Green industrial policies for sustainable and inclusive diversification of CDDCs

By

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
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Policies for export diversification
Traditional enablers of economic diversification

• Human capital: Align skills with the needs of new industries
• Market access: Trade policy for diversification and value upgrading
• Infrastructure: Affordable energy, modern transport and digital infrastructure, special industrial zones
• Economic and political stability: National consensus on diversification beyond immediate political cycles

Note: Photos – top: Ghana, for instance, the Women in the Driving Seat; bottom: Luanda/Bengo Special Economic Zone
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<td><strong>1</strong></td>
<td><strong>Boost access to energy</strong></td>
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<td><strong>2</strong></td>
<td><strong>Consider the right energy mix</strong></td>
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<td><strong>3</strong></td>
<td><strong>Harness green growth opportunities</strong></td>
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<td><strong>4</strong></td>
<td><strong>Account for initial conditions</strong></td>
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<td><strong>5</strong></td>
<td><strong>Decent jobs and just transition</strong></td>
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<td><strong>6</strong></td>
<td><strong>Benefit from international cooperation and agreements</strong></td>
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Green industrial policies in CDDCs: Principles

1. Develop foundational capabilities
2. Ensure political and public support
3. Create jobs
4. Promote social cohesion and a just transition
5. Ensure gender equality
1. Identifying potential new sectors for economic diversification –

2. Capturing more value in existing value chains
Green industrial policies in CDDCs: Entry points

Agriculture-dependent
• Promote local processing
• Adopt digital and climate-friendly agriculture techniques

Mineral-dependent
• Move up supply chains of critical mineral adding value domestically
• Uphold environmental, social and governance standards

Fossil fuel-dependent
• Convert hydrocarbon assets into sustainable forms of capital
• Use sovereign wealth funds
Green industrial policies in CDDCs: Regional integration

1. Coordinate diversification strategies regionally
2. Leverage regional trade
3. Foster regional value chains
International support

- Help stabilize commodity markets
- Combat tax evasion and illicit financial flows
- Promote technology transfer and technical capacity-building
- Support the use of stronger trade and investment measures
- Support energy transition and mitigate the consequences of stranded resources
- Provide adequate financial support