



Industrial policy in practice: Central to driving structural transformation in Africa

Achieving sustained growth in Africa coupled with addressing some of its key challenges requires a concerted focus on successfully implementing industrial policy. The experience of South Africa, Ethiopia and Nigeria revealed the importance of industrial policy which is dynamic and takes into account the context of different economies and sectors, as well as, addressing constraints is what is needed across Africa to ensure countries are internationally competitive with export capacity.

At the same time, a successful industrial policy should not be seen in a narrow way and should be aligned with other key policies such as macro-economic policy.

These emerged as some key themes during a discussion on implementing industrial policy between leading African economists and practitioners who explored the topic “Implementing industrial policy – bringing together theory and practice” during the launch yesterday of the African Programme on Rethinking Development Economics (APORDE) Alumni Network.

In opening the launch event, Niki Cattaneo, APORDE co-Course Director and Senior Lecturer in Economics, Rhodes University explained the origins of the APORDE programme which began with the aim of building capacity and a broad network of heterodox development economists and social scientists in Africa. The programme has trained approximately 600 policy-makers, researchers, academics and civil society representatives over the past 15 years.

The idea of launching an APORDE Alumni Network, Christopher Cramer, Professor of the Political Economy of Development at SOAS, University of London and Chair of the Aporde Scientific Committee explained was about creating a platform for people to connect and enrich and strengthen their ideas in relation to industrial policy and economic development with the aim of building a community of practice. This, all with the aim of contributing towards policy ideas and design in support of sustained growth and structural change, and address some of the profound challenges facing Africa such as poverty reduction and reducing unemployment.

In addressing some of these challenges, Arkebe Oqubay a Senior Minister in Ethiopia who has been central to industrial policy in Ethiopia for the last 30 years, highlighted the need for African countries to embrace the critical role of industrial policy in driving structural transformation and economic catch up. He pointed out that implementing industrial policy is complex whilst such a process needs to be dynamic and not rigid, and is uniform across sectors or countries. It has to allow for changes to take into account global developments as well as those in domestic economies. Whilst highlighting the role of the state in relation to the market and the importance of research and dialogue in influencing the policy making process, he stressed the importance of African countries embracing and elevating their efforts to ensure they are internationally competitive with export capacity. This, he urged is critical for every single country in Africa. If dealing with employment is critical then the continent needs to focus on economic diversification and productive transformation. He further argued industrial policy should not be seen in a narrow way, it has to synergise with other policies including skills development, urban planning and macro-economic policies.

Picking up on this issue, Rob Davies, former Minister of Trade and Industry in South Africa and member of the Trade and Industrial Advisory Council of the African Continental Free Trade Area (AfCFTA) pointed out that there has to be alignment between industrial policy and other policies such as macro-economic policy. This, he stressed has not happened in South Africa. He reinforced some of the points raised by Oqubay in relation to the fact that a successful industrial policy needs to be the product of intense consultation with both industrialists and labour whilst such processes are complex and is influenced by a range of factors such as the nature of the political economy. Davies pointed out that the power of different lobbying groups in influencing policy. He highlighted the role of research in shaping policy especially in relation to sector programmes. In this vein, he stressed the role of research in the masterplan processes which have become central to Industrial Policy in South Africa. Davies also pointed out that a successful industrial policy has to be seen widely in society as a priority and “what we have seen in South Africa is that it is not seen as a priority.” Commenting on the role of the AfCFTA, he argued that it provided an opportunity for Africa to create an integrated market and the building of regional value chains. He added that the free trade agreement could also be an opportunity to create some synergy with industrial policy and support industrial development in African countries.

In line with the views expressed by Davies and Oqubay, Adeyemi Dipeolu, Special Adviser to the President on Economic Matters in Nigeria stated that African countries cannot achieve rapid industrialisation without industrial policy. He pointed out however, that when discussing industrial policy in Africa, we need to factor in what emerged in the post-colonial era and industrialisation processes which unfolded to varying degrees of success. Dipeolu stressed that the continuing challenge to industrial policy is in relation to the “market place” for ideas and the continued influence of neo-liberalism which previously was not supportive of industrial policy.

In speaking to the importance of the Alumni Network, TIPS executive director Saul Levin concluded that the Network could play an important role in terms of taking forward African economic development as it provided a platform for the sharing of insights, new thinking and ideas.

Professor Fiona Tregenna, Head of the DSI/NRF South African Research Chair in Industrial Development opened the call for submissions for the 2022 Thandika Mkandawire Prize – the prize of \$10 000 is to recognise outstanding scholarship in African Political Economy and Economic Development. Finally, the call for applications for APORDE 2022 programme was made by Zukiswa Kimani, Chief Director in the Industrial Competitiveness and Growth Branch of the South African Department of Trade, Industry and Competition.

Issued by: APORDE

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About APORDE: The APORDE programme – an initiative of the South African Department of Trade, Industry and Competition (the dtic) and is currently managed by Trade and Industrial Policy Strategies (TIPS) – has been running since 2007. APORDE was modelled on the Cambridge Programme on Rethinking Development Economics (CAPORDE) initiated by Ha Joon Chang – who is regularly a lecturer on the APORDE programme.

For those who want to download for free an important resource: African Economic Development: Evidence, Theory and Policy (Cramer, Sender and Oqubay).

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