

*Are there industrial policy
'successes' in Africa? A review of
recent industrial policy interventions
in African countries*

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Outline

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Introduction

- The idea that Africa needs to industrialise is not new, and various studies have identified notable strategies that Africa can pursue to accelerate industrialisation and structural transformation
- This paper explores how different African countries are using industrial policy to shape their development paths, drawing on case studies prepared for the UNIDO Industrial Development Report (IDR) 2024 and 2026.
- Earlier IDR studies relied largely on secondary data, but this paper goes a step further by combining this broader evidence with primary field insights, especially from Nigeria's pharmaceutical sector.

Research methodology

- This study adopts a qualitative, comparative case-study approach grounded in both secondary and primary data.
- The analysis builds on background papers prepared for the Africa sections of the *UNIDO Industrial Development Report (IDR)* editions of 2024 and 2026, which provide country- and sector-level insights into the design, implementation, and outcomes of selected industrial policy interventions across the continent.

Research methodology

- The case studies were chosen because they each deliver wide public benefits, are backed by clear government action or legislation, and help build domestic linkages through local supply chains, technology transfer, or value addition.

Research methodology

- The case-selection strategy rests on three explicit criteria:
 - (1) the policy intervention must generate mass public benefit rather than serving narrow sectoral or firm-specific interests;
 - (2) the policy must be supported by formal public legislation, regulation, or government mandates; and
 - (3) the intervention must create or strengthen domestic linkages—either through local supply chains, employment creation, technology transfer, or value-addition within the domestic economy.

Research methodology

- Second, beyond synthesising secondary evidence, this study incorporates insights from primary fieldwork.
- While the IDR 2024 case studies relied primarily on desktop research and publicly available information, the case study on Nigeria's pharmaceutical manufacturing sector—developed for the IDR 2026 cycle—draws directly on structured interviews and stakeholder consultations with government agencies, private firms, industry associations, and development partners.
- These criteria ensure that the cases examined are not only policy-relevant but also comparable in their developmental intent and potential for structural transformation.

Case Study Findings – Innoson Vehicle Manufacturing (IVM) in Nigeria

- Nigeria launched its first National Automotive Industry Development Plan (NAIDP) in 2014.
- However, the federal government of Nigeria has revised the existing automotive industry development plan for 2022-2023.
- The goal of the policy is to bolster local production of traditional fuel vehicles by approximately 40%, while aiming to raise EV production by 30% .
- A notable aspect of IVM firm is its commitment to local sourcing. Most of its raw materials come from within the country, fostering a domestic supply chain and bolstering local enterprises.
- Employs close to 2000 or more and has a local training academy. Its now moved into natural gas-powered vehicles.

Case Study Findings – Solar electric vehicles in Uganda

- In Chapter 13 of Uganda’s National Development Plan III, the country sets out its plans to adopt electric transport solutions such as solar powered motorcycles, bicycles and tricycles.
- To put the plans for the green industrialisation objective into action, the Ugandan government launched its solar buses project in 2016, with Kiira Motors Corporation, a state-run motor corporation in charge of the manufacturing of these solar energy-powered EVs.

Case Study Findings – Solar electric vehicles in Uganda

- Kiira Motors Corporation signed a memorandum of understanding with the National Enterprise Corporation (NEC) for construction of the Kiira Vehicle Plant in the Jinja Industrial and Business Park.
- The state has also invested more than US\$50 million to start mass production of Evs such as solar electric buses. These buses are locally assembled in conjunction with Makerere University.
- Creating employing for more than 7000 people and hoping to rise to an annual production capacity of 5000 buses per year.

Case Study Findings- Fertiliser production in Nigeria

- In its National Development plan for 2021 to 2025, Nigeria planned to utilise its abundance of natural resources (natural gas, urea and ammonia) to produce fertiliser and support agriculture to position Nigeria as a leading hub of agribusiness in the near future
- In this regard, Nigeria's President first launched an initiative dubbed the 'Presidential Fertilizer Initiative' (PFI) in 2016. The PFI planned to encourage local production of a million metric tonnes of blended nitrogen-based fertiliser for the 2017 farming season.

Case Study Findings-

Fertiliser production in Nigeria

- The initiative is reported to have led to the production of 650 000 metric tonnes of NPK fertiliser as of December 2022, obtained from 62 blending plants in the country
- After almost six years of the PFI, the government of Nigeria has supported a private company to set up the Dangote fertiliser plant.
- The investment in such a highly modern fertiliser production facility based on natural gas abundance, along with a refinery that is expected to meet Nigeria's needs for petroleum products and generate surplus for exports, should contribute to reducing unemployment and youth restiveness in Nigeria.

Case Study Findings – Pharmaceutical industry in Egypt

- The Egyptian pharmaceutical industry exports US\$400 million in pharmaceutical raw materials every year.
- The market value of pharmaceutical industry is the highest in the Middle East and North Africa (MENA) region in 2023, with a market value of US\$56.6 billion. Exports from the industry are projected to reach US\$5 billion by 2030.
- The National Industrial Development Strategy (NIDS) launched in 2005 sought to leverage the country's main advantages in relatively abundant and skilled labour, its strategic location, and the low production cost to transform the country into the leading industrial hub of the MENA region by 2025.

Case Study Findings – Pharmaceutical industry in Egypt

- The overall target of the strategy was to increase industrial production as a percentage of GDP from 17.1% in 2005 to 22.6% in 2025, with the commensurate projected creation of 1.9 million jobs by 2025.
- The government also passed the New Investment Law in 2017, which provides additional incentives for investors looking to enter the local industry

Case Study Findings – Pharmaceutical manufacturing in Nigeria and its potential for future industrialization

- Policy direction has shifted toward localisation: the Federal Government has set an ambition to raise the domestic share of medicines supply to roughly 70% by 2030.
- This direction is reinforced by NAFDAC’s “Five-Plus-Five” validity policy, which limits repeated renewals of import registrations where local production is feasible, encouraging a gradual shift from import dependence to domestic manufacture.

Case Study Findings – Pharmaceutical manufacturing in Nigeria and its potential for future industrialization

- The Presidential Initiative for Unlocking the Healthcare Value Chain (PVAC) complements these measures by coordinating procurement, standards, and investment.
- The market is estimated at about US\$4.5 billion, with annual growth above 9%, driven by demography, high out-of-pocket spending, and the gradual expansion of mandatory health insurance

Case Study Findings – Pharmaceutical manufacturing in Nigeria and its potential for future industrialization

- The institutional landscape features domestic manufacturers—largely producers of branded generics—alongside importers, distributors, and contract packagers.
- Regionally, Nigeria remains the anchor market in Economic Community of West African States (ECOWAS)—now over 420 million consumers.

Case Study Findings – Pharmaceutical manufacturing in Nigeria and its potential for future industrialization

- With more reliable power, competitive finance and foreign-exchange access, quality upgrades, and predictable procurement—areas PVAC is designed to influence—the localisation agenda can pair increased domestic production with disciplined regional expansion to deliver public-health and industrial outcomes.
- On output and market contribution, domestic producers supply roughly 30% of national demand; about 70% is still met through imports.

Concluding remarks

- Accelerating progress towards sustainable development and global prosperity underscores the crucial role of industrial development.
- The cyclical and discontinuous nature of politics in many African nations suggests that policy design and implementation can become fragmented over time, leading to the erosion and failure of certain industrial policy initiatives and outcomes

Concluding remarks

- The imperative of coordinating policies across different domains remains. Such coordination becomes increasingly critical as industrial policies become more ambitious in their objectives. This necessity is particularly pronounced in Africa, where insufficient policy coordination between governmental and non-governmental entities can heighten the risk of policy failure.