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**Southern Africa – Towards Inclusive Economic Growth (SA-TIED)**

Work stream 6:

Regional growth for southern Africa's prosperity

# Overview

- Continues and extends work initiated under Regional Growth and Development in Southern Africa.
- Incorporates a number of “legacy” projects initiated under Regional Growth and Development in Southern Africa.
  - The new program will extend work completed to a broader range of countries.
- The new work stream consists of five focus areas
  - One will support integration of political economy perspectives, across topics under each focus area

## Focus Area 1:

# South Africa, SADC and beyond

Some key questions:

- What is the most appropriate model for developmental regional integration in SADC? How deep should it go and how fast?
- To what extent is SADC trade explained by South Africa's role as a logistics hub in the region ?
- How can countries in the region leverage their engagement with South Africa to promote higher levels of domestic economic growth?
- What are appropriate regulatory frameworks in both competition policies and standards, to support balanced regional integration?
- What does regional integration in southern Africa mean in the global context? What is the appropriate role for international co-operation partners (ICP's)?

# Focus Area 1:

## Some project ideas

### Spill-over and Feedback Effects of Policy Interventions and Exogenous Shocks

- Macro modelling to be coordinated with the work stream on Macroeconomic Modelling for Policy Formulation

### Services Exports – The Region and Beyond

- Develop better data on services exports
- Analyse the potential role for rapidly growing tradable service activities and mechanisms to ensure the gains from trade are spread across the region

### Making the Most of the New EPA

- Substantial work being undertaken. May defer to year 2.
- Understand the complementary investments and policy changes required that would realize the full value of the EPA.

### Trade in Professional Services

- Examine the costs, benefits, prospects and modalities of increasing trade in professional services

### Modelling SACU

- NT has been using a variety of models. This project – which would be coordinated with the work stream on Macroeconomic Modelling for Policy Formulation – would extend that work.

## Focus Area 2:

# South Africa as a regional investor

Some key questions:

- How big is South Africa's economic influence on the sub-region and the rest of the continent, and how will it evolve?
- What is the nature of South Africa's trade and investment into Africa and the region, and how does it differ from that of other international partners?
- What is the nature of firm capabilities embodied in South African firms and how might these be transferred to domestic firms in the region, including through the participation in regional supply chains and supplier development initiatives of South African firms?
- Does South Africa act as a gateway for non-African foreign investors?
- What are the possibilities for leveraging investments in natural resource exploitation for greater development and complementary infrastructure investment for the region?

## Focus Area 2:

# Some project ideas

### **South Africa's investment in Africa in Comparative Perspective**

- Focus on volumes, patterns and in particular the engagement between investors and the domestic economy. Is there a distinctive “South African model” of FDI?

### **The Relationship between FDI and Services Exports**

- Explore the relationship between the growth of FDI from South Africa and the growth of services exports.
- Do services exports impact locational choice by South African investors?

### **Capabilities, Linkages and South African FDI**

- Provide a capabilities “map” of South African investors and the nature of linkages between South African FDI firm and regional domestic purchasers/suppliers

## Focus Area 3:

# The Spatial Economy of Southern Africa

Some key questions:

- What are the relative roles of infrastructure, institutions and competition in determining transport costs?
- What is the potential for growth corridors to exploit synergies between infrastructure investments and other private sector activity?
- What is the role of border economies along critical economic corridors?
- Would a strategy of encouraging the development of Special Economic Zones (SEZs) – perhaps involving transnational Zones – help to spur growth and employment?

# Focus Area 3: Some Project Ideas

## Competition and Costs in Trade corridors

- Extend the work undertaken in the last project and examine the institutional, regulatory and physical environment along key trade corridors. A key focus of the work will be on market structure and competition.

## The Evolving Role of SAs Airports

- Examine the role played by SA airports as trade facilitators in the region and the improvements needed to enhance the role.

## The Potential of Growth Corridors

- Undertake an assessment of the potential of different corridors and analysis of the costs and benefits of public spending.
- Possibly include one or two case studies (Maputo Corridor?)

## Special Economic Zones (SEZs)

- Undertake a review of current SEZ policy and performance in Southern Africa relative to international SEZ experience and point to reforms that might enhance their role

## Services SEZs

- Examine the costs and benefits of initiatives to establish Services SEZs in South Africa and the region.

## Operation Phakisa programme

- How will the implementation of this programme enhance regional integration or SA's positioning within the region?



## Focus Area 4:

# The Political Economy of Regional Growth

Some key questions:

- How can popular support for regional integration be built in an increasingly anti-globalist political environment?
- What are the trade-offs between collective action and sovereignty that governments face in the provision of regional public goods?
- How can regional bodies tackle collective action problems, such as decisions regarding the location of key industries in the region, effectively?
- Who are the stakeholders who are resistant to or open to change? What are the appropriate interventions and policies that need to be formulated in response to these interests?
- How to encourage private sector participation in the policy processes in SADC?

# Focus Area 4:

## Some project ideas

### **The politics of the Tripartite**

- Undertake a political economy analysis of the new free-trade zone stretching from Cape Town to Cairo (possibly year 2).

### **Taking advantage of Brexit**

- Political economy analysis of interest groups and change agents under new trade arrangements post-Brexit. (possibly year 2).

### **The politics of NTB reform**

- One or more country case studies of NTB reform efforts.

### **Collective action in renewable energy**

- Undertake a political economy analysis of the prospects for regional collective action in renewable energy. Should be coordinated with the work stream on Climate and Energy

## Focus Area 5:

# Strengthening Regional Value-chains

Some key questions:

- What are the lessons from other regions for SADC in the implementation of regional value-chains?
- Which value-chains are better carried out at a regional level in contrast to those that are better suited to national value-chains?
- What are the gaps in potentially important regional value-chains (for example in Wool; Cotton; Fertilisers; agro-processing; fruit etc)?
- What interventions/policy measures/incentives are required to kick-start missing segments of potential value chains?

## **Focus Area 5:**

# **Some project ideas**

### **Opportunities for Growth of Regional Value Chains**

- Continue work under the Regional Growth and Development in Southern Africa project focused on understanding the prospects of developing regional value chains and the major constraints to their development.

### **Agro-industrial Value Chains**

- Extend work conducted under Regional Growth and Development in Southern Africa to additional country cases focused on helping domestic food processors gain the capabilities needed to supply supermarket chains

### **Extractive industries and Industrial Development**

- Develop concrete recommendations concerning how to accelerate the growth of domestic capabilities in equipment and mining-related services in the region.

# Outputs

- Working Papers
  - WIDER Working Papers
  - Program Working Papers
- Policy Briefs
  - Overview of specific research areas/topics
  - Concrete guidance on implementation priorities and actions.

# Communications

- Strong linkages with regional research institutions developed during the Regional Growth and Development in Southern Africa project.
  - Continue quarterly research meetings/workshops
- Opportunity to structure policy engagements focused on the results of specific projects.