

investment coherently; in addition to ensuring alignment with industrial policy, various sectorial master plans and local economic strategies.

3. CIS STRATEGIC PILLARS & ENGENDERING GROWTH

The World Bank (2021) describes the investment policy and promotion lifecycle as comprising of the vision and strategy, mechanisms for investment attraction, investment entry, investment protection and linkages with local economy. The following are some of the best practices for investment policy (World Bank, 2021):

- Formulation of investment reform map and/or FDI Strategy;
- Improving the effectiveness of policies aimed at attracting and facilitating entry of FDI;
- Promoting good practices in the effectiveness of investment incentives’
- Strengthening investor confidence to help investors retain and expand FDI;
- Preventing investor/state disputes by establishing investor grievance mechanisms; and
- Maximizing linkages and positive spillover effects from FDI to the host economy

The CIS is an umbrella for investment targeted from all investment sources. It is intended to be a thorough strategy for the national investment ecosystem which requires participation from relevant entities and contains enhancements to the governance of the investment ecosystem. The Figure below shows the CIS goals and objectives presented in Section 1 as well as the key pillars for each objective. It emphasises the manner in which the strategic objectives are translate into actionable initiatives which result in investment attraction, all of which are discussed in this document. These pillars are summarised as: coordination, investment inwarding, investment prioritisation, supporting existing and new industries, capacity and policy as well as mobilisation of institutions. The CIS will have a two-tiered impact: Tier 1 will be the catalysis of investment, while Tier 2 relates to the spillover effects to economic and socio-economic priorities for growth.

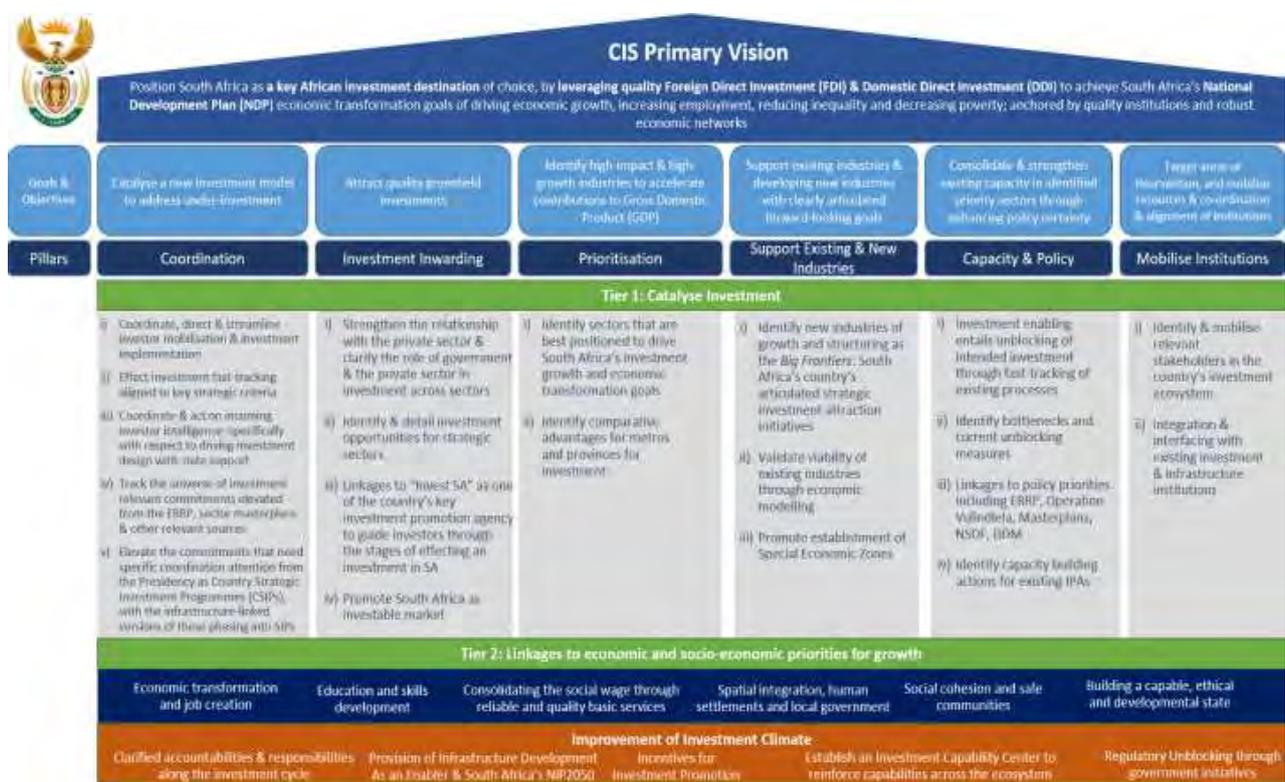
A country’s ability to attract and retain investment plays a critical role in supporting its economic, socio-economic and other developmental goals and is the locus of the proposed Country Investment Strategy. FDI and DDI influence an economy in a number of ways, including technology transfer, technology spillovers, employment and employment quality and boosting competition amongst local firms. Over the next few decades, the real challenge with the country’s transition is for the government, social and private sectors to shape an environment that will enable South Africa’s residents to be its greatest beneficiaries. The CIS will contribute to the following national economic and socio-economic priorities.

- Economic transformation and job creation: Higher levels of FDI stimulate an increase in GFCF which lead to increased GDP/capita, increased purchasing power and improvements in productivity. Increased inward investment also exerts direct and indirect effects of job creation.
- Education and skills: attracting quality FDI contributes to improving the skills base of the host economy and facilitates technology transfers and knowledge. Positive developmental impacts can arise from FDI projects that include corporate programs designed to provide upskilling to employees, suppliers and/or other local residents.
- Consolidating the social wage through reliable and quality basic services: the CIS makes recommendations for blended finance initiatives in public infrastructure, raising the standard of publicly available services by opening up channels outside of the fiscus.
- Spatial integration, human settlements and local government: the sector prioritisation model developed has a component that seeks to address spatial

priorities and specifically, in relation to the dilemma posed by the rural/urban divide. The intention is to attract investment in those identified areas to redress existing spatial imbalances of economic development. The strategy also highlights the potential of blended finance for catalytic and transformative infrastructure in underserved areas.

- Social cohesion and safe communities: through enhancing the economic development of local communities where the FDI is located, social cohesion will be promoted. This is effected through enhancing social inclusion within communities leading to more cohesive societies.
- Building a capable, ethical and developmental state: the CIS contains recommendations to promote the technical capacity of IPA officials (e.g. training and exchange programmes between the country and UNCTAD, World Bank and others) and further articulates measures to enhance transparency in the investment attraction and facilitation landscape.

Figure 60: CIS Strategic Pillars and How It Engenders Growth



4. ENVIRONMENTAL SCAN

This section provides an overview of the country's political governance system, articulates its socioeconomic landscape in brief and considers the impact of the unprecedented rise of cities across the globe with a focus on the importance of the role of South Africa's eight metropolitan cities.