How to effectively manage targeted programs

Key findings

- Targeted programmes need to be technically feasible, yet they also need to be politically acceptable.

- Building a shared vision requires early partnerships with the private sector, a whole of government approach, and structured and open dialogue with civil society.

- Managing targeted programmes is difficult, and identifying the right policy mix and institutional setting requires experimentation matched with systematic monitoring and evaluation.

Lessons learned

- **Start small, experiment, and identify quick wins.**

- **Go beyond pure economic assessments and analyse the impact on jobs and the environment.** This will require developing new indicators to assess transformation strategies according to a more comprehensive framework.

- **Ensure local ownership.** Even when some targeted or sectoral programmes are initiated through international partnerships, ownership by local communities should be built and maintained.

- **Avoid capture by incumbents and think of creating medium-sized firms upfront.** Sectoral programmes require spaces for dialogue with multiple stakeholders, and mechanisms should be put in place to avoid the public interest simply aligning with the strategic orientations of large and dominant firms.
The Cases of Sweden and Japan

Moving towards carbon-emission-free steel production in Sweden. In Sweden’s dense and well-functioning innovation system, one agent’s vision was transformed into a massive opportunity for diversification in multiple industries. Sweden’s state-owned steel manufacturing company is shifting towards carbon-neutral high performance steel. Current steel production uses old furnace technology with high-energy consumption. To get a head start on the future of the auto-industry, dominated by electro-mobility and sustainability, the company scanned for alternatives, including the use of hydrogen gas. Shifting towards hydrogen gas would influence the whole supply chain network and require buy-in from all stakeholders, including science and technology institutes as well as universities.

Strengthening the quality and image of leather from Ethiopia in Japan. In Japan, the uniqueness and qualities of Ethiopian leather were not readily recognised. Thus, Japanese consumers were reluctant to pay a price premium. In addition, designs did not align with the preferences of potential Japanese buyers. Japan’s International Cooperation Agency set up a programme to brand Ethiopia’s highland leather, developed products to show the quality of domestic production, increased awareness by participating in Japanese trade fairs, and worked with Japanese designers to develop new leather designs to match demand.