



TRADE AND INDUSTRIAL POLICY STRATEGIES (TIPS)

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Final Technical Report

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1. Project team

The TIPS project was implemented by:

- Rashad Cassim / Stephen Hanival (Project Leader)
- Amanda Ryland (Office & Events Manager)
- Marcalthea Probert (Personal Assistant)
- Wendy Jackson / Lucille Gavera (Editor & Publications Manager)
- Arjen van Zwieten / Matthew de Gale (Data & Web Manager)
- Vanidha Pulliah (Accountant)
- Carol Molate (Data Analyst)
- Ximena Gonzalez-Nunez (Economist)



2. Synthesis

South Africa's academic community is relatively well-resourced by developing country standards. However, the economic policies of the pre-1994 *apartheid* government did not require significant economic research capacity. As a result, the academic community suffered from two key weaknesses: first an undue focus on theory, leading to limited policy-relevant research throughput, and secondly a focus and capacity for economic policies which were of little relevance in the 21st century.

Further, within government departments, on the whole research was not afforded a significant role in the policy-making process and in-house expertise was generally weak. Also, what capacity did exist was focused on economic policies of racial exclusion, import substitution and substantial financial support to resource industries.

This was the context to the inception of TIPS, and the Project was specifically tasked with addressing many of these failings of both the research and policy communities. The TIPS Project's main objectives were thus as follows, and in general, we believe that TIPS has been very successful in meeting all four of its key objectives.

To serve as a clearing house for policy-makers and researchers:

TIPS has intentionally built strong relationships with all the major universities in South Africa and as such has been able to draw readily on researchers to undertake specific research projects, either funded through another donor or, increasingly, funded directly by government. In the field of trade, TIPS accounts for at least 80% of **the dti's** research needs, and of course we remain a key dissemination channel for researchers wishing to place their research in policy-makers' view.

To strengthen capacity outside of government to increase the quality of policy applied research:

A key activity was the development of analytical courses and summer schools (with additional funding secured) which were targeted at both researchers and mid-level policy analysts. In addition, TIPS convened a range of research seminars around specific issues which have resulted in significantly better flows of information about international research methods than previously. Overall, we believe that local research capacity is significantly stronger than before.

To create absorptive capacity in government for applied research:

TIPS at all times strives to ensure that training courses/summer schools are attended by a mix of both researchers and policy analysts. Further, TIPS convened various seminars and policy briefings where the target audience was specifically government officials. We believe that through these two channels, we have achieved our objective of developing a group of increasingly discerning research users within **the dti** and government as a whole.

To support other core activities:

The IDRC core grant has been used to leverage in additional funding to support TIPS' policy and research activities. In particular, consistent with our research network approach, we have focused on developing the infrastructure for research. Thus, we were fortunate to secure significant additional funding sources which were used to *develop* databases and online data availability, and technical summer schools.

From the above it is clear that the TIPS Project is not strictly speaking a research project but rather a research network support and capacity-building institution. However, the numerous and varied research projects reported on in this report's *Project Design and Implementation* section clearly demonstrate the breadth and depth of research indirectly supported by the IDRC. There is no doubt in our minds that if TIPS as an institution had not existed as a resource for the research community, many of the projects reported on would simply not have been undertaken, or only at significant additional expense to our government or to academics.

TIPS undertook four broad categories of *activity* drawing on the IDRC core grant for 2001-04:



Policy dialogue and advocacy:

TIPS hosts a high-profile Forum each year. Attended by senior policy-makers and many of SA's leading academics and researchers, this event sustained the research network and ensured that the research community was sufficiently informed of government's key policy concerns to be able to contribute effectively. In addition, TIPS convened *ad hoc* seminars to address topical policy issues or to publicise relevant research. More recently, TIPS also began using the main-stream print media to disseminate policy advice and analysis, generally drawing on TIPS' main print publications of the *Trade & Industry Monitor* and our *Working Paper* series.

Capacity building:

TIPS convened a series of training courses, leveraging additional funding to be able to provide the courses at no cost to participants and in many cases offered scholarships to cover the travel and accommodation costs of students, particularly those from marginalised groups.

Development of research infrastructure:

With additional funding leveraged from USAid, TIPS played a significant role in developing new databases and making them accessible online, thereby significantly improving researchers and policy-makers' access to policy-relevant economic data. The TIPS economic databases, hosted online and accessed through the TIPS website, continue to be a vital resource for researchers working in both the academic and policy communities. More than 500 users have access to the SA TradeMap database; about half of these users access the database on a fairly regular basis.

The TIPS searchable research paper database continues to grow and is accessed by researchers across the globe in increasing numbers. Moreover, our print publications are well respected and junior researchers vie for the opportunity to be published in them. This is itself a form of capacity building for researchers who are required to meet a certain standard to be published in the *Trade & Industry Monitor* or the *Working Paper* series.

Research:

The IDRC core grant has allowed for some modest but important research to be undertaken by TIPS staff directly, particularly the Executive Director, Chief Economist and Economist. Much of this research has been published and includes substantive papers on trade; small, medium and micro enterprises (SMMEs); and industrial policy.

The TIPS project has had a substantial impact on both the research and policy community. For the former, TIPS' major impact has been in three broad areas. First, provision of research infrastructure such as the TIPS online databases has facilitated research previously possible only at significant expense and in some cases not possible at all. Secondly, the project has had a significant impact through its policy dialogue function by ensuring greater integration between policy and research. Through this, the policy relevance of research has undoubtedly increased dramatically. Thirdly, TIPS' capacity building – especially to previously disadvantaged individuals – has had a significant and lasting impact on the economic policy environment.

In addition, TIPS has played an important role in disseminating research conducted by the Project itself as well as research undertaken within the TIPS network. This is confirmed by the extent to which TIPS is the first organisation approached by many policy analysts for advice, support or simply information. This view is supported by the fact that over the period of the grant, TIPS events were attended by the Minister of Finance, various Director-Generals and senior government officials. We believe TIPS' impact on the policy community to be significant. We are seen as an independent source of analytical information, little constrained by dogma, and our policy views are generally perceived as thoughtful. Our activities have greatest impact in the trade arena where we have great confidence that our research is translated into policy.

Moreover, we believe that TIPS has been particularly successful in strengthening research capacity in tertiary educational institutions, leading to an increase in both the quality and quantity of policy-relevant research emanating from South African universities.



3. Research Problem

TIPS was set up in 1996 at the request of key Department of Trade Industry (**the dti**) officials of South Africa's first democratically elected government. These senior government officials had noted the general paucity of economic research capacity in South Africa, the lack of relevant research output from tertiary education institutions, and the weak base of technical expertise within key economic Ministries – particularly in research areas of relevance to a new development-oriented government.

South Africa's academic community is relatively well-resourced by developing country standards. However, the economic policies of the *apartheid* government (pre-1994) did not require significant economic research capacity. As a result, universities' economic departments were not well integrated into the policy community and therefore their research and teaching tended to be overly academic. Moreover, for those universities that were integrated into the policy-making arena, the focus on economic policies of racial exclusion, autarky and ready – although *ad hoc* – state support for white business were not relevant to the new government. The academic community therefore suffered from two key weaknesses: first an undue focus on theory, leading to limited policy-relevant research throughput, and secondly a focus and capacity for economic policies which were of little relevance in the 21st century.

Within government departments the situation was bleak. On the whole, technical expertise was exceedingly weak. In addition, the policy-making process had tended to be dominated by *ad hoc* policy interventions designed to appease one of the *apartheid* government's key support bases, namely big business. As a result, research was not afforded a significant role in the policy-making process and in-house expertise was thus generally weak. Furthermore, what capacity did exist was once again focused on economic policies of racial exclusion, import substitution and substantial financial support to resource industries.

This then was the context to the inception of TIPS and the project was specifically tasked with addressing many of these failings of both the research and policy communities. TIPS originally operated as a Policy Secretariat within the IDRC's Johannesburg Office but with the consolidation of the IDRC's Africa activities in the Nairobi Office, was re-launched as an independent, non-profit Company in 2001. Significant progress was made (including significant contributions by TIPS itself) to address the weaknesses in the policy and research community between 1996 and 2001. Nonetheless, TIPS' objectives outlined below indicate that in 2001 both the IDRC and TIPS agreed that much work remained still to be done.

The TIPS project's objectives were thus to:

- i. Serve as a research clearing house for policy-makers and researchers;
- ii. Strengthen capacity outside of government to increase the quality of policy-applied research; and
- iii. Create absorptive capacity in government for applied research.

To meet these objectives, TIPS created and sustained a network of policy researchers mainly based at universities who could be drawn on to undertake policy-relevant research, primarily for South Africa's **the dti**. In addition, TIPS developed a range of training courses, workshops and seminars to build the technical and analytical capacity of both government officials and the academic community in applied research areas. In an attempt to increase the opportunities for dialogue between policy-makers and the academic community, TIPS convened an annual high-profile, policy-focused Forum attended by government officials and researchers.

During the course of implementing the TIPS project, we are happy to report that substantial progress was made in addressing many of the weaknesses highlighted above. Progress was particularly important in two areas of specific relevance to TIPS.

First, the academic community in South Africa has responded rapidly to the changing policy and research demands of government. For example, many universities now offer (in competition with TIPS) trade analysis courses, either as part of their formal curricula at Masters degree level, or on



a summer school basis. Previously, this was simply not available in South Africa, and with the increasing importance of multi- and bi-lateral trade negotiations this is a critical research area for **the dti**.

Secondly, the level and extent of dialogue between government and the research community are now substantially greater than in the past. As a result, the academic community is far more responsive to government's policy and research needs, and is far better integrated into the policy-making process than in the past.

These developments have become increasingly clear during the latter part of the implementation period and have precipitated much debate within TIPS and its Board with regard to the organisation's vision and mission in a changing policy and research environment.¹

¹ These are reflected in TIPS' *Programme Proposal 2004 - 2007*.



4. Research Findings

The TIPS project is not strictly speaking a research project but rather a research network support and capacity-building institution. We therefore have little to report in terms of research projects directly undertaken with IDRC funding and therefore findings for the project as a whole. However, the numerous and varied research projects reported on in this report's *Project Design and Implementation* section clearly demonstrate the breadth and depth of research indirectly supported by the IDRC. There is no doubt in our minds that if TIPS as an institution had not existed as a resource for the research community, many of the projects reported on would simply not have been undertaken, or only at significant additional expense to the government or to academics.



5. Fulfilment of Objectives

The TIPS project had four main objectives:

- i. To serve as a clearing house for policy-makers and researchers;
- ii. To strengthen capacity outside of government to increase the quality of policy-applied research;
- iii. To create absorptive capacity in government for applied research; and
- iv. To support other core activities.

In general, we believe that TIPS has been very successful in meeting all four its key objectives.

i. To serve as a clearing house for policy-makers and researchers

TIPS has intentionally built strong relationships with all the major universities in South Africa and as such has been able to draw readily on researchers to undertake specific research projects, either funded through another donor or, increasingly, funded directly by government. Moreover, TIPS continues to be **the dti's** main research resource, especially with regard to trade analysis. As **the dti** expands its policy agenda, it is inevitable that some research themes (for example Black Economic Empowerment) will arise for which TIPS is not well-suited and may therefore not be the lead network resource. Nonetheless, in the trade lacuna, TIPS accounts for at least 80% of **the dti's** research needs, and of course we remain a key dissemination channel for researchers wishing to place their research in policy-makers' view.

ii To strengthen capacity outside of government to increase the quality of policy-applied research

A key activity was the development of analytical courses and summer schools (additional funding for this was secured from USAID and GTZ) which were targeted at both researchers and mid-level policy analysts. In addition, TIPS convened a range of research seminars around specific issues which have resulted in significantly better flows of information about international research methods than previously. Overall, we believe that research capacity in South Africa is significantly higher than before. Indeed, there is a significant new layer of young researchers/academics who the organisation can identify as having attended at least one TIPS event every year over the last three to five years. These young researchers are increasingly contracted directly by government to produce policy-relevant research or are absorbed directly into key government departments as staff.

iii To create absorptive capacity in government for applied research

TIPS approached this objective from two sides. First, we at all times strive to ensure that training courses/summer schools are attended by a mix of both researchers and policy analysts. Secondly, TIPS convened various seminars and policy briefings where the target audience was specifically government officials. We believe that through these two channels, we have achieved our objective of developing a group of increasingly discerning research users within **the dti** and government as a whole. Nonetheless, this group remains a small proportion of government officials as a whole, suggesting that a significant increase in the quantity of training is required. In addition, TIPS' best efforts have often been undermined by the high turnover of staff in most South African government departments. In some cases, analysts are 'poached' by other government departments within weeks of having benefited from TIPS training! We do not believe that TIPS has done enough in this area and the South African economy as a whole remains significantly constrained by the lack of skilled human resources across a range of skill categories, including economic research.

iv To support other core activities

The IDRC core grant has been used to leverage in additional funding to support TIPS' policy and research activities. In particular, consistent with our research network approach, we have



focused on developing the infrastructure for research. Thus, we were fortunate to secure significant USAID and GTZ funding which were used to *develop* databases and online data availability, and technical summer schools respectively. None of this would have been possible without the IDRC core grant, and *maintenance* of these resources is funded almost exclusively from the IDRC grant. Furthermore, TIPS staff remain highly visible as policy advocates and actively engage in topical policy debates. We believe the organisation continues to be one of South Africa's and indeed Southern Africa's leading economic policy think-tanks.



6. Project Design and Implementation²

TIPS undertook four broad categories of activity drawing on the IDRC core grant for the period 2001-04.

i **Policy dialogue and advocacy**

TIPS leveraged additional GTZ programme funding to host a high-profile Annual Forum. This event, attended by senior policy-makers and many of SA's leading academics and researchers, sustained the research network and ensured that the research community was sufficiently informed of government's key policy concerns to be able to contribute effectively. In addition, TIPS convened *ad hoc* seminars to address topical policy issues or to publicise relevant research. More recently, TIPS also began using the main-stream print media to disseminate policy advice and analysis, generally drawing on TIPS' main print publications of the *Trade & Industry Monitor* and our *Working Paper* series.

ii **Capacity building**

TIPS convened a series of training courses (discussed in more detail below), leveraging both GTZ and USAID additional funding to be able to provide the courses at no cost to participants and in some cases to cover the travel and accommodation costs of students, particularly those from marginalised groups.

iii **Development of research infrastructure**

With additional funding from USAID, TIPS played a significant role in developing new databases and making them accessible online, thereby significantly improving researchers and policy-makers' access to policy-relevant economic data. The TIPS searchable research paper database continues to grow and is accessed by researchers across the globe in increasing numbers. Moreover, our print publications are well respected and junior researchers vie for the opportunity to be published in them. This is itself a form of capacity building for researchers who are required to meet a certain standard to be published in the *Trade & Industry Monitor* or the *Working Paper* series.

iv **Research**

The IDRC core grant has allowed for some modest but important research to be undertaken by TIPS staff directly, particularly the Executive Director, Chief Economist and Economist. Much of this research has been published and includes substantive papers on trade; small, medium and micro enterprises (SMMEs); and industrial policy. These are reported on in more detail below.

² It is important to acknowledge that TIPS would have been unable to leverage additional resources without the IDRC's core grant. As a result, we report on some activities which were strictly speaking implemented with additional programme funding from USAID or GTZ. Our position to our other donors is that the IDRC core grant forms the basis (and should therefore be acknowledged) for all activities undertaken by TIPS, unless the programme activity allows for full recovery of all TIPS staff overhead costs.

7. Project Outputs and Dissemination

Publications



Working Paper³ Series 2001

WP1-2001 Individual, Household and Regional Determinants of Labour Force Attachment in South Africa: Evidence from the 1997 October Household Survey – Taryn Dinkelman and Farah Pirouz, University of the Witwatersrand

WP2-2001 Production and Technology Changes, Restructuring and Employment in the Plastic Sector –Chris Malikane and Simon Roberts, University of the Witwatersrand

- WP3-2001 Towards A Workable Rural Development Strategy – Peter Delius and Stefan Schirmer, University of the Witwatersrand
- WP4-2001 A Future for Labour in the Global Economy – Samuel Bowles, University of Massachusetts
- WP5-2001 The Role of the Small and Medium Enterprise Sector in Latin America: Implications for South Africa – Al Berry, University of Toronto
- WP6-2001 Promoting Competitive Outcomes in the Fixed Line Telecommunications Sector in South Africa – James Hodge, University of Cape Town (UCT)
- WP7-2001 Information Technology and Producer Services: A Source of Economic Development: The South African Case – Hildegunn Kyvik Nordås, SNF
- WP8-2001 Notes on Welfare Losses of Tariffs and Tariff Protection: A Partial Equilibrium Application to South African Data – Dirk Ernst van Seventer, TIPS and Lawrence Edwards, School of Economics, UCT

Working Paper Series 2002

- WP1-2002 Competition and Regulation in the Electricity Supply Industry in South Africa – Anton Eberhard, Graduate School of Business, University of Cape Town
- WP2-2002 Energy Services, WTO GATS Negotiations and Energy Market Regulation and Liberalisation in South Africa – Anton Eberhard, Graduate School of Business, UCT
- WP3-2002 Structure and Conduct in the Commercial Banking Sector of South Africa - Charles Okeahalam, University of the Witwatersrand
- WP4-2002 Level and Variation of Tariff Rates – Dirk Van Seventer, TIPS
- WP5-2002 The Determinants of Regulatory Effectiveness in Liberalised Markets: Developing Country Experiences – Gertrude Makhaya, University of the Witwatersrand
- WP6-2002 Information Technology and Producer Services: A Source of Economic Development: The South African Case – Hildegunn Nordås, SNF
- WP7-2002 Promoting Competitive Outcomes in the Fixed Line Telecommunications Sector in South Africa – James Hodge, University of Cape Town
- WP8-2002 Toward an Understanding of the Growth Absence: Reviewing the Evidence that can Account for the Poor Growth Performance of the South African Economy – Johannes Fedderke, ERSA, University of the Witwatersrand

³ Working Papers and the Trade & Industry Monitor were funded from GTZ, as were all printing costs. Working Papers produced by TIPS staff members were funded from the IDRC core grant, as was the editing thereof.



- WP9-2002 Debating Privatisation of Network Utilities in South Africa: Theories, Fables, Facts, Other – Melvin Ayogu, University of Cape Town
- WP10-2002 Capital/Skills-Intensity and Job Creation: An Analysis of Policy Options – Michael Samson, Kenneth MacQuene and Ingrid van Niekerk, Economic Policy Research Institute
- WP11-2002 The Export Behaviour of South African Manufacturing Firms – Neil Rankin, Centre for the Study of African Economies, University of Oxford
- WP12-2002 Defense Industrial Restructuring and Economic Growth in South Africa – Paul Dunne and Richard Haines, Middlesex University and University of Port Elizabeth
- WP13-2002 Liberalisation, Regulation and Provision: The Implications of Compliance with International Norms for the South African Financial Sector – Penelope Hawkins, Feasibility
- WP14-2002 Financial Intermediation and the Micro-Finance Sector – Reza Daniels, Development Policy Research Unit, University of Cape Town
- WP15-2002 Select Competition Issues Arising from Changes in the Distribution of Pharmaceutical Products in South Africa – Trudi Hartzenberg, Development Policy Research Unit, University of Cape Town

Working Paper Series 2003

- WP1-2003 Regulating South Africa's Citrus Export Commodity Chain(s) after Liberalisation – Charles Mather, School of Geography, Archaeology and Environmental Studies, University of the Witwatersrand
- WP2-2003 Long-Run Exogeneity between Saving and Investment: Evidence from South Africa – Kevin Nell, National Treasury
- WP3-2003 Evaluating the General Equilibrium Effects of a Wage Subsidy Scheme for South Africa – Kalie Pauw, School of Economics, UCT
- WP4-2003 A Decomposition of Growth of the Real Wage Rate for South African Manufacturing – Dipak Mazumdar and Dirk Ernst van Seventer, University of Toronto and TIPS
- WP5-2003 An Econometric Analysis of Labour Demand at an Industry Level in South Africa – Elna Moolman, University of Pretoria
- WP6-2003 Winners and Losers in Prospect and Retrospect A Policy Agenda on Trade, Employment and Poverty in Southern Africa – David Evans, IDS, University of Sussex
- WP7-2003 Extending Telecoms Ownership in South Africa: Policy, Performance and Future Options – James Hodge, University of Cape Town
- WP8-2003 Mapping Health Services Trade in South Africa – Susan Cleary and Stephen Thomas, The Health Economics Unit, UCT
- WP9-2003 GATS Energy Services Negotiations and Energy Market Regulation and Liberalisation in a SA – Anton Eberhard, UCT
- WP10-2003 Understanding the SA Construction Services Industry: Towards a GATS Negotiating Strategy – Ethèl Teljeur, Independent Consultant and Matthew Stern, National Treasury
- WP11-2003 Developing Countries and the Political Economy of the Trading System – Bernard Hoekman, World Bank and Centre for Economic Policy Research
- WP12-2003 Armington Elasticities for South Africa: Long- and Short-Run Industry Level Estimates – Kathy a Gibson, TIPS



- WP13-2003 The Export 'Success' of the MIDP and the Implications for Trade and Industrial Policy – Anthony Black, UCT
- WP14-2003 Policy in the SA Motor Industry: Goals, Incentives and Outcomes – Anthony Black, UCT and Shannon Mitchell, Virginia Commonwealth University
- WP15-2003 Intra- versus Inter-industry Specialisation, Labour Market Adjustment and Poverty: Implications for Regional Integration in Southern Africa – Niki Cattaneo, Rhodes University
- WP16-2003 The South African Business Cycle over the 1990s: What Can We Learn? – Pieter Laubscher, Bureau for Economic Research
- WP17-2003 Globalisation, Labour Mobility and the Economics of Emigration: The Case of SA – Andrew Myburgh, Genesis Analytics
- WP18-2003 Determinants of Exports from SADC and the Role of Market Access – Daniel Ndlela, ZimConsult
- WP19-2003 SA Manufacturing Performance in International Perspective: 1970-1999 – Michiel Van Dijk, Eindhoven University of Technology
- WP20-2003 SA's Seaborne Commerce: Trade Flows, Transport Costs and the Maritime Transport Policy Environment – Mihalios Chasomeris, University of Natal

Working Paper Series 2004

- WP1-2004 The Role of Dynamic Products in Global Integration Implications for South Africa – Nimrod Zalk, **the dti**
- WP2-2004 Reinventing Industrial Strategy: The Role of Government Policy in Building Industrial Competitiveness – Sanjaya Lall, University of Oxford
- WP3-2004 Features and Challenges of the Post-Democratic Financial Sector – Penelope Hawkins, Feasability
- WP4-2004 A Dynamic Computable General Equilibrium (CGE) Model for South Africa: Extending the Static IFPRI Model – James Thurlow, International Food Policy Research Institute (IFPRI)
- WP5-2004 A Three-gap and Macro Decomposition Analysis for South Africa, 1993–2002 – Rob Davies, University of Zimbabwe and Dirk Ernst van Seventer, TIPS
- WP6-2004 Universal Service through Roll-out Targets and Licence Conditions: Lessons from Telecommunications in South Africa – James Hodge, University of Cape Town
- WP7-2004 The Influence of Policy on the Roles of Agriculture in South Africa – Nick Vink, University of Stellenbosch
- WP8-2004 The Role for Competition Policy in Economic Development: The South African Experience – Simon Roberts, University of the Witwatersrand
- WP9-2004 Reinventing Industrial Strategy: The Role of Government Policy in Building Industrial Competitiveness – Sanjaya Lall, University of Oxford
- WP10-2004 Productivity in South Africa: Friend or Fiend? – Christopher D. Mlosy, Charmain Modise and Thomas E. Pogue, Council for Science and Industrial Research (CSIR)



Annual Report 2001-2003

Briefing Paper Series 2001

The SADC Textile and Garment Industries: Constraints & Opportunities. Myopia or Global Vision? – Peter Coughlin, Musa Rubin and L. Amedée Darga

Towards A Better Understanding of the ICT Sector in South Africa: Problems and Opportunities for Strengthening the Existing Knowledge Base – Tina James, Philip Esselaar and Jonathan Miller

Briefing Paper Series 2002

SADC Rules of Origin: Impediments to Regional Integration and Global Competitiveness – Frank Flatters, Queens University

Briefing Paper Series 2003

A Development Perspective on EU Trade Policies and their Implications for Central and Eastern European Countries – Faizel Ismail, Permanent Mission of South Africa

A Review of the Changing Composition of the South African Economy – TIPS

A Trade Performance Index for South Africa – TIPS

Bilateral Trade between South Africa and Brazil – Carol Molate and Dirk Ernst van Seventer, TIPS

Snapshot of Industry-Wide Trends in Employment, 1991-2001 – Donald Onyango, TIPS

Snapshot of Industry-Wide Trends in Exports, 1991-2001 – TIPS

Snapshot of Industry-Wide Trends in Imports, 1991-2001 – Donald Onyango, TIPS

Snapshot of Industry-Wide Trends in Value Added, 1991-2001 – TIPS

South Africa-Finland Trade Part 1-3: The Structure of Bilateral Trade between SA and Finland – TIPS

Trade Intensities in SADC – TIPS

Trade Policy Development in a Coherent Macroeconomic Framework – Xavier Carim, **the dti**

Occasional Papers 2001

Prospects for Financial Sector Reform in the Context of Regional Integration in SADC – Rosalind Mowatt, University of the Witwatersrand

Reform and Opportunity: The Changing Role and Patterns of Trade in South Africa and SADC – Jeffrey Lewis, The World Bank

Occasional Papers 2002

A Free Trade Area between South Africa and India: Which Commodities Matter? – Dirk Ernst van Seventer and Thembi Mlangeni, TIPS

Africa Growth and Opportunity Act: Hot Air or Hot Stuff? – Matthew Stern and Nnzeni Netshitomboni, National Treasury

Can South Africa Afford to Become Africa's First Welfare State? – James Thurlow, IFPRI

Monographs 2002

Intellectual Property Rights in South Africa: An Economic Review of Policy and Impact – Ethèl Teljeur, The Edge Institute

The State of Trade Policy in South Africa – Rashad Cassim, Dirk Ernst van Seventer and Donald Onyango, TIPS



The Economics of SMMEs in South Africa – Anna Kesper, University of the Witwatersrand, Rashad Cassim, TIPS, Dirk Ernst van Seventer, TIPS, Bala Rajaratnam, The World Bank, Al Berry, University of Toronto and Magali von Blottnitz, University of Cape Town



Trade & Industry Monitor 2001

The quarterly Trade & Industry Monitor, up to June 2003 a joint publication of TIPS and the DPRU, is now solely published and distributed by TIPS to almost 500 subscribers locally, in the region and internationally. The Monitor's short, accessible articles – which are increasingly being quoted in the media – allow a target audience of mainly government officials access to policy-relevant issues and recommendations.

Volume 17, March 2001

- The Role of Regulation in the Development of the M-Commerce Industry in South Africa
- Privatisation in the Water Industry of South Africa: Identifying Relevant Issues
- Regulatory Pressures on the South African Financial Sector
- South Africa's Competition Law and Private Barriers to Entry
- *Southern African Update*: The Impact of Capital Flows to and from South Africa

Volume 18, June 2001

- The Impact of Income Transfers on Poverty Levels in the Subsistence Fisheries Sector
- Third Generation Mobile Licensing
- An Assessment of the New Direction of Telecommunications in South Africa
- The Essential Facilities Doctrine: Relevance to South Africa
- *Southern African Update*: The SADC Trade Protocol – Which Way Ahead?

Volume 19, September 2001

- South Africa's Trade Reform and the WTO: Background and Progress
- The Level and Variation of Tariff Rates: An Analysis of Tariff Rates in South Africa
- South Africa's Export Performance: A Bird's Eye View
- Trade Liberalisation and the Global Integration of the South African Automotive Industry
- *Southern African Update*: The Southern Africa Trade Research Network (SATRN)

Volume 20, December 2001 (Special Issue – Forum 2001)

- Public Policy towards the Internet and Development
- Information Technology and Producer Services: A Source of Economic Development
- The Design and Performance of Regulatory Agencies: What Can South Africa Learn from the Brazilian Experience?
- Financial Intermediation and the Micro-Finance Sector
- *Southern African Update*: Sectoral Linkages and Employment in South Africa



Trade & Industry Monitor 2002

Volume 21, March 2002

- Constraints to Growth in SA's Manufactured Exports Sector
- SA's Formal Employment Problem
- SMME Dynamics and Slow Take-Off of Firms
- Constraints to Black Empowerment
- *Southern African Update*: Poverty Reduction: A Top Priority in SADC's Integration Agenda

Volume 22, June 2002

- Investment in Southern Africa
- Trade Integration in Southern Africa
- Towards Regional Industrialisation and Policy
- *Southern African Update*: The Impact of the EU-SA Free Trade Agreement

Volume 23, September 2002

- Intellectual Property Rights in SA
- The African Growth and Opportunity Act (AGOA): Between the Tariff Lines
- Trade, Technology and Employment in SA
- Price Effects and the Poor: The Case of the Maize Industry
- *Southern African Update*: SADC Rules of Origin: Impediments to Regional Integration and Global Competitiveness

Volume 24, December 2002 (Special Edition – TIPS Annual Forum 2002)

- Doha and Developing Countries: Proceedings of the 2002 TIPS Forum
- The New Financial Architecture: SA Supervisors, Banks and the New Basel Accord
- The Automotive Industry in SA: Overview and Prospects
- *Southern African Update*: The Doha Agenda: Challenges for SADC Countries

Trade & Industry Monitor 2003

Volume 25, March 2003

- SA International Cost Competitiveness and Exports: A Sectoral Analysis
- Long-run Exogeneity Between Saving and Investment: Evidence from SA
- Trade Policy Development in a Coherent Macroeconomic Framework
- Focus on Facts: A Snapshot of Industry-wide Trends in Exports, 1991-2001
- *Southern African Update*: An Analysis of Intra-SADC Trade

Volume 26, June 2003

- Special Focus: TIPS Conference on Privatisation, Competition and Regulation in SA
 - The Triumph and Tragedy of Human Capital: Foundation Resource for Building Network Knowledge Economies
 - Efficiency and Road Privatisation: Bidding, Tolling and the 'User Pays' Principle
 - Economic Regulation of Water
- Focus on Facts: A Review of the Changing Composition of the SA Economy



- *Southern African Update*: WTO Telecommunications Negotiations: How Should SADC Countries Respond?

Volume 27, September 2003

- Special Focus: TIPS/DPRU Forum 2003
 - The SA Economy Since Democracy Sustainable Solutions Needed for Economic Growth and Development
 - The Next Decade in SA: Challenges for Ensuring Welfare-Enhancing Growth
- Features
 - Tanzania's Privatisation Programme Outpaces SA
- SMME Series: The Economic Rationale for SMME Promotion in SA
- WTO Watch: Central Issues Around Cancún
- Focus on Facts: SA's GDFI and Capital Stock Show Modest Growth

Volume 28, December 2003

- Special Focus: SA Trade at a Glance
- Editorial: Unlocking the Benefits of Trade Policy
- Features
 - NTMs: The Bigger Picture for SA and Southern Africa
 - KZN Trade with the Rest of the World Post-1994: Emerging Trends
 - Is the Public Sector Crowding out an Appropriate Analytical Framework for the Liberalising Economy of SA?
- SMME Series: The SMME Sector – A Real Wage Rate Growth for SA Manufacturing by Size Class: 1972-1996
- WTO Watch: Cancún: Crisis or Catharsis
- Focus on Facts: Exchange Rate Appreciation and Non-gold Exports: A Mixed View

Trade & Industry Monitor 2004

Volume 29, March 2004

- Special Focus
 - SA's Absence from Global Trade in Dynamic Products
 - The Role of Dynamic Products in Global Integration: Implications for SA
- Editorial: Targeting Key Export Growth Markets
- Features
 - SA Trade at a Glance
 - The SMME Sector: Workshop Points Towards Crucial Future Research
- WTO Watch: Special and Differential Treatment for Developing Countries in the Doha Agenda European Expansion: Implications for SA

Volume 30, June 2004

- Special Focus: SA's Declining Export Shares: The Developing Country Challenge
- Editorial:
- Features
 - Has the Internet Increased Trade? Evidence from Industrial and Developing Countries
 - SA Trade at a Glance
 - Shanghai Conference identifies key factors in large scale poverty reduction
- World Trade Watch: Unctad XI ends with renewed commitment to 'development' –



Events

Training Courses⁴ 2001

TIPS / IFPRI Input Sam Multiplier Analysis Course

9-13 July 2001

In association with UCT's School of Economics and the IFPRI, TIPS organised a week-long course on input-output/social accounting matrix multiplier analysis.

Regulation and Competition in Network Industries Course

18 December 2001

The course was aimed at building capacity and stimulating research in the area of the economics of regulation. Lectures were given by Jean-Jacques Laffont, Marc Ivaldi and Claude Crampes, Université des sciences sociales de Toulouse.

Training Courses 2002

Introduction to Economy-Wide Policy Impact Analysis

18-22 March 2002

This intensive CGE modelling course, presented by TIPS and UCT's School of Economics, combined theory, data and application, with an emphasis on hands-on computer training.

An Introductory Course on Computable General Equilibrium Modelling

1-12 July 2002

UCT's School of Economics and TIPS ran an intensive CGE modelling course in Cape Town.

Trade Policy Course for Parliamentarians

5-6 August 2002

The course consisted of 3 trade modules covering theoretical issues in international trade, a detailed review of trade in South Africa and the role of trade institutions specifically the WTO.

Training Courses 2003

Introduction to Economy-Wide Policy Impact Analysis

10-14 March 2003

The School of Economics at UCT and TIPS offered a one-week introductory course in economy-wide policy impact analysis.

Applications and extensions of Economy-Wide Policy Impact Analysis

14 March 2003

This technical, hands-on training session was part of the short course on economy-wide policy impact analysis targeted at the level of policy analysts in the public and private sector.

Economics of the Environment Winter School

5-9 May 2003

TIPS organised and Myrick Freeman, the William D. Shipman Research Professor of Economics at Bowdoin College, presented this short course. The aim of the course was to improve the capacity of economists to analyse environmental problems from an economic perspective.

⁴ Many of these courses were funded from a USAID grant, but the Executive Director contributed his time to the course administration and overall management and as such they were funded from the IDRC core grant.



Winter school successes

- 27 economists, researchers, research assistants, senior lecturers, post-graduate students, environmental consultants and mid-level and senior managers of various government departments attended the course.
- 11 scholarships to attend this course were provided, mainly to women, black researchers and students.

Basic Econometrics for Public Sector Policy Analysts

17-20 June 2003

TIPS offered a short course on basic econometrics aimed at public sector policy analysts who have a basic understanding of econometric theory.

An Introduction Course to Computable General Equilibrium Modelling

30 June - 11 July 2003

The School of Economics at UCT and the IFPRI hosted a two-week intensive CGE modelling course, which combined theory, data and application, with an emphasis on hands-on computer training.

Training Courses 2004

Economy-Wide Policy Impact Analysis

29 March 2004

UCT's School of Economics in conjunction with TIPS offered their fourth one-week introductory course in economy-wide policy impact analysis.

Introductory Course on CGE Modelling

4 July 2004

The School of Economics at UCT and TIPS presented their fourth annual short course on CGE modelling.

Workshops and Seminars 2001

The Multilateral Trading System and the Road to Doha: Challenges for South Africa

7-8 August 2001

This workshop was organised by **the dti**, the Institute for Global Dialogue (IGD) and TIPS. The workshop brought together members of civil society to discuss the future of the World Trade Organisation (WTO) and what it means for South Africa.

Trade and Poverty Brainstorming

8 November 2001

TIPS brought together various individuals, including Prof. Alan Winters, to think through trade poverty issues and map out the way forward in initiating research that would be of relevance to policy-makers.

Global Economic Prospects and Developing Countries

28 November 2001

The team leader, Ataman Aksoy, of the recently released World Bank annual report *Global Economic Prospects and Developing Countries* gave a seminar on this report at TIPS.

Regulation and Competition Workshop

17 December 2001

Jean-Jacques Laffont, director of the Institut D'Economie Industrielle, Toulouse and Professor of Economics at the universities of Toulouse and Southern California, gave a lecture on the political economy of competition and regulation of network industries.



Workshops and Seminars 2002

Globalisation: The WTO and Sustainable Development

11 February 2002

An interactive session on Globalisation: The WTO and Sustainable Development, with WTO Director-General Mike Moore.

Globalisation, Production and Poverty in South Africa

24 June 2002

The objective of the workshop was to present preliminary results from two studies carried out in South Africa as part of a research project funded by the UK Department for International Development (DFID) around the impact of globalisation on poverty in four countries (Bangladesh, Kenya, South Africa and Vietnam).

The Measurement of International Competitiveness of South African Industry

16-17 October 2002

This workshop sought to explore some of the measures of competitiveness in a quantitative way so that policy analysts can start thinking about how best to track the performance of a particular South African industry. The workshop was conducted over two days.

Workshops and Seminars 2003

Trade and Sustainable Development in South Africa

14 February 2003

TIPS organised a one-day workshop to present the findings of two case studies done by various researchers on energy services and tourism. The research aimed to address questions such as the impact of increased liberalisation in these sectors on the country's economy, how the changing structure of these sectors impacts on the environment, and the implication of such liberalisation in the context of an economy that has massive poverty and unemployment.

Privatisation, Competition and Regulation in South Africa

24 February 2003

The main foci of the Conference were privatisation, competition and regulation in the electricity, transport, telecommunications and water sectors. The Conference highlighted the interaction between privatisation, competition and regulation processes in SA, whilst providing perspectives from both developed and developing nations, with participants from the US, Latin America and Egypt.

Conference successes

- The conference assisted in developing a specific, policy-relevant research agenda on regulation that forms part of TIPS' medium-term research programme.
- The conference assisted in bringing together various interested parties in regulation and competition in SA and abroad, such as the SA Competition Commission, Cosatu, various government departments, the NER, DFID, the Palmer Development Group and the Adam Smith Foundation to establish a network that can actively address future research issues and complex regulatory decisions.

Brainstorming on Research Methodology Issues around the MIDP in South Africa

28 March 2003

A brief brainstorming workshop was held on research methodology issues with regards to the Motor Industry Development Programme (MIDP) in South Africa.



The SMME Economy in South Africa

10 November 2003

TIPS, in conjunction with the Small Business Project (SBP), hosted this workshop, where over 40 policy-makers, practitioners and members of the research community debated the lessons learnt in developing the small business sector and the challenges we still face.

Workshop successes

- Importantly, the workshop assisted in the formulation of a medium-term research agenda for further research in this area.
- TIPS has initiated sectoral research on SMMEs – specifically since the SMME economy is extraordinarily heterogeneous – as well as research on local initiatives, which includes a focus on strengthening the links to local economic development.
- In addition, TIPS will publish an impact assessment study towards the middle of 2004 to measure and monitor the performance of implemented policy in the SMME sector and so assist in the development of relevant policy decisions in the future.

Workshops and Seminars 2004

A dti/UNIDO Competitiveness Conference: An Institutional Approach to Competitiveness

7 June 2004

The overarching theme of the Conference was the critical role of institutions, at both national and regional level, in advancing industrial upgrading. The following themes were addressed:

- Implications of changing patterns in the global economy
- The need to build sophisticated industrial capabilities
- Country and sector case studies / success stories
- Institutional innovations / success stories

The key objectives of the conference were:

- To shift the intellectual debate in SA towards a more sophisticated understanding of the determinants of competitiveness, particularly the critical role of institutions.
- To generate an understanding of the policy and institutional arrangements that accompanied high growth in dynamic developing, transition and selected advanced economies.
- To draw together key SA thinkers and opinion-makers to discuss and debate issues of competitiveness.

TIPS has prepared a summary of each Conference session and is assisting **the dti** with putting together the final Conference report, which are available on **the dti** and TIPS websites.

Wits-Ekurhuleni Symposium on Sustainable Manufacturing

10-11 June 2004

Ekurhuleni Metropolitan Municipality and the University of the Witwatersrand (WITS) recently hosted a symposium to highlight the importance of sustainable manufacturing for the South African economy.

The Symposium was organised around the main themes of:

- National developments and industrial policy.
- Sustainability, employment, environment, HIV/Aids and skills development.
- Industry in local economic development.
- Manufacturing sector studies.

The objectives of the Symposium were to:

- Draw on the wide range of existing research which has been undertaken on manufacturing development
- Develop a common understanding of sustainable manufacturing



- Assess case studies of manufacturing, in different industries, different locations and Metros, and international experiences.
- Examine the policy initiatives and actions of institutions tasked with manufacturing development.
- Develop an emerging consensus on the state of manufacturing, understandings of sustainability and the role of government.

Key decision-makers from government, Labour, and research and supporting institutions, including the Presidency, **the dti**, the Gauteng Provincial Government, Cosatu, the Industrial Development Corporation, the CSIR, Mintek, Trade and Industrial Policy Strategies (TIPS), the SA cities network, and sector education and training authorities Merseta and Chieta participated in the symposium.

The research papers from the Symposium are to be published as an edited book drawing together the current state of knowledge on sustainable manufacturing in South Africa.

Economic Regulation and Restructuring of Infrastructure Industries Workshop

22 July 2004

This workshop was held with the goal of broadening the understanding of the drivers of infrastructures industries behaviour and measures to promote welfare.

Trade and Industry Policy Strategies (TIPS) held an intensive two day workshop on economic regulation and restructuring of infrastructure industries. The workshop focussed on the following:

- The economic characteristics of infrastructure industries, public enterprises and monopolies;
- The rationale for regulating infrastructure industries;
- The form regulation can take and the institutions to apply it;
- How to draw upon international experience of economic reform and country case studies on regulation and restructuring; and
- What is required for successful regulation in the SA context.

ICTSD/Unido Regional Dialogue on Intellectual Property Rights (IPRs) Innovation and Sustainable Development in Eastern and Southern Africa

29 June-1 July 2004

This initiative was developed in the framework of the joint Unctad/ICTSD Project on IPRs and Sustainable Development, which aims to improve the understanding of the development implications of IPRs and facilitate an informed participation of developing countries in ongoing negotiations, through policy-oriented research, multi-stakeholder dialogues and outreach.

The dialogue aimed to:

- Provide a platform for a strategic discussion between relevant stakeholders (negotiators, capital-based policy makers, academia, NGOs and private sector) on relevant trends and thematic issues in the area of intellectual property and their implications for sustainable development;
- Develop elements of a "regional agenda" for development-oriented intellectual Property (IP) policies and informal mechanisms to advance it in the coming years, among others, through joint research and networking.

The dialogue was organised and conducted as an open informal process bringing together stakeholders with a variety of interests and experiences. TIPS assisted ICTSD/Unido with logistics and partner support for the dialogue, and prepared a Proceedings of the Dialogue, which included the Dialogue Working Groups' identification of areas of strategic concern where further research is needed, as well as the actions to be followed up to establish continuous interaction and discussion amongst Dialogue participants.



TIPS Annual Forum⁵

The TIPS Annual Forum is a vehicle to help to create and sustain a network of researchers in the area of trade and industry and other related fields. The Annual Forum is TIPS' largest event and serves as a platform for researchers, policy-makers and other stakeholders to discuss ongoing research and to enter into dialogue on policy-relevant issues resulting from research.

2001: New Directions in the South African Economy

10- 12 September 2001

The South African economy has undergone drastic changes since the establishment of democracy in 1994. The new government's restructuring process comprised the following elements: macroeconomic stability, trade liberalisation, foreign exchange control reform, privatisation, deregulation of certain sectors and the establishment of sector-specific regulators, a revamped competition regime and a general move away from market distorting, demand-side measures to efficiency enhancing, and supply side measures.

TIPS hosted its 5th Annual Forum to reflect on the changes which have taken place in the economy and what impact policy measures have had on these changes:

- Is the growing demand for skilled labour in South Africa simply an inevitable evolution of the economy, like everywhere else in the world, or is it particularly intense in this country?
- There is growing increasing recognition that the South African economy still suffers major inefficiencies. This is often attributed to the regulatory environment. The key question then is whether there exists sufficient competition in South African markets? Are markets more contestable today than they were in the past? An area that requires great deal of attention is micro-economic reforms specifically in the area of services.
- The rapid diffusion of information and communication technologies is rapidly changing ways of living, consumption patterns and ways of working. But how important is the information revolution in terms of increasing productivity and competitiveness and improving the standards of living, especially for the poor?

2002: Global Integration; Sustainable Development and the Southern African Economy

9-11 September 2002

The aim of this Forum was to focus on major economic problems in the region and evaluate the role of global integration.

Some of the issues covered by the Forum include:

- Agricultural trade
- Standards and the environment
- Trade and the environment
- Industrial tariffs and market access
- Financial architecture and the exchange rate
- Liberalisation and poverty
- Services and GATS negotiations
- Regional concerns

2003: The Challenge of Growth and Poverty: The South African Economy Since Democracy

8-10 September 2003

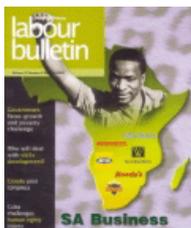
⁵ The Annual Forum is funded by GTZ but, as with various other TIPS activities, the organisation's support staff that administer and manage the Forum are funded by the IDRC core grant, making the IDRC an implicit sponsor of all Forums.

TIPS hosted its seventh annual forum together with the Development Policy Research Unit (DPRU), which is part of the School of Economics at UCT and conducts research in the fields of labour markets, poverty and regional integration.

The 2003 Forum focused on South Africa's progress in addressing growth and poverty since democracy and the challenges it still faces in these areas. Key themes addressed at the Forum included:

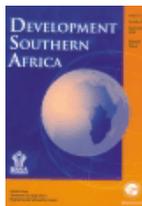
- Explaining low economic growth in South Africa in the last decade
- The changing structure of the South African economy and microeconomic reform
- Sectors as engines of growth and employment in the last decade
- Poverty, labour markets and income inequality in the post-*apartheid* period
- Privatisation, regulation and competition

Over 250 economists, policy-makers and academics from South Africa, Southern Africa and abroad attended the Annual Forum. Various prominent SA government figures and academics, as well as international speakers participated in the Forum, including Finance Minister Trevor Manuel, Professor David Kaplan of UCT, Erik Thorbecke of Cornell University, the University of Toronto's Al Berry and Rohinton Medhora of the IDRC.



Forum successes

- The Development Bank of Southern Africa (DBSA) approached TIPS to publish 10 of the Papers presented at the Forum 2003 in abridged format as a Special Edition of its March 2004 *Development Southern Africa* publication, a peer-reviewed journal published five times a year for the DBSA in the UK and distributed to an international audience.
- The *SA Labour Bulletin* dedicated five pages of its October 2003 edition to an overview of the Forum's conclusions. The *Labour Bulletin* is a key publication for civil society and is widely distributed, especially amongst the trade union movement.

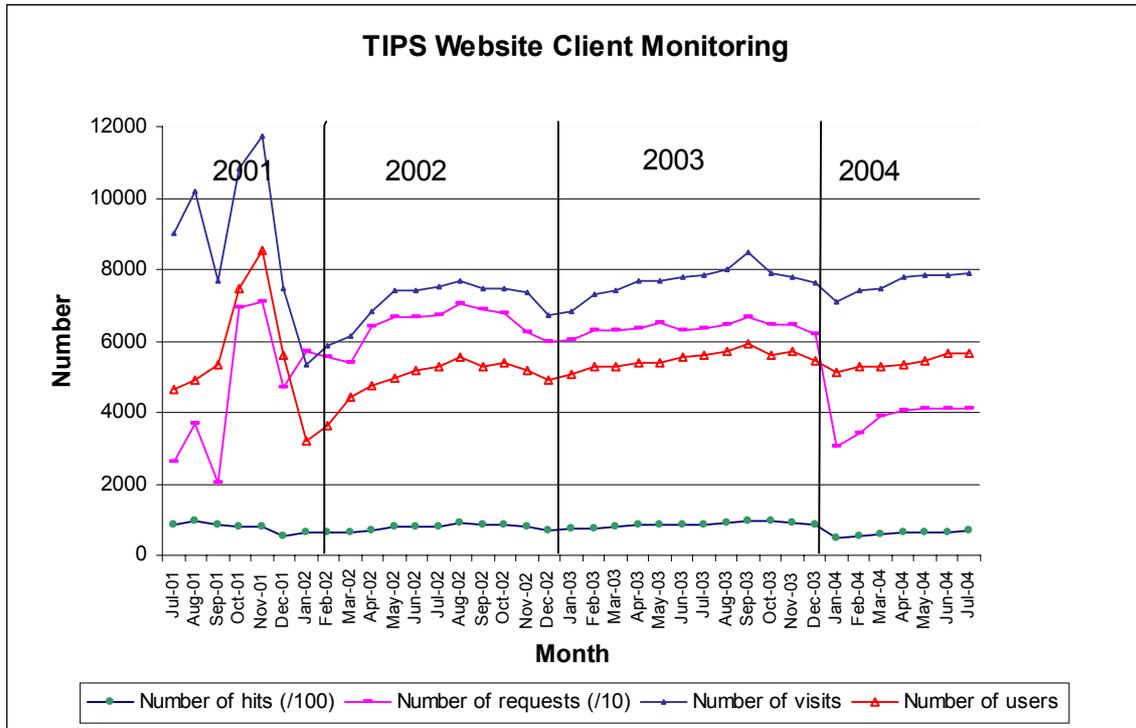


- Various articles on the Forum were published in leading financial magazines and newspapers, such as *Engineering News*, *Financial Mail*, *Business Report* and *Business Day* as well as at the online economic and market news site, *I-Net Bridge*.
- National radio station SA FM also interviewed a number of Forum speakers throughout the Forum for input to its regular discussion broadcasts.

A final panel discussion at the Forum, which included panellists such as Congress of SA Trade Unions (Cosatu) chief economist Neva Makgetla and Alan Hirsch, chief director: economic sector policy co-ordination at the Presidency, elicited vigorous debate on possible solutions to the growth and poverty challenges facing SA, as well as useful observations on ways to actively feed research output and activities into governmental and sectoral negotiations, and policy formulation and implementation.



Website



The TIPS website – redesigned and updated in 2003/2004 to provide a more user-friendly interface to the publications and articles disseminated, news and events publicised, and economic databases hosted – plays a key role in distributing the research output of the organisation as well as that of the broader TIPS research community.

An outstanding feature of the website is our ability to populate it consistently with important research and data generated within TIPS and procured from the outside.

In addition to making various databases available online, TIPS has developed a searchable research database, which contains all its papers online, allowing for easy access to TIPS research from anywhere in the world. The TIPS papers database contains approximately 500 papers, focusing on topics such as trade, industry and regulatory issues, and includes both reviewed working papers and shorter, policy-orientated briefing papers. There were just under 36,000 paper downloads in 2003.

The TIPS economic databases, hosted online and accessed through the TIPS website, continue to be a vital resource for researchers working in both the academic and policy communities. More than 500 users have access to the SA TradeMap database; about half of these users access the database on a fairly regular basis. An International Trade Centre (ITC) evaluation of several countries indicated that South Africa’s use of the TradeMap system is significantly greater than that of the other countries surveyed.

Changes in the design of the site at the beginning of 2002 and then again at end-2003/early 2004 render the statistics directly comparable; nonetheless the user pattern for the website is fairly stable and maintains an upward growth path.



8. Capacity-building

TIPS has been committed to capacity building – not only of previously disadvantaged social groups but of women in particular, with at least 50% of the organisation's staff consisting of women or previously disadvantaged individuals. Our research staff regularly attend the technical training courses, summer/winter schools, workshops, seminars and conferences offered by TIPS, as well as conferences offered by other institutions. Administrative staff have attended various computer and accounting training, language skills and conference management courses.

Through our scholarship programme – primarily awarded to previously disadvantaged students and women – we have not only assisted in building capacity in the field of economics, but enhanced skills and promoted the gaining of experience by allowing scholarship students to attend summer/winter schools free of charge. TIPS has offered a total of 16 scholarships since its inception and five since 2001, all which have been funded solely by IDRC.

9. Project Management

The TIPS team responsible for implementing this project had significant prior experience of implementing donor-funded grants. Project management was therefore smooth and the support provided by IDRC more than sufficient to meet the needs of the project.

10. Impact

The TIPS project has had a substantial impact on both the research and policy community. For the former, TIPS' major impact has been in three broad areas. First, provision of research infrastructure such as the TIPS online databases has facilitated research previously possible only at significant expense and in some cases (such as the Industry database) not possible at all. Secondly, the project has had a significant impact through its policy dialogue function by ensuring greater integration between policy and research. Through this, the policy relevance of research has undoubtedly increased dramatically. Thirdly, TIPS capacity building – especially to previously disadvantaged individuals – has had a significant and lasting impact on the economic policy environment.

With regard to the policy community, the Project's impact is sometimes hard to gauge. Certainly, TIPS has played an important role in disseminating research conducted by the Project itself as well as research undertaken within the TIPS network. This is confirmed by the extent to which TIPS is the first organisation approached by many policy analysts for advice, support or simply information. This view is supported by the fact that over the period of the grant, TIPS events were attended by the Minister of Finance, various Director-Generals and senior government officials. Notably, TIPS was approached by the new Minister of Trade and Industry for a briefing on the *State of the SA Economy* just days after his appointment in 2004. We believe TIPS' impact on the policy community to be significant. We are seen as an independent source of analytical information, little constrained by dogma, and our policy analyses are generally seen as thoughtful. Our activities have greatest impact in the trade arena where we have great confidence that our research is translated into policy. However, policy is often constrained by political considerations, and in these cases our impact is often less obvious.

11. Overall Assessment

We are convinced that TIPS has played a significant role in supporting SA's first democratically elected government's economic policy development. In particular, TIPS was regularly approached by **the dti**, and increasingly other government departments, to assist in implementing research activities or simply for policy advice. We believe this demonstrates TIPS' continued relevance in SA's rapidly maturing policy arena. Moreover, we believe that TIPS has been particularly successful in strengthening research capacity in tertiary educational institutions, leading to an



increase in both the quality and quantity of policy-relevant research emanating from South African universities.

12. Recommendations

We believe that the TIPS Project has been a highly successful IDRC initiative. Amongst both government and academics, we are confident that the overwhelming majority believe TIPS to be a significant asset to SA and a key resource within the developing world. However, the policy environment in SA is evolving rapidly and it will be important for TIPS to remain relevant to donors and particularly policy-makers.

In general, our recommendation is for IDRC to consider a further core grant for TIPS covering the next two to three years. We believe that the resources TIPS provides – especially in terms of research infrastructure such as the online data and searchable research paper databases – remain essential resources for researchers and policy analysts alike.

There are, however, two areas where we recommend a change in emphasis in terms of the organisation's emphasis. First, there appears to be a need for accelerated capacity building amongst government officials. As highlighted earlier in the document, skills levels across a range of economic Ministries and at various levels within government remain serious cause for concern. We believe this emphasis should include activities such as:

- Advocacy;
- Policy briefings to government and civil society;
- Capacity building;
- Training courses;
- Seminars;
- Workshops;
- Scholarships; and
- Maintenance of a media presence.

Secondly, with donors increasingly funding smaller projects (rather than programmes of activity) the funding for strategic 'over the horizon' research is in short supply. TIPS would argue that this approach is not effective in the long term, and that developing countries such as South Africa run the risk of failing further behind industrialised countries if we do not develop capacity in 'emerging' areas. For example, in the trade policy arena, SA has fallen behind in at least services and intellectual property rights issues. We therefore recommend that IDRC consider supporting TIPS' modest but important research activities in addition to core support. We believe that this would sustain TIPS' long-term viability as well as make a significant contribution to the SA policy environment.

TIPS remains committed to supporting policy and research capacity in Southern Africa and we are of the view that both the above emphases are consistent with the needs of the region.