World Bank and Industrial Policy for Development: What Does the Return of Industrial Policy Mean for EMDEs?

SUMMARY REPORT

Background

The G-24 Secretariat convened a virtual policy briefing[1] to discuss the World Bank's recently published Industrial Policy for Development: Approaches in the 21st Century. The webinar brought together leading experts from the World Bank Group, the International Monetary Fund (IMF), the Policy Center for the New South, academia, and G-24 member countries to examine the renewed role of industrial policy in promoting structural transformation, productive diversification, technological upgrading, and sustainable development.

The discussion took place against a rapidly evolving global landscape characterized by geopolitical fragmentation, climate transition, technological change, supply chain reconfiguration, and heightened industrial policy activism across advanced economies. Participants reflected on what these developments imply for developing countries and on how international financial institutions can better support country-led industrialization strategies.

Key Messages

The return of industrial policy reflects a changing global development landscape

Participants noted that industrial policy has re-emerged as a central component of development strategies following decades in which it was viewed skeptically. The renewed interest reflects profound changes in the global economy, including geopolitical fragmentation, technological change, climate transition, supply chain reconfiguration, and slower productivity growth. Rather than advocating a return to traditional import-substitution policies, the discussion emphasized a pragmatic approach that aligns industrial policy instruments with countries' institutional capacities and development objectives.

A recurring theme throughout the discussion was that modern industrial policy differs fundamentally from earlier approaches that were primarily protectionist. Rather, industrial policy should aim to develop productive capabilities, facilitate technological upgrading, encourage innovation, and support firms' integration into regional and global value chains.
Several speakers emphasized that export competitiveness remains an essential disciplining mechanism. Public support should therefore be accompanied by clear performance expectations, competition, and continuous learning to ensure that firms become internationally competitive rather than permanently dependent on government assistance.

[1] This virtual event was held on June 30, 2026, under Chatham House rules and therefore this summary does not attribute statements to any speaker. For the purposes of this document, “speaker” refers to anyone who spoke during the call, whether they were a primary presenter, a discussant, or an intervener during the discussion.

The discussion highlighted that many developing countries are already implementing industrial policies through tariffs, subsidies, public investment, industrial parks, and national development plans. The policy challenge is therefore less about whether governments should intervene and more about how to design interventions to promote productivity, innovation, and structural transformation while minimizing inefficiencies.

Country ownership, Institutional Framework and policy space remain fundamental

Speakers underscored that successful industrial policies must be country-led and adapted to national circumstances. No universal blueprint exists, as appropriate policy instruments depend on institutional capacity, fiscal space, market size, and countries' development priorities.

Participants agreed that the effectiveness of industrial policy depends less on selecting particular sectors than on establishing capable institutions able to design, coordinate, implement, and continuously adapt policy interventions. Governments require sufficient technical capacity to identify constraints, coordinate complementary investments, and adjust policies as economic conditions evolve.

Several participants stressed that preserving adequate policy space remains particularly important for emerging market and developing economies seeking to diversify production, move into higher value-added activities, and strengthen resilience in an increasingly uncertain global environment. International institutions can provide analytical support, financing, and technical assistance, but national governments must retain ownership over industrial development strategies.

Industrial transformation requires long-term financing and strategic investment

Participants emphasized that industrial transformation cannot occur without sustained investment in infrastructure, innovation, technology, skills, and productive capacity. Industrial policy therefore requires complementary financial support from national development banks and multilateral development institutions.

The discussion also highlighted the particular challenges faced by resource-rich developing economies. Temporary resource revenues should be viewed as an opportunity to finance structural transformation before changing technologies, declining commodity demand, or shifting global markets reduce future development opportunities. Rather than focusing solely on macroeconomic stabilization, industrial policy should prioritize investments that create lasting productive capabilities and diversified export sectors.

Main Speakers

- Ana Margarida Fernandes, Lead Economist, World Bank Development Research Group
- Tristan Reed, Economist, World Bank Development Research Group
- Fuad Hasanov, Senior Economist, IMF
- Hinh T. Dinh, Senior Fellow, Policy Center for the New South
- Hanan Morsy, Deputy Executive Secretary and Chief Economist, UNECA
- Octaviano Canuto, nonresident senior fellow, the Brookings Institution.
- Iyabo Masha, Director and Head, G-24 Secretariat