



## 4<sup>TH</sup> ANNUAL SADC INDUSTRIALISATION WEEK

### The role of Private Sector for Inclusive & Sustainable Industrial Development

William Babigumira

*Pentascope Strategy Consult Ltd, CEO*

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## Inclusion: Industrial Policy Design Process

- The political context matters (“developmental state” open regionalism, import substitution)
- Public policy & “chance” impose an oversized impact on the search costs and also on the likelihood of success of the partnerships.
- Both policy makers & private sector cannot predict with a high degree of certainty where the next technological breakthrough is going to occur, which players, which economic sector.
- Private sector, therefore, are in a better position to influence IP outcomes because they will also bear the attendant risks.
- Suggestion that free movement of factor conditions is important (context of deepening integration)



## Inclusion: Industrial Policy Implementation

- **East Asia, effective strategies of financing learning-by-doing explain the success of IP because most of it was conditional on “effort expended” rather than on the anticipated “degree of success”**
- **Risk and failure are inherent in the process, therefore judgment calls on success of the “infant industry” should assess systemic transformation.**
- **Public-Private partnerships have been repeatedly observed to fail because of the perception that the public bears the losses while the private sector leaves scot free, which really isn't often the case.**
- **Challenge for IP policy makers has been to identify and maintain a broad base of private actors so as to spread the benefits and minimise political resistance to the IP.**



## Broad Policy Reforms in other areas critical!

- Liberalisation of trade policies, investment policies is a sine qua non for IP success at least in as far as broad REC-wide systemic objectives are concerned.
- Trade facilitation, identification of removal of non-tariff barriers very important for increasing the likelihood of IP success.
- Transforming national business advocacy networks into regional advocacy platforms is key
- National IPs often conflict with regional aspirations, therefore coordinating complementary and competing international investments in a regional economic community (REC) is a complex affair
- For Policy makers: genuine competition concerns that policy makers must consider as part of the IP space.
- Beyond reshaping advocacy, the alignment of the agenda across a broad range of private sector actors

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