

Analyzing the Industrial Policy Formulation Practices in Adisabeba City Administration: Challenges and Prospects

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Abstract

Ethiopia's government has been attempting to promote economic growth and development by developing comprehensive national industrial policies and strategies. Accordingly, the purpose of the study is to analyze the industrial policy formulation practices in Adisabeba city administration: challenges and prospects. Under this applied research, a mixed research method has been employed to investigate the practices, challenge, and prospects of industrial policy formulation. The researcher has employed questionnaires, observations, and document review to collect data from key informants. A thematic content analysis has employed to systematically describe and categorize the meaning and content of qualitative data. Furthermore a descriptive method of analysis has been utilized for the quantitative aspect of the data. Employing such designs, the study shows that the city administration has good experience in adopting and industrial policies, and development strategies, pursuing a top-down policy-making approach under the ideological and policy direction of the central government. It has developed long experience of designing and executing development plans, master plans, and structural plans in general development policies and programmes. In addition, the city administration has experience of introducing economic and administrative reforms and development programs. Recently, the city administration has developed a lot of legal and intuitional procedures, regulations, and standards that help policy designing and enforcing concerning the city's development. The city administration has recorded rapid economic and intuitional development after the dawn fall of the Derg regime. Public institutions and bureaucratic apparatus that public policies can be developed have been instituted and expanded. All these recent intuitional and bureaucratic developments are the prospects for a better policy making process. However, lack of a comprehensive industrial strategy, corrupt practices and a rent-seeking conscience, poor oversight and accountability mechanisms, and weak institutional set-up to monitor and evaluate the policy process are some of the barriers still existed. Finally, the researcher advised the city administration to introduce institutional reform, an institutional framework that prevents the misconduct and rent-seeking behaviour, expansion of private financial institutions and highly professionalized bureaucratic system, a legal framework that prevents party political intervention in policy making process, mechanisms for good coordination and communication, strong policy control, and evaluation system, institutional capacity building, an institutional mechanism and to accommodate multiple values and interests in policy process.

Keywords: industrial policy, formulation, implementation, monitoring, evaluation, thematic content analysis, a descriptive method of analysis, top-down policy-making approach

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INTRODUCTION

Dye (2003) stated in his book that public policy is what governments choose to do or not do. The government, according to Dye's definition, is the agent of public policymaking. Moreover, he emphasizes the fact that public policies require governments to make a basic choice between doing something and doing nothing. Other policy researchers define public policy as "a set of actions designed to put specified normative and empirical aims into action in order to solve perceived societal issues and needs in a specified way and therefore bring about desired changes in society (Dye, 2003).

Dror's concept of public policy emphasizes, first and foremost, that it involves structures and is a continuous process that takes place within governmental institutions. Second, different institutions in the government (such as the legislature, the executive, the judiciary, and the administrative apparatus) make varied contributions to public policymaking depending on the nature of the policy and policy system. Finally, one can contend that public policy judgments are legislative enactments made in public institutions (IBID).

In a book published by Niilm University (2017), the following points were discussed in order to better determine the nature of public policy:

Government policies are developed and implemented to assist the general public in achieving the government's goals. These policies explain the government's programs in great detail. The collective measure of the government results in public policy. Rather than being referred to by their individual and segregated decisions, government officials and actors engage in a single stream of action. This refers to the government's decisions on public policy. Under a specific administrative system, it is the relationship between government

entities and a particular sector of the political environment. Laws, ordinances, court rulings, presidential directives, and decisions are few examples (Nilim University, 2017).

Public policy is extremely essential because it affects every element of our lives. It is difficult to imagine a social situation that isn't influenced by public policy. As a result, it is critical to get policy right, or at the very least, to explain what goes wrong and what everyone can do about it (Cairney, 2020). People nowadays expect the government to do a lot of things for them. As Dye (2013) put it, indeed, there is scarcely any societal issue for which a government solution—that is, a public policy meant to alleviate personal discomfort or societal unrest—will not be demanded. He went on to say that the government expanded in relation to the size of the national economy over the majority of the 20th century. Gerston (2014) claimed that public policy-making today is complex, dynamic, constantly growing, and interactive.

As part of the public policy, industrial policy has enabled many countries in the world to register jump-off industrial development.

No nation has successfully transitioned from pervasive rural poverty to post-industrial prosperity without implementing targeted and deliberate government measures to change the nature of its economy and increase its economic dynamism. Furthermore, it is challenging to envision how nations at all stages of development can constructively respond to current challenges - from job creation and poverty reduction to participation in the technological revolution and global value chains, from promoting efficient and clean energy to mitigating climate change and greening the economy - without employing some sort of targeted industrial policy (Bhorat et al., 2014).

For developing and rising economies, structural change continues to be a difficult process. Their efforts to modernize and diversify take place in an interdependent global economy where earlier industrializers have already gathered both productive capacities (embodied in production factors and physical and technological infrastructure) and enabling capabilities (individual and enterprise level know-how and skills, along with collective knowledge and sources of creativity) that give their producers significant cost and productivity advantages and equip them to. These developments provide several chances for underdeveloped nations to quickly catch up by learning to master technology and goods currently accessible in more industrialized nations (ibid).

Majority of the African countries have been looking for means to achieve socioeconomic development since gaining political independence in the 1960s. As a result, they have put in place a variety of programs and development policies. Globalization as a way to help economic progress, made the Africa's traditional allies altered their policies and actions on the continent to meet their new objectives and interests. The international economic system enforce them to altered by the advent of China and India as new partners for African countries, with new conditions and engagement strategies (The African Capacity Building Foundation, 2017).

Beginning from the early 1980s, when African countries began to experience economic crises from which the majority have yet to recover, it has become widely accepted that the causes of the economic challenges were bad or inappropriate public policies. It has also been recognized that there is a pressing need to improve what has been referred to as the continent's "policy environment": the goal has been to address the perceived flaws in policy formulation and implementation in order to make policies more "effective" from a managerial and delivery standpoint (ECA, 2003). The conventional approach to the African policy environment is straightforward: Africa's economic crisis was and remains primarily the result of accumulated policy distortions dating back to the 1960s when the continent gained independence (Essoungou, 1995). Overcoming the crisis necessitated a comprehensive review of the policy environment in order to remove the distortions, referred to as policy inappropriateness that hampered economic growth. However, attempts by the World Bank and the IMF to improve policymaking on the continent, notably through the introduction of structural adjustment programs (SAPs) and conditionality designed to compel adherence to neoliberal macroeconomic policies, which unfortunately remain a key feature of the donor relationship with African countries, have in most cases exacerbated the situation. The resource curse and the paradox of plenty experienced across the African continent—a continent abundantly endowed by nature but still extremely poor, hungry, and thirsty—is thus primarily the result of ineffective policy-making (Ndah, 2010).

Following the 1991 a political shift, Ethiopia has introduced two major reforms in the policymaking process.

One was the introduction of a new federal government structure that permits the center and sub national governments, or administrative bodies with precisely defined areas of territory, to share political power (Kaso et al., 2018). In a similar way, the new federal structure established the principle of separation of powers between the executive and legislative branches, with the federal government's highest legislative authority over all matters of federal jurisdiction and the executive branch tasked with implementing public policies and strategies. The constitution, on the other hand, grants policymaking authority to both branches of government (Wolde, 2005).

The second was the country's economic structure transitioned from a command economy to a more market-oriented economy, causing changes in the policy environment. This structural transformation in the country's

political economy, by its very nature, strives to attract new policy environment and policy actors at all levels (Wolde, 2005).

The new federal arrangement, which has never been established in the political history of the country, encourages the newly established states and administrative autonomous units to integrate into the policy and central planning system. Thus, the newly introduced system brings progressive, fundamental, and political changes in the formulation and implementation of economic and social policies to bear on the principles and objectives embodied in the Constitution. Accordingly, the 1995 adopted FDRE Constitution, which brought constitutional and political changes and, of course, influenced the policymaking process in the country, recognizes that the regional governments and/or self-administrative elements are responsible for administering their areas except for foreign relations, defense, and general policies of collective advantage, which are the responsibilities of the Central Government. The structure of the state is based on the bicameral parliament consisting of the house of federation and the House of Peoples' Representatives, where the federal government, states, and self-administrative elements shall have legislative, executive, and judicial powers (Kaso et al., 2018).

The constitution has also recognized that the sub-national government units are the building blocks of the central government (political union) in federal systems like Ethiopia.

In the early 2000s, when industrialization was become an urgent issue in international policy forums, Ethiopia has stood to formulate and implement a full-fledged Industrial Development Strategy. The Industrial Development Strategy was designed based on the government's broad development vision of Agricultural Development Led industrial Development. Major national policies and program initiatives; the establishment of public policy implementation enterprises; the powers and duties of national and subnational government agencies; and budget legislation have been completed during the transition period of the EPRDF government. However, the policymaking process was dominated by EPRDF representatives from the central up to local government structures, exerting overwhelming control over the major policymaking institutions, the council of representatives, and the council of ministries (Wolde, 2005).

Following, the EPRDF government has designed three phases of implementation programmes to execute the industrial policy at national level. The three implementation phases were: the Sustainable Development and Poverty Reduction Program (SDPRP); Plan for Accelerated and Sustained Development to End Poverty (PASDEP); and the Growth and Transformation Plan (GTP).

The Adisabeba City council, The Adisabeba City planning commission, The Adisabeba City Trade and Industry Development Bureau and Micro and Small Enterprises Development Agency and their lower counterparts are the public enterprises established to design and implement the industrial development and Micro and Small Enterprises Development strategies. The city's spatial growth had been framed by the statutory structure plan. Six key urban issues (housing, urban road network and transportation, manufacturing industries and large storage facilities, environment, and inner city renewal and upgrading) were prioritized in the action oriented strategic development plans, with proposed implementation mechanisms and financial investment requirements (AAC, 2002). The city's economy has increased by double digits during the last decades indicating the Textiles and Garment (63%) followed by manufacturing (36%).

Therefore, the fundamental problem of the study is to investigate the Adisabeba City Administration practices in industrial policy formulation. As a result, the study's overall goal is to look into the practices of the AdisAbeba City Administration industrial policy formulation and the challenges and prospects in designing the industrial development policy.

Statement of the Problem

Public policy is fundamentally emerging in transnational, national, and sub-national political settings that are becoming more complex, dynamic, and overlapping in their governance networks. The nature of public policy in the context of the political structure of states is the focus of this increasingly complicated type of governance. The re-orientation of government functions, the growing number of policy actors involved in public policy making, and the shift from government to governance are all characteristics of the changing environment in political economy research (Wilde et al., 2009). Keeping this in mind, scholars agree that governance is about the collective processes by which public policy decisions are made and implemented; local and regional governments are the essential institutional building blocks for central governance; the wider governance sphere comprises a set of state and non-state institutions, mechanisms, and procedures through which citizens can articulate their interests and needs (Wilde et al., 2009). Local government units, according to Sutmuller and Setiono (2011), are responsible for public administration, health care, education, social services, economic development, population welfare, social security, and environmental preservation.

Empirical studies in the field demonstrated that regional and local policies and programs in Ethiopia are derivatives of central government, indicating that though independent policies were necessitated to be drafted by the needs of the administrative units, as enshrined in the city charter, following the formal policy formulation process based on the needs and interests of the people in their territorial integrity (Kaso et al., 2018).

At the regional level, Daba (2020) conducted a research on "Policy Actors and Institutions in the Policy Process at Sub-National level in Ethiopia: The Case of Oromia Regional State" However, the study's primary goal was to evaluate public policy players and institutions at the sub-national level in Ethiopia with a particular emphasis on the Oromia Regional state failing to cover the policy making practice in the governmental policy making institutions at the regional state. The research placed particular attention on the players who shape policy, party ideology and decision-making, public involvement, policy analysis, and policy execution in the regional state rather than assessing the practice and challenges of policy formulation in the governmental policy making institutions. In addition the research placed particular attention on the formulation practice of general public policy rather relying on particular sector policy.

In general, Daba (2020) has missed to cover the policy making practice at Oromia regional state, to assess the practice and challenges of policy formulation in the regional state and moreover he has failed to place attention on particular sector policy. Thus, the purpose of this research is to assess such kind of gaps.

Daba (2020) has found that policies designed at regional level are considered as subsets of national policies. The federal government has been violating the principles of self-governance and policy independence by shaping regional or local policies and even directing how to implement it. He also found that policy making at regional level has little room for public debate. There is less space for local actors in policy process, there is no culture of policy research, and there is a lack of strong policy analysis institutions affecting effective policymaking and implementation.

However, the policy alternatives he proposed to solve the challenges are not sufficient enough and they are not sustained policy recommendations supported by institutional arrangements. Thus, the current study will take into account to give them sustained and appropriate policy recommendations.

Wondemu & Weldelessie (2021) has conducted a policy study on the issue of "PUBLIC PARTICIPATION VIS-A-VIS POLICY-MAKING: PRACTICES & CHALLENGES" objectively to investigate the practice and challenges of public participation in the policy-making process of Addis Ababa city administration council failing to investigate the practice and challenges of the policy-making public institutions in the City administration. Thus, the current study is to investigate the practice and challenges of the policy-making public institutions in the City administration covering the gap in the previous study.

In 2018, the International Bank for Reconstruction and Development and The World Bank published an assessment titled "Enhancing Economic Development and Job Creation in Addis Ababa: The Role of the City Administration" with the goal of examining the city's major economic potentials and limitations and identifying some of the necessary policy actions. The report indicated that the policy makers in the City needed a thorough grasp of the city's comparative advantages and potentials in order to assist to implement investments and policy reforms.

Thus, the current study will contribute in advancing the potential of policy makers by identifying the practices and challenges of the industrial policy process in the City.

In general, these investigations, however, failed to cover the practices and challenges of industrial policy formulation in the City Administration. Thus, the research gap here is to investigate the practice, challenges and prospects of industrial policy formulation in relation to the institutional frameworks and procedures established to design and execute the policy process.

The Objectives

The general purpose of the study is to analyze the challenges and prospects of industrial policy formulation in the AdisAbeba City Administration as its constitutional right given by the FDRE constitution and the charter of the city administration.

Specifically the study set out:

- 1) To investigate the industrial policy formulation practices in the City Administration;
- 2) To investigate the challenges in the practices of the industrial policy formulation in the City Administration;
- 3) To investigate the prospects for improved industrial policy formulation practices;

Research Questions

The specific research questions were:

- 1) What are the industrial policymaking practices in the City Administration?
- 2) What are the challenges faced in city during the industrial policymaking practices?
- 3) What were the prospects for a better policy making in the City Administration?

CONCEPTUAL AND THEORETICAL ISSUES IN PUBLIC POLICY DEFINITION OF INDUSTRIAL POLICIES

Thus, according to Green and Sawyer (2003), industrial policy may be defined as any set of measures designed

to improve the economic performance of manufacturing sector. The definition of industrial policy is "any type of selective intervention or government policy that attempts to alter the structure of production toward sectors that are expected to offer better prospects for economic growth than would occur in the absence of such intervention, i.e. in the market equilibrium" (UNCTAD, 2016). Furthermore, Chang(1994), cited by Oqubay (2015), defined industrial policy as a public policy targeted at particular enterprises to produce outcomes that the government considers to be efficient for the economy as a whole.

However, this definition was resisted by Oqubay (2015) as a selective industrial policy orientation that emphasized selective targets while omitting any structural change and the various stages of catching up. A more concentrated approach, albeit still wide in scope, highlights the structural features of industrial strategy and the link between them and national governments' strategic goals. Thus, industrial policy is a combination of "structural policies meant to improve the efficiency, size, and international competitiveness of domestic industrial sectors, and often includes national champions of self-reliance in achieving growth and development" (Crafts & Hughes, 2013). This means that industrial policy is the government's goal-oriented strategic involvement in a specific economic sector—manufacturing—with the objective of improving production efficiency or productivity, increasing the competitiveness of local industrial sectors in foreign markets, and so on.

Any sorts of intervention or government policy that aims to enhance the business climate or to modify the structure of economic activity toward sectors, technologies, or tasks that are considered to offer greater possibilities for economic development or societal welfare (UNCTA, 2016).

According to this definition, industrial policy is a government-led strategic initiative aimed at increasing the competitiveness and capacities of local manufacturing sectors while also maintaining structural reform. It is the strategic or selective intervention of the state in the restructuring of production and its technological setup, while also encouraging the introduction of new industries, products, markets, technologies, and institutions.

Industrial policy, according to the Institute for International Economics (March 2003), is an effort by a government to shift the sectoral structure of production toward sectors that it believes offer better chances for accelerated growth than a typical process of industrial evolution based on static comparative advantage. It goes on to say that industrial policy includes credit directed at specific sectors with below-market interest rates for long-term and working capital, sectorally differentiated profits taxes, subsidized electricity rates, research and development subsidies, firm entry and exit controls, export targets, and highly differentiated tariffs and nontariff barriers. Industrial policy's scope is vast, spanning employment, innovation, and regional policies, due to the broad nature of its aims (Green & Sawyer, 2003).

In the established literature, a common factor in all definitions of industrial policy is that it targets a set of economic activities to achieve long-term benefits for society. New trends in the industrial policy literature, which we refer to as "new industrial policy" (NIP), emphasize that industrial policy should have goals other than short-term competitiveness and economic development. It consists of a broader, multi-dimensional objective, which can be captured in the notion of long-term social welfare (Esposito et al., 2014). Crafts and Hughes (2013) stated that all industrial policies would have one common concern, that is, economic growth, particularly productivity growth. Productivity is also important for international market competitiveness, which may be defined as attaining economic growth and participating successfully in international commerce. Because manufacturing generates more globally traded items than services, industrial strategies frequently favor industry.

Long-run productivity performance is determined by decisions to invest, innovate, and embrace new technologies, which are sensitive to incentive structures in a market economy. This means that a wide variety of government measures categorized as "industrial policy" have the ability to influence productivity development. It also implies that science, innovation, and technology policy should be viewed as inextricably linked to or an intrinsic aspect of industrial policy. When developing a medium- to long-term industrial strategy for manufacturing, it is critical to emphasize how technological progress and innovation are incorporated into policy creation. Policy must be reflexive enough to adapt to unexpected or quick changes in technological and scientific breakthroughs impacting the location, structure, scale, and nature of the manufacturing sector and its ties to the broader economy (Crafts & Hughes, 2013).

According to Herr (2019), the goal of industrial policy is to encourage economic development. Without it, unrestricted incorporation into global markets can prevent emerging countries' economic progress. Economic upgrading without social upgrading, in particular, would not be sustainable and would result in economic and social difficulties, preventing countries from expanding and succeeding in the long run. He went on to provide four reasons why economic development in all nations (including wealthy ones) necessitates an industrial policy:

- 1) The investment required to build new items or technologies is hazardous and will not be undertaken by private investors without government assistance;
- 2) Major technology advances necessitate complementing government initiatives, such as those in education and technical assistance;
- 3) In many circumstances, government assistance is required to deal with internal and external economies of scale.

- 4) Government should compel businesses to evaluate the environmental consequences of their manufacturing processes and make changes to reduce their negative impacts.

According to Crafts and Hughes (2013), the fundamental reason for industrial policy in mainstream economics is that it corrects market failures, such as providing public goods, resolving coordination issues, or supporting industries with positive externalities. The present mainstream economics literature stresses three reasons in favor of selective industrial policies: infant-industry related capital market failures; agglomeration externalities; and rent-switching under imperfect competition.

While in principle, market forces should guide the process of determining the optimal productive structures of an economy, there are a number of sound theoretical reasons why this might not in fact be the case. In economics, the general case for government intervention comes into play when markets are either distorted or incomplete. An externality, i.e., a scenario in which the price fails to convey the full cost or benefit of an item or service can cause a market distortion. But markets can also be distorted in cases of excessive market power, which arises, for example, in the presence of a monopoly when there are increasing returns on the production scale. An incomplete market typically arises in situations of uncertainty, such as, notably, in the financial and insurance sectors, and refers to a situation in which the set of possible outcomes is higher than the set of contingent claims. In the presence of market failures, competitive market equilibrium fails to deliver a socially optimal outcome, and the state then has a role in helping achieve this optimum (Schwarzer, 2013).

Herr (2019) contends that free trade has advantages, particularly the numerous opportunities for poor nations to rapidly transition towards industrialisation by assuming basic jobs in global value chains. However, without active government policy, integration into global markets prevents emerging economies from catching up with industrialized economies. The fundamental risk is that emerging nations are driven into low-tech, labor-intensive industries based on comparative advantages.

Development needs to go beyond exploiting comparative advantages. Only an active comprehensive industrial policy, including the establishment of institutions to develop and implement the policy, can generate economic upgrading adequate for catching up. Industrial policy should be coordinated at the national level, but there is potential for comprehensive economic and social upgrading at regional, cluster, and industry levels. This demonstrates that industrial strategy attempts to reorganize the economy and trade specialization toward activities with higher technological content, as well as to support creative activities with strong links to the rest of the economy (Herr, 2019).

Following the dawn fall of the Dergue regime, the EPRDF established a transitional government that lasted from 1991 up to 1995. The interim government of EPRDF was in full and exclusive control, enabling it to gain unrestricted access to the massive power and resources of the government. During the national conference, which was held in July 1991, the EPRDF interim administration was in a stable position to determine the participants involved in the transitional administration. When the meeting was called, several ethnic groups were divided into various factions, most of which were contentious, and some were even rapidly established for the occasion with the help of the EPRDF, including chosen minor multi-national groupings and individuals. In any event, the national conference in July 1991 produced a five-page public policy paper or quasi-constitution, as well as the formation of the Ethiopian Transitional Government (TGE). The Charter, on the other hand, should be acknowledged as one of the country's most equitable policy documents (Wolde, 2005).

Following that, the Transitional Government of Ethiopia (TGE) released a slew of policy and legislative initiatives. During the transition period, a total of 133 proclamations were issued, covering regional restructuring and elections; the powers and duties of central and regional government agencies; annual and emergency budget legislation; the termination of the defunct regime's institutions; and the ratification of multilateral and bilateral relations with foreign governments (the Minutes of CoR: 1991–1995).

Furthermore, the council of representatives' approval of legislative enactments enhanced the EPRDF interim government's legislative power. The interim government's President had been given the authority to preside over the council of representatives to ensure policy implementation, to confer positions on high civil and military officials, to appoint the Prime Minister and cabinet members, and to call the council of ministerial sessions at his leisure (TGE, 1991). During the transition, the latter's responsibilities included guaranteeing the execution of socio-economic policies, monitoring and supervising the operations of the country's bureaucracy; drafting the national budget, and introducing legislation that would be approved by the council of representatives (TGE, August 1991).

On the other hand, Wolde (2005) contends that the EPRDF increased its power in the policymaking process by exerting overwhelming control over the major policymaking institutions throughout the transition, the council of representatives and the council of ministries. Non-state actors were less likely to influence government decisions since the party and executive institutions were merged. This shows that early post-1991 Ethiopian policymaking did not appear to augur well for an inclusive and participatory policymaking process, and that the contest for policymaking power between the EPRDF and non-government groups benefited the former.

The industrial development policy has been shaped by major political and economic changes, shifts in

economic and social policies, and the political economy set up of the country. The institutional structure through which industrial policy is designed, implemented, and adapted has changed fundamentally (Oqubay, 2015). Ethiopian Industrial Development Strategy Within the context of ADLI, the Industrial Development Strategy of Ethiopia (IDSE) serves as the foundation for the country's industrial policy. In 1994, ADLI became the country's development strategy. IDSE has been the ruling party's guiding principle since 2000, although it became an official document only in August 2002 (Oqubay, 2015).

The industrial development strategies during the EPRDF focused on industries that were labor-intensive and had a wide market, broad linkages with the rest of the economy, used agricultural products as inputs, export-oriented and import-substituting industries, and industries that could contribute to faster technology transfer. Agro-processing, textiles and garments, leather and leather goods, metal and engineering, and the chemical and pharmaceutical industries are priority areas in the manufacturing sector (FDRE Ministry of Industry, 2013).

The industrial development policy of the country also prioritizes the need for all-around assistance for industrialists and fosters an environment that encourages private sector expansion through macroeconomic resistance, foundation providing, and credit policies. Also, prioritize human resource capital, rebuild the supervisory environment and legal framework, and resist rent-seeking government frugality (Oqubay, 2015).

The industrial policy of Ethiopia was designed in 2002 within the framework of global environment based on the following underlying principles of free-market economy:

- ✚ Accept that the private sector as the driving force behind the industrial development agenda;
- ✚ Following the direction of Agriculture-led Industrialization;
- ✚ Following Export-led Industrialization;
- ✚ Focusing on Labor Intensive Industries;
- ✚ Using Coordinated Foreign and Domestic Investment; and
- ✚ Mobilizing the whole society for industrial development.

The 2002 industry policy has identified priority sectors that deserve attention to build the platform for the industry to take its key leading role in the economy. Textile and garment, leather and leather goods, chemical, metal, agro-processing, and construction industries are among them. The industry policy has continued to be the corner stone for future industrial development in Ethiopia (MOFED, 2013).

Industrial Policy making practice in Adisabeba City Administration

Instead of focusing on the content of policies or their causes and effects, policy studies frequently concentrate on how policies are made. In general, the study of how policies are made takes into account a number of actions or procedures that take place within the political system (Dye, 2013).

However, in order to better understand how policies are made, policy analysts supposed to break policy-making processes into individual stages. The common stages of the policy-making process are problem identification and agenda setting, formulating the policy, policy adoption, policy implementation, and policy evaluation (ibid).

PROBLEM IDENTIFICATION AND AGENDA SETTING

The ability to determine what will be a policy issue is essential to the formulation of policies. Even more crucial than choosing the answers is defining what the issues will be. It is believed that people and groups might set themselves up to take on the responsibilities of outlining issues and putting up suggestions for remedies. People have the ability to set their own goals, form groups, rally people to their cause, approach decision-makers in the government, and supervise the execution of plans and initiatives (Dye, 2013).

However, important political strategies include creating an issue, dramatizing it, drawing attention to it, and applying pressure on the government to respond. Influential people, organized interest groups, organizations that develop policies, political candidates and office holders, and maybe most significantly, the media, use these strategies (ibid).

Anderson (2003:81) states that "a policy problem might be characterized as a condition or situation that causes wants or unhappiness among individuals and for which remedy or redress through governmental action is sought.

There are two different sorts of agenda-setting techniques, according to Dye (2013:35). First, the bottom-up agenda, also referred to as the "democratic-pluralist" model, makes the assumption that anyone can identify a problem, including individuals or groups, candidates for office, political figures seeking to improve their reputations, and political parties seeking to define their preferred positions. Second, a small group of people known as the political elite, political activists, the leadership strata, or the influential established the agenda from the top down, with the goal of determining how popular preferences affected public policy.

FORMULATING POLICY

Policy formulation comprises developing several policy solutions to address challenges on the public agenda.

Policy can be formulated in a variety of settings, including legislative committees, interest group offices, special commission meetings, and think tanks.

Organizations that focus on policy planning serve as key coordinating hubs for the policy process. The Council on Foreign Relations, the American Enterprise Institute, the Heritage Foundation, the Center for American Progress, and the Brookings Institution, to name a few, are prominent in a number of important policy areas (Dye, 2013).

According to Anderson (2003), persons who have the legal right to participate in the formulation of public policy are considered official policy-makers. Judges, CEOs, administrators, and lawmakers are among examples. Each of them carries out activities related to policymaking that are, at the very least, functionally distinct from those of the others.

POLICY LEGITIMATION

Political science has traditionally placed a strong emphasis on these policymakers' activities, which include those of the White House staff, Congress, courts, federal agencies, congressional committees, and interest groups. These activities are frequently portrayed as representing the entirety of the policymaking process. However, the actions taken by the nearby policymakers are only the last stage in a much more involved procedure (Dye, 2013). Furthermore, Anderson (2003), states that a policy decision entails an official person or entity taking action to approve, amend, or reject a desired policy alternative.

Policy Implementation

All of the actions taken to carry out the laws passed by the legislative branch are referred to as implementation. These operations include establishing new departments, agencies, bureaus, and so forth, as well as giving existing entities new tasks. These institutions are responsible for converting legislation into operational guidelines. They need to carry out duties, spend money, create contracts, and recruit staff. Bureaucrats make decisions that influence policy in all of these operations. The bureaucracy has a bigger say in how policies are made as society has gotten bigger and more complicated. Policy implementation often requires the development of formal rules and regulations by bureaucracies (Dye, 2013).

POLICY EVALUATION

According to the policy process paradigm, policy evaluation comes last. It means that decision-makers, including Congress, the president, interest groups, bureaucrats, the media, think tanks, and others, endeavor to understand whether or not policies are accomplishing their stated objectives, at what costs, and with what impacts on society, both intended and unintentional. Advanced iterations of the model depict a "feedback" relationship whereby assessments of present policy uncover new issues and restart the policymaking process (Dye, 2013).

Understanding the effects of public policy is the process of policy evaluation. Other, more in-depth definitions have been provided, such as this one: "Policy evaluation is the assessment of the overall success of a national program in achieving its goals, or the assessment of the relative performance of two or more programs in achieving shared goals (IBID).

RESEARCH METHODOLOGY

Research Design

In order to describe in detail the situation pertaining to the current status of the council of the city administration, their executive organizations and their role in policy formulation, this research used both descriptive and analytical research methods. The majority of this research is qualitative, which is ideal to gather subjective opinions from legislatures, standing committee members, and executive departments regarding their roles, responsibilities, practices, and obstacles in the policy-making process. The quantitative approach was also used, albeit to a lesser extent, to gather the basic data and demographics of the sample population.

Methodological Approach

The purpose of the study was to analyze the industrial policy formulation processes, practices, challenges and opportunities, in the AdisAbeba City Administration. Consequently, the study employed a mixed research approach to analyze the practice and relevant policy theories and approaches through the collection and verification of qualitative and quantitative data.

Research Methods and Tools

Under applied research—, a comprehensive research method has been employed as the research method to investigate and understand the challenges of the industrial policy formulation processes, the practices, and the contexts of institutions designed to influence the content and execution of the policies. The researcher has employed questionnaires, observations, and document reviews to collect data from key informants and document

analysis as research techniques in conducting the study.

Sampling Method

The sampling method used in conducting the study is purposive sampling. The reason is that the participants who complete the questionnaires are selected based on the assumption that they have special abilities, knowledge, or understanding of the study under consideration.

Sampling Size

The study has conducted in some selected government sectors in which these are public institutions designed to formulate industrial development policy: Addis Ababa Council Office, Addis Ababa Trade and Industry Development Bureau, Addis Ababa Micro and Small Enterprises Development Bureau, and Addis Ababa Planning Commission.

However, there is no reason to participant the whole employees of the companies in this consultation because the informants needed in this comfort has been selected based on their professional recruitment, educational background and work position.

So, there is no need to participate in the study for anyone outside the cited criteria. Accordingly, the researcher has been kept this in mind while selecting the determining the size of the samples.

Number of Participants	Institutions	Total
15	Addis Ababa City Council Office	
15	Addis Ababa trade and industry development bureau	
14	Micro & Small Enterprises development bureau	
8	Addis Abeba Planning commission	52

Method of Data Analysis

Concerning the nature, approach, and design of the problem, the research is structured by literature review and applied research strategies to analyze the qualitative and quantitative (even limited in content) research questions on industrial policy formulation and implementation practices in Adisabeba City.

According to Flick (2014), qualitative content analysis is a method for systematically describing the meaning of qualitative data by assigning successive parts of the material to coding frame categories with a focus on selected aspects of meaning, namely those aspects that relate to the overall research question. Similarly, qualitative content analysis is a versatile research approach that may be applied in qualitative, quantitative, or comprehensive research frameworks and employs a wide range of analytical tools to create and contextualize findings. Anthropology, library and information studies, management, political science, psychology, and sociology have all used qualitative content analysis (White & Marsh, 2014).

Therefore, the researcher used thematic content analysis as a method for systematically analyzing the meaning of qualitative data for the qualitative part. Whereas the quantitative part of the research would be summarized by a descriptive analysis method.

RESEARCH FINDINGS AND ANALYSIS

Background Characteristics of Respondents

Descriptive statistics were applied to summarize the frequencies and percentages of profiles of the respondents related to the sex category, educational level, work position, and working organization of the respondents.

			FREQUENCY	PERCENTAGE	VALID PERCENT	CUMULATIVE PERCENT
Gender category	Male	42	87.5%	87.5%	87.5%	87.5%
	Female	6	12.5 %	12.5 %	12.5 %	12.5 %
	Total	48	100	100	100	100
Age group	30-40	18	37.5%	37.5%	37.5%	37.5%
	41-50	24	50%	50%	50%	50%
	51-	6	12.5%	12.5%	12.5%	12.5%
	Total	48	100	100	100	100
Level of Education	BA/BSC	7	14.58%	14.5%	14.5%	14.5%
	MA/MSC	41	85.5%	85.41%	85.41%	85.41%
	PHD	0				
	Total	48	100	100	100	100

		FREQUENCY	PERCENTAGE	VALID PERCENT	CUMULATIVE PERCENT
working Organization	City council	14	29.16%	29.16%	29.16%
	Planning commission	7	14.58%	14.58%	14.58%
	Trade and Industry Bauru	14	29.16%	29.16%	29.16%
	Small & micro enterprise	13	27.08%	27.08%	27.08%
	Total	48	100	100	100
Work position	Expert	18	37.5%	37.5%	37.5%
	management	30	62.5%	62.5%	62.5%
	Total	48	100	100	100

Source: Author's own survey, 2022

4.3. Analysis of Industrial Policy Formulation

4.3.1. Analysis of Policy and Strategic Plans Formulation

The Addis Ababa City Administration is one administrative body of the federal government which has a political and legal authority to administer the city. As an administrative body, the government can use the constitutionally mandated political and legal authority in the self-imposed sovereign state to enact and fulfill various policies, programs, and plans to change the livelihoods of the residents of the city. In order to maintain such a condition, it is supported by a charter of decrees and regulations that go down from above, beginning with the national constitution.

Accordingly, the Addis Ababa City Administration has been supported by central government developmental initiatives for the past 27 years to transform the livelihoods of the people of the city and ensure its economic advantage through the introduction and implementation of development policies and programs. Assuring that the Addis Ababa City administration has introduced and implemented a development plan (2002–2012) that comprises a statutory structure plan, an action-oriented strategic development framework, and a management reform component.

As a result, the study found that the City Administration has experience of introducing and implementing policies, strategies, and programs that promote the city's societal living standards (Majority of the respondents)

However, fewer participants in the study drew close opposition against arguing that the City Administration is dependent on a central government. To enhance the proposition, the following perspectives have been adopted by the respondents:

"Addis Abeba city administration is accountable to the federal government, then it works on the policies, including in consultation with the direction given by the federal government. As well, a top-down policy approach is perused by the federal government, which means that all policies, development programs, and policy directions are from the federal government. In particular, since the power to enact industrial policy has been given to the federal government, the city administration has only the power to implement a policy given by it. So, the city administration is politically dependent on the technical guidance of the central government".

Furthermore, the Addis Ababa City Government Charter Article 11 states that the Executive Committee of the Addis Ababa City Government shall be accountable to the Council of the City Government and shall have the powers and duties to ensure the proper implementation, within the territorial jurisdiction of the City Government, of policies and laws issued by the Federal Government and the Council of the City Government. Moreover, Article 12 of the charter claims that the Governor of the city shall be accountable to the Council of the City Government and the Prime Minister of the Federal Government. In a more emphasized, Article 49 of the FDRE constitution stipulates that the Administration of Addis Ababa shall be responsible to the Federal Government. Furthermore, a study conducted by the United Nations Environment Programme in (2018), stated that the mayor is the head of the city's executive branch, while the City Council is the legislative branch in charge of enacting city regulations. The Federal Legislature, on the other hand, passes laws that are binding in Addis Ababa. Despite its autonomy, the federal government has the power to dissolve the city administration and replace it with a temporary administration in the event of underperformance or other legal reasons (UNEP, 2018).

4.3.2. Analyzing the Practice of Policy Making Process

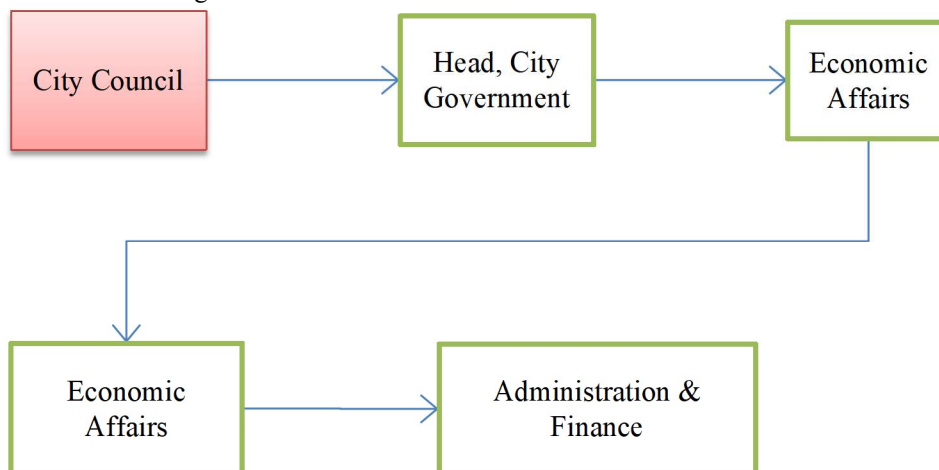
Alemu (2015) claimed that legislatures are required to identify problems, study issues, receive expert and public inputs, formulate or approve policies that are designed to remedy the problems or issues. David and Michael (1991), cited in Alemu (2015), state that the extent to which legislatures play a policy-making role varies greatly among countries. Their role in policymaking can be determined by their interactions with the political

institutions and actors, particularly with chief executives in presidential systems, cabinet members in parliamentary systems, and party elites in systems with strong political parties. In Ethiopian, studies show that policy agenda items are often shaped by the executive committees. The reason for such an occurrence is that in the parliamentary system, there is a tradition that the general economic and development agendas are shaped by the executive committee, take delegation from the committee of the legislators. This doesn't mean that the legislative committee has no role in shaping the policy agenda (Argawi, 2019).

A policy agenda submitted to the legislative committee should be signed by the person taking the initiative and given to the spokesperson of the house. The agenda would be approved by the Business Advisory Committee as a schedule and presented at the weekly conference. Before the discussion begins, a representative of the agenda will give the House a brief explanation of the contents and significance of the issue. Once the explanation is provided, the first reading will be debated on general matters. After the first round of reading is completed, the agenda will be transferred to a standing committee for further research, or forwarded to a second round of reading and will be approved as a rule (ibid).

Policy formulation is done by the process of the concerned policy-making institution through organizing expert team or standing committee of government stakeholders who is responsible for the task and rarely by a consultancy intuition. The Addis Ababa City administration structure combines the legislative and executive responsibilities in the same body because the elected council formulates policies and laws and its executive organ implements the policies and strategies. The general council and its executive committee are both chaired by the mayor of the municipal administration. Economic, social affairs and administration are the three permanent subcommittees of the executive committee. The sub-committees reports to executive committee which each include five members (Ayenew, 1999).

The organizational structure of the city administration shows the policy making system of the city administration as follows in figure 4.3.2:



With that in mind, the study found that the City Administration, as a part of the federal government's administration, shall implement policies and programs that the federal government shall designate or shall formulate and carry out its own policies and programs on the basis of policy directions and policy-making formulas from the federal government. These suggestions sound like a top-down policy-making approach. The recommendations support the methodology as follows.

"The Addis Ababa city administration is the administrative body of the federal government and works in the direction and formula of the federal government. So, the policy making processes that take into consideration the status of the city administration by considering the criteria descended from the federal government and discussing them with the concerned bodies would develop policies that would benefit the residents of the city. The city's policymaking practice is dependent on the federal policymaking structure and is driven by the policymakers' and covert interests in the city. By studying the problems in the city, they are molded by a policy formulation from the federal government at the city level to solve these problems. The federal government's formulation policy applies to all government limbs, and the Addis Ababa City Administration does not use a different formula".

According to Heyi (2020), the policymaking process in regional states is dominated by the executive branch of the federal government.

Despite the fact that the policymaking institutions have been restructured as provided by the 1995 constitution and the charter of the city administration into state or administrative and federal levels and consist of the three branches of government (legislature, executive, and judiciary), the executive branch has assumed a dominant role in the process of public policies, indicating that the federal government has significant influence

and control over the regional states and other administrative apparatus.

In addition, according to Brown and Amdissa (2007), policy formulation and implementation in Ethiopia is shaped by the ruling parties' ideology and political strategy, as stated in Heyi (2020). They also claim that Ethiopia's policy-making process is not systematic or democratic. It's more of a top-down kind.

Contrary to the above, some key respondents suggested that the Addis Ababa City Administration is a government administration that has the legal authority to enact and implement policies, and plans, to establish government agencies, approve budgets for implementation, and deploy manpower. These thought-provoking views are representing as follows:

"City-level policies are prepared based on the city's charter and the city's implementation procedure, the major issues that need to be considered as part of the policy agenda would be included in the policy content by the city's governing body. A policy can be issued by any public sector and drafted by the policy organizing committees, reviewed by the sector, approved by the city cabinet and goes operational. The agenda drafting committee separates social and economic problems that the policy solicits and forwards to the Review Committee; eventually, the consultation office will be consulted and commented on by every member; if the proposal passes through this process, it will be approved by the city council and sent to the office of the Executive Committee. The council oversees its actions, provides support, and supervises. For example, the city's Industrial Development Policy Committee presents a policy proposal to the Advisory Council and the Investigative Committee. Ultimately, those who argue or are unclear are corrected, and public policy is sent to the executive for operationalization".

According to Article 14 sub-article (2) of the City Charter, the City Council shall have the powers and functions to: adopt policies on matters within its purview; approve the City's short-term and long-term economic and social development plans and annual budgets; and establish the executive organs and public enterprises.

Article 21 of the City Charter states that the Mayor, being accountable to the City Council and the Federal Government, shall execute decisions, laws, annual plans and budgets adopted by the City Council; propose to the City Council diverse policies, economic and social development plans, and annual budgets of the City, subsequent to consultation thereon by the Cabinet, and ensure their implementation upon approval.

The Commitment and Freedom of City Administration

To a country-wide degree, the House of People Representatives (HPR) has legislative authority, as well as the authority to impeach the top ministers and different government officers, as well as the authority to analyze the government's dealings with its powers and discharge its obligations, and to do so if they have been abused (FDRE, 1995). Whereas at the city level, the city council has legislative authority, the authority to question the mayor and other top officials of public enterprises in the city, the authority to examine both the executive's handling of its powers and discharge of its duties, and the authority to take corrective action if any failures occur.

Party discipline and structure, along with a general lack of competency among the general public of parliament members, conspired to save themselves from wearing out their legislative responsibilities as mentioned within the charter and others with the aid of legal guidelines. In any case, the legislative responsibilities include holding the executive accountable for its behavior and actions, as well as investigating its performance (Wolde, 2005).

Similarly, the heads of each ministry or government agency make yearly reports defining action plans for the year and detailing budget appropriations, which are usually followed by a summary of successes and difficulties encountered throughout the year (FDRE, 2002).

The city of Addis Ababa has adopted policies and developmental plans from the federal government, thus curbing the fall of competent policy performance that tarnishes internal independence. One can contend that these industrial policies and programs designed by the federal government are not, by their nature, considered relevant to the population size, level of economic growth, and technological advancement of the city of Addis Ababa.

The Legislative and Executive Departments to Stakeholders and Actors

The policy community is a major component of the building process of development policies in a political community and the laws and proclamations that support the implementation of those policies. In a plural society, a policy community also responds to the growing disintegration and complexity of the policy environment. When policy coherence is complicated, one gravitational center would face critical challenges in order to controlling the entire process. Furthermore, each policy field has its own set of attributes that might increase or lower the expenses of operation. Accordingly, when government agencies shape national policy and strategy, they have the power to determine which actor to deal with, the financial costs of communicating with actors, the way and the status of their level. In other words, if political institutions are well-developed, political actors can collaborate to better respond to economic and political shocks, resulting in policies with good features such as stability, adaptability, and popular consideration ((Heyi, 2020).

The concept of stakeholder processes is regarded as a critical component not just of corporate governance but also of policy formulation in general. Multi-stakeholder decision making, with direct public participation in the decision-making process, might thus be viewed as an advance toward a more participative, and even deliberative, democracy. Stakeholder participation in policymaking provides a framework for coping with the modern state's legitimacy dilemma as a result of globalization, the intricacies of the so-called information economy, and the challenges of global environmental change. On the one hand, an increasing number of stakeholder groups (for example, the commercial sector, nongovernmental organizations, and civil society) are entering both national and international political arenas (<https://www.britannica.com>).

A key principle of institutionalism is that government organizations and rules create a wide range of policy procedures and policy actors that are expected to be dominant (Kraft & Furlong, 2010).

Furthermore, policy analysts have focused on issues such as the legislative process and its dynamic aspects, the interaction between organizational composition and public policies, and the behavior of participants in political institutions and processes (Anderson, 2006).

Accordingly, it is necessary to evaluate the recommendations of the participants to determine the commitment of City Administration executive and legislative departments to stakeholders and actors. Majority of the respondents claimed that there are many basic restrictions, though there is a desire to share with stakeholders and players. Of these restrictions:

"There is a weakness to apply the law and legal system; and the initiatives of actors weak because of the political dominance of the ruling party. Since there is no mechanism for policy actors involved, the evaluation and supervision of the policy process is flawed. Government agencies do not develop customs and cultures of working with other actors. Furthermore, the administration has a tendency to control the political environment, where actors are considered a threat because they evaluate government policy and because policymakers are close to government power".

Sociopolitical Factors Challenging the Industrial Policy-Making Process

Productivity growth is required to raise people's living standards and maintain competitiveness in a globalized economy. The main cause of persistent poverty in developing countries is low total factor productivity. The productivity gap between rich and poor countries has never been wider than it is today. To alleviate poverty, poor countries, in particular, must prioritize productivity growth. The challenge is not only to develop more productive ways of doing business in existing activities but also to accelerate the structural transformation from low-productivity activities such as agriculture, petty trade, and skill-extensive services to new knowledge-intensive activities that capitalize on the benefits of inter-firm specialization (Altenburg, 2010).

According to the AdisAbeba city structural plan designed in 2017, the manufacturing sub-sector has the largest share of the total number of industries in terms of employment and capital size, accounting for more than 25% in both cases. It is also the sub-sector with the greatest added value. The textile and garment sub-sector has the highest capital asset share at 26.83 percent. Manufacturing comes in second, accounting for 25.71 percent of the total. The amount of capital assets created is required to make technological upgrades and, as a result, improve efficiency and competitiveness (AASP, 2017). However, the industrial policy process in Addis Ababa is under increasing pressure from many sociopolitical restrictions.

The study has identified some of these restrictions as the lack of accountability mechanism, the minor attention given to the industrial sector, mass human migration from the near villages to the city, problems of management, lack of full social service due to the dynamic demography of the city, complex nature of society often require budgets and knowledge, political influence from the federal government to apply industrial policies only from the central government, small participation of the stakeholders and policy actors, and shortage of policy analysis knowledge with public officials and experts."

Practice and Challenges of the Legislature in Policy-Making

One of the legislature's primary functions is to supervise executive departments in how government policies are implemented and public resources are used. The legislature's oversight activities are limited to federal government mandates at federal level and to the city council at the city level. Its goal is to ensure that the rule of law, democracy, good governance, peace and security, human rights, balanced development of all regions, and proper use of public funds are all properly managed (Aregawi, 2012).

The role can include evaluating executive plans and reports, conducting field visits, and relying on reports from the Auditor General for public funds and properties. Public petitions, grievances and tips are important facts that aid in the oversight process. The reports of the Human Right Commission (HRC), the Ombudsman and the Ethics and Anti- corruption Commission (EACC) also are used as inputs of the oversight functions (ibid).

Executive departments are required to submit quarterly performance reports based on their plans to the standing committees. These types of reports are thoroughly examined by committees every quarter, and

committee feedback is consolidated and sent to the appropriate department. Each department is required to appear in front of the committee or the House at least once a year to present and defend its report. During the presentations of these reports, the committee or the House questions and critiques the departments based on previously organized facts, and at the end of the session, the committee or the House give directions (p, 52).

Questioning ministers, including the Prime Minister, is another method of conducting oversight. The House may question any minister once a week for an hour, and the Prime Minister once a month for an hour (p, 52).

The oversight function can also be carried out through field visits, which aid in understanding what is going on in practice. This type of oversight is critical because it allows for comparison and contrast with previously established plans and performance reports. The information gathered during the field trip must be evaluated. Strengths, weaknesses, and issues requiring special attention must be identified and communicated to the appropriate parties as feedback (p, 52- 53).

Furthermore, the country's legislative body shall have the authority to approve general economic, social, and development policies, as well as fiscal and monetary policy at the national level. Whereas the legislature of the city shall have the power to adopt policies short-term and long-term economic and social development plans, and annual budgets at the city level.

Accordingly, the study found that the follow-up and support of the legislative is not sustained; the oversight and accountability mechanisms are poor; and the whole process is not transparent and unequivocal, the legislative as an institution has weak position to evaluate policy, control and monitor the policy process.

Institutional Frameworks for the Industrial Policy-Making

Addis Abeba is Ethiopia's capital and has a major political, economic, and symbolic significance. Addis Abeba is a self-governing city that reports to the federal government, according to the constitution. However, successive national political elites have exploited the city to project their authority over the rest of Ethiopia and to promote their development aspirations from its establishment. The city's governance and physical evolution are influenced by national political leaders. As a result, growth planning continues to be top-down, excluding the great majority of local people (Weldeghebrael, 2021).

Addis Abeba has had fast state-led economic growth and large-scale infrastructure building in the last two decades, thanks to the former ruling coalition's development policy (ibid).

Institutionally, the constitution of the country and the charter of the city assure that Addis Abeba city residents have the right to self-rule at the city level and full political representation at the federal level. Furthermore, the charter of the city assures that the City Government shall have the power to issue and implement policies concerning the development of the City; approve and implement economic and social development plans; determine the administration and working conditions of employees and officials of the City Government as well as of the staff of other organs of power; constitute the executive bodies of the City Government and to establish public enterprises, as legal entities, on its own or in partnership, as per applicable laws, with the private sector or other third parties. The charter also assures that the City Council shall have the powers and functions to adopt policies; to issue the Master plan of the City; to issue Regulations pursuant to powers vested in and to establish the executive organs and public enterprises of the City.

Accordingly, the Addis Ababa City Administration has adopted a number of regulations and proclamations to help the government agencies with the vision and mission of achieving the objectives of the industrial strategy. Among these are the Micro and Small Enterprises Development Agency, Trade and Industry Bureau; Medium and Large manufacturing Enterprises and the Investment Office, are some of the major of industry and investment service providers. In addition, there are governmental and non-governmental industrial enterprises that have succeeded in achieving national objectives of industrial policy and accelerating industrial growth. Technical training schools and higher education institutions are also working with these institutions to produce manpower that will help the success and productivity of these institutions.

Hence, as regards the role of these government institutions and their structure for the success of the industrial policy, the study found that institutions don't have the culture of transparency and accountability to set a sound policy; to evaluate a policy; to provide timely surveillance and overview; they don't have strong regulation which bound them inter; and the role of the city's administrative institutions in the industrial policymaking is very weak.

Political and Legal Challenges in Developing Industrial Policy

A productivity increase is required to raise people's living standards and sustain competitiveness in a worldwide economy. The main cause of prolonged poverty in emerging nations is a lack of total factor productivity. The private sector is, without a doubt, the driving force for structural change. Governments, on the other hand, play a critical role in establishing policy frameworks that promote competition, foster innovation, and repair market failures. However, when it comes to the role of industrial policies in Ethiopia, financial resources are often scarce, institutions still need to develop administrative capacities, weak incentive systems, and government

effectiveness, transparency, and accountability still lag far behind (Altenburg, 2010).

The Addis Ababa City Administration is a self-rule right recognized by the Ethiopian constitution as a legal and political right as a means to ensure the self-administration of the people of Addis Ababa. This right of self-governance enabled the people of Addis Ababa to form their own political and legal government to design and establish administrative and economic policies and strategies to ensure economic growth and good governance. From a legal perspective, the City Administration has the authority and responsibilities to administer the city as provided by the constitution. This is open and clear.

From the political perspective, the political establishment of the Addis Ababa City Administration has a duty to implement the federal government's political and socio-economic decisions as it is the administrative body of the federal government.

The study stipulated that the federal government's political influence and strict legal control are barriers to policy freedom, strict policy and ideological trends from the federal government to the city administration, the perspective that the city of Addis Ababa City Administration should be called upon to serve as a federal government only to carry out policies and programs assigned to it by the federal government, and political and technical dependency on the central government. Others suggest that unwise management of resources, persistent administrative capacities, lack of good governance, persistent financial system, weak monitoring and evaluation mechanisms are vulnerable to the effectiveness of the government system. As a result, industrial development has not yet been achieved in the city.

Prospects in the City Administration for Better Policy Making Process

The Second Growth and Transformation Plan (GTP II) of the Republic of Ethiopia supports industrialization as a key national policy goal with cities playing a key role. Through industrial growth and structural reform, GTP II intends to generate opportunities for employees who relocate from less developed areas. The strategy emphasizes the necessity of being proactive and focuses on creating work possibilities in cities (mostly through urban management), assisting MSE development, resolving housing issues, and providing other urban services (MOFED, 2006). The GTP II Strategy (2015-2020) of the Addis Ababa City Administration intends to promote the city's status as an industrial center. The city's GTP II seeks to generate better-competent human resources, facilitate technology transfer and innovation, raise productivity, expand infrastructure, increase investment, and develop micro, small, and medium-sized businesses, as well as streamline internal procedures. One of the key goals is to improve by boosting industrial capacity and outputs and growing exports to boost productivity and competitiveness items in the worldwide market. The approach has a strong emphasis on medium-value-added products and industries of production. Several subsectors have been identified as priority development areas: (1) cowhide and (2) leather goods, (3) textiles and apparel, (4) agriculture, (5) chemicals, and (6) building metal engineering and medicine (IBID).

Accordingly, the majority of the respondents claimed that the City Administration has developed long experience of designing and executing development plans, master plans, and structural plans in general development policies and programmes. In addition, the city administration has experience of introducing and implementing economic and administrative reforms and development programs. Recently, the City Administration has developed a lot of legal and intuitional procedures, regulations, and standards that help policy designing and enforcing concerning the city's development. The city administration has recorded rapid economic and intuitional development after the dawn fall of the Derg Regime. Public institutions and bureaucratic apparatus that public policies can be developed and implemented have been instituted and expanded. The other important factor is the recent development of a democratic political culture that promotes citizens' participation in their administrative and development issues. All these recent intuitional and bureaucratic developments are the prospects for a better policy making process.

CONCLUSION AND POLICY IMPLICATIONS

This study examined the city's industrial policy formulation practices as well as the possibility of developing a better approach to the policy process in the city administration. After the collection of primary and secondary data and analyzing the collected data, the following conclusions have been drawn:

Based on the findings of the study, one can summarize that the city administration has some good experience in adopting industrial policies, development strategies and plans at the city level but still suffered from multitier challenges. Furthermore, the study revealed that the Addis Abeba City Administration has adopted a top-down policy-making approach similar to that of the federal government.

The study shows that exercising industrial policy mandate was found to be well positioned but still diverse problems such as failure of leadership commitment, inefficiency, lack of knowledge and skill, the free will and determination of self-decision and shortage of skilled labor, that are not yet emboldened.

The study revealed policy-oriented research institutions have an impact on government decisions and provide their consultations to the government. However, the government always chooses only those whom

agree with its political thinking and purpose. It does not accept their proposal and consultations if they are against its political beliefs.

The study found that there is a desire to share with stakeholders and policy players, but there are many basic restrictions. The initiatives of actors and stakeholders are weak because of the political dominance of the ruling party. There is no mechanism for policy actors' involvement; evaluation and supervision of the policy process are flawed.

According to the study, the socio-political factors threatening the city's industrial policy-making process include a lack of a comprehensive industrial strategy, corrupt practices and a rent-seeking conscience, mass human migration from nearby villages to the city, and political influence from the federal government.

According to the assessment un-sustained follow-up and support, less transparent policy process, poor oversight and accountability mechanisms, and less human power content are some of challenges facing in the oversight functions of the legislature. The city standing committee has a deficit of industrial policy making; evaluation, and installation guidelines for implementation. This shows that there is a political flashback of allocating unqualified leadership with no knowledge of policy analysis.

One can suppose that though the constitution of the country and the charter of the city assure that the City Government shall have the power to issue and implement public policies concerning the development of the City, the public institutions don't have the culture of transparency and accountability to set a sound policy.

The study suggests that the city administration's political and technical dependency on the central government is one of the barriers to policy freedom.

Prospect for better Policy Making Process:

The study suggests that the City Administration's long experience of designing and executing development plans, master plans, and in general development policies and programmes; the recent rapid economic and structural development; institutional establishments; and the emerging democratic political culture that promotes citizens' participation in administrative and development issues are all the prospects for a better policy making process in the City.

Policy Implications

The policy implications discussed here are based on the gaps in the literature review analysis, data presentation, and finding analysis.

The policy environment in the city is dominated the power of the ruling by exerting overwhelming control over the major policymaking institutions, the council of representatives and the council of executives. Non-state actors are less likely to influence government decisions since the party and executive institutions are merged. Thus, the researcher consults to the City administration to establish a legal framework that prevents the party ideological intervention in public policy institutions and as a whole in the bureaucratic system.

The industrial development policy of the country prioritizes the need for all-round assistance for industrialists and fosters an environment that encourages private sector expansion through macroeconomic stabilization, providing credit services, human resource capital, rebuild the supervisory environment and legal framework, and resist rent-seeking government frugality. However, the complex bureaucratic system, too long and complex system of credit services, and the issues of good governance related to land management are still the challenges. So, the researcher advises that the expansion of private financial institutions and building highly professionalized bureaucratic system are a better mechanism to manage the challenges sustainably.

Rent-seeking conscience and corrupted behaviour were considered as a critical challenge by the industrialization policy itself for the effective implementation of industrial development plans in the city. However, no concrete measure has been taken to reshape the rent-seeking conscience and corrupted practices of government bodies and others stakeholders and then the challenges are still existed. Thus, the researcher here is advising to the city administration to establish an institutional framework that prevents the misconduct and rent-seeking behaviour of public officials and other civil servants to minimize these challenges.

According to the charter of the city, the executive organ of the city administration has dual accountability either to the federal government or the council city administration. This reveals that the city government is responsible to implement assignments given by the federal government or the city administration. But most of the time, this is a source of confusion indicating that there is legal demarcation problem between the federal government and the city administration. Thus, the researcher consults the city administration to establish a legal framework that minimizes the influence of the City Administration from the Central government.

The study found that the political environment of the city heavily prohibits the policy options produced by policy players and policy research institutions to ensure that the public would not be able to access the

markets for policy alternatives. This prohibits citizens from being vigilant participants in local affairs and is an anti-development approach to citizens without alternative ideas and policy options. Thus, the political system of the City Administration should be open to policy players.

The study reveals that the legislature's supervision function suffers from challenges such as weak accountability systems, mismanagement and corruption, weak evaluation and controlling systems, and a lack of institutional regulative capacity for public managers. Therefore, strong policy control, evaluation, and regulation systems are needed to deal with such institutional and structural restrictions.

Training and education institutions are required in a series of short- and long-term action-oriented training programs to enhance staff capacity by applying basic skills and knowledge of industrial policy to continue to boost and qualify for use.