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**DEVELOPING INDUSTRIAL POLICIES IN WEST AFRICAN COUNTRIES**

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***Abstract***

This study concerns particularly the failures in implementation of industrial development policies; further, the level of industrial activities of African countries is compared to the rest of the world. Faced with a global economic environment either in crisis or in constant evolution, it becomes necessary to know why the same industrial policy with similar traditional instruments that have been successful in some East Asian countries, has not allowed African countries to catch up with their industrialization? Based on the documentary and observation, on the analysis of various industrial policies implemented and on examining the level of their efficiency, the purpose of this research is to propose the development of industrial policy more suited and appropriate to West African countries. The methodological approach of this research is mainly documentary, as most of the parameters come from the world recognized reports. That is, the established theoretical data and knowledge related to the West African economy. According to the results, the failure of industrialization in West Africa is due to endogenous factors (insufficient qualified human capital, lack of adequate basic infrastructure, deficit in energy production, etc.). Finally, one of the main objectives of West African countries is to commit to creating competitive industries based on the development and implementation of reasonable industrial policy. Our suggestion is not a universal solution, but a support for participation in debates for policy makers in this field.

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## 1. Introduction

Since the 1960s, developing countries have pursued industrial policies the main objective of which was to improve economic growth through industrialization and other macro-economic fundamentals. In today's environment, as the developed countries are rapidly increasing their economic relevance through technological and innovative sustainable ideas, the gap with developing countries is then being further exacerbated due to high capital intense resources required to catch up with on-going developmental agenda. Thus, catching-up is becoming very difficult and hence the need to initiate or develop long-term policies to promote industrialization and innovative business activities.

Currently, a review of the literature covering the industrial policy is very wide and varied. In existing scientific literature, industrial policy is defined in several ways with a detailed description of the different aspects of regulation/law or the role of the State in supporting the implementation of industrialization activities. What all of these definitions have in common, is the recognition that industrial policy is a targeted effort to promote enterprises or sectors, in particular those that are more specific to economic growth. The nature and objectives of industrial policy in economic policy depend on the broad lines of initiatives concerning the intervention of the State in the industrial sphere. The economic model, which serves as a common thread for public policy, plays an important role.

Furthermore, Rodrick describes industrial policy as a restructuring of the most dynamic activities (Rodrick, 2004, 2016). The United Nations Conference on Trade and Development (UNCTAD) on Industrial Policy declares that all government measures aimed at strengthening the competitiveness and capacity of local businesses and promoting structural transformation are necessary (UNCTAD, 2011). In addition, when analysing theoretical approaches to practice, it should be recalled that Government intervention in industry is an old and common practice. The analysis of the experience of Asian countries in industrial policy in this region is well established. Its effectiveness is attributed to the existence of a "Developing State" in these countries and to an industrial policy based on a "magic square" that represents its institutional framework. The Asian "Developing State" is inspired by the German experience of the late nineteenth century; first adopted by the Japanese, it is then disseminated to other countries in the region.

Chaponniere and Lautier (2014), characterized "Developing State" in Asia by three properties that distinguish it from the State in other developing regions (Latin America and Africa). First, the autonomy of State from the private sector, in other words, a State capable of making strategic choices, taking appropriate measures and resisting lobbies that oppose changes that benefit the economy. Second, the "Developing State" is characterized by its strong capacity to collaborate with the private sector. Next, it is also capable of pursuing a conservative macroeconomic policy based on prudent fiscal management to mitigate vulnerability to external shocks. Finally, the industrial policy model of this region is based on an institutional framework in the form of a «magic square» consisting essentially of the following pillars: i) a central agency or institution responsible for defining objectives (steering), (ii) a set of means for controlling the financial system with regard to the allocation of financial resources, (iii) export incentives and (iv) trade protection and technical development support measures (Hamdi & Yaïche, 2017).

## **2. Problem Statement**

The different industrial policies with traditional instruments implemented apparently did not allow African countries to catch up in terms of industrialization and, consequently, economic growth sustained more or less by export of raw materials. In this study, the authors raised two main problems; the first concerns the causes of failures or delays in implementing industrial development policies of African countries compared to the rest of the world, and the second is the low level of industrial activities in Africa.

## **3. Research Questions**

Faced with a global economic environment either in crisis or in constant evolution, it becomes necessary to know why the same industrial policy with similar traditional instruments that have been successful in some East Asian countries, has not allowed African countries to catch up with their industrialization? What are the factors behind the failure in the implementation of the various industrial policies in West Africa?

## **4. Purpose of the Study**

The purpose of this research is to suggest the development of industrial policy more suited and appropriate to West Africa countries, after having analysed the different industrial policies implemented.

## **5. Research Methods**

The methodological approach of this research is mainly desk research as most of the parameters are from world recognized reports. That is, theoretical knowledge and various scientific works, form the basis of this research. Three key points were critically considered: inductive-deductive method of analysis, documentary analysis and synthetic analysis approach.

## **6. Findings**

The results of industrial policy developed and implemented in all West African countries since the era of post-colonial time, were declined in three periods: from 1960 to 1979 had been marked by the following situations: the important role of the State in managing the economy; Creation of enterprises requiring low technical knowledge (textile industry, oil mill, footwear, furniture, etc.); reduction in imports of goods produced by foreign big established companies; diversification of industries through the creation of new industries by various government, for example cement plants, which are expensive but profitable in the long run; Nationalization of foreign companies (mines and factories, etc.); weak economic growth (external influencers for example oil shocks in 1973 and 1979); colossal external debts; failure resulting from an industrial policy of import substitution; Restructuring plan presented by the International Monetary Fund and the World Bank. The various results about industrialization of import substitution showed that all stages have not been implemented. These include: production of durable consumer goods such as household appliances, electronics, cars and their exportation.

From 1980 to 1999, the results of the development and implementation of Structural Adjustment Programs, which has had a particularly harmful effect on the process of technology accumulation (Chang et al., 2013), and in terms of innovation and economic growth, have often been disappointing. The weakness of industrial policy in West Africa at this period shows that public authorities did not understand the various interventions of the Structural Adjustment Program. If the Structural Adjustment Program succeeded in liberalizing the economy based on the principles of the free trade and competition, the industries in the international context, would however experience difficulty in being dynamic.

From 2000 to today, the implementation of the common industrial policy had produced encouraging results with the construction of infrastructure, in the fields of energy production, telecommunications, etc. Economic growth remains medium or weak with social problems such as unemployment and poverty (Ackah et al., 2016; Dossou & Khvatova, 2019).

### 6.1. Industrial policy suggested of West African countries

In the industrial policy suggested for the countries of West Africa (Figure 01), it is worthy to mention that the purpose of this research is not to invent the wheel, but to make new and relevant proposals in which will bring a cause to make the wheel turn so that the expected results are achieved in the most effective way. Our Industrial Policy suggestion approach is based on a few points made up of tactical and strategic approaches. The idea of proposing this policy underpins the history and the current conditions of the level of economic and industrial development. In addition, the objective is to build on the State's commitment to stimulate economic growth through innovative industrial development so as to improve the economic and social conditions of the population.

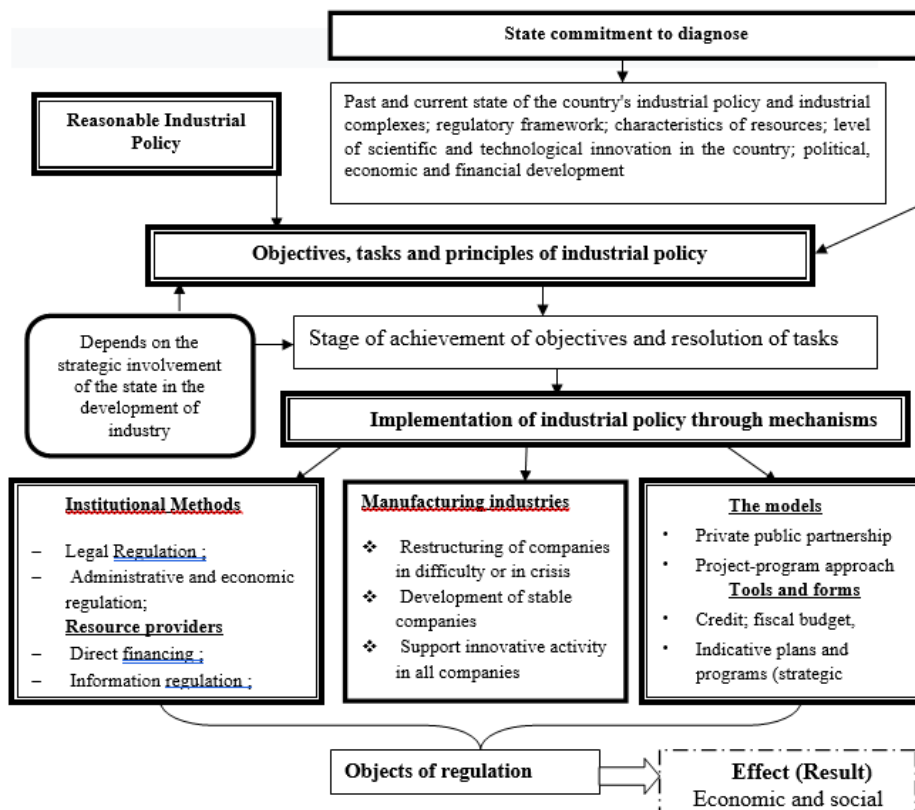


Figure 01. Scheme for the development and implementation of Reasonable Industrial Policy

## 6.2. Content explanation our suggested industrial policy (Figure 01)

To do this, our suggested industrial policy for a State, in a reasonable manner should contain (Dossou & Khvatova, 2020; ECA & AU, 2015; ECOWAS, 2019; Kolesnikov & Lapina, 2018; Kwabena, 2013; Moshkov et al., 2016; Vatulkina & Gorbunova, 2015):

- Objectives and tasks of industrial policy tabled in the current context are as follows: selectivity of the manufacturing industry to increase production, in particular on the domestic and international market; use of innovative and quality developmental skills for products to be competitive on the foreign market;
- To achieve the objectives, it will first require solving the following tasks: the need for a sustainable long-term energy production; a consistent tax system with flexible pressure on local industrial enterprises, which can help them access various inexpensive raw materials (the flexible tax regime proposed of this type justifies liberal economies in West African countries); the right path to be taken for the promotion of industrial sector (this mainly has to do with priorities of industries basing on natural resources management); creation of favourable conditions for the restoration of socio-industrial production so as to boost economic performance for various businesses; creation of an effective and coherent national innovation systems to facilitate the transfer of technology and knowledge from developed countries; increase production capacity through innovation;
- Principles of industrial policy based: legal, economic and organizational support; adaptability and flexibility; scientific research and innovation development;
- Mechanisms for implementing industrial policy : With regards to the constituent elements of the proposed mechanism, they will bring-forth: the institutional method, which consists of creating a legal, administrative and economic regulatory environment; a mobilization of available resources, which will allow direct funding of various projects, as well as the regulation of information in the interest of stakeholders; a choice in favour of the manufacturing sectors, which have a ripple effect on the rest of the economic sector as a whole; priority necessary for the promotion of "innovation activity" by manufacturing companies; a proposed mechanism based on a 21st century model as it is a public-private partnership initiative. And therefore, the design and orientation of the project-program approach are based on the achievement of the objective (end result being more important than the process). As for the partnership model between the State and the private sector, it is possible to carry out socially significant projects on the basis of a legal alliance in a wider range of activities in different sectors of the economy at national level; the means and forms of implementing industrial policy being based on the state budget, and letter of credit, loans.

### Limits and study to come:

This study does not cover the aspect of institutional commitments and suitable sources of funding for the effective implementation of the industrial policy suggested. These two listed aspects will be the subject of our next research.

## 7. Conclusion

In fact, on the basis of the present study, lessons learned are the failures of industrial policy through import substitution, the Structural Adjustment Program, the encouraging efforts of the Common Industrial Policy and the success of the experience of other developing countries (Asians). As recommendations our industrial policy suggestion becomes useful from the point of view supports to participate in the debate to make choices in order to improve the economic performance and the transition from economy based on the export of raw materials to an industrial transformation economy. Finally, the institutional framework of industrial policy will be the subject of our next study.

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