

Enablers and Inhibitors for Effective Industrialisation process in the Sudan

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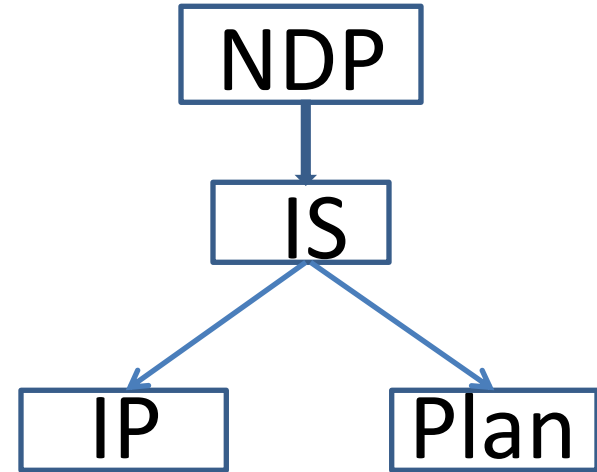
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Introduction

- The Sudanese economy is in a state of crisis
- The Industrial sector is ineffective
 - *Contribution to the GDP and employment market is significantly small*
- Developing countries managed to get out of poverty trap adopted a clear **industrialisation** path as part of their “Development Model”
 - *Sudan will not be the exception.*
- We will identify and examine most important enablers and inhibitors to industrialisation process in the Sudan

Industrialisation Process Ingredients (1)

- Industrial Strategy (IS)
- Industrial Policy (IP)
- Industrial Plan

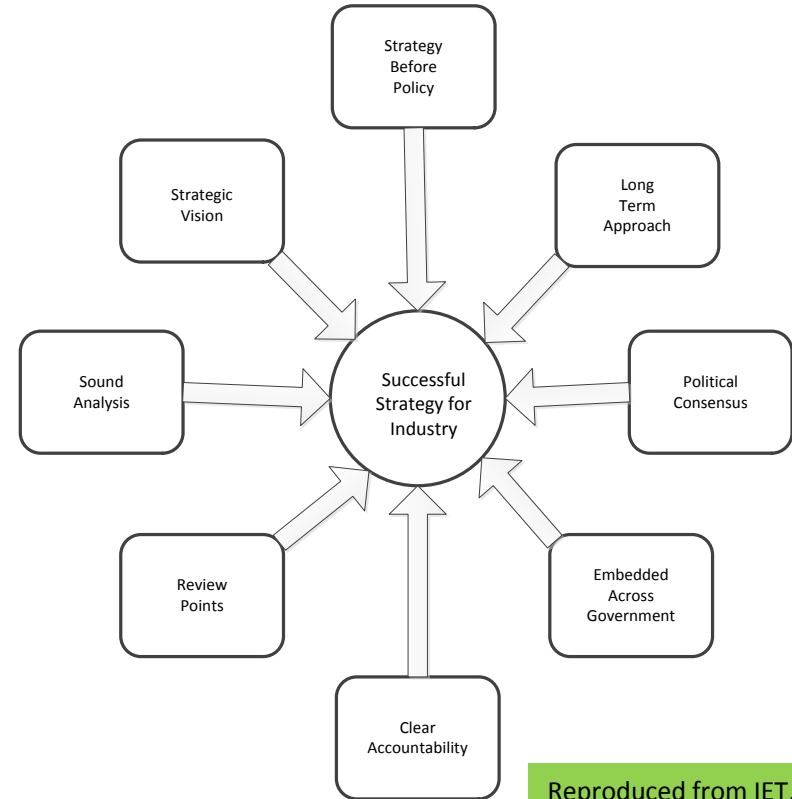


Industrialisation Process Ingredients (2)

- How it works?
 - *The role of the Industrial Policy (IP) is to become an enabler to the industrial strategy (IS), which reflects the objectives of the NDP, and a tool to support industrial planning. Therefore,*
 - IS sets long term direction/vision along with “smart” objectives
 - IP is key to creating “investment-attractive” environment by regulating for providing Guidance, Encouragement, Access to finance, and Reassurance to investors (satisfying the GEAR condition)
 - Industrial Plan is the gate to implementation and key to achieving IS objectives

Industrial Strategy (IS)

- *Written in clear & Concise language to provide clarity and attract investors*
- *Detail KPI's*
- *“Smart” Objectives developed using well researched evidence*
 - (Specific, Measurable, Achievable, Realistic and Timely)
- *Based on social, cultural, economic & industrial structure of the country (i.e. indigenous to its environment)*
- *Cross-departmental responsibility*
- *Subject to regular review and checks.*
- *Forms basis & justification for the IP*



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The Case of The Sudan

- Recently, MoI published IS for manufacturing sector for 2007-2030
 - *Not clear how much consultation used to make it resilient to political instability*
 - *Identified “sectors/challenges” for 25 yrs, but only objectives for 5 yrs.*
 - *Objectives not “smart” enough. Specify “What”, but not “Why” or “How” achieved – no mention of in-depth analysis.*
 - *No KPI’s*
 - *Objectives not linked to coherent IP (i.e. Measures for access to finance, tax policy, skills, procurement, research & innovation, etc)*
- Assuming validity of published set of policies for 2002-2007 as IP
 - *This consists of combinations of 25 objectives, targets and ideas, rather than policies*
- No mention of Industrial Plan

Enablers & Inhibitors to Industrialisation Process

- The proceedings of the Sudan Chamber of Commerce conference (2011) gave good account of problems facing Sudanese industry and recommended solutions.
- Here we categorise enablers and inhibitors to industrialisation process rather than listing them individually
 - *Easier to analyse issues and address root cause(s).*
- The list is not exhaustive
 - *Interested parties can add to them as they see fit.*

Enablers & Inhibitors (1)

- Industrial Strategy:

- *Enabler: Guides industrialisation process & direct investments towards economic effectiveness.*

- Industrial Policy:

- *Enables strategy, creates the right environment for investment via satisfying the GEAR condition – Attracts local & foreign direct investments.*

- Industrial Plan:

- *Enabler: Vehicle for implementation, shows commitment of funding, resourcing & timeline.*

Enablers & Inhibitors (2)

- Coordination:

- *Enabler: Accountability for IS responsibility of the whole government – All departments has to be involved, hence need for coordination.*

- Access to Finance:

- *Central Bank must keep enough foreign reserves to meet demand.*
- *Clear policies to encourage investment: Tax holidays, regulated customs on imported raw materials – otherwise industrial sector would be disadvantaged*

- Infrastructure:

- *Enabler: Includes both physical (roads, oil, etc) and informational (ICT).*

Enablers & Inhibitors (3)

- Skill & Innovation:

- *Enabler: Industry needs staff and technical cadre with specific qualifications and skills.*

- Education system to meet the demand + Industrial training for targeted specific skills leading to recognised professional qualifications.

- Communication:

- *Wide communication is important to engage stakeholders as well as general public to enable implementation phase.*

- To insure wider understanding and support needed for the success of the Industrial Strategy.

- *Good communication brings understanding, however only honest & transparent implementation of policies breed trust*

Enablers & Inhibitors (4)

- Good Governance & Political Stability:
 - *Required to*
 - establish the correct path for sustainable development, draw effective national plans and legislate for supportive policies and regulations to monitor and guide fair and strategic public and foreign investments.
 - gain investors confidence through proper, honest & transparent implementation of these regulations in practice.
 - *Risk mitigation by taking industrialisation process out of political arena via*
 - early wider public consultation since definition stage & finalise IS by consensus.
 - engaging all stakeholders to buy them into the process to guarantee their commitment.
- Corruption:
 - *Transparency Int.: Sudan second from bottom – state of “Rampant Corruption”*
 - This deters investors and inhibits industrial process

Conclusions (1)

- Sudanese economy is in a state of crisis.
 - *To get out of the poverty zone, the Sudan needs to adopt an integrated sustainable development plan, **in which industry represents the pivotal point.***
- There is no effective industrial strategy, policy or plan in the Sudan.
 - *Political instability and corruption have also added to the lack of trust by investors rendering the industrial sector **economically next to non-existent.***
- To embark in a clear industrialisation process,
 - *the Sudan needs to establish a correct path for sustainable development, have good governance, draw effective national plans and legislate for supportive policies and regulations to monitor and guide fair and strategic public and foreign investments.*

Conclusions (2)

- Some specific areas that can **enable or inhibit** the industrialisation process are
 - *industrial strategy, policy & plan, coordination between different governmental departments, access to finance, infrastructure, skill and innovation, communication, good governance and political stability, and corruption.*
 - These areas are prerequisite for a healthy and effective industrialisation process, hence require special attention if the industrial sector is to contribute fully to the Sudanese economy.



- **Questions**