A new report published by the African Development Bank (AfDB) in collaboration with the African Union (AU) and the United Nations Industrial Development Organization (UNIDO) analyses the status and gaps of industrial development in Africa, as a foundation for economic growth and for developing exports and economic diversification.

With its young labour force, abundant natural resources and fast-growing internal markets, Africa has the potential to become the next global frontier for development in the global economy. However, as a late-industrializing continent, the only way to achieve this objective is for African States to accelerate industrialization so that their economic potential can be unlocked.

Presently, progress towards industrialization remains disappointingly slow. Africa's share of global manufacturing output is currently less than two (2) percent of global manufacturing output and the continent is largely absent from global value chains. Although the services sector has dramatically expanded over the continent, contributing to African aggregated GDP for about 50%, agriculture remains an essential activity, and the main provider of jobs in Africa. The manufacturing sector output, on the other hand, has registered a progressive decline in the latest years. The report notes that the typical African manufacturing firm is small and informal, producing basic goods exclusively for local markets. A conclusion that suggests that the main actors in intra-African trade are big and multi-national companies.

Moreover, most of African States keep to rely excessively on external suppliers for importing products that are consumed internally, while exports still heavily depend on trade of basic commodities with little or no level of value addition. This leaves them vulnerable to the fluctuating global demand of such commodities. The outbreak of the COVID-19 pandemic and of the Russia-Ukraine conflict, with the sudden increases in energy and other commodity prices that they have caused in the continental economies, have shown to Africa all the disadvantages of its strong reliance on foreign markets.

Against this backdrop, there is a growing consensus that African governments need to promote industrial development more actively, not just by putting in place the enabling conditions for industrialization (e.g. by investing in infrastructure, in creating skilled workforces and a favourable investment climate), but also by identifying infant industries towards which public resources need to be channeled and private capital have to be directed through incentives and other policy measures. In this regard, the report points out that in recent years, a number of African countries such as Ghana, Ethiopia and Mauritius, have begun to work in collaboration with the private sector to identify and support infant industries, based on ‘educated guesses’ about their growth potential. They are developing new policy instruments that enable them to make targeted investment in infrastructure and skills, help firms access capital, technology and export markets, and broker linkages between manufacturers, investors and customers. While these initiatives remain at an early stage, there is good reason to believe that interventions of this kind are essential for kickstarting Africa’s industrialization.

The Africa Industrialization Index (AII) is an attempt to measure, through a comprehensive set of standardised indicators, the Africa’s progress on industrialization. The inaugural edition of the index covers 52 out of the 54 African countries, with the exclusion of Somalia and South Sudan, for which no data is currently available. As a benchmark tool, the AII identifies similarities, strengths and weaknesses of each country and group of countries, and conveys lessons and best practices to African policymakers to help them to identify factors, policies or strategies that are able to further promote industrialization in their respective countries.

Encouragingly, the Index shows that most African countries are making progress, although slow, on industrial development. Countries that have developed sophisticated manufacturing capabilities are a handful, with South Africa and 3 north African countries (Morocco, Tunisia, Egypt) leading the rank. Concerning the strongest progress in industrialization, countries that have done better are Benin, Ethiopia, Eritrea, Gabon, Guinea, Mauritania, Mozambique, Senegal and Seychelles. In terms of manufacturing value-added per capita, good progress has been made by Eritrea and Mauritania, driven by their strong export performances, while Kenya and Uganda stand at the best in East Africa, whereas Central Africa is led by Gabon, followed by Equatorial Guinea and the Democratic Republic of Congo, Congo and Cameroon.

Economy	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
South Africa	0.8957 (1)	0.8937 (1)	0.8948 (1)	0.8888 (1)	0.8829 (1)	0.8764 (1)	0.8669 (1)	0.8746 (1)	0.8752 (1)	0.8696 (1)	0.8498 (1)
Morocco	0.7643 (3)	0.7996 (2)	0.8035 (2)	0.8155 (2)	0.8219 (2)	0.8104 (2)	0.8201 (2)	0.8302 (2)	0.8369 (2)	0.8333 (2)	0.8387 (2)
Egypt	0.7578 (4)	0.7525 (4)	0.7663 (4)	0.7792 (4)	0.7745 (4)	0.7731 (4)	0.7813 (4)	0.7667 (4)	0.7699 (4)	0.7755 (4)	0.7934 (3)
Tunisia	0.7895 (2)	0.7991 (3)	0.7938 (3)	0.8044 (3)	0.8073 (3)	0.7869 (3)	0.7914 (3)	0.7871 (3)	0.7777 (3)	0.7808 (3)	0.7808 (4)
Mauritius	0.6802 (5)	0.6909 (5)	0.6983 (5)	0.7018 (5)	0.7128 (5)	0.7081 (5)	0.7061 (5)	0.6965 (5)	0.6889 (5)	0.6872 (5)	0.6794 (5)
Eswatini	0.6426 (6)	0.6439 (6)	0.6355 (6)	0.6408 (6)	0.6357 (6)	0.6312 (7)	0.6247 (7)	0.6373 (6)	0.6385 (7)	0.6485 (6)	0.6405 (6)
Senegal	0.5547 (14)	0.5772 (11)	0.5833 (10)	0.5867 (14)	0.5847 (15)	0.5813 (13)	0.5880 (11)	0.5968 (10)	0.6015 (10)	0.5979 (10)	0.6116 (10)
Nigeria	0.5766 (10)	0.5792 (10)	0.5817 (11)	0.5901 (13)	0.6207 (7)	0.5991 (10)	0.5635 (17)	0.5734 (15)	0.5921 (12)	0.6133 (9)	0.6122 (9)
Kenya	0.5723 (11)	0.5837 (9)	0.5936 (9)	0.6025 (11)	0.6090 (11)	0.5939 (11)	0.5983 (10)	0.5887 (12)	0.6029 (9)	0.5964 (11)	0.6042 (11)
Namibia	0.6106 (7)	0.6133 (7)	0.6136 (7)	0.6193 (7)	0.6107 (8)	0.5998 (9)	0.6009 (8)	0.6189 (8)	0.6434 (6)	0.6189 (8)	0.6139 (8)