Since around 2005 Mauritius began decisively to shift from the trade privilege regime to the open competition regime. However, before solid results were obtained, global situations became severely unstable with the Lehman shock and the Euro crisis. Challenges from emerging economies such as China and India are also constraining the competitiveness of Mauritius. One group, for example the Ministry of Finance and Economic Development, advocates further external opening and freer markets for actively inviting foreign enterprises and talents to invigorate the economy. Another idea, which seems more widely shared among various public and private bodies, wants government to do a little more, especially in sectoral targeting and incentives, to push the private sector because this group feels that leaving economic development to market alone does not always attain the nation's full

⁶ The mission visited the main factory of Esquel (Mauritius) Ltd., a member of Esquel Group of Companies headquartered in Hong Kong. It employs 3,000 people with additional 2,000 in three other factories on the island. All materials come from China and this factory manufactures high-end cotton shirts (retail prices of \$60-80) for the US market. It was the most advanced garment factory that the mission had known in terms of processes, skills and quality control. Although workers' wages are high and rising (\$300-650 per month), they are easily offset by continuous productivity increase. Orders are rising despite global economic crises and the company has to expand capacity every year.

potential. There are also people in the middle who support new policy initiatives but are hesitant to endorse selective promotion. This is a fundamental question in industrial policy and it is interesting to see how the debate goes in the context of Mauritius.

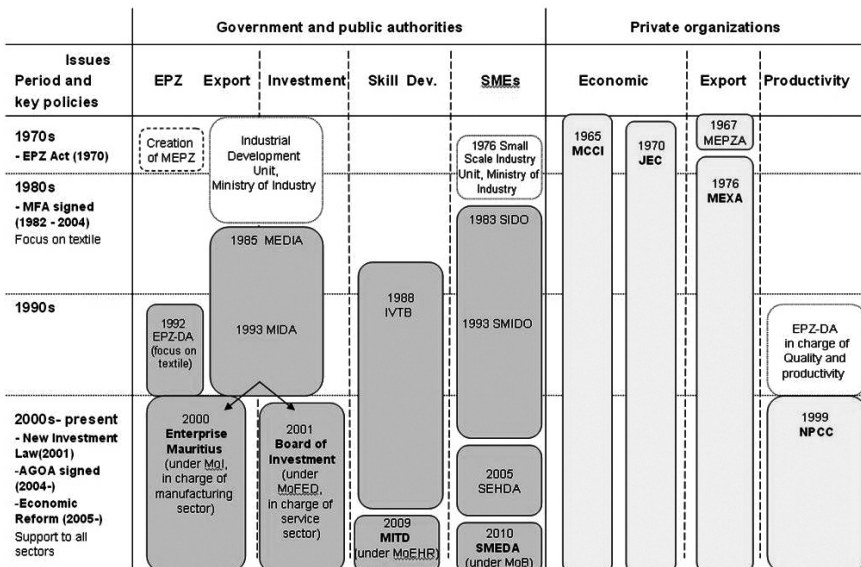
3. Key support institutions and their evolution

Since the late 1960s, institutions have been created to promote economic development, initially to support the sugar industry and EPZs for the textile industry and subsequently to promote other industries. Figure 2 shows their evolution over the last four decades.

EPZs and export promotion

The history of Mauritius Miracle is closely associated with the development of Export Processing Zones (EPZs) initiated in the late 1960s. With limited impact of the previous import substitution program, the government under the leadership of

Figure 2. Evolution of Major Institutions since the 1970s



Source: GRIPS Development Forum

Prime Minister Seewoosagur Ramgoolam and Minister Duval explored alternatives including the establishment of EPZs, although foreign (European) experts advised the Prime Minister that EPZs would not work in Mauritius because of remoteness and resource constraints.

The driving force behind the introduction of EPZs was Professor Edouard Lim Fat, a Sino-Mauritian professor and engineer, now respected as the “Father of Mauritius EPZ.” Intrigued by the success of EPZs abroad, he traveled to Hong Kong, Puerto Rico, Singapore, and Taiwan to study their experiences. Having been assured of its applicability in Mauritius, he submitted a report to the government for its adoption and convinced the Prime Minister to opt for this approach. Prof. Lim Fat’s background, originating in East Asia, also helped to bring initial investors from Hong Kong and other Asian countries. Hong Kong manufacturers were first to come to Mauritian EPZs as they feared that the expected return of the British colony to China in 1997 would destroy their business environment and looked for another production base. Together with Prof. Lim Fat, Ministers of Industry, Foreign Affairs, etc. traveled extensively to promote Mauritian EPZs, which showed firm commitment of the government to this policy and had a considerable impact on attracting foreign investors⁷.

The state worked hard to forge a difficult political consensus toward establishment of EPZs. In December 1970, the Mauritian parliament passed the Export Processing Zones Act and the government created the necessary framework for EPZs. Because strengthening the capacity of the Ministry of Commerce and Industry was imperative, the government called for various technical cooperation programs of international partners to increase its staff size and expertise, and created the Industrial Coordination Unit that covered project evaluation and monitoring, investment promotion, export marketing, project funding, and provision of insurance to protect exporters against defaults by importers. While foreign consulting firms were initially mobilized, they were replaced as soon as Mauritian authorities gained expertise. This unit, initially created for simplifying investment procedure in EPZs, later expanded to become the Mauritius Development and Investment Authority (MEDIA) in 1983 and further renamed to the Mauritius Industrial Development Agency (MIDA) in 1993.

⁷ Sir Edouard Lim Fat, *From Vision to Miracle: Memoirs of Sir Edouard Lim Fat and the Story of the Mauritius Export Processing Zone (EPZ)*, Printed by T-Printers Co. Ltd., Mauritius, 2010.

MEDIA and subsequent MIDA had the following objectives:⁸

- Promotion of goods and service export
- Development and operation of industrial sites and estates
- Plan, implement and review action programs for developing export-oriented manufacturing
- Advice to the Minister on all matters relating to export promotion

More specifically, it provided market information to entrepreneurs, organized and assisted participation in trade fairs, promoted SME development, conducted market surveys, and developed industrial estates. Though MEDIA/MIDA was not meant to be serving only the textile and garment sector, it was in reality one of the main support agencies for this sector which became the dominant industrial engine of EPZs.

Another important institution was the Export Processing Zones Development Agency (EPZDA) set up in 1992 to ensure smooth transition from a labor-abundant to a skills-intensive economy. This agency focused its assistance on the textile and garment sector with its main objectives as follows⁹:

- Diversification of product range
- Maintenance of growth of core textile products
- Moving up the market to attain higher value added exports
- Fostering textile clusters
- Promotion of technology transfer and acting as a technology watch
- Provision of support services in the field of regional cooperation
- Reinforcing knowledge transfer through research and information dissemination
- Skills development
- Promotion of ICT application in industry
- Enhancement of enterprise efficiency through Business Process Re-engineering

One of the main achievements of EPZDA was the establishment of the Clothing Technology Center where training was delivered to employees of the garment

⁸ Gilles Joomun, "The Textile and Clothing Industry in Mauritius," p.205, in Herbert Jauch and Rudolf Traub-Merz (eds.), *The Future of the Textile and Clothing Industry in Sub-Saharan Africa*, Bonn: Friedrich-Ebert-Stiftung, 2006. See <http://library.fes.de/pdf-files/iez/03796/14mauritius.pdf>.

⁹ Ibid., pp.205-206.

sector to enhance their capacity to use new technologies in their factories.

In 2001, MIDA and EPZDA were merged into a one-stop service, Enterprise Mauritius (EM), which provides assistance to the private sector that produces exportable goods which are “Made in Mauritius.” It assists manufacturing firms with such services as export promotion, export facilitation, export development, and policy advocacy on international trade. Although EM is specialized in export promotion, it must cooperate closely with other agencies to achieve results. For exporting SMEs, the Small and Medium Enterprises Development Authority (SMEDA, discussed below) must first strengthen their design and production capabilities. Once their products become exportable, EM can take over and assist SMEs. For exporting FDI, the Board of Investment (BOI, also discussed below) must initially attract appropriate foreign investors. Once they establish production base in Mauritius, EM steps in to help and advise them in marketing their products abroad. While the division of labor among EM, SMEDA and BOI is theoretically clear, according to some observers, coordination among these implementing agencies is in reality not perfect.

FDI attraction

With the promulgation of a new investment law in 2001, the Board of Investment (BOI) was established to facilitate and promote investment in Mauritius. BOI is the national Investment Promotion Agency under the aegis of the Ministry of Finance and Economic Development. Similar to the Economic Development Board in Singapore, it serves as a one-stop shop to both domestic and foreign investors. BOI oversees both the production sector (manufacturing) and the service sector, and also coordinates multi-sectoral investment projects such as the Jin-Fei Economic Zone, a Chinese investment program to create an integrated city combining industrial, commercial and residential areas. Activities of BOI include counseling on investment opportunities in Mauritius, provision of sector-specific and tailor-made information for potential investors, organization of customized meetings and visits, and identification of joint-venture partners. The Board has about 90 staff, which includes about 60 professionals and 30 support staff. It had three overseas bureaus in Mumbai, Paris and London but they are now closed.

The majority of FDI come from the UK, India, France and South Africa, accounting for more than 75% of the total FDI flows in Mauritius in 2010. Real

estate, financial services, healthcare, hotels and restaurants are the major sectors attracting FDI to Mauritius. With the Euro crisis continuing, Mauritius is moving towards new markets in Asia and Africa. The country is increasingly positioned itself to be a major business platform in the Indian Ocean, serving as a bridge between Asia and Africa.

Being a small island country vulnerable to external shocks, Mauritius has been always mindful of sending a strong pro-investment signal to both local and foreign investors. As explained before, Mauritius has one of the world's most generous tax regimes, where personal and corporate tax and VAT are harmonized at 15% and where dividends are tax-free. There is no exchange control, and export-oriented firms enjoy duty-free privilege for their inputs and equipment. Mauritius has also signed non-double taxation agreements with 39 countries so far (of which 13 are African countries) and is signatory to a number of Investment Promotion and Protection Agreements, namely with 36 countries (BOI website).

For these reasons, BOI was awarded the Investment Promotion Agency of the Year Award for the second consecutive year at the Africa Investor Investment Business Leader Awards, held in Tokyo in early October (during the IMF/World Bank Annual Meetings), outperforming the Rwanda Investment Promotion Agency, the Kenya Investment Authority, the Department of Trade and Industry of South Africa, the Investment Promotion Centre of Mozambique, the Ghana Investment Promotion Centre, and so on.

SME development

Starting one's own business as an independent and innovative SME is emphasized in Mauritius for absorbing highly-educated talents. At high schools and universities, students are encouraged to "be your own boss" instead of looking for a job at an established firm.

In Mauritius SMEs are defined as enterprises with an annual turnover not exceeding 50 million rupees (about US\$1.5 million). The country has about 100,000 registered SMEs in manufacturing and service sectors¹⁰. The creation of EPZs had a positive effect on the development of local SMEs as most of the textile factories provided materials and subcontracted CMT (cut-make-trim) works

¹⁰ About 40-50 % of trade establishments are not registered and excluded from the statistics.

to local firms. It thus created a vertical linkage in the textile industry, and as local SMEs gradually gained expertise in production and quality control, they became more independent from large firms and began producing clothing for the domestic market (including the tourist market).

The government has always supported SMEs since the import-substitution period of the 1960s. In 1976 the Small Scale Industry Unit was established within the Ministry of Industry. It became the Small Industry Development Organization (SIDO) in 1983 with further reorganization as the Small and Medium Industry Development Organization in 1993. After more reorganization in the 2000s, the Small and Medium Enterprises Development Authority (SMEDA) was set up in 2009. SMEDA works under the auspice of the Ministry of Business, Enterprises and Cooperatives, which was separated from the Ministry of Industry in 2008. It has about 100 staff (of which 20 are professionals), allocated in the headquarters and four outstations (three in Mauritius and one in Rodriguez Island). SMEDA provides a range of assistance to SMEs covering business counseling, business facilitation, training, and marketing support. The mission visited the SMEDA headquarter complex which comprised of classroom, library, training center, exhibition hall as well as administrative office. The exhibition hall of the SMEDA head office (at Coromandel) serves as an important platform for showcasing locally made products and allows foreign and local visitors including representatives of hotels to purchase value-added gift items.

In addition, recent initiatives include the support to creative craft incubators, as well as the establishment of the SME Resource and Technology Center. The former provides assistance to creative crafts incubators in seven areas (ceramics and pottery, pyrography, silk painting, coconut craft, wood craft/sculpture, ceramics, and painting on wood ship models), in the form of workspace, specialized training and mentoring services by Master Craftsmen. The SME Resource and Technology Center, launched in April 2012, aims to provide support to SMEs in search of information on recently developed technological innovations that add value to their business activities. Such support includes personal coaching and online technical training on new technologies by local and foreign trainers through proper information channels.

The budget for export marketing is normally allocated to Enterprise Mauritius (EM, see above). But for 2012, because of the difficulties that SMEs are

facing, SMEDA is additionally allowed to directly assist SMEs to participate in international trade fairs. SMEs are also supported by the Mauritius Business Growth Scheme, launched in 2011 with the World Bank assistance, which provides financial resources for consultancy.

Skills development

Mauritius stresses skills development and has created mechanisms for this purpose, which are similar to the ones in Singapore. All firms must contribute 1.5 % of their employees' salary bills to the levy fund for training managed by the National Human Resource Development Council, an agency established in 2004 under the Ministry of Education and Human Resource Development. Firms are reimbursed when they send employees for training at the rate of 60-75% of training cost depending on the sector.

The Mauritius Institute of Technology and Development (MITD), established in 2009 as a successor of the Industrial Vocational Training Board (IVTB), offers a wide range of skill development programs totaling 65 full-time courses at its 22 training centers. MITD has a governing board supported by strong partnership with the private sector. The feedback mechanism with industries allows MITD to develop appropriate courses in response to business needs. In the future MITD plans to become a regional hub for trainings as there is a large unfilled demand for skill training in Africa, and Mauritius is a short distance away from the continent.

Universities are also a part of the skill development mechanism. Mauritius has two universities: the University of Mauritius, established in 1968, and the University of Technology Mauritius, established in 2001. The latter and the newer, which the mission visited, started with some 600 students initially and has now expanded to boast 5,500 students with 90 programs. It has four Schools of Business Management and Finance (to be soon split into Business and Finance-Law), Innovative Technology and Engineering, Sustainable Development and Tourism, and Health Sciences. Many programs are developed in collaboration with the private sector as well as in support of government policy, with the ICT sector as the most active collaborator with the university showing strong performance. The university is preparing a new course in aeronautical engineering starting in 2013 in response to the new government policy. Like MITD, it plans to attract foreign students to become the knowledge hub in the region. The target set

by the government is 100,000 foreign students by 2020.

4. Policy making process and public-private dialogue

Mauritius ceased to make medium-term development plans in 2005, and since then the overall development direction is stipulated in the annual Budget Speech, prepared by the Ministry of Finance and Economic Development after consultation with line ministries and relevant private organizations.

Sectoral policies are drafted by line ministries. In the case of industrial policy¹¹, the Ministry of Industry and Commerce leads the process in consultation with private exporters, the Mauritius Chamber of Commerce and Industry (MCCI, see below), and other business associations. Once approved, the policy is implemented by several public organizations, while the Ministry in charge assumes the monitoring function.

Since about four years ago, all government programs have been monitored through program-based budgeting (PBB) with concrete targets allocated to individual departments and agencies with evaluation and future budgets depending on performance. Under PBB, all public authorities must make three-year rolling plans which are submitted to the Ministry of Finance and Economic Development for review. While this mechanism compels each office to seriously pursue given targets at hand, overall consistency of various policy components, across different sectors for producing ultimate economic performance, is usually harder to obtain.

Inter-ministerial coordination at the policy level is ensured by cabinet meetings held every Friday, which are chaired by the Prime Minister and attended by ministers. Additionally, for important topics, *ad hoc* mechanisms are used. Recently, the Prime Minister created the High-Powered Committee to examine bottlenecks of the economy, which was chaired by the Cabinet Secretary (the highest civil servant). It invites the heads of EM, BOI, and other public authorities to discuss critical issues such as the progress of the Jin-Fei Economic Zone. However, high-level mechanisms such as these may not be sufficient to attend to the details of concrete

¹¹ Mauritius has published the Industrial and SME Strategic Plan (2010-2013), drafted by the Ministry of Industry which was later split into the Ministry of Industry and Commerce (focusing on large establishments) and the Ministry of Business (focusing on SMEs). The mission was unable to meet the Ministry of Industry. The Strategic Plan is a well-organized document with detailed action plans. Its challenges seem lie mainly in implementation and monitoring.

issues arising in individual sectors. More than one source admitted that coordination among implementing agencies, as well as overall implementation records of economic policies, had room for improvement.

One of the prominent features of policy making in Mauritius is very strong and highly productive state-business relationship. It is in fact one of the most productive public-private dialogue we have seen in any country. The mission confirmed that small wise-men groups, with members coming from both public and private sectors, has played a central role in policy making of Mauritius, enabling the country to engage in substantive policy discussions and make appropriate choices at difficult moments. Mauritius seems to be full of key persons who are often long-time friends or alumni of the same university, who can flexibly interact, migrate across government, business and academia, and collectively draft policies. For instance, from around 2000 to 2005, when the country needed to revise economic policies as trade privileges for Mauritius were being removed, Mr. Sithanen, a prominent economist who later became the Minister of Finance, drafted a proposal for opening up the nation and steered the government towards that strategy.

In such intensive public-private dialogue, the role played by major business organizations such as the Joint Economic Council (JEC) and the Mauritius Chamber of Commerce and Industry (MCCI) are particularly important, as they are the ones that develop proposals that eventually become policies.

MCCI, established in 1850, is the oldest chamber of commerce in the Southern Hemisphere. It has about 400 member firms, which covers 90% of the country's larger establishments. While it provides usual business facilitation services to member firms, its recent focus is advocacy at the policy level. For instance, MCCI sits in all international trade negotiations together with the Ministry of Industry and other public authorities, a practice which is uncommon for traditional chambers of commerce and industry.

JEC, established in 1970 (two years after independence), is a summit organization for coordinating different views of the private sector and advising the government on policy matters. The Council has six sectoral associations and three multi-sectoral organizations under it and its chairman is elected from among leading business

leaders¹². JEC is an influential private sector actor, integrating all sectors of the economy. Regular meetings are held between the government and JEC, on broad economic policies, usually twice a year. These meetings are chaired by the Prime Minister and are attended by senior Ministers as well. Furthermore, JEC has an important say in the annual budget process, and its suggestions for better industrial policies are frequently taken up by government budgets (Rojid et. al 2010, te Velde 2010).

JEC was initially less active in the policy field, but it gradually became more proactive as trust had built up between it and government. It is now quite active, for example, in jointly preparing the Business Facilitation Program in 2006 with BOI, and jointly proposing the economic reform in 2006 with the Ministry of Finance. At the sector level, representatives of relevant ministries and private organizations from JEC meet twice a week to discuss policy issues and make decisions. Mr. Raj Makoond, the incumbent Director of JEC, stressed that linkage between policy and practice was crucial in effective implementation; theoretical inputs from academics are not very useful. In fact, unlike India, Mauritius does not have any think tanks that draft policies or conducts studies for the government. All policies are generated through the interaction between government and businesses. The below summarizes various interaction channels between the public and private sectors in Mauritius.

5. Kaizen in Mauritius

According to Imai (2009), Mauritius is one of the first African countries that adopted kaizen practice. The National Productivity and Competitiveness Council (NPCC), an NPO established in 1999 (operational in 2000), is charged with the task of advancing the productivity movement in Mauritius. The establishment of NPCC followed the “Declaration of Productivity” by SADC in 1999, whereby the heads of states, including the Republic of Mauritius, committed themselves to

¹² The six sectoral associations include: Mauritius Producer Association (MSP), Mauritius Bankers Association (MBA), Mauritius Exports Association (MEXA), Association Hoteliers Restaurateurs de Lile de Maurice (AHRIM), Insurer Council Mauritius (ICM), and Association Mauritian Manufacturer (AMM). The three multi-sectoral organizations are: Mauritius Chamber of Agriculture (MCA), Mauritius Chamber of Commerce and Industry (MCCI), and Mauritius Employers Federation (MEF).

meet socio-economic challenges in their respective countries through improved productivity. At the same time, it should be noted that even before this initiative, Mauritius had given serious consideration to the issue of quality and productivity. The history of quality and productivity movement dates back to the 1980s, when the textile sector struggled to attain quality standards set by foreign clients. EPZDA mentioned above, which was handling the quality issue at that time, introduced kaizen to the country by inviting quality experts dispatched by UNIDO to train local firms and people.

At present NPCC is a relatively small organization with 14 staff (of which 9 are professionals). Its supervising ministries changed frequently from the Ministry of Planning and Economic Development to the Ministry of Training, then the Ministry of Education, and the Ministry of Business. Since this year (2012) it is under the Ministry of Finance and Economic Development. The most (80%) of its financial resource comes from government budget with the rest financed by training and consultancy fees.

Since its establishment, more than 80 firms have been trained in productivity and quality tools such as 5S, cell production, kanban, TQM, and TPM. The Council has benefited from Japanese cooperation from 2006 to 2010 with experts from the Japan Productivity Center regularly visiting selected firms for quality improvement. An observational study mission to Japan was also organized for Kaizen Champions of three of the five model companies in 2008, to give the opportunity to the model companies to study Japanese SME development model and experience practical implementation of Japanese management and productivity techniques in the workplace. In parallel, the Asian Productivity Organization trained NPCC staff from 2006 to 2010 in productivity and quality techniques to strengthen their technical and analytical competencies.

Figure 3. Interaction Channels between the Public and Private Sectors

Formal

- Government/JEC meetings (chaired by the Prime Minister)
- Tripartite wage negotiations
- Proposals for the National Budget
- Representation in a number of committees

Informal

- Regular meetings between Private Sector organizations and relevant Ministries on sectoral issues
- Joint promotional activities
- Ad hoc* Committees

Source: S. Rojidi, B. Seetanaah & R. Shalini (2010), "Are State Business Relations important to Economic Growth? Evidence from Mauritius", IPPG Discussion paper 36.

Under the vision “Better Living for the Nation,” NPCC has launched a series of campaigns to raise awareness. For instance, “Make Mauritius Muda Free” was a nation-wide campaign from 2003 to 2006 which included the younger generation to learn a productivity culture. The NPCC is presently organizing another national campaign on productivity with an overall aim of demystifying the concept of productivity. Many related programs were conducted for students, communities and women organizations, some of which are still in place. The Council also has some projects in the pipeline for which it plans to work closely with the Ministry of Industry and SMEDA. However, recent funding cuts from the government and the absence of its Director at the moment are causing delay and downsizing in these activities.

At one time kaizen generated great interest in Mauritius. Kaizen appears to be one of the effective tools to chart the nation towards productivity and innovation. In order to re-ignite productivity fever, however, NPCC needs stronger support from political leaders as well as increased budget and staffing.

6. Concluding remark

Mauritius is widely viewed as a developmental success story. However, its experiences reveal that the success is not brought by luck. Rather, it is the result of conscious efforts by key leaders of the government and business sectors, over the past four decades, to manage the development process with strong ownership and forward-looking mindset. As a small island economy, Mauritius faces inherent vulnerabilities. Sharing a sense of crises and the country’s future vision, the public and private sectors have established joint policy formulation mechanisms, both formally and informally. In particular, small wise-men groups from the public and private sectors have played a central role in policy making of Mauritius, enabling the country to engage in substantive policy discussions and make appropriate choices at difficult moments. As such, they have developed quite an advanced level of public-private alliance. Although Mauritius experiences cannot be directly copied to other countries, we should bear in mind that “an economic miracle” does not just happen, but that it has been made to happen by the efforts by foresighted leaders in both public and private sectors.

Mission Schedule (29 Sept.- 4 Oct. 2012)**1. Mission Members**

Kenichi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Izumi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Sayoko Uesu	Research Associate, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan

2. Mission Schedule

DATE		TIME	ACTIVITY
1	Sep 29	Sat PM	Arrival (Sayoko Uesu)
2	Sep 30	Sun AM	Arrival (Kenichi Ohno & Izumi Ohno)
3	Oct 1	AM	Board of Investment
		PM	SEZ visit
4	Oct 2	AM	Ministry of Finance and Economic Development
			Mauritius Chamber of Commerce and Industry (MCCI)
		PM	Joint Economic Council (JEC)
			Mauritius Export Association (MEXA)
5	Oct 3	Wed	Enterprise Mauritius
			Small & Medium Enterprise Development Authority (SMEDA)
			National Productivity and Competitiveness Council (NPCC)
6	Oct 4	AM	Mauritius Institute for Training and Development (MITD)
		PM	University of Technology Mauritius
6	Oct 4	AM	Esquel Group
		PM	Departure

Organizations/Persons Visited

The Government / Governmental Organization of Mauritius

Organization	Name	Position
Ministry of Finance and Economic Development	Vishnu D. Bassant	Director
	F. Dilmahamood	Analyst
	K. Rughoomkh	Analyst
	P.Kutwoaroo	Analyst
	P.Hurry	Consultant
Board of Investment	Seewraj Nundlall	Director, Goods Producing Sector
	Shakeel Jaulim	Investment Advisor
Small & Medium Enterprise Development Authority (SMEDA)	Indraneel Seebun	Managing Director
	Maurice Chi Kam Chun	Assistant Manager
	Mohammad Ehsan Saumtally	Assistant Manager
	S.Bhanji	Director
Enterprise Mauritius	Dev Chamroo	Chief Executive Officer
	Nitish Gobin	Manager, Market Research

University / Institute

Organization	Name	Position
University of Technology Mauritius	Dharamand Fokeer	Director General
Mauritius Institute for Training and Development (MITD)	Pradeep Joosery	Officer in Charge

Private Sector

Organization	Name	Position
Mauritius Chamber of Commerce and Industry (MCCI)	Mahmood Cheeroo	Secretary-General
	Renganaden Padayachy	Manager, Economic Analysis and Industry Division
Joint Economic Council (JEC)	Raj Makoond	Director
National Productivity and Competitiveness Council (NPCC)	Dominique Louise	Productivity Executive
	Dev Appalswamy	Productivity Consultant
	Hemlata Ramsohok	Productivity Specialist
Mauritius Export Association (MEXA)	Daniel Wong	Director
Esquel Group	Hemraj Ramnial	Director
	Jeebun L.K.	Technical Engineering Dept. Manager

List of Information Collected

Source	Title	Authors/Publisher
Board of Investment (BOI)	Pamphlet on Mauritius	BOI
Mauritius Export Association (MEXA)	MEXA Directory of Export	MEXA
	Annual Report 2010	
	The Exporter, Issue No.13 Dec. 2011	
Ministry of Industry, Commerce and Consumer Protection and Ministry of Business, Enterprise and Cooperatives	Mauritius Business Excellence Award 2012	Ministry of Industry, Commerce and Consumer Protection
Mauritius Business Growth Scheme (MBGS) Unit, Ministry of Business, Enterprise and Cooperatives	Leaflet etc.	MBGS Unit
National Productivity and Competitiveness Council (NPCC)	Competitiveness Foresight -What Orientations for Mauritius- (A Discussion Paper, January 2005)	NPCC
	NPCC News Letter, Vol.9 No.3-4	
	Annual Report 2007/2008, 2008/2009, 2009/2010	
	Leaflet	
SMEDA	SME Directory 2011	Ministry of Business, Enterprise and Cooperatives
Enterprise Mauritius	Mauritius, Your Sourcing Destination	Enterprise Mauritius
Esquel Group	Pamphlet	Esquel Group

6. Malaysia

— Struggling with an Upper Middle Income Trap

(June 24-28, 2013)

Researchers of the GRIPS Development Forum, together with the Ethiopian delegation led by H. E. Mr. Sisay Gemechu, State Minister of Industry, visited Malaysia from June 24 to 28, 2013 to study Malaysia's experiences in industrialization including export and investment promotion, and to draw implications for Ethiopia¹. This study tour was arranged by the Japan International Cooperation Agency (JICA) in response to the request made by H.E. Mr. Mekonnen Manyazewal, then Minister of Industry, who indicated strong interest in learning from Malaysia, inspired by the presentations made by the officials of the Malaysia External Trade Development Corporation (MATRADE) and the Malaysian Investment Development Authority (MIDA) at the 2nd (August 2012) and the 3rd (January 2013) High-Level Forums for the Phase II Ethiopia-Japan Industrial Policy Dialogue.

The Ethiopian delegation consisted of eleven officials of various ministries and agencies, including the Ministry of Industry (MOI), Ethiopia Investment Agency (EIA), Ministry of Finance and Economic Development (MOFED), Ethiopia Revenue and Customs Revenue Authority (ERCA), Leather Industry Development Institute (LIDI) and Textile Industry Development Institute (TIDI). The Japanese members consisted of Mr. Keiji Ishigame (JICA headquarters)², Prof. Kenichi Ohno, Prof. Izumi Ohno, and Ms. Miho Murashima (GRIPS Development Forum). The GRIPS mission participated in some of the study tour program as well as conducted separate meetings with government agencies, business association, research institutes and Japanese organizations (see attachment for

¹ The study tour for the Ethiopian delegation was arranged for the period of June 24-July 5, 2013, except for H. E. Mr. Sisay who stayed in Malaysia for the first week only. As part of the Ethiopia-Japan industrial policy dialogue the GRIPS Development Forum was commissioned by JICA to compile information in selected East Asian countries for the use of other developing countries including Ethiopia.

² Mr. Ishigame is Deputy Director, Private Sector Development Division, Private Sector Development Group, Industrial Development and Public Policy Department, JICA. He joined the mission from June 24 to 26, 2013.

mission schedules).

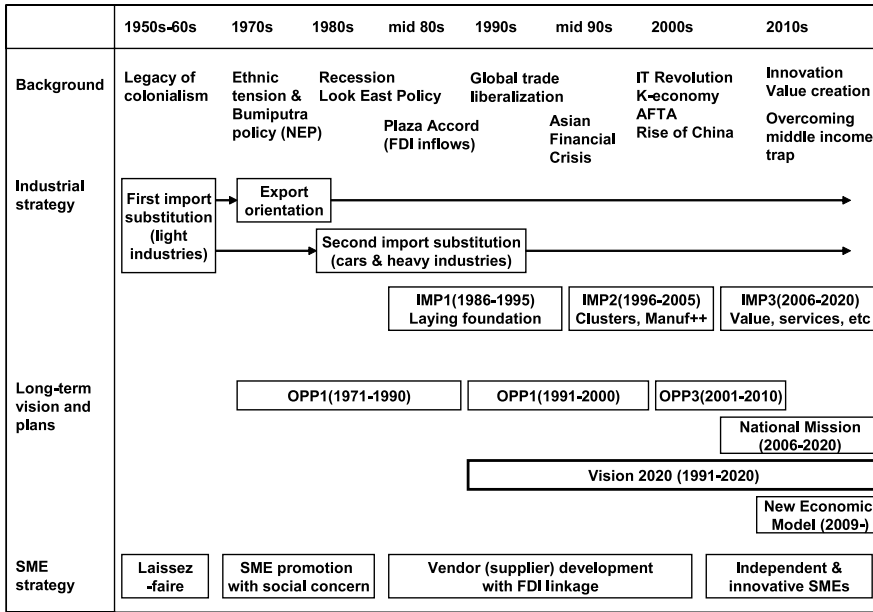
We would like to express our deep appreciation to MIDA which organized the study tour program and the JICA Malaysia office, particularly Ms. Mayumi Suehiro and Ms. Umme Aiman Siddiqi who coordinated the program in close cooperation with MIDA. We are also grateful to all other organizations and individuals who kindly shared valuable information with us. The following summarizes highlights and main findings of the mission.

1. History of Malaysia's industrial development

Malaysia is a country in Southeast Asia with a population of about 28.6 million (as of 2011) consisting of the Malays, the Chinese and the Indians. Since its independence from Britain in 1957, Malaysia has successfully transformed its economic structure from a resource-based to a manufacturing-based one. Through the 40 years of industrialization effort, Malaysia's GDP per head increased from US\$376 in 1970 to US\$9,976 in 2012, and manufacturing's contribution to GDP rose from 11% in 1970 to 25% in 2012 (EPU data). By now, Malaysia has emerged as one of the world's largest exporters of consumer and industrial electronic products, with the share of manufactured exports rising from 11.9% in 1970 to 67% in 2012 (Department of Statistics data).

The industrial policy of Malaysia has gone through several stages (Figure 1). In the early years of independence, the main objective was diversification of economic structure to escape from heavy dependence on a few traditional primary commodities such as rubber, tin, timber, and palm oil. In the 1970s, policy focus shifted from import substitution to export orientation based on attraction of manufacturing FDI which engaged in assembly and processing for export. To expedite this policy, a series of laws such as the Investment Incentive Act (1968) and the Free Trade Zone Act (1971) were introduced. The May 1969 ethnic riot was a big shock to Malaysia, and consequently, the government formalized the *Bumiputra* (indigenous residents) policy by putting in place racial affirmative actions for public positions, business ownership and management, and worker employment in favor of ethnic Malays. In the 1980s, under the leadership of Prime Minister Mahathir, heavy industrialization was initiated while export oriented policy was continued for electronics. Look East Policy (learning from Japan and South Korea) was also launched at that time.

Figure 1. Malaysia: Evolution of Industrial Policy



The first Industrial Master Plan (IMP1) 1986-1995 included outward-looking industrialization which targeted exports, modernization of supporting industries and strengthening of industrial linkages. A number of liberalization measures, such as allowance of 100% foreign ownership to enterprises which meet some conditions, were undertaken. In 1991, Prime Minister Mahathir announced Vision 2020, an aspiration to become a fully-developed country by 2020. Ever since, Vision 2020 has become the supreme national goal of Malaysia for all policies and actions. The Second Industrial Master Plan (IMP2) 1996-2005 was guided by two overruling ideas of “cluster-based industrial development” and “manufacturing plus plus”. The Third Industrial Master Plan (IMP3) 2006-2020 seeks holistic development. Services, especially high-value services and industry-supporting services, have been added to the policy menu along with traditional manufacturing.

2. Recent initiatives and economic policy-making process

The year 2010 marked another turning point for Malaysia. In response to the World Bank's warning that Malaysia faced a middle income trap (World Bank 2009)³, Prime Minister Najib Tun Razak, who assumed power in April 2009, announced the New Economic Model (NEM) in 2010, which aimed at transforming Malaysia from a middle-income economy to a high income economy by year 2020. With the launch of NEM, overcoming the middle-income trap has become the most important economic goal of the Malaysian government. Although *Bumiputra* policy will not be dismantled any time soon, emphasis is shifting from administrative ethnic quotas to market-guided equal opportunities among all ethnicities.

NEM concretizes the economic goals of Vision 2020 and the National Transformation Policy, declaring that (i) Malaysia wants to attain high-income status with per capita income of US\$15,000 by 2020; (ii) growth should be inclusive and strike a balance between the special position of *Bumiputra* and legitimate interests of other groups; and (iii) economic and environmental sustainability must be assured.

To achieve these goals, the National Transformation Policy sets a slogan, "1Malaysia—People First, Performance Now" and establishes transformation programs including the Economic Transformation Program (ETP) and the Government Transformation Program (GTP). These are supported by the 10th (2011-2015) and the 11th (2016-2020) Malaysia Plan. ETP is one of the pillars of the National Transformation Policy. It comprises NEM with its eight Strategic Reform Initiatives (SRIs) and 12 National Key Economic Areas (NKEAs). NKEAs include 11 sectors and one region as engines of future growth, which are considered high value-added, knowledge intensive and high technology sectors⁴. GTP is another pillar of the National Transformation Policy, aiming at fundamentally transforming the Government into an efficient and citizen-centered institution with seven National Key Result Areas (NKRAs) and Ministerial Key

³ World Bank, *Malaysia Economic Monitor: Repositioning for Growth*, November 2009.

⁴ The following 11 sectors and one geographic area have been designated as NKEAs: oil, gas and energy; palm oil; financial services; tourism; business services; electronics and electrical; wholesale and retail; education; healthcare; communications content and infrastructure; agriculture; and the Greater Kuala Lumpur/Klang Valley area.

Result Areas (MKRAs). Lately, four more transformation programs have been added to the National Transformation Policy, i.e., “Social”, “Community (Rural & Urban)”, “Political”, and “Digital.” The structure of the National Transformation Policy is shown below.

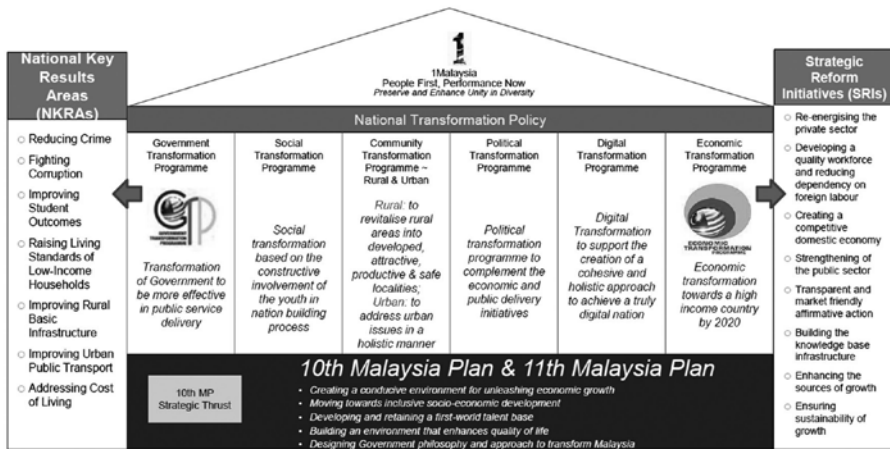
NEM was formulated by the National Economic Advisory Council (NEAC), which was established by the Prime Minister and operated from May 2009 to May 2011. NEAC was chaired by Tan Sri Amirsham A. Aziz, former Minister of the Prime Minister’s Department in charge of EPU and the Department of Statistics, and included ten members representing the private sector, academia, and development experts including a World Bank senior official. NEAC published a two-part report outlining strategic directions as well as necessary policy measures that aimed at promoting Malaysia’s growth in an inclusive and sustainable manner. The report provided the basis for pillars of the National Transformation Policy. The newly created Performance Management and Delivery Unit (PEMANDU) under the Prime Minister’s Department was designated as the agency for monitoring and facilitating the implementation of the National Transformation Policy.

The Economic Planning Unit (EPU) is a principal government agency responsible for preparation of development plans for the country. Since its establishment in 1961, EPU’s functions have remained basically the same although it has taken on additional roles in consonance with the changing emphasis of the government’s development policy.

The 10th Malaysia Plan (2011-2015, 10MP) is a 5-year plan formulated and implemented by EPU under the Prime Minister’s Department. In the present context, 10MP is regarded as the government’s action plan to implement the National Transformation Policy. It has adopted an “Integrated National Development Planning” approach which differs from the previous plans in several aspects⁵. Based on the perceived weaknesses of 9MP, the new planning approach introduces more flexibility in resource management for key priority areas. It aims to ensure that outcomes are systematically linked within and between all levels of planning from central design, subsector policy formulation and implementation. Integrated outcomes would be achieved by the cascading of Key Result Areas

⁵ The remainder of this paragraph is based on “A New Approach to the 10th Malaysia Plan” by Y. BHG. Dato’ Noriyah Binti Ahmad, Director General, EPU of the Prime Minister’s Department, October 27, 2009.

Figure 2. Malaysia: National Transformation Policy



Source: the Economic Planning Unit. The number of pillars in the National Transformation Policy has increased from the original two (ETP and GTP) and even varies with ministries and agencies interviewed. According to the explanation of EPU in late June 2013, it has six pillars as shown in this diagram.

(KRAs) from the national and sectoral levels to the implementation level. For each KRA, one or more national outcomes are identified, and for each national outcome a set of Key Performance Indicators (KPIs) are established. During the planning process of 10MP, national priorities and targets have been identified systematically, in accordance with the National Transformation Policy based on NEM, and linked with resource allocation.

More specifically, there were three major changes in the development planning approach. First, Outcome-based Budgeting (OBB) has been introduced to 10MP by linking budget allocation to program outcomes defined in the planning framework. This should provide flexibility to review programs and projects for achieving expected outcomes. Under OBB, a core ministry is appointed for each program. Second, instead of “Inter-Agency Planning Groups (IAPGs)”, “Mission Cluster Groups (MCGs)” have been formed around priority policy areas, as a way of facilitating inter-agency and stakeholder coordination beyond the existing ministerial/agency boundaries. Also, wider stakeholder consultations have been introduced through MCGs. In this way, the MCGs (issue-based inter-ministerial groups with think-tank functions) and the National Development Planning Committee play important role in planning and implementation of 10MP (Figure

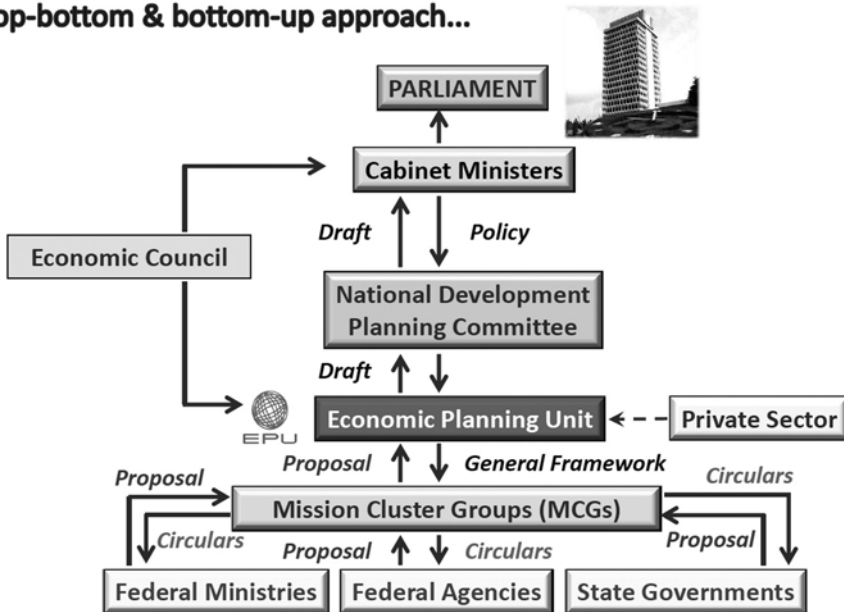
3). Third, beginning with 10MP, a two-year rolling plan with an annual review has been introduced replacing five-year planning with a mid-term review in the past. This aims to provide greater flexibility in adjusting spending and responding to changes in the global environment.

3. Institutions and strategies for supporting industrial development

In Malaysia, the Ministry of International Trade and Industry (MITI) is the ministry charged with planning, legislating and implementing international trade and industrial policies toward achieving Vision 2020. MITI has comprehensive policy coverage including (i) industrial development, international trade and investment; (ii) foreign and domestic investment; (iii) export promotion (manufactured products and services) with enhanced bilateral, multilateral and

Figure 3. Malaysia: New Development Planning Framework under 10MP

Top-bottom & bottom-up approach...



Source: the Economic Planning Unit.

regional trade relations and cooperation; and (iv) national productivity and competitiveness in the manufacturing sector. These policies are implemented by seven executing agencies called the “MITI family” which include the Malaysian Investment Development Authority (MIDA), Malaysia External Trade Development Corporation (MATRADE), Small and Medium Enterprise Corporation Malaysia (SME Corp), Malaysia Productivity Corporation (MPC), Malaysia Automotive Institute (MAI), Malaysian Industrial Development Finance (MIDF), and Halal Industry Development Corporation (HDC).

The GRIPS team had opportunities to visit MITI as well as MIDA, MATRADE, and SME Corp among the MITI family. In addition, the GRIPS team visited Bank Negara Malaysia, which is the central bank, and SIRIM Berhad, the state-owned national corporation for standardization, quality and industrial research and development. Main features of these organizations are given below.

3-1. Malaysian Investment Development Authority

The Malaysian Investment Development Authority (MIDA), established in 1967, is the principal investment promotion agency under MITI and the first point of contact for investors. While MIDA initially focused on attracting manufacturing FDI, its mandate has expanded in 2004 to include investment promotion in the services sector⁶. With rising wages and the government’s orientation toward innovation and high skills, MIDA wants traditional labor-intensive industries such as garment to leave the country and become global. Instead, Malaysia wishes to promote high value-added, high technology, knowledge-intensive and innovation-based industries and services. In 2011, MIDA was renamed from the Malaysian Industrial Development Authority to the Malaysian Investment Development Authority (with the same abbreviation but with a new logo).

The main functions of MIDA are investment promotion, evaluation and approval of licenses and incentives, planning for industrial development, and follow-up and monitoring of the implementation of investment projects. Regarding investment promotion, MIDA adopts a strategic approach in which general attraction and targeted attraction are combined. In addition to regular trade and investment missions, meetings, seminars and international exhibitions, it dispatches specific

⁶ Excluding financial services and utilities, which belong to Bank Negara Malaysia and Malaysia Communication and Multimedia Commission, respectively.

project missions offering customized incentives packages to targeted foreign companies. MIDA has 24 overseas offices which actively promote and attract FDI in the manufacturing and service sectors.

MIDA issues manufacturing licenses, evaluates and grants various incentives such as tax incentives (i.e., pioneer status, investment tax allowance, reinvestment allowance, and import duty and sales tax exemption), expatriate posts, and import duty exemption on raw materials, components, and machinery and equipment. MIDA has no minimum capital requirement for license approval, welcoming all sizes and sectors of investors except those on the negative list. At the same time, MIDA leverages incentives to promote priority sectors. In accordance with NKEAs, it currently prioritizes high-tech and high value-added manufacturing and services rather than traditional manufacturing. MIDA gives incentives to domestic and foreign companies without discrimination (except for customized deals to attract targeted individual FDI companies mentioned above).

MIDA's investment incentives are given by the combination of the published eligibility list and case-by-case organizational judgment. The National Committee on Investment (NCI), established in May 2010 and chaired by the MIDA Chairman, is the central committee for deciding projects and incentives on a weekly basis. This is an inter-ministerial committee for quick decision, where officials from relevant ministries and agencies with decision-making authorities attend. Also, MIDA has a "One-Stop Center" to assist investors. Senior representatives from key agencies are stationed at MIDA's headquarters to advise investors on government policies and procedures, and those agencies based outside MIDA also assign contact persons in charge⁷.

At the implementation stage, MIDA supports investors in obtaining all necessary approvals until their projects become operational. To this end, MIDA also has one-stop agencies at the state level. Thanks to such follow-up and serious project screening mentioned above, Malaysia enjoys a relatively high FDI implementation ratio (75.7% of approved projects). Furthermore, MIDA continues

⁷ Six organizations are stationed in MIDA including Immigration Department, Royal Malaysian Customs, Department of Environment, Tenaga Nasional Berhad (Electricity), Telekom Malaysia Berhad (Telecom), and Labor Department. Organizations based outside MIDA are Department of Occupational Safety and Health, Ministry of Finance, Ministry of Health, Ministry of Tourism, Ministry of Human Resource, Ministry of Higher Education, Multimedia Development Corp. (MDeC), and Construction Industry Development.

to help existing companies in production expansion, product diversification and other reinvestments.

Recently, MIDA increasingly focuses on domestic investment in addition to FDI as the Malaysian government promotes domestic investment and nurture Malaysian companies to become global players. Under ETP, domestic investment is targeted to account for 73% of total investment by 2020. This is a higher target than what was envisaged in IMP3 (60%). MIDA initiated various policy measures, including the Domestic Investment Strategic Fund, to spur domestic investment. It also provides hand-holding services to domestic investors at 12 state offices.

3-2. MATRADE

MATRADE, established in 1993, is a national export promotion agency under MITI responsible for Malaysia's external trade with particular emphasis on the export of manufactured and semi-manufactured products and services. MATRADE assists Malaysian companies to establish their presence and raise their profiles in foreign markets through various promotional activities, such as participation in trade missions, specialized marketing missions and international trade fairs. MATRADE also organizes business matching programs for Malaysian companies and foreign importers. Like MIDA, MATRADE has a broad overseas network of 35 trade offices and eight marketing offices in 40 countries, of which 21 offices are in Asia.

MATRADE provides services in “exporter development”, “export promotion”, “trade and market information” and “trade advisory support” to assist Malaysian companies with knowledge and skills. Among them, “exporter development” service offers a hand-holding program to assist Malaysian companies, particularly SMEs, to develop necessary skills and knowledge to penetrate and expand export markets, and meet international standards in technology, product design, packaging, and health and safety standards. Companies with export potential are selected to join the program under which assistance will be provided for export promotional activities, training, market and product consultation, etc. for three years.

The Malaysian Export Exhibition Center (MEEC) is a permanent display center located inside MATRADE showcasing Malaysian products and services. Business meetings can be arranged for foreign buyers to meet Malaysian companies

displaying their products and services at MEEC.

In Malaysia, no numerical export targets are set by the government. Although the government actively promotes exports of the Malaysian products, it takes the view that final results are up to the private sector.

3-3. SME Corporation Malaysia

SME Corporation Malaysia (SME Corp) was established in 2009 as an agency under MITI, by upgrading the Small and Medium Industries Development Corporation (SMIDEC)⁸. Its key functions are to coordinate policies and programs for SMEs across all sectors, provide business advisory and information, and develop competitive SMEs through capacity building programs. Additionally, SME Corp acts as the Secretariat for the National SME Development Council (NSDC), established in 2004, which is the highest policy-making body for SME development across all economic sectors. NSDC is chaired by the Prime Minister and members comprise ministers and heads of 15 ministries as well as three agencies (BNM, EPU, and Department of Statistics) involved in SME development. According to SME Corp, since 2004 (when NSDC was created), the average annual growth of the SME sector has constantly been higher than that of the overall economy.

In Malaysia, SMEs account for 97.3% of total business establishments (662,939), and micro-enterprises (with less than five workers) occupy 75%. The majority of them are in the services sector, with manufacturing SMEs accounting for less than 6%. SMEs play an important role in the Malaysian economy contributing to 32.5% of GDP, 57% of employment, and 19% of exports (SME Census 2011). The SME Master Plan 2012-2020 envisages that the SME contribution to GDP would increase to 41% by 2020 through development of innovation-led and productivity-driven enterprises. The SME Master Plan aims to create globally competitive SMEs that enhance wealth creation and contribute to social well-being of the country. For this purpose it proposes 32 initiatives, of which six are designated as "High Impact Programs"⁹. In 2012, Prime Minister Najib launched "the SME

⁸ Compared to its predecessor, the Small and Medium Industries Development Corporation (SMIDEC), established in 1996, which focused on the manufacturing sector, SME Corp has a broader mandate covering all SMEs. Until 2009, Bank Negara Malaysia served as the secretariat of the National SME Development Council.

⁹ Six "High Impact Programs" are (i) integration of business registration and licensing (to enhance ease of doing business), (ii) technology commercialization platform (to encourage

Week,” making the fourth week of June to highlight the importance of SMEs every year.

SME Corp coordinates and organizes various programs improving SME access to infrastructure, finance, advisory services and information, technology, and human capital¹⁰. Below are some of such activities.

- *One Referral Center (ORC)* is a focal meeting point for SMEs to get business advice and information. In addition to the central location in Kuala Lumpur, ORCs are located in 11 states. Available services include Business Advisory Services, ORC Link, Info. Center, Resource Center, Pocket Talks, SME Product Gallery, and Virtual ORC.
- *SME Expert Advisory Panel (SEAP)* is a 3-phase program that provides on-site assistance and transfers technology and technical know-how to SMEs by 64 industry experts in the areas of operation and financial management, productivity improvement, lean production system, marketing, compliance to standards and certification, and packaging and labeling.
- *SME Competitiveness Rating for Enhancement (SCORE)* is a diagnostic tool to rate performance and capabilities of SMEs. Based on the rating, SME Corp can provide appropriate support to individual SMEs in training, consultation and finance to enhance their competitiveness. For micro-enterprises, the more simplified M-CORE is used as a diagnostic tool.
- *For human capital development, short-term courses are available at 47 training centers appointed by SME Corp. Also, SME University (modeled after Japan's SME Universities) provides 3-month structured learning opportunity for CEOs and managers of SMEs in both theory and practice.*
- *Promoting branding through certificating and issuing the National Mark of Malaysian Brand for ensuring the quality of products or services.*
- *I-InnoCERT is a program that recognizes and certifies innovative companies including SMEs and encourages entrepreneurs to venture into high technology and*

innovation), (iii) SME investment program (to provide early stage financing), (iv) going export program (to expedite internationalization of SMEs), (v) catalyst program (to promote more homegrown champions), and (vi) inclusive innovation (to empower the 40% of lowest-income earners).

¹⁰ In 2013, 155 SME programs are planned across ministries and agencies, which will be implemented not only by the government funding (139 programs), but also by private sector funding (16 programs).

innovation-driven industries (modeled after Korea's InnoBiz). Companies will be guided by coaching and business advice. Certified companies are given fast-track access to incentives including financing facility, tax deduction, and government procurement.

SME Corp runs SME Info Portal, which is a one-stop information hub. It provides information on all aspects of SME development including financing, advisory services, training programs, business and networking opportunities as well as other SME development programs and initiatives by both government and the private sector.

There are several notable features of SME policy in Malaysia. First, its primary objective is not poverty reduction but enhancement of innovation, emergence of homegrown champions, and SME internationalization. Second, the approach of SME Corp is to cultivate independent SMEs which can compete in global markets rather than to develop supporting industries (component suppliers) by creating production linkages between local and FDI firms. According to SME Corp, the Industrial Linkage Program, introduced by SMIDEC in 1997 to speed up industrial deepening in Malaysia, is no longer implemented. Third, SME Corp maintains contact with companies which have graduated from its support programs, encouraging them to be mentors for other SMEs.

3-4. Bank Negara Malaysia

Bank Negara Malaysia (BNM), established in 1959, is the central bank of Malaysia. Besides conducting monetary policy and ensuring financial system stability, it additionally assumes a developmental role through a comprehensive mechanism for SME financing. These include establishing institutional arrangements, strengthening financial service providers, developing a microfinance institutional framework, hosting special funds and financing schemes, and improving outreach and awareness. The Development Finance and Enterprise Department of BNM is responsible for these tasks.

There are various types of financing for SMEs including loans by commercial banks, loans by development financial institutions (DFIs), loans by government agencies, and equity, grants and guarantees, which are available at different stages of business development (start-up, early stage and growth expansion, as well as at the time of distress). While the commercial banking system is the main provider

of SME financing accounting for nearly 90%, the other sources of SME financing are channeled by the DFIs and the various special funds established by the government.

DFIs are specialized financial institutions established and funded by the government that aim at accelerating the growth of strategic sectors identified by the government. There are six DFIs under the purview of BNM¹¹: EXIM Bank, Agro Bank, Development Bank, National Saving Bank, Rakyat Bank and SME Bank. Among them, the SME Bank is a one-stop financing and business development center for SMEs. It was established in 2005 as an institution 100% owned by the government through the Ministry of Finance. The SME Bank offers a variety of SME support products including finance, training, consultation, and rental factories.

The history of Malaysia's microfinance goes back to the late 1980s when the first microfinance institution, AIM (NGO-based), was created on the Grameen Bank model of Bangladesh. Subsequently, TEKUN was created in the late 1990s under the Ministry of Agriculture and Agro-based Industry Malaysia. More recently, particularly since 2006, government-sponsored microfinance schemes began to play a large role in microfinance infrastructure. In 2006, the National SME Development Council approved a comprehensive microfinance institutional framework proposed by BNM. Currently, the framework to develop a sustainable microfinance industry consists of seven commercial banks, three DFIs (National Saving Bank, Bank Rakyat, and Agro Bank), and credit cooperatives. Participation of commercial banks is important since the banking system has large funding and a network of branches that are critical to ensure the wide outreach of microfinance.

Major efforts are being undertaken to design right products to meet the needs of micro enterprises and create widespread awareness on the availability and benefits of microfinance. Emphasis has been placed on easy, fast and convenient access to microfinance for the benefits of microenterprises.¹² At the same time, the BNM officials noted that the level of gross non-performing loans (NPL) of microfinance is higher than that of SMEs, exceeding 5%. The challenge is how to lower NPLs

¹¹ Separately, MITI supervises the Malaysia Industrial Development Finance (MIDF), which promotes the manufacturing industry through the provision of medium-and long-term loans.

¹² Key features of these microfinance products are: small size of financing; minimum documentation, simple procedures and no collateral; fast approval and disbursement of financing (about six days); wide accessibility through branches and other channels of financial institutions).

while promoting access to microfinance across the country.

3-5. SIRIM Berhad

SIRIM Berhad is Malaysia's primary research and standards development organization. It is a corporate organization owned wholly by the government under the Ministry of Finance. It assists Malaysian companies in certifying their products and services and adhering to international and national standards of quality and innovation. It also collaborates with universities as well as conducts its own research to ensure that intellectual property and knowledge developed locally is transferred to Malaysian companies. SIRIM was established in 1975 as the Standards and Industrial Research Institute of Malaysia under the Ministry of Science, Technology and the Environment, through the merger of the Standards Institute of Malaysia (SIM) and the National Institute for Scientific and Industrial Research (NISIR). In 1996, SIRIM was corporatized to become SIRIM Berhad. SIRIM received international cooperation from various donors including JICA, GTZ (now GIZ), DANIDA, and currently receives support from EU. At present, it even provides technical assistance to developing countries through the Malaysian Technology Cooperation Program.

As a government-owned corporation, SIRIM operates on a non-profit basis. Additionally, it has four subsidiaries which are run on a commercial basis¹³. While SIRIM's operational expense (accounting for about 40% of its total expense) is covered by the government, its developmental budget must be financed by own revenues, such as fees from technology licenses, dividends from four subsidiaries, and facility fees.

SIRIM's core services include (i) technology development and innovation, (ii) technical service; and (iii) conformity assessment. Regarding (i), SIRIM will focus on three flagship areas starting from 2013, i.e., energy and environment, medical technology, and plant and machinery. These areas are consistent with the National Key Results Areas (NKRAs) guided by the National Science and Research Council. SIRIM wants to become a total solution provider in these three key areas, involving products and services in research, development of pilot plants and prototypes, technology transfer, conformity assessment, and testing and inspection. Regarding

¹³ SIRIM QAS International, SIRIM Training, SIRIM National Precision Tooling, and SIRIM Standards Technology.

(ii), SIRIM provides special training courses for local SMEs to develop their capacity by helping them take their visions from inception to realization and to ensure that their businesses conform to international standards and practices. SIRIM collaborates with SME Corp under 1-InnCERT program noted above by auditing, verifying and monitoring applicants for the SME Innovation Award.

4. Discussion with Mr. Jegathesan, former Deputy Director General of MIDA

The GRIPS team, together with the Ethiopian delegation, had an opportunity to discuss with Dato J. Jegathesan, former Deputy Director General of MIDA, on the key aspects of Malaysia's industrial development based on his first-hand experiences in MIDA. More recently, Mr. Jegathesan was engaged in Zambia as a senior investment advisor in a JICA-sponsored technical cooperation project, "Strategic Action Initiatives for Economic Development: Trade and Investment Promotion in Zambia." As one of the first-generation MIDA officials, Mr. Jegathesan explained factors behind Malaysia's economic transformation, by referring to the concepts of the Triangle of Hope (TOH) and the Quadrant Strategy, as follows.

TOH is a concept designed to open the eyes of the leadership of developing countries to the three forces that must work together for economic development. These three forces are (i) political will and integrity; (ii) civil service efficiency and integrity; and (iii) private sector dynamism and integrity. In Malaysia, all three forces shared the same vision and strategies and together implemented various development plans. Once the TOH concept is understood, the Quadrant Strategy becomes the vehicle to move from concepts and principles to creating jobs and wealth. The term "quadrant" is used because four steps must be taken. The first step in this process is to create an attractive environment for general and specific sectors. Second, identify projects and industries that have competitive advantages. Third, promote the national image to attract investment. Finally, implement approved projects as speedily as possible to create jobs and wealth within the country.

Mr. Jegathesan pointed out the importance of cooperation of all stakeholders including all government institutions, the private sector and political leaders

for economic development, and stressed the following points to the Ethiopian delegation:

- Target ten companies which have potential instead of general FDI marketing.
- Responsibility of investment promotion agencies does not end until jobs are created in the country through FDI attraction. Organizing investment seminars is not enough. Follow-up actions with potential investors are critically important.
- Free Trade Zones (FTZs) should be established with due consideration to urban development. To this end, it is important to give attention not only to traditional FTZs but also to Multi-facility Economic Zones (MFEZs) and the scheme of Licensed Manufacturing Warehouses.
- For a One Stop Service Center to function effectively, it is not just enough to physically locate their staffs in the same office. It is also important to assign at least two contact persons at each of the responsible agencies outside the investment promotion agency.
- One-stop decision-making on investment incentives is also important as the example of the MIDA's National Committee on Investment shows.
- Regarding overseas trade and investment promotion, all embassies must work to move business activities forward. Embassy officials charged with trade and investment promotion should report activity progress to responsible ministries and agencies at home, such as MITI, MIDA and MATRADE, not just to the Ambassador.

5. Issues to be considered for the Ethiopian Government

Based on the findings and discussions with the Ethiopian delegation in Malaysia, the GRIPS team would like to raise the following points for further consideration by the Ethiopian government.

5-1. A holistic approach to industrial development

It is notable that the Malaysian government takes a holistic approach to industrial development with MITI acting as a super-ministry charged with all aspects of industrialization. MITI's policy functions cover trade, investment, productivity, SMEs, and industrial development. At the implementation level, MIDA and SME Corp are

responsible for not only the manufacturing but also the service sectors. In addition, MIDA and MATRADE provide services to all companies regardless of their size. Such institutional arrangements facilitate comprehensive and cross-sectoral support to industrial development.

By contrast, Ethiopia's present institutional arrangements for industrial development are fragmented across the Ministry of Industry, the Ministry of Trade, and the Ministry of Urban Development and Construction. As the government plans to strengthen the institutions and methodology for development planning under the leadership of H. E. Prime Minister Hailemariam Desalegn, it is worth re-considering the modality and institutional arrangements for industrial policy formulation and implementation¹⁴.

5-2. Overseas functions for trade and investment promotion

The Malaysian government has numerous overseas offices to promote the country's trade and investment. Separately from embassies, MITI has eight offices, MIDA has 24 offices, and MATRADE has over 40 offices abroad. Currently, the Ethiopian government is conducting Economic and Business Diplomacy led by the Ministry of Foreign Affairs, by making the embassies responsible for the country's trade and investment promotion.

While the number of overseas business promotion offices must be carefully decided with due consideration to budget constraint and cost-effectiveness, the Ethiopian government may wish to consider various institutional options such as: (i) continuing with the current arrangement and training the officials of the Ministry of Foreign Affairs for business promotion skills; (ii) sending the officials of the Ministries of Industry and Trade (and/or EIA) to embassies abroad to assume business promotion functions; and (iii) creating overseas offices of EIA (which can be located initially within embassies).

Additionally, over the medium- and long-run, Ethiopia may wish to consider strengthening export promotion functions like MATRADE. One possibility may be to equip EIA with such functions, as in the cases of Japan (JETRO) and South Korea (KOTRA).

¹⁴ In early July 2013, the Ethiopian Prime Minister, H. E. Mr. Hailemariam Desalegn announced the establishment of the Planning Commission charged with development planning, and appointed H. E. Mr. Makonnen, former Minister of Industry, as the Commissioner.

5-3. One stop services

In Malaysia, the concept of “One Stop Service Center” is well established and practiced by MIDA and SME Corp. What matters is not just physical location, but the mindset of those officials of the responsible ministries and agencies toward providing necessary services for customer companies for the common goal of the country’s investment promotion and industrial development.

5-4. Strategic FDI attraction

Malaysia’s experiences and current practices offer a number of useful hints on how to strengthen the newly restructured EIA of Ethiopia¹⁵.

Open and targeted approach to FDI attraction: MIDA issues investment licenses automatically to all projects (except for very few sensitive areas such as defense). There is no distinction between local and FDI investments. There is no ownership limit or minimum capital for licensing, either. At the same time, MIDA gives incentives only to projects in targeted sectors, and only after screening for value creation and contribution to Malaysia. To receive any incentive, activities or products must not only be included in the published eligibility list but also be approved by MIDA’s weekly committee. In this way, investment licensing (which is automatic) and investment incentives (which are selective) are clearly distinguished. By contrast, Ethiopia’s current Investment Law establishes minimum capital requirement for FDI, which may discourage technology-oriented and innovative foreign SMEs from investing in Ethiopia. Also, Ethiopia’s positive list approach to investment licensing may give restrictive impression to potential investors.

Careful investment analysis and follow-up: MIDA carefully scrutinizes investment projects and conducts strong follow-up of approved projects to raise the implementation ratio. Prior to approving licenses and granting incentives, various internal and external committees review the proposed projects and make final judgment at the weekly National Committee on Investment. Once projects are approved, state-level offices play an important role in ensuring their implementation. MIDA compiles, updates and analyzes the database of approved

¹⁵ The Ethiopian Investment Agency (EIA) under the Ministry of Industry was upgraded in 2014 to the Ethiopian Investment Commission (EIC) under the Ethiopian Investment Board chaired by the Prime Minister in order to strengthen FDI policy implementation [Editor].

investment projects in coordination other ministries and agencies. Since 2004, MIDA has been coordinating and compiling the investment data for all economic sectors (not just manufacturing). The implementation survey is conducted semi-annually to monitor the progress of all investment projects. Such careful analysis and follow-up appear to have contributed to a high implementation ratio (75.7%) of approved investment projects, which is much higher than in Ethiopia (around 35%). Furthermore, MIDA continues to have dialogue with all companies whether they are old or new, or domestic or FDI, as long as they continue to operate in Malaysia—because new issues and problems arise all the time.

5-5. Promotion of domestic industries

In recent years, MIDA actively promotes domestic investment. This is also supported jointly by MATRADE and SME Corp through their support programs for local SMEs. Malaysia's current approach to domestic industry promotion is to foster the growth of independent homegrown SMEs by encouraging their internationalization and penetration into global markets (primary) and creating linkages between large local anchor firms such as Petronas (secondary). The Malaysian government appears no longer interested in the Industrial Linkage Program, introduced in 1997 by expanding the former Vender Development Program, that enhanced linkages between large foreign automotive and electronic assemblers with local component suppliers. This policy is still strongly promoted in Thailand but already abandoned in Malaysia.

Given that there are alternative models of enterprise capacity building, some based on the creation of independent and globally competitive local SMEs and others based on FDI-linked technology transfer, Ethiopia should study various country cases carefully before deciding on a technology strategy most suitable in the Ethiopian context.

Mission Schedule (23- 29 June. 2013)

1. Mission Members

Kenicni Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Izumi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Miho Murashima	Research Associate, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan

2. Mission Schedule

DATE				TIME	ACTIVITY
1	Jun	23	Sun	AM	
				PM	Arrival
2	Jun	24	Mon	AM	Malaysian Investment Development Authority (MIDA)
				PM	
3	Jun	25	Tue	AM	Ministry of International Trade and Industry (MITI)
				PM	Malaysia External Trade Development Cooperation
4	Jun	26	Wed	AM	Economic Planning Unit, Prime Minister's Department
				PM	Malaysian Investment Development Authority (MIDA)
5	Jun	27	Thu	AM	SME Corporation Malaysia
				PM	The Federation of Malaysia (FMM)
				PM	Malaysian Institute of Economic Research
6	Jun	28	Fri	AM	Bank Negara Malaysia
				AM	Mr. Joji Ikeshta, Managing Director, JETRO Kuala Lumpur
				PM	Mr. Hiroshi Matsuura, Minister Deputy Chief of the Mission, Embassy of Japan
				PM	SIRIM Berhad
7	Jun	29	Sat	PM	Departure
				AM	Arrival

7. Indonesia

—Industrial Policy under Nationalism and Decentralization

(June 16-20, 2014)

A policy research team visited Jakarta during June 16-20, 2014 to study Indonesia's experiences in industrial development and draw lessons for other developing countries including Ethiopia and Vietnam¹. The mission consisted of five members: Kenichi Ohno, Izumi Ohno, Akemi Nagashima (GRIPS Development Forum, Tokyo); Le Ha Thanh (National Economics University and Vietnam Development Forum, Hanoi); and Nguyen Thi Xuan Thuy (Institute for Industrial Policy and Strategy, Vietnam Ministry of Industry and Trade, Hanoi). The mission examined (i) methodological and organizational aspects of industrial policy making in comparison with other governments in Asia and Africa; and (ii) the content of Indonesia's industrial policy.

We met government ministries and agencies, business organizations, research and training institutes, private firms, and Japanese aid and business organizations. Mission schedule is given in the attachment. We would like to express our deep appreciation to all people and organizations who kindly received us and shared valuable information with us. This report summarizes the mission's findings.

1. Overview: current policy focus and issues

During the decade of 2004-2013, Indonesia recorded an annual average growth of 5.8% with only minor fluctuations despite the Lehman Shock, the Euro Crisis, and other external disturbances². By 2012 its per capita income reached \$3,500, placing

¹ The purpose of JICA-commissioned missions, including this one, was to collect information on industrial policy formulation in selected countries for the policy learning of other developing countries. During Phase I of Japan-Ethiopia industrial policy dialogue 2009-2011, the GDF team visited Singapore (August- September 2010), Korea (November 2010) and Taiwan (February 2011). During Phase II, India (September 2012), Mauritius (October 2012) and Malaysia (June 2013) were visited in addition to Indonesia. Vietnam, Thailand, Mozambique, Zambia, Tanzania, Ghana and Uganda were also visited on other budgets. Views expressed in this report are those of the GDF team and do not necessarily represent the views of JICA.

² It is generally perceived in Indonesia that growth of at least 6% is needed for avoiding social problems, especially for creating 3 million new jobs each year for entering young workers.

the nation in the lower middle income category and generating a growing middle class with a strong appetite for consumer goods and services. With a population of 250 million, Indonesia has emerged as one of the largest markets in the world. Rapid motorization backed by vigorous demand for private cars is underway in the last several years, attracting car assemblers and component makers from abroad as well as causing serious traffic congestion in Jakarta. The nation aspires to become one of the world's developed countries by 2025.

Despite surging domestic income and demand, all is not going well. Indonesia is popular among foreign investors mainly because of its abundant natural resources and large and growing domestic demand, not because of its technology mastery or competitive workers. Unlike Malaysia (electronics exporter), Thailand (automobile exporter) or Vietnam (smart phone exporter), Indonesia is not viewed as a manufacturing base for conquering global markets. The manufacturing share in GDP declined from 27.7% in 2000 to 24.8% in 2010, and the share of manufactured products in total export fell sharply from 57.1% in 2000 to 37.5% in 2010 (World Bank data). From the long-term perspective, Indonesia lags behind other East Asian miracle economies. In 1960, Korea, Malaysia and Indonesia had similar per capita incomes. By now, Korea has reached high income, Malaysia is in the upper middle income range, but Indonesia remains in the lower middle income range. The Indonesian economy grew, but its speed was less than others. At the same time, disparities in personal and regional income are widening with the Gini coefficient rising greatly from 0.32 in 1990 and 0.33 in 2002 to 0.41 in 2012.

If a middle income trap is defined as a situation where growth is driven by FDI, ODA, natural resources, big projects, and other “given” advantages and not by internal value creation, Indonesia has been trapped for a long time. Despite this, fear of a middle income trap or the way to overcome it is not debated as loudly and officially as in such countries as Malaysia, China or Vietnam where coping with a middle income trap is a top national agenda³.

Historically, Indonesia's economic policy has vacillated between state interventionism and liberal reforms. The cycle is often synchronous with fluctuating commodity prices. The current policy mood is that of economic nationalism. The

³ During our mission, the slides of the Investment Coordination Board (BKPM) mentioned the middle income trap, but no other ministries and agencies discussed it. The situation of the middle income trap problem being raised only sporadically and only by some ministries is akin to the situation in Thailand.

lack of strong domestic industries, as explained above, is regretted. Skepticism over further international integration is emerging because it is felt that the Indonesia-Japan Economic Partnership Agreement (IJEPA, 2008) and the ASEAN-China Free Trade Agreement (ACFTA, 2010) failed to bring expected benefits to Indonesia (perhaps expectations were too high). Dissatisfaction with current FDI-driven industrialization is mounting. Laws and regulations are becoming more restrictive to foreign investors. The pride of a large nation is on the rise. This mood is reflected in the presidential candidate debate between Joko Widodo and Prabowo Subianto which was televised during our stay. Both candidates are nationalists, and the difference (which may be substantial) is mainly in their degrees and approaches.

Part—possibly a large part—of the reason why Indonesian industries are not as dynamic as hoped is weak policy capability. Our mission had discussions with key economic ministries and agencies, private firms, summit business organizations, Japanese aid and business organizations, and a think tank. When compared with East Asia’s other industrializing economies, Indonesia’s industrial policy has some bright spots such as well-established processes for stakeholder consultation and inter-ministerial coordination for some policy making, existence of certain proactive government leaders with strong business background, and competency of some (not all) government ministries, agencies and individual officials. Nevertheless, in operational and implementation aspects, Indonesia’s policy capability is found to be weak and more primitive than most other middle income countries in the region such as Malaysia and Thailand, and far inferior to “Tigers” such as Singapore, Taiwan and Korea. Examples of policy issues are given below.

- Both local and foreign businesses complain bitterly that policy is unpredictable, ambiguous, arbitrary and uncoordinated, and that too many Ministerial Regulations are issued without stakeholder consultation or any period for preparation⁴.
- The Horticulture Law (2010), the Mining Law (2012), and the Trade Law (2014) have been revised to pursue national interest. The new Horticulture Law raises hurdles

⁴ Indonesian policy documents are classified into Laws, Government Regulations, Presidential Regulations, and Ministerial Regulations in descending order of difficulty of issuing. Laws must be passed by the Parliament which usually takes a long time. In contrast, a large number of Ministerial Regulations are issued but they are often criticized for the lack of stakeholder consultation or inter-ministerial coordination.

for foreign investors. The new Mining Law requires processing minerals domestically instead of exporting them in raw form (including aluminum and nickel). The new Trade Law is drafted so vaguely that it allows wide interpretation and confounds investors.

- In 2013 Jakarta's minimum wage rose as much as 43.9% due to aggressive and violent labor unions. With unskilled labor wage at \$234 per month and rising (JETRO survey, December 2013), Indonesia is quickly losing competitiveness in labor-intensive processes, which is too early for a labor-surplus country. Political wage demands must be replaced by a predictable wage mechanism based on labor productivity performance (section 6).
- Investment incentives exist only on paper. Only large FDI is eligible and less than ten firms have been granted tax holiday so far (only two since 2012)⁵. Tax cuts must be negotiated individually with relevant line ministries which use their limited budget to pay taxes for exempted firms. The Ministry of Finance (MOF) rejects most incentive proposals for fear of revenue loss. The recognition that manufacturing SMEs and supporting industries add a competitive edge to the nation does not seem to exist.
- Industrial activities are concentrated in the Jakarta Metropolitan Area putting severe strain on transport infrastructure. Although plans have existed for a long time, construction of a new port, airport expansion and needed additional access highways have not been started and construction of a metro network is just beginning (section 4). In contrast, Bangkok, New Delhi, Hanoi and Ho Chi Minh City have built such infrastructure gradually and in steps to partly alleviate (if not eliminate) congestion.
- SME policy is fragmented across ministries and also between central and local authorities. There is no nationally unified definition of SMEs. Integrated and effective SME promotion as seen in Japan, Taiwan and Malaysia does not yet exist in Indonesia (section 7).
- Decentralization has deepened since the beginning of the 2000s. This has

⁵ To enjoy tax holiday, an investor must belong to one of the five sectors (metal, petrochemical, machinery, recyclable energy, and telecom) and invest at least IDR1 trillion (about \$83 million). To receive tax allowances, many conditions, such as employing over 500 workers within five years, providing at least IDR10 billion (about \$83,000) for socio-economic infrastructure, and input localization of 70% after the fourth year, are required. A BKPM leader told Japanese businesses, who requested more substantive investment incentives, that a large population was Indonesia's investment incentive.

contributed to political stability and democracy in this large and diverse country. But it also has downsides including the lost central grip on national issues such as TVET and SME promotion, shortage of local capacity, and varied performance depending on the willingness and capability of local governments.

- Fiscal balance is deteriorating. One-fourth of budget expenditure goes to fuel and electricity subsidies. An ambitious social security system is about to be launched in 2015, but funding has not been identified.

To strengthen industrial capacity, Indonesia is turning to more control and nationalism rather than enhancing such standard measures as labor training and matching with industrial needs, technical and financial assistance to enterprises, logistic superiority, linkage between FDI and local suppliers, and establishment of national standards, certification and testing systems. By the East Asian standard, industrial policy in Indonesia has not reached the knowledge frontier of the 21st century.

2. National development planning

Long- and medium-term development planning as well as annual development planning at both national and regional levels are regulated by the Law on the National Development Planning System (Law No.25, 2004). Nation-level documents consist of the National Long-term Development Plan (RPJPN, for 20 years), the National Medium-term Development Plan (RPJMN, for five years), and annual development plans. Because presidential and planning cycles are synchronized, every five years an incoming government prepares RPJMN to set new priorities within the framework of the longer-term RPJPN. RPJMN must be enacted by a Presidential Regulation no later than three months after the inauguration of the President which takes place in October. Table 1 summarizes Indonesia's development plans at national and regional levels.

The National Development Planning Agency (BAPPENAS) and Regional Development Planning Agencies (BAPPEDA) are responsible for development planning. During the Suharto years (1968-98), BAPPENAS was a powerful super-agency with combined authority over development planning, development budget, and foreign aid mobilization. At times, the BAPPENAS chairman doubled as the Coordinating Minister for Economic Affairs. However, sweeping decentralization in

2001 (Regional Autonomy Laws No.22 and No.25) and the transfer of development budget to the Ministry of Finance in 2003 (Law No.17), which made MOF responsible for the formulation and execution of both development and recurrent budget, significantly reduced the role of BAPPENAS. Subsequently, the Law on the National Development Planning System (Law No.25, 2004), mentioned above, clarified the development planning system in the democratic and decentralized era as well as the revised functions of BAPPENAS and BAPPEDA. According to this law, BAPPENAS is responsible for coordinating and drafting National RPJPN, National RPJMN and annual development plans while BAPPEDA is responsible for equivalent functions at the regional level.

Table 1. Types of National Development Plans

National	Regional	Period
National Long-term Development Plan (RPJPN): enacted by Law	Regional Long-term Development Plan (Regional RPJP): enacted by Regional Regulation	20 years
National Medium-term Development Plan (RPJMN): enacted by Presidential Regulation	Regional Medium-term Development Plan (Regional RPJM): enacted by Regulations by issued by respective Regional Heads	5 years
Strategic Plan of Ministries/Agencies (Renstra-KL): enacted by regulations issued by heads of Ministries/Agencies	Strategic Plan of Regional Government Work Unit (Renstra-SKPD): enacted by regulations of heads of respective Work Unit	5 years
National Annual Development Plan (RKP): enacted by Presidential Regulation	Regional Annual Development Plan (RKPD): enacted by Regulation of Regional Head	1 year
Annual Development Plan of relevant Ministry/Agency (Renja-KL)	Annual Development Plan of Regional Government Work Unit (Renja-SKPD)	1 year

Source: Law on National Development Planning System (Law No.25, 2004)

The current RPJPN 2005-2025 (Law No.17, 2007) and RPJMN 2010-2014 (Presidential Regulation No.7, 2009) were prepared by the government of President Yudhoyono. The vision of the 20-year RPJPN is to “establish a country that is developed and self-reliant, just and democratic, and peaceful and united.” The mission of the 5-year RPJMN 2010-2014 is to realize “prosperous, democratic, and just Indonesia in the globalized world.” The targets of RPJMN include accelerating economic growth to 7% and reducing open unemployment to 5-6% and the poverty rate to 8-10% by 2014. It specifies eleven national priorities⁶.

⁶ The priorities are (i) reforming the bureaucracy and administration; (ii) education; (iii) health; (iv) reducing poverty; (v) food security; (vi) infrastructure; (vii) investment in the business sector; (viii) energy; (ix) environment and natural disaster; (x) left-behind, frontline, most outer, and post-conflict regions; and (xi) culture, creativity, and technological innovation. The current RPJMN also discusses regional development directions and policies.

While the intention of trying to attain inclusive and sustainable growth is clear in RPJMN 2010-2014, it does not specify the driver of growth or concrete steps and measures for enhancing economic competitiveness and industrialization. The current RPJMN only generally discusses the need to promote SMEs and cooperatives, maintain macroeconomic stability, pay more attention to science and technology, productivity, creativity and innovation, and so on.

Presently, BAPPENAS is drafting RPJMN 2015-2019, which will be the third medium-term plan under RPJPN 2005-2025. Preparation of RPJMN takes about two years including informal preparatory processes. To draft the industry chapter of the next RPJMN, the Directorate of Industry, Science Technology, Tourism and Creative Economics of BAPPENAS started background studies and data analysis in 2012 involving academia and experts. The basic idea for new industrial chapter was to add value before exporting, especially for agriculture and mining, which was proposed simultaneously by BAPPENAS and the Ministry of Industry (MOI)⁷. During 2013, BAPPENAS and MOI continued to share and adjust each other's views by organizing seminars and inviting each other. BAPPENAS has an ample budget for hosting such seminars and meetings.

In February 2014, BAPPENAS officially presented the concept paper for the industrial chapter of the next RPJMN to MOI. After incorporating about 90% of received comments, the revised concept paper was presented in April 2014 to the leaders and directorates of MOI as well as business representatives such as the Indonesian Chambers of Commerce and Industry (KADIN), the Employer's Association of Indonesia (APINDO), and sectoral associations. BAPPENAS will officially announce its perspective for the next RPJMN, of which the industry chapter is a part, at end June 2014 to receive public reaction. On October 15, 2014 when a new President will assume office, the draft RPJMN 2015-2019 will be presented to the President's team for comments and inputs. The plan must be finalized by January 15, 2015, after which BAPPENAS will begin work on the annual development plan and budget. Each ministry will also be required to draft its strategic plan for the next five years.

Chapters of RPJMN 2015-2019 will consist of priorities, past review, macroeconomic scenarios and targets, nine key sectors (agriculture (5), mining

⁷ In 2012, MOI Minister Hidayat issued a pamphlet entitled "Acceleration of Industrialization in Indonesia" to make this point.

(2), industry (1) and services (1)), and cross-sectoral issues. It is expected to be Indonesia's first development plan that highlights industry as a prime mover of the economy. Consistent with the New Law on Industrial Policy (section 5), the industry chapter will recognize the need to deepen industrial structure, develop supporting industries, and increase value added to natural resources before exporting.

3. The Coordinating Ministry of Economic Affairs and MP3EI

Indonesia has a unique mechanism for inter-ministerial policy coordination. Above line ministries, there are three coordinating ministries headed by senior ministers dealing with (i) political, legal and security issues; (ii) economic affairs; and (iii) people's welfare. Among them, the Coordinating Ministry for Economic Affairs (EKON)⁸ is charged with matters related to policy implementation among 17 economic ministries (Indonesia has 34 ministries in all). The role of the coordinating ministries is similar to that of high-level committees or councils headed by Deputy Prime Ministers in other countries, but Indonesia does policy coordination by a permanent mechanism, i.e., ministries that stand above line ministries and have regular staff.

The Master Plan for Economic Development for Acceleration and Expansion of Indonesia's Economic Development 2011-2025 (MP3EI), an ad hoc development plan, was prepared during the second term of President Yudhoyono and announced by a Presidential Regulation in May 2011. According to EKON, its former Minister Hatta Rajasa, who felt the need for an additional plan that listed concrete priority projects, played a central role in producing its initial concept. Preparation for MP3EI began in August 2010 at EKON which subsequently conducted stakeholder consultations and finalization in collaboration with BAPPENAS, related ministries, and the business community⁹.

Embracing the vision of "self-sufficient, advanced, just, and prosperous

⁸ The Coordination Ministry for Economic Affairs, with the current Indonesian acronym of EKON, was established in 1966 and went through many name changes. Until 2000, it was routinely called EKUIN whose functions included finance. At times, the EKUIN Minister assumed the chairmanship of BAPPENAS (as in the case of Dr. Widjojo Nitisastro during 1973-83).

⁹ Meanwhile, MP3EI itself states that it originated from the directive order of President Yudhoyono given to the Limited Cabinet Retreat in December 2010 which stressed the need for economic transformation.

Indonesia,” MP3EI aims at high, balanced, fair and sustainable economic growth. It sets a growth target of 7-9% per annum to achieve Indonesia’s transformation into one of the top ten advanced economies in the world by 2025, with expected per capita income of \$14,250-15,500. MP3EI includes eight main programs consisting of 22 main economic activities. It has three strategies: (i) developing potentials of six economic corridors (Java, Sumatra, Kalimantan, Sulawesi, Maluku-Papua and Bali-Nusa Tenggara); (ii) strengthening domestic and international connectivity; and (iii) promoting human resource capacity and science and technology. MP3EI also provides guidelines for the development of infrastructure needs and recommendations for revision of regulations.

As a plan document, MP3EI has two notable characters. First, it is an effort to harmonize RPJMN and the National Spatial Plan (Spatial Planning Law No.24, 1992). Second, its many large projects, amounting to IDR4,000 trillion, are to be financed by all stakeholders including central and local governments, state-owned enterprises, and the private sector in sharp contrast to RPJMN which covers publicly-financed projects only. While MP3EI states that it does not replace any of the existing national or regional development plans, questions are occasionally raised about the consistency between the two.

Implementation of MP3EI is the task of the Committee on Economic Development Acceleration and Expansion of Indonesia 2011-2025 (KP3EI), established in May 2011 for this purpose and headed by the President. The duties of KP3EI are coordination of planning and implementation, monitoring and evaluation, and removing obstacles in implementing MP3EI. To handle daily matters, KP3EI has two operational units: (i) Team KP3EI that contains nine task teams—for six economic corridors and three cross-cutting issues of regulatory reforms, connectivity, and human resources and science and technology; and (ii) Secretariat KP3EI headed by a Deputy Minister of EKON charged with infrastructure and regional development coordination and supported by six divisions of EKON.

MP3EI is subject to periodic review. The government completed the first review of MP3EI in May 2014. The main revision was expansion of the scope of projects from large-scale infrastructure projects in the original MP3EI to projects in all sectors including environmental ones.

4. Metropolitan Priority Area

The Metropolitan Priority Area (MPA) initiative, an ambitious infrastructure plan for Jakarta and its surrounding areas, is a key component of the Java Economic Corridor which is one of the six economic corridors in MP3EI. The Japanese government has been supporting its formulation and implementation.

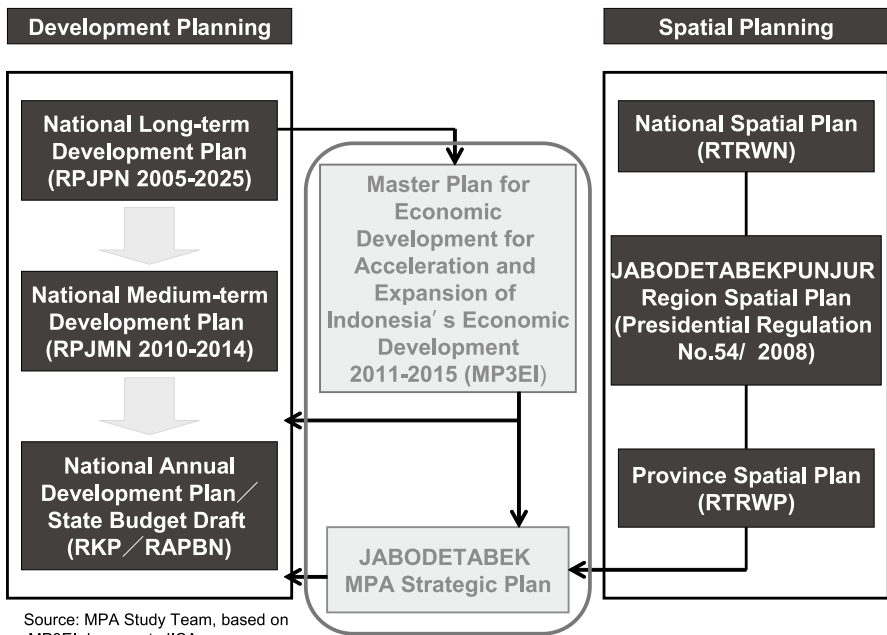
The objective of MPA is to make JABODETABEK, a combined acronym for Jakarta, Bogor, Depok, Tangerang and Bekasi, more attractive for industrial investment by accelerating infrastructure development and creating a business climate that can compete effectively within ASEAN. Due to the economic boom and motorization in the last several years, the area is suffering from severe traffic congestion, and the low quality and lack of infrastructure has emerged as a major barrier to economic activities. To improve both the hard and soft aspects of business environment, the governments of Indonesia and Japan signed a memorandum of cooperation in December 2010 and conducted the MPA Master Plan Study under the Steering Committee and Technical Committee composed of the two governments and relevant organizations.

The Master Plan Study (i) presented a vision of JABODETABEK in the year 2020 and forecasted economic and social conditions surrounding Indonesia in 2030; (ii) formulated an overall plan for infrastructure development in the JABODETABEK Area by the year 2020 specifying 45 priority projects; and (iii) selected 18 fast track projects (two more were added later) to be undertaken by the end of 2013 from the priority project list. The Master Plan Study estimated the total required amount by 2020 to be 3.4 trillion yen (about \$34 billion, including the fast track projects), which was to be financed by both private and public means. Roughly 1 trillion yen (about \$10 billion) was expected to be forthcoming externally, including Japanese ODA. Among 20 fast track projects, five were selected as flagship projects with highest priority¹⁰.

The JABODETABEK MPA Strategic Plan was also drafted jointly by the

¹⁰ The flagship projects are (i) Cilamaya New Port Development, (ii) Jakarta Mass Rapid Transit; (iii) terminal expansion at Sukarno-Hatta International Airport; (iv) sewage system development; and (v) the New Academic Research Center. See The Master Plan for Establishing Metropolitan Priority Area for Investment and Industry in JABODETABEK Area, Final Report by the Coordinating Ministry for Economic Affairs and JICA, November 2012. This information is based on JICA Press Release dated October 9, 2012: <http://www.jica.go.jp/english/news/press/2012/121009.html>

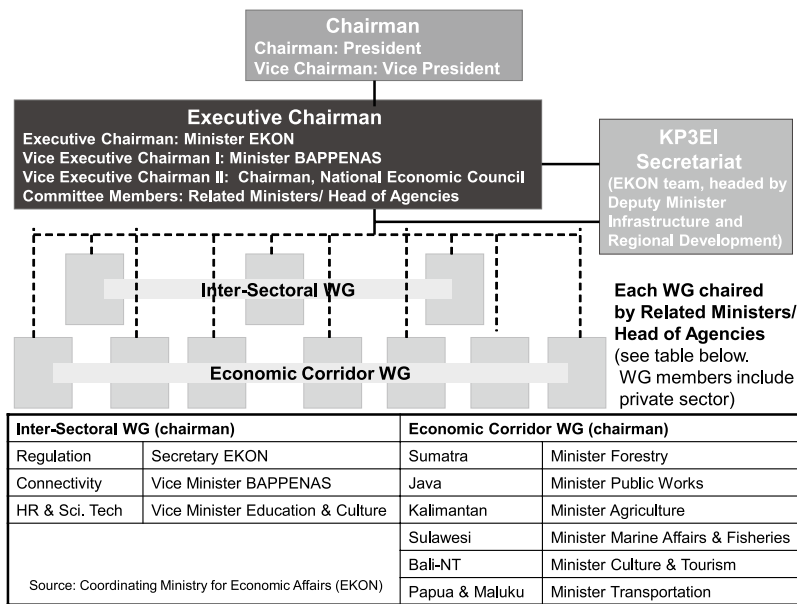
Figure 1. Relationship among Development Planning, Spatial Planning, and MP3EI



two governments. From March 2011 to October 2012, three Steering Committee meetings, co-chaired by the EKON Minister on the Indonesian side and the Minister of Economy, Trade and Industry or the Minister of Foreign Affairs on the Japanese side, were held. Six Technical Committee meetings, co-chaired by the Deputy Minister for Infrastructure and Regional Development Cooperation of EKON and the Minister of the Japanese Embassy to Indonesia, were also organized. One wing of the Technical Committee monitors the progress of infrastructure projects while the other is a bilateral forum for improving investment climate (called the MPA High Level Consultation for Investment Promotion). The Jakarta Japan Club (JJC), having the function of a chamber of commerce and industry for Japanese firms operating in the Greater Jakarta area, provides substantive comments and requests to the latter wing of the Technical Committee. Major issues raised at present are related to labor, taxation and customs as well as general unpredictability of laws and regulations.

MPA has become JICA's main economic cooperation in Indonesia. JICA

Figure 2. Implementation Coordination Mechanism for MP3EI



Note: Alternate chairmen are assigned for Economic Corridor WG as follows: Minister Energy and Mineral Resources (Sumatra); Minister Industry (Java), Minister Public Housing (Kalimantan), Minister Cooperatives and SMEs (Kalimantan); Minister Trade (Bali-NT), and Minister Development of Disadvantaged Regions (Papua & Maluku).

supports some of the fast track projects such as the North-South Line of the Jakarta Mass Rapid Transit System, the Java-Sumatra Inter-connection Transmission Line, and improvement of the Pluit Wastewater Facilities for flood control. Assistance to project formulation is also underway for a new port as well as road, railway and wastewater treatment improvements. Some of the projects may be carried out through public-private partnership. However, implementation of MPA is behind the schedule, which is not entirely surprising for such a large and complex set of projects requiring a high capability for political, technical and administrative coordination. Land acquisition for infrastructure projects is also slow. Greater efforts are needed by EKON and the ministries concerned to accelerate implementation.

5. The New Industrial Policy

In January 2014, the new Law on Industrial Policy replaced the old law of 1984 to take into account the national, regional and global changes that took place in the past three decades. It also updated the National Industrial Policy (Presidential Regulation No.28, 2008). Formulation of the new Law is led by MOI Minister Mohamad S. Hidayat who comes from a private sector background (previously he was the chairman of KADIN).

Main changes between the 2008 National Industrial Policy and the 2014 Industrial Policy Law include: (i) expanded scope of priority sectors; (ii) prioritizing the use of natural resources for domestic industries over raw-form exports; (iii) more emphasis on human resource and capacity development including the introduction of national work competency standards and certification; and (iv) a more active role of the government in developing industrial estates and related infrastructure, particularly in outer islands¹¹.

Meanwhile, the nationalistic tone of the new Law worries some businesses. For example, it allows foreign workers to work only for a limited period and requires them to meet knowledge and skill requirements set by the national work competency standards. It obliges investors in turnkey projects to perform technology transfer with little regard to whether this is commercially and technically viable. The law paves the way for the government to set quotas or even a ban on the export of minerals and commodities to reserve their use for domestic activities. The law permits price control and the state control of strategic industries on the grounds of safety and other national interests. Also, preferential treatment is given to domestic companies for government tenders.

The new Law on Industrial Policy mandates drafting of the National Industrial Development Master Plan (RIPIN) that articulates the vision, mission, strategy and priority programs for industrial development in the next two decades (2015-2035). MOI is currently working on it. The draft Master Plan will be submitted to the MOI Minister in July 2014, after which related ministries and organizations

¹¹ About 90% of Indonesia's industrial estates are developed and operated by the private sector. The government has so far played a very limited role in supplying industrial land. Since 2009, all manufacturing FDI has been obliged to locate in an industrial estate (there are some conditional exceptions). According to the MOI Secretary General, the purpose of this requirement is two-fold: provision of supporting services (one-stop window, power supply, etc.) for enhancing competitiveness, and environmental protection.

will be consulted for comment. MOI plans to finalize it by October 2014 when a new government will be inaugurated. The draft Master Plan is expected to have the following policy architecture:

- Six core industries—food; pharmaceutical and cosmetics; textile and footwear; transportation equipment; electronics and ICT; and energy.
- Three supporting industries—capital goods; component industry; and machinery accessory and support materials.
- Three upstream industries: agro-based; mining; and gas and coal.
- Six basic requirements—natural resources, human resource; technology, innovation and creativity; infrastructure; policy and regulation; and finance.

According to MOI, one of the difficulties in designing industrial policy is very limited room for fiscal incentives for industrial promotion. The Finance Law is highly restrictive, and tax allowance and tax holidays are very difficult to obtain. This is primarily because MOF places the highest priority on maintaining fiscal disciplines and, as a result, is extremely cautious about any proposal for new incentives.

While all cross-ministerial policies must in principle be coordinated by EKON, the drafting of the Industrial Master Plan is proceeding at the initiative of MOI. The Secretary General of MOI is responsible for overall supervision and coordination. The Task Team for drafting has been organized by MOI chaired by the Director General of Industrial Regional Development. It comprises of 25 members from MOI, universities, research centers, consultancy, and businesses. During the last one year, the Task Team worked intensively, meeting at least every other week. A seminar with KADIN was also organized. BAPPENAS was also informally but closely involved, as explained above. As with national development planning, the Industrial Master Plan is being prepared with extensive institutionalized discussions among government, businesses, and experts—but without a strong involvement of EKON.

In sum, Indonesia has three sets of documents defining industrial policy—RPJPN and RPJMN (routine plan documents drafted by BAPPENAS), MP3EI of which MPA is an important part (with attention to spatial planning and investment climate, led by EKON), and the Industrial Law and the Industrial Master Plan (specifying various industrial policy components, formulated by MOI). In theory, these policies should be mutually consistent and reinforcing. However, there is also a risk of too many cooks

spoil the broth.

When more than one organization participate in the same policy, success requires a shared direction and an effective coordination mechanism. The fact that all ministries support a nationalistic industrial vision is good—at least from the viewpoint of avoiding fights over policy purpose. Indonesia also has EKON, a designated coordinator of line ministry policies, which should be able to provide the needed high-level coordination.

However, the mission detected a strong sense of autonomy and rivalry among certain economic ministries and even among directorates of the same ministry. Even when a policy direction is broadly agreed, competition for securing priority and budget can be fierce. Information seems to flow freely among friendly ministries via well-established consultation mechanisms but not between contending or remote ones. EKON, with its own plans and strategies, is an active player as well as a coordinator in this industrial policy competition. MOF tries to shoot down any policy proposal requiring new funding, which is understandable given its mandate. While inter-bureaucratic contention and a non-generous MOF are hardly unique to Indonesia, their degrees are such that they often significantly delay or even hold up policy implementation. Advanced decentralization, whatever its many merits may be, also makes central economic policy making a challenge. By contrast, in countries equipped with a policy supervising mechanism chaired personally by a powerful president or prime minister, industrial policy is actually executed even with some delay.

6. FDI policy

Foreign investment in Indonesia is governed by the Investment Law (Law No.25, 2007), the Investment List (Presidential Regulation No. 111, 2007; No. 36, 2010; and No.39, 2014) and many other laws covering specific sectors or products. Investment authorities are distributed among the Indonesian Investment Coordinating Board (BKPM), sectoral ministries, and local governments. BKPM is the central investment agency as well as a one-stop shop for investors covering all sectors except oil, gas, and financial sectors. Investment applications can be submitted to its Jakarta head office or regional offices. Under decentralization, local governments are responsible for monitoring and supporting investment

projects within their jurisdictions except for certain projects which remain under central authority.

Daily operation of BKPM, as the initial contact point for foreign investors, is efficient and responsive in comparison with other parts of the Indonesian government. Despite this, Indonesia's investment incentives and administration are saddled with many shortcomings as already discussed. FDI liberalization began to accelerate in the aftermath of the Asian financial crisis of 1997-98, a process which continues to date. However, investment climate has not yet reached the level of predictability and business friendliness of other industrial economies in the region such as Malaysia and Thailand.

Although far from being an investors' paradise, Indonesia is absorbing an increasing amount of FDI year after year. FDI realization rose from \$10.8 billion in 2009 to \$28.6 billion in 2013 accounting for 68% of total investment in the latter year. Manufacturing FDI, especially in the automotive sector, is most dynamic. The share of secondary sectors in total FDI realization increased sharply from 35% in 2009 to 55% in 2013. To reflect this sector shift, Japan became the top investor in 2013 replacing Singapore which was the largest source country in the past (BKPM data excluding oil, gas, and financial sectors). Similarly, from the viewpoint of Japanese firms, Indonesia's ranking as a desirable investment destination in the future (next three years) jumped from No.8 in 2007-2009 to the top position in 2012.

Indonesia's attractiveness mainly comes from large and growing domestic demand and rich natural resources rather than knowledge, skills or technology. Most foreign manufacturers target consumers and users in Indonesia rather than build a global supply base. This is FDI-led industrialization driven by quantity rather than competitiveness. This was the major reason for policy makers to adopt a series of inward-looking industrial measures. However, export competitiveness cannot be forged unless favorable business environment and effective policy support are in place. Indonesia has a long way to go before such environment and measures are realized.

One of the shortcomings is meager incentives. Standard privileges such as tax allowance, tax holiday, and import duty exemption are available only under strict conditions which are difficult to meet for most foreign firms. One of the highest hurdles is the minimum size of investment such as IDR0.5-1.0 trillion and/or 100-

300 employees depending on incentive types. Other conditions include sectors¹², bank deposit requirement, R&D requirement, and contribution to infrastructure. New regulations are frequently issued and conditions are often unclear, with the result that eligible firms must negotiate with ministries in charge. This shuts out most FDI firms except the largest. There are also no incentives for manufacturing SMEs, supporting industries, technology transfer, or worker and engineer training. Nevertheless, additional tax deduction to labor-intensive industries and firms exporting at least 30% of output were enacted in 2013 and tax incentive for reinvestment was introduced in 2014. This may be because MOF Minister Basri, who previously chaired BKPM, is more understanding to the joint requests of MOI and BKPM.

An interesting case is the low-cost green car (LCGC) policy whose details were announced in July 2013 (MOI Ministerial Regulation No.33). It exempts luxury tax on cars produced in Indonesia which satisfy certain conditions regarding engine capacity, fuel efficiency, and selling price. Localization of 80-85% is also required but not stated in the official document¹³.

In April 2014, a new negative list for foreign investors (Presidential Regulation No.39) replaced the previous one in 2010, easing conditions for some sectors but tightening for others. 100% foreign ownership is now permitted for manufacturing (there are exceptions), but for wholesale distribution and warehousing maximum foreign ownership was reduced from 100% to 30%. Restrictions not stated in the negative list are also reported.

Wage pressure and labor disputes are another serious problem that may damage Indonesia's international competitiveness. In our interviews, business leaders and industrial officials were generally frustrated with aggressive wage demands unrelated to productivity performance. It is interesting that the Ministry of Manpower and Transmigration, BKPM, APINDO and KADIN are proposing a predictable wage mechanism in which government, employers and unions should agree on wage levels

¹² For instance, tax holiday is available to five sectors only (basic metal, oil refinery and petrochemical, machinery, renewable energy, and communication devices), which however are different from BKPM's seven priority sectors (export-oriented, capital goods and raw materials, consumer goods, downstream industries, sectors with rising domestic consumption, infrastructure, and tourism and creative industries).

¹³ LCGC policy, in which five Japanese car makers participate, is one of the reasons for FDI acceleration in automotive assembly and component production in recent years. However, luxury tax reduction for made-in-Indonesia cars is very likely to violate WTO rules. In certain instances, Indonesia seems to impose incentive requirements in a non-documented way.

for three to five years into the future based on productivity measurement with inflation adjustment¹⁴.

Regarding the operational modality of BKPM, the two-step investment licensing procedure (initial approval followed by the principle license) was abolished in 2013 and the two steps were unified. BKPM initially thought that investors needed time to think before implementing the project, and allowed six months between the two steps. But it was learned that most investors, such as from Japan, Korea and Singapore, did not need such time as they had already decided to invest by the time they approached BKPM. For greater convenience, BKPM has introduced an online tracking system which allows an investor to check the position and status of his or her application. Additionally, online application for the principle license will be operative in 2014.

BKPM's Investment Promotion consists of promotion development, sectoral promotion, regional promotion, and exhibition and promotion. These are supported by other functions of BKPM. After getting a principle license, BKPM assists investors with obtaining a business license, owner change, capacity increase of more than 30%, and import duty exemption on equipment and materials (during the factory preparation period only). Investment implementation is monitored for some but not all projects. For this purpose, BKPM relies mainly on reports from local governments. One peculiar aspect of BKPM's data reporting is that the number of approved projects is no longer made public, with only "investment realization" (total value and sectoral and source country distribution) announced. The mission could not understand the reason for this practice¹⁵.

7. Promotion of SMEs and industrial human resource

Indonesia does not have a unified definition of SMEs as definitions differ across ministries, agencies, and financial institutions (Table 2). The Ministry

¹⁴ The idea of tripartite cooperation for productivity-wage nexus is comparable to Singapore's Charter for Industrial Progress in 1965. A similar advice was also given by the GRIPS Development Forum in a letter addressed to Ethiopian Prime Minister Hailemariam in April 2014.

¹⁵ Most countries regularly (often monthly) report the number and value of investment approvals as well as implemented value. With this information it is easy to compute the average investment size and confirm, for example, the recent trend that the number of FDI projects by Japanese manufacturing SMEs is rising, which is observable in Malaysia, Thailand and Vietnam. It is suspected that the same is true in Indonesia.

of Cooperative and SMEs, which provides cross-sectoral support in policy formulation, financing, training and marketing, uses the asset-based definition given in Law No.28 of 2008. The National Agency for Statistics (BPS), which conducts SME surveys, classifies enterprises according to the number of employees. MOI also adopts the BPS definition. Sector-wise SME support is managed by each responsible line ministry including MOI.

Table 2: Definition of SMEs in Indonesia

	Definition by National Agency for Statistics (BPS)	Definition by Law on Micro, Small, and Medium Enterprises (Law No. 20, 2008), satisfying at least one of the two conditions	
	Number of Employees	Net Assets (IDR)	Annual Sales (IDR)
Micro Enterprise	Below 5	50 million or below	300 million or below
Small Enterprise	5–19	Over 50 million up to 500 million	Over 300 million up to 2,500 million
Medium Enterprise	20–99	Over 500 million up to 10,000 million	Over 2,500 million up to 50,000 million
Large Enterprise	100 and above	Over 10,000 million	Over 50,000 million

Source: Based on the relevant laws and regulations in Indonesia.

Note: According to Law No.20, 2008, the value of net assets do not include land and building.

While many definitions make comparison difficult, as of 2014 there are 57.9 million SMEs nationwide (MoC&SME data), of which 4.3 million belong to industry (called SMIs, MOI data). Most, but not all, SMEs are organized as “cooperatives” which offer various services to its members. The total number of cooperatives was 203,701 in 2013 (MoC&SME data). Separately, “clusters” are local concentration of SMEs that produce similar products. Cooperatives and clusters may overlap but they are not necessarily the same. After decentralization, cooperatives and clusters have been managed by local authorities. This makes it difficult for central ministries to uniformly implement SME policy across the nation or work effectively with local governments. Moreover, scattered authority and the lack of strong coordination even at the central level additionally weaken SME promotion.

Historically, the Indonesian government often stressed the importance of SMEs and has tried many types of support measures since the late 1960s including marketing, finance, supporting industries, Foster Father Scheme, SME clusters, technical service extension units, Business Development Services, technology

transfer, and innovation. But positive impacts on the quality and dynamism of SMEs remain elusive. Compared with neighboring countries such as Thailand and Vietnam, Indonesian SMIs are less likely to be formally registered or linked with global players and markets.

Like India, an important purpose of Indonesia's FDI policy has been protection of local SMEs. Certain sectors are closed to foreign firms and others require partnership with locals. However, such restrictions may backfire as they discourage incoming FDI and encourage SMEs to stay small and weak to receive privileges.

At present, functions of the Ministry of Cooperatives and SMEs are (i) policy making; (ii) training in cooperation with local governments; (iii) financial support through loan guarantee (KUR), grants for cooperatives and start-up firms, and a revolving fund for subsidized loans (in cooperation with MOF); (iv) marketing, which includes the SME Tower exhibiting provincial products; and (v) incubation.

The SMI Directorate of MOI has four Priority Programs: (i) One Village One Product (OVOP) learned mainly from Taiwan and Thailand; (ii) SMI clusters; (iii) creative industries; and (iv) "entrepreneurship." The last is a scholarship program for selected young students to acquire technical skills in chosen fields at one of the 17 technical institutions for three years, then dispatching them to SME Centers across the nation to assist businesses for at least two years. About 1,000 students have been recruited in this way during the last two years. Meanwhile, the Directorate's Supporting Programs include (i) replacement of old equipment with 35% of cost borne by the central government and 45% by the local government; and (ii) SMI facilitation (IPR and packaging clinics, halal products, etc.) The Directorate has budget to help local governments with capacity building programs as well as financial transfers. Separately, MOI operates eight Training Centers for training local government officials, seven technical colleges, 11 technical high schools, 11 technical institutes, and 11 industrial standards centers. However, limited budget and outdated equipment are common problems.

Shindanshi is a system of officially recognized SME consultants initiated in post-WW2 Japan. From 2005 to 2008 JICA assisted Indonesia to train 450 (mostly) local government officials as shindanshi and also created a national certification system. The Industrial Education and Training Center under MOI manages this project. However, activities have stagnated recently. The reasons include rotation, promotion

and retirement of trained local officials, difficulty for MOI to mobilize shindanshi under decentralization, and inadequate local capacity. There is, however, a desire to revive shindanshi within MOI.

8. Private sector efforts

Apart from government ministries and agencies, the private sector contributes significantly to Indonesia's industrial competitiveness and improvement of business climate. Such efforts should be scaled up, ideally with the government's policy support. Some organizations interviewed by the mission are discussed below.

The Indonesia Mold & Dies Industry Association (IMDIA)

IMDIA is an association of companies and institutions engaged in manufacturing, purchasing, marketing and/or maintenance of mold and dies, including those affiliated with Japanese FDI. It was established in February 2006 with the support of the Japanese private sector and the Ministry of Economy, Trade and Industry (METI). The idea of IMDIA originated from the Competitiveness/SMEs Working Group of the Strategic Investment Action Plan (SIAP)¹⁶, a high-level public-private sector joint forum of Japan and Indonesia, which saw an urgent need to strengthen local supporting industries so Japanese firms could meet localization ratios required by the Indonesian government. Under the Japan Indonesia Economic Partnership Agreement (JIEPA), which was signed in August 2007 and became effective in July 2008, this bilateral public-private partnership was transformed into a mechanism for implementing JIEPA. IMDIA is unique because it is an Indonesian association under the KADIN umbrella, but its management and activities are strongly supported by the Japanese private sector and government.

IMDIA acts as a coordinator of programs related to local industry capacity development, particularly strengthening Indonesia's supporting industries. As of July 2014, IMDIA had 408 members. IMDIA's programs include: (i) METI-supported skill training of the local die and mold industry with the dispatch of 13 experts for

¹⁶ The SIAP was announced at the Japan-Indonesia Summit Meeting in June 2005 by Prime Minister Koizumi and President Yudhoyono as an initiative for promoting FDI from Japan to Indonesia. Its four working groups were Tax/Customs, Labor, Infrastructure, and Competitiveness/SMEs.

group training during 2008-2012; (ii) dispatching experts to individual companies with the support of the Japan Foundation from 2008 to present; and (iii) skill evaluation activities, including training of skill evaluators, with the support of the Japan Vocational Ability Development Association. In FY2014, IMDIA plans to organize 52 workshops in such areas as mold design and management, die finishing, equipment maintenance, and mechanical inspection¹⁷.

IMDIA is managed by Mr. Makoto Takahashi (Chairman) and Mr. Itsuo Tanigawa (Secretary General), two dedicated Japanese industrial experts who have their own businesses and work for IMDIA on a voluntary basis. IMDIA provides training for member companies free of charge (lecturers receive no fees). Since IMDIA does not have its own facilities, lecture rooms and training equipment are rented at various collaborating companies for which IMDIA pays fees and running costs. Japanese passion and support at IMDIA is laudable, but such *monozukuri* initiative should be eventually assumed and scaled up by local managers and experts so IMDIA will become a truly Indonesian-owned industry association.

Polytechnic Manufacturing Astra (Polman Astra)

Polman Astra is one of the leading private vocational training institutions in Indonesia. It was founded in 1995 by Astra International¹⁸, the largest conglomerate in Indonesia, in order to fill gaps of the existing education to meet the needs of industry. Vocational training was initiated by P.T. Astra Honda Motor, one of the affiliated companies, because of the difficulty to recruit workers with skills required by the industry. Polman Astra's vision is to be the best polytechnic in Indonesia.

Polman Astra provides three-year vocational training to produce D3 level (Diploma 3, below university) graduates in the field of automotive and natural resources with QCDI (quality, cost, delivery and innovation) mindset and discipline. Its programs consist of (i) mechanical engineering and tools

¹⁷ For details, see <http://www.imdia.or.id/english/profile/index.html>

¹⁸ Astra International is a holding company in seven fields: automotive, financial service, heavy equipment, manufacturing engineering, agribusiness, information and technology, and infrastructure. There are nearly 200 Astra Group companies including joint ventures with foreign partners—Toyota, Daihatsu, Isuzu, UD Trucks, Honda, BMW, Peugeot, Lexus, etc. Astra was established as a trading company by Mr. William Soeryadjaya (Chinese-Indonesian businessman) in 1957. Its successful joint venture with Toyota in 1969 had a domino effect of prompting many other Japanese companies to work with Astra.

manufacturing; (ii) manufacturing process and production engineering process; (iii) mechatronics; (iv) plantation crops process engineering; (v) informatics management; (vi) automotive engineering; and (vii) heavy equipment engineering. Emphasis is given to practical training (65%) over theory (35%). All curriculums are accredited by Astra Group industries, and students are given opportunities for internship at Astra Group companies during the last 6-9 months of the three-year training period. Uniqueness and strength of Polman Astra lies in its close linkage with the Astra Group which boasts a variety of leading manufacturing companies. This makes the institution guaranteed to be practical and useful.

About 220 students are taken annually. As of June 2014, there were 658 students enrolled with the cumulative number of students since establishment at 2,289. The Astra Group provides subsidies of about \$1 million per annum, which enables Polman Astra to offer full scholarship to 35% of the students (tuition and living costs) and cover part of the training fees for other students. There are 55 full-time lecturers and 108 visiting lecturers. After graduation, about 60-70% of the students are placed in Astra group companies. Because of its renowned curriculums and promising job opportunities, entry selection is highly competitive. For the annual in-take of 220, there were 3,955 applicants in 2012, 3,474 in 2013, and around 5,000 in 2014. The majority of students (about 60%) come from Java.

In addition to the vocational training program, Polman Astra also operates: (i) training for Astra staff; (ii) a center for vocational and educational development; (iii) a center for SME development; (iv) a center for commercial and product development; and (v) commercial production. Income from these activities is used to support the vocational training program.

Business organizations

KADIN, the Indonesian Chambers of Commerce and Industry, is an umbrella organization of Indonesian business chambers and associations focusing on trade, industry and services. It was established by Law No.1 of 1987 as the only nationwide business organization to speak on behalf of private businesses. It has 33 regional chambers and 440 district branches. International chambers, such as the Jakarta Japan Club (JJC) and AmCham, are also members of KADIN. Being financed by membership fees, KADIN maintains independence from the government. The government consults with KADIN on the drafting process of all

related laws and regulations. Recently, for example, KADIN commented on the draft Laws on Minerals and Industry

Within KADIN, there are bilateral committees to enhance trade and investment with partner countries. The Indonesia-Japan Economic Committee chaired by Mr. Sony B. Harsono is the main counterpart of JJC for exchanging views on Indonesia's business climate. At MPA High Level Consultations for Investment Promotion, JJC works closely with KADIN to address issues raised by Japanese companies in doing business, such as taxation, labor disputes, customs clearance, and predictability of laws. KADIN has been an important actor for Indonesia-Japan bilateral public-private dialogue.

APINDO, the Employers' Association of Indonesia, is an independent organization with the vision of creating a good business climate to realize real national development¹⁹. Its mission is to enhance competitiveness of Indonesian companies, realize harmonious industrial relations, represent the Indonesian business community in various national and international institutions particularly in employment organizations, and protect, empower and advocate all businesses, especially its members. APINDO has approximately 10,000 members in all parts of Indonesia which ranges from private enterprises to state-owned enterprises, local companies, joint ventures, and cooperatives. It is the sole body representing employers in all tripartite councils on industrial relations and manpower affairs.

APINDO is active in policy advocacy. It expressed serious concern over excessive increases in Provincial Minimum Wages in 2013, and stressed the need to depoliticize wage determination and promote social dialogue between employers and employees. APINDO also provides services to members at the national, provincial and district levels, such as consultation on industrial relations and manpower development, legal assistance, representation at labor courts, and training programs on manpower affairs.

¹⁹ The predecessor of APINDO was formed in 1952 by a group of Indonesian employers under the name of PUSPI (Employer's Council on Socio-Economic Affairs). It was recognized in 1975 by a decree of the Minister of Manpower, and mandated by KADIN to represent employers on industrial relations and manpower affairs. It was then renamed to APINDO in 1985.

9. A note on the Indonesia-Japan economic relation

Economic ties between Indonesia and Japan have been long and strong, and Japan's contribution to the Indonesian economy has been immense. In March 2014, a JETRO survey counted at least 1,517 Japanese firms operating in Indonesia, which are mostly located in industrial zones east of Jakarta and whose number is rapidly on the rise. The manufacturing sector, especially automotive, is dominated by Japanese firms with over 90% of cars on Indonesian roads carrying Japanese brands. Since 2013, Indonesia has been the most popular FDI destination among Japanese firms. On the ODA front, Indonesia is currently the largest recipient of Japanese ODA. At end 2012, cumulative ODA loans, grants and JICA's technical cooperation to Indonesia amounted to 4.64 trillion yen (\$46 billion), 276 billion yen (\$2.7 billion), and 328 billion yen (\$3.2 billion), respectively.

Despite such deep interaction for more than a half century, the quality of industrial policy and business environment in Indonesia remains weak as discussed in this report. Given the high expectation Japan has for Indonesia, and given the large volumes of FDI, ODA and trade in the past, this is a regrettable situation for Japan as well as for Indonesia. True, progress has been made in income and industrialization. But in comparison with rival economies in ASEAN—not to speak of the East Asian tigers—Indonesia's economic achievements have been modest and based more on quantity than quality.

Indonesia's new leader should take decisive actions to overcome the middle income trap as the top national agenda. However, in pursuing this objective, economic nationalism must be combined with well-informed market-oriented policy making, which seems to be lacking in today's Indonesia. On the Japanese side, change is also needed to upgrade the bilateral economic relationship. For a middle-income and key economic partner like Indonesia, Japan should formulate an "All Japan" industrial cooperation strategy (not just ODA-based assistance strategy) accompanied by regular public-private bilateral policy dialogue. The new approach should be more selective and strategic than at present and produce synergy between Japanese FDI and ODA in support of Indonesia's industrial development. Specifically, the following are suggested.

First, a *long-term goal* of Japanese industrial cooperation in Indonesia must be set in a way consistent with Indonesia's national development plans. This goal

should be unique to Indonesia, substantive, and fixed for at least a few decades. Second, concrete *medium-term targets*, whose progress can be monitored easily and continuously, should be agreed. Third, to realize these targets, a rolling *action plan* specifying who will do what by when (which includes actions by both Indonesia and Japan), together with performance criteria, should be constructed. Fourth, a bilateral high-level permanent mechanism (Industrial Policy Dialogue) should be created to advise and supervise policy design as well as monitor the implementation of the action plan.

The MPA initiative with its Steering Committee and two Technical Committees is a good start. But what is proposed here is broader in scope and more solid as an institution than the current MPA-related meetings. It should be an annual or semi-annual permanent bilateral forum that should cover not just infrastructure projects and investment climate but also capacity building of local enterprises and industrial human resource, FDI-SME linkage, supporting industry promotion, logistic benchmarking, and standards, certification and testing, which collectively constitute the core of a nation's industrial capability. By implementing them with Japanese assistance, Indonesia will have a true industrial policy and policy-aided value creation. At present, policy initiatives in these areas are very fragile.

Finally, Indonesia's challenge—receiving massive aid and investment from Japan but policy capability and ownership remaining weak—is also visible in Vietnam, except that the latter's economic interaction with Japan is *only* two decades old instead of a half century. As an equally vital industrial partner of Japan, Vietnam-Japan economic relation must also be revitalized along a similar line.

Mission Schedule (15- 21 June 2014)**1. Mission Members**

Kenichi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Izumi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Akemi Nagashima	Research Associate, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Le Ha Thanh	Lecturer & Researcher, National Economics University & Vietnam Development Forum (VDF), Hanoi, Vietnam
Nguyen Thi Xuan Thuy	Director, Institute for Industrial Policy and Strategy, Ministry of Industry and Trade, Hanoi, Vietnam

2. Mission Schedule

	DATE	TIME	ACTIVITY
1	15	Sun	PM Arrival
2	16	Mon	AM JICA Indonesia Office
			AM JETRO Jakarta Office
			PM The Jakarta Japan Club (JJC)
3	17	Tue	PM Deputy Minister (VII), Research & Development for Cooperative & SME Resources, Ministry of Cooperative and SME
			AM Secretariat General, Ministry of Industry
			AM Directorate General of International Industrial Cooperation (KII), Ministry of Industry
			PM Assistant Deputy, Spatial Planning and Development for Underdeveloped Regions, Coordinating Ministry for Economic Affairs (CMEA)
			PM Deputy Minister (VII), International Economic and Financial Cooperation, Coordinating Ministry for Economic Affairs (CMEA)
4	18	Wed	PM Indonesian Chamber of Commerce & Industry (KADIN)
			AM Directorate General of Small and Medium Enterprises, Ministry of Industry
			AM Directorate General of Leading and High Technology Based Industry, Ministry of Industry
			PM The Employers' Association of Indonesia (APINDO)
5	19	Thu	PM Directorate of Industry, Science Technology, Tourism and Creative Economics, National Development Planning Agency (BAPPENAS)
			AM Agency for Industrial Policy, Business Climate and Quality Assessment (BPKIMI), Ministry of Industry
			AM Department of Economics, Centre for Strategic and International Studies (CSIS)
			AM Ministry of Industry (JICA Project on Small and Medium Industry Development Based on Improved Service Delivery)
			PM Directorate of Sectors Investment Promotion, The Investment Coordinating Board (BKPM)
6	20	Fri	PM Ministry of Trade (JICA Project on Service Improvement of NAFED: National Agency for Export Development)
			AM Matsushita Gobel Foundation
			AM Indonesia Mold & Die Industry Association (IMDIA)
			PM Astra Manufacturing Polytechnic (POLMAN ASTRA)
7	21	Sat	PM Departure (Kenichi Ohno, Izumi Ohno & Akemi Nagashima)
			PM Departure (Le Ha Thanh & Nguyen Thi Xuan Thuy)

8. Rwanda

—An Emerging African Miracle

(August 5-8, 2014)

A GRIPS Development Forum (GDF) team consisting of Kenichi Ohno, Izumi Ohno, and Akemi Nagashima visited Kigali during August 5-8, 2014 to study the features of Rwanda's remarkable growth in recent years from the perspective of international comparison of policy methods, and draw lessons for other developing countries including Ethiopia¹. The GDF team conducted many meetings jointly with JICA's parallel mission consisting of Ms. Miho Oikawa, Mr. Masaaki Hamada (JICA Industrial Development and Public Policy Department), and Ms. Yuko Ikeda (JICA Ethiopia Office).

We visited government ministries and agencies, a private sector organization, a policy think tank, an industrial estate, and donors with industrial support programs including Japan, Germany, the African Development Bank and the World Bank. Mission schedule, organizations visited and information collected are shown in attachments 1-3. We would like to express our deep appreciation to all people who kindly received us and shared valuable information with us. Our special thanks go to the JICA staff at the Africa Department and the Rwanda Office in particular, who assisted us greatly in executing this mission. We also thank Rwandan Ambassador to Japan Dr. Charles Murigande, as well as Japanese Ambassador to Rwanda Mr. Kazuya Ogawa and his embassy staff.

1. Overview

Rwanda has a unique and remarkable history of economic development. After the tragic genocide in 1994, the Rwandan economy remained weak with per capita

¹ The purpose of our JICA-commissioned missions, including this one, is to collect information on industrial policy formulation in selected countries for the policy learning of other developing countries. During Phase I of Japan-Ethiopia industrial policy dialogue 2009-2011, the GDF team visited Singapore (August- September 2010), Korea (November 2010) and Taiwan (February 2011). During Phase II, India (September 2012), Mauritius (October 2012), Malaysia (June 2013), and Indonesia (June 2014) were visited in addition to Rwanda. Separately, Ethiopia, Vietnam, Thailand, Mozambique, Zambia, Tanzania, Ghana and Uganda were also visited on other budgets.

GDP hovering in the range of \$200 to \$300 during the period from 1998 to 2002. Subsequently, with the initiation of proactive development policy in the early 2000s, the economy began to rebound strongly and sustained high growth with per capita GDP rising at an average rate of 10.7% between 2002 and 2013 (World Bank data). In 2013 per capita GDP stood at \$620, about twice the level prior to the genocide. President Paul Kagame, who assumed office in 2000, has transformed Rwanda into a developmental state and guided the nation toward economic growth. The country aims to attain middle income status by 2020 (“Vision 2020”).

During this recent ascent achievements were made in both policy method and economic performance with the result that certain aspects of the Rwandan economy already resemble those of advanced economies while other aspects still retain weaknesses expected of a typical latecomer country. This unevenness is one the most striking features of the Rwandan economy today.

Rwanda’s advanced aspects, which are rarely seen in other countries at similar income levels, include the following:

- President Paul Kagame is seriously and strongly committed to development and gives clear policy directions, to which the country responds.
- High-ranking technocrats are competent and have excellent presentation skills.
- Policy is made through systematic stakeholder consultation, the government has strong policy ownership, and policy documents are well-written. National Dialogue is annually held with the participation of the President, and public private dialogue is also active.
- There is little corruption, citizens enjoy personal security, and streets are clean.
- Performance contracts, based on the tradition of Imihigo, are pervasive. Promised policies are monitored and assessed at every level of government.
- Significant poverty reduction has been achieved with population below the poverty line falling from 77% in 1995 to 45% in 2011.
- In the World Bank’s Ease of Doing Business survey in 2014, Rwanda ranks No.2 in Africa after Mauritius, or No.32 globally.
- High value services such as ICT, telecom and finance are emerging, with services occupying 45% of GDP in 2013.
- Overall national self-sufficiency in agro products has been attained

overcoming the heavy food aid dependency of the past.

- National branding effort has created the image of a rising nation replacing the dark image of the past.

These features collectively make Rwanda an African Miracle in the eyes of global analysts and investors. A large number of returning Diaspora—the patriotic Rwandans equipped with global knowledge and professionalism coming home from America, Europe and neighboring African countries—provide the human capital necessary for high-value industries and supporting policies. On the other hand, three deficiencies of Rwanda identified by this mission, which are also commonly seen in many other low-income countries, are (i) a weak (Rwandans prefer to say “young”) private sector in sharp contrast to the advanced public sector; (ii) high aid dependency in the absence of competitive foreign exchange-earning industries²; and (iii) inadequate execution of policies despite their elaborate formulation, which reduces impact.

2. Causes of high growth

In the opinion of the GDF mission, which was echoed by some development partners of Rwanda, recent high growth can be explained mainly by three factors.

First, fast growth is not uncommon in economies that start from a very low level. Because the Rwandan economy was devastated after the 1994 tragedy, it had much room to rebound when political stability and policy confidence were restored. Post-crisis recovery is a natural phenomenon and can continue for 10-15 years or more as witnessed in post-WW2 Japan, China and Vietnam in the 1990s, or Myanmar and Ethiopia today.

Second, continuous injection of purchasing power into the national economy through public money and ODA has sustained growth. Government spending is about 20% of GDP with foreign aid supporting 40% of fiscal revenue. This is demand-driven growth rather than productivity-driven one backed by strongly emerging industries and structural diversification and transformation. True, agriculture and services are doing reasonably well, but their dynamism alone cannot explain the 8% growth recorded in the recent few years. The government is clearly

² The Rwandan economy is relatively closed with the export volume equivalent to 15% of GDP. Coffee, tea and minerals accounted for 59% of total export in 2013 (World Bank data).

aware of this situation and determined to transform the current consumption boom into a “private sector-driven” (supply-driven) growth.

Third, policy improvements and initial economic achievements mentioned above have generated business confidence and good reputation which sustained high international attention and robust inflows of foreign aid and investment. The government should be credited for the successful national branding and image re-creation.

From the perspective of East Asian experience, however, demand-driven booms and projection of a good image are not sufficient to produce and sustain high-quality growth. For this purpose, private sector dynamism, supported by appropriate policy actions, must be ignited. The Rwandan government values logical consistency, well-defined participatory frameworks and the pursuit of global best practices. However, it seems relatively weak in *gemba*-based pragmatism and unbroken attention to down-to-earth details which are the hallmark of East Asian development including Japanese³. To achieve high and sustained growth to middle income and beyond, procedural correctness must be supplemented by *gemba* pragmatism (see sections 8 and 9).

While strong policy ownership and national pride mark the development processes of both Rwanda and Ethiopia, the two countries are quite different in their policy approaches. Rwandans often commission top-class international advisors and consultants to produce well-structured global standard documents and mechanisms but they are relatively weak in helping small farmers and producers on the ground. Ethiopians, on the other hand, often struggle to draft relatively clumsy policy documents by themselves but have established implementing agencies such as textile, leather and kaizen institutes for boosting priority sectors, agricultural and health extension services and a farmer training center in every village, a national network of technical and vocational education and training (TVET) and engineering universities, state-run and World Bank-assisted industrial zones, and so on, through trial-and-error and with national budget (topped up by aid). Ethiopia can learn national marketing and branding from Rwanda, while Rwanda can learn *gemba*-

³ Gemba is a Japanese term signifying a physical location where production actually takes place such as a factory floor or a farm. Improvement of *gemba* through relentless attention to details is the heart of *kaizen* (Japanese-style continuous, bottom-up and low-cost productivity improvement) spearheaded by Toyota and practiced by virtually all competitive manufacturers in Japan. *Gemba*-orientation is also visible in other high-performing Asian economies.

oriented hands-on policy making from Ethiopia⁴.

3. EDPRS2 and key policy components

Rwanda has so far drafted three five-year plans toward Vision 2020, which is an overarching national aspiration to catapult the country into middle income. They are the Poverty Reduction Strategy Paper (PRSP: 2002-2006), the First Economic Development and Poverty Reduction Strategy (EDPRS: 2007-2012), and the Second Economic Development and Poverty Reduction Strategy (EDPRS2: 2013-2018). PRSP aimed to move the country from dependency on humanitarian aid to economic recovery, while EDPRS turned economic recovery into sustained growth. The main objective of current EDPRS2 is to accelerate progress toward middle income status and better quality of life.

Based on the greater-than-expected achievements of the recent past, Vision 2020 itself was revised in 2012. The original vision created in 2000 targeted a per capita income of \$900 by 2020 but it was moved upward to \$1,240 by 2020. The required annual growth was set at an ambitious 11.5%. EDPRS2 has the following thematic areas, targets and priorities.

Drafting of EDPRS2 took one year, starting a year before the end of EDPRS. It began with the self-assessment of performance in the past five years by sectors and districts⁵ which was supplemented by the Household Living Standard Survey 2010/11 and the Demographic Survey 2010. Five principles of innovation, emerging priorities, inclusiveness and engagement, district-led development, and sustainability were set. In industry, priority sectors were categorized into three groups: existing, emerging and future⁶. Comprehensive hearings of stakeholders were organized through the EDPRS2 website (where over 10,000 SNS opinions were received), road shows with artists and celebrities, and community-based work days. Also, strategic retreats with development partners were organized twice. After that, the document was finalized by the Ministry of Finance and Economic Planning within a few months. The drafting team at the

⁴ Kaizen was adopted in Ethiopia as a nationwide productivity movement with Japanese assistance starting from 2009. The second phase of JICA cooperation ends in November 2014 with the third phase expected to follow. Rwanda, which lacks such basic gamba-oriented activities, is a prime candidate for kaizen especially in light of the fact that the Rwandans are highly disciplined and responsive to national calls for excellence.

⁵ Rwanda is composed of five provinces which are subdivided into a total of 30 districts. Below districts are sectors, then cells and villages as the lowest administrative level.

⁶ Existing sectors are tea, coffee, mining, horticulture, construction materials, tourism, and food processing and beverages. Emerging sectors are logistics, ICT-related services, private equity funds, remote back-office operations (for finance), and electronics assembly. Future sectors include green economy and new green investments.

The Second Economic Development and Poverty Reduction Strategy (EDPRS2)

Thematic area	Target	Priorities
Economic transformation	Average GDP growth of 11.5%	Domestic & international connectivity, export, investment in priority sectors, urbanization, green economy
Rural development	Less than 30% poverty	Land use & human settlements, agricultural productivity, graduation from extreme poverty, rural economic opportunity
Productivity & youth employment	200,000 off-farm jobs p.a.; increased output per worker	Skills & attitudes, technology & innovation, entrepreneurship, financial access, business development, labor market interventions
Accountable governance	More than 80% service delivery; increased citizen participation	Citizen participation, demand for accountability, improved service delivery (macroeconomic stability, demographic issues, food security & malnutrition, etc.)
Cross-cutting issues	Capacity building, environment & climate change, gender & family, regional integration, HIV/AIDS & non-communicable diseases, disaster management, disability & social inclusion	

Source: Economic Development & Poverty Reduction Strategy II (2013-2018), abridged version, May 2013.

Ministry consisted of approximately 25 Ministry officials and a few external consultants and technicians. Within the team, a focal person was assigned for each thematic area such as economic transformation, rural development, etc. who actively interacted and coordinated with relevant ministries and agencies.

The Ministry of Finance and Economic Planning explained the formulation of growth numbers of EDPRS2 to the mission as follows. Given Vision 2020, the World Bank's lower middle income threshold in 2020 was forecasted at \$1,240 per capita, from which the necessary annual growth of 11.5% was derived. Inter-sectoral consistency was checked by the IMF-type Excel-based "Financial Programming" without sophisticated econometric modeling.

Recent growth was analyzed as follows. The vibrant service sector led the growth. Service growth was broad-based and included telecom (thanks to liberalization), financial services, micro-finance, tourism, trade, transport, real estate and construction. Food production is large but declining due to falling import of inputs and loss of competitiveness. The Rwandan franc is strong and regional integration is progressing within the East African Community, which means Rwandan crops are not competitive against imports. Land consolidation

and village crop specialization for scale merit are to counter this problem. Rwanda has a nationally integrated market thanks to the construction of feeder roads funded by donors. The Ministry of Finance and Economic Planning does not have productivity data of Rwandan industries.

The main challenge of EDPRS2 is how to generate the required growth of 11.5%. The government-driven economy must be transformed into a private sector-driven one. Industries need strengthening, skills must be upgraded, and funds must be mobilized by increasing export receipt and domestic revenue. This concern is widely and acutely shared by all quarters of the Rwandan government. As mentioned above, outstanding growth since 1994 was driven mainly by aggressive spending for recovery and development through public investment and international aid. Meanwhile, the share of private investment remained small⁷. Growth fell significantly to 4.6 % in 2013 due to the partial suspension of donors' aid for general budget support which was triggered by a certain suspicion against the Rwandan government. This incident clearly showed the quantitative impact of ODA in the current growth mechanism. In our interviews, the Ministry of Finance and Economic Planning, the World Bank and the African Development Bank all agreed that private sector dynamism was key if Rwanda was to sustain high growth and reduce aid dependency. With a relatively high population growth rate and urbanization, it is estimated that 200,000 new off-farm jobs need to be created every year.

During the years of the First EDPRS, Rwanda established new institutions and strengthened old ones for the purpose of accelerating economic development. Most importantly, in September 2008, the Rwanda Development Board (RDB) was created as a principal agency for implementing private sector development by merging existing organizations (see next section).⁸ It has a broad mandate including cross-cutting functions such as investment, export, human capital,

⁷ Rwanda's public investment accounted for 16.2% of GDP while private investment amounted only to 8.2% of GDP in 2013. The corresponding numbers in neighboring countries are as follows: Kenya (5.3% vs. 14.3%, in 2009), Uganda (5.9% vs. 18.5%, in 2013), Ethiopia (14.3% vs. 18.7%, in 2012), and Tanzania (8.0% vs. 29.5%, in 2013). Rwanda's investment is highly skewed toward public investment by the standard of East Africa (data provided by the World Bank Rwanda Office).

⁸ RDB was created by merging eight government agencies: the Rwanda Investment and Export Promotion Agency (RIEPA); the Rwanda Office of Tourism and National Parks (ORTPN); the Privatization Secretariat; the Rwanda Commercial Registration Services Agency; the Rwanda Information and Technology Authority (RITA); the Center for Support to Small and Medium Enterprises (CAPMER); the Human Resource and Institutional Capacity Development Agency (HIDA); and the Rwanda Environmental Management Authority (REMA).

institutional capacity and privatization, as well as specific sectors such as ICT, trade and manufacturing, services, agriculture, and tourism and conservation. RDB is directly under the President and its CEO is a member of the cabinet meeting. These features were copied from Singapore's Economic Development Board (EDB).

Other industrial policy initiatives which were recently introduced include the following.

- TVET policy was formulated and the Workforce Development Authority (WDA) was established under the Ministry of Education (2009). A State Minister of Education in charge of TVET was appointed (2013).
- Special Economic Zone Policy (Government, May 2010) defined land allocation, incentives, infrastructure development, regulatory framework. RDB was made the supervising authority.
- Small and Medium Enterprise Development Policy (Ministry of Trade and Industry, June 2010) proposed support for entrepreneurship, Business Development Services, regulatory framework, and policy institution (Ministry of Trade and Industry designs policy, RDB implements and coordinates).
- Industrial Policy (Ministry of Trade and Industry, April 2011) specified short-, medium- and long-term policy directions for existing and new industries, giving concrete contents to the preceding Rwanda Industrial Master Plan 2009-2020 of December 2009.
- National Export Strategy (Ministry of Trade and Industry, April 2011) classified sectors into traditional (tourism, coffee, tea, minerals), non-traditional (BPO, floriculture, horticulture) and potential (interior design, fashion, biotechnology, etc.) and proposed promotion plans.
- Private Sector Development Strategy 2013-2018 (Government, January 2013) showed integrated policy direction for the Ministry of Trade and Industry, RDB, WDA, the Private Sector Federation (PSF)⁹ and other related public and private organizations to follow.
- ICT development has been guided by a series of policy documents

⁹ PSF is a professional organization that promotes and represents the Rwandan business community. It has eight sectoral chambers such as ICT, tourism, industry, etc. and two cross-cutting chambers for women and young entrepreneurs. Each chamber has sector-specific associations under which individual companies belong. Registered members as of August 2014 counted about 80,000. PSF's main mandate is advocacy with additional activities in capacity building, finance, marketing, B-to-B meetings, information, and tours.

(Government). The First National Information Communication Infrastructure (NICI1) 2005-2010 created a legal framework, NICI2 2005-2010 laid ICT infrastructure, and NICI3 2010-2015 aims at an expanded use of ICT. SMART Rwanda 2015-2020, the next policy under preparation, will propose realization of a knowledge-based economy with an extensive use of ICT.

- The National Employment Program (Government, January 2014) is a five-year action plan in line with EDPRS2 to produce 200,000 off-farm jobs annually. Featuring skills development, private sector development, and strengthening of labor market functions, it presents measures to be undertaken jointly by the Ministry of Education, WDA, the Ministry of Trade and Industry, RDB, the Ministry of Public Service and Labor, PSF, and local organizations.

Overall, these policies are mutually consistent and collectively share the direction for national economic development. The basic idea behind these policies is overcoming the constraints of a landlocked country as well as earning/saving foreign exchange by (i) promotion of light-weight and high-value sectors such as ICT, tourism and financial services through active FDI attraction; (ii) production and export of high-value agro products; and (iii) supporting import-substituting manufacturing of household goods and construction materials. In sum, it can be said that agricultural productivity and value-creation must go hand-in-hand with stable and gainful job creation by the development of manufacturing and services.

Regional integration is an important component of this policy direction. Rwanda is a strong promoter of the East African Community together with Kenya and Uganda. An oil pipeline to Kenya, electricity import from Ethiopia, and a railroad link to Uganda are planned to reduce high energy and transport costs. Rwanda hopes to become an air link hub for Africa with an expansion of RwandAir and planned construction of a new airport. Many government officials talk about turning land-locked disadvantage into land-linked advantage and Rwanda becoming a regional, African and even global hub. While the feasibility of this grand plan must be examined, it is evident that Rwanda has a strategic and ambitious plan for economic development.

Some of the policy measures and institutions which play crucial roles in Rwanda's economic development are discussed more fully in the following sections.

4. Rwanda Development Board

The Singapore model was benchmarked to create the Rwanda Development Board (RDB). After the genocide, the Rwandan Patriotic Front (ruling party) dispatched many missions to Singapore to study various aspects of its development policies including investor support. RDB was conceived as a modified version of Singapore's Economic Development Board offering one-stop service, investment incentives, and logistic, trade and other support by business-minded authorities. Dr. Rama Sithanen, Former Vice-Prime Minister and Minister of Finance and Economic Development of Mauritius, was invited to assume the Chairman of RDB.

RDB was officially established in 2008 and started operation in 2009. It is an implementation agency with an objective of empowering the private sector. Its key goals are promotion of local and foreign investment, export, and job creation. To carry out this task, it has three departments in charge of (i) investment promotion and implementation with five priority sectors (tourism & conservation, ICT, trade & manufacturing, services, and agriculture); (ii) human capital and institutional development which provides an enabling environment for private sector development; and (iii) assets and business management. In Rwanda, strategic projects which are not taken up immediately by private investors are operated as state-owned businesses which are later privatized. For example, previously state-run tea factories are now all in private hands, and fiber optics laid by the government are operated by the private sector. Apart from these departments, the Strategic Investment Unit under the CEO Office of RDB has the power to negotiate special incentive deals with preferred investors. RDB's one-stop shop for investors provides smooth investment registration which contributes to Rwanda's increasingly higher marks in the World Bank's Doing Business ranking.

RDB's functions and organizations continue to evolve¹⁰. In October 2013, the CEO of RDB was elevated to be a cabinet member to facilitate inter-ministerial and agency coordination on the matters related to private sector development. Recently,

¹⁰ The JICA's internal study on RDB dated in February 2012 gave a mixed assessment of the agency. Its establishment backed by strong political will, projection of a positive image of Rwanda, and efficient one-stop service were highly evaluated while overlapping division of labor with existing ministries and agencies and weak investment follow-up were cited as negative factors. Some of these problems have already been fixed as explained in the current report.

with the cabinet reshuffle of July 2014, Mr. Francis Gatare replaced Ms. Valentine Rugwabiza as the CEO of RDB. Also, new structure was imposed where a few divisions moved out of RDB. Part of human capital building went to the Ministry of Public Service and Labor as well as the National Capacity Building Secretariat, the ICT Department now focuses on FDI and export while other ICT functions left, and tourism functions were enhanced (with convention services likely to move out). These changes did not affect RDB's core mandate. As of August 2014, RDB staff numbered 293 who were housed in the RDB Headquarters and Telecom House (ICT Department only) in Kigali. RDB also employs about 300 national park staff who will however be privatized in the future. Although RDB does not have its own overseas offices, RDB staff are dispatched as commercial attaches in the embassies of Canada (Montreal), China (Shenzhen), and India (Mumbai)

For monitoring investment projects, one key account manager is assigned to each FDI project who follows up and trouble-shoots until the project is properly in operation. This "implementation" team consists of about 30 RDB staff. Another "after-care" team of about 10 staff continues to monitor all projects in operation with less frequency. There are no micro or small investors to follow up because Rwanda sets a minimum size of investment for registration¹¹.

RDB feels that the private sector of Rwanda is not as vibrant as hoped for but there are signs of new growth in telecom, water, services, etc. Rwanda's export is dominated by a few crops which should be replaced by more valued and processed exports. To strengthen the private sector RDB engages in various measures and services.

For enterprise support, the Trade and Manufacturing Department of RDB conducts the Manufacturing Growth Program which was started in 2013. RDB hires consultants (Rwandans and Kenyans from Ernst & Young) for diagnostics and formulation of growth action plans of individual companies suffering from low operation. RDB pays up to certain hours of their consultancy services beyond which each company must pay for additional service. If the problem is caused by external factors beyond the power of company management, RDB takes the issue to the policy level for solution. In the first year of this program (2013), 20 companies were coached in this

¹¹ Investment certificates are issued to projects of at least \$100,000 for local investment and at least \$250,000 for FDI only. In 2013 total registered investment (local and FDI) amounted to 262 in number and \$1.4 billion in capital, or worth 19% of GDP.

way. Separately, there is a plan to develop local experts (Small Business Development Advisors) in 2014 with 10-day training (by hiring local consultants) after which a certificate is issued. Existing “Proximity Business Advisors” are primary candidates for this program. 800 such local experts are targeted in 2014, who will be dispatched to all districts when the training is completed¹².

For export promotion, the Export Development Program was initiated also in 2013. Trade Links, an Irish firm, teaches on standards, packaging, contracts, and export plans with the funding of Trademark East Africa, an international NGO for facilitating trade and regional integration in East Africa funded by Western donors. 15 companies were selected for this program among the 40 firms that previously tried to export through trade fairs. Services are rendered free of charge to the companies except expenses for reaching out to regional buyers and distributors. Through this program there are already some export contracts signed mainly for agro products such as cassava and maize milling, baby food, construction materials (granite), and Inyange (mineral water). RDB is also training local advisors for export development which includes four government officials and 14 private experts.

Other support programs by RDB include TVET-industry linkage (with WDA under the Ministry of Education, see below), Sector Skill Councils (see below), and the proposed Supplier Development Program that will link FDI firms with local suppliers. In preparation for this program, a survey is being conducted on the current input procurement of large firms to identify items that may be produced and procured locally.

5. Industrial human resource

For value creation, industrialization and economic diversification, human capital is crucial. Rwanda also needs industrial skills to remain competitive in the East African Community (EAC), reverse the trade imbalance, and increase employment. Since all cannot be realized at once, creation of import substitution industries and value-added

¹² The mission expressed amazement at the proposed speed of this expert training plan. In Ethiopia, about 400 local kaizen experts were produced after two phases of JICA’s cooperation spanning five years, whose skills must be further strengthened in the third phase. In Singapore, during the 1980s JICA’s productivity development project spent eight years coaching local enterprises and experts before the country was ready to teach others.

exports must be strategized. This means that industrial human resource development must be selective and closely linked to future labor demand as well as the direction of national industrialization drive.

The Ministry of Education recognizes that skills at all levels and in all sectors are seriously lacking. To remedy this problem, access to primary and secondary education must be complemented by strong higher-level education. Moreover, to produce demand-driven education, TVET by both public and private hands is highlighted. The government plans to increase the number of TVET institutions and their enrollment by three to four times within the next three to four years. Within five years the Ministry of Education wants to see more TVET students than normal-track students. In this connection, JICA supports Tumba College of Technology including its linkage with industry. Vulnerable and handicapped people will also be supported more strongly in the future.

Sector Skills Councils were recently launched as the principal mechanism for strengthening the TVET-industry linkage based on public-private engagement. The objectives include provision of infrastructure for skills formation, training of trainers, and transformation of curriculums from knowledge cramming to competency creation. Councils are in the initial formation stage and their concrete modalities will be decided in the near future. The Ministry admitted that Rwanda's private sector was still "young" and it was difficult to expect all sectors to embrace this approach immediately and grow at the same pace. For this reason, this policy must be applied selectively to most prospective sectors. Councils have already been set up for several priority sectors¹³ with RDB acting as a collective chair with active PSF participation. The Ministry hopes that the hospitality and construction sectors will spearhead this approach.

This policy is expected to produce better curriculums and teaching materials that respond to changing industrial needs. It will also promote pre-graduation "industrial attachment" and post-graduation "internship" of students (this terminology comes from Singapore). It is critical that these measures will lead to actual employment in targeted sectors. While skills development is the responsibility of the Ministry of Education, other ministries will cooperate to increase absorption of TVET graduates

¹³ As of August 2014, Sector Skills Councils already existed for mining, construction, agriculture, energy, manufacturing, financial service, ICT and hospitality. However, not all were operational and the frequency of meetings remained up to each Council. These sectors largely overlap with the sectors prioritized by RDB.

in industries. The Ministry of Trade and Industry will help startup companies with business development and entrepreneurship support. The Ministry of Public Service and Labor will provide regular labor demand forecasts including labor demand from FDI and public works in the pipeline. Government projects such as road construction, power transmission and others will also be used for job creation and skills development and matching¹⁴.

Sector Skills Councils are an ambitious undertaking. This mechanism is apparently imported from Singapore's Council for Professional and Technical Education, which implements a detailed matching between TVET curriculums, courses and budgets and the number of students in each field on the one hand, and forecasted industrial skill needs and national industrial plans four to five years ahead on the other. Singapore can engage in such an elaborate labor matching because of its very high policy capability, long experience and compact size. A strong private sector, tripartite coalition among government, management and labor, highly advanced TVET programs, active participation of enterprises in managing TVET and revising curriculums, and skills training centers located inside industrial estates are already in place, which collectively form a solid basis for effective implementation of such matching. But most other countries, including Japan, find it impossible to imitate this feat. For a latecomer country with a weak private sector and without necessary policy tools in place, a sectoral skills matching mechanism is a great challenge.

6. ICT

Rwanda prioritizes ICT. Given the country's geography where bulky products are difficult to export or import, the focus on ICT was a natural one although somewhat surprising for a low-income country recovering from war and genocide. In the last one-and-half decades, Rwanda has built ICT infrastructure; connected all districts with central government; promoted ICT use in government, education, industry and services; introduced the One Laptop per Child Program; operated four ICT buses for rural communities; adopted 4G technology through Korea Telecom; invited Carnegie Mellon University to offer master programs in ICT and computer

¹⁴ According to the State Minister of Education in charge of TVET, this approach was copied from Ethiopia's low-cost housing project which facilitated skills development for youths and provision of contracts to SMEs.

engineering, etc. So far the results are highly visible and national commitment to ICT development is evident.

Telecom House in central Kigali serves as the Home of ICT in Rwanda where many ideas and companies emanate. A JICA expert is assisting the formulation and implementation of the national ICT strategy along with the establishment of k-Lab, which is an incubation center for ICT entrepreneurs. The mission was greatly impressed with the dynamism of young leaders we met from the Ministry of Youth and ICT, the ICT Department of RDB, the ICT Chamber of PSF, and k-Lab.

The history of ICT promotion policy dates back to 1998 when President Kagame proclaimed the vision that ICT should be the catalyst for Rwandan development. The First National ICT Strategy and Plan 2000-2005 (a.k.a. National Information Communication Infrastructure Phase I or NICI1) provided regulatory and enabling environment for ICT development and liberalized the telecom sector. Subsequently, NICI2 2005-2010 laid out national backbone infrastructure including the internet center and e-Government, while NICI3 2010-2015 is promoting development of ICT services. SMART Rwanda 2015-2020, the next ICT master plan under preparation, will aim at the creation of a knowledge-based economy by expanding ICT use to produce more and better services in both public and private sector.

As of 2013, ICT sector profile includes mobile subscribers reaching 65% and internet subscribers of 20% (both numbers are expected to jump significantly with the scheduled launch of 4G in September 2014). The One Laptop per Child Program had reached 203,000 kids and 95.3% of hospitals were connected electronically. SMART Rwanda intends to accelerate the use of ICT even more by overcoming the existing challenges in ICT literacy, content, and internet penetration.

Despite these achievements, the long-term vision of ICT as a future industry of Rwanda remains unclear. SMART Rwanda proposes broad and active use of ICT in e-Government, agriculture, education, healthcare, environment, infrastructure, urban development, job creation, etc. but it seems rather terse in charting a development strategy of the ICT industry itself especially regarding the level and scope of technology and human resource to be targeted and support measures and marketing strategies required for this purpose. Production of ICT services is

a different matter from its use, just as making a car requires different skills from driving one. If Rwanda wants to be an excellent user of ICT infrastructure to catalyze and strengthen its domestic industries and services (indirect creation of competitiveness), that is one good option. Another option is to export ICT services, expertise, engineers and even systems to earn foreign exchange (direct creation of competitiveness). ICT as a competitive industry needs a proper goal, supporting measures, and a phased strategy on how much should be relied on incoming FDI and how much to be done by Rwandans. To us it seems more natural to pursue both paths—use and export ICT—and the master plan should accordingly spell out the long- and medium-term strategies for each in detail. But we were not convinced that this was the way Rwanda was heading and we are still unsure even after the mission.

7. Special Economic Zones

The feasibility of industrial estates with superior procedural and infrastructure services was studied in 2006 to overcome Rwanda's geographic disadvantage. The initial idea was Free Trade Zones exempted from tax and tariff obligations provided that tenant companies exported 80% or more of their products. Exports to neighboring countries were targeted. However, Rwanda's accession to the EAC in 2007 meant that it had to conform to the requirements of the EAC Customs Union, which invalidated the strategy of exporting to EAC neighbors with special conditions. Thus, the idea of Free Trade Zones was replaced by Special Economic Zones (SEZs) which combined the functions of free port, export processing zone, bonded warehouses, and investor services.

At present the first SEZ is being constructed, policy and legal frameworks are prepared, and the SEZ authority has been established under RDB. In the future, Rwanda plans to develop more SEZs in other sectors including business process outsourcing, tourism and financial services, and the SEZ authority will be upgraded as an independent agency.

Kigali SEZ, the first SEZ in Rwanda, is situated on a hilltop near the airport in the Eastern part of Kigali. It takes about 20 minutes by car from the city center. Phase 1 consists of 100 ha of land divided into 85 plots, which are already sold out. Infrastructure has been completed except delayed selection of a private internet

provider. Tenant companies can be in any sector, even users of dye and paint, as long as they pass environment impact assessment (“Everything but Guns”). Centralized waste water treatment is installed and a carrier of solid waste to the dumping area has been designated. The funding is provided by public private partnership which includes the Ministry of Finance and Economic Planning (30%), state-run corporations, and private firms and banks. The SEZ is managed by a special purpose vehicle, which means a private company assigned for the task. Plots are sold to companies and the proceeds will be used to develop more SEZs.

Sectoral composition of Phase 1 companies includes construction materials, agro processing, motorcycle assembly, mattresses, bio-degradable plastic, and traders and distributors. In terms of nationality, two Chinese factories are already operational and others are from Denmark, Lebanon, India, Tanzania, Uganda, etc. Among the 100 ha of Phase 1 development, 16 ha (8 ha x 2 locations) is reserved for the relocation of 14 existing factories from the city center. Standardized sheds are already completed for relocation¹⁵.

Phase 2 of Kigali SEZ will have 175 ha of land divided into over 100 plots. It is under construction with 70-80% of infrastructure completed and 60% of the plots already “booked” (a deposit of \$10,000 has been made).

There is a wave of Chinese producers relocating to Africa and some of them target Rwanda. Ms. Helen Hai, a Chinese FDI promoter who managed Huajian Shoe Factory in Ethiopia, is helping to establish a baby clothes factory here for Walmart purchase through AGOA. Chinese investors seem to be in a hurry. Eight more industrial estates are planned and “plug-and-play” factories (ready-made sheds) are mulled mainly to accommodate Chinese investors who are eager to come in.

There is no minimum wage regulation in Rwanda. The Ministry of Trade and Industry feels that Rwandan wage is competitive enough to attract factories relocating from Asia¹⁶. Wage advantage is particularly secure if SEZs and factories

¹⁵ Relocating companies are selected from good performers and receive official support for relocation. Their sectors include coffee, steel, tobacco, paint, biscuits, and plastic water tanks. Some relocators decided not to come because prepared sheds (600m², 1,200m² and 2,400m²) were too small for their operation. Two such unoccupied sheds were sold to new investors (Chinese textile and Danish packaging). In the first phase of relocation, sheds were built by a Chinese contractor supervised by a Kenyan company. In the second phase of relocation (which is still in Phase 1 of Kigali SEZ), sheds will accommodate size and style requirements of companies and will be built jointly by local and Chinese contractors.

¹⁶ An industrial official in charge did not know the average wage of factory workers in Kigali, but he cited the wage

are located in rural areas. The Ministry is even considering to lower the wage by offering food, accommodation and social security to workers

At present 90% of cargo is transported by land through the North (through Uganda and Kenya) and Central (through Tanzania) corridors, especially the former. Future railway connection to Uganda (and Kenya) should further assist industrial shipment.

8. General issues in policy making

Three cross-cutting issues concerning industrial policy formulation and execution were identified by the mission.

First, current achievements should be combined with gemba-based pragmatism. Rwanda's economic growth, as well as public and private efforts behind it, during the last two decades were truly remarkable. Nevertheless, the current growth mechanism may not be sufficient to produce private sector-led development or graduation from aid dependency. There is no need to abandon the existing policy contents, frameworks and institutions, but they should be enhanced by the adoption of gemba-orientation so that policy can respond more effectively to varied needs of individual entrepreneurs and deliver necessary supporting measures on the ground. Transparent and systematic procedures and frameworks, on the upper level of policy making, are important elements imported mainly from the West. They can produce great results if national leaders and policy makers are also equipped with the ground-level knowledge of what works and what does not in the context of specific factories, farms and schools. Such knowledge, which turns theories and plans into real actions that work, can be acquired only through continuous interest, experience and interaction with a large number of private actors who produce, trade, invest, compete, and innovate. Development officials in East Asian governments are usually very comfortable with daily interactions of this kind. While Rwandan officials interviewed by the mission were highly competent and strongly committed to national development, additional lessons could be learned from the mindset, attitude and methods of development officials and experts in East Asia including Japan.

of RWF4,000 per day for a professional mason and RWF2,000 per day for a support worker, which roughly translates to \$150 and \$75 per month respectively. The standard wage for factory workers may be difficult to obtain in Rwanda because such workers are just emerging.

Second, there is an issue of proper balance between internalizing and outsourcing policy works. The Private Sector Development Strategy of the Ministry of Trade and Industry was commissioned to Deloitte consultants. RDB has handholding programs for diagnosing and advising potential enterprises. For Exporters Development Program, an Irish consulting firm is dispatched to RDB Headquarters by TradeMark East Africa, a non-profit company. For Manufacturing Growth Program, a mixed team of Kenyans and Rwandans from Ernst & Young is providing diagnostic and advisory services using standard management and marketing menus. In principle, we have no grudge against mobilizing external teams for policy purposes at the outset. However, it is also imperative to “import substitute” industrial expertise so that domestic officials (at first) and domestic private service providers (ultimately) can provide such services in sufficient quality and quantity without depending on aid, NGOs or foreign consultants in the medium to long run. This was the overarching objective of Japan’s industrialization strategy in the mid 19th century. More recently, JICA’s industrial projects usually have such an “internalizing” component from the beginning, with the understanding that domestic experts will take over the works initiated by Japanese experts¹⁷. Without such substitution, a project is deemed a failure. Our mission did not have enough time to determine whether the use of outsourced experts in Rwanda was for coaching companies only or for multiplying Rwandan experts who could replace foreigners.

Third, there is a question of stability versus flexibility in policy frameworks. Rwanda’s SME policy is changing rapidly, introducing new mechanisms before previous ones take root. Moreover, it is not entirely clear how responsibilities for SME development are divided among the Ministry of Trade and Industry, RDB, and PSF. The state-run, free-of-charge Business Development Service (BDS) established in 2006 was replaced by fee-based BDS Centers in 30 districts through PSF-RDB collaboration in 2010. In 2011, BDS Centers were placed directly under RDB which commissioned service provision to private consultants. More recently, RDB created the Business Development Fund (BDF)¹⁸, a new mechanism to assist

¹⁷ For example, the main purpose of JICA’s cooperation with Singapore’s productivity development in 1983-90 was training domestic officials and private experts rather than just counting the number of companies advised, and similarly for Phase 2 of JICA’s kaizen project in Ethiopia in 2011-14. In Thailand, from 1999 to 2004, JICA trained 450 Thai experts for shindan (public purpose SME consultancy) after which Thai NPOs and universities took over to continue the shindan teaching.

¹⁸ BDF is an affiliate of the Development Bank of Rwanda set up with government support in 2012 to facilitate

SMEs into which existing services will be merged. There must be good reasons behind these adjustments. It is not unusual to revise institutions in any country and that may even be necessary when situations change or if the country is in an early stage of development. But speed of institutional change in Rwanda is extraordinary. All developing countries tend to say they are in a hurry, but even in that case, it is highly desirable and rewarding to spend a few solid years in properly designing policy targets, actions, schedule and institutional frameworks most suitable for the local context, with all foreseeable possibilities discussed, rather than jumping onto policy and trying to amend it as (obvious) problems arise. East Asian economies such as Singapore, Taiwan and Malaysia normally take about three years to formulate a new policy and about one year to revise an existing one. Due consideration of all views and contingencies takes that much time. Rwanda may wish to lean more toward policy stability and predictability. Officials should spend more time and energy on ensuring the effectiveness of training and support on the ground even with less-than-perfect institutions than revising policies frequently.

9. How Japan can contribute

There appears to be much room for Japanese contribution in introducing gemba-based pragmatism to Rwanda's policy making (the first item in the previous section). Japan is good at filling the gap between policy formulation in the high level and its implementation at factories, shops, schools, hospitals, and crop fields. Ambitious policy targets and reasonable policy frameworks are already in place in Rwanda. But details must be filled in. The perspective of Japanese experts who stay at gemba, work closely with engineers, operators, workers, farmers, etc., and propose and improvise measures to overcome the problems at hand can complement the existing policy mechanism. This perspective should provide a feedback between gemba and policy making, regularly inform implementation issues to policy authorities, adjust policy to gemba reality, and reduce the probability of excellent plans and strategies remaining only on paper or being implemented with little impact.

Even with a limited policy area and on a small scale initially, Japanese experts

SMEs' access to finance.

should consciously offer such policy information and services in their assigned fields, and simultaneously teach national officials and experts how to do the same. The Japanese government (including JICA) should monitor the progress of Japanese experts, regularly discuss strategies with them, and create a communication channel with relevant government leaders and officials when necessary. Quality, not quantity, should be the goal of Japanese industrial cooperation in Rwanda in particular and in Africa in general.

Japan's current Country Assistance Strategy for Rwanda (approved in April 2012) supports sustainable growth with four pillars: economic infrastructure, agricultural development (value addition and commercialization), social services (safe water supply), and growth-supporting human resource development (science and technology TVET). Within this framework, JICA is implementing or has implemented projects in One-Stop Border Post, One Village One Product, ICT strategy formulation and implementation, and TVET and TVET-industry linkage, among others. Given the emphasis on private sector development, off-farm job creation and urbanization in EDPRS2, new industrial cooperation may be initiated by Japan. Ideally, the new project should be designed in such a way that it has close interaction with JICA's existing ICT and TVET cooperation.

The first possible step may be a review of Rwanda's SME policy in the past and at present and exploration of its future directions. Since JICA is considering the dispatch of an SME expert, the TOR can include this review work as its main component. As discussed above, SME policy in Rwanda is in a formation stage with frequent trial-and-error, and lacks many components normally seen in other countries. The Deloitte-drafted Private Sector Development Strategy is strong on creation of enabling environment and public private dialogue forums but concrete action plans for skills and enterprise capacity building may be wanting. Institutions change fast and mandate is not allocated clearly or predictably among ministries, agencies and the private sector. Under such institutional fluidity, the Japanese expert should advise on the long-term and overall picture of SME policy from the East Asian perspective rather than being assigned to work on a narrow sub-issue.

Impact of past and current SME policies should be reviewed, which includes the current Private Sector Development Strategy, RDB's Exporters Development Program and Manufacturing Growth Program assisted by outsourced experts. The detailed curriculums and content of existing business coaching programs should be evaluated

against international standards as well as Rwanda's specific industrial needs. SMEs and business organizations in different sectors and districts should be interviewed for their awareness and assessment of each policy component. Policies desired by the private sector and proposed and executed by government should be listed and compared. The quality and number of business consultants in government, districts and the private sector should be surveyed and the possibility of "import substitution" of experts should be explored. In conducting this basic policy research, the perspective of international comparison is extremely valuable. Concrete cases of policy successes and failures from various countries should be cited for reviewing and designing Rwanda's SME policy measures¹⁹.

Based on such research, past achievements and remaining issues should be identified, and alternative future directions should be proposed with concrete timetables and numbers. This should be a joint interactive process between the Rwandan authorities and Japanese officials and experts, not a commissioned report drafted by a foreign expert and commented on later by the government. Such an interactive project should provide a small but good start for strengthening Rwanda's SME policy as well as conveying Japanese mindset and method of industrial policy making to the relevant Rwandan policy makers.

¹⁹ While Japan and Taiwan have highly advanced SME policies, they are hard to replicate in most developing countries. Singapore also has well-developed SME assistance which is unique and different from the East Asian norm. Southeast Asian developing countries, especially Malaysia, may offer a more feasible model of SME development to latecomer countries. Nevertheless, one model is usually insufficient to guide SME policy of any country. Various policy components should be gathered from different countries, with proper combination and necessary adjustment, to form a policy package most suitable for Rwanda.

Mission Schedule (for GRIPS team)

Mission Members

Kenichi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Izumi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Akemi Nagashima	Research Associate, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Miho Oikawa	Special Advisor, PSD Group, Industrial Development and Public Policy Dept., JICA
Yuko Ikeda	Project Formulation Advisor, JICA Ethiopia Office
Masaaki Hamada	JICA Consultant

Mission Schedule

Date				Time	Activity
1	5	Sun	AM	Arrival	
			PM	JICA Rwanda Office	
			PM	Embassy of Japan in Rwanda	
			PM	Permanent Secretary, Ministry of Trade and Industry (MINICOM)	
2	6	Mon	AM	African Development Bank (AfDB), Rwanda Office	
			AM	Industry Development Unit, Ministry of Trade and Industry (MINICOM)	
			PM	Institute of Policy Analysis and Research Rwanda (IPAR)	
			PM	Directorate of Policy Evaluation, Ministry of Finance and Economic Planning (MINECOFIN)	
3	7	Tue	AM	Department of Trade and Manufacturing, Rwanda Development Board (RDB)	
			AM	GIZ, Rwanda Office	
			PM	Private Sector Federation (PSF)	
			PM	State Minister in charge of TVET, Workforce Development Authority (WDA)	
			PM	World Bank, Rwanda office	
			PM	Official dinner reception at Japanese Ambassador Residence (GRIPS team)	
4	8	Wed	AM	Directorate of Macroeconomics, Ministry of Finance and Economic Planning (MINECOFIN)	
			PM	Joint Meeting with Ministry of Youth & ICT (MYICT), RDB/ICT, PSF/ICT Chamber, and kLab	
5	9	Thu	PM	Departure to Addis abada, Ethiopia	

Attachment 2

Organizations/Persons Visited

The Government / Governmental Organization of Rwanda

Organization	Name	Position
Ministry of Finance and Economic Planning (MINECOFIN)	Richard Mushabe	Acting Director of Policy Evaluation and Research
	Alexis Ruzibukira	Director of General Industry and SMEs
	Amina Rwakunda Umulisa	Director of Macroeconomics
	Obald Hakizimana	Senior Economist
	Charles Kalinda	Public Investment Specialist
	Thomas Mazuru Semahoro	Policy Analysis and Research Expert
The Ministry of Trade and Industry (MINICOM)	Emmanuel Hategeka	Permanent Secretary
	Jean Pierre Dukuzimana	Professional in charge of manufacturing development, Industry Development Unit
Rwanda Development Board (RDB)	Eusebe Muhikira	Head of Trade and Manufacturing
	Muhizi Rugamba	Division Manager of Strategy Competitiveness
	Martin Carlos Mwizerwa	Division Manager of National ICT Planning & Coordination
Ministry of Education, Workforce Development Authority (WDA)	Albert Nsengiyumva	Minister of State in Charge of Technical and Vocational Education and Training
Ministry of Youth & ICT, together with Private Sector Federation ICT Chamber (MYICT)	Lambert Ntagwabira	Senior Technologist, ICT Skills Development
Private Organization		
Organization	Name	Position
Private Sector Federation (PSF)	Donatien Mungwarareba	Director of Member Service, Capacity Building and Entrepreneurship Promotion
The Institute of Policy Analysis and Research (IPAR-Rwanda)	Malunda Dickson	Senior Researcher
kLab	Jovani Ntagoba	General Director
ICT Chamber, PSF	Patrick Kabagema	President
	Alex Ntale	Director
International Organizations		
Organization	Name	Position
World Bank, Rwanda Office	Yoichiro Ishihara	Senior Economist
Deutsche Gesellschaft für International Zusammenarbeit (GIZ), Rwanda Office	Ulrike Maenner	Country Director
Africa Development Bank (AfDB), Rwanda Office	Edward B. Sennoga	Country Economist
Governmental Organization of Japan		
Organization	Name	Position
Embassy of Japan in Rwanda	Kazuya Ogawa	Ambassador Extraordinary and Plenipotentiary
	Tatsuya Oniki	Coordinator of Economic Cooperation
	Mayumi Fujita	Researcher
JICA Rwanda Office	Takahiro Moriya	Chief Representative
	Ryutaro Murotani	Acting Senior Representative
	Satomi Kamei	Program Advisor (Education and Vocational Training)
	Fumiaki Ishizuka	Program Manager (Water and Sanitation)

List of Information Collected

Source	Title	Authors/Publisher
Ministry of Finance and Economic Planning (MINECOFIN)	Power Point Document: Republic of Rwanda, A Model of Reform-Driven, Market-Based, Sustainable Development	MINECOFIN
	Brochure: Economic Development and Poverty Reduction Strategy II 2013-2018 (EDPRS2 -Sharpe our development) (May, 2013)	
	Economic Development and Poverty Reduction Strategy 2013-2018 (EDPR2)	
	Rwanda VISION 2020 (July, 2000)	
	Rwanda VISION 2020 (Revised 2012)	
The Ministry of Trade and Industry (MINICOM)	Brochure: BDF -Your Business Development Partner-	Business Development Fund (BDF)
	Rwanda Industrial Master Plan 2009-2020 (December 2009)	MINICOM
	National Industrial Policy (April, 2011)	
Rwanda Development Board (RDB)	Brochure: Rwanda Special Economic Zones	RDB
Ministry of Youth & ICT (MYICT)	National ICT Strategy and Plan NICI-2015	Ministry of Youth & ICT (MYICT)
kLab	kLab Guide kit -Rwanda's 1st Techpreneur Innovation Open Space	MYICT, PSF, Rwanda ICT Chamber, RDB and JICA
Private Sector Federation (PSF)	Brochure: enterprise -Private Sector Federation Magazine- (July, 2014)	PSF
The Institute of Policy Analysis and Research (IPAR-Rwanda)	Rwanda Case Study on Economic Transformation -Report for the African Centre for Economic Transformation (ACET)- (2012)	IRAR (Dickson Malunda and Serge Musana)
	Against The Odds: Achieving MDGs in Rwanda	IPAR
World Bank	Rwanda Economic Update; Seizing Opportunities for Growth --with a Special Focus on Harnessing the Demographic Dividend--(December, 2013)	World Bank
	International Development Association International Finance Corporation Multilateral Investment Guarantee Agency, Country Partnership Strategy for Republic of Rwanda for the Period FY2014-2018 (May 1, 2014)	
	Quantitative Analysis of Crisis: Crisis Identification and Causality	Yoichiro Ishihara
JICA	Institutional Framework and Implementation Flow of SME Support in Rwanda	JICA

9. Thailand

— FDI-Local Firm Linkage Promotion

(May 24-26, 2015)

A policy research team consisting of Kenichi Ohno, Izumi Ohno, and Akemi Nagashima visited Bangkok during May 24-26, 2015 to study Thailand’s experience in fostering FDI-local firm industrial linkage, and draw lessons for other developing countries including Ethiopia¹. Special attention was paid to public and private efforts for promoting such linkage and matching between Thai and Japanese firms. Japan is the dominant (roughly 60%) source country of FDI into Thailand. Moreover, there is an increasing interest in enhancing business ties of various types—input sourcing, OEM, joint venture partners, etc.—between Thai SMEs and Japanese SMEs, the latter of which are rapidly increasing investment in Thailand in recent years.

We visited relevant Thai official and private organizations and met Thai policy makers and practitioners as well as Japanese advisors assigned at Japan Desks. We would like to express our deep appreciation to all people and organizations who kindly received us and shared valuable information with us. This report summarizes the mission’s findings. The mission schedule, interviewed organizations and persons, and information collected are given in attachments 1-3.

1. Key features of Thailand's FDI-local linkage development

Since the mid-1980s, Thailand has introduced a number of programs to promote “supporting industries” (part and component suppliers for large assembling firms operating in Thailand, especially in automotive and electronics sectors). FDI-local

¹ The purpose of JICA-commissioned missions, including this one, was to collect information on industrial policy formulation in selected countries for the policy learning of other developing countries. During Phase I of Japan-Ethiopia industrial policy dialogue 2009-2011, the GDF team visited Singapore (August- September 2010), Korea (November 2010) and Taiwan (February 2011). During Phase II, India (September 2012), Mauritius (October 2012), Malaysia (June 2013), Indonesia (June 2014), Rwanda (August 2014), and Cambodia (May 2015) were visited in addition to Thailand. Views expressed in this report are those of the GDF team and do not necessarily represent the views of JICA.

industrial linkage development is one of the key programs. Japanese manufacturing FDI increased suddenly in Southeast Asia in the late 1980s following a sharp yen appreciation, but component producers were undeveloped in the region. This prompted some governments in Southeast Asia to develop supporting industries from scratch, often with Japanese private and public assistance. Malaysia introduced the Vender Development Program (1988) and the Industrial Linkage Program (1995), but it subsequently abandoned this policy and began to focus on value-creating high-tech Malaysian SMEs without linkage with FDI. By contrast, Thailand has steadfastly maintained the policy of attracting manufacturing FDI firms and strengthening Thai firms to work effectively with them even to this date. The recent rise of FDI by Japanese SMEs into Thailand has activated both the Thai government and private sector to strengthen business matching and linking services to produce a “win-win” situation for the two countries. The appetite of Thai companies for technology transfer from Japanese FDI remains strong.

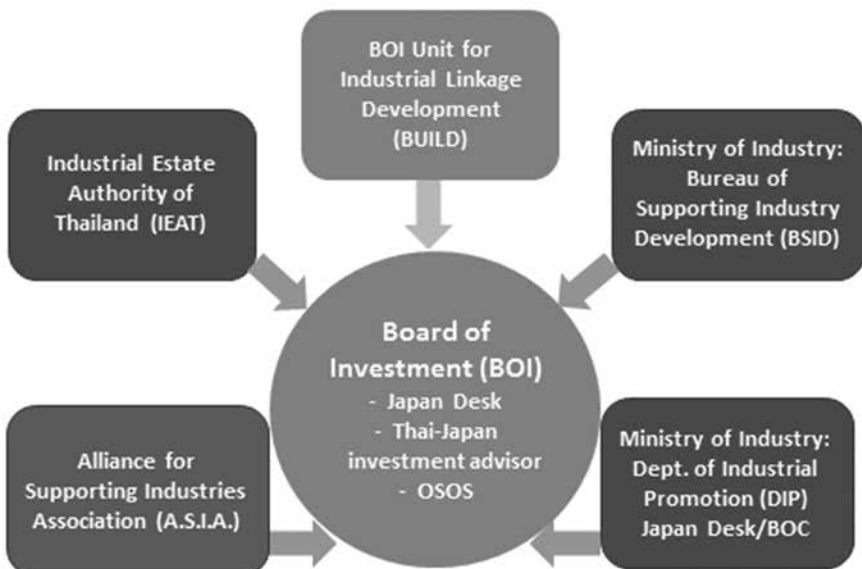
Figure 1 illustrates the Investment Promotion Network for Thai-Japanese SMEs with special attention to industrial linkage development and supporting industry promotion. The Board of Investment (BOI, an investment agency under the Prime Minister’s Office)² and the Ministry of Industry (MOI) are the key official actors for FDI-led industrialization and industrial capacity building. They flexibly and informally coordinate activities of related agencies and units affiliated with BOI or MOI, as well as private sector bodies such as the Alliance for Supporting Industries Association (A.S.I.A.) which comprises of twelve Thai industrial associations (see section 3). The network is neither dominated by a single organization nor governed by explicit rules. Each member organization performs its works separately, and refers customers to other organizations whenever they can fill required functions better than itself. Personal relationship among officials and experts at various organizations matters greatly in ensuring the quality of collective services. Such mutual referral is called *taraimawashi* in Japanese, often with a negative connotation of bureaucratic irresponsibility. But when *taraimawashi* is conducted speedily and properly, customers are well served even without a focal point or formal procedure. Loose working style such as this is

² BOI was originally under the Prime Minister’s Office, but it was placed under MOI during the time of former Prime Minister Yingluck Shinawatra (August 2011-May 2014). Under the current government of Prayuth Chan-ocha, BOI was moved back to the Prime Minister’s Office.

typical of the Thai government not special to the Investment Promotion Network alone.

BOI issues investment licenses and approves incentives based on the published list of priority activities and products which is combined with internal deliberation. As an investment promotion agency, BOI is the first contact point for foreign investors. On January 1, 2015, BOI introduced new investment incentives guided by the Seven-Year Investment Strategy 2015-2021, which promotes investments enhancing national competitiveness through R&D, innovation, value creation in the agricultural, industrial and service sectors, or promoting environment-friendly activities. This was a major shift in Thai FDI policy from the previous zone-based regime (different amounts of incentives were granted depending on location: Bangkok, near Bangkok, or remote areas) to the combination of the activity-based (knowledge-based, value-added, high-technology) and the merit-based (competitiveness enhancement, decentralization, industrial area development, etc.) regime. BOI also has the BOI Unit for Industrial Linkage Development (BUILD,

Figure 1 : Investment Promotion Network for Thai-Japanese SMEs



Source: BOI presentation (May 2013)

Note: This network was created when the BOI was placed under the MOI at the time of former Prime Minister Yingluck Shinawatra.

see section 2) which provides business matching and linkage services between FDI and Thai firms.

The Department of Industrial Promotion (DIP) of MOI is responsible for industrial policy design, as well as policy implementation directly or indirectly through various official and non-official bodies such as the Bureau of Supporting Industry Development (BSID) under DIP (section 3), several sector-specific institutions, industry associations and their apex organization A.S.I.A., and the Industrial Estate Authority of Thailand (IEAT). In addition, there are academic institutions and NPOs that provide management and technical education and training, business consulting, among which the Technology Promotion Association (TPA, section 5) is most prominent.

The remaining sections will explain key member organizations of the Investment Promotion Network for Thai-Japan SMEs, illustrated in Figure 1, as well as selected private sector organizations that contribute to FDI-Thai firm matching and linkage.

2. BOI Unit for Industrial Linkage Development (BUILD)

To meet the demand of FDI companies for procuring domestic inputs or finding suitable Thai partners for joint venture (JV) or Original Equipment Manufacturing (OEM) arrangement, BOI established the BOI Unit for Industrial Linkage Development (BUILD) in 1992. BUILD provides one-stop sourcing services for FDI companies by identifying the needs of FDI manufacturers and matching them with local suppliers. Through industrial linkage development, BUILD contributes to the transfer of production technology and the growth of supporting industries in Thailand.

Main activities of BUILD include sourcing service, SUBCON Thailand, Association of Southeast Asian Nations (ASEAN) Supporting Industry Database (ASID), and internationalization (Vender Meet Customers (VMC) Roadshow Program).

- *Sourcing service*—BUILD provides free service to help both Thai and foreign buyers source parts and components in Thailand. When an inquiry is received from a buyer, BUILD identifies potential suppliers that meet the buyer's requirements. Normally, BUILD announces the specification and volume

requirements of foreign buyers in the website and solicits expression of interest from Thai suppliers. One-on-one meetings can also be arranged for a buyer to discuss individually with each potential supplier. There are various channels through which BUILD receives inquiries from buyers. In some cases, buyers directly contact BUILD via email or phone. In other cases, the One Start One Stop Investment Center (OSOS) or the overseas offices of BOI transfer inquiries by foreign buyers to BUILD. Japanese local governments often contact BOI's Tokyo or Osaka Offices instead of contacting BUILD in Bangkok directly.

- *SUBCON Thailand*—this event, started in 2007, is the largest industrial subcontracting exhibition for industrial parts and business matchmaking in the ASEAN region. It is organized jointly by BOI, the Thai Subcontracting Promoting Association, and UBM Asia (Thailand) in May every year. It is also held to coincide with Intermach, the largest machinery exhibition in Southeast Asia. SUBCON Thailand 2015 took place on May 13-16, 2015, in Bangkok.
- *ASEAN Supporting Industry Database (ASID)*—this is an information service of ASEAN that lists manufacturers of parts and components in the ten member countries on the internet for global access. BUILD is responsible for maintaining this database in Thailand by consolidating and updating information. For each entry, the database includes company profile, investment profile, and information on employment, customers, products, capacity, processes, raw materials, and machinery and equipment. The BUILD team asks registered companies to update their information annually. The team told us that convincing registered companies on the merit of database inclusion was the key to secure their cooperation for regular updating.
- *Internationalization (VMC Roadshow)*—the VMC Roadshow Program allows Thai parts manufacturers to participate in overseas exhibitions and trade fairs with the aim of widening their vision and knowledge. Participating local firms are expected to gain entrepreneurial experience leading to business development and competitiveness improvement. It is hoped that exposure to linkage opportunities may enable Thai companies to become part of a global supply chain.

BUILD is run by one director and ten staff members, with each staff assuming responsibility for sourcing service for different buyers. According to the BUILD Director, business matching is not an easy task with partner search being more difficult

than finding local inputs. It sometimes takes more than one year to look for suitable partners. BUILD arranges various types of business partnership for FDI customers (joint venture, OEM, patent use, production contract, etc.). BUILD does not have data on the number of buyer inquiries or the number of successful search³. However, the BUILD team often receives positive feedbacks from companies. One of the staff felt that about half of the FDI firms that made inquiries would subsequently send a thank-you email and report the progress to BUILD.

3. Bureau of Supporting Industry (BSID) under DIP/MOI

The Bureau of Supporting Industry (BSID) under the Department of Industrial Promotion of the Ministry of Industry assumes the main responsibility for promoting supporting industries (Thai SMEs rather than foreign suppliers in Thailand). The history of BSID goes back to 1988, when the Metal-working and Machinery Industries Development Institute (MIDI) was established within DIP as an agency to implement promotion measures for metal-related supporting industries with JICA technical cooperation. At that time, there was a strong need to strengthen Thai firms as reliable partners of Japanese FDI production, in the wake of a massive relocation of Japanese manufacturers to Thailand following a sharp yen appreciation of 1985. In 1996, MIDI was upgraded to BSID with a higher organizational status and a broader scope of work (including plastic, packaging, and linkage). It focused on the three aspects of people, technology, and linkage. This is a good example of scaling up and institutionalizing JICA technical cooperation by the ownership of the Thai government. During the 1990s, more industrial institutes were established by DIP/MOI including the Thai-German Institute (TGI, 1992), the Thailand Automotive Institute (TAI, 1998); the Electrical and Electronics Institute (EEI, 1998), the Iron and Steel Institute (ISI, 2000), and so on. These were initially established with government budget or foreign aid, but are currently required to operate as autonomous, non-profit, and financially self-supportive organizations.

BSID has taken a step-by-step approach to strengthening the capacity of Thai

³ When we asked about the number of inquiries from FDI companies and the number of successful business matching per year, the BUILD team was unable to give clear answers. The unit seemed too busy with day-to-day operations to produce such statistics, and the general working environment of the Thai government does not require such reporting unlike some other governments.

supporting industries. Initially, when the private sector was weak and the number of supporting industry firms was limited, BSID directly provided technical and managerial support to individual companies. When the number of companies grew to approximately 1,000, BSID established and managed thematic forums of supporting industries (design, metal, machinery, foundry, etc.), serving as their coach and secretariat. Gradually, these forums have gained experience and developed into truly privately-run industrial associations. Currently, there are twelve such industrial associations fostered by BSID (see footnote 4). Increasingly, those associations are beginning to provide technical support and human resource development to member companies without BSID's help.

In 2008, the Alliance for Supporting Industries Association (A.S.I.A.) was established, again with the support of BSID/DIP, to promote networking among existing supporting industry associations⁴. There are more than 15,000 companies involved in A.S.I.A. A.S.I.A. plans and conducts activities related to all industry associations for producing synergetic effects. Compared to the Federation of Thai Industries (FTI) established in 1987, A.S.I.A. is a young apex organization focusing on domestic supporting industries, and its capacity needs to be further strengthened. Nevertheless, this is a good way to promote cooperation among different supporting industry firms toward a common goal of becoming competitive regionally and globally, now that Thai supporting industries have grown to a certain level and are aspiring to achieve higher management and technology capability.

Currently, BSID, industrial institutes, A.S.I.A., and A.S.I.A.-affiliated industrial associations collectively work to strengthen supporting industries. BSID is a policy-making organization responsible for overall policy for supporting industry promotion. It initiates and directly implements innovative pilot projects, which should eventually be handled by the private sector (A.S.I.A. and its industrial associations). BSID is also responsible for emerging industries such as the medical and health care industry and the elderly care industry, for which industrial associations are yet to be formed. Industrial institutes play a key role in drafting and implementing industrial master plans in respective sectors, acting as the hub for businesses, government (BSID),

⁴ The A.S.I.A. has a network of the following twelve associations: Thai Machinery Association, Thai Composites Association, Thai Foundry Association, Thai Embedded Systems Association, Thai Plastic Industries Association, Thai Logistics and Production Society, Thai Tool and Die Industry Association, Thai Air Conditioning Traders Association, the Association of Thai Software Industry, Thai Subcontracting Promotion Association, Hazardous Substance Logistics Association, and the Association of Thai Small and Medium Entrepreneurs.

experts, and other organizations. A.S.I.A. and its industrial associations are the initial point of contact for member companies for information, training and other capacity development activities, business matching, and so on. It is important to note that BSID, industrial institutes, and industrial associations work very closely in Thailand. Most (80%) of these associations are housed in the same complex in Klong Toey, Bangkok, where BSID, the Thailand Automotive Institute and the Iron and Steel Institute are also located. Physical proximity allows these organizations to visit and discuss with each other easily and frequently⁵.

As the above history shows, the degree of government's direct involvement in enterprise support was strong at first, but has decreased over time as the private sector developed its capacity. Now, BSID's role in enterprise support is indirect, primarily working through A.S.I.A. and its industrial associations. Likewise, shindan (SME management consultant system) service was initially provided by the government, but now it is implemented by individual firms that have come to understand its benefits. Currently, the main role of BSID in shindan is normative, setting the criteria for enterprise diagnosis and establishing a mechanism in which shindan reports can be used effectively to address concrete problems. A few years ago, Thai companies became obliged to present shindan reports when applying for BSID technical support or financial support from the SME Bank. BSID also manages a database for supporting industries in Thai language. It is exploring the possibility of linking it with J-GoodTech, a database of Japanese high-quality SMEs recently created by the SME Support, Japan (SMRJ).

4. Japan Desks at BOI and MOI

Because of close economic relationship between Thailand and Japan, both BOI and MOI have established "Japan Desks" as consultation windows dedicated to Japanese investors.

At BOI, Japan Desk is headed and staffed by Thai officials. In addition, over the last twenty years, Shoko Chukin Bank⁶ has continuously dispatched its staff to

⁵ In Thailand, there is no secondment practice from government to the private sector. In order to reach out to various industrial institutes and associations, BSID staff may spend one day of every working week at a particular institute or association while they are at BSID on other days. This eliminates the need for formal personnel arrangement.

⁶ The Shoko Chukin Bank is the only public financial institution in Japan, jointly invested by government and the private sector (partial privatization started in 2008). It provides financial access to SMEs and SME cooperatives to

BOI's Japan Desk as a bilateral investment advisor. This advisor gives necessary advice on application procedures, company registration, investment promotion policy, and incentives to Japanese investors. Approximately 20-30 cases are handled per month.

At present, the Thai-Japan investment advisor sits in BOI's One Start One Stop Investment Center (OSOS) in central Bangkok, established in 2009, rather than at BOI's headquarters. The aim of OSOS is to bring investment-related agencies under one roof, make the process of starting business easier, and centrally provide information on business operations. Staff from BOI and the Ministries of Finance, Commerce, Industry, and Labor are stationed at OSOS, and staff of some other ministries and agencies are available by appointment. According to the Thai-Japan investment advisor, the majority of Japanese investors use business consultants on a fee basis to obtain investment and business licenses instead of free service at OSOS. As a result, OSOS functions primarily for a small number of companies that choose to do all application procedures by themselves without using business consultants. It should additionally be noted that, in contrast to relatively efficient BOI procedure for issuing investment licenses and incentives, application procedure for obtaining tax and import duty exemption is highly complex and only in Thai language, and companies must file application for each consignment of imported goods.

At MOI, Japan Desk was established in 2009 within the Business Opportunity Center (BOC) of the Bureau of Strategies Management (BSM) of DIP, and a rotating Japanese expert has been dispatched with JICA funding since then. While BOC disseminates information on Thai industry and business opportunities generally to all, Japan Desk here is dedicated to providing initial contacts and facilitating networking between MOI (that is, DIP) and Japanese local governments (prefectures and municipalities) which are interested in business expansion of Japanese local SMEs in Thailand. Fukuoka Prefecture was the spearheading case. With a strong initiative of the prefectural authority, various programs have been organized including mutual visits of SMEs in Thailand and those in Fukuoka Prefecture, networking and business matching events, lectures, and so on. The Fukuoka model stimulated other Japanese local governments that have similar interest in facilitating

facilitate their business activities.

bilateral business partnership. With rising interest among Japanese SMEs to invest abroad in recent years, eleven local governments have signed MOUs with DIP (Aichi Pref., Akita Pref., Fukui Pref., Fukuoka Pref., Saitama Pref., Shimane Pref., Tottori Pref., Toyama Pref., Yamanashi Pref., Kawasaki City, and Minamiboso City). DIP also has partnership arrangements with the SME Support, Japan (SMRJ), the Tokyo Metropolitan Industrial Technology Research Institute (TIRI), and the Tokyo Metropolitan Small and Medium Enterprise Support Center.

5. Technology Promotion Association (TPA)

The Technology Promotion Association (TPA) is a private Thai NPO established in Bangkok in 1973 by former Thai students who studied science and technology in Japan. For 42 years, it has provided management and technical education and training, language courses, and book publication with a strong focus on Japanese manufacturing. Based on its accumulated experience and expertise, TPA established the Thai-Nichi Institute of Technology (TNI) in 2007, a private university for teaching Japanese style manufacturing in theory and practice, with strong emphasis on the latter. TNI was financed by TPA's accumulated profits and a bank loan. Japanese businesses in Thailand have assisted TPA and TNI from the sideline by dispatching experts, accepting student internship, providing equipment and scholarship, and so on. The Japan-Thailand Economic Cooperation Society (JTECS) was an organization established in Tokyo to coordinate and provide private and public assistance to TPA from the beginning. However, management and financial resources of TPA and TNI have been local with strong Thai ownership.

TPA has been offering three core programs: (i) culture and language (with an emphasis on Japanese but also other languages); (ii) shindan consultancy for companies; and (iii) calibration (setting or correcting of measurement on precision-requiring equipment). In addition, TPA recently adopted an innovative approach (i-TPA) in which project-based pilot activities can be started on a trial basis to enlarge its functions—which can be formalized if successful and ended if not. This is an effort to positively respond to the changing needs of both Thai and Japanese businesses. In 2014, TPA was reorganized by adding pilot project units to the existing functional units conducting regular programs.

The Thailand-Japan Business Alliance Center (abbreviated as J-SMEs)⁷ is a notable example of such pilot projects. J-SMEs was established in August 2013 to conduct business matching between Thai companies and Japanese SMEs, building on TPA's strong Japanese network. Its activities include: (i) arranging business trips and business matching for Japanese investors interested in Thailand or other Southeast Asian countries as well as for Thai investors interested in Japan; (ii) organizing workshops for both Thai and Japanese SMEs; and (iii) business coordination functions such as business advice, market research service, local business trip arrangement, and market development support. TPA has assigned three permanent officers to run J-SMEs, which is located on the third floor of the Old TPA Building, and collaborates with Tokyo Higashi Shinkin Bank which has dispatched two staffs to J-SMEs, from January 2014, to promote business matching and exchange between Japanese SMEs (clients of Tokyo Higashi Shinkin Bank) and Thai companies.

The first two years of J-SMEs have shown that business matching is time-consuming and does not produce quick results. The J-SMEs staff have faced a mismatch between Japanese SMEs which have specialized high technology ("Only One" technology) and Thai SMEs which prefer producing a large quantity at low cost. To be compatible, Japanese SMEs must make great effort to localize their technology and produce at lower cost, while Thai SMEs need to upgrade their technology and capability. From this experience, TPA now realizes the important role of business matching coordinators who understand technology and can advise both Thai and Japanese SMEs in technological aspects, not just in management and marketing. To produce such coordinators, TPA has turned to the Model of the Greater Tokyo Initiative (TAMA for short)⁸. TAMA was established in 1998 and became an association in 2001, to vitalize industries in the Greater TAMA area (encompassing parts of Tokyo, Kanagawa, and Saitama) through innovative collaboration among industries, universities, local governments, and financial institutions. TAMA has

⁷ For details of J-SMEs, visit <http://www.tpa.or.th/industry/index.php>.

⁸ TAMA is named after the Tama Region, which is the Western part of Tokyo comprising the core geographic area for this initiative, as well as for abbreviation of the Technology Advanced Metropolitan Area. As of March 2014, TAMA had 595 members including 300 firms (94% of which are SMEs), 64 economic associations and NPOs, 38 universities, and 22 local governments (TAMA Annual Report FY2013). Building on this broad and diverse membership, about 150 TAMA coordinators work to create various types of business collaboration involving local SMEs, in such areas as R&D, marketing, and overseas business expansion, human resource development, information sharing, and networking with other regions. The number of business collaboration cases arranged by TAMA exceeds 500.

contributed to the cluster formation of SMEs, R&D and technology, and creation of “Global Niche Top” companies in the Greater TAMA area. TPA is seeking twinning arrangement with TAMA, by inviting experts for training high-skilled project coordinators, curriculum development, and advising SMEs for writing good business proposals.

6. Implications

Thai experience in FDI-local industrial linkage development offers useful lessons for today’s developing and emerging economies in three ways.

First, two main components of industrial linkage development are (i) creating linkage between FDI and domestic companies through various types of business matching programs; and (ii) capacity building of domestic SMEs. Both components are necessary for effective linkage development. In Thailand, the former component is handled mainly by BUILD of BOI, which is the first contact point for foreign investors, and the latter is assumed by BSID of MOI, industry institutes, and industrial associations belonging to A.S.I.A. These organizations form a loosely coordinated investment promotion network for Thai and Japanese SMEs. In addition, there are private organizations, such as TPA, which provide various programs for business matching and industrial capacity building.

Second, in Thailand, many organizations, both public and private, support business matching between Thai and FDI firms including sourcing service, matching events, and overseas visits (Vender-Meet-Customer Roadshow). However, it has become increasingly clear that superficial matching is not enough to produce results, and that in-depth preparation is necessary to identify the real needs of both local and FDI companies including technology aspects. In the most innovative case, TPA plans to train highly-skilled project coordinators with technical knowledge to conduct more effective business matching, in collaboration with a Japanese industrial NPO. It is important to monitor the results of this initiative.

Third, the Thai government has played a vital role in fostering the private sector, by helping first the establishment and then the enhancement of industrial associations. In particular, BSID has taken a step-by-step approach to strengthening the Thai supporting industries. When the private sector was weak, BSID directly provided technical and managerial support to individual companies.

It then created and served as secretariat for thematic forums of supporting industries, which later developed into relatively capable privately-run industrial associations. More recently, BSID supported the establishment of an apex networking organization, A.S.I.A., to facilitate information sharing and various capacity development activities across industrial associations.

What Thailand practices is a relatively advanced form of FDI-local firm industrial linkage development and supporting industry promotion in comparison with other developing countries. This is the result of cumulative efforts over the last three decades made by both public and private players. Although it is not easy to replicate the full set of what Thailand does in most other countries, we believe that the examples given in this report are highly useful for countries aspiring to strengthen manufacturing capability under FDI-led industrialization. They point to a general direction to go as well as pitfalls to avoid.

Mission Schedule

Mission Members

Kenichi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Izumi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Akemi Nagashima	Research Associate, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan

Mission Schedule

Date		Time	Activity	
MAY	24	Sun	PM	Flight from Haneda to Bangkok
			PM	Dinner with Ambassador Shiro SADOSHIMA, Embassy of Japan in Thailand
	25	Mon	AM	Ministry of Industry, Department of Industrial Promotion (DIP), Bureau of Strategies Management (BSM), Business Opportunity Center (BOC)
			AM	Unit for Industrial Linkage Development (BUILD), BOI
			PM	Technology Promotion Association (TPA)
	26	Tue	AM	Ministry of Industry, Department of Industrial Promotion (DIP), Bureau of Supporting Industry (BSID)
			AM	Thailand Board Of Investment (BOI)
			PM	Flight from Bangkok to Phnom Penh

Organizations/Persons Visited

Organization	Name	Position
Ministry of Industry, Department of Industrial Promotion (DIP), Bureau of Strategies Management (BSM), Business Opportunity Center (BOC)	Kiyoshi MURAKAMI	Advisor for BOC Japan Desk
Ministry of Industry, Department of Industrial Promotion (DIP), Bureau of Supporting Industry (BSID)	Panuwat Triyangkulsri	Director
Unit for Industrial Linkage Development (BUILD), BOI	Sonklin Ploymee	Director
	Keeratinun Srimuang	Investment Promotion Officer
Thailand Board Of Investment (BOI)	Tomoyoshi HARADA	Thai-Japan Investment Advisor
Technology Promotion Association (TPA)	Damrong Thawesaengskulthai	Executive Director and Director General
	Virach Sornlertlamvanich	Advisory Executive Director General
	Napaporn Ngamthanacom	Oversea Project Director

List of Information Collected

Source	Title	Authors/Publisher
Thailand Board Of Investment (BOI)	A Guide to the Board of Investment 2014	BOI
	Presentation Documents: Thai-Japanese SMEs Investment Cooperation, 23 May 2013	BOI
	Brochure: BUILD	BUILD, BOI
	Brochure: BUILD -One Step Sourcing Service-	BUILD, BOI
Ministry of Industry, DIP, Bureau of Strategies Management (BSM), Business Opportunity Center (BOC)	Thai Magazine article: OTAGAI -Thai & Japan for the future- (Japanese Translate by JICA)	MBA Magazine
Others	The Eleventh National Economic and Social Development Plan 2010-2016	NESDB
	Presentation Documents: Investment in Thailand, 11 March 2015	Mr. Daisuke MATSUSHIMA, JICA expert at NESDB
	Brochure: Ticon Group FORWARD, September 2014, March 2015	TICON

10. Cambodia

— Building Policy Autonomy and Capacity

(May 27-29, 2015)

A GRIPS Development Forum (GDF) team consisting of Kenichi Ohno, Izumi Ohno, and Akemi Nagashima visited Phnom Penh during May 27-29, 2015 to study the features and issues of Cambodia’s industrial policy. This was one of the regular research missions conducted by GDF to compare industrial policies across countries and draw lessons for developing or emerging economies including Ethiopia¹. Before and during the mission we were supported by Mr. Hiroshi Suzuki (CEO & Chief Economist) and Ms. Chea Dalin (secretary) of the Business Research Institute of Cambodia (BRIC) as well as Mr. Masayuki Ishida, Chief Advisor of the JICA SME Promotion Policy Formulation Project, to which we are very grateful. We would also like to express our appreciation to all people who kindly received us and shared valuable information with us. The mission schedule and collected documents are given in the appendix section.

1. Overview

Cambodia began economic development from the status of a post-conflict fragile state. After the mass killing by Khmer Rouge and subsequent intervention by Vietnam, peace was finally restored under UN supervision, and King Sihanouk returned to Cambodia in 1993. Initially, sheer survival was the name of the game for the new government. At that time, “we were trying to swim, keep our heads above water, and got whatever we could get” in the words of a Cambodian high official. Policy capability and organization were weak, the goal of poverty reduction was imposed from outside, and two international organizations sided with different

¹ The purpose of our JICA-commissioned missions, including this one, is to collect information on industrial policy formulation in selected countries for the policy learning of other developing countries. During Phase I of Japan-Ethiopia industrial policy dialogue 2009-2011, GDF visited Singapore (August-September 2010), Korea (November 2010), and Taiwan (February 2011). During Phase II, India (September 2012), Mauritius (October 2012), Malaysia (June 2013), Indonesia (June 2014), Rwanda (August 2014), and Thailand (May 2015) were visited in addition to Cambodia. Views expressed in this report belong to the GDF team and are not necessarily the views of JICA.

ministries to create inconsistent policies.

From a little over ten years ago, however, the Cambodian government began to gradually regain policy initiative and ownership. The Supreme National Economic Council (SNEC), a forum consisting of top policy makers, started to concretize Prime Minister Hun Sen's vision in the Rectangular Strategy of 2004, which laid out broad directions for the nation and was revised twice subsequently. The Rice Policy of 2010 was the first sectoral master plan calling for concrete policy action to export surplus rice by processing and adding value. FDI policy (the 1994 FDI law was revised in 2003 and 2005) and SEZ law (2005), as well as the development plan of Sihanoukville, were drafted. The latest addition is the Industrial Development Policy (IDP) 2015-2025, approved in March 2015, which is the key document guiding Cambodia's future industrialization (we will discuss it in detail below). To implement IDP, the Productivity Committee and the Labor Advisory Board have also been created, and more mechanisms may follow.

When GDF visited Phnom Penh previously, in 2004, the government was weak and passive, with development policies dominated by the agenda of powerful donors. Today, we can clearly see the emergence and dynamism of policy ownership and national pride, with relatively young leaders and officials taking charge. Policy evolution is in progress, and Cambodia today is a very different nation from Cambodia in the past.

Cambodia has just attained or is about to attain the lower middle income status with per capita income of \$950 in 2013 (World Bank data)². The population is about 15 million, with more than half under the age of 24. The poverty ratio declined rapidly from 50% in 2004 to 16% in 2013. The Gini coefficient also fell to a mere 0.26 suggesting that, if true, Cambodia is one of the most equitable countries in the world (this data probably needs checking). Financial deepening is also underway with bank deposits and lending reaching 80% and 65% of GDP, respectively. International reserves are at a reasonably comfortable level of 4.5 months of import. According to the assessment of the World Bank and IMF, Cambodia's foreign debt service burden is low.

² According to the World Bank's latest income classification based on GNI per capita as of July 2013, Cambodia's income was \$950 per head, slightly below the threshold of \$1,045 for lower middle income countries. Other sources report somewhat higher income for Cambodia. It is highly likely that Cambodia has already joined the group of lower middle income countries by 2015.

Progress is visible and expectation is rising. However, like many other latecomer countries that show high growth at first, Cambodia is still in the recovery phase from the suppressed past in which economic opening and liberalization alone can attain high initial growth. Up to now, the quality of industrial policy did not matter very much because ODA, FDI, and autonomous private-sector resurgence were sufficient to push the country forward. However, real achievements in productivity and competitiveness are still limited. From now on, the quality of industrial policy, and private sector response to such policy, will matter greatly if Cambodia wants to avoid a future middle income trap and climb further to upper middle income and above. In IDP mentioned above, broad directions are set more or less correctly, but concrete details must be properly installed and executed.

We are surprised and happy to see many changes in Cambodia during the last decade. Some governments are static and their policies hardly improve. But in Cambodia, rapidly changing landscape, not only in physical infrastructure but also in policy mindset and aspiration, gives us hope. However, Cambodia's starting point was low. The country has made visible progress but still has a long way to go before it is fully industrialized. Much work is required for both government and the private sector.

2. Leading policy organizations

The impact of Khmer Rouge massacre is still felt in Cambodia. Experienced leaders and experts in their 50s and 60s are in serious shortage. Young dynamic leaders are emerging, but they lack practical knowledge for executing policies effectively or competing in the global market.

Presently, Cambodian policy formulation is characterized by (i) a developmental leadership of Prime Minister Hun Sen; (ii) a relatively small number of high-ranking technocrats supporting the Prime Minister; and (iii) policy competition and collaboration among such technocrat groups as well as economic ministries. Personal rapport and cooperation among such technocrats seem to be ensuring policy coherence more effectively than formal inter-ministerial coordination mechanisms. Cambodia does not have a super planning agency that stands above all ministries such as the Economic Planning Unit (EPU) of Malaysia, BAPPENAS of Indonesia, or the Economic Planning Board of Korea in the

1960s-70s. Cambodian policy making is an interactive and relatively flexible process among multiple leaders and ministries. Such policy making is perhaps suited to Cambodia at this particular development stage.

More specifically, the Supreme National Economic Council (SNEC), the Ministry of Economy and Finance (MEF), and the Council for the Development of Cambodia (CDC) are the three lead organizations at different levels that cooperate to produce and execute development policies. According to a number of officials we interviewed, this centralized mechanism is necessary for speed and coherence in key policy formulation because line ministries are too weak to draft and implement policies. Some noted the lack of policy capacity at the Ministry of Industry and Handicraft (MIH) or the Ministry of Agriculture, Forestry and Fisheries (MAFF), and at present the Ministry of Planning (MOP) is mainly responsible for statistics. This raises an interesting question of balance between central policy management versus the need for strengthening line ministries³.

SNEC, established in 2000, is the Prime Minister's policy think tank (or the "Brain Bank" as some high official calls it) which functions as an action-oriented inter-ministerial discussion and coordination forum attended by high officials, with particularly strong representations by MEF and CDC. Its task is to produce real policies rather than just talk or formally approve. SNEC-drafted policies go to the Council of Ministers and relevant ministries. SNEC consists of about 10 minister-rank members, and is supported by a secretariat staffed with about 30 current (non-seconded) officials of various ministries and agencies including MEF, MOP, MOC, CDC, and NBC (central bank). SNEC, which was previously chaired by a MEF Vice Minister, is now chaired by the MEF Minister. This may be good for elevating the authority of SNEC, but there is a risk that SNEC meetings may become less frequent because the MEF Minister is usually too busy.

MEF is the key ministry for economic policy formulation in Cambodia. It oversees fiscal revenue and expenditure as well as macroeconomic balance and viability, but it also has a leading role in development and industrialization. In most countries, macro balance and industrialization are handled by separate

³ Ethiopia is moving toward central management of such key policies as FDI and industrial parks. The Rwanda Development Board is similar to Cambodia's CDC as it covers wide policy issues including FDI, industrial parks, SMEs, IT industry, etc. overwhelming line ministries. In our opinion, policy centralization is acceptable and even inevitable in a latecomer country in the short run, but we also advise strengthening productive-sector line ministries so they can take over key economic functions in the future.

ministries or mechanisms because they are not only very broad but also often in conflict over a budget constraint. It is possible to embody both functions in one ministry, such as MEF, but this will tend to create a very powerful ministry that requires high policy competency in its officials. To fulfill its role, during the last few years, MEF has been training young economists in their 20s and 30s by sending them abroad for study and hiring them for hands-on policy training at the Ministry. In our meeting at MEF, we spotted six young officials sitting beside the Secretary of State, one of whom explained to us the main thrusts of IDP.

CDC was established in 1994, initially to manage external resource inflows into Cambodia. By now, it has become a strong inter-ministerial implementation agency. CDC consists of the Cambodia Rehabilitation and Development Board (CRDB, for ODA management), the Cambodia Investment Board (CIB, for FDI administration), and the more recently (in 2005) added Cambodian Special Economic Zone Board (CSEZB, for SEZ management). While it is an implementing agency, CDC is expected to function, and actually partly functions, also as a policy proposing agency like Malaysia's MIDA or Rwanda's RDB⁴. MIH is a member of CDC but does not lead its operation. For foreign investors, CDC, which grants licenses and incentives, is the first point of contact as well as the place to raise and solve issues. IDP proposes to further enhance CDC for industrial development.

In terms of personalities, there are policy leaders in these and other economic mechanisms, ministries, and agencies who have the trust and support of the Prime Minister⁵. They collectively form the Prime Minister's advisory group and lead the nation along a development path. Their precise relations and responsibilities, how they actually compete or collaborate in policy making, and correspondence between these personalities and key bodies such as SNEC, MEF and CDC, could not be fathomed by our three-day mission.

In addition, Cambodia has a large number of committees and sub-committees

⁴ Powerful one-window agencies such as these are often modeled after Singapore's Economic Development Board (EDB). Apparently the objective is to concentrate limited human capacities in one agency for speed and efficiency rather than spreading them over many agencies. Before adopting, however, the applicability of the Singaporean model, that works well in a small city state with very high capability in all ministries and agencies, to an average latecomer country with limited policy experience should be examined carefully.

⁵ They include Hang Chuon Naron (Minister of Education), Aun Porn Moniroth (Minister of Economy and Finance), Vongsey Vissoth (Secretary of State, MEF), Keat Chhon (Deputy Prime Minister), Sok Chenda Sphea (Secretary General, CDC), Cham Prasidh (Minister of Industry and Handicraft), Sun Chanthol (Minister of Commerce), and others.

at the government as well as ministerial levels. They include the Economic and Financial Policy Committee, and the Committee for Private Sector Development Affairs (its subcommittees include SMEs, Investment Climate and Participation of Private Sector in the Infrastructure Development, and Corporate Governance). New committees are added as necessary, such as the Advisory Council for Development of Cambodian Industry (related to IDP). There is also the Government-Private Sector Forum which meets biannually, chaired by the Prime Minister and attended by all cabinet members, and ten working groups (e.g., agriculture and agro-industry, tourism, manufacturing/SME/services, banking and financial services). With limited time, the mission was unable to grasp the overall structure of these sub-committees, task forces, and working groups. Their functions and effectiveness must be studied separately.

In sum, Cambodia has policy-minded leaders and technocrats working jointly for policy initiatives and execution. Such a process seems healthy and appropriate as long as policy competition among different groups remains constructive and non-revengeful, and if it simultaneously achieves policy continuity and dynamism. How this Cambodian model compares with the “Flexible Structure of Politics in Meiji Japan” is another interesting topic that must be pursued on another occasion⁶.

Another critical issue is how to institutionalize good practices and mechanisms established by the current relational policy formulation, and pass them onto the next generation of policy makers with modifications and improvements as necessary.

3. Industrial Development Policy 2015-2025

Cambodia’s key policy documents for national development consist of the Rectangular Strategy (RS) for Growth, Employment, Equity and Efficiency (RS I of 2004, RS II of 2008, and current RS III of 2013), the National Strategic Development Plan as the RS’s five-year working plan (since 2006; the current one

⁶ Junji Banno and Kenichi Ohno, in *Meiji Restoration 1858-1881*, Kodansha Gendai Shinsho, 2010, argued that Meiji Japan pursued multiple national goals successfully by allowing a large number of policy leaders to form and reform coalitions flexibly to both compete and cooperate, rather than by a top-down order of a charismatic leader who stayed in power for long. For English excerpts see: www.dlprog.org/publications/the-flexible-structure-of-politics-in-meiji-japan.php

covering 2014-2018), and annual budgets⁷. For effective implementation, these policy documents need to be complemented by concrete guidelines for selected key sectors, and this need has so far been filled only partially and incompletely. The Rice Policy, FDI and SEZ policies, and the development plan of Sihanoukville are the ones that already exist, but their concreteness and implementability vary. This year the government added Industrial Development Policy (IDP) to the list, which means that Cambodia is now becoming ready to design and execute this very important policy component.

Completion of IDP also means that Cambodia has shifted from the previous development regime where poverty reduction was the main objective to a regime where value creation and industrialization take the central stage. Even in that case, there is an ongoing debate as to whether government should provide only general support and frameworks to all sectors and firms without sectoral preference or it should work selectively and proactively with the private sector to create certain champion products. The answer to this question appears undecided at this moment in Cambodia. If industrial policy intends to go beyond just liberalization, integration, and provision of good business conditions, the Cambodian government must engage in serious policy learning—including industrial human resource, SME promotion, productivity movement, FDI marketing, strategic export promotion, and regional and corridor development—because the current policy capability of Cambodia is still low. East Asia abounds in good policy practices from which much can be learned.

Moreover, free market orientation of the past may have to be adjusted. Cambodia's policy stance has been relatively liberal, featuring open FDI policy which accepts foreign investors even in commercial, financial, telecom, professional, and other services. Although this liberalism benefited the nation by providing reasonably good financial, communication, and other services which can support industrialization, we also believe that it is possible to add selectivity and targeting in industrial policy without abandoning the liberal business environment which Cambodia has created.

⁷ Before the RS, there were two overlapping strategic documents in Cambodia reflecting donor rivalry—the Socio-Economic Development Plan (SEDP II: 2001-05) formulated by MOP with the support of ADB, and the National Poverty Reduction Strategy (NPRS: 2003-05) formulated by MEF with the support of the World Bank. The formulation of RS of 2004 and NSDP of 2006, by merging SEDP and NPRS, should be understood as a process in which the Cambodian government regained policy ownership.

SNEC began to prepare IDP in 2012 with JICA support. The final document was approved by the Council of Ministers on March 6, 2015. CDC will be responsible for managing and coordinating IDP implementation. The content of IDP, as explained to our mission by MEF officials, can be summarized as follows.

IDP's overall objectives include diversification of the industrial base, value addition, competitiveness, and meaningful participation in global and regional value chains. Currently, Cambodia's export base is narrow (mainly garment), SMEs are weak and unregistered, skills and technology are low, infrastructure services (including power) are inadequate or costly, and labor relations are tense. Cambodia aims to shift from labor-intensive to skill-based industries by 2025. Various components of IDP, which exhibit some repetition and overlaps, are summarized in the table.

A MEF high official further explained to us that the four pillars of IDP were (i) FDI attraction; (ii) SMEs with FDI linkage; (iii) logistics and connectivity; and (iv) legal and policy frameworks; and IDP's geographic focuses were (i) Phnom Penh; (ii) Sihanoukville; (iii) the area bordering Thailand; and (iv) the area bordering Vietnam. To this end, IDP specifies four key practical measures to be achieved before the end of 2018 as a milestone—reducing electricity cost and ensuring stable power supply; preparing and implementing a master plan for transportation and logistics systems; labor market management and skill training; and developing Sihanoukville Province into a model multi-purposed SEZ. In our opinion, these pillars and focuses are quite appropriate to Cambodia at this development stage—although we also feel there could be more concrete industrial targets unique to Cambodia⁸, as well as even greater stress on industrial human resource and productivity enhancement (in addition to SME support)⁹.

⁸ In our preliminary opinion, a vision to become Asia's high-quality labor-intensive manufacturing leader by 2025 will not be entirely amiss for Cambodia. To attain it, numerical targets and deadlines should be set, for example, by benchmarking Vietnam for labor productivity and discipline; Thai BOI and Malaysia's MIDA for strategic FDI attraction; Thai BUILD and other Thai mechanisms for linkage policy; Malaysia and Taiwan for comprehensive SME promotion; and selected neighboring countries for logistic cost and time comparison. Productivity statistics and targets should be created by working with APO and other interested donors. Productivity movement, perhaps including kaizen, may be introduced. High wage costs in emerging economies, AEC, China-plus-One, Thailand-plus-One, Southern Corridor links, and other dynamic trends in FDI migration should be captured with concrete targets.

⁹ For low and lower-middle income countries that can receive a large amount of manufacturing FDI, we recommend a standard policy package for *FDI-linked technology transfer* consisting of (i) strategic attraction of FDI; (ii) local enterprise capacity building; (iii) FDI-domestic firm linkage policy; (iv) efficient logistics; and (v) industrial human resource. Cambodia's IDP covers much of these grounds while industrial orientations of Vietnam and Indonesia are quite different from this model.

Cambodia's Industrial Development Policy 2015-2025

Vision	From labor-intensive to skill-based industries by 2025; linking with global and regional value chain with clusters; competitiveness and productivity, marching toward modern technology and knowledge-based industry.
Targets (for 2025)	(1) GDP share: industry 30%, manufacturing 20% (2) Export diversification: non-garment 15%, agro-processing 12% (3) SME registration and proper accounting
Strategy	(1) Mobilize both large FDI and domestic investment with quality (2) Upgrade SMEs (3) Improve regulatory environment (4) Coordinate supporting policies
Priority sectors	(1) New, high-value, creative industries (2) SMEs in pharmaceuticals, construction materials, packaging, furniture, industrial equipment, etc. (3) Agro-processing (4) Supporting industries (backward or forward linkage) (5) ICT, energy, heavy industries, cultural/traditional handicraft, green technology
Approaches	- The private sector leads, government coordinates - Structural transformation - Providing support, incentives, markets linked with performance - Greenness and inclusiveness
Policy measures and action plans	- FDI attraction with improved investment climate and SEZs - Upgrade SMEs with registration, accounting, and agro-processing - Regulatory environment including trade facilitation, standards, taxes, industrial relation, etc. - Supporting policies incl. skills, STI, infrastructure, financial system, etc.

Source: Presentation slides of the Ministry of Economy and Finance, May 28, 2015, summarized by GDF.

The Cambodian government admits that IDP is a broad policy framework only, and detailed action plans (implementation strategies) must be created for implementation. We entirely agree with this assessment. The next important task is to create concrete plans on who will do what by when, how results should be monitored and evaluated, and how projects should be financed. New organizations and budget must be arranged, and Cambodian officials and experts must be trained, if necessary, for execution. Because it is impossible to pursue all targets, strategies, and approaches at once, implementation must be prioritized and sequenced. The matrices of policy measures and action plans attached to IDP still seem crude and general, and may have to be revised and expanded significantly to enhance implementability and gain sufficient stakeholder support. Domestic and foreign businesses, industrial experts, and relevant ministries must be deeply involved in this process. For all these purposes, policy

learning on international best and worst (to avoid common pitfalls) policy practices is imperative for the Cambodian government.

Recently, the Productivity Committee and the Labor Advisory Board were created to address skill, productivity, and labor market issues raised by IDP. Furthermore, to facilitate the implementation of IDP, the Advisory Council for the Development of Cambodian Industry will be established. It is also envisaged that, under CDC, the CIB function will be expanded to include coordination and monitoring of IDP implementation, and the CRDB function will be re-oriented to support industrial development cooperation. The Government-Private Sector Forum will be enhanced further. It is to be seen how these institutional details will be shaped and actually function.

According to IDP, Cambodia will graduate from labor-intensive industries into skill-based ones by 2025. We are under the impression that this time line is a bit too short given the experiences of neighboring countries and given the fact that Cambodia is still in the early stage of labor-intensive processing. A MEF official explained to us that national aspiration must be set high. This is true, but high skills can be pursued in parallel with improvements in more basic skills of Cambodian workers such as literacy, mindset, and work discipline. We believe that Cambodia's advantage in labor-intensive manufacturing should be maintained for more than a decade by steadily improving labor productivity, worker quality, product delivery, primary education, etc. Cambodia should take full advantage of labor-intensive processes before they are abandoned.

4. FDI attraction and SEZs

Economic liberalization has proceeded in Cambodia since the 1990s. By now, the country has a relatively open business climate for investment, foreign exchange, banking, telecom, internet services, etc. Unlike some countries that mobilize SOEs for developing certain sectors, the Cambodian economy is driven predominantly by foreign and domestic private firms. There are six (or more) domestic industrial groups in agro-business, telecom, finance, securities, insurance, property development, cigarettes, trade and distribution, tourism and entertainment, etc. Foreign-advised economic liberalization also led to the adoption of market-based provision of infrastructure services such as power. The

results are not totally satisfactory, however, producing high electricity tariffs and proliferation of small-scale foreign power companies.

CIB and CSEZB under CDC are the implementation agencies for FDI and SEZ policies, respectively, and also serve as the main official one-stop service agencies for investors. The Qualified Investment Project (QIP) status, granted to most manufacturing projects and some high-value and/or large-scale service projects, is the main incentive scheme of Cambodia offering exemptions of corporate income tax (up to nine years), import duties, and value-added tax. The type and level of investment incentives in Cambodia are, by and large, standard and moderate in comparison with other countries. For Japanese investors equipped with necessary conditions, obtaining QIP status is not a big problem, and one-stop services at SEZs or business consultants can assist them if necessary. For small investors, establishing offices, shops, and restaurants is easy with little procedural hassles, unlike some countries that set minimum capital requirements for foreign investors.

Cambodia has 34 Special Economic Zones (SEZs) of which 12 are operational. They are located in Phnom Penh, Sihanoukville, and areas bordering Thailand (Poipet, Koh Kong) and Vietnam (Bavet). The largest concentration of Japanese manufacturing FDI is in Phnom Penh SEZ (PPSEZ) managed jointly by Cambodian (78%) and Japanese (22%) capital. It has one-stop service in Japanese language, water supply, waste water treatment, a power generator, a dry port, and a Japanese restaurant. In principle, CSEZB provides one-stop service at each SEZ staffed with the officials of relevant ministries and agencies (such as CDC, customs bureau, MOC, MOL). Not all SEZs have full support such as PPSEZ, however. Other than such services provided by zone operators, SEZs do not offer any additional legal privileges or incentives beyond QIP, which means that firms with QIP status can enjoy the same incentives wherever they are located. In addition, there is the SEZ Trouble Shooting Committee housed in CDC to promptly settle issues occurring in SEZs.

Japanese firms in PPSEZ (40 firms as of May 2015) are mostly engaged in labor-intensive processes in electronics, machinery, garment, leather, etc. They include Minebea (small motors and liquid-crystal display backlight panels), Sumitomo Wiring Systems (automotive wire harnesses), Ajinomoto (food processing), and Denso (automotive parts). According to the CEO of PPSEZ, presence of even one

large Japanese firm stimulates Japanese SMEs to come to Cambodia in droves¹⁰.

The JETRO Office was established in Cambodia only recently, in 2010. Earlier, JICA experts and private consultants provided necessary information for Japanese investors. JICA also supported the capacity development of CDC and established Japan Desk at CDC where a Japanese expert was assigned. The Japanese embassy, JETRO, the Japanese Business Association for Cambodia, and JICA-supported Japan Desk have collaborated closely to provide good conditions for Japanese firms. Furthermore, there are a large number of Japanese business consultants, labor-exporting agencies to Japan, and Japanese restaurants in Cambodia. The three Japanese megabanks (Tokyo-Mitsubishi UFJ, Sumitomo Mitsui, and Mizuho) also have representative offices in Cambodia. Aeon Mall, a large Japanese shopping center, opened in Phnom Penh in 2014.

Japan is not the largest investor in Cambodia, however. China is by far the largest with cumulative registered FDI in the past two decades of over \$11 billion (mostly real estate and energy), followed by Korea (mostly real estate), Malaysia, and the UK. Japan is No.11 with only 1,150 projects worth \$713 million (up to 2014 including cancelled projects), but it is the dominant investor in SEZs as well as in manufacturing. Japanese QIP firms are about 100 in number, and their entry is accelerating from around 2010.

Japan is the only investing country that has formal and regular investment climate discussions with the Cambodian government. Demands and requests of Japanese FDI firms are collected by the Japanese Business Association of Cambodia (JBAC), and bilateral discussions are held twice yearly to solve raised issues at the Japan-Cambodia Public-Private Sector Meeting co-chaired by the Secretary General of CDC and the Japanese Ambassador. Some of the recent issues include (i) the high cost and unreliable supply of power; (ii) rising wages and low quality of labor (see below); (iii) non-applicability of investment incentives to project expansion; and (iv) non-transparent and complicated administrative procedure including taxes and customs clearance.

¹⁰ This phenomenon is called the Queen Bee effect in Singapore, and the Canon effect in Vietnam.

5. The wage and productivity problem

Cambodia has a young and mostly rural population with 75% of the people under the age of 35, a condition generally suitable for light manufacturing. However, Japanese firms report labor-related problems regarding availability, quality, and cost.

Factory workers must often be recruited in rural areas because they are no longer easy to find in urban areas. Some firms in PPSEZ build or rent dormitories for migrant workers, and other (mostly non-Japanese) firms locate in rural areas for the ease of worker recruitment. Labor-intensive processes normally use young female labor, but job hopping is rampant among such workers in pursuit of slightly more favorable salaries or working conditions. Footloose workers are observed in many developing countries and not unique to Cambodia.

One unfortunate feature of Cambodia is the low quality of labor. The majority of young factory workers are primary school graduates or dropouts, or people who never went to school. As a result, many are illiterate, unpunctual, and lack teamwork, discipline, and cooperative spirit. A Japanese firm in PPSEZ confided that it was surprised to discover the lack of basic attitude and mindset in Cambodian workers, which was far worse than in India, Brazil, or other locations in the world. Some factories need to train workers with very basics (reading, attitude, etc.) before they are given operational training. In contrast, in Vietnam, virtually all factory workers are high school graduates who are literate and skillful. Chinese workers are even more productive than Vietnamese workers. Cambodia has a long way to catch up in labor quality.

Another headache is rapidly rising wages in the absence of corresponding improvement in labor productivity. During the last two decades, labor productivity in Cambodia grew 3-5% per year on average according to Asian Productivity Organization (APO) data¹¹. Meanwhile, the monthly minimum wage for textile workers was revised upward from \$40 (1997) to \$61 (Oct. 2010), \$80 (May 2013), \$100 (Feb. 2014), and \$128 (Jan. 2015). Adjustments in the last few years were particularly large, with an annual average increase of 19% from Oct. 2010 to Jan. 2015. Recent wage decision was made amid labor disputes and pressure from labor

¹¹ Average annual labor productivity growth of Cambodia, as reported in *APO Productivity Databook 2014* (p.61), was 4.3% (1990-95), 3.4% (1995-2000), 3.6% (2000-05), and 5.0% (2005-12).

unions. Wage increase has outstripped labor productivity by a wide margin. At \$128 per month, the minimum wage in Cambodia is now higher than the minimum wage in the rural areas of Vietnam¹². If such wage pressure continues, Cambodia's labor advantage will soon be lost.

The Cambodian government as well as foreign investors are alarmed. Effort to de-politicize wage setting is beginning. Previously, the government decided the minimum wage after inter-ministerial consultation led by the Labor Minister but without reference to hard facts and analysis. The Productivity Committee was established in January 2015 to collect data and propose a solution. It is hoped that the minimum wage will from now on will be based on productivity, competitiveness, and other economic factors rather than just workers' demand for better life¹³.

We heard from more than one Japanese firm that Prime Minister Hun Sen's April 2015 pledge that the minimum wage would be \$160 by 2018 (which implies an average annual increase of 8% in the next three years), if actually kept, would be highly welcome. This will impart predictability to business management.

Given the situation above, Cambodia needs to overcome many problems to maintain the current labor advantage. First, reliable statistics on wages and labor productivity must be produced and analyzed. Second, a rational wage-setting process that balances productivity and workers' aspiration must be agreed and practiced. Third, labor productivity must be continuously improved, for which (i) benchmarking rival countries and setting numerical targets, (ii) introduction of kaizen and national productivity movement, and (iii) a social contract among government, management, and labor to jointly make effort to improve labor productivity, should be considered. Fourth, primary education and technical training must be upgraded nationwide to equip workers with basic attitude, discipline, and literacy. High skills, technology, and knowledge cannot be taught unless workers have the right aptitude.

¹² As of Jan. 2015, Vietnam has four minimum wages from urban to rural: \$150, \$140, \$125, and \$104. However, it should be noted that social security contribution per worker is at present much higher in Vietnam than in Cambodia.

¹³ A wage setting mechanism that reflects productivity performance is also requested by entrepreneurs in Indonesia, a country that similarly suffers from rapid increases in minimum wage. See GDF, *Report on the Indonesian Mission*, July 2014 [Chapter 7 in this volume].

6. SME promotion

Following the RS I, the SME Development Framework was formulated in 2005 by the SME Sub-committee with ADB support, but it was just a broad direction without implementable action plan. More recently, in March 2015, a new document (Cambodia's SME Promotion: SME's Initiative for Cambodia Brand of Quality: Policy Framework) was drafted by MIH with JICA support, to be deliberated by the SME Sub-committee. While this document provides a comprehensive policy menu referential schemes, clear prioritization and sequencing of actions must be specified in order to make it implementable. SME promotion is one of the core issues in IDP, but identifying policy details remains a future task. At present Cambodia has no SME law. Donor-supported projects have not yet been institutionalized in the Cambodian government. Up to now, we must say that there have been few effective policy measures to develop Cambodian SMEs¹⁴. SME promotion in Cambodia is in a very early stage. Much work and cooperation will be needed to implement policies effectively.

As the first step, the definition of SMEs must be given in a way consistent with Cambodia's development objectives as well as international practices. Without an agreed definition, data collection, analysis, and policy formulation are hardly possible. An SME law or a master plan that guides SME policy must be crafted. Good practices in other countries should be studied, combined, and modified to fit Cambodia's reality. The SME Sub-committee must be revitalized to do these works. Foreign technical cooperation may be sought if necessary.

Globally, standard measures for SME promotion are well-known and include: (i) legal and policy frameworks; (ii) human resource development including managers, engineers, and workers; (iii) enterprise capacity building in corporate strategy formulation, technology, marketing, export, accounting, labor management, IT, etc.; (iv) financial access; (v) building networks, forward and backward linkage, clustering, business associations, etc.; and (vi) startup support, innovation, and R&D. Within each category there are many sub-measures and further items. The whole universe of SME support as practiced by such countries as Japan, Taiwan, Singapore, and Malaysia is

¹⁴ Some measures proposed in the 2015 document, such as the lease law, credit guarantee for rice millers, and the collateral systems, have been introduced. But these still remain modest and random in view of the overall policy structure required for SME promotion.

vast and complex. A latecomer country such as Cambodia needs to be selective and modest in initiating SME promotion.

At present the main issues in Cambodia's SME policy are registration and accounting. Only 30,000 are formally registered among 514,000 SMEs in Cambodia (MOP data for 2014), which makes it difficult for government to reach out and analyze SMEs worthy of support. The proposed one-stop registration center at MIH may accelerate SME registration. But this is only a small beginning for SME promotion. After registration and accounting issues are solved, there are many more things to be done to proactively support SMEs as listed above.

Generally speaking, SME policy has two purposes: (i) job and income generation for poverty reduction, and (ii) supporting selected SMEs for value creation and competitiveness. Both are necessary for Cambodia, but high officials we met made it clear that the main objective of SME policy in Cambodia was the latter, namely the creation of competitive SMEs with FDI linkage. We believe this is an appropriate choice at this moment.

7. Development of Sihanoukville

Apart from indirect sea access through Thailand and Vietnam, Sihanoukville, situated in the southern coast, is a critically important logistic gateway to Cambodia. The government plans to develop Sihanoukville as a multi-purpose SEZ and a regional transport hub hosting manufacturing, transport, services, tourism, and residential areas. High officials we met explained to us the current status of this vision. A deep-water container port has been built with Japanese cooperation and is operational. The port has gantry and mobile cranes, stackers, storage and warehouses, etc. with the total cargo handling of 3 million tons in 2013. Bulk freight port must be added and container port capacity has to be expanded in the future.

Using Japanese yen (ODA) loans, Sihanoukville Port SEZ (SPSEZ) was also constructed adjacent to the container port and opened in 2012, with the total area of 70ha and the factory area of 45ha (48 plots). As of now only three tenant firms came to SPSEZ. Slow sale is blamed mainly on high cost, while some also mention the lack of proper customer services, plot design, and over-specification. Separately, Sihanoukville SEZ (SSEZ) was built with Chinese cooperation at 12km from the port with a planned area of 1,113ha, and became operational in

2012.

Regardless of the current performance of SPSEZ, the critical importance of Sihanoukville, located along the Greater Mekong Subregion (GMS) Southern Coastal Corridor, for the development of Cambodia remains unquestionable. Sihanoukville is still under construction. Development must encompass not just the city and port of Sihanoukville but entire Preah Sihanoukville Province or even beyond. A comprehensive regional development master plan and urban planning must be drawn up or revised, highways and other road links to Phnom Penh and other key locations must be built, soft components such as trouble-free customs clearance and fast cargo handling systems must be installed, and marketing for FDI and tourism must be beefed up.

With proper design and execution, Sihanoukville has a chance of becoming a large industrial and urban area similar to the Eastern Seaboard Development of Thailand, or even better because it has non-industrial functions as well. For this purpose, a powerful high-level ad hoc coordination mechanism chaired and supervised by the Prime Minister, like the Eastern Seaboard Development Committee of Thailand in the 1980s, may prove effective.

8. Concluding remarks

Cambodia has come a long way. Starting from the position of a post-conflict fragile state dominated by donors, it recently began to regain policy autonomy and establish policy ownership. Broad directions set in IDP, as explained to this mission, are reasonable and well-focused, unlike long and unimplementable wish lists found in some countries. The mindset and collective decision making among top technocrats seem to be working for growth acceleration. We applaud the progress Cambodia has made in the last decade in the area of industrial policy formulation.

However, there is a long and winding road ahead. Broad directions must be concretized in strategies and action plans, proper staff and organizations must be prepared, financial resources must be found, and progress must be monitored and adjusted. Implementation is a challenge for all aspiring governments. We hope Cambodia will successfully solve many coming issues in the implementation process. Policy learning must be enhanced and systematized. Even after

implementation, the question of how much ultimate impact the policy has had must be asked.

This is a critical moment in Cambodian history, in which policy capacity acquired in the next stage will largely determine whether the nation will continue to march to high income in the future or become stuck in a middle income trap. Japan as an important economic partner of Cambodia, especially in manufacturing, should further align its economic cooperation and investment with IDP's priorities. In addition to discussing investment issues with CDC, Japan should start regular policy discussion with top leaders of Cambodia, set clear cooperation targets which are monitorable, invite appropriate Japanese firms and provide concrete cooperation projects to realize some of the IDP's objectives, and review their progress and make adjustments as necessary.

Japan's cooperation in the past has emphasized infrastructure, private-sector development, agriculture, governance, and social areas such as water, health, education, and land mines. It should now add kaizen and productivity, upgrading industrial human resource, soft and hard logistic efficiency along the Southern Corridor, comprehensive regional development encompassing Sihanoukville and the Southern Coastal Corridor, and other concrete industrial support measures in line with IDP.

Mission Schedule

Mission Members

Kenichi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Izumi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Akemi Nagashima	Research Associate, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan

Mission Schedule

Date		Time	Activity	
MAY	26	Tue	PM	Flight from Bangkok to Phnom Penh
	27	Wed	AM	Supreme National Economic Council (SNEC)
			PM	Council for the Development of Cambodia (CDC)
	28	Thu	AM	Ministry of Economy and Finance (MEF)
			AM	JETRO Phnom Penh
			PM	Ministry of Industry and Handicraft
	29	Fri	AM	O&M (Cambodia) Co.,Ltd
			AM	Sumi (Cambodia) Wiring Systems Co., Ltd.
			PM	Phnom Penh SEZ Co.,Ltd
			PM	Young Entrepreneurs Association of Cambodia (YEAC)
			PM	Flight to Haneda (Transit at Bangkok)
30	Sat	AM	Arriving at Haneda airport	

Organizations/Persons Visited

Organization	Name	Position
Ministry of Economy and Finance (MEF)	H.E. Vongsey Vissoth	Secretary of State for MEF and Vice Chairman of SNEC
	Ung Luyna	Deputy Director, General Dept. /Budget for MEF and a member of SNEC
	Eng Touch	Personal Assistant to Secretary of State
	Lay Sopheap	Personal Assistant to Secretary of State
	Sieng Chamnan	Deputy Director, General Dept. /Economic and Public Finance Policy
	Heng Socheat	Officer, General Dept. /Economic and Public Finance Policy
	Khut Vanne	Officer, General Dept. /Economic and Public Finance Policy
	Choum Rottanak	Officer, General Dept. /Economic and Public Finance Policy
Supreme National Economic Council (SNEC)	H.E. Kalyan Mey	Senior Advisor for SNEC and Chairman for Royal University of Phnom Penh
Council for the Development of Cambodia (CDC)	H.E. Sok Chenda Sophea	Minister attached to the PM/Secretary General
	Lim Visal	Deputy Director, Dept. Public Relations and Promotion of Private Investment
	Unvoanra Nut	Assistant to Minister attached to the PM/Secretary General
	Yuji IMAMURA	Advisor for CIB and CSEZB Japan Office
Ministry of Industry and Handicraft (MIH)	H.E. Heng Sökkung	Secretary of State
	Son Seng Huot	Under Secretary of State
	Peou Vorleaks	Director General, General Department of SME and Handicraft
	Yea Bunna	Deputy Director General, General Department of SME and Handicraft
	Soem Nara	Director General and Board Chairman of General Department/Industry Phnom Penh Water Supply Authority (PPWSA)
	Masayuki ISHIDA	JICA SME Project Leader
Young Entrepreneurs Association of Cambodia (YEAC)	Oknha Sok Piseth	President for YEAC and CEO & Co-founder of G-Gear Co.,Ltd
	EK Sopheara	Managing Partner, BDtruS Research & Business Consultancy
Phnom Penh SEZ Co.,Ltd	Hiroshi UEMATSU	CEO
O&M (Cambodia) Co.,Ltd	Junichiro TOMIZUKA	President
Sumi (Cambodia) Wiring Systems Co., Ltd.	Takahisa WAKISAKA	President
	Kenichi ONOGI	General Manager, General Affairs Department
JETRO Phnom Penh	Masashi KONO	Chief Representative

List of Information Collected

Source	Title	Authors/Publisher
Ministry of Economy and Finance (MEF)	Presentation Documents: Cambodia Industry Development Policy 2015-2025, 6 March 2015	Approved by Council of Ministers
Council for the Development of Cambodia (CDC)	Presentation Documents: Three Key Points for Investment in Cambodia, June 2011 (Japanese)	Mr. Yuji Tanzaki, JICA expert at CDC Japan desk
	Presentation Documents: Investment environment in Cambodia, March 2015 (Japanese)	Mr. Taro TANZAKI, JICA expert at CDC Japan desk
	Guidebook for Cambodia investment, 2013	CDC (Translate by JICA)
	Brochure: Sihanoukville Port SEZ (Japanese)	Sihanoukville Port SEZ and JICA
	Brochure: Investing in The Heart of Dynamic Southeast Asia	CDC
Ministry of Industry and Handicraft (MIH)	Industrial Development Policy 2014-2024 (First Draft as of 11 March 2014)	MIH
Phnom Penh SEZ Co.,Ltd	"Welcome to PPSEZ -Communicated to the future PPSEZ" (Japanese)	PPSEZ
	Magazine: Cambodia Business Partners (Japanese)	CLD Marketing Partners
JETRO Phnom Penh	Presentation Documents: Cambodia Actual situation such as Economy, Trade, Investment, and Japanese FDI (Japanese)	JETRO Phnom Penh
JICA project on SME Promotion	Cambodia's Industrial Development Policy 2015-2025, March 2015	MIH (English Translate by JICA SME Project)
	Small and Medium Enterprise Development Framework, 29 July 2005	SME Secretariat on behalf of SME Sub-committee
	Cambodia's SME Promotion -SME Initiative for Cambodia Brand of Quality- Policy Framework, March 2015	MIH and JICA SME Promotion Policy Formulation Project
	Presentation Documents: SME Promotion Policy Development - Challenges for the SME base Policy-, 7 April 2015	Mr. Masayuki ISHIDA, JICA SME Project Leader
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Others	Presentation Documents: Investment Seminar in Tokyo, Japan "METI, Embassy of Cambodia to Japan, JETRO Phnom Penh, JDI, NIKKO KINZOKU, and HITACHI", November 2014 (Japanese)	Japan Development Institute
	Presentation Documents: Investment Seminar in Nagoya and Hamamatsu, Japan "CDC, JETRO Phnom Penh, Toyotsu, Deloitte, and JBIC", February 2015 (Japanese)	METI Chubu
	Investment environment in Cambodia, April 2014	JBIC
	Presentation Documents: Growing Cambodia, April 2015 (Japanese)	JICA
	Presentation Documents: CJCC (Japanese)	JICA
	Presentation Documents: Sihanoukville Port SEZ (Japanese)	JICA Phnom Penh
	Presentation Documents: Making Industrial Development Strategy for Cambodia, 26 April 2012	Mr. Shinji ASANUMA, Hitotsubashi University/JICA
	Presentation Documents: Industrial Policy for Cambodia -Policy Planners' Guides-, September 2012	Mr. Shinji ASANUMA, Hitotsubashi University/JICA
Presentation Documents: Industrial Policy Designs for Cambodia, June 2012	Mr. Shinji ASANUMA, Hitotsubashi University/JICA	

11. ウガンダ——東アジアへの関心の萌芽

<日程>2009年2月23日～26日

GRIPS 開発フォーラムの大野健一、細野昭雄、大野泉は2009年2月23～26日にカンパラを訪問し、財政計画経済開発省および国家計画局の関係者と面談し、策定中の国家開発計画の方向性を聴取するとともに、当方から東アジアの開発経験を紹介し意見交換を行った。本訪問は、財政計画経済開発省のキザ経済政策局長の要請に応じて、当フォーラムの活動として企画したものである。加えて、日本のODA関係者や英DFIDから対ウガンダ援助動向について、フェニックス・ロジスティクス社の柏田社長から繊維産業育成に対する政府の取組みについて伺う機会をえた（日程は別添を参照）。今回出張において、在ウガンダ日本大使館の加藤大使と橋本専門調査員には面談や有識者との夕食会企画等で多大なご協力を頂いた。心からお礼申し上げたい。

以下、今回出張で行った意見交換やヒアリングの概要を記す。ただし、限られた期間で収集した情報にもとづく、我々の暫定的な理解である点を申し添える。

1. 貧困撲滅行動計画（PEAP）から国家開発計画（NDP）へ

ウガンダ政府は、第三次貧困撲滅行動計画（Poverty Eradication Action Plan: PEAP, 2004/05～07/08年）を継承する5ヵ年の計画文書として、国家開発計画（National Development Plan : NDP, 2009/10～2014/15年）を策定中である¹。NDP策定作業は国家計画局（National Planning Authority: NPA）が中心になって進めているが、財政計画経済開発省（Ministry of Finance Planning Economic Development: MOFPED）も資源動員や予算配分の観点から関わっている。NPAは2003年に設立された独立機関で、長期ビジョンとしてのVision 2035の策定（現在ドラフト段階）、長期開発計画（10年）、そして開発計画（5年）の策定を担っている。NPAは新会計

¹ 第一次PEAPはウガンダ政府のみで作成した政策文書で、続く第二次PEAPは世銀により最初のPRSPとして認定をうけ、ウガンダは拡大HIPCイニシャティブの最初の適用国となった。第二次から第三次PEAPへの展開に伴い、策定プロセスにおいて多様なステークホルダーとの協議や評価モニタリングの拡充が図られた（PEAPの変遷・評価については“Independent Evaluation of Uganda’s Poverty Eradication Action Plan (PEAP): Final Synthesis Report,” Oxford Policy Management, July 2008を参照）。

年度が始まる2009年7月までにNDP策定をめざしているが、MOFPEDによれば最近の同省大臣の交代等もあり、同省や議会が最終版を承認するには2009年末まで時間を要する可能性があるとのことだった。NDPのドラフトは現時点で（少なくともドナーには）未公開である²。なお、NPAによれば、2011年にNDPの中間レビューを実施し、同年に予定されている大統領選挙の結果をふまえて必要な調整を行う予定とのことである。

旧PEAPと現在策定中のNDPの主な相違は、①対象期間が3年から5年に長くなったこと、②第三次PEAPで打ち出した成長志向をより明確にし、2006年の大統領選挙でムセベニ大統領が掲げた政策綱領「Prosperity for All」（成長・雇用・繁栄）の具体化を意図していること、③策定主体がNPAに変わり、PEAP策定・モニタリングを主導してきたMOFPEDは資源動員や予算配分の観点からの関与になったことである³。第三次PEAPは、貧困削減、特に教育・保健を中心とする社会開発を重視した第一次・第二次PEAPに比べて成長志向が強いが、NDPは、第三次PEAPの柱のひとつである「生産・競争力・所得の向上」をさらに重視する方向で策定が進んでいる（以下の表を参照）⁴。加えて、MOFPEDのキザ局長や援助関係者の情報によれば、NDP策定プロセスは第二・第三次PEAPと比べてドナーとの協議は限定的で、ウガンダ政府主導で進んでいるようである。

第三次PEAPとNDPの構成比較（重点分野の対応関係）

第三次PEAP（貧困撲滅行動計画）	NDP（国家開発計画、策定中）
① 経済運営管理	
② 生産・競争力・所得の向上	① 生産セクターでの雇用創出とその質の向上 ② 社会・経済・投資インフラの改善 ③ 国際競争力のある産業の育成 ④ 経済活動を支える天然資源の最適な活用と環境保全
③ 治安・紛争解決・災害管理	⑤ 人間の安全保障およびグッド・ガバナンスの向上
④ グッド・ガバナンス	
⑤ 人間開発	⑥ 生活水準の改善

（出所）我が国の対ウガンダ支援戦略（案）（在ウガンダODAタスクフォース、2008年10月）を参考に作成。

² NPAは現在テーマ別の分析ペーパーを作成中で、これらを参考にNDPを取纏めるとのこと。

³ NPAは2003年に設置されたが、特にここ8ヶ月間で人員強化を図っている。

⁴ ムセベニ大統領は2011年の大統領選出馬に意欲を示しており、NDPが志向する成長はきわめて政治的関心が強いアジェンダであるとのこと（DFIDからのヒアリング情報）。

これらの変化の背景にはムセベニ大統領の意向が強く働いているようである。初等教育や保健医療サービスの普及といった社会開発面で一定の進展をみた現在、ムセベニ大統領は国民の約8割を占める農民の生活向上のために、農業近代化・商業化やインフラ整備を重視している。これをうけて、NPAはNDP策定にあたり、成長を牽引するセクター（Primary Growth Drivers）を特定するためのマクロ分析枠組の作成や、必要となるセクター別投資水準の推計（特に農業を含む生産セクター）等の作業を行っている。

2. 東アジアの開発経験についてのプレゼンと意見交換

以上の文脈のもとで、東アジアの開発経験に強い関心をもつMOFPEDのキザ局長のイニシャティブにより、我々は、①NPAとMOFPEDのテクニカルレベル（NDP 副局長を筆頭としたNDP スタッフ、MOFPEDの経済政策局スタッフ等、約15名）、および②MOFPED新大臣（我々が訪問中に着任）、各国務大臣、次官・局長クラスを含むMOFPED幹部を対象（約15名）とする2つの場で、プレゼンと意見交換を行う機会を頂いた。②については加藤大使も同席された。両会議において我々は、能力開発や工業化アクションプランの策定手法についての東アジアの経験（大野健一）、およびアジアと中南米の経済危機克服の経験やJICA・JBIC「アフリカ開発とアジアの成長経験」検討会報告書の骨子（細野昭雄）を限られた時間の中で簡潔に説明し、ウガンダ政府関係者と率直な意見交換を行った⁵。

印象的だったのが、テクニカルレベルの会合の冒頭で、NPAのルウェンディレ副局長とMOFPEDのキザ局長より、①欧米とは異なるアプローチで開発に取り組んできたアジアの経験を通じてウガンダに足りない点を学び、NDP策定プロセスに反映させていきたい、②日本は近年アフリカの成長支援に積極的に取り組んでおり、アフリカ数カ国で具体的な支援を始めたと聞いているが、ウガンダも日本の成長支援の対象として考慮頂きたい、という発言があったことである。この背景として、我々が面談したDFIDエコノミストは、2006年の大統領三選をめぐる論議を契機としてムセベニ大統領はガバナンス問題に干渉する欧州ドナーと距離を置き始めていること、また一般論として中国やインドのめざましい成長や同国への経済進出をふまえて、アジアの開発経験への関心が高まっている点を指摘していた。実際に、

⁵ Izumi Ohno & Kenichi Ohno, "Dynamic Capacity Development in East Asian Industrialization," Kenichi Ohno "Industrial Action Plans: East Asian Experience in Modality, Content and Organization," and Akio Hosono "Coping with Crises: Lessons from Asia and Latin America" (昨年12月に当方チームがエチオピアで行った発表)の要旨を説明。

我々が面談したNPA関係者の中にはタイ、マレーシア、シンガポール等を訪問した人々もいた。

2つの会議に共通するウガンダ側の最大関心事は、開発計画の実施をどう担保するかという点だった。MOFPEDのサイダ・ブンバ新大臣からは、ウガンダには強いリーダーや有能なテクニカルスタッフがあり、ビジョンや政策文書が存在するにも関わらず、実施が弱いのはなぜかとの問題提起があった。同様の質問はテクニカルレベル会合でも出された。他にも評価・モニタリング体制（例えば、評価指標の範囲、業績の悪い組織・人材の処遇の仕方）、東アジア型のトップダウンアプローチの是非、産業政策策定・実施における政府介入の最適水準、優先順位の絞り込み方、（明治時代の工場労働者は勤勉でなかったとの当方説明に対し）怠惰な文化の克服可能性など、様々な質問が出された。また、東アジアと中南米が経済危機を克服してきた経験をふまえて、世界金融危機の悪影響を回避するためにウガンダがなすべきことについても意見を求められた。

これらに対し当方は、我々のウガンダに関する知識はまだ少ないので断定は避けたいが、おそらく政策の実施が弱い原因として、同時に多くの課題に広く対応しようとするからではないかと述べ、優先課題の選択と集中の必要性を提起した。東アジアで成功した国々は優先課題を絞り込み、そのために具体的目標を設定して実施に必要な体制をつくり評価モニタリングを行った。そして、この方向づけにおいて政治指導者が決定的に重要な役割を果たした。また、政府介入の度合いについて、世銀のCountry Economic Memorandum (2007)⁶は政府の個別産業や企業レベルの介入に慎重であるべきと述べているが、我々はむしろ逆に、官民連携や経済特区への企業誘致を推進するうえでその国に関心を持ち投資を考えている特定企業の意見をきき、彼らの要望に応じていく必要性は非常に大きく、一般支援か個別支援かといった抽象的議論は、官民協力が具体的かつ有効に開始されれば現実の問題として消滅するのではないかと指摘した。これらの質疑応答を通じた暫定的印象として、ウガンダ政府関係者の東アジアへの関心は（MOFPEDのキザ局長を除いては）一般的レベルにとどまっており、東アジア諸国がどのように優先課題を絞り込んで具体的な目標設定や実施体制を構築したか、産業政策の策定・実施をどのように行ったか、等についての知識は限られているように思われた。

関連して、フェニックス・ロジスティクス社の柏田社長が同国の産業振興の最大の課題として政府の対応の遅さを指摘していた点も印象深い。柏田社長は私財を投じて現地パートナーと共同出資で2000年に現在の会社を立ち上げてオーガニック

⁶ *Uganda Moving Beyond Recovery: Investment and Behavior Change for Growth* (CEM Summary & Recommendations), World Bank, PREM Unit, Africa Region, Sept. 2007.

コットン製品の生産を始めたが、その際に日本やウガンダでのビジネス経験にもとづいてムセベニ大統領に繊維産業振興策の必要性を具申した⁷。大統領は直ぐに関係省庁に繊維産業振興策の策定を指示したが（8年前）、その実現に長い時間を要しており、今ようやくMOFPEDで最終ドラフトを検討中とのことである。これについては、柏田社長がある会合で出会ったエチオピアの繊維産業関係者に詳細な指導を行い、それを学んだエチオピアで先に繊維政策が立ち上がり、現在その隣国政策を参考にウガンダが繊維産業振興策を策定したとの話も伺った。

3. 日本の対ウガンダ援助

日本の対ウガンダODAは、1997年に大使館設置、JICAは2000年のJOCV調整員事務所の設置を経て2006年に本格的な事務所体制が敷かれるなど、比較的歴史が新しい。支援規模は、2007年度のブジャガリ送電網整備への円借款供与（アフリカ開発銀行との協調融資）までは、年間20～30億円程度と米国や欧州ドナー、国際機関（世界銀行、アフリカ開発銀行、EU等）に比べて決して大きくなかった。またウガンダでは、欧州ドナーや世界銀行を中心に、一般財政支援やセクターワイドアプローチを軸とした援助協調が活発に展開している。こうした援助環境の中で、日本は他ドナーの支援が手薄で、かつ人を介した支援や日本の技術力活用といった日本の比較優位が活かせる分野を中心に支援を行っている。具体的には、①人的資源開発（理数科教育、職業訓練強化）、②基礎生活支援（医療インフラ整備、水へのアクセス改善）、③農業開発（農民の所得向上、ネリカ米、地場産業振興）、④経済基礎インフラ（道路、電力インフラ整備）を主な支援分野とし、併せて北部復興支援や公共財政管理といった横断的課題にも取組んでいる。

これらはウガンダ政府が策定中のNDPで掲げるテーマのうち、「成長の加速化」「農村社会の近代化」「生活レベルの改善」への貢献であるとともに、日本が昨年5月に開催したTICAD IVで打ち出した重点課題にも合致している。特に経済インフラ整備はウガンダ政府の優先課題であり、日本にとってもウガンダは円借款供与対象国であり（当面はアフリカ開発銀行や世界銀行との協調融資が中心）、かつ昨年10月の新JICA設立をうけて円借款と技術協力、無償資金協力を組合せた一体的運営が円滑に行える体制ができたことから、ウガンダ側は日本に強い期待を寄せている。TICAD IVで打ち出した技術協力・無償資金協力の倍増、円借款供与の拡充（5

⁷ 柏田社長の工場は、オーガニックコットンの買い付けから最終製品の生産まで一貫して行っており、ウガンダ唯一の日系製造企業でもある。同社については、日本の政策投資金融公庫JBICウェブサイトも参照されたい（<http://www.jbic.go.jp/ja/investment/smes/case/006/index.html>）。

年間で最大40億ドル) という方針をうけて日本の対ウガンダODAも増額が見込まれることから、今まさに両国間は発展的な協力関係をめざす転換点にきていると思われる。

その意味で、現在ODAタスクフォースが中心になって策定中の対ウガンダ援助計画(新規)は非常に重要な取組みである。また、日本のODA関係者はMOPPEDを含む政府関係者や現地有識者とのネットワーク構築に尽力しており、例えば、大使主宰による現地有識者との月例会合は、新援助計画へのインプットを得るための場にもなっているとのことである。

4. 所感、今後の当方活動への示唆

今回ウガンダ出張を通じて、日本が実践してきた成長支援や東アジア的発想による開発に対する関心がアフリカ諸国で広がってきていると感じた。ただしウガンダ政府関係者や有識者の東アジアに対する関心は、首相自らが強い関心と具体的な問題意識をもち日本に産業支援を要請しているエチオピアや、マレーシア専門家の協力(投資環境改善)を通じて大統領や政府首脳が東アジア型アプローチに理解を示し始めたザンビアと比べて一般的レベルにとどまっている。こうした国ごとの関心・理解度に差はあるが、こうした動きを契機として、今後、日本がアフリカ諸国間での知的交流を進めていく意義はあると思われる。

我々は最終日にMOPPEDのキザ局長と再度面談したが、その際に当方チームに対して、今回行ったような東アジアの経験に基づいた知的交流(knowledge sharing)を継続してほしいとの要望が出された。将来的には、本格的な知的支援が二国間ODAの枠組のもとで展開していくことを期待したいが、我々としては、当方の今までの取組みや今後、JICA・GRIPS協力で他国(エチオピアなど)の産業支援に取組んでいく過程で作成していく文献や発表資料を共有していくことは可能と考える。

最後に、今後日本が経済インフラ支援を拡充していく際に、内陸国で多くの隣国をもつウガンダの地理条件を考えると、(国別援助計画を補完するうえで)地域的視点にたった案件形成に取組んでいくことも重要と思われる。既にJICA地域支援事務所で地域レベルの知識・技術の交流が進んでいるが、広域支援を推進するには外務本省やJICA本部の強い関与が必要になろう。東アジアのメコン川流域では、日本とアジア開発銀行がリードドナーとなり、東西回廊・水資源開発等の広域インフラ支援を展開している。また中米地域では米州開発銀行のイニシャティブで

広域インフラ整備（プエブラ・パナマ計画⁸）が進んでおり、日本も広域無償資金協力・技術協力、および円借款を通じた支援を行っている。日本の対アフリカODAはトップドナーでない等、東アジアとは異なる援助環境にあることから、アフリカで広域インフラ支援に取り組む際には、東アジアに限らず、中米を含む日本の他地域での支援経験・教訓を参考にすることも有用と思われる。

日程・面談先

- | | |
|----------|--|
| 2月22日（日） | 羽田発、移動。 |
| 2月23日（月） | カンパラ着。
在ウガンダ日本大使館 橋本専門調査員との面談。 |
| 2月24日（火） | 国家計画局（NPA）と財務計画経済開発省（MOFPED）とのテクニカルレベル会合（Abel Rwendire NPA副局長、Lawrence Kiiza MOFPED経済政策局長を含め、約15名）。
MOFPED Syda Bbumba大臣を含むMOFPED幹部（約15名）との会合（加藤大使も同席）。 |
| 2月25日（水） | DFID Gwyneth Lee (Senior Economic Adviser)との面談。
JICAウガンダ事務所・関所長との面談（橋本専門調査員も同席）。
フェニックス・ロジスティックス社訪問、柏田社長と面談、工場視察。
加藤大使主催による夕食会（Ezra Suruma大統領顧問（前MOFPED大臣）、Livingstone S. Luboobiマケレレ大学副学長、世銀Paul Wade (Senior Country Economist)、滋賀参事官）。 |
| 2月26日（木） | 在ウガンダ日本大使館 加藤大使と橋本専門調査員との面談。
MOFPED Kiiza局長長との面談。
カンパラ発、移動。 |

⁸ メキシコの提案で開始された、メソアメリカの物理的統合をはじめとする総合的な協力システムで、早い時期から米州開発銀行や中米経済統合銀行等が支援に組み、日本も協力を行ってきた（日本・中米「対話と協力」の枠組み（「東京宣言」、2005年等）を活用）。

12. EAC およびタンザニア——産業政策の模索

<日程> 2010年10月9日～14日

GRIPSの大野泉・大野健一は、エチオピアに引き続き2010年10月9～14日にタンザニアを訪問し、東アフリカ共同体（EAC、アルーシャ）およびタンザニア産業貿易マーケティング省（MITM、ダルエスサラーム）において、それぞれの組織が策定中の産業開発戦略につき情報収集と協議を行った。この実現にはJICAタンザニア事務所（勝田幸久所長、長谷川次長、丸尾所員）、水野専門家¹、およびEAC・MITMで産業を担当するGRIPS卒業生3名（Ndira, Mhede, Fred）等の協力を得た。加えて、在タンザニア日本大使館の中川大使と関書記官、徳織専門家（EAC）、小関専門家、黒田専門家にも情報提供を含め大変お世話になった。心から感謝の意を表したい。

1. 東アフリカ共同体（EAC）

EAC事務局では、①Juma Mwapachu事務局長との協議、②GRIPS卒業生で産業プリンシパルエコノミストのGeorge Ndira氏との協議、③EACインフラ局の徳織JICA専門家からの情報提供、④大野健一による東アジア的産業政策のアフリカへの示唆に関するセミナー等を行った。

EACは2001年1月に正式発足し、現加盟国はケニア、タンザニア、ウガンダ、ブルンジ、ルワンダの5カ国である。EU型地域統合を急速に進めており、関税同盟（2005年）、完全域内関税撤廃の開始（2010年1月）、共通市場の開始（2010年7月）がすでに実施され、さらに2012年の通貨統合、近い将来の政治統合を目標として掲げている。現在ケニアのコンサルタント会社によるEAC産業戦略のドラフトが作られている²。ただし産業政策の実施主体は原則として各国政府であるから、地域共同体としてのEACが産業政策に果たすべき役割は明確であるとはいえない。国際回

¹ 水野 JICA 専門家（産業政策アドバイザー）には MITM の公式訪問に先立ち、大使館・JICA・民間関係者を交えた私的勉強会も企画いただいた。

² East African Community Industrialisation Policy (Draft Final Report), East African Community Industrialisation Strategy 2010-2030 (Draft Final Report), September 2010.

廊（道路・港湾）の建設や運搬車両・ワンストップボーダーポストに関する枠組・実施といった国境を越える経済活動についてはEACの役割は明瞭であるが、それ以外の政策、たとえば中小企業やバリューチェーンといった分野ではそうではない。貿易投資を通じた経済統合が先行した東アジアとは異なり、EACにおける現行統合度は低く、域内貿易比率も12%にとどまっている（ケニア経由ウガンダ行き物資といった再輸出も含む）。現在策定中の産業戦略も、各国分析に終始しEACが担うべき施策が書かれていないのでさらなる検討が必要とのこと。

Mwapachu 事務局長からは、統合の政治的背景が説明された。EAC内ではケニア製造業が圧倒的に強く、ケニアから他国への投資も始まっている。一方、タンザニアは社会主義的残滓や保護志向があり、急速な統合には慎重である。また加盟国にはケニアの一人勝ちに対する危惧がある。こうした事情から、ケニアのキバキ大統領の意向により、統合が全ての加盟国に恩恵をもたらす経済格差を拡大しないようなメカニズムを内在することがEACに要請された。EACの産業戦略づくりはその一環であるから、その目的は各国の産業政策を統一することではなく、たとえば国ごとにふさわしい産業配置を行い、お互いに原材料・中間財などを供給しあうことが求められているとのことであった。

当方からは、東アジアでは国境インターフェイス以外の産業政策の域内統一といった要求はなく、タイとマレーシアもお互いの中小企業政策をあまり知らないこと、経済も政策もまだまだ弱いEACとしては、政策統一の範囲拡大は慎重にした方がよいことを述べた。たとえば、現在進みつつある国際回廊を核として、必要な法律・制度の調整や他産業案件の国際回廊への動員などを行うことは大いに望ましい。一方で、製造業をケニアから分散するために加盟国間で産業の分散配置を行うといった発想はかなり社会主義的であり、グローバル市場における国家・企業間競争とぶつかる可能性を指摘した。またケニアがかつての日本と同様、FDIを通じて周辺国の雁行形態の発展の一番鳥になりつつあるという話も聞いたが、この比喩の現実性についても疑問を呈しておいた。

なお、EAC事務局の産業担当のNdira氏からは、EACの産業戦略が重視するスキル・技術向上に関連して、カイゼンを導入した生産性向上支援（EACを通じた広域支援の可能性など）について関心が示された。

2. タンザニアの産業政策

これまで比較的高い成長を達成してきたものの、タンザニアはエチオピアとは異なり、貧困率が減少しないという矛盾を抱えている。農業の生産量が伸びないまま、

成長率の上昇は農業価格の高騰とそれ以外の分野（鉱業・エネルギー、観光、運輸、製造業など）の拡大に支えられており、これが零細農民が貧困から抜け出せない一因となっているようである（水野専門家）。また長年同国は援助協調・財政支援の優等生であったが、最近は貧困削減・社会部門の停滞やドナーの課した諸条件の未達成をめぐる、財政支援ドナーとの関係が悪化している（小関専門家、黒田専門家）。大統領府のPlanning Commissionでは、従来のドナー関係や貧困削減一辺倒から脱却して産業の成長に力点を置いた政策志向があるとのことである。また、産業貿易マーケティング省（MITM）では回廊、エネルギー、中小企業といった分野での具体的な行動計画（Integrated Industrial Development Strategy: IIDS）が策定されつつある³。

このような背景をふまえ、ダルエスサラームではMITMでMapunjo次官や関係諸局長、水野専門家、GRIPS卒業生とのセミナー・意見交換、大使館・JICAとのフォーマル・インフォーマルを含む意見交換を行った。大野健一による東アジア型産業政策やエチオピア政策対話のプレゼンも関心を集めた。MITM次官や工業局長は、カイゼンと政策対話を柱とする日本の支援への強い関心を示した。当方は、ドナー協調が発達したタンザニアでは他ドナーを無視して日本が単独で産業支援をすることはエチオピアよりむずかしいこと、日本の対タ援助計画はインフラと農業に傾注しており現在のところ産業は含まれていないことの2点を述べた。また産業政策対話の成功のためには、最高指導者の強いコミットメントと工業省における最低限の政策実施能力が不可欠なことを強調した。次官は、それらの問題は突破しようとの見解を示した。

中川大使と閣書記官との会合では、以上のMITMの意向を伝えたくて、日本がタンザニアの産業支援を強化するにはどのようなチャネルがあるかを議論した。またJICA事務所においても勝田所長、長谷川次長、丸尾所員、小関専門家、黒田専門家を交えて同様の意見交換を行った。実施中の案件（農業・インフラ、カイゼン⁴など）を拡大して産業的要素を追加するという道は比較的可能性はあろう。だがもし本格的な取組みをするならば、日本側、タンザニア側、ドナー関係それぞれの体制枠組を強化かつ調整して、タンザニア政府のオーナーシップのもとで産

³ MITM が策定したタンザニアの現行の産業開発戦略としては、Sustainable Industrial Development Policy (SIDP) 1996-2020 年がある。ただし、SIDP は策定から年月を経ており、またアクションの詳細が欠けているので、より最近の状況をふまえた実行可能なアクションプランとして現在、IIDS の策定が進んでいる（2010 年 7 月版、最終ドラフト）。

⁴ JICA は保健分野で個別専門家の協力を通じて、拠点病院にカイゼン（特に 5S）の導入を進めている。また、別途、GRIPS の園部教授は世銀の資金で、MITM 工業局の協力を得て零細小企業を対象とした経営研修を実施する予定である。

業開発戦略が打ち出され、その実施のために日本が重要な役割を担うという形に持っていくことが不可欠であろう。そのためには、JICAが水野専門家（や工業局のGRIPS卒業生）を通じてMITMの関係者・部局と準備協議するとともに、大使館ではPlanning CommissionのMpango事務局長への接触を始めることが有意義であろう⁵。いずれにせよ、政治的意志と実施体制がタンザニア側でしっかりと確立されなければ、中途半端な状況で日本が産業支援強化にシフトすることは、成果達成の観点からもドナーポリティックスの観点からも望ましくない。逆にいえば、こうした準備が整うことが、我が国の政策関与強化のための必要条件である。現在のところ、タンザニアにおけるこれらの条件は、エチオピアに比べてはるかに整っていない。

この点に関し、Mapunjo次官は翌週公表予定の新5ヵ年開発計画（MKUKUTA II 2010/11-2014/15年）において、製造業が今までの開発計画より明示的に位置づけられており、産業開発への政治的コミットメントはある、今後はドナー支援がMKUKUTA IIのプライオリティに対応することが重要になるので、MKUKUTA II策定をドナーから産業支援を動員する契機にしたいとの発言があった⁶。

JICAはタンザニアやガーナでガバナンス支援の一貫としてシンガポール政府と連携して公務員研修プロジェクトを実施した経験がある。ガーナにおいては、日本・シンガポールパートナーシッププログラム（JSPP21）のもとで事前にJICAとシンガポール外務省が協議したうえで、Civil Service Collegeがシンガポールへの招聘・研修を実施し（費用は両国で折半）、加えてJICAプロジェクトの経費でシンガポール専門家をガーナに派遣してセミナーを2度行った実績があるとのことだった（黒田専門家）。

⁵ 以前に、Planning CommissionのMpango事務局長のチームから中川大使にコンタクトがあったとのこと。GRIPSチームは2008年8月のタンザニア訪問時に、Mpango氏（当時は大統領の私的アドバイザー）と面談している。

⁶ Ministry of Finance and Economic Affairs, National Strategy for Growth and Reduction of Poverty (NSGRP) II。MITM関係者によれば、来週にも最終化・公表されるとのことである。本年6月時点のドラフトでは、製造業は成長クラスターの中に含まれているが、エチオピアと比較しても分析・記述はあまり具体的でない。知識・スキルの向上は優先施策のひとつに挙げられている。

日程・面談先

- 10月8日（土） アジスアベバからダルエスサラーム経由でアルーシャ着。
- 10月9日（日） 資料整理。
- 10月10日（月） EAC事務局の産業担当Ndira氏と、EAC産業開発政策・戦略についての意見交換、Julius氏（財政・運営担当の事務局次長）表敬、徳織JICA専門家（インフラ・計画局）との意見交換。午後にはAU各部署の参加のもと、大野健一のセミナー（東アジア型の産業政策とアフリカへの示唆）、Amb. Juma Mwapachu事務局長表敬（生産・社会セクター事務局次長、貿易、インフラ、生産・社会セクター局の各局長、および徳織専門家が同席）。
- 10月11日（火） 午前にMITM所管の技術開発機関であるTanzania Engineering and Manufacturing Design Organization (TENDO) および Center for Agricultural Mechanization and Rural Technology (CAMARTEC) を視察。
午後にはダルエスサラームに移動。JICA水野専門家宅にて非公式勉強会（水野専門家よりタンザニア経済事情のブリーフ、続いて大野健一による東アジア型の産業政策についての発表）。
- 10月12日（水） 産業貿易マーケティング省にて東アジア型の産業政策やエチオピアでの産業政策対話についての紹介・意見交換（Mapunjo次官、Sikazwe工業局長を含め、各部署から約20名参加。水野専門家から冒頭、タンザニアの産業開発戦略について概要説明あり）。在タンザニア日本大使館中川大使および関書記官との昼食および面談、JICAタンザニア事務所勝田所長、長谷川次長、丸尾所員、小関専門家、黒田専門家との意見交換。JICA事務所関係者との夕食。
- 10月13日（木） GRIPS卒業生との懇親。
午後にはダルエスサラーム発、ドバイ経由で帰国（翌日着）。
- なお、本出張はGRIPS開発フォーラムの調査として実施した。

13. ガーナ——ACET との意見交換

<日程>2012年8月6日～7日

<参加者> GRIPS開発フォーラム：大野健一、大野泉、上江洲佐代子

JICA本部：産業開発・公共政策部 本間徹国際協力専門員、同部産業・貿易課 石亀敬治主任調査役、同課 渡辺佑子インハウスコンサルタント（デベックス日本支社所属）／アフリカ部アフリカ第二課 渡辺元治課長、伊藤早紀職員

エチオピアに続き、8月4日～7日、GRIPS開発フォーラムとJICAエチオピア政策対話チームはガーナを訪問した。ガーナでの面談には、当地出張中のJICAアフリカ部からもご参加いただいた。ガーナ出張の主な目的は、在アクラの研究機関ACET（African Center for Economic Transformation）とのセミナー開催（8月7日）であり、日本側からエチオピアの政策対話の経験を共有することで、アフリカ諸国の経済構造の変革（transformation）につき実務的な分析・助言を目指しているACETとの今後の連携の可能性について意見交換を行うことにあった。

同時に、在ガーナ日本国大使館、JICAガーナ事務所からはガーナの政治・経済状況と産業開発の進捗状況や課題につきヒアリングを行った他、貿易産業省のNii Ansah-Adjaye チーフ・ダイレクター（事務次官に相当）、財務経済計画省債務管理局のDabone Atta氏（GRIPS卒業生）や上司のCynthia A. Arthur（対外債務ユニット長）他とも面談し、ガーナの産業政策や対外支援の動向につきヒアリングを行った。なお、ガーナにおけるセミナー開催および現地調査の実施にあたっては、JICAガーナ事務所からの多大なる支援を頂いたことに、深く感謝したい。

1. ACETにおけるセミナーおよび意見交換（8月7日午前9時～14時、於ACET）

ACETは、2007年にK. Y. Amoako氏（ガーナ人で世界銀行幹部、国連アフリカ経済委員会事務局長等を歴任）¹により設立された研究機関で、アフリカ諸国の持続的

¹ Amoako氏は、2012年7月に急逝したMills前大統領の経済顧問も務めた。世界銀行をへて1995～2005年の期間に国連アフリカ経済委員会（UNECA）の事務局長を務めたほか、2005年に英国ブレア首相（当時）

な経済成長と構造転換を促すための政策および制度改革の促進を目的とした分析作業およびアドボカシーを行っている。GRIPS チームは昨年 Amoako 氏の来日時に意見交換を行った際、外部者ではなくアフリカ人による産業振興策の策定と、アジア諸国の経験の共有という点で共通の問題意識をもっていることを確認し、日本にとってアフリカ各国との知的交流のゲートウェイとなりうる可能性が強く感じられた。同時に JICA アフリカ部においても昨年 ACET 主催セミナーに参加するなど情報収集を行っていたことから、今般の合同セミナー・意見交換の場が設けられた。なお、今般、代表の Amoako 氏が不在であったため、次席のチーフエコノミスト Yaw Ansu 氏を中心に、ACET の研究者12~3名との意見交換を行った。

(1) ACETの活動概要

ACET の基本的立場は、「アフリカに必要なのは経済成長のみならず経済構造の多様化であり、それを促すためには民間の活力と併せて政府の能動的な役割が重要」というものである。活動の柱は以下の3点である。

- ① 政策研究（国別研究、産業研究（繊維、農産品加工、観光、製造業²）、テーマ別研究、農業研究、アフリカ経済の構造転換の進展度の指標化）、およびこれらを元に隔年毎に出版する Africa Transformation Report の作成。
- ② 政府への政策提言（輸出振興、技術革新、人材育成、農産品加工、天然資源管理）。
- ③ 実施に向けたアドバイス（政府ハイレベルとの対話（transformation dialogue）、セミナー等の開催、民間セクターとの対話等）の実施。

現在の調査対象地域はサブサハラアフリカ15か国で、今後、北アフリカを含めて25か国とする予定。スタッフは10か国より30名（うち研究者は10数名）ほどが在籍し、対象国の拡大に伴い研究者の増員を予定しているとのこと。

ACET は対象国の政府上層部と密な関係をもち、対話を行っている。日本の政策対話と類似している点は、国別に実施する対話（transformation dialogue）であり、総花的な政策枠組みではなく個別具体的な戦略（go beyond the general policy framework, targeted sectoral strategies）をめざしていることである。ACET には提言内容を具体的なプロジェクトとして実施するマンデートはなく、相手国政府にお

がグレンイーグルズ G8 サミットのために主宰したアフリカ委員会にも委員として参画している。

² 製造業については、アフリカでの製造業の立ち遅れの理由と今後の発展の見込みについて日本の助言を仰ぎたい分野との言及があり、特に日本企業の投資（組立工場の誘致）によるシンガポール、マレーシア、タイ等のような発展は今でも妥当なモデルであるかどうか、もし妥当なモデルであるならばアフリカ諸国の取りうるオプションとは何か、につき検討したいとの説明があった。加えて、日本企業のアフリカ諸国への進出促進についても支援を仰ぎたいとのことであった。

ける実施を促進する catalyst としての役割を担っている。政策提言・対話の具体例として、採掘資源部門ディレクターの Sheila Kharmā 女史（ボツワナ出身）より、モザンビーク、ザンビア、リベリア、シエラレオネ等における天然資源管理プログラムにつき紹介があった。

Africa Transformation Report (2013年第1四半期に出版予定) は、Transformation (経済構造の転換、すなわち工業化) に焦点を当てた報告書であり、中長期的な視点に立って成長を考える点が特徴である。本報告書は、国別の経済構造に関する指標や、他国の経験とも比較しながら、経済構造の多様化に関する議論を広く喚起し、アフリカの政策担当者に影響を与えるような内容をめざしている。報告書の提言はどうしても一般的な内容になるため、国別のアドバイザリー業務でフォローアップを行うこととしている。

経済転換をキーワードにするかどうかは別にして、これらの議論の実質的内容はわが国の開発理念とほぼ重なるものであることが再確認された。

(2) 日本側のプレゼンと質疑応答

日本側からは、産業政策対話 (GRIPS 大野健一)、日本と韓国との政策対話アプローチの比較 (GRIPS 大野泉)、JICA によるカイゼン支援 (JICA 中間徹国際協力専門員) につきプレゼンテーションを行い、ACET 側と活発な議論を行った。先方の質問はおおよそ的確なもので、こうした議論がアフリカのシンクタンクとできるのは驚きである。議論のポイントは以下の通り。

GRIPS 側のプレゼンに対し、ACET からは、産業政策に対する考えや活動について下記の通りコメントがあった。産業政策については、ガバナンス・民主化等といった一般的な制度能力の強化よりも特定の産業を振興するための施策や能力強化に焦点を当てるのが妥当と考えており、理論ではなく国別の経験に基づくことを重視している。政策対話は先方政府からの要請に基づいて実施し、資金は先方政府と折半である。モデルがあるわけではなく (no single model)、政治など当該国固有の課題や、相手国にとっての取っ掛かり (hook) を念頭におきながら対話をつなげることを意図している。

大野健一のプレゼンに対し、ACET の参加者から、エチオピアのメレス首相の強力なリーダーシップなど、エチオピアは特別な事例である一方、ルワンダにも同様の開発主義的な要素がみられるとの指摘があったうえで、政策対話と先方政府のリーダーシップとの関係について質問があった。例えば、首相の個人的能力に頼るエチオピア開発の脆弱性、長期独裁ではなく民主化のもとで政権交代が通常となった現在のアフリカで開発主義は可能か、民主主義が定着したガーナへの示唆等であ

る（大野健一より、政策対話では有能なリーダーと協働すべきで、その際に民主化等ではなく、より実務的なテーマに焦点を当てるのが現実的と説明）。プレゼンでは日本・韓国・台湾に比べて現在の後発国はよりシステムティックな政策学習が必要とのことだが、その意味は何か、といった質問もあった。また、アフリカの開発計画が形式的・冗長に過ぎるとのプレゼンに対し、政情不安定な国が多いアフリカにおいては、多様な民族・社会を束ねるビジョンが必要であることも指摘したい、今般、大統領が急逝したガーナがその典型である、といった発言もあった。

エチオピアにおけるチャンピオン商品発掘の事例等に対し、ACETは、潜在性あるセクター/商品の特定にあたり、輸出データ分析に加え、民間セクターとの対話を重視しながら、政策分析と市場分析を行っているとの説明があった。

大野泉のプレゼンに対し、エチオピアの政策対話に対する世銀/IMFや伝統的ドナーの反応は如何か、韓国の政策対話と日本との関係はどうか等の質問があった（大野泉より、国際機関や伝統的ドナーは産業政策の詳細に立ち入らないので日本の支援とは重複しておらず、また節目で民間セクター開発を支援しているドナーに進捗説明をしている。韓国との関係については、韓国の知的支援は既に体系的な仕組みがあるため、それを踏まえて相互補完的になるようにすればよいこと、また日本の政策対話に韓国の有識者を招聘する可能性もある旨回答）。

この他にも、産業政策の理論に関する新たな潮流をどう政策対話に反映させているか（大野健一より、理論の進化と政策対話とは別次元で進んでおり、理論上の結論を待っている余裕は政策対話にはない旨回答）、かつて韓国が巨額資本を投下して造船業を振興・育成したような大胆な新産業創設についてどのようにアドバイスしたらよいか（大野健一より、韓国が成功したのは政府の能力と韓国人のメンタリティによるところが大きく、また財閥があり、巨額の投資が可能になった背景がある。政府が大胆な政策を打ち出せない場合、外部のアドバイザーが後押しすることもあるが、その際はマクロ経済運営等のリスクにも留意しながら、大胆な施策と伝統的なものの双方を検討する必要がある）、等の質疑応答があった。

本間国際協力専門員がプレゼンしたアフリカにおけるカイゼンの導入・実施についても、多くの研究者より、カイゼンは文化の異なるアフリカにおいても定着可能かどうか、カイゼンを持続可能にする条件は何か（賞罰を含む）、民間企業だけではなく行政機関にも適用可能か、またサブセクター毎にパフォーマンスの違いはあるか、エチオピアのパイロットプロジェクトの成果はどう評価するのか、失敗例はあるか、等の質疑が出され、研究者らがカイゼンに高い関心を抱いている様子が窺えた。

最後に、ACETのYaw Ansu氏より、アフリカで日本のビジネスや援助のプレゼ

ンスが高まることを希望したうえで、ACETとJICA、あるいはGRIPSとの今後の連携策（アフリカ数ヶ国における共同研究、例えばザンビアの資源管理と工業化戦略、モザンビークでのリンケージ（巨大プロジェクトと現地企業の連携・技術移転）などについての共同セミナーなど）に関するアイデアがその場で暫定的に提起されたが、実施の可能性、具体的な国・テーマあるいはJICAの担当部局（アフリカ部、産業開発・公共政策部、JICA研究所）についてはこれから検討することとなった。先述のとおり、アフリカで日本の知的プレゼンスを高め開発協力を宣伝するにはACETは効果的なパートナーであり、双方にとってウィンウィンになり予算や人的な負担が小さくなるよう配慮した上で、何らかの具体的協力を開始することがきわめて望ましいであろう。

2. ガーナの産業政策等の動向

ガーナは2010年に策定された開発上位計画であるGhana Shared Growth and Development Agenda (GSGDA、2010～2013年、国家開発計画委員会（National Development Planning Committee/NDPC）が主管）のもと、貿易産業省が産業政策や民間セクター開発計画（Private Sector Development Strategy 2: PSDS2、2010～2014年）を主管している。ただし、民間セクター開発計画はドナー資金を得るための文書との位置づけで、実質はドナー支援のもとで外部コンサルタントが作成している模様。

貿易産業省のNii チーフ・ダイレクターからは、経済構造の多様化と高付加価値化に重点を置いた次期5ヵ年計画（注：産業政策のことと史料）を実施に移すために組織改編を行ったこと、貿易政策（2010年まで）においては国際貿易（輸出振興・競争力強化等、WTO交渉に関わる能力強化）、国内流通の整備等（小売り等の地元企業の能力強化）を重視し、2010年12月に策定したPSDS2では、民間セクター開発のための環境整備を主眼とし、実施はIndustrial Sector Support Programme (ISSP)を通して行っているとの説明があった。ISSPは原材料生産や鉱物加工に携わる地場産業の強化、人材育成・技能開発、技術革新、横断的テーマの4つの柱からなり、特に人材育成・技能開発については、石油・ガスの採掘が進む中で、資源関連産業を高付加価値化するために必要な実務的訓練（TVET等）が急務であるとの考えを示している³。

³ 在ガーナ日本国大使館の本田書記官からは、石油・ガス部門の人材育成という政府の計画は非現実的であり（雇用創出効果は極めて限定的）、むしろ石油派生製品等の振興をめざせばよいのではないかとの指摘があった。また、石油をめぐる政府の考えについて、望月参事官からは、ガーナはナイジェリアの失敗（汚職、

政府の優先業種は農業・農産品加工であり、現地調達可能な原材料による加工業の育成をめざしている。工業部門については、低迷している綿花への支援を行うほか、自動車部品工場等の誘致も図っている。また、官民連携（PPP）による電子部品組み立て工場（現地市場向け）も開始しており、10年をかけて能力を育成する予定である⁴。加えて、港湾（中国、米国MCC等の支援）、EPZ（中国）、鉄道、空港等のインフラ整備も、天然資源に関心を持つブラジル・中国等からの支援を受けている。中国からは現在30億USドル（ローン）のコミットメントが示されており、今後5年間で100億USドルの支援パッケージについても協議中である⁵。また、スイス、独、英DFID、EU等は民間セクター開発（PSDS2）の実施を支援するプール・ファンドに拠出しており、この資金もインフラ開発に充当しているとのこと。

Nii チーフ・ダイレクターは本年 JICA の本邦研修を受けており、その際に東アジア諸国の開発経験について学び、特に中小企業振興に関心を抱き、現在、中小企業支援に関する中央レベルの公的機関のあり方についても検討しているとの話であった。

経済構造転換の失敗）を繰り返してはいけないと認識しており、石油収入管理もノルウェーをモデルとした石油ファンドを設置するなど、ナイジェリアよりも立ち上がりの意識が高い。しかし輸入品への依存に慣れていることもあり、このままの方向性では、製造業育成には向かわないであろうとの話であった。

⁴ 製造業への関心が低い理由として、望月参事官からは、南ア、中近東、中国からの輸入品が多数を占める中で、ガーナが競争力をもつ製品はないこと、また外資を誘致して開発したいものが政府にはないこと、そして外資もより大きな市場を有する近隣国ナイジェリアを選びがちであること、等の指摘があった。

⁵ 在ガーナ日本大使館によると、中国の30億ドルと追加の100億ドルは、あくまでも公約にすぎず、まずは10億ドルが拠出されたのみで30億ドルが全額拠出されるかどうか分からない（与党MDCが本年12月の大統領選挙を睨んだキャンペーンの一環として中国による巨額支援を引き合いに出しているとの見方もある）。財務経済計画省の対外資金担当者に確認したところ、これまでのところ中国からディスバースされたのは10億ドルのうちの7.5億ドルであり、残りは依然として協議中との話であった。なお、30億ドルはガーナにとっては前代未聞の巨額の借入額である。

日程・面談先（GRIPSチームのみ）

- 8月4日（土） アジスアベバからアクラへ移動。
- 8月5日（日） 資料整理。
- 8月6日（月） JICAガーナ事務所と打合せ（稲村事務所長、木藤次長、西畑所員、野口企画調査員）。貿易産業省にてニイ・アンサ・アジェエ次官との意見交換（コフィ・アッド主任商業オフィサーが同席）。在ガーナ日本大使館の望月参事官、本田一等書記官と意見交換。財務経済計画省債務管理局との面談（GRIPS卒業生のデボネ・アッタ氏、及び対外債務課長のシンシア・アーサー氏ほか）。
- 8月7日（火） アフリカ経済変換センターにてJICA・ACETセミナー。報告はチーフエコノミストのヨー・ヤンス氏（ACETの方針と研究概要）、大野健一（エチオピアとの産業政策対話）、大野泉（日韓の政策対話の比較）、本間国際協力専門員（JICAによるカイゼンの取組み）、および意見交換。
アクラ発、フランクフルト経由で帰国（8月9日朝に帰国）。

14. タイ——日系中小企業誘致の新局面

<日程>2013年9月1日～7日¹

<参加者>政策研究大学院大学（GRIPS）：大野泉（RL）、大野健一、村嶋美穂
 近畿経済産業局（METI関西）：青井登志子課長（国際事業課長）
 大阪府商工労働部：領家誠（商工振興室参事）
 森純一（産業人材育成専門家、2013年1月までJICAハノイ工業大学産学
 連携専門家）

<目的>

- ・日系中小企業の誘致に関するタイ政府の政策・インセンティブ、およびビジネス環境（工業団地や関連サービス、産業育成の状況等）について情報収集を行う。
- ・タイにおける日本の支援機関、及び現地の経済団体、教育・研究機関等の取組に関する情報収集、および実務レベルのネットワーク構築を行う。
- ・経済統合が進むアジアにおいて、製造業拠点としてのタイの戦略的位置づけと可能性について、タイ・日本双方の関係者から意見聴取する。

1. タイの最近の経済状況と政府の産業政策

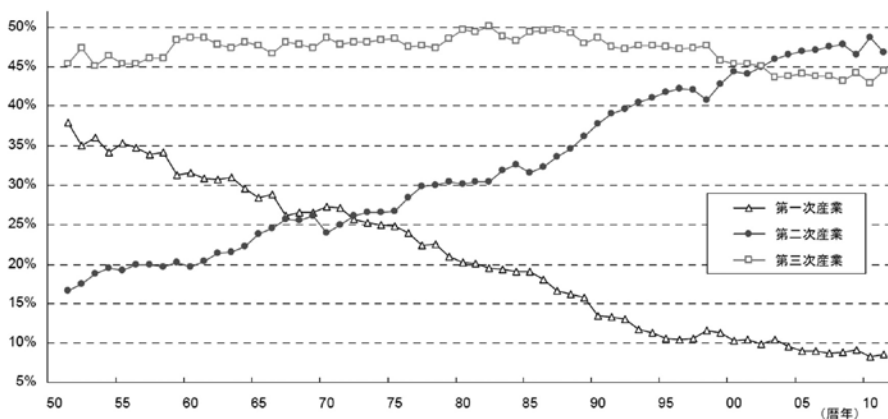
タイはインドシナ半島の中央に位置し、人口約6,785万人（2012年5月時点、National Statistical Office）、面積51万3115km²（日本の約1.4倍）の国土を持つ国である。一人当たりGNIは5,210ドル（2012年、世界銀行）で「中所得国」に位置づけられる。東南アジアで唯一植民地化の経験がなく、1932年6月の立憲革命による臨時憲法公布以来、国王を元首とする安定した立憲君主制を敷いてきた。また、政権交替を経ても行政体制が比較的安定しているため、他の東南アジア諸国と比べて法制度の運用等における不透明性・不確実性の問題が少ないといわれている。

産業開発政策に関しては、タイ政府は1972年に高関税による輸入代替政策から外資導入による技術振興・輸出志向型政策へと転換を図った。その背景としては、タイは資源に乏しく、また独自の製造技術もなかったため、外資を通じた製造業の振興・育成に活路を求めたこと、またタイの国内市場が外資を引き寄せるのに十分な

¹ この訪問は、アジア太平洋研究所（APIR、大阪）において大野泉が主幹をつとめる研究プロジェクト「中小企業の東南アジア進出に関する実践的研究」の一環として実施したものである【編者】。

大きさがあったことがある。以来タイ政府は、良好な投資環境を維持して外資を積極的に導入し、輸出産業へ労働力を集中させた。また、外資と自国の大資本（財閥等）との合弁企業を設立させ、合弁事業を通じて技術移転を促した。こうしたタイの政策および経済的背景により、1970年の産業構造（農林水産業が約27%、製造業が約25%、サービス業が約47%）から、製造業が突出する2011年の産業構造（農林水産業が8.6%、製造業が46.6%、サービス業が44.5%）へと大きく変化を遂げた（図表1-1）。タイへの直接投資額は1997年の通貨危機、2009年リーマンショック以降の世界経済危機等で一時的に何度か低迷したものの、2011年度は91.32億ドルでASEAN中第5位の規模となっている（JETRO資料²より）。

図表1-1 産業別実質GDP比の推移



出所：JBIC「タイの投資環境2012年10月」（元データはNESDB）。

最近の経済状況をみると、タイの工業地帯を襲った2011年の洪水後、2012年には災害後の特需的な消費や投資の増加によりGDP成長率は6.5%となった。自動車製造台数も、洪水による待機需要や復興需要、政府による内需刺激策（税還付、最低賃金引き上げ）等により、過去最高の245万台（世界第9位）を達成した。しかし、2013年に入ると、税還付の終了等で民間消費が慎重になって減速、総資本形成は政府部門の設備投資は好調であったが建設部門が大幅に減速、輸出も農林水産物の不調や海外経済の弱い回復、パーツ高による製造業輸出の低調などが重なり、GDP成長率は前年より低い4%台（NESDB、タイ中央銀行、タイ財務省）と予測されている。工業生産指数も、世界不況による輸出不振により減少傾向、とりわけ自動

² JETRO「ASEAN 6カ国の対内直接投資の動向」2012年。

車製造台数は輸出減少や税還付制度の終了により減少している。一方、雇用情勢については、タイ経済がこれまで比較的堅調に推移していたことから、失業率が1%を切る状態が継続しており、自動車産業をはじめとする各分野で深刻な人手不足となっている。

政策面をみると、2011年7月3日に下院総選挙にてタイ貢献党（プアタイ党）が与党となり、タクシン元首相の実妹であるインラック氏が首相となった。公約もタクシン元首相の意思を受け継ぎ、地方や低所得者層に対して手厚い政策などの大衆受けする政策が多くなっている。企業活動や経済状況への影響の大きい政策としては、以下の「最低賃金の大幅引き上げ」、「農家への所得補填」、「インフラ整備推進のための2兆バツプロジェクト」が挙げられる。

「最低賃金の大幅引き上げ」に関しては、2012年4月1日、同政権はバンコクを含む7都県で215バツから300バツに引き上げたあと、2013年1月には最低賃金を全国一律300バツに引き上げた。この大幅な引き上げにより、給与負担増加による中小企業の収益悪化が懸念されている。「農家への所得補填」は、農家に対し米を担保にした貸付および1トン15,000バツ等での買い取りをする制度である。「インフラ整備推進のための2兆バツプロジェクト」については、2013年3月19日に、通常予算とは別枠で2兆バツ（約6.8兆円）のインフラ整備に必要な内貨あるいは外貨での借入れを7年間（2020年末まで）行う権限を政府に与える法律が、閣議承認後、国会に提出された。同政権は、これによりタイのモーダルシフト、連結性向上、モビリティ向上を図る考えである。

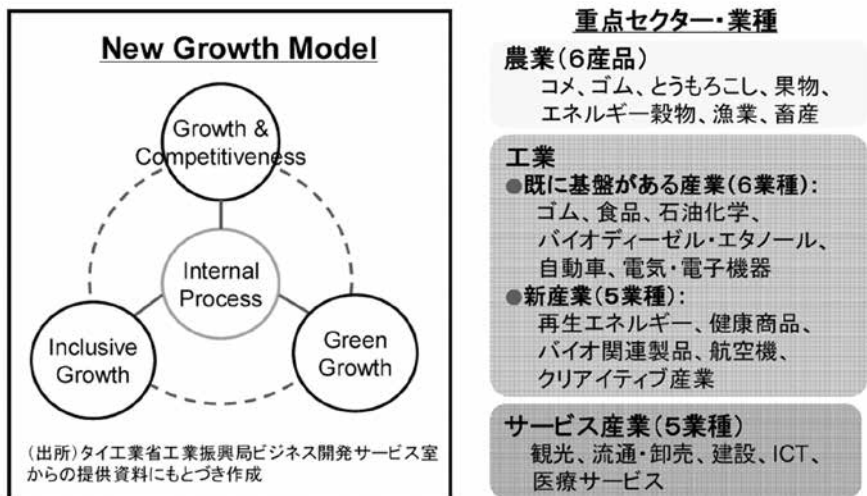
国家経済社会開発委員会（NESDB）が策定し、2011年10月に閣議承認された「第11次5カ年計画（2012-2016年）」³は、外資主導の自動車、電子電気、石油化学を中心とした経済から、知識集約産業、グリーン産業、再生エネルギー、医療、運輸などを中心とした経済への移行を目標としている。さらに、2011年8月に就任したインラック首相は、2012年12月に国家戦略（Country Strategy）を発表し、「新成長モデル（New Growth Model）」を打ち出した⁴。同モデルは、①成長と競争（持続可能な成長を可能とする競争力のための能力強化）、②包括的成長（社会的格差の是正と経済・社会・政治的機会の提供）、③Green Growth（人々の生活の質の向上、環境にフレンドリーな成長）、④内部的改革（法制度や行政機関の改革等）を4つの柱とし、持続可能な成長をめざすとしている。重点セクターとしては、既に基盤のあ

³ タイでは、1957年の世界銀行の提言に基づき、1961年に「第1次国家経済社会開発計画」が策定された。以降継続的に国家経済社会開発庁（NESDB）が発表する5カ年（第1次は6カ年）の経済社会開発計画を、同国の経済・社会全般に関する基本的な考え方や発展の方向性を示す国家の中期的開発計画としている。

⁴ DIP ビジネス開発サービス課の Aditad Vasionta 氏との面談による。

る6業種（ゴム、食品、石油・プラスチック、バイオディーゼル・エタノール、自動車、電子電気機器）に加えて、将来ポテンシャルがある5業種（クリーンエネルギー、健康商品、バイオ関連製品、飛行機、クリエイティブ関連）、および農業、サービスを挙げている（図表1-2）。

図表1-2 国家戦略（Country Strategy）と新成長モデル（New Growth Model）



こうした政策の背景には、2015年のASEAN経済共同体（AEC）の実現を控え、人件費が上昇する中で競争力を確保し「中所得の罠」を回避する必要がある、そのためすでに基盤がある自動車や電子電気を中心とした産業集積をより強固にするとともに、労働集約的な生産工程はカンボジア、ラオス、ミャンマーといった周辺国に出して、タイ自身は高付加価値産業を担当するという方針転換を図る政府の意向がある。加えて、輸送インフラの強化には、ASEAN地域のロジスティックハブの役割を果たしていきたいという期待が込められている。バンコクを中心に地方へと広がる鉄道網と国境都市の開発には、ラオス、カンボジア、ミャンマーとの経済関係強化が想定されている。さらに、インドやバングラデシュなどの南アジア市場へのアクセスを改善するため、ミャンマーのダウエー港の開発にも、ミャンマー政府と協力して取り組む予定である⁵。

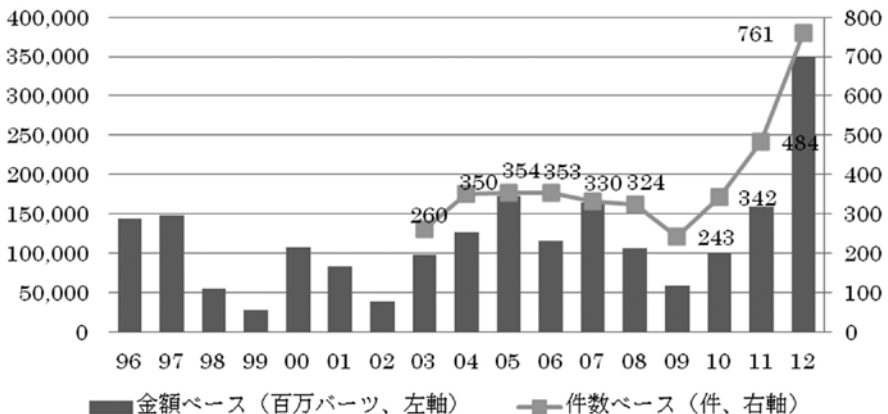
⁵ 大泉啓一郎「タイ政府、大型インフラ開発計画発表」、アジア・マンスリー 2013年5月号、日本総研。

2. 日本企業のタイへの投資動向

1985年のプラザ合意による急激な円高により、日系企業にとってタイは生産拠点として非常に魅力的となった。以来、日本からタイへの投資は増加基調にあり、日本のバブル崩壊、アジア通貨危機、リーマンショックを発端とした世界金融危機の影響の際には一時的な落ち込みはあったものの、2012年時点で日本はタイへの最大の投資国となっている。同時に、日本からの直接投資の流入により、金属製品、自動車、電子電気などの分野で裾野産業が育っていった。

2008年10月のタイ商務省データベースによると、タイに進出している日系企業は約7,000社となっている。その内訳は、製造業が48.4%（1,879社）、うち金属製造・加工が9.7%（376社）、輸送用機械が8.5%（330社）、電気機器が6.0%（234社）となっている。続いて、卸売が23.4%（907社）、サービス業が12.2%（475社）、建設業が3.5%（137社）と続き、日系企業の活動領域は広範囲にわたっていることがわかる。日本商工会議所の会員社数も、中国上海に次いで多い。フローベースでみると、2012年の日本からタイへの直接投資は件数、金額ともに前年比で大幅に拡大しており、過去最大を記録した（図表2-1）。業種別内訳（認可ベースの金額）は、金属製品、機械および輸送用機器が全体の49%、電子電気機器が25%、化学・プラスチック・紙が13%と、製造業分野が8割以上を占めている⁶。なお2013年は、認可件数ではプラスを維持しているものの、金額ベースでは減少に転じている。

図表2-1. 日本からタイへの直接投資



出所：日本アセアンセンター。

⁶ JETRO「タイ概況」、ジェトロバンコク事務所、2013年8月（元データはタイ投資委員会）。

バンコク日本商工会議所（JCC）による2013年上期の日系企業景気動向調査⁷によると、日系企業の2013年下期の業況感は、洪水の影響から急速に回復した2012年上期に比べ改善幅を縮小した。2013年は、改善幅を更に縮小していくものの、引き続きプラスとなる見通しである。設備投資の増加を見込む企業は全体の41%、横ばいが24%、輸出の増加を見込む企業は全体の42%。横ばいが36%となっている。

歴史を振り返れば、1980年代後半の日系大手メーカーの大量タイ進出に伴い、下請け企業の進出が活発化すると共に、タイにおける裾野産業の育成が非常に重要な課題となった。タイ政府は職業訓練を通じた裾野産業の人材育成を開始し、1988年には工業省に裾野産業振興局（BSID）を設置して裾野振興にあたってきた。また、産業開発人材育成やインフラ等のビジネス環境整備については、国際協力機構（JICA）、国際協力銀行（JBIC）、海外産業人材育成協会（HIDA、前身は海外技術者研修協会（AOTS）と海外貿易開発協会（JODC）等の日本の支援機関による貢献も大きい（後述）。2011年11月に発生した大洪水により、バンコク周辺の日系の電気・自動車関連の輸出向け工場が浸水で稼働不能になるなどの被害を受けた。しかし、日本側の支援とタイ側の努力により迅速な復旧がなされるとともに、日タイ間にはすでに積極的な生産協力体制が構築されており、洪水を機に日系企業がタイから工場を引き上げるという動きはほとんど見られなかった。

日本とタイの経済関係は、2007年11月1日に発効した日・タイ経済連携協定（JTEPA）により、さらに結びつきが強くなっている。同協定は、物・サービスの貿易の自由化および円滑化、人の移動、相互承認の円滑化、知的財産の保護、政府調達分野における協力の拡大等について2国間で締結したものであり、両国共に9割以上（金額ベース）の物品の関税が撤廃される予定である。

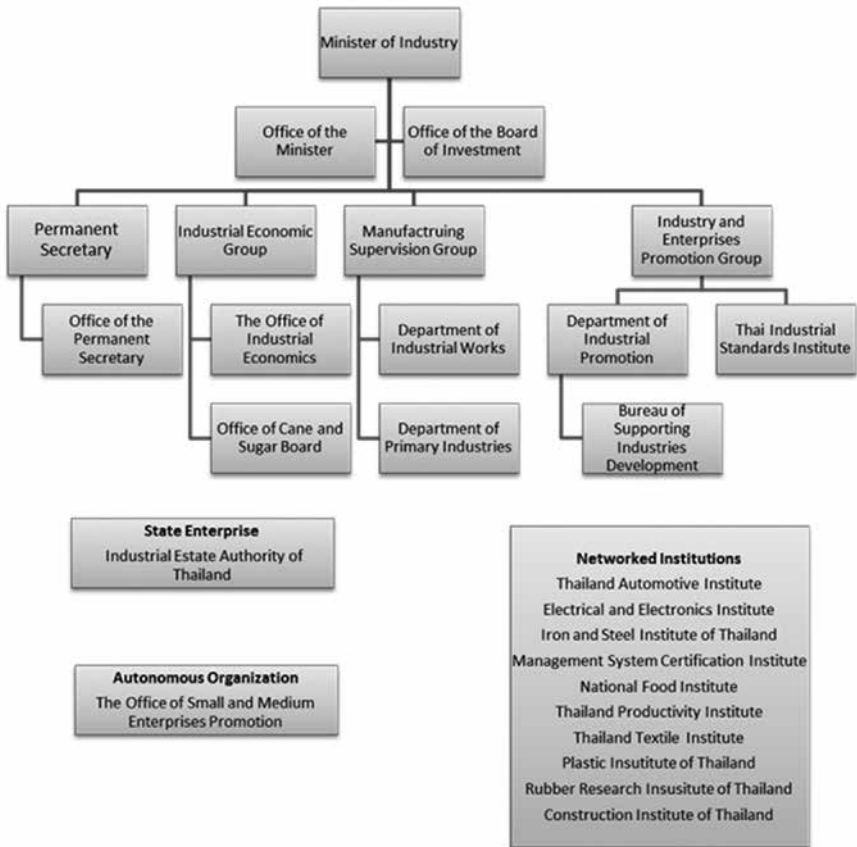
3. タイ政府や関係機関の取組み

本調査では、タイ政府および関係機関の投資振興や中小企業振興への取組みを確認するため、工業省産業振興局（Department of Industrial Promotion, Ministry of Industry : DIP/MOI）のビジネス開発サービス課（Bureau of Business Development Service: BDS）および裾野産業振興課（Bureau of Supporting Industries Development : BSID）、MOIが管轄する中小企業振興庁（Office of Small and Medium Enterprise Promotion : OSMEP）、タイ投資委員会（Board of Investment : BOI）、タイ自動車イ

⁷JCC 会員企業を対象に年2回、景況や財務状況（売上、損益、設備投資）、時々に関心事項などについて実施。1984年以來29年続いている調査で、タイで事業を展開する日系企業の動向を包括的に把握することができる唯一の調査である。

ンスティチュート (Thailand Automotive Institute: TAI)⁸、タイ工業団地公社 (Industrial Estate Authority of Thailand: IEAT)、および首相府直属の科学技術イノベーション・オフィス (National Science Technology and Innovation Policy Office: STI) にヒアリングを行った。工業省組織図は図表3-1の通りである。

図表3-1. タイ工業省組織図



出所、工業省ホームページ (2013年9月)。

工業省は国家の工業振興と工業規則に関する政策を担当しており、そのDIPは産業振興政策を担当する部署である。同省は、「第11次5カ年計画」および「国家戦略」の下で、タイ工業振興のためのマスタープランを策定している。同マスタープランでは、10～20年後の創造的 (クリエイティブ) 産業とバランスのとれた持続可

⁸ Thailand Automotive Institute にはタイ自動車産業振興協会、タイ自動車産業機構、タイ自動車研究所など多くの訳がある。ここではタイ自動車インスティチュートとしておく。

能な社会をめざし、5年後に知識ベースの産業、5～10年後に革新的（イノベーティブ）な産業から持続可能な産業、そして10年後から20年後には創造的産業へと段階を追って成長していく方針が示されている。また、OSMEPが作成した中小企業振興策によれば、①新規起業者の支援、②企業の成長支援（コンサルタントファンド、産業集積、トータルエナジーマネジメント、地域産業開発等）、③SHINDAN制度活用を通じて、2016年までに25,000社の起業、中小企業30,000社の支援をターゲットとしている。なお、DIP局のBDS課と面談した際に、最近、日本の中小企業の海外展開関連のミッションが増えており、半年間で5～6件の地方自治体や中小企業の訪問をうけたとのことであった。

DIP局の裾野産業振興課（Bureau of Supporting Industries Development：BSID）は、工業省においてタイの裾野産業育成を担う課である。1988年に前身のMetal-Working and Machinery Industries Development Institute (MIDI)が設立され、1996年に現在の課名になった。タイには、独立行政法人として、Iron and Steel Institute of Thailand, Thailand Automotive Institute, Plastics Institute of Thailand, Electrical and Electronics Institute, Thai-German Instituteの5つの協会があり、これらの協会が、裾野政策実施の役割を担っている。また、機械振興会などの約15の中小企業の工業会がある。

中小企業診断士制度については、BSIDのパヌワット課長によれば（前職で中小企業診断士の育成を担当）、タイではかつての日本のように、工業とサービスに分けた形で診断士を育成しており、工業省は診断結果を見て、どの企業にどのような支援を行うかを検討する。診断士育成コースは、泰日工業大学(TNI)等で設置されているが、受講時間や内容を簡略化している場合もあり、レベルはまちまちである。診断士はタイに現在2,000～3,000名いると推定されるが、実働は500～600名程度とのこと。資格・登録制度はないが、工業省事業に参加した診断士についてはデータベースに記録している。データベースの内容については診断士が自己申請したものを、工業省職員がチェックしてから登録する。また、顧客が診断士のパフォーマンスを評価できるようにしている。将来的には、他省庁にもデータベースを公開したいと考えている。今後は、製造現場における自動化の指導を行える診断士を育成すること、それぞれの診断士が得意の分野に特化することが重要と考えている。さらに、医療機器などの他の産業にも診断を展開したいとのことだった。

パヌワット課長からは、日系企業の直接投資が増えているが、今以上に多くの日系中小企業がタイに進出してくると、タイの地場企業との軋轢が起こる可能性があるため、共存共栄できる道を探さなければいけない、との発言があった。今後タイに進出する日系企業は、タイ国内だけでなくASEANを市場として考えるべきであ

る。日系企業は親企業の支援があり、日本国内の融資条件はタイに比べて金利がかなり低い。日本人同士であれば取引の話もしやすい。加えて投資委員会の特典も受けられるとなれば、タイの地元企業が不公平と思う可能性はある。人材については、リーダー格の人材が足りない。また、繊維・陶器などの衰退産業から有望産業への人材の移動をいかに促進できるかが、製造現場の自動化の促進と合わせて課題であるとのことであった。

タイ投資委員会（BOI）は、投資奨励を担当する政府機関である。首相を議長とし、工業省、財務省等の関係大臣、官僚、民間代表者、学識者が委員もしくは顧問に任命され、工業省管理下のBOIオフィスが事務局機能を持っている。同委員会は、投資奨励法および投資奨励策（2000年8年施行）に基づき、タイの経済発展・技術力向上に寄与する投資に対し様々な面からインセンティブを与えている。具体的な枠組みとしては、①産業の地域分散、地方産業の振興、地域間の所得格差是正を目的とした「奨励ゾーン制度」、②特定の企業や産業集積の促進を目的とした「奨励業種制度」、③特定政策を達成することを目的とした「投資奨励措置」の3つの優遇措置がある。

ただしこの制度はまもなく変更される予定である。すなわち、インラック首相が打ち出した「国家戦略」における高付加価値産業シフトという方針に基づき、その具体化のために2013年1月に「投資奨励5カ年戦略（案）」が発表された。内容はまだ調整中であるものの、政府が重視する特定業種や特定の産業集積地域に対して恩典を厚くすることになっている。具体的には、「奨励ゾーン制度」による特典が廃止される一方、対象業種の投資には、売り上げに対する研究開発（R&D）費用の割合や金額に応じて1～3年の法人税免税措置や、ISO 14000などBOIが認めた基準認証を受けた上で、奨励対象の工業団地や工業区内へ立地した場合にそれぞれ1年の法人税免税措置が追加される。この投資戦略自体は、労働集約型産業や発展の遅れた遠方地域への投資優遇措置の廃止を含んでいるため、内外企業から懸念が示された。これをうけて、BOIは内外の経済団体や業界団体と引き続き協議し、2013年中に内容を確定し、2015年1月から施行する方向でスケジュールを変更することとした（調整の結果、遠方地域への投資奨励は残る可能性があるとのこと）。また、既に承認されているプロジェクトは期限まで税優遇を受けられるが、拡張（セカンドフェーズ）等は新方針の下で審査されることになるので、拡張事業の土地所有ができなくなる可能性があり、この点については日系企業からも懸念が示されている。BOIは、これらを含め、今後対応策を検討し、年内に新しい投資奨励制度を固める予定。

BOIは2000年より、中小企業振興の観点から、投資優遇制度を受けられる最低

投資金額を外国企業100万バーツ、タイ企業500,000バーツに減らした。とくに日系中小企業の投資については、日系中小企業誘致のためのプロモーションを昨年実施したほか、「日タイ中小企業のための投資促進ネットワーク」を設置し、BOIをハブとして、BOIの裾野産業リンケージ構築ユニット（BUILD）、工業省DIP局のBSIDやジャパンデスク、IEAT、裾野産業協会連合会等と協調して、日タイ両国の中小企業に資する活動をコーディネートしていく予定である。また東京、大阪の事務所を通じて、新投資制度や今後重視するセクターに関して、積極的に日本企業に投資を呼びかけていく方針とのことであった。

中小企業振興庁（OSMEP）は、工業省が監督する中小企業振興のための組織であり、タイの中小企業政策を省庁横断的に調整することが期待されている。しかし、OSMEPからのヒアリングによると、同庁への予算配分は全体額の5%程度と非常に少なく、各省庁に予算配分する権限も与えられていないこと、またマスタープラン、アクションプランについても、同庁が作成してはいるものの、各業界団体および省庁の意向が強く反映される上、承認する権限はないことから、十分に期待される機能を果たせていないとのことである。中小企業振興策については、GDPに占める中小企業比率の増加（37%から40%へ）という政府目標の下で、第3次マスタープラン（2012-2016）を策定した。同計画では、①中小企業ビジネスのためのツール開発、②タイ中小企業の競争力強化および地域の潜在力に沿った中小企業の成長促進、③国際社会におけるタイ中小企業のリンケージ強化、といった段階的な中小企業振興を方針としている。さらに中小企業振興の新成長戦略として、①中小企業の持続可能性強化（効率性・生産性、製品の付加価値増、資金アクセス等）、②草の根レベルの収入と経済的能力向上（起業支援、中小企業能力向上、一村一品のアップグレード等）、③経済的リンケージ促進（新しいマーケティング・チャンネル、知識向上、FTA/AECの機会活用等）を図っていく予定とのことである。

タイ自動車インスティテュート（TAI）はタイの自動車産業振興を担う機関であり、会員数は大企業を含め約700社である。2012年に策定された第三次自動車マスタープランでは、「量から質への転換」のコンセプトの下で、3つの課題——①国際競争力（R&D）の向上、②環境保護・安全性の向上、③2015年のASEAN経済統合（自由貿易）——を設定し、3つのターゲット——①国際的な自動車生産拠点となる、②ビジネス環境の向上（人材、試験・研究機関等）、③中所得の罫からの脱却（部品生産の付加価値の50%向上、製造業GDPの10%達成、1兆円以上輸出する等）——を掲げている。そのための戦略としては、①研究・技術開発、②人材開発、③起業家強化、④インフラストラクチャー、⑤政府政策が挙げられている。また、第二次自動車マスタープラン時に実施されたエコカー計画は、日系企業（三菱、ス

ズキ等)のスマートカー導入により成功したため、今次マスタープランではより高度な基準でのエコカー2計画が掲げられている。第三次マスタープランは既に周知されているが、予算確保のために必要な工業大臣の正式な承認はこれからである。また、第三次マスタープランを実施していく上での課題は、長期の取組みが必要であるにも関わらず政府からの継続支援が得られるか不明であること、テクニカルセンターがないため維持管理能力が低いことである。試験センターは第二次マスタープランで実現しているが、拡張したいので政府に予算要求している。日本の支援で試験やR&Dの人材を育成しているが、一回の研修期間が短かすぎ、またプロジェクトの実施期間も2016年まででは足りないと考えている。

タイ工業団地公社 (IEAT) はMOI管轄の公社であり、全国の工業団地の開発と運営を通じた工業振興を目的としている⁹。現在、IEATが独自に所有する工業団地と民間企業との合弁工業団地を合わせて48の工業団地 (15の省に所在、テナント企業数4,097件、従業員数530,680名) を運営している。2012年時点でIEATが運営する工業団地のテナント企業の60%が外資で、うち49%が日本、ヨーロッパ9%、USA6%である。分野別では、多い順に自動車、鉄、サポーター・インダストリー、電子となっている。IEATが運営する工業団地はGeneral Industrial Zone (GIZ) とIEAT Free Zoneの二種類がある。GIZでは、内部でサービス業・貿易業を実施することが許される、土地所有、海外の技術者・専門家の招聘が可能になるといった特権が得られる。IEAT Free Zoneでは、さらに税・関税関係の特権や優遇がある。なお、外資・内資の区別や国籍による差別はない。IEATが運営する工業団地の入居企業は、上記特権の他にIEAT Total Solution Center (TSC)を通じて土地、建設、ライセンス、就労ビザ、関税免除等の手続きに係るワンストップサービスがあるのに加え、Focal Point Service (立ち上げ時の手続き支援)、オンラインでの承認手続きやTraining service (他企業へ派遣する研修が中心)、ライセンシングサービス、ウェブサイト (製品広告のため) 等のサービスを低料金で受けることができる。

現在、IEATはタイの中小企業のための支援を検討中である。構想としては、工業省がコーディネーターとなり、中小企業の競争力向上を目的として、ファイナンス面 (SMEバンク等によるローンや出資)、ロジスティック面、人材面などあらゆる角度から関係省庁が協力し、パッケージで進めていくことを考えている。中小企業向けの工業団地は、アマタナコンのオオタテクノパーク (一区画400m²弱) があ

⁹ タイには62の工業団地があり (2011年時点)、うち48がIEAT所有または民間企業との共同開発、14が民間企業による所有。なお、IEATの認可を受けた工業団地をIndustrial Estate、BOIの認可を受けた工業団地をIndustrial Zone、工業省工場局のサポートで開発した工業団地をIndustrial Community、民間企業が国のサポートを受けずに開発した工業団地をIndustrial Parkと呼んで区別している (METI「タイにおけるエコタウン整備に係る検討調査事業」、2010より)。

る。それ以外では、チョンブリのピントンに一区画が1,200㎡程度の工業団地がある。BOIが遠隔地への投資インセンティブをなくす予定であるが、IEATは、政府が今後重視するクラスターベース（航空、プラスチック、廃棄物、中小企業、エンターテインメント、サービス）とエリアベース（経済回廊、既に産業集積がある地域）の二本柱で工業団地を開発していくので、とくに影響は受けないと考えている。国際展開については、IEATのアジア地域でのビジネス戦略を明確化し、アセアン統合（AEC）を活用してタイ企業が隣国へ投資するのを支援する。そのためIEAT-International Co. Ltd.を持ち株会社として立ち上げ、中国（雲南）とミャンマー（ダウエー）の2ヵ所にロジスティックベースとなる工業団地を開発することが予定されており、現在閣議承認を待っているところである。これは、労働集約的な企業を周辺国に出すという政府方針に沿ったものである。

科学技術イノベーション・オフィス（STI）は、首相府直属の科学技術分野政策担当機関であり、政策執行機関である科学技術省と同列の組織である。タイの現状として、官民共に研究者が少なくR&Dが弱いため、「第11次5カ年計画（2012-2016年）」および「New Growth Model」の下で、より高付加価値産業へのシフトを促すための知識・技術力の高度化を図っている。STIは今後10年の方針・計画として、「The National Science Technology and Innovation Policy and Plan 2012-2021」を策定した（2012年4月閣議承認）。同計画のフレームワークは、①人口構成と社会の変化、②エネルギーと環境、③グリーンイノベーション、④ASEAN地域という4つの柱の下で、持続可能な経済と質の高い社会をめざすものである。そこでは、「知識ベースの社会」、「イノベーションを通じたSTIの活用・商業化」、「低カーボン社会を通じた持続可能な開発」、「グリーンイノベーションに通じる新しい科学技術」、「明確で意味のある分野別ターゲット」、「地域イノベーションと生活の質の強化促進」を重視している。具体的な取り組みとしては、大学研究機関の助成、研究者の育成に加え、技術の商業化のための基金設置や企業のR&D支出に対する税優遇を行っている。さらに、タイ各地にBOIの優遇措置と同等の特典が得られるサイエンスパークの設置も検討している。

以上のヒアリングを通じて、ASEAN経済統合を控えて産業競争力強化が喫緊の課題となっており、タイ政府内では高付加価値化への産業構造転換の必要性についての共通認識があることが判明した。他方、そのための具体的な政策については、政府全体として省庁横断的に合意された内容と優先順位があるかは不明であり、各省庁・機関ごとに対応策を考えている印象が強い。また、農家所得補填や地方中小企業の経営を圧迫する最低賃金の引き上げなど、自国製造業の競争力強化とは矛盾する施策が同時に打ち出されており、政府が「中所得の罠」への危機感をどの程度

もって取組んでいるのかについて、少なくとも面談からは明確に伝わってこなかった。これは、「中所得の罟」に陥ることを強く懸念し、ナジブ首相が2010年に発表した「新経済モデル（New Economic Model）」のもとに、各省・機関が政府内で合意された具体的指標の達成のために取組んでいる、マレーシア政府とは異なる状況である。

また、日系企業と関係が深い自動車インスティテュートや、タイ商工会議所やCPグループ等の民間企業を代表する機関からもヒアリングを行ったが、日系中小企業のさらなる進出に関し、歓迎ではなくむしろタイ中小企業との競争激化を懸念する声が聴かれた。これは、中央・地方政府をあげて日系中小企業の誘致に取り組み、裾野産業の発展を幅広く奨励する方針をとっているベトナムとは大きく異なっている¹⁰。タイ政府が掲げる高付加価値産業へのシフトの下で、今後はより高度な技術を持つ日系企業が現地企業との合併で進出する形態が、タイ側からは期待されている。しかし、既に進出した日系企業からのヒアリングによれば、現地企業との合併は大きな困難が伴うとするケースもある（後述）。

4. 人材育成機関

タイに進出する日系企業の人材確保の観点から、我々は日本と関係が深い大学3校（チュラロンコン大学サシン経営大学院、モンクット王工科大学ラカバン校、泰日工業大学）に対し、卒業生の日系企業への就職状況、就職支援等につきヒアリングを行った。また、泰日工業大学の母体であり、日本留学帰国者の有志が約40年前に設立したタイ国法人泰日経済技術振興協会（Technology Promotion Association（Thailand-Japan）：TPA）も訪問した。

チュラロンコン大学サシン経営大学院は、チュラロンコン大学の独立採算型大学院大学（ビジネススクール）であり、米国ノースウエスタン大学ケロッグ経営大学院および米国ペンシルベニア大学ウォートン・スクールとの学術協定によって設立された。教員の半数以上はケロッグとウォートンから派遣されており、アジアの中でも非常に高い水準のビジネス教育がなされている。欧米的なマネージャーの育成機関であることから、卒業生は非日系のグローバル企業に就職することが多く、日系企業への就職はこれまでない。ただし、同校内に設置されているサシン日本セン

¹⁰ ベトナム政府は2011年に首相決定と政令を発表し、機械製造、電子・コンピューター、自動車部品組立、繊維・縫製、皮革・履物、ハイテク開発事業の各産業に供給する原材料・部品・半製品をベトナムで生産する裾野産業に対して、市場開拓、土地等のインフラ提供、技術移転・人材育成、情報提供、財政支援・関税優遇等を付与する方針を発表した。ベトナムの裾野産業の定義は繊維・縫製、皮革・履物を含む広いものである。

ター（SJC）¹¹は、日系企業とタイ企業のビジネスマッチングを含めた企業向けコンサルティングサービスを提供している。業務の中心は日系の大企業向けであるが、同校の執行役員である藤岡教授が阪南大学の関教授やJICAの「お互いプロジェクト」（後述）と協力し、日系中小企業向けの経営アドバイスも行っている。

モンクット王工科大学ラカバン校（KMTL）は、タイにおける工科系人材の育成機関として重要な役割を担っている。前身である「ノンタブリ電気通信訓練センター」設立時（1960年）より、日本政府の無償資金協力および技術協力による支援や東海大学の支援を多く受け、1964年に3年制大学、1971年には5年生大学へと発展した。ODAによる支援が終了した現在でも東海大学との繋がりは拡大しており、各学部でそれぞれ交流がある。卒業生の就職先についてはしっかりと把握していないとのことであるが、日系企業に就職している学生もある程度はいる。企業との交流はインターンシップが中心であり、就職支援と結びついていないとのこと。また、産官学連携もあまりないのが現状である。今後、同校が東海大学を通じた日本との関係を財産として、東海大学以外の日本関係機関とのネットワークを広げ、日系企業との連携を強化していくことを期待したい。

泰日経済技術振興協会（TPA）は、1970年代のタイ日経済摩擦による対日感情の悪化を憂いたタイの元日本留学生・研修生が中心となり、1973年1月24日に設立された。タイの経済発展のため、日本からタイへの最新技術と知識の移転・普及、および人材育成を行うことを目的とする公益法人である。設立に先だち、日本側のカウンターパート機関としてJTECS（社団法人日・タイ経済協力協会、経済産業省所管）がつくられた。また2007年には、TPAの長年の念願だった泰日工業大学（後述）が発足し、日本型ものづくりに直結する実践的な技術と知識をもつ人材の育成が始まった。

タイ企業においても設備のオートメーション化が進み、管理体制の基盤強化が重要になってきているため、TPAの企業向け研修もそれを踏まえて、高度な技術よりは基礎的な能力向上に重点を置いている。また、診断士コースでは、生産性やカイゼン等を教えている。TPAで授業を受け実際に活躍している診断士は十数名いる

¹¹ サシン日本センターの前身は、2008年度に発足したチュラロンコン大学サシン経営大学院付属のコンサルティング部門（Sasin Management Consulting）の日本ユニットである。その後、日系企業へのコンサルティング業務のみならず、経営幹部育成講座、各種セミナー、政府機関からの調査依頼、大学の国際化（アジア化）支援、社会事業活動などの要請を受け、活動範囲を広げ支援内容を拡充するために多くの企業から支援があり、2011年4月にサシン日本センターへと組織改編した。SJCの機能は以下の3つである。①日本の先進的な大学研究者との共同研究を進める、②サシンエグゼクティブ教育センターならびに日本能率協会（JMA）と連携しながら、日系大手企業の幹部候補を対象に包括的な経営管理教育を提供する、③サシンマネジメントコンサルティング（SMC）ならびに日本能率協会コンサルティング（JMCA）と連携しながら、日系企業の経営課題（マーケティング、人事管理など）を解決する。

が、企業側の要望もあり、その業務は診断ではなくコンサルティング業務が中心になっている。日本が支援した診断士コース（受講時間1,000時間）の卒業生は450名程度いたが、協力終了後、300時間程度の短いコースになり、さらに国家資格としてタイに制度化されなかったこともあり、多様なレベルの診断士が生まれてしまった。4年前に、BSIDのパスワット課長が、前職で中小企業診断士の育成を担当していた際に認定試験を作ったので、現在はこの試験を受けて通った人のみ診断士を名乗れるようになっている¹²。日系企業が多数進出することがタイ企業の脅威になっているという見方もあるが、TPAとしては、タイ企業と日系企業の協力を促進し、競争ではなくたとえば合弁を組むなどして一緒に成長していけるようにしたいと考えている。しかし、情報不足のままの合弁ではリスクも伴うので、診断士を使って企業の評価やランキングをしていく可能性を検討中とのこと。

検定試験については、日本の中小企業診断士のみならず、APEC小規模事業者カウンセラーや研修を受けていないサービスプロバイダー（後述）など全てを対象とした一般的知識を問う内容になっており、サービスプロバイダーとしての基準を一律化する方向との見解もある（JICA「地方レベルの統合中小企業支援普及プロジェクト」コンサルタントより聴取）。

TPAでは、こうした主事業に加え、最近では日系中小企業向け支援にも取り組み始めている。400社にのぼるタイの日系企業がTPA会員であること、ものづくり技術に習熟していることなどの強みを生かし、2013年8月からタイ日投資促進プロジェクト（Thailand-Japan Investment Promotion Project：J-SMEs）をたちあげ、タイ進出を希望する日本の中小企業に対し、①国内外の視察ツアーのアレンジ、②タイ・日本双方の中小企業への研修・セミナーの提供、③技術や経営に関するコンサルティングサービス、④通訳・翻訳業務といったサービスを提供する予定である。対象分野は主に電子、自動車、食品としている。バンコク中心に位置するスクンビット地区のTPAの別オフィスに、日系中小企業向けのためのビジネスマッチングセンターを設立し、サービスを提供している。TPAに蓄積しているタイ中小企業のデータを活用する計画もあるとのこと。

泰日工業大学（TNI）は、両国の友好とタイ産業界の人材育成を目的として、上記の泰日経済技術振興協会（TPA）を母体として2007年に創立された日本型ものづくり大学である。創立に際してはバンコク日本人商工会議所が全面的な協力を行っ

¹² 検定試験については、日本の中小企業診断士のみならず、APEC小規模事業者カウンセラーや特に研修を受けていないサービスプロバイダー（後述）など全てを対象とした一般的知識を問う内容になっており、サービスプロバイダーとしての基準を一律化する方向との見解もある（JICA「地方レベルの統合中小企業支援普及プロジェクト」コンサルタントより聴取）。

ており、開学から4年間、会員企業およびタイ企業からの募金活動で奨学金を提供している。新大学であるが、年々生徒が増え、現在は年1,000名以上の入学生がいる。希望者の96%は卒業後まもなく就職し、その約50%が日系企業に就職している。卒業生は日本語が話せるため、日本企業からの引き合いも多いことに加え、現在の労働市場は売り手市場であるため、全ての学生がすぐに就職が決まる状態とのこと。しかし学生は大企業を好む傾向があるので、売り手市場である現在、日系中小企業にとって同校卒業生の確保は難しい状況である。企業との交流はインターンシップが中心であり、研究等での接点は少ない。

5. 日本の支援機関の取組み・協力

日タイ間の経済的繋がりが非常に強くなっている背景としては、日本の多方面における長年の支援に依るところが大きい。1960年代の支援当初は基礎的な人材育成やインフラ支援が中心であったが、同国の成長に伴い、現在は「戦略的パートナーシップに基づく双方の利益増進及び地域発展への貢献の推進」を基本方針とする援助に発展している¹³。日本の各支援機関の取組み・協力内容は以下の通り。

JICA（旧海外技術協力事業団、旧海外経済協力基金、旧国際協力銀行）によるタイへの産業開発支援は、1954年に開始された技術協力、1968年に開始された円借款、そして1970年に開始された無償資金協力の3つのスキームを用いて、制度、技術（人材）、インフラ面から多岐にわたって行われてきた。タイの経済発展に伴い1993年に無償資金協力が原則終了したが、日本はタイにとって最大の援助供与国（累計）となっている。近年のJICAによるタイ国向け産業開発関連支援を大別すると、①中小企業・裾野産業育成（人材育成）、②政策支援、③インフラ強化に分類できる。

(1) 中小企業・裾野産業育成（人材育成）支援

JICAによる中小企業・裾野産業育成（人材育成）支援は、家具産業振興や天然ゴムの品質改善といった一次産業の振興及び品質向上のための協力が始まり、その後職業訓練センターの設立・運営に関わる協力が行われた。1997年のアジア通貨危機後は、主にタイに進出する日系企業の裾野産業育成を目的として、タイ自動車インスティテュート(TAI)に対する専門家、ボランティア、JODC（現HIDA）専門家（後述）派遣を通じた技術協力が行われてきた。2006年から2011年にかけては、

¹³ 外務省「対タイ王国 国別援助方針」、2012年12月。

「タイ自動車裾野産業人材育成プロジェクト（技術協力）」が実施され、TAIの組織・活動の構築や日系企業に供給する現地サプライヤ企業の生産技術向上、さらには日系企業のタイにおける生産力強化に貢献した。

高度技術者育成に関しては、上述の通り、JICAは現在タイを代表する工科大学であるモンクット王工科大学ラカバン校（KMTL）に1961年から専門家を派遣し、技術者の指導・養成を行ってきた。日本が指導してきた同校の通信、電子、コンピューター学科などの電気系学科の研究活動は国内トップレベルにあり、近年はラオスなど近隣諸国の第三国研修の拠点となっている。またJICAは、工学系高等教育を通じたASEANの人材育成のため、同校やチュラロンコン大学を含むASEAN10カ国の工学系トップ大学19校を対象とし、(1) 教員の資格向上、(2) 大学院プログラムの改善、(3) 大学間ネットワーク強化を目的とした「アセアン工学系高等教育ネットワーク（AUN/SEED-Net）」プロジェクトを2003年より実施している。ネットワークの基盤強化と対象範囲の拡大を目的とした第2フェーズ（2008～2013年）を経て、現在第3フェーズ（2013年～）が計画されている。第3フェーズでは、これまでの協力成果を活用しながら、当該地域に進出する日系8企業を含む産業界とメンバー大学との連携を促進する計画である。

さらに、地方における中小企業クラスターの強化や地域産業の活性化という観点から、1999年以降、JICAは中小企業診断士の制度構築のための専門家派遣や技術協力プロジェクトを実施してきた。中小企業診断士の育成事業は、現在「地方レベルの統合中小企業支援普及プロジェクト」（2013～2016年）に引き継がれ、地方の中小企業と中小企業支援ネットワークをマッチングさせる仕組みが計画されている。具体的には、中小企業支援ネットワークの構築、サービスプロバイダー（企業経営、市場アクセス、競争力強化を支援するコンサルタント）の育成、中小企業支援ネットワークの広報支援、地方レベルの統合中小企業支援普及事業の推進をする予定である。

(2) 政策支援

政策支援分野では、JICAは1988年からタイの工業の基礎強化のための一連の開発調査「タイ国工業分野振興開発計画」を実施してきた。この開発調査の成果は、現在のタイへの産業開発政策支援の基礎となっている。近年、JICAはタイ政府に対し、「タイ中小企業事業促進強化アドバイザー」（2010～2013年）、「域内競争力強化アドバイザー」（2011～2013年）、「ASEAN地域連結性アドバイザー」（2011～2013年）の3名の専門家を派遣している。

「タイ中小企業事業促進強化アドバイザー」は、工業省DIP局に中小企業の生産

性と競争力の向上を目的として新たに設置されたビジネスオポチュニティセンターに対し、職員や関係者の能力強化や日タイ官民の関連機関関係強化に関する助言を行っている。「域内競争力強化アドバイザー」は、タイの国家経済社会開発計画策定の中核を担う国家経済社会開発委員会（NESDB）において、同長官に対し、①主要産業の高付加価値化および輸出拡大、②日メコン経済産業協カイニシアティブにおける協力促進、③域内競争力強化、④メコン地域のインフラ整備、に関する助言を行っている。「ASEAN地域連結性アドバイザー」は、同じくNESDB長官に対し、①域内インフラ連結性および物流開発のためのハード・ソフト両面での地域開発戦略策定、②地域開発戦略、③地域開発や域内連結性の人材育成、④ハード・ソフト両面でのパッケージ型インフラ支援等につき助言を行っている。

2011年には、「域内競争力強化アドバイザー」の提案により、日本とタイ相互の産業クラスター連携を通じた集团的・戦略的なタイへの直接投資を目的として、「お互い（Otagai）」プロジェクトが提案され、タイ政府で正式に閣議報告された。「お互い（Otagai）」プロジェクトとは、災害等の不足の事態に備えた日タイの企業ネットワーク構築に加え、同ネットワークが①日系中小製造業企業のタイ進出を含む海外直接投資の促進、②日系インフラ関連企業の技術やノウハウのタイへの導入、③日系製造業企業や日系インフラ関連企業の戦略的投資・進出を通じた、新たなタイブランドの創出のためのプラットフォームの構築を目的としている。初年度は、集团的FDI促進のために、①人材育成（日本側はコーディネーター、タイ側はコーディネーターと高度産業人材）、②日系中小企業のタイ投資を後押しする自治体のキーパーソンの組織化、③タイローカル企業の徹底調査とデータベース化が行われた。またインフラ企業の進出促進のために、④タイコバン基準¹⁴に沿ったインフラ製品のパッケージ化と認証機関の設置、⑤日系企業による「インフラ・マネジメント・サービス」の実現と上記パッケージの一体化といった取り組みを実施した。第2年次にあたる2013年には、①情報プラットフォームの構築、②自治体のキーパーソンのネットワーク化、③クラスター連携に係るベストプラクティスのケーススタディ、④「軒先企業」の実態と類型、⑤コーディネーターおよび高度人材の確保と育成、⑥工業団地の高度化に資するインフラ・サービス等を調査ないし実施する予定である。

その他、JICAは工業団地開発に関するマスタープラン策定支援として、「レム

¹⁴ タイへの製造業投資の持続および加速のためには、受け皿となる工業団地が環境、防災、産業高度化の観点から持続性・発展性をもつことが望まれており、これらについての基準を設定し、各工業団地を評価するもの。具体的には、グリーン・エコ、安心・安全、産業高度化（熟練工育成・品質管理）の3分野の実践的かつ受入れ可能な基準で評価する。

チャバン工業基地開発計画調査（開発調査）（1988）」、「バンサパン工業団地開発計画調査（開発調査）（1995-96）」等を実施している。

（3） インフラ強化

JICA（旧経済協力基金、旧国際協力銀行）は1968年から円借款を通じて、発電、送電、電話網、港湾、橋梁、鉄道、道路、灌漑、空港といった経済活動の基礎となるインフラ支援を行っている。タイ経済の発展に伴い、近年は首都圏の大規模道路網（バンコク大量輸送網整備事業）や給水（第8次バンコク上水道整備事業）、地方の橋梁（ノンタブリ1道路チャオプラヤ川橋梁建設事業）といった、拡大するインフラ需要に対応する支援がなされている。

日本貿易振興機構（JETRO）も、タイ向けに産業人材育成支援を行っている。JETROは、経済産業省からの委託を受け、アジアを中心とする開発途上国の貿易投資関連制度構築のための貿易投資円滑化事業（JEXSA）のスキームでタイに専門家を派遣し、現地企業の技術指導を行っている。また、2013年度より「中小企業現地海外展開支援のプラットフォーム」として、現地の公的機関および民間のネットワークづくりに貢献する予定である。中小企業相談のアドバイザーも配置している（週1回）。加えて、次項のHIDAと共に、日タイEPAの枠組みで実施されている「タイ自動車人材育成機関プロジェクト」において、自動車分野の専門家を日本から派遣している。

一般財団法人海外産業人材育成協会（HIDA）によるタイ向け人材育成支援の歴史も非常に長い。HIDAは2つの事業が柱となっている。そのうち海外技術者研修協会（AOTS）事業¹⁵は、ODAと民間資金を活用して現地企業の技術者・管理者研修を行うものだが、1959年度からタイ向け支援を開始しており、2011年度までの累計で43,562名（うち受入研修20,592名、海外研修22,970名）が研修を受けている。近年は自動車、電気機器（電気・電子、IT）、産業機械、建設といった分野が多い。いっぽうHIDAの海外貿易開発協会（JODC）事業は、ODAと民間資金の組み合わせにより開発途上国の企業、商工会議所、業界団体に専門家を派遣して技術指導を行うものである。タイ向けには1979年から支援を実施しており、2011年までに1,645人の専門家を派遣している。タイにおけるHIDAの主要な事業としては、「技術研修」、「管理研修」、「貿易投資促進支援事業」、「国際エネルギー使用合理化対策事業」、「産業財産権人材育成協力事業」、「インフラビジネス等展開支援技術協力事業」、「国際

¹⁵ 海外の産業技術研修者の受け入れ・研修等を行う組織として1959年に設立された。2012年に海外貿易開発協会（JODC）と合併し、海外産業人材育成協会（HIDA）となった。

経営支援事業」、「専門家派遣事業」、「タイ自動車人材育成機関プロジェクト」¹⁶、「産業人材裾野拡大支援事業」等がある。また、2011年の大洪水の際は、被災した日系企業を対象とした緊急支援策の一環として「タイ人従業員の日本への受入研修」、「日本からタイへの専門家派遣」、「日本からタイへの専門家派遣」を実施し、高い評価を得ている。加えて、長年培ってきたHIDA研修生の同窓会ネットワークを活用したビジネスネットワーキングやコンサルタント事業も開始した。また1970年代には、AOTSタイ同窓会を母体として上述のタイ日経済技術振興協会（TPA）がバンコクに設立され、日本の協力を得つつも自己資金でタイ技術者の育成を継続的に実施することで、日本とタイの友好増進に大きく寄与した。

6. 日系進出企業からのヒアリング

今回の調査では、現在のタイのビジネス環境を中心にヒアリングを行った。

アマタコーポレーションPCL社（AMATA）は、タイ最大の工業団地開発・運営会社であり、IEATとの合弁形態でチョンブリ県にアマタナコン工業団地、ラヨン県にアマタシティー工業団地を運営している。両工業団地ともに東部臨海工業地帯に立地し、陸・海・空の交通網の接続もよい。日系企業が入居企業の60%以上（タイや他国がマジョリティの日系企業も含めるとさらに多い）を占めているが、近年入居希望企業がますます増加しており、現在第9期まで拡張を実施済みである。

人材確保のための取組みとしては、質の高い教育インフラ（カセサート大学付属小中高など）を誘致して地元の若者を教育している。また高専とも連携して、東北農村部の学生に学費支援という意味合いで1年間有給インターンを実施している。さらに、企業のR&D活動を支援するため、STIと協力してサイエンスシティーを開発している。定着率を高める工夫としては、タイ人の生活は家族中心で回っているため、家庭の事情による欠勤を減らすために皆勤手当を渡したりしているとのこと。

同工業団地内にある「オオタ・テクノ・パーク（OTP）」はアマタ社と東京の大田区産業振興協会が協力し、アマタ社が全額出資する形で2006年6月に開設した、中小企業向け賃貸集合工場である。OTPでは、タイに製造拠点をもちたい大田区の中小企業（現在は日系入居企業の出身地は問わない）のニーズに応えるため、工

¹⁶ 2006～2011年にJICAが実施した「自動車裾野産業人材育成プロジェクト」の後続案件。日タイ経済連携協定に基づく協力事業の一環として、経済産業省、JETRO、HIDAが自動車分野の専門家を日本から派遣している。2012年度は8名の専門家をタイの業界団体や民間企業へ派遣し、自動車分野の研究・開発、自動車産業関連金型の設計製作等に関する技術指導を行っている。

場立ち上げ、操業、操業後まで大田区とアマタ社の無料支援サービス（アマタ社については一部有料）を受けることができる。工場床面積は1ユニット320㎡で、その他に事務棟と呼ばれる共用ファシリティを利用することができる。日系企業のみ入居可能。費用は1ユニット当たり年間30万円程度（賃貸料が64,000パーツ/月、共益費が33,600パーツ/月）で、賃貸期間は3年となっている。今年第3期の工場棟に4社が新たに入居し、現在計12社が入居している（空きなし）。

株式会社南武は、1955年に発足した油圧シリンダ専門メーカーである。同社は、以前からタイに製品を輸出していたが、納期とコストの削減のために2002年2月にタイに進出した。当初大阪の企業である花野商事の軒先をOTPと同程度の賃料で借りて4年間操業したが、手狭になった際にちょうどOTPから声がかかったため、2006年6月にOTPに入所した（3ユニット占有で900㎡）、その後仕事量の増加により、2011年、アマタナコン工業団地内に2,500㎡の新工場（従業員65名）を建設した。同社の成長はOTPの成功事例といえる。

オオタ・テクノ・パークのメリットとしては、賃料はやや高いが、家賃、情報共有、税務、労務等で困った際に日本語によるサポートがある。タイでは労使交渉に失敗すると従業員が一気に辞めてしまうので、労務管理はとくに重要である。南武によれば、外資に対するタイ政府の方針はおおむねよいとのこと。唯一問題を感じたのは最低賃金を全国一律で300パーツに引き上げたことで、これにより、人件費の増加、さらには地方の学生が（地元でも月300パーツ稼げるので）出稼ぎに来なくなるといった問題が生じている。一方、これ以外で問題を感じたことはないとのこと。BOI優遇政策の変更で同社が対象から外れるかもしれないが、気にしていても仕方がないと感じている。また、タイは中国と異なり模倣リスクが少ないため、従業員を信頼して技術を隠すことなく教えられるメリットがある。今後の方針としては、タイからASEANおよびインドへと事業を拡大していく予定。人材の確保が困難になっているのは確かだが、日本での研修を全員に行うことによって長期雇用に活かしているとのことだった。

Valuable Industrial Technology (V.I.T.)社は、株式会社フクイ（愛知県）が経営し、テクノ高木株式会社（岐阜県）と共同でタイに立ち上げた、無人搬送車の製作および搬送機・製缶品・専用機の会社である。この本業と並行して、日系中小企業のタイ進出のために「出資企業」（現在19社）の支援を行っている。具体的には、各社それぞれニーズに応じて、V.I.T.社が人材確保、商社機能、受注窓口、機材設置のための場所貸し等からなるカスタマイズされたサポートを提供している。タイに進出する日系企業にとっては、同業の日系企業との競争はあるが、実際にはむしろ互いに困難に対して情報を共有し助け合っている状況とのこと。近年は、タイ企

業も最新機器を投入して質のよい製品が作れるようになってきているが、日系企業は納期と品質管理、アフターケアの面で勝っている。同社は、今後タイで持続的に営業していくため、ローカルサプライヤ（現在40社）との関係も重要視しているが、ローカル企業は日系企業を脅威だと思っている。解決策として合弁という方法もあるが、タイ企業は契約条件の認識で齟齬が出るなどの問題があるため、あまり勧められない。最低賃金300パーツ化は、日系企業の賃金はそれより上なので直接の影響はないが、最低賃金が上がると「3K」の仕事に誰もつかなくなるという可能性がある。タイ人は冷房が効いたオフィスでのホワイトカラー業務に憧れており、職人は少なくなってきている。今後の展望としては、工場拡張のためアマタナコンに土地を買う予定であり、現在値段の交渉中である。また別途、アパートや食堂を併設したミニ工業団地（レンタル工場）を作る計画もある。

これらの一連のヒアリングにおいて、タイでのビジネスの課題として共通に指摘されたのは「人材不足」、「競争の激化」、「最低賃金300パーツ化」である。現在タイの失業率は1%を切っており、全業種で人材不足が深刻となっている。マネージャー、エンジニア、ワーカーの全ての人材が不足している。ワーカーについては周辺国からの労働移民で補充しているが、エンジニアについては恒常的に不足している。また、タイの学生は大企業や有名企業を好む傾向があるため、日本の中小企業が進出しても労働力の確保できない可能性が高い。

また、タイにはさまざまな分野・技術水準の日系企業が進出しているのに加え、ローカル企業も最新機器を投入して品質をあげていることから、普通の技術を持つ日系中小企業が進出しても、既存企業との競争は避けられない状態である。しかし、日系企業は納期厳守、品質管理、アフターケアにおいてタイ企業より優位に立つため、こうした面を活かすか、またはタイ側が求める現地にはない高い技術を持って進出するならば、進出余地はあるものとする。一方、タイ企業との合弁は日本からの技術移転やタイ企業が持つネットワークの活用において有意義と考えるが、タイと日本は企業文化が異なるので、先方との契約や約束には十分注意が必要である。インラック政権が実施した最低賃金300パーツ化政策についても、懸念を示す企業は多かった。同政策はワーカーに支払う給与を増加させるのみならず、上級職賃金への波及や地方からの出稼ぎの減少など、間接的に企業を圧迫する可能性がある。

タイでは労働力不足と賃金上昇により労働集約型生産に適さなくなったことに加え、カンボジア、ラオス、ミャンマー（CLM）が外国投資の受け皿として浮上してきたことから、「タイプラスワン」という考えが盛んに提唱されている。日本総

研の大泉氏¹⁷によると、「タイプラスワン」は、タイからCLMに工程の一部を移転することで、タイを中心とするサプライチェーンを拡大・強化するという新しいビジネスモデルであり、チャイナリスクを回避するために他国にも生産拠点を置くという「チャイナプラスワン」とは意味が違うという。「タイプラスワン」はタイに生産拠点を維持したまま労働集約型工程だけをCLMに移転するのであり、これが生産拠点としてのタイの魅力、ひいてはタイで操業する日系企業の競争力の強化に繋がることが期待される。タイ政府は研究開発の促進、高等教育の充実などでこの動きを積極的に後押ししている。またアジア開発銀行や日本政府も、タイの生産拠点とCLM各国を結ぶ経済回廊や周辺国のインフラ整備を通じて、「タイプラスワン」の実現に向けた支援を行っている。ただし、「タイプラスワン」を成功させるには、タイ自身が周辺国にはない優れた技術、技能、システムを備える必要があり、これが、タイが産業空洞化ではなく産業高度化を実現できるか否かを定めることになる。これは、中所得の罅を突破するのに必要な条件と同じである。

7. タイとベトナムとの比較から得られる示唆

我々の一連の調査はベトナムとタイを比較してきたが¹⁸、それを通じて明らかとなった両国の最大の違いは、自動車分野、電子・電気分野の産業集積の充実度合であった。特に、ローカル裾野産業の発展の違いは大きい。タイでは早い段階から日系企業が進出していた結果、あらゆる分野・レベルの日系企業が存在し、それに伴いローカル企業も日系企業と競争するほどに育っている。一方、ベトナムでは裾野産業が育っておらず、競争は官民にとっての課題として顕在化していない。

これに鑑みると、タイには充実したインフラに加え、すでに日系企業ネットワークや日本人向けのサービスがあり進出のしやすさはあるが、進出後は販路をめぐる厳しい競争にさらされることになる。もちろん業種・製品にもよるが、一般的に言ってベトナムの方が日系中小企業が進出し活躍できる余地が大きいといえる（現地調達比率と人件費については図表7-1、7-2を参照）。ただし、現地企業のリソースを活用したい企業にとっては、タイには日系中小企業にはないマーケティング能力やネットワークをもち、価値創造で協力できる現地企業の厚みがあるが、ベトナムにはそうした企業は多くない。もちろん現地企業がみな信頼できるわけではないの

¹⁷ 大泉啓一郎、「現実味を持ち始めた『タイプラスワン』：新興国・途上国市場を狙う新しいビジネスモデル」、日本総研、アジア圏フロンティアシリーズNo.2、Research Focus、2013年。

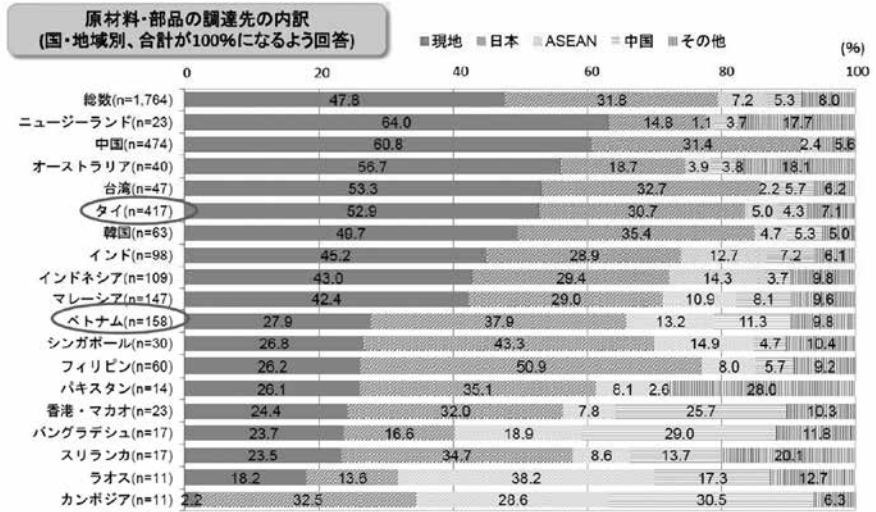
¹⁸ アジア太平洋研究所（APIR）の「中小企業の東南アジア進出に関する実践的研究」プロジェクトは、日系製造業中小企業の海外展開を、ベトナムを主、タイを従として研究した。両国は、日系製造業中小企業のアンケートで常に第1位と第2位を占める投資先人気国である【編者】。

で、パートナー選びはどこの国でも慎重に行わねばならないことはいうまでもない。

ゆえに、日系中小企業が海外進出を検討する際には、自社の製品、技術水準、マーケティング能力などを十分勘案の上で進出先を決定すべきである。タイには人材確保の困難さや賃金上昇の問題があり、タイ政府の高付加価値産業育成の下で、時がたてばこれらの状況が解消するという見通しはない。むしろ同国の政策に積極的な貢献ができる企業こそがタイに進出すべきだし、そうでなければ歓迎はされない。他方で、ベトナムでは高度人材が不足しているものの、人材確保や賃金面での問題はタイに比べ小さいといえる。

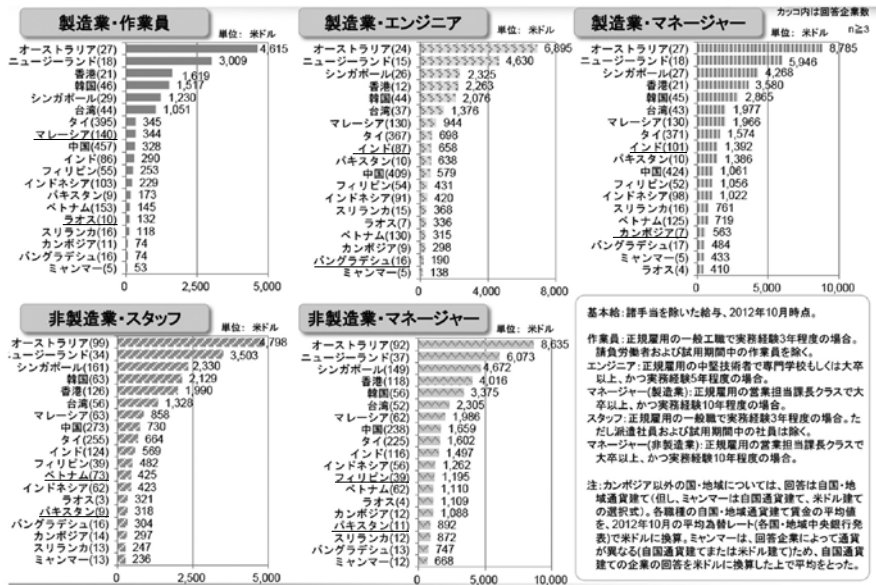
人材育成機関の長年にわたる努力も、タイが抜きん出ている。タイ人の中には親日派や日本型ものづくりを熟知する人材の蓄積が官民にあり、これが日系企業の仕事のしやすさにも繋がっていると考えられる。今後は、いかにこれらの人材をタイ政府が企図する産業高度化に戦略的に活用し、タイと日本でWin-Winとなる形で両国の製造業を進めていくかが重要となる。すでにTPA、泰日工業大学、HIDA同窓会などではそうした取組みが始まっている。またベトナムにおいても、タイほどではないが、日本の官民による産業人材支援の蓄積があるので、これら人材の活用方法について検討すべきである。

図表7-1. 現地調達率



出所、JETRO、「在アジア・オセアニア日系企業活動実態調査（2012年度調査）」。

図表7-2. 人件費



出所、同上。

政策的にも、タイでは現地企業が育っており日系企業と競争関係にあるため、あるいはそう信じられているため、タイ政府は無条件であらゆる日系中小企業の進出を歓迎しているわけではなく、高付加価値技術を持つ企業に重点を置いている。これは、裾野産業振興のために日系中小企業の進出を全面的に歓迎しているベトナムとは異なる。他方、タイでもベトナムでも産業開発課題に対しては政府の関係省庁・組織ごとに対応しているのが現状であり、包括的な産業開発政策が構築されたうえで、政策の詳細や優先度が関係省庁で共有されてはいない点は共通していると感じた。

以上を踏まえると、個々の日系中小企業の決断は当然ながら各社の経営判断に委ねることになるが、政策論としては、日本としてはタイ側の事情にも配慮して中小企業の海外進出支援に取り組むべきということになる。今後、日本とタイの良好経済関係を維持するためには、双方にWin-Winとなる事業をめざすべきであり、日本はタイとの「ものづくりパートナーシップ」構築のための産業協力ビジョンを示し、タイ側と共有すべきではないか。具体的には、タイに進出すべき日系企業の基準作成、ローカル企業が育っている業種・工程およびそうではないミッシングリンクの確認、タイ側が日系企業の協力を望んでいる業種における技術指導などである。1970年代には、タイやインドネシアで日系企業の進出急増に対する反日運動が勃発したことを考えると、支援の方向性を長期的視点に立って再確認することが重要と考える。

将来タイがASEAN地域における生産拠点かつロジスティックハブとして発展していくことを考えると、現在JICAが実施している「お互い」プロジェクトのめざす方向や問題意識は重要と考える。すなわち、タイ企業の技術審査・ミッシングリンクの特定、軒先ビジネス、人材コーディネーター、工業団地のインフラ整備ガイドライン（タイコバン、近隣諸国の工業団地も視野にいれる）などである。こうした取組みも念頭において、日系企業の海外展開が従来の大企業だけでなく中小企業も主役となった新時代に突入したことを認識し、日本とタイとの「ものづくりパートナーシップ」を政策ビジョンとして打ち出すべきと考える。

15. インドネシア——ナショナリズムと地方分権のもとでの産業政策

[本章は、7. Indonesiaを訳出したものである]

<日程>2014年6月16～20日

政策研究大学院大学（GRIPS）の研究チームは2014年6月16～20日にジャカルタを訪問し、インドネシアの産業政策の経験、およびその経験が他途上国（エチオピア、ベトナムを含む）に対してもつ含意について調査した¹。チームのメンバーは、大野健一、大野泉、長瀧朱美（以上GRIPS開発フォーラム：東京）、レ・ハ・ティン（国民経済大学およびベトナム開発フォーラム：ハノイ）、グエン・ティ・スアン・トゥイ（ベトナム工商省工業政策戦略研究所：ハノイ）の5名。調査の眼目は、アジア・アフリカの他国政府と比較した際のインドネシアの産業政策の方法論・組織の特徴、および産業政策の内容の把握であった。

ミッションは、政府官庁、企業団体、調査・訓練機関、民間企業、日本の援助・経済組織と面会を行った。ミッションスケジュールは付録に掲げる。これらの会合において貴重な情報を提供いただいた方々に深く御礼申し上げたい。以下は、ミッション報告である。

1. はじめに——政策の現況と課題

2004～2013年の十年間に、インドネシアは5.8%の年平均成長率を記録した。その間、リーマンショック、ユーロ危機他の外的ショックがあったにもかかわらず、成長率のぶれはわずかだった²。2012年に一人当たり所得は3,500ドルに達した。これは低位中所得国の水準であり、消費財やサービスに対する国民の需要は旺盛であ

¹ 本ミッションは、途上国政府の政策学習を目的として、選ばれたいくつかの国の産業政策形成につき情報収集するJICA委託調査の一環である。日本エチオピア産業政策対話第1フェーズ2009～2011において、GRIPS開発フォーラムは、シンガポール（2010年8～9月）、韓国（2010年11月）および台湾（2011年2月）を訪問した。第2フェーズでは、インド（2012年9月）、モーリシャス（2012年10月）、マレーシア（2013年6月）および今回のインドネシアを訪問している。さらに他案件の予算で、ベトナム、インドネシア、モザンビーク、ザンビア、タンザニア、ガーナ、ウガンダ等の政策調査を実施済みである。なお、本報告は、あくまでもミッションを実施したGRIPS開発フォーラムの見解を記したもので、JICAの公式見解ではない。

² 一般にインドネシアでは、社会問題、とりわけ毎年労働市場に参入してくる若者300万人分の雇用創出のためには、最低6%の成長が必要であるとされている。

る。また2億5千万の人口を擁するインドネシアは、世界でも有数の巨大市場となっている。この5～6年、強いマイカー購買意欲に支えられて急速なモータリゼーションが進行しており、これは外国からの自動車組み立て・部品メーカーをひきつけると同時に、ジャカルタの激しい交通渋滞の原因となっている。2025年までに世界の先進国の仲間入りをするというのが、インドネシアの目標である。

所得と需要は増加しているが、すべてが順調というわけではない。外国投資家にとってインドネシアの主たる魅力は豊富な天然資源および急拡大する内需であり、技術の高さや競争力をもつ労働者ではない。マレーシアは電子を、タイは自動車を、ベトナムはスマホを輸出しているが、インドネシアをグローバル市場への供給拠点と見る投資家は少ない。実際、インドネシアのGDPに占める製造業のシェアは2000年の27.7%から2010年の24.8%へと低下しており、総輸出に占める製造業の割合も2000年の57.1%から2010年の37.5%へと激減している（世銀データ）。長期的にみても、東アジアの高度成長経済と比べてインドネシアの工業化はかなり遅い。1960年の韓国、マレーシア、インドネシアの1人当たり所得はほぼ同じだった。ところが現在、韓国は高所得国、マレーシアは上位中所得国、それに対してインドネシアは低位中所得国にとどまる。インドネシア経済は成長したが、その速度は他国よりも遅かったのである。同時に、個人間および地域間の所得格差は拡大している。不平等度を示すジニ係数は、1990年の0.32、2002年の0.33から2012年の0.41へと急激に高まっている。

中所得のわなを、国内価値創造が希薄なまま外資、援助、天然資源、ビッグプロジェクトなどの「与えられた」アドバンテージに頼る成長と定義するならば、インドネシアはそのわなに久しく陥っている。ただし中所得のわなに対する懸念は、インドネシアではそれほどきかれないし、政府が公式に検討している様子もない³。これとは対照的に、マレーシア、中国、ベトナムなどでは、中所得のわなの克服が国家のトップアジェンダとして位置づけられている。

歴史を振り返れば、インドネシアの経済政策は国家介入と自由化改革の間を揺れ動いてきた。この揺れは、一次産品価格の変化とかなり連動している。現在の政策ムードは、経済ナショナリズムの再興である。すなわち、上で説明したような自国産業の弱さを懸念し、国際統合のさらなる進行に対して疑念を抱き始めている。この背景には、日インドネシア経済連携協定（IJEPA、2008）やASEAN中国自由貿易協定（ACFTA、2010）が、自国に期待通りの利益をもたらしていないという認識がある（そもそも期待が高すぎたのかもしれない）。現行の外資主導型工業化に

³ われわれが訪問した機関では、投資調整庁（BKPM）のスライドに中所得のわなへの言及があったが、他官庁ではきかなかった。中所得のわな問題が散発的にしか語られず、省庁でも関心を持つところが限られているという状況は、タイに似ている。

対する不満がくすぶっており、外国投資家をしばる法律や規則が数多く出されている。大国としてのプライドも高い。この雰囲気は、ミッション滞在中にテレビ放映されたジョコ・ウィドド氏とプラボウォ・スビアント氏の大統領選ディベートからも顕著であった。両候補はいずれもナショナリストであり、その違いはその程度やアプローチにしかないといえる（ただしそれは実質的には大きな差かもしれない）。

インドネシア産業の活力が期待以下にとどまっている理由の1つ——おそらくかなり大きな理由——は、政府の政策能力の弱さにある。われわれが東アジアの他工業国との比較を念頭に置きながら、インドネシアの主要経済省庁、民間企業、主要経済団体、日本の援助機関や経済組織、シンクタンクなどから聴取を行った結果、インドネシアの産業政策にはいくつかの長所があることが判明した。それは、政策形成において関係者とのコンサルテーションや省庁間調整がいくつかの重要なケースでよく制度化されていることであり、政府の指導層にある人々に能動的で民間経験が豊富な人物が散見されることであり、（すべてではないが）一部に能力の高い省庁や官僚が存在することである。しかしながら、政策の運営・実施の面においては、インドネシアの政策能力は決して高いとはいえない。シンガポール、台湾、韓国などの先進経済と比較にならないのは当然だが、マレーシアやタイといったASEANの中所得国と比べても、インドネシアの政策はかなり拙劣である。たとえば、以下のような事例がある。

- 内外の投資家は、インドネシアの政策が予測不可能、曖昧、恣意的であり、省庁間調整もなされていないこと、しかも多くの省令が関係者との事前相談も準備期間もなく打ち出されることに大きな懸念を抱いている⁴。
- 園芸法（2010）、鉱業法（2012）、貿易法（2014）などが国益を追求するために最近改定された。新園芸法は、外国投資家にとっての制約を引き上げた。新鉱業法は、アルミ・ニッケルを含む鉱物資源を鉱石ではなく国内で加工してから輸出することを義務づけた。新貿易法は、内容が曖昧で解釈がむずかしく、投資家を困惑させている。
- 2013年にジャカルタ地域の最低賃金は43.9%も引き上げられたが、これは攻撃的で暴力も辞さない労働組合の圧力によるものだった。非熟練労働の賃金が234ドル/月（JETRO調査、2013年12月時点）であり、しかも上昇が止まらないのでは、労働集約的の工程におけるインドネシアの競争力は急速に失わ

⁴ インドネシアの政策文書は、法律（Law）、政府規則（Government Regulation）、大統領規則（Presidential Regulation）、省規則（Ministerial Regulations）があり、この順番で策定のハードルが下がる。法律は議会を通さねばならないので時間がかかる。対照的に、省規則は数多く発せられるが、関係者間協議や省庁間調整が不十分であるとの批判が強い。

れてしまう。これは、労働余剰経済にとって早すぎる事態である。政治圧力ではなく、労働生産性のパフォーマンスに依拠し、将来にわたって予測可能な賃金決定メカニズムが求められている（第6節）。

- 投資インセンティブは紙の上にはしか存在しない。その対象は大規模投資に限られており、これまで法人税減免を認められたのは10社以下という（2012年以降は2社）⁵。税優遇は各ラインミニストリの予算を使って行われるため、それを受けるためには、企業は限られた予算しかない担当省と個別交渉せねばならないという。歳入確保に腐心する財務省は、インセンティブ創設の提案を拒否するのが常である。ここには、製造業中小企業や裾野産業が国家に競争力をもたらすといった思考は見出しえない。
- 産業活動はジャカルタ首都圏に集中しており、輸送インフラがそれに追いついていない。インフラ建設計画は昔から存在するが、新港、空港拡張、高速道路の追加等ははまだ着手されておらず、MRTはようやく一部の建設が開始されたばかりである（第4節）。これに比べ、バンコク、ニューデリー、ハノイ、ホーチミン市などでは輸送インフラが徐々に建設されており、混雑を解消するところまではいかないが、緩和努力は部分的に成功している。
- 中小企業政策は省庁間および中央と地方の間で統合されていない。中小企業の定義も省庁間で統一されていない。インドネシアには、日本、台湾、マレーシアで見られるような、統合されたすぐれた中小企業政策はいまだ存在しない（第7節）。
- 2000年代初めに深化した分権化の動きは、この巨大で多様な国家の政治安定と民主主義に貢献したが、マイナスの側面もある。それはたとえば、教育訓練や中小企業振興といった国全体の課題に対し中央政府が管理能力を喪失したこと、地方政府の能力不足、地方の意欲・能力の差異から来る政策の地域間格差などである。
- 財政収支が悪化している。歳出の約4分の1はガソリンと電力料金の補助金に回っている。2015年に大胆な社会保障制度が導入される予定だが、その財源が確保できていない。

産業能力を高めるためにインドネシアが採用しつつあるのは、国家管理の強化とナショナリズムの高揚である。これは、標準的施策——職業訓練、労働者技能と企

⁵ 税の減免を受けるためには、指定された5業種（基礎金属、石油化学、機械、再生可能エネルギー、通信機器）のいずれかに属し、1兆ルピア（約8300万ドル）以上の投資を行う必要がある。税控除を受けるためには、5年以内に500人以上雇用、100億ルピア（約83,000ドル）以上の社会経済インフラへの支出、4年以内に70%の現地調達など、多くの条件が課される。あるBKPMトップは、意味のあるインセンティブをもっと提供すべきだという日本企業に対し、わが国の投資インセンティブは人口規模の大きさと語ったという。

業ニーズのマッチング、企業に対する経営・技術支援、ロジスティックスの効率化、外資企業と現地サプライヤの結合、製品基準・認定・検査システムの導入など——とはまったく別の方向である。東アジアの政策基準からみる限り、インドネシアは21世紀の知識フロンティアに達していない。

2. 国家開発計画

中央および地方の中長期開発計画および年次開発計画の法的根拠は、国家開発計画システム法（Law No.25, 2004）である。国レベルの文書としては、20年間の国家長期開発計画（RPJPN）、5年間の国家中期開発計画（RPJMN）、および年次開発計画がある。大統領の任期と計画サイクルは同じなので、5年ごとに新政府はRPJMNを作成して、長期のRPJPNの枠組み内で新たなプライオリティを設定することになる。RPJMNは新大統領就任（10月）の3カ月以内に大統領規則によって発効させねばならない。表1に、インドネシアの中央および地方の開発計画を示す。

表1. 国家開発計画の一覧表

National	Regional	Period
National Long-term Development Plan (RPJPN): enacted by Law	Regional Long-term Development Plan (Regional RPJP): enacted by Regional Regulation	20 years
National Medium-term Development Plan (RPJMN): enacted by Presidential Regulation	Regional Medium-term Development Plan (Regional RPJM): enacted by Regulations by issued by respective Regional Heads	5 years
Strategic Plan of Ministries/Agencies (Renstra-KL): enacted by regulations issued by heads of Ministries/Agencies	Strategic Plan of Regional Government Work Unit (Renstra-SKPD): enacted by regulations of heads of respective Work Unit	5 years
National Annual Development Plan (RKP): enacted by Presidential Regulation	Regional Annual Development Plan (RKPD): enacted by Regulation of Regional Head	1 year
Annual Development Plan of relevant Ministry/Agency (Renja-KL)	Annual Development Plan of Regional Government Work Unit (Renja-SKPD)	1 year

Source: Law on National Development Planning System (Law No.25, 2004)

開発計画を担当するのは国家開発計画庁（BAPPENAS）および各州政府傘下の地方開発計画庁（BAPPEDA）である。スハルト時代（1968～98年）は、BAPPENASは開発計画、開発予算、外国援助受け入れのすべてを所掌する強力なスーパー官庁であった。当時、BAPPENASの長官が経済担当調整大臣を兼ねる場合もあった。だが2001年の大胆な分権化政策（Regional Autonomy Laws No.22 and No.25）、および2003年に開発予算がBAPPENASから財務省に移管されたことにより（Law No.17、これにより開発予算・經常予算の作成・執行権限は財務省に集中した）、BAPPENASの権限は大幅に縮小された。その後、上記の国家開

発計画システム法（Law No.25, 2004）が、民主主義かつ分権化時代の開発計画システムおよびBAPPENASとBAPPEDAの新たな所轄範囲を定義した。同法によれば、BAPPENASは国レベルのRPJPNおよびRPJMNの調整と作成を担当し、BAPPEDAは地方レベルで同様の機能を果たすことになった。

現行のRPJPN 2005-2025（Law No.17, 2007）およびRPJMN 2010-2014（Presidential Regulation No.7, 2009）は、ユドヨノ政権下で作成されたものである。RPJPN（20年間）のビジョンは、「発展、自立、正義、平和および統一を実現した国を建設する」であり、RPJMN 2010-2014（5年間）のミッションは、「グローバル化した世界の中で、繁栄、民主主義、正義のインドネシア」を実現するというものである。RPJMNの目標は、2014年までに経済成長を7%に加速し、顕在的失業を5~6%に減らし、貧困率を8~10%に低下させるなどである。そこには11の国家プライオリティが示されている⁶。RPJMN 2010-2014にはインクルーシヴで持続可能な成長をめざすことが明確にうたわれているが、いっぽうで、成長の源泉あるいは競争力や工業化を強化するための具体的ステップや施策は記されていない。現行5カ年計画には、中小企業や協同組合の支援、マクロ経済安定の維持、科学技術・生産性・創造力・イノベーションの重要性などが一般的に述べられているだけである。

現在、BAPPENASは現行長期開発計画（RPJPN 2005-2025）の中の第3次中期計画となるRPJMN 2015-2019を作成中である。RPJPNの作成期間は、インフォーマルな準備も含めて約2年である。次期RPJMNの工業章を執筆するために、BAPPENASの担当部署である産業・科学技術・観光・創造的経済総局は、2012年より研究者や専門家を集めて基礎調査やデータ分析を開始した。新工業章の基本的考え方は、「農産品と鉱産物を中心に、付加価値をつけて輸出する」というものであり、これはBAPPENASと工業省から同時に提案された⁷。2013年には、BAPPENASと工業省はセミナーでお互いを招きあって相互見解の提示と調整を続けた。BAPPENASにはそうしたセミナーや会合を行う予算が潤沢にあるとのことである。

こうした作業ののち、2014年2月にBAPPENASは次期RPJMNの工業章のコンセプトペーパーを正式に工業省に提出した。その後、工業省から出されたコメントの9割を採用したうえで、改定コンセプトペーパーはBAPPENASから工業省のトップおよび各総局に再提示され、またそれはインドネシア商工会議所（KADIN）、インドネシア経営者団体（APINDO）、業種別協会などの産業界にも公開された。

⁶ 11の国家プライオリティは、①官僚・行政改革、②教育、③保健医療、④貧困削減、⑤食糧安全保障、⑥インフラ、⑦産業セクターの投資、⑧エネルギー、⑨環境と自然災害、⑩低開発、辺境、遠方、ポストコンフリクトの地域、⑪文化、創造性、技術イノベーション、である。現行RPJMNはこれに加えて、地方開発の方向性と政策も議論している。

⁷ 2012年にヒダヤット工業大臣は、「インドネシア工業化の加速」と題するパンフレットを公表した。

BAPPENASは、さらに一般のコメントを受け付けるために、2014年6月に次期RPJMNの概要を正式に発表することになっている。2014年10月15日の新大統領就任日には、RPJMN 2015-2019のドラフトが大統領チームに提示され、コメントや修正を受けることになる。5カ年計画は2015年1月15日までに最終合意される。そのあとBAPPENASは年次開発計画および年次予算の作業にとりかかることになる。同時に各省庁にも、所轄分野の次期5年間の戦略計画の執筆が義務づけられている。

RPJMN 2015-2019の章構成は、プライオリティ、過去のレビュー、マクロ経済シナリオ・目標、9つの基幹セクター（農業5部門、鉱業2部門、工業1部門、サービス1部門）、および横断的課題からなる予定である。新計画は、経済の最大原動力として工業を位置づける、インドネシアで初の5カ年計画となる模様である。新工業政策法（第5節）と同様、その工業章は、産業構造を深化させ、裾野産業を発展させ、天然資源に付加価値をつけて輸出する必要性を強調することになる。

3. 経済担当調整大臣府とMP3EI

インドネシアの省庁間調整メカニズムはユニークである。通常のラインミニストリの上に、①政治・法令・安全保障、②経済問題、③国民厚生 of 調整を行う3つの調整省が置かれており、シニア閣僚がそれぞれの長をつとめる。このうち経済担当調整大臣府（EKON）⁸は、経済に関わる17省（インドネシア政府は全部で34省からなる）を束ねる役割を担っている。インドネシアの調整各省は、他国における副首相を議長とするハイレベル委員会ないし国家協議会などに相当するが、インドネシアでは調整作業をイシューごとではなく、他省庁の上に常設され常任スタッフを持つ組織が行っているわけである。

「インドネシアの経済開発を加速し拡張するための経済開発マスタープラン2011-2025」（略称MP3EI）は、第2次ユドヨノ政権によって作成され、2011年5月に大統領規則で公表された臨時開発計画である。経済担当調整大臣府によると、優先プロジェクトを具体的に指定した追加計画の必要性を感じた同府のハッタ・ラジャサ前大臣が、そのコンセプトの発起人であるという。MP3EIの作成は2010年8月より経済担当調整大臣府で開始され、その後BAPPENAS、関係各省、経済界とも協力しながら、意見聴取や文書の修正作業が行われた⁹。

⁸ 現在EKONの略称で呼ばれている経済担当調整大臣府は、1966年に設立された後、数多くの名称変更をへてきた。2000年まではEKUINと略称されており、ファイナンスの機能も有していた。また当時は、BAPPENAS長官が経済担当調整大臣を兼任することもあった。

⁹ ただしMP3EIの文書自体には、最初のアイデアは、2010年12月の限定閣僚リトリートにおいて、ユドヨノ大統領が発した経済変革の必要性を強調する指令であると書かれている。

MP3EIは、「自立的、進歩的、正義でかつ繁栄するインドネシア」のビジョンのもと、高く、バランスがとれ、公正で、持続可能な経済成長をめざしている。インドネシアを2025年までに世界の最も進歩した10経済の1つとするため、それに対応する1人当たり所得を14,250～15,500ドルとして、年成長率の目標を7～9%に設定している。MP3EIは8つの主要プログラムからなり、それは22の主要経済活動に分かれる。MP3EIの戦略として、①ジャワ、スマトラ、カリマンタン、スラウェシ、マルク・パプア、バリ・ヌサテンガラからなる6経済回廊のポテンシャルの開発、②国内および国際的コネクティビティの強化、③人材と科学技術の強化、の3つの柱がある。さらにMP3EIは、インフラニーズの開発のためのガイドラインや規則改定のための勧告を含む。

計画文書としてのMP3EIには2つの特徴がある。第1に、それは5カ年計画RPJMNと国家空間開発（空間開発法No.24、1992）を調和させる試みである。第2に、そこで計画されている計4,000兆ルピアにのぼる多数の大型プロジェクトの資金は、中央政府、地方政府、国有企業、民間等のすべてのアクターからファイナンスされるという点である。RPJMNの場合は、国家予算によるプロジェクトしか原則含まれていない。MP3EIには、本計画は既存の国家ないし地方の計画文書を代替するものではないと書かれているが、通常の計画と同計画の整合性を疑問視する意見も散見される。

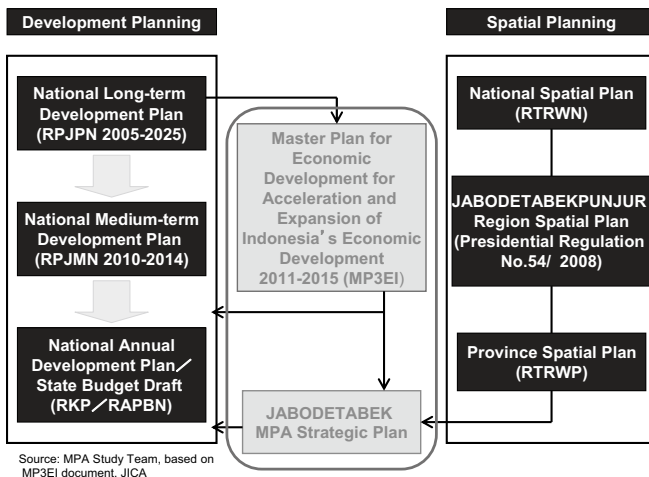
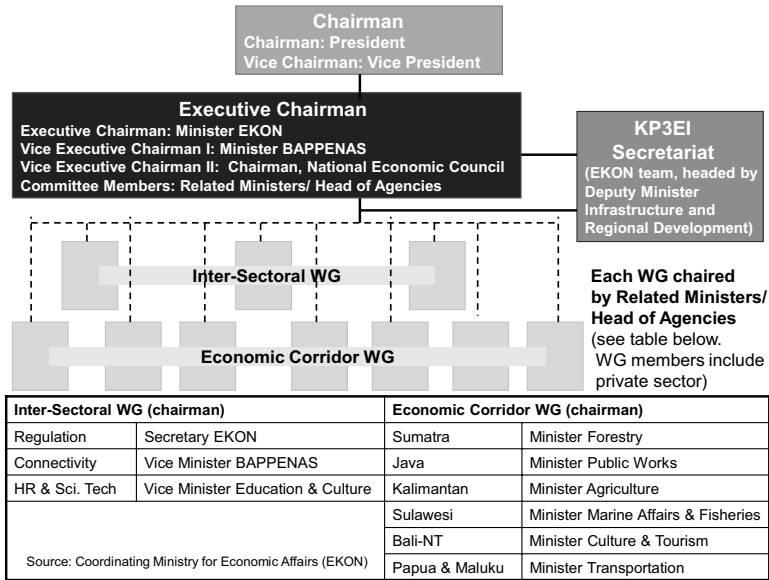


図1. 開発計画、空間計画およびMP3EIの相互関係

MP3EIの実施を担当するのは、「インドネシアの経済開発を加速し拡張する委員会2011-2025」(略称KP3EI)である。同委員会は、この目的のために、2011年5月に

大統領を議長として創設された組織である。KP3EIはMP3EIの企画、実施、モニタリング評価を調整し、実施における問題を解決する任務を負う。KP3EIは日常業務のために、①9つのタスクチームからなる「チームKP3EI」（6つの経済回廊、および規制改革、コネクティビティ、人的資源・科学技術の3つの横断的課題）、および②経済担当調整副大臣を長とし、同府の6つの課のサポートを得ながらインフラ開発と地方開発の調整を行う「KP3EI事務局」の2つのユニットを擁している。



Note: Alternate chairmen are assigned for Economic Corridor WG as follows: Sumatra (Minister Energy and Mineral Resources (Sumatra); Minister Industry (Java), Minister Public Housing (Kalimantan), Minister Cooperatives and SMEs (Kalimantan); Minister Trade (Bali-NT), Minister Development of Disadvantaged Regions (Papua & Maluku).

図2. MP3EIの実施調整メカニズム

MP3EIは定期的にレビューされる。最初のレビューは2014年5月に完了した。そこでの主な改定点は、プロジェクトの範囲を大型インフラ・プロジェクトから環境など全セクターにまたがるプロジェクトへと拡大したことにあるという。

4. MPA計画

首都圏優先地域（Metropolitan Priority Area、略してMPA）は、ジャカルタとその周辺地域のインフラを大規模に整備するためのイニシアティブであり、MP3EIの6経済回廊の1つであるジャワ経済回廊の中の基幹案件でもある。日本政府はその案件形成および実施を支援してきた。

MPAの目的は、JABODETABEK（ジャカルタ、ボゴール、デボック、タンゲラン、ベカシの5つの地名の頭を連ねた呼称）を、インフラ整備の加速およびASEAN内で競争力をもつビジネス環境の創造を通じて、工業投資にとってより魅力的な地域とすることにある。近年の好景気とモータリゼーションの進行は、ジャカルタ首都圏に激しい交通渋滞をもたらした。インフラの質の低さおよび不足は、いまや経済活動の大きな障害となっている。ビジネス環境をハード・ソフト両面で改善するために、2010年12月にインドネシア・日本両政府は協力協定に調印し、両国の政府および関連機関からなる指導委員会および技術委員会を設置し、そのもとでMPAマスタープラン調査を実施した。

マスタープラン調査では、①2020年のJABODETABEKのビジョンおよび2030年のインドネシアの経済社会条件の予測、②2020年までのJABODETABEK地域のインフラ開発総合計画を策定し、45の優先プロジェクトを指定、③優先プロジェクトのリストから、2013年末までに着手されるべき18のファストトラック・プロジェクトを選定（のちに2つ追加）、などが行われた。同調査は2020年までに必要な資金を3.4兆円（約340億ドル、ファストトラック・プロジェクトを含む）と見積もり、これを官民のさまざまな方式でファイナンスされるものとした。うち約1兆円（約100億ドル）は日本のODAを含む外国資金によってカバーされることになっている。20のファストトラック・プロジェクトの中から、さらに5つが最大の優先度をもつフラッグシップ・プロジェクトに指定された¹⁰。

JABODETABEK/MPA戦略計画も、両国の政府によって策定されたものである。2011年3月～2012年10月に、指導委員会はインドネシア側からは経済担当調整大臣、日本側は経産大臣ないし外務大臣を共同議長として、3回開催された。また技術委員会は、インフラ・地域開発担当の経済担当調整副大臣および在インドネシア日本

¹⁰ フラッグシップ・プロジェクトは、①チラマヤ新港開発、②ジャカルタ MRT、③スカルノハッタ国際空港のターミナル拡張、④下水システム開発、⑤新学術研究センター、からなる。詳細は、経済担当調整大臣府と JICA 共同の Master Plan for Establishing Metropolitan Priority Area for Investment and Industry in JABODETABEK Area のファイナル・レポート（2012年11月）を参照。以上の情報は、2012年10月9日付 JICA プレスリリースに依拠する。

<http://www.jica.go.jp/english/news/press/2012/121009.html>

大使館公使を共同議長として、6回開催された。技術委員会の一翼はインフラ・プロジェクトの進捗状態をモニターし、「投資促進のためのMPAハイレベル協議」と称される別の一翼は、投資環境を改善するための二国間フォーラムとして機能している。ジャカルタジャパクラブ（JJC）は、日系企業にとって商工会機能をもつ団体であり、後者の投資環境を扱う技術委員会に対しさまざまな意見や要請を出している。JJCが最近提起した政策領域には、労働、税、関税に関わる問題、さらには法律・規則の一般的予測不可能性に関わるものなどがあつた。

MPAはJICAの対インドネシア経済協力の主要案件である。JICAはいくつかのファストトラック・プロジェクト、具体的にはジャカルタMRT南北線、ジャワ・スマトラ相互連結送電線、プリーツ下水施設の改善（洪水対策）を支援している。さらには、新港建設、道路、鉄道、下水処理改善に関する案件形成支援も行っている。いくつかの案件は、PPP手法が採用される予定である。ただし、MPAの実施は計画より遅れている。MPAが政治的、技術的、行政的コーディネーションを必要とする巨大かつ複雑なプロジェクト群であることを考えれば、これは意外ではないかもしれない。インフラ・プロジェクトの土地収用も遅れている。以上からすると、実施加速にむけた経済担当調整大臣府や関係省庁の努力は、より強化される必要がある。

5. 新産業政策

2014年1月に、新たな産業政策法が成立した。これは、1984年の旧産業政策法にかわつて、同法以降の30年間に発生した国内、地域および世界の変化を反映した法律である。同法はまた、国家産業政策（大統領規則No.28、2008）を更新することとなつた。新産業政策法の作成を指導したのは、民間経験が長く、前KADIN会長もつとめたモハマド・S・ヒダヤット工業大臣であつた。

2008年の国家産業政策と2014年の産業政策法の主たる相違は、①優先セクターの範囲の拡大、②天然資源をそのまま輸出せず国内産業のために優先的に使用する、③人材と能力開発の強調（国家労働能力基準および認証の導入を含む）、④工業団地および関連インフラの建設における政府の役割の拡大（とくに遠隔島嶼において）¹¹、などである。

ただし、新法のナショナリスティックな性格は産業界に懸念を与えている。たと

¹¹ インドネシアでは、約9割の工業団地が民間によって開発かつ運営されている。これまで政府は工業用地の提供にはほとんど関与してこなかつた。2009年より、すべての製造業外国企業は工業団地に入居することが義務づけられている（ただし条件つきで例外あり）。工業省次官によれば、この規則の目的は、ワストップ・ウィンドウ、電力などのサービスの提供の確保および環境保護のためとのことであつた。

えば、外国人の勤務期間が制限され、しかも国家労働能力基準で定められた知識と技能をクリアせねばならないとされる。ターンキー・プロジェクトを行う投資家に技術移転を要求しているが、それが商業的あるいは技術的に可能なのかという検討はなされていない。あるいは、国内産業に優先使用させるために、鉱産物輸出に対して政府がクォータや禁止を設定する権限を有するとある。新法はまた、安全性などの国家利益のために、価格規制や戦略的産業の国家管理を可能にしている。さらに、国内企業には政府入札における優遇が与えられている。

新産業政策法は、それに付随して、将来20年（2015～2035年）にわたる産業開発のためのビジョン、ミッション、戦略、優先プログラムを明確化する「国家産業開発マスタープラン」（RIPIN）の執筆を義務づけている。工業省が現在その作業中である。予定では、2014年7月に省内でマスタープランのドラフトが工業大臣に提出され、その後関連省庁・組織のコメントを受けることとなっている。工業省は、マスタープランを新政府が発足する2014年10月までに完成したい意向である。

マスタープランのドラフトは以下の政策構成をもつ予定である。

- 6つの基幹産業——食品、医薬品・化粧品、衣料・履物、輸送機械、電子・ICT、エネルギー
- 3つの裾野産業——資本財、部品産業、機械部品・部材
- 3つの上流産業——農業関連、鉱業、ガス・石炭
- 6つの基本要素——天然資源、人材、技術・イノベーション・創造性、インフラ、政策・規則、金融

工業省によれば、産業政策を策定するうえでの困難の1つは、産業振興のために使える税インセンティブがほとんどないことである。財政法はきわめて限定的で、税の控除や減免はほとんど適用されない。その主な理由は、財務省が財政規律の維持を最優先し、新インセンティブの提案に極めて慎重なことにある。

複数省にまたがる政策は経済担当調整大臣府が調整するというのが原則だが、産業マスタープランの作成については工業省のイニシャティブで行われている。工業省の次官（Secretary General）が全体の指揮と調整を行い、執筆を担当するタスクチームは工業地域開発総局長（Director General of Industrial Regional Development）をトップとして、工業省、大学、研究所、コンサルタント、民間からの計25名のメンバーから構成される。過去1年間、タスクチームはほぼ毎週会合を開いて精力的に活動した。KADINとのセミナーも行われた。前述の通り、BAPPENASともインフォーマルな形で密接に作業した。国家開発計画の場合と同様、産業マスタープランの文書も、産官学を動員する制度化された集中的議論を通じて——経済担当調整大臣府があまり関わることなく——作成されているといえよう。

以上をまとめれば、インドネシアには産業政策にかかわる3種の文書が存在する。すなわち、BAPPENASが作成する定期計画文書としてのRPJPNとRPJMN、経済担当調整大臣府が主導し空間計画と投資環境を主題とするMP3EI（MPAはその重要な部分をなす）、工業省が執筆し産業政策の詳細部分を規定する産業政策法と産業マスタープランである。理屈としては、これらの政策文書は互いに整合的かつ補完的ということになる。ただし、シェフが多すぎるとスूपがだめになるという懸念も否定できない。

同一政策を複数組織が主導するとき、大きな方向性が共有されていること、および調整メカニズムがしっかりしていることが成功の要件である。インドネシアでは、多くの省庁がいわゆるナショナルスティックな産業ビジョンの推進で一致していることは、少なくとも政策目的をめぐる対立を回避するという点ではよいことである。インドネシアにはラインミニストリ間の調整を専門とする経済担当調整大臣府もあるので、必要なハイレベルの調整もできるはずである。

しかしながら、われわれのミッションは、多くの経済省庁に強い自立心と競合関係があるのを感じた。この雰囲気は、同一省の総局間にさえ存在するようである。たとえ政策の大まかな方向性が合意されていても、優先順序や予算獲得をめぐる熾烈な省庁間競争は起こりうる。友好的な省庁の間では多くの情報が共有され、日常的にコンサルテーションを行うしくみが存在するが、そうではない省庁間では状況は異なるようである。経済担当調整大臣府は、産業政策をめぐる政府内競争の中で、調整役でもあり、計画や戦略を企画するプレーヤーでもある。財政省は、新支出を伴う政策提言をみな撃ち落そうとするが、同省のマンデートからしてそれは理解できないでもない。省庁間の不和や予算を渋る財政当局はなにもインドネシアに限ったことではないが、その程度がかなり激しく、政策実施の大幅な遅れや中断の大きな原因となっていることも事実である。また分権化の極度の進展も、それ自体に多くの利点があることは確かだが、少なくとも中央政府が経済政策を実施するには足かせになっている。これとは対照的に、強い大統領ないし首相が責任をもって主宰する政策執行メカニズムを有する国では、ある程度の遅れは発生しても、産業政策はかなり着実に実行されるものである。

6. 外資政策

インドネシアの外国投資に関する法令は、投資法No.25（2007年）、投資リスト（大統領規則No.111（2007年）、No.36（2010年）、No.39（2014年））、および個別業種・製品にかかわる多くの法令からなる。投資政策に関わる権限は、インドネシア投資調

整庁（BKPM）、各業種担当のラインミニストリ、および地方政府に分かれている。BKPMは、石油・ガス、金融を除くすべてのセクターを所轄する中央投資機関かつ投資家にとってのワンストップショップである。投資申請はジャカルタに所在するBKPM、ないし州政府傘下の地方投資調整庁（BKPMD）で受けつけている。分権化のもとでは、地方政府は管轄地域の投資案件をモニターしサポートする役割を担っている。ただし、一部の特定プロジェクトは中央でモニターおよびサポートする。

外国投資家を最初に迎える役所であるBKPMの日々のオペレーションはかなり効率的かつ顧客志向であり、インドネシア政府の他省庁よりはるかによい。だが、インドネシアの投資に関わるインセンティブや行政は、すでに述べたように多くの課題を抱えている。外資政策の自由化は1997～98年のアジア通貨危機以降加速し、現在に至っている。それにもかかわらず、インドネシアの投資環境は、マレーシアやタイなどの東南アジアの工業化経済に比べて、予測可能性やビジネスフレンドリーの程度においてまだまだ劣っているといわざるを得ない。

投資家にとって天国ではないインドネシアだが、最近では外資流入額が年々拡大している。外国投資の実現額は、2009年の108億ドルから2013年には286億ドルへと急増しており、外資は2013年の全投資の68%を占めるに至っている。製造業外資の流入、とりわけ自動車関連の流入がとりわけ活発である。外国投資総実現額のうち第二次産業が占める割合は、2009年の35%から2013年の55%と上昇している。この業種構成の変化を反映して、2013年に日本はこれまで最大投資国だったシンガポールを抜いて対インドネシア最大投資国となった（石油、ガス、金融を除くBKPMデータ）。同様に、日系企業のサーベイでも、将来（3年程度）の有望な投資候補国のランキングで、インドネシアは2007～2009年の第8位から2012年にはトップに躍り出た。

インドネシアの主たる魅力は、巨大で成長性の高い内需および豊富な天然資源であって、国民のもつ知識、技能、技術ではない。大部分の外資製造業はインドネシアの消費者ないし国内操業企業を販路としており、グローバル供給基地としてインドネシアを選ぶ外資は少ない。これは、質よりも量に依存する外資主導型工業化といえるであろう。まさにこの問題の認識が、いま政策担当者をして内向きの産業施策へとシフトさせている主な理由とあってよい。しかし、良好なビジネス環境と効果的な政策支援がなければ、輸出競争力を創造することはむずかしい。政策の現状を見るかぎり、インドネシアがそうした環境と支援をつくりだすことは容易なことではない。

インドネシアの課題の1つは貧弱なインセンティブである。他国では普通にみられる税の控除や減免、あるいは輸入関税の免除は、多くの外国企業にとってほとんど不可能なほど厳格な条件のもとでしか提供されない。その条件とは、たとえば（優遇のタイプによって異なるが）0.5～1兆ルピアの最低投資額ないし100～300人の

最低雇用をクリアすることである。このほか、対象業種の限定¹²、銀行預け入れ金の要求、研究開発要求、インフラへの貢献義務などがある。しかも、新たな規則が次々と出され、その内容も不明瞭な場合が多いため、インセンティブを受けようとする企業は所轄省庁と個別に交渉する必要があるという。これでは、大企業以外の外資はインセンティブをはじめから断念せざるをえない。また、ものづくり中小企業、裾野産業、技術移転、ワーカーや技術者の訓練に対するインセンティブなども用意されていない。ただし、2013年には労働集約型業種および製品の30%以上を輸出する企業に対する追加的税控除が認められ、2014年には再投資に対する優遇税制が導入されている。これは、前BKPM長官だったバスリ現財務大臣が、工業省とBKPMの共同要請に対して理解を示しているからかもしれない。

低コストグリーン車（LCGC）は特筆に価する政策である。その施行詳細は2013年7月の工業省規則No.33で発表された。これは、インドネシアで生産され、エンジン容量、燃費、販売価格に関する一定の条件を満たした自動車について奢侈税を免除するというものである。80～85%の現調率も要求されるが、これは公式文書には記載されていない¹³。

2014年4月には、外資に対する新たなネガティブリストが発表され（大統領規則No.39）、2010年のリストが改定された。そこではいくつかの業種では条件が緩められたが、他の業種ではより厳しくなったものもある。製造業には（例外はあるが）100%外資が認められたらっぽう、流通業と倉庫業は外資の最大保有比率は100%から30%へと下げられた。さらに、ネガティブリストに記載のない禁止事項があることも報告されている。

賃金高騰と労働争議も、インドネシアの国際競争力を大幅に減じかねない深刻な問題である。われわれが面会した産業界のリーダーや産業官僚らは、生産性パフォーマンスと切り離された攻撃的な賃金要求に対して一様に不満をもらしていた。この点で、労働移民省、BKPM、APINDOおよびKADINが共同提案している、予測可能な賃金メカニズムのための三者協力案は注目すべきである。それは、政府、経営者、労働組合が生産性の伸びを基礎とし、インフレも加味して将来3～5年にわたる賃金水準に合意すべきというものである¹⁴。

¹²たとえば、税減免の対象は5業種（基礎金属、石油化学、機械、再生可能エネルギー、通信機器）だが、これらはBKPMが指定する7つの優先セクター（輸出志向、資本財と原材料、消費財、下流産業、内需が拡大しているセクター、インフラ、観光とクリエイティブ産業）とは異なっている。

¹³低コストグリーン車政策には日系自動車メーカー5社が参加しており、近年の自動車組立・部品関連の外資流入加速の1つの原因となっている。だが、現地調達にリンクした奢侈税減免はWTOルールに違反する可能性がきわめて高い。インドネシアでは、場合によっては、インセンティブ提供の条件を正式文書に記載しない形で通達するようである。

¹⁴生産性と賃金をリンクさせる三者協力は、シンガポールの産業進歩憲章（1965年）と類似する。同様の政

BKPMの通常業務については、以下の点の特記される。以前の2段階の投資ライセンス手続き（はじめに初期承認、その後に主ライセンス）は、2013年に廃止され2つのステップは統合された。当初BKPMは、投資家はプロジェクトを実行する前に検討時間が必要であろうと考え、2つのステップの間に6ヶ月を置いたが、実際にはほとんどの投資家、とくに日韓シンガポールなどの投資家は、BKPMに来た時点ですでに投資を決めているので、そのような猶予期間は不要であることがわかったという。さらなる便宜のために、BKPMは投資家が自分のライセンス申請がいまどの段階・状態にあるのかをウェブで見られるオンライン・トラッキングを導入した。さらに2014年内には、主ライセンスのオンライン申請も可能になるという。

BKPMの投資促進活動は、促進手法の開発、業種別促進、地域別促進、展示会促進に分けられる。これらの4機能は、BKPMの部署構成に対応している。主ライセンスを取得済みの投資家に対しては、BKPMはビジネス・ライセンスの取得、所有者の変更、30%以上の拡張投資、設備・原材料の輸入関税免除（ただし工場建設時のみ）などの手続きを支援する。投資の実施状況は、すべてではなく一部の案件についてモニターされる。実際にモニターするのは地方政府であって、BKPMはその報告を受けるという形になっている。BKPMのデータについては、承認案件の件数が現在は公表されなくなり、「投資実現額」（総額および業種別、投資国別の金額）が発表されるだけである。こうした理由ならぬ理由は、われわれには理解できなかった¹⁵。

7. 中小企業と産業人材の振興

インドネシアの中小企業の定義は省庁間でまちまちで、統一されていない（表2）。政策形成、金融、訓練、販路開拓などの業種横断的な中小企業支援を実施する協同組合中小企業省は、2008年の法律No.28に依拠する資産額による定義を採用している。他方で、中小企業サーベイを行う国家統計庁（BPS）は、従業員数により企業規模を分類している。工業省はBPSの定義に従う。業種別の中小企業支援は、工業省を含む各ラインミニストリの担当である。

策勧告は、GRIPS 開発フォーラムがエチオピアのハイレマリウム首相にあてた書簡でもなされている（2014年4月）。

¹⁵ 多くの国では、投資案件承認の件数と金額、および実行額が定期的に報告されている（月ごとなど）。この情報があれば、流入する投資の平均規模を計算するのは容易であり、たとえば近年において日系製造業中小企業の投資件数が増加しているといった事実を確認することができる。この傾向は、マレーシア、タイ、ベトナムで顕著であり、おそらくインドネシアでも同様と推察される。

表2. インドネシアにおける中小企業の定義

	Definition by National Agency for Statistics (BPS)	Definition by Law on Micro, Small, and Medium Enterprises (Law No. 20, 2008), satisfying at least one of the two conditions	
	Number of Employees	Net Assets (IDR)	Annual Sales (IDR)
Micro Enterprise	Below 5	50 million or below	300 million or below
Small Enterprise	5-19	Over 50 million up to 500 million	Over 300 million up to 2,500 million
Medium Enterprise	20-99	Over 500 million up to 10,000 million	Over 2,500 million up to 50,000 million
Large Enterprise	100 and above	Over 10,000 million	Over 50,000 million

Source: Based on the relevant laws and regulations in Indonesia.

Note: According to Law No.20, 2008, the value of net assets do not include land and building.

複数の定義により比較はやや困難だが、2014年時点で全国に中小企業は5,790万存在し（協同組合中小企業省データ）、うち工業（インダストリ）に属するのは430万であった（工業省データ、これらを Small and Medium Industries、略して SMI と称する）。中小企業の全部ではないが大部分は「協同組合」に属し、後者は会員に対してさまざまなサービスを提供する。2013年の協同組合総数は203,701であった（協同組合中小企業省データ）。これとは別にクラスターがある。これは類似製品を生産する中小企業の地域的な集合である。協同組合とクラスターはオーバーラップすることもあるが、必ずしも同じではない。分権化後のインドネシアでは、協同組合とクラスターはいずれも地方政府の管轄となった。これは、中央諸省が全国的に中小企業政策を展開することをむずかしくし、また地方政府との効果的な協力関係を築くことも一般に困難となった。さらに中央においてさえ、権限の分散や調整機能の欠如が見られ、中小企業振興をますますむずかしくしている。

歴史を振り返れば、インドネシア政府は中小企業の重要性をしばしば強調し、1960年代後半から現在に至るまで実にさまざまな支援策を導入してきた。たとえば、販路開拓、金融、裾野産業、フォスター・ファーザー制度、中小企業クラスター、技術サービス支援ユニット、ビジネス開発サービス（BDS）、技術移転、イノベーションなどである。だが、中小企業の品質や活動が大いに高まったという結果は得られていない。近隣のタイやベトナムなどと比べても、インドネシアの SMI はインフォーマルなまま正式登録されていない傾向が強く、グローバル企業や世界市場とのリンクも希薄である。

インドと同様、インドネシアの外資政策の重要な目的の1つは、地場の中小企業を競争から守ることにある。ある業種には外資参入が禁止されており、他の業種は

参入には現地企業との合弁が要求される。ただし、この種の制限は諸刃の剣であり、むしろ外国投資の流入を減少させ、他方で中小企業には、優遇を維持するためにあえて規模拡大をしないと負の効果をもつ可能性がある。

現在の協同組合中小企業省の役割は、①政策形成、②トレーニング（地方政府と協力）、③融資保証（KUR）、および協同組合や新規企業への補助金を通じる金融支援、④販路開拓（各州の産物を展示するSMEタワーなど）、⑤インキュベーション、からなる。

いっぽう、工業省工業中小企業総局の優先プログラムは、①主として台湾とタイから学んだという「一村一品」、②SMIクラスター、③クリエイティブ・インダストリ、④起業家プログラム、の4つである。この最後のプログラムは、若者を選別し、奨学金を与えて17ある工業専門学校の1つで特定業種の技能を3年間学ばせて、卒業後は全国にある中小企業センターのいずれかに派遣し、少なくとも2年間、実際に企業支援をさせるというものである。このプログラムには、過去2年間で約1,000人の青年が採用されたという。これとは別に、同総局の支援プログラムには、①旧設備の更新支援（中央政府が35%、地方政府が45%のコスト補助を行う）、②SMIファシリテーション（知的財産権やパッケージングを指導するクリニック、ハラル製品に関するものなど）がある。同総局には、能力開発プログラムないしは財政移転を通じて地方政府を支援する予算もある。このほか工業省は、地方官僚を訓練するための8つのセンター、7つの工業短大、11の高専、11の技術研究所、および11の工業標準センターをもっている。ただし、限られた予算と旧式設備はこれらに共通の問題である。

診断士とは、戦後日本で創設された政府公認の中小企業コンサルタントを意味する。2005年から2008年にかけて、JICAは450人のインドネシア地方官僚（一部は工業省工業開発機関職員を含む中央官僚）を診断士として訓練し、同時に国家資格制度を立ち上げた。このプログラムのインドネシア側のカウンタパートは、工業省傘下の工業教育訓練センターである。だが、最近この活動は停滞している。この背景には、訓練済みの診断士たちの異動、昇進、退職など、分権化のもとで工業省が地方官僚でもある診断士たちを動員する権限をもたないこと、さらには地方政府の能力不足などがある。ただし、工業省内では診断士を再び活用しようという動きもあると聞く。

8. 民間セクターの努力

政府官庁とは別に、民間部門もインドネシアの産業競争力およびビジネス環境の改善に大きな貢献をしている。理想的には、そうした努力は政府政策による側面支援によりスケールアップされるべきであろう。ミッションが訪問したいくつかの組

織の活動を報告する。

インドネシア金型工業会（IMDIA）は金型の製造、購入、販売ないしメンテナンスに関わる企業および組織からなる協会であり、日系企業に関連する企業や組織もメンバーとなっている。日本の民間および経済産業省の支援を得て、2006年2月に設立された。IMDIA創設のアイデアは、日系企業がインドネシア政府の要求する現地調達率を達成するために現地裾野産業を強化する必要性を背景に、二国間ハイレベル官民共同フォーラムである日本インドネシア戦略的投資行動計画（SIAP）¹⁶の競争力・中小企業作業部会から出された。2007年8月に締結され2008年7月に発効した日インドネシア経済連携協定（JIEPA）のもとで、二国間官民協力であるIMDIAは、同協定を実施するメカニズムとして位置づけられた。IMDIAは、KADIN傘下にあるインドネシアの協会でありながら、日本の官民によって強力に支えられている点がユニークである。

IMDIAは、インドネシアの地場産業の能力開発、とりわけ裾野産業強化に関わる諸プログラムのコーディネータとして機能する。2014年7月現在のメンバー企業・団体は408を数える。IMDIAが担当するプログラムは、①経済産業省が支援する現地金型工業向けの技能研修（2008～2012年の間に13名の専門家が派遣されグループ研修を実施）、②国際交流基金が支援する個別企業への専門家派遣（2008年から現在に至る）、③中央職業能力開発協会が支援する技能検定関連活動（技能検定者の育成を含む）、などからなる。2014年度には、IMDIAは金型設計・管理、金型仕上げ、機械設備保全・点検などの分野で52のワークショップを実施する予定である¹⁷。

IMDIAは、高橋誠会長および谷川逸夫事務局長という製造業に造詣の深い二人の日本人の献身的奉仕によって運営されている。お二人はそれぞれ本業をもつが、ボランティアベースでIMDIAを支えている。IMDIAの研修は会員企業には無料で提供される（講師は謝金なし）。IMDIAは自前の施設をもたないので、研修はさまざまな協力企業の講義室や訓練設備で、IMDIAが使用料と実費を払うことによって行われる。IMDIAに対する日本側の情熱と貢献は賞賛されるべきものである。だが最終的には、こうしたものづくり支援活動はインドネシア人の運営者および専門家に引き継がれるべきであろう。そのときはじめて、IMDIAは真のインドネシアによる工業会になるのである。

ポルマン・アストラ——アストラ工科短大（Astra Manufacturing Polytechnic、

¹⁶ SIAPは、2005年6月の日本インドネシア首脳会談で小泉首相とユドヨノ大統領によって公表された、日本からインドネシアへの投資を促進するためのイニシャティブである。その作業部会は、税・関税、労働、インフラ、競争力・中小企業、からなる。

¹⁷ 詳細は、<http://www.imdia.or.id/english/profile/index.html> を参照せよ。

略してPolman Astra) ——は、インドネシアの民間職業訓練機関をリードする工科短大である。既存の教育制度と産業ニーズのギャップを埋めるために、インドネシア最大の財閥アストラ・インターナショナルによって1995年に創立された¹⁸。同財閥傘下にあるアストラ・ホンダモーター社が、必要な技能を備えたワーカーを雇用するのがむずかしかつたために、職業訓練を行ったのがその最初である。

ポルマン・アストラはD3(3年で卒業する短大)レベルの職業訓練を、自動車および天然資源を中心に提供している。そこでは、QCDI(品質、コスト、納期、イノベーション)のためのマインドセットと規律が重視される。学科は、①機械工学・ツール製造、②製造工程・生産工学工程、③メカトロニクス、④プランテーション作物プロセス工学、⑤情報管理、⑥自動車工学、⑦重機工学、からなる。理論よりも実習が強調され、その比率は35対65である。すべてのカリキュラムはアストラ・グループによって認証をうけており、学生は3年過程の最後の6~9ヶ月にアストラ・グループの企業でインターンを行うことができる。ポルマン・アストラの強みは、さまざまな分野の製造業トップ企業を擁するアストラ・グループとの密接な協力関係にあるといえよう。そのことが、同校の教育訓練が実践的で役に立つものであることを保証している。

毎年の入学生は約220名である。2014年6月時点の在校生は658名、創立以来の学生数は2,289名である。アストラ・グループはポルマン・アストラに対して年100万ドルの資金を提供し、これは35%の学生への全額奨学金(授業料と生活費)および残りの学生への部分的奨学金にあてられている。専任講師は55名、非常勤講師は108名である。卒業生の6~7割はアストラ・グループ企業に就職するという。すぐれたカリキュラムと魅力ある就職先のために、入試倍率は非常に高い。220名の合格枠に対して、2012年は3,955名、2013年は3,474名の応募者があり、2014年は約5,000名に達する模様である。約6割の学生はジャワ島出身である。

以上の職業訓練のほか、ポルマン・アストラは、①アストラ・グループのスタッフ訓練、②職業訓練開発センター、③中小企業開発センター、④商業製品開発センター、⑤商業生産、といった活動も行っている。

経済団体のインドネシア商工会議所(KADIN)は、商業、工業、サービスに関わるインドネシアの商工会や業種別協会をたばねる上部組織である。1987年の法律

¹⁸ アストラ・インターナショナルは、7分野にわたる企業群を統括する持ち株会社である。すなわち、自動車、金融サービス、重機、製造業エンジニアリング、アグリビジネス、IT、インフラである。アストラ・グループに属する企業は200近くあり、その中にはトヨタ、ダイハツ、いすゞ、UDトラックス、ホンダ、BMW、プジョー、レクサスなどの外資との合弁企業も含まれる。アストラ社は、1957年に中華系インドネシア人ビジネスマンであるウィリアム・スリヤジャヤ氏が創立した商社である。1969年に同社がトヨタとの合弁事業を成功させたことがドミノ効果となって、他の日系企業との協力が次々と開始されたという。

No.1により設立され、唯一の全国的な経済団体として民間企業を代表する立場にある。33の州レベル商工会と440の県・市レベル支部をもつ。ジャカルタジャパンクラブ（JJC）や米国商工会議所といった外国の商工会もKADIN会員である。運営費は会員組織からの会費ですべてまかなわれているため、政府からは独立している。政府はすべての関連法令・規則を起草するにあたって、KADINに意見を求めることになっている。最近KADINがコメントした法律には、鉱業法や工業法などがある。

KADINには、主要国との貿易投資を促進するための二国間委員会が設置されている。その1つである、ソニー・B・ハルソノ氏が議長をつとめるインドネシア日本経済委員会では、ジャカルタジャパンクラブを主たるパートナーとして、インドネシアのビジネス環境に関する意見交換が行われている。投資促進のためのMPAハイレベル協議では、ジャカルタジャパンクラブとKADINが密接に連携しながら、税制、労働、関税、法令の予測可能性といった日系企業が関心をもつ課題を提起している。KADINは、インドネシア・日本の二国間官民対話における重要なアクターである。

インドネシア経営者協会（APINDO）は、インドネシアの真の開発のための良好なビジネス環境の創造をビジョンとする独立組織である¹⁹。そのミッションは、インドネシア企業の競争力の強化、良好な労使関係の実現、およびさまざまな全国ないし国際レベル、とりわけ雇用関連組織において、インドネシアの産業界を代表し、すべてのビジネスとりわけ会員企業のための保護、エンパワーメント、およびアドボカシーを行うことである。APINDOの会員は1万を数え、インドネシア各地の民間企業、国有企業、地方企業、合弁企業、共同組合を含む。APINDOは労使関係や労働問題を扱う政労使の3者協議のすべてにおいて、経営側を代表する唯一の組織である。

APINDOは、活発な政策アドボカシーを行っている。2013年の州別最低賃金の大幅な引き上げに対しては深刻な懸念を表明し、賃金決定を非政治化し、労使間の社会対話を促すことの重要性を訴えた。またAPINDOは、全国、州、県・市の各レベルで、会員企業のために労使関係・人材開発のアドバイス、法務支援、労働裁判所での代理業務、労働関連の訓練プログラムなどのサービスを提供している。

9. 日インドネシア経済関係に関するコメント

インドネシアと日本の経済関係の歴史は長く、また深い。インドネシア経済に対する日本の貢献には実に大きいものがある。2014年3月付のJETRO調査によると、

¹⁹ APINDOの前身は、1952年に設立された社会経済問題経営者会議（PUSPI）である。1957年の労働大臣令により同会議は正式に認知され、KADINは労使関係および労働問題に関する経営側代表機関として、同会議を指定した。1985年には名称がAPINDOと改められた。

インドネシアで操業する日系企業は少なくとも1,517社を数える。その多くはジャカルタ東方の工業団地に入居し、その数は近年急増している。自動車を筆頭とする製造業は日本勢が圧倒的に優勢であり、インドネシアで走っている自動車の9割以上が日本ブランドという。2013年以降、インドネシアは日系企業の投資先候補国の中でトップの人気を占めるに至った。また開発援助では、現在インドネシアは日本のODAの最大受け取り国である。2012年末時点での日本の対インドネシア累積ODA額は、円借款が4.64兆円（460億ドル）、贈与が2,760億円（27億ドル）、JICAの技術協力が3,280億円（32億ドル）となっている。

この半世紀以上に及ぶ親密な経済交流にもかかわらず、インドネシアの産業政策やビジネス環境のクオリティは、本報告で詳述したとおり、まだまだ満足できる状況ではない。インドネシアに対する日本の大きな期待、およびこれまでの投資、援助、貿易の規模にかんがみれば、これは双方にとって残念な事態である。所得や工業化の面では、たしかに進捗があった。だがASEAN内の競合国と比較すると、インドネシアの到達点は依然低く、経済成長は質よりも量に多分に依存するものであった。もちろん、東アジアの四虎経済（シンガポール、香港、台湾、韓国）とは比べものにならない。

インドネシアの新指導者は、中所得のわなの克服を最上位の国家アジェンダに据えて、断固たる行動を開始すべきであろう。ただしこの目的を達成するためには経済ナショナリズムの称揚だけではだめで、しっかりとした情報に基づく市場志向型の政策形成が同時に不可欠だが、今日のインドネシアにはそれが欠如している。また日本側も、二国間経済関係をより高い次元にシフトするためにアプローチの変更が必要であると思われる。中所得の重要パートナーであるインドネシアのような国に対しては、わが国は単に国別援助方針だけでなく、オールジャパンの産業協力戦略およびそれを指導するための定期的な二国間官民政策対話が必要となってくる。ここで提唱するのは、現在までの戦略や対話よりもっと選択的かつ戦略的なもの、かつわが国の民の投資と官のODAがインドネシアの産業発展のためにシナジー効果をもって貢献することができるようなアプローチである。

具体的には、以下を提言したい。

第1に、インドネシアにおける日本の産業協力の「長期ビジョン」を定め、それをインドネシア自身の国家開発計画等と整合的なものとする。このビジョンはどこの国でもあてはまるような漠たるものではなく、インドネシアにとってユニークかつ実行して意味のあるもので、20～30年は変えないことが重要である。第2に、その進捗が容易かつ継続的にモニターできる、具体的な「中期目標」に合意する。第3に、これらの目標を達成するために、誰がいつまでに何をするのかおよびその成功基準

を明記したローリングの「行動計画」を策定する。そこにはインドネシア側と日本側のアクションを併記する。第4に、二国間のハイレベル常設メカニズム（「産業政策対話」）を立ち上げ、政策形成に対する指示や行動計画実施のモニタリングを行う。

MPAのもとで開催されている指導委員会や2つの技術委員会は、その入り口といえるかもしれない。だがここでの提案は、MPA関連で議論されているものよりは分野が広く、制度としても権限が強いものである。ハイレベル会合は年に1~2度開催すべきであり、そこではインフラ案件と投資環境だけでなく、現地企業および産業人材の能力強化、外資と現地企業のリンケージ、裾野産業育成、ロジスティックのベンチマーキング、標準・認証・検査といった、一国の産業能力のコア部分を構成するさまざまな課題を扱うべきである。以上を日本の協力を得て実行に移すならば、インドネシアは真の産業政策を学ぶことができるであろうし、それにより、政策に支援された民間価値創造を実現することができる。現在のところ、こうした政策はほとんどないに等しい。

最後に、インドネシアと同様の課題、すなわち、わが国から多くの援助と投資を受けいれているにもかかわらず政策の能力とやる気が乏しいという課題は、ベトナムにおいても見られることを付記しておきたい。ただしベトナムの場合は、日本との経済交流が半世紀ではなくまだ20年程度にしかすぎないという点がやや異なっている。インドネシアと同様、日本にとって重要な産業パートナーであるベトナムにも、上記で提案したような新たなアプローチが必要である。

Mission Schedule (15- 21 June 2014)

1. Mission Members

Kenicni Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Izumi Ohno	Professor, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Akemi Nagashima	Research Associate, National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan
Le Ha Thanh	Lecturer & Researcher, National Economics University & Vietnam Development Forum (VDF), Hanoi, Vietnam
Nguyen Thi Xuan Thuy	Director, Institute for Industrial Policy and Strategy, Ministry of Industry and Trade, Hanoi, Vietnam

2. Mission Schedule

	DATE	TIME	ACTIVITY
1	15	Sun	PM Arrival
			AM JICA Indonesia Office
2	16	Mon	AM JETRO Jakarta Office
			PM The Jakarta Japan Club (JJC)
3	17	Tue	PM Deputy Minister (VII), Research & Development for Cooperative & SME Resources, Ministry of Cooperative and SME
			AM Secretariat General, Ministry of Industry
			AM Directorate General of International Industrial Cooperation (KII), Ministry of Industry
			PM Assistant Deputy, Spatial Planning and Development for Underdeveloped Regions, Coordinating Ministry for Economic Affairs (CMEA)
			PM Deputy Minister (VII), International Economic and Financial Cooperation, Coordinating Ministry for Economic Affairs (CMEA)
4	18	Wed	PM Indonesian Chamber of Commerce & Industry (KADIN)
			AM Directorate General of Small and Medium Enterprises, Ministry of Industry
			AM Directorate General of Leading and High Technology Based Industry, Ministry of Industry
			PM The Employers' Association of Indonesia (APINDO)
5	19	Thu	PM Directorate of Industry, Science Technology, Tourism and Creative Economics, National Development Planning Agency (BAPPENAS)
			AM Agency for Industrial Policy, Business Climate and Quality Assessment (BPKIMI), Ministry of Industry
			AM Department of Economics, Centre for Strategic and International Studies (CSIS)
			AM Ministry of Industry (JICA Project on Small and Medium Industry Development Based on Improved Service Delivery)
			PM Directorate of Sectors Investment Promotion, The Investment Coordinating Board (BKPM)
6	20	Fri	PM Ministry of Trade (JICA Project on Service Improvement of NAFED: National Agency for Export Development)
			AM Matsushita Gobel Foundation
			AM Indonesia Mold & Die Industry Association (IMDA)
			PM Astra Manufacturing Polytechnic (POLMAN ASTRA)
7	21	Sat	PM Departure (Kenichi Ohno, Izumi Ohno & Akemi Nagashima)
			PM Departure (Le Ha Thanh & Nguyen Thi Xuan Thuy)

16. ルワンダ——アフリカの奇跡となりうるか

[本章は、8. Rwanda起草前に準備された簡略版である]

<日程>2014年8月5日～8日

<参加者>GRIPS開発フォーラム：大野健一、大野泉、長瀧朱美

JICA本部：産業開発・公共政策部民間セクターグループ 及川美穂

同課特別嘱託、濱田正章インハウスコンサルタント

在エチオピアJICA事務所：池田佑子企画調査員

エチオピア産業政策対話に先立ち、8月5日～8日に、GRIPS開発フォーラムとJICAチーム（本部から及川特別嘱託、濱田インハウスコンサルタント、およびエチオピア事務所から池田企画調査員）とともに、キガリを中心にルワンダを訪問した。主な目的は、①ルワンダの近年のめざましい経済発展の特徴について、政策策定・実施方法の国際比較という観点から調査し、エチオピアをはじめとする他の途上国の参考にすること、および②我々がJICAと共同で取り組んでいるエチオピア産業政策対話の経験から得られた示唆を関心あるルワンダ関係者と共有し、意見交換を行うことであった。

短期間の訪問、また内閣改造（7月24日）の直後の日程であったにもかかわらず、JICAアフリカ部やJICAルワンダ事務所、そして在京ムリガンデ大使のご尽力のおかげで、同国政府・関係機関、経済団体、政策シンクタンク、主要ドナー（JICA事務所に加え、世界銀行、アフリカ開発銀行、ドイツ国際協力公社）との有意義な面談がかない、キガリ近郊の経済特区やk-Lab（ICT起業家イノベーションセンター）を視察する機会もいただいた（日程は別添参照）。また、小川和也大使をはじめとする在ルワンダ日本大使館からも同国の政治経済事情のブリーフや公邸での夕食会を含め、大変お世話になった。深く感謝の意を表したい。

以下、今回訪問の主なポイントを記す。ルワンダ政府関係者に対するフィードバックやエチオピア政府関係者への共有を念頭においた、より詳しい英文出張報告は別途、作成する予定である。

1. ルワンダの経済発展の特徴

ルワンダは、ユニークでめざましい経済発展を遂げている。1994年に起こった悲惨なジェノサイドと内戦により、ルワンダ経済はマイナス41.9%の成長という壊滅的状況に陥った。しかし、内戦終結後の1995～97年は年率25.5%、11.6%、14.9%、その後1998年～2012年の15年間は年率平均8%の経済成長を継続して、驚異的な復興を遂げた（GDP実質成長率MINECOFIN・IMFデータ）。一人当たりGDPは2013年に620ドル（世銀データ）に到達し、内戦前の2倍の水準になった¹。ポール・カガメ大統領（当時は副大統領兼国防相）は2000年にビジムング大統領の辞任をうけて現職に就任²、開発主義国家を標榜してルワンダの復興・発展を率いている。

長期国家ビジョンの「Rwanda Vision 2020」（2000年策定、2012年改定）は、2020年までの中所得国入りをめざしている。本ビジョンは2000年版では一人当たりのGDPの達成目標を900ドルに定めていたが、順調な経済復興・成長をふまえ、2012年版では1,240ドルに上方修正された。貧困率は58.9%（2000/01年）から56.7%（2005/06年）、そして44.9%（2010/11年）に減少した。こうした奇跡的な復興・成長を人的に支えているのが欧米や近隣アフリカ諸国などから帰国したディアスポラである。彼らのプロフェッショナルリズム、世界のベスト・プラクティスに関する知識やネットワークの貢献もあり、ルワンダの開発政策策定の方法や経済運営は目を見張るほど先進的である。その一方で、国全体をみわたすと、約8割が農村人口（2013年）、約8割の国民が無電化地域に住むなど、典型的な後発国の様相をしている。先進性と後発性の極端な差——これこそが今日のルワンダ経済をユニークたらしめ、他の途上国と際立たせている。

2. ルワンダの先進性と後発性

ルワンダが海外投資家や国際的アナリストから見て、躍進する「アフリカの奇跡」と評される所以として、次のような先進性がある。これは、同程度の発展段階にある途上国には見られない。

- カガメ大統領は真剣かつ強く開発にコミットしており、国家ビジョンや政策運営において明確な指示を与えている。

¹ただし、人口増加率が年率2.9%（国連、2010～2015年平均）と高いこともあり、一人当たりGDPが内戦前の水準を超えたのは2007年になってからである。

²カガメ大統領は2003年8月に、1994年以来はじめて実施された大統領選挙で圧倒的な支持を得て当選し、2010年の大統領選挙でも再選された。

- 政府幹部は有能で、プレゼンテーションスキルに卓越している。
- 政策は体系的なステークホルダー協議を通じて策定され、政府は強い政策オーナーシップをもち、政策文書は体裁を含め、精緻に書かれている。毎年、カガメ大統領出席のもと、官・民・市民社会が集い、議論・提言をする「国民対話」を開催。また、「官民対話」も定期的実施されている。
- 汚職はきわめて少なく、市民は安全を享受し、市街は清潔である。
- 伝統的な慣習に基づく、業績契約（イミヒゴ：Imihigo）が毎年とりかわされ、政策・施策の遂行がモニタリングされる。大統領や閣僚、知事・郡長ほか、在外大使らも業績契約を結ばねばならない。
- 世界銀行・国際金融公社（IFC）のビジネス環境評価（Doing Business）において、ルワンダはサブサハラ・アフリカでモーリシャスに次ぎ、2番目にビジネス環境が良好な国と評価されている（2014年のビジネス環境評価では、世界189か国中32位のランキング）。
- ICT、通信、金融などの高付加価値サービスが勃興している。
- 内戦時は食糧援助を受けていたが、食糧自給率が向上した結果、近隣諸国への農産品（キャッサバ、メイズ、小麦等）の輸出が可能となった。伝統的な商品作物（コーヒー、紅茶等）の輸出も回復した。
- 国家ブランド創出に努め、「悲劇の国」から奇跡的復興・成長を遂げる「未来志向の国」へとイメージ刷新に成功しつつある。

しかし一方で、多くの途上国に共通する脆弱性・後発性もみられる。短期間の訪問で実際の政策実施現場に行く機会はなかったが、われわれが一連の面談でうけた印象を3点あげたい。第1に、非常に高度な能力を備えた公的セクターとは対照的に、民間セクターの活力が弱い（ルワンダ人によれば、「若い」）こと。第2に、競争力をもつ外貨獲得産業がなく、援助依存度が高いこと（国家予算の約4割を外国援助に依存）。第3に、政策策定の方法はきわめて精緻であるが、実施面は不十分で、いまだ政策インパクトを生み出すに至っていないことである。特に最後の点については、ルワンダ政府は論理的な整合性、確立された参加型枠組、グローバル・ベスト・プラクティスの追求を重視し³、政策文書の策定方法や表現においては日本を上回るほどである。しかし、現場主義にもとづくプラグマティズム、地に足のついた詳細へのこだわりといった点では、比較的弱いように見受けられた。後者はまさに日本が得意な分野であ

³ ルワンダ政府はドナー支援も得て、国家能力強化ファンドを設置し、シンガポール、モーリシャス、チリ、ドバイ等から第一線の専門家を招聘してベストプラクティスを学んでいる。また2008年より、元英国首相の Tony Blair 氏が立ち上げた Africa Governance Initiative から助言をうけている（大統領府、首相府、MINECOFIN、RDB、公的セクター能力開発基金等）。

り、また東アジア諸国で国造りに携わる行政官や専門家にも共通する特性である。中所得国、そしてそれ以上の発展段階へと高度で持続的な成長を遂げるためには、手続き面の精緻さと現場主義によるプラグマティズムの両者を兼ねそなえる必要がある。

この点で、日本が具体的な協力を通じて、政策と実施のギャップを埋めることに貢献できる余地は多いであろう。ルワンダ政府の野心的なビジョンや政策枠組みの中で、現場において実態調査・分析を行い、その結果を政府幹部にフィードバックして具体的な施策づくりを支援するとともに、実施段階で実務レベルの行政官に寄り添ってHow Toを教えていくことは有用と思われる。こうした協力こそ日本人専門家やJICAの強みであり、枠組的志向が強い他ドナーを補完して、日本が中身において比較優位を発揮できる余地は十分ある（第4節）。

3. 主な経済政策文書と戦略的方向

ルワンダは2000年に策定した長期国家ビジョンの実実施計画として、5年ごとに貧困削減戦略（PRSP：2002-2006）、第1次経済開発貧困削減戦略（EDPRS1：2007-2012）、そして現行の第2次経済開発貧困削減戦略（EDPRS2：2013-2018）を策定している。PRSPは人道援助からの復興、続くEDPRSは復興から持続的成長へ転換をめざした。そして、めざましい成果を基盤として、EDPRS2は成長をさらに加速させて（年率平均11.5%を目標）、2020年までの中所得国入りを確実にすることを掲げている。

EDPRS2は、①経済成長の加速による中所得国化、②貧困削減、③農外雇用と都市化、④対外依存度の減少、⑤民間セクター主導の成長を5つの目標とし、その達成のために優先分野として、①経済転換、②農村開発、③生産性と若年層の雇用、④説明責任あるガバナンス、をあげている。ここで特記すべきは、次なる発展段階として、民間セクター主導の経済成長を重視している点である。1994年以降、ルワンダ経済は驚異的な成長を遂げたが、その原動力は初期においては復興特需、また直近の15年は（援助資金を含む）公共投資であり、民間投資による貢献は小さかった（公共投資がGDPに占める比率は16.2%であるのに対し、民間投資は8.2%に過ぎない、2013年データ）⁴。ルワンダのGDP成長率は2013年に4.6%と減速したが、これは主にドナーが2012年に一般財政支援を一部凍結した影響による（ルワンダ政府がコンゴ民主共和国東部の反政府軍を支援しているとの疑惑への対抗措置）。今後、ルワンダが対外援助依存度を下げつつ、成長を持続させるためには民間セクター主導の成長実現が不可欠であ

⁴ 公共投資と民間投資の比率は、ケニア（5.3%と14.3%、2009年）、ウガンダ（5.9%と18.5%、2013年）、エチオピア（14.3%と18.7%、2012年）、タンザニア（8.0%と29.5%、2013年）であり、東アフリカ諸国と比べても、ルワンダは公共投資に偏重している（世銀ルワンダ事務所、石原氏の提供資料）。

る（MINECOFIN、世銀、アフリカ開発銀行との面談より）。人口増加率が比較的高く、都市化が進むことを考えると、若年層を含め、年20万人の農業以外（off-farm）の雇用創出が必要と推計されており、政府の危機意識をさらに高めている。

ルワンダは、復興から持続的成長へ転換をめざしたEDPRSを策定した頃から、経済開発にむけた組織体制の拡充や各種政策の策定を本格化させた模様だ。まず2008年に、貿易・投資促進機能を含む民間セクター開発を一括して担うルワンダ開発庁（Rwanda Development Board: RDB）が新設された⁵。RDBは横断的機能としては投資促進・輸出振興、人的資源開発・組織開発、民営化、分野別にはICT、貿易・製造業、サービス、農業、観光・環境保に焦点をあてて、民間セクターの競争力強化や雇用創出に積極的に取り組んでいる。RDBは大統領直属で、長官は閣僚級で閣議にも参加する（このモデルは、シンガポールの経済開発庁に倣ったといわれる）。また、TVET政策を2009年に策定し、2009年には教育省傘下に労働力開発局（Workforce Development Authority: WDA）を設置し、2013年からは教育省にTVET担当国務大臣を配置している。

さらに、以下のように産業開発に関する個別政策が矢継ぎ早に策定された。

- 経済特区政策（2010年5月）：政府——経済特区の範囲、インセンティブ、インフラ開発、規制枠組と監督組織（RDB）等について示す。
- 中小企業開発政策（2010年6月）：産業貿易省（MINICOM）——中小企業開発に関し、起業家支援、ビジネス開発サービス、ファイナンス、規制枠組、制度組織（MINICOMが政策、RDBが実施・調整を担当）について提案。
- 産業政策（2011年4月）：産業貿易省（MINICOM）——産業をすでに比較優位をもつ産業、新たな可能性がある産業等に分類して、短・中・長期と段階的に支援の方向を示す。産業政策に先立ち、ルワンダ産業マスタープラン2009-2020年が策定された（2009年12月）。
- 国家輸出戦略（2011年4月）：産業貿易省（MINICOM）——輸出構造の多様化をめざし、伝統的産品・サービス（観光、コーヒー、紅茶、鉱物等）、非伝統的産品・サービス（Business Processing Operations、花卉・園芸等）、潜在的に大きな成長可能性がある業種（インテリア、ファッション、バイオテクノロジー等）に分類して、とるべき輸出振興策を提案。
- 第3期ICT戦略・計画2011-2015年：政府——第1期（法制度整備に注力）、第2期（ICTインフラ整備に注力）を基盤に、第3期はICT活用を重視する。現在、「SMART Rwanda」マスタープラン2015-2020を策定中で、知識集約的な経済

⁵ 投資輸出振興庁（RIEPA）、中小企業育成庁（CAPMER）、観光庁（ORTPN）、情報技術庁（RITA）、人的資源開発庁（HIDA）、および環境管理庁（REMA）の一部を統合して、2008年にRDBが創設された。

へ移行していく方針。

- 民間セクター開発戦略2013-2018年（2013年1月）：政府——EDPRS2に対応して政府が策定。MINICOM、RDB、WDA、PSF等、関係する官民が共同で取り組む民間セクター開発の行動計画を示す。
- 国家雇用プログラム（2014年1月）：政府——EDPRS2に対応して、年20万人の農外雇用を創出するために政府が策定した5ヵ年の行動計画。技能開発、民間セクター開発、労働市場の機能強化を柱とし、教育省・WDA、MINICOM、RDB、公共サービス労働省、PSF、地方機関等が共同で取り組む施策を示す。

これらの政策は整合的で、政府ワイドで経済開発の方向性が共有されている。基本にあるのは、内陸国の制約を克服するために、①軽量で高付加価値のサービス産業としてICT、観光、金融サービス等を振興し、そのために外資導入に積極的に取り組むこと、②農業国として農産品の高付加価値化を通じた輸出振興を図り、外貨を獲得すること、③生活用品や建築資材等については輸入代替による国内製造業を振興し、外貨を節約することである。そして、農業生産性の向上に努める一方で、製造業・サービス業の振興により安定的・生産的な雇用を生み出す。ケニアやウガンダとともに東アフリカ地域統合を積極的に推進し、航空ハブ化（新空港整備、ルワンダ航空の拡充等）、電力の安定確保・低価格化（エチオピアが建設中のグランド・ルネサンスダムに期待）に取り組むことも、これらの方向性と密接に関係している。我々が面談した政府関係者は幾度となく、「Land-locked」という制約条件を「Land-linked」という好条件へ変えていくと述べていたが、まさに東アフリカのみならずサブサハラ・アフリカ、ひいては世界のハブになるという構想である。その実現可能性については十分な吟味が必要だが、戦略性と整合性ある、野心的な発展をめざしていることは疑いない。

4. 実施面の課題、および日本の協力への示唆

ルワンダが今後、援助依存から脱却し、真に民間セクター主導の発展を遂げるためには、今までの努力で築いた精緻な政策体系・組織制度に現場主義の要素を取り入れ、地場の中小企業や生産者に着実に届く施策づくりとその実施が重要になる。面談した政府幹部は皆、きわめて優秀で国造りに高い意欲をもっているが、現場感覚においては、日本や東アジアの行政官や専門家から学ぶ点は多いと感じた。以下、いくつかの例をあげる。

第1に、RDBは輸出振興（Exporters Development Program）や輸入代替産業の育成（Manufacturing Growth Program）のために、意欲ある企業に対して現状診断

にもとづく助言と集中支援を行うハンドホールディング・プログラムを有するが、いずれも実施は外部コンサルタントに委託している。前者については、TradeMark East Africa⁶という非営利組織から派遣されたアイルランドのコンサルタントがRDB内にオフィスをもち輸出振興支援を行っている。これには、40社から15社に絞り込んで企業の輸出戦略・マーケティングを指導し、さらにルワンダの官民の専門家を育成する（RDB2名、MINICOM1名を含む計18名）活動が含まれる。後者の輸入代替産業育成については、Ernst & Young社（ケニア人、ルワンダ人の混成チーム）に依頼して、企業診断やその後の指導を行っている。今まで20社で企業診断が行われ、経営改善等のためのアクションプランが作られた。いずれも企業支援の標準的なメニューと思われるが、支援内容や指導方法の詳細を確認する必要がある。また、コンサルタントに外注するだけでなく、中央・地方政府の企業支援を担当する人材育成や、資格認定制度等を通じた民間専門家の育成などについて中長期的な視点から考えているかどうか、その方法などについては具体的な話は聞けなかったため、今後確認する必要がある。

第2に、中小企業政策については、スクラップ・アンド・ビルドが激しく、様々な施策が定着する前に新施策が導入されている。実施組織もRDB、産業貿易省（MINICOM）、民間セクター連合（PSF）の間でめまぐるしく変化している⁷。現在、RDBおよびMINICOMを中心に中小企業振興プログラムの再編がはじまっており、金融重視のビジネス開発ファンド（BDF）の枠組のもとに中小企業への相談と指導を位置づけ、今年度は外部（ローカル）コンサルタントにより、10日間の研修で中小企業アドバイザー（Small Business Development Advisors）を800人育成する予定とのことである。主な研修対象者は、既存の制度で中小企業の窓口業務を務めた経験者（Proximity Business Advisors: PROBA）が中心になる模様である。だが、そのような短期研修で中小企業のニーズに応えるサービスを提供できる人材が育つのか、東アジアの感覚からいえば疑問の余地はある（日本には中小企業診断士の制度が確立し

⁶ TradeMark East Africa (TMEA) は非営利企業で、東アフリカ諸国の貿易促進や地域経済統合に向けた各種支援を行っている（ベルギー、デンマーク、オランダ、スウェーデン、フィンランド、英国、米国、カナダが支援）。ルワンダについては、RDBの輸出振興プログラムのほかにも、MINICOM、ワンストップ・ボーダー・ポストをはじめとして様々な支援をしている。詳細は、<http://www.trademarkea.com/category/projects/projects-rwanda/>

⁷ 中小企業への相談・指導については、2006年にPSFによって全国30のDistrictでビジネス開発サービス（Business Development Services: BDS）が導入されたが（無料）、その後、2010年初にPSFがBDSの運営をコンサルタントに委託するようになった（有料）。しかし、有料化されたBDSは効果的に機能しなくなり、2011年には、RDBがビジネス開発センター（Business Development Center: BDC）を設立し、中小企業支援を行うようになった（無料）。BDCの直接運営には多額の費用がかかったため、RDBは2012年末に運営を民間企業に委託し、サービスを有料化した。そして今般、BDC運営をさらに見直し、RDBは金融支援を中心とするビジネス開発ファンド（Business Development Fund: BDF、2012年にルワンダ開発銀行から独立した組織）に運営を委託し、BDCをBDFの支店として位置づけ、その中で相談・指導業務も行うことになった。

ており、タイやマレーシア等も日本に及ばなくても中小企業専門のアドバイザー育成に時間をかけて取り組んでいる)。たとえば、JICAがエチオピアで実施しているカイゼン支援（現行フェーズ）では、政府が設立したカイゼン・インスティテュートの職員や中小零細企業庁、地方のTVET指導員を研修し（座学と企業実習をあわせて3～6カ月のプログラム）、3年かけて約400名のカイゼンの指導に関わる人材を育成した。しかも、彼らには将来、国内のカイゼン普及・指導を担う役割が期待されている。これは、ルワンダの現在の企業支援より、はるかに地道なアプローチである。

第3に、TVETに関しては分野別技能協議会（Sector Skills Council）が設立されており、12分野について⁸、RDBが議長となってPSF等の参加のもと、市場が求める技能ニーズとのギャップ解消、生産性向上や技能向上のための施策等について官民ステークホルダーで協議する仕組みを構築中である。これはシンガポールの専門技術教育協議会（Council for Professional and Technical Education）という、市場の技能ニーズと技術教育の需給予測をし、人材教育戦略を策定する仕組みに倣った可能性があるが、そうであれば、かなり高レベルの取組みである。TVET運営・カリキュラム作成への企業の参加や、工業団地内における技能研修センターの設置といった、実際の教育訓練現場を通じて民間ニーズを反映させていくことも併せて重要と思われる。

第4に、ルワンダはICT立国を標榜して、ICTインフラの整備、ICTを活用したサービス普及を推進し、小学校児童を対象としたOne Laptop per Child Programの導入、第四世代移動通信システム（4G）の導入、そしてアフリカ初のカーネギーメロン大学の誘致（情報技術、電気・コンピューターエンジニアリングの修士課程）等に精力的に取り組んでいる。我々は、青年ICT省、RDBのICT担当、PSFのICT商工会議所、k-Lab（ICT起業家のインキュベーションセンター）の代表との合同会合を行ったが、皆、活力あふれる若者達だった。その一方で、ICT立国としてルワンダがめざす具体像についてはかなり曖昧である。「SMART Rwanda」マスタープランはICTの開発への貢献として様々なセクターへの活用（電子政府（e-Government）、農業、教育、医療、環境、インフラ、都市開発、Business Process Outsourcing（BPO）を含む雇用創出等）を構想しているが、ICT産業そのものの振興や人材育成（たとえば、ソフトウェア開発、プログラミング専門家の育成等）の方針については、具体的な話は聞けなかった。ICTインフラを活用できる人材（ICTのユーザー）の育成と、ICTを輸出産業として振興し競争力を強化していく人材（ICTの生産者）の育成とでは、産業振興や教育訓練の目標や政策が異なっよう。

1994年から今日に至る20年間に、ルワンダが成し遂げた成果や官民をあげた努力

⁸ 建設、農業、エネルギー、製造業、金融サービス、ICT、観光等、RDBが重視している分野が中心になっている。最初のSkills Councilは鉱業セクターで設置された。

は、実に称賛に値する。しかし今後、EPRDS2のもとで、民間セクター主導により、対外援助依存を減らして自立的な成長をめざすのであれば、すでに定着している欧米的な枠組志向による精緻な政策体系に、東アジア型の現場主義の実践をバランスよく組み合わせ、いまだ脆弱な民間セクターを底上げしていく取組みも必要ではないだろうか。ルワンダの各種政策や組織制度を現場レベルで着実に機能させていくうえで、日本が貢献できる余地は十分にあると感じた。

日本は対ルワンダ国別援助方針（2012年4月策定）のもとで、経済基盤整備、農業開発（高付加価値化やビジネス化）、社会サービスの向上（安全な水の供給）、成長を支える人材育成（科学技術教育訓練）を重点分野として、ルワンダの持続的成長の促進を支援している。この枠組みの中で、JICAは一村一品運動のための能力強化、ICT分野の戦略策定および実施支援、TVET支援等に取り組んできている（実施済・実施中を含む）。EDPRS2（2013年策定）がルワンダの次の発展段階として、民間セクター開発、農外雇用や都市化を重視していることをふまえ、今後、日本が従来の農業開発支援だけでなく、また実施中のICT分野やTVET支援と有機的に関連づけて、産業開発支援も重点分野として強化していく意義はあろう。

その際、JICAが予定している中小企業振興の専門家派遣を、将来の産業開発支援の方向を検討するエントリーポイントとして位置づけるのも一案と思われる。ルワンダの中小企業政策は、実施面でいまだ試行錯誤を続けていることは上述のとおりである。今般の専門家派遣を通じて、過去に実施された様々な中小企業支援策の成果と課題、中小企業支援の担い手となる人材の蓄積度（官・民、および地方）、新施策で想定されている支援メニューやアプローチの詳細等を現場レベルにおいて精査し、日本や東アジアの他国の経験に照らして不足の点があれば具体的に指摘し、再編中の中小企業振興プログラムにインプットしていくことが有用である。RDBが外部コンサルタントに委託している輸出振興や輸入代替産業の育成プログラムの支援内容や指導方法、ローカル人材育成計画の有無についても、調査に含めるべきである。こうした協力は、ルワンダの課題である政策と実施のギャップを埋めるという点で、日本らしいユニークな貢献になろう。

日程・面談先

- 8月5日（火） JICA本部チーム（及川美穂特別嘱託、濱田正章インハウスコンサルタント）と共にキガリ着。その後、JICAエチオピア事務所（池田祐子企画調査員）と合流。
JICAルワンダ事務所にて守屋貴裕所長、室谷龍太郎所員、亀井里美企画調査員と打ち合わせ。
在ルワンダ日本国大使館にて小川和也大使と意見交換（藤田真由美専門調査員、鬼木達矢経済協力調整員同席）。
産業貿易省（MINICOM）にてエムマニュエル・ハテゲタ事務次官との面談。
- 8月6日（水） アフリカ開発銀行（AfDB）ルワンダ事務所にてエコノミストのエドワード・センノガ氏と面談。
産業貿易省（MINICOM）貿易・投資局にてアレックス・ルジブキラ局長と面談。
政策分析研究所（IPAR、シンクタンク）にてシニアリサーチャーのディクソン・マルンダシニア氏と面談。
財務・経済計画省（MINECOFIN）の政策評価・リサーチ局にてリチャード・ムシャベ局長と面談。
- 8月7日（木） ルワンダ開発庁（RDB）の貿易・製造業局にてユセベ・ムヒキラ局長および戦略・競争力部のルガムバ・ムヒジ部長と面談。
ドイツ国際協力公社（GIZ）ルワンダ事務所にてウルリケ・マエンナー代表との面談。
民間セクター連合（PSF）にて会員向けサービス、キャパシティビルディング・企業プロモーション局のドネシエン・ムングワラレバ局長との面談。
教育省雇用開発局（WDA）にてアルバード・センジュンバTVET担当大臣と面談。
世界銀行ルワンダ事務所にてシニアエコノミストの石原陽一郎氏と面談。
在ルワンダ小川大使の招待を受け、公邸会食にGRIPSチーム出席（小川大使夫人および鬼木経済協力調整員同席）。
- 8月8日（金） 財務・経済計画省（MINECOFIN）のマクロ経済政策局にてアミナ・ウムリサ・ルワクンダ局長およびオバルド・ハキジマナ専門家と面談。
k-Lab（若手起業家が集う施設）にて、青年ICT省（MYICT）のランバート・タングワビラ シニアエンジニア、RDBのICT部署のマーティン・カルロス・ムウィゼルワ部長、PSFのICT商工会議所のパトリック・カバジマ会長およびアレックス・テル所長、k-Labのジョバアニ・タブゴバ運営執行管理者等のICT関連者を集めた合同面談。
JICAルワンダ事務所との意見交換夕食会（守屋所長、亀井企画調査員、石塚史暁所員同席。当方JICAミッションおよびGRIPSチーム全員）。
- 8月9日（土） キガリからアジスアベバへ移動。

