



Competitive Sectors

Manufacturing

The World Bank Group helps clients identify sustainable growth opportunities in the manufacturing sector, address bottlenecks obstructing growth, and increase industry and firm level competitiveness to deliver increased investments, job growth, and improved inclusion within the sector.

Context

Over the last 65 years, of the 13 countries that sustained high sustained growth for 25 years or more, 10 did so through manufacturing-led growth. The principles that motivated their policy push and success include many that remain valid for Bank Group client countries today:

- Developing countries show a high correlation between manufacturing growth and growth of per capita income. An increase in manufacturing as a percent of GDP accelerates growth at a faster rate than a similar increase in other sectors.
- Manufacturing contributes twice as much to productivity growth relative to its share of overall employment compared to other sectors.
- Manufacturing lends itself to spatial concentration, creates opportunities for capital accumulation and economies of scale, and leverages the trend toward increased urbanization around the world.

Over the next 10 years, global demand for manufactured goods is expected to grow, with demand from developing countries as a significant driver. This trend offers opportunities for developing economies to develop their manufacturing base, serve international markets, and satisfy domestic demand.

What we offer

We support client governments and the private sector in increasing growth, employment opportunities, inclusiveness, and productivity in their manufacturing sectors by addressing the fundamental drivers of competitiveness. Our support to manufacturing

includes in-depth diagnostics and integrated solutions, as well as sector- and firm-level interventions delivered through technical assistance, financing, or both.

Diagnostics: Bank Group support begins with diagnostic work that examines avenues and barriers to manufacturing growth. It also leverages expertise at different levels of the value chain to assess the overall environment for manufacturing, and subsequently to benchmark the sector and its participants against key country competitors externally, and firm-level success cases internally.

Technical assistance and financing support address the three primary constraints facing manufacturing companies: access to production infrastructure, inputs and markets; ineffective policies, regulations and investor outreach; and ineffective frameworks for manufacturing, productivity and innovation.

We improve access to production infrastructure, inputs and markets through:

- Policies, laws, and development support for establishing and growing special economic zones and growth poles, creating stable, serviced platforms from which to operate.
- Trade policies and supply chain logistics support to ensure timely and reliable access production inputs and end markets.
- Legal and performance-based incentive frameworks to support and encourage new investment and expansions in the sector.

We work to address ineffective policies, regulations and investor outreach through:

- Improved public-private dialogue to highlight constraints to manufacturing growth and devise a common public-private strategy to deliver remedies.
- Guidance on design, consultation, and drafting of streamlined regulations and procedures affecting manufacturing to reduce administrative delays and costs.
- Targeted investment promotion strategies and outreach to attract new investments, expand existing operations, and encourage linkages with local producers and contract manufacturers.
- Private sector-oriented resource efficiency laws, regulations, standards, and financing to lessen the impact of high resource-related production costs and meet buyer/consumer environmental standards and expectations.

We deliver support for improved policies and frameworks on manufacturing, productivity, and innovation through:

- Understanding relevant global value chains and support on meeting their standards and requirements to improve export opportunities, value chain finance, and sector growth and diversification.
- Support on the funding, design, and oversight of programs on innovation and productivity extension services in manufacturing to improve adoption of good management practices, acquisition, and use of new technology, and implementation of buyer standards.
- Design and implementation of private sector led vocational training and managerial skills programs to increase availability of skilled workers and professionalize firm management and operations.

Our work in action

Our support to **Bangladesh** builds on general assistance to improve the special economic zone framework for the country by adding support to improve the resource efficiency of these zones. Work included establishing guidelines and policies that encourage firms within export processing zones (EPZs) to consume less energy and reduce up to 15 percent of CO₂ emissions. Zone-based firms adopted recommendations resulting in 9,178 tons of reduced CO₂ emissions per year, 18,222 megawatt hours of energy savings, and \$844,155 in cost savings.

Efforts to increase foreign direct investment in manufacturing within the Northeast Frontier States of **Brazil** were accelerated by Bank Group assistance. A partnership with the national investment promotion agency, APEX, resulted in over \$900 million in new investments in the states of Para & Pernambuco. Bank Group support that helped drive this new investment included identification of subsectors with high FDI potential, state-level institutional strengthening on investor outreach and support, and identification of the best locations for operations based on serviced land, access to skills, and trade logistics.

In **India** a similar program delivered \$310 million in new investments and extended support to regulatory improvements that reduced the waiting time to register non-hazardous factories by 80 percent helping approximately 450 factories get started each year.

Relevant publications

[Light Manufacturing in Africa: Targeted Policies to Enhance Private Investment & Create Jobs](#)

[Making Global Value Chains Work for Development SEZ: Progress, Emerging Challenges, & Future Directions](#)

For further information

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