

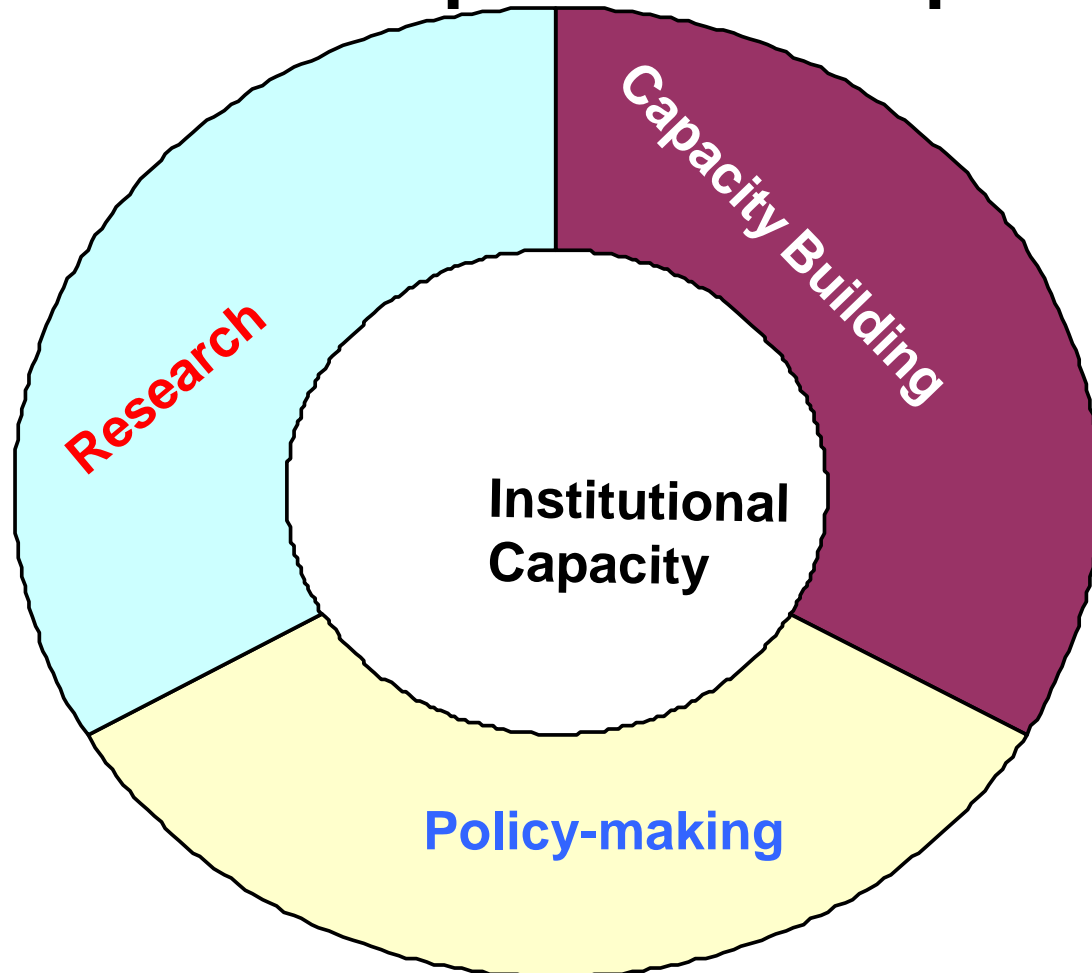
# Southern African Development Research Network Activities

Date: 20 May 2010  
Pretoria, South Africa

# Outline

- Introduction- the SADRN Experience
- Why industrial policy?
- What is it with the choice of countries?
- What really changed? We don't know why it changed.
- Where to, from here?

## Hub and Spokes Concept



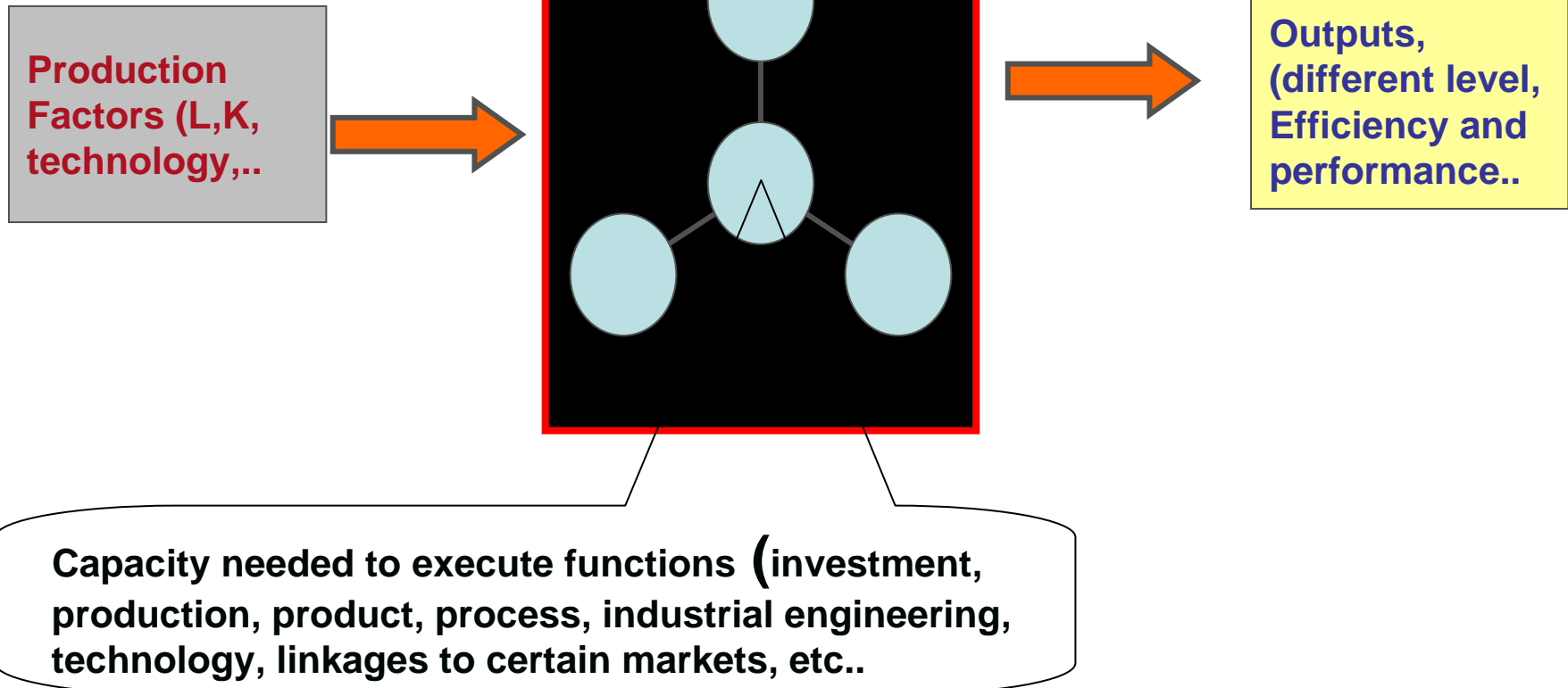
- Creation and coordination of research structures (sub-networks)
  - located at institutions across the SADC region
  - serve as a link between researchers and policy makers
  - coordinating training and dissemination of SADR N activities
- Three TWGs
  - Industrial Policy and sector development
  - Services sector development and impact on poverty
  - Trade Policy and its linkages to pro-poor growth

# Why Industrial Policy

- Regional Trade Integration is mainly driven by ability of countries to produce tradable products.
- Production-related policies should therefore come before trade-enhancing policies.
- However, regional integration initiatives in this region (Eastern and Southern Africa) appear to have prioritised trade-enhancing policies ahead of production policies.
- If so, then how is the region expected to achieve export-led growth targets that leads to development in the absence productive activities that provide exports.
- So, that is why research on Industrial policy was initiated and supported to understand how it works, and has performed.

- There was a gap in industrial policy literature in the region (published work), historical and recent.
- There were clear regional capacity shortages in undertaking research in this area (at institutional and individual level).
- The process started with training workshops – to provide some basic understanding on research issues, build some capacity but also to stimulate policy debates in this area.
- **....are trade policy issues new or old issues that have been ignored?**
- Does endowment in certain resources make it possible (easier) to carry on with or without dealing with the issues?

**Production  
Function. Is it a Black box?**

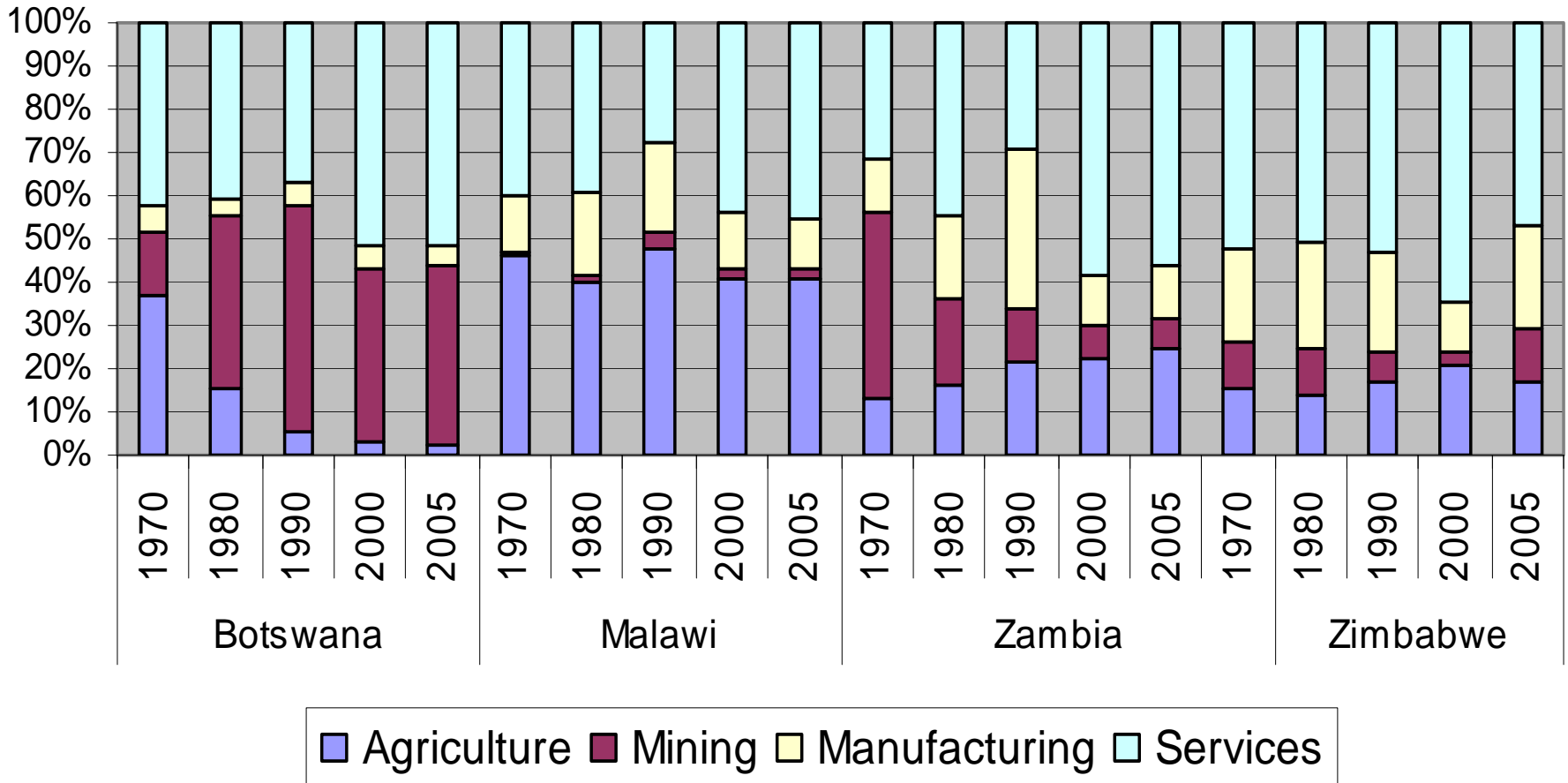


# Choice of Countries

- The identified gap in literature was almost evident in all countries.
- But that did n't imply lack of IP initiatives in the countries.
- We Botswana, Malawi, Zambia and Zimbabwe will be fairly representative of the region.
- We wanted to understand;
  - Evolution and process of policy making,
  - The link with trade policies (accidental or intentional)
  - Economic and trade performance (are they linked to any of the policy incidences).
  - Impact? May be not, but is important.



## Sectoral Contribution to the GDP (1970- 2005)



● The latest policy objectives are not much different from the years gone-by.

- Diversification (except Malawi)

- Export Led Growth

- Value addition

- Job creation

● Instruments to support these policy vary slightly,

- Tax relief.

- Low interest loans.

- Subsidies (Botswana)

# Export Diversification

- Calculated as a share of top four exported products (HS 2-digit level)
- Malawi 's shows a more diversified export mix compared to other three countries.
- How did they get it right?

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Botswana</b>	0.59	0.55	0.46	0.49	0.45
<b>Malawi</b>	<b>0.48</b>	<b>0.39</b>	<b>0.25</b>	<b>0.19</b>	<b>0.33</b>
<b>Zambia</b>	0.66	0.76	0.87	0.85	0.87
<b>Zimbabwe</b>	0.58	0.59	0.60	0.44	0.38
<b>SADC Ave.</b>	<b>0.41</b>	<b>0.49</b>	<b>0.51</b>	<b>0.45</b>	<b>0.57</b>

# Key issues from the studies

- These also include some of the main differences between countries.
- **Botswana**- no control (full) of trade policy because of SACU, but still try to link it with IP.
- **Malawi** – Somehow regional integration is deemed to be negating national industrial and trade policy. **Is it lack of mineral resources?**
- **Zimbabwe** – Generally had other things to worry about in the recent years. The country moved from what was a strong position for industrialisation to almost complete collapse.
- **Zambia** - There is a sense that the latest reform will have positive effects on the economy.

# ...in Future

- Regional Integration efforts should encourage productive capacities.
- The honours is on the countries to design and implement the policies.
- **Linkages** with other policies, at national and regional level should be given consideration.
- There is concern that, despite **services** contributing substantially to most of the economies in the region, the sector hardly features in immediate priority.

Thank You



THANKS !!!!