



Concept Note – Session 3

The politics of industrialisation: enabling factors and stumbling blocks

Industrial policies have a role to play in promoting the structural transformation of Africa. Structural transformations, defined by structural reforms such as privatisations, reduction of customs barriers or fiscal policies, have the advantage of revealing comparative advantages by putting in place policies of accompaniment that create conditions conducive to the experimentation of new products and exports¹. These reforms should therefore foster intensive job growth, particularly in the formal sector, and are an essential vehicle for improving social indicators.

Correspondingly, the analysis of industrial policies needs to focus on getting the policy process right², and these may vary depending on the circumstances and development objectives - for instance, industrial diversification, job creation, and reduction of income inequalities.

Market forces and private entrepreneurship should drive industrialisation while governments perform a strategic and coordinating role in the productive sphere, beyond simply ensuring property rights, contract enforcement, and macroeconomic stability³, notably through adequate public policies including active industrial policies.

What is then a good quality industrial policy regime? Among the potential answers, the followings can be mentioned: an inclusive industrial policy making process; an enabling environment around trade rules and trade facilitation; attention to industrial clustering and the provision and regulation of special economic zones (SEZs); and a high quality public-private dialogue⁴.

For some years now several countries in Africa have been able to implement public policies such as those listed above. In some cases, policies have helped enhance the economy (i.e. Ethiopia - SEZs to focus on niches, Morocco – local ecosystems in car and aeronautic industries) and for others helped identify the potential drivers and the stumbling blocks that must be overcome (i.e. Mozambique – negotiation capacities⁵).

The aim of uncovering where the most significant obstacles to restructuring lie, and what type of interventions are most likely to remove them, are major focus points. In this regard, one cannot overlook the importance of putting in place a process whereby public institutions cooperate well together and have a shared vision and commitment to design and, importantly ensure the timely implementation of the required strategies and accompanying reforms. For this to happen, appropriate institutions are obviously a prerequisite to coordinate private and public actors. It

¹ Vergne, C., & Ausseur, A. (2015). La croissance de l'Afrique subsaharienne: diversité des trajectoires et des processus de transformation structurelle. Paris: Agence Française de Développement, 50

² Rodrik, D. (2004). Industrial Policy for the Twenty-First Century

³ Rodrik, D. (2004). Industrial Policy for the Twenty-First Century.

⁴ Ansu, Y., McMillan, M., Page, J., & te Velde, D. W. (2016). African transformation forum 2016 Promoting Manufacturing in Africa.

⁵ Willem te Velde, D. (2017). Implementing industrialisation strategies in Africa. 2017 African Economic Outlook.

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implies empowering the public institutions to ensure efficient implementation of the strategies and monitor progress.

Other aspects of governance relate to ensuring ownership of the strategies and the reforms at the appropriate level, notably through constant dialogue with all key public and private actors, maintaining over the long term a commitment for reforms at the top echelons of the Government and consequent accountability vis-a-vis all concerned, including the public at large.

This session will bring together government and civil society officials to discuss the enabling factors and challenges to be overcome, on the way to a successful industrialisation of Africa.

Questions for discussion

- What are the lessons learned from industrialisation policies in Africa?
- Which are the main stumbling blocks that have been identified during the industrialisation process?
- What are specific policies that can help enhance new and sustainable entrepreneurship?
- How to design a setting in which private and public actors are involved in growth and industrialisation?



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