GLOBALISATION AND ECONOMIC SUCCESS: POLICY OPTIONS FOR AFRICA

26-28 October 2007
TSWALU, SOUTH AFRICA

THE BRENTHURST FOUNDATION

Strengthening Africa's Economic Performance

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Konrad Adenauer Stiftung

PONDER THE IMPROBABLE

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INTRODUCTION

Participants in the Tswalu Conference on Globalization and Economic Success

This is the final event in what was designed as a three-part conference and research programme to identify best practices for emerging economies engaging with globalization.

The programme focused on the nexus between politics and economics in identifying and codifying lessons from high growth. The programme aimed to pinpoint the relevant macro- and micro-economic steps necessary for higher rates of economic growth in countries *that have undergone significant political change and have dealt with acute socio-political challenges*. These countries were selected on the basis of t heir relevance for Africa and further afield. This programme was thus designed to be both policy- and business-relevant, and its findings are aimed to feed into wider national and continental debates. Participants were selected from academic, business and government communities located all across the world.

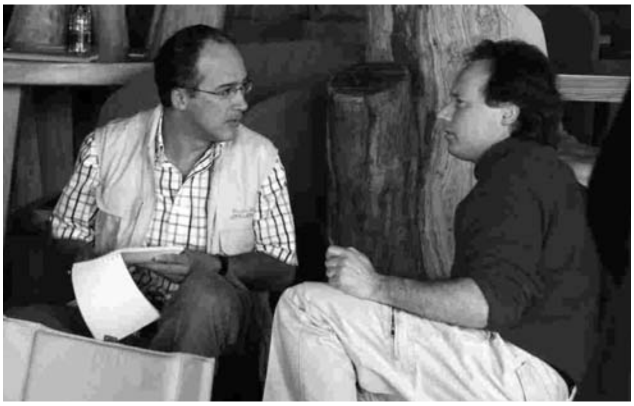
The programme involved three international conferences. The first was held in Singapore on 7–8 November 2005, a second event in Egypt in November 2006, and the final event in South Africa in 2007. The events were hosted jointly by the South Africa-based Brenthurst Foundation, the Singapore-based S. Rajaratnam School of International Studies, the Egyptian Information Decision and Support Centre (IDSC) of the Cabinet, and the Konrad Adenauer Stiftung.

The Singapore and Cairo conferences highlighted the need for a sharper concentration on the increasing levels of divergence in African trajectories, and the different policy responses that these now call for, both within Africa, and from the external world. Much of the policy literature continues to ignore these differences, yet we can no longer plausibly talk about "Africa" as though it were a single entity. We should instead craft approaches geared, first, to different groups of states; and, second, to the specific circumstances of states within each group, which may vary significantly from one another.

Four papers were written and pre-circulated for the Tswalu event: On how external and internal reform approaches differ according to four categories of African states, and what these states also can learn from successful globalizers. The four papers will focus on African "globalizers" (Jeff Herbst), "strugglers" (Mark Pearson), "commodity rich states—especially oil" (Alan Gelb and Ginger Turner), and "fragile states" (Mark Napier, Terry McNamee and Greg Mills). A further paper was presented, at the outset, by Stephan Malherbe, outlining various African scenarios further exploring this theme of African differentiation and external/internal policy responses.

SESSION 1

Africa 2025: Scenarios for the Future



Juan Carlos Echeverry and Stephan Malherbe

Stephan Malherbe provided a wide-ranging speculation on “Africa in 20 years’ time”. Malherbe pointed out that the purpose of scenario analyses of this kind was not to predict the future, but to entice people to think about the future. The aim is to better understand the available policy options and how they will shape the future. Focusing on four main themes—demographic trends, commodity prices, physical and social connectedness and food prices—Malherbe outlined three potential scenarios for the continent: the best case scenario (Rising Tide); the worst case-scenario (Perfect Storm); and a business-as-usual scenario (Ebb and Flow).

The Rising Tide scenario depended upon a number of positive factors or developments, which might include: global demand remaining strong and the current “nirvana” of high commodity prices lasting for decades; Africa managing key variables such as achieving a Green Revolution to feed itself and control rapidly-rising food prices; and channelling the energies of its youth who would double as a percentage of the population over the next 20 years. Wildcard outcomes, like finding a cure for malaria, a disease which is robbing the continent of about one-third of its economic growth, would also make this scenario more likely.

The Perfect Storm scenario could arise as a result of, for instance, a sharp deterioration in relations between Middle Eastern oil-producing countries and the Western oil-consuming countries, international trade imbalances leading to protectionism, financial crises, or demographic pressures in the West. Salient features of the world under this scenario are: a sharp drop in U.S. consumption and Chinese production; commodity prices fall quite severely, but oil prices may however remain high (if only for a while) causing many African countries to experience negative terms-of-trade shocks; and countries turn inward, leading to rising trade barriers and a drastic fall in aid flows. If international food prices were to soar as well, the outlook for African countries would be decidedly bleak.

The Ebb and Flow scenario contained various combinations of positive and negative possibilities. In the short term, small political, financial and economic setbacks combine to tip the world into recession. This is, however, part of a normal business cycle and recovery follows. In this scenario, the commodity super-cycle ends and prices (including oil) fall, but do not collapse. Food prices continue to rise as climate change effects accelerate and trade liberalization stalls. Aid stagnates, but becomes more focused.

Malherbe concluded by emphasizing that the factors that matter most over the next 20 years are internal, not external. The most important factor subject to change is leadership, and the choices it makes. No matter what scenario materializes, political stability and sound economic policies are needed for African countries to do as well as possible. In order to transform their economic futures, governments need to transform their economies through the effective provision of public goods like education, health services and applied research in areas such as agriculture. Given an unsure future, it is also important that African commodity producers invest current windfalls to diversify and increase the productive capacity of their economies.

In his response Domingo Cavallo expressed optimism that the current commodity boom would not end soon, primarily because of the extraordinary size and growth of China and India. Cavallo implored Africa to follow the path of these two new, global powers in using Foreign Direct Investment (FDI) to import technology into their productive sectors. He advised South Africa, in particular, to seize the opportunity to enter into partnership with China and India to channel investments into the rest of Africa.

Ambassador Hussein El-Kamel and Sehoai Santho

SESSION 2

African Globalizers and Commodity-Rich Economies

Jeffrey Herbst and Greg Mills

Jeff Herbst pointed out that given the relative success of economies that have globalized in the last 50 years, it was striking how few African countries had followed this route. In Africa, it is not politically fashionable to admit to striving to globalize. The African countries that have integrated into the global economy have not developed a vocabulary for justifying the case for doing so. Words like capitalism and free market are considered taboo in polite political conversation.

The countries identified as "globalizers" can be divided into two broad groups: "early globalizers" and "late globalizers". Early globalizers have been engaged in the global economy for many decades and have increased their per capita incomes several fold. These countries also have small populations and have uniquely long democratic histories. Late globalizers only started to globalize in the 1980s or 1990s and experienced much more modest increases in per capita income. They vary with respect to population size and democratic histories, with most of them experiencing some kind of "dramatic break" with a previous political regime.

The evidence suggested that while countries of any size can implement economics and benefit from globalization, only small African countries have managed to sustain globalization programmes over long periods of time. Democracy and economic reform seem to go together since there are no globalizers in Africa not rated as "Free" by Freedom House, a U.S. non-profit organization.

The export profiles of countries influence their ability to globalize. Globalizers mostly have mixed economies and do not feature hard mineral exports. Herbst, however, believed that good governance can overcome the problem of unfavourable export profiles, as demonstrated by Botswana.

Alan Gelb set out to explain why "snatching reforms from the jaws of the commodity curse" has proven so difficult, with specific focus on oil producers. Globalization is not the problem for commodity-rich countries since they already have deep trade linkages; the real issue is how to benefit from these linkages. Developing Africa's commodity-rich countries is important from a regional perspective given potential growth spillovers.

Alan Gelb (center) talks to Ambassador Hussein El-Kamel (left) and Mihe Gaomab

Gelb held that the impact of "Dutch Disease" on development has both an economic and a political dimension. The economic dimension is relatively clear and the objectives that need to be met are well known (i.e. create government capacity to negotiate fair contracts for commodity rights, smooth out cyclical commodity rents, attempt to diversify the economy, create effective fiscal linkages to benefit as broad a section of society as possible, etc.). The political dimension involves ensuring that governments manage and spend the resulting resources effectively to accelerate economic development and is considerably more difficult. These countries typically score poorly on both governance indicators and social statistics. Gelb advocated the creation of transparent participatory national development plans. This approach requires strong capacity in the ministries responsible for overseeing both commodity issues and macroeconomic management. Strong accountability mechanisms are also needed.

Because of their abundant revenues, oil producers are relatively immune to the direct influence of individual external parties. Advances to the global and regional framework for good governance, with buy-in from both the African Union and new important players in commodity markets like China, would help to increase the accountability of the governments of oil rich countries.

DISCUSSION

Michael Spicer, Razeen Sally and Rudolf Gouws

The discussion which followed began with brief responses from Razeen Sally and Pete Molapo. The question was raised how governments can begin to develop and use a globalization "vocabulary" to articulate a positive vision of the expected shared benefits from integrating into the global economy. It was also observed that the conscious decision to refrain from using a vocabulary of globalization may be a reflection of political realities in democracies where the ruling parties have many constituencies to please. African leaders, however, may be implicitly voicing their backing for globalization by the policies they put in place, and by the emphasis that the New Partnership for African Development (NEPAD) was putting on regional integration and good governance. The idea underlying the push towards good governance is to increase the efficiency of economies in order for them to compete more effectively internationally. It was suggested that local think tanks may be a way to start developing this vocabulary of globalization, and to emphasize the benefits of globalization from relatively impartial sources.

While evidence in Africa may suggest that it is easier for smaller countries to reform, a number of counter examples are available internationally of large countries with longstanding reforms, i.e. Brazil, India and China. Given that economic reform programmes are usually implemented in the wake of macro crises, the question was posed of how to ensure that economic liberalization is sustained over long periods of time. That the role of markets in general, and entrepreneurs in particular, in helping a country prepare for globalization was neglected was highlighted. But at the same time,

Participants enjoying a coffee break

it needs to be borne in mind that the private sectors in many African countries are largely rent-seeking and not in favour of free markets.

The role of leadership and governance in facilitating globalization and development of commodity-rich economies was touched on by various participants. It was noted that while a participatory decision-making process creates legitimacy, an authoritarian system created greater scope for decisive decision making at the right moment. The idea was floated that African oil exporters should form a body to create norms and standards to govern their interactions with third parties.

The role of sequencing in economic reform preceding an opening-up of the economy was also discussed. It was mentioned that it is important to know whether or not a country is ready for integration into the global economy before reforms are enacted. Liberalization should not be viewed as a once-off event. One participant believed that the bar is generally set quite high for institutional change before reforms are enacted. This neglected the reality that minor reform can also lead to institutional improvement as in the case of China. The issue was also raised whether countries that have implemented first and second generation reforms should be treated differently. It was intimated that first generation reforms would be more informative for commodity producers. The question was also raised that if it is accepted that reforms are usually enacted in the wake of macro crises, the issue of how to ensure that the reform process remains on track once stability returns is important.

With respect to globalization, it was stressed that the supply side of the economy must not be neglected. Without anything to sell, there can be no exports. The role of trade barriers and other factors like transport costs, in hampering globalization also came up. Mixed views were expressed regarding the prospects of Aid-for-Trade.

The rise of China and India has made it more difficult for commodity-rich African countries to diversify. Not only will African economies find it hard to compete with the cheap manufacturing and services outsourcing in these economies, but the increase in commodity prices resulting partly from their strong economic growth has removed some of the urgency to diversify. One participant noted that despite these factors, the prospect of strong commodity prices for the next 15 to 20 years provides a window of opportunity to diversify their economies and strengthen and deepen their global linkages, which should not be missed. If commodity-rich countries cannot diversify their economies during a period of strong terms of trade and buoyant government revenues, it is hard to envisage a situation in which they will be able to do so.

SESSION 3

African Strugglers and Fragile States

Mark Pearson started his presentation by stressing that the Brenthurst classification of African states implies a linear progression from Failing States to Strugglers to Globalizers. The focus is on identifying the commonalities within this group and the actions that are needed to transition to the Globalizers category.

All the Strugglers (with the exception of Ethiopia) are ex-colonies that gained independence in the 1960s. Power was transferred to self-selecting elites who formed authoritarian governments. Their primary objective was not economic development, but nation building and cementing their positions of power.

In order to retain the support of urban dwellers, their traditional power base, these governments increased the size of the public sector and subsidized most forms of consumption. The cost of food, in particular, was subsidized to the detriment of rural farmers, which led to a decrease in agricultural production. Economic growth was promoted through a combination of activist industrial policy through parastatals and import substitution programmes.

In the 1970s, commodity prices started to move against these countries and they experienced terms of trade and balance of payments crises. The prevailing system became untenable and a move towards multiparty democracies and economic liberalization (backed by the multilaterals) ensued. The relatively fragile democratically elected governments were able to push through a painful economic reform by moving their power bases from the urban to the less affected rural populace. The same parties mostly retained power and democratization did not lead to greater accountability due to a lack of policy differentiation between parties and viable oppositions.

Despite Sub-Saharan Africa experiencing five years of growth (after almost 20 years of decline) and significant economic reforms during the 1990s, primary commodities still dominate the Strugglers' exports and manufactured goods comprise most of their imports; the cost of doing business in these economies is still high, and investment is still low and skewed towards the public sector.

Given the small markets in these countries, they will need to integrate more fully into the global economy to achieve sustainable economic growth. Pearson mentioned that while these countries are trying to institutionalize globalization, for instance, by joining the WTO, more can be done on a practical level. He believed that these countries are "talking the talk, but not walking the walk".

In order for these countries to transition to Globalizers, a number of issues still need to be addressed, inter alia: erratic climate conditions and global warming; a lack of geopolitical influence; high incidence of disease, governance issues; peace and stability issues; low levels of investment; mainstreaming trade; reducing the cost of doing business; and diversifying the economy. Pearson ended on a positive note by saying that the Strugglers "seem to be on the right track", but need to "do more of the same" to prosper.

Mark Napier highlighted the fact that it is very hard to fit all the fragile states into a single box. The countries vary widely with respect to geography and climate. Traditional grouping measures like ethnicity (only relevant in Mauritania and the Central African Republic), religion (Mauritania is 100% Muslim) and colonial heritage also turn out to be less useful in practice. However, the three countries that experienced prolonged, bloody civil wars (Liberia, Sierra Leone and the Ivory Coast) also happen to be the three most densely populated countries in the category. The characteristics of the "strong man" also seem to divide the countries into those with high degree of central power versus those with a distinct lack of central control. The "bottom line" in all these cases, however, is that the problems stem from disproportionately centralized elites and ownership or resources.

Napier believes that, as a result of this diversity, the unit of analysis in this case needs to be the country. If regionalization is a step to globalization, this implies that a step backwards is warranted and that the markets in each specific Fragile State need to be fixed first. He believed that the security of money is particularly important since it determines the ability to transact in the economy. A good starting point is to create trusted financial institutions related to receiving and saving money to ensure that remittances can flow into a country securely.

Terence McNamee focused on the security dimension of fragile states and international engagement in peace building. Peace building starts with the basic question of how the international community can best assist local/national efforts to create long-term development and security in post-conflict societies. In answering this question, the following issues need to be borne in mind:

- Local government support and legitimacy is crucial and local institutions should be enabled.

- Realism is important. There are usually relatively few powerful constituencies on the ground that have a stake in security and stability, and quite a few "spoilers" that would benefit more from the status quo.

- Coherence is important. If there is a lack of effective coordination between locals and the international donor "swarm", then newly created institutions will not last and local actors will be overwhelmed by competing (and sometimes irreconcilable) external demands.

- Women and the youth require special focus because of the disproportionate effects of conflict on them.

- Lead nations in peace building must signal long-term commitment.

- The regional context should not be overlooked because ultimately that is where solutions frequently reside.

The intervention in Sierra Leone was successful according to McNamee because there was demonstrable long-term commitment from the lead nation (U.K.) and effective coordination between the principal agencies within the lead nation, buy-in from all levels of government, and an emphasis placed on the military's role in a democratic society. In contrast, the United States' decision to outsource security sector reform in Liberia had undermined local consensus building. Although public safety has been restored in both countries (in large part through international security assistance), there has been very little progress economically.

Greg Mills observed that GDP contractions are most severe in the final year of a conflict. Growth rebounds relatively quickly once conflict ends. Services tend to rebound faster than manufacturing and agriculture. Mills highlighted seven principles that underpin the recovery of fragile states:

- Security is important.
- Key issues need to be prioritized with a special focus on capacity constraints.
- Focus on key traditional sectors first.
- Infrastructure is a priority given its multiplier effect.
- A long-term national vision is important.
- Economic constraints to entrepreneurs should be addressed.
- The limits to external finance should be recognized.

Mills ended by emphasizing that the fundamental question is how to move fragile states from stability to real economic development. The answer, he argued, lies in getting the basics right and identifying the constraints to economic growth.

DISCUSSION

In the discussion led by Koffi Kouakou and Rudolf Gouws, the warning was raised that care must be exercised not to have security considerations overwhelm economic and social considerations when dealing with fragile states. In addition to security sector reform, issues like governance should not be neglected. While "fragility" was dealt with in detail, the question was posed whether more thought should go towards the concept of "vulnerability", and in particular, the potential usefulness of some sort of ex ante vulnerability index. In a similar vein, it was asked whether more could be done at a regional level to prevent conflicts. The role of regional trade integration in enhancing growth and preventing conflicts was also raised, as was the role of education and opportunities for the youth. The World Bank classification of "post-conflict countries" was suggested as a useful way to distinguish between countries recovering from conflict and countries that are merely badly managed. It was also pointed out that while the nature of peacekeeping missions may have an important influence on institutional quality going forward, the only reliable predictor of future conflict is a lack of economic growth—a point acknowledged by the presenters. Peace building is also not always an option, and more probably needs to be said about the limitations of this approach.

A comment was made that the papers focused predominantly on macro issues, and that a more detailed look at micro issues was also necessary. It was highlighted that rebuilding a country involves both an internal and an external dimension. With respect to the internal dimension, it was felt that the focus primarily fell on the public sector while neglecting the private sector. The question was also raised whether more attention should be paid to the multiplier effects of telecommunications investment, particularly with respect to new forms of entrepreneurship, and the media. On the external dimension, very little was said about China's emerging role as a "provider State", both with respect to FDI and relatively conditionality-free aid. The vague or unknown terms often linked to Chinese investments and loans and the potential impact on governance and transparency was discussed.

While remittances play an important role in African economies, it adds to GNI and not GDP. As a result, one participant felt that greater emphasis should be placed on creating an environment that lures back members of the African Diaspora, and on understanding what stops foreigners and locals from investing in an economy. It was put forward that Africa should take heed of the lessons that could be learned from China and also Southeast Asian countries: the value of high savings rates, investment in infrastructure and human capital, political and economic stability, FDI and liberal trade regimes in accelerating economic growth. In the same vein, however, it was also mentioned that the negative lessons pertaining to government intervention, relatively weak financial institutions and regulation, and internal market segmentation pertaining to China should also be heeded.

As a country that has successfully moved from being a struggler to a globalizer, it was questioned why the Mozambican example was not considered in detail. The issue was broached that a more positive role of traditional elites with respect to governance issues may have been overlooked. The role of leadership, and the difficulties in distinguishing the effects of the policies of different regimes as a result of the long transmission lag was raised, as was the importance of looking at the relative lack of information available to African leaders upon which to base policy decisions. The opinion was aired that given the common situation in African (and particularly fragile) countries that public sector skills are often lacking at middle to lower level, capacity issues warranted more attention.

The role of domestic private funds in financing infrastructure investment and ways of mobilizing these funds, were discussed. Banks in Africa are highly profitable and liquid. The issue of how to effectively deploy funds aggregated via banks thus stands out. In addition, the point was made that scale effects in Africa often mean that certain infrastructure investments only make sense when more than one country is involved. The point was stressed that the effect of property rights in economic development should not be trivialized. Despite being one of the first items on the liberalization agenda, it is often not fully implemented and the fear of expropriation often remains. It is also very hard to reverse damage done to investor confidence once property rights become questionable.

No indication was given that any of the four groups of countries need to approach globalization differently. A closer look at the four failing states that do not need to be "rebuilt"—in the sense that they were never built to begin with—may be warranted. It is possible that there are deep structural issues in these countries that have been missed.

In response to the discussion, one of the presenters pointed out that the issue is not so much whether the group classification of a particular country is correct, but whether countries in different groups need different policies to prosper.

SESSION 4

Concluding Summary Presentations

John McKay and Sehoai Santhol

Natty Davis opened the closing session by highlighting the vital importance of leadership, suggesting that in recent years the trend in Africa is very encouraging. Good leadership is, Davis argued, an essential first step in improving governance and over time strengthening national institutions. He stressed the need to create an enabling environment for the private sector to grow, because typically it is the private sector that possesses the most energy and dynamism. He highlighted the vital importance to Africa of infrastructure: increased investment and improvements in hard infrastructure will reduce the continent's (currently) debilitating transportation costs dramatically. Davis also suggested that Africa must seize the opportunities created by the continent's current youth bulge. Potentially, this youth bulge presents a 20- to 25-year window of growth and if Africa can harness such potential for positive ends, it could transform African economies.

Sanjeev Sobhee started off by highlighting several themes or key observations emanating from the previous two days' discussions, among them were:

- Openness matters a lot.
- Institutional quality is important to ensure good governance and administration.
- The "resource curse" and cyclical movements in agricultural prices are vital issues of concern to the continent.
- Stability is important, as is FDI.
- In order to have a lasting impact, aid should be used to improve the quality of institutions.
- Information and telecommunications technology has an important role to play.
- The role of human capital in development is crucial.

Sobhee asserted that governments should focus first and foremost on providing the key public goods that influence economic growth. This requires a high level of spending and is particularly difficult with a small tax base. A vibrant private sector is thus needed to reduce fiscal deficits.

Sobhee felt that the role of geography and climate in eroding a country's competitiveness was not discussed sufficiently. The example of Mauritius as an early globalizer shows that the sequencing of reforms is important, and that the focus should fall on internal factors before external factors are addressed:

1. The need to diversify the economy was highlighted by the prevalence of cyclones. The decision to establish export processing zones (EPZ) was taken.

2. Even though the sugar industry received protection under the Lomé convention, the focus on diversification remained.

3. Large investments were made in education.

4. A lot of physical capital formation took place as a result of FDI. The emphasis was placed on export-led growth via EPZs and tourism.

5. EPZs are no longer seen as sufficient and efforts are under way to position Mauritius as a cutting edge knowledge economy.

Alberto Trejos, Patrick Mazimhaka and Iqbal Jhazbay

Alberto Trejos stated that globalization is now within the reach of all countries as a result of technological advancements and a shift in mindset. The economic distance between nations is greatly reduced and the only question that remains is whether or not to embrace globalization (and the opportunities and challenges that accompany it). Those countries that have intelligently embraced globalization have done well. Liberalization (allowing local firms and individuals to invest and trade abroad and foreigners to do so locally) is a necessary but not sufficient condition to take advantage of globalization. It needs to be accompanied by complementary policy and mindset changes. It is now generally acknowledged that although international experience has identified a core of basic growth building blocks, there is no "one size fits all" approach to development. It is, however, important that the need for countries to find "their own solutions" is not used as an excuse to stick to approaches that have been tried unsuccessfully in the past. The search for unique country-specific solutions should be explicitly "future-bound". Trejos suggested that the African Scenarios presented by Stephan Malherbe showed that, as a result of strengthening terms of trade, demographic challenges, technological opportunities and changing global scenarios, now is the moment for Africa to deepen its relationship with the world. These factors also imply that Africa should be more ambitious going forward.

Trejos pointed out that very little was said about the diffusion of ideas in society. The role of politics was also rarely addressed. There needs to be more participation by local think tanks and academics, and local business, in shaping society and the leaders that emerge from it.

To summarize, Trejos stated that globalization offers opportunities for Africa to create deeper and better relationships with the world economy. These opportunities are prominent now, and require looking forward and not just implementing successful measures from the past. In order for Africa to be more successful, an understandable scepticism of globalization needs to be overcome. There needs instead to be broad-based support for globalization—it should not be the idea of a select few.

DISCUSSION

Soedradjad Djiwandono

The importance of consolidating gains and preventing policy U-turns was highlighted in the discussion. The importance of quality people, both with respect to policymaking and leadership, featured prominently. In this context, it is important to focus on the need for systems to reproduce good people. Both formal and informal processes, and the role of the press, are vitally important in this respect. The relative lack of discussion concerning the future impact of India and Brazil, and the strategic role played by South Africa within Sub-Saharan Africa, was questioned as was the relative neglect of non-economic factors affecting growth. The opinion was raised that competition and competitiveness issues probably warranted more attention. The extent of vested interests working against globalization should also not be underestimated.

One striking aspect of the conference was the apparent lack of alternatives to globalization put forward. It was mentioned that while the intended outcomes are not "rocket science", the road map to attaining these outcomes is complicated.

Greg Mills brought the three-part conference series to a close by noting, firstly, that the Globalization and Economic Series events were a significant endeavour: it cost about US $1m and involved 75 attendees, most of whom attended more than one of the events. Mills emphasized that the value of the process cannot be examined solely in terms of outputs, but also in terms of the networks created, interactions engaged and ideas shared.

Mills derived seven propositions from the conference series:

1. The future depends largely on what African countries do, and not what happens in the external community.

2. Africa economies need to diversify in spite of the disincentives created by a high commodity price environment, vested interests and aid inflows.

3. Africa needs to develop home-grown processes of reform and governance, including the terms of trade and code of business practice to which external partners respond.

4. Policies for success by African states will have to reflect their status and station, including their natural resource endowments, their extent of openness with the global economy, their proximity to conflict, and their geography.

5. Success depends on a careful sequencing and prioritization of reforms, the building of institutions and infrastructure, and the identification of both constraints on business and the niches where nations can profitably compete.

6. Ongoing reform and policy clarity is perhaps more key today than ever before given the challenge of accommodating socially, politically and economically expanded numbers of educated restless young Africans.

7. There is a need for a differentiated, nuanced view of the different challenges and policy choices facing African states, which is dependent on their respective histories, geography and relative success. Utilizing the opportunities globalization offers to all African states requires shaking off a victim mentality and finding a local belief which borrows from successes and ideas both nearby and far away, including India, China and Central and South America.

Helmut Reifeld (center of photo) and participants at conference summary session

The analysis presented in this conference series will hopefully inspire the following actions in Africa:

First, African leaders need to develop their own voice on globalization—on the types of institutions required to develop, and on trade, business and aid preferences—and not allow it to be dictated by outsiders. If Africa wants to benefit from globalization, there is a need for African champions of the international markets. To do so, there is a need to align government policy to the needs of the market. The voice of entrepreneurs and commerce is necessary to build this consensus—an “African consensus” (to supplant those from Beijing, Washington and elsewhere) if you will. This could include the imperative, for example, to link trade not to aid, but to the regulatory and infrastructure needs of business, the “bread and butter” of economic development. Locating opportunities for business is difficult and requires hard analysis of the costs and benefits to economies of government, demanding, inter alia, think tanks supported by business, not donors or African governments.

Second, as Domingo Cavallo argued, the need to improve competitiveness demands that Africa integrates technology into its production methods. Much has already been achieved—and Africa has rapidly made up on its yawning technological connectivity deficit through cellular communications technology, for example. But much more remains to be done. African companies need to seek global partnerships to act as a conduit for external technologies and finance.

Third, internal and external governance frameworks need to be strengthened. New players like India, Brazil and China need to be included. The African Union needs to play a more active role. Overall, there is a need to support the better management of transparency of oil revenue by African institutions. And here, there is a need for long-term planning and technical expertise to make full use of commodity income.

Overall, “aid” is the wrong (or at least not the sole) place to look for the answers on “how to ensure globalization and economic success”. Just as general caricatures of Africa are misleading, there is a need for each African country to consider its problems—and opportunities—individually and develop nuanced strategies to globalize. But there is every advantage to be gained from engaging with the international economy.

This report was prepared by Drs Greg Mills and Terry McNamee, respectively of The Brenthurst Foundation and Royal United Services Institute, Peter Fabricius of the Independent Foreign Service, and Brent Cloete of Genesis Analytics.

PROGRAMME

26th October: Day One

All participants to arrive at Johannesburg International Airport by the morning of 26 October. Transfer to Lanseria by 12h00.

1300 Depart Lanseria
1500 Arrive from Johannesburg: Move to Motse Camp, Tswalu

Tea/refreshments

1600 Session One: Presentation of African Scenarios: Stephan Malherbe (Chair: Patrick Mazimhaka). Discussion led by Domingo Cavallo

1745 Drinks

1830 Supper in the Motse Boma

27th October: Day Two

0700 Breakfast Motse

0815 Session Two: Presentation of 'African Globalisers' (Jeff Herbst); and 'Commodity Rich Economies (Alan Gelb); followed by discussion led by Razeen Sally and Peete Molapo. (Chair: John McKay)

1015 Tea

1045 Session Three: Presentation of 'African Fragile States' (Mills/Napier/McNamee) and 'Poor Performers' (Mark Pearson) with discussion led by Koffi Kouakou and Rudolf Gouws (Chair: Deborah Elms)

1330 Lunch

1500 Game drive

1700 Walk to the Dune

1800 Dinner at Dune

2000 Return to Motse for after-dinner drinks

28th October: Day Three

0645 Light breakfast Motse

0730 Drive to Lekhaba

0830 Concluding summary presentations by Natty Davis, Sanjeev Sobhee, and Alberto Trejos (Chair: Michael Spicer)

0930 Conclusion

1015 Brunch at waterhole

1130 Leave for Air-strip

1200 Take-off for Johannesburg

1430 Arrival Lanseria

ATTENDEES

1. Alan Gelb, World Bank, US
2. Alberto Trejos, INCAE, Costa Rica
3. Brent Cloete, Genesis Analytics, SA
4. David Musemakweli, Government of Rwanda
5. Deborah Kay Elms, RSIS, Singapore
6. Dianna Games, Africa@Work, SA
7. Domingo Cavallo, Argentina
8. Ginger Turner, Oxford University
9. Gondinho Alves, Mozambique Investment Promotion Centre, SA
10. Greg Mills, Brenthurst Foundation, SA
11. Heavenlight Kavishe, Tanzania
12. Helmut Reifeld, KAS, Germany
13. Holger Hansen, DANIDA, Denmark
14. Hussein El-Kamel, Prime Minister's Office, Egypt
15. Iqbal Jhazbay, University of South Africa, SA
16. Jeffrey Herbst, Miami University (of Ohio), US
17. Joe Mollo, Corporate Diplomats, SA
18. John McKay, Analysis International, Australia
19. Juan Carlos Echeverry, University of Los Andes, Colombia
20. Koffi Kouakou, Wits University, SA
21. Luis Membreno, El Salvador
22. Mark Napier, Finmark, SA
23. Mark Pearson, COMESA, Zambia
24. Mauro De Lorenzo, American Enterprise Institute, US
25. Mihe Gaomab, SACU, Namibia
26. Michael Spicer, Business Leadership SA
27. Mohammed Dahbi, Al Akhawayn University, Morocco
28. Natty Davis, President's Office, Liberia
29. Patrick Hayford, United Nations
30. Patrick Mazimhaka, African Union
31. Peete Molapo, Lesotho National Development Corporation, Lesotho
32. Peter Fabricius, Independent Newspapers, SA
33. Razeen Sally, London School of Economics, UK
34. Richard Gibb, University of Plymouth, UK
35. Rudolf Gouws, Rand Merchant Bank, SA
36. Sanjeev K. Sobhee, University of Mauritius
37. Sehoai Santho, W.K. Kellogg Foundation, Lesotho
38. Soedradjad Djiwandono, RSIS, Indonesia
39. Stephan Malherbe, Genesis Analytics, US
40. Terry McNamee, RUSI, UK
41. Vianney Shumbusho, African Union
42. Werner Boehler, KAS, SA

ABOUT RSIS

The S. Rajaratnam School of International Studies (RSIS) was established in January 2007 as an autonomous School within the Nanyang Technological University. RSIS's mission is to be a leading research and graduate teaching institution in strategic and international affairs in the Asia Pacific. To accomplish this mission, it will:

- Provide a rigorous professional graduate education in international affairs with a strong practical and area emphasis
- Conduct policy-relevant research in national security, defence and strategic studies, diplomacy and international relations
- Collaborate with like-minded schools of international affairs to form a global network of excellence

Graduate Training in International Affairs

RSIS offers an exacting graduate education in international affairs, taught by an international faculty of leading thinkers and practitioners. The teaching programme consists of the Master of Science (MSc) degrees in Strategic Studies, International Relations, International Political Economy, and Asian Studies as well as an MBA in International Studies taught jointly with the Nanyang Business School. The graduate teaching is distinguished by their focus on the Asia Pacific, the professional practice of international affairs, and the cultivation of academic depth. Over 150 students, the majority from abroad, are enrolled with the School. A small and select Ph.D. programme caters to advanced students whose interests match those of specific faculty members.

Research

RSIS research is conducted by five constituent Institutes and Centres: the Institute of Defence and Strategic Studies (IDSS, founded 1996), the International Centre for Political Violence and Terrorism Research (ICPVTR, 2002), the Centre of Excellence for National Security (CENS, 2006), the Centre for the Advanced Study of Regionalism and Multilateralism (CASRM, 2007); and the Consortium of Non-Traditional Security Studies in ASIA (NTS-Asia, 2007). The focus of research is on issues relating to the security and stability of the Asia-Pacific region and their implications for Singapore and other countries in the region. The S. Rajaratnam Professorship in Strategic Studies brings distinguished scholars and practitioners to participate in the work of the Institute. Previous holders of the Chair include Professors Stephen Walt, Jack Snyder, Wang Jisi, Alastair Iain Johnston, John Mearsheimer, Raja Mohan, and Rosemary Foot.

International Collaboration

Collaboration with other professional Schools of international affairs to form a global network of excellence is a RSIS priority. RSIS will initiate links with other like-minded schools so as to enrich its research and teaching activities as well as adopt the best practices of successful schools.

S. RAJARATNAM SCHOOL
OF INTERNATIONAL STUDIES
A Graduate School of Nanyang Technological University

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