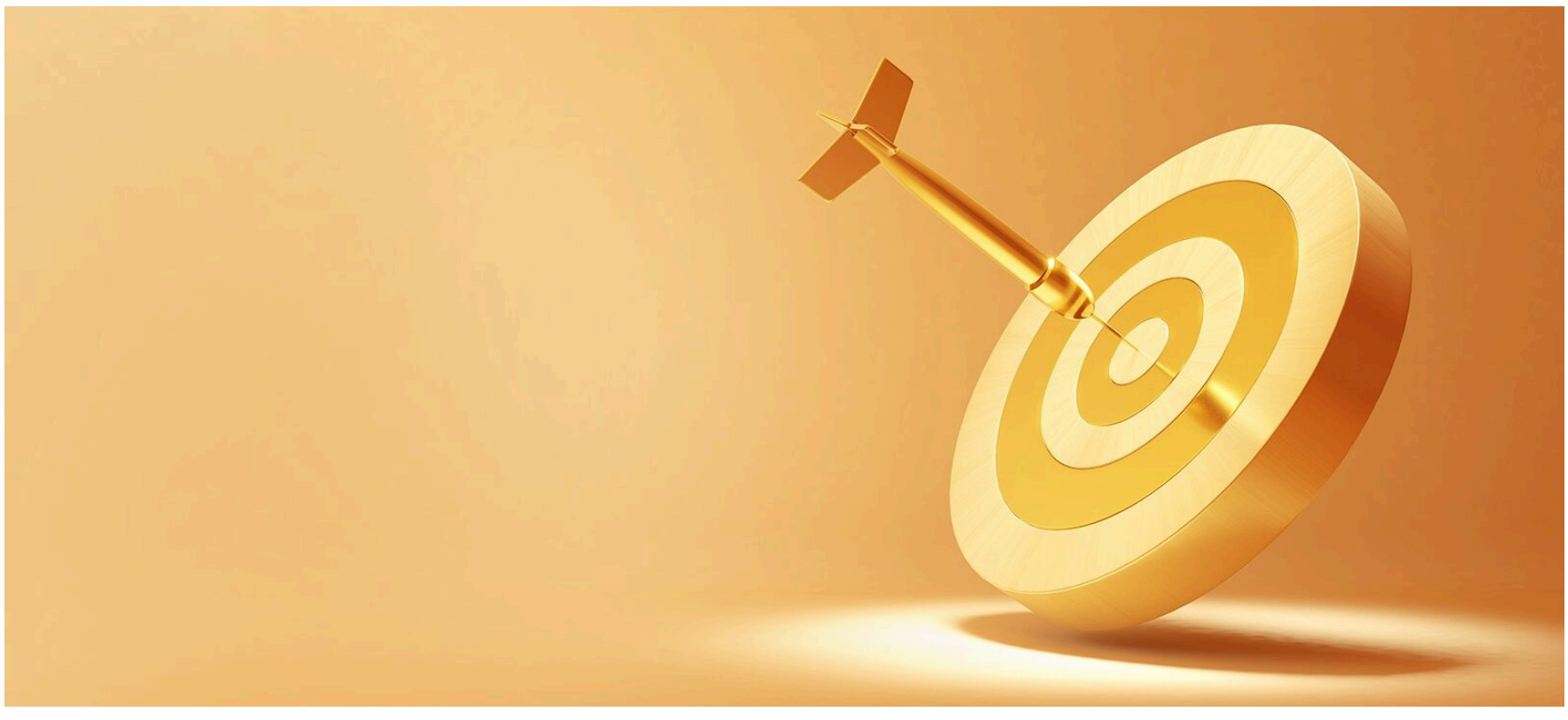


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News



Industrial Policy and Growth in Africa Project

October 26, 2026

Call for Proposals: Commissioned studies for early-career researchers

Deadline: 21 November 2026 **Funding:** up to USD 10,000 per study

Eligibility: PhD awarded in 2016 or later **Languages:** English or French

1. Introduction: context and objectives

Africa's growth over the past two decades has not delivered the structural transformation many expected. In much of the continent, labour has moved out of agriculture into low-productivity, largely informal services rather than into manufacturing or high value services. Firm-level data reveal a small productive core alongside a long tail of stagnant enterprises, with pervasive misallocation of capital and inputs. The picture is not uniform: while manufacturing shares have fallen in some countries, several low-income economies have seen a manufacturing revival.

Low investment is a widespread issue, and foreign direct investment (FDI) has been concentrated in resource extraction, services and utilities, with limited linkages to domestic firms. Small domestic markets limit the scale at which firms can grow and compete, a reason why regional integration, above all the effective implementation of the African Continental Free Trade Area (AfCFTA), has become central to industrial strategy. Agro-processing and natural resources, including critical minerals, offer important opportunities to add value locally and to build regional value chains.

African governments continue to use industrial policy actively: tax incentives, special economic zones and industrial parks, local-content rules, export restrictions on raw commodities, and investment promotion. Yet policy practice has run well ahead of the evidence. Much of the literature still draws on East Asian experience, and there are few rigorous African studies of what specific instruments do for firms, workers and public finances.

Objectives

The **Industrial Policy and Growth in Africa Project** aims to generate rigorous, policy-relevant research on the micro and macro foundations of industrialisation in Africa, carried out by early-career African and Africa-focused economists. Specifically, the project seeks to:

a) provide rigorous empirical evidence on the drivers of firm productivity, investment and structural transformation;

b) evaluate the effectiveness and cost of specific industrial-policy instruments, including tax incentives, special economic zones, trade policy and sector-specific measures;

c) inform ministries of industry, trade and finance, investment-promotion agencies and regional institutions on how to design and implement growth-enhancing industrial strategies; and

d) produce high-quality academic outputs publishable in internationally refereed journals, while building the research capacity of early-career researchers.

2. Research themes and questions

We invite proposals for commissioned studies under the seven themes below. Each theme lists priority questions that we consider answerable by early-career researchers within 18 months using existing data. Proposals may address a listed question directly, a well-defined part of one, or a closely related question within a theme, provided the link to the theme is made explicit. Country-specific, multi-country and sector studies are all welcome, and every study should draw out the implications for industrial-policy design.

Some questions carry higher feasibility risk, for example because data access is uncertain or identification is difficult. These are often also the questions that are most under-studied relative to their policy importance, and we do not want to favour projects simply because they are easier to implement. However, all proposals must demonstrate feasibility convincingly and set out a credible strategy for addressing the specific data and identification challenges they face.

Cross-cutting priorities

Across all themes, we particularly welcome proposals that address the main gaps in the current evidence base:

a) **Dynamic effects:** effects on firm entry, exit and survival, and effects over several years rather than only the short run.

b) **Spillovers:** effects on untreated firms, such as competitors, suppliers and firms in neighbouring districts.

c) **Cost-effectiveness:** comparisons on a common basis, such as fiscal cost per job, per unit of investment or per productivity gain.

d) **Distribution:** who gains, by gender, skill level, firm size and location.

e) **Under-studied settings:** countries beyond the handful that dominate the evidence, and sectors beyond formal manufacturing, including services, informal firms and agro-processing.

Theme 1. Policy instruments, allocation and firm dynamics

Governments use many instruments at once, often without comparing their cost-effectiveness, and productivity dispersion across African firms is unusually large. This theme asks which instruments work, through which margins, and at what cost.

1.1 Which industrial-policy instruments (tax incentives, SEZs, local-content rules, credit subsidies, export-promotion services) have the strongest causally identified effects on firm entry, investment, productivity and survival?

> **Why it matters:** A method-consistent comparison of two or more instruments within the same country would show governments where scarce resources are best spent.

1.2 How much of aggregate productivity change comes from labour moving between sectors, reallocation between firms within sectors, and upgrading within firms, and which of these

margins can policy affect?

> **Why it matters:** Each margin calls for different policies: labour mobility and skills, competition and entry policy, or support for technology adoption.

1.3 Which frictions (credit, energy, land, foreign exchange, management, regulation or market power) causally explain the largest productivity gaps between firms?

> **Why it matters:** Policy prioritisation requires knowing which constraints bind hardest, since fixing the wrong one wastes scarce reform capacity.

1.4 When a subsidised firm gains market share, does that share come from less productive competitors (efficient reallocation) or from equally productive firms that were simply not selected (a rent transfer)?

> **Why it matters:** This determines whether subsidy programmes raise aggregate efficiency or are disguised transfers, and so whether they should be scaled up or reformed.

1.5 Do institutional exit mechanisms, such as bankruptcy procedures, sunset clauses and credible withdrawal of support, improve the productivity impact of industrial policy?

> **Why it matters:** Open-ended support can keep unproductive "zombie" firms alive and block entry by more productive rivals, but this has rarely been tested at firm level in Africa.

1.6 Do tax incentives and other tax expenditures attract additional investment in priority sectors, and at what cost per unit of investment, output or employment generated?

> **Why it matters:** Tax expenditures cost a fifth or more of tax revenue in several African countries, yet no African country reliably evaluates their benefits. Evidence on redundancy, gaming around expiry dates, and the relative performance of investment-cost incentives versus tax holidays matters for both industrial policy and domestic revenue mobilisation.

Indicative data sources: manufacturing censuses and annual industrial surveys; World Bank Enterprise Surveys; anonymised firm-level tax administration data; credit-registry and customs data; tax-expenditure reports; sector-level databases such as the GGDC/UNU-WIDER Economic Transformation Database.

Theme 2. Special economic zones, industrial parks and place-based policy

Zones and parks are justified partly by the claim that they generate knowledge transfer, supplier linkages and agglomeration benefits beyond the zone itself. Growing availability of geocoded firm data and zone locations makes it possible to test these claims.

2.1 Do African SEZs and EPZs raise exports, employment and firm performance, and do they generate spillovers to firms outside the zone, or mainly static gains captured within it?

> **Why it matters:** If gains are confined within the fence, zones are a much weaker policy tool, and possibly a subsidy transfer, compared with what is officially claimed. Comparing firms inside, near and far from zones, and setting gains against fiscal costs, would clarify this.

2.2 Do industrial parks near secondary cities generate different local agglomeration effects (employment, land values, entry of complementary services) from parks near primary cities, and does integration with housing, transport and land-use planning improve outcomes?

> **Why it matters:** Several governments are deliberately siting parks in secondary cities to spread growth. Whether this works, or whether agglomeration economies are simply weaker away from the largest cities, is an open and highly policy-relevant question.

2.3 What are the distributional and gender-specific effects of place-based industrial policy?

> **Why it matters:** SEZs and parks often employ disproportionately female workforces in light manufacturing, so who captures the gains, by gender, skill and income, is a first-order concern for both welfare and political sustainability.

Indicative data sources: geocoded firm and establishment data; zone and park location and opening dates; labour force and household surveys; nighttime lights and satellite-derived land-use data; administrative records from zone authorities.

Theme 3. FDI, linkages and domestic capabilities

Attracting FDI is a central pillar of African industrial policy, justified largely by expected spillovers to domestic firms. The evidence on when these spillovers occur is mixed, and the composition of FDI may matter as much as its volume.

3.1 How has the composition of FDI in Africa changed across resources, manufacturing and services, and by source country, and how does composition shape the benefits for domestic firms?

> **Why it matters:** Resource-seeking FDI generates few linkages, while manufacturing and some services FDI offer more scope for spillovers. Understanding which types of FDI deliver benefits would help investment-promotion agencies target their efforts.

3.2 Under what conditions are FDI spillovers to domestic firms realised through backward, forward and horizontal linkages, and can the absorptive-capacity conditions and sector-specific constraints be identified?

> **Why it matters:** If these conditions can be identified by sector, policy could combine FDI attraction with targeted support for domestic firms rather than treating inflows as automatically beneficial.

3.3 Do networks and knowledge-sharing relationships among domestic firms improve their performance and help build national value chains, and can industrial policy foster them, including in new activities such as the circular economy and business services?

> **Why it matters:** Weak domestic networks help explain why linkages with foreign firms are thin. If networks can be fostered through supplier-development programmes or business associations, policy could build domestic capability directly.

3.4 Does cluster membership reduce firm-level misallocation relative to dispersed firms, and through which mechanism?

Why it matters: Most cluster studies show average effects without identifying the mechanism, which limits their use: should governments subsidise clustering itself, or specific mechanisms such as shared infrastructure or supplier matching?

Indicative data sources: fDi Markets and UNCTAD investment data; firm surveys with ownership and sourcing information; input–output and supply-chain data; investment-promotion agency records; existing supplier-linkage or network survey data.

Theme 4. Trade, AfCFTA and regional value chains

Evidence on AfCFTA is dominated by aggregate studies and computable general equilibrium modelling, which cannot tell a ministry which firms and products will gain or lose. Implementation issues, including non-tariff barriers, trade facilitation and rules of origin, have received little systematic study.

4.1 How do regional value chains differ from global value chains in learning, standards, market power and resilience?

Why it matters: The claim that regional chains offer an easier entry point than global chains is largely asserted rather than tested with firm-level data, and market power held by buyers and input suppliers may limit the gains.

4.2 Which product–market pairs, sectors and firms are most exposed to AfCFTA, through new export opportunities or increased import competition, and what are the welfare and adjustment implications?

Why it matters: Disaggregated trade data, partial-equilibrium methods and product-space analysis, matched to firm data, can show which firms can realistically expand exports or compete with imports, so that support can be targeted.

4.3 Which barriers beyond tariffs (non-tariff barriers, trade facilitation, rules of origin) most constrain firms' use of AfCFTA, and why has implementation been slow?

Why it matters: Model estimates suggest that tariff cuts alone deliver small gains; most of the benefits depend on reducing other trade costs. Evidence on utilisation would show where reform effort matters most.

4.4 Can AfCFTA's staggered, product-line tariff phase-downs be used as a natural experiment on firm entry, exit and reallocation?

Why it matters: Tariff reductions vary by product line and member state, providing variation that could support a causal test of how regional liberalisation reshapes the firm population. This is a higher-risk question: proposals must show that suitable post-implementation (of tariff reductions, not necessarily AfCFTA) data are available.

Indicative data sources: customs transaction data; BACI/UN Comtrade and other disaggregated trade data; tariff schedules and AfCFTA phase-down lists; non-tariff measure databases; exporter-level and firm survey data.

Theme 5. Agriculture and agro-processing

Developing agro-processing at scale is probably the major industrialisation priority for many African countries. Questions 1.1, 2.1, 3.3, 4.1 and 4.2 can also be studied specifically for agro-processing. In addition, we invite proposals on the following questions.

5.1 Do policies to promote local processing (export taxes or bans on raw commodities, agro-industrial parks, processing incentives) raise domestic value added, farm-gate prices and farmer welfare, or mainly shift rents along the chain?

> **Why it matters:** Updated evidence is needed on both processing firms (their number, efficiency and access to supplies) and smallholders, including those who do not participate in value chains.

5.2 Do outgrower and contract-farming links to processors raise smallholder productivity and processor capacity utilisation?

> **Why it matters:** Existing evidence comes mostly from small-scale studies, and correcting for selection into participation remains a challenge.

5.3 Why have some countries been more successful than others in processing agricultural products domestically?

> **Why it matters:** Côte d'Ivoire and Ghana have moved to process much of their cocoa, and several West African countries now process much of their cashew output, but many countries still export largely unprocessed produce. Understanding what enabled these transitions, for both processors and farmers, has high policy value.

Indicative data sources: LSMS-ISA and other household and farm panels; agro-processing firm surveys and censuses; commodity-level trade and export-tax data; existing contract-farming survey data; producer-price series.

Theme 6. Natural resources and critical minerals

Natural resources dominate exports and FDI in most resource-rich African countries, mostly in unprocessed form. The global race for critical minerals has made beneficiation and local value addition an urgent policy question. While minerals can be addressed under Questions 1.6, 3.1, 3.2, 4.1 and 4.2, two specific issues are of interest:

6.1 Do restrictions on exports of unprocessed minerals induce investment in domestic processing, and at what cost?

> **Why it matters:** Local producers still need capital, reliable inputs, electricity and water to process profitably, and the growing number of countries imposing such restrictions provides new cases to study.

6.2 Where along critical-mineral value chains can African countries realistically capture value, and can regional value chains under AfCFTA help?

> **Why it matters:** Prospects for local processing differ across minerals, and the scope for regional value chains to support this process remains largely unexplored.

Indicative data sources: mineral production and trade data; mining-project and investment databases; export-restriction and local-content policy records; firm-level data on mining suppliers.

Theme 7. Data and measurement

7.1 Can satellite imagery, mobile-money transactions or other remote-sensing data proxy firm entry, exit and capacity utilisation across Africa's rapidly urbanising areas?

> **Why it matters:** The data scarcity underlying nearly every question above is a research question in its own right. Validated proxies would greatly expand what can be measured in data-poor settings, especially in fast-growing, informally developed urban areas.

Indicative data sources: nighttime lights; high-resolution building-footprint and land-use data; mobile-money or payment data; validated against firm censuses or registries.

3. Eligibility criteria

To ensure high research quality and to promote emerging academic leadership, applicants must meet the following criteria.

a) **Academic qualification:** the lead applicant and all co-applicants must hold a PhD in Economics or a closely related field.

b) **Early-career status:** the PhD must have been awarded in 2016 or later.

c) **Data in hand:** applicants must already hold, or have confirmed access to, the data needed to answer the proposed question (see Section 4).

d) **Teams and inclusion:**

We strongly encourage applications from research teams rather than single authors. Teams combining researchers at African institutions with researchers at international institutions are particularly welcome.

In line with our commitment to diversity and inclusion, we strongly encourage applications from female economists and from Francophone and Lusophone economists.

4. Funding

a) **Grant size:** up to USD 10,000 per commissioned study.

b) **Eligible costs:** researcher time, access or licence fees for existing secondary data, and software required for the analysis.

c) **Ineligible costs:** primary data collection (including new surveys and interviews) and field travel.

Because primary data collection is not funded, applicants must already have the data required to answer their research question when they apply. Proposals should include a brief descriptive-statistics section demonstrating that the data are in hand and suitable for the proposed analysis.

5. Publication and quality expectations

A core objective of the project is to combine rigorous academic research with high-impact dissemination. All funded papers are expected to target, and achieve, publication in internationally refereed journals ranked **CABS-AJG 2 or above** (or the equivalent ABDC or Scopus tier).

Grantees will receive mentorship from senior researchers and will take part in workshops providing editorial and methodological support, to strengthen draft manuscripts before journal submission. Grantees are also expected to prepare a short policy brief summarising their findings for policymakers.

6. Selection criteria

Proposals will be reviewed by the project coordinators and external reviewers against the following criteria.

Criterion	Weight
Research question and contribution: clarity of the question, fit with the themes, and contribution to the literature	**25%**
Methodology and identification: rigour of the empirical strategy and credibility of causal claims	**30%**
Data and feasibility: evidence that the data are in hand, and a realistic plan for completion within 18 months	**20%**
Policy relevance: potential to inform industrial-policy design in Africa	**15%**
Team and publication strategy: qualifications of the team and a credible plan for journal publication	**10%**

Where proposals are of comparable quality, the diversity goals set out in Section 3 and coverage across themes and countries will be taken into account.

7. Proposal submission guidelines

Proposals must be submitted in English or French and must not exceed **2,000 words**, excluding CVs, budget table and references. Proposals must follow the structure below.

a) **Title, theme and abstract** (max. 250 words): the theme and question number(s) addressed, the core research question, methodology and expected contribution.

b) **Introduction and motivation** (max. 400 words): the study's position in the existing literature and its policy relevance for Africa.

c) **Data and methodology** (max. 600 words): data sources and evidence of access, a brief descriptive-statistics summary, the empirical strategy and the identification strategy, including how the main feasibility risks will be addressed.

d) **Expected outputs and publication strategy** (max. 250 words): target journals (CABS-AJG 2 or above) and a timeline for submission.

e) **Team composition and roles** (max. 300 words): team members' qualifications and roles, and how the team meets the diversity goals.

f) **Timeline and budget** (max. 200 words plus a table): an 18-month work plan and a budget breakdown totalling no more than USD 10,000.

g) **Appendices:** short CVs of all team members, stating the year of PhD completion, and proof of the PhD award date.

8. Key dates

Milestone	Date
Call launch	23 October 2026
Proposal submission deadline	21 November 2026, midnight East Africa Time (EAT)
Notification of selection	31. December 2026

Application Submission

All applicants must complete and submit their application through the AERC Research and Capacity Development Portal using following link:

AERC Research and Capacity Development Portal

To register on the portal, please follow the steps below:

1. Create a username (e.g., tkimani)
2. Provide your email address
3. Create a password of your choice

Once registered, complete the application form and upload all the required documents as indicated on the portal. Please note that the portal is available in both **English (EN)** and **French (FR)** versions to facilitate ease of application.

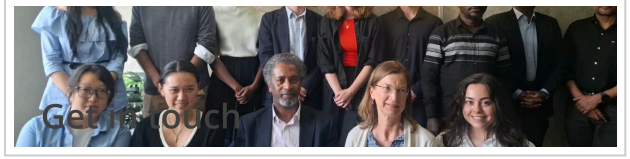
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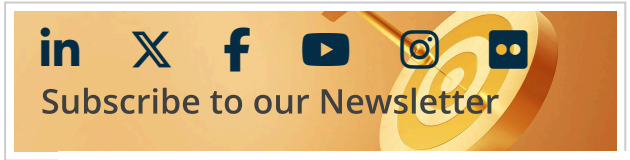
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