

SUCCESSFUL AFRICAN FIRMS AND
INSTITUTIONAL CHANGE (SAFIC)

STAKEHOLDER WORKSHOP

HELD AT THE SWEDISH EMBASSY LUSAKA

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**Role of industrial policies in
Promoting Economic Growth &
Development**

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Outline of Presentation

- Introduction
- Evolution of development of industrial policies
- Findings relating to need for industrial policies
- Conclusion and Recommendations

Introduction

- **What is an industrial policy?**
 - Government deliberate attempts to promote industrial development
 - Governance issues (stakeholder participation, level of participation)
- **Do industrial policies promote Economic Growth and Development?**
 - From economic theory point of view, industrial policies can promote growth and development

Introduction cont...

- However, in practice, industrial policies may and may not promote growth and development
- In East Asian Countries such policies have brought positive results while in Africa, especially sub-Saharan Africa the policies have failed.
- The reasons revolve around the politics of different countries, governance issues and content

Evolution of Industrial Policies in Zambia

- **Two phases are identified:**
- **1968 to 1991;**
 - Parastatals & Import-substitution industrialisation strategies.
- **1991 to present;**
 - Market liberalisation and privatisation programmes
 - Trade policy incentives to industrialise through exports include, e.g. Multi-Facility Economic Zones.
 - Citizens Economic Empowerment (CEE),
 - R&D & Technology Transfer,
 - Human Capital Development,
 - Investment Promotion (ZDA)
 - Commerce, Trade & Industrial Policy
 - Revised 6th National Development Plan: Specific sector support

Key Findings

- 70 % of firms in both sectors stated a lack of relevant government programs and schemes
- Bias in the administration of (few) incentives against local firms
- Limited Business Associations' influence on government policy
- Low quality level of education (Skills) among local suppliers & limited (50%) utilisation of R&D
- Unstable business environment, including power outages.

Conclusion & Recommendations

- Local Firms in Zambia are facing serious challenges which are adversely affecting their performance with loss of jobs
- Need for a well designed industrial policy with targeted and relevant programs and schemes
- Government and the stakeholders collaborate based on **active** participation
- Information sharing regarding government support programs is equally important

THANK YOU

END